Based on the Closing Price per Zinnwald Share of 25.75 pence on the Last Practicable Date, the Zinnwald Distribution is equivalent in value to 6.1 pence for each Bacanora Share, resulting in Bacanora Shareholders being entitled to receive, when combined with the Cash Consideration, a total value for each Bacanora Share of 73.6 pence **Acquisition Value** . The Zinnwald Distribution represents an additional 9.0 per cent. of value to Bacanora shareholders over the Cash Consideration as at the Last Practicable Date.

The Acquisition Value values the entire issued and to be issued ordinary share capital of Bacanora at approximated £284.8 million, representing a premium of approximately 63 per cent. to the Closing Price of 45.0 pence per Bacanora Share on 5 May 2021 (being the last practicable date prior to the commencement of the Offer Period).

The Cash Consideration represents a premium of approximately:

- 50.0 per cent. to the Closing Price of 45.0 pence per Bacanora Share on 5 May 2021 (being the last practicable date prior to the commencement of the Offer Period);

- 54.4 per cent. to the volume-weighted average price of 43.7 pence per Bacanora Share for the three months ended 5 May 2021 (being the last practicable date prior to the commencement of the Offer Period); and

- 59.4 per cent. to the volume-weighted average price of 42.3 pence per Bacanora Share for the twelve months ended 5 May 2021 (being the last practicable date prior to the commencement of the Offer Period).

The Bacanora Shares shall be acquired under the Offer fully paid and free from all liens, charges, equitable Q q1-5(o)11( )] cSha

The Offer will be subject to the Conditions and further terms set out or referred to in Appendix 1 to this Announcement, and to the further terms to be set out in the Offer Document and the accompanying Form of Acceptance, which will be sent to Bacanora Shareholders as soon as possible and in any event no later than 28 days after the date of this Announcement (or such later date as may be agreed with the Panel).

**Bacanora Incentive Schemes**

Ganfeng will make appropriate proposals to the holders of options granted under the relevant Incentive Scheme in accordance with Rule 15 of the Code. Full details of the effect of the Offer on participants' rights under the Incentive Schemes, and the actions they may take will be communicated to participants in separate letters to be sent to them when the Offer Document is published.

**Recommendation**

The Independent Bacanora

Further details of these irrevocable undertakings, including the circumstances in which they cease to be binding, are set out in Appendix 3 to this Announcement.

**Background to, and Reasons for, the Offer**

Ganfeng believes that the Sonora Lithium Project represents an opportunity to further embed Ganfeng into the upstream
producer. Nevertheless, the lithium-bearing sedimentary (also known as lithium clay) deposits of Sonora are an unconventional lithium resource type with no commercialised precedents. As such, and also through its technical work at the Sonora site, Ganfeng believes there remains a great degree of uncertainty in the future development of the project. Uncertainties remain around, for example, the type of kiln to be used and the presence of high concentrate calcium. Ganfeng
designs and materials, indicate that the cost of extracting lithium from clay-based lithium hydroxide is likely to be higher than Ganfeng imates. Therefore, Ganfeng believes that taking full ownership of Sonora, and the re-registration of Bacanora as a private company, will provide the certainty and flexibility necessary for Ganfeng to commit to the additional financing and development required to realise production. Ganfeng
approval requirements for Ganfeng to commit further funding, potentially shortening the time required to realise full production. Ganfeng believes the offer price has fully considered the long term lithium price, the development potential and the risks of the Sonora Lithium Project and offers best value, fully in cash, for all stakeholders now.

**Background to, and Reasons for, the Reduction and the Zinnwald Distribution**

In order to provide additional value to Bacanora Shareholders, Ganfeng has agreed that Bacanora can propose the Zinnwald Distribution to Bacanora Shareholders, the making of which is conditional on the Offer becoming or being declared unconditional and on the expiry (on 29 October 2021) of the regulatory lock-in restrictions relating to the Zinnwald Shares that are currently applicable to Bacanora. Currently Bacanora has no positive distributable reserves and therefore intends to cancel the whole of its share premium account so as to eliminate

required Red Kite consent) to procure that the Reduction is completed prior to 30 November 2021 and that the Zinnwald Distribution is made by Bacanora prior to 31 December 2021, and has agreed that subject to meeting those dates Bacanora Shareholders on the Record Date will retain the right to the Zinnwald Distribution despite the transfer of their Bacanora Shares to Ganfeng.

**Background to, and Reasons for, the Recommendation**

Bacanora has sought to create shareholder value by identifying and investing in undeveloped lithium assets. Over the past six years, Bacanora has developed the Sonora Lithium Project through feasibility and engineering to a preliminary development stage. Bacanora de-risked the sales of lithium products to be produced from the Sonora Lithium Project by entering into an offtake agreement with Hanwa Co., LTD in 2017, and then with Ganfeng in 2019. As a result, 100 per cent. of stage 1 production and 75 per cent. of stage 2 is under long term off-take agreements to deliver product to China and Japan. In 2019 and 2021, Bacanora further de-risked the Sonora Lithium Project by entering into a joint venture strategy with Ganfeng, one of the largest lithium producers in the world.

As Xiaoshen Wang represents the interests of Ganfeng on the Bacanora Board, for the purpose of considering the Offer, the Bacanora Board constituted a committee comprising the Bacanora Independent Directors to consider the Offer.

In considering the Offer, the Bacanora Independent Directors have taken account of both the long term potential value of Bacanora and the risks in achieving this value. The following factors have been considered:

- the Offer provides an immediate liquidity opportunity for all Bacanora Shareholders to realise their investment in Bacanora in full, in cash and at a significant premium to the undisturbed share price;

- Bacanora is materially exposed to the price of lithium, which has been volatile in recent years;

- there are risks associated with Bacanora
  remains several years away from commercial production;

- the Cash Consideration represents a premium of approximately:

    - 50.0 per cent. to the Closing Price per Bacanora Share of 45.0 pence on 5 May 2021 (being the last practicable date prior to the commencement of the Offer Period);

    - 54.4 per cent. to the volume-weighted average price per Bacanora Share for the three months ended 5 May 2021 (being the last practicable date prior to the commencement of the Offer Period); and

    - 59.4 per cent. to the volume-weighted average price of 42.3 pence per Bacanora Share for the twelve months ended 5 May 2021 (being the last practicable date prior to the commencement of the Offer Period);

- in addition, the Zinnwald Distribution allows Bacanora Shareholders to retain exposure to the lithium market through a shareholding in a London quoted lithium company;

- the Acquisition Value, including the implied value of the Zinnwald Distribution, equates to a premium of approximately 63 per cent. to the Closing Price of 45.0 pence per Bacanora Share on 5 May 2021 (being the last practicable date prior to the commencement of the Offer Period);

- the terms of the Offer compare favourably to the assessments of the Bacanora Independent Directors of: (i) relevant, comparable transactions in the sector; (ii) the risk-adjusted value of the Sonora Lithium Project discounted to the present day, noting that, whilst historic project valuations have presented the Sonora Lithium Project on a 100 per cent. stand-alone basis, current post tax economic valuations must take into account costs associated with debt funding, the fact that Bacanora owns only 50 per cent. of the operational holding company Sonora Lithium Ltd and, in addition, that 5 out of 7 of the Sonora Lithium Project leases are held in 70/30 joint venture with Cadence Minerals plc

- Ganfeng already owns 50 per cent. of Sonora Lithium Ltd, the operational holding company for the Sonora Lithium Project, and 28.9 per cent. of Bacanora, which provides Ganfeng with significant influence over the strategic direction and progress of the Company, even in the event that the Offer does not complete;

- there are significant technical, financial, commodity price and geopolitical risks inherent in the development of any large scale, greenfield, mining project, including:

    - there will continue to be price volatility in the lithium market over the next decade as lithium usage in the energy storage sector is still a relatively new application for this commodity. Product pricing has yet to be regulated as an exchange traded commodity and continues to be traded under medium and long term off-take agreements controlled by a relatively small number of the larger lithium producers;

    - over the past 3 years as a result of significant over-production of lower value lithium concentrates from the Australian market, contract prices for battery grade lithium products have traded from a high of US$15,000/t to approximately US$5,000/t and whilst contract pricing is returning to US$10,000/t, the Bacanora Independent Directors believe price volatility will continue as the lithium industry continues to develop;

    - there is still significant mothballed lithium production capacity in Australia that can be re-introduced into the market as lithium prices approach US$10,000/t;

    - the Sonora Lithium Project remains several years away from production which is currently scheduled for H2 2023. It is common for both major and junior miners to face significant challenges during this development stage of mining operations, including *inter alia* technical risks, financing risks and the risk of delays to first cash flows and associated debt repayment schedules;

- the nature of the Sonora Lithium Project deposits is a lithium clay resource type and has not yet been mined in Mexico. There is the potential for unforeseen technical and processing challenges which may negatively impact timing of development, capital cost requirements and further equity issuance, production rates and consequently the

- as noted in Bacanora
  and the limited availability period for an extension, the Company and Red Kite agreed that the majority of its undrawn debt facility (the ), amounting to US$125 million, will no longer be available for drawdown. Although Bacanora has sufficient cash to support development of the Sonora Lithium Project for the next 15 months, beyond this period, Bacanora will require an additional debt facility or alternative financing to replace the undrawn portion of the RK Facility. Whilst the Bacanora Independent Directors are optimistic that debt funding can be provided on terms that are comparatively more favourable to the RK Facility, there can be no guarantee that debt will be available nor whether a facility will be provided on less onerous terms;

- commencement of early earth works have already been impacted by the Covid-19 pandemic. The ongoing impact of the Covid-19 pandemic may cause further delays to development through a reduction in size of the available workforce and/or supply chain disruption. Prolonged travel restrictions could lead to further delays to construction and impact the timing of first production and revenues; and

- Mexican President Lopez Obrador confirmed in March 2021 that his government was studying a proposal to nationalise lithium production in the country. Whilst the Company believes the risk of the nationalisation of existing projects, such as the Sonora Lithium Project, is remote, there remains an economic risk to Bacanora Shareholders; and

- there is no deferred or contingent consideration associated with the Offer, allowing Shareholders the opportunity to realise a full cash exit at a premium immediately upon the Offer becoming or being declared unconditional.

Whilst the Bacanora Independent Directors therefore believe in the future growth potential of Bacanora over the medium to long term, having considered the risks, particularly with regards to the operational challenges associated with delivering production, they consider that Ganfeng
Bacanora Share, together with the proposed Zinnwald Distribution, fully recognises Bacanora s growth potential, whilst providing certainty, in cash, to Bacanora Shareholders.

Accordingly, the Bacanora Independent Directors intend to recommend unanimously that Bacanora Shareholders accept the Offer and vote in favour of the Resolutions at the Bacanora General Meeting.

**Information on Ganfeng and Ganfeng Holdco**

Ganfeng is a company incorporated in Shanghai in the People's Republic of China and a wholly owned subsidiary of Ganfeng Holdco.

Ganfeng Holdco is one of the largest lithium compounds producers in the world and the world's largest lithium metals producer in terms of production capacity. Ganfeng Holdco's operations are vertically integrated, including investment in upstream lithium extraction such as the Sonora Lithium Project.

**Information on Bacanora**

Bacanora is a lithium development company focused on building, in collaboration with its major shareholder and offtake partner, Ganfeng, a 20,000 tonne per annum open pit lithium carbonate operation at its flagship asset, the Sonora Lithium Project in Mexico. The Sonora Lithium Project has 8.8 million tonnes of lithium carbonate (Li2CO3) equivalent resources, with an approximate 250-year resource life.

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

Bacanora also owns 35.5 per cent. of Zinnwald, which in turn owns the Zinnwald Lithium Project and the Falkenhain, Altenberg and Sadisforf Licences in southern Saxony, Germany.

**Bacanora**

Ganfeng recognises the quality of Bacanora
of Bacanora and the Sonora Lithium Project. Ganfeng intends to support the business to help develop and execute the Sonora Lithium Project in line with the current timetable of reaching production by H2 2023.

If Ganfeng receives the requisite levels of acceptances under the Offer, Ganfeng n is to seek to (1) exercise its rights in accordance with sections 974 to 991 of the Companies Act to acquire compulsorily the remaining Bacanora Shares on the same terms as the Offer (2) cancel the admission to trading on AIM of the Bacanora Shares, and (3) re-register Bacanora as a private limited company, as described in the paragraph headed "Compulsory acquisition, cancellation of trading and re-registration" below.

With regard to its plans for the continued employment of Bacanora management and employees, other than as set out below, there is no intention to change the nature, location and conditions of employment for Bacanora management and employees following the Offer becoming or being declared unconditional. This will allow for a smooth and seamless transition of ownership from Bacanora to Ganfeng upon the change of ownership with no impact on the expected timetable for completing development and achieving production at the Sonora Lithium Project as described above.

Following the Offer becoming or being declared unconditional, Ganfeng intends to use Ganfeng existing central management functions to manage the Sonora Lithium Project through existing Ganfeng employees. In addition, once Bacanora ceases to be a quoted company, a number of quoted company-related functions will become unnecessary. This is expected to lead to a reduction in the headcount of Bacanora and central management segment. It is intended that Peter Secker will be retained for a limited period for transitio

Other than as noted above, there is no intention to make any material change to the balance of skills and functions of Bacanora's employees and management.

There is no intention to make any changes to the current levels of pension contributions for existing members of, or admission of new members to, Bacanora Bacanora does not operate any defined benefit pension schemes.

Ganfeng has no intention to redeploy any material fixed assets of Bacanora or change Bacanora as a consequence of the Offer, although, as noted above, it is intended that central management of the Sonora Lithium Project will transition to Ganfeng, resulting in a relocation of Bacanora in London to Ganfeng's headquarters in China. To Ganfeng Bacanora has no research and development function. Ganfeng also intends to simplify the corporate structure where entities are no longer required as a result of the above changes.

**Financing of the Offer**

Teneo, in its capacity as financial adviser to Ganfeng, is satisfied that sufficient resources are available to Ganfeng to satisfy, in full, the cash consideration payable to Bacanora Shareholders under the terms of the Offer.

The cash consideration payable for the Offer will be funded through Ganfeng's existing cash resources.

**Offer-related arrangements**

***Confidentiality Agreement***

Ganfeng entered into a confidentiality agreement with Bacanora on 29 April 2021 (the "**Confidentiality Agreement**") pursuant to which each of Ganfeng and Bacanora has undertaken to keep confidential information relating to the Offer and the other party and not to disclose it to third parties (with certain customary exceptions). These confidentiality obligations will cease to have effect upon the Offer becoming Effective or, until the date falling two years from the date of the Confidentiality Agreement.

The Confidentiality Agreement also includes customary standstill and non-solicitation obligations on Ganfeng.

***Offer Agreement***

Bacanora and Ganfeng entered into the Offer Agreement on 6 May 2021.

The Offer Agreement contains, *inter alia*, details of the pre-conditions which were required to be satisfied or, where capable, waived, before the release of this Announcement.

The pre-conditions have now been satisfied and, accordingly, the Offer Agreement has terminated upon release of this Announcement.

A summary of the terms of the Offer Agreement was provided in the Possible Offer Announcement.

**Opening Position Disclosure**

Ganfeng confirms that it has made an Opening Position Disclosure, which sets out the details required to be disclosed by it under Rule 8.1(a) of the Code.

**Posting of the Offer Document and Reduction circular**

The formal Offer Document containing full information relating to the Offer, including its terms and conditions, together with the Form of Acceptance, will be dispatched to Bacanora Shareholders as soon as reasonably practicable, and in any event within 28 days of the date of this Announcement (or such later date as may be agreed with the Panel).

A circular setting out full details of the Reduction and the Zinnwald Distribution and convening the Bacanora General Meeting will be posted to Bacanora Shareholders as soon as reasonably practicable.

**Structure and Conditions to the Offer**

It is intended that the Offer shall be effected by means of a takeover offer within the meaning of the Companies Act for the entire issued and to be issued ordinary share capital of Bacanora that Ganfeng does not already hold. However, Ganfeng reserves the right to elect, with the consent of the Panel (where necessary) to implement the Offer by way of a Court-sanctioned scheme of arrangement in accordance with Part 26 of the Companies Act.

The purpose of the Offer is to provide for Ganfeng to become the holder of the entire issued and to be issued ordinary share capital of Bacanora. This is to be achieved by the transfer to Ganfeng of the Bacanora Shares not already held by Ganfeng, in consideration for which the Bacanora Shareholders who accept the Offer shall receive Cash Consideration on the basis set out in this Announcement

The Offer is subject to the Conditions and further terms set out in Appendix 1 to this Announcement and to be set out in the Offer Document and the accompanying Form of Acceptance, and will only become Effective if, among other things, the following events occur on or before the Long Stop Date:

> Ganfeng receiving valid acceptances in respect of such number of Bacanora Shares which, when aggregated with the Bacanora Shares held by Ganfeng at the date of the Offer and any Bacanora Shares acquired or agreed to be acquired by Ganfeng on or after such date, constitute more than 50 per cent. of the voting rights relating to the Bacanora Shares;
>
> as certain of assets are held in and by Mexican corporate entities, the Offer is conditional upon obtaining unconditional approval from the Mexican Federal Economic **FECC** **Mexican Antitrust Clearance** ; and
>
> all of the other Conditions to the Offer, as set out in Appendix I to this Announcement, are satisfied or (where applicable) waived.

The Offer shall lapse if the Offer does not become Effective by the Long Stop Date.

Further details of the Offer and the Zinnwald Distribution will be set out in the Offer Document. The Offer Document and the accompanying Form of Acceptance will be made available to all Bacanora Shareholders

(except those in Restricted Jurisdictions) at no charge to them. Bacanora Shareholders are urged to read the Offer Document and the accompanying Form of Acceptance when they are sent to them because they will contain important information.

**Compulsory acquisition, cancellation of trading, and re-registration**

If Ganfeng receives acceptances under the Offer in respect of, and/or otherwise acquires, both 90 per cent. or more in value of the Bacanora Shares to which the Offer relates and 90 per cent. or more of the voting rights carried by those shares, and assuming that all of the other Conditions of the Offer have been satisfied or waived (if capable of being waived), Ganfeng intends to exercise its rights in accordance with sections 974 to 991 of the Companies Act to acquire compulsorily the remaining Bacanora Shares on the same terms as the Offer.

Following the Offer becoming or being declared unconditional, if Ganfeng receives acceptances under the Offer in respect of, and/or otherwise acquires 75 per cent. or more of the voting rights carried by the Bacanora Shares (including the Bacanora Shares it already owns), Ganfeng intends to procure that Bacanora will make applications to cancel the admission of the Bacanora Shares to trading on AIM and, subject always to the earlier of (a) completion of the Reduction and the approval and settlement of the Zinnwald Distribution or (b) 31 December 2021, to re-register Bacanora as a private company under the relevant provisions of the Companies Act.

If such application for cancellation of the admission of the Bacanora Shares to trading on AIM is made, it is expected that such cancellation will take place no earlier than 20 Business Days after the date on which Ganfeng has, by virtue of its shareholding and acceptances of the Offer, acquired, or agreed to acquire, 75 per cent. of the voting rights attaching to the Bacanora Shares. Ganfeng will procure that Bacanora makes a regulatory announcement when the necessary 75 per cent. threshold has been reached confirming that the notice period has commenced and the anticipated date of cancellation.

**Delisting of the Bacanora Shares and the re-registration of Bacanora as a private limited company would significantly reduce the liquidity and marketability of any Bacanora Shares in respect of which the Offer has not been accepted at that time, and Bacanora's reporting and disclosure requirements will be significantly reduced. Any remaining Bacanora Shareholders would become minority shareholders in a majority controlled private limited company and may therefore be unable to sell their Bacanora Shares. There can be no certainty that Bacanora would pay any dividends or other distributions or that such minority Bacanora Shareholders would again be offered an opportunity to sell their Bacanora Shares on terms which are equivalent to, or no less advantageous than, those under the Offer.**

**Disclosure of interests in Bacanora securities**

Save in respect of the irrevocable undertakings referred to above and in Appendix 3, as at the close of business on the Last Practicable Date, Ganfeng held 110,933,697 Bacanora Shares.

Save as set out above, neither Ganfeng, nor any of the directors of Ganfeng, nor, so far as Ganfeng is aware, any person acting in concert (within the meaning of the Code) with it for the purposes of the Offer (i) had

any interest in or right to subscribe for or had borrowed or lent any Bacanora Shares or securities convertible or exchangeable into Bacanora Shares, or (ii) had any short positions in respect of relevant Bacanora Shares (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, or (iii) has borrowed or lent any relevant Bacanora Shares (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code) save for any borrowed shares which have been either on-lent or resold, or (iv) is a party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Code.

whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated

agreement to purchase, option in respect of, or derivative referenced to securities.

**General**

The Offer will be subject to the terms and conditions set out in Appendix 1 to this Announcement and to be set out in the Offer Document.

Appendix 2 to this Announcement contains the bases and sources of certain information used in this Announcement. Appendix 3 to this Announcement contains details of the irrevocable undertakings and letter of intent received in relation to the Offer that are referred to in this Announcement. Appendix 4 to this Announcement contains definitions of certain terms used in this Announcement.

Each of Peel Hunt and Teneo has given and not withdrawn its consent to the inclusion in this Announcement of the references to its name in the form and context in which they appear.

**Documents available on a website**

In accordance with Rule 26.2 of the Code, subject to certain restrictions relating to persons in Restricted Jurisdictions, copies of the following documents will, by no later than 12 noon (London time) on the business day following the date of this Announcement, be made available on Bacanora's website at www.bacanoralithium.com and Ganfeng's website at www.ganfenglithium.com (as applicable) until the end of the Offer Period:

- the Confidentiality Agreement;
- the Offer Agreement;
- the irrevocable undertakings and letter of intent referred to in Appendix 3 to this Announcement;
- the irrevocable undertaking given by Ganfeng to vote in favour of the Bacanora Shareholder resolutions to approve the Reduction and the Zinnwald Distribution;

- the written consents of each of Peel Hunt and Teneo; and
- a copy of this Announcement.

Neither the contents of Bacanora's website nor the contents of Ganfeng's website, nor the content of any other website accessible from hyperlinks on either such website, is incorporated into, or forms part of, this Announcement.

**Enquiries**

| | |
|---|---|
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*Peel Hunt, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Bacanora and for no-one else in connection with the matters referred to in this Announcement and will not be responsible to any person other than Bacanora for providing the protections afforded to clients of Peel Hunt, nor for providing advice in relation to the matters referred to herein. Neither Peel Hunt nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Peel Hunt in connection with the matters referred to in this Announcement, or otherwise.*

*Teneo is acting for Ganfeng and no-one else in connection with the Offer and will not be responsible to anyone other than Ganfeng for providing the protections offered to clients of Teneo or for providing advice in relation to the Offer, the contents of this announcement or any matters referred to in this announcement. Teneo is authorised and regulated in the United Kingdom by the Institute of Chartered Accountants in England & Wales for a range of investment business activities. Teneo is registered in England and Wales Company Number 13192958 and its registered office is 6 More London Place, London SE1 2DA. Teneo can be contacted at 60 St Martin's Lane, London, WC2N 4JS.*

*Teacher Stern LLP is retained as UK legal adviser to Ganfeng.*

*Gowling WLG (UK) LLP is retained as legal adviser to Bacanora.*

*Addleshaw Goddard LLP is retained as UK legal adviser to Teneo.*

**Important information**

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, any offer or invitation to sell or purchase any securities, or the solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Offer, the Resolutions or otherwise nor shall there be any sale, issuance or transfer of securities of Bacanora in any jurisdiction in contravention of applicable law. The Offer will be effected solely through the Offer Document which will contain the full terms and conditions of the Offer. Any vote, decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in the Offer Document. Each Bacanora Shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences of the Offer applicable to them.

**Overseas jurisdictions**

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by law and/or regulation and therefore any persons who are subject to the laws and regulations of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer, disclaim any responsibility or liability for the violation of such restrictions by any person.

The availability of the Offer to persons who are not resident in the United Kingdom may be restricted by the laws and/or regulations of the relevant jurisdictions in which they are located. The Offer will not be made available, directly

or indirectly, in, into or from any jurisdiction where to do so would violate the laws in that jurisdiction. Any persons who are subject to the laws and regulations of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. Further details in relation to Overseas Shareholders will be contained in the Offer Document.

This Announcement has been prepared pursuant to and for the purpose of complying with the laws of England and Wales, the AIM Rules, the Code and the Rules of the London Stock Exchange and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of England and Wales.

The Offer will not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Copies of this Announcement and any formal documentation relating to the Offer will not be, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported acceptance of the Offer.

In accordance with normal UK practice, Ganfeng or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Bacanora Shares, other than pursuant to the Offer until the date on which the Offer becomes Effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Please be aware that addresses, electronic addresses and certain other information provided by Bacanora Shareholders, persons with information rights and other relevant persons for the receipt of communications from Bacanora may be provided to Ganfeng during the Offer Period (as required under Section 4 of Appendix 4 of the Code) to comply with Rule 2.11 of the Code.

The Offer relates to securities in a non-US company which is registered in England and Wales which is admitted to trading on the AIM market of the London Stock Exchange, and is subject to the disclosure requirements, rules and practices applicable to such companies, which differ from those of the United States in certain material respects. This document has been prepared in accordance with UK style and practice for the purpose of complying with the laws of England and Wales. The Offer is being made in the United States pursuant to Section 14(e) of, and Regulation 14E under, the US Securities Exchange Act of 1934, as amended, subject to the exemptions provided by Rule 14d-1 thereunder, and otherwise in accordance with the requirements of the Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements that are different from those applicable under US domestic tender offer procedures. US Bacanora Shareholders should note that Bacanora is not listed on a US securities exchange, subject to the periodic reporting requirements of the US Securities Exchange Act of 1934, as amended, or required to, and does not, file any reports with the US Securities and Exchange Commission thereunder.

It may be difficult for US Bacanora Shareholders to enforce certain rights and claims arising in connection with the Offer under US federal securities laws since Bacanora is located outside the United States and its officers and directors reside outside the United States. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may not be possible to compel a non-US company or its affiliates

to subject themselves to a US court's judgment. You should be aware that Ganfeng may purchase securities otherwise than under the Offer, such as in open market or privately negotiated purchases.

**Publication on website**

Pursuant to Rule 26.1 of the Code, a copy of this Announcement and other documents in connection with the Offer will, subject to certain restrictions, be available for inspection on Ganfeng's website at www.ganfenglithium.com and by Bacanora on its website at www.bacanoralithium.com no later than 12 noon (London time) on the business day following this Announcement. The contents of the websites referred to in this Announcement are not incorporated into, and do not form part of, this Announcement.

**Requesting hard copy documents**

Pursuant to Rule 30.3 of the Code, a person so entitled may request a copy of this Announcement and any information incorporated into it by reference to another source in hard copy form. A person may also request that all future documents, announcements and information to be sent to that person in relation to the Offer should be in hard copy form. For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested from Bacanora

You are therefore cautioned not to place undue reliance on these forward-looking statements. Neither Bacanora nor Ganfeng assumes any obligation, and Bacanora and Ganfeng disclaim any intention or obligation, to update or correct the information contained in this Announcement (whether as a result of new information, future events or otherwise), except as required by applicable law or regulation.

Any such forward-looking statements have not been reviewed by the auditors of Bacanora or Ganfeng or their respective financial advisers. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. There are many factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements is the satisfaction of any conditions to the Offer, as well as additional factors such as changes in global, political, economic, business, competitive, market and regulatory forces (including as a result of governmental, business or individual responses to the COVID-19 pandemic), future exchange and interest rates, changes in tax rates and future business combinations or dispositions. Such forward looking statements should therefore be construed in the light of such factors. Neither Bacanora nor Ganfeng, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur.

**No profit forecast**

No statement in this Announcement is intended as a profit forecast or a profit estimate and no statement in this Announcement should be interpreted to mean that earnings per share for Ganfeng or Bacanora for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Ganfeng or Bacanora (as applicable).

**Rounding**

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

**Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights

to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period

+44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

## APPENDIX 1
## CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER

The Offer, which will be made by Ganfeng, will comply with the Code and all applicable rules and regulations of the London Stock Exchange, will be governed by English law and will be subject to the jurisdiction of the Courts of England.

In addition, the Offer will be subject to the terms to be set out in the Offer Document and the accompanying Form of Acceptance.

### Part A: Conditions to the Offer

***Notifications, waiting periods and authorisations***

2.2 excluding the Mexican Antitrust Condition set out in paragraph 2.1 above, all necessary notifications, filings and applications having been made in connection with the Offer, all regulatory and statutory obligations in any relevant jurisdiction reasonably deemed necessary by Ganfeng having been complied with in connection with the Offer, all necessary waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulations of any relevant jurisdiction reasonably deemed necessary by Ganfeng having expired, lapsed or been terminated in each case in respect of the Offer and all necessary authorisations and consents having been obtained in terms and in a form reasonably satisfactory to Ganfeng from appropriate third parties in connection with the Offer or the proposed acquisition of any shares or other securities in, or control or management of, Bacanora or any other member of the Wider Bacanora Group by any member of the Wider Ganfeng Group or the carrying on by any member of the Wider Bacanora Group of its business and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such authorisations and consents, in each case in any way that would be materially adverse to the Wider Bacanora Group;

***Other third party clearances***

2.3 excluding the Mexican Antitrust Condition set out in paragraph 2.1 above, no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, employee representative body or any other **Third Party** having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or enacted, made or proposed to enact or make any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order, or having taken any other steps which would, in each case, reasonably be expected to:

(a) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Ganfeng Group or by any member of the Wider Bacanora Group of all or any part of their respective businesses, assets or properties or impose any material limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof, which, in any such case, is material in the context of the Wider Ganfeng Group or the Wider Bacanora Group, in either case taken as a whole;

(b) require, prevent or materially delay or materially alter the terms envisaged for, any divestiture by any member of the Wider Ganfeng Group of any shares, other securities or other interests in

directly or indirectly to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Bacanora Group or the Wider Ganfeng Group or to exercise management control over any such member;

(f) otherwise adversely affect the business, assets, liabilities, trading position, value, profits, operational performance, or prospects of any member of the Wider Ganfeng Group or of any member of the Wider Bacanora Group in a manner which is material in the context of the Wider Ganfeng Group or the Wider Bacanora Group;

(g) make the Offer or its implementation of the Offer or proposed Offer by Ganfeng or any member of the Wider Ganfeng Group of any shares or other securities in, or control of Bacanora void, voidable, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, prevent, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge or interfere or require material amendment to the terms of the Offer or the proposed acquisition of any shares or other securities in, or control or management of, Bacanora by any by of the Wider Ganfeng Group;

(h) impose any limitation on, or result in any delay in, the ability of any member of the Wider Ganfeng Group or the Wider Bacanora Group to conduct, integrate or co-ordinate its business, or any part of it, with the businesses of any other members of the Wider Ganfeng Group and/or the Wider Bacanora Group in each case in a manner which is material in the context of the Wider Ganfeng Group or the Wider Bacanora Group in each case taken as a whole;

(i) require any member of the Wider Bacanora Group or the Wider Ganfeng Group to relinquish, terminate or amend in any way any material contract to which any member of the Wider Bacanora Group or the Wider Ganfeng Group, as applicable, is a party, in each case in a manner which is material in the context of the Wider Ganfeng Group or the Wider Bacanora Group in each case taken as a whole; or

(j) result in any member of the Wider Bacanora Group ceasing to be able to carry on business under any name under which it presently does so to an extent which is material in the context of the Wider Bacanora Group taken as a whole,

and all applicable waiting and other time periods (including extensions thereof) during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Offer or proposed Offer of any Bacanora Shares or other securities in, or control or management of, Bacanora, Ganfeng or otherwise intervene having expired, lapsed or been terminated;

2.4 all authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals necessary for any member of the Wider Bacanora Group to carry on its business, remaining in full force and effect at the time at which the Offer becomes effective or otherwise wholly unconditional (where the absence of such would be material and adverse in the context of the Wider Bacanora Group) and no intimation of any intention to revoke, suspend, materially restrict or materially modify or not to renew any of the same having been made;

2.5 no temporary restraining order, preliminary or permanent injunction, preliminary or permanent enjoinment, or other order issued and being in effect by a court or other Third Party which has the effect of making the Offer or any proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Bacanora Group by any member of the Wider Ganfeng Group, or the implementation of either of them,

(or any arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;

(f) the value of any member of the Wider Bacanora Group or its business, assets, value, financial or trading position, profits, operational performance or prospects being prejudiced or adversely affected;

(g) any member of the Wider Bacanora Group ceasing to be able to carry on business under any name under which it presently does so;

(h) the creation or acceleration of any liability, actual or contingent, by any member of the Wider Bacanora Group (including any tax liability which would be material in the context of the Wider Bacanora Group);

(i) any liability of any member of the Wider Bacanora Group to make any severance, termination, bonus or other payment to any of its directors or other officers; or

(j) any requirement on any member of the Wider Bacanora Group to acquire, subscribe, pay up or repay any shares or other securities in another corporate entity (other than in respect of another member of the Wider Bacanora Group),

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Bacanora Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or is reasonably likely to result in any of the events or circumstances as are referred to in sub-paragraphs (a) to (j) of this Condition to an extent which is or which would be material in the context of the Wider Bacanora Group;

***Certain events occurring since 31 December 2020***

2.8 except as Disclosed, no member of the Wider Bacanora Group having, since 31 December 2020:

(a) save as between Bacanora and wholly-owned subsidiaries of Bacanora, issued, agreed to issue, authorised or proposed the issue of additional shares of any class or agreed to transfer or sell or authorised or proposed the transfer or sale of Bacanora Shares out of treasury;

(b) save as between Bacanora and wholly-owned subsidiaries of Bacanora, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;

(c) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise which is material in the context of the Wider Bacanora Group taken as a whole;

(d) other than pursuant to the Offer or transactions in the ordinary and usual course of business, merged or demerged with any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or an* n BT 0 oau2.05 Td [<28>3y t n ( )] TJ

case, which is material in the context of the Wider Bacanora Group as a whole or in the context of the Offer;

(p) except in relation to changes made or agreed as a result of being required as a result of changes to legislation, having made or agreed or consented to any material change to:

(i) the terms of the trust deeds, rules, policy or other governing documents constituting the pension schemes or other retirement or death benefit arrangement established by any member of the Wider Bacanora Group for its directors, former directors, employees, former employees or each of their respective dependents;

(ii) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;

(iii) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or

(iv) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made;

(q) carried out any act:

(i) which would or could reasonably be expected to lead to the commencement of the winding up of any pension plan;

(ii) which would or might create a material debt owed by an employer to any pension plan;

(iii) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any pension plans;

(iv) which would or might give rise indirectly or directly to a liability in respect of a pension plan; or

(v) to change the trustee or trustee directors or other fiduciary of the relevant pension plans;

(r) save as required in the context of the Offer, proposed, agreed to provide or modified the terms of any share option scheme or incentive scheme or other benefit constituting a material change relating to the employment or termination of employment of a material category of person employed by the Wider Bacanora Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider Bacanora Group;

(s) made any material alteration to its constitutional documents (other than an alteration required in connection with the Offer);

(t) except in the ordinary and usual course of business, terminated or varied the terms of any agreement or arrangement between any member of the Wider Bacanora Group and any other person in a manner which would or is reasonably likely to have a material adverse effect on the financial position of the Wider Bacanora Group taken as a whole; or

(u) otherwise than in the ordinary course of business, entered into any contract, commitment, arrangement or agreement, or passed any resolution or made any offer (which remains open for acceptance) with

respect to, or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;

***No adverse change, litigation, regulatory enquiry or similar***

2.9 except as Disclosed, since 31 December 2020:

(a) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change or deterioration in the business, assets, value, liabilities, financial or trading position, operational performance or profits or prospects of any member of the Wider Bacanora Group which is material in the context of the Wider Bacanora Group taken as a whole;

(b) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used or owned by the Wider Bacanora Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Bacanora Group or to which any member of the Wider Bacanora Group is or may become a party (whether as a claimant, defendant or otherwise) which is material in the context of the Wider Bacanora Group taken as a whole;

(c) no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Bacanora Group having been instituted, announced, implemented or threatened by or against or remaining outstanding against or in respect of any member of the Wider Bacanora Group, which, in each case might reasonably be expected to have an adverse effect on such member to an extent which is material, in the context of the Wider Bacanora Group taken as a whole or in the context of the Offer;

(d) no steps having been taken and no omissions having been made which would result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Bacanora Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would have a material and adverse effect on the Wider Bacanora Group taken as a whole; and

(e) no contingent or other liability having arisen, increased or become apparent to Bacanora (other than in the ordinary course of business) which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Bacanora Group; in each case to an extent which is material in the context of the Wider Bacanora Group taken as whole or in the context of the Offer;

***No discovery of certain matters regarding information, liabilities and environmental issues***

2.10 except as Disclosed, Ganfeng not having discovered:

(a) that any financial, business or other information concerning the Wider Bacanora Group as contained in the information disclosed at the time by or on behalf of any member of the Wider Bacanora Group publicly and delivered by or on behalf of Bacanora through a RIS or other public announcement prior to the date of this Announcement is misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading;

(b) that any member of the Wider Bacanora Group is subject to any liability (contingent or otherwise) and which is material and adverse in the context of the Wider Bacanora Group taken as a whole or in the

context of the Offer;

(c) any information which affects the import of any information disclosed at any time prior to this Announcement by or on behalf of any member of the Wider Bacanora Group and which is material in the context of the Wider Bacanora Group taken as a whole;

(d) any past or present member of the Wider Bacanora Group has not complied with all applicable legislation, regulations or other requirements of any jurisdiction or any notice, order or requirement of any Third Party, any authorisations and/or consents relating to the use, treatment, handling, storage, transport, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, carriage, disposal, discharge, spillage, release, leak or emission (whether or not giving rise to non-compliance with any law or regulation), which non-compliance would give rise to any material liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Bacanora Group; or

(e) there is, or is reasonably likely to be, any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Bacanora Group (or on its behalf), or in which any such member has or previously has had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, authorisation, consent, permission or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto;

**Anti-bribery, anti-corruption, proceeds of crime and sanctions**

2.11 except as Disclosed, Ganfeng not having discovered that:

(a) any past or present member, director, officer or employee, agent, consultant or designated representative of the Wider Bacanora Group or any person that performs or has performed services for or on behalf of the Wider Bacanora Group is or has at any time engaged in any or has paid or agreed to pay any bribe , given or agreed to give any similar gift or benefit or paid or agreed to pay to a concealed bank account or fund to or for the account of, any customer, supplier, governmental official or employee, representative of a political party, or other person for the purpose of obtaining or retaining business or otherwise engaged in any activity, practice, conduct or any such things (or omitted to do such things) in contravention of the Bribery Act 2010, as amended, or the US Foreign Corrupt Practices Act 1977, as amended or any other anti-corruption legislation applicable to the Wider Bacanora Group;

(b) any asset of any member of the Wider Bacanora Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);

(c) any past or present member, director, officer or employee, agent, consultant or designated representative of the Wider Bacanora Group has engaged in any activity or business with, or made any investments in, or made any payments, funds or assets available to, or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from

receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs; or (ii) any government, entity or individual named by any of the economic sanctions of the United Nations or the European Union or any of their respective member states; or

(d) a member of the Wider Bacanora Group has engaged in any transaction which would cause the Wider Ganfeng Group to be in breach of any law or regulation upon its Offer of Bacanora, including the economic sanctions of the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states.

**Part B: Certain further terms of the Offer**

1. Ganfeng reserves the right to waive, in whole or in part, all or any of the Conditions set out in Part A of this Appendix 1, except for Condition 1 (Acceptance Condition), which cannot be waived. The Offer will be subject to the satisfaction (or waiver, if permitted) of the Conditions set out in this Appendix 1, to the further terms set out in this Appendix 1, and to the full terms and conditions which will be set out in the Offer Document and the Form of Acceptance.

2. The Offer shall lapse unless all of the Conditions have been fulfilled or, where permitted, waived or, where appropriate, have been determined by Ganfeng to be or remain satisfied, by midnight (London time) on the earlier of the Unconditional Date and the Long-Stop Date (subject to the rules of the Code and where applicable the consent of the Panel).

3. Ganfeng shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as satisfied any of Conditions 1 to 2 (inclusive) by a date earlier than the latest date specified above for the fulfilment of the relevant Condition, notwithstanding that the other Conditions to the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Condition(s) may not be capable of fulfilment.

4. Under Rule 13.5(a) of the Code, Ganfeng may not invoke a Condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Ganfeng in the context of the Offer.

5. Ganfeng may only invoke a condition that is subject to Rule 13.5(a) with the consent of the Panel and any condition that is subject to Rule 13.5(a) may be waived by Ganfeng.

6. Condition 1 (Acceptance Condition) is not subject to Rule 13.5(a) of the Code. All other Conditions are subject to Rule 13.5(a) of the Code.

7. If Ganfeng is required by the Panel to make an offer or offers for Bacanora Shares under the provisions of Rule 9 of the Code, Ganfeng may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.

8. Save as may otherwise be required by the Panel, the Offer will not proceed, will lapse or will be withdrawn if on the Long-Stop Date:

   (a) sufficient acceptances have not been received so as to enable Condition 1 (Acceptance Condition) to be satisfied; or

(b) where sufficient acceptances have been received so as to enable Condition 1 (Acceptance Condition) to be satisfied, one or more of the Conditions relating to an official authorisation or regulatory clearance has not been satisfied or waived and the Panel consents to the Offer not proceeding, lapsing or being withdrawn. As noted above, such consent will only be given if the Condition relating to such official authorisation or regulatory clearance is of material significance to Ganfeng in the context of the Offer.

9. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

10. If sufficient acceptances of the Offer are received, it would be the intention of Ganfeng to apply the provisions of section 979 of the Companies Act to acquire compulsorily any outstanding Bacanora Shares to which the Offer relates.

11. The Offer, this Announcement and any rights or liabilities arising hereunder, the Reduction and Zinnwald Distribution and the Form of Acceptance will be governed by English law and be subject to the exclusive jurisdiction of the English courts and to the Conditions and terms set out in this Announcement and in due course in the Offer Document and the Form of Acceptance. The Offer will comply with the applicable rules and regulations of the FCA and the London Stock Exchange, the AIM Rules, the Panel and the Code.

12. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of, or are otherwise resident in, any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements.

13. The Offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or e-mail) of interstate or foreign commerce of, or of any facility of a national securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within, any Restricted Jurisdiction.

14. Bacanora Shares which will be acquired pursuant to the Offer will be acquired with full title guarantee, fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them at or after the Effective Date (other than the Zinnwald Distribution where such right will be retained by the Bacanora Shareholders as at the Record Date until the earlier of the Zinnwald Distribution being made and 11.59pm GMT on 31 December 2021 (or any later date to which the Long Stop Date is extended)), including (without limitation) voting rights and the right to receive and retain in full all dividends and other distributions (if any, other than the Zinnwald Distribution where such right will be retained by the Bacanora Shareholders as at the Record Date until the earlier of the Zinnwald Distribution being made and 11.59pm GMT on 31 December 2021 (or any later date to which the Long Stop Date is extended)) announced, declared, paid or made or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this Announcement and before or after the Effective Date.

15. If, on or after the date of this Announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Bacanora Shares other than the Zinnwald Distribution, Ganfeng reserves the right to reduce the Offer consideration for the Bacanora Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared or paid, in which case any reference in this Announcement or in the Offer Document to the Offer consideration for the Bacanora Shares will be deemed to be a reference to the Offer consideration as so reduced. To the extent that any such dividend and/or other distribution and/or other return of capital is announced, declared or paid and it is: (i) transferred pursuant to the Offer on a basis which entitles Ganfeng to receive the dividend or distribution

and to retain it; or (ii) cancelled, the Offer consideration will not be subject to change in accordance with this paragraph. Any exercise by Ganfeng of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Offer. For the further avoidance of doubt, any payments made in cash or by way of the delivery of Bacanora Shares on the vesting of awards calculated by reference to dividends accrued in respect of those underlying vested Bacanora Shares are not to be construed as a dividend, distribution or return of capital for these purposes.

## APPENDIX 3

## DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

The following Bacanora Directors have given irrevocable undertakings to accept the Offer (or where applicable, procure the acceptance of the Offer) and to vote (or, where applicable, procure voting) in favour of the Resolutions to be proposed at the Bacanora General Meeting in respect of their own beneficial holdings (or those Bacanora Shares over which they have control) of Bacanora Shares:

| Name | Total Number of Bacanora Shares | Percentage of existing issued share capital |
|---|---|---|
| Mark Hohnen | 3,012,547 | 0.78 |
| Peter Secker | 336,250 | 0.09 |
| James Strauss | 102,857 | 0.03 |
| Eileen Carr | 88,888 | 0.02 |
| Total | 3,540,542 | 0.92 |

These irrevocable undertakings cease to be binding if: (i) the Offer Document is not published within 28 days of the date of release of this Announcement (or within such longer period as Ganfeng, with the consent of the Panel, may determine); (ii) any competing offer for the issued and to be issued Bacanora Shares is made which is declared unconditional (if implemented by way of a takeover offer) or otherwise becomes effective (if implemented by way of a scheme of arrangement); or (iii) the Offer lapses or is withdrawn.

**Letter of Intent**

The following Bacanora Shareholder has, on the basis set out below, given a letter of intent to Ganfeng to accept or procure acceptance of the Offer (or, if the Offer is implemented by way of a scheme of arrangement to vote, or procure the vote, in favour of the scheme at the Court meeting and the resolutions at the general meeting).

| Name of Shareholder | Number of Bacanora Shares in respect of which letter of intent is given | Percentage of existing issued share capital of Bacanora |
|---|---|---|
| M&G Recovery Fund | 52,528,941 | 13.7% |

## APPENDIX 4
## DEFINITIONS

The following definitions apply throughout the Announcement unless the context requires otherwise:

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| | the Share Option Plan adopted in 2009 |
| | the Restricted Share Unit Plan adopted in 2017 |
| **"Acceleration Statement"** | a statement in which Bacanora, in accordance with Rule 31.5 of the Code, brings forward the latest date by which all of the Conditions to the Offer must be satisfied or waived |
| | has the meaning ascribed to it in the Code |
| "**AIM**" | the market of that name operated by the London Stock Exchange |
| **"AIM Rules"** | the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time) |
| "**Announcement**" | this announcement made in accordance with Rule 2.7 of the Code of which the Appendices form part (including, where the context so admits, the summary section at the front of this announcement) |
| | the Appendices to this Announcement |
| **Bacanora** or the | Bacanora Lithium plc |
| "**Bacanora Board**" | the board of directors of Bacanora |
| **"Bacanora General Meeting"** | the meeting of Bacanora Shareholders to be convened for the purposes of considering and, if thought fit, passing the Resolutions and any adjournment thereof |
| "**Bacanora Independent Directors**" | all the directors of Bacanora other than Xiaoshen Wang |
| "**Bacanora Share(s)**" | the existing unconditionally allotted or issued and fully paid ordinary shares of one pence each in the capital of Bacanora and any further such ordinary shares which are unconditionally allotted or issued while the Offer remains open for acceptance or, subject to the provisions of the Code, by such earlier date as Ganfeng may determine |
| "**Bacanora Shareholders**" | the holders of Bacanora Shares |
| "**Closing Price**" | |

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| "**Code**" | the City Code on Takeovers and Mergers |
| "**Companies Act**" | the Companies Act 2006, as amended |
| **"Conditions"** | the conditions to the Offer set out in Part A of Appendix 1 of this Announcement, and "**Condition"** means any one of them |
| "**Court**" | the High Court of Justice in England and Wales |
| "**Daily Official List**" | the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange |
| **"Day 60"** | the 60th day following the publication of the Offer Document or such other date as may otherwise be set as being such day of the timetable of the Offer in accordance with the Code; |
| "**Dealing Disclosure**" | has the same meaning as in Rule 8 of the Code |
| **"Disclosed"** | the information fairly disclosed by, or on behalf of Bacanora:<br>(i) in its published annual report and accounts for the period ended 31 December 2020;<br>(ii) in this Announcement;<br>(iii) in any other public announcement made by Bacanora in accordance with the Market Abuse Regulation, the AIM Rules, and/or the Disclosure Guidance and Transparency Rules before the date of this Announcement; or<br>(iv) as disclosed in writing before the date of this Announcement by or on behalf of Bacanora to Ganfeng (or its respective officers, employees, agents or advisers in their capacity as such) |
| **and Transparency** | the Disclosure Guidance and Transparency Rules sourcebook issued by the FCA |
| **"Effective"** | the Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code |
| **"Effective Date"** | means:<br>(i) the Unconditional Date; or<br>(b) if Ganfeng elects to implement the Offer by way of a Scheme, the date on which the Scheme becomes effective in accordance with its terms |

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| **"FCA"** | the Financial Conduct Authority or its successor from time to time |

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| "**Offer Period**" | the offer period (as defined by the Code) relating to Bacanora, which commenced on the date of the Possible Offer Announcement and will end on the earlier of the Effective Date or the date on which the Offer lapses or is withdrawn; |
| | 67.5p per Bacanora Share |
| "**Opening Position Disclosure**" | has the same meaning as in Rule 8 of the Code |
| "**Overseas Shareholders**" | Bacanora Shareholders (or nominees, or custodians or trustees of Bacanora Shareholders) who are resident in, or nationals or citizens of, jurisdictions outside the UK or who are citizens or residents of countries other than the UK |
| "**Panel**" | the Panel on Takeovers and Mergers |
| "**Peel Hunt**" | Peel Hunt LLP, financial adviser to Bacanora under Rule 3 of the Code |
| **"Reduction"** | the proposed reduction of capital of Bacanora by way of cancellation of all of its share premium account, to be approved by Bacanora Shareholders and confirmed by the Court |
| "**Regulatory Information Service**" or "**RIS**" | a primary information provider which has been approved by the FCA to disseminate regulated information |
| "**Resolutions**" | the resolutions to be proposed by Bacanora at the Bacanora General Meeting in connection with the approval of the Reduction and the Zinnwald Distribution |
| "**Restricted Jurisdiction**" | any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which Ganfeng or Bacanora regards as unduly onerous |
| "**Record Date**" | the record date for the purposes of the Zinnwald Distribution, being the Unconditional Date , or such other date as may be agreed with the London Stock Exchange plc |
| | RK Mine Finance Bermuda 3 Limited |
| **"Scheme"** | should the Offer be implemented by way of a scheme of arrangement under Part 26 of the Companies Act, such scheme of arrangement between Bacanora and the Bacanora Shareholders to implement the Offer with or subject to any modification, addition or condition approved or imposed by the Court |
| **Significant Interest** | in relation to an undertaking, a direct or indirect interest in twenty per cent. or more of (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the of the Companies Act) of such undertaking or (ii) the relevant partnership interest |

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| | the Sonora lithium project located in Sonora, Mexico, being the geological exploration and business development of the La Ventana, La Ventana 1, El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions |
| | the Bacanora Short Term Incentive Plan 2020 |
| | Teneo Restructuring Limited, regulated by the Institute of Chartered Accountants in England & Wales for a range of investment business activities |
| "**Third Party**" | a third party which is not a person who is, or is presumed to be, acting in concert (as defined in the Code) with Ganfeng |
| | Day 60, or such earlier date as Ganfeng may specify in the Offer Document or any Acceleration Statement unless, where permitted, it has set aside that statement; |
| or | the United Kingdom of Great Britain and Northern Ireland |
| | the United States of America |
| **Wider Bacanora Group** | Bacanora and its subsidiaries, subsidiary undertakings, associated undertakings and any other undertaking in which Bacanora and all such undertakings (aggregating their interests) have a Significant Interest |
| **Wider Ganfeng Group** | Ganfeng Holdco and its subsidiaries, subsidiary undertakings, associated undertakings and any other undertaking in which Ganfeng and/or such undertakings (aggregating their interests) have a Significant Interest |
| "**Zinnwald**" | Zinnwald Lithium plc |
| "**Zinnwald Distribution**" | the conditional distribution *in specie* of Zinnwald Shares to Bacanora Shareholders on the Record Date |
| "**Zinnwald Lithium Project**" | the project owned by Zinnwald Lithium plc to develop mining licences in southeast Germany with the aim of producing battery grade lithium fluoride |
| "**Zinnwald Shares**" | ordinary shares of 1 pence each in Zinnwald |
| "**£**" or "**pounds sterling**" or "**pence**" | the lawful currency of the United Kingdom |

In this document, unless the contrary is otherwise indicated:

1.2 **subsidiary** **subsidiary undertaking** **undertaking** **associated undertaking** meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 other than paragraph 19(l)(b) of Schedule 6 to those Regulations which shall be excluded for this purpose;

1.3 all times referred to are London, UK, time unless otherwise stated;

1.4 references to the singular include the plural and vice versa and words importing the masculine gender include the feminine or neutral;

1.5 all references to legislation are to English legislation; and

1.6 any reference to a provision of any legislation shall include any amendment, modification, re-enactment or extension.