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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU No. 596/2014). UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA REGULATORY INFORMATION SERVICE THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

16 July 2018

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

**Proposed Placing to raise US\$100 million (the "Placing") to begin construction of the Sonora Lithium Project in Mexico
("Sonora" or the "Project")**

Bacanora Lithium plc (AIM:BCN), the London listed lithium exploration and development company, is pleased to announce a proposed placing to raise gross proceeds of US\$100m by way of a placing (the "Placing") of new ordinary shares in the Company (the "Placing Shares").

The combination of the Placing proceeds and the initial US\$25m drawdown from the previously announced US\$150m Red Kite Mine Finance senior debt facility ("RK Facility") will give the Company sufficient funds to begin construction on the Project, the intended commissioning for which is in Q1 2020.

The Placing Shares are being offered by way of a bookbuild (the "Bookbuild") which will be launched immediately following this Announcement. The number of Placing Shares and allocations are at the discretion of Canaccord Genuity Limited ("Canaccord" or the "Bookrunner") and a further announcement confirming these details will be made in due course. WH Ireland Limited, Ashanti Capital and Steubing AG are acting as placing agents in the transaction (collectively the "Placing Agents"). Members of the public are not entitled to participate in the Placing and none of the Placing Shares are being offered or sold in any jurisdiction where it would be unlawful to do so.

The Directors recognise the importance of giving existing shareholders an opportunity to participate in Company's ongoing funding should they be unable to participate in the Placing, and consequently intend to raise up to EUR 8m by way of an open offer to existing shareholders following completion of the Placing. Further details of the open offer will be announced in due course.

Summary

- The primary purpose of the Placing is to provide the Company with sufficient funds to begin construction of the Project by ordering the long lead items and beginning the required civil works.
- The gross proceeds from the Placing will allow the Company to continue towards its stated intention of commissioning the Project during Q1 2020.
- The issue of the Placing Shares is structured as a placing of new ordinary shares pursuant to the authorities granted at the Company's General Meeting held on 16 February 2018.
- The timing of the closing of the Bookbuild and the final number and allocation of the Placing Shares to be issued are to be determined at the discretion of the Company and the Bookrunner.
- Following the closing of the Bookbuild, a further announcement will be made confirming final details of the Placing.

Rationale for the Placing and Use of Proceeds

- The Company completed its Feasibility Study on the Project in February 2018 demonstrating the Project's potential to become a leading supplier of high value lithium carbonate.
- The capital cost estimated for Stage 1 production of 17,500 tpa of lithium carbonate at the Project at US\$420m. In addition to the US\$420m capital cost, the Company estimates that US\$40m of additional funding will be required for working capital purposes. Therefore, the total funding required for Stage 1 of the Project is estimated to be US\$460m ("Construction Funding").
- All required approvals are in place, subject to raising the financing, for Bacanora to begin construction of the Project.
- The gross proceeds of US\$100m from the Placing will be utilized to begin and progress construction as per the schedule outlined in the DFS published in January 2018 and will be allocated as follows:
 - Beneficiation plant - US\$1.7m

- Processing plant - US\$25.6m
 - Infrastructure - US\$38.0m
 - EPCM/Owners - US\$21.0m
 - Contingency - US\$10.7m
 - Working capital - US\$3m
- It is expected that the gross proceeds from the Placing, together with the drawdown of the first tranche from the RK Facility and the Company's existing cash balances will allow the Project to be meaningfully progressed until the end of Q1 2019.
 - As announced concurrently, the Company has received a commitment to conditionally invest US\$25m from its existing shareholder, Hanwa Co., Ltd ("Hanwa") at the time of and conditional on the Company securing the Construction Funding, and has entered into a conditional agreement with a new strategic investor, the State General Reserve Fund of Oman ("SGRF") for another US\$65m investment at the same time. In addition, the Company has secured a \$150m senior debt facility from Red Kite Mine Finance ("RK").
 - The combined total of the Placing, the proposed SGRF and Hanwa investments and the previously announced RK Facility is \$340m. Accordingly the Company intends to raise a further \$120m of funding prior to the end of Q1 2019. The proposed investments by SGRF and Hanwa are subject to the Company securing the Construction Funding.
 - The Company will continue discussions with various potential funders with a view to optimizing the capital structure by the time the full Construction Funding is in place.
 - The gross proceeds of the Placing and the wider fundraise will be used exclusively by the Company for the Project.

The Placing

Bacanora has entered into a placing agreement (the "Placing Agreement") with Canaccord who is acting as sole bookrunner in relation to the Placing and the Placing Agents. Pursuant to the Placing Agreement, Canaccord has agreed, in accordance with its terms, to use reasonable endeavours to place the Placing Shares with certain new and existing institutional and other investors. The Placing is not underwritten.

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* with the existing ordinary shares including the right to receive all future dividends and distributions declared, made or paid by reference to a record date falling after their issue.

The Company will apply for the Placing Shares to be issued on closing and to be admitted to trading on AIM ("Admission").

The Placing is conditional upon, inter alia, Admission becoming effective and the Placing Agreement between the Company and the Bookrunner becoming unconditional and not being terminated. Further details of the Placing Agreement can be found in the terms and conditions of the Placing contained in the Appendix to this Announcement (which forms part of this Announcement).

By choosing to participate in the Placing and by making a verbal offer to acquire Placing Shares, investors will be deemed to have read and understood this Announcement (including the Appendix) in its entirety and to be making such offer on the terms and subject to the conditions in this Announcement, and to be providing the representations, warranties and acknowledgements contained in the Appendix.

Your attention is drawn to the detailed terms and conditions of the Placing set out in the Appendix to this Announcement.

This Announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 ("MAR"). Upon the publication of this Announcement, this inside information is now considered to be in the public domain.

For further information, please contact:

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IMPORTANT NOTICE

The Bookrunner is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom and is acting exclusively for the Company and no one else in connection with the Placing, and the Bookrunner will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or any other matters referred to in this announcement, including the appendix and the terms and conditions set out herein (together, this "Announcement").

Cautionary statement regarding forward-looking statements

Certain statements in this Announcement are forward-looking statements which are based on the Company's current expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements, which may use words such as "aim",

"anticipate", "believe", "intend", "plan", "estimate", "expect", and words of similar meaning or the negative thereof, include all matters that are not historical facts and reflect the directors' beliefs and expectations and involve a number of risks, assumptions and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Statements contained in this Announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable law, neither the Company nor the Bookrunner assumes any responsibility or obligation to update or revise publicly or review any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise. You should not place undue reliance on any forward-looking statements, which speak only as of the date of this Announcement.

Information for distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; Placing Shares offer no guaranteed income and no capital protection; and an investment in Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Bookrunner will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to Placing Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

Notice to EEA investors

This Announcement (which is for information purposes only) is directed only at persons in member states of the European Economic Area (the "**EEA**") who are qualified investors within the meaning of article 2(1)(e) of Directive 2003/71/EC, as amended from time to time, including by Directive 2010/73/EU to the extent implemented in the relevant member state and includes any relevant implementing directive measure in any member state (the "**Prospectus Directive**") ("**Qualified Investors**").

Notice to United Kingdom investors

In the United Kingdom, this Announcement is directed only at Qualified investors who are persons who (i) have professional experience in matters relating to investments who fall within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "**Order**"); (ii) are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc) of the Order; or (iii) are persons to whom it may otherwise be lawfully communicated (all such persons together being referred to as "**Relevant Persons**").

In the United Kingdom, this Announcement and the information in it must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this announcement relates is available only to Relevant Persons in the UK and will be engaged in only with Relevant Persons in the UK.

Notice to Australian investors

This Announcement is not a prospectus (or any other form of disclosure document) which is required to be lodged with the Australian Securities and Investments Commission under section 718 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and does not contain all the information contained in a disclosure document (for example a prospectus), including any and all information that potential investors and their professional advisors would reasonably require to make an informed assessment of the Company's assets and liabilities, financial position and performance, profits, losses and prospects. It is intended to provide potential investors with information only. This Announcement has not and will not be lodged with the Australian Securities and Investments Commission. The Company will not make any offer of Ordinary Shares pursuant to a prospectus, offer information statement or other disclosure document in accordance with Part 6D.2 of the Corporations Act.

In Australia, any offer that may be made following issue of this Announcement shall be made pursuant to the exclusions of section 708 of the Corporations Act and such offer is also subject to the restrictions of section 707 of the Corporations Act. A Placée may be restricted from resale within 12 months of issue, unless the resale is sanctioned by a disclosure document, or is made within applicable exceptions in Section 708 of the Corporations Act. Placées should be aware of the requirements imposed under section 707 of the Corporations Act and potential statutory restrictions on resale.

Notice to Canadian investors

Securities legislation in certain of the provinces and territories of Canada provides purchasers with rights of rescission or damages, or both, where an offering memorandum, such as this Announcement, or any amendment thereto contains a misrepresentation. A "misrepresentation" is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading or false in the light of the circumstances in which it was made.

These remedies must be commenced by the purchaser within the time limits prescribed and are subject to the defences contained in the applicable securities legislation. Each purchaser should refer to the provisions of the

applicable securities laws for the particulars of these rights or consult with a legal advisor.

Securities legislation in certain provinces or territories of Canada may provide an investor with remedies for rescission or damages if this Announcement contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the Placee within the time limit prescribed by the securities legislation of the Placee's province or territory. The Placee should refer to any applicable provisions of the securities legislation of the Placee's province or territory for particulars of these rights or consult with a legal advisor.

In Canada, this Announcement is for distribution only to persons that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

The following rights are in addition to and without derogation from any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of the relevant Canadian securities laws and are subject to the defences contained therein. The following summaries are subject to the express provisions of the applicable securities statutes and instruments in the below-referenced provinces and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

Ontario Investors

Under Ontario securities legislation, certain purchasers who purchase securities offered by an offering memorandum during the period of distribution will have a statutory right of action for damages, or while still the owner of the securities, for rescission against the issuer or any selling security holder if the offering memorandum contains a misrepresentation without regard to whether the purchasers relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or any selling security holder. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer and any selling security holder will have no liability. In the case of an action for damages, the issuer and any selling security holder will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

These rights are not available for a purchaser that is (a) a Canadian financial institution or a Schedule III Bank (each as defined in National Instrument 45-106 - Prospectus Exemptions), (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada), or (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Not all defences upon which an issuer, selling security holder or others may rely are described herein. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Notice to German investors

In Germany, the offering of the Placing Shares is addressed exclusively to qualified investors. Qualified investors are clients and enterprises which, unless they are categorized as a retail client, are professional clients or eligible counterparties within the meaning of section 67 subsection (2) or (4) of the German Securities Trading Act (Wertpapierhandelsgesetz), or which are categorized as such upon request pursuant to section 67 subsection (6) of the German Securities Trading Act, or which continue to be treated as professional clients pursuant to section 67 subsection (5) sentence 5 of the German Securities Trading Act, or which comply with any other definition of qualified investors in section 2 no. 6 of the German Securities Prospectus Act (Wertpapierprospektgesetz). Accordingly, the offering is exempt from the prospectus requirement in Germany, no prospectus has been published, and this information does not constitute a prospectus in the meaning of the German Securities Prospectus Act.

Notice to Hong Kong investors

The contents of this Announcement have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Placing. If you are in any doubt about any of the contents of this Announcement, you should obtain independent professional advice. This is not an offer to the public and the Placing Documents (as defined below) will not be registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong or any other applicable ordinance in Hong Kong.

This Announcement must not, therefore, be distributed, issued, or possessed for the purpose of distribution or issue, to persons in Hong Kong other than (1) to professional investors within the meaning of the Securities and Futures Ordinance of Hong Kong (including professional investors falling within the Securities and Futures (Professional Investors) Rules) or (2) in circumstances which would not constitute an offer to the public for the purpose of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Securities and Futures Ordinance of Hong Kong.

Notice to Singaporean investors

This Announcement will not, and has not been registered as a prospectus with the Monetary Authority of Singapore. Neither this Announcement nor any other document or material in connection with the Placing, or the offer or sale, or invitation for subscription or purchase of the Placing Shares, shall be circulated or distributed, whether directly or indirectly, to persons in Singapore, other than to the following exempted persons and in accordance with the conditions set out in the Securities and Futures Act of Singapore (Chapter 289) (the "SFA"), being (i) an institutional investor (as defined in Section 4A of the SFA) in accordance with the conditions specified in Section 274 of the SFA, (ii) a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Notice to Swiss investors

This Announcement is not intended to constitute a public offer or solicitation to purchase or invest in Placing Shares. The Placing Shares may not be publicly offered, sold or advertised, directly or indirectly, into or in Switzerland as such terms are used under the Swiss Code of Obligations (the "CO"). Neither this Announcement nor any other offering or marketing material relating to the Placing Shares have been prepared with regard to the disclosure standards for

prospectuses under article 652a or 1156 CO, and they do not constitute a prospectus within the meaning of article 652a or 1156 CO. Neither this Announcement nor any other offering or marketing material relating to the Placing Shares may be publicly distributed or otherwise made publicly available in Switzerland as such terms are used under the CO.

APPENDIX
TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY. MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR THE SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA, SINGAPORE OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

This Announcement is not for publication or distribution, directly or indirectly, in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

The distribution of this Announcement and/or the Placing and/or the issue of the Placing Shares in certain jurisdictions may be restricted by law. Persons distributing this Announcement must satisfy themselves that it is lawful to do so. No action has been taken by the Company, the Bookrunner or any of their respective affiliates, agents directors, officers or employees ("**Representatives**") that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and the Bookrunner to inform themselves about and to observe any such restrictions.

This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for any securities in the United States, Australia, Canada, Japan, the Republic of South Africa, Singapore or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

No prospectus has been lodged with, or registered by, the Japanese Ministry of Finance or the Monetary Authority of Singapore; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares and the Placing Shares have not been, nor will they be registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan, or the Republic of South Africa or Singapore. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Japan or the Republic of South Africa, Singapore or any other jurisdiction outside the EEA.

Persons (including without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notice" section of this Announcement.

By participating in the Bookbuild and the Placing, each Placée will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Appendix.

In particular, each such Placée represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

1. it undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of a person in a member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") who acquires any Placing Shares pursuant to the Placing:
 - (a) it is a Qualified Investor within the meaning of Article 2(1)(e) of the Prospectus Directive; and
 - (b) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
 - (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of the Bookrunner have been given to the offer or resale;
 - (ii) where Placing Shares have been acquired by it on behalf of persons in any Relevant Member State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons; and
3. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Announcement; and
4. it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Appendix; and
5. except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 4 above) is either:
 - (a) outside the United States acquiring the Placing Shares in offshore transactions as defined in, and in

accordance with, Regulation S under the US Securities Act; or

(b) a "qualified institutional buyer" as defined in Rule 144A under the US Securities Act (a "**QIB**").

No prospectus

The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require any prospectus or other offering document to be published. No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of their own assessment of the Company, the Placing Shares and the Placing based on the information contained in this Announcement, the announcement of the results of the Placing (the "**Placing Results Announcement**") (together the "**Placing Documents**") and any information publicly announced through a regulatory information service ("**RIS**") by or on behalf of the Company on or prior to the date of this Announcement (the "**Publicly Available Information**") and subject to any further terms set forth in the contract note sent to individual Placees.

Each Placee, by participating in the Placing, agrees that the content of the Placing Documents is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of the Bookrunner or the Company or any other person and none of the Bookrunner, the Company nor any other person acting on such person's behalf nor any of their respective affiliates or Representatives has or shall have any responsibility or liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. No Placee should consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own attorney, tax advisor, and business advisor for legal, tax and business advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Details of the Placing Agreement and the Placing Shares

The Bookrunner is acting as bookrunner in connection with the Placing and has today entered into the Placing Agreement with the Company under which, on the terms and subject to the conditions set out in the Placing Agreement, the Bookrunner, as agent for and on behalf of the Company, has agreed to use its reasonable endeavours to procure placees for the Placing Shares. The Placing is not underwritten by the Bookrunner.

The final number of Placing Shares and the Placing Price (as defined below) will be set out in a share placing supplement agreed between the Bookrunner and the Company following the Bookbuild (the "**Placing Supplement**").

The Placing Shares will, when issued, be credited as fully paid up and will be issued subject to the Company's articles of association and rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of the Ordinary Shares after the date of issue of the Placing Shares, and will on issue be free of all claims, liens, charges, encumbrances and equities.

Applications for listing and admission to trading

Application will be made to the London Stock Exchange plc (the "**London Stock Exchange**") for the admission to trading of the Placing Shares to trading on AIM ("**Admission**").

It is expected that Admission of the Placing Shares will occur at or before 8.00 a.m. (London time) on 23 July 2018 (or such later time and/or date as the Bookrunner may agree with the Company) and that dealings in the Placing Shares will commence at that time.

Bookbuild

The Bookrunner will today commence the accelerated bookbuilding process to determine demand for participation in the Placing by Placees (the "**Bookbuild**"). This Announcement gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Bookrunner shall be entitled to effect the Placing by such alternative method to the Bookbuild as it may, in its absolute discretion following consultation with the Company, determine.

Participation in, and principal terms of, the Placing

1. The Bookrunner is arranging the Placing as bookrunner and placing agent of the Company. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Bookrunner. The Bookrunner may itself agree to be a Placee in respect of all or some of the Placing Shares or may nominate any member of its group to do so.

2. The Bookbuild, if successful, will establish a single price payable to the Bookrunner as agent for the Company by all Placees whose bids are successful (the "**Placing Price**"). The Placing Price and the number of Placing Shares will be determined by the Bookrunner (in consultation with the Company) following completion of the Bookbuild. Subject to the execution of the Placing Supplement, the Placing Price and the number of Placing Shares to be issued will be announced on an RIS following the completion of the Bookbuild via the Placing Results Announcement.

3. Allocations of the Placing Shares will be determined by the Bookrunner after consultation with the Company (the proposed allocations having been supplied by the Bookrunner to the Company in advance of such consultation). Subject to the execution of the Placing Supplement, allocations will be confirmed orally by the Bookrunner and a contract note will be despatched as soon as possible thereafter. The Bookrunner's oral confirmation to such Placee constitutes an irrevocable legally binding commitment upon such person (who will at that point become a Placee), in favour of the Bookrunner and the Company, to acquire the number of Placing Shares allocated to it and to pay the Placing Price in respect of such shares on the terms and conditions set out in this Appendix and in accordance with the Company's articles of association. Except with the Bookrunner's consent, such commitment will not be capable of variation or revocation after the time at which it is submitted.

4. Each Placee's allocation and commitment will be evidenced by a contract note issued to such Placee by the Bookrunner. The terms of this Appendix will be deemed incorporated in that contract note.

5. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be subscribed for pursuant to the Placing will be required to be made at the same time, on the basis

explained below under "**Registration and Settlement**".

6. All obligations under the Bookbuild and the Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "**Conditions of the Placing**" and to the Placing not being terminated on the basis referred to below under "**Right to terminate under the Placing Agreement**".

7. By participating in the Placing, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

8. To the fullest extent permissible by law, neither the Bookrunner, nor the Company, nor any of their respective Representatives shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither the Bookrunner, nor the Company, nor any of their respective Representatives shall have any responsibility or liability (including to the extent permissible by law, any fiduciary duties) in respect of the Bookrunner's conduct of the Placing or of such alternative method of effecting the Placing as the Bookrunner and the Company may determine.

9. The Placing Shares will be issued subject to the terms and conditions of this Announcement and each Placee's commitment to subscribe for Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Bookrunner's conduct of the Placing.

10. All times and dates in this Announcement may be subject to amendment (other than the Longstop Date, as defined below). The Bookrunner shall notify the Placees and any person acting on behalf of the Placees of any changes.

Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. The Bookrunner's obligations under the Placing Agreement are conditional on customary conditions including (amongst others) (the "**Conditions**"):

11. certain announcement obligations;

12. Admission occurring no later than 8.00 a.m. (London time) on 23 July 2018 (or such later time and/or date, not being later than 8.00 a.m. (London time) on 6 August 2018 (the "**Longstop Date**"), as the Bookrunner may otherwise agree with the Company);

13. the warranties on the part of the Company contained in the Placing Agreement being true, accurate and not misleading as at the date of the Placing Agreement and at Admission, as though they had been given and made on such date by reference to the facts and circumstances then subsisting;

14. the Company having complied with all of its obligations under the Placing Agreement which fall to be performed or satisfied on or prior to Admission;

15. the execution and delivery of the Placing Supplement;

16. the Note Issuance Deeds having been entered into in the approved terms and not having been rescinded or terminated in accordance with their terms;

17. the Strategic Investment Agreement and Offtake Agreement having been entered into in the approved terms and not having been rescinded or terminated in accordance with their respective terms; and

18. in the opinion of the Bookrunner (acting in good faith) there shall have been no Material Adverse Change since the date of the Placing Agreement prior to Admission.

The Bookrunner may, at its discretion and upon such terms as it thinks fit, waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the Conditions or extend the time or date provided for fulfilment of certain Conditions in respect of all or any part of the performance thereof. The condition in the Placing Agreement relating to Admission taking place may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

If: (i) any of the Conditions are not fulfilled or (where permitted) waived by the Bookrunner by the relevant time or date specified (or such later time or date as the Company and the Bookrunner may agree); or (ii) the Placing Agreement is terminated in the circumstances specified below under "**Right to terminate under the Placing Agreement**", the Placing will not proceed and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by it or on its behalf (or any person on whose behalf the Placee is acting) in respect thereof.

Neither the Bookrunner, nor the Company, nor any of their respective Representatives shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any Condition to the Placing, nor for any decision they may make as to the satisfaction of any Condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Bookrunner.

Right to terminate under the Placing Agreement

The Bookrunner is entitled, at any time before Admission, to terminate the Placing Agreement in accordance with its terms in certain circumstances including (amongst other things):

19. it comes to the knowledge of the Bookrunner that any of the warranties in the Placing Agreement was untrue, inaccurate or misleading;

20. if any Condition becomes incapable of being fulfilled (and is not waived) or if all the Conditions are not fulfilled (or waived);

21. if in the opinion of the Bookrunner, acting in good faith, there has been a Material Adverse Change prior to Admission;

22. where the Company shall fail to comply with any of its obligations under the Placing Agreement in any material respect; or

23. on the occurrence of certain force majeure events.

Upon termination, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to the Placing Agreement, subject to certain exceptions.

By participating in the Placing, each Placee agrees that (i) the exercise by the Bookrunner of any right of termination or of any other discretion under the Placing Agreement shall be within the absolute discretion of the Bookrunner and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or failure to so exercise and (ii) its rights and obligations terminate only in the circumstances described above under "**Right to terminate under the Placing Agreement**" and "**Conditions of the Placing**", and its participation will not be capable of rescission or termination by it after oral confirmation by the Bookrunner of the allocation and commitments following the close of the Bookbuild.

Lock-up Arrangements

The Company has undertaken to the Bookrunner that it shall not during the period from the date until 180 days after the date of Admission offer, issue, sell, contract to sell, issue options in respect of or otherwise dispose of any securities of the Company (or any interest therein or in respect thereof) or any other securities exchangeable for, or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction having substantially the same effect or agree to do any of the foregoing other than with the prior written consent of the Bookrunner (such consent not to be unreasonably withheld or delayed). For these purposes it shall be unreasonable for the Bookrunner to withhold consent in relation to the proposed Open Offer described in this Announcement

By participating in the Placing, Placees agree that the exercise by the Bookrunner of any power to grant consent to the undertaking by the Company of a transaction which would otherwise be subject to the lock-up provisions under the Placing Agreement shall be within the absolute discretion of the Bookrunner and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise of the power to grant consent.

Registration and Settlement

Settlement of transactions in the Placing Shares (ISIN: GB00BD20C246) following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("**CREST**"), subject to certain exceptions. The Bookrunner reserves the right to require settlement for, and delivery of, the Placing Shares (or any part thereof) to Placees by such other means that they may deem necessary if delivery or settlement is not possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Following the close of the Bookbuild, each Placee to be allocated Placing Shares in the Placing will be sent a contract note in accordance with the standing arrangements in place with the Bookrunner stating the number of Placing Shares allocated to them at the Placing Price, the aggregate amount owed by such Placee to the Bookrunner and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions in respect of the Placing Shares that it has in place with the Bookrunner.

The Company will deliver the Placing Shares to a CREST account operated by the relevant Bookrunner as agent for the Company and the Bookrunner will enter its delivery instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

It is expected that settlement in respect of the Placing Shares will take place on 23 July 2018 on a delivery versus payment basis.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Bookrunner.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Bookrunner may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and will be required to bear any stamp duty or stamp duty reserve tax or other taxes or duties (together with any interest or penalties) imposed in any jurisdiction which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the contract note is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are issued in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. If there are any circumstances in which any stamp duty or stamp duty reserve tax or other similar taxes or duties (including any interest and penalties relating thereto) is payable in respect of the allocation, allotment, issue, sale, transfer or delivery of the Placing Shares (or, for the avoidance of doubt, if any stamp duty or stamp duty reserve tax is payable in connection with any subsequent transfer of or agreement to transfer Placing Shares), neither the Bookrunner nor the Company shall be responsible for payment thereof.

Representations, warranties, undertakings and acknowledgements

By participating in the Placing each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Bookrunner (in their capacity as bookrunner and placing agents of the Company in respect of the Placing) and the Company, in each case as a fundamental term of their application for Placing Shares, the following:

24. it has read and understood this Announcement in its entirety and its subscription for Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with the Placing, the Company, the Placing Shares or otherwise other than the information contained in this Placing Documents and the Publicly Available Information;

25. it acknowledges that the Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of AIM, which includes a description of the Company's business and the Company's financial information, including balance sheets and income statements, and that it is able to obtain or has access to such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded companies, without undue difficulty;

26. the person whom it specifies for registration as holder of the Placing Shares will be (a) itself or (b) its nominee, as the case may be. Neither the Bookrunner nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax or other similar taxes or duties imposed in any jurisdiction (including interest and penalties relating thereto) ("**Indemnified Taxes**"). Each Placee and any person acting on behalf of such Placee agrees to indemnify the Company and the Bookrunner on an after-tax basis in respect of any Indemnified Taxes;
27. neither the Bookrunner, nor any of its respective Representatives accepts any responsibility for any acts or omissions of the Company or any of the directors of the Company or any other person (other than the Bookrunner) in connection with the Placing;
28. time is of the essence as regards to its obligations under this Announcement;
29. any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to the Bookrunner;
30. it will not redistribute, forward, transfer, duplicate or otherwise transmit this Announcement or any part of it, or any other presentational or other material concerning the Placing (including electronic copies thereof) to any person and represents that it has not redistributed, forwarded, transferred, duplicated, or otherwise transmitted any such materials to any person;
31. no prospectus or other offering document is required under the Prospectus Directive, nor will one be prepared in connection with the Bookbuild, the Placing or the Placing Shares and it has not received and will not receive a prospectus or other offering document in connection with the Bookbuild, the Placing or the Placing Shares;
32. in connection with the Placing, the Bookrunner and any of its affiliates acting as an investor for its own account may subscribe for Placing Shares in the Company and in that capacity may retain, purchase or sell for its own account such Placing Shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing. Accordingly, references in this Announcement to the Placing Shares being issued, offered or placed should be read as including any issue, offering or placement of such shares in the Company to the Bookrunner or any of its affiliates acting in such capacity;
33. the Bookrunner and its affiliates may enter into financing arrangements and swaps with investors in connection with which the Bookrunner and its affiliates may from time to time acquire, hold or dispose of such securities of the Company, including the Placing Shares;
34. the Bookrunner does not intend to disclose the extent of any investment or transactions referred to in paragraphs 9 and 10 above otherwise than in accordance with any legal or regulatory obligation to do so;
35. the Bookrunner does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;
36. its participation in the Placing is on the basis that it is not and will not be a client of the Bookrunner in connection with its participation in the Placing and that the Bookrunner has no duties or responsibilities to it for providing the protections afforded to its clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
37. the content of the Placing Documents and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and neither the Bookrunner, nor its Representatives nor any person acting on behalf of any of them is responsible for or has or shall have any responsibility or liability for any information, representation or statement contained in, or omission from, the Placing Documents, the Publicly Available Information or otherwise nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in the Placing Documents, the Publicly Available Information or otherwise, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by such person;
- 38.
- (a) the only information on which it is entitled to rely on and on which such Placee has relied in committing itself to subscribe for Placing Shares is contained in the Placing Documents, or any Publicly Available Information (save that in the case of Publicly Available Information, a Placee's right to rely on that information is limited to the right that such Placee would have as a matter of law in the absence of this paragraph 15(a)), such information being all that such Placee deems necessary or appropriate and sufficient to make an investment decision in respect of the Placing Shares;
- (b) it has neither received nor relied on any other information given, or representations, warranties or statements, express or implied, made, by the Bookrunner or the Company nor any of their respective Representatives (including in any management presentation delivered in respect of the Bookbuild) with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of any information contained in the Placing Documents, or the Publicly Available Information or otherwise;
- (c) neither the Bookrunner, the Company, nor any of their respective Representatives has provided, nor will provide, it with any material or information regarding the Placing Shares or the Company or any other person other than the information in this Announcement or the Publicly Available Information; nor has it requested the Bookrunner, the Company, or any of their respective affiliates or any person acting on behalf of any of them to provide it with any such material or information; and
- (d) neither the Bookrunner nor the Company will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
39. it may not rely, and has not relied, on any investigation that the Bookrunner, any of its affiliates or any person acting on its behalf, may have conducted with respect to the Placing Shares, the terms of the Placing or the Company, and none of such persons has made any representation, express or implied, with respect to the Company, the Placing, the Placing Shares or the accuracy, completeness or adequacy of the information in the Placing Documents, the Publicly Available Information or any other information;
40. in making any decision to subscribe for Placing Shares it:
- (a) has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for the Placing Shares;
- (b) will not look to the Bookrunner for all or part of any such loss it may suffer;

(c) is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of an investment in the Placing Shares;

(d) is able to sustain a complete loss of an investment in the Placing Shares;

(e) has no need for liquidity with respect to its investment in the Placing Shares;

(f) has made its own assessment and has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its investment in the Placing Shares; and

(g) has conducted its own due diligence, examination, investigation and assessment of the Company, the Placing Shares and the terms of the Placing and has satisfied itself that the information resulting from such investigation is still current and relied on that investigation for the purposes of its decision to participate in the Placing;

41. it is subscribing for the Placing Shares for its own account or for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the acknowledgements, representations and agreements contained in this Announcement;

42. it is acting as principal only in respect of the Placing or, if it is acting for any other person, it is:

(h) duly authorised to do so and has full power to make the acknowledgements, representations and agreements herein on behalf of each such person; and

(i) and will remain liable to the Company and/or the Bookrunner for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);

43. it and any person acting on its behalf is entitled to subscribe for the Placing Shares under the laws and regulations of all relevant jurisdictions that apply to it and that it has fully observed such laws and regulations, has capacity and authority and is entitled to enter into and perform its obligations as a subscriber of Placing Shares and will honour such obligations, and has obtained all such governmental and other guarantees, permits, authorisations, approvals and consents which may be required thereunder and complied with all necessary formalities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement) and will honour such obligations and that it has not taken any action or omitted to take any action which will or may result in the Bookrunner, the Company or any of their respective Representatives acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Placing;

44. where it is subscribing for Placing Shares for one or more managed accounts, it is authorised in writing by each managed account to subscribe for the Placing Shares for each managed account;

45. it irrevocably appoints any duly authorised officer of the Bookrunner as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe for upon the terms of this Announcement;

46. the Placing Shares have not been and will not be registered or otherwise qualified and that a prospectus will not be cleared in respect of any of the Placing Shares under the securities laws or legislation of the United States, Australia, Canada, Japan, Singapore or the Republic of South Africa, or any state, province, territory or jurisdiction thereof;

47. the Placing Shares may not be offered, sold, or delivered or transferred, directly or indirectly, in or into the above jurisdictions or any jurisdiction (subject to certain exceptions) in which it would be unlawful to do so and no action has been or will be taken by any of the Company, the Bookrunner or any person acting on behalf of the Company or the Bookrunner that would, or is intended to, permit a public offer of the Placing Shares in the United States, Australia, Canada, Japan, Singapore or the Republic of South Africa or any country or jurisdiction, or any state, province, territory or jurisdiction thereof, where any such action for that purpose is required;

48. no action has been or will be taken by any of the Company, the Bookrunner or any person acting on behalf of the Company or the Bookrunner that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;

49. unless otherwise specifically agreed with the Bookrunner, it is not and at the time the Placing Shares are subscribed for, neither it nor the beneficial owner of the Placing Shares will be, a resident of, nor have an address in, Australia, Japan, the Republic of South Africa, Singapore or any province or territory of Canada;

50. it may be asked to disclose in writing or orally to the Bookrunner:

(j) if he or she is an individual, his or her nationality; or

(k) if he or she is a discretionary fund manager, the jurisdiction in which the funds are managed or owned;

51. it is and the prospective beneficial owner of the Placing Shares is, and at the time the Placing Shares are subscribed for will be (i) outside the United States and is acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the US Securities Act or (ii) a QIB and will duly execute a US investor letter and deliver the same to the Bookrunner or its affiliates;

52. it understands that the Placing Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the US Securities Act, or pursuant to an exemption from the registration requirements of the US Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the US Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;

53. no representation has been made as to the availability of the exemption provided by Rule 144, Rule 144A or any other exemption under the US Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;

54. it understands that the Placing Shares are expected to be issued to it through CREST but may be issued to it in certificated, definitive form and acknowledges and agrees that the Placing Shares may, to the extent they are delivered in certificated form, bear a legend to the following effect unless agreed otherwise with the Company:

"THESE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR UNDER THE APPLICABLE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT OR (C) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE

WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.";

55. it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;

56. it understands that there may be certain consequences under United States and other tax laws resulting from an investment in the Placing and it has made such investigation and has consulted its own independent advisers or otherwise has satisfied itself concerning, without limitation, the effects of United States federal, state and local income tax laws and foreign tax laws generally;

57. if in a member state of the EEA, unless otherwise specifically agreed with the Bookrunner in writing, it is a Qualified Investor;

58. it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA except to Qualified Investors or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Directive;

59. if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the Placing Shares subscribed for by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of the Bookrunner has been given to each proposed offer or resale;

60. if in the United Kingdom, that it is a person (i) having professional experience in matters relating to investments who falls within the definition of "investment professionals" in Article 19(5) of the Order or (ii) who falls within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, or (iii) to whom it may otherwise lawfully be communicated;

61. it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the Financial Services and Markets Act 2000, as amended ("FSMA");

62. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that the Placing Documents have not and will not have been approved by the Bookrunner in its capacity as an authorised person under section 21 of the FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as a financial promotion by an authorised person;

63. if in Canada, it or any ultimate purchaser for which such initial purchaser is acting as agent

(l) is a purchaser that is entitled under applicable provincial securities laws to purchase the securities of the Company without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" (as such term is defined in National Instrument 45-106 - *Prospectus Exemptions* ("NI 45-106"), and, in the case of an acquirer resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario) (the "OSA")), in each case, that is not a person created or being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in Section 1.1 of NI 45-106;

(m) is a "permitted client" as defined in National Instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103");

(n) is not an individual;

(o) is resident in the one of the provinces or territories in which the securities are being offered, and is not acquiring the securities for the account or benefit of any individual or entity that is resident in any province or territory of Canada other than the provinces or territories in which the securities are being offered by the Company;

(p) it acknowledges and agrees that the offering of the securities in Canada was made exclusively under the Announcement; and

(q) it acknowledges that the securities are being distributed in Canada on a private placement basis only and that any resale of securities must be in accordance with the requirements of applicable securities laws, which will vary depending on the relevant jurisdictions; and

(r) has reviewed and acknowledges the terms referred to above under the heading "Notice to Canadian investors"; and

(s) it is either purchasing the securities as principal for its own account, or is deemed to be purchasing the securities as principal for its own account, in accordance with the applicable securities laws of the province in which such purchaser is resident, by virtue of being either: (i) a trust company or trust corporation as further described in subsection (p) of the definition of "accredited investor" in Section 1.1 of NI 45-106; or (ii) a person acting on behalf of a fully managed account managed by that person as further described in subsection (q) of the definition of "accredited investor" in Section 1.1 of NI 45-106.

64. if domiciled in Germany, that it is a qualified investor. Qualified investors are clients and enterprises which, unless they are categorized as a retail client, are professional clients or eligible counterparties within the meaning of section 67 subsection (2) or (4) of the German Securities Trading Act (*Wertpapierhandelsgesetz*), or which are categorized as such upon request pursuant to section 67 subsection (6) of the German Securities Trading Act, or which continue to be treated as professional clients pursuant to section 67 subsection (5) sentence 5 of the German Securities Trading Act, or which comply with any other definition of qualified investors in section 2 no. 6 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).

65. if in Australia:

(t) it is a "sophisticated investor" or a "professional investor" (as such terms are defined in the Corporations Act) or this offer was validly made through a financial services licensee (pursuant to Section 708(10) of the

Corporations Act);

(u) it will acquire the shares in accordance with applicable provisions of the Corporations Act; and

(v) it acknowledges that the offer of the Placing Shares is subject to the restrictions (including selling restrictions) set out in the Corporations Act.

66. if in Hong Kong, it is a "professional investor" (as defined in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, "SFO") or it agrees and acknowledges that (i) the Placing is not an offer to the public in Hong Kong, (ii) none of the documents or materials relating to the Placing Shares made available to it will be registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 622 of the Laws of Hong Kong, "CO") or any other applicable ordinance in Hong Kong, and (iii) it purchases the Placing Shares as principal and not with a view to resell them to the public in or from Hong Kong, except in circumstances which do not constitute an offer to the public within the meaning of the CO and the SFO.

67. if in Singapore:

(a) it is (i) an institutional investor as defined under Section 4A(1) of the SFA, (ii) a relevant person as defined under Section 275(2) of the SFA, or a person to whom an offer, as referred to in Section 275(1A) of the SFA is being made, or (iii) otherwise a person to whom an offer is made to pursuant to and in accordance with the conditions of any other applicable provision of the SFA;

(b) it agrees and acknowledges that the offer of the Placing Shares is subject to the restrictions (including selling restrictions) set out in the relevant provisions of the SFA; and

(c) if any of the Placing Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (i) a corporation (which is not an accredited investor as defined in Section 4A of the SFA, the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (ii) a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA), whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities ((as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Placing Shares pursuant to an offer made under Section 275 of the SFA except: (A) to an institutional investor (as defined in Section 4A of the SFA) or to a relevant person (as defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (B) where no consideration is or will be given for the transfer; (C) where the transfer is by operation of law; (D) as specified in Section 276(7) of the SFA; or (E) as specified in Regulation 32 of the Securities and Futures (Offers of Investment) (Shares and Debenture) Regulations 2005 of Singapore;

68. it represents that it is not located or resident in Switzerland or, if it is located or resident in Switzerland, it agrees and acknowledges that (i) the Placing Shares have not been publicly offered in Switzerland, (ii) none of the documents or material relating to the Placing Shares made available to it constitute a prospectus within the meaning of article 652 or 1156 of the Code of Obligations, and (iii) it purchases the securities for its own account and not with a view to resell them to the public in or from Switzerland.

69. it has complied and will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all applicable provisions in FSMA and Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("MAR")) in respect of anything done in, from or otherwise involving, the United Kingdom);

70. if it is a pension fund or investment company, its subscription for Placing Shares is in full compliance with applicable laws and regulations;

71. it has complied with its obligations under the Criminal Justice Act 1993 and Articles 8, 10 and 12 of MAR and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof (the "Regulations") and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

72. in order to ensure compliance with the Regulations, the Bookrunner (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to the Bookrunner or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at the Bookrunner's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at the Bookrunner's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identify the Bookrunner (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, either the Bookrunner and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;

73. the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance service;

74. it (and any person acting on its behalf) has the funds available to pay for the Placing Shares for which it has agreed to subscribe and acknowledges and agrees that it will make payment in respect of the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as the Bookrunner may in its sole discretion determine and without liability to such Placee, who will remain liable for any amount by which the net proceeds of such sale falls short of the product of the relevant Placing Price and the number of Placing Shares allocated to it and will be

required to bear any stamp duty, stamp duty reserve tax or other taxes or duties (together with any interest, fines or penalties) imposed in any jurisdiction which may arise upon the sale of such Placee's Placing Shares;

75. any money held in an account with the Bookrunner on behalf of the Placee and/or any person acting on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under the FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from the Bookrunner's money in accordance with the client money rules and will be held by it under a banking relationship and not as trustee;

76. its allocation (if any) of Placing Shares will represent a maximum number of Placing Shares which it will be entitled, and required, to subscribe for, and that the Bookrunner or the Company may call upon it to subscribe for a lower number of Placing Shares (if any), but in no event in aggregate more than the aforementioned maximum;

77. neither the Bookrunner, nor any of its respective affiliates, nor any person acting on behalf of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing;

78. if it has received any 'inside information' (for the purposes of MAR and section 56 of the Criminal Justice Act 1993) in relation to the Company and its securities in advance of the Placing, it confirms that it has received such information within the market soundings regime provided for in article 11 of MAR and associated delegated regulations and it has not:

(w) used that inside information to acquire or dispose of securities of the Company or financial instruments related thereto or cancel or amend an order concerning the Company's securities or any such financial instruments;

(x) used that inside information to encourage, require, recommend or induce another person to deal in the securities of the Company or financial instruments related thereto or to cancel or amend an order concerning the Company's securities or such financial instruments; or

(y) disclosed such information to any person, prior to the information being made publicly available;

79. the rights and remedies of the Company and the Bookrunner under the terms and conditions in this Announcement are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others; and

80. these terms and conditions of the Placing and any agreements entered into by it pursuant to the terms and conditions of the Placing, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or termination of such contract or relating to any non-contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by either the Company or the Bookrunner in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

General

The foregoing representations, warranties, confirmations, acknowledgements, agreements and undertakings are given for the benefit of the Company as well as the Bookrunner and are irrevocable. The Bookrunner, the Company and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, confirmations, acknowledgements, agreements and undertakings. Each prospective Placee, and any person acting on behalf of such Placee, irrevocably authorises the Company and the Bookrunner to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify on an after tax basis and hold the Company, the Bookrunner and their respective Representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Announcement or incurred by the Bookrunner, the Company or each of their respective Representatives arising from the performance of the Placees' obligations as set out in this Announcement, and further agrees that the provisions of this Announcement shall survive after completion of the Placing.

The agreement to allot and issue Placing Shares to Placees (and/or to persons for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the Placing Shares in question. Such agreement also assumes that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax or other similar taxes or duties may be payable, for which neither the Company nor the Bookrunner will be responsible and the Placees shall indemnify the Company and the Bookrunner on an after-tax basis for any stamp duty or stamp duty reserve tax or other similar taxes or duties (together with interest, fines and penalties) in any jurisdiction paid by the Company or the Bookrunner in respect of any such arrangements or dealings. If this is the case, each Placee should seek its own advice and notify the Bookrunner accordingly. Placees are advised to consult with their own advisers regarding the tax aspects of the subscription for Placing Shares.

The Company and the Bookrunner are not liable to bear any taxes that arise on a sale of Placing Shares subsequent to their acquisition by Placees, including any taxes arising otherwise than under the laws of the United Kingdom. Each prospective Placee should, therefore, take its own advice as to whether any such tax liability arises and notify the Bookrunner and the Company accordingly. Furthermore, each prospective Placee agrees to indemnify on an after-tax basis and hold the Bookrunner and/or the Company and their respective affiliates harmless from any and all interest, fines or penalties in relation to stamp duty, stamp duty reserve tax and all other similar duties or taxes in any jurisdiction to the extent that such interest, fines or penalties arise from the unreasonable default or delay of that Placee or its agent.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating

thereto) payable, whether inside or outside the UK, by them or any other person on the subscription, acquisition, transfer or sale by them of any Placing Shares or the agreement by them to subscribe for, acquire, transfer or sell any Placing Shares.

No statement in the Placing Documents is intended to be a profit forecast or estimate, and no statement in the Placing Documents should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than AIM, a market operated by the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, the Placing Documents.

DEFINITIONS

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| Admission | admission to trading of the Placing Shares to trading on AIM |
| Bookrunner | Canaccord Genuity Limited |
| CREST | Euroclear UK & Ireland Limited |
| Company | Bacanora Lithium plc |
| CO | Swiss Code of Obligations |
| Corporations Act | Corporations Act 2001 (Cth) |
| EEA | European Economic Area |
| FCA | the UK Financial Conduct Authority |
| FSMA | Financial Services and Markets Act 2000, as amended |
| Group | the Company and its subsidiary undertakings |
| Longstop Date | 8.00 a.m. (London time) on 6 August 2018 |
| Material Adverse Change | any material adverse change in, or any development involving or reasonably likely to involve a prospective material adverse change in, or affecting, the condition (financial, operational, legal or otherwise) or the earnings, management, business affairs, solvency or prospects of the Company, or of the Group (taken as a whole), whether or not arising in the ordinary course of business |
| Note Issuance Deeds | the \$150m Note Issuance Deed and the \$56m Note Issuance Deed |
| Ordinary Shares | ordinary shares of 10 pence each in the capital of the Company |
| Placing | the placing of the Placing Shares |
| Placing Shares | the new Ordinary Shares which may, be allotted and issued in accordance with the Placing Agreement following the Bookbuild and as specified in the Placing Supplement |
| Placees | those persons who have agreed to subscribe for the Placing Shares |
| Placing Agreement | the agreement between, amongst others, the Company and the Bookrunner dated on or about the date of this Announcement |

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