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

Bacanora Lithium plc (AIM: BCN), the London traded lithium company, is pleased to provide an update on its activities at the Sonora Lithium Project in Mexico ('Sonora' or the 'Project') following the recent completion of the Strategic Investment by leading global lithium company Ganfeng Lithium Co., Ltd. ('Ganfeng').

Ganfeng Review and Process Testwork

The Bacanora project team in Mexico continues to progress the final design work for the mine site, infrastructure, concentrator and kiln sections of the processing plant. Representative samples have been sent to Ganfeng in China. Ganfeng's technical review of the hydrometallurgical circuit has commenced with a view to potentially sourcing key sections of the lithium production equipment from their current equipment suppliers in China. This work is expected to be completed in H1 2020. As part of this technical review, both Bacanora and Ganfeng continue to develop testwork programmes for the potential production of other downstream high value lithium products in addition to the battery-grade lithium carbonate used in the Company's feasibility study. The results of this work will be reviewed over the next few months.

The feasibility study indicated highly favourable economic indicators for a battery grade lithium carbonate operation at Sonora, including US\$1.25 billion NPV, 26% IRR and operating costs among the lowest in the industry at around US\$4,000/t of lithium carbonate (see announcement of 13 December 2017 for further details).

Detailed Engineering Design

As previously noted, the Company intends that the three primary parts to its production circuit will be delivered in the following timeframe under individual contracts with associated process guarantees from experienced engineering groups:

- Engineering and flow sheet testwork for the design of the front-end ore concentrator and mechanical processing is underway for completion in H1 2020
- Pyrometallurgical engineering, primarily for the kiln designs, is being engineered by Nutec Bickley and final detailed design and process guarantees to be completed in H1 2020

- The hydrometallurgical plant, including the production of the final battery grade lithium product, will be engineered by Ganfeng themselves due to their proven expertise in this field, with completion in H1 2020

Financing

Once Ganfeng completes its review, the Company will deliver final engineering costs for Stage 1 of the Project, following which the Company will look to finalise the funding package for the Project. At this stage, the Company believes that the engineering costs will remain in line with the 2018 Feasibility Study forecast of approximately US\$420 million.

The recent 29.99% equity investment by Ganfeng Lithium and their 22.5% investment at the project level, in combination with a combined 100% off-take held by Ganfeng and Hanwa Corporation ('Hanwa') for Stage 1 production of 17,500 tonnes per annum of lithium products at the Project demonstrates the strong support that both these cornerstone investors have shown in Sonora. Combined, Ganfeng and Hanwa have a see-through ownership of more than 50% of Sonora. In the last 18 months, Bacanora has already secured a US\$150 million debt facility with RK Mine Finance and continues to explore additional sources of project funding. The 22.5% project investment and 29.99% equity investment from Ganfeng, in addition to ongoing support from Bacanora's other shareholders and off-takers, ensures a very solid position for finalising the project funding stage of the Sonora development.

The Company had US\$40 million of cash at the end of October 2019, which will enable Bacanora to commence the bulk earthworks on site in H1 2020 and start to upgrade the primary access road to site. The Company will also be able to use part of these funds to place the initial orders for some of the longest lead-time items in the concentrator, pyrometallurgy and hydrometallurgy sections of the lithium plant.

General Market Conditions

There have been a number of media reports over the past few months highlighting the impact of an over-supply of lower grade bulk spodumene concentrates from Australia into the Asian lithium converter markets. Recently a number of these projects have been delayed, closed, reported decreased production or put on care and maintenance. With the majority of these concentrate operations being at the higher cost level, this supports the Bacanora strategy of developing a fully integrated lithium project that produces a final battery grade lithium product at much lower costs rather than an intermediate concentrate.

Bacanora CEO Peter Secker said "Recent research reports predict the lithium industry would need US\$30 billion in investment in upstream capacity to meet its forecast of 1 million tonnes of supply by 2025 (a threefold increase on current levels). In order to secure funding, any new lithium project needs to be low on the operational cost-curve, without having to rely on by-product credits to artificially lower that cost per tonne. A

project also needs to have reliable engineering cost estimates. A project needs to be of sufficient scale, in a location with a favourable environmental and political climate and deliver a high-grade end product. The Sonora Lithium Project is one of the very few projects globally that can deliver on all of these factors."

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

****ENDS****

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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 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.

1. Sonora Lithium Ltd ("SLL") is the operational holding company for the Sonora Lithium Project and 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 is owned 77.5% by Bacanora and 22.5% by Ganfeng Lithium Ltd. SLL also owns 70% of the El Sauz and Fleur concessions, which are held by Mexilit S.A. de C.V. ('Mexilit').
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.

IMPORTANT NOTICE

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