

Bacanora Minerals LTD / Index: AIM; TSX-V / Epic: BCN / Sector: Natural Resources  
20 November 2017

**Bacanora Minerals Ltd ('Bacanora' or the 'Company')**  
**Corporate Update**

Bacanora, the London and Canadian listed (AIM: BCN, TSXV: BCN) lithium exploration and development company, announces that it has filed a statement of claim with the Court of Queen's Bench (Alberta) seeking to void *ab initio*, a 3% gross over-riding royalty held by the Estate of Colin Orr-Ewing over certain of the Company's lithium assets in Sonora, Mexico (the "Royalty"). In addition, ahead of the completion of the Feasibility Study for the Sonora Lithium Project in Q4 2017 and Bacanora's transition from an exploration to a development company, the Company announces amendments to the employment arrangements of certain members of the executive management team.

**The Royalty**

The basis of the Company's claim is that the Royalty was originally granted based on the misrepresentation of Colin Orr-Ewing that he held a pre-existing royalty granted prior to the acquisition of the lithium properties by the Company. The Board of Directors of Bacanora has completed a review of the historical background and concluded that no such pre-existing royalty existed and accordingly there was no basis for the grant of the royalty by the Company. Further updates on the progress of the claim will be provided to the market as and when it is appropriate to do so.

**Executive Employment Arrangements**

With the Feasibility Study for the Sonora Lithium Project nearing completion, Bacanora is set to transition from an exploration to a development company. To reflect this change, the Company's independent directors have reviewed the current executive employment arrangements and agreed to amend the employment and consultancy arrangements respectively between the Company and each of Peter Secker, Chief Executive Officer, and Fernan Pty Ltd, which provides the services of Mark Hohnen, Executive Chairman.

In line with this, Peter Secker has been issued with a new English law governed service contract. This is on broadly similar terms to the existing Canadian law governed service contract which has been terminated, save for changes required to meet English law and practice requirements and for the following material changes:

- (i) the removal of performance bonus provisions of up to £250,000;
- (ii) the removal of a £250,000 change of control payment;
- (iii) an increase of £50,000 in annual salary;
- (iv) the inclusion of new pensions arrangements; and
- (v) the inclusion of a cash payment representing an acceleration of unvested options in the event of a change of control of the Company at an acquisition price of at least 130p per Bacanora share. Such cash payment will be calculated on the basis of the difference between the acquisition price per Bacanora share and 102p (being the middle market price of a Bacanora share at close of business in London on 17 November 2017), multiplied by 2,550,000 in the event that such change of control is completed prior to the award of performance based options in relation to the financial year ended 30 June 2018 and a further 2,550,000 in the event that such change of control is completed prior to the award of performance based options in relation to the financial year ended 30 June 2019. In the event the Board has resolved upon Mr Secker's award in the relevant financial year (which may be zero) then the right to the relevant payment terminates for that period.

The consultancy agreement with Fernan Pty Ltd has been amended to provide Mark Hohnen also with a cash payment representing an acceleration of unvested options in the event of a change of control of the Company on the same terms as Peter Secker, save that the multiplier for each relevant financial year is 2,124,150.

The changes to the employment arrangements are considered to be related party transactions under the AIM Rules for Companies. The independent directors, having consulted with independent remuneration consultants and the Company's Nominated Adviser, consider that the terms of these amended arrangements are fair and reasonable insofar as the Company's shareholders are concerned.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

**\*\*ENDS\*\***

For further information please visit [www.bacanoraminerals.com](http://www.bacanoraminerals.com) or contact:

<b>Bacanora Minerals Ltd.</b>	Peter Secker, CEO	<a href="mailto:info@bacanoraminerals.com">info@bacanoraminerals.com</a>
<b>Cairn Financial Advisers LLP, Nomad</b>	Sandy Jamieson / Liam Murray	+44 (0) 20 7213 0880
<b>Canaccord Genuity, Broker</b>	Martin Davison, James Asensio	+44 (0) 20 7523 8000
<b>St Brides Partners, Financial PR Adviser</b>	Frank Buhagiar, Megan Dennison	+44 (0) 20 7236 1177

**ABOUT BACANORA:**

Bacanora is a Canadian and London listed lithium exploration and development company (TSX-V: BC 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<sup>[1]</sup>) and 2.7 million tonnes Inferred<sup>[2]</sup>. A Pre-Feasibility Study completed in Q1 2016<sup>[3]</sup> demonstrated the economics associated with becoming a 35,000 tpa lithium carbonate and 50,000 tps 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.

---

<sup>[1]</sup> LCE= lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) equivalent; determined by multiplying Li value in percent by 5.324 to get an equivalent Li<sub>2</sub>CO<sub>3</sub> 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.

<sup>[2]</sup> 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](http://www.sedar.com).

<sup>[3]</sup> 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](http://www.sedar.com).

This information is provided by RNS  
The company news service from the London Stock Exchange

END

MSCBLBDBUBBBGRC