

# Positive Resolution of Section 232 Trade Investigation

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PERTH, July 15, 2019 - [Bannerman Resources Ltd.](#) (ASX:BMN, NSX:BMN) ("Bannerman" or "the Company") is pleased to advise that the section 232 trade investigation into uranium imports into the United States has been resolved with a clear and positive decision by President Trump.

## HIGHLIGHTS

- Positive section 232 decision announced on 12 July.
- President Trump decided to take no trade action, rejecting quota requiring US utilities to procure 25% of uranium from domestic US sources.
- Highly positive outcome for uranium sector and non-US uranium companies, as it alleviates concerns that a quota, tariff or other trade action would be imposed.
- Certainty generated by section 232 resolution is expected to increase uranium market activity, which has been suppressed since January 2018.
- New US Nuclear Fuel Working Group established as part of s232 decision.
  - ° Lays the foundation for further positive outcomes as the Working Group is directed to "reinvigorate the entire nuclear fuel supply chain".
- Bannerman's Etango Project well positioned to benefit
  - ° Advanced project with world-class scale leveraged to increases in uranium price
  - ° Namibia ideal jurisdiction for uranium development as geo-political risk and need for supply diversity becomes more acute.

On 12 July 2019, President Trump announced the completion of the section 232 trade investigation undertaken by the United States Department of Commerce. This trade investigation was initiated under section 232 of the Trade Expansion Act after two US uranium producers petitioned the Department of Commerce in January 2018, seeking an order that US nuclear utilities be required to purchase 25% of their uranium from US domestic production.

President Trump decided to take no trade action, which has lifted concerns that a quota, tariff or other trade action would be imposed under the broad power delegated to the President under section 232. Instead, President Trump has initiated a review of the domestic nuclear supply chain (uranium production, conversion, enrichment and fabrication) in the context of the 2017 White House initiative to revive, revitalise and expand the nuclear energy sector.

Since January 2018 the breadth of potential outcomes, including the potential to adversely affect term contracting arrangements, had created uncertainty that has resulted in most utility procurement programs being suspended or sharply curtailed. Other market activity was also substantially reduced in the immediate lead-up to a decision, resulting in low spot volumes.

Bannerman regards this no trade action outcome as highly positive for the uranium sector, given that global uranium market activity is now expected to return towards more normalised levels. Moreover, this outcome is particularly positive for non-US uranium companies as it maintains open market access to the US uranium market. Given the partial hiatus in a number of uranium market operations, the Company expects enhanced activity from utilities, traders, producer-buyers and speculators during the remainder of calendar 2019. In

particular, Cameco has confirmed its intention to recommence spot purchasing during 2019 in order to meet term contract delivery obligations that it must fill after placing its McArthur River mine onto care and maintenance in July 2018.

Although President Trump did not agree that uranium imports threaten to impair the national security of the United States, he acknowledged that the United States uranium industry faces significant challenges in producing uranium domestically and that this is an issue of national security (because, for instance, the US Navy must use domestically produced uranium for its maritime nuclear power). Accordingly, to address concerns regarding the production of domestic uranium and ensure a comprehensive review of the domestic nuclear supply chain, the President directed that a Nuclear Fuel Working Group be established. The Working Group will include the Secretary of State, Secretary of Energy and Secretary of Defence, amongst other key officials, and will develop recommendations for reviving and expanding domestic nuclear fuel production (that is, uranium, conversion, enrichment and fuel fabrication). Within 90 days the Working Group must submit a report to the President making recommendations to further enable domestic nuclear fuel production.

Recommendations from the Working Group are likely to produce positive outcomes for the uranium market as a whole, given the section 232 powers to impose trade actions are now ended and the Working Group is enabled to find more holistic solutions to the challenges facing the US nuclear energy sector. The US nuclear fleet represents a quarter of current uranium demand globally, so any steps the US government takes to revitalise and expand this sector is positive for uranium suppliers internationally.

Further, the section 232 process and associated publicity has raised awareness of the importance of supply diversity and geopolitical factors in the uranium sector. These geopolitical factors are likely to be further examined by the Working Group, which is directed to &ldquo;reinvigorate the entire nuclear supply chain, consistent with United States&rsquo; national security and non-proliferation goals&rdquo;. African projects in jurisdictions without fixed geo-political allegiances are well positioned for the resulting interest from both US and non-US uranium consumers seeking to reduce supply risk.

Bannerman&rsquo;s Chief Executive Officer, Mr Brandon Munro, said, *&ldquo;We welcome the strong and decisive resolution of the section 232 trade investigation, which has been a distraction to the uranium sector for 18 months. This no trade action outcome maintains open access to the US uranium market and is particularly positive for non-US uranium companies. With a renewed focus on supply diversity and geo-political risk, Bannerman is particularly well positioned with its Etango Project situated in Namibia, a premier uranium development jurisdiction with good bi-lateral relations with all major uranium consumption markets, including the US, China, Russia and France. Bannerman is set to benefit from renewed uranium market activity, with an advanced project of world-class scale in a premier jurisdiction and robust cash balance.&rdquo;*

*For further information please contact:*

Brandon Munro  
Chief Executive Officer  
Perth, Western Australia  
Tel: +61 (8) 9381 1436

Robert Dalton  
Company Secretary  
Perth, Western Australia  
Tel: +61 (8) 9381 1436

Michael Vaughan (Media)  
Fivemark Partners  
Perth, Western Australia  
Tel: +61 422 602 720

info@bannermanresources.com.au info@bannermanresources.com.au michael.vaughan@fivemark.com.au

About Bannerman - [Bannerman Resources Ltd.](http://www.bannermanresources.com) 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&rsquo;s principal asset is its 95%-owned Etango Project situated near Rio Tinto&rsquo;s Rössing uranium mine, Paladin&rsquo;s Langer Heinrich uranium mine and CGNPC&rsquo;s Husab uranium mine. A definitive feasibility study has confirmed the viability of a large open pit and heap leach operation at one of the world&rsquo;s largest undeveloped uranium deposits. From 2015 to 2017, Bannerman 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&rsquo;s website at [www.bannermanresources.com](http://www.bannermanresources.com).

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