

SE Business
HD **Bannerman poised for recovery as RCF watches**

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Spurned by capital markets, and with commodity prices at multi-year lows, it's been a tough couple of years for junior **uranium** plays.

There's been some recent interest in the sector after Japan's February announcement of a draft **energy** policy that could see it begin to switch on nuclear reactors that meet new safety standards towards the end of this year.

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Notwithstanding the environmental movement's global opposition to the use of nuclear fuels, **China's** push to cut emissions in its industrial heartlands has also added impetus to suggestions **uranium** could again emerge from its multi-year doldrums.

But the question of how **uranium** juniors push ahead until the markets begin a full recovery — not tipped by most for another 12 to 18 months — has been a vexed one.

Bannerman Resources has given its shareholders some new milestones to watch, going back to free-spending Resource Capital Funds for a fresh convertible note issue to help push ahead with a pilot plant for its Etango project in Namibia.

It's a small step. The plant will cost about \$1.3 **million** this year to build and operate and will process only 3000 tonnes of the low grade Etango **ore** but Bannerman hopes it will boost the **company's** chances of attracting the \$US870 **million** needed to build the project if the market recovers next year.

The main hope is that the pilot plant will show its processing flow sheet is viable outside of the laboratory, where 90 per cent recovery rates have been seen, and lend weight to an argument that its 2012 definitive feasibility study got the numbers right the first time round.

Bannerman modelled its DFS on an 84.5 per cent recovery rate, so any improvement on those numbers at scale should help push the case that Etango should be first cab off the rank when the sector's development spigots are turned back on.

That same DFS was modelled on a \$US75-a-pound **uranium** price. With spot prices below \$US34/lb and reports indicating contract prices, which historically run well above spot prices to help encourage a long term supply, may have dipped beneath \$US50/lb recently, there's still plenty of clear sky before Etango looks doable.

Bannerman also has to convince shareholders the \$4 **million** convertible note deal is better than an **equity** raising.

RCF already holds \$8 **million** of Bannerman convertible notes, plus a 13.6 per **stake**.

Shareholders ticked off on the extension and conversion of the last tranche, with RCF approved to emerge with up to 36 per cent of Bannerman at a 9.5¢ conversion rate, just shy of Bannerman's 9.3¢ close.

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