

ANNOUNCEMENT TO BE MADE BY THE AIM APPLICANT PRIOR TO ADMISSION IN ACCORDANCE WITH RULE 2 OF THE AIM RULES FOR COMPANIES ("AIM RULES")
COMPANY NAME:
Bacanora Lithium plc ("Bacanora Lithium" or the "Company"), which is to be the new holding company of Bacanora Minerals Ltd. following completion of a plan of arrangement.
COMPANY REGISTERED OFFICE ADDRESS AND IF DIFFERENT, COMPANY TRADING ADDRESS (INCLUDING POSTCODES) :
Registered Address: 4 More London Riverside London SE1 2AU United Kingdom Trading Address: The Clubhouse 8 St. James's Square London SW1Y 4JU United Kingdom
COUNTRY OF INCORPORATION:
England and Wales
COMPANY WEBSITE ADDRESS CONTAINING ALL INFORMATION REQUIRED BY AIM RULE 26:
www.bacanoralithium.com
COMPANY BUSINESS (INCLUDING MAIN COUNTRY OF OPERATION) OR, IN THE CASE OF AN <u>INVESTING COMPANY</u> , DETAILS OF ITS <u>INVESTING POLICY</u>). IF THE <u>ADMISSION</u> IS SOUGHT AS A RESULT OF A REVERSE TAKE-OVER UNDER RULE 14, THIS SHOULD BE STATED:
<p>Bacanora Lithium is a newly incorporated UK company established to become the new holding company for Bacanora Minerals Ltd ("Bacanora Canada"), a Canadian incorporated company whose shares are admitted to AIM and TSX-V, by means of a plan of arrangement ("Arrangement").</p> <p>Bacanora Canada explores and develops industrial mineral projects, with a primary focus on lithium. Its Mexican operations are based in Hermosillo in northern Mexico. It also has mineral exploration interests in Germany.</p> <p>Bacanora Lithium is seeking to admit its ordinary shares to AIM once the Arrangement becomes effective ("Effective Date"), whereupon the trading of Bacanora Canada shares on AIM and TSX-V will be cancelled.</p> <p>Bacanora Canada's activities and assets are more fully described on Bacanora Canada's website at www.bacanoraminerals.com.</p>
DETAILS OF SECURITIES TO BE ADMITTED INCLUDING ANY <u>RESTRICTIONS AS TO TRANSFER</u> OF THE SECURITIES (i.e. where known, number and type of shares, nominal value and issue price to which it seeks admission and the number and type to be held as treasury shares):
134,039,872 ordinary shares of 10p each in the capital of Bacanora Lithium ("Ordinary Shares").

No restrictions on transfer.

CAPITAL TO BE RAISED ON ADMISSION (IF APPLICABLE) AND ANTICIPATED MARKET CAPITALISATION ON ADMISSION:

No new capital to be raised.

Expected Market Capitalisation on Admission: £140 million.

PERCENTAGE OF AIM SECURITIES NOT IN PUBLIC HANDS AT ADMISSION:

33.87%

DETAILS OF ANY OTHER EXCHANGE OR TRADING PLATFORM TO WHICH THE AIM COMPANY HAS APPLIED OR AGREED TO HAVE ANY OF ITS SECURITIES (INCLUDING ITS AIM SECURITIES) ADMITTED OR TRADED:

None

FULL NAMES AND FUNCTIONS OF DIRECTORS AND PROPOSED DIRECTORS (underlining the first name by which each is known or including any other name by which each is known):

Mark Ainsworth Hohnen (Executive Chairman)
Derek Batorowski (Non-executive Director)
James (Jamie) Digby Ronald Strauss (Non-executive Director)
Raymond (Ray) John Hodgkinson (Non-executive Director)
Dr Andres Constantin Antonius Gonzalez (Non-executive Director)
Junichi Tomono (Non-executive Director)
Eileen Carr (Non-executive Director)

FULL NAMES AND HOLDINGS OF SIGNIFICANT SHAREHOLDERS EXPRESSED AS A PERCENTAGE OF THE ISSUED SHARE CAPITAL, BEFORE AND AFTER ADMISSION (underlining the first name by which each is known or including any other name by which each is known):

Name	Before		After	
<u>Graham</u> Edwards ⁽¹⁾	15,803,030	11.79%	15,803,030	11.79%
M&G Investments Funds ⁽²⁾	13,456,784	10.04%	13,456,784	10.04%
Blackrock Investment Management (UK) Limited	13,138,292	9.80%	13,138,292	9.80%
Hanwa Co. Ltd	12,333,261	9.20%	12,333,261	9.20%
Cadence Minerals Plc	12,285,058	9.17%	12,285,058	9.17%
Orr-Ewing Estate	10,818,793	8.07%	10,818,793	8.07%
The Capital Group	8,573,925	6.40%	8,573,925	6.40%

(1) Graham Edwards will, on Admission, own approximately 10,500,000 Bacanora Lithium Shares (approximately 7.8% of the issued and outstanding Bacanora Lithium Shares) through Igneous Capital Limited, a private corporation incorporated under the laws of the British Virgin Islands that is controlled by and ultimately beneficially owned by Mr. Edwards. Mr. Edwards is also one of the potential beneficiaries of a trust that owns D&A Income Limited, which will, on Admission, own 5,303,030 Bacanora Lithium Shares (approximately 4.0% of the issued and outstanding Bacanora Lithium Shares).

(2) M&G Investments Fund is an investment fund that is part of the Prudential Plc group of companies and is headquartered in London, UK, with offices in 16 countries and funds distributed in 23 territories.

NAMES OF ALL PERSONS TO BE DISCLOSED IN ACCORDANCE WITH SCHEDULE 2, PARAGRAPH (H) OF THE AIM RULES:

N/A

- (i) ANTICIPATED ACCOUNTING REFERENCE DATE
(ii) DATE TO WHICH THE MAIN FINANCIAL INFORMATION IN THE ADMISSION DOCUMENT HAS BEEN PREPARED (this may be represented by unaudited interim financial information)
(iii) DATES BY WHICH IT MUST PUBLISH ITS FIRST THREE REPORTS PURSUANT TO AIM RULES 18 AND 19:

(i) 30 June

(ii) Not applicable - existing issuer re-admitting to AIM

(iii) 31 March 2018, 31 December 2018, 31 March 2019

EXPECTED ADMISSION DATE:

21 March 2018

NAME AND ADDRESS OF NOMINATED ADVISER:

Cairn Financial Advisers LLP
Cheyne House
Crown Court
62-63 Cheapside
London EC2V 6AX

NAME AND ADDRESS OF BROKER:

Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR
United Kingdom

OTHER THAN IN THE CASE OF A QUOTED APPLICANT, DETAILS OF WHERE (POSTAL OR INTERNET ADDRESS) THE ADMISSION DOCUMENT WILL BE AVAILABLE FROM, WITH A STATEMENT THAT THIS WILL CONTAIN FULL DETAILS ABOUT THE APPLICANT AND THE ADMISSION OF ITS SECURITIES:

N/A

DATE OF NOTIFICATION:

20 February 2018

NEW/ UPDATE:

New

QUOTED APPLICANTS MUST ALSO COMPLETE THE FOLLOWING:

THE NAME OF THE AIM DESIGNATED MARKET UPON WHICH THE APPLICANT'S SECURITIES HAVE BEEN TRADED:

AIM

THE DATE FROM WHICH THE APPLICANT'S SECURITIES HAVE BEEN SO TRADED:

25 July 2014

CONFIRMATION THAT, FOLLOWING DUE AND CAREFUL ENQUIRY, THE APPLICANT HAS ADHERED TO ANY LEGAL AND REGULATORY REQUIREMENTS INVOLVED IN HAVING ITS SECURITIES TRADED UPON SUCH A MARKET OR DETAILS OF WHERE THERE HAS BEEN ANY BREACH:

The Directors confirm that, after due and careful enquiry, the Company has adhered to all legal and regulatory requirements involved in having its securities traded on AIM.

AN ADDRESS OR WEB-SITE ADDRESS WHERE ANY DOCUMENTS OR ANNOUNCEMENTS WHICH THE APPLICANT HAS MADE PUBLIC OVER THE LAST TWO YEARS (IN CONSEQUENCE OF HAVING ITS SECURITIES SO TRADED) ARE AVAILABLE:

www.bacanoraminerals.com

DETAILS OF THE APPLICANT'S STRATEGY FOLLOWING ADMISSION INCLUDING, IN THE CASE OF AN INVESTING COMPANY, DETAILS OF ITS INVESTING STRATEGY:

The Company's strategy is to position itself to satisfy ongoing demand for lithium carbonate in the fast growing sectors of electric vehicles and energy storage. The Company intends to raise a significant amount of new debt and equity financing to fund its growth as an international lithium company with new projects in Mexico and Germany.

On completion of the funding, the Company intends to move to the construction phase at the Sonora Lithium Project in Mexico in H1 2018 to construct an open-pit mine and a large scale beneficiation processing facility at Sonora, with an estimated construction period of 24 months.

In addition, as part of the ongoing development of the Company's 50% owned Zinnwald Lithium Project in Germany, a feasibility study is underway to develop a strategy to demonstrate the economic viability of producing higher value lithium products for the European battery and automotive sectors and is expected to be completed in mid-2019. A resource infill drilling programme to upgrade the existing resource model in accordance with National Instrument 43-101 - Standard of Disclosure for Mineral Projects is ongoing.

A DESCRIPTION OF ANY SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION OF THE APPLICANT, WHICH HAS OCCURRED SINCE THE END OF THE LAST FINANCIAL PERIOD FOR WHICH AUDITED STATEMENTS HAVE BEEN PUBLISHED:

On 13 December 2017, Bacanora Canada announced that the results of the Feasibility Study ('FS') for the Sonora Lithium Project in Mexico confirmed the positive economics and favourable operating costs of a 35,000 tonnes per annum ('tpa') battery grade Li_2CO_3 operation. The FS estimates a pre-tax project Net Present Value ('NPV') of US\$1.253 billion at an 8% discount rate and an Internal Rate of Return ('IRR') of 26.1%, and Life of Mine ('LOM') operating costs of US\$3,910/t of lithium carbonate (' Li_2CO_3 ').

On 15 December 2017, Bacanora Canada announced that NextView, a Chinese institutional fund management group focused on new technologies and energy, had agreed to acquire a 19.89% equity interest (non-diluted) in Bacanora Canada via the placement of 32,976,635 common shares in Bacanora Canada. On 1 February 2018, Bacanora Canada announced that the deadline for completion of such placing had been extended and that both parties were committed to proceeding with this Placing. In addition, Bacanora Canada has agreed to supply NextView with 5,000tpa of lithium carbonate produced at its Sonora Lithium Project on a best endeavours basis at market prices from its Stage 1 of production, with a firm commitment to supply 8,000tpa of lithium carbonate during Stage 2 and a best endeavours promise to supply a further 7,000tpa during Stage 2. NextView has also agreed to employ its reasonable endeavours to assist Bacanora Canada and the Company in procuring project debt financing for Sonora.

A STATEMENT THAT THE DIRECTORS OF THE APPLICANT HAVE NO REASON TO BELIEVE THAT THE WORKING CAPITAL AVAILABLE TO IT OR ITS GROUP WILL BE INSUFFICIENT FOR AT LEAST TWELVE MONTHS FROM THE DATE OF ITS ADMISSION:

The Directors of Bacanora Lithium plc have no reason to believe that the working capital available to the Bacanora Group will be insufficient for its present requirements and for at least 12 months from the date of Admission.

DETAILS OF ANY LOCK-IN ARRANGEMENTS PURSUANT TO RULE 7 OF THE AIM RULES:

None.

A BRIEF DESCRIPTION OF THE ARRANGEMENTS FOR SETTLING THE APPLICANT'S SECURITIES:

The Company's ordinary shares may be settled in CREST.

A WEBSITE ADDRESS DETAILING THE RIGHTS ATTACHING TO THE APPLICANT'S SECURITIES:

www.bacanoraminerals.com

INFORMATION EQUIVALENT TO THAT REQUIRED FOR AN ADMISSION DOCUMENT WHICH IS NOT CURRENTLY PUBLIC:

Please refer to the Appendix to the Schedule 1 announcement available on Bacanora Canada's website (www.bacanoraminerals.com) for the following details:

- Reasoning behind the re-domicile to the UK and the key steps required
- Application of the City Code on Takeovers and Mergers

- A comparison between Canadian and UK corporation and tax law
- Updated risk factors
- Directors' and other interests

The Appendix includes a summary of the memorandum and articles of association of Bacanora Lithium.

The Appendix also contains updated details on the Company's mining assets.

The Arrangement

For the Arrangement to be approved by shareholders in Bacanora Canada ("Bacanora Canada Shareholders"), Bacanora Canada Shareholders holding not less than two-thirds of the voting rights of Bacanora Canada, and who are present and voting either in person or by proxy, must vote in favour of the Arrangement at a general meeting. This approval will also fulfil TSX-V requirements to obtain the approval of a simple majority of Bacanora Canada Shareholders. The sanction of the court is also required for the Arrangement to become effective.

The last day of dealings in the Bacanora Canada common shares before completion of the Arrangement is expected to be on 20 March 2018. The last day for registration of transfers of the Common Shares and DIs before completion of the Arrangement is expected to be on 19 March 2018.

These dates may be deferred if there is any delay in obtaining approval of the Arrangement and/or the re-admission to AIM.

Accordingly, immediately upon the Arrangement becoming effective, a Bacanora Canada Shareholder will have the same proportionate interest in the profits, net assets and dividends of the Company as they have in Bacanora Canada immediately prior to the completion of the Arrangement. The Bacanora Canada Group will have the same business and operations immediately after the Effective Date as it had immediately before the Effective Date. The assets and liabilities of the Bacanora Group immediately after the Effective Date will not differ materially from the assets and liabilities the Bacanora Canada Group had before the Effective Date, save that Bacanora Lithium will hold all of the common shares then in issue in Bacanora Canada.

Admission

Application will be made to the London Stock Exchange for the Ordinary Shares in Bacanora Lithium to be admitted to trading on AIM and dealings in Bacanora Lithium Shares are expected to commence on 21 March 2018. The ISIN of the Bacanora Lithium Shares will be GB00BD20C246. The AIM symbol will remain as BCN.

The cancellation of trading on AIM and on TSX-V of the Bacanora Canada common shares is expected to take place on 21 March 2018.

Settlement

Bacanora Canada Shareholders who hold their shares in certificated form or through the Canadian Depository for Securities Limited

Enclosed with the circular being sent to Bacanora Canada shareholders setting out details of the proposed Arrangement is a Letter of Transmittal which is being delivered to all registered holders of Bacanora Canada Shares. The Letter of Transmittal, when validly completed and duly executed and returned with the certificate or certificates representing the holder's Bacanora Canada Shares and any other required documents, will enable the holder to receive one Bacanora Lithium Share for each Bacanora Canada Share held upon completion of the Arrangement.

Bacanora Lithium Shares will be issued as soon as practicable after the Effective Date and, if in certificated form, will be forwarded to the Bacanora Canada Shareholder at the address specified by the Bacanora Canada Shareholder in the Letter of Transmittal by prepaid postage, first class mail, or be made available for pick-up at the office of the depository where the Bacanora Canada Shares were deposited by the Bacanora Canada Shareholder, if so requested in the Letter of Transmittal.

Non-registered holders of Bacanora Canada Shares

Non-registered holders of Bacanora Canada Shares should contact the intermediary (e.g. bank, trust company, securities dealer or broker and a trustee or administrator of a self-administered registered savings plan, registered retirement income fund, registered education savings plan or similar plans or other registered holder) who holds their

Bacanora Canada Shares on their behalf to arrange for the exchange of their Bacanora Canada Shares.

Bacanora Canada will issue a news release following the Bacanora Canada Shareholder meeting to confirm whether the Bacanora Canada Shareholders have approved the Arrangement. Bacanora Canada Shareholders will not receive the Bacanora Lithium Shares to which they are entitled under the Arrangement unless they deposit with the depository a validly completed and duly executed Letter of Transmittal prior to the required deadline set out in the Letter of Transmittal together with the certificates representing their Bacanora Canada Shares and such other documents as may be required. In the event that the Arrangement is not approved by Bacanora Canada Shareholders at the Bacanora Canada Shareholder Meeting, all Bacanora Canada Shares previously deposited with the depository will be returned to Bacanora Canada Shareholders.

Definitive share certificates for the new Bacanora Lithium Shares of Bacanora Canada Shareholders who held their Bacanora Canada Shares in certificated form are expected to be despatched within 14 days of the Effective Date or within 14 days of the receipt of the Letter of Transmittal plus accompanying Bacanora Canada Share certificates (whichever the later). In the case of joint holders, certificates will be despatched to the joint holder whose name appears first in the register of members. All certificates will be sent by pre-paid first class post at the risk of the person entitled thereto.

Bacanora Canada Shareholders should refer to the paragraph below entitled "Failure to lodge Letter of Transmittal" to understand how their shareholding will be treated.

Bacanora Canada Shareholders who hold their shares in CREST as Depositary Interests

Depositary Interests representing Bacanora Canada Shares held in uncertificated form in CREST will be disabled in CREST on the day after the Effective Date. Bacanora Canada Shareholders who hold their Bacanora Canada Shares as Depositary Interests in CREST are not required to complete and return the Letter of Transmittal. However, to accept the offer they will need to input an instruction into CREST using the procedure set out in the circular.

For Bacanora Canada Shareholders who hold their Depositary Interests representing Bacanora Canada Shares in a CREST account, Bacanora Lithium Shares are expected to be credited to the relevant CREST accounts on 21 March 2018. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Bacanora Lithium Shares under the CREST system. The Directors will apply for the Bacanora Lithium Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Bacanora Lithium Shares following Admission may take place within the CREST system. CREST is a voluntary system and holders of Bacanora Lithium Shares who wish to receive and retain share certificates will be able to do so.

Directors

Prior to Admission, all the current Bacanora Canada directors will become directors of Bacanora Lithium.

Details of Directors' other directorships are as follows:

Name	Current directorships/ partnerships	Past directorships/ partnerships
Mark Hohnen	Bacanora Minerals Ltd	Pretorian Resources Ltd
	Boss Resources Ltd	Coronet Resources Pty Ltd
	Cedarvale Investments Pty Ltd	Oakhampton Pty Ltd
	Craton Diamonds (Propriety) Limited	Mawson West Limited
	Fernan Pty Ltd	Mtemi Resources
	Gnarabup Beach Pty Ltd	Kalahari Minerals PLC
	Harley (WA) Pty Ltd	Extract Resources Ltd

	The Vines (WA) Pty Ltd Vynben Pty Ltd	Swakop Uranium Pty Australian Insurance Exchange Ltd
	Vynben Custodian Pty Ltd	
	Vynben Custodian No. 2 Pty Ltd	Craton Diamonds (Propriety) Limited
	Vynben Pensions Pty Ltd	Salt Lake Potash Ltd
	Kumla Pty Ltd	Peak Coal Pty Ltd
Derek Batorowski	Bacanora Minerals Ltd	Westcore Energy Ltd
	Blacksteel Energy Inc	Tembo Gold Corp. (formerly Lakota Resources Inc.)
James Strauss	Bacanora Minerals Ltd	Wildhorse Energy Limited
	Strauss Partners Limited	Extorre Gold Mines Limited
	Altius Minerals Corporation	Appleton Resources Limited
	Gold Standard Ventures Corp	
Raymond Hodgkinson	Bacanora Minerals Ltd.	
	Westcore Energy Ltd	
	Troy Energy Corp.	
Andres Antonius	Bacanora Minerals Ltd	
	Plan B Asesoria y Estrategia, SC	
	Grupo Financiero Interacciones, S.A. de C.V.	
	Casas Geo, S.A.B de C.V.	
Junichi Tomono	Bacanora Minerals Ltd	
	Showa Metals Co Ltd	
	Nikko Metals Co Ltd	
	Hanwa Metals Co Ltd	
Eileen Carr	Bacanora Minerals Ltd	Nobel Holdings Investments Ltd

Sylvania Platinum Ltd

Bunree Resource Management
Ltd

Talvivaara Mining
Company Plc

BuenaVista Gold Ltd

General

The costs, charges and expenses payable by the Company in connection with or incidental to the Arrangement and Admission, including registration and stock exchange fees, legal and accounting fees and expenses, are estimated to amount to £330,000, excluding any VAT applicable thereon.

A WEBSITE ADDRESS OF A PAGE CONTAINING THE APPLICANT'S LATEST ANNUAL REPORT AND ACCOUNTS WHICH MUST HAVE A FINANCIAL YEAR END NOT MORE THEN NINE MONTHS PRIOR TO ADMISSION AND INTERIM RESULTS WHERE APPLICABLE. THE ACCOUNTS MUST BE PREPARED IN ACCORDANCE WITH ACCOUNTING STANDARDS PERMISSIBLE UNDER AIM RULE 19:

www.bacanoraminerals.com

THE NUMBER OF EACH CLASS OF SECURITIES HELD IN TREASURY:

None

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

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