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Bacanora Lithium Plc ("Bacanora" or the "Company")

US\$150 Million Debt Funding Secured as Part of Sonora Lithium Project Funding Package

Bacanora Lithium plc, the London listed lithium company, is pleased to announce it has entered into a US\$150 million senior debt facility (the "Facility") with RK Mine Finance ("RK"), a leading specialist in the provision of senior debt capital to mining companies, for the development of Stage 1 of the Sonora Lithium Project in Mexico ("Sonora" or the "Project"), an initial 17,500tpa lithium carbonate ("Li₂CO₃") operation. The Company believes the competitive terms of the RK Facility provide further validation of the quality of Sonora's battery grade (+99.5%) Li₂CO₃ product and its potential to become a leading supplier of high value lithium products to fast-growing industries such as electric vehicles and energy storage. The Facility forms part of an overall funding package for Sonora and further updates will be provided by the Company in due course.

Highlights

- US\$150 million senior debt facility secured with leading specialist finance provider at competitive rates
- Follows favourable Feasibility Study which assigned a pre-tax US\$1.253 billion NPV8 to the Sonora Lithium Project
- Advanced discussions with off-take partner and other strategic investors to complete the proposed Stage 1 development funding package

Bacanora CEO Peter Secker said: "We believe that senior debt facilities of this size have been few and far between in the junior resource space in recent years. Furthermore, we consider that the costs and terms of the Facility are highly competitive when compared to other debt packages that have recently been reported for greenfield lithium projects in Canada and Australia. We view the debt facility with RK as a vote of confidence in Sonora's credentials by a leading specialist debt provider in the resource sector.

"We have always believed that Sonora stands out from the crowd. Not only is the Project one of the world's larger lithium deposits but, as the Feasibility Study demonstrates, it is expected to have one of the lowest quartile (Q1) LOM operating costs once production commences in 2020. In addition, we have proved our operating credentials with the Sonora pilot plant, which continues to produce battery grade (+99.5%) lithium carbonate. We believe that it is this compelling combination that has enabled us to attract blue-chip backers including the Japanese trading company Hanwa as an offtake partner and strategic investor, tier one fund managers as major shareholders, and now RK as a debt provider. We continue to talk with other important participants in the lithium space with a view to securing additional high quality strategic partners, as we focus on entering into the construction phase of what we believe will be the next significant producer of battery grade lithium carbonate."

Terms of US\$150 million RK Facility

The Facility is structured as two separate Eurobonds to be listed in Jersey:

- Main bond: US\$150m nominal amount secured notes issued at a purchase price of US\$138m with a 6-year term and bearing an interest rate of three months LIBOR +8% per annum based on a nominal amount of US\$150m but payable only on drawn down principal. Interest will be capitalised every three months for the first 24 months and thereafter interest will be paid every three months in cash;
- Second bond: US\$56m nominal amount zero interest-bearing secured notes issued at a purchase price of

US\$12m with a 20-year term. The nominal amount is repayable by reference to monthly production of lithium at a rate of US\$160 per tonne of lithium produced, with any remaining amount repayable at the end of the 20-year term; and

- Grant of 6 million warrants exercisable over five years at a 20% premium to the 20-day VWAP, subject to normal anti-dilution provisions, cash settlement at the Company's option, and cashless exercise at either party's option.

The Facility may be drawn in three tranches of US\$25m, US\$50m and US\$75m, subject to certain conditions precedent, with the first tranche available for immediate drawdown. The conditions precedent to second drawdown include various matters in respect of the execution, registration and perfection of certain security and the granting of listing consent by The International Stock Exchange. Additionally, the conditions precedent to third drawdown include the requirement that the first and second issuance of Notes shall have been listed, that gas supply contracts shall have been entered into, that commitments for at least 80% of the Project's total funding requirement have been entered into and that the Project is fully funded. All drawdowns under the RK Facility will be pro-rata across the two eurobond instruments.

The Facility forms part of the Company's funding package for Sonora and follows the completion of a Feasibility Study ('FS') (see announcement of 13 December 2017). This confirms the attractive economics and competitive operating costs of the 35,000 tonne per annum ("tpa") battery grade Li₂CO₃ operation at Sonora: estimated pre-tax project Net Present Value ("NPV") of US\$1.253 billion, a pre-tax Internal Rate of Return ("IRR") of 26.2%, and Life of Mine ("LOM") operating costs of US\$3,910/t of Li₂CO₃. The FS estimated the capital cost for an initial 17,500tpa operation at Sonora to be US\$420 million. In addition to this, the Company estimates that approximately a further US\$40 million will be required for working capital purposes. The Company is continuing its financing discussions with its off-take partner, Hanwa, the Japanese trading company, and other strategic, long term investors for the additional funding required to complete the Stage 1 project development.

Endeavour Financial is acting as financial adviser to the Company in respect of the RK Facility.

About RK Mine Finance

RK Mine Finance provides bespoke financing solutions to metals focused mining companies. Solutions include bridge finance, construction finance, expansion funding, working capital and acquisition facilities. The fund has a strong track record of supporting mining companies with their financing needs and since its inception has committed capital of over US\$1.6bn.

Further information on RK Mine Finance can be found at www.rkminefinance.com.

This announcement contains inside information as stipulated under the market abuse regulation (eu no. 596/2014). upon the publication of this announcement via regulatory information service this inside information is now considered to be in the public domain.

****ENDS****

For further information please visit www.bacanoralithium.com or contact:

Bacanora Lithium plc	Peter Secker, CEO	info@bacanoramaterials.com
Cairn Financial Advisers LLP, Nomad	Sandy Jamieson / Liam Murray	+44 (0) 20 7213 0880
Canaccord Genuity Broker	Martin Davison / James Asensio	+44 (0) 20 7523 8000
St Brides Partners Financial PR Adviser	Frank Buhagiar / Megan Dennison	+44 (0) 20 7236 1177

Notes to Editors

Bacanora Lithium is a London listed lithium exploration and development company (AIM: BCN). The Company's primary focus is 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 a track record in mine development and production.

The Sonora Lithium Project¹ 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 1.9 Mt of Measured Resources and 3.1 Mt of Indicated Resources) of LCE² 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 National Instrument 43-101 Standards of Disclosure for Mineral Projects) 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 and tungsten 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.

¹ 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. The Project also includes three other lithium concessions, Buenavista, San Gabriel and Megalit, which do not form part of the Feasibility Study, and are held by Megalit S.A. de C.V, which is owned 70 percent by Bacanora and 30 percent by Cadence Minerals Plc.

² 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.

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. 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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