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Bacanora Lithium PLC
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Bacanora Lithium plc

("Bacanora" or the "Company")

Sonora Lithium Project and Covid-19 Update

Bacanora Lithium plc (AIM: BCN), a lithium exploration and development company, provides an update on activities at its Sonora Lithium Project in Mexico ("Sonora" or the "Project") in light of the ongoing Covid-19 pandemic.

Bacanora's priority remains the health and well-being of its staff, partners and its local communities. The Company has taken all appropriate measures to protect them in accordance with the relevant governmental and regional requirements. Whilst the continuous spread of Covid-19 has impacted Bacanora and its partners, the Company continues to progress all feasible workstreams. Significant attention has been focused on the completion of the Project engineering work, however this has been affected by delays experienced in Asia and North America. Fortunately though, Bacanora has a strong cash position of US\$45 million and is well placed to weather the ongoing market fluctuations and continued effects of Covid-19.

Lithium Market and Project Development

Whilst demand for internal combustion vehicles has been significantly impacted by the spread of Covid-19 and a general economic slowdown, electric vehicle ("EV") demand in Europe increased over 50% during first quarter 2020*. In addition, automotive companies have recently outlined plans to spend more than US\$140** billion on EV production. This is an industry shift that will require producers of specialist materials and metals for lithium batteries to dramatically lift output. As a result, lithium demand is anticipated to grow 800% by 2030. Bacanora continues to prioritise its development schedule for Sonora despite Covid-19 limitations, with a goal of being able to complete financing for the Project and initiate site works in H1 2021. This timetable will enable Bacanora to commence lithium deliveries to its offtake partners, Ganfeng Lithium ("Ganfeng") and Hanwa Corporation, in 2023. Ganfeng remains fully committed to the advancement of Sonora's development and continues to progress its investment schedule at the Sonora project level.

Sonora Operations

In Mexico, the Sonora government continues to maintain measures to prevent the spread of Covid-19 which includes, amongst other measures, the closing of schools and all non-essential business operations as well as cancelling events of more than 10 people. Accordingly, Bacanora's Hermosillo pilot plant ("pilot plant") was placed in care and maintenance in late March 2020 after shipping samples to its engineering partners in the USA and China in order to maintain the Front End Engineering Design ("FEED") schedule. The pilot plant will remain closed until conditions are considered safe and the Government lifts its restrictions. It is currently anticipated that the pilot plant will re-open in June 2020.

Ganfeng Review and Process Testwork

As a result of the return to work in China in late April 2020, the Ganfeng lithium test plant and project team resumed work on the Sonora flow sheet optimisation and process engineering. Whilst some weeks of engineering were lost, completion of the flow sheet engineering is still scheduled for Q3 2020 after which Ganfeng will provide Bacanora with an Engineering, Procurement and Construction ("EPC") style engineering proposal to produce downstream battery grade lithium products from Sonora. This timetable remains under regular review but is now scheduled for end of Q4 2020, subject to Ganfeng receiving all required equipment and engineering proposals from its equipment suppliers.

Concentrator Design

GR Engineering Services continues to expedite the completion of the FEED process for the concentrator circuit. It is scheduled to provide Bacanora with an initial engineering EPC proposal in Q3 2020.

Kiln Optimisation Testwork

Kiln optimisation testwork focussing on waste heat recycling and kiln retention time is ongoing in the USA. The testwork schedule has been impacted by delays and Covid-19 closures at some of the laboratories and pilot plant facilities in the USA. The kiln designs and engineering work completion are now scheduled for the end of Q3 2020.

Peter Secker, CEO of Bacanora, commented:

"The entire team at Bacanora and our partners continue to work as best as we can during this pandemic. We remain fully focussed on progressing the final parts of the detailed design work for our flagship Sonora Lithium Project, located in Mexico. Bacanora also boasts a strong cash position and benefits from the support of its cornerstone shareholders, who are globally significant players in the electric vehicle industry. The Company's strategy remains the same and with the goal to deliver first product to its off-take partners in early 2023, importantly coinciding with the expected significant growth in EV demand."

(* www.euractiv.com/section/electric-cars/news/electric-car-sales-in-europe-jumped-57-in-q1-2020/)

** www.bloomberg.com/amp/news/articles/2020-05-11/to-avoid-battery-metal-pinch-carmakers-urged-to-invest-in-mines)

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The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014

Notes to editors

Bacanora Lithium Plc is an AIM-listed (ticker 'BCN') lithium development and exploration company. The Company owns assets in Mexico and Germany. It 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 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.

In addition, the Company has a 50% interest in the Zinnwald Lithium Project and the Falkenhain and Altenberg 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

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