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Bacanora Lithium PLC
20 October 2021

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

Capital reduction effective and Sonora Project Update

Bacanora Lithium plc (AIM: BCN), a lithium development company, announces that the Capital Reduction has been approved by the High Court and provides an update on the Sonora Project.

Capital Reduction

The Capital Reduction, details of which were set out in the Company's Notice of General Meeting ("GM") dated 6 September 2021, and approved by shareholders at the GM on 24 September 2021, has now been approved by the High Court. The reduction will become effective on the registration of the Court order by the Registrar of Companies, which is expected shortly.

The Company has also received approval by RK Mine Finance Bermuda 3 Limited ("Red Kite"), under the terms of the Company's US\$150m senior debt facility with Red Kite, for the reduction of share capital and the distribution of the shares in Zinnwald Lithium Plc.

The making of the distribution of the 90,619,170 shares in Zinnwald Lithium Plc is subject to the following remaining conditions (none of which is capable of waiver by the Company), being:

1. the offer from Ganfeng International Trading (Shanghai) Limited, as made to shareholders on 15 September 2021, becoming or being declared unconditional; and
2. the expiry (on 29 October 2021) of the regulatory lock-in restrictions relating to the transfer of Zinnwald Shares that are currently applicable to the Company.

The making of the distribution, and the transfer of the shares in Zinnwald Lithium Plc to shareholders, subject to the distribution conditions having been satisfied will, in any event, occur no earlier than 30 October 2021.

Sonora Project Update

Lithium process plant engineering, from the Ganfeng team in Xinyu, is aiming for long lead items to be ordered for delivery to Sonora in late 2022 and early 2023. In addition, Ganfeng is reviewing a lithium plant production rate above the previously planned 17,500 tonnes per year.

Earthworks surveys and geotechnical testwork are ongoing within the plant site area where surface vegetation and topsoil were rescued and removed. In addition, the Company has acquired an additional 500 hectares of land at the eastern end of the plant site location to allow for future plant expansions.

As a result of the ongoing COVID-19 related travel restrictions, the site earthworks engineering packages that had previously been rescheduled will now commence in December 2021, with civil and concrete works scheduled for Q1 and Q2, 2022.

The accommodation facilities for the construction teams are now being manufactured in Sonora, and the first camp units will be delivered to site in December.

The project continues to maintain its previously advised delivery schedule, with the first lithium plant commissioning planned for late Q4, 2023.

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Notes to editors

Bacanora Lithium Plc is an AIM-listed (ticker 'BCN') lithium development company. The Company is focused on building, in collaboration with its major shareholder and offtake partner, Ganfeng Lithium (the world's largest lithium metals producer), a 35,000 tonne per annum open pit lithium carbonate operation at its flagship asset, the Sonora Lithium Project in Mexico. The Sonora Lithium Project has 8.8 million tonnes of lithium carbonate (Li₂CO₃) equivalent resources, with an approximate 250-year resource life, as detailed in its December 2017 Feasibility Study.

Sonora Lithium Ltd ("SLL") is the operational holding company for the Sonora Lithium Project and is owned 50% by Bacanora and 50% by Ganfeng Lithium Co., Ltd. SLL owns 100% of the La Ventana concession. The La Ventana concession accounts for 88% of the mined ore feed in the Sonora Feasibility Study which covers the initial 19 years of the project mine life. SLL also owns 70% of the El Sauz and Fleur concessions.

Bacanora also owns 35.5% of Zinnwald Lithium Plc (AIM: ZNWD), which in turn owns the Zinnwald Lithium Project and the Falkenhaim, Altenberg and Sadisdorf Licences in southern Saxony, Germany.

Important notice

The contents of this announcement have been prepared by and are the sole responsibility of Bacanora.

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