STOCK EXCHANGE
ANNOUNCEMENT
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STRONG PROCESS COST REDUCTION POTENTIAL

Excellent Results from Phase 5 of the Demonstration Plant Program

HIGHLIGHTS

- Phase 5 (Value Engineering) delivers potential for substantial capital and operating cost savings
- Outstanding leach dynamics (93% extraction in 22 days) and low acid consumption (14.4 kg/tonne) maintained with:
  - Coarser HPGR ore (vs DFS) and conventionally cone crushed material (at DFS size distribution)
  - Reduced binder regimes delivering similar percolation and leaching results
- Further affirmation of robustness of DFS process inputs and low technical risk of Etango
- Approval of Phase 6 extension to refine crushing and binder cost reduction opportunities

Bannerman Resources Limited (ASX: BMN; NSX: BMN) is pleased to report excellent results from Phase 5 (Value Engineering) of the Etango Heap Leach Demonstration Plant Program. These outcomes build upon the outstanding leaching results from previous phases, which had already confirmed the robustness of the Definitive Feasibility Study (DFS) heap leaching parameters for Etango.

Phase 5 was directed at optimising the Etango metallurgical process parameters by drawing on the extensive learnings delivered by the Demonstration Plant Program to date. This value engineering exercise has shown clear potential for adoption of coarser grind sizes and further optimisation of reagents, both of which can deliver substantial further reductions in the capital and operating costs of the Etango Project.

Bannerman's Chief Executive Officer, Brandon Munro, said, *"Our team has continued to deliver superb return on investment at the Etango Heap Leach Demonstration Plant. The two-year program has now been extended into a sixth phase, such is the extent of the positive impact on capital and operating costs we expect to attain."*

PHASE 5 RESULTS

Phase 5 of the Demonstration Plant Program testwork entailed an open circuit heap leach operation of 8 columns stacked to 5 meters. The main objectives of this phase were to test different particle sizes and crushing methods as well as different binder addition rates. This testing was designed to evaluate impacts on the agglomeration process and metallurgical response (extraction and acid consumption).

The Phase 5 testwork delivered strongly positive results, as outlined below.

1. **Value engineering upside**
   - The ore continues to leach quickly and uniformly even with coarser High Pressure Grinding Roll (HPGR) crushed ore and conventionally cone crushed ore, providing evidence for potential capital and operational cost savings.
   - Uniform percolation coupled with rapid and high leach extraction once again points towards the potential to further optimise the heap leach configuration.
   - The uranium extraction achieved for Phase 5 averaged 93.6%, in-line with preceding phases. Consistently fast leach kinetics have been observed from the Etango ore, achieving over 90% uranium extraction within 20 to 22 days. This compares to the DFS projection for a scaled-up heap of 86.9%.
   - Average sulphuric acid consumption maintained the linear relationship with time as previously observed and averaged 14.4 kg/tonne (compared to the DFS projection for a scaled-up heap of 17.6kg/tonne).
   - The columns treated with reduced or no binder addition (relative to DFS parameters) all showed similar percolation and leaching results. Although further geotechnical work would be required before binder addition is changed, the results are highly encouraging and point to the potential for further reagent optimisation.
2. **Further enhancing project knowledge**
   - The metallurgical database continues to grow dramatically with the total ore sample tested in Phase 1 through to Phase 5 now amounting to approximately 275 tonnes.

The samples used for the optimization work:

Flow sheet Identification	Flow sheet 01 (FL01)	Flow sheet 02 (FL02)	Flow sheet 03 (FL03)
Crushing Method	HPGR crushed ore as per previous phases	Coarser HPGR crushed ore	Conventional Cone Crushed Ore
Particle size distribution (PSD)	P_{100} = 8 mm ; P_{80} = 3.5 mm	P_{100} = 12 mm ; P_{80} = 6.0 mm	P_{100} = 8 mm ; P_{80} = 5.5 mm

The agglomeration and loading procedure of the columns was the same followed in all the preceding phases of the test work program. Once the agglomerated ore was loaded into the columns the ore was allowed to cure for two days before initiating the leach irrigation phase.

Leach solution comprising of 15 g/l sulphuric acid and 3.5 g/l Ferric Sulphate was introduced at the top of each column at a constant irrigation rate of 15 l/m^2/hr. Leach irrigation was conducted for 22 days followed by a post leach drain phase of 2 days and then a rinse and post rinse drain phase of 3 days and 5 days respectively. A weak sulphuric acid solution of 2g/l was used as the rinse solution.

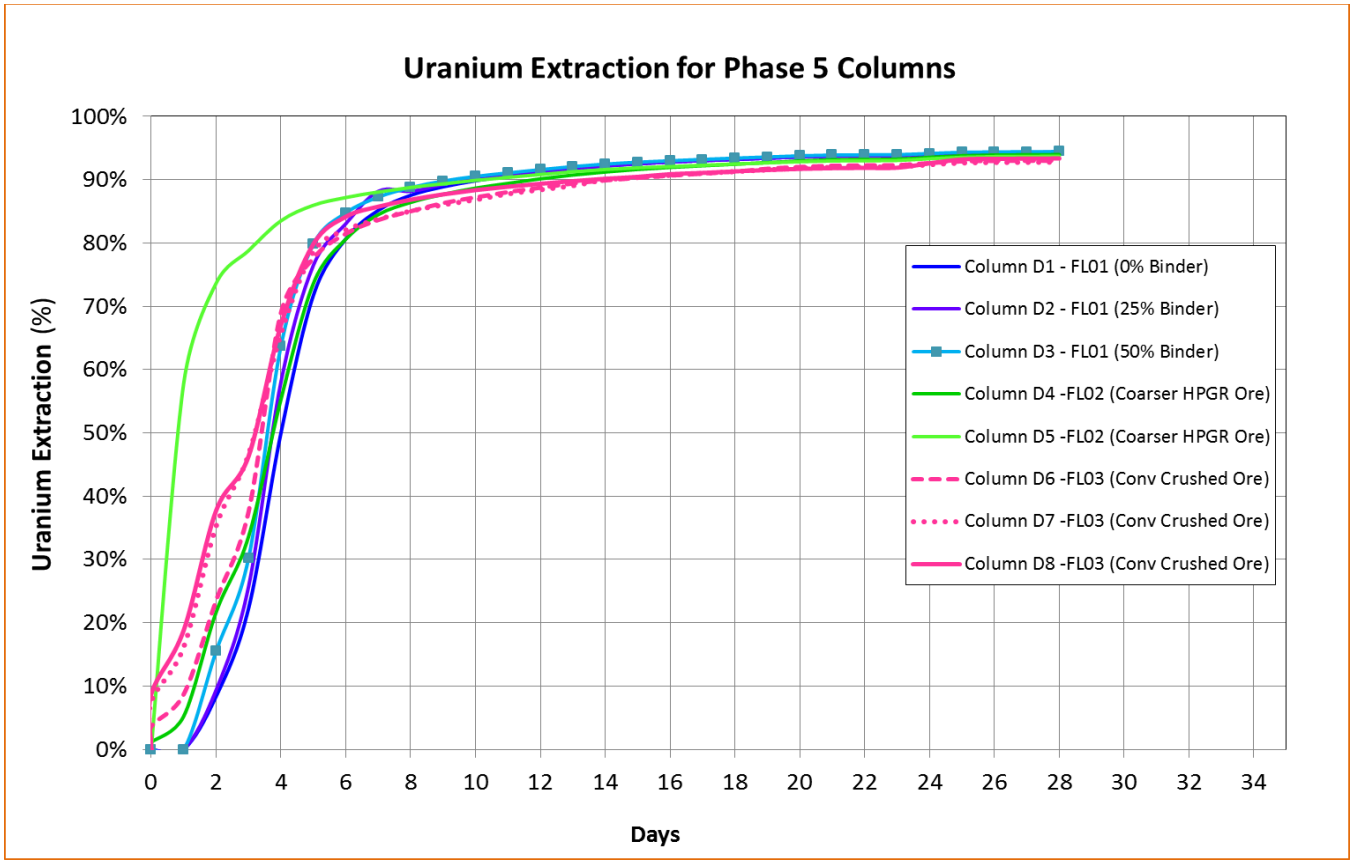
Head grade samples were taken during the agglomeration phase as ore was fed into the agglomeration drum. Agglomerate samples were taken during the agglomeration phase and ripios (tails) samples during unloading of the columns. During the solution irrigation and drain down phases, monitoring of the solution inventory was conducted on a daily basis. Analytical services for solution and soil samples were provided by the Bureau Veritas laboratory in Swakopmund.

Overall results and observations from Phase 5 were generally in-line with those obtained for all the preceding phases. The consistent results observed from Phase 5 even with the different crushing methods and particle sizes indicate the low technical risk and further potential cost savings for the Etango Project.

An average uranium extraction of 93.6% within 22 days was achieved for the eight columns. This compares with the DFS projections for a scaled-up heap of 86.9% (refer to Figure 1).

The average acid consumption is also lower than the DFS projected value of 17.6kg/t. The Phase 5 average acid consumption was 14.4 kg/t. The acid consumption during leaching maintained a linear relationship with respect to time as previously observed, indicating that the longer the time required to achieve a specific extraction target, the higher the acid consumption will be (refer to Figure 2).

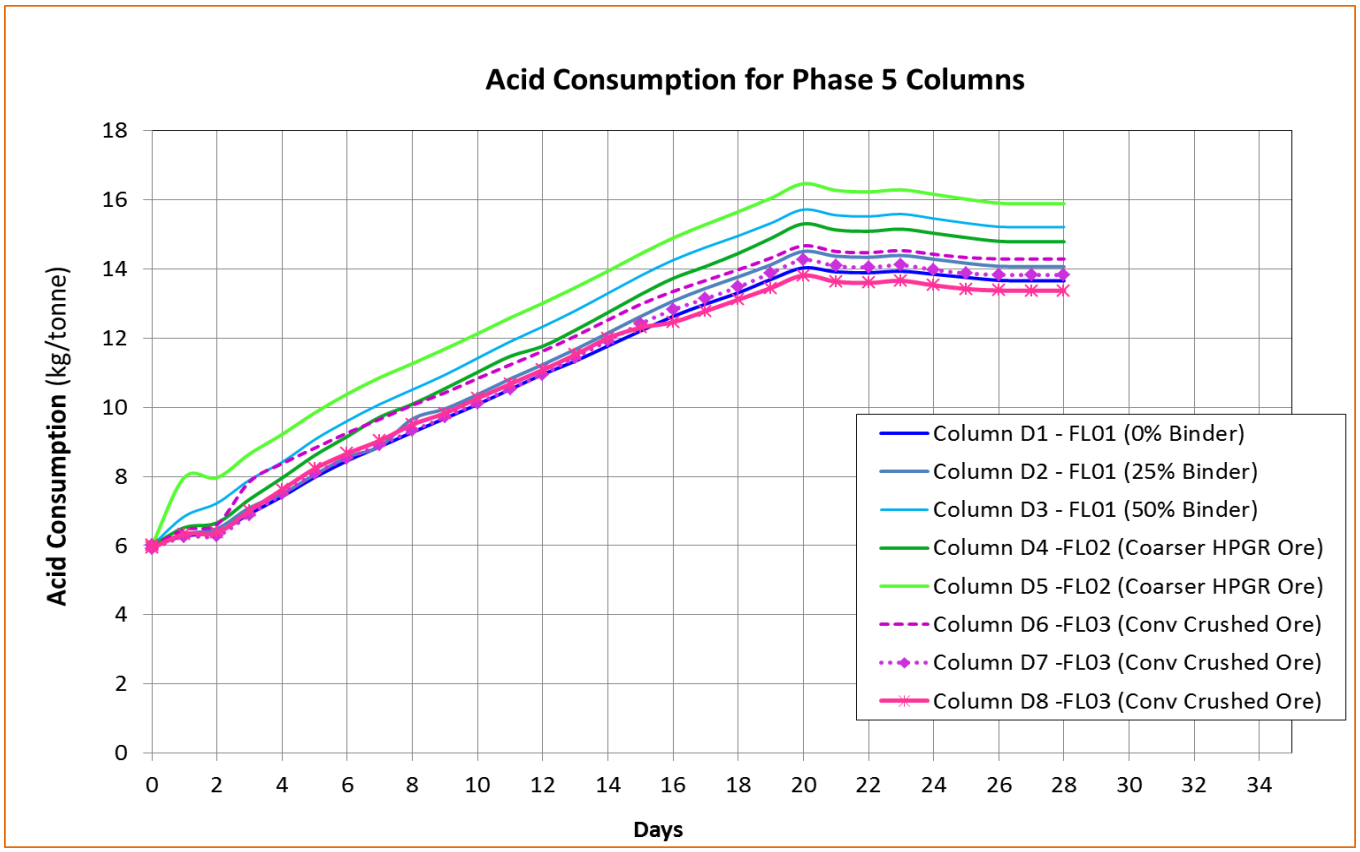
Figure 1 - Uranium Extraction Curves for Phase 5



During the first day of leach irrigation, the feed irrigation line of Column D5 burst causing leach solution to run into the column. This accelerated irrigation of the column resulting in the accelerated leach kinetics observed for Column D5 relative to the other columns – however the resultant extraction of 93.7% was similar to the rest of the other columns. Note the higher acid consumption for Column D5 as a result of the acceleration (Figure 2).

Parameter	Units	Column D1	Column D2	Column D3	Column D4	Column D5	Column D6	Column D7	Column D8
Stacked Dry Tons (Measured for Columns)	(tonnes)	0.209	0.186	0.178	0.185	0.187	0.201	0.192	0.185
Head Grade	(ppm U_3O_8)	193.4	204.7	208.0	208.0	212.1	182.4	204.7	207.7
Tails Grade	(ppm U_3O_8)	11.0	11.6	11.6	12.6	13.3	13.7	14.1	15.5
Final Uranium Extracted (Relative to Recalculated Head & Tails Grade)	(% U3O8)	94.3%	94.3%	94.4%	94.0%	93.7%	92.5%	93.1%	92.5%

Figure 2 - Acid Consumption Curves for Phase 5



Parameter	Units	Column D1	Column D2	Column D3	Column D4	Column D5	Column D6	Column D7	Column D8
Total Acid Consumption	(kg/tonne)	13.7	14.1	15.2	14.8	15.9	14.3	13.8	13.4

PHASE 6 – DEMONSTRATION PROGRAM EXTENDED

The Phase 5 test work indicates further potential for optimising the particle size distribution and establishing optimal binder addition taking into account all geotechnical and heap stability aspects.

As such the team has formulated an additional testwork program (Phase 6) in conjunction with AMEC Foster Wheeler that will further test and confirm:

(a) Use of a conventional tertiary crushing circuit (cone crushers) as compared to the current DFS design utilising High Pressure Grinding Rolls (HPGRs);

(b) Coarser particle size distribution of the material going onto the heap; and

(c) Reduction in binder addition without compromising the heap stability.

Phase 6 testwork has commenced and results are expected to be available by the end of November 2016.

HISTORY OF DEFINITIVE FEASIBILITY STUDY ("DFS") AND DEMONSTRATION PLANT PROGRAM

The Etango Project is one of the world's largest undeveloped uranium deposits. It is located in the Erongo uranium mining region of Namibia, which hosts the Rössing and Langer Heinrich mines and the Husab Project currently under construction by the Chinese stated owned enterprise, China General Nuclear Power Company (CGNPC). Etango is 73km by road from Walvis Bay, one of southern Africa's busiest deep water ports through which uranium has been exported for over 35 years. Road, rail, electricity and water networks are all located nearby.

Bannerman completed a Definitive Feasibility Study ("DFS") and Environmental and Social Impact Assessment ("ESIA") on the Etango Project in 2012. The respective studies, as announced to the market on 10 April 2012, confirmed the technical, economic and environmental viability of the project at historical term uranium prices. Bannerman has received environmental approval for the Etango Project from the Namibian Ministry of Environment and Tourism.

Bannerman announced on 8 April 2014 the progression to a heap leach demonstration plant program as an integral step in progress towards the 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. Subsequently, favourable results from Phases 2, 3 and 4 were reported to the market on the 23 November 2015, 7 April 2016 and 6 July 2016, respectively. The objectives, activities and key results are summarised below.

Identification	*Objective(s)*	*Activities & Key Results*	*Schedule*
Phase 1 Commissioning	Commissioning of Plant. Validate leaching assumptions in DFS.	Open circuit heap leach operation of 4x cribs and 8x columns. Operational learnings & indicative results	Completed in June 2015 Quarter
Phase 2 Reproducibility	Demonstrate consistent operation of plant. Validate leaching assumptions in DFS.	Operate 2 cribs and 4 columns incorporating operational learning from Phase 1 Specific Results relative to DFS Utilize same blended sample in both cribs.	Completed in September 2015 Quarter
Phase 3 Solution Recycle	Simulate the heap leach pad cycle to generate an enriched Pregnant Leach Solution (PLS). Assess the possible impacts of the build-up of deleterious elements due to the recycling of intermediate solution.	Operate three cribs in closed cycle. Impact on acid consumption and Recovery Analyse the possible build-up of deleterious elements. Generate and store sufficient PLS to enable the validation of SX assumptions in Phase 4.	Completed in December 2015 Quarter
Phase 4 Solvent Extraction	Demonstrate the solvent extraction process and assumptions in the DFS.	Operate SX bench scale test work at Demonstration Plant. Identify issues with contaminants, Precipitation and SX work	Completed in June 2016 Quarter
Phase 5 Value Engineering	Conduct Heap Leach Optimisation studies with Multiple Columns Tests	Primarily utilize 8 columns to evaluate various opportunities to improve the project economics.	Completed in September 2016 Quarter

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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 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.