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Bacanora Lithium PLC
10 September 2020

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

Sonora Operational Update

Bacanora Lithium plc (AIM: BCN), a lithium exploration and development company, is pleased to provide an update on activities at its Sonora Lithium Project in Mexico ("Sonora" or the "Project") located in Mexico.

Sonora Operations

The Pilot Plant has completed the bulk sampling required for the Sonora plant and engineering designs. These samples have been sent to the Company's relevant partners in the USA and China for optimisation of the final designs.

Engineering

All engineering work is now being undertaken off-site. GR Engineering ("GRES") has completed its concentrator design work and will integrate this into the overall project scope. Importantly, the Company's joint venture partner, Ganfeng Lithium ("Ganfeng"), has also completed its flow sheet design testwork for the production of battery grade lithium from the samples provided by the Pilot Plant; Ganfeng is now integrating these results into a larger scale design, and remains on schedule to deliver its final engineering packages at the end of Q4 2020. Lastly, Ganfeng is working with its equipment suppliers to determine equipment delivery times and process guarantees.

Bacanora therefore remains on schedule to commence initial site works at Sonora in H1 2021, subject to completion of financing, which would enable commencement of production at the plant in 2023. This timeframe coincides well with the anticipated increase in lithium demand from European, Asian and US electric vehicle manufacturers expected that year*.

Covid-19 and the Mining Industry in Sonora

The number of new Covid-19 cases continues to fall in the Sonora district of Mexico and lockdown restrictions are slowly being lifted. The Company continues to monitor the situation closely, with the health and safety of its employees and communities remaining its top priority.

New health and safety protocols and social distancing will remain in place at the Pilot Plant for the foreseeable future but will not impact the Company's ability to continue to work on site. Most of the larger scale mining operations within the Sonora district, are now back in production and Bacanora will have employees back in the field in October to survey site access roads in preparation for site access works in Q2 2021.

Recently, the federal government implemented austerity measures as a result of COVID-19, one of which is the restructuring of several undersecretary positions in various sectors, including that for mining. The functions, staff, and responsibilities of the areas that reported to the undersecretary for mining remain intact, and will continue to function as normal, under the responsibility of the Secretariat of the Economy. President Andrés Manuel López Obrador ("AMLO") and the Secretariat of the Economy have

consistently supported investment in the mining sector and specifically projects with downstream applications, such as Bacanora's Sonora Lithium Project. This government wide austerity measure does not represent a change in those policies.

Lithium Market

Recent forecasts from Chile, the world's largest producer of downstream battery grade lithium products, indicate that, as electric vehicles sales in Europe and China continue to rebound post the Covid-19 downturn, the electric car industry is forecast to dominate demand for lithium over the next ten years. By 2030, EV demand will account for more than 75% of consumption, up from 30% in 2019. As a result, demand for lithium for electric vehicles would surge to 1.4 million tonnes by 2030**, almost a five-fold increase from the current 300,000 tonnes of demand in 2019***.

*<https://www.iea.org/reports/global-ev-outlook-2020>

**<https://uk.reuters.com/article/chile-lithium/electric-cars-to-account-for-79-of-lithium-demand-by-2030-chile-idUKL1N2FS22Q>

*** <http://coinnews.tv/lithium-outlook-2019-a-transition-year-ahead/>

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

Bacanora Lithium plc

info@bacanoralithium.com

Peter Secker, CEO

Janet Blas, CFO

Cairn Financial Advisers LLP, Nomad

+44 (0) 20 7213 0880

Sandy Jamieson / Liam Murray

Citigroup Global Markets, Joint Broker

+44 (0) 20 7986 4000

Tom Reid / Patrick Evans / Matthew Kenney

Canaccord Genuity, Joint Broker

+44 (0) 20 7523 8000

James Asensio

Tavistock, Financial PR Adviser

Bacanora@tavistock.co.uk

Jos Simson / Emily Moss / Oliver Lamb

+44 (0) 20 7920 3150

+44 (0) 77 8855 4035

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 (Li_2CO_3) 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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