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This document has been drawn up in accordance with the AIM Rules for Companies and has been issued in connection with the application for the admission of the entire issued share capital of Bacanora Lithium plc, a company incorporated in the UK, with registered number 11189628 ("**Bacanora UK**" or the "**Company**") on the AIM market of the London Stock Exchange ("**AIM**") ("**Admission**"). This document is not an approved prospectus for the purposes of section 85 of FSMA and the Prospectus Rules of the Financial Services Authority. This document does not constitute an offer or invitation to purchase any securities.

The Company and the Company's directors (details of whom appear on page 4 of this document) accept responsibility, both individually and collectively, for the information contained in this Document and compliance with the AIM Rules. To the best knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.



BACANORA LITHIUM PLC

(Incorporated and registered in England and Wales registered number 11189628)

APPENDIX TO AIM SCHEDULE ONE ANNOUNCEMENT

FURTHER INFORMATION IN CONNECTION WITH PROPOSED ADMISSION TO AIM

Nominated Adviser

Cairn Financial Advisers LLP

Broker

Canaccord Genuity Limited

It is expected that Admission will become effective and dealings for normal settlement in the Company's Shares will commence on 21 March 2018.

This document should be read in its entirety. An investment in the Company involves a significant degree of risk, may result in the loss of the entire investment and may not be suitable for all recipients of this document. Investors should consider carefully the risk factors which are set out in Part II of this document. All statements regarding the Company's business should be viewed in light of these risk factors.

This Appendix has been prepared in accordance with Schedule One and the Supplement to Schedule One of the AIM Rules published by the London Stock Exchange. It includes, inter alia, equivalent information that would otherwise have had to be included in an AIM admission document and which is not currently public, that is information which is not available at an address in the UK or Canada or at a website address accessible to users in the UK or Canada (collectively, the "Public Record"). The Public Record can be accessed freely at www.londonstockexchange.com, www.sedar.com and on the website of Bacanora Minerals Ltd ("**Bacanora Canada**") at www.bacanoraminerals.com where this Appendix, which is dated 20 February 2018, will be available (and which will be available following Admission at www.bacanoralithium.com). This Appendix should be read in conjunction with the AIM Rules Schedule One pre-admission announcement (together with any update thereto) to be made at least 20 business days prior to Admission (the "Announcement Form") and the Public Record. This Appendix and the Announcement Form together constitute the Announcement.

Cairn Financial Advisers LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting exclusively for Bacanora Canada and, following Admission, the Company, and no one else in connection with the proposed Admission. Cairn Financial Advisers LLP will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Cairn Financial Advisers LLP nor for providing advice in relation to the transactions or arrangements detailed in this document. The responsibilities of Cairn Financial Advisers LLP as the nominated adviser to Bacanora Canada or the Company, as appropriate, for the purposes of the AIM Rules are owed solely to the London Stock Exchange and are not owed to Bacanora Canada, the Company, any Company director or any Bacanora Canada director or to any other person. Cairn Financial Advisers LLP is not making any representation or warranty, express or implied, as to the contents of this Document or for the omission of any material from this document, for which it is not responsible.

Canaccord Genuity Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting exclusively for Bacanora Canada and, following Admission, the Company, and no one else in connection with the proposed Admission. Canaccord Genuity Limited will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Canaccord Genuity Limited nor for providing advice in relation to the transactions or arrangements detailed in this document. The responsibilities of Canaccord Genuity Limited as the broker to Bacanora Canada or the Company, as appropriate, for the purposes of the AIM Rules are owed solely to the London Stock Exchange and are not owed to Bacanora Canada, the Company, any Company director or any Bacanora Canada director or to any other person. Canaccord Genuity Limited is not making any representation or warranty, express or implied, as to the contents of this Document or for the omission of any material from this document, for which it is not responsible.

Copies of this Document will be available free of charge during normal business hours on any weekday (except public holidays) at the offices of Cairn Financial Advisers LLP, Cheyne House, Crown Court, 62-63 Cheapside, London EC2V 6AX from the date of this Document and shall remain available for a period of one month from Admission. Additionally, an electronic version of this Document will, from Admission on an ongoing basis, be available on the Company's website: www.bacanoralithium.com.

To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Company's Directors are aware, no facts have been omitted which may render the reproduced information inaccurate or misleading.

The distribution of this Document in certain jurisdictions may be restricted by law and therefore this Document may not be distributed or published in any jurisdiction except under circumstances which result in compliance with any applicable laws and regulations. Persons into whose possession this Document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

THIS DOCUMENT DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR EXCHANGE OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY OR EXCHANGE ANY SECURITY OR TO BECOME A MEMBER OF BACANORA UK. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED, EXCHANGED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

OVERSEAS SHAREHOLDERS

This Document does not constitute an offer to sell, or a solicitation to buy, the Company's Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not, subject to certain exceptions, for distribution in or into the United States of America, Australia, the Republic of South Africa, Japan or the Republic of Ireland. The Company's Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa, Japan, the Republic of Ireland or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Company's Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Australia, the Republic of South Africa, Japan, the Republic of Ireland or to any national, citizen or resident of the United States of America, Australia, the Republic of South Africa, Japan or the Republic of Ireland. The distribution of this Document in certain jurisdictions may be restricted by law. No action has been taken by the Company or by Cairn Financial Advisers LLP or that would permit a public offer of the Company's Shares or possession or distribution of this Document where action for that purpose is required. Persons into whose possession this Document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Holding the Company's Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are forward-looking statements. These forward-looking statements are not based on historical facts but rather on the Directors' expectations regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, planned exploration and development activity and the results of such activity, business prospects and opportunities. Such forward-looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, the results of exploration and development drilling and related activities, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. These forward-looking statements are subject to, *inter alia*, the risk factors described in Part II of this Document. Although the forward-looking statements contained in this Document are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	<u>Mark Ainsworth</u> Hohnen (<i>Executive Chairman</i>) <u>Derek</u> Batorowski (<i>Non-executive Director</i>) James (<u>Jamie</u>) Digby Ronald Strauss (<i>Non-executive Director</i>) Raymond (<u>Ray</u>) John Hodgkinson (<i>Non-executive Director</i>) Dr <u>Andres</u> Constantin Antonius Gonzalez (<i>Non-executive Director</i>) <u>Junichi</u> Tomono (<i>Non-executive Director</i>) <u>Eileen</u> Carr (<i>Non-executive Director</i>)
Chief Executive Officer	Peter Secker
Chief Financial Officer	Janet Boyce
Corporate Secretary	Cherif Rifaat
Registered Office	4 More London Riverside London SE1 2AU United Kingdom
Telephone Number	+44 203 858 0686
Website	www.bacanoralithium.com
Nominated Adviser	Cairn Financial Advisers LLP Cheyne House Crown Court 62-63 Cheapside London EC2V 6AX
Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR United Kingdom
English Solicitors to the Company	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU United Kingdom
Canadian Solicitors to the Company	Gowling WLG (Canada) LLP 1600, 421 7 th Avenue SW Calgary, Alberta T2P 4K9 Canada
Mexican Solicitors to the Company	Creel, García-Cuellar, Aiza y Enriquez, S.C. Torre Virreyes Pedregal No. 24, Piso 24 Col. Molino Del Rey Ciudad De México 11040 Mexico

German Solicitors to the Company

Gowling WLG (UK) LLP
Stresemannstrasse 79
D-70191 Stuttgart
Germany

LUTZ | ABEL Rechtsanwalts GmbH
Brienner Straße 29
80333 München
Germany

Reporting Accountant to the Company

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH
United Kingdom

Auditor to the Company

BDO Canada LLP
620, 903 – 8th Avenue SW
Calgary, Alberta T2P 0P7
Canada

Canadian and UK tax adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom

Competent Persons

Ausenco Engineering Canada Inc.
855 Homer Street
Vancouver, British Columbia V6B 2W2
Canada

and

SRK Consulting (UK) Ltd
Churchill House
17 Churchill Way
Cardiff CF10 2HH
United Kingdom

and

Independent Mining Consultants, Inc.
3560 E. Gas Road
Tucson, Arizona 85714
USA

and

G.E.O.S. Ingenieurgesellschaft mbH
09633 Halsbrucke
Schwarze Kiefern 2
09581 Freiberg, Postfach 1162
Germany

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

Financial PR

St Brides Partners
3 St Michael's Alley
London, EC3V 9DS
United Kingdom

ADMISSION STATISTICS

Number of Bacanora UK Shares in issue on Admission	134,039,872
Number of Bacanora UK Shares under option or Restricted Stock Units on Admission	9,557,087
Number of Bacanora UK Shares on a fully diluted basis on Admission ⁽¹⁾	143,596,959
AIM symbol	BCN
International Securities Identification Number ("ISIN")	GB00BD20C246

⁽¹⁾ This is calculated on the basis that all of the Bacanora UK Shares under option or Restricted Stock Units are allotted.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2018

Publication of this Document	20 February
Latest date for receipt of Forms of Direction	14 March
Latest date for receipt of Forms of Proxy	15 March
Time and date of Shareholder Meeting to approve Plan of Arrangement	10:00 a.m. (Calgary time) on 19 March
Court hearing for approval of the Plan of Arrangement	19 March
Last day of trading of Bacanora Canada Shares on TSXV and AIM	20 March
Effective Date of the Plan of Arrangement	20 March
Admission and commencement of dealings of Bacanora UK Shares on AIM	08:00 a.m. on 21 March
CREST accounts expected to be credited by	21 March
Despatch of definitive share certificates by	29 March

Note: The times and dates may be subject to change. Unless otherwise indicated, times refer to London time.

DEFINITIONS

The following definitions apply throughout this Document unless the context otherwise requires:

“Act”	the Companies Act 2006 of the United Kingdom (as amended from time to time);
“Acquire Co”	1976844 Alberta Ltd. A limited company with registration number 2019768445, whose registered office address is at 1600, 421 7 Ave SW, Calgary, Alberta T2P 4K9, Canada;
“Admission”	admission of the Bacanora UK Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies;
“Admission Agreement”	the conditional agreement dated 16 February 2018 between the Company and Cairn, relating to the Admission, details of which are set out at paragraph 10 of Part III of this Document;
“AIM”	the AIM Market operated by the London Stock Exchange;
“AIM Rules”	the London Stock Exchange's rules and guidance notes contained in the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as amended from time to time;
“Announcement”	the pre-Admission announcement pursuant to Rule 2 and Schedule One of the AIM Rules to be made by the Company on or about the date of this Appendix, together with this Appendix;
“Appendix” or “Document”	this document;
“Arrangement” or “Plan of Arrangement”	the plan of arrangement implementing the Re-domicile Proposal as described in the Plan Circular and any amendments or variations thereto;
“Arrangement Agreement”	the arrangement agreement between Bacanora Canada, Acquire Co and Bacanora UK dated 16 February 2018;
“Articles”	the articles of association of the Company for the time being, a summary of which is set out in paragraph 5 of Part III of this Document;
“Audit Committee”	the audit committee of the Board comprising James Strauss, Raymond Hodgkinson and Eileen Carr;

"Ausenco"	Ausenco Engineering Canada Inc, located at 855 Homer Street, Vancouver, BC V6B 2W2, Canada;
"Bacanora Canada"	Bacanora Minerals Ltd, a public limited company with registration number 2014289082, whose registered office address is at 2204 6th Ave NW, Calgary, Alberta T2N OW9;
"Bacanora Canada Board"	the board of directors of Bacanora Canada;
"Bacanora Canada GM"	the annual and special meeting of Bacanora Canada Shareholders due to be held on 19 March 2018 and any adjournment thereof;
"Bacanora Canada Group"	means Bacanora Canada and its subsidiaries and subsidiary undertakings;
"Bacanora Canada Shares"	common shares of no par value in the capital of Bacanora Canada;
"Bacanora Canada Shareholders"	holders of Bacanora Canada Shares;
"Bacanora UK Shares"	ordinary shares of £0.10 each in the capital of the Company;
"BCA" or "Business Corporations Act"	the Business Corporations Act (Alberta) and the regulations promulgated thereunder as each may be amended from time to time;
"Blackrock"	BlackRock Investment Management (UK) Limited;
"Board" or "Directors"	the board of directors of Bacanora UK whose names are set out on page 4 of this Document;
"Business Day"	any day (other than a Saturday, Sunday or a United Kingdom public holiday) on which banks are generally open in the City of London for the transaction of normal banking business;
"BVI"	British Virgin Islands;
"C\$"	Canadian dollars, the lawful currency of Canada;
"Cadence"	Cadence Minerals plc, a company incorporated in England and Wales with the registration number 05234262, whose shares are admitted to trading on AIM, and its subsidiary undertakings, including Cadence Mexico Ltd;
"Cairn"	Cairn Financial Advisers LLP, the Company's nominated adviser for the purposes of the AIM Rules;

"Canaccord" or "CG"	Canaccord Genuity Limited, the Company's broker for the purposes of the AIM Rules;
"certificated" or "in certificated form"	a share or other security recorded on the relevant register of the relevant company as being held in certificated form and title to which may be transferred by means of a stock transfer form;
"CIM"	Canadian Institute of Mining, Metallurgy and Petroleum;
"City Code"	the City Code on Takeovers and Mergers issued by the Takeover Panel;
"Company" or "Bacanora UK"	Bacanora Lithium plc, a public limited company with registration number 11189628, whose registered office address is at 4 More London Riverside, London SE1 2AU;
"Court"	The Court of Queen's Bench (Alberta);
"Competent Persons"	Ausenco, SRK, IMC and GEOS, the competent persons responsible for the information contained in the CPRs;
"Competent Persons' Reports" or "CPRs"	the Feasibility Study on the Sonora Lithium Project prepared by Ausenco, SRK and IMC, and the report on the Zinnwald Lithium Project prepared by GEOS, as referred to in paragraph 14 of Part I of this Document;
"Corporate Governance Committee"	The corporate governance committee of the Board comprising Mark Hohnen, Raymond Hodgkinson and James Strauss;
"CRA"	Canada Revenue Agency;
"CREST"	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
"Deferred Income Plans"	collectively, trusts governed by "registered retirement savings plans", "registered retirement income funds", "deferred profit sharing plans", "registered disability savings plans", "registered

	education savings plans” and “tax-free savings accounts”, all as defined in the Tax Act;
“Depository”	Capita IRG Trustees Limited;
“Deutsche Lithium”	Deutsche Lithium GmbH, a company incorporated and registered in the Republic of Germany, with registered number HRB 23391, that is 50% owned by Bacanora Canada and 50% owned by SolarWorld;
“DIs” or “Depository Interests”	uncertificated depository interests issued by the Depository and representing Bacanora Canada Shares;
“Disclosure and Transparency Rules” or “DTRs”	the Disclosure Guidance and Transparency Rules (in accordance with section 73A (3) of FSMA) being the rules published by the FCA from time to time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market, or for which a request for admission to trading on such a market has been made;
“Effective Date”	the date shown on the certificate issued by the Registrar in accordance with section 267 of the BCA in respect of the Arrangement;
“EU”	the European Union;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registration number 2878738;
“Falkenhain Licence”	Exploration permit (Aufsuchungserlaubnis) ERL 1686 dated 18 December 2017;
“Financial Conduct Authority” or “FCA”	the United Kingdom Financial Conduct Authority;
“FSMA”	the Financial Services and Markets Act 2000 of the United Kingdom, as amended from time to time;
“GEOS”	G.E.O.S. Ingenieurgesellschaft mbH, located at 09633 Halsbrucke, Schwarze Kiefern 2, 09581 Freiberg, Postfach 1162, Germany;
“Group” or “Bacanora Group”	the Company and its subsidiaries and subsidiary undertakings as at the date of Admission;
“Hanwa”	Hanwa Co. Ltd., a global trading company incorporated in Japan;
“HMRC”	Her Majesty’s Revenue & Customs;

"IFRS"	the International Financial Reporting Standards as adopted by the International Accounting Standards Board;
"IMC"	Independent Mining Consultants, Inc.;
"Interim Order"	means the interim order of the Court pursuant to section 193(4) of the BCA made in connection with the process for obtaining approval of the Arrangement and related matters following the application therefor contemplated by section 2 of the Arrangement Agreement, as the same may be affirmed, amended, supplemented or varied by the Court or by the highest court by which an appeal therefrom is heard at any time prior to the effective time of the Arrangement;
"IRR"	internal rate of return;
"ISIN"	International Securities Identification Number;
"Lead Independent Director"	James Strauss;
"Letter of Transmittal"	the letter of transmittal for use by the Bacanora Canada Shareholders in connection with the Arrangement in the form accompanying the Plan Circular;
"London Stock Exchange"	London Stock Exchange plc;
"Magdalena Borate Project"	Bacanora Canada Group's eight borate concession areas located near the town of Magdalena de Kino in Sonora State, Mexico comprising the San Francisco concessions and the El Represo concessions;
"MAR"	Market Abuse Regulation 596/2014;
"Megalit"	Minera Megalit S.A. de C.V., a company incorporated in Mexico with the registered number 42244*7, currently 70% owned by Bacanora Canada and 30% owned by Cadence;
"Mexilit"	Mexilit S.A. de C.V., a company incorporated in Mexico with the registered number 41753*7, currently 70% owned by Bacanora Canada and 30% owned by Cadence;
"Mineramex"	Mineramex Limited, a BVI incorporated company, with registered number 687069, being a wholly owned subsidiary of Bacanora Canada;
"MIT"	Minerales Industriales Tubutama S.A de C.V., a company incorporated in Mexico, with the

	registered number 34289*7, being indirectly 60% owned by Bacanora Canada;
"Mr. Orr-Ewing"	Colin Ian Orr-Ewing (deceased), the former Chairman of Bacanora Canada;
"MSB"	Minera Sonora Borax S.A. de C.V., a company incorporated in Mexico with registered number 36668*7, being a wholly owned subsidiary of Bacanora Canada;
"NextView"	NextView Energy Bull Hong Kong Ltd, a Chinese institutional fund management group focused on new technologies and energy;
"NI 43-101"	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> of the Canadian Securities Administrators, a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which are required to publically disclose these results within Canada;
"NPV"	net present value;
"Official List"	the list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
"Options"	the outstanding stock options of Bacanora Canada to purchase Bacanora Canada Shares, issued pursuant to the Bacanora Canada Stock Option Plan, details of which are set out in paragraph 9 of Part I of this Document;
"Orr-Ewing Estate"	the estate of Mr. Orr-Ewing;
"Pilot Plant"	the pilot processing plant of the Company in Hermosillo, Sonora, Mexico;
"Plan Circular" or "Circular"	the management information circular sent by Bacanora Canada to Bacanora Canada Shareholders dated 19 February 2018 in connection with the Bacanora Canada Shareholder Meeting;
"QCA Guidelines"	the corporate governance code for small and mid-sized quoted companies published by the Quoted Companies Alliance;
"Re-domicile Proposal"	means the proposal to re-domicile Bacanora Canada by way of a Plan of Arrangement under which Bacanora Canada Shares will be exchanged for Bacanora UK Shares;

"Remuneration Committee"	the remuneration committee of the Board comprising James Strauss, Raymond Hodgkinson and Andres Antonius;
"Registrar"	Link Asset Services;
"Royalty Agreements"	as defined in paragraph 17.1 of Part III of this document;
"RSU"	a restricted share unit issued under the RSU Plan;
"RSU Plan"	the restricted share unit plan of Bacanora Canada approved by the board of directors of Bacanora Canada on 20 September 2017;
"SEDAR"	System for Electronic Document Analysis and Retrieval;
"Share Dealing Policy"	the Company's policy on dealing and confidentiality of inside information, in accordance with the AIM Rules and MAR;
"Shareholders"	the persons who are registered as holders of the Bacanora UK Shares from time to time;
"SignumBox"	SignumBox Inteligencia de Mercados
"SolarWorld"	SolarWorld Aktiengesellschaft, a company incorporated in Germany;
"Sonora Lithium Project"	the geological exploration and business development of the La Ventana, La Ventana 1, El Sauz, El Sauz 1, El Sauz 2, Fleur, Fleur 1, San Gabriel, Buenavista and Megalit concessions;
"SRK"	SRK Consulting (UK) Ltd.;
"Sterling" or "£"	the legal currency of the UK;
"Stock Option Plan"	the stock option plan of Bacanora Canada re-approved by Bacanora Canada Shareholders on 28 September 2016;
"subsidiary" and "subsidiary undertaking"	have the meanings given to them by the Act;
"Takeover Panel"	the Panel on Takeovers and Mergers which administers the City Code;
"Tax Act"	the Income Tax Act (Canada) and the regulations promulgated thereunder, as amended from time to time;

“Tax Proposals”	specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof;
“TSXV”	the TSX Venture Exchange, on which the Bacanora Canada Shares are currently listed for trading;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UKLA”	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part 6 of FSMA;
“US” or “United States” or “USA”	the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia and all other areas subject to its jurisdiction;
“US Dollar”, “USD”, “US\$” or “\$”	the legal currency of the United States;
“VAT”	value added tax, charged at a rate of 20% in the United Kingdom;
“Zinnwald Licence”	Extraction permit (Bewilligung) BEW 2960 dated 12 October 2017;
“Zinnwald Lithium Project”	the geological exploration and business development of the Zinnwald Licence in southern Saxony, Germany; and
“Zinnwald Lithium”	Zinnwald Lithium Ltd, a company incorporated in the UK (Co No: 10246575), formerly known as Bacanora Lithium Ltd.

GLOSSARY OF TECHNICAL TERMS AND MEASUREMENTS

The following table provides an explanation of certain technical terms and abbreviations used in this Document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

“Borate”	refers generically to boron bearing minerals, both sodium and calcium borate;
“DFS” or “FS” or “Feasibility Study”	Definitive Feasibility Study;
“Indicated Resource” or “Indicated Mineral Resource”	a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed;
“Inferred Resource” or “Inferred Mineral Resource”	that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonable assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes;
“LCE”	Lithium carbonate equivalent;
“Life of Mine” or “LOM”	the 19 year mine plan as detailed in the Feasibility Study and NI 43-101 published in 2018;
“LNG”	liquefied natural gas;
“Measured Resource” or “Measured Mineral Resource”	that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit;
“Mineral Reserve”	the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-

	Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified;
“Mineral Resource”	a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction;
“Modifying Factors”	considerations used to convert Mineral Resources to Mineral Reserves which include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors;
“NI 43-101”	National Instrument 43-101 <i>Standards of Disclosure for Mineral Projects</i> of the Canadian Securities Administrators, a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada;
“Mt”	millions of tonnes;
“PEA”	Preliminary Economic Assessment;
“PERC”	the Pan-European Reserves & Resources Reporting Committee PERC Standard;
“PFS”	Preliminary Feasibility Study;
“ppm”	parts per million;
“Probable Mineral Reserve”	the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve;
“Proven Mineral Reserve”	is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors;
“Sn/W/Li”	Tin/Tungsten/Lithium
“SOP”	Potassium Sulphate;
“tpa”	tonnes per annum; and

“Unit A”, “Unit B” and “Unit C”

Borate mineralised beds at the Cajon deposit in the Magdalena basin.

Explanation of Lithium Classification

- Lithium grades are usually presented in percentage, parts per million (ppm), lithium oxide (Li_2O) content or Lithium (Li) content. Brine lithium content may also be defined in milligrams per litre (mg/L).
- Lithium carbonate is represented by the formula Li_2CO_3 .
- LCE is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit or a product such as spodumene concentrate (usually with ~6% lithium oxide content) is converted to lithium carbonate, using the conversion rates in the table included further below.
- Lithium resources and reserves are usually presented in tonnes of LCE or Li.
- LCE or Li amounts usually assume 100% recovery, particularly for resources and reserves.
- Example: if a company has 12 million tonnes of resources at 1.5% Li grade, total contained resources are $12 \text{ million} \times 1.5\% = 180,000 \text{ tonnes Li}$. To convert to LCE: $180,000 \text{ tonnes Li} \times 5.324 = 958,320 \text{ tonnes LCE}$.

To Convert	To Li	To LiOH	To LiOH- H ₂ O	To Li ₂ O	To Li ₂ CO ₃	To LiAlSi ₂ O ₆
Li	1.000	3.448	6.061	2.153	5.324	26.455
LiOH	0.290	1.000	1.751	0.624	1.543	7.770
LiOH-H ₂ O	0.165	0.571	1.000	0.356	0.880	4.435
Li ₂ O	0.465	1.603	2.809	1.000	2.476	12.500
Li ₂ CO ₃	0.188	0.648	1.136	0.404	1.000	5.025
LiAlSi ₂ O ₆	0.038	0.129	0.225	0.080	0.199	1.000

PART I

INFORMATION ON THE GROUP

1 Introduction

The Company was incorporated in England and Wales under the Companies Act on 6 February 2018. Under the Arrangement it is proposed that the Company will become the new holding company of the Bacanora Canada Group.

Bacanora Canada was incorporated in Alberta, Canada in September 2008 and in May 2009 was listed as a Capital Pool Company, as defined in Policy 2.4 of the TSXV. In April 2010, concurrent with the completion of the acquisition of Mineramex, Bacanora Canada was listed on the TSXV as a Tier 2 issuer and trading of Bacanora Canada Shares began under the ticker (symbol) BCN. The Bacanora Canada Shares were admitted to trading on AIM on 25 July 2014.

Bacanora Canada is exploring for and developing a pipeline of international lithium projects, with a primary focus on the Sonora Lithium Project.

The Sonora Lithium Project, which consists of ten mining concession areas covering approximately 100 thousand hectares in the northeast of Sonora State, Mexico. Bacanora Canada, through drilling and exploration work to date, has established a Measured plus Indicated Mineral Resource estimate of over 5 Mt (comprising 1.9 Mt of Measured Resources and 3.1 Mt of Indicated Resources) of LCE and an additional Inferred Mineral Resource of 3.7 Mt of LCE. Bacanora Canada's Feasibility Study (which was announced 12 December 2017) has established Proven Mineral Reserves (in accordance with NI 43-101) of 1.67 Mt LCE 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, Bacanora Canada 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.

2 Background to the Plan of Arrangement and Resultant Share Issuance Headroom

On 9 February 2018, Bacanora Canada announced a proposed re-domicile of Bacanora Canada under which Bacanora Canada Shares will be exchanged for Bacanora UK Shares. On 19 February 2018, Bacanora Canada announced it had entered into the Arrangement Agreement, which sets out certain arrangements agreed between Bacanora Canada and Bacanora UK in relation to the Re-domicile Proposal.

The Board believes that the Re-domicile and the admission of the Bacanora UK Shares to trading on AIM will be in the best interests of Bacanora Canada and Bacanora Canada Shareholders. Given the geographic spread of the Bacanora Canada Group's production, development and exploration licences, the Board now believes that a UK domiciled company would be more appropriate operationally and from an investor standpoint for the reasons set out below:

- The Company intends to move its headquarters and senior management to the UK, so that it can be closer to where the majority of its shareholders reside and where its potential debt providers are located.
- Bacanora Canada is one of the very few, and the most advanced, of the pure-lithium investment opportunities on AIM and therefore achieves a higher investor profile through its listing in the UK, whereas in Canada, there are a large number of listed lithium companies all vying for a limited pool of equity capital.
- Since listing on AIM in 2014, Bacanora Canada has been successful in raising funding from the UK capital markets and has already added three global institutional investors and a major off-take partner to its shareholder base. The Company now intends to raise a significant amount of new debt and equity financing to fund its growth as an international lithium company with new projects in Mexico and Germany and believes that a UK domiciled company with its primary listing on AIM is the best way to achieve this.
- The Board believes that admission of the Bacanora UK Shares to trading on AIM will raise the Company's profile and status amongst European investors and within the international mining sector generally, and will give the Company access to an international market with a broad, relevant peer group and considerable research expertise.
- Bacanora Canada currently incurs high costs associated with having a dual listing on AIM and on TSXV, yet Canadian shareholdings are estimated at less than 10% of Bacanora Canada's shareholder base.
- The Directors believe that the Canadian shareholder base may continue to decrease and as a result having a single listing on AIM would allow the Company to be more cost efficient without material downside.
- Bacanora Canada Shares currently have less liquidity on the TSXV compared to AIM. The liquidity of Bacanora Canada Shares has increased significantly since Bacanora Canada dual listed for trading on AIM.

2.1 Plan of Arrangement

The Re-domicile Proposal is proposed to be implemented by way of an Alberta plan of arrangement. An arrangement is a statutory process under corporate legislation, subject to shareholder and court approval, by which a company can effect a series of transactional steps as outlined in the Plan of Arrangement. A proposed Plan of Arrangement is voted on by the shareholders of the subject company and if the required majority of shareholders, being 66⅔% of voting shareholders, vote in favour of the plan and if it is then approved by the Court, the plan is binding on the company proposing the arrangement and all of its shareholders.

The Plan of Arrangement is structured as a three cornered amalgamation, whereby the Bacanora Canada Shares are tendered to Acquire Co and, in exchange for the Bacanora Canada Shares, the Bacanora Canada Shareholders will be issued Bacanora UK Shares. Bacanora Canada and Acquire Co will then amalgamate. This structure is being utilised to effect the Re-Domicile Proposal to ensure that the Courts have the appropriate jurisdiction to approve the Plan of Arrangement.

Under the Plan of Arrangement, if the requisite approval of the Arrangement is obtained from the Bacanora Shareholders and the Court and the Arrangement is effected, Bacanora Canada's Shareholders will receive one Bacanora UK Share for each Bacanora Canada Share held.

If the Re-domicile Proposal, implemented by way of the Plan of Arrangement, is approved by Bacanora Canada Shareholders and the Court, then:

- The Company will issue Bacanora UK Shares to Bacanora Canada Shareholders in exchange for their Bacanora Canada Shares being tendered to Acquire Co and upon subsequent amalgamation of Acquire Co and Bacanora Canada, the new amalgamated Bacanora Canada will become a wholly-owned ongoing subsidiary of the Company;
- Bacanora UK Shares will be admitted to trading on AIM, and Bacanora Canada will be delisted from TSXV and trading in Bacanora Canada Shares (represented by Depositary Interests) on AIM will be cancelled so that effectively Bacanora UK will replace Bacanora Canada as the quoted entity.

Following implementation of the Arrangement, the Company will become the holding company of the Bacanora Canada Group, and the Bacanora Group's principal activities will continue to be the exploration and development of industrial mineral projects, with a primary focus on lithium.

2.2 Share Issuance Headroom

Having successfully completed the Feasibility Study on its Sonora Lithium Project, the Company intends to embark on a fund raising exercise in order to secure the US\$419 million capital expenditure requirement to develop phase 1 of the Sonora Lithium Project and finance further work on the Zinnwald Lithium Project. It is intended that a substantial proportion of the funding will be raised through equity finance.

The Company will be subject to the Act and the statutory rights of pre-emption contained therein. The Company, acting in accordance with the Act, has conditionally obtained an express authority by way of a special resolution from its members granting the Directors authority to disapply pre-emption rights to the allotment of up to 365,000,000 Bacanora UK Shares in the period up to the Company's next annual general meeting.

The Company and Bacanora Canada are mindful that this authority has been obtained prior to the implementation of the Arrangement, on completion of which, the entire share capital of the Company will be held by Bacanora Canada Shareholders, who did not have the direct opportunity to vote on the resolutions. Accordingly, the Company's resolutions have been passed subject to approval, in principle, by the Bacanora Canada Shareholders at the Bacanora Canada GM of an equivalent resolution.

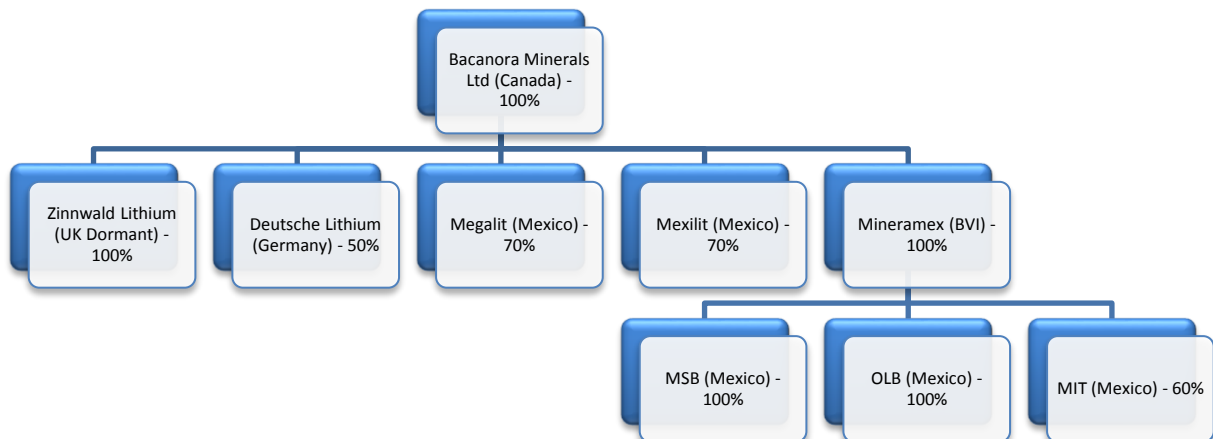
The Directors believe that this and the other related resolutions are in the best interests of the Bacanora Group, as they provide greater flexibility to raise the funds required to continue the Company's development as an international lithium company. The Company intends to update its shareholder authorities on an annual basis at its annual general meetings.

Further details of the resolutions passed by the Company allowing the Directors to issue and allot shares as if the pre-emption rights contained in the Act did not apply are described in paragraph 4.7 of Part III of this document. The reasoning behind the resolutions is set out in paragraph 13 of this Part I.

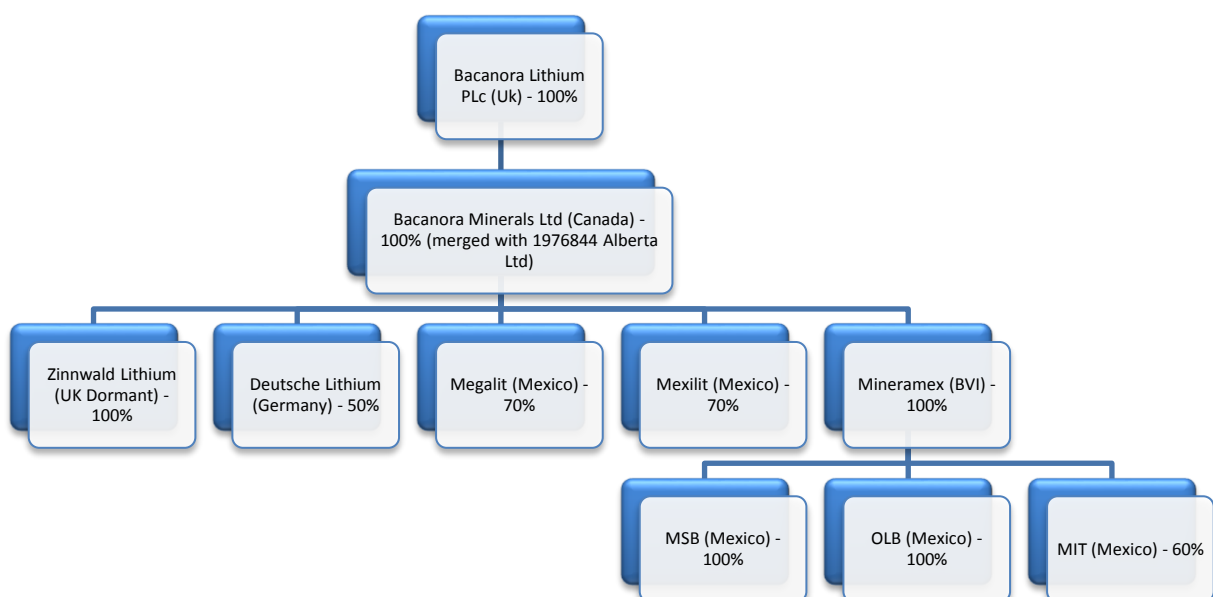
Details of the Plan of Arrangement are set out in the Plan Circular which has been sent to Bacanora Canada Shareholders and is available on Bacanora Canada's website at www.bacanoraminerals.com and on SEDAR at www.sedar.com.

3 Group Structure

The following is a diagram of the current Bacanora Canada Group structure prior to the completion of the Plan of Arrangement:



The following is a diagram of the Bacanora Group structure following completion of the Plan of Arrangement. References to Bacanora Minerals Ltd in the diagram mean the corporation formed by way of amalgamation between Bacanora Canada and Acquire Co pursuant to the Arrangement:



4 Directors and Senior Management

4.1 Directors

If the Re-domicile Proposal is implemented, all the current Bacanora Canada directors will become directors of the Company. The Board will therefore be as follows:

Mark Hohnen, aged 67, Executive Chairman

Mr. Hohnen has experience in the Japanese, Chinese and Korean markets, all of which play a significant role in the production of lithium ion batteries and the development of electric vehicle technology. Mr. Hohnen has been involved in the mineral resource sector since the late 1970s. He has had extensive international business experience in a wide range of industries including mining and exploration, property, investment, software and agriculture. He has held a number of directorships in both public and private companies and was founding Chairman of Cape Mentelle and Cloudy Bay wines, as well as being on the board of oil and coal company Anglo Pacific Resources Plc. Mr. Hohnen was also a director of Kalahari Minerals and Extract Resources, having successfully negotiated the sale of both companies to Taurus (CGN). He is also chairman of ASX listed, Boss Resources Limited and director of Salt Lake Potash Limited.

Derek Batorowski, aged 50, Non-Executive Director

Mr. Batorowski has over twenty years of experience in the oil and gas and mineral exploration industries. He is experienced in accounting, finance, corporate planning, treasury, and taxation with both public and private large and small oil and gas producers and small cap national and international mineral exploration companies. He currently acts as Chief Financial Officer for Blacksteel Energy Inc. Prior thereto, he was Chief Financial Officer of Westcore Energy Ltd. from March 2009 to June 2014 and Chief Financial Officer of Regal Energy Ltd. from July 2008 to March 2009. Since 1993, he has been an independent consultant to the oil and gas industry, having held various financial positions with junior private and public companies. Mr. Batorowski received his Business Administration Diploma from Mount Royal University in 1989. He has been a member of the Chartered Professional Accountants (CGA) of Alberta since 21 June 2000.

James Strauss, aged 48, Non-Executive Director

Mr. Strauss has 30 years' experience within the stockbroking and mining finance sector. Currently he is a Director of mining finance boutique, Strauss Partners Ltd, based in London, UK. He was Managing Director at BMO Capital Markets from 2007 to 2009. He has raised in excess of \$1bn for projects spanning the globe in both energy and mineral world on behalf of leading institutions in UK, Europe, North America and Australia. He is particularly well known for his long term specialisation of the diamond mining sector as well as supporting development assets through to production. Mr. Strauss is a Director of Altius Minerals and Gold Standard Ventures.

Raymond Hodgkinson, aged 62, Non-Executive Director

Mr. Hodgkinson was appointed as a director of Bacanora Canada on incorporation (2008) and remained so until 2013. On 24 November 2016 he was re-appointed. He has previously worked as an engineering consultant to Striker Exploration Corp. and Exoro Energy Inc. He has been an Independent Director of Westcore Energy Ltd. since March 2007 and a director of Troy Energy Corp. since September 2009. He served as Chief Operating Officer of Aztek Energy Ltd. from June 1, 2006 to January 2010. He served as a director of Tembo Gold Corp (formerly Lakota Resources Inc.) from October 2009 to July 15, 2011. He has 30 years of experience in the natural resources sector and is a member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Hodgkinson received a Bachelor of Science Degree in Engineering from University of Calgary in June 1977.

Dr Andres Antonius, aged 48, Non-Executive Director

Dr. Antonius is a Mexican national who has held positions in the Government of Mexico as well as in the private sector and academia. Dr. Antonius previously served as Undersecretary for Energy Policy and prior to that was a staff member at the Agriculture Secretariat. Dr. Antonius also held the role of coordinator for strategy of then President Elect Peña Nieto's transition team in 2012. Dr. Antonius is currently CEO of Plan B, a provider of strategic advice to a range of clients. Prior to founding Plan B, he was the President of the Consulting Services Group at Kroll, a world leader in risk management, business intelligence, and investigations. Dr. Antonius has also held the position of Director of Strategic Planning at the Instituto Tecnológico Autónomo de México ('ITAM') and has taught economic theory, game theory, and crisis management at both the ITAM and the Universidad Iberoamericana. He received a B.A., Masters and PhD degree in Economics from Harvard University.

Mr. Junichi Tomono, aged 44, Non-Executive Director

Mr Tomono has over 22 years' experience with Hanwa, during which time he has worked in the metals, chemicals, alloys, scrap metals and mining divisions. Mr. Tomono has a special focus on the battery chemicals sector including lithium. As head of the Speciality Metals and Alloys department and as a Director of three of Hanwa's subsidiaries, Mr. Tomono has played a key role in Hanwa adopting a more global focus in response to the rapid growth in the lithium battery sector.

Eileen Carr, aged 61, Non-Executive Director

Ms Carr has been a key member of teams behind the development of a number of successful mining operations across the world, including the Freda Rebecca gold mine in Zimbabwe, the Ayanfuri gold mine in Ghana, the Kalsaka gold mine in Burkina Faso and the Angovia gold mine in Ivory Coast. She has served as Finance Director/CFO for both private and public companies starting with Cluff Resources in 1993. She has since gone on to hold several executive directorships in the resource sector, including CFO at both AIM traded Monterrico Metals plc and Alexander Mining plc, and Director at European Goldfields Inc. Ms Carr has also held a number of Non-Executive Directorships and currently sits on the Board and the Audit Committee of Sylvania Platinum Limited. Her first non-executive role was for Banro Corp in 1998 and more recently she was a Non-Executive Director for Talvivaara Mining Co, the Finnish nickel company, and Goldstar Resources NL, an ASX listed gold company. Ms Carr holds an MSc in Management from London University and is a SLOAN fellow of London Business School.

4.2 Senior Management

Peter Secker, aged 58, Chief Executive Officer

Mr. Secker is a mining engineer with over 30 years' experience in the resources industry. During his career he has built and operated a number of mines and metallurgical processing facilities in Africa, Australia, China and Canada. His operating and project experience spans a number of commodities, including titanium, copper, iron ore, gold and lithium. For the past ten years Peter has been Chief Executive of a number of publicly listed companies, most recently as CEO of Canada Lithium Corporation whilst successfully developing the Quebec lithium project.

Janet Boyce, aged 36, Chief Financial Officer

As a member of the executive management team between August 2013 and July 2017, Ms Boyce played an important role in the formulation and implementation of group strategy at Gemfields plc. During this period, Ms Boyce's responsibilities included: managing the accounting, insurance, legal, tax, and treasury functions; providing strategic guidance to operating subsidiaries and divisions; and overseeing the financial activities of subsidiary companies and foreign operations. As well as playing an important role in the group's investor

relations, she was instrumental in increasing the group's banking facilities from US\$15m to US\$100m. In addition, Ms Boyce managed Gemfields' preparations for a main board listing: establishing risk management, internal audit, legal, tax and CoSec functions; integrating management reporting processes; implementing accounting systems; and upgrading corporate governance. Prior to Gemfields, Ms Boyce held a number of senior positions with ENRC Plc (August 2007 – July 2013), which at the time of her employment was a FTSE 100 mining and metals company. Her roles included: Group accounting methodology manager; Deputy Finance Controller; Corporate accounting manager and Group reporting manager. Previously Ms Boyce was part of the Audit and Assurance Services team at Ernst & Young LLP in London and PricewaterhouseCoopers in the Philippines (2002 - 2007).

Cherif Rifaat, aged 46, Company Secretary

Mr Rifaat is a UK Chartered Accountant who qualified with KPMG and has more than 20 years' experience in a number of Industries, including mining, IT, real estate and telecommunications. He has been involved with Bacanora Canada since it listed on AIM in July 2014, assisting in the preparation of the Group's recent Feasibility Study and the Group's long term tax and financial structuring. He serves as CFO and director of Erris Resources Plc.

5 Business Operations

Bacanora Canada has recently published a Feasibility Study and the Directors intend to raise the funds required to commence the development of Phase 1 of its Sonora Lithium Project. In addition, it has a fully commissioned Pilot Plant in Hermosillo which includes a laboratory together with equipment and facilities to process and test samples sourced from the borate and lithium concessions. Bacanora Canada also has a 50% interest in the Zinnwald Lithium Project in Germany, for which it is currently undertaking further work in order to produce a Feasibility Study in 2019.

5.1 Sonora Lithium Project

The Sonora Lithium Project consists of ten contiguous concessions areas covering approximately 100,000 hectares. Two of the concessions (La Ventana, La Ventana 1) are owned 100% by Bacanora Canada's subsidiary MSB. The El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions are owned by Bacanora Canada's subsidiary, Mexilit (which is owned 70% by Bacanora Canada and 30% by Cadence). The San Gabriel and Buenavista concessions are owned by Bacanora Canada's subsidiary, Megalit (which is owned 70% by Bacanora Canada and 30% by Cadence), and the Megalit concession is owned by MSB but is to be transferred to Megalit.

Table 1: Sonora Concessions

Concession Name	Title #	Record Date mm/dd/year	Expiry Date mm/dd/year	Area (Ha)
100 % interest owned by Bacanora Canada				
La Ventana	235611	01/22/2010	01/21/2060	875
La Ventana 1	243127	07/10/2014	07/09/2064	945
70% interest owned by Bacanora Canada				
El Sauz	235614	01/22/2010	01/21/2060	1,025
Fleur	243132	07/10/2014	07/09/2064	2,334
El Sauz 1	244345	08/11/2015	08/10/2065	200
El Sauz 2	243029	05/30/2014	05/29/2064	1,144
Fleur 1	243133	07/10/2014	07/09/2064	1,630
Buenavista	235613	01/22/2010	01/21/2060	649

Megalit ⁽¹⁾	Approved for Title	11/07/2013	n/a	87,085
San Gabriel	235816	03/12/2010	03/11/2060	1,500

⁽¹⁾ Bacanora Canada currently holds the Megalit concession in MSB, but intends to transfer it to the Megalit subsidiary once the licence is received from the Mexican Federal Mining Ministry.

The Sonora Lithium Project is purportedly subject to a 3% gross overriding royalty payable to the Orr-Ewing Estate pursuant to the Royalty Agreements, on sales of mineral products produced from certain concessions within the Sonora Lithium Project. However Bacanora Canada is currently challenging the validity and enforceability of such royalty and is seeking an order of the Court declaring such royalty void ab initio. The basis of Bacanora Canada's claim is that the Royalty was originally granted based on a negligent or fraudulent misrepresentation by Mr. Orr-Ewing that he held a pre-existing royalty granted prior to the acquisition of the Sonora Lithium Project by Bacanora Canada. The dispute with respect to the Royalty is further described in paragraph 16 of Part III of this Document.

The Sonora Lithium Project is located approximately 190 kilometres northeast of the city of Hermosillo, in Sonora State, Mexico. It is roughly 200 kilometres south of the border with Arizona, USA. Access to the site is by road from either Hermosillo or the US border town of Agua Prieta. The Project has access to significant support infrastructure including paved roads, process water and local labour.

On 20 October 2017, Bacanora Canada announced that the Environmental Impact Statement, the Manifestacion de Impacto Ambiental, for its Sonora Lithium Project has been approved by SEMARNAT, the Environment Ministry of Mexico. The approval grants Bacanora Canada government approval to construct an open-pit mine and a large scale beneficiation processing facility at Sonora.

On 1 November 2017, Bacanora Canada announced that access and surface rights had been secured for the Sonora Lithium Project. The access and surface rights mainly relate to the land area covering mineral resources contained within the La Ventana, Fleur and El Sauz concession areas. Bacanora Canada has entered into binding agreements to acquire the freehold to two parcels of land which, following completion of the Feasibility Study, will provide Bacanora Canada with unrestricted access to develop the Sonora Lithium Project and operate it for the initial Life of Mine.

On 13 December 2017, Bacanora Canada announced the results of the Feasibility Study on the Sonora Lithium Project. On 25 January 2018, Bacanora Canada published the full Technical Report on the project a copy of which can be viewed under Bacanora Canada's profile on SEDAR at www.sedar.com. The Feasibility Study demonstrates the attractive economics of Sonora and key findings are shown in table below:

Table 2:

Feasibility Study Key Indicators	Value
Pre-tax Net Present Value (\$ 000)	1,253,027
Pre-tax IRR	26.1%
Simple Payback Stage 1 (years)	4
Initial Construction Capital Cost Stage 1 (\$ 000)	419,616
Construction Capital Cost Stage 2 (\$ 000)	380,262
Av. LOM operating costs (\$/t Li ₂ CO ₃)	3,910
Av. operating costs (\$/t Li ₂ CO ₃ net of K ₂ SO ₄ credits)	3,418

Post-tax NPV (at 8% discount) (\$ 000)	802,464
Post-tax IRR	21.2%
Av. annual EBITDA with co-products (\$ 000)	229,362
Annual Li ₂ CO ₃ production capacity Stage 1	17,500 t
Annual Li ₂ CO ₃ production capacity Stage 2	35,000 t
Annual K ₂ SO ₄ production capacity Stage 2	30,000 t

(* All costs are in US dollars)

As part of the Feasibility Study, a Mineral Resource estimate was prepared by SRK in accordance with NI 43-101. The following tables present the summary of current lithium resources for the Sonora Lithium Project.

Table 3: Measured and Indicated Mineral Resources (Cut-off grade of 0.1% Li)

Category	Cut-off (Li ppm)	Tonnes (000t)	Li (ppm)	K (%)	LCE (000t)	LCE attributable to Bacanora (000t) ⁽ⁱⁱⁱ⁾
Measured	1,000	103,000	3,480	1.5	1,910	1,776
Indicated	1,000	188,000	3,120	1.3	3,130	2,345
Total	1,000	291,000	3,250	1.4	5,038	4,119

Table 4: Inferred Mineral Resources

Category	Cut-off (Li ppm)	Tonnes (000t)	Li (ppm)	K (%)	LCE (000t)	LCE attributable to Bacanora (000t) ⁽ⁱⁱⁱ⁾
Inferred	1,000	268,000	2,650	1.2	3,779	3,220

Notes:

- (i) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- (ii) The Mineral Resources are inclusive of the Mineral Reserves stated elsewhere in this document.
- (iii) Tonnes rounded to the nearest thousand.
- (iv) LCE is the industry standard terminology for, and is equivalent to, Li₂CO₃. 1 ppm Li metal is equivalent to 5.323 ppm LCE / Li₂CO₃. 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.
- (v) Reported from a block model above 1000 ppm Li and above a simple open pit shell generated using the technical and economic parameters established during the FS, with the exception of the LCE selling price of US\$ 14,300 (which represents a 30% premium on top of the US\$11,000 used for the Mineral Reserve estimate).

Mining Operations

The mining operation for the Sonora Lithium Project is planned as an open-pit development using a combination of continuous miners to mine the ore zones and a truck/shovel fleet to remove the waste material. Mining operations will be augmented with an ancillary fleet of dozers, graders and water trucks. The Mineral Reserve estimate was prepared by IMC in Tucson, Arizona. The Mineral Reserve estimate includes an ore recovery factor of 100% and mining dilution of 100mm at the top and bottom of the mineralized beds, with the grades of the elements in the adjacent lithologies.

Table 5: Mineral Reserves: (Cut-off grade of 1,500ppm Li)

Category	Tonnes Ore (000t)	Li (ppm)	K (%)	LCE (000t)	LCE attributable to Bacanora (000t) ⁽ⁱⁱⁱ⁾
Proven	80,146	3,905	1.64	1,666	1,550
Probable	163,662	3,271	1.36	2,849	2,126
Total	243,808	3,480	1.45	4,515	3,676

Notes:

(i) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

(ii) Tonnes rounded to the nearest thousand.

(iii) LCE is the industry standard terminology for, and is equivalent to, Li_2CO_3 . 1 ppm Li metal is equivalent to 5.32 ppm LCE / Li_2CO_3 . 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.

Processing

Metallurgical testwork for the Feasibility Study was carried out at SGS Lakefield Laboratories ('SGS') in Perth and ANSTO Laboratories ('ANSTO') in New South Wales, Australia. The process engineering and design for the process plants and infrastructure was completed by Ausenco. The process plant design comprises a pre-concentration stage to produce an initial concentrate prior to roasting. The concentrate is subsequently heated in a kiln, at approximately 950 degrees Celsius, in combination with re-cycled sodium sulphate (Na_2SO_4), which is a by-product produced from the Sonora lithium plant, to produce an intermediate lithium sulphate (Li_2SO_4) product. This sulphate material then undergoes hydrometallurgical treatment, filtration, cleaning, precipitation and packaging, to produce a >99.5% Li_2CO_3 final battery grade product. The integrated plant has been designed to initially process 1.1Mt of ore per year during Stage 1 of the Sonora Lithium Project, subsequently increasing to 2.2Mt per year at Stage 2, producing 17,500 tpa and 35,000 tpa of lithium carbonate, respectively.

The plant design also includes a circuit to produce up to 30,000 tpa of K_2SO_4 /SOP product through a series of evaporation and precipitation stages.

Capital Costs

The initial mining fleet, comprising a continuous miner to excavate the ore zones and a front end loader and a 90 tonne haul truck fleet to remove the non-mineralised waste material. In addition, there is an ancillary mobile fleet including dozers, graders and front end loaders, which will also be leased. The initial capital cost for the mining operation is estimated to be US\$17.6M.

The metallurgical processing facility capital cost estimate is based on an on-site processing plant comprising all new equipment, to produce battery-grade lithium carbonate.

The capital cost estimates for the process plant, infrastructure, Tailings Management Facility ('TMF') construction, Engineering, Procurement, and Construction Management ('EPCM') fees, and general and administration costs were compiled by Ausenco.

Table 6: Construction Capital Costs

Category	Estimate Stage 1 (US\$000)	Estimate Stage 2 (US\$000)
Mining	17,611	17,614
Beneficiation plant	18,483	18,483
Lithium processing plant	158,288	158,285
Infrastructure	58,841	23,581
Plant Services	55,334	55,334
EPCM/Owner cost/Indirect	72,912	72,393
Contingency	38,147	34,569
Total	419,615	380,261

The Life of Mine sustaining mining and processing capital requirement is approximately US\$140.6 million.

Energy

Energy has been a significant focus of the Feasibility Study and Bacanora Canada has received a number of proposals for the supply of natural gas (via pipeline) to the Sonora Lithium Project. There is a significant operating cost saving in using natural gas rather than LNG and Bacanora Canada is currently working with a shortlist of potential pipeline and natural gas suppliers to ensure that natural gas supplies from Agua Prieta to the project site are available in time for the commissioning Stage 1 of the Sonora Lithium Project. In addition to supplying natural gas for the kiln circuit, the energy supply package would include the installation of a gas turbine combined cycle plant on site to produce high voltage electricity for the processing plants.

Operating Cost Estimate

The mining and processing operating costs are for an operation achieving average annual production of approximately 17,500 rising to 35,000 tonnes of battery-grade 99.5% Li_2CO_3 . The estimated average operating cost for the mine, primary and secondary processing facilities are as follows:

Table 7: Sonora Lithium Project Operating Costs

Category	Stage 1 (US\$/t Li_2CO_3)	Stage 2 (US\$/t Li_2CO_3)	Average LOM (US\$/t Li_2CO_3)
Mining	325	511	490
Processing	3,418	3,169	3,198
G&A	296	212	222
Total	4,039	3,893	3,910

Cash Flow Analysis

The Sonora Lithium Project is currently estimated to have a payback period of four years. Cash flows are based on a 100% equity funding basis and the economic analysis indicates a pre-tax Net Present Value, discounted at 8%, of approximately US\$1.25 billion as shown below, and IRR of approximately 26.1%. Post tax the NPV is approximately \$802 million and IRR 21.2%.

Table 8: Sensitivity Analysis

Discount Rate	Base Case Pre Tax NPV (US\$000)	Base Case Post Tax NPV (US\$000)
0%	3,425.1	2,371.4
2%	2,644.3	1,808.0
4%	2,054.0	1,381.7
6%	1,602.4	1,055.2
8%	1,253.0	802.5

Base case Life of Mine revenue is estimated at US\$6.9 billion, with an EBITDA of approximately US\$4.3 billion.

Market Review and Lithium Pricing

SignumBox has provided Bacanora Canada with their detailed 20 year analysis of the global lithium market, summarised as follows:

- By 2037, SignumBox anticipate global annual demand for lithium chemicals to reach about 1,700,000 tonnes of LCE in their base scenario, compared to the current 190,000 tonnes in 2017, equating to an average annual growth rate of about 11.5% over the next 20 years.
- SignumBox estimates that the battery segment of the market will continue to grow strongly and by 2037 it would represent 84% of total lithium demand, compared to the current 35% in 2017.
- When considering various pricing scenarios, SignumBox estimates that the lithium carbonate (battery grade) long term price (2030) would range between US\$13,700/t to US\$20,600/t.

For the Feasibility Study cashflow analysis, Bacanora Canada has taken a more conservative approach to pricing and is using a flat price of US\$11,000/t for battery grade lithium carbonate over the 20 year Life of Mine. The cashflow analysis was prepared by Bacanora Canada's financial consultants.

Lithium Off-take

Bacanora Canada's lithium Pilot Plant in Hermosillo continues to produce high quality battery grade lithium carbonate samples for distribution to potential customers in Asia. In April 2017, Bacanora Canada signed a long term lithium off-take with the Hanwa Corporation of Japan for the Stage 1 lithium carbonate production from Sonora. In addition, Hanwa became a cornerstone 10% shareholder in Bacanora Canada via a private placement at the then current share price of 82.5 pence per share on 2 May 2017.

Community and Environment

As part of Bacanora Canada's environmental management programmes, the Manifestacion de Impacto Ambiental (MIA) was lodged with the government authorities in May 2017. Approval for the MIA was received in October 2017.

Land access agreements were signed in October 2017 securing access and surface rights mainly relating to the land area covering mineral resources contained within the La Ventana, Fleur and El Sauz areas. Bacanora Canada has entered into binding agreements to acquire the freehold to two parcels of land which will provide Bacanora Canada with unrestricted access to develop the project and operate it for the initial Life of Mine.

In addition, Bacanora Canada has commenced an active programme to engage with the local communities within the project area.

Sonora Lithium Project Timetable

Subject to Board approvals, project financing and general lithium market conditions, Bacanora Canada will continue to progress the Sonora Lithium Project through the project development stages over the next 24 months. Subsequent to a Board approval in Q1 2018 to develop the project, the detailed design engineering phase of the project is currently scheduled for late Q1 2018. During this stage a definitive schedule for the project development will be completed and presented to the Board for final approval. Regular updates on the project progress will be provided throughout the project schedule.

Report Filing

The technical report on the Feasibility Study, prepared in accordance with NI 43-101, has been filed and is available for viewing under Bacanora Canada's profile on SEDAR at www.sedar.com and is also available to view at www.bacanoraminerals.com.

The Mineral Resource and Ore Reserve estimates set out above were prepared in accordance with the CIM "Definition Standards on Mineral Resources and Mineral Reserves" adopted by the CIM Council on 10 May 2014, and the CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines," adopted by CIM Council on 23 November 2003, in compliance with NI 43-101 guidelines.

5.2 German Lithium Assets

Zinnwald Lithium Project

On 21 February 2017, Bacanora Canada announced the acquisition of a 50% interest in, and joint operational control of, Deutsche Lithium (which owns the Zinnwald Lithium Project in southern Saxony, Germany) from SolarWorld. Zinnwald, which reportedly produced lithium carbonate in the 1950s, is 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 Zinnwald Lithium Project benefits from excellent access to the rapidly growing market for lithium in Germany which is being driven by the automotive, renewable energy storage and chemicals industries. The geographical location of Zinnwald provides potential access to new markets, which diversifies risk and complements potential target markets for the Sonora Lithium Project in Mexico. At the completion of a feasibility study on the Zinnwald Lithium Project, anticipated to cost approximately €5 million and to take approximately 18-24 months to complete, Bacanora Canada, alone or together with any reasonably acceptable third party, has an option to acquire the outstanding 50% held by SolarWorld by 17 February 2019 for €30 million. In the event that Bacanora Canada does not exercise this right within the above stated

timeframe, then SolarWorld has the right but not the obligation to purchase Bacanora Canada's 50% interest for €1. SolarWorld entered into administration in May 2017 and Bacanora Canada is therefore in discussions with the administrator in relation to SolarWorld's 50% interest in Deutsche Lithium.

On 7 November 2017, Bacanora Canada announced that Deutsche Lithium, had been granted an extraction permit covering 256.5 hectares of the Zinnwald Lithium Project. The 30 year permit was issued by the Saxony State Mining Authority (*Sächsisches Oberbergamt*) in accordance with §8 of the German Mining Act (*Bundesberggesetz*).

The Zinnwald Lithium Project has a historical resource estimate which was reported in accordance with PERC, comprised of Measured, Indicated and Inferred Resources¹. A Qualified Person (under NI 43-101) has not done sufficient work to confirm the historical estimate; hence Bacanora Canada is not treating the historical estimate as current Mineral Resources or Mineral Reserves.

Classification	Tonnes* (000)	Li Grade (ppm)	Contained LCE** tonnes
Measured	10,283	3,661	200,277
Indicated	16,287	3,594	311,408
Inferred	9,867	3,704	194,484

Notes:

* Li cut-off 2,500ppm and >2 metres vertical thickness.

** LCE is the industry standard terminology for, and is equivalent to, Li_2CO_3 . 1 ppm Li metal is equivalent to 5.32 ppm LCE / Li_2CO_3 . 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.

Recent testwork on Zinnwald concentrates has shown that a number of downstream lithium products can be produced from the Zinnwald ores, utilising chemicals and infrastructure available in the Dresden area. As part of the ongoing development of Zinnwald, a feasibility study is underway to develop a strategy to demonstrate the economic viability of producing higher value downstream lithium products for the European battery and automotive sectors and is expected to be completed in mid-2019.

A resource infill drilling programme to upgrade the existing resource model in accordance with NI 43-101 is ongoing.

Collection of a 100 tonne bulk ore sample from the legacy mine at Zinnwald to provide samples for metallurgical testwork has been completed. On completion of the concentration testwork, hydrometallurgical testwork for downstream processing will be undertaken, focusing on the production of higher value lithium battery chemical products.

Falkenhain Licence

Deutsche Lithium has recently been granted an exploration permit covering 295 hectares of the previously mined Falkenhain lithium deposit in southern Saxony, Germany. Falkenhain, which is located within 5km of the Zinnwald Lithium Project has the potential to increase the lifetime of a mine at Zinnwald.

As with the Zinnwald Lithium Project, Falkenhain lies in a geological setting of granite hosted Sn/W/Li belts that have been explored and mined historically for tin, tungsten and lithium.

¹ The foregoing estimates were set forth in a report dated 1 October 2014, prepared by G.E.O.S. Ingenieurgesellschaft mbH and Technical University Bergakademie Freiberg on behalf of SolarWorld Solicium GmbH and entitled, "Zinnwald Lithium Project, Report According to PERC Standard".

Historical exploration data indicates additional resources at Falkenhain hosted in several ore bodies containing lithium, tin metal and tungsten. The Directors believe that the historical work at Falkenhain and the geological context of the deposit support the case for investing in the Falkenhain Licence and conducting further work to investigate the deposit and its potential for economic extraction.

Deutsche Lithium plans to explore the deposit over the next five years and to combine its exploration and development with Zinnwald. A five year exploration licence was issued to Deutsche Lithium by the Saxony State Mining Authority (*Sächsisches Oberbergamt*) in accordance with §7 of the German Mining Act (*Bundesberggesetz*).

5.3 Magdalena Borate Project

The Magdalena Borate Project consists of eight concessions, with a total area of 7,095 hectares. The Magdalena Borate Project is road accessible and located immediately east of the town of Magdalena de Kino, north of Hermosillo, Mexico. Bacanora Canada has estimated drill-indicated boron resources in accordance with NI 43-101 on its Cajon borate deposit. The Magdalena property is subject to a 3% gross overriding royalty payable to Minera Santa Margarita S.A. de C.V., a subsidiary of Rio Tinto PLC, and a 3% gross overriding royalty payable to the estate of the past Chairman of Bacanora Canada on sales of borate produced from this property.

Borates property outlook

For the year ended 30 June 2017 an impairment charge of \$8,037,430 was recognised in respect of the Magdalena Borate property. As a result of Bacanora Canada's decision not to invest any further capital in the project and Bacanora Canada's focus on the lithium projects an impairment test was performed. The recoverable amount is its estimated fair value less costs to sell and is determined to be \$679,125. Assuming completion of the Arrangement, the Company plans to maintain the mining concessions in good standing for the next fiscal period.

6 Financial Information

Bacanora Canada's audited annual report and accounts for the three financial years ended 30 June 2017 and the unaudited interim accounts for the three months ended 30 September 2017 can be viewed on Bacanora Canada's website at www.bacanoraminerals.com and on SEDAR at www.sedar.com. The unaudited interim accounts for the six months ended 31 December 2017 are expected to be issued before the end of February 2018 and will be available for viewing on Bacanora Canada's website and on SEDAR.

7 Recent Developments and Prospects

On 10 April 2017, Bacanora Canada announced that it has entered into a strategic partnership with Hanwa, a leading Japan-based global trading company and one of the larger traders of battery chemicals in Japan, with reported net sales of more than ¥1,000 billion in 2016. Hanwa was awarded an off-take agreement for up to 100% of Bacanora Canada's stage 1 production of the lithium carbonate produced at its Sonora Lithium Project at market price at the time. Hanwa also acquired a 10% equity stake in Bacanora Canada by purchasing 12,333,261 of its common shares and has an option to increase its interest up to 19.9%.

On 17 November 2017, Bacanora Canada filed a statement of claim with the Court of Queen's Bench (Alberta) seeking to void *ab initio*, a 3% gross overriding royalty held by the Orr-Ewing Estate over certain of Bacanora Canada's lithium assets in Sonora, Mexico. The basis of Bacanora Canada's claim is that the royalty granted under the Royalty Agreements to Mr. Orr-

Ewing was originally granted based on a negligent or fraudulent misrepresentation by Mr Orr-Ewing that he held a pre-existing royalty granted prior to the acquisition of the lithium properties by Bacanora Canada. The dispute with respect to the Royalty is further described in paragraph 16 of Part III of this Document.

On 13 December 2017, Bacanora Canada announced that the results of the Feasibility Study for the Sonora Lithium Project in Mexico confirmed the positive economics and favourable operating costs of a 35,000 tonnes per annum battery grade Li_2CO_3 operation. The Feasibility Study estimates a pre-tax project Net Present Value of US\$1.253 billion at an 8% discount rate and an Internal Rate of Return of 26.1%, and Life of Mine operating costs of US\$3,910/t of lithium carbonate.

On 15 December 2017, Bacanora Canada announced that NextView, a Chinese institutional fund management group focused on new technologies and energy, had agreed to acquire a 19.89% equity interest (non-diluted) in Bacanora Canada via the placement of 32,976,635 common shares in Bacanora Canada. On 1 February 2018, Bacanora Canada announced that the deadline for completion of such placing had been extended and that both parties were committed to proceeding with this placing. In addition, Bacanora Canada has agreed to supply NextView with 5,000tpa of lithium carbonate produced at its Sonora Lithium Project on a best endeavours basis at market prices from its Stage 1 of production, with a firm commitment to supply 8,000tpa of lithium carbonate during Stage 2 and a best endeavours promise to supply a further 7,000tpa during Stage 2. NextView has also agreed to employ its reasonable endeavours to assist Bacanora Canada and the Company in procuring project debt financing for Sonora.

On 9 February 2018, Bacanora Canada announced its intention to re-domicile of which this Document forms a part.

8 The Arrangement, Admission and Settlement

A full explanation of the Arrangement is contained in the Plan Circular, which was sent to Bacanora Shareholders on 19 February 2018 and can be viewed on Bacanora Canada's website at www.bacanoraminerals.com (and after Admission at www.bacanoralithium.com and under Bacanora Canada's profile on SEDAR at www.sedar.com). You are invited to read the Plan Circular for a full explanation of the terms of the Arrangement as what follows here is only a brief summary.

If the Arrangement is approved and comes into effect, the Company will become the ultimate parent company of the Bacanora Canada Group.

8.1 The Arrangement

For the Arrangement to be approved by Bacanora Canada Shareholders, Bacanora Canada Shareholders holding not less than two-thirds of the voting rights of Bacanora Canada, and who are present and voting either in person or by proxy, must vote in favour of the Arrangement at the Bacanora Canada Shareholder Meeting. This approval will also fulfil TSXV requirements to obtain the approval of a simple majority of Bacanora Canada Shareholders. Final approval of the Arrangement from the Court is also required for the Arrangement to become effective.

For more information regarding the Arrangement please refer to the Plan Circular setting out details of the Arrangement, including the Bacanora Canada Shareholder Meeting and the requisite Court approvals of the Arrangement.

Under the terms of the Arrangement Agreement, if requisite approval of the Arrangement is obtained from the Bacanora Shareholders and the Court, Bacanora Canada's Shareholders will receive one Bacanora UK Share for each Bacanora Canada Share held.

Bacanora UK Shares will be issued to Bacanora Canada Shareholders on the Effective Date.

Accordingly, immediately upon the Arrangement becoming effective, a Bacanora Canada Shareholder will have the same proportionate interest in the profits, net assets and dividends of the Company as they have in Bacanora Canada immediately prior to the Effective Date. The Bacanora Group will have the same business and operations immediately after the Effective Date as the Bacanora Canada Group had immediately before the Effective Date. The assets and liabilities of the Bacanora Group immediately after the Effective Date will not differ materially from the assets and liabilities the Bacanora Canada Group had before the Effective Date, save that the Company will hold all of the common shares then in issue in Bacanora Canada.

8.2 Admission

Application will be made to the London Stock Exchange for the Bacanora UK Shares to be admitted to trading on AIM and dealings in Bacanora UK Shares are expected to commence on 21 March 2018. The ISIN of the Bacanora UK Shares will be GB00BD20C246.

The cancellation of trading on AIM and on TSXV of the Bacanora Canada Shares is expected to take place on the day after the Effective Date. The last day of dealings in Bacanora Canada Shares is expected to be on 20 March 2018. The last day for registration of transfers of Bacanora Canada Shares is expected to be on 19 March 2018.

8.3 Settlement

Bacanora Canada Shareholders who hold their shares in certificated form or through the Canadian Depositary for Securities Limited

Enclosed with the Plan Circular is a Letter of Transmittal which is being delivered to all registered holders of Bacanora Canada Shares. The Letter of Transmittal, when validly completed and duly executed and returned with the certificate or certificates representing the holder's Bacanora Canada Shares and any other required documents, will enable the holder to receive one Bacanora UK Share for each Bacanora Canada Share held upon completion of the Arrangement.

Bacanora UK Shares will be issued as soon as practicable after the Effective Date and, if in certificated form, will be forwarded to the Bacanora Canada Shareholder at the address specified by the Bacanora Canada Shareholder in the Letter of Transmittal by prepaid postage, first class mail, or be made available for pick-up at the office of the depositary where the Bacanora Canada Shares were deposited by the Bacanora Canada Shareholder, if so requested in the Letter of Transmittal.

Bacanora Canada Shareholders should refer to the paragraph below entitled "Failure to lodge Letter of Transmittal" to understand how their shareholding will be treated.

Non-registered holders of Bacanora Canada Shares

Non-registered holders of Bacanora Canada Shares should contact the intermediary (e.g. bank, trust company, securities dealer or broker and a trustee or administrator of a self-administered registered savings plan, registered retirement income fund, registered education savings plan or similar plans or other registered holder) who holds their Bacanora Canada Shares on their behalf to arrange for the exchange of their Bacanora Canada Shares.

Bacanora Canada will issue a news release following the Bacanora Canada Shareholder meeting to confirm whether the Bacanora Canada Shareholders have approved the Arrangement. Bacanora Canada Shareholders will not receive the Bacanora UK Shares to which they are entitled under the Arrangement unless they deposit with the depositary a validly completed and duly executed Letter of Transmittal prior to the required deadline set out in the Letter of Transmittal together with the certificates representing their Bacanora Canada Shares and such other documents as may be required. In the event that the Arrangement is not approved by Bacanora Canada Shareholders at the Bacanora Canada Shareholder Meeting, all Bacanora Canada Shares previously deposited with the depositary will be returned to Bacanora Canada Shareholders.

Definitive share certificates for the new Bacanora UK Shares of Bacanora Canada Shareholders who held their Bacanora Canada Shares in certificated form are expected to be despatched within 14 days of the Effective Date or within 14 days of the receipt of the Letter of Transmittal plus accompanying Bacanora Canada Share certificates (whichever the later). In the case of joint holders, certificates will be despatched to the joint holder whose name appears first in the register of members. All certificates will be sent by pre-paid first class post at the risk of the person entitled thereto.

Bacanora Canada Shareholders should refer to the paragraph below entitled "Failure to lodge Letter of Transmittal" to understand how their shareholding will be treated.

Bacanora Canada Shareholders who hold their shares in CREST as Depositary Interests

Depositary Interests representing Bacanora Canada Shares held in uncertificated form in CREST will be disabled in CREST on the day after the Effective Date. Bacanora Canada Shareholders who hold their Bacanora Canada Shares as Depositary Interests in CREST are not required to complete and return the Letter of Transmittal. However, to accept the offer they will need to input an instruction into CREST using the procedure set out in the circular.

For Bacanora Canada Shareholders who hold their Depositary Interests representing Bacanora Canada Shares in a CREST account, Bacanora UK Shares are expected to be credited to the relevant CREST accounts on 21 March 2018. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Bacanora UK Shares under the CREST system. The Directors will apply for the Bacanora UK Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Bacanora UK Shares following Admission may take place within the CREST system. CREST is a voluntary system and holders of Bacanora UK Shares who wish to receive and retain share certificates will be able to do so.

Failure to lodge Letter of Transmittal

In the event that any Bacanora Canada Shareholders fail to lodge the Letter of Transmittal in accordance with the instructions set out in the Plan of Arrangement and the Circular ("Non Claiming Shareholder") they will not be eligible to receive their Bacanora UK Shares until such time as the Letter of Transmittal duly completed is so lodged. In the meantime the Bacanora UK Shares to which they would otherwise be entitled ("Unclaimed Bacanora UK Shares") will be held on trust by Computershare Trustees (Jersey) Limited (the "Trustee") pursuant to a trust to be created on or before Admission pursuant to a trust deed ("Trust Deed"). Under the terms of the Trust Deed the Trustee will hold the Unclaimed Bacanora UK Shares on trust for the Company until

such time as the Non Claiming Shareholder lodge the Letter of Transmittal duly completed.

Non Claiming Shareholders should be aware that under the Articles:

- in the event that a Non Claiming Shareholder does not lodge a Letter of Transmittal duly completed within 3 years of Admission any entitlement of that Non Claiming Shareholder to his Unclaimed Bacanora UK Shares shall lapse, and such Unclaimed Bacanora UK Shares shall be transferred by the Trustee to the Company;
- a Non Claiming Shareholder shall have no right to any dividends which are declared in respect of the Unclaimed Bacanora UK Shares at any time prior to the date on which they lodge a Letter of Transmittal, and under the terms of the Deed the Trustee shall have the right to waive its rights to receive any dividends which may be so declared.

General

The Company reserves the right to issue Bacanora UK Shares to all shareholders in certificated form if, for any reason, it wishes to do so.

All the Bacanora UK Shares will be in registered form and no temporary documents of title will be issued.

All mandates in force on the Effective Date relating to payment of dividends on Bacanora Canada Shares and all instructions then in force relating to notices and other communications will, unless and until varied or revoked, be deemed from the Effective Date to be valid and effective mandates or instructions to the Company in relation to the corresponding holding of Bacanora UK Shares.

9 Options and RSUs

Stock Option Plan

Bacanora Canada has established the Stock Option Plan and the RSU Plan for directors, senior management and employees. If the Arrangement becomes effective, current option holders who have been granted Options will be able to exercise such Options to subscribe for the same number of Bacanora UK Shares as they would have been entitled to subscribe for Bacanora Canada Shares at the same exercise price. In addition, the Company intends to put in place a new share option scheme on Admission for directors, senior management and employees which will have substantially the same terms so far as possible as the Stock Option Plan. The Board does not expect Bacanora UK Shares under option to exceed 10% of the Company's issued share capital.

At the date of this document, there are 8,364,810 existing Options over Bacanora Canada Shares in issue as summarised below:

Issue Date	No of Options	Exercise Price	Expiry Date
11-Sep-13	300,000	CAD\$0.30	11-Sep-18
02-Dec-15	975,000	CAD\$1.58	02-Dec-20
27-Apr-16	1,000,000	£0.96	21-Apr-19
27-Apr-16	1,000,000	£0.96	21-Oct-19
01-Mar-17	2,362,400	£0.85	01-Mar-20
15-May-17	500,000	£0.87	15-May-20
20-Sep-17	2,227,410	£0.80	19-Sep-20

RSU Plan

On 20 September 2017, the Bacanora Canada Board approved and implemented the RSU Plan. The RSU Plan is administered by the Bacanora Canada remuneration committee under the supervision of its board as compensation to officers, directors, consultants, and employees. The Bacanora Canada remuneration committee determines the terms and conditions upon which a grant is made, including any performance criteria or vesting period.

The purpose of the RSU Plan is to further align the interests of Bacanora Canada's senior executives, key employees, consultants and directors with those of the Bacanora Canada Shareholders.

A copy of the RSU Plan is appended as Appendix G to the Circular which is available for viewing under Bacanora Canada's profile on SEDAR at www.sedar.com. The following is a summary of the material terms of the RSU Plan and is qualified in its entirety by the full text of the RSU Plan.

- Under the RSU Plan, eligible persons may (at the discretion of the Board) be allocated a number of RSUs as the Bacanora Canada Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which RSUs were granted.
- All RSUs are to be evidenced by award agreements entered into in accordance with the RSU Plan.
- Upon vesting, each RSU entitles the participant to receive one Bacanora Canada Share, provided that the participant is continuously employed with or providing services to Bacanora Canada. RSUs track the value of the underlying Bacanora Canada Shares, but do not entitle the recipient to the underlying Bacanora Canada Share until such RSUs vest, nor do they entitle a holder to exercise voting rights or any other rights attached to ownership or control of the Bacanora Canada Shares, until the RSU vests and the RSU participant receives Bacanora Canada Share.
- Upon vesting eligible participants shall be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Bacanora Canada Shares on the redemption date or such number of Bacanora Canada Shares equal to the whole number of RSUs multiplied by the fair market value of the Bacanora Canada Shares on the redemption, such cash payment or Bacanora Canada Share issuance to be at the sole discretion of Bacanora Canada.
- The maximum number of RSUs issuable under the RSU Plan is fixed at 13,190,653, provided however that at no time may the number of RSUs issuable under the RSU Plan, together with the number of Bacanora Canada Shares issuable under options that are outstanding under the Stock Option Plan or any other security based compensation plans, exceed 10% of the issued and outstanding Bacanora Canada Shares as at the date of a grant under the RSU Plan or the Stock Option Plan, as the case may be.
- If Bacanora Canada pays a dividend on the Bacanora Canada Shares outstanding subsequent to granting of RSUs (the "Original RSUs"), such Original RSUs shall be increased by an amount equal to: (a) the product of: (i) the aggregate number of Original RSUs held by the participant on the record date for such dividend; and (ii) the per Bacanora Canada Share amount of such dividend (or, in the case of any dividend payable in property other than cash, the per Bacanora Canada Share fair market value of such property as determined by the Remuneration Committee); divided by (b) the fair market value of the Bacanora Canada Shares on the date the dividend is declared.

- In the event that Bacanora Canada pays a dividend on the Bacanora Canada Shares in additional Bacanora Canada Shares, the number of Original RSUs shall be increased by a number equal to the product of: (a) the aggregate number of Original RSUs held by the participant on the record date of such dividend; and (b) the number of Bacanora Canada Shares (including any fraction thereof) payable as a dividend on one Bacanora Canada Share.
- The grant of any RSUs is subject to the following restrictions: (a) the aggregate number of Bacanora Canada Shares reserved for issuance pursuant to RSUs granted to any one individual in any twelve (12) month period shall not exceed one per cent (1%) of the issued and outstanding Bacanora Canada Shares, unless disinterested shareholder approval is obtained; (b) the aggregate number of Bacanora Canada Shares reserved for issuance pursuant to RSUs granted to Insiders (as defined in the policies of the TSXV), as a group, shall not exceed two per cent (2%) of the issued and outstanding Bacanora Canada Shares, unless disinterested Bacanora Canada Shareholder approval is obtained; and (c) the aggregate number of Bacanora Canada Shares reserved for issuance pursuant to Bacanora Canada RSUs granted to any one individual in any twelve (12) month period, when combined with stock options granted under the Bacanora Canada Stock Option Plan, shall not exceed five percent (5%) of the issued and outstanding Bacanora Canada Shares, unless disinterested Bacanora Canada Shareholder approval is obtained.
- The Board has the discretion under the Bacanora Canada RSU plan to permit the acceleration of the vesting date of any RSUs, all in the manner and on the terms as may be authorized by the Board.

In accordance with the policies of the TSXV the Bacanora Canada RSU Plan will be placed before the Bacanora Canada Shareholders for ratification and approval of the Bacanora Canada Shareholders at the Bacanora Canada GM.

A total of 1,192,277 RSUs were issued on 20 September 2017 to senior executives at a price of £0.80 per RSU. It is intended that the Company will on or immediately following Admission, put in place a scheme in materially similar terms as the RSU Plan and which will replace the RSU Plan.

If the Arrangement becomes effective, current RSU holders who have been granted RSUs will, upon vesting, be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Bacanora UK Shares on the redemption date or such number of Bacanora UK Shares equal to the whole number of RSUs multiplied by the fair market value of the Bacanora UK Shares on the redemption, such cash payment or Bacanora UK Share issuance to be at sole discretion of the Company. In addition, the Company intends to put in place a new RSU plan on Admission for senior executives, key employees, consultants and directors which will have the same terms so far as possible as the existing RSU plan.

10 Dividend Policy

The Board does not anticipate declaring any dividends in the foreseeable future; payment of any future dividends will be at the discretion of the Board based upon the Company's financial position after taking into account many factors, including the Company's operating results, financial condition and current and future cash needs.

11 Corporate Governance

11.1 General

The Directors recognise the importance of sound corporate governance and, following completion of the Arrangement, the Bacanora Group will comply with the provisions of the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 ("QCA Code"), as published by the Quoted Companies Alliance, to the extent they consider appropriate in light of the Bacanora Group's size, stage of development and resources.

The Company will hold board meetings periodically as issues arise which require the attention of the Directors. The Directors will be responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It will be the Directors' responsibility to oversee and monitor the financial position, the business and affairs of Company on behalf of the Shareholders, to whom the Directors are accountable. The primary duty of the Directors will be to act in the best interests of the Company at all times. The Directors will also address issues relating to internal control and the Company's approach to risk management.

11.2 Board Structure

On Admission, the Board will consist of one executive director and six non-executive directors, of whom James Strauss, Raymond Hodgkinson, Dr Andres Antonius and Eileen Carr are considered by the Board to be independent, with James Strauss being the Lead Independent Director. The Chairman is responsible for leadership of the Board and for the efficient conduct of the Board's function. The Chairman is expected to encourage the effective contribution of all directors and promote constructive and respectful relations between directors and senior management.

The Board has determined that the role of Chairman currently requires a specific skillset and additional time to be dedicated by the Chairman to assist the CEO with certain Executive functions. Accordingly Mark Hohnen is appointed Executive Chairman and in the event of any conflicts of interest in relation to the functions of a Chairman, the Lead Independent Director shall represent the Board.

The Directors believe that they have sufficient experience in implementing accounting systems and controls which will provide a reasonable basis for them to make proper judgements as to the financial position and prospects of the Company.

11.3 Audit Committee

The Company has adopted a terms of reference for the Audit Committee which establishes the Audit Committee's purpose and responsibilities, establishment and composition, authority, duties and responsibilities. The Audit Committee is comprised of three members (Raymond Hodgkinson, James Strauss and Eileen Carr as Chairman). The Audit Committee's overall goal is to ensure that the Company adopts and follows a policy of proper and timely disclosure of material financial information and reviews all material matters affecting the risks and financial position of the Company. The Audit Committee, *inter alia*, meets with the Company's external auditor and its senior financial management to review the annual and interim financial statements of the Company, oversees the Company's accounting and financial reporting processes, the Company's internal accounting controls and the resolution of issues identified by the Company's auditors.

11.4 Remuneration Committee

The Company has adopted terms of reference for its Remuneration Committee which establishes the Remuneration Committee purpose and responsibilities, establishment, composition, authority and duties. The Remuneration Committee is comprised of three

members of whom all are independent non-executive Directors (Ray Hodgkinson, Dr Andres Antonius, and James Strauss as Committee Chairman).

The Remuneration Committee assumes general responsibility for assisting the Board in respect of remuneration policies for the Company and to review and recommend remuneration strategies for the Company and proposals relating to compensation for the Company's officers, directors and consultants and to assess the performance of the officers of the Company in fulfilling their responsibilities and meeting corporate objectives. It has the responsibility for, *inter alia*, administering share and cash incentive plans and programmes for Directors and employees and for approving (or making recommendations to the Board on) share and cash awards for Directors and employees.

11.5 Corporate Governance Committee

The Company has adopted terms of reference for its Corporate Governance Committee which establishes the Corporate Governance Committee purpose and responsibilities, establishment, composition, authority and duties. The Corporate Governance Committee is comprised of three members of whom one is an executive Director, Mark Hohnen, and two are non-executive Directors, Raymond Hodgkinson and James Strauss, the latter being Committee Chairman.

The responsibility of the Corporate Governance Committee is to provide for the Board's effectiveness and continuing development. The Corporate Governance Committee will generally assist the Board in developing the Company's approach to its own governance by:

- Overseeing the Company's corporate governance policies, including emphasis on the 12 core principles of good Corporate Governance identified in the QCA Guidelines. This will include making policy recommendations aimed at enhancing Board effectiveness and interaction with shareholders;
- Managing and overseeing the terms of reference for the Board, its Committees and key management and ensuring effective communication between all parties, whilst maintaining their independence from each other. This will include ongoing evaluation of directors and the Board as a whole, identifying and recommending potential new directors; and overseeing succession planning for key individuals; and
- Ensuring the Company maintains a robust two-way interaction with its shareholders and adopts best practice minimum disclosures in the Company's Annual Report to shareholders and on the corporate website.

11.6 Disclosure Committee

The Company has adopted terms of reference for its Disclosure Committee which establishes the Disclosure Committee's purpose and responsibilities, establishment, composition, authority and duties. The Disclosure Committee is comprised of the Chairman (Mark Hohnen), the Lead Independent Director (James Strauss), the CEO (Peter Secker), the CFO (Janet Boyce) and the Company Secretary (Cherif Rifaat). The Disclosure Committee is constituted by the Board with the purpose of overseeing the implementation of the governance and procedures associated with the assessment, control and disclosure of inside information in relation to the Company. The Disclosure Committee shall meet as conditions dictate.

11.7 Nominations Committee

The Company considers that, at this stage in its development, it is not necessary to establish a formal nominations committee and that this process shall be carried out for the Board. This decision will be kept under review by the Directors on an on-going basis.

11.8 Share Dealing Policy

The Company has adopted, with effect from Admission, a revised policy on share dealing and confidentiality of inside information for persons discharging managerial responsibilities and persons closely associated with them, which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules and MAR) and the Company will take all reasonable steps to ensure compliance by the persons governed by such policy.

11.9 Investor Relations

Where possible the Company will meet with and make presentations to Shareholders. Senior management and Directors will normally attend the annual general meetings, and shareholders will be invited to ask questions during the meeting and to meet with senior management and the Directors after the formal proceedings have ended. The Company will, from Admission, maintain a corporate website at www.bacanoralithium.com, which will contain a wide range of information about the Company and its business. The website will be updated with all formal communications to the investment community following their release through a regulatory news service. With effect from Admission, the website will comply with the requirements of Rule 26 of the AIM Rules.

12 Takeover Code

The Takeover Code is issued and administered by the Takeover Panel. The Takeover Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a company with its registered office in the United Kingdom, Channel Islands or Isle of Man, if any of its securities are admitted to trading on a multilateral trading facility in the United Kingdom, which includes AIM. The Company is such a company and, following completion of the Arrangement, the Company will be subject to the Takeover Code and Shareholders will be entitled to the protection afforded by the Takeover Code.

13 Pre-Emption Rights

The Company will be bound by the Act and the statutory rights of pre-emption contained therein. In addition Hanwa has additional contractual pre-emption rights, further details of which are set out in paragraphs 10.1(n) of Part III, and it is expected that on completion of the issue of new Bacanora Canada Shares to NextView, NextView will have the additional contractual pre-emption rights described in paragraph 10.1(k) of Part III.

Bacanora UK has passed certain conditional resolutions allowing the Directors to issue and allot shares as if the pre-emption rights contained in the Act did not apply. The detail of these resolutions is set out in paragraph 4.7 of Part III. The reasoning behind the resolutions is as follows:

- In the event of the Re-domicile Proposal being approved by the Bacanora Canada Shareholders, the Company will need authority for the Directors to issue and allot all the Bacanora UK Shares pursuant to the Re-domicile Proposal: this is dealt with by the resolutions described in paragraphs 4.7(a) and 4.7(b) of Part III ("Re-domicile Resolutions"). These resolutions also include the authority required to issue new Bacanora UK Shares under the existing and new Stock Option Plan and RSU Plan.
- In the event of the Re-domicile Proposal being approved by the Bacanora Canada Shareholders, in order to undertake further fundraising the Company will need authority for the Directors to issue and allot up to an additional 365,000,000 million Bacanora UK Shares representing 272% of the issued Bacanora UK Share capital on Admission: this is dealt by the resolutions described in paragraphs 4.7(c) and 4.7(d) of Part III ("Fundraising

Resolutions"). The Bacanora Canada Board and the Directors believe such large disapplication resolutions are in the interests of Bacanora UK, and although Bacanora Canada Shareholders cannot technically approve the disapplication in relation to Bacanora UK, the Directors nevertheless only want to have this authority in place in the event that the Bacanora Canada Shareholders have approved it in principle at the Bacanora Canada GM. The approval can only be in principle because the Bacanora Canada Shareholders will not be shareholders in the Company until Admission.

- In the event that the Bacanora Canada Shareholders do not approve the Fundraising Resolutions in principle at the Bacanora Canada GM, the Company wishes to have the authority for the Directors to issue and allot new Bacanora UK Shares representing at least 25% of the issued Bacanora UK Share capital on Admission, which is equivalent to the standing authority that the Bacanora Canada Board currently has in accordance with its agreement with its nominated adviser; this is dealt with by the resolutions described in paragraphs 4.7(e) and 4.7(f) of Part III ("25% Resolution"). The reason that the 25% resolution is required is that as a UK incorporated company, the Company is subject to the Act which, unlike Canadian law, enshrines restrictions on issue and allotment of new shares without shareholder approval.

In addition, the Company has in place a standard resolution allowing the buyback of its Bacanora UK Shares. This is described in paragraph 4.7(g) of Part III.

14 Competent Persons' Reports

The Feasibility Study on the Sonora Lithium Project, excluding the San Gabriel, Buenavista, and Megalit concessions, produced by Ausenco, SRK and IMC prepared in accordance with NI 43-101 and dated January 2018 was filed on 25 January 2018 and is available on Bacanora Canada's website at www.bacanoraminerals.com. Ausenco, SRK and IMC have confirmed that there is no significant change to the information set out in the Feasibility Study on the Sonora Lithium Project since 25 January 2018.

A Competent Person's Report on the Zinnwald Lithium Project produced by GEOS prepared in accordance with PERC and dated 15 January 2018 is available on Bacanora Canada's website at www.bacanoraminerals.com. GEOS have confirmed that there is no significant change to the information set out in the Competent Person's Report on the Zinnwald Lithium Project since 15 January 2018.

15 Taxation

Details of certain taxation implications of the change in domicile from Canada to the UK which may be relevant to holding or dealing in Bacanora UK Shares are set out in paragraphs 14.1 and 14.2 of Part III of this document. These details are intended as a general guide to the differences in the current tax between UK and Canadian taxation law. If you are in any doubt of your tax position you should consult your own tax adviser.

16 Additional Information

Prospective investors should read the whole of this Document which provides additional information on the Company and should not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part II of this Document which contains certain risk factors relating to any investment in the Bacanora UK Shares and Part III of this document which contains additional information on the Company.

PART II

Risk Factors

This Document contains forward-looking statements, which have been made after due and careful enquiry and are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in this Part II of the Document. The Directors believe that the expectations reflected in these statements are reasonable, but may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

Factors that might cause a difference include, but are not limited to, those discussed in this Part II of this Document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such forward-looking statements in this Document to reflect future events or developments.

There are significant risks associated with the Company. Prior to making an investment decision in respect of the Company's shares, prospective investors and Shareholders (as appropriate) should consider carefully all of the information within this Document, including the following risk factors. The Board believes the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this Document of which the Board is not aware or believes to be immaterial but which may, in the future, adversely affect the Company's business and the market price of the Company's shares.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Company's shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect upon the Company and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities.

Specific risks in relation to the Group

The mineral exploration industry is subject to numerous risks and uncertainties that can affect the Group's ability to explore and develop its mineral deposits and to ultimately generate cash flows from operations. These risks and uncertainties include, but are not limited to the following:

Resource estimates

The Group's reported mineral resources are only estimates at this stage. Mineral resource estimates are uncertain and may not be representative. There are numerous uncertainties inherent in estimating mineral resources, including factors beyond the control of the Group. The estimation of mineral resources is a subjective process and the accuracy of any such estimate is a function of the quality of available data and of engineering and geological interpretation and judgement. Results of drilling, metallurgical testing, production, and exploration activities subsequent to the date of any estimate may justify revision (up or down) of such estimates. The Company and the directors cannot give any assurance that the estimated mineral resources will be recovered if the Group proceeds to production or that they will be recovered at the volume, grade and rates estimated.

Successful development of the Group's lithium assets, and start of mining operations

Development of mineral properties involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The commercial viability of a mineral deposit is dependent upon a number of factors which are beyond the Group's control, including but not limited to the following:

- a reduction in the market price of lithium;
- delays in obtaining or an inability to obtain, or conditions imposed by, regulatory approvals;
- non-performance by third party contractors;
- inability to acquire land or access rights to land;
- inability to attract sufficient numbers of qualified workers;
- change in environmental compliance requirements;
- unfavourable weather conditions;
- contractor or operator errors;
- lack of availability of infrastructure capacity;
- increases in extraction costs including plant, material, energy and labour costs;
- lack of availability of mining equipment and other exploration services;
- catastrophic events such as fires, storms or explosions;
- the breakdown or failure of equipment or processes;
- construction, procurement and/or performance of the processing plant and ancillary operations falling below expected levels of output or efficiency;
- violation of permit requirements;
- the lack of progress with respect to the development of appropriate extraction technologies;
- the political stability of Mexico; and
- taxes and imposed royalties.

There are numerous activities that need to be completed in order to successfully commence production at the Sonora Lithium Project and Zinnwald Lithium Project including, without limitation, to the extent not already completed at the date of Admission: completing a feasibility study, acquiring of land and access rights, optimising the mine plan, recruiting and training personnel, negotiating contracts for transportation and for the sale of products, updating, renewing and obtaining, as required, all necessary permits, including, without limitation, environmental permits; and handling any other infrastructure issues. There is no certainty that the Group will be able to recruit and train personnel, have available funds to finance construction and development activities, avoid potential increases in costs, negotiate transportation or product sales agreements on terms that would be acceptable to the Group, or that the Group will be able to update, renew and obtain all necessary permits to start or to

continue to operate the projects. Most of these activities require significant lead times, and the Group will be required to manage and advance these activities concurrently in order to begin production. A failure or delay in the completion of any one of these activities may jeopardise the relevant exploration or mining licence or delay production, possibly indefinitely, and would have a material adverse effect on the Group's business, prospects, financial position, results of operations and cash flows.

As such, there can be no assurance that the Group will be able to commence the development of the Sonora Lithium Project or the Zinnwald Lithium Project at all, or in accordance with any timelines or budgets that may be established due to the factors described above.

Financing risk

Additional funding will be required in order to complete the proposed future exploration and development plans on the projects. There is no assurance that any such funds will be available.

Failure to obtain additional financing, on a timely basis, could cause the Group to reduce or delay its proposed operations. The majority of sources of funds currently available to the Group for its projects are in large portion derived from the issuance of equity. While the Group has been successful in the past in obtaining equity financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Dependence on key personnel

The success of the Company, in common with other businesses of a similar size, will be highly dependent on the expertise and experience of its directors and senior management. The loss of any key personnel could harm the business or cause delay in the plans of the Company while management time is directed at finding suitable replacements. The future success of the Company is in part dependent upon its ability to identify, attract, motivate and retain staff with the requisite expertise and experience. Although the Group has entered into consulting arrangements with its key personnel to secure their services, the agreements are not subject to any minimum notice periods and the Company cannot guarantee the retention of such key personnel. Should key personnel leave, the Company's business, prospects, financial condition or results of operations may be materially adversely affected.

History of losses and no immediate foreseeable earnings

The Group has a history of losses and there can be no assurance that it will be profitable. The Company expects to continue to incur losses until such time as it develops and commences profitable mining operations on its projects. The development of the properties will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, some of which are beyond the Company's control, including the progress of ongoing exploration, studies and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred and the execution of any joint venture agreements with any strategic partners. There can be no assurance that the Group will achieve profitability.

Government legislation and regulatory risk

The mining industry in each of Mexico and Germany is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record, but the Company is unable to predict what additional legislation or amendments may be enacted. Amendments to current laws, regulations and permits governing operations and

activities of mining companies, including tax and environmental laws and regulations which are evolving in Mexico and Germany, or more stringent implementation thereof, could have a material adverse impact on the Group and its business.

The concessions or permits may be impacted by undetected defects, litigation, revocation, non-renewal or alteration by regulatory authorities

While the Company has diligently investigated its title to, and rights and interests in, the concessions granted to the Group and, to the best of its knowledge, such title, rights and interests are in good standing, this should not be construed as a guarantee of the same. The concessions may be subject to undetected defects. If a defect does exist, it is possible that the Group may lose all or part of its interest in one or more of the concessions to which the defect relates and its exploration, appraisal and development programmes and prospects may accordingly be adversely affected.

While the Directors have no reason to believe that the existence and extent of any of the concessions are in doubt, title to mineral properties is subject to potential litigation by third parties claiming an interest in them. The failure to comply with all applicable laws and regulations, including failure to pay taxes, meet minimum expenditure requirements or carry out and report assessment work may invalidate title to or rights under all or portions of the concessions.

All of the concessions in which the Group has or may earn an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each concession is usually at the discretion of the relevant local government authority. If a concession is not renewed or granted, the Group may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that concession area.

Contractual agreements to which the Company is, or may in the future become party to, may become subject to payment and other obligations. In particular, for certain concessions, the Company is required to expend the funds necessary to meet the minimum work commitments attaching to such concessions. Failure to meet these work commitments will render the concession liable to be revoked. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by the Group.

Expropriation of private assets by Mexican authorities

As regulated by the Mexican Law of Expropriation, the Mexican government has the right to expropriate privately owned land when deemed necessary in certain limited circumstances, for example if needed for the purposes of defence, conservation or development. In the event of an expropriation, the government will compensate the landowner at market value for the land expropriated. Therefore, it remains a risk that the Mexican authorities could expropriate the Company's mining concessions although compensation would be payable in such event.

Applications

Title has not yet been granted by Mexican Federal Mining Ministry in respect to the Megalit concession in the Sonora Lithium Project. Application has been made for this area which has been "Approved for Title" by the Mexican Federal Mining Ministry. While the Directors believe that there is minimal risk of title not being granted in respect of this application, there is no guarantee that title will be granted in respect of this concession.

Maintenance of the Group's concessions and licences

The Group's concessions in Mexico and its licences in Germany are subject to spending requirements in order to maintain the title of the concessions and licences. The concessions are also subject to semi-annual payments to the Mexican government for concession taxes. Should the Group not, or not be able, to pay the spending requirements there is a material risk that the Group's ownership of its concessions and licences may be revoked.

Share capital of Mexican subsidiaries

If the shareholders' equity of any of the Group's subsidiaries incorporated in Mexico decrease to an amount less than one third of their share capital, according to Mexican laws, this may be a cause for dissolving that subsidiary at the request of any interested third party. None of the Bacanora Canada's subsidiaries equity is currently at less than one third of its share capital.

Exploration uncertainty

The Group is in the process of developing its Sonora Lithium Project and exploring its Zinnwald Lithium Project and has not yet determined whether the properties contain economically recoverable mineral reserves. The recoverability of carrying values for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the financing necessary to complete exploration and development, and the success of future operations.

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review when assessing impairment. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available and may therefore impact the Company's financial estimations and reported results.

Negative conclusions from further economic assessments

The Company's cash resources will be used, *inter alia*, for general working capital purposes and in particular, to fund the continuation of the work programme to develop its Sonora Lithium Project, and to establish the economic potential of the Group's Zinnwald Lithium Project. Until such time as any further economic assessments are concluded, uncertainty will exist as to the economic viability of the Group's lithium projects. In the event that any further economic assessments have negative conclusions, shareholders may lose some or all of their investment.

Internal controls

The Company has established a system of internal controls for financial reporting. Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud, but notwithstanding this, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its independent auditor discovers a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and adversely affect the market price of the its shares.

Environmental compliance

All phases of the Group's operations in Mexico and Germany are subject to environmental regulation in that jurisdiction. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws requires ongoing expenditure and considerable capital commitments from the Company. Non-compliance may subject the Group to significant penalties, including the suspension or revocation of its rights in respect of its concessions or assets. There is no assurance that existing or future environmental regulation will not materially adversely affect the Group's business, financial condition and results of operations.

Environmental approvals

Environmental approvals and permits are currently, and may also in the future be, required in connection with the Group's operations. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities against the Group, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including the Group, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil, administrative or criminal fines or penalties imposed for violations of applicable environmental laws or regulations.

In addition, there is a risk that some of the Group's licence areas may become subject to environmental protection legislation, which might restrict the Group's ability to extract mineral ore from such areas.

Further licences and permits required

The Group's concessions for its lithium projects will need to obtain further licences and permits prior to commencing commercial operations. The Group will also be required to obtain further environmental and technical permits for the construction and development of its commercial operations. There is a risk that these further permits, concessions and licences may not be granted which would have a significant material adverse effect on the Group.

In addition, the granting of such approvals and consents may be withheld for lengthy periods, or granted subject to satisfaction of certain conditions which the Company cannot or may consider impractical or uneconomic to meet. As a result of any such delays or inability to exploit such discoveries, the Group may incur additional costs or losses.

Unknown environmental hazard

Environmental hazards may also exist on the properties in which the Group holds interests, that are unknown to the Company at present and that have been caused by previous or existing concession holders or operators.

Exploration, development and operating risks

It is impossible to ensure that the development programmes planned by the Group will result in a profitable commercial operation. Whether the Group's lithium projects will be commercially viable depends on a number of factors, some of which are: (i) the particular attributes of the material excavated from the Group's concessions and licences; (ii) the performance of the full-

scale commercial production operations; (iii) the end prices that can be achieved by the Group for products offered to customers, which may be volatile; and (iv) government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. While the Directors believe that the results of the small scale mineral extraction processes that have been achieved at the Pilot Plant in Mexico are encouraging, the performance, yields, operating costs and capital costs of the full scale mineral production plant may differ materially from expectations, and the economic returns from processing the extracted ore into commercially saleable lithium may be lower than anticipated. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Reliance on third parties

The Company will be reliant on third party service providers and suppliers to provide equipment, infrastructure and raw materials required for the Group's business and operations and there can be no assurance that such parties will be able to provide such services in the time scale and at the cost anticipated by the Company.

Operations

The Group's lithium projects involves a number of risks and hazards, including industrial accidents, labour disputes, unusual or unexpected geological conditions, equipment failure, changes in the regulatory environment, environmental hazards and weather and other natural phenomena such as earthquakes and floods. The Company may experience a plant shutdown or periods of reduced production as a result of any of the above factors. Such occurrences could result in material damage to, or the destruction of, production facilities, human exposure to pollution, personal injury or death, environmental and natural resource damage, monetary losses and possible legal liability, any of which could materially adversely affect the Company's results of operations.

Commodity prices

The profitability of the Company's operations will be dependent upon the market price of the products able to be sold by the Group. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. General economic factors as well as the world supply of mineral commodities, the stability of exchange rates and political developments can all cause significant fluctuations in prices. The price of mineral commodities has fluctuated widely in recent years and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Group's business, financial condition and results of operations. Bacanora Canada has entered into an off-take agreement for up to 100% of Li_2CO_3 produced at the Sonora Lithium Project, with final pricing to be at market price, to be finalised prior to commencement of production. The Company is therefore exposed to the risk of market fluctuations between the present and the commencement of production.

Furthermore, reserve estimates and feasibility studies using different commodity prices than the prevailing market price could result in material write-downs of the Company's investment in its assets, increased amortisation, reclamation and closure charges or even a reassessment of the feasibility of the Company's lithium projects.

Single purchaser risk

Bacanora Canada has entered into an off-take agreement with Hanwa, pursuant to which Hanwa has agreed to purchase 50-100% of lithium carbonate produced by the Group during

Stage 1 production at the Sonora Lithium Project. Accordingly, the Company is subject to certain risks associated with having all of its production from the Sonora Lithium Project being purchased by a single purchaser. Such risks include, but are not limited to: potential decreased negotiation power; risks associated with the liquidity and solvency of Hanwa; and any delays from Hanwa in terms of deliverables under the agreement could have potentially material adverse effects on the Company.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of other receivables which relate solely to input tax receivables in Canada and value added tax receivables in Mexico. Any changes in management's estimate of the recoverability of the amount due will be recognized in the period of determination and any adjustment may be significant. The carrying amount of accounts and related party receivables represents the maximum credit exposure.

The Company's cash is held in major UK, German and Mexican banks, and as such the Company is exposed to the risks of those financial institutions. Substantially all of the accounts receivables represent amounts due from the Canadian and Mexican governments and accordingly the Company believes them to have minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. Liquidity risk arises primarily from accounts payable and accrued liabilities and its current portion of any joint venture obligation and commitments, all with maturities of one year or less.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the value of the Company's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximising long-term returns.

The Group conducts exploration projects in Mexico and Germany. As a result, a portion of the Group's expenditures, other receivables, accounts payables and accrued liabilities are denominated in US dollars, Euros and Mexican pesos and are therefore subject to fluctuation in exchange rates.

Infrastructure

The Group's lithium projects depend to a significant degree on adequate infrastructure. In the course of developing its operations the Company may need to construct and support the construction of infrastructure, which includes permanent water supplies, power, transport and logistics services which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure or any failure or unavailability in such infrastructure could materially adversely affect the Group's operations, financial condition and results of operations.

Canadian corporate income taxes

Bacanora Canada has filed, and will file, all required income tax returns. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Bacanora Canada whether by re-characterisation of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Tax considerations

Changes in tax laws in the countries that are applicable to the Company, in particular Mexico, Canada, BVI, UK or Germany, or any other subordinate legislation or the practice of any relevant taxation authority could have a material adverse effect on the Company. An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult their own tax advisers. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

Uninsured hazards

The Group may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of contractors, sub-contractors or operators. Any indemnities the Group may receive from such parties may be limited or may be difficult to enforce if such contractors, sub-contractors or operators lack adequate resources.

The Company can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage. The Group is also subject to the risk of unavailability, increased premiums or deductibles, reduced cover and additional or expanded exclusions in connection with its insurance policies and those of operators of assets it does not itself operate.

Exposure to economic cycle

Market conditions may affect the value of the Company's share price regardless of operating performance. The Group could be affected by unforeseen events outside its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Group could be affected adversely by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate.

Health and safety

The Group's activities will be subject to health and safety standards and regulations. Failure to comply with such requirements may result in fines and or penalties being assessed against the Group.

Geopolitical climate

The political climate in Mexico is currently stable and generally held to offer a favourable outlook for foreign investments. There is no guarantee that it will remain so in the future. Changes in government, regulatory and legislative regimes cannot be ruled out.

SolarWorld Insolvency

SolarWorld recently announced its intention to file for bankruptcy protection in Germany due to ongoing pricing pressures in its core solar markets. The Company believes that the SolarWorld insolvency process will have no material adverse impact on Bacanora Canada's interest in Deutsche Lithium and the Zinnwald Lithium Project, nor its agreement with SolarWorld.

Foreign currency exchange rates

The Company's revenues will be derived outside the UK and the Company's operations and profitability may be adversely affected by movements in foreign currency exchange rates, particularly by movements in the US dollar and/or Euro relative to the British pound sterling, the Canadian dollar, the Euro and the Mexican Peso, through both transaction and conversion risks.

General risks relating to an investment in the Bacanora UK Shares

Market for the Bacanora UK Shares

The Company cannot predict the extent to which investor interest in the Bacanora UK Shares will lead to the development of a trading market on AIM or how liquid such a market might become following Admission. Investors may experience greater price volatility and less efficient execution of buy and sell orders than expected.

Trading and performance of Bacanora UK Shares

The AIM Rules are less demanding than those of the Official List and an investment in a company whose shares are traded on AIM is likely to carry a higher risk than an investment in a company whose shares are quoted on the Official List. It may be more difficult for investors to realise their investment in a company whose shares are traded on AIM than to realise an investment in a company whose shares are quoted on the Official List. The share price of publicly traded, early stage exploration companies can be highly volatile. The price at which the Bacanora UK Shares will be traded and the price at which investors may realise these investments will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect junior mining and exploration companies or quoted companies generally. The market perception of junior mining and exploration companies may impact upon the value of investors' holdings and on the ability of the Company to raise funds by the issue of further securities. The value of the Bacanora UK Shares will be dependent upon the success of the operational activities undertaken by the Company, as well as further resource analysis, and prospective investors should be aware that the value of the Bacanora UK Shares can go down as well as up. Furthermore, there is no guarantee that the market price of a Bacanora UK Share will accurately reflect its underlying value.

Volatility of share price

The trading price of the Bacanora UK Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Company or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Bacanora UK Shares, liquidity (or absence of liquidity) in the Bacanora UK Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Bacanora UK Shares, regardless of the Company's performance.

Future sales of Bacanora UK Shares could adversely affect the price of the Bacanora UK Shares

Shareholders may sell their Bacanora UK Shares in the public or private market and the Company may undertake a public or private offering of Bacanora UK Shares. The Company cannot predict what effect, if any, future sales of Bacanora UK Shares will have on the market price of the Bacanora UK Shares. If the Company's existing shareholders were to sell, or the Company was to issue a substantial number of Bacanora UK Shares in the public market, the market price of the Bacanora UK Shares could be materially adversely affected. Sales by the Company's existing Shareholders could also make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate.

The specific and general risk factors detailed above do not include those risks associated with the Company which are unknown to the Directors. The risks listed above do not necessarily comprise all those faced by the Company.

Although the Directors will seek to minimise the impact of the Risk Factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA who specialises in investments of this nature before making any decision to invest.

PART III

Additional Information

1 Responsibility

- 1.1 The Directors of the Company, whose names appear on page 4 of this document, and the Company accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (having taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2 Background Information on Bacanora Canada

- 2.1 Bacanora Canada was incorporated and registered as "Bacanora Minerals Ltd." in the Province of Alberta, Canada on 29 September 2008 under the BCA with corporate access number 2014289082 as a limited company.
- 2.2 The registered office address of Bacanora Canada is 2204 6 Ave NW, Calgary, Alberta T2N OW9.
- 2.3 Bacanora Canada has made publicly available documents and announcements over the last 3 years on www.sedar.com and the Company's website, www.bacanoraminerals.com which includes all information required under AIM Rule 26.

3 Background Information on the Company

- 3.1 The Company was incorporated in England and Wales on as WLG No 1 Plc on 6 February 2018 with registered number 11189628 as a public company limited by shares under the Act. On 7 February 2018 the Company changed its name to Bacanora Lithium Plc. The Company is domiciled in England and Wales. The Company has an indefinite life.
- 3.2 The Company's registered office is 4 More London Riverside, London SE1 2AU and its corporate office is at The Clubhouse, 8 St. James's Square, London, SW1Y 4JU.
- 3.3 The Company's principal place of business operations is at Calle de Las Galaxias 68 Parque Industrial, Hermosillo, Sonora 83297, Mexico.
- 3.4 The Company's website address at which information required by AIM Rule 26 will be available from Admission is: www.bacanoralithium.com.
- 3.5 The principal legislation under which the Company operates is the Act.
- 3.6 The Company has 32 employees (30/6/17: 32; 30/6/16: 2).
- 3.7 The Company's accounting reference date is 30 June.

- 3.8 From Admission and completion of the Arrangement, the Company will be the holding company of the Bacanora Group and will have the following subsidiaries and subsidiary undertakings:

Name	Country of incorporation (registered number)	Issued share capital	Percentage owned or, if different, percentage of voting power held	Activity
Bacanora Canada	Canada (2014289082)	134,039,872 Bacanora Canada Shares	100%	Intermediate holding company
1976844 Alberta Ltd.	Canada (2019768445)	1 share of CAN\$1	100%	Intermediate holding company
Mineramax	British Virgin Islands (687069)	1 share of US\$1 each	100%	Intermediate holding company
MSB	Mexico (36668*7)	50,000 shares of 1 MXN each	100%	Mining operations
MIT	Mexico (34289*7)	50,000 shares of 1 MXN each	60%**	Mining operations
Mexilit	Mexico (41753*7)	142,861 shares of 13 MXN each	70%	Mining operations
Megalit	Mexico (42244*7)	142,861 shares of 10 MXN each	70%	Mining operations
Operadora de Litio Bacanora, S.A de C.V.	Mexico (2016028897)	50,000 shares of 1 MXN each	100%	Service company
Zinnwald Lithium	England (10246575)	1 share of £0.10	100%	Mining operations
Deutsche Lithium GmbH	Germany (23391)	1 share of €50,000	50%	Mining operations

**Mineramax holds 100% of the shares of MIT. However it only has a beneficial interest in 60% of the issued shares in MIT with the remaining 40% being held on trust for the beneficial owners.

- 3.9 Except as disclosed in this paragraph 3, the Company does not have, nor has it taken any action to acquire, any significant investments.

4 Share Capital

- 4.1 The issued nominal share capital of the Company as at the date of this Document and immediately following Admission is and will be as follows:

	<i>Aggregate Nominal value</i>	<i>Number of Bacanora UK Shares</i>
As at the date of this document	£0.10	1
Immediately following Admission	£113,403,987.20	134,039,872

- 4.2 All of the issued share capital of the Company has been fully paid up.
- 4.3 No changes have taken place in the issued share capital of the Company since incorporation and up to the date of this Document.
- 4.4 There are no Ordinary Shares held in treasury.
- 4.5 There are no shares in the Company not representing share capital.
- 4.6 Save as described in this Document there are outstanding no options or warrants and there are in issue no convertible securities.
- 4.7 By ordinary and special resolutions passed on 16 February 2018:
- (a) the Directors were generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all of the powers of the Company to issue and allot Bacanora UK Shares pursuant to the Arrangement and to satisfy an exercise of rights under the Stock Option Plan and the RSU Plan and any new plans adopted to replace them;
 - (b) the Directors were generally empowered (pursuant to Section 570 of the Act) to allot the Bacanora UK Shares pursuant to the Arrangement pursuant to the authority referred to in paragraph 4.7(a) above as if Section 561 of the Act did not apply to any such allotment;
 - (c) subject to the Bacanora Canada Shareholders approving this resolution in principle at the Bacanora Canada Shareholder Meeting, the Directors were generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all of the powers of the Company to issue and allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £36,500,000 (representing in aggregate 272% of the issued share capital of the Company as at Admission), such authority to expire on the earlier of the date falling 18 months from the date of the resolution or at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require such allotment or grant in pursuance of such an offer or agreement as if such authority had not expired;
 - (d) subject to the Bacanora Canada Shareholders approving this resolution in principal at the Bacanora Canada Shareholder Meeting, the Directors were generally empowered (pursuant to Section 570 of the Act) to allot equity securities pursuant to the authority referred to in paragraph 4.7 (c) above as if Section 561 of the Act did not apply to any such allotment, provided that such power shall be limited to: (i) the allotment of equity securities under pre-emptive offers, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of

any territory or the requirements of any regulatory body or stock exchange; and (ii) the allotment (otherwise than pursuant to (i)) of equity securities up to an aggregate nominal amount of £36,500,000, representing up to 272% in aggregate of the issued share capital of the Company as at Admission (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in (i) above) such power to expire on the earlier of the date falling 18 months from the date of the resolution or at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

- (e) in the event that the resolution described at paragraph 4.7 (c) above is not approved in principal at the Bacanora Canada Shareholder Meeting, the Directors were generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all of the powers of the Company to issue and allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £3,350,996.80 (representing in aggregate 25% of the issued share capital of the Company as at Admission), such authority to expire on the earlier of the date falling 18 months from the date of the resolution or at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require such allotment or grant in pursuance of such an offer or agreement as if such authority had not expired;
- (f) in the event that the resolution described at paragraph 4.5 (e) above is not approved in principal at the Bacanora Canada Shareholder Meeting, the Directors were generally empowered (pursuant to Section 570 of the Act) to allot equity securities pursuant to the authority referred to in paragraph 4.5 (c) above as if Section 561 of the Act did not apply to any such allotment, provided that such power shall be limited to: (i) the allotment of equity securities under pre-emptive offers, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and (ii) the allotment (otherwise than pursuant to (i)) of equity securities up to an aggregate nominal amount of £3,350,996.80, representing up to 25% in aggregate of the issued share capital of the Company as at Admission (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in (i) above), such power to expire on the earlier of the date falling 18 months from the date of the resolution or at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

and

- (g) the Company was authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Bacanora UK Shares provided that the maximum number of Bacanora UK Shares authorised to be purchased is 20,105,980 Bacanora UK Shares. The minimum price which may be paid for an Ordinary Share is £0.10. The maximum price which may be paid for an Ordinary Share must not be more than the higher of (i) 105% of the average of the mid-market value of the Bacanora UK Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade and the highest current independent bid for Bacanora UK Shares. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and the date which falls 18 months after the date of the resolution, save that the Company may contract to purchase Ordinary Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Bacanora UK Shares in pursuance of such contract.

4.8 The Bacanora UK Shares are created under the Act.

4.9 It is expected that following Admission the Company will issue and allot to NextView 32,976,635 Bacanora UK Shares pursuant to a placing letter dated 14 December 2017 between Bacanora Canada and NextView (further details of which are set out in paragraph 10.1(k) of this Part III), which will be novated to the Company effective on, and conditional on Admission.

5 The Company's Memorandum and Articles of Association

The Company's Articles contain provisions, inter alia, to the following effect:

5.1 *Objects/purposes*

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

5.2 *Voting rights*

- (a) Subject to the provisions of the Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member holding Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy shall, on a show of hands, have one vote and every member holding Ordinary Shares present in person (or, being a corporation, by representative) or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (b) Unless the Board otherwise determines, no member shall be entitled to receive any dividends or be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by him to the Company or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

5.3 *Dividends*

- (a) Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- (b) Subject to the provisions of the Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- (c) All dividends, interest or other sums payable and unclaimed for a period of twelve months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- (d) The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- (e) The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- (f) Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25% in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

5.4 *Winding up*

If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law and subject to the Act, divide among the Shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may with the like sanction determine, but no Shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

5.5 *Transfer of shares*

- (a) Subject to such of the restrictions in the Articles as may be applicable, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.
- (b) The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
 - (i) it is in respect of a share which is fully paid up;
 - (ii) it is in respect of only one class of shares;
 - (iii) it is in favour of a single transferee or not more than four joint transferees;
 - (iv) it is duly stamped (if so required); and
 - (v) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so, provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and the relevant electronic system.
- (c) Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25% in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a bona fide sale to an unconnected party.
- (d) If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- (e) No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.

5.6 *Variation of rights*

- (a) If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class duly convened and held in accordance with the Act.
- (b) The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

5.7 *Alteration of share capital*

The Company may, from time to time, by ordinary resolution:

- (a) authorise the Directors to increase its share capital by allotting new shares;
- (b) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;
- (c) subject to the provisions of the Act, sub-divide its shares or any of them, into shares of smaller nominal amount and may by such resolution determine that, as between the shares resulting from such a sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (d) redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

5.8 *General meetings*

- (a) The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- (b) A general meeting shall be convened by such notice as may be required by law from time to time.
- (c) The notice of any general meeting shall include such statements as are required by the Act and shall in any event specify:
 - (i) whether the meeting is convened as an annual general meeting or any other general meeting;
 - (ii) the place, the day, and the time of the meeting;
 - (iii) the general nature of the business to be transacted at the meeting;
 - (iv) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and

- (v) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- (d) The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.
- (e) The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Act or the Articles to be made available at the meeting.
- (f) A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- (g) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole member so entitled or a proxy for such sole member so entitled or a duly authorised representative of a corporation which is such sole member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.
- (h) A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by:
 - (i) the chairman of the meeting;
 - (ii) at least five members having the right to vote on the resolution;
 - (iii) a member or members representing not less than five per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
 - (iv) member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

5.9 *Borrowing powers*

Subject to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.10 *Issue of shares*

- (a) Subject to the provisions of the Act, and to any relevant authority of the Company required by the Act, the Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide.
- (b) Subject to the provisions of the Act and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.
- (c) The business of the Company shall be managed by the Directors who, subject to the provisions of the Act, the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

5.11 *Directors' fees*

- (a) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £500,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.
- (b) The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

5.12 *Directors' interests*

- (a) The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.
- (b) Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- (c) Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Act, a Director, notwithstanding his office:
 - (i) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (ii) may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries);
 - (iii) may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
 - (iv) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
 - (v) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.

- (d) A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.

5.13 *Restrictions on Directors' voting*

- (a) A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:
 - (i) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
 - (ii) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
 - (iii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iv) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
 - (v) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (vi) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Act) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusively of any shares of that class in that company held as treasury shares) nor to his knowledge holds one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;
 - (vii) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
 - (viii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
 - (ix) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
 - (x) any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.

- (b) A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

5.14 *Number of Directors*

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall be not less than two and the number is not subject to a maximum.

5.15 *Directors' appointment and retirement*

- (a) Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation.
- (b) At each annual general meeting of the Company, any Directors appointed by the Board since the last annual general meeting shall retire. In addition one-third of the remaining Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation. If there are fewer than three such Directors, one Director shall retire from office.
- (c) At each annual general meeting, any Director who was last elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation. If the number of Directors so retiring is less than the minimum number of Directors who are required to retire by rotation, additional Directors up to that number shall retire (namely, those Directors who are subject to rotation but who wish to retire and not offer themselves for re-election and those Directors who have been Directors longest since their appointment or last reappointment (and, as between those who have been in office an equal length of time, those to retire shall, unless they otherwise agree, be determined by lot)).
- (d) Any Director who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting and shall not be taken into account when deciding which and how many Directors should retire by rotation at the annual general meeting.

5.16 *Notice requiring disclosure of interest in shares*

- (a) The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

- (b) If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") the Shareholder shall not be entitled to vote in general meetings or class meetings where the default shares represent at least 0.25% In nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

5.17 *Untraced shareholders*

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for twelve years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

Provisions are also included in the Articles to deal with the situation where Bacanora Canada Shareholders fail to lodge a Letter of Transmittal in connection with the Plan of Arrangement, further details of which are set out in paragraph 8.3 of Part I.

5.18 *Indemnity of officers*

Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in Section 235(6) of the Act). In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

6 Differences between Canadian and UK company law and UK and Canadian regulatory requirements and the implications of the Company being a UK incorporated company

- 6.1 The Company is a public limited company incorporated in England and Wales. Bacanora Canada is a public limited company incorporated in Alberta. There are a number of differences between the Act and the BCA, and also between the UK and Canadian regulatory regimes governing public companies. These differences may impact upon the rights of Bacanora Canada Shareholders when they become shareholders in the Company. The principal differences are set out below.

6.2 *Takeovers*

- (a) Canadian laws relating to (i) early warning disclosure requirements (when any person (an "offeror") acquires, except pursuant to a formal takeover bid, beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities of any class of a reporting issuer that, together with such offeror's securities of that class, would constitute 10% or more of the outstanding securities of that class), and; (ii) to takeover bids made to security holders in various jurisdictions in Canada (i.e. an offer to acquire outstanding voting or equity securities of a class made to any holder in the jurisdiction of securities subject to the offer to acquire, if the securities subject to the offer to acquire, together with securities held by the offeror and

any person acting jointly or in concert with the offeror, constitute in aggregate 20%, or more of the outstanding securities of that class of securities at the date of the offer to acquire) will not apply.

- (b) The Company will be subject to takeover regulation in the UK and the City Code will apply to the Company. The City Code governs, *inter alia*, transactions which may result in a change of control of a public company to which the City Code applies. Any person who acquires an interest in the Ordinary Shares which, when taken together with Ordinary Shares already held by him or persons acting in concert with him, carry 30% or more of the voting rights in the Company, or a person who, together with persons acting in concert with him, is interested in not less than 30% and not more than 50% of the voting rights in the Company acquires additional interests in Ordinary Shares which increase the percentage of Ordinary Shares carrying voting rights in which that person is interested, the acquirer and, depending on the circumstances, its concert parties, will be required (except with the consent of the Panel on Takeovers and Mergers) to make a mandatory cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous twelve months. Under Sections 974 – 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90% of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer.

No public takeover bids have been made in relation to the Company during its last financial year or its current financial year.

6.3 Squeeze Out

- (a) Under Alberta corporate law, where an offeror pursuant to a takeover bid has successfully acquired 90% of the shares of a company (other than those shares previously held by the offeror) it may, within 60 days after the date of termination of the take-over bid and in any event within 180 days after the date of the take-over bid, send written notice by registered mail to any shareholder who did not accept the offer (a "dissenting offeree") under such take-over bid requiring such dissenting offeree to elect to: (i) either transfer the dissenting offeree's shares to the offeror on the terms on which the offeror acquired the shares of the offerees who accepted the take-over bid or (ii) to demand payment of the fair value of the dissenting offeree's shares by notifying the offeror within 20 days after the dissenting offeree receives the offeror's notice.

If the dissenting offeree does not notify the offeror of its election within the prescribed time period, it is deemed to have elected to transfer its shares on the same terms as the offeror acquired the shares from shareholders that accepted the take-over bid. If the dissenting offeree elects, within the prescribed time period, to demand payment of the fair value of such dissenting offeree's shares, upon satisfaction of certain conditions, the offeror may apply to the Court to fix the fair value of the shares held by such dissenting offeree. If the offeror fails to apply to Court for such purpose within the prescribed time limitations, the dissenting offeror may apply to the Court for such determination. If a Court application is made by either the offeree or the dissenting offeree, the Court, along with certain other discretionary powers, shall fix the fair value of the shares held by the dissenting offeree.

- (b) Under the Act, if an offeror acquires 90% of the Bacanora UK Shares not already held by the offeror within four months of making the offer, it could then compulsorily acquire the remaining 10%. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

6.4 *Sell Out*

- (a) Under Alberta corporate law, there is no equivalent minority shareholders right to be bought out as set out below.
- (b) The Act gives minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all Bacanora UK Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the Bacanora UK Shares not already held by the offeror, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6.5 *Authority to allot and issue shares*

Under the BCA, the directors of a Canadian company have unlimited authority to issue shares and no shareholder consent is required pursuant to a public or private offering of securities by a company (except in certain circumstances where a change of control or a new control person holding greater than 20% of the voting shares would arise). However, under section 551 of the Act, directors of the Company must not exercise any power to allot shares unless they are authorised to do so by ordinary resolution in a general meeting and therefore they are not afforded unlimited authority to allot and issue shares. Under the Articles, subject to any relevant authority required by the Act, the board may allow, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide. The Company, acting in accordance with this provision, has obtained an express authority by way of a resolution from its members granting the directors authority to allot Ordinary Shares as set out in paragraph 4.7 above and intends to update this shareholder authority on an annual basis at its Annual General Meeting.

6.6 *Pre-emption Rights*

Canadian law does not confer statutory pre-emption rights on shareholders relating to new share issues. It is not a requirement under Canadian law to offer new common shares to existing shareholders on a pre-emptive basis. Under section 561 of the Act, statutory pre-emption rights apply to the allotment of equity securities for cash unless expressly disapplied, or in certain other exempt circumstances such as the issue of shares in connection with employee share schemes or the issue of bonus shares. Accordingly, the issue of further Ordinary Shares is subject to pre-emption rights in favour of existing shareholders, which may be disapplied by shareholders by way of special resolution, which requires approval by not less than 75% of shareholders voting in person or by proxy. The Company, acting in accordance with the Act, has obtained an express authority by way of a special resolution from its members granting the directors authority to disapply pre-emption rights to the allotment of Ordinary Shares as set out in paragraph 4.7 and intends to update this shareholder authority on an annual basis at its Annual General Meeting.

6.7 *Disclosure requirements*

- (a) Under Canadian laws, the only material provisions regarding disclosure of interests in shares by shareholders is under the early warning disclosure requirements noted in Takeovers above. Some Canadian shareholders can also categorise themselves as objecting shareholders, such that any percentage holding up to 10% must not be disclosed. Pursuant to the UK Disclosure and Transparency Rules, directors of a public company incorporated in the United Kingdom whose shares are admitted to a trading on a prescribed market, which includes AIM, must disclose the identity of any person who holds over 3% of the voting rights as shareholder in the company. The Company

is required also, if it acquires or disposes of its own shares, either itself or through a person acting in its own name but on the Company's behalf, to make public the percentage of voting rights attributable to those shares it holds as a result of the transaction as a whole, as soon as possible but no later than 4 trading days following such acquisition or disposal where the percentages reaches, exceeds or falls below the thresholds of 5% or 10% of the voting rights. Furthermore, Rule 17 of the AIM Rules requires, inter alia, that shareholders notify an AIM listed company once their holding is 3% or more, and changes thereto (movements through a percentage point upwards or downwards). This is in keeping with the Company's constitution which was changed to conform to Rule 17.

- (b) After completion of the Arrangement, it is expected that Bacanora UK will be a "designated foreign issuer" within the meaning of National Instrument 71-102 — Continuous Disclosure and Other Exemptions Relating to Foreign Issuers of the Canadian Securities Administrators. Bacanora UK will rely on that instrument, and Bacanora Canada will be applying for relief to the effect that Bacanora UK and Bacanora Canada will be exempt from most of the continuous disclosure requirements of Canadian securities legislation, as well as certain other requirements, including insider reporting and early warning reporting, provided Bacanora UK complies with the continuous disclosure requirements of the United Kingdom. Bacanora Canada and Bacanora UK also intends to apply to the applicable securities regulators in Canada for relief from NI 43-101.

6.8 *Restrictions on transfer of securities*

Under Canadian legal requirements there is a trading restriction on the onward sale of shares to residents of Canada for four months and one day following the admission of shares to trading. In the UK no such trading restrictions apply to existing shares or in respect of transfers occurring through CREST.

6.9 *Cancellation of admission of the Ordinary Shares to trading on AIM*

Under the BCA it is possible that a takeover, amalgamation or plan of arrangement, which might lead to a cancellation of trading could be completed with the consent of 66⅔% of votes cast by shareholders at a duly called meeting. However, under Rule 41 of the AIM Rules, should the Company wish to cancel the admission of its Ordinary Shares to trading on AIM it is required to obtain the consent of not less than 75% of votes cast by Shareholders at a duly called meeting thereof (unless the London Stock Exchange otherwise agrees in certain circumstances).

6.10 *Financial assistance*

A Canadian company is permitted to provide financial assistance in connection with the acquisition of its own shares. A public company incorporated in England and Wales is not permitted to provide financial assistance for the purpose of the acquisition of its own shares (section 678 of the Act).

6.11 *Notice of meetings*

Subject to the provisions of the BCA, under Canadian securities laws a meeting of shareholders must be convened by not less than 21 and not more than 50 clear days' notice in writing. Any general meeting of the Company may be convened on 14 clear days' notice or 21 clear days for an annual general meeting.

6.12 *Number of directors*

Under the BCA, a company incorporated in Alberta is required to have at least 25% of its board of directors be Canadian residents. In the UK the Company must have a minimum of two directors and there is no restriction on their residency.

7 Directors' Interests

- 7.1 The interests of the Directors, their immediate families, civil partners (as defined in the Civil Partnership Act 2004) (if any), and persons connected with them, within the meaning of sections 252-254 of the Act, in the share capital of Bacanora Canada at the date of this Document and in the share capital of the Company immediately following Admission, all of which are beneficial, are:

<i>Name</i>	<i>Bacanora Canada Shares</i>	<i>Percentage of Bacanora Canada share capital</i>	<i>Bacanora UK Shares on Admission</i>	<i>Percentage of Bacanora UK share capital on Admission</i>
Mark Hohnen ⁽¹⁾	2,514,951	1.88%	2,514,951	1.88%
Derek Batorowski	423,400	0.25%	423,400	0.25%
James Strauss	102,857	0.08%	102,857	0.08%
Raymond Hodgkinson	766,300	0.57%	766,300	0.57%
Andres Antonius	0	0.00%	0	0.00%
Junichi Tomono ⁽²⁾	0	0.00%	0	0.00%
Eileen Carr	0	0.00%	0	0.00%

(1) 1,440,951 of these Bacanora Canada Shares are held by Mr Hohnen in his personal name, 74,000 of these Bacanora Canada Shares are held by Catherine Hohnen and the balance of 1,000,000 Bacanora Canada Shares are held by Fernan Pty Limited, a private Company wholly owned by Mr Hohnen

(2) Junichi Tomono is a board appointee of Hanwa, which has an interest in 12,333,261 Bacanora Canada Shares, representing 9.2% of its issued share capital.

- 7.2 Additionally, the Directors hold the following Options over Bacanora Canada Shares pursuant to the Stock Option Plan which will be exercisable into the same number of Bacanora UK Shares following Admission:

<i>Director</i>	<i>Aggregate no. of Options granted</i>	<i>Exercise Price</i>	<i>Lapse Date</i>
Mark Hohnen	224,910	£0.80	Sept. 19, 2020
Mark Hohnen	249,900	£0.85	Mar. 1, 2020
Mark Hohnen	1,000,000	£0.9625	Oct. 21, 2019
Mark Hohnen	1,000,000	£0.9625	Apr. 21, 2019
Derek Batorowski	125,000	£0.85	Mar. 1, 2020
Derek Batorowski	175,000	CAD\$1.58	Dec. 2, 2020
Derek Batorowski	200,000	CAD\$0.30	Sept. 11, 2018

James Strauss	750,000	£0.80	Sept. 19, 2020
James Strauss	750,000	£0.85	Mar. 1, 2020
Raymond Hodgkinson	100,000	£0.80	Sept. 19, 2020
Raymond Hodgkinson	200,000	£0.85	Mar. 1, 2020
Andres Antonius	750,000	£0.80	Sept. 19, 2020
Andres Antonius	500,000	£0.865	May 15, 2020
Junichi Tomono	0	0	n/a
Eileen Carr	0	0	n/a

- 7.3 Additionally, the Directors hold the following RSUs over Bacanora Canada Shares pursuant to the RSU Plan which will be exercisable into the same number of Bacanora UK Shares following Admission:

<i>Director</i>	<i>Aggregate no. of RSUs granted</i>	<i>Exercise Price</i>	<i>Lapse Date</i>
Mark Hohnen	557,843	£0.80	Sept. 19, 2020

- 7.4 None of the Directors nor any member of a Director's family has an interest in a related financial product (as defined by the AIM Rules) referenced to the Bacanora UK Shares.

8 Additional Information on the Directors

- 8.1 In addition to their directorships in the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the period of five years prior to the date of this document:

Name	Current directorships/ partnerships	Past directorships/ partnerships
Mark Hohnen	Bacanora Minerals Ltd Boss Resources Ltd Cedarvale Investments Pty Ltd Craton Diamonds (Propriety) Limited Fernan Pty Ltd Gnarabup Beach Pty Ltd Harley (WA) Pty Ltd The Vines (WA) Pty Ltd Vynben Pty Ltd Vynben Custodian Pty Ltd Vynben Custodian No. 2 Pty Ltd Vynben Pensions Pty Ltd Kumla Pty Ltd	Pretorian Resources Ltd Coronet Resources Pty Ltd Oakhampton Pty Ltd Mawson West Limited Mtemi Resources Kalahari Minerals PLC Extract Resources Ltd Swakop Uranium Pty Australian Insurance Exchange Ltd Craton Diamonds (Propriety) Limited Salt Lake Potash Ltd Peak Coal Pty Ltd
Derek Batorowski	Bacanora Minerals Ltd Blacksteel Energy Inc	Westcore Energy Ltd Tembo Gold Corp. (formerly Lakota Resources Inc.)
James Strauss	Bacanora Minerals Ltd Strauss Partners Limited Altius Minerals Corporation Gold Standard Ventures Corp	Wildhorse Energy Limited Extorre Gold Mines Limited Appleton Resources Limited
Raymond Hodgkinson	Bacanora Minerals Ltd Westcore Energy Ltd Troy Energy Corp.	
Andres Antonius	Bacanora Minerals Ltd Plan B Asesoria y Estrategia, SC Grupo Financiero Interacciones, S.A. de C.V. Casas Geo, S.A.B de C.V.	
Junichi Tomono	Bacanora Minerals Ltd Showa Metals Co Ltd Nikko Metals Co Ltd Hanwa Metals Co Ltd	
Eileen Carr	Bacanora Minerals Ltd Sylvania Platinum Ltd Bunree Resource Management Ltd	Nobel Holdings Investments Ltd Talvivaara Mining Company Plc BuenaVista Gold Ltd

8.2 Save as disclosed in paragraphs 8.3 below, no Director:

- (a) has any unspent convictions in relation to indictable offences; or
- (b) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or
- (c) has been a director of any company which, while he or she was a director or within twelve months after he or she ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its credits generally or with any class of its creditors; or
- (d) has been a partner of any partnership which, while he or she was a partner or within twelve months after he or she ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (e) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (f) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

8.3 The following are disclosures to be made against the confirmations in paragraph 8.2:

- Ms Carr was a Non-Executive Director of Talvivaara Mining Company Plc ("Talvivaara") from June 2007 until June 2014. Talvivaara applied for corporate reorganisation proceedings governed by the Finnish Restructuring of Enterprises Act (47/1993, as amended) on 15 November 2013. On 2 June 2017, Talvivaara announced that the District Court of Espoo had confirmed Talvivaara's Restructuring Programme.
- On 28 October 2009, Mr. Batorowski was appointed a director of Lakota Resources Inc., a company that previously tendered a proposal under the Bankruptcy and Insolvency Act (Canada) and was the subject of a cease trade order issued by the Ontario Securities Commission dated 13 July 2009 (and equivalent orders issued by the Alberta Securities Commission and the British Columbia Securities Commission) for failure to file financial statements. Mr. Batorowski was appointed to this role on behalf of the principal creditor of Lakota for the purposes of reviewing Lakota's operations and financial status and bringing Lakota into compliance with its public company reporting obligations.

8.4 No Director has been interested in any transaction with the Group which was unusual in its nature or conditions or significant to the business of the Group during the current financial year which remains outstanding or unperformed.

8.5 In the case of those directors of the Company who have roles as directors of companies which are not a part of the Group, although there are no current conflicts of interest, save for Junichi Tomono, who is the appointed representative on the Board of Hanwa. It is possible that the fiduciary duties owed by those directors to companies of which they are directors from time to time may give rise to conflicts of interest with the duties owed to the Group.

8.6 Except for the Directors, Peter Secker, Eric Carter and Janet Boyce, there are no other senior managers who are relevant in establishing that the Company has the appropriate expertise and experience for the management of the Company's business.

9 Significant Shareholders

- 9.1 Other than as set out below, the Company is not aware of any person or persons who either alone or, if connected, jointly, will, at Admission, have an interest of 3% or more of the Company's issued share capital:

<i>Name</i>	<i>Bacanora UK Shares on Admission</i>	<i>Percentage of share capital on Admission (%)</i>
Graham Edwards ⁽¹⁾	15,803,030	11.79
M&G Investments Funds ⁽²⁾	13,456,784	10.04
Blackrock	13,138,292	9.80
Hanwa	12,333,261	9.20
Cadence Minerals Plc	12,285,058	9.17
Orr-Ewing Estate	10,818,793	8.07
The Capital Group	8,573,925	6.40

- (1) Graham Edwards will, on Admission, own approximately 10,500,000 Bacanora UK Shares (approximately 7.8% of the issued and outstanding Bacanora UK Shares) through Igneous Capital Limited, a private corporation incorporated under the laws of the British Virgin Islands that is controlled by and ultimately beneficially owned by Mr. Edwards. Mr. Edwards is also one of the potential beneficiaries of a trust that owns D&A Income Limited, which will, on Admission, own 5,303,030 Bacanora UK Shares (approximately 4.0% of the issued and outstanding Bacanora UK Shares).
- (2) M&G Investments Fund is an investment fund that is part of the Prudential Plc group of companies and is headquartered in London, UK, with offices in 16 countries and funds distributed in 23 territories.

- 9.2 No major holder of Bacanora UK Shares, either as listed above, or as set out in paragraph 7 of this Part III, has voting rights different from other holders of Bacanora UK Shares.

10 Material Contracts

- 10.1 The following are all of the contracts which have not been publicly disclosed, and which (i) are not contracts entered into in the ordinary course of business but which have been entered into by the Bacanora Group in the two years immediately preceding the date of this Document or are, or may be, material or contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this Document, or (ii) are material subsisting agreements which are included within, or which relate to, the assets and liabilities of the Bacanora Group (notwithstanding whether such agreements are within the ordinary course or were entered into outside of the two years immediately preceding the publication of the admission document):

Documents relating to the Re-domicile Proposal and Admission

- (a) On 16 February 2018, the Company, Bacanora Canada and Acquire Co entered into an Arrangement Agreement pursuant to which the Arrangement will be carried out and which sets out the terms and conditions upon which the parties will co-operate with and assist each other to implement the Arrangement.

- (b) On 16 February 2018, the Company, Bacanora Canada and Cairn entered into an Admission Agreement pursuant to which the Company has appointed Cairn as its Nominated Adviser to make the AIM application on behalf of the Company and use all reasonable endeavours to procure Admission. The agreement is conditional, *inter alia*, on Admission and the Company has given certain warranties as to the accuracy of the information contained in this document and other matters relating to the Bacanora Group and its business as well as certain indemnities to Cairn. The agreement provides that a corporate finance fee is payable to Cairn by the Company.
- (c) On 16 February 2018, the Company, Directors and Cairn entered into a nominated adviser agreement pursuant to which the Company appointed Cairn as its Nominated Adviser. Under this agreement, Cairn will receive an annual retainer payable quarterly in advance (and pro-rated insofar as fees have already been paid to Cairn under its nominated adviser agreement with Bacanora Canada which is to terminate on Admission). The agreement contains standard warranties and indemnities given by the Company to Cairn as well as various undertakings given by the Directors to Cairn and the Company. The Company and each of the Directors have agreed to comply with its legal obligations and those of AIM and the London Stock Exchange and to consult and discuss with Cairn all of its announcements and statements and to provide Cairn with any information which Cairn believes is necessary to enable to carry out its obligations to the Company or the London Stock Exchange as nominated adviser.

Other contracts

- (d) The Related Party contracts described in paragraphs 17.1 and 17.2 of this Part III, to the extent (in the case of the Royalty Agreements) that they are valid, which is disputed by the Group.
- (e) The contracts with directors and senior managers described in paragraph 11 of this Part III.
- (f) Pursuant to a nominated adviser agreement dated 21 July 2014 between Bacanora Canada, the directors of Bacanora Canada and Cairn, Cairn agreed to act as nominated adviser to Bacanora Canada. The agreement contained customary warranties and indemnities by the Company in favour of Cairn. In addition it contains an undertaking by Bacanora Canada and each of the directors of Bacanora Canada that Bacanora Canada would not, without the approval of 75% of votes cast at a general meeting of Bacanora Canada allot or issue Bacanora Canada Shares in excess of 25% of the of the issued Bacanora Canada Share capital in on annual basis. It is anticipated that this agreement will terminate on Admission.
- (g) Pursuant to a letter of engagement dated 28 April 2017 from Canaccord Genuity ("CG") Limited to Bacanora Canada, CG agreed to act as broker to Bacanora Canada with effect from 15 May 2017 in consideration for an annual retainer, such fee to be offset against the following commissions payable in respect of equity fundraising during the term of engagement ranging between 1% and 4% of funds raised. Bacanora Canada is required to provide customary indemnities to CG. The engagement may be terminated without notice for cause at any time, but where Bacanora Canada terminates without cause, or CG terminates with cause, the terms of the engagement will continue to apply in respect of any transactions which take place in the 24 months following termination to which the engagement would have applied but for termination. It is anticipated that the rights and obligations of CG under the engagement letter will be novated to the Company with effect from, and conditional on, Admission.
- (h) On 17 February 2017, Bacanora Canada entered into a share purchase agreement ("**SPA**") with SolarWorld AG ("**SolarWorld**") for the purchase of 50% of Deutsche Lithium GmbH (previously named Solarworld Solicium GmbH) ("**the JVC**"). The JVC holds a lithium exploration licence in Zinnwald, southern Saxony, Germany. The purchase price payable by Bacanora Canada was EUR 5,100,000 less certain deductions in respect of the amount of cash the JVC held in its bank account on the

day of completion of the SPA. The SPA was conditional on, *inter alia*, entry into a joint venture agreement ("**JVA**") and for the JVC to adopt new articles of association suitable for a 50:50 joint venture vehicle. The SPA contained customary representations and indemnities given by SolarWorld to Bacanora in respect of the JVC's incorporation, good standing, business and operations. On 17 February 2017, Bacanora Canada and SolarWorld also entered into the JVA pursuant to which the parties agreed certain provisions relating, *inter alia*, to the board constitution and management of the JVC, the JVC's business plan and finance arrangements. The JVA provides that Bacanora Canada would pay up to a maximum of EUR 5,000,000 towards the preparation of a feasibility study and technical development of the JVC's lithium carbonate precipitation and planning process. The JVA contains certain other provisions relating to the deadlock, transfer of shares, compulsory transfers in the event of insolvency, termination and liquidation.

- (i) Participation and Unanimous Shareholders Agreement (the "First USA") dated 22 May 2013 between Bacanora Canada, MSB, Mexilit, Cadence and Cadence Mexico as amended by an addendum dated 24 June 2010 relating to the Mexilit, the EL Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions. Pursuant to the First USA, Cadence Mexico was given the option to participate and purchase shares in Mexilit through the completion of a series of staged investments: (i) stage 1 required an aggregate contribution of US\$750,000 in return for 11,111 shares (or 10% total issued shares of Mexilit); (ii) stage 2 required the successful completion of stage 1 and an aggregate contribution of US\$1,500,000 in return for a further 31,750 shares (or 20% total issued shares of Mexilit); and (iii) stage 3 which required the successful completion of stage 1 and 2 and, if elected, gave Cadence Mexico the option, expiring September 30, 2014, to purchase a further 56,741 shares in Mexilit, which would lead to a total ownership stake of 49.9%, at a negotiated price. The stage 3 option has therefore lapsed. In addition to the shares available to Cadence Mexico, 100,000 shares of Mexilit were issued to MSB and 1 share to Martin Vidal. The First USA contains certain other provisions relating to shareholder rights, with respect to the disposition of shares including any right of first refusal as well as put and call options, and those relating to non-competition, confidentiality and termination.
- (j) Participation and Unanimous Shareholders Agreement (the "Second USA") dated 12 March 2014 between the Company, MSB, Megalit, Cadence and Cadence Mexico in respect of Megalit and the Buena Vista, San Gabriel and Megalit concessions. Pursuant to the Second USA, Cadence Mexico was given the option to participate and purchase shares in Megalit through the completion of a series of staged investments: (i) stage 1 required an aggregate contribution of US\$750,000 in return for 11,111 shares (or 10% total issued shares of Megalit); (ii) stage 2 required the successful completion of stage 1 and an aggregate contribution of US\$1,500,000 in return for a further 31,750 shares (or 20% total issued shares of Megalit); and (iii) stage 3 which required the successful completion of stage 1 and 2 and, if elected, gave Cadence Mexico the option, expiring September 30, 2014, to purchase a further 56,741 shares in Megalit, which would lead to a total ownership stake of 49.9%, at a negotiated price. The stage 3 option has therefore lapsed. In addition to the shares available to Cadence Mexico, 100,000 shares of Megalit were issued to MSB and 1 share to Martin Vidal. The Second USA contains certain other provisions relating to shareholder rights, with respect to the disposition of shares including any right of first refusal as well as put and call options, as well as those relating to non-competition, confidentiality, termination and governing the concessions as an area of mutual interest.
- (k) Pursuant to a placing letter dated 14 December 2017 NextView agreed to subscribe for 32,976,635 new Bacanora Canada Shares at a subscription price of £0.9453 per share. The terms of the placing letter are those customary for transactions of this nature, save that:
 - Bacanora Canada must give notice to NextView in the event of a further offering of new common shares or convertible securities in Bacanora Canada in order to allow NextView to participate on a pre-emptive pro rata basis in order to

avoid dilution of its interest;

- for as long as NextView holds at least 10% of the issued common share capital of Bacanora Canada for any continuous period in excess of 6 months, one nominee of NextView shall be appointed to (i) the Board of the Company and (ii) remuneration, audit and nomination committees of Bacanora Canada;
- Bacanora Canada agrees to use its best endeavours to deliver and sell to NextView certain annual minimum tonnages of lithium carbonate from the Sonora Lithium Project on terms no less favourable than those offered to Hanwa (as defined below) and shall be for a minimum term of 5 years with option to extend for a further 5 years on agreement of both parties; and
- NextView to use reasonable endeavours to assist Bacanora Canada to procure project financing at reasonable rates and commercial terms.

Payment for the subscription was due to be made on the later of (i) 18 January 2018 and (ii) the date on which the TSXV approve the Personal Information Form in respect of NextView. On 1 February 2018, Bacanora Canada announced that the deadline for completion of the placing had been extended and that both parties were committed to proceeding with the Placing.

It is anticipated that the rights and obligations of Bacanora Canada under the placing letter will be novated to the Company with effect from, and conditional on, Admission.

- (l) Pursuant to a placing letter dated 25 April 2017 Hanwa subscribed for 12,333,261 new Bacanora Canada Shares at a subscription price of 82.5 pence per share. The terms of the placing letter are those customary for transactions of this nature.
- (m) Pursuant to a purchase and sale off take agreement dated 7 April 2017 between Hanwa (1) and Bacanora Canada (2) Hanwa has agreed to buy and Bacanora Canada has agreed to sell minimum tonnages of lithium carbonate materials produced from the Sonora Lithium Project. A schedule to the agreement sets out the tonnage of product to be supplied over the period commencing in 2019 until termination of the agreement. The tonnage is dependent upon the equity stake held by Hanwa in Bacanora Canada and varies from 50% to 100% of product from the Sonora Lithium Project based on a minimum shareholding of 10% and a maximum shareholding of 19.9%. The agreement may be terminated by Bacanora Canada (i) in the event of default by Hanwa and (ii) if Hanwa fails to renew a letter of credit after being given 21 days' notice to do so or by Hanwa in the event of a default by Bacanora Canada.

It is anticipated that the rights and obligations of Bacanora Canada under the purchase and sale off take agreement will be novated to the Company with effect from, and conditional on, Admission.

- (n) Pursuant to a shareholder rights agreement dated 7 April 2017 between Hanwa (1) and Bacanora Canada (2), which is stated to be for an indefinite period of time Bacanora Canada has agreed that:
- for as long as Hanwa holds more than 10% holding in Bacanora Canada, Bacanora Canada must give notice to Hanwa in the event of a further offering of new Bacanora Canada Shares or convertible securities in Bacanora Canada in order to allow Hanwa to participate on a pre-emptive pro rata basis in order to avoid dilution of its interest;
 - Hanwa has the right to have a representative appointed to the Board immediately and for as long as it holds at least 10% of the issued Bacanora Canada Shares, and Bacanora Canada has the obligation to propose one

"Hanwa nominee" to be elected (or re-elected) at each AGM of Bacanora Canada;

- the right to have an appointed representative on the board shall expire in the event that Hanwa ceases to hold 10% of the issued share capital of Bacanora Canada for any continuous period of 6 months or more.

It is anticipated that the rights and obligations of Bacanora Canada under the shareholder rights agreement will be novated to the Company with effect from, and conditional on, Admission.

- (o) MSB acquired the property identified as the rural plot of land known as the North Section of the plot of land known as La Joya, located in the Municipality of Bacadehuachi, Sonora, with a surface area of 751-41-00 hectares (*Predio rústico conocido como Fracción Norte del predio denominado La Joya, ubicado en el municipio de Bacadehuachi, Sonora, con una superficie de 751-41-00 hectáreas*) from Mr. Francisco Javier Valencia Valencia by means of certain title deed 6,677 dated July 27 2017, granted before Mr. Enrique Ahumada Tarín, Notary Public 79 of the State of Sonora, Mexico.
- (p) MSB acquired the property identified as the rural plot of land known as "La Ventana", south fraction located within the property known as "La Joya", in the Municipality of Bacadehuachi, State of Sonora, with a surface area of 1-000-00-00 hectares (*predio rústico denominado "La Ventana", fracción sur, ubicado dentro del predio mayor denominado "La Joya", en el municipio de Bacadehuachi, en el Estado de Sonora*) from Mr. Juan Pablo Terán, Flavio Terán Valencia, and Maria Goretty Terán Valencia by means of certain title deed 8,049 dated October 6 2017, granted before Mr. José Manuel Gómez del Campo Gurza, Notary Public 149 of the State of Mexico, Mexico.
- (q) MSB acquired the property identified as property identified as Lot number 4, of the Second Phase of the Industrial Park Development of Hermosillo, Sonora, with a surface area of 5,836.90 m² (*inmueble urbano baldío identificado como Lote número 4, de la Manzana VI, ubicado en Calle de las Galaxias sin número, de la Segunda Etapa, del Desarrollo Parque Industrial, del Fundo Legal de Hermosillo, Sonora, con superficie de 5,836.90 m²*) from Inmobiliaria R.M.G., S.A. de C.V., by means of certain title deed 6,244, dated May 3 2012, granted before Mr. Miguel Angel Murillo González, Notary Public 4 of the State of Sonora, Mexico.

11 Directors' and Senior Management Contracts

Certain details of the Director's and Senior Management's service agreements and letters of appointment and the terms of their appointment with the Company are set out below:

- (a) Mark Hohnen (Non-Executive Director)

A consultancy agreement ("**Consultancy Agreement**") dated 15 December 2016 between Bacanora Canada, Fernan Pty Limited (a company in which Mr Hohnen is interested) ("**Fernan**") and Mr Hohnen pursuant to which Fernan agreed to provide the services of Mr Hohnen to act as executive chairman of Bacanora Canada. Bacanora Canada has agreed to pay a monthly fee of £20,000 exclusive of VAT in consideration for the provision of the services of Mr Hohnen, unless he is unable to provide the services due to illness or injury. The consultancy agreement contains the usual provisions for the protection of Bacanora Canada's intellectual property, confidentiality and post termination restrictions.

It is anticipated that the rights and obligations of Bacanora Canada under the consultancy agreement will be novated to the Company with effect from, and conditional upon, Admission.

In addition Bacanora Canada has agreed by way of a side letter dated 20 November 2017 that in the event of a change in control of Bacanora Canada, and the Consultancy Agreement is terminated within 30 days thereof for reasons connected directly/indirectly with the change of control, Fernan will be entitled to receive a termination payment (inclusive of any pay in lieu of notice). The termination payment is calculated by reference to the Control Price (being the price or value of consideration per share in the company paid or payable to shareholders of Bacanora Canada by the person(s) who have obtained control) and will be a sum equal to the aggregate of Award 2018 and Award 2019 where:

- Award 2018 is 2,124,150 x the amount by which the Control Price exceeds £1.02, to the extent that the change in control occurs before the Board has resolved upon the number of options to be granted to Fernan in reward for Mark Hohnen's performance for the financial year ended 30 June 2018. In the event that options have been awarded, the Award 2018 will be nil; and
- Award 2019 is 2,124,150 x the amount by which the Control Price exceeds £0.80, to the extent that the change in control occurs before the Board has resolved upon the number of options to be granted to Fernan in reward for Mark Hohnen's performance for the financial year ended 30 June 2019. In the event that options have been awarded, the Award 2019 will be nil.

Notwithstanding the above, the termination payment will only be made in the event that the Control Price is at least £1.30 and the change in control is approved by the board of the Bacanora Canada). For these purposes a "change in control" is defined as a situation where a person or persons having control cease to do so, or alternatively another person/persons obtain control (other than in connection with re-construction, amalgamation or re-domicile and "control" is defined as the power of a person(s) to ensure that the affairs of Bacanora Canada are dealt with in accordance of their wishes by means of voting powers or by the constitution of Bacanora Canada.

It is anticipated that the rights and obligations of Bacanora Canada under the side letter will be novated to the Company with effect from, and conditional upon, Admission.

(b) James Strauss (Non-Executive Director)

The services of James Strauss as non-executive director are provided under a terms of letter of appointment between him and the Company dated 16 February 2018 at an initial fee of £33,000 per annum together with a fee of £6,000 as lead independent director and £7,000 for each committee chaired. The appointment is subject to an initial term of 3 years, but terminable on 1 month's notice and is subject to Admission.

(c) Derek Batorowski

The services of Derek Batorowski as non-executive director are provided under a terms of letter of appointment between him and the Company dated 16 February 2018 at an initial fee of US\$96,000 per annum. The appointment is subject to an initial term of 3 years, but terminable on 1 month's notice and is subject to Admission.

(d) Raymond Hodgkinson

The services of Raymond Hodgkinson as non-executive director are provided under a terms of letter of appointment between him and the Company dated 16 February 2018 at an initial fee of £33,000 per annum. The appointment is subject to an initial term of 3 years, but terminable on 1 month's notice and is subject to Admission.

(e) Andres Antonius (Non-Executive Director)

The services of Andres Antonius as non-executive director are provided under a terms of letter of appointment between him and the Company dated 16 February 2018 at an initial fee of US\$50,000 per annum. The appointment is subject to an initial term of 3 years, but terminable on 1 month's notice and is subject to Admission.

(f) Junichi Tomono (Non-Executive)

The services of Junichi Tomono as non-executive director are provided under a terms of letter of appointment between him and the Company dated 16 February 2018. The appointment is subject to an initial term of 3 years, but terminable on 1 month's notice and is subject to Admission. Junuchi Tomono does not receive a fee.

(g) Eileen Carr (Non-Executive)

The services of Eileen Carr as non-executive director are provided under a terms of letter of appointment between her and the Company dated 16 February 2018 at an initial fee of £33,000 per annum together with a fee of £7,000 for each committee chaired. The appointment is subject to an initial term of 3 years, but terminable on 1 months notice and is subject to Admission.

(h) Peter Secker

A contract of employment dated 20 November 2017 between Mr Secker and Bacanora Canada pursuant to which Mr Secker is appointed Chief Executive Officer of Bacanora Canada with effect from 19 October 2017. The agreement is terminable on 12 months' written notice. Mr Secker receives an annual salary of £300,000 In the event of a change in control of Bacanora Canada and Mr Secker's contract of employment is terminated within 30 days of such change of control, he will be entitled to a lump sum termination payment (inclusive of any pay in lieu of notice) The termination payment is calculated by reference to the Control Price (being the price or value of consideration per share in the company paid or payable to shareholders of Bacanora Canada by the person(s) who have obtained control).

The termination payment is a sum equal to the aggregate of Award 2018 and Award 2019 where:

- Award 2018 is 2,550,000 x the amount by which the Control Price exceeds £1.02, to the extent that the change in control occurs before the Board has resolved upon the number of options to be granted to Peter Secker in reward for his performance for the financial year ended 30 June 2018. In the event that options have been awarded, the Award 2018 will be nil; and
- Award 2019 is 2,550,000 x the amount by which the Control Price exceeds £0.80, to the extent that the change in control occurs before the Board has resolved upon the number of options to be granted to Peter Secker in reward for his performance for the financial year ended 30 June 2019. In the event that options have been awarded, the Award 2019 will be nil.

Notwithstanding the above, the termination payment will only be made in the event that the Control Price is at least £1.30 and the change in control is approved by the board of Bacanora Canada). For these purposes a "change in control" is defined as a situation where a person or persons having control cease to do so, or alternatively another person/persons obtain control (other than in connection with re-construction, amalgamation or re-domicile and "control" is defined as the power of a person(s) to ensure that the affairs of Bacanora Canada are dealt with in accordance of their wishes by means of voting powers or by the constitution of Bacanora Canada.

It is anticipated that the rights and obligations of Bacanora Canada under the side letter will be novated to the Company with effect from, and conditional upon, Admission.

(i) Janet Boyce

Janet Boyce is employed as Chief Financial Officer under a service agreement with Bacanora Canada dated 16 February 2018. The agreement is subject to 3 months' notice by either party and her salary is £200,000 per annum, which shall be subject to annual review. The agreement contains customary non-compete and confidentiality provisions. The rights and obligations of Bacanora Canada under the service agreement will be novated to the Company with effect from, and conditional upon, Admission.

12 Taxation — the Company

General

- 12.1 The following information is intended as a general guide and relates to the UK tax position of the Company. The statements are based on the current legislation, proposals announced in the 22 November 2017 Budget and HM Revenue and Customs (HMRC) practice currently in force in the UK, and do not purport to be comprehensive or to describe all potential relevant considerations. Investors should note that both tax law and interpretation are subject to change, possibly with retrospective effect.
- 12.2 Bacanora UK is resident for taxation purposes in the UK by virtue of being incorporated in the UK and is therefore taxed in the UK on its worldwide income.
- 12.3 Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19% and from 1 April 2020 the rate will reduce to 17%.

13 Taxation — Shareholders

General

- 13.1 The following information is intended as a general guide and relates to the tax position of Shareholders who are resident in the UK and Canada. The statements may not apply to certain classes of Shareholders such as dealers in securities and other persons who hold the Bacanora UK Ordinary Shares other than as investments. The statements are based on the current legislation, in respect of UK legislation, proposals announced in the 22 November 2017 Budget and practice in the UK and Canada, and do not purport to be comprehensive or to describe all potential relevant considerations. Investors should note that both tax law and interpretation are subject to change, possibly with retrospective effect.
- 13.2 **Any prospective investor who is in any doubt about his tax position, or who is subject to taxation in a jurisdiction other than the UK or Canada should consult his own professional adviser immediately.**
- 13.3 **UK taxation — General**

The paragraphs set out below summarise the UK tax treatment for Shareholders of holding or disposing of Bacanora UK Shares. They are based on current legislation, proposals announced in the 22 November 2017 Budget and HM Revenue and Customs (HMRC) practice currently in force in the UK. The paragraphs are intended as a general guide and, except where express reference is made to the position of non-UK residents, apply only to Shareholders who are resident and, if individuals, domiciled in the UK for tax purposes. They relate only to such Bacanora UK Shareholders who hold their Bacanora UK Shares directly as an investment and who are absolute beneficial owners of those Bacanora UK Shares. These paragraphs do not deal with certain types of shareholders, such as persons holding or acquiring Bacanora UK Shares in the course of trade or by reason of their, or another's, employment, collective investment schemes and insurance companies.

If you are in any doubt as to your taxation position or if you are resident or otherwise subject to taxation in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately. Shareholders are referred to the sections headed “UK Shareholders” and “Canadian Shareholders” below for a description of the tax consequences of holding Bacanora UK Shares in such jurisdictions.

13.4 UK taxation — Disposal of Bacanora UK Shares — tax on chargeable gains

Liability to UK tax on chargeable gains will depend on the individual circumstances of Shareholders.

13.5 Disposal of Ordinary Shares by UK resident Shareholders

A disposal of Bacanora UK Shares by a Bacanora UK Shareholder who is resident in the UK may, depending on individual circumstances (including the availability of exemptions and reliefs), give rise to a chargeable gain or allowable loss for the purposes of the UK taxation of chargeable gains.

(a) Individuals

For gains for an individual Bacanora UK Shareholder, the rate of capital gains tax on disposal of Bacanora UK Shares by basic rate taxpayers will be 10% and, for upper rate and additional rate taxpayers, the rate will be 20%.

(b) Companies

For Corporate Bacanora UK Shareholders within the charge to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Bacanora UK Shares but will not create or increase an allowable loss. However, as proposed in 22 November 2017 Budget, indexation allowance will be removed after 1 January 2018. Please note that this provision has yet to receive Royal assent and, in the unlikely event that it is not enacted, indexation allowances will continue to be available after 1 January 2018.

Subject to certain exemptions, the corporation tax rate applicable to its chargeable gains is currently 19% falling to 17% after 1 April 2020.

13.6 Disposal of Bacanora UK Shares by non-UK resident Shareholders

Bacanora UK Shareholders who are not resident for tax purposes in the UK may not be liable for UK tax on capital gains realised on a disposal of their Bacanora UK Shares unless such Bacanora UK Shares are acquired for use by or for the purposes of a branch, agency or, in the case of a corporate shareholder, a permanent establishment through which such person is carrying on a trade, profession or vocation in the UK. Such Bacanora UK Shareholders may also be subject to foreign taxation on any gain under local law.

A Bacanora UK Shareholder who is an individual and who is temporarily a non-UK resident at the time of the disposal may, under anti-avoidance legislation, still be liable to UK taxation on any chargeable gain realised (subject to the availability of exemptions or reliefs).

13.7 UK taxation — Tax on dividends paid by the Company

Under Current UK legislation, no UK tax is required to be withheld from dividend payments by a UK company.

(a) Individuals

An individual who is a Bacanora UK Shareholder and is resident in the UK or carries on a trade in the UK or through a UK branch or agency in connection with which their Bacanora UK Shares are held will generally be subject to UK income tax.

Dividend income received by UK tax resident individuals before 6 April 2018 will have a £5,000 dividend tax allowance and, after 6 April 2018, will have a £2,000 dividend tax allowance. Dividend receipts in excess of £5,000 or £2,000 will be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers, and 38.1% for additional rate taxpayers.

(b) Companies

Corporate Bacanora UK Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received.

13.8 Anti-Avoidance - Transactions in securities

The attention of Bacanora UK Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”.

13.9 UK taxation — Stamp duty and stamp duty reserve tax (“SDRT”)

No UK stamp duty or SDRT will be payable on the issue of Bacanora UK Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Bacanora UK Shares on AIM (including instruments transferring Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (a) the Bacanora UK Shares are admitted to trading on AIM, but from Admission will not be listed on any market (with the term “listed” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (b) AIM continues to be accepted as a “recognised growth market” as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Bacanora UK Shares in certain circumstances.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

13.10 Canadian taxation — General

- 13.11 The following is a summary of the principal Canadian federal income tax considerations generally applicable to Bacanora Canada Shareholders who are individuals (other than trusts, including Deferred Income Plans) or corporations who are not exempt from Canadian federal income tax, who deal at arms' length with Bacanora Canada, Bacanora UK and Acquire Co, who are not affiliated with Bacanora Canada or Bacanora UK and who hold their Bacanora Canada Shares and Bacanora UK Shares as capital property. This summary does not apply to a holder of Bacanora Canada Shares with respect to whom Bacanora UK is or will be a "foreign affiliate" within the meaning of the Tax Act. This summary does not apply to certain financial institutions (as defined in the Tax Act) that are subject to the "mark-to-market property" rules contained in the Tax Act. This summary does not apply to a Bacanora Canada Shareholder to whom the functional currency reporting rules in section 261 of the Tax Act applies. Such holders should consult their own tax advisers.

Bacanora Canada Shares will generally be considered to be capital property to a holder unless held in the course of carrying on a business, as an adventure in the nature of trade, or as "mark-to-market property" for purposes of the Tax Act. Certain Canadian resident holders of Bacanora Canada Shares whose Bacanora Canada Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have such shares, and every other "Canadian security" (as defined in the Tax Act) owned by such holders in the taxation year of the election and in all subsequent taxation years, deemed to be capital property.

This summary is based on the Tax Act, the regulations thereunder and the current published administrative practices of the CRA, all in effect as of the date of this Document. This summary also takes into account the Tax Proposals, although no assurances can be given that the Tax Proposals will be enacted in the form presented, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or administrative practices, whether by judicial, governmental or legislative action or decision, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations described in this Document. No advance income tax ruling has been sought or obtained from the CRA to confirm the tax consequences of any of the transactions described in this Document.

This summary is of a general nature only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular person. Bacanora Canada Shareholders are urged to consult their own tax advisors with respect to their particular circumstances.

This summary does not address income tax consequences applicable to Bacanora Canada Shareholders who:

- a) are partnerships or trusts;
- b) are directors, officers or other insiders of Bacanora Canada or its affiliates;
- c) hold their Bacanora Canada Shares as inventory or stock in trade (or otherwise not as capital property); or
- d) acquired their Bacanora Canada Shares on the exercise of Bacanora Canada Options.

For the purposes of the Tax Act, all amounts must be expressed in Canadian dollars, including dividends, adjusted cost base and proceeds of disposition; amounts denominated in foreign currencies must be converted into Canadian dollars based on the prevailing exchange rate generally applicable at the time such amounts arise.

13.12 Capital Gains and Losses

One-half of any capital gain (a "taxable capital gain" as defined in the Tax Act) realised upon, where applicable, a holder's disposition of Bacanora Canada Shares or Bacanora UK Shares will be included in such holder's income for the year of disposition, and one-half of any capital loss (an "allowable capital loss" as defined in the Tax Act) so realised, where applicable, may be deducted by such holder against the holder's taxable capital gains for the taxation year in which the disposition occurs.

Subject to the detailed rules in the Tax Act, any excess of allowable capital losses over taxable capital gains of the said holder for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years.

A Bacanora Canada Shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 10 $\frac{2}{3}$ % and an additional non-refundable tax of 13% on its taxable capital gains.

13.13 Bacanora Canada Shareholders Resident in Canada

The following portion of the summary is applicable to a shareholder who is a Canadian Resident and who will continue to be a Canadian Resident at all times while it holds Bacanora UK Shares, and is not Tax Exempt.

13.14 Exchange of Bacanora Canada Shares for Bacanora UK Shares

A Bacanora Canada Shareholder who exchanges Bacanora Canada Shares for Bacanora UK Shares will be considered to have disposed of the Bacanora Canada Shares for proceeds of disposition equal to the fair market value of the Bacanora UK Shares acquired by such holder on the exchange and, as a result, such holder will in general realize a capital gain (or a capital loss) to the extent that such proceeds of disposition, net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base to such holder of the Bacanora Canada Shares immediately before the exchange. See "Capital Gains and Losses" above.

The cost of the Bacanora Canada Shareholder's Bacanora UK Shares acquired on the exchange of Bacanora Canada Shares will be equal to the fair market value of the Bacanora Canada Shares disposed upon the exchange and will be averaged with the adjusted cost base to such holder of all other Bacanora UK Shares held by such holder as capital property for the purposes of determining the holder's adjusted cost base of such Bacanora UK Shares.

13.15 Dividends

Dividends received on Bacanora UK Shares must be included in the recipient's income for the purposes of the Tax Act. Such dividends received by a holder of Bacanora UK Shares who is an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act. A holder of Bacanora UK Shares that is a corporation will generally not be entitled to deduct the amount of such dividends in computing its taxable income. A holder of Bacanora UK Shares that is a Canadian-controlled private corporation may be liable to pay an additional refundable tax of 10 $\frac{2}{3}$ % and an additional non-refundable tax of 13% on such dividends.

13.16 Disposition of Bacanora UK Shares

A disposition or deemed disposition of Bacanora UK Shares by a holder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of such shares immediately before the disposition. See "Capital Gains and Losses" above.

13.17 Foreign Property Information Reporting

In general, a "specified Canadian entity", as defined in the Tax Act, whose total cost amount of "specified foreign property", as defined in the Tax Act, at any time in the taxation year or fiscal period exceeds \$100,000, is required to file an information return for the year or period disclosing prescribed information, which may include the cost amount, any dividends received in the year, and any gains or losses realized in the year, in respect of such property. With some exceptions, a taxpayer resident in Canada in the year will be a specified Canadian entity. Bacanora UK Shares will be specified foreign property to a Canadian Resident holder. Accordingly, holders of Bacanora UK Shares should consult their own advisers regarding compliance with these rules.

13.18 Bacanora Canada Shareholders Not Resident in Canada

The following portion of the summary is applicable to Bacanora Canada Shareholders who, for purposes of the Tax Act, have not been and will not be resident or deemed to be resident in Canada at any time while they have held Bacanora Canada Shares or will hold Bacanora UK Shares and to whom such shares are not "taxable Canadian property" (as defined in the Tax Act). Special rules which are not discussed in this summary may apply to a Bacanora Canada Shareholder that is an insurer that carries on business in Canada and elsewhere.

Generally, Bacanora Canada Shares will not be taxable Canadian property provided that such shares are listed on a designated stock exchange (which currently includes the TSXV), the holder does not use or hold, and is not deemed to use or hold, such shares in connection with carrying on a business in Canada and the holder, persons with whom such holder does not deal at arm's length, or the holder together with such non-arm's length persons has not owned 25% or more of the issued shares of any class or series of the capital stock of Bacanora Canada at any time within five years preceding the date of disposition. Additionally, Bacanora UK Shares generally will not be taxable Canadian property to a Bacanora Canada Shareholder who does not use or hold and is not deemed to use or hold such shares in connection with carrying on a business in Canada.

Generally, a Bacanora Canada Shareholder who, for purposes of the Tax Act, has not been and will not be resident or deemed to be resident in Canada at any time while it has held Bacanora Canada Shares or will hold Bacanora UK Shares and to whom such shares are not "taxable Canadian property" (as defined in the Tax Act), will not be subject to tax in Canada on any gains realized on the disposition or deemed disposition of such shares.

13.19 Eligibility For Investment

Provided the Bacanora UK Shares are listed on a designated stock exchange (which currently includes the AIM), the Bacanora UK Shares will be qualified investments under the Tax Act for Deferred Income Plans.

13.20 Other Shareholders

Other Shareholders will need to take specific professional advice about their individual tax position.

Any person who is in any doubt as to his/her tax position or requires more detailed information than the general outline above should consult his/her professional advisers.

14 Comparison between UK and Canadian tax law

14.1 UK tax resident Shareholders

Set out below is a comparison between UK and Canadian tax law with respect to a UK tax resident Shareholder owning Bacanora UK Shares and Bacanora Canada Shares:

	<u>Bacanora UK Shares</u>	<u>Bacanora Canada Shares</u>
Disposal of Ordinary Shares by an individual	Capital gains taxed at 10% for upper rate taxpayers and at 20% for additional rate taxpayers	No change
Disposal of Ordinary Shares by a company	Chargeable gains taxed at 19% for disposals made pre 1 April 2020 and 17% for disposals made after 1 April 2020 and 1 April 2020	No change
Dividends received by individuals	Dividend income received in excess of £5,000 before 6 April 2018 and in excess of £2,000 after 6 April 2018 taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.	Subject to 15% Canadian withholding tax provided the recipient is entitled to the benefits of the Canada-UK tax treaty.
Dividends received by companies	Subject to anti-avoidance regulations, dividends received will be exempt from UK corporation tax.	Subject to 15% Canadian withholding tax, which may be reduced to 5% in certain circumstances, provided the recipient is entitled to the benefits of the Canada-UK tax treaty.
SDRT on the issue of shares	No SDRT payable on the issue of Bacanora UK Shares	No SDRT payable on the issue of Bacanora Canada Shares
SDRT on the transfer shares	No SDRT payable on the transfer of Bacanora UK Shares (subject to certain conditions)	No SDRT payable on the issue of Bacanora Canada Shares

No UK withholding tax is payable on a dividend paid by a UK resident company to a UK resident shareholder. Generally, no Canadian withholding tax is payable on a dividend paid by a UK resident company to a UK resident shareholder.

14.2 Canadian tax resident Shareholders

Set out below is a comparison between UK and Canadian tax law with respect to a Canadian tax resident Shareholder owning Bacanora UK Shares and Bacanora Canada Shares:

	<u>Bacanora UK Shares</u>	<u>Bacanora Canada Shares</u>
Disposal of Ordinary Shares by an individual	No change.	No change.
Disposal of Ordinary Shares by a company	No change.	No change.

Dividends received by individuals	Generally taxed as ordinary income at full marginal rates and tax potentially reduced by foreign taxes withheld. Combined (federal and provincial/territorial) top marginal tax rates on ordinary income in Canada are currently 44.5% to 54.0%.	Taxed preferred and subject to gross-up and dividend tax credit rules in the Tax Act. Combined (federal and provincial/territorial) top marginal tax rates on such eligible dividends in Canada are currently 28.3% to 41.6%.
Dividends received by companies	Generally taxable as regular income and tax potentially reduced by foreign taxes withheld. Canadian controlled private corporations are subject to an additional refundable tax of 10 $\frac{2}{3}$ % and an additional non-refundable tax of 13%.	Generally subject to 38 $\frac{1}{3}$ % refundable tax. In other circumstances, taxable at the same rates as dividends received from a non-resident corporation.

15 Working Capital

The Directors have no reason to believe that the working capital available to the Bacanora Group will be insufficient for its present requirements and for at least 12 months from the date of Admission.

16 Litigation

16.1 Save as set out in paragraph 16.2 below, no member of the Bacanora Group is involved nor has it been involved in any governmental, legal or arbitration proceedings in the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the Bacanora Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Bacanora Group.

16.2 Bacanora Canada is party to certain legal proceedings in both Canada and the United Kingdom in respect of a dispute with the Orr-Ewing Estate regarding the validity and enforceability of a 3% gross over-riding royalty purportedly held by the Orr-Ewing Estate over certain of Bacanora Canada's lithium assets in Sonora, Mexico (the "Royalty"), arising pursuant to certain of the Royalty Agreements (as defined at paragraph 17.1(a) below). Following a review of the historical background, the Bacanora Canada Board has concluded that no such pre-existing royalty existed and accordingly there was no basis for the grant of the Royalty by Bacanora Canada. As such, Bacanora Canada has filed with the Court (and served on the Orr-Ewing Estate) a statement of claim seeking (amongst other things) to void ab initio the Royalty on the basis that the Royalty was originally granted based on a negligent or fraudulent misrepresentation by Mr. Orr-Ewing (the "Alberta Claim"), whilst for its part the Orr-Ewing Estate has issued and served Bacanora Canada with legal proceedings commenced in the English Commercial Court seeking (amongst other things) a declaration that the Royalty is valid and enforceable (the "Commercial Court Claim"). The parties have agreed to stay the Commercial Court Claim subject to a Confidential Forum Agreement. At this time, only the Alberta Claim is proceeding. Under the Alberta Claim, Bacanora Canada is also seeking damages associated with its efforts to undertake the investigation into the Royalty Agreements and punitive damages, neither of which have yet to be quantified. It is anticipated that the Alberta Claim will be contested. The Estate has made a request for particulars and once the reply to particulars has been served the Estate will have to file a statement of defence. The Commercial Court Claim was filed on 20 September 2017 and the Alberta Claim was filed on 17 November 2017.

17 Related Party Transactions

Save as described in paragraphs 17.1 and 17.2 below, and save as disclosed in accounts for the Company annual accounts for Bacanora Canada for the period of the historical financial information, there are no material 'related party transactions' (within the meaning of the AIM Rules) required to be disclosed under the accounting standards applicable to Bacanora Canada, to which Bacanora Canada was a party during the period of the historical financial information and up to the date of this Document.

17.1 Mr. Orr-Ewing

Mr. Orr-Ewing was Chairman of Bacanora Canada from 19 June 2014 until 25 July 2016.

(a) Royalty agreements

Subject to the matters set out at paragraph 16.2 above regarding the validity of the Royalty, Mr. Orr-Ewing has a purported 3% royalty on production of products pursuant to:

- a Letter Agreement dated 17 July 2009 made between Bacanora Canada and Mineramex, Tubutama Borax and Tubutama Limited in respect of certain concessions then held by MIT;
- a Sale and Purchase Agreement dated 30 April 2008 entered into between MSM, MSB and Tubutama Borax, in respect of certain concessions within the Magdalena Borate Project; and
- a Letter Agreement dated 21 July 2010 made between the Company and Martin Vidal referred to in paragraph 17.2(a) below, and a subsequent lithium royalty agreement entered into between Bacanora Canada, MSB and Colin Orr-Ewing dated 20 August 2010, in respect of certain concessions within the Sonora Lithium Project,

(together the "Royalty Agreements")

Mr. Orr-Ewing was not an officer or director of Bacanora Canada when these transactions took place.

The Royalty Agreements, to the extent that they are valid, are governed by Alberta law.

No revenues are attributable to the Royalty Agreements at the present time as the royalties payable thereunder, even if the Royalty Agreements are found to be valid, would not yet be payable.

(b) Transfer of Bacanora Canada Shares to Paul Conroy – Mr. Orr-Ewing

The original transaction in 2010 by which Bacanora Canada acquired Mineramex Limited (which indirectly held certain borate assets) involved the issuance of 21,739,130 Bacanora Canada Shares to Tubutama Limited, a UK based company of which Mr. Orr-Ewing was a shareholder. Tubutama Limited was subsequently dissolved and its assets, including the shares of Bacanora Canada were distributed to its shareholders. Although Mr. Orr-Ewing was not a director or shareholder of Bacanora Canada at the time of the original transaction with Tubutama Limited, he was party to a grub-staking agreement with Paul Conroy, the President and a director of Bacanora Canada in 2010. This grub-staking agreement entitled Paul Conroy to share in certain gains enjoyed by Mr. Orr-Ewing as a result of their joint efforts and, in satisfaction of entitlements arising from the grub-staking agreement, in 2014 Mr. Orr-Ewing transferred beneficial ownership of Saorse Limited, which held 3,510,046 Bacanora Canada Shares, to Paul Conroy. Consequently, Paul Conroy was an interested party in the acquisition of Mineramex Limited. Mr. Conroy is no longer an officer or director of Bacanora Canada although remains a significant shareholder through Saorse Limited.

Following disclosure to the Bacanora Canada Board of the grub-staking agreement between Paul Conroy and Mr. Orr-Ewing, the Bacanora Canada Board established an independent committee to review various historic transactions and confirm that appropriate disclosure had been made. The independent committee with the assistance of professional advisers conducted a review of the original borate transaction, the subsequent lithium transaction and the transfer of the beneficial ownership of Saorse Limited. After completing this review, the independent committee made certain recommendations to the Bacanora Canada Board.

17.2 Martin Vidal

Mr Vidal was a director of Bacanora Canada from May 2013 until November 2017.

Bacanora Canada purchased the La Ventana, San Gabriel, El Sauz and Buenavista lithium concessions from Martin Vidal in 2010 (who was not a director of Bacanora Canada at that time):

(a) Purchase of Lithium assets – Martin Vidal

Pursuant to a letter agreement dated 21 July 2010 between Bacanora Canada and Martin Vidal, Bacanora Canada acquired four lithium exploration concessions in the Sonora State of Mexico, covering approximately 4,050 hectares (La Ventana, San Gabriel, El Sauz and Buenavista) and a pending application (Penasco claim) in respect of a further 500 hectares (“Lithium Assets”). In consideration for transferring the Lithium Assets to Bacanora Canada, Bacanora Canada issued 500,000 Common Shares to Martin Vidal and 100,000 Common Shares to Octavio Moreno and agreed to pay Mr. Vidal US\$40,000 (in respect of exploration expenses incurred by him). Bacanora Canada acknowledged that it assumed all environmental liabilities in connection with the Lithium Assets whether occurring before or after completion and that it would acquire the assets on an “as is” basis.

This agreement is governed by Alberta law.

(b) Grupo Ornelay Vidal SA de CV Martin Vidal

MSB had an arrangement with Grupo Ornelas Vidal, SA de CV (“ORVI”) pursuant to which individuals involved in the provision of services to MSB and Mexilit were engaged. This agreement was terminated on the resignation of Mr Vidal as a Director.

18 Significant Changes

18.1 *Bacanora Canada*

Save as disclosed in paragraph 7 of Part I of this Document, there has been no material change in the trading or financial position of Bacanora Canada since 30 June 2017 being the date to which historic financial information has been published.

18.2 *The Company*

Save as contemplated by the Arrangement Agreement and the Re-domicile Proposal there has been no significant change in the financial or trading position of the Company since the date of its incorporation.

19 General

19.1 The costs, charges and expenses payable by the Company in connection with or incidental to the Arrangement and Admission, including registration and stock exchange fees, legal and accounting fees and expenses, are estimated to amount to £330,000, excluding any VAT applicable thereon.

- 19.2 Save as disclosed in this Document, or as otherwise published by the Company, no person (other than the Bacanora Group's professional advisers otherwise disclosed in this Document and trade suppliers) has received, directly or indirectly, from the Bacanora Group within the twelve months preceding the date of this Document, or entered into contractual arrangements (not otherwise disclosed in this Document or previously published) to receive, directly or indirectly, from the Bacanora Group on or after Admission, any of the following:
- (a) fees totalling £10,000 or more;
 - (b) securities in the Bacanora Group with a value of £10,000 or more;
 - (c) any other benefit with a value of £10,000 or more at the date of this Document.
- 19.3 The Directors are not aware of any exceptional factors that have influenced the Group's activities.
- 19.4 Save as disclosed in this Document or as otherwise published by the Company, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Bacanora Group.
- 19.5 Save as disclosed in this Document, the Company is not is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.
- 19.6 Save as disclosed in this Document, the Company is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Bacanora Group's prospects for at least the current financial year.
- 19.7 On 11 September 2015, Bacanora Canada announced that Mr. Orr-Ewing, who at the time was a director of Bacanora Canada had informed Bacanora Canada that he had an interest over 10,968,793 Bacanora Canada Shares, representing approximately 12.9% of Bacanora Canada's then issued share capital, as his previously disclosed interest as set out in Bacanora Canada's admission document dated 21 July 2014 was erroneously stated as being 9,958,683 Bacanora Canada Shares (then representing approximately 11.7% of its issued share capital). The error was due to an administrative oversight whereby the administrator of a discretionary trust (over which Mr. Orr-Ewing had no control or direction) failed to inform Mr. Orr-Ewing of the additional holding. Except as disclosed in this paragraph, the Directors confirm that, after due and careful enquiry, Bacanora Canada has adhered to all legal and regulatory requirements involved in having its securities traded on AIM.
- 19.8 Cairn has given and not withdrawn its written consent to the issue of this document with references to their name in the form and context in which they appear.
- 19.9 The reporting accountants, Crowe Clark Whitehill, have given and not withdrawn their written consent to the issue of this Document with the inclusion in it of their reports and letters and references to them and to their name in the form and context in which they respectively appear. Crowe Clark Whitehill is a member firm of the Institute of Chartered Accountants in England and Wales. Crowe Clark Whitehill has no material interests in the Company.
- 19.10 Each of the Competent Persons have given and not withdrawn their written consents to the issue of this Document with the inclusion in it of references to them respectively in the form and context in which they appear, and to the inclusion of their respective reports.
- 19.11 Each of the Competent Persons have confirmed to the Company and Cairn that (i) they have reviewed the information in the Document which relates to information contained in their respective reports and (ii) such information contained this Document is accurate, balanced and not inconsistent with such reports.
- 19.12 None of the Competent Persons have any material interests in the Company.

19.13 Each of the Competent Persons have confirmed that there has been no material change of circumstances or available information in relation the Borate or the Lithium assets since the CPRs were published which would require any of the information on the Borate or the Lithium assets as set out in the CPR or in this Document to be amended or updated.

19.14 The auditors of the Company for the period covered by the last three years historical financial information were BDO Canada LLP, a member of the Canadian Institute of Chartered Accountants, whose address is set out on page 5 of this Document.

19.15 The Bacanora UK Shares will be issued and allotted under the laws of the United Kingdom and their currency will be Sterling.

20 Availability of the Document

Copies of this Document will be available on the Company's website at www.bacanoralithium.com, and free of charge from the Company's registered office (Saturdays, Sundays and public holidays excepted) for at least one month after Admission.

20 February 2018