THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Offer, this document or the action you should take, you are recommended to seek your own personal financial, tax or legal advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser if you are resident in a territory outside the United Kingdom.

If you sell or otherwise transfer, or have sold or otherwise transferred, all of your Bacanora Shares, please forward this document (but not the accompanying personalised Form of Acceptance), at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer is or was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you sell or otherwise transfer, or have sold or otherwise transferred, only part of your holding of Bacanora Shares, you should retain those documents and should contact the bank, stockbroker or other agent through whom the sale or transfer is or was effected.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

RECOMMENDED CASH OFFER

for

BACANORA LITHIUM PLC

registered in England and Wales with company number 11189628

by

GANFENG INTERNATIONAL TRADING (SHANGHAI) LTD

a wholly-owned subsidiary of Ganfeng Lithium Co., Ltd

TO ACCEPT THE OFFER IN RESPECT OF CERTIFICATED BACANORA SHARES, THE FORM OF ACCEPTANCE SHOULD BE COMPLETED, SIGNED AND RETURNED AS SOON AS POSSIBLE AND, IN ANY EVENT, SO AS TO BE RECEIVED BY THE RECEIVING AGENT NOT LATER THAN 1.00 p.m. ON DAY 60 (CURRENTLY ANTICIPATED TO BE 14 NOVEMBER 2021) OR, IF EARLIER, THE UNCONDITIONAL DATE.

ACCEPTANCES IN RESPECT OF UNCERTIFICATED BACANORA SHARES SHOULD BE MADE ELECTRONICALLY THROUGH CREST SO THAT THE TTE INSTRUCTION SETTLES NOT LATER THAN 1.00 p.m. ON DAY 60 (CURRENTLY ANTICIPATED TO BE 14 NOVEMBER 2021) OR, IF EARLIER, THE UNCONDITIONAL DATE. IF YOU ARE A CREST SPONSORED MEMBER YOU SHOULD REFER TO YOUR CREST SPONSOR AS ONLY YOUR CREST SPONSOR WILL BE ABLE TO SEND THE NECESSARY TTE INSTRUCTION TO EUROCLEAR.

THE PROCEDURE FOR ACCEPTANCE OF THE OFFER IS SET OUT IN PARAGRAPH 13 OF PART II OF THIS DOCUMENT, PARTS C, D AND E OF APPENDIX 1 AND, IN RESPECT OF CERTIFICATED BACANORA SHARES, IN THE FORM OF ACCEPTANCE.

Bacanora Shareholders should read carefully the whole of this document, any information incorporated by reference into this document and the accompanying Form of Acceptance. Your attention is drawn to the letter from the Chair of Bacanora in Part I of this document which explains why the Bacanora Independent Directors are recommending that Bacanora Shareholders should accept the Offer.

If you have any questions relating to this document or the completion and return of your Form of Acceptance, please contact Bacanora's registrar, Link Group on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide

any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

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 document 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 document, 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 document or any matters referred to in this document. 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 with 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.

This document is dated 15 September 2021.

IMPORTANT NOTICES

OVERSEAS JURISDICTIONS

The release, publication or distribution of this document and/or the Form of Acceptance 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 is not being 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.

The Offer is not being 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 is not capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Copies of this document and the Form of Acceptance 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.

This document 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 document had been prepared in accordance with the laws of jurisdictions outside of England and Wales.

Further details in relation to Overseas Shareholders are contained in paragraph 11 of Part II of this document. All Bacanora Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to or may have a contractual or legal obligation to forward this document and the accompanying Form of Acceptance to a jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action.

No person has been authorised to make any representations on behalf of Bacanora concerning the Offer which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

Bacanora Shareholders should not construe the contents of this document as legal, tax or financial advice and should consult with their own advisers as to the matters described in this document.

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 is 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.

To the extent permitted by applicable law and in accordance with normal UK practice, you should be aware that Ganfeng may purchase securities otherwise than under the Offer, such as in open market or privately negotiated purchases outside the United States during the period in which the Offer remains open for acceptance. In order to be exempted from the requirement of Rule 14e-5 under the US Exchange Act by virtue of relieve granted by SEC Rule 14e-5(b)(12) thereunder, such purchases, or arrangements to purchase, must comply with applicable English law and regulation, including the listing rules of the Financial Conduct Authority, and the relevant provisions of the US Exchange Act. Any information about such purchases will be disclosed as required in the UK and the United States and, if required, will be reported via the Regulatory Information Service of the London Stock Exchange and available on the London Stock Exchange website at www.londonstockexchange.com. To the extent that such information is made public in the United Kingdom, this information will also be deemed to be publicly disclosed in the United States.

Neither the SEC nor any US state securities commission has approved or disapproved of this transaction or passed upon the merits of fairness of such transaction or passed upon the adequacy of information contained in this document. Any representation to the contrary is a criminal offence.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document (including information incorporated by reference in the document), oral statements made regarding the Offer, and other information published by Bacanora and Ganfeng contain certain forward-looking statements, beliefs or opinions with respect to the financial condition, results of operations and business of the Wider Bacanora Group and the Wider Ganfeng Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements may often, but not always, be identified by the use of forward-looking terms such as "may", "will", "expects", "believes", "hopes", "anticipates", "aims", "plans", "estimates", "projects", "targets", "intends", "forecasts", "outlook", "impact", "potential", "confidence", "improve", "continue", "optimistic", "deliver", "comfortable", "trend", "seeks" or variations of such words and phrases or statements that certain actions, events or results "could", "should", "would" or "might" be taken, occur or be achieved or the negative of such terms or other variations on such terms or comparable terminology.

Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. These statements are based on assumptions and assessments made by Bacanora and/or Ganfeng, as the case may be, in light of their experience and their perception of historical trends, current conditions, future developments and other factors that they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors that could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements are unknown.

Although it is believed that the expectations reflected in such forward-looking statements were reasonable at the time the statements were made, no assurance is given by Bacanora and/or Ganfeng that such expectations or the assumptions and assessments underlying them will prove to have been correct and the circumstances may change. 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 document (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 document will actually occur.

DEALING DISCLOSURE REQUIREMENTS OF THE CODE

Under Rule 8.3(a) of the Code, any person who is interested in 1 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 pm on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm 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 a 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 1 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 pm 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 Bacanora Group 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 Takeover Panel's website at www.thetakeoverpanel.org.uk including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +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.

PUBLICATION OF THIS DOCUMENT ON WEBSITE

A copy of this document (together with any document incorporated by reference) is and will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions on Bacanora's website at www.bacanoralithium.com and on Ganfeng's website at www.ganfenglithium.com as soon as possible and, in any event, by no later than 12 noon on the business day immediately following the date of this document until the end of the Offer Period. For the avoidance of doubt, the contents of these websites and any websites accessible from hyperlinks on these websites are not incorporated into and do not form part of this document.

ELECTRONIC COMMUNICATIONS

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

RIGHT TO RECEIVE DOCUMENTS IN HARD COPY FORM

Any person entitled to receive a copy of documents, announcements and information relating to the Offer is entitled to receive such documents in hard copy form. Such person may request that all future documents, announcements and information in relation to the Offer are sent to them in hard copy form.

A hard copy form will not be sent to any person unless requested from the Registrar by way of either written request to Link Group at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom or request by telephone on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK).

NO PROFIT FORECASTS OR ESTIMATES OR QUANTIFIED FINANCIAL BENEFITS STATEMENT

No statement in this document is intended or shall be deemed to be a forecast, projection or estimate of the future financial performance of Ganfeng or Bacanora for any period and no statement in this document should be interpreted to mean that cash flow from operations, earnings, or earnings per share or income of those persons (where relevant) for the current or future financial years would necessarily match or exceed the historical published cash flow from operations, earnings, earnings per share or income of those persons (as appropriate).

ROUNDING

Certain figures included in this document 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.

PURCHASES OUTSIDE 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.

TO ACCEPT THE OFFER

If you hold Bacanora Shares in certificated form:

If you hold your Bacanora Shares, or any of them, in certificated form (that is, NOT in CREST), to accept the Offer in respect of those Bacanora Shares, you should complete, sign and return the enclosed Form of Acceptance along with your valid share certificate(s) and/or any other relevant documents of title as soon as possible and, in any event, so as to be received by post or by hand (during normal business hours) at the Receiving Agent, Link Group at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom by no later than 1.00 p.m.

on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. Further details on the procedures for acceptance of the Offer if you hold any of your Bacanora Shares in certificated form are set out in paragraph 13(a) of Part II of this document, Part D of Appendix 1 to this document and in the accompanying Form of Acceptance. A reply paid envelope for use within the UK only is enclosed for your convenience and may be used by holders of Bacanora Shares in certificated form in the UK for returning their Forms of Acceptance.

If you hold Bacanora Shares in uncertificated form:

If you hold your Bacanora Shares, or any of them, in uncertificated form (that is, in CREST), to accept the Offer in respect of those Bacanora Shares, you should follow the procedure for Electronic Acceptance through CREST so that the TTE instruction settles as soon as possible and, in any event, not later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. Further details on the procedures for acceptance of the Offer if you hold any of your Bacanora Shares in uncertificated form are set out in paragraph 13(b) of Part II of this document and in Part E of Appendix 1 to this document. If you hold your Bacanora Shares as a CREST sponsored member, you should refer acceptance of the Offer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

ACCEPTANCES OF THE OFFER MUST BE RECEIVED BY 1.00 P.M. ON Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date.

You are advised to read the whole of this document carefully.

If you require assistance relating to the completion and return of the Form of Acceptance, please contact the Receiving Agent, Link Group on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

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PART I

LETTER FROM THE CHAIR OF BACANORA

Bacanora Lithium plc
Registered in England and Wales under no. 11189628

Bacanora Independent Directors:
Mark Hohnen (Non-Executive Chair)
Peter Secker (Chief Executive Officer)
Eileen Carr (Non-Executive Director)
James Strauss (Non-Executive Director)
Dr Andres Antonius (Non-Executive Director)
Junichi Tomono (Non-Executive Director)
Graeme Purdy (Non-Executive Director)

Registered Office:
4 More London Riverside
London SE1 2AU
United Kingdom

15 September 2021

To: Bacanora Shareholders (and, for information only, to holders of options under the 2009 Option Scheme)

Dear Bacanora Shareholder,

RECOMMENDED CASH OFFER FOR BACANORA BY GANFENG

Introduction

On 25 August 2021, the Bacanora Independent Directors and the Board of Ganfeng International Trading (Shanghai) Limited ("**Ganfeng**") announced that they had reached agreement on the terms of a recommended cash offer to be made by Ganfeng for the entire issued and to be issued share capital of Bacanora not already owned by Ganfeng, to be implemented by means of a takeover offer within the meaning of Part 28 of the Companies Act (the "**Offer**").

I am writing to you on behalf of the Bacanora Independent Directors to explain the background to the Offer and the reasons why the Bacanora Independent Directors, who have been so advised by Peel Hunt as to the financial terms of the Offer, taking into account the Zinnwald Distribution, unanimously consider the terms of the Offer to be fair and reasonable and why they unanimously recommend that you accept the Offer in respect of all your Bacanora Shares, as those Bacanora Directors who are interested in Bacanora Shares have irrevocably agreed to do so in respect of the 3,540,542 Bacanora Shares held by them, representing approximately 0.92 per cent. of the issued ordinary share capital of Bacanora as at the Last Practicable Date.

Your attention is drawn to the letter from Ganfeng in Part II of this document, which states that, in addition to the irrevocable undertakings given by the Bacanora Directors, Ganfeng has also received a letter of intent to accept or procure acceptance of the Offer from the M&G Recovery Fund, which controls, in aggregate, approximately 13.7 per cent. of the issued ordinary share capital of Bacanora on the Last Practicable Date.

1 The Offer

Under the terms of the Offer, which is subject to the Conditions and the further terms set out in Appendix 1 to this document, and in respect of Bacanora Shares held in certificated form, the Form of Acceptance, Bacanora Shareholders are entitled to receive:

for each Bacanora Share:	**67.5 pence in cash from Ganfeng pursuant to the Offer (the "Offer Price")**
	and
	0.23589 Zinnwald Shares to be distributed by Bacanora (the "Zinnwald Distribution")

Based on the Closing Price per Zinnwald Share of 22.5 pence on the Last Practicable Date, the Zinnwald Distribution is equivalent in value to 5.3 pence for each Bacanora Share, resulting in Bacanora Shareholders being entitled to receive, when combined with the Offer Price, a total value for each Bacanora Share of 72.8 pence (the "**Acquisition Value**"). The Zinnwald Distribution represents an additional approximately 8 per cent. of value to Bacanora Shareholders over the Offer Price as at the Last Practicable Date.

The Acquisition Value values the entire issued and to be issued ordinary share capital of Bacanora at approximately £281.7 million, representing a premium of approximately 62 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 Offer Price 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 interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions declared, made or paid on or after the Announcement Date (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 11.59 pm on the Long Stop Date.

If, after the Announcement Date and before the Effective Date, any dividend and/or other distribution and/or other return of capital is announced, declared, made or paid or becomes payable in respect of the Bacanora Shares, other than the Zinnwald Distribution, Ganfeng reserves the right to reduce the Offer Price by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared, made, paid or payable. If Ganfeng exercises this right or makes such a reduction to the Offer Price in respect of a dividend and/or other distribution and/or return of capital, Bacanora Shareholders will be entitled to receive and retain that dividend and/or distribution and/or return of capital. Any exercise by Ganfeng of its right referred to in this paragraph shall be subject of an announcement and, for the avoidance of doubt, shall not constitute a revision or variation to the terms of the Offer.

The Offer is conditional upon, amongst other matters, Ganfeng receiving valid acceptances in respect of, and/or having otherwise acquired, Bacanora Shares which constitute more than 50 per cent. of the voting rights relating to the Bacanora Shares (including those already held by Ganfeng) and satisfaction of the Mexican Antitrust Clearance Condition.

The Offer extends to any Bacanora Shares not already owned, or agreed to be acquired, by Ganfeng and which are unconditionally allotted or issued and fully paid (or credited as fully paid) on

or before Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date, including any such Bacanora Shares allotted or issued pursuant to the exercise of existing options and/or awards granted under the Incentive Schemes. Ganfeng intends to write to the participants of the Incentive Schemes with such appropriate proposals as it is required to make pursuant to Rule 15 of the Code.

The procedure for acceptance of the Offer is set out in paragraph 7 of this letter, in the letter from Ganfeng set out in Part II of this document, in Sections C, D and E of Appendix 1 to this document and also, in respect of Bacanora Shares held in certificated form, in the accompanying Form of Acceptance.

2 Background to and reasons for recommending the Offer

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 offtake agreements to deliver product to China and Japan. In 2019 Bacanora further de-risked the Sonora Lithium Project by permitting Ganfeng, one of the largest lithium product producers in the world, to subscribe for a significant minority shareholding in Sonora. Bacanora de-risked the Sonora Lithium Project further in February 2021 when Ganfeng acquired further equity in Sonora resulting in Sonora becoming a 50:50 joint venture between Bacanora and Ganfeng.

As Wang Xiaoshen 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.

The Bacanora Independent Directors have considered Ganfeng's plans for Bacanora if the Offer becomes Effective, as set out in paragraph 7 of the letter from Ganfeng in Part II of this document, and welcome the overall intention to develop the Sonora Lithium Project to the existing timetable, which will involve supporting the ongoing relationship with local stakeholders, communities, government and customers.

The Bacanora Independent Directors are pleased to note Ganfeng's intentions in respect of Bacanora's management, employees and pension schemes, and to preserve the nature, location and conditions of employment for Bacanora's management and employees. The Bacanora Independent Directors acknowledge that, while there will be some headcount reduction as a result of the Offer completing, this will be limited to Bacanora's corporate and central management segment, such that the development and fostering of management and employees local to the Sonora Lithium Project will continue. The Bacanora Independent Directors also note that it is intended that Peter Secker will be retained for a limited period for transitional purposes.

In considering, in good faith and in accordance with their statutory duties, whether the Offer is most likely to promote the success of Bacanora for the benefit of its members as a whole, the Bacanora Independent Directors have taken account of a number of other factors when reviewing Ganfeng's plans and intentions for Bacanora if the Offer becomes Effective, including the likely long term benefits to Mexico; the need to foster business relationships with suppliers, customers and other stakeholders; the impact of operations on the community and the environment; the need to maintain a reputation for high standards of business conduct and the ongoing benefits to existing and future employees in Mexico as set out in this document. In addition, they have considered the current and prospective supply of lithium production globally and the fact that there is a worldwide abundance of lithium deposits.

The Bacanora Independent Directors have also considered the additional following factors:

- 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's development of the Sonora Lithium Project, which remains several years away from commercial production;

- the Offer Price 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 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 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 five out of seven of the Sonora Lithium Project leases are held in 70/30 joint venture arrangements with Cadence Minerals plc; and, (iii) the Company's global listed peer group;
- Ganfeng already owns 50 per cent. of Sonora Lithium Ltd, the operational holding company for the Sonora Lithium Project, and approximately 28.9 per cent. of Bacanora, which provides Ganfeng with significant influence over the strategic direction and progress of the Wider Bacanora Group, 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 three 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/tonne to approximately US$5,000/tonne and whilst contract pricing is returning to US$10,000/tonne, 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/tonne;
  - 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 Company's financing arrangements;
  - as noted in Bacanora's announcement of 22 June 2021, due to extension fee considerations and the limited availability period for an extension, the Company and Red Kite agreed that the majority of its undrawn debt facility (the "**RK Facility**"), 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;
- 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's proposal of 67.5 pence per 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 recommend unanimously that Bacanora Shareholders accept the Offer as set out in paragraph 8 below and to vote in favour of the Resolutions at the Bacanora General Meeting which relate to the Zinnwald Distribution.

3 The Zinnwald Distribution

In order to provide additional value to Bacanora Shareholders, Ganfeng has agreed that Bacanora may propose the Zinnwald Distribution to Bacanora Shareholders, the making of which is conditional, amongst other things, on the Offer becoming Effective 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. The Zinnwald Distribution will, in any event, occur no earlier than 30 October 2021. Full details of the background to and reasons for the Reduction and the Zinnwald Distribution are set out in the circular sent by Bacanora to its shareholders on 6 September 2021, a copy of which is available on Bacanora's website at www.bacanoralithium.com. The Bacanora General Meeting to approve the Reduction and Distribution will be held at 10.00 a.m. on 24 September 2021 at The Clubhouse, 8 St. James's Square, London SW1Y 4JU.

Ganfeng has irrevocably undertaken to vote in favour of the Resolutions to effect the Reduction and the Zinnwald Distribution. Ganfeng has also irrevocably undertaken not to permit the Offer to become or be declared unconditional until the earlier of (i) 30 October 2021; (ii) Day 60; and (iii) the date the Bacanora Board approves the Zinnwald Distribution, and that, should the Offer become unconditional prior to completion of the Reduction and the subsequent approval by the Bacanora Directors of the Zinnwald Distribution, it will use all reasonable endeavours (or reasonable endeavours in relation to obtaining any 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. Ganfeng has also agreed that, subject to satisfaction of these conditions, Bacanora Shareholders on the Record Date will retain the right to the Zinnwald Distribution notwithstanding the transfer of their Bacanora Shares to Ganfeng.

4 United Kingdom and Mexican taxation

A summary of certain relevant UK and Mexican taxation matters, which is intended as a general guide only, is set out in Appendix 2 to this document. If you are in any doubt as to your tax

position, or if you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate independent professional adviser immediately.

5 Overseas Shareholders

Overseas Shareholders should refer to paragraph 11 of Part II of this document.

6 Compulsory acquisition, cancellation of admission to trading of Bacanora Shares on AIM and re-registration

Your attention is drawn to paragraph 15 of the letter from Ganfeng in Part II of this document in relation to Ganfeng's intentions with regards to compulsory acquisition, cancellation of admission to trading of the Bacanora Shares on AIM and re-registration of Bacanora as a private limited company.

7 Action to be taken

P ced e acce a ce e O e

Bacanora Shareholders who hold their Bacanora Shares in certificated form should read section (a) of this paragraph 7 in conjunction with the Form of Acceptance and Parts C and D of Appendix 1 to this document. The instructions on the Form of Acceptance are deemed to be part of the terms of the Offer for Bacanora Shareholders who hold their Bacanora Shares in certificated form.

Bacanora Shareholders who hold their shares in uncertificated form (that is, through CREST), should read section (b) of this paragraph 7 in conjunction with Parts C and E of Appendix 1 to this document.

Bacanora Shareholders who hold some of their Bacanora Shares in certificated form and others in uncertificated form, should read section (a) of this paragraph 7 (in respect of their Bacanora Shares in certificated form) and section (b) of this paragraph 7 (in respect of their Bacanora Shares in uncertificated form) below.

(a) If you hold Bacanora Shares in certificated form (i.e. not in CREST)

Completion of the Form of Acceptance

To accept the Offer in respect of Bacanora Shares held in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. You should complete separate Forms of Acceptance for Bacanora Shares held in certificated form but under different designations.

If you have any questions relating to the procedure for acceptance of the Offer, please contact the Receiving Agent on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Further Forms of Acceptance are available from the Receiving Agent upon request.

- *To accept the Offer in respect of all your Bacanora Shares in certificated form*: you must complete Box 1 and sign Box 2A or 2B of the enclosed Form of Acceptance. In all cases, if you are an individual, you must sign Box 2A on the Form of Acceptance in the presence of a witness who should also sign in accordance with the instructions printed on it. Any Bacanora Shareholder which is a company should execute Box 2B of the Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 1 of the Form of Acceptance, or if you insert in Box 1 a number which is greater than the number of Bacanora Shares that you hold and you have signed Box 2A or 2B, your acceptance will be deemed to be in respect of all the Bacanora Shares held by you.
- *To accept the Offer in respect of less than all your Bacanora Shares in certificated form*: you must insert in Box 1 of the Form of Acceptance the number of Bacanora Shares in respect of which you wish to accept the Offer.

Return of the Form of Acceptance

To accept the Offer in respect of Bacanora Shares held in certificated form, the completed, signed and witnessed Form of Acceptance should be returned by post or by hand (during normal business hours only) to the Receiving Agent, Link Group at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom, together (subject to the paragraph below) with the relevant share certificate(s) and/or any other documents of title as soon as possible, and in any event, so as to be received by the Receiving Agent not later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. A reply-paid envelope for use within the UK only is enclosed for your convenience. No acknowledgement of receipt of documents shall be given.

Any Form of Acceptance received in an envelope post-marked in any Restricted Jurisdiction or otherwise appearing to Ganfeng or its agents to have been sent from any Restricted Jurisdiction may be rejected as an invalid acceptance of the Offer. For further information on Bacanora Shareholders resident overseas, see paragraph 5 above.

Share certificates not readily available or lost

If your Bacanora Shares are in certificated form, a completed, signed and (where required) witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign and lodge your completed Form of Acceptance as stated above so as to be received by the Receiving Agent, Link Group at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom by post or by hand (during normal business hours only) not later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available, accompanied by a letter stating that the remaining documents shall follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other documents of title. You should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible.

If you have lost your share certificate(s) and/or other document(s) of title, you should telephone Bacanora's registrars, Link Group, on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK) as soon as possible requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post or by hand to the Receiving Agent at the address given above.

Validity of acceptances

Without prejudice to Parts C and D of Appendix 1 to this document, subject to the provisions of the Code, Ganfeng reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer shall be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities reasonably satisfactory to Ganfeng have been received.

(b) If you hold Bacanora Shares in uncertificated form (i.e. in CREST)

General

If your Bacanora Shares are in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer Bacanora Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying the Receiving Agent (in its capacity as a CREST participant under the Escrow Agent's relevant participant ID referred to below) as the Escrow Agent, as soon as possible and in any event so that the TTE instruction settles by not later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure that you time the input of any TTE instructions accordingly.

The input and settlement of a TTE instruction in accordance with this paragraph shall (subject to satisfying the requirements set out in Parts C and E of Appendix 1 to this document) constitute an acceptance of the Offer in respect of the number of Bacanora Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor shall be able to send the TTE instruction(s) to Euroclear in relation to your Bacanora Shares.

After settlement of a TTE instruction, you shall not be able to access the Bacanora Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional, the Escrow Agent shall transfer the Bacanora Shares concerned in accordance with paragraph (f) of Part E of Appendix 1 to this document.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations shall therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Bacanora Shares to settle prior to 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. In this connection, you are referred in particular to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

To accept the Offer in CREST in respect of your Bacanora Shares

To accept the Offer in respect of Bacanora Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- the ISIN for Bacanora Shares. This is GB00BD20C246;
- the number of Bacanora Shares in respect of which you wish to accept the Offer (i.e. the number of Bacanora Shares to be transferred to escrow);
- your participant ID;
- your member account ID;
- the participant ID of the Escrow Agent. This is RA10;
- the member account ID of the Escrow Agent. This is BACGAN01
- the intended settlement date. This should be as soon as possible and, in any event, not later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date;
- the corporate action number of the Offer. This is allocated by Euroclear and shall be available on screen from Euroclear;
- input with a standard delivery instruction priority of 80; and
- a contact name and telephone number in the shared note field.

Validity of Acceptances

Bacanora Shareholders with Bacanora Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction shall only be a valid acceptance of that Offer as at the Unconditional Date if it has settled on or before 1.00 p.m. on that date. A Form of Acceptance which is received in respect of Bacanora Shares held in uncertificated form shall be treated as an invalid acceptance and be disregarded.

Ganfeng shall make an appropriate announcement if any of the details contained in this paragraph alter for any reason.

Overseas Shareholders

The attention of Bacanora Shareholders holding Bacanora Shares in uncertificated form and who are citizens or resident of jurisdictions outside the UK is drawn to paragraph 7 of Part C and paragraphs (b) to (d) of Part E of Appendix 1 to this document.

General

Normal CREST procedures (including timings) apply in relation to any Bacanora Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Bacanora Shares or otherwise). Holders of Bacanora Shares who are proposing so as to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date.

If you have any questions relating to the procedure for acceptance of the Offer, please contact the Receiving Agent on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

You are advised to read the whole of this document and not just rely on the summary information contained in this letter.

8 Recommendation

The Bacanora Independent Directors, who have been so advised by Peel Hunt as to the financial terms of the Offer, taking into account the Zinnwald Distribution, unanimously consider the terms of the Offer to be fair and reasonable. In providing its advice to the Bacanora Independent Directors, Peel Hunt has taken into account the commercial assessments of the Bacanora Independent Directors. Peel Hunt is providing independent financial advice to the Bacanora Independent Directors for the purpose of Rule 3 of the Code. The Bacanora Independent Directors also unanimously consider that the Reduction and the Zinnwald Distribution will promote the success of the Company for the benefit of its members as a whole.

Accordingly, the Bacanora Independent Directors recommend unanimously that Bacanora Shareholders accept the Offer and vote in favour of the Resolutions to be proposed at the Bacanora General Meeting, as the Bacanora Independent Directors who are interested in Bacanora Shares have irrevocably undertaken to do (or procure to be done) in respect of their own holdings (and those of their family members) of 3,540,542 Bacanora Shares, representing, in aggregate, approximately 0.92 per cent. of the share capital of Bacanora in issue as at the date of this document.

Yours faithfully,

Mark Hohnen
Chair
Bacanora Lithium plc

PART II

LETTER FROM GANFENG

Ganfeng International Trading (Shanghai) Limited

Ganfeng Director:
Wang Xiaoshen (Director)

Registered Office:
No.26, Lane 4088, Luoshan Rd
Pudong, Shanghai
People's Republic of China

15 September 2021

To: Bacanora Shareholders (and, for information only, to holders of options under the 2009 Option Scheme)

Dear Bacanora Shareholder,

RECOMMENDED CASH OFFER FOR BACANORA BY GANFENG

Introduction

On 25 August 2021, the Bacanora Independent Directors and the Board of Ganfeng International Trading (Shanghai) Limited ("**Ganfeng**") announced that they had reached agreement on the terms of a recommended cash offer to be made by Ganfeng for the entire issued and to be issued share capital of Bacanora not already owned by Ganfeng, to be implemented by means of a takeover offer within the meaning of Part 28 of the Companies Act (the "**Offer**").

1 The Offer

Under the Offer, Ganfeng is offering to acquire, subject to the Conditions and certain further terms set out in Appendix 1 to this document and also (in respect of Bacanora Shares held in certificated form) in the Form of Acceptance, the entire issued and to be issued share capital of Bacanora not already owned by Ganfeng on the following basis:

for each Bacanora Share:	**67.5 pence in cash from Ganfeng pursuant to the Offer (the "Offer Price")**
	and
	0.23589 Zinnwald Shares to be distributed by Bacanora (the "Zinnwald Distribution")

Based on the Closing Price per Zinnwald Share of 22.5 pence on the Last Practicable Date, the Zinnwald Distribution is equivalent in value to 5.3 pence for each Bacanora Share, resulting in Bacanora Shareholders being entitled to receive, when combined with the Offer Price, a total value for each Bacanora Share of 72.8 pence (the "**Acquisition Value**"). The Zinnwald Distribution represents an additional approximately 7.9 per cent. of value to Bacanora Shareholders over the Offer Price as at the Last Practicable Date.

The Acquisition Value values the entire issued and to be issued ordinary share capital of Bacanora at approximately £281.7 million, representing a premium of approximately 62 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 Offer Price 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 Offer Price values the entire issued and to be issued share capital of Bacanora at approximately £261.3 million.

The Bacanora Shares shall be acquired under the Offer fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including 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 11.59 pm on the Long Stop Date.

If, after the Announcement Date and before the Effective Date, any dividend and/or other distribution and/or other return of capital is announced, declared, made or paid or becomes payable in respect of the Bacanora Shares, other than the Zinnwald Distribution, Ganfeng reserves the right to reduce the Offer Price by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared, made, paid or payable. If Ganfeng exercises this right or makes such a reduction to the Offer Price in respect of a dividend and/or other distribution and/or return of capital, Bacanora Shareholders will be entitled to receive and retain that dividend and/or distribution and/or return of capital. Any exercise by Ganfeng of its right referred to in this paragraph shall be subject of an announcement and, for the avoidance of doubt, shall not constitute a revision or variation to the terms of the Offer.

The Offer is conditional upon, amongst other matters, Ganfeng receiving valid acceptances in respect of, and/or having otherwise acquired, Bacanora Shares which constitute more than 50 per cent. of the voting rights relating to the Bacanora Shares (including those already held by Ganfeng) and satisfaction of the Mexican Antitrust Clearance Condition.

The Offer extends to any Bacanora Shares not already owned, or agreed to be acquired, by Ganfeng and which are unconditionally allotted or issued and fully paid (or credited as fully paid) on or before Day 60 or, if earlier the Unconditional Date including any such shares allotted or issued pursuant to the exercise of existing options and/or awards granted under the Incentive Schemes. Ganfeng intends to write to the participants of the Incentive Schemes with such appropriate proposals as it is required to make pursuant to Rule 15 of the Code.

The procedure for acceptance of the Offer is set out in paragraph 7 of the letter from the Chair of Bacanora set out in Part I of this document, in this letter, in Sections C, D and E of Appendix 1 to this document and also, in respect of Bacanora Shares held in certificated form, in the accompanying Form of Acceptance.

2 Recommendation

Your attention is drawn to the letter from the Chair of Bacanora set out in Part I of this document which explains why the Bacanora Independent Directors, who have been so advised by Peel Hunt as to the financial terms of the Offer, taking into account the Zinnwald Distribution, consider the terms of the Offer to be fair and reasonable and unanimously recommend that Bacanora Shareholders accept the Offer.

3 To accept the Offer

This letter, Appendix 1 to this document and, if you hold your Bacanora Shares in certificated form, the Form of Acceptance, contain the formal terms and Conditions of the Offer for your Bacanora Shares.

To accept the Offer in respect of certificated Bacanora Shares, you must complete, sign and return the enclosed Form of Acceptance as soon as possible and, in any event, so as to be received by no later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date.

To accept the Offer in respect of uncertificated Bacanora Shares, acceptances should be made electronically through CREST so that the TTE instruction settles as soon as possible and, in any event, no later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

The attention of Bacanora Shareholders who are citizens or residents of countries outside the United Kingdom or who are holding shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to paragraph 11 of this Part II, paragraph 7 of Part C, paragraph (b) of Part D and paragraphs (b) to (d) of Part E of Appendix 1 to this document and, if the Bacanora Shares are held in certificated form, to the relevant provisions of the Form of Acceptance, which they should read before taking any action.

4 Background to and reasons for the Offer

Ganfeng believes that the Sonora Lithium Project represents an opportunity to embed further the Wider Ganfeng Group into the upstream lithium value chain, advancing its growth strategy to become the world's largest lithium 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 Lithium Project site, Ganfeng believes there remains a great degree of uncertainty in the future development of the Sonora Lithium Project. Uncertainties remain around, for example, the type of kiln to be used and the presence of high concentrate calcium. Ganfeng's latest estimates, based on laboratory tests of different designs and materials, indicate that the cost of extracting lithium from clay-based lithium hydroxide is likely to be higher than Ganfeng's previous estimates.

Therefore, Ganfeng believes that taking full ownership of the Sonora Lithium Project, and the re-registration of Bacanora as a private limited company, will provide the certainty and flexibility necessary for Ganfeng to commit to the additional financing and development required to realise production. Ganfeng's ownership is also expected to simplify the overseas direct investment 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.

5 Information on Ganfeng and Ganfeng Holdco

Ganfeng is a company incorporated in Shanghai in the People's Republic of China and is a wholly owned subsidiary of Ganfeng Holdco. Ganfeng Holdco is quoted on the Shenzen Stock Exchange and the Hong Kong Stock Exchange and is the holding company for the Wider Ganfeng Group.

The Wider Ganfeng Group is one of the largest lithium compounds producers in the world and the world's largest lithium metals producer in terms of production capacity. The Wider Ganfeng Group's operations are vertically integrated, including investment in upstream lithium extraction such as the Sonora Lithium Project. The Wider Ganfeng Group operates in China, Australia, Ireland, Mexico and Argentina.

Ganfeng Holdco had, at the Last Practicable Date, a market capitalisation of c. US$39.3bn. In the year ended 31 December 2020, Ganfeng Holdco generated turnover of c. US$840m, profits of c. US$160m and had net assets on its balance sheet of c. US$2bn.

The Offer is not expected to have a material impact on the earnings, assets or liabilities of the Wider Ganfeng Group following the Offer becoming Effective.

6 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 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. Sonora is owned 50 per cent. by Bacanora and 50 per cent. by Ganfeng. Sonora also owns 70 per cent. of the El Sauz and Fleur concessions.

Bacanora also owns approximately 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.

7 Management, employees and locations

Ganfeng recognises the quality of Bacanora's employees and management team and their importance to the success 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's intention 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.

Other than as set out in the following paragraph, with regard to its plans for the continued employment of Bacanora management and employees, 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 to Ganfeng upon the change of ownership of Bacanora 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's 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's corporate and central management segment. It is intended that Peter Secker will be retained for a limited period for transitional purposes. It is also intended that each of the Bacanora Independent Directors will resign from the Bacanora Board, conditional upon and with effect from the Effective Date.

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's defined contribution pension plan. Bacanora does not operate any defined benefit pension schemes.

Ganfeng has no intention to redeploy any material fixed assets of Bacanora or change Bacanora's locations of business 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's headquarters in London to Ganfeng's headquarters in China. To Ganfeng's knowledge, 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.

8 Incentive Schemes

The Offer will extend to any Bacanora Shares which are unconditionally allotted, issued or transferred to satisfy the vesting or exercise of awards under the Incentive Schemes prior to the Unconditional Date.

Participants in the 2009 Option Scheme, which is the only Incentive Scheme pursuant to which any Bacanora Shares will be unconditionally allotted, issued or transferred to satisfy the vesting or exercise of awards, will be contacted separately regarding the effect of the Offer on their rights under the 2009 Option Scheme and appropriate proposals will be made to such participants in due course.

By way of summary, a copy of this document, together with an accompanying letter (**Optionholder Letter**) and form of instruction (**Form of Instruction**) will be posted by Ganfeng to each holder of options under the 2009 Option Scheme. The letter will explain the effect of the Offer on such options, including that all unvested options in respect of Bacanora Shares will automatically vest in the event that Ganfeng acquires more than 50 per cent of the issued share capital of Bacanora.

The Optionholder Letter contains a proposal inviting each optionholder to exercise their option to the fullest extent possible and to accept the Offer in respect of any Bacanora Shares that are acquired upon exercise of the option.

In the event that the Offer becomes Effective and an optionholder has submitted a valid Form of Instruction exercising their option and accepting the Offer, then the aggregate exercise price payable on the exercise of the option will be deducted from the Offer Price for each such Bacanora Share so that the optionholder does not have to fund this amount from their own resources. This is referred to as a cashless exercise facility.

In the event that the Offer becomes Effective, then subject to various additional conditions being met as described in this document, each holder of Bacanora Shares on the Record Date, including optionholders who have submitted a valid Form of Instruction exercising their option and accepting the Offer, will also receive the Zinnwald Distribution, being 0.23589 Zinnwald Shares for each Bacanora Share held (rounded down to the nearest whole number).

There may be certain tax consequences on the exercise of your Option. If you are in any doubt as to your tax position or if you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser without delay.

An optionholder must return their completed Form of Instruction so as to be received by Cherif Rifaat at Bacanora no later than 23 October 2021.

9 Financing of the Offer

Full acceptance of the Offer will result in the payment by Ganfeng of approximately £186.4 million in cash to Bacanora Shareholders (and participants in the Incentive Schemes). The cash consideration payable for the Offer will be funded through Ganfeng's existing cash resources.

Teneo, in its capacity as financial adviser to Ganfeng, is satisfied that sufficient cash resources are available to Ganfeng to satisfy, in full, the cash consideration payable to Bacanora Shareholders (and participants in the Incentive Schemes) in the event of full acceptance of the Offer.

10 Irrevocable undertakings and letter of intent

Ganfeng has received irrevocable undertakings from each of the Bacanora Independent Directors who are interested in Bacanora Shares to accept or procure acceptance of the Offer and to vote in favour of the Resolutions in respect of a total of 3,540,542 Bacanora Shares, representing, in aggregate, approximately 0.92 per cent. of the share capital of Bacanora in issue as at the date of this document. Under the terms of the irrevocable undertakings the Bacanora Independent Directors have also agreed to enter into irrevocable undertakings on analogous terms should Ganfeng implement the Offer by way of a Scheme.

In addition, Ganfeng has received a letter of intent to accept or procure acceptance of the Offer (or, if the Offer is implemented by way of a Scheme to vote, or procure the vote, in favour of the Scheme at the Court meeting and the resolutions at the general meeting) from the M&G Recovery Fund, which controls, in aggregate, approximately 13.7 per cent. of the issued ordinary share capital of Bacanora as at the date of this document.

Therefore, in aggregate, Ganfeng has received irrevocable undertakings and a letter of intent to accept or procure acceptance of the Offer in respect of a total of 56,069,483 Bacanora Shares, representing, in aggregate, approximately 14.60 per cent. of the share capital of Bacanora in issue as at the date of this document.

Further details of these irrevocable undertakings and the letter of intent are set out in paragraph 8 of Appendix 3 to this document.

11 Overseas Shareholders

The attention of Overseas Shareholders, or other Bacanora Shareholders who would, or otherwise intend to, forward this document and the accompanying documents to any jurisdiction outside the UK, is drawn to paragraph 7(b) of Part C, paragraph (b) of Part D and paragraphs (b) to (d) of Part E of Appendix 1 to this document.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

The Offer is not being, and will not be, made directly or indirectly, in or into or by the use of the mails of, or by any other means or instrumentality of interstate or foreign commerce of, or any facility of a national state or other securities exchange of, any Restricted Jurisdiction, and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, copies of this document and the accompanying Form of Acceptance are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction and persons receiving this document and the accompanying Form of Acceptance (including, without limitation, any agent, nominee, custodian or trustee) must not mail or otherwise forward, distribute or send it in, into or from such jurisdiction. Any person (including, without limitation, any agent, nominee, custodian or trustee) who has a contractual or legal obligation, or may otherwise intend, to forward this document and/or any other related document to a jurisdiction outside the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction and must not mail, send or otherwise forward or distribute them in, into or from any Restricted Jurisdiction. Doing so may render any purported acceptance of the Offer invalid.

All Bacanora Shareholders (including, without limitation, nominees, trustees or custodians) who intend to forward this document and the accompanying document to any jurisdiction outside the United Kingdom should read paragraph 7(b) of Part C, paragraph (b) of Part D and paragraphs (b) to (d) of Part E of Appendix 1 to this document and seek appropriate advice before taking any action.

Accordingly, accepting Bacanora Shareholders who hold their shares in certificated form and are unable to give the representations and warranties set out in paragraph (b) of Part D of Appendix 1 to this document and who put "No" in Box 5 of the Form of Acceptance will be deemed not to have validly accepted the Offer and accepting Bacanora Shareholders who hold their shares in uncertificated form and are unable to give the representations and warranties set out in paragraph (b) to (d) of Part E of Appendix 1 to this document will (subject to paragraph 7(g) of Part C of Appendix 1) also be deemed not to have validly accepted the Offer.

12 United Kingdom and Mexican taxation

A summary of certain relevant UK and Mexican taxation matters, which is intended as a general guide only, is set out in Appendix 2 to this document. If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate independent professional adviser immediately.

13 Procedure for acceptance of the Offer

Bacanora Shareholders who hold their Bacanora Shares in certificated form should read section (a) of this paragraph 13 in conjunction with the Form of Acceptance and Parts C and D of Appendix 1 to this document. The instructions on the Form of Acceptance are deemed to be part of

the terms of the Offer for Bacanora Shareholders who hold their Bacanora Shares in certificated form.

Bacanora Shareholders who hold their shares in uncertificated form (that is, through CREST), should read section (b) of this paragraph 13 in conjunction with Parts C and E of Appendix 1 to this document.

Bacanora Shareholders who hold some of their Bacanora Shares in certificated form and others in uncertificated form, should read section (a) of this paragraph 13 (in respect of their Bacanora Shares in certificated form) and section (b) of this paragraph 13 (in respect of their Bacanora Shares in uncertificated form) below.

(a) If you hold Bacanora Shares in certificated form (i.e. not in CREST)

Completion of the Form of Acceptance

To accept the Offer in respect of Bacanora Shares held in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. You should complete separate Forms of Acceptance for Bacanora Shares held in certificated form but under different designations.

If you have any questions relating to the procedure for acceptance of the Offer, please contact the Receiving Agent on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Further Forms of Acceptance are available from the Receiving Agent upon request.

- To accept the Offer in respect of all your Bacanora Shares in certificated form: you must complete Box 1 and sign Box 2A or 2B of the enclosed Form of Acceptance. In all cases, if you are an individual, you must sign Box 2A on the Form of Acceptance in the presence of a witness who should also sign in accordance with the instructions printed on it. Any Bacanora Shareholder which is a company should execute Box 2B of the Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 1 of the Form of Acceptance, or if you insert in Box 1 a number which is greater than the number of Bacanora Shares that you hold and you have signed Box 2A or 2B, your acceptance will be deemed to be in respect of all the Bacanora Shares held by you.
- To accept the *Offer in respect of less than all your Bacanora Shares in certificated form*: you must insert in Box 1 of the Form of Acceptance the number of Bacanora Shares in respect of which you wish to accept the Offer.

Return of the Form of Acceptance

To accept the Offer in respect of Bacanora Shares held in certificated form, the completed, signed and (where required) witnessed Form of Acceptance should be returned by post or by hand (during normal business hours only) to the Receiving Agent, Link Group at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom, together (subject to the paragraph below) with the relevant share certificate(s) and/or any other documents of title as soon as possible, and in any event, so as to be received by the Receiving Agent not later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. A reply-paid envelope for use within the UK only is enclosed for your convenience. No acknowledgement of receipt of documents shall be given.

Any Form of Acceptance received in an envelope post-marked in any Restricted Jurisdiction or otherwise appearing to Ganfeng or its agents to have been sent from any Restricted Jurisdiction may be rejected as an invalid acceptance of the Offer. For further information on Bacanora Shareholders resident overseas, see paragraph 11 above.

Share certificates not readily available or lost

If your Bacanora Shares are in certificated form, a completed, signed and (where required) witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign and lodge your completed Form of Acceptance as stated above so as to be received by the Receiving Agent, Link Group at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom by post or by hand (during normal business hours only) not later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available, accompanied by a letter stating that the remaining documents shall follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other documents of title. You should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible.

If you have lost your share certificate(s) and/or other document(s) of title, you should telephone Bacanora's registrars, Link Group, on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK) as soon as possible requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post or by hand to the Receiving Agent at the address given above.

Validity of acceptances

Without prejudice to Parts C and D of Appendix 1 to this document, subject to the provisions of the Code, Ganfeng reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer shall be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities reasonably satisfactory to Ganfeng have been received.

(b) If you hold Bacanora Shares in uncertificated form (i.e. in CREST)

General

If your Bacanora Shares are in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer Bacanora Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying the Receiving Agent (in its capacity as a CREST participant under the Escrow Agent's relevant participant ID referred to below) as the Escrow Agent, as soon as possible and in any event so that the TTE instruction settles by not later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure that you time the input of any TTE instructions accordingly.

The input and settlement of a TTE instruction in accordance with this paragraph shall (subject to satisfying the requirements set out in Parts C and E of Appendix 1 to this document) constitute an acceptance of the Offer in respect of the number of Bacanora Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor shall be able to send the TTE instruction(s) to Euroclear in relation to your Bacanora Shares.

After settlement of a TTE instruction, you shall not be able to access the Bacanora Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional, the Escrow Agent shall transfer the Bacanora Shares concerned in accordance with paragraph (f) of Part E of Appendix 1 to this document.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations shall therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Bacanora Shares to settle prior to 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. In this connection, you are referred in particular to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

To accept the Offer in CREST in respect of your Bacanora Shares

To accept the Offer in respect of Bacanora Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- the ISIN for Bacanora Shares. This is GB00BD20C246;
- the number of Bacanora Shares in respect of which you wish to accept the Offer (i.e. the number of Bacanora Shares to be transferred to escrow);
- your participant ID;
- your member account ID;
- the participant ID of the Escrow Agent. This is RA10;
- the member account ID of the Escrow Agent. This is BACGAN01;
- the intended settlement date. This should be as soon as possible and, in any event, not later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date;
- the corporate action number of the Offer. This is allocated by Euroclear and shall be available on screen from Euroclear;
- input with a standard delivery instruction priority of 80; and
- a contact name and telephone number in the shared note field.

Validity of Acceptances

Bacanora Shareholders with Bacanora Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction shall only be a valid acceptance of that Offer as at the Unconditional Date if it has settled on or before 1.00 p.m. on that date. A Form of Acceptance which is received in respect of Bacanora Shares held in uncertificated form shall be treated as an invalid acceptance and be disregarded.

Ganfeng shall make an appropriate announcement if any of the details contained in this paragraph alter for any reason.

Overseas Shareholders

The attention of Bacanora Shareholders holding Bacanora Shares in uncertificated form and who are citizens or resident of jurisdictions outside the UK is drawn to paragraphs 7 of Part C and paragraphs (b) to (d) of Part E of Appendix 1 to this document.

General

Normal CREST procedures (including timings) apply in relation to any Bacanora Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Bacanora Shares or otherwise). Holders of Bacanora Shares who are proposing so as to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an

acceptance of the Offer (in particular, as regards delivery of share certificate(s) and or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date.

If you have any questions relating to the procedure for acceptance of the Offer, please contact the Receiving Agent on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

You are advised to read the whole of this document and not just rely on the summary information contained in this letter.

14 Settlement

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Subject to the Offer becoming, or being declared, unconditional (except as provided in paragraph 7 of Section C of Appendix 1 to this document in the case of Bacanora Shareholders who are not resident in the UK), settlement of the consideration to which any Bacanora Shareholder is entitled under the Offer will be despatched to validly accepting Bacanora Shareholders (i) in the case of acceptances received, valid and complete in all respects, by the date on which the Offer becomes, or is declared, unconditional, within 14 days of the later of such date and 6 October 2021; or (ii) in the case of acceptances received, valid and complete in all respects, after such date but while the Offer remains open for acceptance, within 14 days of such receipt, in the following manner:

(a) If you hold Bacanora Shares in certificated form (i.e. not in CREST)

Where an acceptance relates to Bacanora Shares in certificated form, settlement of any cash due will be despatched by first class post (or such other method as may be approved by the Panel) to accepting Bacanora Shareholders or their appointed agents (but not in a Restricted Jurisdiction). All such cash payments will be made in pounds Sterling by cheque drawn on a branch of a United Kingdom clearing bank.

(b) If you hold Bacanora Shares in uncertificated form (i.e. not in CREST)

Where an acceptance relates to Bacanora Shares in uncertificated form, the cash consideration to which the accepting Bacanora Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting Bacanora Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST payment arrangements. Ganfeng reserves the right to settle all or any part of the consideration referred to in this paragraph, for all or any accepting Bacanora Shareholder(s), in the manner referred to in paragraph 14(a) above, if, for any reason, it wishes to do so.

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If the Offer does not become, or is not declared, unconditional:

- in the case of Bacanora Shares held in certificated form, the relevant Form of Acceptance will be returned by post (or by such other method as may be approved by the Panel) within 14 calendar days of the Offer lapsing to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in the Form of Acceptance or, if none is set out, to the first-named holder at their registered address (provided that no such documents will be sent to an address in a Restricted Jurisdiction); and
- in the case of Bacanora Shares held in uncertificated form, the Escrow Agent will, promptly after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days of the lapsing of the Offer), give TFE instructions to Euroclear to transfer all Bacanora Shares which are held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Bacanora Shareholders concerned.

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All remittances, communications, notices, certificates and documents of title sent by, to or from Bacanora Shareholders or their appointed agents will be sent at their own risk.

15 Compulsory acquisition, cancellation of admission to trading of Bacanora Shares on AIM 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 (as defined in the Companies Act) 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 limited 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 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 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.

16 Further information

The Offer will remain open for acceptance until 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or such earlier or later time(s) and/or date(s) as Ganfeng may decide in accordance with the provisions contained in paragraph 1 of Part C of Appendix 1 to this document.

Your attention is drawn to Appendices 1 to 5, which form part of this document, and (if you hold your Bacanora Shares in certificated form) to the accompanying Form of Acceptance.

17 Action to be taken

If you hold your Bacanora Shares in certificated form (that is, not in CREST), you are urged to complete, sign and return the Form of Acceptance by post or (during normal business hours only) by hand to the Receiving Agent, Link Group at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom, as soon as possible but, in any event, so as to be received by no later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date. Your share certificate(s) or other document(s) should be enclosed with your completed Form of Acceptance. A first class reply-paid envelope is enclosed for your convenience if you are posting your documents in the United Kingdom.

If you hold your Bacanora Shares in uncertificated form (that is, in CREST), you should follow the procedure set out in paragraph 13(b) of this letter and ensure that an Electronic Acceptance is

made by you or on your behalf and has settled no later than 1.00 p.m. on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date.

Yours faithfully

Wang Xiaoshen
Director
For and on behalf of
Ganfeng International Trading (Shanghai) Limited

APPENDIX 1

PART A – CONDITIONS TO THE IMPLEMENTATION OF THE OFFER

Acceptance Condition

1 The Offer is conditional upon valid acceptances of the Offer having been received (and not validly withdrawn in accordance with the rules and requirements of the Code and the terms of the Offer) by no later than 1.00 pm on the Unconditional Date (or such other times and/or dates as Ganfeng may specify, subject to the rules of the Code and where applicable with the consent of the Panel) 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, carry more than 50 per cent. of the voting rights then exercisable at a general meeting of Bacanora, provided that unless the Panel consents otherwise, this Condition (the "**Acceptance Condition**") shall only be capable of being satisfied when all other Conditions set out in paragraph 2 below have been satisfied or waived;

For the purposes of the Acceptance Condition:

(a) Bacanora Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry upon issue;

(b) valid acceptances shall be deemed to have been received in respect of Bacanora Shares which are treated for the purposes of Part 28 of the Companies Act as having been acquired or contracted to be acquired by Ganfeng, whether by virtue of acceptance of the Offer or otherwise; and

(c) all percentages of voting rights and share capital are to be calculated by reference to the percentage held and in issue excluding any and all shares held in treasury by Bacanora from time to time.

2 Subject to the provisions of Part B of this Appendix 1 and the requirements of the Panel in accordance with the Code, the Offer is also conditional upon the satisfaction, or, where relevant, waiver of the following Conditions, and accordingly, the Offer will not become or be declared unconditional unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Mexican Antitrust Clearance

2.1 either (a) the deemed unconditional approval of the Offer by the FECC, or (b) the issuance by the FECC of a resolution granting unconditional approval of the Offer (the "**Mexican Antitrust Clearance Condition**");

Notifications, waiting periods and Authorisations

2.2 excluding the Mexican Antitrust Clearance 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 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, in each case in any way that would be materially adverse to the Wider Bacanora Group;

2.3 excluding the Mexican Antitrust Clearance 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 equivalent or analogous body or person in any jurisdiction (each a "**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 Bacanora or any member of the Wider Bacanora Group;

(c) except pursuant to Chapter 3 of Part 28 of the Companies Act in the context of the Offer, require any member of the Wider Ganfeng Group or of the Wider Bacanora Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) or interest in any member of the Wider Bacanora Group;

(d) except as Disclosed, require any member of the Wider Bacanora Group to repay any indebtedness of any member of the Wider Bacanora Group (other than in implementation of the Offer as agreed between Ganfeng and Bacanora);

(e) impose any limitation on, or result in a delay in, the ability of any member of the Wider Ganfeng Group 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 implementation of the 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 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 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, void, voidable, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the completion or the approval of the Offer or any matter arising from the proposed acquisition of any shares or other securities in, or in control of, any member of the Wider Bacanora Group by any member of the Wider Ganfeng Group;

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2.6 except with the consent or the agreement of Ganfeng, no resolution of Bacanora Shareholders in relation to any offer or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a meeting of Bacanora Shareholders other than in relation to the Offer and, other than with the consent or the agreement of Ganfeng, no member of the Wider Bacanora Group having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Panel or the approval of Bacanora Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Code;

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2.7 except as Disclosed, or pursuant to the change of control provisions within the RK Facility (as defined in paragraph 2 of Part I of this document) which will apply if the Offer becomes Effective, there being no provision of any arrangement, agreement, lease, licence, franchise, 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 is or may be bound, entitled or subject, or any event or circumstance which, as a consequence of the Offer or any proposed offer by any member of the Wider Ganfeng Group of any shares or other securities (or the equivalent) in Bacanora or because of a change in the control or management of any member of the Wider Bacanora Group or otherwise, would or might reasonably be expected to result in (in each case to an extent or in a manner which is material in the context of the Wider Bacanora Group):

(a) any moneys borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to member of the Wider Bacanora Group, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its

stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

(b) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any member of the Wider Bacanora Group thereunder being, or becoming capable of being, terminated or adversely modified or adversely affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;

(c) any asset owned or used by, or interests in, any member of the Wider Bacanora Group being disposed of or charged or ceasing to be available to any member of the Wider Bacanora Group or any right arising under which any such asset or interest could be required to be disposed of or charged or cease to be available to any member of the Wider Bacanora Group otherwise than in the ordinary and usual course of business;

(d) the creation, save in the ordinary and usual course of business, or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any member of the Wider Bacanora Group or any such mortgage, charge or other security (whenever created, arising or having arisen) becoming enforceable;

(e) the rights, liabilities, obligations, interests or business of any member of the Wider Bacanora Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Bacanora Group in or with any other person or body or firm or company (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;

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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 announced any intention to propose any merger, demerger, offer or disposal, transfer, mortgage, charge or security interest, in any such case to an extent which is material in the context of the Wider Bacanora Group taken as a whole;

(e) save as between Bacanora and wholly-owned subsidiaries of Bacanora, made or authorised or proposed or announced an intention to propose any change in its loan capital, in each case to the extent to which is material in the context of the Wider Bacanora Group taken as a whole;

(f) save as between Bacanora and wholly-owned subsidiaries of Bacanora, save for transactions in the ordinary and usual course of business, issued, authorised or proposed the issue of any debentures, incurred or increased any indebtedness or become subject to any guarantee or actual or contingent liability;

(g) disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so;

(h) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (a) above, made any other change to any part of its share capital;

(i) implemented, or authorised, proposed or announced its intention to implement, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business or in respect of the Offer;

(j) sold or transferred or agreed to sell or transfer any Bacanora Shares held by Bacanora as treasury shares except for the issue or transfer out of treasury of Bacanora Shares on the exercise of employee share options;

(k) entered into, varied, authorised or proposed entry into or variation of the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, commitment, arrangement or service agreement with any director or senior executive of any member of the Wider Bacanora Group;

(l) except in the ordinary and usual course of business, entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or could reasonably be expected to be materially restrictive on the businesses of any member of the Wider Bacanora Group;

(m) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it for its winding-up (voluntary or otherwise), dissolution or reorganisation or in relation to payments, a moratorium of any indebtedness, or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any

jurisdiction or had any such person appointed, and in each such case, to the extent which is material in the context of the Wider Bacanora Group taken as a whole or in the context of the Offer;

(n) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Bacanora Group taken as a whole or in the context of the Offer;

(o) waived, compromised or settled any claim otherwise than in the ordinary course of business and, in any 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;

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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;

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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 document 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 document 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 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;

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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 including any "inducement fee", 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 – WAIVER AND INVOCATION OF THE CONDITIONS

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

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 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).

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.

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 without the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to Ganfeng in the context of the Offer.

The 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 and any Condition that is subject to Rule 13.5(a) may be waived by Ganfeng.

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.

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 the Acceptance Condition to be satisfied; or

(b) where sufficient acceptances have been received so as to enable the 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.

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

PART C – FURTHER TERMS OF THE OFFER

Unless the context requires otherwise, any reference in Parts C, D and E of this Appendix 1 and in the Form of Acceptance:

(a) to an **Acceleration Statement** means a statement in which Ganfeng, in accordance with Rule 31.5 of the Code, brings forward the latest date by which all of the Conditions must be satisfied or waived;

(b) to the **Acceptance Condition** means the Condition set out in paragraph 1 of Part A of this Appendix 1;

(c) to the **Acceptance Condition becoming or being satisfied** means the Acceptance Condition becoming or being declared satisfied and references to **satisfaction of the Acceptance Condition** shall be construed accordingly;

(d) to **acceptances of the Offer** includes deemed acceptances of the Offer;

(e) to an **ACIN** means an acceptance condition invocation notice in which Ganfeng gives notice of its intention to invoke the Acceptance Condition so as to cause the Offer to lapse in accordance with Rule 31.6 of the Code;

(f) to **acting in concert with Ganfeng** means any such person acting or deemed to be acting in concert with Ganfeng for the purposes of the Code and the Offer;

(g) to **as may be required by the Code** includes as may be required by the Panel;

(h) to Business Day shall be to that term as defined in the Code;

(i) to **Day 39, Day 46** and **Day 60** mean, respectively, 24 October 2021, 31 October 2021 and 14 November 2021 or such other date as may otherwise be set as being such day of the timetable of the Offer in accordance with the Code;

(j) to the **Long Stop Date** means 11:59 pm on 31 December 2021 or such later date (if any) as Ganfeng may, with the consent of Bacanora or with the consent of the Panel, specify;

(k) to the **Offer** includes any revision, variation, renewal or extension of the Offer and includes any election available in connection with the Offer;

(l) to the **Offer Period** means, in relation to the Offer, the period commencing on 6 May 2021, until the time and date of an announcement that the Offer has either:

  (i) lapsed in accordance with its terms or been withdrawn; or

  (ii) become unconditional;

(m) to an **official authorisation or regulatory clearance** shall be to that term as referred to in the Code;

(n) to the **Offer becoming unconditional** means the Offer becoming or being declared unconditional in accordance with its terms; and

(o) to the **Unconditional Date** means Day 60 or such earlier date as Ganfeng may specify in any Acceleration Statement unless, where permitted, it has set aside that statement.

The following further terms apply, unless the context requires otherwise, to the Offer:

1 Acceptance Period

(a) Save as provided in this paragraph 1 of this Part C, the Offer will initially be open for acceptance until 1.00 pm on Day 60 (currently anticipated to be 14 November 2021).

(b) Ganfeng reserves the right (but shall not be obliged) at any time to bring forward the date by which all of the Conditions must be satisfied or waived (and therefore shorten the period for which the Offer is open for acceptance) by publishing an Acceleration Statement in accordance with the requirements of the Code specifying a new Unconditional Date, provided always that such Unconditional Date will not be (i) earlier than 6 October 2021 or (ii) less than 14 days from the date on which the Acceleration Statement is published.

(c) Ganfeng reserves the right (but shall not be obliged) at any time to seek to invoke the Acceptance Condition so as to cause the Offer to lapse by publishing an ACIN in accordance with the requirements of the Code. The ACIN will specify the date on which Ganfeng intends to seek to invoke the Acceptance Condition so as to cause the Offer to lapse (provided always that such date will not be: (i) earlier than 6 October 2021 or (ii) less than 14 days after the date on which the ACIN is published) and the level of acceptances which must be received in order for the Offer not to lapse on such date. Except with the Panel's consent, an ACIN shall be irrevocable. If the required level of acceptances has not been received by 1.00 pm on the date specified in the ACIN, the Acceptance Condition will be regarded as being incapable of satisfaction and the Offer will lapse. If the required level of acceptances has been received by 1.00 pm on the date specified in the ACIN, the Acceptance Condition will not be regarded as having been satisfied at that time unless all other Conditions to the Offer have been either satisfied or waived.

(d) If Ganfeng publishes an Acceleration Statement or an ACIN it will make an announcement of the new Unconditional Date, or the date on which it intends to seek to invoke the Acceptance Condition, as applicable, in the manner described in paragraph 2 of this Part C and give oral or written notice of such date to the Receiving Agent.

(e) Ganfeng reserves the right (but shall not be obliged, other than as may be required by the Code) to request at any time that the Panel extends Day 60 (and therefore the period for which the Offer is open for acceptance), including (without limitation) by requesting that the Panel suspends the timetable for the Offer under Rule 31.4 of the Code if one or more Conditions relating to an outstanding official authorisation or regulatory clearance has not been satisfied or waived (which right is also reserved).

(f) If:

(i) Day 60 is extended;

(ii) the timetable for the Offer is suspended; or

(iii) the timetable for the Offer resumes following a suspension of the timetable for the Offer,

Ganfeng will, if required by the Panel, make an announcement of such extension, suspension or resumption (as applicable) in the manner described in paragraph 2 of this Part C and give oral or written notice of such extension, suspension or resumption (as applicable) to the Receiving Agent (and, in any announcement of an extension of Day 60 or resumption of the timetable for the Offer, will also specify, to the extent applicable, the new Day 39, Day 46 and Day 60 of the timetable for the Offer).

(g) If the timetable for the Offer is suspended by the Panel and a revised date is not immediately specified for any or all of Day 39, Day 46 and/or Day 60 then any relevant requirement under Parts B to E of this Appendix 1 or the Form of Acceptance relating to Day 39, Day 46, Day 60 or the Unconditional Date (as applicable) or to any date and/or time specified by reference to such date shall also be suspended pending resumption of the timetable for the Offer.

(h) Although no revision is contemplated, if the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such other period as may be permitted by the Panel) after the date on which Ganfeng publishes the revised offer documentation. Except with consent of the Panel, no revision of the Offer may be made or revised offer documentation published after Day 46, or, if later, the date which is 14 days before the Unconditional Date.

(i) If a competitive situation arises or further develops (as determined by the Panel) after Ganfeng has made a "no increase" statement (as referred to in the Code) and/or an Acceleration Statement in relation to the Offer, Ganfeng may, if it specifically reserved the right to do so at the time such statement was made (or otherwise with the Panel's consent), choose not to be bound by or withdraw such statement and to revise the Offer or extend the Unconditional Date (as appropriate) provided that it complies with the requirements of the Code and, in particular, that it announces that the statement is set

aside and that it is free to revise the Offer or extend the Unconditional Date (as appropriate) as soon as possible (and in any event within four Business Days of the firm announcement of the competing offer or other competitive situation).

(j) If Bacanora makes an announcement of material new information of the kind referred to in Rule 31.8 of the Code after Day 39, Ganfeng may, if it has reserved the right to do so at the time the statement was made (or otherwise with the consent of the Panel), choose not to be bound by the terms of and set aside a "no increase" statement (as referred to in the Code) and/or an Acceleration Statement, and revise the Offer or extend the Unconditional Date (as appropriate), provided that Ganfeng complies with the requirements of the Code and, in particular, that it announces that the statement is set aside and that it is free to revise the Offer or extend the Unconditional Date (as appropriate) as soon as possible (and in any event within four Business Days of the date of Bacanora's announcement).

(k) If a competitive situation arises or further develops (as determined by the Panel) and is continuing on the Business Day immediately preceding Day 60 and the Offer has not been withdrawn or lapsed, Ganfeng will enable holders of Bacanora Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by special form of acceptance to take effect on Day 60 (or such other date as agreed with the Panel). The special form of acceptance shall constitute a valid acceptance of the Offer provided that:

(i) it is received by the Receiving Agent on or before Day 60 (or such other date as agreed with the Panel);

(ii) the relevant Bacanora Shareholder shall have applied to withdraw their acceptance of the competing offer but that the Bacanora Shares to which such withdrawal relates shall not have been released from escrow by the escrow agent to the competing offer before Day 60 (or such other date as agreed with the Panel); and

(iii) the Bacanora Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in this document on or before Day 60 (or such other date as may be consented to by the Panel), but an undertaking is given that they will be so transferred as soon as possible thereafter; and

(iv) such acceptance may be treated as a valid acceptance of the Offer in accordance with the Offer and the Code.

Bacanora Shareholders wishing to use such special forms of acceptance should apply to the Receiving Agent on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. and 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Notwithstanding the right to use such special form of acceptance, holders of Bacanora Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

(l) Save as may otherwise be required or consented to by the Panel, the Offer shall lapse unless all of the Conditions have been satisfied or, where permitted, waived or, where appropriate, have been determined by Ganfeng to be or remain satisfied, by midnight on the earlier of the Unconditional Date and the Long Stop Date, provided that Ganfeng reserves the right to extend Day 60 and/or the Long Stop Date to a later time(s) and/or date(s) in accordance with paragraphs 1(e) and 1(n) of this Part C respectively.

(m) If, as a result of a Code matter remaining outstanding on the Unconditional Date, the Panel consents to the latest time at which the Offer may become unconditional being extended beyond midnight on the Unconditional Date pending the final determination of that outstanding Code matter, for the purpose of determining whether the Acceptance

Condition has been satisfied, acceptances received or purchases of Bacanora Shares made after 1.00 pm on the Unconditional Date may not be taken into account except with the Panel's consent.

(n) Ganfeng reserves the right (but shall not be obliged, other than as may be required by the Code), with the consent of Bacanora or the consent of the Panel, at any time to extend the Long Stop Date. In such event, Ganfeng will make an announcement in the manner described in paragraph 2 of this Part C and give oral or written notice of such extension to the Receiving Agent.

(o) Except with the Panel's consent, Ganfeng may not, for the purpose of determining whether the Acceptance Condition has been satisfied, take into account acceptances received or purchases of Bacanora Shares made after 1.00 pm on the Unconditional Date or the Long Stop Date (as applicable) or, in the context of an ACIN published by Ganfeng, 1.00 pm on the date specified in the ACIN as being the date on which Ganfeng intends to seek to invoke the Acceptance Condition so as to cause the Offer to lapse. If Day 60 is extended in circumstances other than those set out in paragraphs (a) to (d) of Rule 31.3 of the Code, acceptances received and purchases of Bacanora Shares made in respect of which relevant electronic instructions or documents are received by the Receiving Agent after 1.00 pm on the relevant date may (except where the Code permits otherwise) only be taken into account with the Panel's consent.

(p) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it became unconditional and Ganfeng will give at least 14 days' notice before the Offer is closed. If the Offer has become unconditional and it is stated by or on behalf of Ganfeng that the Offer will remain open until further notice, then not less than 14 days' notice in writing will be given, before closing the Offer, to those Bacanora Shareholders who have not accepted the Offer (and to persons with information rights).

2 Announcements

(a) Except with the Panel's consent, Ganfeng shall make an announcement as described in paragraph 2(b) of this Part C by 8.00 am on the Business Day following each of the following dates (or such other time(s) or date(s) as the Panel may require or consent to):

(i) 6 October 2021 and every seventh day thereafter (save to the extent that the Panel determines that such announcements are not required for the duration of any suspension of the timetable for the Offer pursuant to Rule 31.4(a) of the Code);

(ii) any day on which the Offer is revised;

(iii) each day in the period of seven consecutive days leading up to, and including, the Unconditional Date or the Long Stop Date;

(iv) any day on which an ACIN expires;

(v) any day on which the Offer becomes or is declared unconditional or lapses;

(vi) any day on which, as at 5.00 pm, the total percentage of shares which Ganfeng may count towards satisfaction of the Acceptance Condition has increased or decreased to, or through, any of the following thresholds:

(A) the percentage threshold to which the Acceptance Condition is at that time subject;

(B) 75 per cent. of the shares carrying voting rights in Bacanora; and

(C) if the threshold in (A) can be reduced to a specified minimum threshold, that threshold.

(b) The announcements referred to in paragraph 2(a) of this Part C will state (unless otherwise permitted by the Panel):

(i) the number of Bacanora Shares for which acceptances of the Offer have been received (specifying the extent, if any, to which such acceptances have been received from persons acting in concert with Ganfeng or in respect of Bacanora Shares which were subject to an irrevocable commitment or a letter of intent procured by Ganfeng or any person acting in concert with Ganfeng);

(ii) details of any relevant securities of Bacanora in which Ganfeng or any person acting in concert with it has an interest or in respect of which either of them has a right to subscribe, in each case specifying the nature of the interests or rights concerned. Similar details of any short positions (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, will also be stated;

(iii) details of any relevant securities of Bacanora in respect of which Ganfeng or any person acting in concert with it has an outstanding irrevocable commitment or letter of intent; and

(iv) details of any relevant securities of Bacanora which Ganfeng or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,

and will in each case specify the percentage of each class of relevant securities of Bacanora represented by each of these figures. Any such announcement shall include a prominent statement of the total number of Bacanora Shares which Ganfeng may count towards the satisfaction of the Acceptance Condition and the percentage of Bacanora Shares represented by this figure.

(c) In calculating the number of Bacanora Shares represented by acceptances and/or purchases, there may be included or excluded for announcement purposes, subject to paragraph 5 of this Part C of this Appendix 1, acceptances and purchases which are not in all respects in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title or not accompanied by the relevant TTE instruction or which are subject to verification, save that those which could not be counted towards satisfaction of the Acceptance Condition under Notes 4, 5 and 6 on Rule 10.1 of the Code shall not (unless otherwise consented to by the Panel) be included.

(d) In this Appendix 1, references to the making of an announcement or the giving of notice by or on behalf of Ganfeng include the release of an announcement to the press and/or the transmission by whatever means of an announcement to a Regulatory Information Service.

(e) Unless otherwise consented to by the Panel:

(i) an announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously to a Regulatory Information Service; and

(ii) an announcement which is published at a time when the relevant Regulatory Information Service is not open for business shall be distributed to not less than two newswire services operating in the UK and submitted for publication as soon as the relevant Regulatory Information Service reopens.

(f) A copy of any announcement made by Ganfeng in accordance with this paragraph 2 of this Part C will be available, subject to certain restrictions relating to persons outside the UK, for inspection on Ganfeng's website at www.ganfenglithium.com promptly after the making of such announcement and in any event by no later than 12 noon on the Business Day following the announcement.

(g) Without limiting the manner in which Ganfeng may choose to make any public statement and subject to Ganfeng's obligations under applicable law and regulation and paragraph 2(e) of this Part C, Ganfeng will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

3 Rights of withdrawal

(a) Acceptances and elections under the Offer are final and binding unless withdrawn in accordance with this paragraph 3 of this Part C or save or as agreed in writing between Ganfeng and any particular Bacanora Shareholder or as otherwise permitted by Ganfeng (either generally or for any particular Bacanora Shareholder).

(b) An accepting Bacanora Shareholder may withdraw its acceptance of the Offer by written notice received by post to Link Group at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom, or by hand (during normal working hours) to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom (or, in the case of Bacanora Shares held in uncertificated form, in the manner referred to in paragraph 3(f) of this Part C) at any time before the earlier of:

(i) the time when the Acceptance Condition is satisfied; and

(ii) the latest time for the receipt of acceptances on the Unconditional Date.

(c) If an accepting Bacanora Shareholder withdraws its acceptance in accordance with this paragraph 3 of this Part C, all documents of title and other documents lodged with the Form of Acceptance will be returned as soon as practicable following the receipt of the withdrawal (and in any event within seven days) and the Receiving Agent will immediately give instructions for the release of relevant securities held in escrow.

(d) In this paragraph 3 of this Part C, written notice (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Bacanora Shareholder(s) or their agent(s) duly appointed in writing (evidence of whose appointment is produced with the notice in a form reasonably satisfactory to Ganfeng) given by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom or by hand (during normal working hours) to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom. E-mail or facsimile or other electronic transmission or copies will not be sufficient to constitute written notice. No notice which is postmarked in, or otherwise appears to Ganfeng or its agents to have been sent from a jurisdiction where the giving of written notice or the withdrawal of an acceptance of the Offer in accordance with the provisions of this paragraph 3 of this Part C would constitute a violation of the relevant laws of such jurisdiction will be treated as valid.

(e) To be effective, a written notice of withdrawal must be received by the Receiving Agent and must specify the name of the person who has tendered the Bacanora Shares to be withdrawn and (if share certificates have been tendered) the name of the holder of the relevant Bacanora Shares if different from the name of the person who tendered the Bacanora Shares.

(f) In the case of Bacanora Shares held in uncertificated form, an accepting Bacanora Shareholder may withdraw their acceptance through CREST by sending (or, if a CREST sponsored member, procuring that their CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:

(i) the number of Bacanora Shares to be withdrawn, together with their ISIN (this is GB00BD20C246);

(ii) the member account ID of the accepting Bacanora Shareholder, together with their participant ID;

(iii) the Escrow Agent's participant ID (this is RA10) and the member account ID of the Escrow Agent included in the relevant Electronic Acceptance (this is BACGAN01);

(iv) the CREST transaction ID of the Electronic Acceptance to be withdrawn;

(v) the intended settlement date for the withdrawal;

(vi) the corporate action number for the Offer allocated by Euroclear which can be found by viewing the relevant corporate action details in CREST;

(vii) the name and contact telephone number of the accepting Bacanora Shareholder inserted into the "shared note" field; and

(viii) input with a standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon the Escrow Agent verifying that the withdrawal request is validly made. Accordingly, the Escrow Agent will on behalf of Ganfeng either reject the withdrawal by transmitting in CREST a receiving agent reject (AEAD) message or accept the withdrawal by transmitting in CREST a receiving agent accept (AEAN) message.

(g) Bacanora Shares in respect of which acceptances have been validly withdrawn in accordance with paragraph 3 of this Part C may subsequently be re-assented to the Offer following one of the procedures described in paragraph 7 of Part I of this document at any time while the Offer remains open for acceptance.

(h) Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by Ganfeng whose determination (save as the Panel otherwise determines) will be final and binding. None of Ganfeng, Bacanora, Teneo, the Receiving Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or will incur any liability for failure to do so.

4 Revisions of the Offer

(a) Although no revision of the Offer is envisaged, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms and conditions or in the value or nature of the consideration offered or otherwise) and such revision represents on the date on which it is announced (on such basis as Teneo, acting as Ganfeng's financial adviser, may consider appropriate) an improvement or no diminution in the value of the revised Offer compared with the consideration or terms previously offered or in the overall value received and/or retained by a Bacanora Shareholder (under the Offer or otherwise), the benefit of the revised Offer will, subject to paragraphs 4(c), 4(d) and 7 of this Part C, be made available to any Bacanora Shareholder who has accepted the Offer in its original or any previously revised form(s) and not validly withdrawn such acceptance in accordance with paragraph 3 of this Part C (a "**Previous Acceptor**"). The acceptance of the Offer by or on behalf of a Previous Acceptor in its original or any previously revised form(s) shall, subject as provided in paragraphs 4(c), 4(d) and 7 of this Part C, be treated as an acceptance of the Offer as so revised and shall also constitute the irrevocable and separate appointment of Ganfeng and each of its directors as such Previous Acceptor's attorney and/or agent with authority:

(i) to accept any such revised Offer on behalf of such Previous Acceptor;

(ii) if such revised Offer includes alternative forms of consideration, to make on behalf of such Previous Acceptor such elections for and/or accept such alternative forms of consideration in the proportions such attorney and/or agent in their absolute discretion thinks fit; and

(iii) to execute on behalf of and in the name of such Previous Acceptor all such further documents (if any) and to do all such further things (if any) as may be required to give effect to such acceptances and/or elections.

In making any such election and/or acceptance, such attorney and/or agent shall be able to take into account the nature of any previous acceptances made by or on behalf of the Previous Acceptor and such other facts or matters as the attorney and/or agent may reasonably consider relevant. The attorney and/or agent shall not be liable to any Bacanora Shareholder or any other person in making such election and/or acceptance or in making any determination in respect thereof.

(b) Subject to paragraph 4(c) and paragraph 4(d) of this Part C, the powers of attorney and authorities conferred by paragraph 4 of this Part C and any acceptance of a revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the Previous Acceptor duly and validly withdraws their acceptance under paragraph 3 of this Part C.

(c) The deemed acceptance referred to in paragraph 4(a) of this Part C shall not apply, and the authorities conferred by that paragraph shall not be exercised, to the extent that a Previous Acceptor:

(i) in respect of Bacanora Shares in certificated form, lodges with Link Group, at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom, by no later than the date by which elections for alternative forms of consideration must be made (or such other date as Ganfeng may determine), a Form of Acceptance (or other form validly issued by or on behalf of Ganfeng) in which the Previous Acceptor validly elects to receive the consideration receivable by them under such revised Offer in some other manner than that set out in their original or any previous acceptance; or

(ii) in respect of Bacanora Shares in uncertificated form, sends (or, if a CREST sponsored member, procures that their CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied.

Each ESA instruction must, in order for it to be valid and settle, include the following details:

(A) the number of Bacanora Shares in respect of which the changed election is made, together with their ISIN (this is GB00BD20C246);

(B) the member account ID of the Previous Acceptor, together with their participant ID;

(C) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance (this is BACGAN01 for the Offer);

(D) the Escrow Agent's participant ID (this is RA10);

(E) the CREST transaction ID of the Electronic Acceptance in respect of which the election is to be changed to be inserted at the beginning of the shared note field;

(F) the intended settlement date for the changed election;

(G) the corporate action number for the Offer allocated by Euroclear which can be found by viewing the relevant corporate action details in CREST,

and, in order that the desired change of election can be effected, must include:

(H) the member account ID of the Escrow Agent relevant to the new election; and

(I) input with a standard delivery instruction priority of 80.

Any such change of election will be conditional upon the Escrow Agent verifying that the request is validly made. Accordingly, the Escrow Agent will on behalf of Ganfeng reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message as appropriate.

(d) The deemed acceptance referred to in paragraph 4(a) of this Part C shall not apply, and the authorities conferred by that paragraph shall not be exercised if, as a result thereof, the Previous Acceptor would (on such basis as Teneo, acting as Ganfeng's financial adviser, may consider appropriate) thereby receive and/or retain (as appropriate) less in aggregate in consideration under the revised Offer than they would have received and/or retained (as appropriate) in aggregate as a result of acceptance of the Offer in the form in which it was previously accepted by them or on their behalf (unless the Previous Acceptor has previously agreed in writing to receive and/or retain (as appropriate) less in aggregate consideration). The authorities conferred by paragraph 4(a) of this Part C shall not be exercised in respect of any election available under the revised Offer save in accordance with this paragraph.

(e) Ganfeng and the Receiving Agent reserve the right to treat an executed Form of Acceptance or TTE instruction (in respect of the Offer in its original or any previously revised form(s)) which is received (or dated) on or after the announcement of any revised Offer as a valid acceptance of the revised Offer and/or, where applicable, a valid election for or acceptance of any of the alternative forms of consideration made available

pursuant thereto. Such acceptances shall constitute an authority in the terms of paragraph 4(a) of this Part C, *mutatis mutandis*, on behalf of the relevant Bacanora Shareholder.

(f) If a competitive situation arises or further develops after the date of this document, Ganfeng may (with the consent of the Panel) extend or revise the Offer provided it complies with the requirements of the Code.

5 Acceptances and purchases

(a) Notwithstanding the right reserved by Ganfeng to treat an acceptance of the Offer as valid (even though, in the case of Bacanora Shares held in certificated form, the relevant Form of Acceptance is not entirely in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title), except as otherwise consented to by the Panel:

(i) subject to paragraph 5(a)(iv) of this Part C, an acceptance of the Offer shall not be treated as valid for the purposes of the Acceptance Condition unless the requirements of Note 4 and, if applicable, Note 6 on Rule 10.1 of the Code are satisfied in respect of it (and the Bacanora Shares to which such acceptance relates do not fall within Note 8 on Rule 10.1 of the Code);

(ii) subject to paragraph 5(a)(iv) of this Part C, a purchase of Bacanora Shares by Ganfeng or its wholly-owned subsidiaries or its or their nominee(s) or, in the case of an offer under Rule 9 of the Code, any person acting or deemed to be acting in concert with Ganfeng (or such person's nominee) will only be treated as valid for the purposes of the Acceptance Condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10.1 of the Code are satisfied in respect of it (and the Bacanora Shares to which such purchase relates do not fall within Note 8 on Rule 10.1 of the Code);

(iii) Bacanora Shares which have been borrowed by Ganfeng may not be counted towards satisfying the Acceptance Condition; and

(iv) before the Acceptance Condition can be satisfied or the Offer can lapse as a result of the Acceptance Condition not having been satisfied (or being regarded as incapable of satisfaction), the Receiving Agent must have issued a certificate to Ganfeng or to Teneo, acting as Ganfeng's financial adviser, which states:

(A) the number of Bacanora Shares in respect of which acceptances have been received and which are to be treated as valid for the purposes of paragraph 5(a) of this Part C; and

(B) the number of Bacanora Shares otherwise acquired, whether before or during the Offer Period, which are to be treated as valid for the purposes of paragraph 5(b) of this Part C.

Copies of such certificate will be sent to the Panel and to Bacanora's financial adviser as soon as possible after it is issued.

(b) For the purpose of determining at any particular time whether the Acceptance Condition has been satisfied, Ganfeng is not bound (unless otherwise required by the Code) to take into account any Bacanora Shares which have been unconditionally allotted or issued or which arise as a result of the exercise of subscription or conversion rights before the determination takes place unless written notice of such allotment, issue, subscription or conversion, containing all the relevant details, has been received before that time by the Receiving Agent from Bacanora or its agents at the address specified in paragraph 3(b) of this Part C. Notification by e-mail or facsimile or other electronic transmission will not constitute written notice for these purposes.

6 General

(a) It is intended that the Offer will be implemented by way of a takeover offer within the meaning of the Companies Act. 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 Appendix 16 of the Companies Act ("**Scheme**"). If the Offer is implemented by way of a Scheme, such Scheme will be implemented on the same terms, so far as applicable, as those that would apply to the Offer subject to appropriate amendments to reflect the change in method of effecting the Offer, including (without limitation and subject to the consent of the Panel) such amendments as may be required by law or regulation. In particular: the Long Stop Date may cease to apply (and Ganfeng may, in accordance with the Code, specify a new long stop date by which the Scheme must become effective and specific dates by which by which the shareholder meetings and Court hearing to sanction the Scheme must be held); and the Acceptance Condition would not apply and instead the Scheme would become effective and binding following:

(i) its approval by a majority in number representing 75 per cent. or more in value of the relevant Bacanora Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the applicable court meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting;

(ii) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at a Bacanora general meeting or at any adjournment of that meeting; and

(iii) the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to Ganfeng) and the delivery of a copy of the applicable Scheme order to the Registrar of Companies in England and Wales.

(b) In addition, if the Offer is implemented by way of the Scheme, the Scheme will be conditional upon the Conditions (other than the Acceptance Condition) and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions have either been waived (if permitted) or fulfilled.

(c) Bacanora Shares will be acquired by Ganfeng fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made or paid, on or after 25 August 2021 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 11.59 pm on the Long Stop Date.

(d) If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Bacanora in respect of a Bacanora Share on or after 25 August 2021 (other than the Zinnwald Distribution), Ganfeng will have the right to reduce the value of the consideration payable for each Bacanora Share by up to the amount per Bacanora Share of such dividend, distribution or return of value except where the Bacanora Share is or will be acquired pursuant to the Offer on a basis which entitles Ganfeng to receive the dividend, distribution or return of value and to retain it. If any such dividend, distribution or return of value is paid or made to Bacanora Shareholders on or after 25 August 2021 and Ganfeng exercises its rights described above, any reference in this document to the consideration payable under the Offer shall be deemed to be a reference to the consideration as so reduced. 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. In the event that Ganfeng exercises its right to reduce the value of the consideration payable under the Offer by all or any part of the amount of any dividend or other distribution or return of value that has not been paid to Bacanora Shareholders, Bacanora Shareholders will be entitled to receive and retain that dividend or other distribution or return of value.

(e) Except with the Panel's consent, settlement of the consideration to which any Bacanora Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Ganfeng or Teneo may otherwise be, or claim to be, entitled as against such Bacanora Shareholder and will be effected in the manner described in this document.

(f) The Offer is made on 15 September 2021 and is capable of acceptance from that date. Copies of this document, the Form of Acceptance and any related documents are available (subject to certain restrictions relating to persons outside the UK) for inspection at www.ganfenglithium.com and from the Receiving Agent at the address set out in paragraph 3(b) of this Part C.

(g) In respect of Bacanora Shares in certificated form, the terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. The provisions of this Appendix 1 shall be deemed to be incorporated in and form part of each Form of Acceptance. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance, unless the context otherwise requires.

(h) The Offer, all acceptances of it and all elections pursuant to it, the Form of Acceptance and Electronic Acceptances, all contracts made pursuant to the Offer, all action taken or made or deemed to be taken or made pursuant to any of these terms and the relationship between a Bacanora Shareholder and Ganfeng, Teneo or the Receiving Agent shall be governed by and interpreted in accordance with English law.

(i) The Courts of England have exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by the Offer and the Form of Acceptance or the Electronic Acceptance or otherwise arising in connection with the Offer and the Form of Acceptance or the Electronic Acceptance. The execution of a Form of Acceptance or making of an Electronic Acceptance by or on behalf of a Bacanora Shareholder constitutes such Bacanora Shareholder's irrevocable submission to the jurisdiction of the English Courts.

(j) Any omission or failure to despatch this document or (where relevant) the Form of Acceptance or any other document relating to the Offer or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to paragraph 7 of this Part C, the Offer extends to any such person and to all Bacanora Shareholders to whom this document, (where relevant) the Form of Acceptance and any related documents may not be despatched and who may not receive such documents, and such persons may (subject to certain restrictions relating to persons outside the UK) collect copies of those documents from the Receiving Agent at the address set out in paragraph 3(b) of this Part C or inspect this document at www.ganfenglithium.com while the Offer remains open for acceptances.

(k) If the Offer lapses for any reason or is withdrawn:

(i) it will cease to be capable of further acceptance;

(ii) Ganfeng and accepting Bacanora Shareholders will cease to be bound by: (A) in the case of Bacanora Shares held in certificated form, Forms of Acceptance submitted; and (B) in the case of Bacanora Shares held in uncertificated form, Electronic Acceptances inputted and settled, in each case before the time the Offer lapses;

(iii) in respect of Bacanora Shares held in certificated form, Forms of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as the Panel may approve) within seven days of the Offer lapsing, at the risk of the Bacanora Shareholder concerned, to the person or agent whose name and address is set out in the relevant box of the Form of Acceptance or, if none is set out, to the first-named holder at such holder's registered address. No such documents will be sent to an address in any Restricted Jurisdiction; and

(iv) in respect of Bacanora Shares held in uncertificated form, the Receiving Agent will, promptly after the Offer lapses (or within such longer period as the Panel may permit), give TTE instructions to Euroclear to transfer all Bacanora Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Bacanora Shareholders concerned.

(l) All powers of attorney, appointments as agent and authorities on the terms conferred by or referred to in this Appendix 1 or (where relevant) in the Form of Acceptance are given by way of security for the performance of the obligations of the Bacanora Shareholder concerned and are irrevocable (in respect of powers of attorney in accordance with Section 4 of the Powers of Attorney Act 1971) except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw their acceptance in accordance with paragraph 3 of this Part C and duly and validly does so.

(m) Without prejudice to any other provisions of this Part C and subject to the requirements of the Code, Ganfeng and the Receiving Agent reserve the right to treat acceptances of the Offer as valid (in whole or in part) if not entirely in order or not accompanied by the relevant TTE instruction or (as applicable) relevant share certificate(s) and/or other document(s) of title or if received by or on behalf of any of them at any place or places or in any manner determined by any of them or otherwise than as set out in this document or, in respect of Bacanora Shares held in certificated form, in the Form of Acceptance. In that event, no settlement of consideration of the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Ganfeng have been received by the Receiving Agent.

(n) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any Bacanora Shareholders will be delivered by or sent to or from them (or their designated agents) at their risk. No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) and/or other document(s) of title will be given by or on behalf of Ganfeng.

(o) 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 (as defined in the Companies Act) 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 Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Bacanora Shares on the same terms as the Offer.

(p) If the Offer becomes or is declared unconditional, and valid acceptances in respect of Bacanora Shares which, together with Bacanora Shares acquired, or agreed to be acquired, before or during the Offer by Ganfeng, represent not less than 75 per cent. of the voting rights attaching to the Bacanora Shares, Ganfeng intends to procure that Bacanora will make applications to cancel the admission of the Bacanora Shares to trading on AIM on not less than 20 business days' (as defined in the AIM Rules) notice (or deemed notice).

(q) Any reference in this Appendix 1 to any law or regulation of any jurisdiction includes: (i) any subordinate legislation or regulation made under it; (ii) any law or regulation which it has amended, supplemented or replaced; and (iii) any law or regulation amending, supplementing or replacing it (whether before or after the date of this document).

(r) In relation to any acceptance of the Offer in respect of a holding of Bacanora Shares which are in uncertificated form, Ganfeng reserves the right to make such alterations, additions or modifications to the terms of the Offer as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the Panel's consent.

(s) For the purposes of this document, the time of receipt of a TTE instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.

(t) Neither Ganfeng nor any person acting on behalf of Ganfeng, shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer or otherwise in connection therewith.

(u) The Offer is subject to applicable requirements of the London Stock Exchange and the Code. In the event of any conflict or inconsistency between the terms and conditions of the Offer and the Code, the provisions of the Code shall prevail, and Ganfeng reserves the right to (and shall if required by the Panel) make such alterations, additions or modifications to the terms and conditions of the Offer so that any such conflict or inconsistency is removed.

(v) Any question as to the validity (including time of receipt) of any acceptance of the Offer and any question as to, or the acceptance of, any words of markings on a Form of Acceptance will be determined by Ganfeng, whose determination (save as the Panel otherwise determines) will be final and binding. None of Ganfeng, Teneo, the Receiving Agent or any other person will be under any duty to give notification of any defect or irregularity in any purported acceptance of the Offer or will incur any liability for failure to do so or for any determination under this paragraph (v).

7 Overseas Shareholders

(a) The making of the Offer in, or to persons resident in, or to nationals or citizens of, jurisdictions outside the United Kingdom or to nominees of, or custodians or trustees for, citizens or nationals of other countries ("**Overseas Shareholders**") may be prohibited or affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. No person receiving a copy of this document and/or a Form of Acceptance in any jurisdiction other than the UK may treat the same as constituting an invitation or offer to them, nor should they in any event use such Form of Acceptance if, in the relevant jurisdiction, such invitation or offer cannot lawfully be made to them or such Form of Acceptance cannot lawfully be used without contravention of any relevant or other legal requirements. In such circumstances, this document and/or Form of Acceptance are sent for information only. It is the responsibility of such Overseas Shareholder receiving a copy of this document and/or Form of Acceptance and wishing to accept the Offer to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any issue, transfer or other taxes or duties due in such jurisdiction. Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes or other payments by whomsoever payable and Ganfeng and Teneo (and any person acting on behalf of either of them) shall be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes or duties as Ganfeng or Teneo (and any person acting on behalf of either of them) may be required to pay.

If you are an Overseas Shareholder and you are in doubt about your position, you should consult your independent professional adviser in the relevant jurisdiction.

(b) In particular, the Offer is not being made, directly or indirectly, in or into, and is not capable of acceptance in or from a Restricted Jurisdiction. Accordingly, copies of this document are not being, and must not be, mailed or otherwise forwarded, distributed or sent in or into or from a Restricted Jurisdiction.

Persons receiving such documents (including without limitation, custodians, trustees and nominees) must not mail or otherwise forward, distribute or send them, directly or indirectly, in, into or from a Restricted Jurisdiction or use Restricted Jurisdiction mails or any such means or instrumentality or facility for any purpose, directly or indirectly, in connection with the Offer. Doing so may invalidate any purported acceptance of the Offer.

Persons wishing to accept the Offer must not use such mails or any such means or instrumentality or facility directly or indirectly for any purpose directly or indirectly related to acceptance of the Offer.

Envelopes containing a Form of Acceptance, evidence of title or any other document relating to the Offer should not be postmarked in a Restricted Jurisdiction or otherwise despatched from a Restricted Jurisdiction and all accepting Bacanora Shareholders must provide addresses outside a Restricted Jurisdiction for the remittance of cash or for the return of the Form of Acceptance, share certificates and/or other document(s) of title.

(c) A Bacanora Shareholder will be deemed not to have validly accepted the Offer if:

(i) such Bacanora Shareholder puts "NO" in Box 5 of the Form of Acceptance and thereby does not give the representations and warranties set out in sub-paragraph (b) of Part D of this Appendix 1;

(ii) having inserted in or having completed Box 3 of the Form of Acceptance with a registered address in a Restricted Jurisdiction, such Bacanora Shareholder does not insert in Box 4 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom such Bacanora Shareholder wishes the consideration to which they are entitled under the Offer and/or any documents to be sent;

(iii) such Bacanora Shareholder inserts in Box 4 of the Form of Acceptance the name and address of a person or agent in a Restricted Jurisdiction to whom such Bacanora Shareholder wishes the consideration to which they are entitled under the Offer and/or any documents to be sent;

(iv) in any case, the Form of Acceptance is received in an envelope postmarked in, or which otherwise appears to Ganfeng or its agent to have been sent from, a Restricted Jurisdiction;

(v) such Bacanora Shareholder inserts in Box 3 of the Form of Acceptance a telephone number in a Restricted Jurisdiction; or

(vi) such Bacanora Shareholder makes a Restricted Escrow Transfer (as defined in paragraph 7(g) below) pursuant to paragraph 7(g) of this Part C unless they also make a related Restricted ESA instruction (as defined in paragraph 7(g) below) which is accepted by the Receiving Agent.

Ganfeng reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (b) of Part D of this Appendix 1 or (as the case may be) paragraphs (b) to (d) of Part E of this Appendix 1 could have been truthfully given by the relevant Bacanora Shareholder and, if such investigation is made and, as a result, Ganfeng cannot satisfy itself that such representation and warranty was true and correct, the acceptance shall not be valid.

(d) If, in connection with the making of the Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any related offering documents, in, into or from a Restricted Jurisdiction or uses the mails or any means or instrumentality (including without limitation, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should:

(i) inform the recipient of such fact;

(ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and

(iii) draw the attention of the recipient to this paragraph 7 of this Part C.

(e) If any written notice from a Bacanora Shareholder withdrawing such Bacanora Shareholder's acceptance in accordance with paragraph 3 of this Part C is received in an envelope postmarked in, or which otherwise appears to Ganfeng or its agents to have been sent from, a Restricted Jurisdiction, Ganfeng reserves the right in its absolute discretion to treat that notice as invalid.

Any acceptance of the Offer by Bacanora Shareholders who are unable to give the representations and warranties set out in paragraph (b) of Part D of this Appendix 1 or (as the case may be) paragraphs (b) to (d) of Part E of this Appendix 1 is liable to be disregarded.

(f) Ganfeng reserves the right, in its absolute discretion, to treat any acceptance as invalid if it believes that such acceptance may violate applicable legal or regulatory requirements.

(g) If a Bacanora Shareholder holding Bacanora Shares in uncertificated form cannot give the representations and warranties set out in paragraphs (b) to (d) of Part E of this Appendix 1, but nevertheless can provide evidence satisfactory to Ganfeng that they can accept the Offer in compliance with all relevant legal and regulatory requirements, such Bacanora Shareholder may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that their CREST sponsor sends) both:

(i) a TTE instruction to a designated escrow balance detailed below (a **Restricted Escrow Transfer**); and

(ii) one or more valid ESA instructions (a **Restricted ESA instruction**) which specify the form of consideration which such Bacanora Shareholder wishes to receive (consistent with the alternatives offered under the Offer).

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and Ganfeng decides, in its absolute discretion, to exercise its right described in paragraph 7(h) of this Part C to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period for which the Offer is open for acceptance. If Ganfeng accordingly decides to permit such acceptance to be made, the Receiving Agent will, on behalf of Ganfeng, accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will, on behalf of Ganfeng, reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message.

Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- the ISIN for the Bacanora Shares. This is GB00BD20C246;
- the number of Bacanora Shares in uncertificated form in respect of which the Offer is to be accepted;
- the member account ID and participant ID of the Bacanora Shareholder;
- the participant ID of Link Group (this is RA10) and its member account ID specific to a Restricted Escrow Transfer (this is RESTRICT);
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 pm on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date;
- the corporate action number for the Offer allocated by Euroclear which can be found by viewing the relevant corporate action details in CREST;
- input with a standard delivery instruction priority of 80; and
- the contact name and telephone number inserted in the shared note file.

Each Restricted ESA instruction must, in order for it to be valid and settle, include the following details:

- the ISIN for the Bacanora Shares (this is GB00BD20C246);
- the number of Bacanora Shares relevant to that Restricted ESA instruction;
- the member account ID and participant ID of the accepting Bacanora Shareholder;
- the member account ID and participant ID of Link Group set out in the Restricted Escrow Transfer (this is RESTRICT);
- the participant ID of Link Group in its capacity as Escrow Agent (this is RA10) and the member account ID of Link Group relevant to the form of consideration required (details of which are set out in this document);
- the CREST transaction ID of the Restricted Escrow Transfer to which the Restricted ESA instruction relates to be inserted at the beginning of the shared note field;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 pm on Day 60 (currently anticipated to be 14 November 2021) or, if earlier, the Unconditional Date;
- input with a standard TTE delivery instruction priority of 80; and
- your name and contact telephone number in the shared note field.

(h) These provisions and any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Bacanora Shareholders or on a general basis by Ganfeng in its absolute discretion. Subject thereto, the provisions of paragraph 7 of this Part C supersede any terms of the Offer inconsistent with them. References in paragraph 7 of this Part C to a Bacanora Shareholder include references to the person or persons executing a Form of Acceptance and, if more than one person executes the Form of Acceptance, the provisions of paragraph 7 of this Part C shall apply to them jointly and severally.

(i) Ganfeng reserves the right to notify any matter, including the making of the Offer, to all or any Bacanora Shareholders:

(i) with a registered address outside the United Kingdom; or

(ii) whom Ganfeng knows to be a custodian, trustee or nominee holding Bacanora Shares for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom,

by announcement in the United Kingdom through a Regulatory Information Service or in any other appropriate manner or by notice in the London Gazette or paid advertisement in one or more newspapers published and circulated in the United Kingdom. Such notice shall be deemed to have been sufficiently given, despite any failure by any such Bacanora Shareholder to receive or see that notice.

(j) A reference in this document to a notice or the provision of information in writing by or on behalf of Ganfeng is to be construed accordingly. No such document shall be sent to an address in a Restricted Jurisdiction.

PART D – FORM OF ACCEPTANCE

This Part D applies only to Bacanora Shares held in certificated form. If you hold all of your Bacanora Shares in uncertificated form, you should ignore this Part D and instead read Part E of this Appendix 1.

Each Bacanora Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and delivered to the Receiving Agent irrevocably undertakes, represents, warrants and agrees to and with Ganfeng, TF(agr)-8.7.7(Rec432.7()-553.8(Age44060.2(irr44052.(soec432.6(asgr)-8.5Bacano32.6(bi(agr)-8.7.sucg,)

taken or omitted to take any action that will or may result in Ganfeng, Teneo or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or such Bacanora Shareholder's acceptance thereof;

(iii) is accepting the Offer from outside a Restricted Jurisdiction and has not executed, mailed or sent the Form of Acceptance in or from a Restricted Jurisdiction; and

(iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Offer from outside a Restricted Jurisdiction;

(c) that the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes, subject to the Offer becoming unconditional in accordance with its terms and to an accepting Bacanora Shareholder not having validly withdrawn their acceptance, the irrevocable appointment of Ganfeng and any director of, or any person authorised, by it as such shareholder's attorney and/or agent (the **attorney**) and an irrevocable instruction and authorisation to the attorney:

(i) to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney in relation to the Bacanora Shares referred to in paragraph (a) of this Part D in favour of Ganfeng or such other person or persons as Ganfeng or its agents may direct in connection with acceptance of the Offer;

(ii) to deliver such form(s) of transfer and/or other document(s) in the attorney's discretion and/or the certificate(s) and/or other document(s) of title relating to such Bacanora Shares for registration within six months of the Offer becoming unconditional; and

(iii) to execute all such other documents and do all such other acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest the Bacanora Shares referred to in paragraph (a) of this Part D in Ganfeng or its nominee;

(d) that, in relation to Bacanora Shares in certificated form, the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes, subject to the Offer becoming unconditional and to an accepting Bacanora Shareholder not having validly withdrawn their acceptance, an irrevocable authority and request, subject to the provisions of paragraph 7 of Part C of this Appendix 1:

(i) to Bacanora or its agents to procure the registration of the transfer of those Bacanora Shares referred to in paragraph (a) of this Part D pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect of the Bacanora Shares to Ganfeng or as it may direct; and

(ii) to Ganfeng or its agents to procure the despatch by post (or by such other method as the Panel may approve) of the cheque for the cash consideration to which an accepting Bacanora Shareholder is entitled, at the risk of such shareholder, to the person or agent whose name and address outside a Restricted Jurisdiction is set out in Box 4 of the Form of Acceptance, or if no name and address is set out in Box 4, to the first named holder at such holder's registered address outside a Restricted Jurisdiction;

(e) that the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes a separate authority to Ganfeng and/or its directors within the terms of paragraph 4 of Part C of this Appendix 1 in respect of the Bacanora Shares in certificated form comprised in the acceptance;

(f) that, subject to the right of a Bacanora Shareholder to the Zinnwald Distribution and the Offer becoming or being declared unconditional (or if the Offer will become unconditional immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration:

(i) Ganfeng or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Bacanora or of any class of its shareholders) attaching to any Bacanora Shares in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and

(ii) the execution of a Form of Acceptance in respect of the Bacanora Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:

(A) constitutes an authority to Bacanora and its agents from such Bacanora Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to such Bacanora Shareholder as a member of Bacanora (including any share certificate(s) or other document(s) of title) to Ganfeng at its registered office;

(B) constitutes an authority to Ganfeng or any director of, or any person authorised by, Ganfeng to sign any document and to do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Bacanora Shares held by such Bacanora Shareholder in certificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as such Bacanora Shareholder's attorney and/or agent and on such Bacanora Shareholder's behalf and/or to attend and/or execute a form of proxy in respect of such Bacanora Shares appointing any person nominated by Ganfeng to attend general and separate class meetings of Bacanora (and any adjournments thereof) and to exercise the votes attaching to such shares on such Bacanora Shareholder's behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding Condition of the Offer); and

(C) will also constitute the agreement of such Bacanora Shareholder not to exercise any of such rights without the consent of Ganfeng and the irrevocable undertaking of such Bacanora Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,

save that this authority will cease to be valid if the acceptance is validly withdrawn;

(g) that such Bacanora Shareholder will deliver or procure the delivery to the Receiving Agent at the address referred to in paragraph 3(b) of Part C of this Appendix 1 of share certificate(s) or other document(s) of title in respect of all Bacanora Shares in certificated form held by such Bacanora Shareholder in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn, or an indemnity acceptable to Ganfeng in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional;

(h) that such Bacanora Shareholder is the sole legal and beneficial owner of the Bacanora Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted or is the legal owner of such Bacanora Shares and has the necessary capacity and authority to execute the Form(s) of Acceptance;

(i) that the Bacanora Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made or paid, on or after 25 August 2021 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 11.59 pm on the Long Stop Date;

(j) that the terms and conditions of the Offer contained in this document shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;

(k) that, if such Bacanora Shareholder accepts the Offer, they will do all such acts and things as shall be necessary or expedient to vest the Bacanora Shares referred to in paragraph (a) of this Part D in Ganfeng or its nominee(s) or such other persons as Ganfeng may decide;

(l) that such Bacanora Shareholder agrees to ratify each and every act or thing which may be done or effected by Ganfeng or Teneo or the Receiving Agent or any director of Ganfeng, any director of Teneo or any director of the Receiving Agent or their respective agents or Bacanora or its agents, as the case may be, in the exercise of any of any such person's powers and/or authorities under this document;

(m) that the execution of the Form of Acceptance constitutes such Bacanora Shareholder's agreement to the terms of paragraphs 6(i) and 6(j) of Part C of this Appendix 1;

(n) that on execution the Form of Acceptance shall take effect as a deed;

(o) that if any provision of Part C or this Part D of this Appendix 1 shall be unenforceable or invalid or shall not operate so as to afford Ganfeng or Teneo or the Receiving Agent or any director of any of them the benefit or authority expressed to be given therein, such Bacanora Shareholder shall with all practicable speed do all such acts and things and execute all such documents as may be required to enable Ganfeng and/or Teneo and/or the Receiving Agent and/or any director of any of them to secure the full benefits of Part C and this Part D of this Appendix 1; and

(p) that such Bacanora Shareholder is not a customer (as defined by the rules of the FCA) of Teneo in connection with the Offer.

References in this Part D to a Bacanora Shareholder shall include references to the person or persons executing a Form of Acceptance, and if more than one person executes a Form of Acceptance, the provisions of this Part D shall apply to them jointly and severally.

PART E – ELECTRONIC ACCEPTANCE

This Part E applies only to Bacanora Shares held in uncertificated form. If you hold all of your Bacanora Shares in certificated form, you should ignore this Part E and instead read Part D of this Appendix 1.

Each Bacanora Shareholder by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with Ganfeng, Teneo and the Receiving Agent (so as to bind such Bacanora Shareholder and such Bacanora Shareholder's personal representatives, heirs, successors and assigns) to the following effect:

(a) that the Electronic Acceptance shall constitute an acceptance of the Offer in respect of the number of Bacanora Shares in uncertificated form to which a TTE instruction relates on and subject to the terms and conditions set out or referred to in this document and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Part C of this Appendix 1, each such acceptance and election shall be irrevocable;

(b) that such Bacanora Shareholder has not, directly or indirectly, received or sent copies or originals of this document, the Form of Acceptance or any related offering documents, in, into or from a Restricted Jurisdiction, has not utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, by means of facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction, was outside a Restricted Jurisdiction at the time of the input and settlement of the relevant TTE instruction(s), and in respect of the Bacanora Shares to which an Electronic Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Offer from outside a Restricted Jurisdiction;

(c) that, if such Bacanora Shareholder is an Overseas Shareholder, they have observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and have not taken or omitted to take any action that will or may result in Ganfeng, Teneo or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or such Bacanora Shareholder's acceptance thereof;

(d) that no TTE instruction has been sent from a Restricted Jurisdiction and such Bacanora Shareholder is accepting the Offer from outside a Restricted Jurisdiction;

(e) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in accordance with its terms and to an accepting Bacanora Shareholder not having validly withdrawn their acceptance, the irrevocable appointment of Ganfeng and any director of, or any person authorised by, it as such shareholder's attorney and/or agent and an irrevocable instruction and authorisation to the attorney to execute all such documents and do all such acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest the Bacanora Shares referred to in paragraph (a) of this Part E in Ganfeng or its nominee;

(f) that the Electronic Acceptance constitutes the irrevocable appointment of the Receiving Agent as such shareholder's attorney and an irrevocable instruction and authority to the attorney (i) subject to the Offer becoming unconditional in accordance with its terms and to an accepting Bacanora Shareholder not having validly withdrawn their acceptance, to transfer to itself (or to such other person or persons as Ganfeng or its agents may direct) by means of CREST all or any of the Bacanora Shares in uncertificated form (but not exceeding the number of Bacanora Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted); and (ii) if the Offer does not become unconditional, to give instructions to Euroclear, promptly after the lapsing of the Offer (or within such longer period as the Panel may permit), to transfer all such Bacanora Shares to the original available balance of the accepting Bacanora Shareholder;

(g) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional and to an accepting Bacanora Shareholder not having validly withdrawn their acceptance, an irrevocable authority and request to Ganfeng or its agents to procure the making of a CREST payment obligation in favour of the Bacanora Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled, provided that:

(i) Ganfeng may (if, for reasons outside its reasonable control, it is not able to effect settlement through CREST in accordance with paragraph (g) of this Part E) determine that all or any part of any such cash consideration shall be paid by cheque despatched by post; and

(ii) if the Bacanora Shareholder concerned is a CREST member whose registered address is in a Restricted Jurisdiction, any cash consideration to which such shareholder is entitled may be paid by cheque despatched by post, in any case at the risk of such shareholder, and such cheque shall be despatched to the first named holder at such holder's registered address outside a Restricted Jurisdiction or as otherwise determined by Ganfeng;

(h) that the Electronic Acceptance constitutes a separate authority to Ganfeng and/or its directors within the terms of paragraph 5 of Part C of this Appendix 1 in respect of the Bacanora Shares in uncertificated form referred to in paragraph (a) of this Part E;

(i) that, subject to the right of a Bacanora Shareholder to the Zinnwald Distribution and the Offer becoming or being declared unconditional (or if the Offer will become unconditional immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration:

(i) Ganfeng and/or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Bacanora or of any class of its shareholders) attaching to such Bacanora Shares in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and

(ii) an Electronic Acceptance in respect of the Bacanora Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:

(A) constitutes an authority to Bacanora from such Bacanora Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to such Bacanora Shareholder as a member of Bacanora (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Bacanora Shares into certificated form) to Ganfeng at its registered office;

(B) constitutes an authority to Ganfeng or any director of, or any other person authorised by, Ganfeng to sign any document and to do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Bacanora Shares held by such Bacanora Shareholder in uncertificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as such Bacanora Shareholder's attorney and/or agent and on such Bacanora Shareholder's behalf and/or to attend and/or execute a form of proxy in respect of such Bacanora Shares appointing any person nominated by Ganfeng to attend general and separate class meetings of Bacanora (and any adjournments

(j) that such Bacanora Shareholder is the sole legal and beneficial owner of the Bacanora Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted or is the legal owner of such Bacanora Shares and has the necessary capacity and authority to effect an Electronic Acceptance;

(k) that the Bacanora Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid up and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made or paid, on or after 25 August 2021 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 11.59 pm on the Long Stop Date;

(l) that such Bacanora Shareholder will do all such acts and things as shall be necessary or expedient to vest the Bacanora Shares referred to in paragraph (a) of this Part E in Ganfeng or its nominee(s) or such other persons as Ganfeng may decide and all such acts and things as may be necessary or expedient to enable the Receiving Agent to perform its functions as Escrow Agent for the purposes of the Offer;

(m) that such Bacanora Shareholder agrees to ratify each and every act or thing which may be done or effected by Ganfeng or Teneo or the Receiving Agent or any director of Ganfeng or any director of Teneo or any director of the Receiving Agent or their respective agents or Bacanora or its agents, as the case may be, in the exercise of any of such person's powers and/or authorities under this document;

(n) that if, for any reason, any Bacanora Shares in respect of which a TTE instruction has been effected in accordance with paragraph 13(b) of the letter from Ganfeng contained in Part II of this document are converted to certificated form, such Bacanora Shareholder will (without prejudice to paragraph (i)(ii)(A) of this Part E) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Bacanora Shares as so converted to the Receiving Agent at the address referred to in paragraph 3(b) of Part C of this Appendix 1 or to Ganfeng at its registered office or as Ganfeng or its agents may direct; and such Bacanora Shareholder shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part D of this Appendix 1 in relation to such Bacanora Shares without prejudice to the application of this Part E as far as Ganfeng deems appropriate;

(o) that the creation of a CREST payment obligation in favour of such Bacanora Shareholder's payment bank in accordance with the CREST payment arrangements referred to in paragraph (g) of this Part E shall, to the extent of the obligation so created, discharge in full any obligation of Ganfeng and/or Teneo to pay such Bacanora Shareholder the cash consideration to which they are entitled pursuant to the Offer;

(p) that the making of an Electronic Acceptance constitutes such Bacanora Shareholder's agreement to the terms of paragraphs 6(i) and 6(j) of Part C of this Appendix 1;

(q) that, by virtue of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant Bacanora Shareholder in the terms of all the powers and authorities expressed to be given by Part C, Part E and (where applicable by virtue of paragraph (n) of this Part E) Part D of this Appendix 1 to Ganfeng and the Receiving Agent and any of their respective agents;

(r) that if any provision of Part C or Part E of this Appendix 1 shall be unenforceable or invalid or shall not operate so as to afford Ganfeng or Teneo or the Receiving Agent or any director of any of them the benefit or authority expressed to be given therein, such Bacanora Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Ganfeng and/or Teneo and/or the Receiving Agent and/or any director of either of them to secure the full benefits of Part C and Part E of this Appendix 1;

(s) that such Bacanora Shareholder is not a customer (as defined by the rules of the Financial Conduct Authority) of Teneo in connection with the Offer.

References in this Part E to a Bacanora Shareholder shall include references to the person or persons making an Electronic Acceptance and, if more than one makes an Electronic Acceptance, the provisions of this Part E shall apply to them jointly and severally.

APPENDIX 2

TAXATION

A. UNITED KINGDOM TAXATION

The comments set out below are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs) as at the date of this document, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to Bacanora Shareholders resident and, in the case of an individual, domiciled for tax purposes in the United Kingdom and to whom "split year" treatment does not apply, who hold Bacanora Shares as an investment (other than through an individual savings account or self-invested personal pension) and who are the absolute beneficial owners thereof. The discussion does not address all possible tax consequences relating to an investment in Bacanora Shares. Certain categories of Bacanora Shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs and exemptions, those connected with Bacanora or the Bacanora Group and those for whom the Bacanora Shares are employment related securities, may be subject to special rules and this summary does not apply to such Bacanora Shareholders.

Bacanora Shareholders or prospective Bacanora Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.

1 Tax Consequences of Acceptance of the Offer

In the event that a Bacanora Shareholder receives cash under the Offer, that Bacanora Shareholder will be treated as disposing of Bacanora Shares which may, depending on the Bacanora Shareholder's individual circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a liability to UK tax on chargeable gains.

Bacanora Shareholders who are individuals will generally be subject to capital gains tax on any chargeable gain arising from a disposal of Bacanora Shares. Chargeable gains are subject to capital gains tax at a rate of 10 per cent. to the extent that when aggregated with the relevant individual's taxable income they fall below the limit of the basic rate of income tax (taking the chargeable gain as the highest part of such aggregate) or 20 per cent. to the extent that the aggregate exceeds such limit. Individuals may be able to make use of their annual exempt amount (£12,300 for the 2021/22 tax year) and the amount of the original cost of the Bacanora Shares in

should equally not be considered as employment income for those employed by, or who are officeholders of, the Bacanora Group, on the basis that there is no gratuitous benefit intended and all payments are being made to employees and/or officeholders at market value on arm's length terms.

Any money or money's worth received from a company by a shareholder in that company by virtue of a dividend declared in respect of those shares in that company is taxable as a dividend in the hands of the recipient. Where the receipt is cash, the income tax is calculated by reference to the cash amount of the dividend. Where the receipt is non-cash (for example, the Zinnwald Shares), the tax is calculated by reference to the market value of the asset received.

I d d a

An individual Bacanora Shareholder receiving Zinnwald Shares from Bacanora by way of dividend in specie and whose total income from dividends in respect of the 2021/2022 tax year does not exceed £2,000 (including the value of the Zinnwald Shares received) will not pay any UK income tax on such receipt by way of dividend.

Based on current law at the date of this Offer Document, an individual Bacanora Shareholder receiving Zinnwald Shares from Bacanora by way of distribution *in specie* and whose total income from dividends in respect of the 2021/2022 tax year does exceed £2,000 (including the value of the Zinnwald Shares received) will be taxed as follows:

(a) the individual Bacanora Shareholders will not pay income tax on the first £2,000 of dividend income in the tax year;

(b) to the extent that the individual's Total Income (as defined below) exceeds the personal allowance (£12,570 for the year ending 5 April 2022) but does not exceed the basic rate tax band for the tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 7.5 per cent.;

(c) to the extent that the individual's Total Income exceeds the basic rate band but does not exceed the higher rate tax band for the tax year, the individual will be liable to income tax on the Excess Dividend at the rate of 32.5 per cent.;

(d) to the extent that the individual's Total Income falls within the additional rate band for the tax year, the individual will be liable to income tax on the Excess Dividend at the rate of 38.1 per cent.;

(e) "**Total Income**" means the total of the individual's dividend income and other taxable income for a tax year; and

(f) "**Excess Dividend**" means the total of that individual's dividend income in that tax year less £2,000.

For the tax year 2021/2022 in England and Wales, the basic rate band is the first £37,700 of income in excess of any personal allowance, the higher rate band is income between £37,701 and £150,000 in excess of any available personal allowance and the additional rate band applies to income in excess of £150,000 (these bands differ slightly in Scotland).

Where an individual's taxable income exceeds £100,000, their personal allowance is abated by £1 for every £2 of income. In the tax year 2021/2022 the personal allowance is £12,570 and individuals with income in excess of £125,140 will have no personal allowance.

C a e

Bacanora Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from Bacanora) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that generally fall within an exempt class.

Persons who are not resident in the UK should consult their own tax advisers on what tax may be payable in respect of a dividend received from Bacanora, in the jurisdiction in which they are resident.

3 Stamp duty and stamp duty reserve tax ("SDRT")

No stamp duty or SDRT will be payable by Bacanora Shareholders as a result of accepting the Offer.

No stamp duty or SDRT will be payable by any Bacanora Shareholder as a result of the Zinnwald Distribution provided that: (i) no Bacanora Shareholder gives any consideration for that distribution; and (ii) the distribution is not made in settlement or satisfaction of any debt due to a Bacanora Shareholder.

B. MEXICAN TAXATION

The following is a general summary of the principal consequences under the Mexican income tax law and the rules and regulations thereunder currently in effect, in connection with the disposal of Bacanora Shares by a Bacanora Shareholder that is not a resident of Mexico and that does not hold Bacanora Shares or a beneficial interest therein in connection with the conduct of a trade or business through a permanent establishment in Mexico (any such person in this section being a "non-resident shareholder").

The summary of the Mexican tax treatment of the Offer detailed in this document is not intended as a detailed or exhaustive explanation of the applicable tax provisions in Mexico that may be applicable to non-resident shareholders. Additionally, such summary may not be applicable to some Bacanora Shareholders due to their particular characteristics. For this issue and any other issue in connection with tax matters, we recommend you consult a suitable professional tax advisor.

For purposes of Mexican taxation, the definition of "residence" is highly technical and "residence" arises in several situations. For the purposes of this summary, the term "non-resident shareholder" shall mean a holder that is not a resident of Mexico for tax purposes, as defined by the Mexican Federal Tax Code (*Codigo Fiscal de la Federacion*), or that does not conduct a trade or business in Mexico through a permanent establishment for tax purposes in Mexico.

Pursuant to the Mexican Federal Tax Code:

- an individual is a resident of Mexico for tax purposes if such individual has established his or her home in Mexico. In the event that such individual also has a home available to him/her in another country, then such individual will be deemed a resident of Mexico for tax purposes when his or her "centre of vital interests" (*centro de intereses vitales*) is located within Mexican territory. This will be deemed to occur if, among other considerations: (1) at least 50 per cent. of his or her aggregate annual income derives from Mexican sources, or (2) the main centre of his or her professional activities is located in Mexico;
- an individual will also be considered a resident of Mexico for tax purposes if such individual is a Mexican federal government employee, regardless of the location of the individual's centre of vital interests;
- Mexican nationals who file a change of tax residence to a jurisdiction that does not have a comprehensive exchange of information agreement with Mexico, in which his or her income is subject to a preferred tax regime pursuant to the provisions of the Mexican income tax law, will be considered residents of Mexico for tax purposes during the year of filing of the notice of such residence change and during the following three years;
- unless otherwise evidenced, Mexican nationals are deemed residents of Mexico for tax purposes; and
- a legal entity is a resident of Mexico for tax purposes if the principal administration of its business or its place of effective management is established in Mexico.

This summary is based upon Mexican income tax law and Mexican Federal Tax Code in effect as of the date of this document, which are subject to change. Non-resident shareholders should consult their own tax advisors as to the Mexican or other tax consequences of the disposition of Bacanora Shares including, in particular, the effect of any state, municipal or local tax laws in effect in Mexico.

Mexico has entered into, and is negotiating, several tax treaties for the avoidance of double taxation with various countries, that may affect the Mexican tax liability of non-resident shareholders.

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Income derived from the transfer of shares will be considered Mexican-source income when the entity who issues the shares is a Mexican resident or when more than 50 per cent. of the book value of the shares being transferred derives, directly or indirectly, from real estate property located in Mexico.

The sale of Bacanora Shares by a non-resident shareholder represented substantially by Mexican real estate will be subject to Mexican income tax.

Should the value of Mexican real estate property exceed 50 per cent. of the book value of the Bacanora Shares being transferred, the sale of such Bacanora Shares will be subject to a 25 per cent. tax rate on the gross proceeds realised from the sale. Alternatively, a non-resident shareholder could, subject to certain requirements, elect to pay tax on the net gain realised from the sale of Bacanora Shares at a rate of 35 per cent. provided that certain pre and post requirements are duly met.

Based on the UK-Mexico double tax treaty, the net gain option could potentially be achieved to the extent the treaty and Mexican income tax law requirements are duly met. The applicability of other tax treaties must be analysed on a case-by-case basis.

It is strongly advised that Bacanora Shareholders should consult their own tax advisors as to whether or not the sale of Bacanora Shares will be subject to Mexican tax and, if relevant, their possible eligibility for relief under applicable tax treaties.

Ganfeng will not be responsible for verifying or notifying any Bacanora Shareholder participating in the Offer of the tax treatment applicable to such shareholder or for making any payment on behalf of any Bacanora Shareholder under such applicable tax provisions, including without limitation, in connection with any tax that may apply to them. As such, each Bacanora Shareholder shall be solely responsible for determining, and if applicable paying any amounts that may be due under the tax laws applicable to the corresponding shareholder that participates in the Offer; Ganfeng will not be liable for any such determination and/or withholding. It is recommended that each Bacanora Shareholder independently consults a tax advisor with respect to the tax consequences deriving from their participation in the Offer, including those pertaining to their particular situation.

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There are no inheritance or succession taxes applicable to the transfer or disposition of Bacanora Shares by a non-resident shareholder. There are no Mexican stamp, issuer, registration or similar taxes or duties payable by the holders of Bacanora Shares.

APPENDIX 3

ADDITIONAL INFORMATION

1 Responsibility Statements

1.1 The director of Ganfeng, whose name is set out in paragraph 2.3 of this Appendix 3, and the Ganfeng Responsible Persons, whose names are set out in paragraph 2.4 of this Appendix 3, accept responsibility for all the information contained in this document (including any expressions of opinion), other than information for which responsibility is taken pursuant to paragraphs 1.2 and 1.3 of this Appendix 3. To the best of the knowledge and belief of the director of Ganfeng and the Ganfeng Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The Bacanora Directors, whose names are set out in paragraph 2.1 of this Appendix 3, accept responsibility for the information contained in this document relating to the Bacanora Group, the Bacanora Directors (including their respective immediate families, related trusts and connected persons) and persons deemed to be acting in concert with the Bacanora Group, except in relation to the opinion and views (including the recommendation) of the Bacanora Independent Directors in respect of the Offer, for which the Bacanora Independent Directors take responsibility pursuant to paragraph 1.3 below. To the best of the knowledge and belief of the Bacanora Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.3 The Bacanora Independent Directors, whose names are set out in paragraph 2.2 of this Appendix 3, accept responsibility for their views and opinions on the Offer (including their recommendation of the Offer set out in paragraph 8 of Part I of this document). To the best of the knowledge and belief of the Bacanora Independent Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Directors of Bacanora and Ganfeng

2.1 The Bacanora Directors are:

Name	Position
Mark Hohnen	Non-Executive Chair
Peter Secker	Chief Executive Officer
Eileen Carr	Non-Executive Director
James Strauss	Non-Executive Director
Dr Andres Antonius	Non-Executive Director
Junichi Tomono	Non-Executive Director
Graeme Purdy	Non-Executive Director
Wang Xiaoshen	Non-Executive Director

The registered office of Bacanora, whose registered number is 11189628, and the business address of each of the Bacanora Directors is 4 More London Riverside, London SE1 2AU, United Kingdom.

2.2 The Bacanora Independent Directors are:

Name	Position
Mark Hohnen	Non-Executive Chair
Peter Secker	Chief Executive Officer
Eileen Carr	Non-Executive Director
James Strauss	Non-Executive Director
Dr Andres Antonius	Non-Executive Director
Junichi Tomono	Non-Executive Director
Graeme Purdy	Non-Executive Director

2.3 The director of Ganfeng and his position is:

Name	Position
Wang Xiaoshen	Director

The registered office of Ganfeng, and the business address of the director of Ganfeng, is No.26, Lane 4088, Luoshan Road, Pudong, Shanghai, People's Republic of China.

2.4 The "**Ganfeng Responsible Persons**", being the members of the board of directors of Ganfeng Holdco, and their respective positions are:

Name	Position
Li Liangbin	Chair, President
Wang Xiaoshen	Vice Chair, Vice President
Deng Zhaonan	Director, Vice President
Shen Haibo	Director, Vice President
Yu Jianguo	Non-Executive Director
Yang Juanjuan	Non-Executive Director
Xu Yixin	Independent Non-Executive Director
Liu Jun	Independent Non-executive Director
Wong Sze Wing	Independent Non-executive Director
Xu Guanghua	Independent Non-Executive Director

The registered office of Ganfeng Holdco, and the business address of each of the Ganfeng Responsible Persons, is Longteng Rd. Eco. Dev. Pk., Xinyu City, Jiangxi Province, People's Republic of China.

3 Persons acting in concert

3.1 In addition to the director of Ganfeng (together with his close relatives and related trusts) and members of the Wider Ganfeng Group, the persons who, for the purposes of the Code, are acting in concert with Ganfeng in respect of the Offer are:

Name	Type	Registered Office	Relationship with Ganfeng
Teneo Restructuring Limited	Limited company incorporated in England & Wales	5th Floor, 6 More London Place, London SE1 2DA	Financial adviser to Ganfeng in connection with the Offer

3.2 In addition to the Bacanora Directors (together with their close relatives and related trusts) and members of the Wider Bacanora Group, the persons who, for the purposes of the Code, are acting in concert with Bacanora in respect of the Offer are:

Name	Type	Registered Office	Relationship with Ganfeng
Peel Hunt LLP	Limited liability partnership incorporated in England & Wales	7th Floor, 100 Liverpool Street, London EC2M 2AT	Financial adviser in connection with the Offer for the purposes of Rule 3 of the Code
Cairn Financial Advisers LLP	Limited liability partnership incorporated in England & Wales	Cheyne House, Crown Court, 62-63 Cheapside, London EC2V 6AX	Nominated adviser to Bacanora under the AIM Rules
Citigroup Global Markets Limited	Limited company incorporated in England & Wales	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Broker to Bacanora under the AIM Rules
Canaccord Genuity Limited	Limited company incorporated in England & Wales	88 Wood Street, London EC2V 7QR	Broker to Bacanora under the AIM Rules

4 Disclosure of interests and dealings in shares

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4.1 For the purposes of this Appendix 3:

(a) "**acting in concert**" has the meaning attributed to it in the Code;

(b) "**arrangement**" includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

(c) "**connected adviser**" has the meaning attributed to it in the Code;

(d) "**connected person**" has the meaning attributed to it in sections 252 to 255 of the Companies Act;

(e) "**control**" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control;

(f) "**dealing**" or "**dealt**" includes the following:

(i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;

(ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;

(iii) subscribing or agreeing to subscribe for relevant securities;

(iv) the exercise of conversion, whether in respect of new or existing securities, of any relevant securities carrying conversion or subscription rights;

(v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;

(vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and

(vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he/she has a short position;

(g) "**derivative**" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

(h) "**disclosure date**" means the Last Practicable Date;

(i) "**disclosure period**" means the period commencing on 6 May 2020, being the date 12 months prior to the commencement of the Offer Period, and ending on the disclosure date;

(j) "**exempt principal trader**" or "**exempt fund manager**" has the meaning attributed to it in the Code;

(k) "**financial collateral arrangement**" means a security financial collateral arrangement which provides a right for the collateral taken to use and dispose of Bacanora securities as if it were the owner of those securities;

(l) being "**interested**" in relevant securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if he only has a short position in such securities) and in particular includes where a person:

(i) owns relevant securities;

(ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;

(iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

(iv) is party to any derivative whose value is determined by reference to its price and which results, or may result, in such person having a long position in it;

(m) "**relevant Bacanora securities**" means shares in Bacanora (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

(n) "**relevant Ganfeng securities**" means equity interests in Ganfeng Holdco or any entity owned or controlled by Ganfeng Holdco (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

(o) "**relevant securities**" means relevant Bacanora securities or relevant Ganfeng securities; and

(p) "**short position**" means any short position (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.

(c) the following options over Bacanora Shares have been granted to the Bacanora Directors and their respective immediate families, related trusts and connected persons under the Incentive Schemes and remained outstanding:

2009 Option Scheme

Director	Maximum Number of Bacanora Shares	Exercise Price per Bacanora Share	Date of Grant	Expiry Date
Peter Secker	205,800	33.25 pence	28 October 2019	27 October 2022
Peter Secker	215,488	24.40 pence	2 October 2020	1 October 2023
Mark Hohnen	151,439	33.25 pence	28 October 2019	27 October 2022
Mark Hohnen	179,501	24.40 pence	2 October 2020	1 October 2023

The above options have been issued under the 2009 Option Scheme with a vesting schedule of one third on the date of grant, one third after one year, one third after two years and expiration after three years. All unvested Options immediately vest on a change in control of Bacanora.

Restricted Stock Units ("RSUs")

Director	Maximum Number of Bacanora RSUs	Date of Grant	Expiry Date
Peter Secker	278,546	28 October 2019	27 October 2022
Peter Secker	117,420	2 October 2020	1 October 2023
Peter Secker	150,850	13 September 2021	12 September 2024
Mark Hohnen	204,970	28 October 2019	27 October 2022
Mark Hohnen	97,811	2 October 2020	1 October 2023
Mark Hohnen	54,183	13 September 2021	12 September 2024

RSUs under the 2017 RSU Scheme and the STIP are awarded based on individual performance criteria and vest in full on the third anniversary of the date of grant, or on a change of control of Bacanora, at the share price on that date. They are taxed as if a cash bonus through payroll and the net amount is either paid out in cash or in Bacanora Shares at the sole discretion of the Bacanora Board.

Performance Stock Units ("PSUs") under the LTIP

PSUs under the LTIP are to be awarded based on performance relating to objective corporate metrics over a three year period to the end of 2022, and vest after a further two year period whereupon they are exercisable into Bacanora Shares. Each of Mark Hohnen and Peter Secker are participants in the scheme but no awards have been made to date and none are anticipated to be made if the Offer becomes Effective.

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4.3 As at the close of business on the disclosure date, save as disclosed in this paragraph 4:

(a) Ganfeng had no interest in or right to subscribe for, or had any short position in relation to, any relevant Bacanora securities, nor had it dealt in any relevant Bacanora securities during the disclosure period;

(b) neither the director of Ganfeng nor any of his close relatives, connected persons or related trusts, had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Bacanora securities, nor had any such person dealt in any relevant Bacanora securities during the disclosure period;

(c) no person acting in concert with Ganfeng had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Bacanora securities, nor had any such person dealt in any relevant Bacanora securities during the disclosure period;

(d) no person with whom Ganfeng or any person acting in concert with Ganfeng has an arrangement had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Bacanora securities, nor had any such person dealt in any relevant Bacanora securities during the disclosure period;

(e) none of Ganfeng, the director of Ganfeng (or his close relatives, connected persons or related trusts), any person acting in concert with Ganfeng, or any person with whom Ganfeng or any person acting in concert with Ganfeng has an arrangement, has any interest in the relevant Bacanora securities;

(f) none of the Bacanora Directors or any of their respective close relatives connected persons or related trusts had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Bacanora securities, nor had any such person dealt in any relevant Bacanora securities during the period between the start of the Offer Period and the disclosure date;

(g) no person acting in concert with Bacanora had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Bacanora securities, nor had any such person dealt in any relevant Bacanora securities during the period between the start of the Offer Period and the disclosure date;

(h) no person with whom Bacanora or any person acting in concert with Bacanora has an arrangement had any interest in or right to subscribe for or had any short position in relation to any relevant Bacanora securities, not had such person dealt in any relevant Bacanora securities during the period between the start of the Offer Period and the disclosure date;

(i) neither Bacanora nor any of the Bacanora Directors (including any members of such directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant Ganfeng securities, nor had any such person dealt in any relevant Ganfeng securities during the period between the start of the Offer Period and the disclosure date;

(j) Bacanora had not redeemed or purchased any relevant Bacanora securities during the disclosure period;

(k) neither Bacanora nor any person acting in concert with Bacanora had borrowed or lent any relevant Bacanora securities (including any financial collateral arrangements), save for any borrowed shares which have either been on-lent or sold;

(l) neither Ganfeng nor any person acting in concert with Ganfeng had borrowed or lent any relevant Bacanora securities (including any financial collateral arrangements), save for any borrowed shares which have either been on-lent or sold;

(m) there were no arrangements which existed between Bacanora or any associate of Bacanora and any other person; and

(n) there were no arrangements which existed between Ganfeng, or any person acting in concert with Ganfeng, and any other person.

4.4 Substantial shareholders of Ganfeng Holdco:

(a) The following Ganfeng Holdco shareholders have pre-existing interests in Ganfeng Holdco which create potential indirect interests of five per cent. or more in the capital of Bacanora as a result of the Offer:

Shareholder	**Per cent. interest in total share capital of Ganfeng Holdco**
Li Liangbin (Chair)	*18.8*
Wang Xiaoshen (Vice Chair)	*7.0*

5 Market quotations

The following table shows the closing middle-market quotations of Bacanora Shares, as derived from the Daily Official List on the following dates, unless otherwise indicated:

(a) the first Business Day of each of the six months immediately before the date of this document;

(b) 5 May 2021, being the last dealing day before the commencement of the Offer Period; and

(c) on the Last Practicable Date.

Date	Price per Bacanora Share (Pence)
1 April 2021	40.8p
4 May 2021	42.5p
5 May 2021	45.0p
1 June 2021	55.0p
1 July 2021	58.8p
2 August 2021	57.2p
1 September 2021	66.1p
Last Practicable Date	67.6p

6 Material contracts

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6.1 The following contracts have been entered into by members of the Bacanora Group, not being contracts entered into in the ordinary course of business, which are or may be material, during the period beginning 6 May 2019 (being two 9425.6(fol)10(lowing)-421.8(con)-706s.8(o04(in)787(durin6(unbe)-4

(c) Ganfeng – Investment Agreement, Offtake Agreement and Joint Venture Agreement (and amendments)

On 28 June 2019, Bacanora announced that it and Ganfeng had entered into an investment agreement (the **Investment Agreement**) and a joint venture agreement (the **Joint Venture Agreement**), whilst it had also entered into an offtake agreement (the **Offtake Agreement**) with Ganfeng Holdco.

Under the Investment Agreement Ganfeng subscribed for a 29.99 per cent. equity interest in Bacanora for a cash consideration of £14,400,091, being 57,600,364 Bacanora Shares, at a price of 25 pence per share. Ganfeng has the right under the Investment Agreement to nominate one director to the Bacanora Board. Ganfeng also has pre-emption rights in relation to new issues of Bacanora Shares proportionate to its interest in Bacanora. Ganfeng exercised these pre-emption rights as part of the fund raise conducted by the Company in February 2021 and acquired an additional 53,333,333 Bacanora Shares at a price of 45 pence per share, which completed on 26 May 2021.

Under the terms of the Offtake Agreement, Ganfeng Holdco was granted exclusive offtake rights to purchase 50 per cent. of all lithium products produced at the Sonora Lithium Project for the life of the mine during Stage 1 planned production. Ganfeng Holdco also has the option to increase its offtake to 75 per cent. of all lithium products during Stage 2 of production. Ganfeng Holdco would pay market-based price for every tonne of lithium product sold under the Offtake Agreement.

Under the Joint Venture Agreement Ganfeng acquired an initial 22.5 per cent. interest in Sonora, for a cash payment of £7,563,649, equivalent to a price of 25 pence per share. Ganfeng was also granted an option to increase its equity interest in Sonora to up to 50 per cent. within 24 months of the completion of this Investment. The valuation of any additional equity investment in Sonora by Ganfeng was to be based on the share price of Bacanora at the time of the additional investment.

Ganfeng subsequently exercised its option and the Joint Venture Agreement was amended on 1 February 2021, such that, conditional on Ganfeng subscribing a cash consideration of £21,883,485 to increase the shareholding of Ganfeng to 50 per cent of the enlarged issued share capital of Sonora, Ganfeng would be permitted to appoint two directors to the Sonora board alongside two Bacanora directors, with the chair being one of the Bacanora directors. The subscription proceeds were paid on 26 February 2021 and the constitution of the Sonora board of directors was updated accordingly. The amended Joint Venture Agreement provided that Bacanora remains as the operator of the Sonora Lithium Project, while Ganfeng will be responsible for leading certain engineering, procurement and construction activities associated with the project.

(d) Fund Raises

On 25 November 2019, Bacanora announced that it had entered into an agreement with WH Ireland Limited as sole placing agent to raise £7,729,150 (approximately US$10 million) via the placing of 30,916,601 new Bacanora Shares with one of its long standing cornerstone shareholders, M&G Plc, at a price of 25 pence per Bacanora Share.

On 3 February 2021, Bacanora announced that it had entered into an agreement with Citigroup Global Markets Limited, Canaccord Genuity Limited and WH Ireland Limited to raise approximately US$65 million through the issue of a total of 101,395,885 new Bacanora Shares at a price of 45 pence per Bacanora Share. Bacanora also entered into a separate agreement with the PrimaryBid platform pursuant to which retail and other investors subscribed for another 5,600,000 Bacanora Shares at the same price. A total of 106,995,885 new Bacanora Shares were admitted to trading on AIM on 8 February 2021.

(e) Deutsche Lithium Joint Venture

On 17 February 2020, Bacanora announced that it had reached agreement with the administrators of Solarworld AG (**Solarworld**) to amend its joint venture agreement in relation to Deutsche Lithium GmbH (**DL**), which owns 100 per cent. of the Zinnwald Lithium Project.

Bacanora acquired its initial 50 per cent. interest in DL in February 2017. Bacanora had an option to acquire the outstanding 50 per cent. that it did not own, whilst Solarworld had the right, but not the obligation, to buy back Bacanora's shareholding for €1 (together the **Call Options**). Bacanora and Solarworld agreed to cancel the Call Options, with Bacanora maintaining its 50 per cent. of DL in return for committing to provide a minimum of €1.35 million in funding to DL over the next two years to progress the development of the Zinnwald Lithium Project.

(f) Zinnwald Reverse Takeover

On 8 October 2020, Bacanora announced that it had entered into the conditional sale and purchase agreement (**SPA**) to sell its 50 per cent. shareholding in DL to Erris Resources plc (**Erris**), in exchange for new shares in Erris (**Consideration Shares**) and a net profits royalty. The SPA was approved by Erris shareholders at a general meeting held on 26 October 2020 and the transaction completed on 29 October 2020. As part of this transaction, Bacanora entered into a number of agreements with Erris (subsequently renamed as Zinnwald Lithium Plc), detailed below.

On 24 June 2021, Zinnwald completed the acquisition of the remaining 50 per cent. of DL from SolarWorld and terminated the joint venture agreement relating to DL. Consequently, the Deed of Indemnity, Account Charge and Deed of Adherence (all as defined below) are in the process of being cancelled. The Bacanora Royalty Agreement and Bacanora Relationship Agreement (each as defined below) remain in force.

(i) Acquisition Agreement

The SPA provided that, upon the satisfaction of certain conditions, including admission of the Consideration Shares to trading on AIM, Erris would acquire 50 per cent. of the issued share capital of DL. In addition, Erris would also acquire €1.35 million of cash from Bacanora (the **Bacanora Cash**) with €935,000 of the Bacanora Cash to be held as per the terms of the Account Charge, following completion of the acquisition and to be used to satisfy Bacanora's obligations owed to DL pursuant to the terms of the joint venture agreement relating to DL.

The consideration payable by Erris to Bacanora comprised the Consideration Shares to be issued by Erris, credited as fully paid, together with the grant of a royalty fee to Bacanora pursuant to the terms of the Bacanora Royalty Agreement. The SPA contained customary warranties given by Bacanora and Erris in respect of the business and operations of DL and the Bacanora Group respectively.

(ii) Deed of Indemnity

Pursuant to the terms of the SPA, Erris granted an indemnity in favour of Bacanora (**Deed of Indemnity**) pursuant to which Erris undertook to Bacanora to, *inter alia*, apply the Bacanora Cash in accordance with the further ongoing funding requirements set out in the joint venture agreement relating to DL, together with all other obligations under the joint venture agreement relating to DL owed to SolarWorld and DL thereunder. Erris adhered to the terms of the joint venture agreement relating to DL in substitution for Bacanora with effect from the completion of the acquisition by Erris. €935,000 of the Bacanora Cash was held in a bank account of Erris over which Bacanora has a charge as security for the Erris' performance under the Deed of Indemnity (see below).

(iii) Account Charge

Pursuant to the terms of the SPA, on completion of the acquisition by Erris, Erris and Bacanora entered into a charge over account dated 8 October 2020 (**Account Charge**) pursuant to which Bacanora was granted a charge over the bank account of Erris in which it held €935,000 of the Bacanora Cash from completion of the acquisition. The Account Charge was granted as security for Erris's performance of its obligations under the Deed of Indemnity, as described above.

(iv) *Deed of adherence to joint venture agreement relating to DL*

On completion of the acquisition, Erris entered into a deed of adherence to the joint venture agreement relating to DL which provided that Erris agreed to be bound by the terms of the joint venture agreement relating to DL in its capacity as 50 per cent. owner of DL.

(v) *Bacanora Royalty Agreement*

On completion of the SPA, Erris and Bacanora entered into a royalty agreement (the **Royalty Agreement**) which provides that Erris will pay Bacanora a royalty of 2 per cent. of the net profit received by Erris pursuant to its then 50 per cent. shareholding in DL and earned in relation to the sale of lithium products or minerals by DL's projects on the Zinnwald and Falkenhain licence areas. The royalty fee shall be paid in Euros half yearly. The agreement is for an initial term of 40 years and shall automatically extend for additional 20 year terms until mining and processing operations cease at DL's projects at the Zinnwald and Falkenhain licence areas. Erris has the right, but not the obligation, to extinguish at any time its right to pay a royalty fee to Bacanora prior to the expiry of the term by paying a one-off payment of €2,000,000.

(vi) *Bacanora Relationship Agreement*

On completion of the SPA, Erris, its nominated adviser under the AIM Rules (Allenby Capital Limited) and Bacanora entered into a relationship agreement (the **Relationship Agreement**). Bacanora agreed to not use its voting rights as a shareholder of Erris to unduly influence Erris or its Board or affect its independence and ensure that transactions entered into with Erris are on an arms' length basis and independently considered by Erris.

Furthermore, the Relationship Agreement provides that for so long as Bacanora is interested in ordinary shares of Erris carrying a minimum of 45 per cent. of Erris' voting share capital, Bacanora is entitled to appoint two directors to the board of Erris provided that such individuals have experience in the industries in which Erris operates. If Bacanora holds more than 20 per cent. but less than 45 per cent. of Erris' voting share capital, it is entitled to appoint one director to the board of Erris. Any such director(s) appointed by Bacanora must have experience in the industries in which the Group operates. Peter Secker is Bacanora's only appointed Erris director.

Except in relation to the right to appoint one director if Bacanora holds more than 20 per cent. of Erris' voting capital, the Relationship Agreement shall terminate and cease to have effect in the event that Bacanora, together with its associated persons, holds less than 25 per cent. of Erris' voting capital.

Wider Ganfeng Group agreements

6.2 The following contracts have been entered into by members of the Wider Ganfeng Group, not being contracts entered into in the ordinary course of business, which are or may be material, during the period beginning 6 May 2019 (being two years before the date of commencement of the Offer Period) and ending on the Last Practicable Date:

(a) *Confidentiality Agreement*

The Confidentiality Agreement is summarised in paragraph 6.1 above.

(b) *Irrevocable undertaking to vote in favour of the Resolutions*

An irrevocable undertaking given by Ganfeng dated 25 August 2021 committing it to vote in favour of the Resolutions to be proposed at the Bacanora General Meeting in respect of its own beneficial holdings of, in aggregate, 110,933,697 Bacanora Shares, representing approximately 28.9 per cent. of the existing issued ordinary share capital of Bacanora as at the Last Practicable Date. Ganfeng has also irrevocably undertaken not to permit the Offer to become or be declared unconditional until the earlier of (i) 30 October 2021; (ii) Day 60; and (iii) the date the Bacanora Board approves the Zinnwald Distribution, and that, should the Offer become unconditional prior to completion

of the Reduction and the subsequent approval by the Bacanora Directors of the Zinnwald Distribution, it will use all reasonable endeavours (or reasonable endeavours in relation to obtaining any 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. Ganfeng has also agreed that, subject to satisfaction of these conditions, Bacanora Shareholders on the Record Date will retain the right to the Zinnwald Distribution notwithstanding the transfer of their Bacanora Shares to Ganfeng.

(c) Investment Agreement

The Investment Agreement is summarised in paragraph 6.1 above.

(d) Offtake Agreement

The Offtake Agreement is summarised in paragraph 6.1 above.

(e) Joint Venture Agreement

The Joint Venture Agreement is summarised in paragraph 6.1 above.

7 Service contracts and letters of appointment of the Bacanora Directors

7.1 Certain details of the Bacanora Director's service agreements and letters of appointment and the terms of their appointment with Bacanora are set out below. The remuneration amounts paid to the non-executive Bacanora Directors were revised from 1st January 2020 based on an independent bench-marking review done for Bacanora by Pearl Meyer.

(a) Peter Secker, Chief Executive Officer

A contract of employment dated 20 November 2017 between Mr Secker and Bacanora pursuant to which Mr Secker is appointed Chief Executive Officer of Bacanora with effect from 19 October 2017. The agreement is terminable on 12 months' written notice. Mr Secker receives an annual salary of £300,000. Mr Secker also receives a 15 per cent. pension payment.

(b) Mark Hohnen (Non-Executive Director)

A consultancy agreement (**Consultancy Agreement**) dated 15 December 2016 between Bacanora, Fernan Pty Limited (a company in which Mr Hohnen is interested) (**Fernan**) and Mr Hohnen pursuant to which Fernan agreed to provide the services of Mr Hohnen to act as Executive Chairman of Bacanora. In December 2020, Mr Hohnen extended his contract until 30 June 2021, after which he became non-executive chairman for a further 12 months to 30 June 2022. Bacanora has agreed to pay an annual fee of £100,000 exclusive of VAT in consideration for the provision of the services of Mr Hohnen as non-executive chairman. The Consultancy Agreement contains customary provisions for the protection of Bacanora's intellectual property, confidentiality, and post termination restrictions. The Consultancy Agreement is terminable on 3 months' written notice.

(c) James Strauss (Non-Executive Director)

The services of James Strauss as non-executive Bacanora Director are provided under the terms of a letter of appointment between him and the Company dated 16 February 2018. Mr Strauss' current fees are £40,000 per annum together with a fee of £6,000 as lead independent Bacanora Director and £7,000 for each of his roles of Chair of the Remuneration Committee and the Corporate Governance and Sustainability Committee. The appointment is terminable on 1 month's written notice.

(d) Andres Antonius (Non-Executive Director)

The services of Andres Antonius as non-executive Bacanora Director are provided under the terms of a letter of appointment between him and the Company dated 16 February 2018. Dr Antonius' current fees are US$50,000 per annum. The appointment is terminable on 1 month's written notice.

(e) Junichi Tomono (Non-Executive Director)

The services of Junichi Tomono as non-executive Bacanora Director are provided under

of a takeover offer) or otherwise becomes effective (if implemented by way of a scheme of arrangement); or (ii) the Offer lapses or is withdrawn.

The following Bacanora Shareholder has, on the basis set out below, provided a letter of intent to Ganfeng to accept, or procure the 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) in respect of the following Bacanora Shares over which such Bacanora Shareholder has control:

Shareholder	Number of Bacanora Shares in respect of which letter of intent is given	Percentage of Bacanora's issued share capital at the date of this document
M&G Recovery Fund	52,528,941	13.67

9 Bases of calculations and sources of information

9.1 The aggregate transaction value of the entire issued and to be issued share capital of Bacanora of £281.7 million has been calculated on the basis of:

(a) 384,144,901 Bacanora Shares in issue as at the date of this document multiplied by the Offer Price; plus

(b) 2,991,601 Bacanora Shares expected to be issued pursuant to the Incentive Schemes multiplied by the Offer Price; plus

(c) the value of the Zinnwald Distribution as described in paragraph 9.5 below.

9.2 The issued share capital of Bacanora as at the close of business on the Last Practicable Date is 384,144,901 ordinary shares of ten pence each, all of which are credited as fully paid. Bacanora does not hold any Bacanora Shares in treasury at the date of this document.

9.3 The volume-weighted average prices of Bacanora Shares are derived from data provided by Bloomberg.

9.4 The Closing Price of a Bacanora Share is derived from the AIM Appendix to the Daily Official List.

9.5 The value attributed to the Zinnwald Distribution is based on Bacanora's holding of 90,619,170 Zinnwald Shares and a Closing Price of 22.5 pence derived from the AIM Appendix to the Daily Official List.

9.6 Certain figures included in this document have been subject to rounding adjustments.

10 Offer-related fees and expenses

10.1 The aggregate fees and expenses which are expected to be incurred by Ganfeng in connection with the Offer are estimated to amount to approximately £0.98 million plus applicable VAT. This aggregate number consists of the following categories:

(a) financial and corporate broking advice: approximately £0.38 million plus applicable VAT;

(b) legal advice: approximately £0.48 million plus applicable VAT;

(c) other professional services: approximately £0.06 million plus applicable VAT; and

(d) other costs and expenses: approximately £0.06 million plus applicable VAT.

10.2 The aggregate fees and expenses which are expected to be incurred by Bacanora in connection with the Offer are estimated to amount to approximately £2.95 million plus applicable VAT. This aggregate number consists of the following categories:

(a) financial and corporate broking advice: approximately £2.0 million plus applicable VAT;

(b) legal advice: approximately £0.7 million plus applicable VAT;

(c) accounting and tax advice: approximately £0.05 million plus applicable VAT;

(d) public relations advice: approximately £0.1 million plus applicable VAT; and

(e) other costs and expenses: approximately £0.1 million plus applicable VAT.

11 Ratings information

11.1 No ratings agency has publicly accorded Ganfeng or Ganfeng Holdco with any current credit rating or outlook.

11.2 No ratings agency has publicly accorded Bacanora with any current credit rating or outlook.

12 Other information

12.1 Save as disclosed in this document, neither Ganfeng nor Ganfeng Holdco is a party to any agreement or arrangement which relates to the circumstances in which it may or may not invoke or seek to invoke a Condition to the Offer.

12.2 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Bacanora Group since 31 December 2020, being the date to which Bacanora's last audited accounts were prepared.

12.3 Peel Hunt has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

12.4 Teneo has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

12.5 Cairn has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

12.6 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Ganfeng or Ganfeng Holdco or any person acting in concert with Ganfeng or Ganfeng Holdco for the purposes of the Offer and any of the Bacanora Directors or recent directors, shareholders or recent shareholders of Bacanora, or any person interested or recently interested in shares of Bacanora, having any connection with, or dependence upon, the Offer.

12.7 Save as disclosed in this document, no proposal exists in connection with the Offer that any payment or other benefit shall be made or given by Ganfeng or Ganfeng Holdco to any Bacanora Director as compensation for loss of office or as consideration for, or in connection with, his/her retirement from office.

12.8 The financial information on Bacanora contained in this document does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act. Statutory accounts of Bacanora for each of (i) the financial year ended 31 December 2020; (ii) the six month period ended 31 December 2019 and (iii) the financial year ended 30 June 2019 respectively have been delivered to the Registrar of Companies in England and Wales and are available on Bacanora's website at www.bacanoralithium.com. The auditors of Bacanora have made reports on each of these statutory accounts which were unqualified as defined by section 495 of the Companies Act and which did not contain any statements made under section 498(2) or (3) of the Companies Act.

12.9 Save as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Offer will be transferred to any other person.

13 Documents available for inspection

Until and including the date upon which the Offer lapses or the Unconditional Date, copies of the following documents will be available on Bacanora's website www.bacanoralithium.com:

13.1 the articles of association of Ganfeng;

13.2 the articles of association of Bacanora;

13.3 the consent letters referred to in paragraph 12 of this Appendix 3;

13.4 copies of the irrevocable undertakings and the letter of intent referred to in paragraph 8 of this Appendix 3;

13.5 the Form of Acceptance; and

13.6 this document.

14 Incorporation by reference

14.1 Parts of other documents are incorporated by reference in, and form part of, this document.

14.2 Appendix 4 to this document sets out the documents which are incorporated into this document.

14.3 A person who has received this document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from Link Group at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom, or by telephone on 0371 664 0321 (from within the UK) or on +44 (0)371 664 0321 (from outside the UK). If requested, copies will be posted, free of charge, within two Business Days of receipt of the request.

APPENDIX 4

INFORMATION INCORPORATED BY REFERENCE

The following sets out the financial information in respect of Bacanora and Ganfeng Holdco as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof) are incorporated by reference into this document and are available on Bacanora's website in respect of the Bacanora financial information, and Ganfeng Holdco's website in respect of the Ganfeng Holdco financial information.

The information is available in "read-only" format and can be printed from the website detailed above.

Please see paragraph 14.3 of Appendix 3 for details of obtaining hard copies of documents incorporated by reference into this document.

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Information incorporated by reference	Page numbers in reference
The audited accounts of Bacanora for the financial year ended 31 December 2020 contained in Bacanora's annual report for the financial year ended 31 December 2020, and available from Bacanora's website at www.bacanoralithium.com	Pages 75 to 126
The audited accounts of Bacanora for the six month period ended 31 December 2019 contained in Bacanora's report for the six month period ended 31 December 2019, and available from Bacanora's website at www.bacanoralithium.com	Pages 58 to 108
The audited accounts of Bacanora for the financial year ended 30 June 2019 contained in Bacanora's annual report for the financial year ended 30 June 2019, and available from Bacanora's website at www.bacanoralithium.com	Pages 53 to 105
The unaudited interim financial information of Bacanora for the six month period ended 30 June 2021 contained in Bacanora's interim report for the six month period ended 30 June 2021 published on 09 September 2021, and available from Bacanora's website at www.bacanoralithium.com	Pages 22 to 47

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Information incorporated by reference	Page numbers in reference
The audited accounts of Ganfeng Holdco for the financial year ended 31 December 2020 contained in Ganfeng Holdco's annual report for the financial year ended 31 December 2020, and available from Ganfeng Holdco's website at www.ganfenglithium.com	Pages 128 to 288
The audited accounts of Ganfeng Holdco for the financial year ended 31 December 2019 contained in Ganfeng Holdco's annual report for the financial year ended 31 December 2019, and available from Ganfeng Holdco's website at www.ganfenglithium.com	Pages 107 to 268

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Save as expressly referred to herein, neither the content of Ganfeng or Bacanora's websites, nor the content of any website accessible from hyperlinks on Ganfeng or Bacanora's website, is incorporated into, or form part of, this document.

APPENDIX 5

DEFINITIONS

1.1 The following definitions apply throughout this document (with the exception of Appendix 1) unless the context requires otherwise:

2009 Option Scheme	the Share Option Plan adopted in 2009
2017 RSU Scheme	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
Acceptance Condition	the Condition as to acceptances set out in paragraph 1(a) of Part A of Appendix 1 to this document
Acquisition Value	has the meaning given to it in paragraph 1 of Part I of this document
acting in concert	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	the announcement released on the Announcement Date by Bacanora and Ganfeng in accordance with Rule 2.7 of the Code in relation to the Offer
Announcement Date	25 August 2021
associated undertaking	has the meaning given in section 344(3) of the Companies Act
Authorisations	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
Bacanora	Bacanora Lithium plc (incorporated in England and Wales under registered number 11189628 with its registered office at 4 More London Riverside, London SE1 2AU, United Kingdom)
Bacanora Board	the board of directors of Bacanora
Bacanora Directors	the directors of Bacanora at the date of this document
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 Group	Bacanora and its subsidiaries and subsidiary undertakings
Bacanora Independent Directors	all the directors of Bacanora other than Wang Xiaoshen
Bacanora Share(s)	the existing unconditionally allotted or issued and fully paid ordinary shares of ten 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	holders of Bacanora Shares from time to time
Board	as the context requires, the board of directors of Bacanora or the board of directors of Ganfeng
Cairn	Cairn Financial Advisors LLP, the nominated adviser of Bacanora for the purposes of the AIM Rules

certificated or **in certificated form**	a share or other security which is not in uncertificated form (that is, not in CREST)
Closing Price	unless otherwise stated, the closing middle market quotation derived from the AIM Appendix to the Daily Official List
Code	the City Code on Takeovers and Mergers issued from time to time by the Panel
Companies Act	the Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time
Conditions	the conditions to the Offer which are set out in Part A of Appendix 1 to this document
connected persons	has the meaning given to it in sections 252 to 255 of the Companies Act
Court	the High Court of Justice in England and Wales
CREST	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations) for the paperless settlement of trades in securities and the holding of uncertificated securities
CREST Manual	the CREST Manual published by Euroclear as amended from time to time
CREST member	a person who is, in relation to CREST, a system member (as defined in the Regulations)
CREST participant	a person who is, in relation to CREST, a system participant (as defined in the Regulations)
CREST sponsor	a person who is, in relation to CREST, a sponsoring system-participant (as defined in the Regulations)
CREST sponsored member	a CREST member admitted to CREST as a sponsored member
Daily Official List	the daily official list of the London Stock Exchange
Day 60	the 60th day following the publication of this document (being 14 November 2021) 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 meaning given to it in Rule 8 of the Code
Disclosed	the information fairly disclosed by, or on behalf of Bacanora: (i) in its published annual report and accounts for the financial year ended 31 December 2020; (ii) in its published interim report for the six month period ended 30 June 2021; (iii) in the Announcement; (iv) 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 Announcement Date; or (v) as disclosed in writing before the Announcement Date by or on behalf of Bacanora to Ganfeng (or its respective officers, employees, agents or advisers in their capacity as such)
Disclosure Guidance and Transparency Rules	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: (i) the Unconditional Date; or (ii) 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
Electronic Acceptance	the inputting and setting of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document
ESA Instruction	an Escrow Account Adjustment Input ("AESN") transaction type "ESA" (as defined in the CREST Manual)
Escrow Agent	the Receiving Agent, Link Group in its capacity as escrow agent (as described in the CREST Manual)
Euroclear	Euroclear UK & Ireland Limited
FCA	the UK Financial Conduct Authority, or its successor from time to time
FECC	the Mexican Federal Economic Competition Commission
Form of Acceptance	the form of acceptance and authority relating to the Offer which accompanies this document for use by Bacanora Shareholders with shares in certificated form in connection with the Offer
Ganfeng	Ganfeng International Trading (Shanghai) Limited (incorporated in the People's Republic of China with its registered office at No.26, Lane 4088, Luoshan Rd Pudong, Shanghai People's Republic of China)
Ganfeng Board	the board of directors of Ganfeng
Ganfeng Holdco	Ganfeng Lithium Co., Ltd, a company incorporated in Xinyu City, Jiangxi Province, People's Republic of China and listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange
Ganfeng Responsible Persons	the persons named in paragraph 2.4 of Appendix 3 who (along with the director of Ganfeng) accept responsibility for all the information contained in this document (including any expressions of opinion), other than information for which responsibility is taken pursuant to paragraphs 1.2 and 1.3 of Appendix 3
holder	a registered holder
Incentive Schemes	each of: (i) the 2009 Option Scheme; (ii) the 2017 RSU Scheme; (iii) the STIP; and (iv) the LTIP; and **Incentive Scheme** shall be construed accordingly
Last Practicable Date	14 September 2021, being the latest practicable date prior to the posting of this document
Link Group or **Receiving Agent**	Link Group, a trading name of Link Market Services Limited, Bacanora's registrars and the receiving agents for the purposes of the Offer
London Stock Exchange	London Stock Exchange plc

Long Stop Date	11.59p.m. on 31 December 2021 or such other date (if any) as Ganfeng may, with the consent of Bacanora or with the consent of the Panel, specify
LTIP	the 2020 Bacanora Long Term PSU Incentive Plan approved by Bacanora Shareholders at Bacanora's 2021 AGM
Market Abuse Regulation	the UK version of Regulation (EU) No 596/2014 which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018
member account ID	the identification code or number attached to any member account in CREST
Mexican Antitrust Clearance	unconditional approval for the Offer from the FECC
Offer	the recommended cash offer being made by Ganfeng to acquire all of the Bacanora Shares not held by Ganfeng at the Offer Price on the terms and subject to the conditions set out in this document and, in the case of Bacanora Shares held in certificated form, in the Form of Acceptance, including where the context so permits or requires, any subsequent revision, variation, extension or renewal of such offer
Offer Agreement	the offer agreement entered into on 6 May 2021 between Bacanora and Ganfeng
Offer Document	this document
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;
Offer Price	67.5p in cash per Bacanora Share
Opening Position Disclosure	has the meaning given to it 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
participant ID	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
Peel Hunt	Peel Hunt LLP, financial adviser to Bacanora under Rule 3 of the Code
Possible Offer Announcement	the announcement dated 6 May 2021 made by Ganfeng and Bacanora regarding entry into the Offer Agreement
Record Date	the record date for the purposes of the Zinnwald Distribution, being the Unconditional Date
Red Kite	RK Mine Finance Bermuda 3 Limited
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 Red Kite and confirmed by the Court
Registrar	Link Group, a trading name of Link Market Services Limited, Bacanora's registrars
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)

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
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 of 20 per cent. or more of (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking or (ii) the relevant partnership interest
Sonora	Sonora Lithium Limited, a wholly owned subsidiary of Bacanora which owns the Sonora Lithium Project, with company number 11349694 and with its registered office at 4 More London Riverside, London SE1 2AU, United Kingdom
Sonora Lithium Project	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
STIP	the 2021 Bacanora Short Term RSU Incentive Plan approved by Bacanora Shareholders at Bacanora's 2021 AGM
Teneo	Teneo Restructuring Limited, regulated by the Institute of Chartered Accountants in England & Wales for a range of investment business activities
TFE instruction	a Transfer from Escrow instruction given by a holder of uncertificated Bacanora Shares through CREST (as described in the CREST Manual)
TTE instruction	a Transfer to Escrow instruction given by a holder of uncertificated Bacanora Shares through CREST (as described in the CREST Manual)
UK or **United Kingdom**	the United Kingdom of Great Britain and Northern Ireland
uncertificated or **in uncertificated form**	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
Unconditional Date	Day 60, or such earlier date as Ganfeng may specify in any Acceleration Statement unless, where permitted, it has set aside that statement
US	the United States of America
Wider Bacanora Group	Bacanora and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person 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 distribution *in specie* of Zinnwald Shares to Bacanora Shareholders on the Record Date, conditional on (a) the approval of the Reduction by Bacanora Shareholders and Red Kite and confirmed by the Court (b) approval of the Zinnwald Distribution by Bacanora Shareholders and Red Kite (c) the Offer becoming or being declared unconditional before the Long Stop Date and (d) the expiry (on 29 October 2021) of the regulatory lock-in restrictions relating to the transfer of the Zinnwald Shares that are currently applicable to Bacanora
Zinnwald Lithium Project	the project owned by Zinnwald 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

1.2 In this document, unless the contrary is otherwise indicated:

(a) **"subsidiary", "subsidiary undertaking"** and **"undertaking"** have the meanings given by the Companies Act;

(b) all times referred to are London, UK, time unless otherwise stated;

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

(d) all references to legislation are to English legislation; and

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

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