

20 October 2017

Bacanora Minerals Ltd
('Bacanora' or the 'Company')
Environmental Approval for Sonora Lithium Project, Mexico and Update

Bacanora, the London and Canadian listed (AIM: BCN, TSXV: BCN) lithium exploration and development company, is pleased to announce that the Environmental Impact Statement, the Manifestacion de Impacto Ambiental ('MIA'), for its flagship Sonora Project ('Sonora' or the 'Project') in Mexico has been approved by SEMARNAT, the Environment Ministry of Mexico. The Company is also pleased to provide an update on its ongoing Feasibility Study ('FS') for a 35,000 tonnes per annum lithium carbonate operation at Sonora, which on course for completion in late 2017.

Overview

- MIA approval received for a 35,000tpa lithium carbonate operation at Sonora, following completion of comprehensive environmental and social baseline studies carried out over the site during a two year period
- Approval represents a major milestone for Bacanora and is in line with its strategy to construct an open-pit mine and a large scale beneficiation processing facility at Sonora
- FS expected to confirm Sonora occupies a favourable position in the industry cost curve due to:
 - Planned open pit mining operations
 - Development of a conventional beneficiation process followed by a standard SO₄ roasting process that has been de-risked by the Project's pilot plant which has continuously produced battery grade lithium since May 2016
 - Free digging lithium deposit which removes the need for the lithium ore to be drilled, blasted, crushed and ground prior to processing as is the case with hard rock
 - Ability to re-cycle Na₂SO₄ into the roaster negates the requirement to purchase expensive sulphuric acid as a sulphate SO₄ source
- Sonora has an Indicated Mineral Resource (established in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*("NI-43-101")) of 4.5 million tonnes LCE[1] and 2.7 million tonnes Inferred[2] and Probable Mineral Reserves (based upon the 2016 PFS[3]) of 2.1 million tonnes LCE.

Bacanora CEO Peter Secker said, "Government approval for the Environmental Impact Statement is the latest key requirement that is now in place at Sonora. One-by-one we are ticking off our checklist ahead of our goal of developing Sonora into a world class lithium operation. Our work to date has already established Sonora as a large and scalable project; while our pilot plant at Sonora has been producing battery grade lithium carbonate on a continuous basis for the past eighteen months. This has served to prove the detailed flow sheet and metallurgical process that will be deployed at the Project, and has also helped to secure Hanwa as both a strategic and off-take partner for up to 100% of production.

"We are confident that Sonora remains on course to help meet expected strong growth in demand for lithium carbonate from fast-growing industries such as electric vehicles and battery storage. I look forward to providing further updates on our progress, as we focus on transforming Bacanora into a producer of battery grade lithium carbonate."

****ENDS****

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ABOUT BACANORA:

Bacanora is a Canadian and London listed lithium exploration and development company (TSX-V: BCN and AIM: BCN). The Company is exploring for, and developing a pipeline of international lithium projects, with a primary focus on the Sonora Lithium Project. The Company's operations are based in Hermosillo in northern Mexico. The Company is led by a team with lithium expertise and proven mine development, construction and operations experience.

The Sonora Lithium Project, which consists of ten mining concession areas covering approximately 100 thousand hectares in the northeast of Sonora State. The Company, through drilling and exploration work to date, has established an Indicated Mineral Resource (in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI-43-101")) of 4.5 million tonnes (LCE[1]) and 2.7 million tonnes Inferred.[2] A Pre-Feasibility Study completed in Q1 2016[3] established Probable Mineral Reserve (in accordance with NI 43-101) of 2.1 million tonnes LCE and demonstrated the economics associated with becoming a 35,000 tpa lithium carbonate and 50,000 tpa SOP producer in Mexico.

In addition to the Sonora Lithium Project, the Company also has a 50% interest in the Zinnwald Lithium Project in southern Saxony, Germany. The Zinnwald Lithium Project is located in a granite hosted Sn/W/Li belt that has been mined historically for tin, tungsten and lithium at different times over the past 300 years. The strategic location of the Zinnwald Lithium Project allows immediate access to the German automotive and downstream lithium chemical industries.

1 LCE = lithium carbonate (Li₂CO₃) equivalent; determined by multiplying Li value in percent by 5.324 to get an equivalent Li₂CO₃ value in per cent. Use of LCE is to provide data comparable with industry reports and assumes complete conversion of lithium in clays with no recovery or process losses.

2 See *Amended Mineral Resource Estimate for the Sonora Lithium Project, Mexico, April 2016*. The lead author of the amended report is Mr. Martin Pittuck (MSc., C.Eng., FGS, MIMMM) of SRK Consulting (UK) Limited ('SRK'). A copy of this report is available under Bacanora's corporate profile at www.sedar.com.

3 See *Technical Report on the Pre-Feasibility Study for the Sonora Lithium Project, Mexico, 15 April 2016*. The authors of the PFS are Ausenco Limited, SRK and Independent Mining Consultants Inc. A copy of this report is available under Bacanora's corporate profile at www.sedar.com.

FORWARD LOOKING STATEMENTS:

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to the Company's intention of becoming a lithium carbonate producer, expectations that the FS will confirm Sonora as having a favourable position in the industry cost curve (with OPEX expected to be in the lower half of the operating cost curve), potential growth in demand for lithium carbonate, potential increase in resources at Sonora, and expectations that length of time required to produce Li₂CO₃ being considerably shorter than those achieved by brine producers. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: commodity price volatility; general economic conditions in Canada, the United States, Mexico and globally; industry conditions, governmental regulation, including environmental regulation; unanticipated operating events or performance; failure to obtain industry partner and other third party consents and approvals, if and when required; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; competition for, among other things, capital, skilled personnel and supplies; changes in tax laws; and the other risk factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

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