

RNS Number : 7300C
Bacanora Lithium PLC
22 June 2021

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

Update on Zinnwald Lithium, the Sonora Project and debt facility

Bacanora Lithium plc (AIM: BCN), a lithium development company, is pleased to note today's announcement by Zinnwald Lithium Plc (AIM:ZNWD) ("Zinnwald") of its acquisition of the remaining 50% of Deutsche Lithium GmbH ("Deutsche Lithium"). The Company also announces an update on its site activities at the Sonora Lithium Project (the "Project"), located in Mexico, and its debt facility agreement with RK Mine Finance ("RK").

Zinnwald Lithium Plc Acquisition

Zinnwald has announced that it has entered into a binding agreement to acquire the 50 per cent. of Deutsche Lithium that it does not already own for a total consideration of €8.8 million to be settled with a cash payment of €1.5 million and the issue of approximately 50 million new shares (the "Acquisition").

Deutsche Lithium is developing the advanced Zinnwald Lithium Project in Germany (the "Zinnwald Project"). The Acquisition gives Zinnwald full ownership and operational control of the Zinnwald Project and is in line with its corporate objective to become a key supplier to the European lithium market. On completion of the Acquisition, Bacanora's shareholding in Zinnwald will decrease from 44.2% to 35.5%. Bacanora will maintain its right to appoint one Director to the Board of Zinnwald.

Sonora Project Site activities

The Company's priority remains the health and well-being of its staff, partners and its local communities. Bacanora continues to take all appropriate measures to protect them in accordance with the relevant governmental and regional requirements.

Bacanora continues to work with its joint venture partner, Ganfeng Lithium Co., Ltd. ("Ganfeng"), to mitigate the impact of COVID-19 safety protocols on project construction.

With early site work ongoing, site works for bulk earthworks, civil engineering, and pouring foundations have been rescheduled to Q4, 2021, in the light of current lockdown and travel restrictions. By extending these work rosters, the Company hopes to provide more time for contractors to be on-site whilst enabling camp accommodation optimisation to ensure room sizes and staffing levels meet the new COVID-19 distancing requirements.

Ganfeng is continuing to work with its suppliers and, along with the Company, is maintaining its previously advised project delivery schedule with first lithium production in H2, 2023. The project delivery schedule includes the first equipment deliveries from China arriving in Mexico in Q2, 2022 and initial lithium plant dry commissioning scheduled for Q3, 2023.

Pleasingly, recent quotes for bulk steel deliveries and plate work in Mexico have confirmed that pricing is still within the budget.

Debt facility

As announced by the Company on 2 February 2021, recognising the passage of time from the initial US\$150 million debt facility agreement with RK Mine Finance ("RK"), Bacanora and RK signed a non-binding indicative term sheet to amend certain terms.

The Company and RK have been in discussions for a number of months with a view to agreeing legally binding terms and documentation. The first tranche of the RK debt facility, US\$25 million, was drawn down in July 2018 and Bacanora will maintain this first tranche in accordance with the existing terms of the debt facility. However, due to extension fee considerations and the limited availability period for an extension post the expiry date of 18 June 2021, the Company and RK have agreed that the remaining undrawn facility, amounting to US\$125 million, will no longer be available for draw down. The Company will continue to engage with RK as well as seek alternative terms with other debt providers in light of the current favourable debt market conditions.

With an aggregated cash balance of US\$161 million as at 31 May 2021 (including cash of US\$30 million in Sonora Lithium Ltd), the Company has sufficient funds to support the short-term funding requirements and the ongoing construction program for the next 18 months. The existing cash balance will cover a significant portion of the capital cost requirements for the Company's 50% share of the Project.

This Announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 ("MAR"). Upon the publication of this Announcement, this inside information is now considered to be in the public domain.

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Notes to editors

Bacanora Lithium Plc is an AIM-listed (ticker 'BCN') lithium development company. The Company is focused on building, in collaboration with its major shareholder and offtake partner, Ganfeng Lithium (the world's largest lithium metals producer), a 35,000 tonne per annum open pit lithium carbonate operation at its flagship asset, the Sonora Lithium Project in Mexico. The Sonora Lithium Project has 8.8 million tonnes of lithium carbonate (Li₂CO₃) equivalent resources, with an approximate 250-year resource life, as detailed in its December 2017 Feasibility Study.

Sonora Lithium Ltd ("SLL") is the operational holding company for the Sonora Lithium Project and is owned 50% by Bacanora and 50% by Ganfeng Lithium Co., Ltd. SLL owns 100% of the La Ventana concession. The La Ventana concession accounts for 88% of the mined ore feed in the Sonora Feasibility Study which covers the initial 19

years of the project mine life. SLL also owns 70% of the El Sauz and Fleur concessions.

On completion of this transaction, Bacanora will own 35.5% of Zinnwald Lithium Plc (AIM: ZNWD), which in turn owns the Zinnwald Lithium Project and the Falkenheim, Altenberg and Sadisdorf Licences in southern Saxony, Germany.

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. 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 the UK, the United States, Mexico, Germany 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. 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.

Important notice

The contents of this announcement have been prepared by and are the sole responsibility of Bacanora.

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