BANNERMAN RESOURCES

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Quarterly Activities Report

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Bannerman Resources Limited (ASX:BMN, OTCQB:BNNLF, NSX:BMN) (**Bannerman** or **the Company**) is pleased to advise on a transformative quarter in which Bannerman released a Scoping Study for an 8Mtpa development of its flagship Etango Uranium Project in Namibia (**Etango-8 Project**).

HIGHLIGHTS

- **Etango-8 Project Scoping Study released on 5 August 2020 (key outcomes on page 2)**
  - **Provides an alternate, streamlined development model**
  - **Long-term scalability of Etango Project provides strong optionality and leverage to upside-case uranium market**
- **Pre-Feasibility Study (PFS) underway with completion targeted for Q2 2021**
  - **Vast body of previous technical work enables fast-tracking**
  - **All resource drilling, metallurgical and environmental work already complete**
- **Strong cash balance of A$3.7m at quarter end**
- **Uranium market muted despite supply disruption in 2020 and supply depletion from 2021**

Cautionary Statement: ETANGO-8 PROJECT SCOPING STUDY

The Scoping Study referred to in this ASX release was undertaken for the purpose of initial evaluation of a potential 8Mtpa development of the Etango uranium deposit, owned by Bannerman Resources Limited (**Bannerman**). It is a preliminary technical and economic study of the potential viability of a smaller initial-scale configuration of the Etango Project, which has previously been the subject of Definitive Feasibility Study at a larger 20Mtpa development scale. The Scoping Study outcomes, production target and forecast financial information referred to in this release are based on low accuracy level technical and economic assessments that are insufficient to support estimation of Ore Reserves. While each of the modifying factors was considered and applied, there is no certainty of eventual conversion to Ore Reserves or that the production target itself will be realised. Further exploration and evaluation work and appropriate studies are required before Bannerman will be in a position to estimate any Ore Reserves or to provide any assurance of an economic development case. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Of the Mineral Resources scheduled for extraction in the Scoping Study production plan, approximately 13.7% are classified as Measured, 83.9% as Indicated and 2.4% as Inferred. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. Inferred Resources comprise less than 2.2% of the production schedule in the first year of operation and an average of less than 2.1% over the first three years of operation. Bannerman confirms that the financial viability of the Etango Project is not dependent on the inclusion of Inferred Resources in the production schedule.

For full details of the Scoping Study, see Bannerman's ASX release dated 5 August 2020, "Etango-8 Project Scoping Study". 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.

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ETANGO-8 SCOPING STUDY: KEY OUTCOMES

- **Etango-8 Project Scoping Study released on 5 August 2020**
- **Primary outcome of recent scaling evaluation work on Etango**
  - **Provides an alternate, streamlined development model to the 20Mtpa development assessed to DFS level in 2015**
- **Demonstrates the strong technical and economic viability of conventional open pit mining and heap leach processing of the world class Etango deposit at 8Mtpa throughput**
- **Life-of-mine (LOM) production of 51.1 Mlbs U_3O_8 (48.5 – 53.7 Mlbs*) with annual average production of 3.5 Mlbs U_3O_8 (3.4 – 3.7 Mlbs*)**
- **Forecast pre-production capital expenditure of US$254M (US$241 – 267M*), delivering an attractive upfront capital intensity of approx. US$71/lb average annual U_3O_8 production**
- **Life-of-mine of approx. 14 years (114.1 Mt plant feed at 232 ppm U_3O_8)**
- **Average final product cash operating cost (ex-royalties) of US$37/lb U_3O_8 (US$36 – 39/lb*)**
- **Attractive projected economics at forecast US$65/lb U_3O_8 realised price:**
  - **Ungeared, real, post-tax NPV8% of US$212M (US$201 – 223M*)**
  - **Post-tax internal rate of return (IRR) of 21.2% (20.1 – 22.3%*) and payback of 3.6 years**
  - **Forecast net project cashflow (post-capex, post-tax) of US$604M (US$574 – 634M*)**
- **Further upside potential from:**
  - **Future life extension and/or scale-up expansion**
  - **Additional processing efficiency and cost opportunities**
- **Vast body of previous technical work enables fast-tracking of feasibility studies; all resource drilling, geotechnical, metallurgical and environmental work already complete**
- **Heap leach process route has also been comprehensively de-risked via operation of the Etango Heap Leach Demonstration Plant**
- **Long-term scalability of Etango Project (up to 20Mtpa) confirmed by previous definitive level studies; provides strong optionality and leverage to upside-case uranium market**
- **Pre-Feasibility Study (PFS) underway with completion targeted for Q2 2021**

* Range shown as per Table 2 below

Bannerman Chief Executive Officer, Brandon Munro, said:

"Publication of the Etango-8 Scoping Study delivered a transformative quarter for Bannerman.

"Etango-8 is a reimagined development of the Etango ore body at an initial annual throughput of 8Mtpa for an annual production rate of 3.5 Mlbs U_3O_8. At that scale we have significantly reduced development and financing hurdles, dramatically decreased up-front capital and reduced operating costs. Etango-8 enables Bannerman to get into production sooner at a more manageable scale, whilst still preserving the option of increasing our production rate to take advantage of deepening forecasted deficits in the uranium market. Bannerman still retains its exceptional leverage to the uranium market through the world-class scale Etango resource and the alternative of developing the 20Mt per annum Etango project if future uranium prices justify that approach."

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Etango Uranium Project (Bannerman 95%)

Etango-8 Scoping Study

In 2019, Bannerman commenced an evaluation of various project scaling and scope opportunities under a range of potential development parameters and market conditions. Indicative outcomes of this work highlighted strong potential for a scaled-down initial development of the Etango Project. As a result, Bannerman commenced work on a scoping study into such a development (**Scoping Study**).

The Scoping Study provides an early stage assessment of the technical and commercial viability for development of the Etango Project at an 8Mtpa throughput rate (**Etango-8 Project**). Importantly, much of this Scoping Study evaluation is heavily informed by the detailed study work undertaken across all relevant disciplines as part of the 2012 Definitive Feasibility Study (**DFS 2012**) and 2015 DFS Optimisation Study (**OS 2015**). This Scoping Study development also, critically, maintains the real option of modular expansion, up to potentially the 20Mtpa scale envisaged by the DFS 2012 and OS 2015. Full details of the Scoping Study can be found in Bannerman's ASX release dated 5 August 2020, titled "Etango-8 Project Scoping Study".

Developing the world-class Etango Project at an initial 8Mtpa throughput offers significant advantages. It sharply reduces the upfront capital and funding hurdle compared to that associated with the original 20Mtpa Etango development evaluated in the DFS 2012, and the OS 2015. It also enables the Company to predominantly mine shallower, higher-grade ore, which significantly reduces stripping and lifts the average feed grade to the processing facility. The combined result is that the upfront capital intensity of the Etango-8 Project per pound of annual production capacity has fallen materially whilst maintaining robust project economics.

With a post-tax IRR in excess of 20%, the Etango-8 Project delivers attractive projected investment returns on a lower initial capital, funding and development risk profile.

Bannerman has commenced work on the Etango-8 Project Pre-Feasibility Study (**PFS**). The process of completing the PFS will benefit significantly from the fact that the Etango Project has already been the subject of a definitive level of feasibility study, at a larger scale, in recent years. As a result, completion of the Etango-8 PFS is targeted during Q2 2021. The Company plans to update the market as significant milestones are achieved through the PFS work program.

Key physical parameters are set out in Table 1 and key economic outcomes are set out in Table 2.

Table 1: Etango-8 Project: Key Physical Parameters (100% basis)

Key physical parameters	Unit	Total / LOM	Annual average
Operations			
Construction period	months	24	NA
Initial production life	years	14.4	NA
Mining			
Ore mined	Mt	114.1	7.9
Strip ratio	x	1.93	1.93
Waste mined	Mt	220.0	15.3
Processing			
Ore processed	Mt	114.1	7.9
Average uranium head grade	ppm U3O8	232	232
Forecast uranium recovery	%	87.8%	87.8%
Output			
Uranium production	**Mlbs U3O8**	**48.5 – 53.7**	**3.4 – 3.7**

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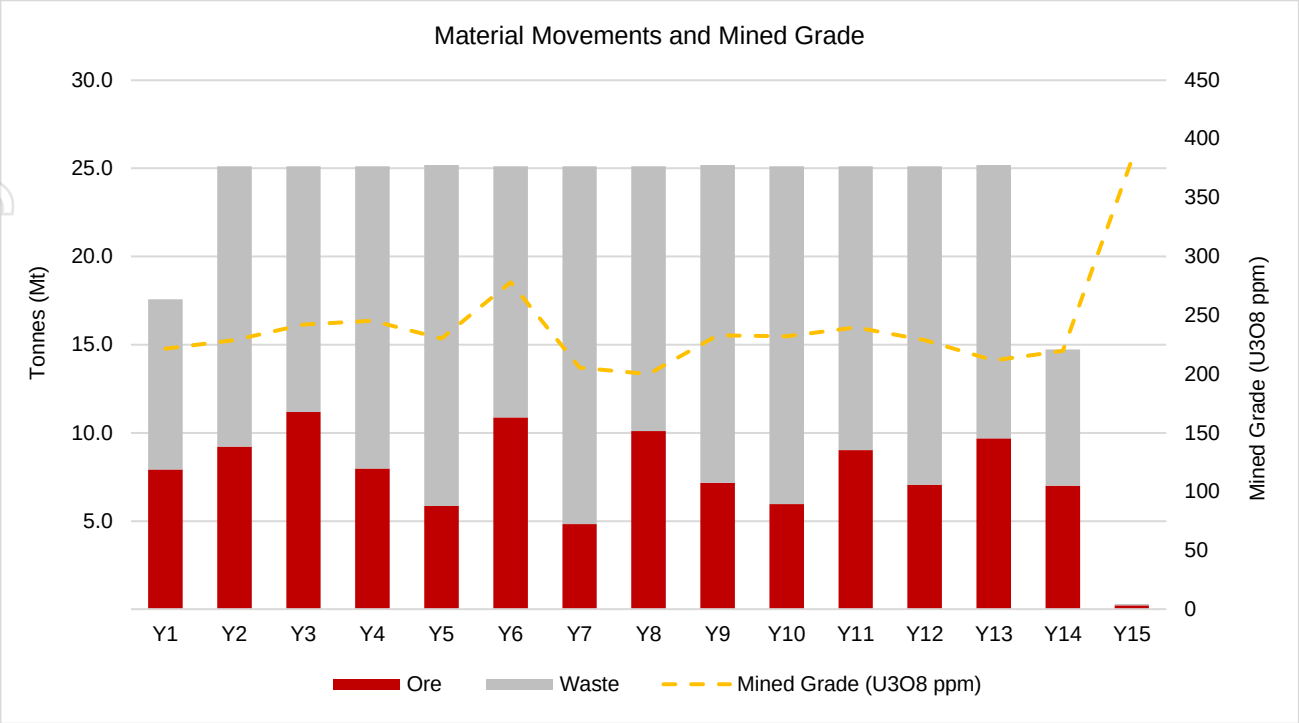


Figure 1: Forecast mine schedule for Etango-8 Project

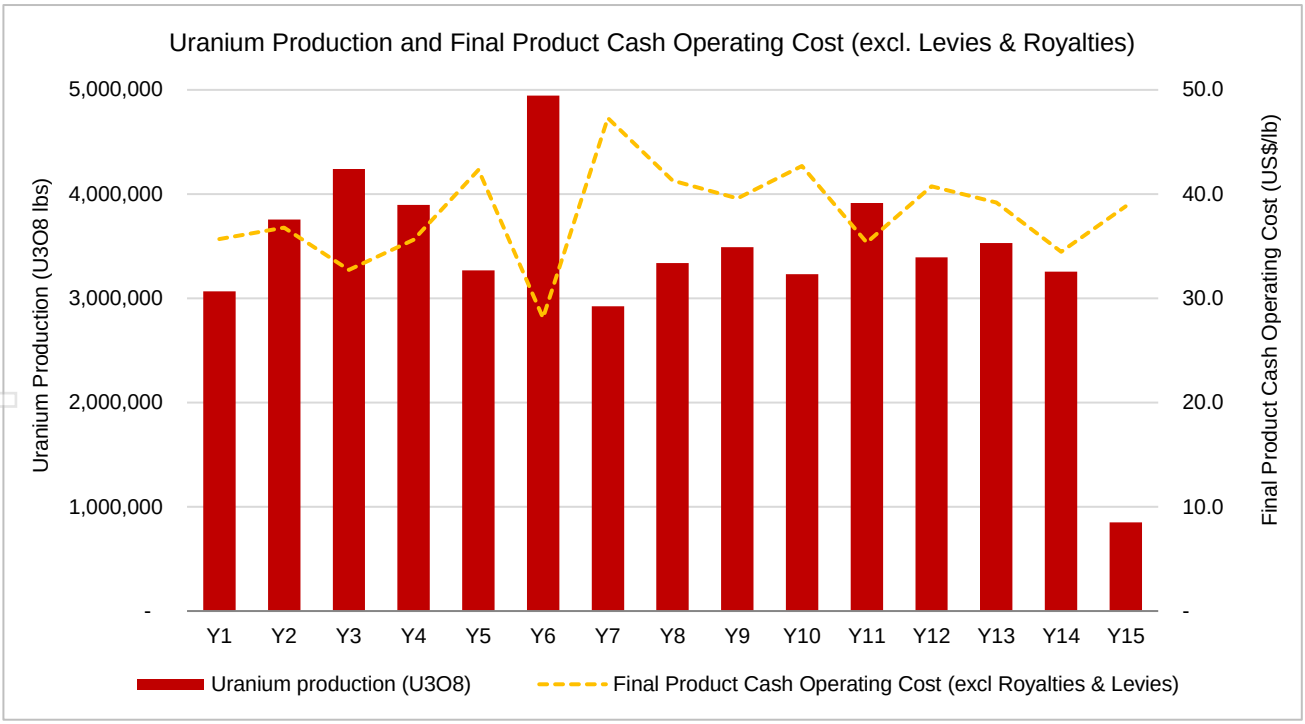


Figure 2: Forecast LOM production and final product cash operating cost (ex-royalties) for Etango-8 Project

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Table 2: Etango-8 Project: Key Economic Outcomes (100% basis)

Key financial outcomes	Unit		Total
Price inputs			
LOM average uranium price	US$/lb U_3O_8	-	65
US$/N$	N$	-	16
Valuation, returns and key ratios		**Range**	**Mid point**
NPV8% (post-tax, real basis, ungeared)	**US$M**	**201 - 223**	**212**
NPV8% (pre-tax, real basis, ungeared)	US$M	354 - 392	373
IRR (post-tax, real basis, ungeared)	**%**	**20.1 - 22.2**	**21.2**
IRR (pre-tax, real basis, ungeared)	%	25.5 - 28.1	26.8
Payback period (post-tax, from first production)	**years**	**3.4 - 3.8**	**3.6**
Payback period (pre-tax, from first production)	years	3.2 - 3.6	3.4
Pre-tax NPV / Pre-production capex	x	1.4 - 1.5	1.5
Pre-production capital intensity	US$/lb U_3O_8 pa capacity	67 - 75	71
Cashflow summary		**Range**	**Mid point**
Sales revenue (gross)	**US$M**	**3,154 - 3,486**	**3,320**
Mining opex	US$M	(813 - 899)	(856)
Processing opex	US$M	(816 - 902)	(859)
G&A opex	US$M	(134 - 150)	(143)
Product transport, port, freight, conversion	US$M	(53 - 59)	(56)
Royalties and export levies	US$M	(139 - 153)	(146)
Project operating surplus	**US$M**	**1,197 - 1,323**	**1,260**
Pre-production capital expenditure	US$M	(241 - 267)	(254)
LOM sustaining capital expenditure	US$M	(29 - 33)	(31)
Project net cashflow (pre-tax)	**US$M**	**926 - 1,024**	**975**
Tax paid	US$M	(352 - 390)	(371)
Project net cashflow (post-tax)	**US$M**	**574 - 634**	**604**
Unit cash operating costs		**Range**	**Mid Point**
Mining	US$/t material mined	-	2.56
Mining	US$/lb U_3O_8	-	16.8
Processing	US$/t ore	-	7.53
Processing	US$/lb U_3O_8	-	16.8
G&A	US$/lb U_3O_8	-	2.8
Product transport, port, freight, conversion	US$/lb U_3O_8	-	1.1
Total cash operating cost (ex-royalties/levies)	**US$/lb U_3O_8**	**35.5 - 39.3**	**37.4**
Royalties and export levies	US$/lb U_3O_8	2.8 - 3.0	2.9
Total cash operating cost	US$/lb U_3O_8	38.3 - 42.3	40.3
All-in-sustaining-cost (AISC)	**US$/lb U_3O_8**	**38.9 - 42.9**	**40.9**

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Corporate

Strong cash balance and continued focus on prudent cost control

Bannerman's cash balance at 30 September 2020 was A$3.7 million (30 June 2020: A$4.17 million). The Company has no debt (other than typical creditor balances) or convertible instruments. Total exploration and development expenditure for the quarter was A$136,000, which included work on completion of the Scoping Study.

Management continues to maintain a focus on prudent cost control. As a result, cash outflows during the quarter were less than the quarterly average expenditure during FY2020, despite completion of the Scoping Study and meaningful project work being undertaken. For the purpose of item 6.1 of the Appendix 5B, the aggregate payments during the September quarter to related parties (totalling A$132,000) were comprised of directors' fees and salary.

No disruption to Bannerman operations from COVID-19

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.

Notice of Annual General Meeting

The Company advised that the Annual General Meeting of Shareholders (**Meeting**) will be held at the Company's offices at Suite 7, 245 Churchill Avenue, Subiaco, on Friday 20 November 2020 at 9.00am WST.

In accordance with temporary modifications to the Corporations Act under the Corporations (Coronavirus Economic Response) Determination (No.3) 2020, the Company did not send hard copies of the Notice of Meeting to shareholders. The Notice of Meeting was released as an ASX announcement and can be viewed and downloaded from the website at https://www.bannermanresources.com.au/for-investors/notice-of-meeting/

With regards to the COVID-19 pandemic, the Company will adhere to all social distancing measures prescribed by government authorities at the Meeting.

Uranium market

Market activity

Activity in the uranium sector continued to be muted during the quarter, with the uranium spot price settling around US$30/lb on low volumes and no appreciable movement on term contract prices.

Utilities have, by necessity, had their attention absorbed by more immediate priorities than nuclear fuel procurement, as COVID-19 challenges seriously amplified operating and regulatory challenges associated with nuclear power production. Most US and EU utilities have continued to draw down inventory, enabling them to defer restocking in the spot or mid-term market and to postpone term contracting activity until their businesses stabilise.

The signing of a new Russian Suspension Agreement during the quarter removed a significant impediment to US utility contracting and provides greater certainty for the market generally. This milestone event removed the last of several potential regulatory barriers to making long-term decisions, which date back to the January 2017 petition to conduct a s232 trade investigation into uranium imports.

In recent months nuclear power has developed bipartisan support in the US, highlighted by the prominent future role of nuclear power in the Democrats' report, *Solving the Climate Crisis*. Nonetheless, market activity remains constrained by uncertainty associated with the US election, particularly given the prospect of an outcome that is not clear and decisive. Within utility management structures, the personnel responsible for risk mitigation and finance overview of fuel procurement decisions are also critically engaged in both COVID-19 related and political risk mitigation and financial implications. Accordingly, the distraction and fatigue associated with the pandemic year will likely push re-evaluation of procurement strategies, in particular term contracting decisions, into 2021.

Supply disruption

COVID-19 related disruption to uranium supply stabilised during the quarter. Cameco recommenced operations at the Cigar Lake uranium mine after the mine was inactive for six months. Kazatomprom also returned to full staffing, after a four-month period in which all Kazakh uranium mines were operated on a minimal staffing basis and all well-field development was deferred. Both Cameco and Kazatomprom have honoured contract deliveries despite this disruption, although they intend to purchase uranium in the spot market to ensure availability.

Bannerman estimates that 2020 global U_3O_8 production will fall by approximately 20Mlbs as a result of all COVID-19 related supply disruption. This effectively doubles the estimated structural deficit in the uranium sector, resulting in a shortfall of supply equivalent to more than 20% of 2020 uranium consumption. Further, there is potential for COVID-19 related supply disruption to extend into 2021, either because of the lag-time required for Kazakh mines to return to target production levels or through new disruption events.

Against the back-drop of low uranium prices, the world's largest uranium suppliers continue to exercise supply discipline. Kazatomprom announced during the quarter that 20% planned production reductions at all Kazakh mines will extend into 2022, reducing forecast global 2022 uranium production by 14.3Mlbs. BHP announced a decision to abandon its brownfields expansion project at Olympic Dam, removing another substantial and low-cost source of potential supply.

The combination of planned reductions in uranium supply and unanticipated COVID-19 disruption has led to absorption of mobile secondary supply and utility drawdown of inventory reserves. This clearance of excess inventories has substantially tightened the uranium market as the sector heads into 2021.

Supply depletion

The effects of impending supply depletion are expected to impact in 2021, through the closure of Australia's Ranger uranium mine and Niger's Cominak uranium mine in the March quarter. These mines have been pillars of the uranium industry, with aggregate production of over 450 Mlbs U_3O_8 over a combined 90-year mine life.

Future uranium supply is forecast to deplete substantially as a result of mine closures, declining production rates from Kazakh in-situ recovery operations and a decrease in secondary supply as excess capacity in the enrichment market tightens. The lack of investment in new supply and the imposing environmental, social and political barriers to production in most jurisdictions will likely result in current deficits broadening significantly by 2025 and becoming critical by 2028, even after allowing for the resumption of production from mines on care and maintenance (idled capacity).

The impact of this supply depletion is demonstrated in Figure 3 below. Note that the World Nuclear Association modelling of mine supply was completed before Kazatomprom announced an extension of its production curtailments into 2021 and 2022 and does not take COVID-19 supply disruption into account. The combined effect of these developments is an acceleration of inventory drawdown in the period 2020-2024.

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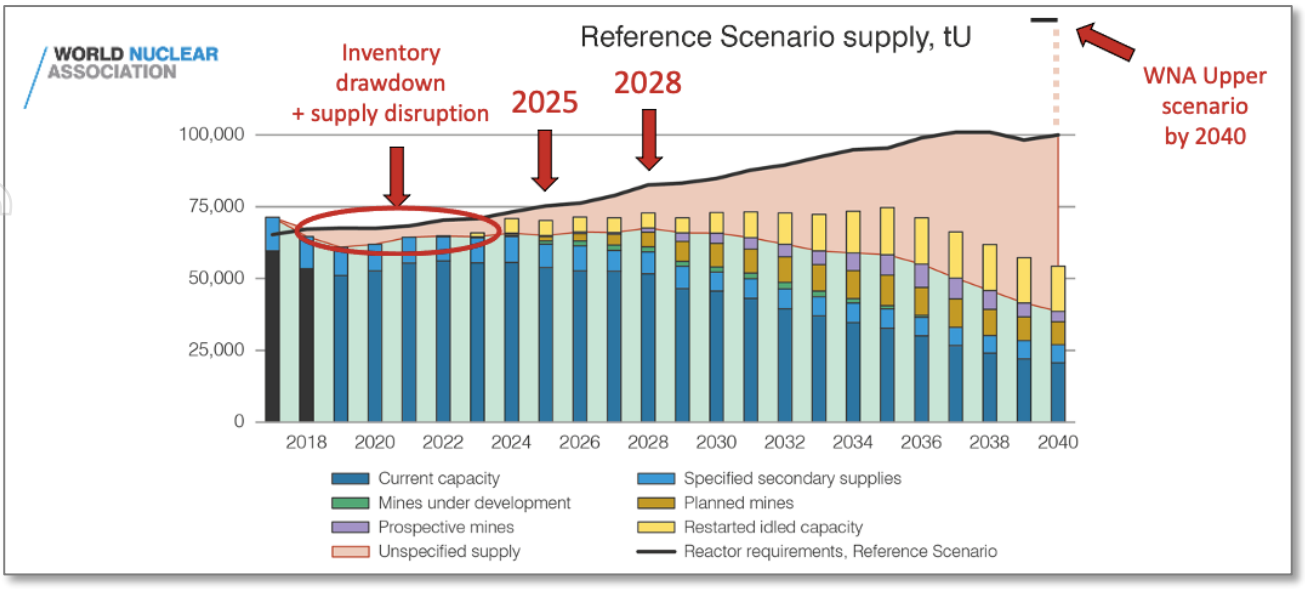


Figure 3: WNA Reference Scenario supply and demand (annotated). Source: World Nuclear Association, The Nuclear Fuel Report: Global Scenarios for Demand and Supply Availability 2019-2040

Positive industry developments

The broader nuclear industry benefitted from a stream of positive news during the quarter. The nuclear power sector has demonstrated high levels of performance globally despite challenges from COVID-19, maintaining very high capacity in most markets and showcasing the superior resilience and stability of nuclear power.

China, the largest growth market for nuclear power, announced a plan to be carbon neutral by 2060. Given China's dependence on coal for base load power and lack of growth capacity for hydropower, this will likely lead to an expansion of its aggressive domestic nuclear energy program in the 14th Five Year Plan. The completion of Fuqing Unit 5, China's first indigenous Hualong One reactor, lays a foundation for series construction of nuclear reactors for both domestic and export markets. Japan also announced a target to be carbon neutral, by 2050, which will require achieving or exceeding the current government policy for nuclear power to return to 20-22% of total electricity generation.

The US government acted to implement the Nuclear Fuel Working Group Report's recommendations to enhance US influence and competitiveness in the global nuclear power market. Bilateral co-operation agreements were reached between the US government and both Romania and Poland, providing a pathway for US industry to re-enter conventional nuclear reactor construction in deals potentially worth a combined US$26 billion. The US agreed to co-operate with Romania on the refurbishment of an existing reactor and construction of two additional reactors. The agreement with Poland sets out an 18-month project to scope the construction of up to eight reactors as part of Poland's assertive new nuclear program. Significantly, the US is considering providing financing support to these projects after the US International Development Finance Corporation changed its Environmental and Social Policy Procedures to remove a prohibition on funding nuclear energy projects overseas.

Global development of Small Modular Reactors (**SMR**) and advanced nuclear reactors continued to gain both public and government attention. Notably, the US Department of Energy announced cost-sharing grants to three SMR and advanced reactor developers totalling up to US$4.2B over 7 years, in a tangible implementation of the US government's intent to develop US nuclear technological competitiveness.

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This ASX release was authorised on behalf of the Bannerman Board by:

Brandon Munro, Chief Executive Officer

29 October 2020

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ABOUT BANNERMAN RESOURCES (ASX:BMN, OTCQB:BNNLF)

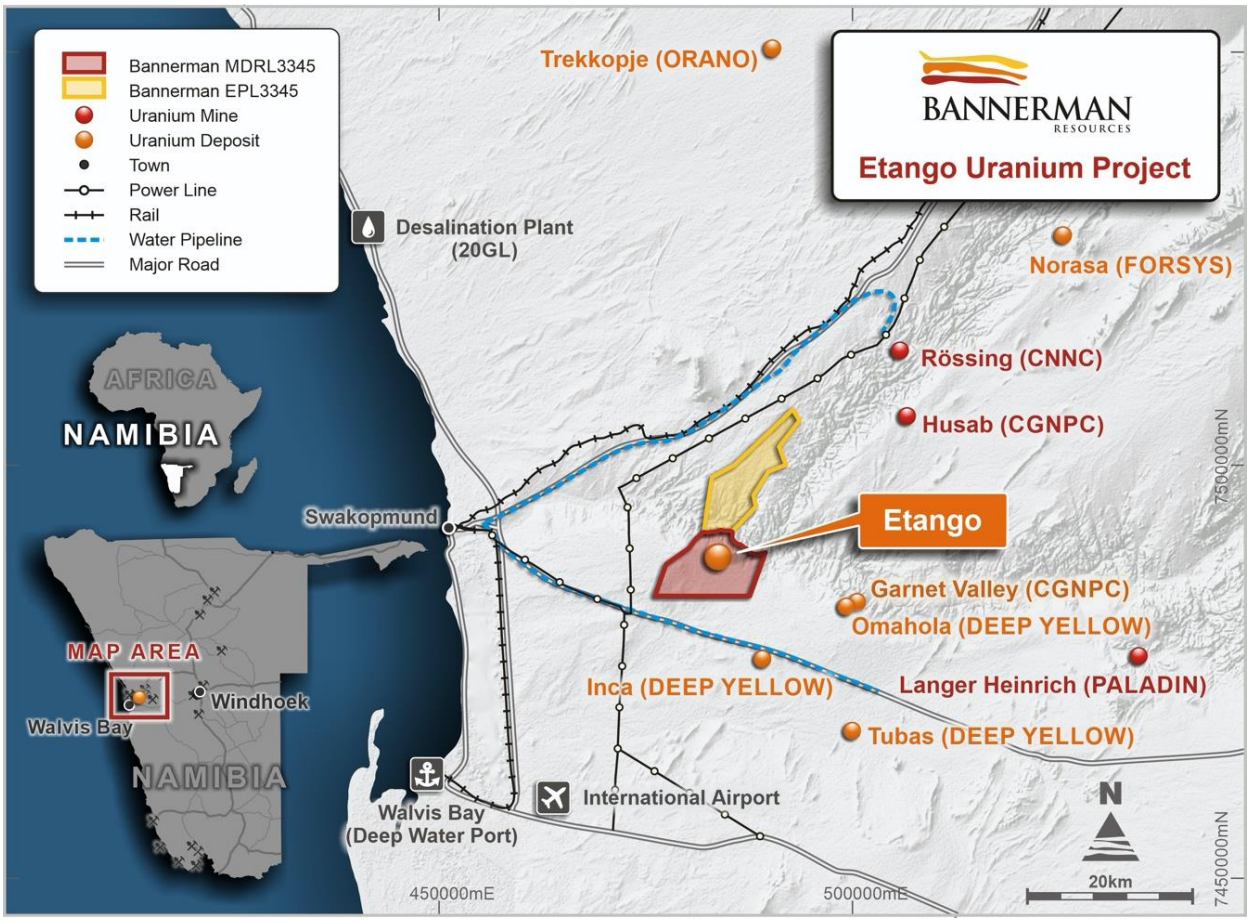
Bannerman Resources Limited is an Australian and Namibian listed uranium development company. Its flagship asset is the advanced Etango Uranium Project located in the Erongo Region of Namibia.

Etango has benefited from extensive exploration and feasibility activity over the past 15 years. The Etango tenements possess a globally large-scale uranium mineral resource* of 271 Mlbs U_3O_8 (14.4 Mlbs Measured, 150.2 Mlbs Indicated and 106.1 Mlbs Inferred) inclusive of the Ondjamba and Hyena satellite deposits. A 20Mtpa development at Etango was the subject of a Definitive Feasibility Study (**DFS**) completed in 2012 and a DFS Optimisation Study completed in 2015. Bannerman constructed and operated a Heap Leach Demonstration Plant at Etango, which heavily de-risked the acid leach process to be utilised on the Etango ore.

Namibia is a premier uranium investment jurisdiction, with a 45-year history of uranium production and export, excellent infrastructure and support for uranium mining from both government and community. As the world's fourth largest producer of uranium, Namibia is an ideal development jurisdiction boasting political stability, security, a strong rule of law and an assertive development agenda.

Bannerman has long established itself as an ESG leader. Etango has all environmental approvals for the proposed mine and external infrastructure, based on a 12-year environmental baseline. Bannerman is a CSR leader within Namibia and exercises best-practice governance in all aspects of its business.

In August 2020, Bannerman completed a Scoping Study on an 8Mtpa development of Etango (**Etango-8 Project**). The Scoping Study has demonstrated that this accelerated, streamlined project is strongly amenable to development – both technically and economically. A Pre-Feasibility Study on the Etango-8 Project is underway with targeted completion during 2Q 2021.



* For full details of the Mineral Resources estimate, please refer to Bannerman ASX release dated 11 November 2015, *Outstanding DFS Optimisation Study Results*. Bannerman confirms that it is not aware of any new information or data that materially affects the information included in that release. All material assumptions and technical parameters underpinning the estimates in that ASX release continue to apply and have not materially changed.

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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%	-