TSX-V/AIM Symbol: BCN

CALGARY, Aug. 23, 2017 /CNW/ - BACANORA MINERALS LTD. ("Bacanora" or the "Company") (TSX-V: BCN and AIM: BCN), the Canadian and London listed lithium exploration and development company, is pleased to provide an update on its flagship Sonora Project ("Sonora") in Mexico, one of the world's larger lithium resources, where the Feasibility Study ("FS") for a 35,000 tpa lithium carbonate ("Li_2CO_3") operation is scheduled for completion in late 2017. Li_2CO_3 is a key component of battery technology used in rapidly-growing industries such as electric vehicles and energy storage. Bacanora is focused on its continuing objective of becoming a significant large-scale supplier to these emerging industries and is targeting first production at Sonora in 2019/2020.

Sonora Lithium Project Update

The FS is focused on a two-phase open-pit mine and lithium carbonate processing facility with a life of over 20 years:

- Phase 1: 17,500 tonnes per year of battery-grade Li_2CO_3, for the first 2 years
- Phase 2: Expansion to 35,000 tonnes Li_2CO_3 per year

Operating and capital cost work for the FS is nearing completion. Operating costs ("OPEX") and capital costs ("CAPEX") estimates for the Phase 1 17,500 tpa operation are being updated from those previously developed in the Sonora Project Pre-Feasibility Study (PFS) of April 2016. As a soft rock deposit, operating costs at Sonora are anticipated to be lower than typical hard rock deposits due to the lack of a need for the lithium ore to be drilled, blasted, crushed and ground prior to processing. While Sonora's OPEX is expected to be higher than brine deposits in Chile, the length of time required to produce Li_2CO_3 should be considerably shorter.

Flow sheet work is being finalised with the focus being on optimising Li_2CO_3 production at Sonora. With this in mind, a sodium sulphate (Na_2SO_4) roast, utilising sodium sulphate produced from one of the Sonora Project process re-cycle streams, has been developed in preference to the more expensive gypsum (Ca_2SO_4) roast previously contemplated. The flow sheet is currently being subjected to metallurgical variability and locked-cycle testwork in Australia. Ausenco Engineers is currently undertaking final plant layout, capital equipment tenders and flow sheet optimisation work. In addition, mechanical and metallurgical optimisations of the Hermosillo pilot plant are currently being undertaken as a result of the past 12 months operating improvements and advances to continue to improve flow sheet ergonomics and operations.

In tandem with this, IMC Mining Consultants in Tucson is continuing mine plan optimisation and equipment selection for the open pit mining operation. Local infrastructure at Sonora, consumable chemicals and final design for heavy vehicle access to the site continue to be a focus. In addition, one of the previous schedule priorities for provision of energy has been resolved with five independent proposals being received from local energy and pipeline groups for supplying energy to Sonora. These include both gas and electrical energy supplies.

Ahead of the completion of the FS, Hanwa Co., LTD. ("Hanwa"), the Company's strategic partner, continues to facilitate discussions in Japan with regards to securing long-term project debt funding to contribute to the construction capital. Preliminary discussions have also commenced with additional debt providers for more traditional project financing packages. The pricing environment for lithium carbonate has continued to strengthen with Seeking Alpha indicating April 2017 lithium carbonate contract prices in the order of US$14-15,500/t[1]. Hanwa is a leading Japan-based global trading company and one of the larger traders of battery chemicals in the Asian region.

Bacanora CEO Peter Secker said, "The FS at Sonora is scheduled for completion by the end of the year. In anticipation of this and assisted by our strategic partner Hanwa, discussions are already underway with long term debt providers with regards to funding the construction of what we believe will be a world class lithium operation in Sonora. This is to allow us to commence the estimated 18 month build programme, subject to final Board approval, as we look to capitalise on the anticipated need for new battery grade supplies of lithium carbonate to come on stream to satisfy an expected step-up in demand from fast growing industries, such as electric vehicles and energy storage."

[1] See www.seekingalpha.com/article/4083894-lithium-miner-news-month-june-2017

Zinnwald Lithium Project Update

The Feasibility Study to develop a strategy of producing downstream, higher value lithium products for the European battery and automotive sectors at the Zinnwald Lithium Project in Germany continues. Approvals for mining a large bulk ore sample for metallurgical testwork have been obtained and this work will commence in the next few weeks. Final scheduling of an infill drilling programme is underway and this programme is scheduled to commence in Q4 2017. Initial laboratory testwork has demonstrated that higher value lithium products can be produced from the Zinnwald concentrates and this testwork programme will be expanded to establishing pilot scale flowsheet testwork at external laboratories, using the material available from the bulk metallurgical ore sample.

In April 2017, Bacanora's 50% partner in Zinnwald, SolarWorld AG ("SolarWorld"), announced its intention to file for bankruptcy protection in Germany due to ongoing pricing pressures in its core solar markets. Under the terms of the agreement signed with SolarWorld in February 2017, Bacanora acquired a 50% interest in, and joint operational control of Zinnwald in exchange for a cash consideration of EUR5 million and an undertaking to spend EUR5 million towards the cost of completing the FS. The agreement also included an option for Bacanora to acquire the outstanding 50% held by SolarWorld within a 24 month period for EUR30 million. The Company is confident that the SolarWorld insolvency process will have no material impact on the Company's interest.

Other Lithium Market Developments
In addition to the continuing development of its own projects, Bacanora also takes note of other significant developments within the lithium industry that have the potential to have a positive impact on Bacanora's projects and future operations, including the following:

- Volkswagen stating that 25% of their vehicle sales by 2025 will comprise electric vehicles, requiring in the order of 200GW of energy, equivalent to 30 Nevada size giga factories.[2]
- Volvo announcing that it will move to total electric vehicle production by 2019.[3]
- The launch of the Tesla Model 3.[4]
- France and the UK stating that all vehicles will be zero emission by 2040.[5]
- Lyft, a ride sharing company in the USA, stating that it expects to be providing 1 billion automated electric vehicle car rides per year by 2025.[6]
- In China, domestic automakers only have 43 percent of market share in the world's largest auto market, but they have a 96 percent stranglehold on the EV market and it has been estimated that 49 of 103 new EV launches by 2020 will come out of China. In addition, it has also been reported that China is targeting to have 65 percent of the world's manufacturing capacity for lithium-ion batteries by 2021.[7]

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[2] See http://europe.autonews.com/article/20170710/COPY/307149996/industry-needs-40-gigafactories-vw-says
[3] See www.theguardian.com/business/2017/jul/05/volvo-cars-electric-hybrid-2019
[4] See www.tesla.com
[5] See http://www.telegraph.co.uk/news/2017/07/06/france-ban-petrol-diesel-vehicles-2040
[6] See www.sierraclub.org/compass/2017/07/lyft-will-provide-1-billion-automated-electric-car-rides-year-2025
[7] See www.motortrend.com/news/future-electric-autonomous-vehicles-coming-us-like-freight-train

ABOUT BACANORA:

Bacanora is a Canadian and London listed lithium exploration and development company (TSX-V: BCN and AIM: BCN). The Company is exploring for, and developing a pipeline of international lithium projects, with a primary focus on the Sonora Lithium Project. The Company's operations are based in Hermosillo in northern Mexico. The Company is led by a team with lithium expertise and proven mine development, construction and operations experience.

The Sonora Lithium Project, which consists of ten mining concession areas covering approximately 100 thousand hectares in the northeast of Sonora State. The Company, through drilling and exploration work to date, has established an Indicated Mineral Resource (in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. ("NI-43-101")) of 4.5 million tonnes (LCE[8]) and 2.7 million tonnes Inferred.[9] A Pre-Feasibility Study completed in Q1 2016[10] established Probable Mineral Reserve (in accordance with NI 43-101) of 2.1 million tonnes LCE and demonstrated the economics associated with becoming a 35,000 tpa lithium carbonate and 50,000 tpa SOP producer in Mexico.

In addition to the Sonora Lithium Project, the Company also has a 50% interest in the Zinnwald Lithium Project in southern Saxony, Germany. The Zinnwald Lithium Project is 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 allows immediate access to the German automotive and downstream lithium chemical industries.

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[8] 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.
[9] See Amended Mineral Resource Estimate for the Sonora Lithium Project, Mexico, April 2016. The lead author of the amended report is Mr. Martin Pittuck (MSc., C.Eng., FGS, MIMMM) of SRK Consulting (UK) Limited ("SRK"). A copy of this report is available under Bacanora's corporate profile at www.sedar.com.
[10] See Technical Report on the Pre-Feasibility Study for the Sonora Lithium Project, Mexico, 15 April 2016. The authors of the PFS are Ausenco Limited, SRK and Independent Mining Consultants Inc. A copy of this report is available under Bacanora's corporate profile at www.sedar.com.

Reader Advisory

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 future production targets, completion of the Feasibility Study, finalisation of the flow sheet, potential cost projections, timing of plant construction, estimated first production dates, potential debt financing alternatives and other industry estimates and pronouncements. 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 at www.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.

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