

**Bacanora Lithium plc**  
("Bacanora Lithium" or the "Company")  
**Sonora Project Update**

Bacanora Lithium plc (AIM: BCN), the London listed lithium company, is pleased to provide an update on activities at its flagship Sonora Lithium Project in Mexico ('Sonora' or 'the Project'). This update is in line with the Company's objective to commence the construction of a 35,000 tpa lithium carbonate operation at Sonora in H1 2018, targeting first production in Q1 2020. A recently completed Feasibility Study ('FS') demonstrated Sonora's potential to become a leading supplier of high value lithium products to fast-growing industries, such as electric vehicles and energy storage. The FS demonstrated strong economics of US\$1.25billion NPV; 26.1% IRR; and life of mine gross operating costs of US\$3,910/t Li<sub>2</sub>CO<sub>3</sub>, which are comparable to those of the low cost brine producers of South America.

**Front End Engineering Design (FEED) and EPC/EPCM Engineering**

Design of both the roaster/kiln FEED and the crystalliser/evaporation/IX FEED has commenced following the delivery of bulk lithium samples from Sonora to selected vendors. These two equipment packages are expected to comprise approximately 75% of the total capital cost of the processing plant.

Bacanora is in detailed contract discussions with EPC/EPCM engineering groups for all other parts of the processing plant in order to finalise the project cost and to complete budget and timetables in conjunction with completion of the FEED engineering packages.

The current FEED schedule is to have designs, cost estimates and process guarantee scopes completed in Q2 2018 with orders for long lead items being placed at the end of the FEED process. The current timetable is based on commissioning and lithium carbonate production commencing in Q1 2020 and will be updated at the end of the FEED process.

**Project Approvals: Water Licences**

Water licence permits covering the Sonora Lithium Project have been granted by the Comisión Nacional Del Agua ('CONAGUA'). This follows the granting of the 'Manifestacion de Impacto Ambiental' ('MIA') environmental permits and the completion of the land acquisition agreements for the purchase of the surface land over the Sonora project area in Q4 2017.

**Energy**

It is currently envisaged that LNG gas supplies will be initially utilised at Sonora during the early stages of commissioning whilst gas consumption is low. Once energy consumption reaches steady state, pipeline supply to the Project will be initiated. The Company is in detailed discussions with a number of potential Build, Own and Operate (BOO) energy partners for the gas pipeline development to the Project along with the finalisation of the proposed natural gas pipeline routes. Detailed quotes for the supply of LNG are also currently being evaluated.

**NextView**

As previously announced, the Company entered into a binding placing letter (the "Placing Letter") with NextView New Energy Bull HongKong Limited ("NextView") in December 2017 and as announced on 28 February 2018, although the Company had fulfilled all of its obligations in respect of the Placing as of that time, NextView failed to forward the Placing proceeds to the Company, leaving it in default under the terms of the Placing Letter.

In spite of repeated efforts on the part of the Company requesting that NextView remedy its continuing default, NextView has continued to fail to complete the Placing as contemplated under the Placing Letter. Accordingly, the Company has terminated the Placing Letter and has reserved its rights to pursue any available legal remedies against NextView.

**Financing**

The Feasibility Study estimated the capital cost for the Stage 1 production of 17,500tpa of lithium carbonate at Sonora at US\$420M. The Company continues to finalise its debt and equity financing strategy with Canaccord and its other

financial advisors.

**Bacanora CEO Peter Secker said:**"The Feasibility Study in December 2017 confirmed Sonora's credentials to become a world class, low cost producer of battery grade lithium carbonate, and we are focused on realising this potential at the earliest opportunity. With this in mind, work streams covering FEED, infrastructure, permitting and financing are all progressing concurrently and on schedule so that we remain on course to embark on the construction phase at Sonora in H1 2018. Allowing for an 18 month build out period, this is expected to enable the production of high value lithium products to commence in Q1 2020, which we believe positions Sonora as the next world class lithium mine supplying fast growing markets, such as electric vehicles and energy storage."

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#### **ABOUT BACANORA LITHIUM:**

Bacanora Lithium is a London listed lithium exploration and development company (AIM: BCN). The Company is exploring for, and developing a pipeline of international lithium projects, with a primary focus on its 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<sup>1</sup>, 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 a Measured plus Indicated Mineral Resource estimate of over 5 Mt (comprising 1.9Mt of Measured Resources and 3.1Mt of Indicated Resources) of LCE<sup>2</sup> and an additional Inferred Mineral Resource of 3.7 Mt of LCE. The Company's Feasibility Study (which was announced 12 December 2017) has established Proven Mineral Reserves (in accordance with NI 43-101) of 1.67 MT and Probable Mineral Reserves of 2.85 Mt LCE and confirmed the economics associated with becoming a 35,000 tpa lithium carbonate and 30,000 tpa SOP producer in Mexico. In addition to the Sonora Lithium Project, the Company also has a 50% interest in the Zinnwald Lithium Project and the Falkenhain Licence in southern Saxony, Germany. Each of the Zinnwald Lithium Project and the Falkenhain Licence are 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 and the Falkenhain Licence provides close geographical proximity to the German automotive and downstream lithium chemical industries.

<sup>1</sup> The Sonora Lithium Project is comprised of the following lithium properties: La Ventana lithium concession, which is 100 percent owned by Bacanora and El Sauz and Fleur concessions, which are held by Mexilit S.A. de C.V. ('Mexilit') which is owned 70 percent by Bacanora and 30 percent by Cadence Minerals Plc.

<sup>2</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.

#### **Cautionary Statement Regarding Forward-Looking Information**

*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: roaster / kiln FEED and crystalliser/evaporation/IX FEED comprising approximately 75% of the total capital cost of the processing plant; commencement of lithium carbonate production in Q1 2020; use of LNG gas supplies during early stages of commissioning; finalising debt and equity financing strategies; commencement of construction phase at Sonora in H1 2018; 18 month build-out period and production of high value lithium products in Q1 2020. 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 disclosed under our profile on SEDAR at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.*

*The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.*

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