

20 August 2019

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

Update on Strategic Investment by Ganfeng Lithium

Bacanora Lithium plc (AIM: BCN), the London traded lithium company, is pleased to provide an update on its Investment Agreement and Offtake Agreement ('the Strategic Investment' or 'the Agreements') with leading global lithium company Ganfeng Lithium Co., Ltd. ("Ganfeng" or "GFL"). As announced on 28 June 2019, the Agreements have been submitted to the relevant authorities in China for approval and completion. The first of the approvals, from the PRC Ministry of Commerce (MOFCOM), was received by Ganfeng at the end of July 2019 and we have now been informed that the second approval has been processed by NDRC (National Development and Reform Commission) and received by Ganfeng. It is anticipated that the final approval from SAFE (State Administration of Foreign Exchange) will be received following a Ganfeng board meeting to be held in the coming weeks. Bacanora will provide further updates once final approval is received.

Mr. Wang Xiaoshen, the Deputy Chairman of Ganfeng Lithium commented, "We are continuing to progress the approval process in China in order to complete our initial investment in Bacanora Lithium and its Sonora Project. We are looking forward to working with Bacanora to develop this world-class project. Our significant investment demonstrates our belief in the viability of the Sonora Project and its ability to become a world class operation and support Ganfeng's strategy of growing to a 100,000tpa lithium producer. Our technical team is commencing its review to identify areas where Ganfeng can add value to the project delivery. Ganfeng is committed to supporting Bacanora in its financing and commencing development of the Sonora Project in the coming months." It is proposed that Mr. Wang will join the Board of Bacanora as a Director upon the completion of the Ganfeng investment.

About GFL

GFL is the world's third largest and China's largest lithium compounds producer and the world's largest lithium metals producer in terms of production capacity as of 31 December 2017, according to CRU International Limited. GFL's operations are vertically integrated, encompassing all critical stages of the value chain, including upstream lithium extraction, midstream lithium compounds and metals processing as well as downstream lithium battery production and recycling. GFL has one of the most comprehensive product offerings split into five major categories of more than 40 lithium compounds and metals products.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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ABOUT BACANORA LITHIUM:

Bacanora owns ten mining concession areas covering approximately 100 thousand hectares in the northeast of Sonora State in Mexico. Seven of these ten mining concessions (the 'Sonora Lithium Project'¹) were included in the Feasibility Study announced 12 December 2017. 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 LCE² and an additional Inferred Mineral Resource of 3.7 Mt of LCE. The Company's Feasibility Study 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 and Altenberg Licences in southern Saxony, Germany. Each of the Zinnwald Lithium Project, and the Falkenhain and Altenberg Licences 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 and Altenberg Licences 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.

2. LCE = lithium carbonate (Li_2CO_3) equivalent; determined by multiplying Li value in percent by 5.323 to get an equivalent Li_2CO_3 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. 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 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.

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