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Bacanora Lithium Plc ("Bacanora" or the "Company")
Final Audited Accounts for the year ended 30 June 2018

Bacanora Lithium Plc (AIM: BCN), the London listed lithium exploration and development company, is pleased to provide its audited final results for the 12 months ended 30 June 2018.

Highlights - for the year ending 30 June 2018 and post balance sheet events

Sonora Lithium Project, Mexico ('Sonora' or 'the Sonora Lithium Project')

- Completed a Feasibility Study ("FS") which demonstrated strong economics of a 35,000 tpa lithium carbonate operation at Sonora:
    - US$1.25 billion NPV based on lithium carbonate prices of US$11,000/t
    - 26.1% IRR
    - US$3,910/t lithium carbonate life of mine ('LOM') gross operating costs which are comparable to those of the low-cost brine producers of South America
- Post period end, US$150 million senior debt facility secured with RK Mine Finance, a leading provider of finance for resources companies, to finance the development of Sonora
- Post period end, US$65 million and US$25 million conditional equity commitments from the State General Reserve Fund of Oman ("SGRF"), and Bacanora's offtake partner, Hanwa Co., LTD ("Hanwa"), as part of the Sonora project financing package
- Unrestricted access to develop and operate Sonora for the initial LOM secured following acquisition of La Ventana and La Joya parcels of land in Sonora for US$2.9 million - final consideration settled in August 2018

Zinnwald Lithium Project, Germany ('Zinnwald')

- Ongoing work for a Feasibility Study into a high value lithium product operation at Zinnwald on track for completion in Q2 2019
- NI 43-101 compliant upgraded measured and indicated resource of 124,974 tonnes of contained lithium for Zinnwald issued in September 2018
- Exploration licence awarded covering 295 hectares of the previously mined Falkenhain lithium deposit 5km from Zinnwald in Germany - potential to increase the LOM of Zinnwald

Corporate

- Successful completion of the redomicile of the Company's jurisdiction from Canada to the UK on 23 March 2018, resulting in Bacanora Lithium Plc, which is solely quoted on AIM, becoming the Parent Company for the Bacanora Group
- The Company strengthened its Board and Senior Management Team with the addition of two new Directors, Peter Secker (CEO) and Eileen Carr (NED), and a new CFO, Janet Boyce

Peter Secker, CEO, of Bacanora Lithium, commented "2019, the year Volvo will electrify all new models launched. 2025, the year Volkswagen is targeting 25% of vehicle sales will be electric. 2030, the year when Denmark will outlaw the sale of new petrol and diesel cars, with hybrids following in 2035. 2040, the year when all new vehicles sold in France and the UK will have to produce zero emissions. These are just a few of the many ambitious EV targets that have been set by governments and corporations around the world. With each EV battery requiring 25-50kg of lithium, new sources of lithium will need to come on stream for these targets to be met. Our own Sonora lithium project in Mexico is one of the most advanced projects currently in the pipeline but, if forecasts that demand for lithium could rise to more than 450,000 tonnes per annum by 2025 from today's 250,000 level prove to be correct, much more production will be needed.

In our view, the long-term prospects for lithium carbonate prices remain strong. However, prices rarely increase in a straight line, so occupying a position on the industry cost curve that is well below those projects that operate close to or at the marginal cost of production is key. Sonora will sit in the lowest quartile for operating cost, marking it a stand-out proposition. Blue-chip institutions of the calibre of RK, SGRF and Hanwa have recognised this and have offered us development capital on attractive terms. Advanced discussions are ongoing with other potential funders, both at the corporate and project levels. We are confident that the outstanding funds will be secured which will enable us to move into the construction phase at Sonora. With this in mind, I look forward to providing further updates on our progress, as we focus on realising Sonora's potential and in the process closing the huge disconnect that has opened up between the Company's market capitalisation and our flagship project's US$1.25 billion valuation."

For further information, please contact:

Bacanora Lithium Plc	Peter Secker / Janet Boyce	info@bacanoralithium.com
Cairn Financial Advisers LLP, Nomad	Sandy Jamieson / Liam Murray	+44 (0) 20 7213 0880
Canaccord Genuity, Broker	Martin Davison / James Asensio	+44 (0) 20 7523 8000

St Brides Partners, Financial PR Adviser	Frank Buhagiar / Gaby Jenner	+44 (0) 20 7236 1177

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

ABOUT BACANORA LITHIUM:

Bacanora owns ten mining concession areas covering approximately 100 thousand hectares in the northeast of Sonora State in Mexico. Seven of these ten mining concessions (the 'Sonora Lithium Project[1]) were included in the Feasibility Study announced 12 December 2017. The Company, through drilling and exploration work to date, has established a Measured plus Indicated Mineral Resource estimate of over 5 Mt (comprising 1.9Mt of Measured Resources and 3.1Mt of Indicated Resources) of LCE[2] and an additional Inferred Mineral Resource of 3.7 Mt of LCE. The Company's Feasibility Study has established Proven Mineral Reserves (in accordance with NI 43-101) of 1.67 Mt and Probable Mineral Reserves of 2.85 Mt LCE and confirmed the economics associated with becoming a 35,000 tpa lithium carbonate and 30,000 tpa SOP producer in Mexico. In addition to the Sonora Lithium Project, the Company also has a 50% interest in the Zinnwald Lithium Project and the Falkenhain Licence in southern Saxony, Germany. Each of the Zinnwald Lithium Project and the Falkenhain Licence are located in a granite hosted Sn/W/Li belt that has been mined historically for tin, tungsten and lithium at different times over the past 300 years. The strategic location of the Zinnwald Lithium Project and the Falkenhain Licence provides close geographical proximity to the German automotive and downstream lithium chemical industries.

1. The Sonora Lithium Project is comprised of the following lithium properties: La Ventana lithium concession, which is 100 percent owned by Bacanora and El Sauz and Fleur concessions, which are held by Mexilit S.A. de C.V. ('Mexilit') which is owned 70 percent by Bacanora and 30 percent by Cadence Minerals Plc.
2. LCE = lithium carbonate (Li_2CO_3) equivalent; determined by multiplying Li value in percent by 5.324 to get an equivalent Li_2CO_3 value in per cent. Use of LCE is to provide data comparable with industry reports and assumes complete conversion of lithium in clays with no recovery or process losses.

<u>Cautionary Statement Regarding Forward-Looking Information</u>

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to: the updated estimation of resources, followed by mine design and mine planning activities and the completion of a feasibility study for the Zinnwald Lithium Project in Q2 2019. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: commodity price volatility; general economic conditions in Canada, the United States, Mexico and globally; industry conditions, governmental regulation, including environmental regulation; unanticipated operating events or performance; failure to obtain industry partner and other third party consents and approvals, if and when required; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; competition for, among other things, capital, skilled personnel and supplies; changes in tax laws; and the other risk factors disclosed under our profile on SEDAR atwww.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Chairman's Statement

I am pleased to announce our final results for 2018 which outlines another significant year in the development of Bacanora.

Many accomplishments have been achieved this financial year that have enabled Bacanora to be poised to move into the development phase of the Sonora Lithium Project. Our objective is to construct a 35,000 tonnes per annum battery grade lithium carbonate operation at our flagship project in Sonora, Mexico, and become a leading supplier to fast-growing industries such as electric vehicles and energy storage. Central to this was the completion of a feasibility study in December 2017, which not only confirmed our long-held view that Sonora has the potential to be a significant lithium mine, but also to be among the lowest cost producers of lithium carbonate. In addition to a US$1.25 billion pre-tax NPV at 8% discount based on an US$11,000 per tonne lithium carbonate price and an IRR of 26.1%, the FS estimates LOM costs at US$3,910 per tonne, placing Sonora in the lowest quartile of the industry cost curve.

Sonora now has a large Measured plus Indicated Mineral Resource estimate of over 5 million tonnes ("Mt") of lithium carbonate equivalent ("LCE"), an additional Inferred Mineral Resource of 3.7 Mt of LCE and will benefit from being a low stripping ratio open pit mining operation but, in our view, it is the low-cost profile which is the major differentiator between Sonora and its peers. Being among the lowest cost producers is critical, not just in terms of value generation and profitability, but also because it safeguards the project against price volatility. Global commodity markets are, by their nature, volatile and the market for high value lithium products is no exception.

To combat price volatility, occupying a position on the industry cost curve well below those projects that operate close to or at the marginal cost of production is key. Being a soft rock deposit, Sonora benefits from having low operating costs similar to the brine producers in South America. At the other end of the scale, hard rock deposits are among the highest cost producers, partly due to the need for drilling, blasting, crushing and grinding. Unlike the brine deposits however, Sonora's processing route does not rely on a multi-year evaporation process. Instead a simple and proven processing route is planned at the Sonora plant which will take just five to seven days to process ore into lithium carbonate, a timescale that matches production rates of the higher cost hard rock deposits. We are confident that Sonora can match the hard rock producers' short timeframes thanks to our pilot plant at Hermosillo, which has been producing >99.5% battery grade LCE for the last three years. Sonora therefore benefits from having low costs similar to the brine deposits, and short production timelines similar to the hard rock producers. It is this unique combination which underpins our confidence that Sonora is set to become a major supplier of lithium carbonate for many years to come.

We are not the only ones who hold this view. Following the issue of the FS, we immediately embarked on an exercise to raise the US$460 million required to build and commission Stage One production of 17,500 tpa of battery grade lithium carbonate at Sonora. Post period end on 2 July 2018, we announced a US$150 million senior debt facility with RK Mine Finance, a leading specialist in the provision of senior debt capital to mining companies. Compared to other companies' debt packages secured for greenfield lithium projects in Canada and Australia this year, the terms of the RK debt facility are highly competitive; a further testament to Sonora's world class credentials.

In addition, a further vote of confidence was the conditional strategic investments totalling US$90 million from the State General Reserve Fund of Oman, the sovereign wealth fund of the Sultanate of Oman, and from our existing offtake partner and strategic investor, Hanwa Co., LTD, which we also announced in July 2018. The US$90 million is comprised of US$65 million from SGRF and US$25 million from Hanwa. In addition, SGRF has signed a conditional agreement to become an offtake partner for the Stage 2 lithium carbonate production.

The conditional strategic investments of US$90 million with the US$150 million from RK Mine Finance, mean that over half of the required funding has been secured. We had hoped to build on this further via a US$100 million placing post period end, but volatility in global commodity markets led us to elect not to proceed. This means first production at Sonora will now be delayed until late in 2020 rather than Q1 2020, subject to finalising the equity financing strategy in early 2019. We remain in discussions with several parties with regards to securing the remainder of the finance package, both at the corporate and project level.

Over the past 5 years the Company has developed a strong working relationship across all levels of the Sonora government, culminating in the official ground-breaking ceremony held with Governor Hon. Claudia Pavlovich in April 2018. Sonora has an extensive and vibrant mining industry, highly skilled workforce and excellent infrastructure. A large number of international companies, such as Ford Motor Co, Grupo Mexico, Rolls-Royce and LG are based in Sonora State as a result of strong government support and comparably low incidences of crime relative to its neighbouring states and Mexico as a whole.

Elsewhere in our portfolio, post year end in September 2018, an updated resource statement was issued for our 50% owned Zinnwald project in Germany which complies with NI 43-101. This comprises an increased total Measured and Indicated Resource estimate of 124,974 tonnes of contained lithium ("Li") at a cut-off grade of 2,500 ppm. The Feasibility Study to prove economic viability of the project continued throughout the year and remains on track for completion in Q2 2019. This is focused on developing a strategy to produce higher value downstream, lithium products from the Zinnwald concentrates for the European battery and automotive sectors. Lying in the heart of Germany's industrial region on a granite hosted Sn/W/Li belt that has historically produced tin, tungsten and lithium, Zinnwald has an excellent geographical location. Together with the award of an exploration licence covering 295 hectares of the previously mined Falkenhain lithium deposit 5km from Zinnwald, we have an excellent strategic position with which to target Europe's fast-growing markets for lithium.

At the corporate level, the redomicile of the Company's jurisdiction from Canada to the UK was successfully completed. The listing of shares on the Toronto Stock Exchange have been cancelled and only the listing on AIM remains. The share capital structure of Bacanora Lithium is substantially identical to that of Bacanora Minerals, as are the rights attached to the Bacanora Lithium ordinary shares compared to those of Bacanora Minerals common shares. In all other respects, as at the date of redomicile, the Group remained unchanged as a result of the redomicile, which was undertaken for the management of the Company to be closer to the majority of its shareholders, raise the Company's profile among European investors and the international mining sector, as well as to remove duplicate costs associated with maintaining a dual listing.

A number of changes were also made to the Board and management team during the year. Peter Secker, CEO of the Company, joined the Board in April 2018. Meanwhile Ms Janet Boyce was appointed as Chief Financial Officer in February 2018, replacing Derek Batorowski, who stepped down as CFO to pursue other business interests. Ms Boyce is a Certified Public Accountant who has held a number of senior executive roles in the resource sector. Derek, a founding director of Bacanora, remains a Non-Executive Director of the Company. In addition, Ms Eileen Carr, a Chartered Certified Accountant with over 25 years' experience in the resource sector, was appointed as a Non-Executive Director.

In terms of outlook, most industry observers agree that new sources of battery grade lithium products will need to come on stream if ambitious uptake and production targets for electric vehicles set by governments and corporations have any chance of being met. Not all lithium deposits/operations are created equal however. As the FS showed, thanks to highly attractive economics, with operating costs estimated to be among the lowest in the industry, and a large, high grade and scalable resource, Sonora stands out from other lithium projects currently at the development stage.

We are continuing to work hard to secure the final piece of the finance package, complete the Front End Engineering Design ("FEED") and ensure all designs, cost estimates and process guarantee scopes are in place, so that we can embark on the 18-month construction phase at the earliest opportunity.

I would like to thank Peter Secker, CEO, for his leadership and for the progress that the Company has made under his direction. Through his leadership and help of the management team, the Company has delivered on prefeasibility and feasibility studies on the Sonora project, attracted two major offtake partners and conditionally secured US$90 million in funding from them and raised US$150 million in debt financing. He has the full support of the whole board. We believe that Bacanora has the potential to become a major player in the global lithium market and that Peter is the right person to deliver our ambitious growth plans.

I would like to thank each and every employee, the management teams, the State of Sonora and our partners for their skills, hard work and dedication, and to congratulate them on what has been a landmark year for the Company.

I look forward to providing further updates on our progress, as we focus on realising Sonora's potential to become a major supplier to rapidly-growing industries such as electric vehicles and in the process generating significant value for our shareholders.

Mark Hohnen, Chairman
12 October 2018

Operational Review

a Corporate redomicile

On 23 March 2018, Bacanora Minerals Ltd. completed its re-domicile from Canada to the United Kingdom. The re-domicile was effected by means of a plan of arrangement under the *Business Corporations Act* (Alberta), whereby all existing common shares in Bacanora Minerals Ltd. were exchanged, through a wholly owned subsidiary, 1976844 Alberta Ltd. of Bacanora Lithium Plc, for ordinary shares in Bacanora Lithium Plc, a company that has been established in the UK to become the new holding company for the Group. The share structure of Bacanora Lithium Plc is substantially identical to the previous share structure of Bacanora Minerals Ltd. and the rights attaching to the new ordinary shares are substantially the same. In all other respects, the Group will remain unchanged as a result of the Transaction.

Furthermore, the common shares of Bacanora Minerals Ltd. were delisted from TSX Venture Exchange and the AIM market of the London Stock Exchange. In all other material respects, as at the date of redomicile the Group remained unchanged as a result of the arrangement and the annual report and financial statements reflect a continuation of the results of operations of the Group.

b Feasibility Study Sonora Lithium Project, Mexico ('Sonora')

- positive economics and favourable operating costs of a 35,000 tonnes per annum ("tpa") battery grade lithium carbonate operation at Sonora confirmed in the 2018 Feasibility Study;
- US$1.253 billion pre-tax project Net Present Value at an 8% discount rate and US$11,000/t lithium carbonate price 26.1% Internal Rate of Return ("IRR") US$3,910/t lithium carbonate Life of Mine ("LOM") operating costs, placing Sonora among the low-cost brine producers of South America.

The Sonora Lithium Project is located in northern Sonora State, Mexico, approximately three hours' drive north east of the state capital of Hermosillo, a city of over one million people. Access to the site is by road from either Hermosillo or the US border town of Agua Prieta. The Project has access to significant support infrastructure including paved roads, process water and local labour.

The FS demonstrates the attractive economics of Sonora and key findings are shown in table below:

Feasibility Study Key Indicators:	**Value**
Pre-tax Net Present Value (US$ 000)	1,253,027
Pre-tax IRR (%)	26.1%
Simple Payback Stage 1 (years)	4
Initial Construction Capital Cost Stage 1 (US$ 000)	419,616
Construction Capital Cost Stage 2 (US$ 000)	380,262
Average LOM operating costs (US$/t lithium carbonate "$Li_2CO_3$")	3,910
Average operating costs (US$/t Li_2CO_3 net of K_2SO_4 credits)	3,418
Post-tax NPV (at 8% discount) (US$ 000)	802,464
Post-tax IRR (%)	21.2%
Average annual EBITDA with co-products (US$ 000)	229,362
Annual Li_2CO_3 production capacity Stage 1	17,500 t
Annual Li_2CO_3 production capacity Stage 2	35,000 t
Annual K_2SO_4 production capacity Stage 2	30,000 t

The Sonora lithium property hosts a large lithium deposit. The polylithionite mineralisation is hosted within shallow dipping sequences, outcropping on surface. As part of the FS, a Mineral Resource estimate was prepared by SRK Consulting (UK) Limited in accordance with the terminology, definitions and guidelines of the Canadian institute of mining, metallurgy and petroleum standards for mineral resources and reserves national instrument 43-101 ("NI 43-101"). The following tables present the summary of current lithium resources for Sonora. These Mineral Resources are inclusive of Mineral Reserves.

Measured and Indicated Mineral Resources as at 13 December 2017

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

Inferred Mineral Resources

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

Mineral Reserves as at 13 December 2017: (Cut-off grade of 1,500ppm Li)

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

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

(2)Tonnes rounded to the nearest thousand.

(3)Reported from a block model above 1,000 ppm Li and above a simple open pit shell generated using the technical and economic parameters established during the FS, with the exception of the LCE selling price of US$14,300 (which represents a 30% premium on top of the US$11,000 used for the Mineral Reserve estimate).

During the initial 19-year mine life, it is planned that 37,058,000 tonnes of ore with a Li grade of 4,151 ppm will be mined and processed with a stripping ratio of 3.4:1.

Mining Operations as defined in the feasibility study

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

Processing as defined in the feasibility study

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

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

Feasibility study capital costs

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

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

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

Construction Capital Costs

Category	Estimate Stage 1 (US$000)	Estimate Stage 2 (US$000)
Mining	17,611	17,614
Beneficiation plant	18,483	18,483

Lithium processing plant	158,288	158,285
Plant Services	55,334	55,334
Infrastructure	58,841	23,581
EPCM/Owner cost/Indirect	72,912	72,393
Contingency	38,147	34,572
Total	**419,616**	**380,262**

The sustaining mining and processing capital requirement is approximately US$140.6 million for the life of mine.

c Continued operation of the Sonora Lithium Project, pilot plant.

Throughout the financial year, the large-scale lithium carbonate pilot plant in Sonora Mexico was continuously operated. The pilot plant produced battery grade lithium carbonate samples which was distributed to potential customers in Asia. It enabled us to optimise the metallurgical flow sheet and facilitate test work. The pilot plant enables the Company to train operators in preparation for commissioning of the large-scale plant in H2 2020. Significant effort is being placed on training local personnel in all operational aspects of lithium process plant operations.

d Sonora Project Development

On 1 November 2017, the Company announced that access and surface rights had been secured for its flagship Sonora Project in Mexico. The access and surface rights mainly relate to the land area covering mineral resources contained within the La Ventana, Fleur and El Sauz areas. It provides the Company with unrestricted access to develop the Sonora Project and operate it for the initial life of mine. This followed signing of binding agreements to acquire the freehold to two parcels of land, La Ventana and La Joya. This purchase has been completed with the final payment made in August 2018.

On 20 October 2017, the Company announced that the Environmental Impact Statement, the Manifestacion de Impacto Ambiental ("MIA"), for its flagship Sonora project has been approved by SEMARNAT, the Environment Ministry of Mexico. The approval represents a major milestone for Bacanora as it grants the Company government approval to construct an open-pit mine and large-scale processing plant at Sonora. A modification to the MIA environmental site permits were granted in May 2018 allowing the location for the lithium carbonate plant to be optimised for future production. Furthermore, in the year, water licence permits covering the Sonora Lithium Project have been granted by the Comisión Nacional Del Agua ("CONAGUA").

The Front End Engineering Design ("FEED") for the lithium carbonate processing facility is currently scheduled to be completed in Q4 2018 and the ongoing design scope includes the following critical areas:

- Pre-concentrator,
- Roaster/Kiln,
- Crystallisers/Evaporators,
- IX and packaging,
- Energy supply contracts, and
- Infrastructure and access.

The Company continues to build its Owners Management Team to work with and manage the FEED engineering groups. Once the FEED has been completed and all designs, cost estimates and process guarantee scopes are in place, orders for long lead items can be placed and earthworks can commence, subject to funding being in place. Subject to completion of funding discussions and FEED, the Stage 1 project commissioning target at Sonora is likely to be in H2 2020.

With regards to energy, it is currently envisaged that LNG gas supplies will be initially utilised at Sonora during the early stages of commissioning whilst gas consumption is low. Once energy consumption reaches steady state, pipeline supply to the Project will be initiated. The Company is in detailed discussions with a number of potential Build, Own and Operate (BOO) energy partners for the gas pipeline development to the Project along with the finalisation of the proposed natural gas pipeline routes. Detailed quotes for the supply of LNG are also currently being evaluated.

e Zinnwald Lithium Project, Germany ('Zinnwald')

During the year, Deutsche Lithium GmbH ("Deutsche Lithium"), the 50% owned, jointly controlled entity, was granted a 30-year mining licence covering 256.5 hectares of the Zinnwald project by the Saxony State Mining Authority. In December 2017, Deutsche Lithium was granted an exploration licence covering 295 hectares of the previously mined Falkenhain Lithium deposit ("Falkenhain") in southern Saxony, Germany. Falkenhain, which is located within 5 km of Zinnwald, has the potential to increase the life of mine at Zinnwald. Deutsche Lithium plans to explore the deposit over the next five years and to combine its exploration and development with Zinnwald.

The table below provides a breakdown of the upgraded mineral resource estimate for the Zinnwald Project as at 30 September 2018, published on 9 October 2018:

Resource classification*	Ore tonnage (000t)	Mean Li grade (ppm)	Contained Li (tonnes)
Measured	18,510	3,630	67,191
Indicated	17,000	3,399	57,783
Inferred	4,865	3,549	17,266
Demonstrated (Measured + Indicated)	**35,510**	**3,519**	**124,974**

Total (Measured + Indicated + Inferred)	**40,375**	**3,523**	**142,240**

(* Vertical thickness ≥ 2 m, cut-off Li = 2,500 ppm)

An initial resource was published in 2014, it was based on the Pan-European Reserves and Resources Reporting Committee (PERC) standards. It had measured and indicated resources of 26.6 Mt ore at a grade of 3,620 ppm Li containing 96,200t of Li. This was updated in September 2018 in a competent person's report carried out by G.E.O.S. Ingenieurgesellschaft mbH (G.E.O.S.). The new measured and indicated resource (at a minimum width of 2 m and 2,500 ppm Li cut-off) has increased significantly to 35.5 Mt at a grade of 3,519 ppm Li containing 124,974t of Li, an increase of 30%. The new resource figures were confirmed as compliant to the national instrument 43-101 *Standards of Disclosure for Mineral Projects* within Canada.

The NI 43-101 resource is based on a total of 76 surface holes plus 12 underground holes comprising 6,465 m of core. With recent exploration consisting of 10 surface drill holes (9 DDH and 1 RC DH) completed during the years 2012 to 2014 with a total length of 2,484 m. Infill and verification drilling was resumed and completed in 2017, consisting of 15 surface diamond drill holes with a total length of 4,458.9 m.

Work is underway on a Feasibility Study to demonstrate the economic viability of producing high value downstream lithium products at Zinnwald for the European battery and automotive sectors. This work is expected to be completed in mid-2019. Results of test work on concentrates demonstrate downstream lithium products can be produced from the Zinnwald ores, utilising chemicals and infrastructure available in the Dresden area. Remaining workflows to be completed include finalising the mine design, hydrometallurgical test work and engineering designs.

f Financing

Please refer to the Financial Review section.

g Lithium Market Update

The recent boom in electric vehicles has boosted prices for components of lithium-ion batteries including lithium and cobalt, as consumers such as car companies scramble to secure supplies. In the period from January 2016 to October 2017 CIF Asia battery grade lithium carbonate contract prices increased from US$8,000 per tonne to circa US$21,000 per tonne on the back of constrained supply and increasing demand. Since then CIF prices declined steadily to around US$16,500 per tonne in August 2018. In Q1 2018 the average price of battery grade lithium carbonate on the spot market in China peaked at US$24,750 per tonne, prices have since declined to US$14,400 per tonne in September.

The fall in both CIF and spot pricing in China has resulted from an oversupply of lithium products caused by a number of reasons:

- Existing lithium producers in South America have ramped up production and a number of new mines have come into production in Australia. Analysts at CRU expect the lithium market to be in surplus by 22,000 tonnes in 2018, with demand expected to reach 277,000 tonnes.
- Tightening in credit in China has forced lithium market players to reduce stock levels to secure cash reducing demand and increasing supply.
- Subsidies in China's New Energy Vehicles (NEV) market have been reduced for vehicles with ranges less than 300km.

These changes caused consumers to hold back on purchases in the first half of 2018 as they adjusted purchasing strategies and waited for prices to fall further, causing a slowdown in activity.

In the first half of 2018, NEV production in China was up 94% and seasonal production patterns alongside the clarification in policy around NEV subsidies means the second half will almost certainly be another record breaking six months for output. In addition, the ongoing ramp up at Tesla's Nevada Gigafactory 1 and the multiple other lithium ion battery mega-factory expansions in the pipeline, mean that the longer-term outlook for lithium demand continues to strengthen. A report published in July 2018 from Goldman Sachs, said that demand for lithium could rise fourfold by 2025 due to rising sales of electric cars. Goldman Sachs indicated that investor concerns about a wave of lithium supply from new mines are unfounded, that it will be harder to develop new lithium mines than most people think. The timing and type of lithium that will be entering the supply chain in the coming years is hard to predict with accuracy. This, despite expansions in South America finally beginning to bear fruit, the incremental new volumes reaching the market are not going to create the huge oversupply problem some institutions, like Morgan Stanley, have warned of.

It is also important to differentiate between the type of material that is entering the supply chain, with only a small proportion yet meeting battery grade specifications. Much of the new lithium supply to enter the market this year has been technical grade lithium carbonate from China. This will require further processing to upgrade to battery grade which will incur additional costs and development time. New Chinese supply from domestic feedstock sources already has a significantly higher cost base than South American producers, which is likely to put a floor on prices. Research published in Roskill's 15th edition market outlook report suggests a floor for lithium carbonate price of US$11,000 per tonne.

There is a disparity with how the Chinese market operates and the longer term nature of contracts for the majority of the market outside of China. Just as the longer term pricing mechanisms built into contracts prevented prices for the rest of the world peaking to Chinese levels in the first quarter of 2018, so too will they protect them from falling to Chinese spot levels in periods of over supply on that market. This feature of the market tends to insulate price volatility in the short term for those suppliers with long term supply agreements, such as Bacanora Lithium. In addition, with an estimated production cost profile of around US$4,000/t, the Sonora Lithium Project sits in the lower quartile of lithium production costs, giving it added protection when compared to the higher cost producers such as the new mines being brought on stream in Australia.

Further reading and sources:
https://www.ft.com/content/75e6760c-7ed1-11e8-8e67-1e1a0846c475
http://www.benchmarkminerals.com/chinas-lithium-price-decline-is-not-the-full-picture-to-an-industry-surging/
http://www.chinadaily.com.cn/a/201806/13/WS5b20dcf2a31001b8257216e3.html
https://roskill.com/news/electric-vehicles-changes-to-nev-subsidies-in-chinas-largest-cities/
https://www.reuters.com/article/us-lithium-supply/battery-boom-skeptics-seen-driving-short-holdings-in-lithium-miners-idUSKBN1KO0IX
http://www.mining.com/lithium-demand-battery-makers-almost-double-2027
https://uk.reuters.com/article/lithium-chemicals-prices/graphic-solid-demand-to-underpin-lithium-as-price-slides-in-2018-idUKL8N1VK5RV
https://seekingalpha.com/article/4207908-lithium-miners-news-month-september-2018

Financial Review

Bacanora Lithium Plc was incorporated on 6 February 2018. On 23 March 2018, a new Canadian company 1976844 Alberta Ltd. issued 197,471,292 shares of nominal value CAD$1 per share to Bacanora Lithium Plc. At the same time 1976844 Alberta Ltd. amalgamated with Bacanora Minerals Ltd. to create a new amalgamated entity in Canada renamed as Bacanora Minerals Ltd. Concurrently, Bacanora Lithium Plc purchased the combined assets of Bacanora Minerals Ltd. and 1976844 Alberta Ltd. through the purchase of 100% of the share capital of the new amalgamated company and thus became the new Parent Company of the Group. In return, a 1 for 1 share exchange occurred whereby all shareholders of the original Bacanora Minerals Ltd. were issued shares in Bacanora Lithium Plc.

As a result, the Group has introduced a merger reserve to reflect statutory share capital of the new Parent Company. Accordingly, the financial information for the current period and comparatives have been presented as if Bacanora Minerals Ltd. had been owned by Bacanora Lithium Plc. throughout the current and prior periods.

The Company is a UK Plc, listed on the AIM market. However, the Company presents its accounts in its functional currency of US Dollars, since the majority of its future income and expenditures are and will continue to be denominated in this currency. The presentational currency changed from Canadian dollars in financial year 2017 to US Dollars in financial year 2018. The foreign exchange translation difference arising from the change in presentational currency is a US$0.9 million gain recognised in the other comprehensive income.

During the year, the Group made an operating loss of US$10.7 million compared with a loss of US$14.2 million for the year ended 30 June 2017. This includes US$7.4 million general and administrative costs and share based payment compensation of US$1.9 million. The general and administrative costs increased by US$3.6 million compared to the prior year cost of US$3.8 million. The majority of the increase includes legal and accounting fees which related to the corporate re-domicile, debt issuance and equity fund raise. These fees were paid primarily to third party service providers. Furthermore, share based payments decreased by US$0.6 million from US$2.5 million in financial year 2017 due to fewer options being granted in the financial year 2018.

The Group has fully impaired capitalised amounts in relation to a lithium hydroxide test work asset due to the decision to not pursue lithium hydroxide processing in favour of lithium carbonate. Furthermore, the Magdalena Borate property has also been fully written down. As such, the Group recognised a total impairment of US$0.6 million during the year.

In the year, Deutsche Lithium GmbH had a US$0.3 million loss, of which Bacanora Lithium's 50% share was US$0.15 million loss. This has been offset by a US$0.16 million translation gain. The option to purchase the remaining 50% interest has been recognised as a derivative asset in the Consolidated Statement of Financial Position as it represents the option to acquire equity instruments at a future point in time. This derivative asset has been recorded at its fair value of US$0.6 million at 30 June 2018, down from US$2.1 million at 30 June 2017. The US$1.5 million write down on the option is a result of the unwinding of the time value of the option using the Black-Scholes option pricing model. Other than the unwinding of the time value of the option, no new material information was available affecting the value of the option at that date and in no way reflects a decline in asset value of the underlying asset at the end of June 2018. Post year end, an updated NI 43-101 compliant resource statement has been produced on 30 September 2018. Although, it does not impact the value of the derivative, as the economic feasibility of the resource is yet to be proven. Please see the Operational Review section for details on the updated resource estimate.

The total net assets of the Group decreased to US$42.6 million at 30 June 2018 from US$51.1 million at 30 June 2017, due primarily to the loss for the year offset by share based payments, exercise of options and warrants. Property, plant and equipment increased to US$26.4 million from US$1.7 million due to reclassification of US$16.0 million exploration and evaluation asset (E&E) to evaluated mineral property following the issuance of the Sonora Lithium Project Feasibility Study and US$8.9 million additions after this date. The La Joya and La Ventana properties were purchased for US$2.8 million, with US$1.5 million paid in the financial year and the remaining US$1.3 million was paid in August 2018.

The closing cash balance for the Group of US$13.2 million was a decrease of US$16.7 million from US$29.9 million in the prior year. These movements were caused by cash used in the operations of US$6.8 million, PPE and E&E cash expenditures of US$7.9 million and funding Deutsche Lithium of US$4.2 million. The cash spend were partially offset by funds received from exercise of warrants and share options of US$1.6 million, US$0.4 million foreign exchange gain and interest income of US$0.2 million.

a Financing

In July 2018, US$150 million senior debt facility was secured with RK Mine Finance and US$65 million and US$25 million conditional equity commitments obtained from the SGRF, and Bacanora's off-take partner, Hanwa for project development.

SGRF strategic investment

SGRF's investment will comprise of a US$65 million equity investment, conditional on the Company securing the full funding of US$460 million for the construction of the mine and plant and additional working capital. In addition, Bacanora has entered into a Strategic Investment Agreement and Off-take Agreement with SGRF on 16 July 2018. The key terms of both agreements include:

- An off-take option to purchase up to 10,000 tpa of lithium carbonate produced at Sonora predominantly during Stage 2 for a period of 10 years; and
- SGRF will have the right to appoint a non-executive Director to the Board.

SGRF is a sovereign wealth fund of the Sultanate of Oman. It was established in 1980 by Royal Decree 1/80 with the objective of achieving long term sustainable returns on revenues generated from oil and gas that are surplus to the Sultanate's budgetary requirements. On behalf of the Sultanate of Oman, SGRF manages the reserves placed in its care to achieve the best possible long term returns with acceptable risks, through investing in a diversified portfolio of asset classes in more than 25 countries worldwide.

US$150 million RK Mine Finance facility

The debt facility entered into with RK Mine Finance is structured as two separate Eurobonds to be listed in Jersey:

- Main bond: US$150 million nominal amount secured notes issued at a purchase price of US$138 million with a 6-year term and bearing an interest rate of three months LIBOR + 8% per annum based on a nominal amount of US$150 million but payable only on drawn down principal. Interest will be capitalised every three months for the first 24 months and thereafter interest will be paid every three months in cash. The main bond is repaid with 12 quarterly payments payable 39 months after the last day of the month of first issuance date (3 July 2018). The quarterly payments comprise 11 payments of 3% of the principal amount followed by a last payment for the remaining balance. However, the loan can be voluntarily redeemed at any stage; and
- Second bond: US$56 million nominal amount zero interest-bearing secured notes issued at a purchase price of US$12 million with a 20-year term. The nominal amount is repayable by reference to monthly production of lithium at a rate of US$160 per tonne of lithium produced, with any remaining amount repayable at the end of the 20-year term.

The facility may be drawn in three tranches of US$25 million, US$50 million and US$75 million, subject to certain Conditions Precedents, including, but not limited to: various matters in respect of the execution, registration and perfection of certain security and the granting of listing consent by The International Stock Exchange; a minimum equity raise of US$200 million, energy and engineering contracts executed. All drawdowns under the RK Mine Finance debt facility will be pro-rata across the two Eurobond instruments. In July 2018, the Company drew down the first US$25 million of the RK debt facility.

Furthermore, the Company granted 6 million warrants exercisable over five years at a 20% premium to the 20-day VWAP, subject to normal anti-dilution provisions, cash settlement at the Company's option, and cashless exercise at either party's option.

The debt facility as well as equity commitments from SGRF and Hanwa provide independent endorsements of Sonora's strategic importance. To date US$240 million or 52% of the US$460 million funding required for Stage 1 production of 17,500 tpa of lithium carbonate at Sonora has been conditionally committed to the project development in the form of the above debt and equity funding. However, in mid-July the Company elected not to proceed with its proposed new equity placing due to current volatility in global commodities markets. The Company continues to work closely with existing shareholders and potential new investors to secure the remaining equity funds required to construct the Stage 1 operation at Sonora.

On behalf of the Board of Directors

Janet Boyce, CFO

12 October 2018

Consolidated Statement of Financial Position

As at 30 June 2018

In US dollars	Note	30 June 2018	30 June 2017 (Restated)	30 June 2016 (Restated)
Assets				
Current assets				
Cash and cash equivalents		**13,203,052**	29,889,853	22,088,040
Other receivables		**1,472,120**	539,739	282,882
Total current assets		**14,675,172**	30,429,592	22,370,922
Non-current assets				
Investment in joint venture	4.a	**8,426,134**	8,418,518	-
Derivative asset	4.c	**615,011**	2,068,500	-
Property, plant and equipment	5	**26,391,422**	1,701,862	1,387,809
Exploration and evaluation assets	6	**502,947**	14,317,876	13,894,004
Total non-current assets		**35,935,514**	26,506,756	15,281,813
Total assets		**50,610,686**	56,936,348	37,652,735
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities		**6,383,830**	842,823	800,421
Warrant liability		**-**	-	689,871
Joint venture obligation	4.b	**1,591,652**	3,451,205	-

Total current liabilities		**7,975,482**	4,294,028	1,490,292
Non-current liabilities				
Joint venture obligation	4.b	-	1,486,677	-
Deferred tax liability		-	104,118	103,789
Total non-current liabilities		-	1,590,795	103,789
Total liabilities		**7,975,482**	5,884,823	1,594,081
Shareholders' equity				
Share capital		**18,958,033**	70,268,394	44,485,499
Share premium		**140,592**	-	-
Merger reserve		**53,557,251**	-	-
Share based payment reserve		**6,138,085**	5,042,706	2,590,891
Foreign currency translation reserve		**3,568,358**	2,681,679	1,585,570
Retained earnings deficit		**(39,029,014)**	(26,297,708)	(11,958,198)
Equity attributable to equity shareholders of Bacanora Lithium Plc.		**43,333,305**	51,695,071	36,703,762
Non-controlling interest		**(698,101)**	(643,546)	(645,108)
Total shareholders' equity		**42,635,204**	51,051,525	36,058,654
Total liabilities and shareholders' equity		**50,610,686**	56,936,348	37,652,735

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

In US dollars	**Note**	**30 June 2018**	30 June 2017 (Restated)
Expenses			
General and administrative	7	**(7,378,770)**	(3,812,610)
Warrant liability valuation		-	262,985
Depreciation	5	**(149,724)**	(138,781)
Share-based payment expense		**(1,877,095)**	(2,483,756)
Foreign exchange loss		**(763,278)**	(1,791,420)
Impairment of exploration and evaluation assets	6	**(559,468)**	(6,191,375)
Operating loss		**(10,728,335)**	(14,154,957)
Interest and other income		**212,678**	83,375
Joint venture investment (loss)/profit	4.a	**(147,403)**	36,524
Accretion of joint venture obligation	4.b	**(662,299)**	(302,890)
Loss on derivative asset	4.c	**(1,521,046)**	-
Loss before tax		**(12,846,405)**	(14,337,948)
Tax credit		**60,544**	-
Loss after tax		**(12,785,861)**	(14,337,948)
Other comprehensive income/(expense)			
Foreign currency translation adjustment		**886,679**	1,096,109
Total comprehensive loss		**(11,899,182)**	(13,241,839)
Loss attributable to shareholders of Bacanora Lithium Plc		**(12,731,306)**	(14,339,510)
(Loss)/profit attributable to non-controlling interests		**(54,555)**	1,562
Loss after tax		**(12,785,861)**	(14,337,948)
Total comprehensive loss attributable to shareholders of Bacanora Lithium Plc		**(11,844,627)**	(13,243,401)
Total comprehensive (loss)/profit attributable to non-controlling interests		**(54,555)**	1,562
Total comprehensive loss		**(11,899,182)**	(13,241,839)
Net loss per share (basic and diluted)		**(0.09)**	(0.11)

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

In US dollars	Share capital: Number of shares	Share capital: Value	Share premium	Merger reserve	Share based payment reserve	Foreign currency translation reserve	Retained earnings deficit	Total equity attributable to Bacanora Lithium Plc	Non-controlling interest	Total equity
30 June 2016 (Restated)	107,874,353	44,485,499	-	-	2,590,891	1,585,570	(11,958,198)	36,703,762	(645,108)	36,058,654
Comprehensive income/(loss) for the year:										
Loss after tax	-	-	-	-	-	-	(14,339,510)	(14,339,510)	1,562	(14,337,948)
Foreign currency translation adjustment	-	-	-	-	-	1,096,109	-	1,096,109	-	1,096,109
Total comprehensive loss	-	-	-	-	-	1,096,109	(14,339,510)	(13,243,401)	1,562	(13,241,839)
Contributions by and distributions to owners:										
Brokered placements	20,907,186	22,883,959	-	-	-	-	-	22,883,959	-	22,883,959
Shares issued on exercise of options	200,000	77,811	-	-	(31,941)	-	-	45,870	-	45,870
Shares issued on exercise of warrants	2,925,000	3,373,476	-	-	-	-	-	3,373,476	-	3,373,476
Share issue costs	-	(552,351)	-	-	-	-	-	(552,351)	-	(552,351)
Share-based payment expense	-	-	-	-	2,483,756	-	-	2,483,756	-	2,483,756
30 June 2017 (Restated)	131,906,539	70,268,394	-	-	5,042,706	2,681,679	(26,297,708)	51,695,071	(643,546)	51,051,525
Comprehensive income/(loss) for the year:										
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(12,731,306)**	**(12,731,306)**	**(54,555)**	**(12,785,861)**
Foreign currency translation adjustment	**-**	**-**	**-**	**-**	**-**	**886,679**	**-**	**886,679**	**-**	**886,679**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**886,679**	**(12,731,306)**	**(11,844,627)**	**(54,555)**	**(11,899,182)**
Contributions by and distributions to owners:										
Shares issued on exercise of options	**1,300,000**	**1,944,576**	**140,592**	**-**	**(781,716)**	**-**	**-**	**1,303,452**	**-**	**1,303,452**
Shares issued on exercise of warrants	**958,333**	**302,314**	**-**	**-**	**-**	**-**	**-**	**302,314**	**-**	**302,314**
Corporate reorganisation	**-**	**(53,557,251)**	**-**	**53,557,251**	**-**	**-**	**-**	**-**	**-**	**-**
Share-based payment expense	**-**	**-**	**-**	**-**	**1,877,095**	**-**	**-**	**1,877,095**	**-**	**1,877,095**
30 June 2018	**134,164,872**	**18,958,033**	**140,592**	**53,557,251**	**6,138,085**	**3,568,358**	**(39,029,014)**	**43,333,305**	**(698,101)**	**42,635,204**

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

In US dollars	Note	30 June 2018	30 June 2017 (Restated)
Cash flows from operating activities			
Loss for the year before tax		**(12,846,405)**	(14,337,948)
Adjustments for:			
Warrant liability revaluation		**-**	(262,985)
Depreciation of PPE	5	**149,724**	138,781
Share-based payment expense		**1,877,095**	2,483,756
Foreign exchange		**763,278**	-
Impairment of exploration & evaluation assets	6	**559,468**	6,191,375
Loss on disposal of PPE	5	**51,119**	-
Interest received		**(198,810)**	(71,515)
Loss/(gain) on investment in joint venture	4.a	**147,403**	(36,524)
Accretion of joint venture obligation	4.b	**662,299**	302,890
Loss on derivative asset	4.c	**1,521,046**	-
Changes in working capital items:			
Other receivables		**(932,379)**	(309,854)
Deferred costs		**-**	59,745
Accounts payable and accrued liabilities		**1,758,497**	38,954
Income tax paid		**(42,070)**	-
Net cash used in operating activities		**(6,529,735)**	(5,803,325)
Cash flows from investing activities:			
Interest received		**198,810**	71,515
Purchase of property, plant and equipment	5	**(5,079,681)**	(422,034)
Purchase of exploration & evaluation assets	6	**(2,774,255)**	(6,002,702)
Investment in joint venture	4.a	**-**	(5,421,861)
Payments of joint venture obligation	4.b	**(4,177,381)**	-
Net cash used in investing activities		**(11,832,507)**	(11,775,082)
Cash flows from financing activities			
Issues of share capital		**-**	22,268,686
Exercise of options		**1,303,452**	45,870

Exercise of warrants	**302,314**	3,012,904
Net cash flows from financing activities	**1,605,766**	25,327,460
Change in cash during the year	**(16,756,476)**	7,749,053
Exchange rate effects	**69,675**	52,760
Cash, beginning of year	**29,889,853**	22,088,040
Cash, end of year	**13,203,052**	29,889,853

Notes to the Consolidated Financial Statements

1 Corporate information

Bacanora Lithium Plc (the "Company" or "Bacanora") was incorporated under the Companies Act 2006 of England and Wales on 6 February 2018. The Company is listed on the AIM market of the London Stock Exchange, with its common shares trading under the symbol, "BCN". The registered address of the Company is 4 More London Riverside, London, SE1 2AU.

On 23 March 2018, the Plan of Arrangement to re-domicile the Bacanora Group from Canada to the UK became effective resulting in Bacanora Lithium Plc becoming the new holding company for Bacanora Minerals Ltd. Bacanora Minerals Ltd. was incorporated under the Business Corporations Act of Alberta on 29 September 2008. Bacanora Minerals Ltd. was dually listed on the TSX Venture Exchange as a Tier 2 issuer and on the AIM market of the London Stock Exchange, until the aforementioned corporate reorganisation, after which delisting took place. The registered address of Bacanora Minerals Ltd. is 2204 6th Avenue N.W. Calgary, Alberta, T2N 0W9.

2 Basis of preparation

a Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") as adopted by the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee, and there is an ongoing process of review and endorsement by the European Commission.

The financial information for the years ended 30 June 2018 and 30 June 2017 does not constitute statutory accounts as defined by section 435 of the Companies Act 2006 but is extracted from the audited accounts for those years. The 30 June 2018 accounts will be delivered to Companies House within the statutory filing deadline. The auditors have reported on those accounts. Their report was unqualified and did not contain statements under Section 498 (2) of (3) of the Companies Act 2006.

b Basis of measurement and restatement of presentational currency

These Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

These Consolidated Financial Statements are presented in United States dollars ("US$"). The Consolidated Financial Statements were previously presented in Canadian dollars up until the interim financial statements on 31 March 2018. The change in presentational currency has been performed under the guidance of IAS 21, with all comparatives within the primary statements and accompanying notes having been restated to US$. The change was made in order to provide the reader with more reliable and relevant information in the currency which is most relevant to the Group's operating environment. The impact of the change is a US$0.9 million gain recognised in the other comprehensive income. The impact on the 2017 basic and dilutive earnings per share is US$Nil. The functional currency of the Company and its subsidiaries is the United States dollar except of Bacanora Minerals Ltd., who's functional currency is the British pound ("£").

c Going Concern

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Group has not entered into commitments to develop the Sonora Lithium Project. Thus, the going concern basis of accounting in preparing the Financial Statements continues to be adopted.

3 Significant accounting policies

The preparation of Consolidated Financial Statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. Below are the significant accounting policies applied by management. Please refer to the Annual report for a full disclosure regarding key judgements.

a Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of:

Name of subsidiary	Country of incorporation	Shareholding on 30 June 2018	Nature of business
Bacanora Minerals Ltd.	Canada	100%	Holding company
Bacanora Finco Ltd.	UK	100%	Financing company
Bacanora Treasury Ltd.	UK	100%	Financing company
Sonora Lithium ltd.	UK	100%	Holding company
Zinnwald Lithium*	UK	100%	Dormant

Mexilit S.A. de C.V.*	Mexico	70%	Lithium mining/exploration
Minera Megalit S.A de C.V.*	Mexico	70%	Mineral exploration
Mineramex Ltd.*	BVI	99.9%	Holding company
Minera Sonora Borax, S.A. de C.V.**	Mexico	100%	Lithium mining/exploration
Operador Lithium Bacanora S.A de CV**	Mexico	100%	Mexican service organisation
Minerales Industriales Tubutama, S.A. de C.V.**	Mexico	60%	Mineral exploration

*Held indirectly through Bacanora Minerals Ltd.

** Held indirectly though Mineramex Limited and Bacanora Minerals Ltd.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intercompany balances and transactions are eliminated in full. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

b Corporate reorganisation

On 23 March 2018, a new Canadian company 1976844 Alberta Ltd. issued 197,471,292 share of nominal value CAD$1 per share to Bacanora Lithium Plc. At the same time 1976844 Alberta Ltd. amalgamated with Bacanora Minerals Ltd. to create a new amalgamated entity in Canada renamed as Bacanora Minerals Ltd. Concurrently, Bacanora Lithium Plc purchased the combined assets of Bacanora Minerals Ltd. and 1976844 Alberta Ltd. through the purchase of 100% of the share capital of the new amalgamated company and thus became the new Parent Company of the Group. In return, a 1 for 1 share exchange occurred whereby all shareholders of the original Bacanora Minerals Ltd. were issued shares in Plc.

As a result, the Group has introduced a merger relief under the Company's Act 06 Section 612 to reflect the statutory share capital of the new Parent Company, Bacanora Lithium Plc. In addition, the Consolidated Financial Statements have been presented in a manner which represents the ongoing nature of the Group before and after the reorganisation.

4 Investments in jointly controlled entities

a Investment in Deutsche Lithium

On 17 February 2017, the Group acquired a 50% interest in a jointly controlled entity, Deutsche Lithium GmbH located in southern Saxony, Germany that is involved in the exploration of a lithium deposit in the Alterberg-Zinnwald region of the Eastern Ore Mountains in Germany. The determination of Deutsche Lithium as a joint venture was based on Deutsche Lithium's structure through a separate legal entity whereby neither the legal form nor the contractual arrangement gives the owners the rights to the assets and obligations for the liabilities within the normal course of business, nor does it give the rights to the economic benefits of the assets or responsibility for settling liabilities associated with the arrangement. Accordingly, the investment is accounted for using the equity method.

The Group acquired its interest in Deutsche Lithium for a cash consideration of €5 million from SolarWorld AG ("SolarWorld") and an obligation to contribute €5 million toward the costs of completion of a feasibility study, which is anticipated in Q2 2019 (see note 4b). Additionally, legal fees of US$0.2 million were paid in connection to this transaction.

The following table summarises the purchase price allocation for the joint venture acquisition:

In US dollars	(Restated)
Working capital	136,578
Exploration and evaluation assets	10,486,400
Property, plant and equipment	83,270
Less deferred tax liability	(2,485,090)
Enterprise value	8,221,158

The current value of Deutsche Lithium is substantially attributed to the exploration and evaluation assets, and therefore, contribution paid in excess of the carrying value of net assets is attributed to the exploration and evaluation assets.

Consideration for the joint venture acquisition consisted of the following:

In US dollars	(Restated)
Cash (including transaction costs)	5,616,886
Joint venture obligation	4,595,457
Less derivative asset	(1,991,185)
Total consideration	8,221,158

Reconciliation of the carrying amount of net investment in joint venture is as follows:

For the year ended (In US dollars)	**30 June 2018**	30 June 2017 (Restated)
Opening balance	**8,418,518**	8,221,158
Joint venture investment (loss)/profit	**(147,403)**	36,524
Translation gain	**155,019**	160,836
Closing balance	**8,426,134**	8,418,518

Summarised financial information in respect of the Group's joint venture in Deutsche Lithium is set out below. The summarised information represents amounts shown in Deutsche Lithium's financial statements, as adjusted for differences in accounting policies and fair value adjustments required related to the Group's investment in the joint venture. Amounts have been translated in accordance with the Group's accounting policy on foreign currency translation.

In US dollars	**30 June 2018**	30 June 2017 (Restated)
Cash and cash equivalents	**1,423,330**	376,720
Current assets	**1,508,791**	400,467
Non-current assets	**24,182,266**	21,352,549
Current liabilities	**(4,582,873)**	(4,674,297)
Interest Income	**-**	173
Depreciation	**9,303**	212
(Loss)/profit from continuing operations	**(294,806)**	73,048
Other comprehensive income	**(37,811)**	5,079
Total comprehensive income	**(332,618)**	78,127

b Deutsche Lithium obligation

The Group's undertaking to contribute up to €5 million toward the costs of completion of a feasibility study within 18-24 months from acquisition was recorded initially as a liability in the consolidated statement of financial position, presented in accordance with its due date, between current and non-current portions. The Group used a discounted cashflow method with 20% discount rate to determine the present value of the obligation on initial recognition. The discount is now fully accreted. As at 30 June 2018, the current portion of the obligation is US$1,591,652 (2017 - US$3,451,205) and the non-current portion is US$0 (2017 - $1,486,677). The movement in the obligation is detailed below:

For the year ended (In US dollars)	**30 June 2018**	30 June 2017 (Restated)
Opening balance	**(4,937,882)**	(4,440,751)
Payments of joint venture obligation	**4,177,381**	-
Accretion of joint venture obligation	**(662,299)**	(302,890)
Foreign exchange	**(168,852)**	(194,241)
Closing balance	**(1,591,652)**	(4,937,882)

c Derivative asset - Deutsche Lithium option

The Group, alone or together with any reasonably acceptable third party, has the option to acquire the remaining 50% of the jointly controlled entity for €30 million, this option terminates in Q3 2019. In the event that the Group does not exercise this right prior to the termination date, SolarWorld has the right but not the obligation to purchase the Group's 50% interest for €1.

The option to purchase the remaining 50% interest has been recognised as a derivative asset in the consolidated statement of financial position as it represents the option to acquire equity instruments at a future point in time. This derivative asset has been recorded at its fair value of US$615,011 (2017 - US$2,068,500). The derivative asset has been classified as long-term due to its realisation being in Q3 2019. The fair value was determined using the Black-Scholes option pricing model with the following inputs.

	30 June 2018	30 June 2017
Term	1.08	2.08
Share Price	5,100,000	5,100,000
Exercise Price	30,000,000	30,000,000
Volatility	124%	124%
Risk Free rate	2%	2%

The movement in the fair value of the derivative is due to the passage of time and in the Directors' judgement, the value of the underlying asset has not materially changed. The updated NI-43-101 compliant resource model does not indicate economic feasibility of the asset and was only available at 30 September 2018. See note 9 for non-adjusting subsequent events relating to Deutsche Lithium.

A 10% increase in volatility equates to an increase in the value of the derivative of US$241,449 to US$856,460. A 10% decrease in volatility equates to a decrease in the value of US$209,405 to US$405,606.

5 Property, plant and equipment

Cost	**Evaluated mineral property**	**Land**	**Building and equipment**	**Machinery and equipment**	**Office equipment**	**Transportation**	**Total**
30 June 2016 (Restated)	-	95,614	820,226	539,555	152,157	146,142	1,753,694
Additions	-	100,000	73,655	171,639	107,540	-	452,834

30 June 2017 (Restated)	-	195,614	893,881	711,194	259,697	146,142	2,206,528
Additions	5,906,000	2,800,000	116,136	26,072	12,479	-	8,860,687
Disposals	-	-	(35,768)	-	-	(25,408)	(61,176)
Transfers from exploration and evaluation assets (1)	16,029,716	-	-	-	-	-	16,029,716
30 June 2018	**21,935,716**	**2,995,614**	**974,249**	**737,266**	**272,176**	**120,734**	**27,035,755**
Depreciation							
30 June 2016 (Restated)	-	-	105,292	131,628	41,692	87,273	365,885
Charge for the year	-	-	38,811	66,006	22,418	11,546	138,781
30 June 2017 (Restated)	-	-	144,103	197,634	64,110	98,819	504,666
Charge for the year	-	-	41,393	63,926	26,950	17,455	149,724
Disposals	-	-	-	-	-	(10,057)	(10,057)
30 June 2018	**-**	**-**	**185,496**	**261,560**	**91,060**	**106,217**	**644,333**
Net Book Value							
30 June 2016 (Restated)	-	95,614	714,934	407,927	110,465	58,869	1,387,809
30 June 2017 (Restated)	-	195,614	749,778	513,560	195,587	47,323	1,701,862
30 June 2018	**21,935,716**	**2,995,614**	**788,753**	**475,706**	**181,116**	**14,517**	**26,391,422**

(1) Following determination of the technical feasibility and commercial viability of the Sonora Lithium Project, the relevant expenditure has been transferred from exploration and evaluation assets to evaluated mineral property, see note 6b for further detail.

6 Exploration and evaluation assets

The Group's mining claims consist of mining concessions located in the State of Sonora, Mexico. The specific descriptions of such properties are as follows:

a Magdalena Borate property

The Magdalena Borate project consists of seven concessions, with a total area of 7,095 hectares. The concessions are 100% owned by MSB. The Magdalena Borate property is subject to a 3% gross overriding royalty payable to Minera Santa Margarita S.A. de C.V., a subsidiary of Rio Tinto PLC, and a 3% gross overriding royalty payable to the estate of the past Chairman of the Group on sales of borate produced from this property.

During the year ended 30 June 2017, the Group determined there to be indicators of impairment on the exploration and evaluation assets located in the Magdalena Borate property based on the Group's decision to not explore for borates further. As such, the Group recognised impairment of US$6,191,375 on these assets to the fair value less cost to sell based on the estimated land value.

During the year ended 30 June 2018, the Group determined there to be indicators of impairment on the exploration and evaluation assets located in the Magdalena Borate property based on the Group's decision to not further explore borates or be able to find a buyer for the asset. As such, the Group recognised a further impairment of US$530,745. This asset is now written down to zero value as at 30 June 2018.

b Sonora Lithium property

The Group owns ten contiguous mineral concessions in Sonora, Mexico. The Company through its wholly-owned Mexican subsidiary, MSB, has a 100% interest in two of these concessions: La Ventana and La Ventana 1, covering 1,820 hectares. Of the remaining concessions, five are owned 100% by Mexilit - El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 covering 6,334 hectares. Mexilit is owned 70% by the Group and 30% by Cadence Minerals Plc ("Cadence") formerly known as Rare Earth Minerals Plc. These seven concessions form the "Sonora Lithium Project" covered by the technical Feasibility Study released in the year.

On the 25 January 2018, the Group published a technical Feasibility Study for the Sonora Lithium project in accordance with NI 43-101. Under IFRS 6 - Exploration for and Evaluation of Mineral Resources, an impairment test is required when the technical feasibility and commercial viability of extracting a mineral resource become demonstrable, at which point the asset falls outside the scope of IFRS 6 and was reclassified in the Financial Statements. The Feasibility Study financial assessment performed by independent mining specialists, IMC, SRK and Ausenco, gave a post-tax discounted cash flow valuation of US$802 million at 8% discount factor based on a long-term price of US$11,000/t Li_2CO_3. Thus, there is no impairment for these mining assets as the combined value of the exploration & evaluation assets only totalled US$16,918,190, giving significant headroom. As a result, these costs were transferred to evaluated mining property, as part of PPE as at this date.

The remaining three concessions, Buenavista, Megalit and San Gabriel, were outside of the scope of the Sonora Project Feasibility Study. They cover 89,235 hectares and are subject to a separate agreement between the Company and Cadence. As at 30 June 2018, Buenavista, Megalit and San Gabriel concessions were owned by Megalit. Megalit is owned 70% by the Group and 30% by Cadence. As at 30 June 2018, US$997,935 (2017 - US$1,012,444) of the Group's cash is restricted to be spent on drilling and exploration activities in Megalit's concessions.

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

As at 30 June 2017, assets of value US$28,723 were held within MSB relatingto lithium hydroxide testing. Given the management's change of focus to lithium carbonate production, indicators of impairment are present as per IFRS 6. Management deem the recoverable amount to be nil therefore have recognised an impairment charge of US$28,723.
The balance of investment in mining claims as of 30 June 2018, 30 June 2017 and 30 June 2016 corresponds to concession payments to the federal government, costs of exploration and paid salaries, and consists of the following:

In US dollars	**Magdalena Borate**	**La Ventana Lithium**	**Mexilit Lithium**	**Megalit Lithium**	**Total**
30 June 2016 (Restated)	6,638,304	3,800,764	3,003,717	451,219	13,894,004
Additions	53,071	6,650,387	107,598	36,337	6,847,393
Reimbursement of expenses from Cadence	-	-	(232,146)	-	(232,146)
Impairment loss	(6,191,375)	-	-	-	(6,191,375)
30 June 2017 (Restated)	500,000	10,451,151	2,879,169	487,556	14,317,876
Additions	30,745	2,711,774	16,345	15,391	2,774,255
Impairment loss	(530,745)	(28,723)	-	-	(559,468)
Transfer to PPE	-	(13,134,202)	(2,895,514)	-	(16,029,716)
30 June 2018	**-**	**-**	**-**	**502,947**	**502,947**

7 General and administrative expenses

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

For the year ended (In US dollars)	**30 June 2018**	30 June 2017 (Restated)
Management fees and payroll	**1,510,622**	1,652,352
Legal and accounting fees	**3,810,158**	886,888
Audit fee	**138,091**	136,495
Non-audit services	**30,419**	47,101
Investor relations	**828,499**	468,991
Office expenses	**121,072**	119,366
Travel and other	**939,909**	501,417
Total	**7,378,770**	3,812,610

8 Segmented information

The Group currently operates in three operating segments which includes the exploration and development of mineral properties in Mexico through the development of the Sonora mining concessions and the exploration of mineral properties in Germany through its interest in the Deutsche Lithium joint venture. The Group's head office is located in London, UK. Operating segments as per IFRS 8 are identified by management of the Group as those who; engage in business activities from which revenues may be earnt; whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the operating segments and to assess its performance; and for which discrete financial information is available. A summary of the identifiable assets, liabilities and net losses by operating segment are as follows:

30 June 2018 (In US$)	**Mexico**	**Germany**	**Head Office**	**Consolidated**
Current assets	**1,948,810**	**-**	**12,726,362**	**14,675,172**
Investment in jointly controlled entity	-	**8,426,134**	**-**	**8,426,134**
Derivative asset	**-**	**615,011**	**-**	**615,011**
Property, plant and equipment	**26,391,422**	**-**	**-**	**26,391,422**
Exploration and evaluation assets	**502,947**	**-**	**-**	**502,947**
Total assets	**28,843,179**	**9,041,145**	**12,726,362**	**50,610,686**
Current liabilities	**4,084,320**	**-**	**2,299,510**	**6,383,830**
Joint venture obligation (current)	**-**	**1,591,652**	-	**1,591,652**
Deferred tax liability	**-**	**-**	**-**	**-**
Total liabilities	**4,084,320**	**1,591,652**	**2,299,510**	**7,975,482**
Property, plant and equipment additions	**8,860,687**	**-**	**-**	**8,860,687**
Exploration and evaluation asset additions	**2,774,255**	**-**	**-**	**2,774,255**

For the year ended 30 June 2018 (In US$)	**Mexico**	**Germany**	**Head Office**	**Consolidated**
General and administrative	**(623,501)**	-	**(6,755,269)**	**(7,378,770)**
Depreciation	**(149,724)**	**-**	**-**	**(149,724)**
Share-based payment expense	**(83,256)**	**-**	**(1,793,839)**	**(1,877,095)**
Foreign exchange loss	**(139,311)**	**-**	**(623,967)**	**(763,278)**
Impairment of exploration and evaluation assets	**(559,468)**	**-**	**-**	**(559,468)**
Operating loss	**(1,555,260)**	**-**	**(9,173,075)**	**(10,728,335)**
Interest and other income	**17,569**	**-**	**195,109**	**212,678**
Accretion of joint venture obligation	**-**	**(662,299)**	**-**	**(662,299)**
Joint venture investment profit	**-**	**(147,403)**	**-**	**(147,403)**
Loss on derivative asset	**-**	**(1,521,046)**		**(1,521,046)**
Income tax	**60,544**	**-**	**-**	**60,544**
Segment loss for the year	**(1,477,147)**	**(2,330,748)**	**(8,977,966)**	**(12,785,861)**

30 June 2017 (In US$) (Restated)	**Mexico**	**Germany**	**Head Office**	**Consolidated**
Current assets	2,200,586	-	28,229,006	30,429,592
Investment in jointly controlled entity	-	8,418,518	-	8,418,518
Derivative asset	-	2,068,500	-	2,068,500
Property, plant and equipment	1,628,214	-	73,648	1,701,862
Exploration and evaluation assets	14,317,876	-	-	14,317,876
Total assets	18,146,676	10,487,018	28,302,654	56,936,348
Current liabilities	518,723	-	3,775,305	4,294,028
Joint venture obligation (long term)	-	1,486,677	-	1,486,677
Deferred tax liability	-	-	104,118	104,118
Total liabilities	518,723	1,486,677	3,879,423	5,884,823
Property, plant and equipment additions	452,834	-	-	452,834
Exploration and evaluation asset additions	6,847,393	-	-	6,847,393

For the year ended 30 June 2017 (In US$) (Restated)	**Mexico**	**Germany**	**Head Office**	**Consolidated**
General and administrative	(485,552)	-	(3,327,058)	(3,812,610)
Warrant liability valuation	-	-	262,985	262,985
Depreciation	(138,781)	-	-	(138,781)
Share-based payment expense	-	-	(2,483,756)	(2,483,756)
Foreign exchange loss	(184,748)	-	(1,606,672)	(1,791,420)
Impairment of exploration and evaluation assets	(6,191,375)	-	-	(6,191,375)
Operating loss	(7,000,456)	-	(7,154,501)	(14,154,957)
Interest and other income	11,860	-	71,515	83,375
Accretion of joint venture obligation	-	(302,890)	-	(302,890)
Joint venture investment profit	-	36,524	-	36,524
Segment loss for the year	(6,988,596)	(266,366)	(7,082,986)	(14,337,948)

9 Subsequent events

On 3 July 2018, the Companyentered into a US$150 million senior debt facility with RK Mine Finance ("RK"), a leading specialist in the provision of senior debt capital to mining companies, for the development of Stage 1 of the Sonora Lithium Project in Mexico.

The Facility is structured as two separate Eurobonds, listed in Jersey:
Primary bond: US$150 million nominal amount secured notes issued at a purchase price of US$138 million with a 6-year term and bearing an interest rate of three months LIBOR + 8% per annum based on a nominal amount of US$150 million but payable only on drawn down principal. Interest will be capitalised every three months for the first 24 months and thereafter interest will be paid every three months in cash;

Second bond: US$56 million nominal amount, zero interest-bearing, secured notes issued at a purchase price of US$12 million with a 20-year term. The nominal amount is repayable by reference to monthly production of lithium at a rate of US$160 per tonne of lithium produced, with any remaining amount repayable at the end of the 20-year term; and
The bonds may be drawn in three tranches of US$25 million, US$50 million and US$75 million, subject to certain conditions precedent, with the first tranche drawn down in July 2018. The conditions precedent to further drawdowns include but are not limited to: various matters in respect of the execution, registration and perfection of certain security, the granting of listing consent by The International Stock Exchange, minimum of US$200 million equity funding raised, and energy and engineering contracts executed. All drawdowns under the RK Facility will be pro-rata across the two Eurobond instruments. The loans can be voluntarily redeemed at any stage by repayment of the principal and any outstanding interest and early repayment charges.

Furthermore, the Company granted RK with 6 million warrants exercisable over five years at a 20% premium to the 20-day VWAP, subject to normal anti-dilution provisions, cash settlement at the Company's option, and cashless exercise at either party's option.

On 16 July 2018, the Company agreed conditional strategic investments from SGRF, the sovereign wealth fund of the

Sultanate of Oman and from the Group's offtake partner, Hanwa, for a combined total of US$90 million.The Investments comprise US$65 million from SGRF and US$25 million from Hanwa and are part of the proposed funding package for the development of the Sonora Lithium Project. The investments are conditional on the full US$460 million construction and working capital funding required for the Project being in place.

On 31 August 2018, 200,000 of the Company's outstanding share options were exercised by Derek Batorowski, a Director of Bacanora Lithium Plc. The options were exercised at a price of CAD$0.30 per Ordinary Share for a total consideration of CAD$60,000.

On 7 September 2018, under the Group's share option plan, 432,729 share options were issued to employees of the Company. The options were issued at an exercise price of 39.25p, being the closing share price on 6 September 2018. Such options vest, one third on the date of grant and an additional one third on each of the first and second anniversaries of the date of grant and are exercisable for a period of three years.

On 7 September 2018, under the Group's restricted share unit plan, 205,491 restricted share units were issued to employees of the Company, at an exercise price of 39.25p. Vesting will occur on the date that is three years from the date of grant, being 7 September 2021.

On 11 September 2018, 100,000 of the Company's outstanding share options were exercised by employees of the Company. The options were exercised at a price of CAD$0.30 per Ordinary Share for a total consideration of CAD$30,000.

On 30 September 2018 an updated resource estimate was issued in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects. This updated the existing PERC compliant resource dating from 2014.