Bannerman Resources Ltd

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Bannerman Resources strengthens Etango development as uranium price set to recover

Bannerman Resources Ltd (ASX:BMN) is progressing the updated definitive feasibility study (DFS) for its Etango Uranium Project in Namibia.

The company is confident of a recovery in the uranium price due to supply and production cuts across the world's biggest yellowcake producers.

Several optimisation opportunities at Etango have been prioritised and studies are assessing the potential of optimisation to be value-accretive through reducing anticipated capital expenditure and operating costs.

Once the optimisation phase is complete, Bannerman will finish the DFS update by conducting definitive-level engineering to incorporate identified project enhancements and update the procurement process.

Bannerman chairman Ronnie Bevor said at the company's annual general meeting that the company was well positioned to benefit from the early stages of a recovery in the uranium sector.

He said: "The uranium sector has benefitted from several significant developments over the last year, precipitated by decade-low prices caused by persistent annual surpluses in the uranium market."

Bevor noted Cameco's (TSE:CCO) MacArthur River and Paladin Energy Ltd's (ASX:PDN) Langer Heinrich Mine, both of which were put on care and maintenance.

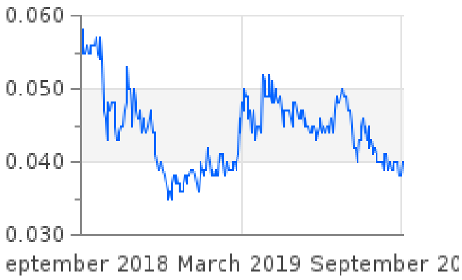
He also pointed out KazAtomProm, the world's largest uranium producer, announcing a 20% reduction in forecast production, Orano's announced supply reductions in Niger and declining uranium production in the US.

Bevor continued: "The combined effect is forecast to put the uranium market into a deficit in 2019 and this is expected to have a significant impact on uranium prices in the next year as the reduction in supply starts to take effect."

Price: $0.04

Market Cap: $41.66 m

1 Year Share Price Graph



Share Information

Code:		BMN
Listing:		ASX
52 week	**High**	**Low**
	0.06	**0.034**
Sector:		**Mining**
Website		**www.bannermanresources.com**

Company Synopsis:
Bannerman Resources Ltd's (ASX:BMN; NSX:BMN) flagship asset is the wholly-owned Etango Uranium Project in Namibia.

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Source: Cameco, UxC, BMO Research, May 2018

READ: Bannerman Resources confident of 2019 uranium bull market amid spot price volatility

A definitive feasibility study at Etango has confirmed the viability of a large open pit and heap leach operation with expected annual production of 7-9 million pounds of yellowcake for the first five years and 6-8 million pounds per year thereafter.

The company undertook a large-scale heap leach demonstration program between 2015 and 2017 to provide further assurance to financing parties, generate process information for the engineering design phase and enhance internal capability.

Bevor said in his address that the company had identified in its processing study an estimated capital cost saving of US$72 million, along with substantial potential operating cost savings.

This would enable a DFS improvement target of plus-US$3 per pound of U3O8, compared to the operating costs published in the 2015 optimisation study.

Etango's heap leach demonstration plant

READ: Bannerman Resources to test target anomalies near proposed Etango uranium plant

In a market update at the Technology and Low Emission Minerals (TLEM) Conference last week, Argonaut Limited director of metals, mining & energy Matthew Keane said a comeback in uranium was well underway.

Keane detailed the substantial supply-side curtailments in the sector amounting to between 22 and 35 million pounds per annum from 2016-2018.

He noted that 54 reactors were under construction globally and another 148 were planned, all while the world's three largest uranium producers had cut production.

Sitting at just over US$29 a pound on the morning of his presentation, the uranium price, according to Keane, has the capacity to spike well above US$100 a pound.

Despite the optimism, Keane said that the market was still in a balancing phase and we were yet to see a price recovery in a sector that was driven by catalysts.

Current uranium prices do not incentivise restarts or new production, with Keane noting a price of US$40-45 a pound to incentivise restarts and a price of about US$60 a pound for new production.

Speaking at the same conference, Bannerman managing director Brandon Munro outlined the key factors investors needed to look for to catch easy asymmetrical value at the beginning of a boom.

He said the importance of a project's strategic appeal to sovereign investors and its exposure to non-financial risks, noting that like the battery metals industry, the uranium sector was set to be driven out of its slump by expanding climate change policy.

Munro added: "With supply disruption that finally dislodged the stubborn spot price, growing demand fundamentals, and within … a sector that is absolutely famous for its supply-side volatility, we are seeing sentiment shifting and Bannerman is perfectly positioned as the investment vehicle for that.

"The last time we had a structurally-driven uranium boom was in response to the oil prices - a little bit like the current structurally-driven uranium boom that's just started will be driven by climate change policy."

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