Bacanora Lithium Limited

Annual Report and Financial Statements

31 December 2024

Company Directory

Board of Directors	Peter Secker Junichi Tomono (Ended on 13 February 2025) Wang Xiaoshen Janet Blas (Appointed on 20 December 2024)
Company Secretary	Cherif Rifaat
Registered Office	4 More London Riverside London SE1 2AU
Registered Number	11189628

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Directors Report

The Directors present their Annual Report and Financial Statements of the Company for the year ended 31 December 2024.

1 Principal activities

The Company is a mining investment and development company, primarily engaged in the identification, acquisition, exploration and development of mineral properties located in Mexico, through its joint venture holding in Sonora Lithium Ltd (the “Sonora Project”).

2 Results and dividends

The results for the year are set out in the Financial Statements. No ordinary dividends were declared or paid (2023: Nil).

3 Directors

The Directors who served during the year and as of the date of this report were:

- Peter Secker
- Junichi Tomono (ended on 13 February 2025)
- Wang Xiaoshen – Chairman
- Janet Blas (appointed on 20 December 2024)

No Directors have direct interests in the Company.

4 Directors’ and Officers’ insurance

The Company has made qualifying third-party indemnity provisions for the benefits of its Directors and Officers, which were made during the period and remain in force at the reporting date.

5 Political donations

The Company has not made any political donations during the financial year (2023: Nil).

6 Financial risks

See note 11 to the financial statements for the financial risks present to the Company.

7 Going Concern

See the Going Concern section in note 2c to the Financial Statements.

8 Bacanora Group accounts

Under Companies Act 2006, Section 401, the Company is exempt from the requirement to prepare group accounts. The ultimate parent, Ganfeng Lithium Group Co., Ltd (“Ganfeng”), produces financial statements in which the Company and its subsidiaries are consolidated. These Financial Statements are available for public use and comply with International Financial Reporting Standards (“IFRS”). Ganfeng is listed in Shenzhen Stock Exchange and Hong Kong Stock Exchange.

9 Post balance sheet events

There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

10 Future developments

The Company will continue to be a holding company and provide a financing role for the Sonora Project.

11 Auditor

Ernst and Young LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006. A resolution proposing that they be re-appointed for 2025 will be put at a General Meeting.

12 Statement of disclosure to auditor

So far, as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

13 Streamlined Energy and Carbon Reporting

Energy and carbon emissions are not disclosed as the Company is classed as a Low Energy User as defined in the regulations.

14 Small Companies Exemption

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 414A(2) of the Companies Act 2006 from the requirement to prepare a strategic report.

On behalf of the Board of Directors

Janet Blas

28 March 2025

Directors Statement of Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. The Directors were entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK Adopted International Accounting Standards, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- prepare fairly the financial position and financial performance of the Company;
- present information including accounting policies in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements of UK Adopted International Accounting Standards is sufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Janet Blas

28 March 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BACANORA LITHIUM LIMITED

Opinion

We have audited the financial statements of Bacanora Lithium Limited for the year ended 31 December 2024 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 19, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Recoverability of investment in joint venture and non-current receivables from related parties

We draw attention to note 4a of the financial statements, which describes the effects of the Mexican government decrees to amend the Mining and Constitutional Laws and the cancellation of the concessions held by the Mining Entities (Minera Sonora Borax S.A. de C.V., Mexilit S.A. de C.V. and Minera Megalit S.A. de C.V.) on the investment in the Sonora Lithium Ltd joint venture and the non-current receivables from related parties. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 April 2026.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' statement of responsibilities as set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (UK adopted International Accounting Standards and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the Company operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being laws and regulations relating to health and safety, mining concessions, employee matters, environmental protection, data protection, anti-bribery, anti-money laundering and corruption.

- We understood how Bacanora Lithium Limited is complying with those frameworks by making enquiries of management and those charged with governance. We corroborated our enquiries through our review of Board minutes, the Company's code of conduct, any relevant correspondence with local regulatory bodies and the Company's whistle-blower policy and noted that there was no contradictory evidence. We also enquired directly with the Company's internal and external lawyers.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included using data analytics for testing of journal entries that met our defined risk criteria based on our understanding of the business and challenging the assumptions and judgements made by management in areas where judgement is required, including those referred to in the Emphasis of Matter section above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations, enquiry to senior management and reviewing whistleblowing logs.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jessy Maguhn
Senior statutory auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 March 2025

Statement of Financial Position

As at 31 December 2024

In US$	Note	31 December 2024	31 December 2023
Assets			
Current assets			
Receivables from related parties	7	**60,637,000**	60,775,834
Other receivables and prepayments	8	**235,933**	271,940
Cash and cash equivalents		**7,815,410**	9,943,874
Total current assets		**68,688,343**	70,991,648
Non-current assets			
Investment in joint venture	6	**44,159,008**	45,900,412
Investment in subsidiaries	5	**3**	3
Receivables from related parties	7	**14,774,423**	12,245,311
Other receivables and prepayments	8	**329,886**	497,993
Total non-current assets		**59,263,320**	58,643,719
Total assets		**127,951,663**	129,635,367
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	9	**861,983**	307,169
Total current liabilities		**861,983**	307,169
Non-current liabilities			
Payable to related parties		**1**	1
Total non-current liabilities		**1**	1
Total liabilities		**861,984**	307,170
Shareholders' equity			
Share capital	12	**53,014,057**	53,014,057
Share premium	12	**813,170**	813,170
Merger reserve	12	**40,708,662**	40,708,662
Retained earnings		**32,553,790**	34,792,308
Total shareholders' equity		**127,089,679**	129,328,197
Total liabilities and shareholders' equity		**127,951,663**	129,635,367

The accompanying notes on pages 11 - 26 are an integral part of these Financial Statements.

The Financial Statements of Bacanora Lithium Limited, registered number 11189628, were approved and authorised for issue by the Board of Directors on 28 March 2025 and were signed on its behalf by:

Janet Blas

28 March 2025

Statement of Comprehensive Income
For the year ended 31 December 2024

In US$	Note	Year ended 31 December 2024	Year ended 31 December 2023
Expenses			
General and administrative	13	**(4,724,663)**	(3,267,085)
Operating loss		**(4,724,663)**	(3,267,085)
Finance income	14	**4,227,549**	3,673,440
Share of loss in investment in joint venture	6	**(1,741,404)**	(2,395,036)
Loss before taxation		**(2,238,518)**	(1,988,681)
Tax charge	15	**-**	-
Loss after taxation and total comprehensive loss		**(2,238,518)**	(1,988,681)

There was no other comprehensive income for the years ended 31 December 2024 and 2023, therefore no Statements of Other Comprehensive Income were prepared.

The accompanying notes on pages 11 - 26 are an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2024

In US$	Note	Share capital		Share premium	Merger reserve	Retained earnings	Total equity
		Number of shares	Value				
31 December 2022		387,136,502	53,014,057	813,170	40,708,662	36,780,989	131,316,878
Comprehensive loss for the year:							
Loss for the year		-	-	-	-	(1,988,681)	(1,988,681)
Total comprehensive loss		-	-	-	-	(1,988,681)	(1,988,681)
31 December 2023	12	387,136,502	53,014,057	813,170	40,708,662	34,792,308	129,328,197
Comprehensive loss for the year:							
Loss for the year		**-**	**-**	**-**	**-**	**(2,238,518)**	**(2,238,518)**
Total comprehensive loss		**-**	**-**	**-**	**-**	**(2,238,518)**	**(2,238,518)**
31 December 2024	**12**	**387,136,502**	**53,014,057**	**813,170**	**40,708,662**	**32,553,790**	**127,089,679**

The accompanying notes on pages 11 - 26 are an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2024

In US$	Note	Year ended 31 December 2024	Year ended 31 December 2023
Cash flows from operating activities			
Loss for the year before tax		**(2,238,518)**	(1,988,681)
Adjustments for:			
Foreign exchange losses/(gain)		**12,256**	(7,586)
Finance income	14	**(4,227,549)**	(3,673,440)
Share of loss on investment in joint venture	6	**1,741,404**	2,395,036
Changes in working capital items:			
Other receivables and prepayments		**204,057**	159,636
Accounts payable and accrued liabilities		**554,396**	182,795
Net cash flows used in operating activities		**(3,953,954)**	(2,932,240)
Cash flows from investing activities:			
Interest received		**354,706**	386,299
Interest received from related parties		**2,897,564**	1,161,118
Advances to related parties		**(1,415,000)**	(62,649,001)
Repayment from related parties		**-**	60,000,000
Net cash flows used in investing activities		**1,837,270**	(1,101,584)
Change in cash during the year		**(2,116,684)**	(4,033,824)
Foreign exchange rate effects		**(11,780)**	8,565
Cash and cash equivalents, beginning of year		**9,943,874**	13,969,133
Cash and cash equivalents, end of year		**7,815,410**	9,943,874

The accompanying notes on pages 11 - 26 are an integral part of these Financial Statements.

Notes to the Financial Statements

1 Corporate information

These Financial Statements represent the financial statements of the Company, Bacanora Lithium Limited.

The Company was incorporated under the Companies Act 2006 of England and Wales on 6 February 2018. The Company is a private company limited by shares. The registered address of the Company is 4 More London Riverside, London, SE1 2AU. The ultimate parent of the Company is Ganfeng Lithium Group Co., Ltd which is officially listed on the Shenzhen Stock Exchange and the Main Board of The Stock Exchange of Hong Kong Limited. Its registered office is located at Longteng Road, Xinyu Economic Development Zone, Jiangxi Province. Its principal place of business is the People's Republic of China. Ganfeng's financial statements are available on their website. The smallest and largest group where the Company's financial statements had been consolidated are Ganfeng International Trading (Shanghai) Co., Ltd. and the consolidation of Ganfeng Lithium Group Co., Ltd respectively.

The Company is a mining investment and development company, primarily engaged in the identification, acquisition, exploration and development of mineral properties located in Mexico, through its joint venture holding in the Sonora Project.

2 Basis of preparation

a) Statement of compliance

These Financial Statements have been prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

The Company Financial Statements were authorised for issue by the Board of Directors on 28 March 2025.

Under Companies Act 2006, Section 401, the Company is exempt from the requirement to prepare group accounts. The ultimate parent, Ganfeng Lithium Group Co., Ltd., produces financial statements in which the Company and its subsidiaries are consolidated. Those financial statements are available for public use and comply with International Financial Reporting Standards ("IFRS"). Ganfeng is listed in Shenzhen Stock Exchange and Hong Kong Stock Exchange.

b) Basis of measurement

These Financial Statements have been prepared on a historical cost basis.

The functional and presentational currency of these Financial Statements is United States dollars ("US$").

c) Going concern

The Financial Statements have been prepared on a going concern basis.

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has prepared a cash flow forecast for the going concern period (from the approval of the financial statements to 30 April 2026). This forecast is a detailed analysis of the capital and operational expenditure for the Company encompassing the going concern period. As at 31 December 2024, the Company has US$7.8 million (2023: US$9.9 million) of cash and cash equivalents and a receivable due on demand from a related company of US$60.6 million (2023: US$60.8 million) giving total liquidity of US$68.4 million (2023: US$70.7 million). As at 31 December 2024, the Company has no external debt (2023: US$ Nil) and has not entered into any significant commitments. The Company does not have any plans to consider raising external debt or equity in the going concern period. The Company remains a going concern, taking into account all known quantifiable information surrounding the change to the Mining Law and Constitution and the cancellation of concessions.

The Board of Directors has considered the impact of climate change and other macro-economic developments and concluded that currently there is no direct impact on the Company.

On 20 April 2022, the Mexican Government approved an amendment to its Mining law ("2022 Amendment"), which declared lithium a strategic mineral and property of the nation. It also noted that the economic value chain of lithium would be administered and controlled by a public organ. The Company has considered the impact of the Mexican Government's 2022 Amendment and has concluded from the body of evidence and the mining rights in general under the Constitution, that this does not impact the going concern assessment because the ownership of the Sonora Project's assets is protected by Mexican and international law.

In February 2023, the Secretary of Economy, through the Directorate General of Mines ("DGM"), initiated administrative procedures for the cancellation of nine of the concessions held by Minera Sonora Borax S.A. de C.V. ("MSB"), Mexilit S.A. de C.V. ("Mex") and Minera Megalit S.A. de C.V. ("Meg") (together, the "Mining Entities"). According to the DGM, the basis for these cancellation proceedings was that the Mining Entities had purportedly not complied with minimum investment obligations for the development of such concessions in 2017-2021. In those proceedings, the Mining Entities submitted extensive evidence of their compliance with such obligations in a timely manner. On 4 August 2023, however, the DGM notified the Mining Entities of resolutions cancelling these nine concessions i.e., the Cancellation Resolutions.

On 25 August 2023, the Mining Entities filed administrative review recourses before the Secretary of Economy challenging the legality of the Cancellation Resolutions under Mexican law for each of the nine concessions. Shortly thereafter, on 24 November 2023, the Secretary of Economy issued decisions maintaining the Cancellation Resolutions issued by the DGM.

The Mining Entities are challenging the legality of the Cancellation Resolutions under Mexican law through annulment claims before the Federal Tribunal of Administrative Justice in Mexico.

On 31 October 2024, Mexico amended Articles 25, 27 and 28 of its Constitution. These amendments state that no concessions will be granted for lithium exploitation and designate lithium as a "strategic area" of the State.

The Company, together with Sonora Lithium Ltd ("SLL") and Ganfeng are challenging Mexico's measures in an international arbitration proceeding under the Rules of the International Centre for Settlement of Investment Disputes (ICSID) alleging that they violate Mexico's obligations under its Bilateral Investment Treaties with the UK and China, as applicable. The Company continues to explore all possible legal recourses available to it.

The Company has considered the impact of the actions taken by DGM and the legal advice from lawyers and has concluded that the Mining Companies have strong arguments and evidence that protect the ownership of the concession titles under Mexican and international law and that this does not impact the going concern assessment.

Having considered the modelling and other factors as described above, the Company has concluded that the going concern basis of accounting is appropriate to assume when preparing the Company Financial Statements for the year ended 31 December 2024.

3 Accounting policies

The preparation of Financial Statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Below are the material accounting policies applied by management. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 4.

a) Standards, amendments and interpretations adopted

During the year, the following standards and amendments have been implemented.

Standard	Detail	Effective date
IAS 1	Amendment – regarding classification of liabilities as current or non-current	1 January 2024
IAS 1	Amendment – regarding non-current liabilities with covenants	1 January 2024
IAS 7 and IFRS 7	Amendment – regarding supplier finance arrangements	1 January 2024
IFRS 16	Amendment – regarding lease liability in a sale and leaseback	1 January 2024

The adopted amendments have not resulted in any changes to the Financial Statements.

b) Standards, amendments and interpretations effective in future periods

At the date of authorisation of these Financial Statements, the following amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Standard	Detail	Effective date
IAS 21	Amendment – regarding the lack of exchangeability	1 January 2025
IFRS 9 and 7	Amendment – regarding the classification and measurement of financial instruments	1 January 2026
IFRS 1, 7, 9, 10 and IAS 7	Annual improvements to IFRS accounting standards	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027

Management anticipates that all the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. No material impact to the Company's financial statements is expected.

c) Foreign currency transactions and balances

In preparing the Financial Statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated at the end of each reporting period.

Exchange differences on monetary items are recognised in the Statement of Comprehensive Income in the period in which they arise.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash held on deposit and other short-term, highly liquid investments with original maturities of three months or less. These deposits and investments are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

e) Other receivables

All other receivables are held at amortised cost less any provision for impairment. A loss allowance for expected credit losses is made to reflect changes in credit risk since the initial recognition.

The method of measuring the expected credit losses can be referred to note 3(j) below.

f) Investments in subsidiaries

Investments in subsidiaries are carried at cost, being the purchase price, less provision for impairment. The Company assess at the end of reporting period whether there is any indication that investments in subsidiaries may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the investments.

g) Investments in joint venture

Certain company activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements, the Company uses equity accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, dividends received and other comprehensive income thereafter. The transactions between the Company and the joint venture are assessed for recognition in accordance with IFRS and are disclosed in note 16 to the Financial Statements.

h) Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in any provision due to passage of time is recognised as an accretion expense.

i) Interest income

Interest income is recorded on an accrual basis using the effective interest method.

j) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument. Financial assets and financial liabilities are subsequently measured as described below.

The effective interest method is a method of calculating the amortised cost of a financial asset and liability and of allocating and recognising interest income and expense in the profit and loss account, over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments through the expected life of the financial asset and liability, or, where appropriate, a shorter period to the amortised cost of the financial asset and liability.

i Financial assets

Financial assets are subsequently recognised at amortised cost under IFRS 9 if it meets both the hold to collect and contractual cash flow characteristics tests.

ii Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

k) Impairment of assets

i Financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company has applied the below ECLs model for its other receivables and receivables from related parties as required by IFRS 9 Financial Instruments.

Other receivables and receivables from related parties that are not carried at fair value through profit or loss are assessed at each reporting date to determine a loss allowance for ECL. If the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance is equal to the lifetime expected credit losses. If the credit risk has not increased significantly, the loss allowance is equal to the twelve month expected credit losses.

The ECLs are measured in a way that reflects the unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions.

ii Investments in joint venture

Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use.

l) Income taxes

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

The Company has not recognized a deferred tax asset associated with its carried forward losses on the basis that its investments are not likely to distribute dividends in the foreseeable future. Until such time as this can be predicted with a level of certainty to the extent its losses will be offset against earned profits, it is prudent that the Company does not recognise a deferred tax asset on its Statement of Financial Position.

m) Share premium

Share premium represents the excess of proceeds received over the nominal value of new shares issued.

4 Critical accounting estimates and judgements

The preparation of the Company's Financial Statements in accordance with IFRS requires management to make certain judgements, estimates, and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from these estimates. The following information about the significant judgements, estimates, and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses that are relevant to the Company Financial Statements are discussed below.

a) Recoverability of investment in joint venture and non-current receivables from related parties

The investment in joint venture is assessed at each reporting period date for impairment in accordance with IAS 28. An impairment is recognised if there is objective evidence that events after the recognition of the investment have had an impact on the estimated future cash flows which can be reliably estimated. During the impairment review an indicator of impairment was identified and following the assessment an impairment charge is not required to be recognised as at 31 December 2024. The Directors also consider that the non-current receivables from related parties are fully recoverable at 31 December 2024.

During the impairment review an indicator of impairment was identified and following the assessment an impairment charge is not required to be recognised as at 31 December 2024. Management considered the long term lithium price forecast and compared to those applied in the feasibility study performed in previous years.

On 20 April 2022, the Mexican Government approved the 2022 Amendment, which declared lithium a strategic mineral and property of the nation. It also noted that the economic value chain of lithium would be administered and controlled by a public organ. The 2022 Amendment also provided that no concessions, licenses, contracts, permits, or authorizations would be granted for lithium related activities. The 2022 Amendment was silent on its effects, if any, on pre-existing concessions, including those held by the three Mining Entities. The Company's position is that the concessions held by the Mining Entities cannot be impacted by the 2022 Amendment because the concessions were granted prior to its enactment. However, the Mining Entities are challenging the constitutionality of the 2022 Amendment under Mexican law via an *amparo* action before a Mexican federal court.

On 23 August 2022, the President of Mexico issued a decree titled "Decree that creates the decentralized public organ of the Federal Public Administration called Litio para México". This decree established a State-owned entity named Litio para México or LitioMX to explore, exploit, benefit, and use lithium in Mexico and to be in charge of the administration and control of the economic value chain of said mineral.

In October 2022, the DGM started proceedings against the Mining Entities based on the identification of alleged tax payments omissions. The DGM did not take any further action after the Mining Entities submitted proof of tax payments.

Subsequently, on 18 February 2023, the President of Mexico issued a Presidential Decree titled "Decree that declares a mining reservation zone of lithium called 'Li-MX 1' for public utility reasons." Through this Presidential Decree, Mexico established a "mining reservation zone" (which is a zone where only the State is authorized to conduct mining operations directly or indirectly) named "Li-MX 1" in an area encompassing 234,855 hectares in the state of Sonora.

Another Presidential Decree also dated 18 February 2023 instructed the Secretary of Energy to take any necessary actions to oversee the execution of the aforementioned Presidential Decree and conduct all necessary actions to comply with the 2022 Amendment regarding lithium, as well as the Decree creating Litio-MX.

In February 2023, the Secretary of Economy, through the DGM also initiated an administrative procedure for the cancellation of nine of the concessions held by the Mining Entities. According to the DGM, the basis for these cancellation proceedings was that the Mining Entities had purportedly not complied with minimum investment obligations for the development of such concessions in 2017-2021. In those proceedings, the Mining Entities submitted extensive evidence of their compliance with such obligations in a timely manner. On 4 August 2023, however, the DGM notified the Mining Entities of the resolutions cancelling these nine concessions ("Cancellation Resolutions").

On 25 August 2023, the Mining Entities filed administrative review recourses before the Secretary of Economy challenging the legality of the Cancellation Resolutions under Mexican law for each of the nine concessions. Shortly thereafter, on 24 November 2023, the Secretary of Economy issued decisions maintaining the Cancellation Resolutions issued by the DGM.

The Mining Entities are challenging the legality of the Cancellation Resolutions under Mexican law through annulment claims before the Federal Tribunal of Administrative Justice in Mexico.

On 31 October 2024, Mexico amended Articles 25, 27 and 28 of its Constitution. These amendments state that no concessions will be granted for lithium exploitation and designate lithium as a "strategic area" of the State.

The Company, together with SLL and Ganfeng are challenging Mexico's measures in an international arbitration proceeding under the Rules of the International Centre for Settlement of Investment Disputes (ICSID) alleging that they violate Mexico's obligations under its Bilateral Investment Treaties with the UK and China, as applicable.

As at 31 December 2024 and as at the date of the approval of these Financial Statements, the Company's position is that the Cancellation Resolutions violate both Mexican law and international law as they are arbitrary, unsubstantiated in both fact and law, and infringe upon the Company's and the Mining Entities' fundamental due process rights. The Company has taken legal advice and has considered the impact of the Mexico's measures, at the balance sheet date, and concluded that no impairment charge is required to be recorded against the investment in joint venture in the year. The Directors consider it appropriate to continue to record the investment in the Sonora Project and non-current receivables from related parties at their carrying values.

The Company and its legal counsel continue to closely monitor developments associated with the changes of to the Mining Law and the Constitution, the Cancellation Resolutions and the legal proceedings that affect lithium concessions, and stands ready to evaluate the impact on its investments and non-current receivables from related parties should that become necessary in the future. The outcome of these proceedings may impact the recoverability of these balances.

b) Functional currency

The Company transacts in multiple currencies. The assessment of the functional currency of the Company involves the use of judgement in determining the primary economic environment each entity operates in. The Company first considers the currency that mainly influences sales prices for goods and services which is USD, and the currency that mainly influences labour, material and other costs of providing goods or services, which are either in or heavily influenced by USD denominations. In determining functional currency, the Company also considers the currency from which funds from financing activities are generated, and the currency in which receipts from operating activities are usually retained, these either are in USD or will be in USD. The Company also finances the Sonora Project in USD denominations, where capital expenditure will mainly be USD denominated also. As a result, the functional currency of the Company is USD.

5 Investments in subsidiaries

In US$	Investment in Bacanora Finco Ltd	Investment in Bacanora Treasury Ltd	Total
Balance as at 31.12.2023 and 31.12.2024	1	2	3

The Company has the following subsidiaries, held at cost, at 31 December 2024:

Name of subsidiary	Country of incorporation	Shareholding on 31 December 2024	Shareholding on 31 December 2023	Nature of business
Bacanora Finco Ltd	UK	100%	100%	Dormant financing company
Bacanora Treasury Ltd	UK	100%	100%	Dormant financing company

For the above UK subsidiaries, the registered address for each subsidiary is 4 More London Riverside, London, SE1 2AU.

6 Investment in joint venture

The Company's investment in the Sonora Group has been accounted for using the equity method for the years ended 31 December 2024 and 31 December 2023. There is no change in shareholding in Sonora Group. The Sonora Group is mainly engaged in development of the Lithium concessions in Mexico.

Name	Country of incorporation	Principal place of business	Shareholding 31 December 2024	Shareholding 31 December 2023
Sonora Lithium Ltd	UK	UK	50.0%	50.0%

Investment reconciliations

The reconciliation of the carrying amount of the investment in joint venture is as follows:

In US$	31 December 2024	31 December 2023
Opening carrying value	**45,900,412**	48,295,448
Share of loss on investment in joint venture	**(1,741,404)**	(2,395,036)
Closing carrying value	**44,159,008**	45,900,412

The summarised financial information of the Sonora Group and reconciliation to the investment carrying value is set out below. The functional currency of Sonora Group is USD which is the same of the Company and there is no impact on foreign currency translation. The summarised information represents amounts shown in SLL's consolidated financial information.

In US$	31 December 2024	31 December 2023
Current assets	**18,644,488**	21,928,894
Non-current assets	**47,118,666**	45,292,837
Current liabilities	**(3,541,443)**	(3,775,519)
Non-current liabilities	**(14,774,408)**	(12,245,297)
Net assets	**47,447,303**	51,200,915
Net liabilities attributable to non-controlling interests	**(469,795)**	(198,994)
Net assets attributable to the equity shareholders of SLL	**47,917,098**	51,399,909
The Company's share of net assets (50%)	**23,958,549**	25,699,954

Current assets include cash and cash equivalents of US$8,852,346 (2023: US$3,873,934).

Summarised financial information relating to the consolidated loss of the Sonora Group for the year ended 31 December 2024 is presented below:

In US$	31 December 2024	31 December 2023
Other income	**9,723**	884
General and administrative expenses	**(2,753,308)**	(3,164,352)
Depreciation	**(162,930)**	(189,364)
Foreign exchange (losses)/gain	**(514,497)**	324,634
Interest income	**188,154**	619,251
Related party interest income	**612,058**	138,938
Related party interest expense	**(1,114,176)**	(1,634,641)
Impairment on exploration and evaluation assets	**-**	(817,055)
Write off of property, plant and equipment	**(298)**	(495)
(Loss)/gain on disposal of property, plant and equipment	**(181,441)**	79,581
Tax benefit/(charge)	**163,104**	(196,584)
Total loss after tax and total comprehensive loss	**(3,753,611)**	(4,839,203)
Total loss after tax and total comprehensive loss to non-controlling interests	**(270,803)**	(49,131)
Total loss after tax and total comprehensive loss attributable to the equity shareholders of SLL	**(3,482,808)**	(4,790,072)
Company's share of total loss after tax and total comprehensive loss (50%)	**(1,741,404)**	(2,395,036)

a) Legal cases

Sonora lithium related legal cases

The Sonora Group has ongoing legal cases, which are relevant to the Company.

The Mining Entities have submitted constitutional challenges ("amparos") regarding Mexico's 2022 Amendment, establishment of LitioMX, declaration of a lithium reservation zone in areas encompassing the Sonora Project, as well as additional changes to the Mining Law approved in 2023. These amparo actions are ongoing.

In February 2023, the Secretary of Economy, through the DGM, also initiated administrative procedures for the cancellation of nine of the concessions held by the Mining Entities. According to the DGM, the basis for these cancellation proceedings was that the Mining Entities had purportedly not complied with minimum investment obligations for the development of such concessions in 2017-2021. In those proceedings, the Mining Entities submitted extensive evidence of their compliance with such obligations in a timely manner. On 4 August 2023, however, the DGM notified the Mining Entities of the Cancellation Resolutions.

On 25 August 2023, the Mining Entities filed administrative review recourses before the Secretary of Economy challenging the legality of the Cancellation Resolutions under Mexican law for each of the nine concessions. Shortly thereafter, on 24 November 2023, the Secretary of Economy issued decisions maintaining the Cancellation Resolutions issued by the DGM.

The Mining Entities are challenging the legality of the Cancellation Resolutions under Mexican law through annulment claims before the Federal Tribunal of Administrative Justice in Mexico. The Company, together with SLL and Ganfeng are challenging Mexico's measures in an international arbitration proceeding under the Rules of the International Centre for Settlement of Investment Disputes (ICSID) alleging that they violate Mexico's obligations under its Bilateral Investment Treaties with the UK and China, as applicable.

Orr-Ewing royalty dispute

In 2017, Bacanora Minerals Ltd, a subsidiary of SLL, commenced litigation with the Estate of Colin Orr-Ewing (the "Estate") in regard to its purported royalty over the Sonora Lithium Project, which in turn resulted in the Estate making a counterclaim. Bacanora Minerals Ltd maintains that the royalty is invalid and unenforceable on the grounds of misrepresentation and a lack of consideration. The initial litigation was undertaken to have the royalty pre-emptively declared invalid by the Alberta Courts. In 2021, the Alberta Court heard a Summary Trial application solely around the matter of "time limitations" to initiate a pre-emptive declaration of invalidity. The Summary Trial which was heard was not around the merits of the royalty. The judgment from the Court of King's Bench was that this specific action by Bacanora Minerals Ltd was time-barred. Bacanora Minerals Ltd appealed this judgment and on 26 April 2023, the Alberta Court of Appeal found in favour of Bacanora Minerals Ltd and overturned the original judgment and awarded costs against the Estate. In July 2024, the Estate paid the awarded costs of CAD191,000 to Bacanora Minerals Ltd. The Estate has also now discontinued its counterclaim against the Company for damages purportedly incurred as a result of the Company's instigation of proceedings against the validity of the royalty.

The Alberta Courts have not ruled in any way on the validity of the royalty. Bacanora Minerals Ltd maintains that the royalty is invalid and unenforceable. The validity of the royalty remains to be determined by the Alberta Courts.

The Company and Sonora Group have at all times taken a conservative approach to the treatment of the purported royalty and included it fully in the financial model for the Sonora Feasibility Study published in 2018, as well as all financial projections to investors and debt funding partners. No provisions have been made relating to the validity of the royalty case and no contingent liability is disclosed by the Company, as management has assessed an adverse result of the case as being remote.

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7 Receivables from related parties

In US$	31 December 2024	31 December 2023
GFL International Co. Limited (note i)	**60,637,000**	60,775,834
Bacanora Treasury Limited (note ii)	**15**	15
Sonora Lithium Ltd (note ii)	**-**	64
Bacanora Chemco S.A. de C.V. (note iii)	**14,700,555**	12,171,379
Bacanora Minerals Ltd (note ii)	**73,853**	73,853
Total	**75,411,423**	73,021,145
Non-current portion	**14,774,423**	12,245,311
Current portion	**60,637,000**	60,775,834
Total	**75,411,423**	73,021,145

i) A short term related party loan of US$60.0m (2023: US$60.0m) was advanced to GFL International Co. Limited for a period of one year (2023: one year), the loan is interest bearing at 3.9% (2023: 4.75%) per annum and is repayable on demand. The loan, with accrued interest, must be repaid no later than 23 September 2025 (2023: 24 September 2024). The loan was fully drawn at 31 December 2024 (2023: fully drawn). The receivable had been classified as a short term asset according to the repayment term of the loan and the expectation of repayment on the due date.

ii) The amounts due from related parties are unsecured, non-interest bearing and no fixed terms of repayment. The amount due was from the related parties recharge of expenses.

iii) The amount due from related party is unsecured, interest bearing at 21.5% per annum (2023: 21.5%). The loan, with accrued interest, must be repaid no later than 2 July 2038 (2023: 2 July 2038).

The recoverability of the Company's non-current receivables from related parties is affected by the critical accounting estimates and judgements described in note 4(a).

8 Other receivables and prepayments

Other receivables and prepayments comprise short term receivables from VAT and other indirect taxes, prepaid expenses and deposits paid. All receivables are due within one year. They are assessed by the three stage approach to evaluate any expected credit losses. The expected credit losses are updated if there is objective evidence that the receivable is irrecoverable.

In US$	31 December 2024	31 December 2023
Other receivables	**1,133**	40,441
VAT Receivable	**16,271**	13,342
Prepayments and deposits	**548,415**	716,150
Total	**565,819**	769,933
Non-current portion:		
Prepayments and deposits	**(329,886)**	(497,993)
Current portion	**235,933**	271,940

As at 31 December 2024 and 2023, the Company recognised prepaid insurance which covered the period to year 2027.

9 Accounts payable and accrued liabilities

Accrued liabilities mainly comprise accrued legal and professional fees related to the international arbitration and legal proceedings in Mexico. The Company's accounts payable and accrued liabilities as at 31 December 2024 are as follows:

In US$	31 December 2024	31 December 2023
Trade payables	**11,129**	5,525
Accrued liabilities	**811,943**	262,120
Other payables	**38,911**	39,524
Total	**861,983**	307,169

10 Financial instruments

The Company's principal financial assets and liabilities are classified as follows:

As at 31 December 2024 (In US$)	**At amortised cost**
Financial assets	
Receivables from related parties	**75,411,423**
Other receivables	**1,133**
Cash and cash equivalents	**7,815,410**
Total financial assets	**83,227,966**
Financial liabilities	
Accounts payable and accrued liabilities	**861,983**
Payable to related party	**1**
Total financial liabilities	**861,984**
Net financial assets	**82,365,982**

As at 31 December 2023 (In US$)	At amortised cost
Financial assets	
Receivables from related parties	73,021,145
Other receivables	40,441
Cash and cash equivalents	9,943,874
Total financial assets	83,005,460
Financial liabilities	
Accounts payable and accrued liabilities	307,169
Payable to related party	1
Total financial liabilities	307,170
Net financial assets	82,698,290

11 Financial risk management

The Company is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Company, from which financial risk arises, are set out in note 10. The types of risk exposure the Company is subjected to in the financial year are as follows:

a) Credit risk

Credit risk arises from the risk that a counter party will fail to perform its obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, other receivables and receivables from related parties. The Company considers a financial asset in default when contractual payments are over the credit term. The Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The Company's cash is held in major UK banks, and as such that the Company is exposed to the risks of those financial institutions. Under Standard & Poor's short term credit ratings, the Company's total cash balance is held in institutions with a A-1 rating (2023: A-1 rating).

The Company's current receivables from related parties mainly relate to receivables from a fellow subsidiary in the Ganfeng Group, the Company believes this to be a minimal credit risk. Where management estimate a lower receivable amount is recoverable, that difference in recoverability will be recognised in the profit and loss account in the period of determination.

An IFRS 9 expected credit losses impairment assessment on the related party receivable was performed by management at 31 December 2024. This involved analysing the expected credit loss on the receivables from related parties to the Company as well as an assessment of the forward projections of cashflows and cash availability by the counterparty of the loans to the Sonora Group companies. This resulted in no credit loss expected at 31 December 2024 taking into consideration the availability of cash to repay the loan from the counterparty and expected future profit from the counterparty's ongoing projects subject to the uncertainties disclosed in note 4a.

The total carrying amount of cash and cash equivalents, other receivables and receivables from related parties represent the Company's maximum credit exposure.

The Board of Directors monitors the exposure to credit risk on an ongoing basis and does not consider such risk to be significant. The Company considers all of its accounts receivables as at the reporting date to be fully collectible.

b) Liquidity risk

Liquidity risk is the risk that the Company 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.

The following table illustrates the contractual maturity analysis of the Company's gross financial liabilities based on exchange rates on the reporting date. Contractual gross financial liabilities, shown below, are undiscounted estimated cash outflows which where applicable include estimated future interest payments.

As at 31 December 2024 (In US$)	**Within 30 days**	**30 days to 6 months**	**6 to 12 months**	**Over 12 months**
Accounts payable and accrued liabilities	**861,984**	**-**	**-**	**-**

As at 31 December 2023 (In US$)	Within 30 days	30 days to 6 months	6 to 12 months	Over 12 months
Accounts payable and accrued liabilities	307,170	-	-	-

c) 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 is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns.

A portion of the Company's expenditures, other receivables, accounts payable and accrued liabilities are predominately denominated in US dollars and Great British pound and are therefore subject to fluctuation in exchange rates. However, the Company's exposure to foreign currency changes is not deemed to be material.

The Company is not exposed to significant sources of commodity price or interest rate risks. Its interest bearing receivables from related parties are fixed rate and the exposure to interest on cash is not material.

The carrying amounts of short-term financial assets and receivables (e.g. receivables from related parties, other receivables and cash and cash equivalents) and short-term payables (e.g. accounts payable and accrued liabilities) approximated their fair values, and accordingly no disclosure of the fair values of these items is presented.

d) Capital management

The Company's objectives in managing capital are to safeguard its ability to operate as a going concern and to support the development of Sonora Project and thereby maximise shareholder's value. The Company defines capital as the equity attributable to equity shareholders of the Company.

At 31 December 2024, the Company held US$127,089,679 (31 December 2023: US$129,328,197) of Shareholders' Equity. The Company sets the amount of capital in proportion to risk and corporate growth objectives. The Company manages its capital structure and adjusts it in light of changes in economic conditions.

12 Equity

a) Authorised and issued share capital

The authorised and issued share capital of the Company consists of 387,136,502 voting common shares of par value £0.10 (2023: £0.10). The shares have attached to them full voting, dividend and capital distribution rights.

The Company has the following shares in issue:

	Shares	Share Capital (US$)	Share Premium (US$)
31 December 2023	387,136,502	53,014,057	813,170
31 December 2024	**387,136,502**	**53,014,057**	**813,170**

b) Merger reserve

On 23 March 2018, the Plan of Arrangement to re-domicile the Bacanora Group from Canada to the UK became effective resulting in Bacanora Lithium Limited becoming the new holding company for Bacanora Minerals Ltd. Under the Company's Act 06 Section 612, a merger reserve was created to account for the difference between the share capital and net asset investment in Bacanora Minerals Ltd.

13 General and administrative expenses

The Company's general and administrative expenses include the following:

In US$	**Year ended 31 December 2024**	Year ended 31 December 2023
Legal and accounting fees	**2,615,272**	1,043,199
Employee and contractor costs	**1,399,112**	1,556,627
Foreign exchange losses/(gains)	**12,256**	(7,586)
Travel	**55,507**	83,842
Office and other expenses	**547,943**	517,748
Audit fee	**94,573**	73,255
	4,724,663	3,267,085

14 Finance income

Finance income relates to bank interest income on the Company's cash reserves and interest income from loans to related parties.

15 Taxation

a) Current taxation

No tax charge has been recognised in the year ended 31 December 2024 (2023: Nil), hence the effective tax rate is nil (2023: Nil). The Company applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

b) Reconciliation of tax charge and tax at statutory rate

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation in the United Kingdom applied to the loss for the year is as follows:

In US$	**Year ended 31 December 2024**	Year ended 31 December 2023
Loss before tax	**(2,238,518)**	(1,988,681)
Tax credit on losses at the statutory tax rate of 25% (2023: 23.52%)	**(559,630)**	(467,736)
Expenses not deductible	**435,351**	563,312
Group relief	**523,419**	(23,908)
Utilisation of tax losses previously not recognised	**(399,140)**	(71,668)
Tax charge	**-**	-

c) Deferred tax

The Company has no recognised deferred tax balance on losses for the year ended 31 December 2024 (2023: Nil). Economic benefits embodied in deferred tax assets will flow to the entity only if it earns sufficient taxable profits against which tax deductions can be offset. An entity recognises deferred tax assets only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Management has assessed that taxable profits are not probable at this stage of the Company's development. As at 31 December 2024, the Company has, for tax purpose, non-capital losses available to carry forward to future years of US$26,618,616 (2023: US$28,215,177).There is no expiry date on the losses.

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16 Related party disclosures

a) Related party transactions

The Company's related parties include:

- its subsidiaries;
- joint venture: Sonora Lithium Ltd and its subsidiaries (including Bacanora Chemco S.A. de C.V. and Bacanora Minerals Ltd), together the "Sonora Group";
- shareholder: Ganfeng International Trading (Shanghai) Ltd and its parent, Ganfeng Lithium Group Co., Ltd. and fellow subsidiaries, together the "Ganfeng Group"; and
- the Company's key management personnel i.e. directors of the Company and CFO.

The following transactions took place between the Company and related parties (other than with key management personnel which have been disclosed separately below) for the year ended 31 December 2024:

Name of related party	Type of transaction	Transaction value (US$)	Profit/(loss) impact (US$)	Balance owed by / (owed to) related parties (US$)
GFL International Co. Limited	Short term loan and interest[1]	125,656,166	2,758,667	60,637,000
Sonora Lithium Ltd	Settlement of related parties balances	64	-	-
Bacanora Chemco S.A. de C.V.	Project funding and interest	2,529,176	1,114,177	14,700,555
Bacanora Minerals Ltd	Recharge of expenses	-	-	73,853
Bacanora Treasury Limited	Recharge of expenses	-	-	15
Bacanora Finco Limited	Recharge of expenses	-	-	(1)

[1] A short term loan of US$60.0m was made to GFL International Co. Limited for a period of one year, the loan is interest bearing at 3.9% per annum and is repayable on demand but not later than 23 September 2025. The loan was fully drawn at 31 December 2024. (The transaction value of US$125.7m included US$2.9m interest repayment, US$2.8m interest accrued and US$60m of loan renewal).

A summary of transactions and outstanding balances for the year ended 31 December 2023 are set out below:

Name of related party	Type of transaction	Transaction value (US$)	Profit/(loss) impact (US$)	Balance owed by / (owed to) related parties (US$)
GFL International Co. Limited	Short term loan and interest[1]	122,800,833	1,652,500	60,775,834
Sonora Lithium Ltd	Short term loans and repayment	480,000	-	-
Sonora Lithium Ltd	Settlement of related parties balances	12,787	-	64
Bacanora Chemco S.A. de C.V.	Project funding and interest	4,384,237	1,634,641	12,171,378
Bacanora Minerals Ltd	Recharge of expenses	-	-	73,853
Bacanora Treasury Limited	Recharge of expenses	-	-	15
Bacanora Finco Limited	Recharge of expenses	-	-	(1)

[1] A short term loan of US$60.0m was made to GFL International Co. Limited for a period of one year, the loan is interest bearing at 4.75% per annum and was repayable on demand but not later than 24 September 2024. The loan was fully drawn at 31 December 2023. (The transaction value of US$122.8m included US$1.1m interest repayment, US$1.7m interest accrued and US$60m of loan renewal).

b) Key management personnel compensation

During the year ended 31 December 2024, key management personnel remuneration totaled US$845,225 (2023: US$858,061) with nil (2023: nil) contribution to post-employment benefits. Of the total amount incurred, US$nil remains in accounts payables and accrued liabilities at 31 December 2024 (2023: US$nil).

17 Directors and employees of the Company

The below information relates to all Directors and employees:

In US$	**Year ended 31 December 2024**	Year ended 31 December 2023*
Short-term employee benefits	**1,110,726**	1,476,673
Post-employment benefits	**32,239**	30,815
Total cost	**1,142,965**	1,507,488

*These amounts have been restated to include the short-term employee benefits of the director as he was an employee of the Company.

Directors' remuneration totaled the following:

In US$	**Year ended 31 December 2024**	Year ended 31 December 2023
Short-term employee benefits	**497,395**	500,323
Total remuneration	**497,395**	500,323
Number of Directors	**4**	3

Only two (2023: one) of the directors received remuneration. Directors' remuneration includes $0.2m (2023: nil) paid under a service contract and therefore not included in the total employment cost.

18 Commitments and contingencies

Bacanora Lithium Limited had a commitment on its UK office of US$6,567 (2023: US$14,845) for approximately 1 month' rent (2023: 4 months' rent) at 31 December 2024.

19 Subsequent events

There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.