

Bacanora Lithium Ltd

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Bacanora Lithium to start pre-construction at Sonora as M&G ploughs in US\$10m

Fund manager M&G has taken its stake in Bacanora Lithium PLC (LON:BCN) to just under 20% through a share placing at 25p.

The US\$10m proceeds will support pre-construction works at the Sonora lithium project in Mexico, which will include bulk earthworks and an upgrade to the primary access road.

Orders will also be placed for the longer lead-time items in the concentrator, pyrometallurgy and hydrometallurgy sections of the lithium plant.

That will enable construction to get underway as soon as strategic partner Ganfeng completes its technical review.

Chinese firm Ganfeng owns 29.99% of Bacanora as well as a 22.5% stake in the Sonora project itself and has pre-emption rights to maintain its stake in the company at this level.

A feasibility study on Sonora as a potential battery-grade lithium carbonate operation returned a US\$1.25bn NPV, 26% IRR and operating costs at around US\$4,000 per tonne of lithium carbonate.

Mark Hohnen, Bacanora's chairman, said: M&G's investment was an endorsement of Sonora's potential to become a leading supplier of high-value lithium products.

Broker VSA added the placing made at the request of M&G, which underpins the support for the project beyond that of Ganfeng.

"M&G will, as a result of the placing, increase their position to 19.9% which we view as a significant endorsement of the company's strategy in particularly in relation to successfully bringing on board Ganfeng Lithium.

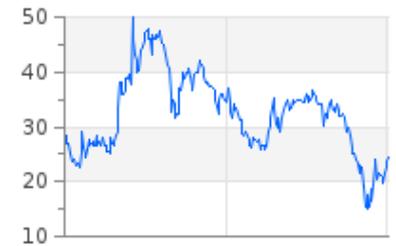
"Our valuation is calculated on a fully diluted basis and therefore our target price is only marginally impacted by the placing and we reduce it by 1.8% to 112p/sh."

-Adds broker comment-

Price: 24.5

Market Cap: £54.63 m

1 Year Share Price Graph



April 2019 October 2019 April 2020

Share Information

Code: BCN

Listing: AIM

52 week	High	Low
	53	14.5

Sector: Battery Metals

Website: www.bacanoralithium.com

Company Synopsis:

Bacanora Lithium is an AIM listed company focused on generating shareholder value by identifying and investing in undeveloped lithium assets. The Company is achieving this through its investments in two key projects, the Sonora and Zinnwald Lithium Projects in Mexico and Germany respectively.

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