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Bannerman Resources Ltd

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

Speaking at the Technology and Low Emission Minerals Conference in Perth, Bannerman chief executive officer Brandon Munro presented his company's strategy to take advantage of the early stages of a uranium bull market.

He outlined the key factors investors need to look for to catch easy asymmetrical value at the beginning of a boom, noting the importance of a project's strategic appeal to sovereign investors and its exposure to non-financial risks.

Lawyer-cum-miner Munro pointed out that like the emerging global battery metals industry, the uranium sector is set to be driven out of its slump by expanding climate change policy.

Bannerman's principal asset is its 95%-owned Etango Uranium Project in Namibia, near Rio Tinto plc's (LON:RIO) Rössing Mine, Paladin Energy Ltd's (ASX:PDN) Langer Heinrich mine and CGNPC's Husab mine.

A definitive feasibility study at Etango has confirmed the viability of a large open pit and heap leach operation at what is one of the world's largest undeveloped uranium deposits.

Munro said that the uranium sector was moving from a decade of surplus into a sharp deficit.

He said: "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.

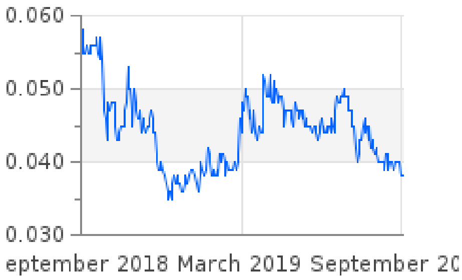
"We've got the track record; we've got the leveraged price; we've got strategic appeal - its an advanced asset with low non-financial risks and a leadership team that will certainly deliver.

"You don't want to pick the right race but pick the wrong horse - I guarantee you that uranium is going to have a fantastic year next year but be very careful that the horse you pick is only exposed to uranium price and not the host of other non-financial risks."

Price: $0.04

Market Cap: $39.58 m

1 Year Share Price Graph



Share Information

Code:		BMN
Listing:		ASX
52 week	**High**	**Low**
	0.063	**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 buoyed as uranium investors snap up RCF's substantial stake

Munro's confidence in a uranium sector recovery was echoed by Argonaut Limited director of metals, mining & energy research Matthew Keane, who said that a comeback in uranium was well underway.

In a market update at the new energy-focused conference, 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 $US29 a pound this morning, 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.

Uranium prices are driven by catalysts and not market fundamentals

Uranium boom driven by climate change policy

Munro believes that the momentum in the sector is comparable to the pre-boom environment in 2006-07.

He said: "All of that demand momentum is creating demand-side pressures that are going to continue up to 2040.

"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."

The volatility of the uranium spot price and its catalytic effect on the market was shared by Patrick Plummer, mining geologist & analyst at TradeTech LLC.

Plummer said: "For many years uranium production remained insulated from the spot market owing to the predominance of long-term contracts.

"Those contracts secured supply over the long-term for end-users, but they also safeguarded the economic viability, and by extension, the sustainability of producers and their various projects.

"Spot prices have become increasingly sentiment-driven and less tied to market fundamentals."

2018 a turning point

Plummer added that spot price volatility had exacted increasing influence on both purchasing behaviour and production decisions, despite the importance placed on the term market by fuel buyers and end-users.

He said that in respect to purchasing activity, 2018 would likely stand out as a turning point in the uranium market.

"Term buying increased significantly in Q3 with term demand currently at a 5-year high.

"Annual total spot buying is already at an all-time high and we still have around 6 weeks until year-end.

"In 2016 through 2017, and during the first half of this year, the continued depressed market conditions resulted in production curtailments and mine closures.

"The implementation of cuts will likely have near and long-term consequences, and according to the producers themselves, an impact on future uranium prices."

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