BANNERMAN energy

Quarterly Activities Report

FOR THE PERIOD ENDED 30 JUNE 2022

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Bannerman Energy Ltd (ASX:BMN, OTCQB:BNNLF, NSX:BMN) (**Bannerman** or **the Company**) is pleased to report on a quarter in which Bannerman progressed the Definitive Feasibility Study (**DFS**) for the 8Mtpa development[1] of its flagship Etango Uranium Project in Namibia (**Etango-8**).

HIGHLIGHTS

- **Share Purchase Plan (SPP) closed in April raising A$15 million (at A$0.22 per share).**
- **Agreement to acquire a 41.8% strategic stake in TSX-V listed critical minerals developer, Namibia Critical Metals Inc. (NMI).**
  - **NMI's core asset is the advanced Lofdal Heavy Rare Earths Project in Namibia.**
  - **Bolt-on acquisition offering significant alignment and synergies with Bannerman's Etango Uranium Project.**
  - **Total consideration of A$7.24M cash and 846,337 fully paid BMN ordinary shares, representing a significant discount to prevailing NMI market trading value.**
  - **Transaction completion expected in next two weeks.**
- **10-for-1 share consolidation approved at General Meeting on 18 July; BMN shares to commence trading on a post-consolidation basis from 29 July.**
- **Etango-8 DFS progressing steadily, scheduled completion now 4Q CY2022.**
  - **Feasibility and engineering undertaken by best-in-class consultants with Wood plc engaged as DFS lead study manager and continuity from Etango-8 Pre-Feasibility Study and previous study work.**
  - **World-class Technical Steering Committee chaired by Norman Green.**
- **Cash balance of A$51.9M at quarter end.**
- **Policy reversals in favour of nuclear energy strengthened in several countries; geopolitical tensions delivered recent highs in price of enrichment and conversion.**

Bannerman Managing Director and Chief Executive Officer, Brandon Munro, said:

"The Bannerman team remains resolutely focused on the Etango-8 Definitive Feasibility Study. While expected completion of the DFS has pushed back into the December quarter, the process is still tracking well and early FEED work is set to commence in parallel. The agreement we executed during the quarter to acquire a strategic stake in Namibia Critical Metals presents a significant and synergistic opportunity for our business. We look forward to the anticipated closing of this transaction in the next couple of weeks."

1. Bannerman advised of the completion of a Pre-Feasibility Study (PFS) for an 8Mtpa development of its flagship Etango Uranium Project in Namibia in an ASX announcement dated 2 August 2021. 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. Of the Mineral Resources scheduled for extraction and recovery in the PFS production plan, 100% are classified as Measured or Indicated. Bannerman confirms that there are no Inferred Resources included in the PFS production schedule.

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Etango-8 Uranium Project (Bannerman 95%)

Etango-8 DFS advancing

The Etango-8 Definitive Feasibility Study (**DFS**) is progressing steadily. The high degree of continuity of key consultants from the preceding Pre-Feasiblity Study process has seen DFS workstreams undertaken efficiently and with robust outcomes. While recent incremental slippage in select workstreams has seen scheduled completion pushed back into 4Q CY2022, the DFS process continues to track well and early Front End Engineering and Design (FEED) workstreams are now set to commence in parallel with the completion of the DFS.

Although Etango-8 is a large-scale project, and its projected production rate is amongst the largest uranium projects in prospective development globally, the DFS is being undertaken on an accelerated timeframe for a relatively modest budget. This is because the DFS benefits from a vast body of previous technical work undertaken since 2007 at Etango, with extensive resource drilling, geotechnical, metallurgical and environmental work already complete.

Wood plc (**Wood**) is lead study manager for the Etango-8 DFS. Wood is also undertaking process plant design and related infrastructure, along with plant capital and operating cost estimates. Wood is a global leader in the delivery of project, engineering and technical services, with offices in all major resource centres including Perth and Johannesburg.

Wood, through its legacy companies Amec and Amec Foster Wheeler, has been involved with the Etango Project since 2009, including the original Etango Definitive Feasibility Study based on a 20 Mtpa mine and heap leach process throughput (2012), as well as a DFS Optimisation Study (2015), a Processing Options Study (2017) and the Etango-8 Pre-Feasibility Study (2021). In addition to the value of this continuity and context, Wood has ensured that the key technical experts involved in that work, who are all leaders in their respective fields, are engaged throughout the DFS.

Qubeka Mining Consultants CC (**Qubeka**) is undertaking the geological review, pit inventory estimates and mine planning for the DFS.

Speiser Environmental Consultants has overall responsibility for the environmental and social impacts and management and are providing oversight on community and stakeholder liaison, supported by Urban Green (powerline environmental assessment) and Namisun Environmental Projects (mine closure planning).

The DFS is further supported by Addiza Power (external electricity supply), Genis Business Consulting and Lund Consulting Engineers (external water infrastructure), and Fivemark Partners (commercial and strategic advisory).

A Technical Steering Committee oversees and supports the owner's team management of the Etango-8 DFS. The Committee is chaired by Norman Green and comprised of experts in their respective fields: John Turney, Mike Leech and Bannerman Chief Executive Officer, Brandon Munro. The Technical Steering Committee meets weekly with Bannerman's owner's team lead, Werner Ewald and Wood's lead project manager, together with other invited consultants as required.

Acquisition of Strategic Stake in Namibia Critical Metals Inc.

On 19 May, the Company announced it had agreed to acquire a 41.8% shareholding in TSX Venture Exchange (TSX-V)-listed critical minerals exploration and development business, Namibia Critical Metals Inc. (TSX-V: NMI) (**NMI**). NMI's flagship asset is the 95%-owned, advanced and fully permitted Lofdal Heavy Rare Earths Project (**Lofdal Project**) in Namibia. The Lofdal Project is the subject of an earn-in agreement with leading global resource strategic partner, Japan Oil, Gas and Metals National Corporation (**JOGMEC**).

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Bannerman agreed to acquire a total of 82,290,680 common shares in NMI, representing 41.8% of NMI's issued capital, from PhilCo 192 (Pty) Ltd (75,201,603 shares) and Adventure Resources Holdings (Pty) Ltd (7,089,077 shares) (together, the **Vendors**), for total consideration of A$7.24M cash and the issue of 846,337 BMN fully paid, post Consolidation ordinary shares, paid proportionately to each Vendor (**NMI Share Acquisition**). Bannerman has no existing holding of common shares or other securities in NMI.

Whilst a relatively modest scale, with consideration components that respectively represented approximately 12% of Bannerman's prevailing cash balance and 0.6% of the Company's prevailing issued shares, the NMI Share Acquisition offers significant strategic alignment and development synergies with Bannerman's flagship Etango Uranium Project in Namibia. The total consideration also represents a significant implied discount to prevailing NMI market trading value.

NMI's Lofdal Project is globally significant to potential future Heavy Rare Earth Elements (**HREE**) supply, in particular the crucial need for dysprosium and terbium in the production of permanent magnets. This is a function of both its large scale and simple xenotime mineralogy. The NMI Share Acquisition provides underlying asset exposure that is highly complementary to Bannerman's Etango Uranium Project in terms of both domicile and the role of heavy rare earths in enabling decarbonisation. The NMI Acquisition is also consistent with Bannerman's mission: social leadership in the supply of raw materials for emissions free power.

Overview of Namibia Critical Metals Inc.

NMI is a Canadian public company listed on the TSX Venture Exchange. It holds a diversified portfolio of critical metals projects, all located within the country of Namibia. In addition to the Lofdal Project, which offers a sustainable supply of dysprosium and terbium, NMI also has prospective gold and base metals exploration licences in Namibia.

NMI has been operating in Namibia since 2005. The first systematic exploration for rare earths over Lofdal was initiated in 2008. In 2011, the Area 4 heavy rare earth deposit was discovered and since that time exploration results have demonstrated the occurrence of rare earth mineralisation on a district scale.

Rare earth mineralisation at Lofdal is hosted in structurally controlled alteration zones with carbonatite dykes, exhibiting grades between 0.2-3% total rare earths (TREO which includes yttrium oxide). The mineralisation is strongly dominated by HREE. Detailed mineralogical studies have confirmed that the principal heavy rare earth mineral at Lofdal is xenotime.

The Lofdal Project holds a NI 43-101 compliant Mineral Resource estimate and was the subject of a Preliminary Economic Assessment completed in 2014[1]. An updated 43-101 Mineral Resource Estimate was released in May 2021. To date NMI has completed 334 diamond drill holes totalling almost 45,000 metres of drilling on Lofdal. For further information including the Mineral Resource estimate, see www.namibiacriticalmetals.com/projects/lofdal-heavy-rare-earths-project.

The Mineral Resource exhibits exceptional levels of heavy rare earths enrichment of between 75% and 93% HREE within the TREO, depending on cut-off grade, with corresponding TREO ranging from 0.27-1.26% TREO. The drilling program has delineated a Mineral Resource estimate extending from surface to a vertical depth of approximately 350 meters.

In 2016, an Environmental Impact Assessment was completed on the Lofdal Project and an Environmental Clearance Certificate was granted by the Ministry of Environment and Tourism in 2017. Mining Licence ML 200 was granted in July 2021.

On 27 January 2020, NMI announced that it had signed an agreement with JOGMEC to jointly explore, develop, exploit, refine and/or distribute mineral products from the Lofdal Project. The agreement provides JOGMEC with the right to earn up to a 50% interest in the Lofdal Project by funding a total of C$20M in exploration and development expenditures. Once JOGMEC has completed and exercised its 50% earn-in, and a Feasibility Study has been completed on the Lofdal Project, JOGMEC has the right to purchase an additional 1% interest in the Lofdal Project from NMI for C$5M and thereafter to exclusively provide funding to develop the Lofdal Project subject to NMI's interest not being diluted

below 26%. NMI has since provided a shareholding to a local historically disadvantaged Namibian partner, who will retain a 5% interest in the Lofdal Project.

NMI's head office is located at 1550 Bedford Highway, Suite 802, Sun Tower, Bedford, Nova Scotia, B4A 1E6, Canada.

Completion of transaction

The Company entered into a Share Purchase Agreement dated 18 May 2022 with the Vendors to effect the NMI Share Acquisition. The NMI Share Acquisition is expected to complete in the next two weeks.

Aggregate consideration is comprised of A$7,236,179 payable at completion, and deferred consideration comprising the issue of 846,337 Bannerman fully paid, post Consolidation ordinary shares (**BMN Shares**). Approval of Bannerman shareholders was obtained on 18 July 2022 for the issue of the BMN Shares.

The BMN Shares are to be quoted on ASX and the Vendors have agreed to a six month voluntary escrow and holding lock on the BMN Shares.

The NMI shares are being acquired pursuant to the private agreement exemption set out in Section 4.2 of National Instrument 62-104 – Take-Over Bids and Issuer Bids.

A copy of the early warning report required to be filed with the applicable securities commissions in connection with this transaction is available on SEDAR at www.sedar.com and can be obtained by contacting Bannerman's Company Secretary, Steve Herlihy, at info@bmnenergy.com. The Company's head office is located at Suite 7, 245 Churchill Ave., Subiaco, Western Australia 6008.

Corporate

Share Purchase Plan

The Share Purchase Plan (**SPP**) undertaken during April was strongly supported by eligible shareholders. A total of 68,180,913 new fully-paid ordinary shares were issued under the SPP at A$0.22 per share to raise A$15 million. Allotment of new shares under the SPP was completed on Wednesday 27 April 2022.

Consolidation of Capital

On 14 June 2022, the Company advised it would seek shareholder approval to consolidate its issued capital through the conversion of every ten (10) existing shares into one (1) share (**Consolidation**). Shareholder approval was received at the Company's General Meeting on 18 July 2022. The Consolidation has been effected and Bannerman shares will trade on a deferred settlement basis until Friday 29 July 2022.

The Consolidation was proposed to reduce Bannerman's capital structure (share count) to a level that better reflects the advanced stage of its Etango Uranium Project and potentially makes the Company's shares more attractive to certain investors, including institutional and retail investors in North America.

As a result of increasing liquidity through the Company's listing on OTC Markets (OTCQB:BNNLF) and participation by overseas institutional investors in the recently undertaken equity placement, a substantial proportion of Bannerman shareholders were believed to hold a positive view towards reducing the Company's share count.

The Consolidation applies equally to all shareholders (subject to the rounding fractions) and therefore has no effect on the percentage interest of each shareholder.

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Strong quarter end cash balance of A$51.9 million

Bannerman's cash balance at 30 June 2022 was A$51.9 million (31 March 2022: A$46.0 million). The Company has no debt (other than typical creditor balances) or convertible instruments.

Cash inflows for the quarter were predominantly the A$15.0 million proceeds from the SPP. Total exploration and development expenditure for the quarter was A$1.2 million, which included project works on the DFS. Total payments to acquire investments of A$7.2 million represent cash consideration held in trust associated with the Namibia Critical Metals Inc investment, and becomes payable to the Vendors at transaction close.

Management continues to maintain a focus on prudent cost control and project timeliness. For the purpose of item 6.1 of the Appendix 5B, the aggregate payments during the quarter to related parties (totalling A$188,000) were comprised of directors' fees and salary.

Issued securities

At the date of this report (post Consolidation), the Company has on issue 148,769,871 fully paid ordinary shares, 3,461,009 performance share rights and 1,128,580 unlisted options. The share rights and options are subject to various performance targets and continuous employment periods.

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.

Uranium market

As the global energy crisis deepened during the quarter, the superior energy credentials of nuclear power became more apparent to both policy makers and their constituents, continuing a profound shift in the public acceptance of nuclear power in numerous markets. In response to increasing gas prices and escalating global tensions, policy reversals in favour of nuclear energy strengthened in several countries, notably South Korea, Japan, Belgium, United Kingdom and the United States. Positive sentiment was enhanced by the confirmation that nuclear energy will be included in the EU Green Finance Taxonomy and its green credentials were highlighted by the decision of the Finnish Green Party to actively endorse nuclear energy.

Geopolitical tension continued to escalate during the quarter, with protracted conflict in Ukraine and concerns over gas availability in Europe. The divide between the West and Russia intensified, increasing the likelihood of a return to a bifurcated nuclear fuel market, albeit with unclear positioning of key BRICS uranium markets, China and India.

The likelihood of disruption in Russian supply of nuclear fuel to the US and Europe led to recent highs in the price of enrichment and record highs for conversion as market players positioned for potential import sanctions by the US/EU or export restrictions by Russia. Western enrichment capacity constraints may require overfeeding to supply sufficient LEU to Western nuclear plants if Russian enrichment supply to the West is sanctioned or becomes politically untenable – assuming sufficient conversion capacity to supply the necessary quantities of UF_6. The risk of capacity constraints has become more acute with competing demand for Western enrichment from the transitioning of European VVER reactor fuel orders from Rosatom to Westinghouse and prospective demands for HALEU to support the emerging SMR industry.

Despite numerous positive indicators for nuclear energy demand, the uranium spot price traded down on the March quarter, settling mostly in a range between US$45 to US$50 per pound. This was driven partly by the broad equities sell-off stalling the capacity of the Sprott Physical Uranium Trust to issue new units to finance additional uranium purchases. Nonetheless, the uranium spot price held its ground

relatively well, seemingly indicating fundamental support at these prices in the absence of financial investors.

Nuclear utilities maintained a focus on downstream nuclear fuel components, with only limited term contracting in uranium. However, tightened inventory and the absence of a mid term market (such as the carry trade) has likely resulted in the impetus for term contracting building in the near term amongst utilities.

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

Brandon Munro, Managing Director and Chief Executive Officer

28 July 2022

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Important Notices

This announcement contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are considered reasonable. Such forward-looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by law or the ASX listing rules. The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire Bannerman shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial situation or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. Bannerman is not licensed to provide investment or financial product advice in respect of Bannerman shares.

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

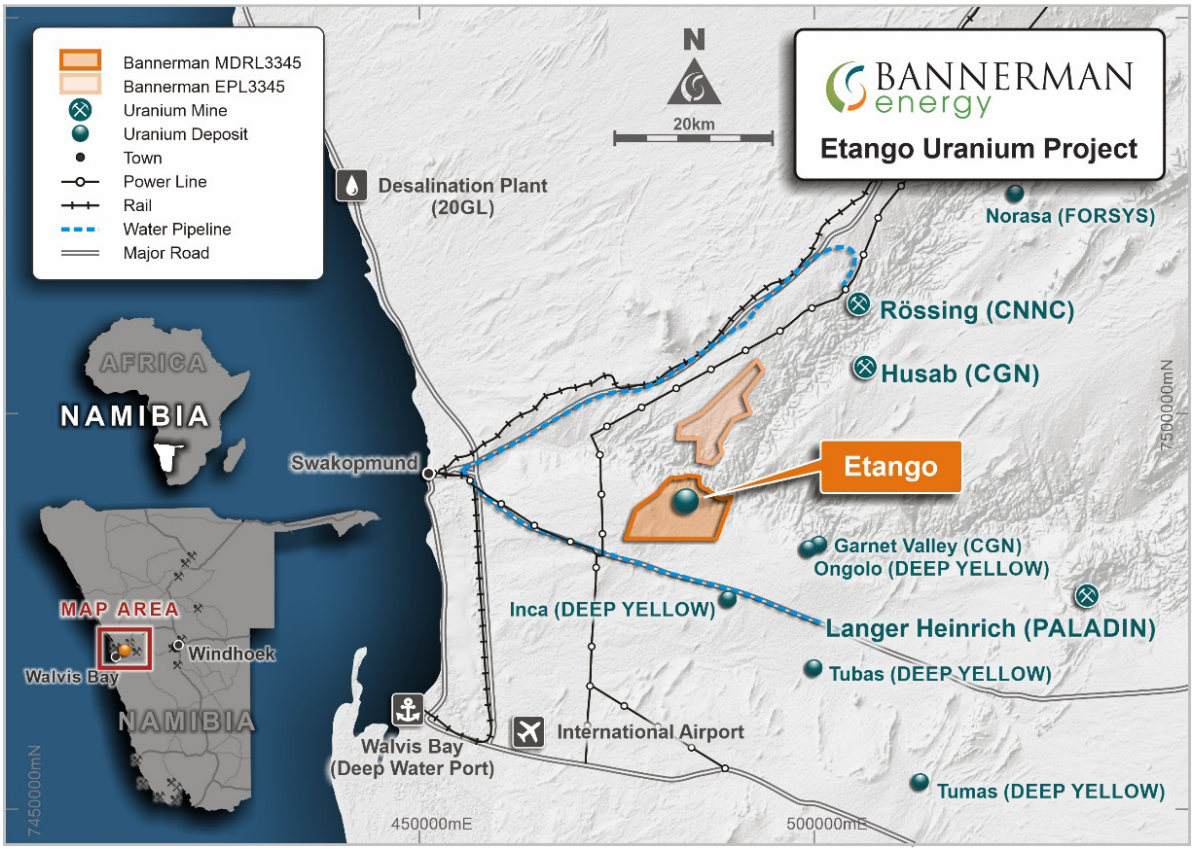
Bannerman Energy Ltd is a uranium development company listed on the Australian, OTC Markets and Namibian stock exchanges. Its flagship asset is the advanced Etango Uranium Project located in the Erongo Region of Namibia. Bannerman has long established itself as an Environmental, Social and Governance (ESG) leader in the uranium and nuclear energy sector.

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[1]. 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[2]. Bannerman constructed and operated a Heap Leach Demonstration Plant at Etango, which comprehensively de-risked the acid heap 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.

Etango has environmental approvals for the proposed mine and external mine infrastructure, based on a 12-year environmental baseline. Bannerman is an Environmental, Social and Governance (ESG) leader within Namibia and exercises best-practice governance in all aspects of its business.

In August 2021, a Pre-Feasibility Study (PFS) was completed on Etango-8. The PFS confirmed that this accelerated, streamlined project is strongly amenable to development – both technically and economically. A DFS on Etango-8 is underway with expected completion in 4Q CY2022.



1 Refer to Section 3 of Bannerman's ASX release dated 2 August 2021, *Etango-8 Project Pre-Feasibility Study*. 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.

2 Refer to Bannerman's ASX release dated 11 November 2015, *Outstanding DFS Optimisation Study Results*.

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Forward Looking Statements

The information in this announcement is not intended to guide any investment decisions in Bannerman Energy Ltd. 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 Energy Ltd 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 Energy Ltd.

Listing Rule 5.3.3 tenement schedule:

BANNERMAN ENERGY LTD 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 Licence (MDRL) 3345	Namibia	95%	-
Etango	Exclusive Prospecting Licence (EPL) 3345	Namibia	95%	-