

This management information circular of Bacanora Minerals Ltd. is important and requires your immediate attention. It requires shareholders of Bacanora Minerals Ltd. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors. If you have any questions or require more information with regard to voting your securities of Bacanora Minerals Ltd., please contact Bacanora Minerals Ltd., at 403-237-6122 or via email at info@bacanoraminerals.com.



**NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS OF BACANORA MINERALS LTD.**

**RELATING TO
ANNUAL AND SPECIAL MEETING AND PLAN OF ARRANGEMENT
INVOLVING
BACANORA MINERALS LTD.,
BACANORA LITHIUM PLC (AN ENGLISH COMPANY),
AND AFFILIATES THEREOF**

February 16, 2018

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
THAT BACANORA CANADA SHAREHOLDERS
APPROVE THE RE-DOMICILE TRANSACTION.**

February 16, 2018

Dear Bacanora Canada Shareholder:

You are cordially invited to attend the Annual and Special Meeting (the "**Annual and Special Meeting**") of holders (the "**Bacanora Canada Shareholders**") of common shares (the "**Bacanora Canada Shares**") in the capital of Bacanora Minerals Ltd. ("**Bacanora Canada**"). The Annual and Special Meeting will be held in the Three Sisters Boardroom of Gowling WLG (Canada) LLP, at 1600, 421 – 7th Avenue S.W., Calgary, Alberta, Canada, T2P 4K9 on March 19, 2018 at 10:00 a.m. (Calgary time).

Bacanora Canada is proposing a reorganization (the "**Re-Domicile**") of its corporate structure, with the effect that a newly incorporated English company ("**Bacanora UK**") will acquire the entire issued share capital of Bacanora Canada in exchange for new ordinary shares in Bacanora UK ("**Bacanora UK Shares**") and will apply for admission to trading of the Bacanora UK Shares on the AIM market of the London Stock Exchange plc ("**AIM**"). Upon Bacanora UK's admission to trading on AIM, Bacanora Canada intends to delist the Bacanora Canada Shares from the TSX Venture Exchange (the "**TSXV**") and cancel the admission to trading of the Bacanora Canada Shares (including depositary interests representing such shares) on AIM.

This Re-Domicile is being done to effect the re-domicile of Bacanora Canada from Alberta to England, but for technical reasons discussed herein must be done as a reorganization under a plan of arrangement.

This management information circular of Bacanora Canada is dated February 16, 2018 (the "**Circular**") and is filed in connection with the solicitation of proxies by and on behalf of the management of Bacanora Canada for use at the Annual and Special Meeting and this Circular describes certain arrangements and approvals required to give effect to the Re-Domicile. You will be able to exchange each of your Bacanora Canada Shares for one Bacanora UK Share.

At the Annual and Special Meeting, Bacanora Canada Shareholders will be asked to approve the Re-Domicile and its implementation by way of an Alberta, Canada, court-approved plan of arrangement (the "**Arrangement**"). Bacanora Canada is currently an Alberta corporation listed on the TSXV and AIM whose head office and registered office is located in Calgary, Canada. The Arrangement will result in Bacanora UK becoming a parent company of an issuer resulting from the amalgamation of 1976844 Alberta Ltd., a wholly-owned Alberta subsidiary of Bacanora UK and Bacanora Canada and consequently, Bacanora UK becoming an indirect parent company of Bacanora Canada's current direct and indirect subsidiaries. Bacanora UK will have its corporate head office and a place of business located in London, England and Bacanora UK will be subject to the *Companies Act 2006* (as amended) (the "**UK Companies Act**") and the UK City Code on Takeovers and Mergers issued by the UK Panel on Takeovers and Mergers. In connection with the Arrangement, Bacanora UK will make an application for admission to trading of the Bacanora UK Shares on AIM.

The board of directors of Bacanora Canada (the "**Board**") believes that the Re-Domicile of Bacanora Canada in accordance with the terms of the Arrangement and the admission of the Bacanora UK Shares to trading on AIM will be in the best interests of Bacanora Canada and Bacanora Canada Shareholders. Given the geographic spread of Bacanora Canada's and its affiliates' production, development and exploration licences, the Board now believes that a UK domiciled company would be more appropriate operationally and from an investor standpoint for the reasons set out below:

- Bacanora UK intends to move its headquarters and senior management to the UK, so that it can be closer to where the majority of its shareholders reside and where its potential debt providers are located.
- Bacanora Canada is one of few pure-Lithium investment opportunities on AIM; whereas in Canada, there are a large number of listed lithium companies all vying for a limited pool of equity capital. The Board believes this contributes to a higher investor profile through Bacanora Canada's AIM listing.
- Since listing on AIM in 2014, Bacanora Canada has been successful in raising funding from the UK Capital Markets and has already added three global institutional investors and a major off-take partner to its shareholder base. Bacanora Canada now intends to raise a significant amount of new debt and equity

financing to fund its growth as an international lithium company with new projects in Mexico and Germany and believes that a UK domiciled company with its primary listing on AIM is the best way to achieve this.

- The Board believes that admission of the Bacanora UK Shares to trading on AIM will raise the Bacanora Group's (as defined in the Circular) profile and status amongst European investors and within the international mining sector generally, along with giving Bacanora Canada access to an international market with a broad, relevant peer group and considerable research expertise.
- Bacanora Canada currently incurs high costs associated with having a dual listing in AIM and on TSXV, yet Canadian shareholdings are estimated at less than 10% of Bacanora Canada's shareholder base.
- Bacanora Canada believes that the Canadian shareholder base may continue to decrease and as a result, having a single listing on AIM would allow Bacanora Canada to be more cost efficient without material downside.
- Bacanora Canada Shares currently have less liquidity on the TSXV compared to AIM. The liquidity of Bacanora Canada Shares has increased significantly since Bacanora Canada dual listed for trading on AIM.

Having successfully completed the Feasibility Study (as defined in the Circular) on the Sonora Lithium Project (as defined in the Circular), the Board intend to embark on a fund raising exercise in order to secure the US\$ 419 million capital expenditure requirement to develop phase 1 of the Sonora Lithium Project and finance further work on the Zinnwald Lithium Project (as defined in the Circular). It is intended that a substantial proportion of the funding will be raised through equity finance.

If the Re-Domicile is approved, Bacanora UK will be subject to the UK Companies Act and the statutory rights of pre-emption contained therein. Bacanora UK, acting in accordance with the UK Companies Act, has conditionally obtained an express authority by way of a special resolution from its members granting the directors authority to disapply pre-emption rights to the allotment of 365,000,000 Bacanora UK Shares in the period up to the next General Meeting of Bacanora UK (the "**Bacanora UK Resolutions**").

The board of directors of both Bacanora UK and Bacanora Canada are mindful that this authority has been obtained prior to the implementation of the Arrangement, on completion of which, the entire share capital of Bacanora UK will be held by Bacanora Canada Shareholders, who did not have the direct opportunity to vote on such resolutions. Accordingly, the Bacanora UK Resolutions have been passed subject to approval by the Bacanora Canada Shareholders at the Annual and Special Meeting of the equivalent resolution, being the resolution described in item 10 of the enclosed notice of meeting with respect to the Annual and Special Meeting.

Following the completion of the Arrangement: (a) the outstanding options of Bacanora Canada under the option plan of Bacanora Canada (the "**Bacanora Option Plan**"), when exercised, will be exercised into Bacanora UK Shares, in accordance with the terms of the Bacanora Option Plan; and (b) the restricted share units ("**RSUs**") of Bacanora Canada under the RSU plan of Bacanora Canada (the "**Bacanora RSU Plan**"), when exercised, will be exercised into Bacanora UK Shares, in accordance with the terms of the Bacanora RSU Plan.

The attached Notice of Annual and Special Meeting and Circular describe in detail the Arrangement and the procedures to be followed at the Annual and Special Meeting. Please review the Circular carefully, including the schedules and documents incorporated by reference, as it contains detailed information relating to the Arrangement and has been prepared to assist you in making an informed decision with respect to the Arrangement.

The Board of Directors of Bacanora Canada has unanimously approved the Arrangement and determined that the Arrangement and the approval of the Bacanora UK Resolutions are in the best interests of Bacanora Canada and the Bacanora Canada Shareholders and recommends that all Bacanora Canada Shareholders vote FOR the Arrangement. Further details on how the Board of Directors made this determination are set out in the Circular.

As part of the required approvals, the Arrangement must be approved by not less than 66⅔% of the votes cast by Bacanora Canada Shareholders present in person or represented by proxy and entitled to vote at the Annual and Special Meeting. Each Bacanora Canada Shareholder will be entitled to one vote for each Bacanora Canada Share held. The approval of not less than 66⅔% of the votes cast by Bacanora Canada Shareholders at the Annual and Special Meeting would fulfill the TSXV requirement to obtain the approval of a simple majority of Bacanora Canada Shareholders. The Arrangement also requires, among other things, approval of the Court of Queen's Bench of Alberta (the "**Court**").

The Board of Directors wishes to convey the importance of having Bacanora Canada Shareholders present or represented by proxy at the Annual and Special Meeting. Whether or not you are able to attend in person, the Board of Directors urges you to complete, sign and date the applicable enclosed Voting Form and return it in the envelope provided to the office of Bacanora Canada's transfer agent, Alliance Trust Company ("**Alliance**") or Link Asset Services ("**Link**"), as soon as possible and, in any event, by no later than 10:00 a.m. (Calgary time) on March 15, 2018. Please review the Circular for additional details on how to vote your Bacanora Canada Shares.

If you are a registered holder of Bacanora Canada Shares resident in the Americas, you are requested to complete, sign, date and return the enclosed Proxy Form for the Bacanora Canada Shares that you own to Alliance Trust Company, #1010, 407 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 2Y3 or by fax to (403) 237-6181. If you are resident outside the Americas, you are requested to complete, sign, date and return the enclosed for the Proxy Form for the Bacanora Canada Shares you own in the pre-paid envelope enclosed or to Link Asset Services, Corporate Actions, The Registry 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Forms of Proxy must be received by no later than 10:00 a.m. (Calgary time) on March 15, 2018 or, in the event that the Annual and Special Meeting is adjourned or postponed to a later date, 10:00 a.m. (Calgary time) two business days before any adjourned or postponed meeting.

If you are a registered holder of Depositary Interests (being those who hold their interest in Bacanora Canada Shares through CREST), you should complete, sign and date the applicable enclosed Form of Direction and return it in the reply paid envelope provided to Link Market Services Trustees (Nominees) Limited, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (during normal business hours), to be received by no later than 10:00 a.m. (Calgary time) on March 14, 2018 or, in the event that the Annual and Special Meeting is adjourned or postponed to a later date, 10:00 a.m. (Calgary time) three business days before any adjourned or postponed meeting. Completion and return of a Proxy Form or a Form of Direction will not preclude a Bacanora Canada Shareholder or a Depositary Interest holder from attending in person and voting at the Annual and Special Meeting. Please review the Circular for additional details on how to vote your Bacanora Canada Shares and how to seek authority to attend the Annual and Special General Meeting.

If you are a registered holder of Bacanora Canada Shares, you are also encouraged to complete and return the enclosed Letter of Transmittal (the "**Letter of Transmittal**"), together with the certificates representing your Bacanora Canada Shares to Alliance, if you are resident in the Americas; or Link Asset Services, if you are resident outside the Americas, each in their capacity as the depositary for the Bacanora Canada Shares, at one of the addresses specified on the last page of the Letter of Transmittal or using the pre-paid envelope for UK residents only. The Letter of Transmittal contains other procedural information relating to the Arrangement and should also be reviewed carefully. It is recommended that you complete, sign and return the Letter of Transmittal together with the certificates representing your Bacanora Canada Shares as soon as possible. If you are a registered holder of Depositary Interests, you do not have to complete a Letter of Transmittal to accept the Offer, however, you will need to input an instruction into CREST based on the procedure set out on pages 14-15 of this Circular.

In the event that any Bacanora Canada Shareholders fail to submit the Letter of Transmittal in accordance with the instructions set out therein ("**Non Claiming Shareholder**") they will not be eligible to receive their Bacanora UK Shares pursuant to the Arrangement until such time as a duly completed Letter of Transmittal is submitted. Until such time, the Bacanora UK Shares to which such Non Claiming Shareholder would otherwise be entitled ("**Unclaimed Bacanora UK Shares**") will be held in trust by Computershare Trustees (Jersey) Limited (the "**Trustee**") pursuant to a trust deed ("**Trust Deed**") that will be entered into on or immediately prior to Admission (as defined in the Circular). Under the terms of the Trust Deed, the Trustee will hold the Unclaimed Bacanora UK Shares in trust for Bacanora UK until such time as the Non Claiming Shareholder submits a duly completed Letter of Transmittal.

If you are a Beneficial Holder of Bacanora Canada Shares, you should contact your broker or intermediary for instructions and assistance to vote at the Annual and Special Meeting and provide for delivery of your Bacanora Canada Shares.

Subject to the satisfaction of all conditions to the Arrangement, including the required Court approval, if the Bacanora Canada Shareholders approve the Arrangement, it is anticipated that the Arrangement will be effective on or about March 20, 2018.

On behalf of Bacanora Canada, I would like to thank you for your past and ongoing support.

Yours truly,

(signed) "Mark Hohnen"

Mark Hohnen

Chairman

Bacanora Minerals Ltd.

BACANORA MINERALS LTD.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS OF BACANORA MINERALS LTD.**

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting (the "**Meeting**") of holders of common shares (each a "**Bacanora Canada Share**") of Bacanora Minerals Ltd. ("**Bacanora Canada**") will be held in the Three Sisters Boardroom of Gowling WLG (Canada) LLP, at 1600, 421 – 7th Avenue S.W., Calgary, Alberta, Canada, T2P 4K9 on March 19, 2018 at 10:00 a.m. (Calgary time) for the following purposes:

1. to receive the financial statements of Bacanora Canada as at and for the year ended June 30, 2016, together with the report of the auditors thereon;
2. to receive the financial statements of Bacanora Canada as at and for the year ended June 30, 2017, together with the report of the auditors thereon;
3. to fix the number of directors to be elected at Annual and Special Meeting at seven (7);
4. to elect the directors of Bacanora Canada for the ensuing year;
5. to appoint the auditors of Bacanora Canada for the ensuing year and to authorize the directors of Bacanora Canada to determine the remuneration to be paid to the auditors;
6. to consider and, if deemed advisable, to pass an ordinary resolution, the full text of which is set forth in the accompanying management information circular of Bacanora Canada dated February 16, 2018 (the "**Circular**") approving the stock option plan of Bacanora Canada in the form set out in Appendix F to the Circular;
7. to consider and, if deemed advisable, to pass an ordinary resolution, the full text of which is set forth in the accompanying Circular approving the restricted share unit plan of Bacanora Canada ("**RSU Plan**") in the form set out in Appendix G to the Circular;
8. to consider and, if deemed advisable, to pass on ordinary resolution of disinterested shareholders of Bacanora Canada ratifying, confirming and approving the grants of an aggregate of 1,192,277 restricted share units of Bacanora Canada pursuant to the RSU Plan, as more particularly set out in the Circular;
9. to consider, pursuant to an interim order of the Court of Queen's Bench of Alberta dated February 16, 2018, as the same may be amended and, if deemed advisable, to pass, with or without variation, a special resolution of the Bacanora Canada Shares to approve a plan of arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta) providing for, in effect, the exchange of all of the issued and outstanding Bacanora Canada Shares for ordinary shares ("**Bacanora UK Shares**") of Bacanora Lithium Plc ("**Bacanora UK**"), whereupon Bacanora UK will apply for admission to trading of the Bacanora UK Shares on the AIM market of the London Stock Exchange plc ("**AIM**"), as more particularly described in the Circular. Upon the admission of the Bacanora UK Shares to trading on AIM, Bacanora Canada intends to delist the Bacanora Canada Shares from the TSX Venture Exchange and cancel trading of the Bacanora Canada Shares (including depositary interests representing such shares) on AIM;
10. to consider and, if deemed advisable, to pass certain resolutions to grant the board of directors of Bacanora Canada the authority to issue up to 365,000,000 Bacanora Canada Shares on a non pre-emptive basis in the 12 months following the Meeting, as more particularly described in the Circular;
11. to consider and, if deemed advisable, to approve certain resolutions pertaining to Bacanora UK Shares, as more particularly described in the Circular; and

12. to consider such other matters including, without limitation, any amendments or variations to the Arrangement and to transact such further or other business as may properly come before the said meeting or any adjournment or adjournments thereof.

A copy of the Circular, a Proxy Form (if you are a registered holder of Bacanora Canada Shares) or a Form of Direction (if you are a registered holder of Depositary Interests in Bacanora Canada Shares), a form of Letter of Transmittal, a pre-paid envelope for use by UK residents only and a security return envelope accompany this Notice of Annual and Special Meeting. A copy of the Arrangement Agreement, the Arrangement Resolution, and ancillary documents pertaining to the Arrangement are appended to the Circular. Terms not defined in this Notice of Annual and Special Meeting have the meaning ascribed to them in the Circular.

The procedures for voting at the Annual and Special Meeting depend on whether you are: (a) a registered holder of Bacanora Shares; (b) a registered holder of Depositary Interests in Bacanora Canada Shares (i.e. you hold your interest in Bacanora Shares through CREST in the UK); or (c) a Beneficial Holder of Bacanora Canada Shares or Depositary Interests.

Registered Holder of Bacanora Shares

Whether or not you intend to attend the Annual and Special Meeting, if you are a registered holder of Bacanora Canada Shares resident in the Americas, you are requested to complete, sign, date and return the enclosed Proxy Form for the Bacanora Canada Shares that you own in the addressed envelope enclosed with the Notice of Annual and Special Meeting to Bacanora Minerals Ltd., c/o its Americas transfer agent, Alliance Trust Company, #1010, 407 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 2Y3 or by fax to (403) 237-6181 and if you are a registered holder of Bacanora Canada Shares resident outside the Americas, you are requested to complete, sign, date and return the enclosed Proxy Form for the Bacanora Canada Shares that you own in the reply-paid envelope enclosed with the Notice of Annual and Special Meeting to Bacanora Minerals Ltd., c/o its Non-Americas transfer agent, Link Asset Services, PXS The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Proxies must be received by no later than 10:00 a.m. (Calgary time) on March 15, 2018 or, in the event that the Annual and Special Meeting is adjourned or postponed to a later date, 10:00 a.m. (Calgary time) two business days before any adjourned or postponed meeting.

Registered holders of Depositary Interests in Bacanora Canada Shares

Whether or not you intend to attend the Annual and Special Meeting, if you are a registered holder of Depositary Interests in Bacanora Canada Shares, you are requested to complete, sign, date and return the enclosed Form of Direction for the Depositary Interests that you own in the reply-paid envelope enclosed with the Notice of Annual and Special Meeting to Link Market Services Trustees (Nominees) Limited, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (during normal business hours), by no later than 72 hours (excluding weekends) before the time fixed for the meeting or any adjourned meeting. Forms of Direction must be received by no later than 10:00 a.m. (Calgary time) on March 14, 2018 or, in the event that the Annual and Special Meeting is adjourned or postponed to a later date, 10:00 a.m. (Calgary time) three business days before any adjourned or postponed meeting.

Depositary Interests may also be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual. The CREST message should be received by the "issuer's agent" (ID: RA10) not later than 10:00 a.m. (Calgary time) on March 14, 2018 or, in the event that the Annual and Special Meeting is adjourned or postponed to a later date, 10:00 a.m. (Calgary time) three business days before any adjourned or postponed meeting.

Beneficial Holders of Bacanora Canada Shares or Depositary Interests

Beneficial Holders of Bacanora Canada Shares or Depositary Interests that are registered in the name of an intermediary such as a broker, custodian, nominee or other intermediary (see definition of "**Intermediary**") should follow the instructions provided by their Intermediary in order to vote their Bacanora Canada Shares.

The time limit for the deposit of Forms of Proxy and Forms of Direction may be waived by the Board of Directors at its discretion without notice. If you require assistance in completing your Form of Proxy or Form of Direction, please call Bacanora Canada, at 403-237-6122 or via email at info@bacanoraminerals.com.

DATED the 16th day of February, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Mark Hohnen*"

Mark Hohnen
Chairman
Bacanora Minerals Ltd.

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THE ARRANGEMENT AS DESCRIBED HEREIN HAS NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

NOTICE TO BACANORA SHAREHOLDERS IN THE UNITED STATES

THE BACANORA UK SHARES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SUCH STATE SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS INFORMATION SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Bacanora UK Shares to be issued upon completion of the Arrangement have not been and will not be registered under the 1933 Act. Such securities will be issued in reliance upon the exemption from the registration requirement of the 1933 Act provided by Section 3(a)(10). Section 3(a)(10) exempts the issuance of securities in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant the approval, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered.

The Court issued the Interim Order and subject to the approval of the Arrangement by the Bacanora Canada Shareholders, a hearing on the Arrangement will be held at which all Bacanora Canada Shareholders are entitled to appear and be heard. The Final Order will constitute the basis for an exemption from the registration requirement of the 1933 Act, pursuant to Section 3(a)(10) thereof, for the issuance of the Bacanora UK Shares pursuant to the Arrangement. Before the hearing on the Final Order, the Court will be informed of this effect of the Final Order.

Additionally, the issuance of Bacanora UK Shares upon completion of the Arrangement will be exempt from registration under the securities laws of the applicable states of the United States. See "Securities Regulatory Matters — U.S. Securities Law Matters".

Accordingly, the Bacanora UK Shares to be received by U.S. Bacanora Shareholders upon completion of the Arrangement may be resold without restrictions under the 1933 Act and, therefore will be freely transferable under United States federal securities laws, except by persons who are "affiliates" of Bacanora UK after completion of the Arrangement or who were affiliates of Bacanora UK within 90 days prior to the Effective Date. Under Rule 144 under the 1933 Act, "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as significant shareholders of the issuer.

Any resale of such Bacanora UK Shares by such an affiliate (or, former affiliate) may be subject to the registration requirement of the 1933 Act, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Bacanora UK Shares outside the United States without registration under the 1933 Act pursuant to Regulation S under the 1933 Act. If available, such affiliates (and former affiliates) may also resell such securities pursuant to Rule 144 under the 1933 Act. Unless certain conditions are satisfied, Rule 144 is not available for resales of securities of issuers that have ever had (i) no or nominal operations and (ii) no or nominal assets other than cash and cash equivalents (a "shell company"). If Bacanora UK is ever to be deemed to have been such an issuer in its past, Rule 144 under the 1933 Act may be unavailable for resales of Bacanora UK Shares unless and until Bacanora UK has satisfied the applicable conditions.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of Bacanora UK Shares received upon completion of the Arrangement. All holders of such

securities are urged to consult with counsel to ensure that the resale of Bacanora UK Shares complies with applicable securities legislation.

The solicitation of proxies by means of this Circular for the Annual and Special Meeting and the transactions contemplated in this Circular are not subject to the requirements of Section 14(a) of the 1934 Act. Accordingly, the solicitations of proxies and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. U.S. Bacanora Shareholders should be aware that Canadian corporate and securities laws and disclosure requirements are different from United States corporate and securities laws and disclosure requirements applicable to registration statements under the 1933 Act and proxy statements under the 1934 Act.

Therefore, information concerning assets and operations of Bacanora Canada and Bacanora UK contained herein or in documents incorporated herein by reference has been prepared in accordance with Canadian disclosure standards and is not comparable in all respects to United States disclosure standards.

The financial statements and other financial information included or incorporated by reference in this Circular have been prepared in Canadian dollars. The financial statements and other financial information incorporated by reference in this Circular have been prepared in accordance with IFRS, and are subject to Canadian auditing and auditor independence standards, which differ from United States GAAP and United States auditing and auditor independence standards in certain material respects. Consequently, such financial statements and other financial information are not comparable to financial statements of companies prepared in accordance with United States GAAP and that are subject to United States auditing and auditor independence standards. Likewise, pro forma information concerning the assets and operations of Bacanora Canada and Bacanora UK contained or incorporated by reference herein has been prepared in accordance with Canadian standards and is not comparable in all respects to similar information for United States companies.

The enforcement by U.S. Bacanora Shareholders of civil liabilities under U.S. securities laws may be affected adversely by the fact that Bacanora Canada is organized under the laws of Alberta, Canada and Bacanora UK is organized under the laws of England, each a jurisdiction other than the United States, that some or all of their officers and directors are residents of countries other than the United States, that some or all of the experts named in this Circular or the documents incorporated by reference herein are residents of countries other than the United States, and that all or substantial portions of the assets of Bacanora Canada, Bacanora UK and such Persons are or will be located outside the United States. You may not be able to sue a corporation organized under the ABCA or its officers or directors or the named experts in a Canadian court for violations of U.S. securities laws. It may be difficult to compel the foregoing Persons to subject themselves to a judgment by a United States court. In addition, the courts of Canada may not enforce judgments of United States courts obtained in actions against such persons or, in original actions, liabilities against such persons predicated upon civil liabilities under U.S. securities laws.

Additionally, no broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having being authorized by Bacanora Canada or Bacanora UK.

NOTICE TO BACANORA SHAREHOLDERS WITH RESPECT TO TAX CONSEQUENCES

The Arrangement and acquiring, holding and disposing of Bacanora UK Shares may have material tax consequences in Canada, the UK and the United States that may not be fully described herein. See "Canadian Federal Income Tax Considerations" and "United States Federal Income Tax Considerations" for a description of certain income tax consequences of the Arrangement. U.S. Bacanora Shareholders that are subject to taxation in the United States should consult their tax advisors to determine the tax consequences applicable to their particular circumstances.

REPORTING CURRENCY

In this Circular, unless otherwise specified, all references to "\$" are to Canadian dollars and all references to "US\$" are to United States dollars.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular and the documents incorporated by reference herein, including estimates of reserves, estimates of future cash flow and estimates of future production as well as other statements about anticipated future events or results, constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Bacanora Canada believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct.

In particular, this Circular and the documents incorporated by reference herein contain forward-looking statements pertaining to the following: the Arrangement; borate and lithium production levels; capital expenditure programs; the quantity of borate and lithium reserves; projections of market prices and costs; supply and demand for borate and lithium; expectations regarding the ability to raise capital and to continue Bacanora Canada's development through acquisitions, exploration and development; and treatment under governmental regulatory regimes.

The nature of the Arrangement and Bacanora Canada's involvement in the business of exploration for, and development and production of, mineral resources involves several factors, including those set forth below and elsewhere in this Circular and the documents incorporated by reference, that could cause actual results to differ materially from those anticipated in the forward-looking statements: exploration, development and production risks; risks associated with operating in developing countries, political and regulatory instability; security issues in developing countries; trading price of Bacanora UK Shares; failure to complete the Arrangement; title risk to properties in developing countries; complying with corporate and regulatory formalities; volatility of borate and lithium resource pricing; uncertainties concerning recovery estimates; reliance on third party operators and key employees; operating hazards and environmental liabilities inherent in mineral resource exploration and operations; additional funding requirements of Bacanora Canada; future issuance of debt; availability of equipment and access restrictions; risks related to having non-Canadian assets and management; regulatory risks; risks related to permits and licences; risks related to currency fluctuations and foreign exchange; risks related to contractual agreements in developing countries; limitations on insurance coverage; conflicts of interest; and share price volatility.

These factors should not be considered exhaustive. These and other factors are discussed in this Circular under the heading "Risk Factors" and other documents incorporated herein by reference.

Furthermore, any forward-looking statement is made only as of a certain date, and Bacanora Canada undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as may be required by applicable securities laws.

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as of February 16, 2018, except where otherwise noted. No person has been authorized to give any information or to make any representations in connection with the Arrangement and the other matters discussed in this Circular other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by Bacanora Canada or Bacanora UK.

This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. Bacanora Canada Shareholders should not construe the contents of this Circular as personal legal, tax or financial advice and should consult their own professional advisors as to the relevant legal, tax, financial or other matters specific to them in connection herewith.

SUMMARY OF THE ARRANGEMENT

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, the Arrangement Agreement and the Plan of Arrangement, which form part of this Circular. Capitalized terms used in this summary and elsewhere in this Circular and not otherwise defined in the text are defined in the "Glossary of Terms" which follows this summary.

Please note that certain matters herein require approval of the Bacanora Canada Shareholders whether or not the Arrangement is approved.

The Annual and Special Meeting

The Annual and Special Meeting will be held in the Three Sisters Boardroom of Gowling WLG (Canada) LLP, at 1600, 421 – 7th Avenue S.W., Calgary, Alberta, Canada, T2P 4K9 on March 19, 2018 at 10:00 a.m. (Calgary time).

At the Annual and Special Meeting, Bacanora Canada Shareholders will be asked to consider, and if deemed advisable, approve the Annual Matters and Arrangement Resolution.

The Board of Directors has unanimously approved the Arrangement and determined that the Arrangement is in the best interests of Bacanora Canada and the Bacanora Canada Shareholders, and recommends that all Bacanora Canada Shareholders vote FOR the Arrangement. See "Matters to be Acted Upon — The Arrangement — Recommendation of the Board of Directors."

If the Arrangement is completed, all of the Bacanora Canada Shares will be indirectly owned by Bacanora UK. At or before the completion of the Arrangement, it is expected that the Board will be appointed as the directors of Bacanora UK. Mr. Peter Secker and Ms. Janet Boyce will serve as the Chief Executive Officer and Chief Financial Officer of Bacanora UK, respectively, and Mr. Cherif Rifaat will serve as the Company Secretary of Bacanora UK.

In addition, if the Arrangement is completed, BDO Canada LLP will be appointed the auditors of Bacanora UK. It is intended that after Admission, Bacanora UK will appoint BDO UK LLP as the auditors of Bacanora UK.

The Arrangement

The objective of the Arrangement is to facilitate a Re-Domicile of Bacanora Canada from Alberta, Canada to England by exchanging all of the issued and outstanding Bacanora Canada Shares for Bacanora UK Shares. On completion of the Arrangement, all of the Bacanora Canada Shares will be indirectly owned by Bacanora UK. An application will be made to the London Stock Exchange plc for admission to trading on AIM of the Bacanora UK Shares. In addition, Bacanora Canada will be applying for the delisting of the Bacanora Canada Shares from the TSXV and will apply for cancellation of the Bacanora Canada Shares (including depositary interests representing such shares) from trading on AIM.

Reasons for the Arrangement

The Board believes that the Re-Domicile in accordance with the terms of the Arrangement and the admission of the Bacanora UK Shares to trading on AIM will be in the best interests of Bacanora Canada and Bacanora Canada Shareholders. Given the geographic spread of Bacanora Canada's and its affiliates' production, development and exploration licences, the Board now believes that a UK domiciled company would be more appropriate operationally and from an investor standpoint for the reasons set out below:

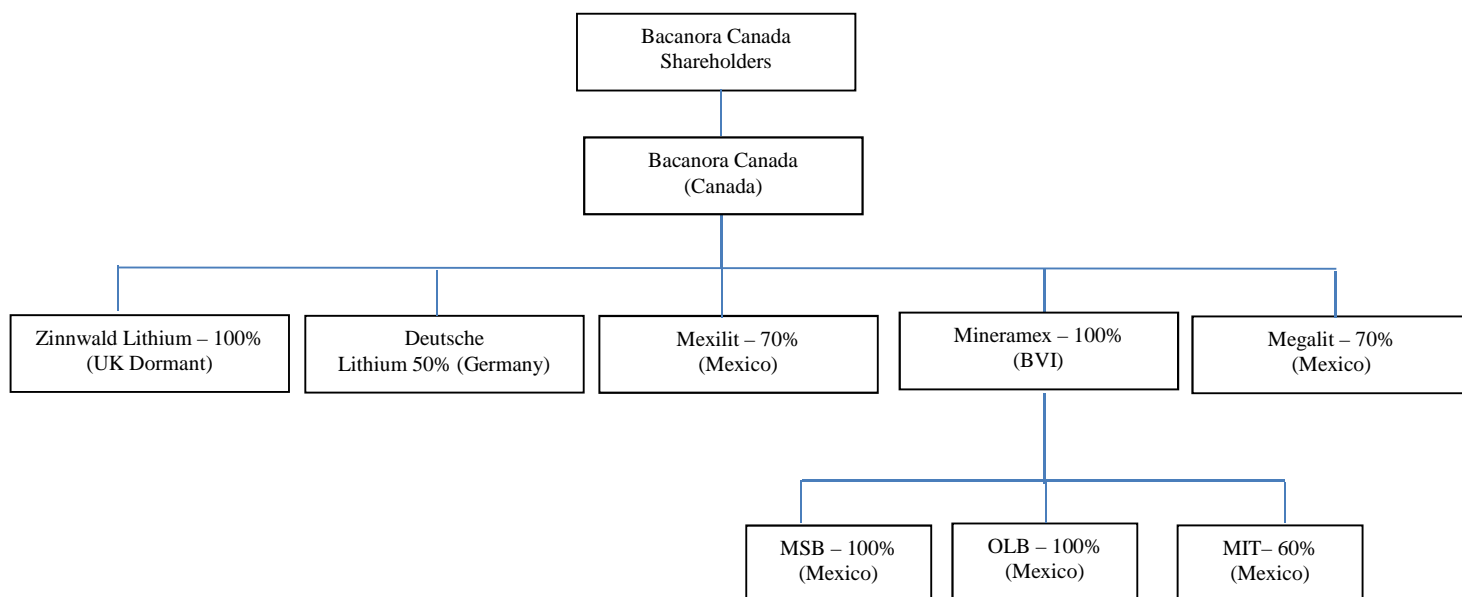
- Bacanora UK intends to move its headquarters and senior management to the UK, so that it can be closer to where the majority of its shareholders reside and where its potential debt providers are located.

- Bacanora Canada is one of few pure-Lithium investment opportunities on AIM; whereas in Canada, there are a large number of listed lithium companies all vying for a limited pool of equity capital. The Board believes this contributes to a higher investor profile through Bacanora Canada's AIM listing.
- Since listing on AIM in 2014, Bacanora Canada has been successful in raising funding from the UK Capital Markets and has already added three global institutional investors and a major off-take partner to its shareholder base. Bacanora Canada now intends to raise a significant amount of new debt and equity financing to fund its growth as an international lithium company with new projects in Mexico and Germany and believes that a UK domiciled company with its primary listing on AIM is the best way to achieve this.
- The Board believes that admission of the Bacanora UK Shares to trading on AIM will raise the Bacanora Group's profile and status amongst European investors and within the international mining sector generally, along with giving Bacanora Canada access to an international market with a broad, relevant peer group and considerable research expertise.
- Bacanora Canada currently incurs high costs associated with having a dual listing in AIM and on TSXV, yet Canadian shareholdings are estimated at less than 10% of Bacanora Canada's shareholder base.
- Bacanora Canada believes that the Canadian shareholder base may continue to decrease and as a result, having a single listing on AIM would allow Bacanora Canada to be more cost efficient without material downside.
- Bacanora Canada Shares currently have less liquidity on the TSXV compared to AIM. The liquidity of Bacanora Canada Shares has increased significantly since Bacanora Canada dual listed for trading on AIM.

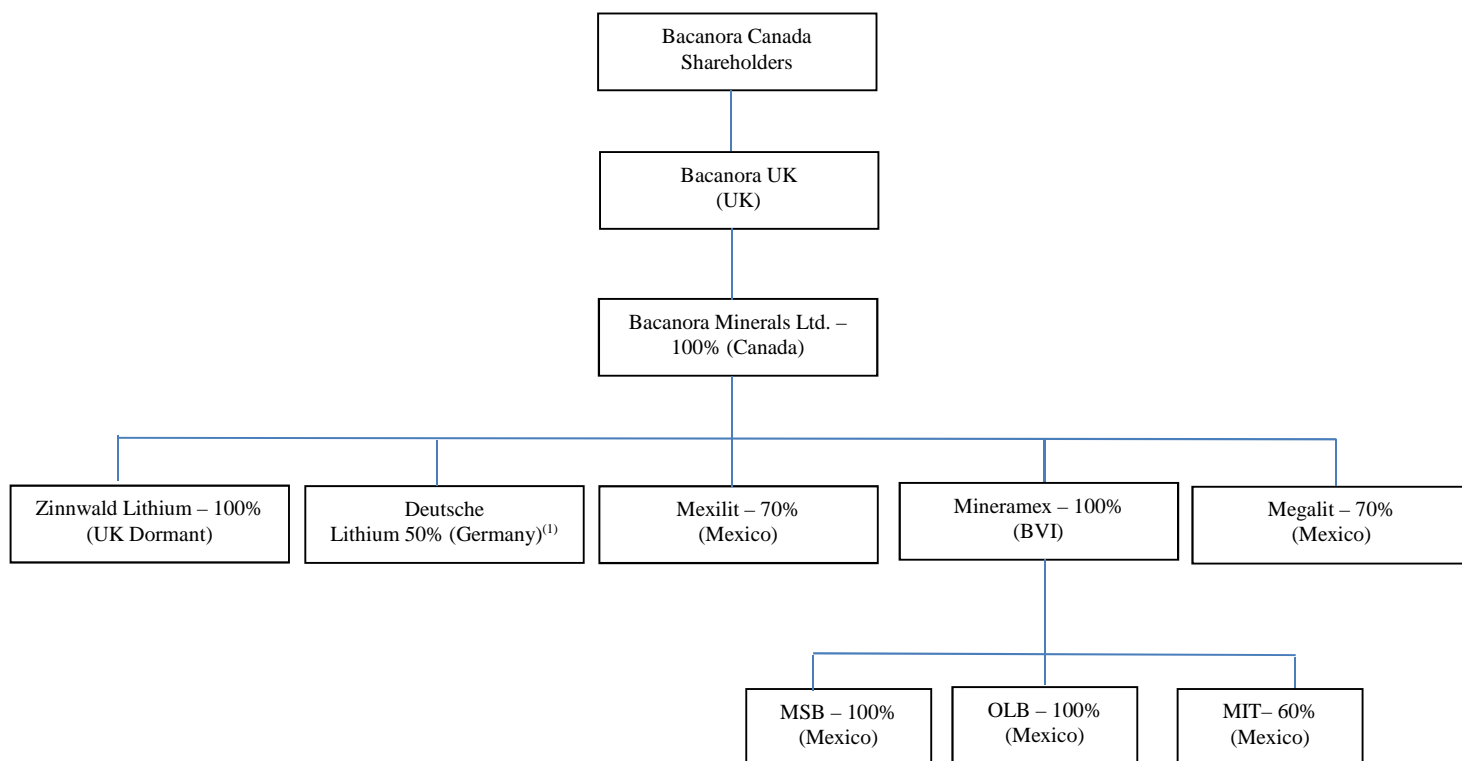
In connection with the Arrangement, the Bacanora Canada Shares are expected to be delisted from the TSXV and cancelled from trading on AIM, on or about the same time as the Bacanora UK Shares are admitted to trading on AIM. The decision of the Board of Directors to approve the Arrangement for submission to Bacanora Canada Shareholders and the Court was reached after consideration of numerous factors, including:

- historical market prices and trading patterns for the Bacanora Canada Shares;
- greater liquidity for the Bacanora Canada Shares;
- the likelihood that the Arrangement would be completed;
- the terms of the Arrangement Agreement;
- the requirement that the Arrangement be approved by not less than 66⅔% of the votes cast at the Annual and Special Meeting by all Bacanora Canada Shareholders present in person or represented by proxy; and
- the procedures by which the Arrangement is to be approved, including the requirement to obtain the approval of the Court and the Bacanora Canada Shareholders.

The following diagram outlines the corporate structure of the Bacanora Canada Group prior to the completion of the Arrangement:



References to "Bacanora Minerals Ltd." in the diagram below means the corporation formed by way of amalgamation between Bacanora Canada and AcquireCo pursuant to the Arrangement. The following diagram outlines the corporate structure of the Bacanora Group immediately following completion of the Arrangement:



Bacanora Canada Shareholders Entitled to Vote on the Arrangement

Each Bacanora Canada Shareholder at the close of business on the Record Date is entitled to attend the Annual and Special Meeting in person or by proxy, and to cast one vote for each Bacanora Canada Share held on the Record Date. As of the Record Date, the total number of votes entitled to be cast in respect of the Arrangement is 134,039,872.

Vote Required

The Arrangement must be approved by not less than 66⅔% of the votes cast by Bacanora Canada Shareholders present in person or represented by proxy at the Annual and Special Meeting. Each Bacanora Canada Shareholder will be entitled to one vote for each Bacanora Canada Share held. The approval of not less than 66⅔% of the votes cast by Bacanora Canada Shareholders at the Annual and Special Meeting would fulfill the TSXV requirement to obtain the approval of a simple majority of Bacanora Canada Shareholders for delisting from the TSXV.

To the knowledge of the Board of Directors and management of Bacanora Canada, no person beneficially owns, directly or indirectly, or exercises control or direction over 10% or more of any class of outstanding voting securities of Bacanora Canada as of the date hereof other than as follows:

| NAME | Number of Bacanora Canada Shares | Percentage of Outstanding Bacanora Canada Shares |
|-------------------------------------|----------------------------------|--|
| M&G Investment Funds ⁽¹⁾ | 13,456,784 | 10.04% |
| Graham Edwards ⁽²⁾ | 15,803,030 ⁽²⁾ | 11.8% |

Notes:

- (1) M&G Investments Fund is an investment fund that is part of the Prudential Plc group of companies and is headquartered in London, UK.
- (2) Mr. Edwards owns approximately 10,500,000 Bacanora Canada Shares (approximately 7.8% of the issued and outstanding Bacanora Canada Shares) through Igneous Capital Limited, a private corporation incorporated under the laws of the British Virgin Islands that is controlled by and ultimately beneficially owned by Mr. Edwards. Mr. Edwards is also one of the potential beneficiaries of a trust that owns D&A Income Limited, which owns 5,303,030 Bacanora Canada Shares (approximately 4.0% of the issued and outstanding Bacanora Canada Shares).

Terms of the Arrangement

Upon satisfaction of all the conditions of the Arrangement, including the approval of the Arrangement Resolution by not less than 66⅔% of the votes cast by the Bacanora Canada Shareholders present in person or by proxy and entitled to vote at the Annual and Special Meeting (the approval by not less than 66⅔% of the votes cast by Bacanora Canada Shareholders fulfilling the TSXV requirement to obtain the approval of a simple majority of Bacanora Canada Shareholders), and obtaining the Final Court Order, each holder of a Bacanora Canada Share outstanding at the Effective Time will transfer their Bacanora Canada Shares to AcquireCo in exchange for Bacanora UK Shares on the basis of one Bacanora Canada Share for one Bacanora UK Share and AcquireCo and Bacanora Canada will amalgamate to form Amalco, all in accordance with the Arrangement Agreement and the Plan of Arrangement.

After completion of the Arrangement, it is expected that the Bacanora UK Shares will be admitted to trading on AIM and the Bacanora Canada Shares will be delisted from the TSXV and cancelled from trading on AIM.

Bacanora UK

Following the completion of the Arrangement, it is anticipated that Bacanora UK (a company incorporated under the laws of England and Wales) will operate initially under the name "Bacanora Lithium Plc". It will have its corporate head office and its registered office in London, England.

Approval and Recommendation by the Board of Directors

The Board of Directors has unanimously approved the Arrangement and authorized the Arrangement to be submitted to Bacanora Canada Shareholders and the Court for approval.

THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE ARRANGEMENT AND DETERMINED THAT THE ARRANGEMENT IS IN THE BEST INTERESTS OF BACANORA CANADA AND THE BACANORA CANADA SHAREHOLDERS AND RECOMMENDS THAT ALL BACANORA CANADA SHAREHOLDERS VOTE FOR THE ARRANGEMENT.

See "Matters To Be Acted Upon — The Arrangement — Recommendation of the Board of Directors".

The Arrangement Agreement

Bacanora Canada, Bacanora UK and AcquireCo entered into the Arrangement Agreement as of February 16, 2018, which sets out the terms and conditions for the completion of the Arrangement. A copy of the Arrangement Agreement is appended to this Circular as Appendix A. See "The Arrangement Agreement".

The following is a summary of the principal terms of the Arrangement Agreement:

Pre-Conditions

The respective obligations of the parties to the Arrangement Agreement to complete the Arrangement are subject to the satisfaction of, or mutual waiver by Bacanora Canada and Bacanora UK on or before the Effective Date of each of the following conditions, which are for the mutual benefit of Bacanora UK and Bacanora Canada and which may be waived, in whole or in part, by Bacanora UK or Bacanora Canada at any time:

- (a) the Interim Order shall have been obtained in form and substance satisfactory to each of Bacanora Canada and Bacanora UK, acting reasonably;
- (b) the Plan of Arrangement, without amendment or with amendments acceptable to Bacanora Canada and Bacanora UK acting reasonably, shall have been approved at the Annual and Special Meeting by the Bacanora Canada Shareholders as required by the Interim Order;
- (c) the issue of the Bacanora UK Shares by Bacanora UK pursuant to the Arrangement will have been approved and all necessary corporate action to permit such shares to be issued as fully paid will have been taken;
- (d) the issue of the Bacanora UK Shares (including upon exercise of the Bacanora Canada Options) by Bacanora UK under the Arrangement will be exempt from the prospectus and registration requirements under applicable Canadian securities laws and will be exempt from the registration requirements of the 1933 Act;
- (e) the Final Order shall have been granted in form and substance satisfactory to Bacanora Canada and Bacanora UK, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to Bacanora Canada or Bacanora UK, acting reasonably, on appeal or otherwise;
- (f) all approvals and consents, regulatory or otherwise, which are required in connection with the consummation of the transactions contemplated in the Arrangement Agreement and in the Plan of Arrangement shall have been obtained (including, without limitation, the conditional approval of the Arrangement by the TSXV);
- (g) no preliminary or permanent injunction, restraining order, cease trading order or order or decree of any Governmental Entity, and no law, regulation, policy, directive or order shall have been enacted, promulgated, made, issued or applied to cease trade, enjoin, prohibit or impose material limitations on, the Arrangement or the transactions contemplated therein or in the Plan of Arrangement and no such action, proceeding or order shall, to the best of the knowledge of Bacanora Canada or Bacanora UK, be pending or threatened and, without limiting the generality of the foregoing, no person shall have filed any notice of appeal of the Final

Order, and no person shall have communicated to Bacanora Canada or Bacanora UK any intention to appeal the Final Order which, in the reasonable opinion of Bacanora Canada or Bacanora UK, would make it inadvisable to proceed with the implementation of the Arrangement; and

- (h) the Arrangement Agreement shall not have been terminated pursuant to section 5 of the Arrangement Agreement.

Implementation, Interim Order and Terms of the Arrangement

In the Arrangement Agreement, Bacanora Canada has provided covenants relating to the Interim Order, the Annual and Special Meeting, the Final Order and the Articles of Arrangement in order to complete the Arrangement.

The Arrangement Agreement also sets out the terms of the Arrangement. See "Matters to be Acted Upon — Details of the Arrangement".

The Arrangement Agreement may be terminated by mutual written consent of the parties thereto at any time prior to the Effective Time. See "The Arrangement Agreement — Conditions Precedent to the Arrangement".

Additional Required Approvals

Court Approval

The Arrangement requires Court approval under the ABCA. Prior to mailing this Circular, the Interim Order was obtained from the Court. Following approval of the Arrangement by the Bacanora Canada Shareholders at the Annual and Special Meeting, Bacanora Canada will apply to the Court for the Final Order. The Notice of Application is attached as Appendix C to this Circular. It is anticipated that Bacanora Canada will make an application for the Final Order to the Court at the Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta, Canada, T2P 5P7. The hearing for the Final Order is currently scheduled to be heard on or about 4:00 p.m. (Calgary time) on March 19, 2018. See "Matters To Be Acted Upon — The Arrangement — Bacanora Canada Shareholder Approval — Court Approval of Arrangement".

Regulatory Approval

An application will be made to the London Stock Exchange plc for admission to trading of the Bacanora UK Shares on AIM. Bacanora Canada intends to apply to delist the Bacanora Canada Shares from the TSXV and intends to apply to the London Stock Exchange plc to cancel trading of Bacanora Canada Shares (including depositary interests representing such shares) on AIM. See "Risk Factors — Risks Associated with the Arrangement".

The Board of Directors have taken all reasonable care to ensure that the facts stated in this Circular are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in this Circular, whether of fact or of opinion. All directors accept responsibility accordingly.

After completion of the Arrangement, it is expected that Bacanora UK will apply to cease to be a "reporting issuer" in Canada. In the event that Bacanora UK is unsuccessful in its application, it will likely be a "designated foreign issuer" within the meaning of National Instrument 71-102 — *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* of the Canadian Securities Administrators. Bacanora UK will rely on that instrument, and Bacanora Canada will be applying for relief to the effect that Bacanora UK and Bacanora Canada will be exempt from most of the continuous disclosure requirements of Canadian securities legislation, as well as certain other requirements, including insider reporting and early warning reporting, provided Bacanora UK complies with the continuous disclosure requirements of the United Kingdom. Bacanora Canada and Bacanora UK also intends to apply to the applicable securities regulators in Canada for relief from NI 43-101, which regulates certain disclosures by mining companies.

The effect of being a "designated foreign issuer" and the granting of the relief referred to above will be that while Bacanora UK and Bacanora Canada may continue to be reporting issuers in various jurisdictions in Canada after the

completion of the Arrangement, Bacanora UK and Bacanora Canada will not file or will not be subject to, and Bacanora Canada Shareholders will not receive, the continuous disclosure and other documents referred to in the preceding paragraph as otherwise required by Canadian securities legislation, but rather Bacanora UK and Bacanora Canada will comply with their obligations as reporting issuers by complying with the requirements of securities legislation of England, including AIM Rules.

Voting by Proxy

The procedures for voting at the Annual and Special Meeting depend on whether you are: (a) a registered holder of Bacanora Shares; (b) a registered holder of Depositary Interests in Bacanora Canada Shares (i.e. you hold your interest in Bacanora Shares through CREST in the UK); or (c) a Beneficial Holder of Bacanora Canada Shares.

Registered holders of Bacanora Canada Shares

Bacanora Canada Shareholders who are unable to attend the Annual and Special Meeting in person may vote by proxy in one of the following ways: (i) complete, sign, date and return the accompanying Proxy Form, (ii) vote by fax according to the instructions on the Proxy Form ((403) 237-6181) or (iii) vote by Internet according to the instructions on the Proxy Form. The persons named in the accompanying forms of proxy are directors of Bacanora Canada. A registered holder of Bacanora Canada Shares has the right to appoint another person other than the persons named on the enclosed Proxy Form to attend and act on behalf of the Bacanora Canada Shareholder at the Annual and Special Meeting. To exercise this right, a Bacanora Canada Shareholder should insert the name of its nominee in the blank space provided on the proxy. A person appointed as proxy holder need not be a Bacanora Canada Shareholder. If you hold your Bacanora Canada Shares through an Intermediary, such as a broker or securities dealer, please see "General information for the Annual and Special Meeting — Advice to Beneficial Shareholders" for instructions.

If voting by mail, a Proxy Form will only be valid if it is duly completed, signed and sent to Bacanora Minerals Ltd., c/o its Americas transfer agent, Alliance Trust Company, #1010, 407 – 2nd Street S.W., Calgary, Alberta, Canada T2P 2Y3 or by fax to (403) 237-6181 or if you are a registered holder of Bacanora Canada Shares resident outside the Americas, c/o Bacanora Canada's Non-Americas transfer agent, Link Asset Services, PXS The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Proxies must be received by no later than 10:00 a.m. (Calgary time) on March 15, 2018 or, in the event that the Annual and Special Meeting is adjourned or postponed to a later date, at 10:00 a.m. (Calgary time) two Business Days before any adjourned or postponed meeting. The time limit for the deposit of proxies may be waived by the Board of Directors at its discretion without notice. If you require assistance in completing your proxy, please call Bacanora Canada at 403-237-6122 or contact Bacanora Canada via email at info@bacanoraminerals.com. See "General Information for the Annual and Special Meeting".

Registered holder of Depositary Interests in Bacanora Canada

In the case of holders of Depositary Interests in Bacanora Canada Shares, a Form of Direction must be completed in order to direct Link Market Services Trustees (Nominees) Limited, as the registered shareholder of Bacanora Canada Shares represented by Depositary Interests, to vote on the holder's behalf at the meeting, or if the meeting is adjourned, at any adjourned meeting.

To be effective, a completed and signed Form of Direction must be deposited at Link Market Services Trustees (Nominees) Limited, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (during normal business hours), by 10:00 a.m. (Calgary time) on March 14, 2018 or, in the event that the Annual and Special Meeting is adjourned or postponed to a later date, at 10:00 a.m. (Calgary time) three Business Days before any adjourned or postponed meeting.

Depositary Interests may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual. The CREST message should be received by the "issuer's agent" (ID: RA10) no later than 10:00 a.m. (Calgary time) on March 14, 2018 or, in the event that the Annual and Special Meeting is adjourned or postponed to a later date, at 10:00 a.m. (Calgary time) three Business Days before any adjourned or postponed meeting.

Holders of Depositary Interests wishing to attend the above meeting should contact Link Market Services Trustees Limited as per the instructions on the Form of Direction.

In the case of joint Depositary Interests holders, any one of them may sign the Form of Direction, but if more than one Depositary Interest holder gives a direction in relation to any resolution, the direction of the one whose name appears first on the Register of Depositary Interests in respect of that holding shall be accepted in relation to such resolution to the exclusion of the directions of the other joint Depositary Interest holders.

Beneficial Holders

Beneficial Holders of Bacanora Canada Shares or Depositary Interests that are registered in the name of an intermediary such as a broker, custodian, nominee or other intermediary (see definition of "**Intermediary**") should follow the instructions provided by their Intermediary in order to vote their Bacanora Canada Shares.

Procedure for Exchange of Certificates by Holders of Bacanora Canada Shares

Registered holders of Bacanora Canada Shares

Enclosed with this Circular is a Letter of Transmittal which is being delivered to all registered holders of Bacanora Canada Shares. The Letter of Transmittal, when validly completed and duly executed and returned with the certificate or certificates representing the holder's Bacanora Canada Shares and any other required documents, will enable the holder to receive one Bacanora UK Share for each Bacanora Canada Share held.

Provided a duly completed Letter of Transmittal is submitted, Bacanora UK Shares will be issued as soon as practicable after the Effective Date and, if in certificated form, will be forwarded to the Bacanora Canada Shareholder at the address specified by the Bacanora Canada Shareholder in the Letter of Transmittal by prepaid postage, first class mail, or be made available at the office of the Applicable Depositary for pick-up at the office where the Bacanora Canada Shares were deposited by the Bacanora Canada Shareholder, if so requested in the Letter of Transmittal. See "The Arrangement —Procedures for Exchange of Certificates by Holders of Bacanora Canada Shares".

In the event that any Bacanora Canada Shareholders fail to submit the Letter of Transmittal in accordance with the instructions set out therein ("**Non Claiming Shareholder**") they will not be eligible to receive their Bacanora UK Shares pursuant to the Arrangement until such time as a duly completed Letter of Transmittal is submitted. Until such time, the Bacanora UK Shares to which such Non Claiming Shareholder would otherwise be entitled ("**Unclaimed Bacanora UK Shares**") will be held in trust by Computershare Trustees (Jersey) Limited (the "**Trustee**") pursuant to a trust deed ("**Trust Deed**") to be entered into on or immediately prior to Admission. Under the terms of the Trust Deed, the Trustee will hold the Unclaimed Bacanora UK Shares in trust for Bacanora UK until such time as the Non Claiming Shareholder submits a duly completed Letter of Transmittal.

Registered holder of Depositary Interests in Bacanora Canada

Registered holders of Depositary Interests in Bacanora Canada Shares do not have to complete a Letter of Transmittal to accept the Exchange, however, they will need to input an instruction into CREST using the procedure set out below.

To accept the Exchange for Depositary Interests, Registered holders of Depositary Interests should send (or, if a CREST sponsored member, procure that the CREST sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- (a) the ISIN for the Depositary Interests, which is: CA05634Q1054;
- (b) the number of Depositary Interests to be transferred to an escrow balance;
- (c) the relevant Member account ID;
- (d) the relevant Participant ID;

- (e) the Participant ID of the escrow agent, the Receiving Agent, in its capacity as a CREST receiving agent, which is RA10;
- (f) Member account ID of the escrow agent, which is 29513BAC;
- (g) the Corporate Action Number of the Plan of Arrangement, which is allocated by Euroclear and is available by viewing the relevant corporate action detail, in CREST;
- (h) the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event no later than 1:00 p.m. (London time) on March 19, 2018;
- (i) the standard delivery instruction with Priority 80; and
- (j) contact name and telephone number inserted in the shared note field.

Should the Plan of Arrangement receive shareholder approval and a registered holder of Depositary Interests has not accepted the Exchange by the Effective Date, the Depositary Interest will terminate and its holding will be placed on the dissenters register until such time as the registered holder of Depositary Interests confirms that it wishes to complete the Exchange. At this stage the registered holder of Depositary Interests will need to complete a Letter of Transmittal to accept the Exchange and until such Letter of Transmittal is duly completed and submitted such Non Claiming Shareholder will not be eligible to receive their Bacanora UK Shares and such Unclaimed Bacanora UK Shares will be held in trust by the Trustee pursuant to the Deed until such time as the Non Claiming Shareholder submits a duly completed Letter of Transmittal.

Beneficial Holders

Beneficial Holders or non-registered holders of Bacanora Canada Shares or Depositary Interests in Bacanora Canada Shares should contact the Intermediary (e.g. bank, trust company, securities dealer or broker and a trustee or administrator of a self-administered registered savings plan, registered retirement income fund, registered education savings plan or similar plans or other registered holder) who holds their Bacanora Canada Shares or Depositary Interests on their behalf to arrange for the exchange of their Bacanora Canada Shares or Depositary Interests.

Bacanora Canada will issue a news release following the Annual and Special Meeting to confirm whether the Bacanora Canada Shareholders have approved the Arrangement. Registered holders of **Bacanora Canada Shares will not receive the Bacanora UK Shares to which they are entitled under the Arrangement unless they deposit with the Applicable Depositary a validly completed and duly executed Letter of Transmittal prior to the Deposit Deadline together with the certificates representing their Bacanora Canada Shares and such other documents as may be required.** In the event that the Arrangement is not approved by Bacanora Canada Shareholders at the Annual and Special Meeting, all Bacanora Canada Shares previously deposited with the Applicable Depositary will be returned to Bacanora Canada Shareholders.

See "The Arrangement — Procedures for Exchange of Certificates by Holders of Bacanora Canada Shares".

Dissent Rights

Bacanora Canada Shareholders are NOT entitled to dissent rights in connection with the Arrangement Resolution. See "Dissent Rights".

Differences Between the ABCA and the UK Companies Act

Bacanora UK was incorporated in England, has its registered office in London, England and will maintain its share registry in England. Upon completion of the Arrangement, Bacanora UK will indirectly own all of the Bacanora Canada Shares and will be subject to UK Companies Act. There are certain differences between the provisions of the

ABCA and UK Companies Act. See "Differences Between the ABCA and UK Companies Act" in the body of the Circular.

Brief Summary of Canadian Federal Income Tax Considerations

The following is a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to Bacanora Canada Shareholders who are individuals (other than trusts, including Deferred Income Plans) or corporations who are not exempt from Canadian federal income tax, who deal at arms' length with Bacanora Canada, Bacanora UK and AcquireCo, who are not affiliated with Bacanora Canada or Bacanora UK and who hold their Bacanora Canada Shares and Bacanora UK Shares as capital property. **The following summary is not intended to be and should not be construed as advice about the Canadian income tax implications of the Arrangement to any Bacanora Canada Shareholder. Bacanora Canada Shareholders are urged to consult their own advisors on the impact of a disposition of their Bacanora Canada Shares in consideration for Bacanora UK Shares.**

For Canadian federal income tax purposes, a holder of Bacanora Canada Shares who is a Canadian Resident and who receives Bacanora UK Shares pursuant to the Arrangement will realize a capital gain or capital loss on his Bacanora Canada Shares to the extent that the fair market value of such Bacanora UK Shares on the Effective Date exceeds (or is less than) the aggregate of the adjusted cost base to the holder of their Bacanora Canada Shares and reasonable costs of disposition.

For a more detailed description of Canadian income tax considerations, see "Canadian Federal Income Tax Considerations".

Brief Summary of UK Income Tax Considerations

The following information is intended as a general guide and relates to the tax position of Shareholders who are resident in the UK. The statements are based on the current legislation, in respect of UK legislation, proposals announced in the March 16, 2016 Budget and practice in the UK, and do not purport to be comprehensive or to describe all potential relevant considerations. Investors should note that both tax law and interpretation are subject to change, possibly with retrospective effect. **Any Bacanora Canada Shareholder who is in any doubt about his tax position, or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.**

UK Taxation of Chargeable Gains

Liability to UK taxation of chargeable gains will depend on the individual circumstances of Bacanora Canada Shareholders.

A Bacanora Canada Shareholder who, together with persons connected with him, does not hold more than 5% of shares in Bacanora Canada should not be treated as having made a disposal of his Bacanora Canada Shares for the purposes of UK taxation of chargeable gains to the extent that he receives Bacanora UK Shares in exchange for his Bacanora Canada Shares under the Arrangement. Instead, the Bacanora UK Shares will be treated as the same asset as his Bacanora Canada Shares, acquired at the same time as his Bacanora Canada Shares.

Any Bacanora Canada Shareholder who, either alone or together with persons connected with him, holds more than 5% of Bacanora Canada Shares is advised that clearance has been sought from HM Revenue & Customs under section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Arrangement.

Brief Summary of United States Federal Income Tax Considerations

Whether the Exchange will qualify as a tax-deferred exchange within the meaning of Section 351 of the U.S. Code (a "**Section 351 Transaction**") is not clear and may depend to some extent upon events subsequent to the date of this Circular, including events subsequent to the Effective Date, which events cannot be predicted with accuracy. If the Arrangement qualifies as a Section 351 Transaction with respect to the U.S. Holders (as defined below), subject to the

passive foreign investment company ("**PFIC**") rules discussed below, then such U.S. Holders should not recognize gain or loss with respect to the Exchange. If the Exchange does not qualify as a Section 351 Transaction, subject to the PFIC rules discussed below, then such U.S. Holders will recognize gain or loss in an amount equal to the difference, if any, between (i) the fair market value (expressed in U.S. dollars) of the Bacanora UK Shares received in exchange for Bacanora Canada Shares, as applicable, pursuant to the Arrangement and (ii) the adjusted tax basis (expressed in U.S. dollars) of such U.S. Holder in the Bacanora Canada Shares exchanged. The foregoing is a brief summary of the U.S. federal income tax consequences to U.S. Holders with respect to the Exchange, which is qualified in its entirety by the discussion under "United States Federal Income Tax Considerations" below.

Listing on Stock Exchanges

The Bacanora Canada Shares are currently listed on the TSXV under the symbol "BCN" and traded on AIM under the symbol "BCN". Bacanora UK is seeking the admission of the Bacanora UK Shares to trading on AIM subject to the satisfaction of their customary requirements. See "Risk Factors — Risks Associated with the Arrangement".

Risk Factors

Bacanora Canada Shareholders should consider a number of risk factors when evaluating the Arrangement. Those risk factors include certain risks related to the Arrangement and the business of each of Bacanora Canada and Bacanora UK, which are disclosed in greater detail herein. See "Risk Factors — Risks Associated with the Arrangement".

GLOSSARY OF TERMS

The following is a glossary of terms used frequently throughout this Circular (excluding Appendices).

"**1933 Act**" means the United States Securities Act of 1933, as amended.

"**1934 Act**" means the United States Securities Exchange Act of 1934, as amended.

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations promulgated thereunder as each may be amended from time to time.

"**AcquireCo**" means 1976844 Alberta Ltd., a corporation formed under the ABCA.

"**Admission**" means admission of Bacanora UK's entire issued share capital to trading on AIM.

"**Affiliate**" has meaning ascribed thereto in the ABCA.

"**AIM**" means AIM, the market of that name operated by the London Stock Exchange plc.

"**AIM Appendix**" means the Appendix to the Schedule 1 announcement made by Bacanora UK pursuant to the AIM Rules for Companies.

"**AIM Rules**" AIM Rules for Companies and AIM Rules for Nominated Advisers published by the London Stock Exchange plc from time to time.

"**Alliance**" means Alliance Trust Company.

"**Amalco**" means the corporation formed by way of amalgamation between Bacanora Canada and the AcquireCo pursuant to the Arrangement.

"**Annual and Special Meeting**" means the Annual and Special Meeting of Bacanora Canada Shareholders held in accordance with the ABCA and the provisions of the Interim Order and any adjournment thereof, to be held on March 19, 2018 to consider and, if deemed advisable, to: (a) approve the Annual Matters; (b) approve the Arrangement by way of Special Resolution of Bacanora Canada Shareholders; (c) granting the Board the authority to issue up to 365,000,000 Bacanora Canada Shares on a non pre-emptive basis in the 12 months following the Annual and Special Meeting; and (d) approve, in principle, the Bacanora UK Resolutions.

"**Annual and Special Meeting Materials**" means the Notice of Annual and Special Meeting, this Circular, the instrument of proxy, the Letter of Transmittal and other related materials.

"**Annual Matters**" means the presentation of the financial statements for the year ended June 30, 2016, the presentation of the financial statements for the year ended June 30, 2017, the appointment of auditors for the ensuing year, the election of directors, the approval of the Bacanora Canada Stock Option Plan and the approval of the Bacanora Canada RSU Plan.

"**Applicable Depositary**" means, collectively, Alliance, as Americas depositary and Link, as European depositary, in respect of the exchange of certificates of Bacanora Canada Shares for certificates evidencing Bacanora UK Shares, as the case may be.

"**Applicable Transfer Agent**" means, collectively, Alliance, in its capacity as Americas transfer agent for the Bacanora Canada Shares and Link, in its capacity as Non-Americas transfer agent for the Bacanora Canada Shares.

"**Arrangement**" means an arrangement under Section 193 of the ABCA substantially on the terms and conditions set forth in the Plan of Arrangement and any amendment or variation thereto made in accordance with the terms of the Arrangement Agreement or section 5 of the Plan of Arrangement or made at the direction of the Court.

"Arrangement Agreement" means the arrangement agreement dated as of February 16, 2018 between Bacanora Canada, Bacanora UK and AcquireCo, as may be amended from time to time, a copy of which is attached as Appendix A to this Circular.

"Arrangement Resolution" means the special resolution of the Bacanora Canada Shareholders approving the Plan of Arrangement, as required by the Interim Order and to be substantially in the form set out in Schedule 2 to the Arrangement Agreement.

"Articles of Arrangement" means the articles of arrangement of Bacanora Canada in the form prescribed under the ABCA to be filed with the Registrar to give effect to the Arrangement.

"Bacanora Canada" means Bacanora Minerals Ltd., a corporation incorporated under the ABCA.

"Bacanora Canada By-laws" means the by-laws of Bacanora Canada.

"Bacanora Canada Group" means Bacanora Canada and all Affiliates and subsidiaries thereto.

"Bacanora Canada Option(s)" means the outstanding stock options of Bacanora Canada to purchase Bacanora Canada Shares, issued pursuant to the Bacanora Canada Stock Option Plan.

"Bacanora Canada Optionholder(s)" means the holders of Bacanora Canada Options.

"Bacanora Canada RSU" means a restricted share unit issued under the Bacanora Canada RSU Plan.

"Bacanora Canada RSU Plan" means the restricted share unit plan of Bacanora Canada approved by the board of directors of Bacanora Canada on September 20, 2017.

"Bacanora Canada Share(s)" means the common shares in the capital of Bacanora Canada.

"Bacanora Canada Shareholders" means, at any time, the holders of Bacanora Canada Shares.

"Bacanora Canada Stock Option Plan" means the stock option plan of Bacanora Canada re-approved by Bacanora Canada Shareholders on September 28, 2016.

"Bacanora Group" means the Bacanora Canada Group, the Bacanora UK Parties and all Affiliates and subsidiaries thereto.

"Bacanora UK" means Bacanora Lithium Plc, a company incorporated under the UK Companies Act.

"Bacanora UK Articles" means the Articles of Association of the Bacanora UK.

"Bacanora UK Board" means the board of directors of Bacanora UK.

"Bacanora UK Parties" means Bacanora UK and AcquireCo.

"Bacanora UK Resolutions" means the resolutions of the Bacanora UK Shareholders passed at a meeting of the Bacanora UK Shareholders held on February 16, 2018, as more particularly set out in Appendix H attached hereto.

"Bacanora UK Share(s)" means the ordinary shares of £0.10 each in the capital of Bacanora UK.

"Bacanora UK Shareholder(s)" means a registered holder of Bacanora UK Shares.

"Beneficial Holder(s)" means a Bacanora Canada Shareholder holding its Bacanora Canada Shares or Depositary Interests in Bacanora Canada Shares through an Intermediary.

"Board" or **"Board of Directors"** means the board of directors of Bacanora Canada.

"Business Day" means any day on which commercial banks are generally open for business in London, England and Calgary, Alberta, Canada other than a Saturday, a Sunday or day observed as a holiday in London or in Calgary.

"Cadence" means Cadence Minerals plc, a company incorporated in England and Wales with the registration number 05234262, whose shares are admitted to trading on AIM, and its subsidiary undertakings, including Cadence Mexico Ltd.

"Cairn" means Cairn Financial Advisors LLP, Bacanora Canada's nominated advisor for the purposes of the AIM Rules;

"Canadian Resident" means a person resident in Canada for the purposes of the Tax Act, or a partnership that is a "Canadian Partnership" for the purposes of the Tax Act (but for greater certainty does not include any other partnership).

"Canadian Shareholder" means a shareholder who is a Canadian Resident.

"CDS" means CDS Clearing and Depositary Services Inc.

"Circular" means this management information circular of Bacanora Canada dated February 16, 2018.

"Closing" means the time and date of the completion of the Arrangement.

"Counsel" means Gowling WLG (Canada) LLP.

"Court" means the Court of Queen's Bench (Alberta).

"CRA" means the Canada Revenue Agency.

"CREST" means computer-based system and procedures which enable title to securities to be evidenced and transferred without a written instrument and which is operated by Euroclear UK & Ireland Limited.

"Current Market Price" has the meaning ascribed thereto in the Plan of Arrangement.

"Default PFIC Rules" means the rules relating to PFICs under the U.S. Code.

"Deferred Income Plans" means, collectively, trusts governed by "registered retirement savings plans", "registered retirement income funds", "deferred profit sharing plans", "registered disability savings plans", "registered education savings plans" and "tax-free savings accounts", all as defined by the Tax Act.

"Deposit Deadline" means the deadline for submitting a Letter of Transmittal, being the date that is three years after the Effective Date.

"Depositary" means Link Market Services Trustees (Nominees) Limited.

"Depositary Interests" means the uncertified depositary interests issued by the Depositary representing Bacanora Canada Shares and settled through CREST.

"Deutsche Lithium" means Deutsche Lithium GmbH, a company incorporated and registered in the Republic of Germany, that is currently 50% owned by Bacanora Canada.

"Disclosure and Transparency Rules" or "DTRs" means the Disclosure Rules and Transparency Rules made by the FCA in accordance with section 73(A)(3) of FSMA.

"Effective Date" means the date that the Registrar issues the appropriate certificate for the Arrangement pursuant to section 193(11) of the ABCA.

"Effective Time" means 2:30 p.m. (Calgary time) on the Effective Date.

"Eligible Institution" means a Canadian Schedule I chartered bank, a member of the Bacanora Canada Shares Transfer Association Medallion Program (STAMP), or a member of the Stock Exchange Medallion Program (SEMP).

"Euroclear" means Euroclear UK & Ireland Limited.

"Exchange" means the exchange of Bacanora Canada Shares for Bacanora UK Shares as described in this Circular.

"Feasibility Study" has the meaning given to it in the AIM Appendix.

"Final Order" means the final order of the Court approving the Arrangement pursuant to section 193(9)(a) of the ABCA as such order may be amended by the Court at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed, following the application therefor contemplated by section 2 of the Arrangement Agreement.

"Form of Direction" means the form of direction enclosed with this Circular to direct Link Market Services Trustees (Nominees) Limited, as the registered shareholder of Bacanora Canada Shares represented by Depository Interests, to vote on the holder's behalf at the Annual and Special Meeting, or at any adjourned meeting thereof.

"Form of Proxy" mean the proxy form enclosed with this Circular.

"FSMA" means the *UK Financial Services and Markets Act 2000*, as amended from time to time.

"GAAP" means generally accepted accounting principles of Canada.

"Governmental Entity" means any:

- (a) federal, provincial, state, territorial, regional, municipal, local or other government, governmental or public department, court, tribunal, arbitral body, commission, board or agency having jurisdiction over the Bacanora Canada Group, as applicable;
- (b) any subdivision, agent, commission, board or authority of any of the foregoing; or
- (c) any quasi-governmental or private body exercising any regulatory, expropriatory or taxing authority under or for the account of any of the foregoing.

"Hanwa" means Hanwa Co. Ltd., a global trading company incorporated in Japan.

"IFRS" means International Financial Reporting Standards.

"Interim Order" means the interim order of the Court pursuant to section 193(4) of the ABCA made in connection with the process for obtaining approval of the Arrangement and related matters following the application therefor contemplated by section 2 of the Arrangement Agreement, as the same may be affirmed, amended, supplemented or varied by the Court or by the highest court by which an appeal therefrom is heard at any time prior to the Effective Time, a copy of which order is attached as Appendix B to this Circular.

"Intermediary" means a bank, trust company, securities dealer or broker and a trustee or administrator of a self-administered registered savings plan, registered retirement income fund, registered education savings plan or similar plans.

"IRS" means the United States Internal Revenue Service.

"Letter of Transmittal" means the Letter of Transmittal for use by the Bacanora Canada Shareholders in the form accompanying this Circular.

"Link" means Link Asset Services.

"MAR" means Market Abuse Regulation 596/2014.

"Mark-to-Market Election" means a mark-to-market election under Section 1296 of the U.S. Code.

"Megalit" means Minera Megalit S.A. de C.V., a company incorporated in Mexico with the registered number 42244*7, currently 70% owned by Bacanora Canada and 30% owned by Cadence.

"Mexilit" means Mexilit S.A. de C.V., a company incorporated in Mexico with the registered number 41753*7, currently 70% owned by Bacanora Canada and 30% owned by Cadence.

"Mineramex" means Mineramex Limited, a British Virgin Islands incorporated company, with registered number 687069, being a wholly owned subsidiary of Bacanora Canada.

"MIT" means Minerales Industriales Tubutama S.A de C.V., a company incorporated in Mexico, with the registered number 34289*7, being indirectly 60% owned by Bacanora Canada.

"MSB" means Minera Sonora Borax S.A. de C.V., a company incorporated in Mexico with registered number 36668*7, being indirectly 100% owned by Bacanora Canada.

"NI 43-101" means National Instrument 43-101 — *Standards of Disclosure for Mineral Projects*.

"NI 52-110" means National Instrument 52-110 — *Audit Committees*.

"Notice of Annual and Special Meeting" means the notice of Annual and Special Meeting of Bacanora Canada Shareholders to be held on March 19, 2018.

"Panel" means the UK Panel on Takeovers and Mergers.

"Person" means any individual, body corporate, partnership, joint venture, limited-liability company, trust, unincorporated organization, Governmental Entity or agency or political subdivision thereof or other entity recognized by law.

"PFIC" means a passive foreign investment company as defined under Section 1297 of the U.S. Code.

"Plan of Arrangement" means the plan of arrangement substantially as set out as Schedule 1 to the Arrangement Agreement, and any amendments or variations thereto made in accordance with section 6.9 of the Arrangement Agreement or section 5 of the Plan of Arrangement or made at the direction of the Court.

"Pound Sterling Equivalent" means, in respect of an amount expressed in Canadian dollars (the **"Canadian Currency Amount"**) at any date, the product obtained by multiplying (a) the Canadian Currency Amount by (b) the noon spot exchange rate on such date for Canadian currency expressed in pounds sterling as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for Canadian currency expressed in pounds sterling as may be deemed by the Board of Directors to be appropriate for such purpose.

"QCA Code" means the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013, as published by the Quoted Companies Alliance.

"QEF Election" means a qualified electing fund election under Section 1295 of the U.S. Code.

"**OLB**" means Operadora de Litio Bacanora, S.A. de CV, a company incorporated in Mexico, currently owned 100% by Mineramex.

"**Orr-Ewing Estate**" means the Estate of Colin Orr-Ewing.

"**Receiving Agent**" means Link.

"**Record Date**" means February 9, 2018.

"**Re-Domicile**" means the re-domicile Bacanora Canada by way of the Arrangement under which Bacanora Canada Shares will be exchanged for Bacanora UK Shares

"**Registrar**" means the Registrar of Corporations as appointed under section 263 of the ABCA.

"**Regulation S**" means Regulation S under the 1933 Act.

"**Royalty Agreements**" has the means given to it in the AIM Appendix.

"**Sonora Lithium Project**" has the meaning given to it in the AIM Appendix.

"**SEC**" means the United States Securities and Exchange Commission.

"**Section 351 Transaction**" means a tax-deferred exchange within the meaning of Section 351 of the U.S. Code.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended from time to time.

"**Tax Exempt**" means a person specified in section 149 of the Tax Act.

"**Tax Proposals**" means specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Circular.

"**TSXV**" means the TSX Venture Exchange.

"**UK**" means the United Kingdom.

"**UK Companies Act**" means *the Companies Act 2006* (as amended).

"**UK City Code**" means the UK City Code on Takeovers and Mergers issued by the Panel.

"**United States GAAP**" means generally accepted accounting principles of the United States of America.

"**U.S. Code**" means United States Internal Revenue Code of 1986, as amended.

"**U.S. Bacanora Shareholders**" means Bacanora Canada Shareholders that are located in the United States or that are "U.S. persons" as defined in Regulation S.

"**U.S. Holder**" means a beneficial owner of Bacanora Canada Shares (or, following the completion of the Exchange, a beneficial owner of Bacanora UK Shares) that holds such shares as capital assets, and that, for U.S. federal income tax purposes, is

- (a) an individual who is a citizen or resident of the U.S. for U.S. federal income tax purposes;

- (b) a corporation, or any other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S. or any state in the U.S., including the District of Columbia;
- (c) an estate if the income of that estate is subject to U.S. federal income tax regardless of the source of such income; or
- (d) a trust if (i) the trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

"U.S. Person" means "U.S. person" as defined in Regulation S.

"Voting Forms" means the Form of Proxy for use by registered shareholders in Bacanora Canada and the Form of Direction for use by registered holders of Depositary Interests in Bacanora Canada.

"Voting Instruction Form" means an instruction form provided by an Intermediary for the use of a Beneficial Holder relating to the Beneficial Shareholder's shares.

"Zinnwald Lithium Project" has the meaning given to it in the AIM Appendix.

GENERAL INFORMATION FOR THE MEETING

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by and on behalf of management of Bacanora Canada for use at the Annual and Special Meeting of Bacanora Canada Shareholders to be held in the Three Sisters Boardroom of Gowling WLG (Canada) LLP, at 1600, 421 – 7th Avenue S.W., Calgary, Alberta, Canada, T2P 4K9 on March 19, 2018 at 10:00 a.m. (Calgary time) for the purposes set out in the accompanying Notice of Annual and Special Meeting.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally by the directors or officers of Bacanora Canada at nominal cost. Arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the Beneficial Holders of the Bacanora Canada Shares held of record by such persons and Bacanora Canada may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation will be borne by Bacanora Canada.

Appointment and Revocation of Proxies

The persons named in the enclosed Proxy Form are officers or directors of Bacanora Canada.

A BACANORA CANADA SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A BACANORA CANADA SHAREHOLDER, TO REPRESENT HIM OR HER AT THE ANNUAL AND SPECIAL MEETING, MAY DO SO BY INSERTING SUCH OTHER PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE ENCLOSED PROXY FORM OR BY COMPLETING ANOTHER PROPER PROXY FORM AND, IN EITHER CASE, DEPOSITING THE COMPLETED AND EXECUTED PROXY WITH THE APPLICABLE TRANSFER AGENT OF BACANORA CANADA, ALLIANCE TRUST COMPANY, #1010, 407 – 2ND STREET S.W., CALGARY, ALBERTA, CANADA T2P 2Y3 OR, LINK ASSET SERVICES, PXS, THE REGISTRY, 34 BECKENHAM ROAD, BECKENHAM, KENT BR3 4TU, AS APPLICABLE, NO LATER THAN 10:00 A.M. (CALGARY TIME) ON MARCH 15, 2018.

A proxy can be executed by the Bacanora Canada Shareholder or his attorney duly authorized in writing, or, if the Bacanora Canada Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

A Bacanora Canada Shareholder forwarding one of the enclosed forms of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Bacanora Canada Shareholder giving the proxy wishes to confer discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The Bacanora Canada Shares represented by the proxy submitted by a Bacanora Canada Shareholder will be voted in accordance with the directions, if any, given in the proxy.

In addition to any other manner permitted by law, the proxy may be revoked before it is exercised by instrument in writing executed and delivered in the same manner as the proxy at any time up to and including the last Business Day preceding the day of the Annual and Special Meeting or any adjournment thereof at which the proxy is to be used.

Please note that Bacanora Canada Shareholders who receive their meeting materials from Broadridge Financial Solutions, Inc. ("**Broadridge**") must return the Proxy Forms, once voted, to Broadridge for the proxy to be dealt with. Please see "Advice to Beneficial Shareholders".

Voting by Proxy

Bacanora Canada Shareholders can choose to vote their Bacanora Canada Shares by proxy by mail, by telephone, or by internet.

ALL PROXIES TO BE USED AT THE ANNUAL AND SPECIAL MEETING MUST BE DEPOSITED NOT LATER THAN 10:00 A.M. (CALGARY TIME) ON MARCH 15, 2018 (WHICH IS THE SECOND LAST BUSINESS DAY PRECEDING THE DAY OF THE ANNUAL AND SPECIAL MEETING, BEING MARCH 19, 2018, OR ANY ADJOURNMENT THEREOF) WITH BACANORA CANADA OR ITS TRANSFER AGENT, ALLIANCE TRUST COMPANY. A return envelope has been included with this material.

Advice to Beneficial Shareholders

Only registered holders of Bacanora Canada Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Annual and Special Meeting. However, in many cases, Bacanora Canada Shares beneficially owned by a holder (a "**Non-Registered Holder**") are registered either:

- (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Bacanora Canada Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited).

Bacanora Canada is not forwarding its proxy-related materials directly to Beneficial Holders. In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), Bacanora Canada intends to pay for Canadian Intermediaries to forward the proxy-related materials and the Voting Instruction Form to Beneficial Holders.

Applicable Canadian regulatory policies require Intermediaries to seek voting instructions from Non-Registered Holders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Non-Registered Holders in order to ensure that their Bacanora Canada Shares are voted at the Annual and Special Meeting. Often, the voting instruction form supplied to a Non-Registered Holder by its Intermediary (or the agent of the Intermediary) is very similar or even identical to the Form of Proxy provided by Bacanora Canada to registered Bacanora Canada Shareholders. However, its purpose is limited to instructing the registered Bacanora Canada Shareholder (the Intermediary or agent of the Intermediary) how to vote on behalf of the Non-Registered Holder. In Canada, the majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge. In most cases, Broadridge mails a scannable voting instruction form in lieu of the Proxy Form provided by Bacanora Canada and asks Non-Registered Holders to return the voting instruction form to Broadridge or otherwise communicate voting instructions to Broadridge (by way of telephone or the Internet, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Bacanora Canada Shares to be represented at the Annual and Special Meeting. A Non-Registered Holder receiving a proxy or voting instruction form from Broadridge cannot use that form to vote Bacanora Canada Shares directly at the Annual and Special Meeting, rather the form must be returned to Broadridge or, alternatively, instructions must be received by Broadridge well in advance of the Meeting in order to have the Bacanora Canada Shares voted. If you have any questions respecting the voting of your Bacanora Canada Shares held through an Intermediary, please contact that Intermediary for assistance.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Bacanora Canada Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Annual and Special Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.

All references to Bacanora Canada Shareholders in this Circular and the accompanying instruments of proxy and Notice of Annual and Special Meeting are to Bacanora Canada Shareholders of record as of the Record Date unless specifically stated otherwise.

Exercise of Discretion by Proxies

The persons named in the enclosed forms of proxy for use at the Annual and Special Meeting will vote the Bacanora Canada Shares in respect of which they are appointed in accordance with the directions of the Bacanora Canada Shareholder appointing them. **IN THE ABSENCE OF SUCH DIRECTIONS, BACANORA CANADA SHARES SHALL BE VOTED "FOR"** the approval of the Annual Matters, the Arrangement Resolution, granting the Board the authority to issue up to 365,000,000 Bacanora Canada Shares on a non-preemptive basis in the 12 months following the Annual and Special Meeting, as more particularly described in the Circular, the UK Resolutions and the transaction of such further or other business as may properly come before the Annual and Special Meeting or any adjournment or adjournments thereof.

The enclosed Proxy Form confers discretionary authority upon the persons named therein with respect to any amendment, variation or other matter to come before the meeting other than the matters referred to in the Notice of Annual and Special Meeting. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE ANNUAL AND SPECIAL MEETING, THE BACANORA CANADA SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.**

Voting Securities and Principal Holders Thereof

As of the Record Date, namely February 9, 2018, Bacanora Canada had 134,039,872 Bacanora Canada Shares outstanding, each of which entitles the holder to one vote to be cast in respect of the Arrangement and the other matters presented for consideration at the Annual and Special Meeting.

Bacanora Canada Shareholders of record on the Record Date will be entitled either to attend and vote in person the Bacanora Canada Shares held by them at the Annual and Special Meeting, or, provided a completed and executed Form of Proxy shall have been delivered to Bacanora Canada as described herein, to attend and vote thereat by proxy the Bacanora Canada Shares held by them. However, if a Bacanora Canada Shareholder has transferred any Bacanora Canada Shares after the Record Date and the transferee of such Bacanora Canada Shares establishes ownership thereof and makes a written demand, not later than ten days before the Annual and Special Meeting, to be included in the list of Bacanora Canada Shareholders entitled to vote at the Annual and Special Meeting, the transferee will be entitled to vote such Bacanora Canada Shares.

To the knowledge of the Board of Directors and management of Bacanora Canada, no person beneficially owns, directly or indirectly, or exercises control or direction over 10% or more of any class of outstanding voting securities of Bacanora Canada as of the date hereof other than as follows:

| NAME | Number of Bacanora Canada Shares | Percentage of Outstanding Bacanora Canada Shares |
|-------------------------------------|----------------------------------|--|
| M&G Investment Funds ⁽¹⁾ | 13,456,784 | 10.04% |
| Graham Edwards ⁽²⁾ | 15,803,030 ⁽²⁾ | 11.8% |

Notes:

- (1) M&G Investments Fund is an investment fund that is part of the Prudential Plc group of companies and is headquartered in London, UK
- (2) Mr. Edwards owns approximately 10,500,000 Bacanora Canada Shares (approximately 7.8% of the issued and outstanding Bacanora Canada Shares) through Igneous Capital Limited, a private corporation incorporated under the laws of the British Virgin Islands that is controlled by and ultimately beneficially owned by Mr. Edwards. Mr. Edwards is also one of the potential beneficiaries of a trust that owns D&A Income Limited, which owns 5,303,030 Bacanora Canada Shares (approximately 4.0% of the issued and outstanding Bacanora Canada Shares).

STATEMENT OF EXECUTIVE COMPENSATION

General

The following information, dated as of June 30, 2017, is provided in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

For the purposes of this section, a "Named Executive Officer" or "NEO" means each of the following individuals:

- (a) each individual who in respect of Bacanora Canada during any part of the most recently completed financial year served as chief executive officer ("**CEO**"), including an individual performing functions similar to a CEO;
- (b) each individual who in respect of Bacanora Canada during any part of the most recently completed financial year served as chief financial officer ("**CFO**"), including an individual performing functions similar to a CFO;
- (c) in respect of Bacanora Canada and its subsidiaries the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000;
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of Bacanora Canada and was not acting in a similar capacity, at the end of that financial year

Based on the foregoing definitions, Bacanora Canada's NEO's in respect of the year ended June 30, 2017 were Peter Secker, CEO, Derek Batorowski, CFO and a director, Mark Hohnen, Chairman and a director. Mr. Batorowski resigned as CFO of Bacanora Canada on February 5, 2018.

Director and NEO Compensation excluding stock options and other compensation securities

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by Bacanora Canada, or a subsidiary of Bacanora Canada thereof to each director and each NEO of Bacanora Canada, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to Bacanora Canada, for each of Bacanora Canada's two most recently completed financial years:

| Table of compensation excluding compensation securities | | | | | | | |
|--|------------|--|------------|--------------------------------------|---------------------------------|---|-------------------------------|
| Name and position | Year | Salary, Consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| Peter Secker <i>CEO</i> | June 30/17 | 464,895 | Nil | Nil | Nil | Nil | 464,895 |
| | June 30/16 | 492,560 | 479,858 | Nil | Nil | Nil | 972,418 |
| Derek Batorowski ⁽¹⁾ <i>CFO and Director</i> | June 30/17 | 312,732 ⁽¹⁾ | Nil | 3,546 | Nil | Nil | 316,278 |
| | June 30/16 | 222,450 | Nil | 16,671 | Nil | Nil | 239,121 |
| Martin Vidal ⁽²⁾ <i>President and Director</i> | June 30/17 | 317,631 ⁽²⁾ | Nil | Nil | Nil | Nil | 317,631 |
| | June 30/16 | 240,336 | Nil | Nil | Nil | Nil | 240,336 |
| Colin Orr-Ewing ⁽³⁾ <i>Chairman and Director</i> | June 30/17 | 10,056 ⁽³⁾ | Nil | Nil | Nil | Nil | 10,056 |
| | June 30/16 | 59,706 | Nil | Nil | Nil | Nil | 59,706 |

| Table of compensation excluding compensation securities | | | | | | | |
|--|--------------------------|---|------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Name and position | Year | Salary, Consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| James Leahy ⁽⁴⁾ <i>Non-Executive Chairman and Director</i> | June 30/17 June 30/16 | 45,263 28,011 | Nil Nil | Nil Nil | Nil Nil | Nil Nil | 45,263 28,011 |
| Kiran Morzaria ⁽⁵⁾ <i>Director</i> | June 30/17 June 30/16 | 9,973 16,794 | Nil Nil | Nil Nil | Nil Nil | Nil Nil | 9,973 16,794 |
| Shane Shircliff ⁽⁶⁾ <i>Director</i> | June 30/17 June 30/16 | 6,462 16,671 | Nil Nil | Nil Nil | Nil Nil | Nil Nil | 6,462 16,671 |
| Mark Hohnen ⁽⁷⁾ <i>Chairman and Director</i> | June 30/17 June 30/16 | 366,119 392,577 | Nil Nil | Nil Nil | Nil Nil | Nil Nil | 366,119 392,577 |
| James Digby Ronald Strauss ⁽⁷⁾ <i>Director</i> | June 30/17 | 32,368 | Nil | Nil | Nil | Nil | 32,368 |
| Ray Hodgkinson ⁽⁸⁾ <i>Director</i> | June 30/17 | 29,461 | Nil | Nil | Nil | Nil | 29,461 |
| Dr. Andres ⁽⁹⁾ Antonius <i>Director</i> | June 30/17 | 6,317 | Nil | Nil | Nil | Nil | 6,317 |
| Junichi Tomono <i>Director</i> | June 30/17 | - | Nil | Nil | Nil | Nil | Nil |

Notes:

- (1) Fees were paid to CompAcct Consulting Ltd., which provides the consulting services of Mr. Batorowski in his capacity as Chief Financial Officer of Bacanora Canada. CompAcct Consulting Ltd. is a private company partially-owned by Mr. Batorowski. Mr. Batorowski resigned as Chief Financial Officer on February 5, 2018.
- (2) Fees were paid to Grupo Ornales Vidal S.A. de C.V., which provided the consulting services of Mr. Vidal in his capacity as President of Bacanora Canada. Mr. Vidal's spouse is the owner of Grupo Ornales Vidal S.A. de C.V. Mr. Vidal resigned as President and from the Board on December 4, 2017.
- (3) Honorable Colin Orr-Ewing passed away on August 11, 2016. For further details please see Bacanora Canada's press release dated August 11, 2016, a copy of which is available on Bacanora Canada's SEDAR profile at www.sedar.com.
- (4) Mr. Leahy resigned from the Board on May 15, 2017.
- (5) Mr. Morzaria resigned from the Board on January 25, 2017.
- (6) Mr. Shircliff resigned from the Board on November 23, 2016.
- (7) Fees were paid to Fernan Pty Limited, a private company wholly-owned by Mr. Hohnen.
- (8) Mr. Strauss was appointed to the Board on October 28, 2016.
- (9) Mr. Hodgkinson was appointed to the Board on November 23, 2016.
- (10) Dr. Antonius was appointed to the Board on June 9, 2017.
- (11) Mr. Tomono was appointed to the Board on June 9, 2017.

External management companies

None of Mr. Hohnen, Mr. Batorowski and Mr. Vidal are or were employees of Bacanora Canada. Each provided executive management services through the companies described in the notes to the table above. Mr. Vidal resigned as President of Bacanora Canada on December 4, 2017 and Mr. Batorowski resigned as Chief Financial Officer on February 5, 2018. Ms. Janet Boyd was appointed as Chief Financial Officer effective February 5, 2018.

Stock options and other compensation securities

Other than disclosed in the table below, there were no compensation securities granted or issued by Bacanora Canada to any of the NEOs or directors of Bacanora Canada during the fiscal year ended June 30, 2017.

Other than exercise by (a) Shane Shircliff of 200,000 stock options at \$0.30 per share for gross proceeds of \$60,000; and (b) Clinworth Management Corporation, a company beneficially owned by Shane Shircliff, of 500,000 options at \$0.50 per share for gross proceeds of \$250,000, there were no exercises of compensation securities by any of the NEOs or directors of Bacanora Canada during the fiscal year ended June 30, 2017.

The following table sets forth details for all stock options outstanding for each NEO and director as at June 30, 2017.

| Compensation Securities | | | | | | |
|--|--|--|--|---|---|--|
| Name and Position | Number of stock options | Date of issue or grant | Issue, conversion or exercise price (\$) | Closing price of stock option on date of grant (\$) | Closing price of stock option at June 30, 2017 (\$) | Expiry date |
| Peter Secker <i>CEO and Director</i> | 300,000 | March 1, 2017 | 1.39 | 1.36 | 1.24 | March 1, 2020 |
| Derek Batorowski ⁽¹⁾ <i>CFO and Director</i> | 200,000 175,000 125,000 | Sep. 11, 2013 Dec. 2, 2015 March 1, 2017 | 0.30 1.58 1.39 | 0.25 1.58 1.36 | 1.24 1.24 1.24 | Sep. 11, 2018 Dec. 2, 2020 March 1, 2020 |
| Martin Vidal ⁽²⁾ <i>President and Director</i> | 200,000 ⁽³⁾ 175,000 125,000 | Sep. 11, 2013 Dec. 2, 2015 March 1, 2017 | 0.30 1.58 1.39 | 0.25 1.58 1.36 | 1.24 1.24 1.24 | Sep. 11, 2018 ⁽³⁾ Dec. 2, 2020 March 1, 2020 |
| Mark Hohnen <i>Chairman and Director</i> | 1,000,000 ⁽⁴⁾ 1,000,000 1,000,000 249,900 ⁽⁴⁾ | Jan. 22, 2016 April 27, 2016 April 27, 2016 March 1, 2017 | 1.58 1.94 1.94 1.39 | 1.58 1.94 1.94 1.32 | 1.24 1.24 1.24 1.24 | Jan. 22, 2018 ⁽⁴⁾ Oct. 21, 2019 April 21, 2019 March 1, 2020 |
| Jamie Digby Ronald Strauss <i>Director</i> | 750,000 | March 1, 2017 | 1.39 | 1.36 | 1.24 | March 1, 2020 |
| Raymond Hodgkinson <i>Director</i> | 200,000 | March 1, 2017 | 1.39 | 1.36 | 1.24 | March 1, 2020 |
| Dr. Andres Antonius <i>Director</i> | 500,000 | May 15, 2017 | 1.53 | 1.48 | 1.24 | May 15, 2020 |
| Junichi Tomono <i>Director</i> | Nil | Nil | Nil | Nil | Nil | Nil |

Notes:

- (1) Mr. Batorowski resigned as Chief Financial Officer on February 5, 2018.
(2) Mr. Vidal resigned as President and as a director on December 4, 2017.
(3) The Bacanora Canada Options were exercised by Mr. Vidal on December 19, 2017.
(4) These Bacanora Canada Options were exercised by Fernan Pty Limited, a holding company of Mr. Hohnen, on January 10, 2018.

Stock Option Plans and Other Incentive Plans

Bacanora Canada has no other incentive plans other than the Bacanora Canada Stock Option Plan and the Bacanora Canada RSU Plan.

Bacanora Canada Stock Option Plan

The Bacanora Canada Stock Option Plan provides that the Board of Directors may from time to time, in its discretion grant to directors, officers and employees of Bacanora Canada and to consultants retained by Bacanora Canada, non-transferable options to purchase Bacanora Canada Shares, or such other shares as may be substituted therefore, in the capital of Bacanora Canada for a period of up to five years from the date of the grant provided that the number of Bacanora Canada Shares reserved for issuance may not exceed 10% of the total issued and outstanding Bacanora Canada Shares at the date of the grant.

The purpose of the Bacanora Canada Stock Option Plan is to advance the interests of Bacanora Canada by encouraging the directors, officers and employees of Bacanora Canada and consultants retained by Bacanora Canada to acquire Bacanora Canada Shares, thereby: (i) increasing the proprietary interests of such persons in Bacanora Canada; (ii) aligning the interests of such persons with the interests of Bacanora Canada's shareholders generally; (iii) encouraging such persons to remain associated with Bacanora Canada and (iv) furnishing such persons with an additional incentive in their efforts on behalf of Bacanora Canada.

The following is a summary of the material terms of the Bacanora Canada Stock Option Plan:

- The number of Bacanora Canada Shares to be reserved and authorized for issuance pursuant to options granted under the Plan shall not exceed ten percent (10%) of the total number of issued and outstanding shares in Bacanora Canada.
- Under the Bacanora Canada Stock Option Plan, the aggregate number of optioned Bacanora Canada Shares granted to any one optionee in a 12 month period must not exceed 5% of Bacanora Canada's issued and outstanding shares. The number of optioned Bacanora Canada Shares granted to any one consultant in a 12 month period must not exceed 2% of Bacanora Canada's issued and outstanding shares. The aggregate number of optioned Bacanora Canada Shares granted to an optionee who is employed to provide investor relations' services must not exceed 2% of Bacanora Canada's issued and outstanding Bacanora Canada Shares in any 12 month period.
- The exercise price for options granted under the Bacanora Canada Stock Option Plan will not be less than the market price of the Bacanora Canada Shares at the time of the grant, less applicable discounts permitted by the policies of the TSX Venture Exchange.
- Bacanora Canada Options will be exercisable for a term of up to five years, subject to earlier termination in the event of the optionee's death or the cessation of the optionee's services to Bacanora Canada. In the event of cessation of option's services to Bacanora, such optionee, if an employee, director and/or an officer will have three month trailing period, and if a marketing consultant, one month trailing period, in which to exercise any vested but unexercised Bacanora Canada Option held by such optionee.
- Bacanora Canada Options granted under the Bacanora Canada Stock Option Plan are non-assignable, except by will or by the laws of descent and distribution.

The Bacanora Canada Stock Option Plan was re-approved by Bacanora Canada Shareholders at Bacanora Canada's annual and special meeting of Bacanora Canada Shareholders held on September 28, 2016. The Bacanora Canada Stock Option Plan will be subject to approval by Bacanora Canada Shareholders at the Annual and Special Meeting.

Bacanora Canada RSU Plan

On September 20, 2017, the Board of Directors approved and implemented the Bacanora Canada RSU Plan. The Bacanora Canada RSU Plan is administered by the Remuneration Committee under the supervision of the Board of Directors as compensation to officers, directors, consultants, and employees. The Remuneration Committee determines the terms and conditions upon which a grant is made, including any performance criteria or vesting period.

The purpose of the Bacanora Canada RSU Plan is to further align the interests of Bacanora Canada's senior executives, key employees, consultants and directors with those of the Bacanora Canada Shareholders.

The following is a summary of the material terms of the Bacanora Canada RSU Plan. The summary is qualified in its entirety by the full text of the Bacanora Canada RSU Plan, in the form attached hereto as Appendix G.

- Under the Bacanora Canada RSU Plan, eligible persons may (at the discretion of the Board) be allocated a number of Bacanora Canada RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which Bacanora Canada RSUs were granted.
- All Bacanora Canada RSUs are to be evidenced by award agreements entered into in accordance with the Bacanora Canada RSU Plan;
- Upon vesting, each Bacanora Canada RSU entitles the participant to receive one Bacanora Canada Share, provided that the participant is continuously employed with or providing services to Bacanora Canada. RSUs track the value of the underlying Bacanora Canada Shares, but do not entitle the recipient to the underlying

Bacanora Canada Share until such Bacanora Canada RSUs vest, nor do they entitle a holder to exercise voting rights or any other rights attached to ownership or control of the Bacanora Canada Shares, until the Bacanora Canada RSU vests and the Bacanora Canada RSU participant receives Bacanora Canada Share.

- Upon vesting eligible participants shall be entitled to a cash payment equal to the number of Bacanora Canada RSUs granted, multiplied by the fair market value of the Bacanora Canada Shares on the redemption date or such number of Bacanora Canada Shares equal to the whole number of Bacanora Canada RSUs multiplied by the fair market value of the Bacanora Canada Shares on the redemption, such cash payment or Bacanora Canada Share issuance to be at the sole discretion of Bacanora Canada.
- The maximum number of Bacanora Canada RSUs issuable under the Bacanora Canada RSU Plan is fixed at 13,190,653, provided however that at no time may the number of Bacanora Canada RSUs issuable under the Bacanora Canada RSU Plan, together with the number of Bacanora Canada Shares issuable under options that are outstanding under the Bacanora Canada's Stock Option Plan or any other security based compensation plans, exceed 10% of the issued and outstanding Bacanora Canada Shares as at the date of a grant under the Bacanora Canada RSU Plan or the Bacanora Canada Stock Option Plan, as the case may be.
- If Bacanora Canada pays a dividend on the Bacanora Canada Shares outstanding subsequent to granting of Bacanora Canada RSUs, (the "**Original RSUs**") such Original RSUs shall be increased by an amount equal to: (a) the product of: (i) the aggregate number of Original RSUs held by the participant on the record date for such dividend; and (ii) the per Bacanora Canada Share amount of such dividend (or, in the case of any dividend payable in property other than cash, the per Bacanora Canada Share fair market value of such property as determined by the Remuneration Committee); divided by (b) the fair market value of the Bacanora Canada Shares on the date the dividend is declared.
- In the event that Bacanora Canada pays a dividend on the Bacanora Canada Shares in additional Bacanora Canada Shares, the number of Original RSUs shall be increased by a number equal to the product of: (a) the aggregate number of Original RSUs held by the participant on the record date of such dividend; and (b) the number of Bacanora Canada Shares (including any fraction thereof) payable as a dividend on one Bacanora Canada Share.
- The grant of any Bacanora Canada RSUs is subject to the following restrictions: (a) the aggregate number of Bacanora Canada Shares reserved for issuance pursuant to Bacanora Canada RSUs granted to any one individual in any twelve (12) month period shall not exceed one percent (1%) of the issued and outstanding Bacanora Canada Shares, unless disinterested shareholder approval is obtained; (b) the aggregate number of Bacanora Canada Shares reserved for issuance pursuant to Bacanora Canada RSUs granted to Insiders (as defined in the policies of the TSXV), as a group, shall not exceed two percent (2%) of the issued and outstanding Bacanora Canada Shares, unless disinterested Bacanora Canada Shareholder approval is obtained; and (c) the aggregate number of Bacanora Canada Shares reserved for issuance pursuant to Bacanora Canada RSUs granted to any one individual in any twelve (12) month period, when combined with stock options granted under the Bacanora Canada Stock Option Plan, shall not exceed five percent (5%) of the issued and outstanding Bacanora Canada Shares, unless disinterested Bacanora Canada Shareholder approval is obtained.
- The Board has the discretion under the Bacanora Canada RSU plan to permit the acceleration of the vesting date of any Bacanora Canada RSUs, all in the manner and on the terms as may be authorized by the Board.

In accordance with the policies of the TSXV, the Bacanora Canada RSU Plan will be placed before the Bacanora Canada Shareholders for ratification and approval of the Bacanora Canada Shareholders at the Annual and Special Meeting.

Employment, Consulting and Management Agreements

(a) Mark Hohnen

Bacanora Canada entered into a consultancy agreement (the "**Hohnen Agreement**") dated December 15, 2016 between Bacanora Canada, Fernan Pty Limited (a company which is wholly-owned by Mr. Hohnen) ("**Fernan**") and

Mr. Hohnen pursuant to which Fernan agreed to provide the services of Mr. Hohnen to act as executive chairman of Bacanora Canada. Bacanora Canada has agreed to pay a monthly fee of £20,000 exclusive of VAT in consideration for the provision of the services of Mr. Hohnen, unless he is unable to provide the services due to illness or injury. The consultancy agreement contains the usual provisions for the protection of Bacanora Canada's intellectual property, confidentiality and post termination restrictions.

The rights and obligations of Bacanora Canada under the Hohnen Agreement will be novated to Bacanora UK with effect from, and conditional upon, Admission.

In addition, Bacanora Canada has agreed by way of a side letter dated November 20, 2017 that, in the event the Hohnen Agreement is terminated within 30 days of a change in control of Bacanora Canada for reasons connected directly/indirectly with the change of control, Fernan will be entitled to receive a termination payment (inclusive of any pay in lieu of notice). This termination payment is calculated by reference to the Control Price (being the price or value of consideration per share in the company paid or payable to shareholders of Bacanora Canada by the person(s) who have obtained control) and will be a sum equal to the aggregate of Award 2018 and Award 2019 where: (i) Award 2018 is 2,124,150 x the amount by which the Control Price exceeds £1.02, to the extent that the change in control occurs before the Bacanora UK Board has resolved upon the number of options to be granted to Fernan in reward for Mr. Hohnen's performance for the financial year ended 30 June 2018. In the event that options have been awarded, the Award 2018 will be nil; and (ii) Award 2019 is 2,124,150 x the amount by which the Control Price exceeds £0.80, to the extent that the change in control occurs before the Board has resolved upon the number of options to be granted to Fernan in reward for Mr. Hohnen's performance for the financial year ended 30 June 2019. In the event that options have been awarded, the Award 2019 will be nil.

Notwithstanding the above, the termination payment will only be made in the event that the Control Price is at least £1.30 and the change in control is approved by the Bacanora UK Board). For these purposes a "change in control" is defined as a situation where a person or persons having control cease to do so, or alternatively another person/persons obtain control (other than in connection with re-construction, amalgamation or re-domicile and "control" is defined as the power of a person(s) to ensure that the affairs of Bacanora Canada are dealt with in accordance of their wishes by means of voting powers or by the constitution of Bacanora Canada.

The rights and obligations of Bacanora Canada under the side letter will be novated to Bacanora UK with effect from, and conditional upon, Admission.

(b) Peter Secker

Bacanora Canada entered into a contract of employment dated November 20, 2017, between Mr. Secker and Bacanora Canada pursuant to which Mr. Secker was appointed Chief Executive Officer of Bacanora Canada with effect from October 19, 2017. The agreement is terminable on 12 months' written notice. Mr. Secker receives an annual salary of £300,000. Under the terms of this employment agreement, in the event Mr. Secker's contract of employment is terminated within 30 days of a change in control of Bacanora Canada, he will be entitled to a lump sum termination payment (inclusive of any pay in lieu of notice). The termination payment is calculated by reference to the Control Price (being the price or value of consideration per share in Bacanora Canada paid or payable to shareholders of Bacanora Canada by the person(s) who have obtained control).

Mr. Secker's termination payment is equal to the sum of the aggregate of Award 2018 and Award 2019 where: (i) Award 2018 is equal to 2,550,000 x the amount by which the Control Price exceeds £1.02, to the extent that the change in control occurs before the Board has resolved upon the number of options to be granted to Mr. Secker in reward for his performance for the financial year ended June 30, 2018. In the event that options have been awarded, the Award 2018 will be nil; and (ii) Award 2019 is equal to 2,550,000 x the amount by which the Control Price exceeds £0.80, to the extent that the change in control occurs before the Board has resolved upon the number of options to be granted to Mr. Secker in reward for his performance for the financial year ended June 30, 2019. In the event that options have been awarded, the Award 2019 will be nil.

Notwithstanding the above, the termination payment will only be made in the event that the Control Price is at least £1.30 and the change in control is approved by the Board). For these purposes a "change in control" is defined as a situation where a person or persons having control cease to do so, or alternatively another person/persons obtain

control (other than in connection with re-construction, amalgamation or re-domicile and "control" is defined as the power of a person(s) to ensure that the affairs of Bacanora Canada are dealt with in accordance of their wishes by means of voting powers or by the constitution of Bacanora Canada.

The rights and obligations of Bacanora Canada under the side letter will be novated to Bacanora UK with effect from, and conditional upon, Admission.

(c) Derek Batorowski

Mr. Batorowski had an unwritten consultancy arrangement with Bacanora Canada whereby he provided consultancy services as Chief Financial Officer through CompAcct Consulting Ltd., a company partially owned by Mr. Batorowski. The fees which were paid under such agreement were commensurate to the volume of work conducted on an hourly basis. This agreement was terminated upon Mr. Batorowski's resignation as Chief Financial Officer on February 5, 2018.

(c) Janet Boyce

Janet Boyce is employed as Chief Financial Officer under a service agreement with Bacanora Canada dated February 5, 2018. The agreement is subject to three months' notice by either party and her salary is £200,000 per annum, which salary is subject to annual review. The rights and obligations of Bacanora Canada under the service agreement will be novated to Bacanora UK with effect from, and conditional upon, Admission.

(d) Other Employment and Management Contracts

In March 2015, Bacanora Canada entered into an agreement with Honorable Colin Orr-Ewing to pay him a monthly fee in the amount of \$5,000 per month in respect of his services as Chairman of Bacanora Canada. Honorable Colin Orr-Ewing passed away on August 11, 2016. For further details please see Bacanora Canada's press release dated August 11, 2016, a copy of which is available on Bacanora Canada's SEDAR profile at www.sedar.com.

Bacanora Canada entered into a contract with Mr. Shircliff's partially-owned company to provide executive management services to Bacanora Canada. Under such contract Mr. Shircliff's partially-owned company was paid a monthly fee of \$7,000 until May, 2015. Such contract extended to provide transition services to be billed in amounts commensurate to the volume of work conducted on hourly basis until May 2016. Mr. Shircliff resigned from the Board on November 23, 2016.

Bacanora Canada had an agreement with a consulting firm of which Mr. Vidal is a partner to provide geological services to Bacanora Canada. The fees are paid in amounts commensurate to the volume of work conducted on monthly basis. This agreement was terminated when Mr. Vidal resigned as President and from the Board on December 4, 2017.

Oversight and Description of Directors and NEO Compensation

The Remuneration Committee recommends to the Board of Directors the compensation of Bacanora Canada's directors, NEOs and senior officers that the Committee feels is suitable, primarily by comparison of the remuneration paid by other companies that the Committee feels are similarly placed within the same business as Bacanora Canada.

Market comparisons as well as evaluation of similar positions in the same industry and/or in the same geography are among the criteria used in recommending compensation levels. Following a review of such criteria, the Remuneration Committee makes a recommendation to the Board of Directors, which may adopt the recommendation or modify it as it sees fit.

The objective of the Board of Directors and the Remuneration Committee in setting compensation levels is to attract and retain individuals of high calibre to serve as officers of Bacanora Canada, to motivate their performance in order

to achieve Bacanora Canada's strategic objectives and to align the interests of executive officers with the long term interests of the shareholders, while at the same time preserving cash flows. These objectives are designed to ensure that Bacanora Canada continues to grow on an absolute basis as well as to grow cash flow and earnings for Shareholders.

The Board of Directors (following recommendation of the Remuneration Committee) sets the compensation received by NEOs so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board of Directors and the Remuneration Committee rely primarily on their own experience and knowledge. In addition, the Remuneration Committee has the discretion to engage with consultants in fulfilling their obligations; the Remuneration Committee engaged such consultants during the fiscal year ended June 30, 2017 to assist with its compensation recommendations.

Pension Disclosure

Bacanora Canada does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement for the Directors and NEOs.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the end of Bacanora Canada's most recently completed financial year with respect to compensation plans under which equity securities of Bacanora Canada are authorized for issuance.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|--|--|--|
| Equity compensation plans approved by security holders | 7,387,400 | 1.44 | 5,803,253 |
| Equity compensation plans not approved by security holders | Nil | Nil | Nil |
| Total | 7,387,400 | \$1.44 | 5,803,253 |

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors and officers of Bacanora Canada, nor any proposed management nominee for election as a director of Bacanora Canada or any associate of any director, officer or proposed management nominee is or has been indebted to Bacanora Canada at any time during the last completed financial year, for other than routine indebtedness.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, none of the informed persons of Bacanora Canada (as defined in National Instrument 51-102), nor any proposed nominee for election as a director of Bacanora Canada, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of Bacanora Canada's most recently completed financial year or in any proposed transaction which, in either case, has or will materially affect Bacanora Canada and none of such persons has any material interest in any transaction proposed to be undertaken by Bacanora Canada that will materially affect Bacanora Canada.

MANAGEMENT CONTRACTS

Except as otherwise disclosed herein, there are no management functions of Bacanora Canada that are to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of Bacanora Canada.

CORPORATE GOVERNANCE

Please see the attached Appendix D for information on Bacanora Canada's Corporate Governance (Form 58-101F2).

AUDIT COMMITTEE

Audit Committee Charter

The Charter of Bacanora Canada's Audit Committee is attached to this Circular as Appendix E.

Composition of the Audit Committee

The following are the members of the Committee:

| | | |
|----------------------------|----------------------------|-------------------------------------|
| Jamie Strauss | Independent ⁽¹⁾ | Financially literate ⁽¹⁾ |
| Ray Hodgkinson | Independent ⁽¹⁾ | Financially literate ⁽¹⁾ |
| Eileen Carr ⁽²⁾ | Independent ⁽¹⁾ | Financially literate ⁽¹⁾ |

Note:

(1) As defined by NI 52-110.

(2) Ms. Carr was named Chair of the Audit Committee on February 16, 2018.

Relevant Education and Experience

Mr. Jamie Strauss

Mr. Strauss has 30 years' experience within the stockbroking and mining finance sector. He is currently a director of a mining finance boutique firm, Strauss Partners Ltd, based in London, UK. He was the Managing Director at BMO Capital Markets from 2007 to 2009. He has raised in excess of \$1bn for projects spanning the globe in both the energy and mineral world on behalf of leading institutions in UK, Europe, North America and Australia. He served as a committee member of the Association of Mining Analysts between 2007 and 2011 and is also a director of Altius Minerals and Gold Standard Ventures. In addition, Mr. Strauss has sat on audit committees in the past, and has chaired the Bacanora Canada Audit Committee since 2017. He is also an approved person under FCA, UK.

Mr. Raymond John Hodgkinson

Mr. Raymond John Hodgkinson has previously worked as an engineering consultant to Striker Exploration Corp. and Exoro Energy Inc. He has been an independent director of Westcore Energy Ltd. since March 2007 and a director of Troy Energy Corp. since September 2009. He served as Chief Operating Officer of Aztek Energy Ltd. from June 1, 2006 to January 2010. He served as a director of Tembo Gold Corp (formerly Lakota Resources Inc.) from October 2009 to July 15, 2011. He has 30 years of experience in the natural resources sector and is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Hodgkinson received a Bachelor of Science Degree in Engineering from University of Calgary in June 1977.

Ms. Eileen Carr

Ms. Carr has been a UK Chartered Certified Accountant since 1996 and an FCCA since 2001. She served as Finance Director/ Chief Financial Officer for both private and public companies starting with Cluff Resources in 1993. She

has since gone on to hold several executive directorships in the resource sector, including Chief Financial Officer at both AIM traded Monterrico Metals plc and Alexander Mining plc, and Director at European Goldfields Inc. Ms. Carr has also held a number of non-executive directorships and currently sits on the board of directors and the audit committee of Sylvania Platinum Limited. Her first non-executive role was for Banro Corp in 1998 and more recently she was a non-executive director for Talvivaara Mining Company plc, and Goldstar Resources NL, an ASX listed gold company. Ms. Carr holds an MSc in Management from London University and is a SLOAN fellow of London Business School. Ms. Carr also holds an FCCA designation from the Chartered Association of Certified Accountants.

Through such business experience, the members of the Audit Committee review financial statements and gain an understanding of financial reporting controls and procedures.

Audit Committee Oversight

At no time since the commencement of Bacanora Canada's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of Bacanora Canada's most recently completed financial year has Bacanora Canada relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), the exemption in Section 6.1.1(4) of NI 52-110 (*Circumstances Affecting the Business or Operations of the Venture Issuer*), the exemption in Section 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

External Auditor Service Fees (By Category)

The aggregate fees billed by Bacanora Canada's external auditors in each of the last two fiscal years for audit fees are as follows:

| Financial Year Ending | Audit Fees | Audit Related Fees | Tax Fees | All Other Fees |
|------------------------------|-------------------|---------------------------|-----------------|-----------------------|
| 2017 | \$141,105 | \$48,136 | \$35,350 | Nil |
| 2016 | \$141,636 | \$9,740 | Nil | \$57,352 |

Exemption

Bacanora Canada is relying on the exemption provided in Section 6.1 of NI 52-110 and, as such, Bacanora Canada is exempt from Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

PARTICULARS OF MATTERS TO BE ACTED UPON

Financial Statements

The financial statements of Bacanora Canada for: (1) the year ended June 30, 2016 and the auditors' report thereon; and (2) the year ended June 30, 2017 and the auditors' report thereon, each accompanying this Circular, will be placed

before Bacanora Canada Shareholders at the Annual and Special Meeting. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to Alliance Trust Company.

Election of Directors

The term of office of each of the present directors expires at the Annual and Special Meeting. At the Annual and Special Meeting, Bacanora Canada Shareholders will be asked to approve an ordinary resolution to fix the number of directors of Bacanora Canada to be elected at seven (7) members. Management of Bacanora Canada proposes to nominate the persons named below for election as directors of Bacanora Canada at the Annual and Special Meeting, each to serve until the next annual meeting of Bacanora Canada Shareholders, unless his office is earlier vacated. All of the nominees are currently members of the Board of Directors.

Shareholders can vote for all of the proposed directors set forth herein, vote for some of them and withhold for others, or withhold for all of them. **Unless otherwise instructed, the named proxyholders intend to vote "FOR" the election of each of the proposed nominees set forth below as Directors of Bacanora Canada.** If, prior to Annual and Special Meeting, any vacancies occur in the list of proposed nominees herein submitted, the persons named in the enclosed Proxy Form intend to vote FOR the election of any substitute nominee or nominees recommended by management of Bacanora Canada and FOR the remaining proposed nominees. Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

| Name, Residence and Present Office Held | Principal Occupation or Employment | Director Since | Number of Bacanora Canada Shares Beneficially Owned or Controlled ⁽¹⁾ and percentage of total issued and outstanding |
|---|--|----------------|---|
| DEREK BATOROWSKI Calgary, Alberta, Canada <i>Director</i> | Chief Financial Officer, Bacanora Minerals Ltd. until February 2018; Chief Financial Officer, Blacksteel Energy Inc. Prior thereto, Chief Financial Officer, Westcore Energy Ltd. from March 2009 to June 2014 and Chief Financial Officer of Regal Energy Ltd. from July 2008 to March 2009. Prior thereto, Chief Financial Officer of G2 Resources Inc. from March 2008 to July 2008. Prior thereto, Chief Financial Officer of Aztek Energy Ltd. from July 2006 to March 2008. Since 1993, he has been an independent consultant to the oil and gas industry, having held various financial positions with junior private and public companies. Mr. Batorowski received his Business Administration Diploma from Mount Royal University in 1989. He has been a member of the Chartered Professional Accountants (CGA) of Alberta since 21 June 2000. | September 2008 | 423,400 ⁽²⁾ (0.32%) |
| MARK HOHNEN Claremont, WA Australia <i>Director</i> | Mr. Hohnen has experience in the Japanese, Chinese and Korean markets, all of which play a significant role in the production of lithium ion batteries and the development of electric vehicle technology. Mr. Hohnen has been involved in the mineral resource sector since the late 1970s. He has had extensive international business experience in a wide range of industries including mining and exploration, property, investment, software and agriculture. He has held a number of directorships in both public and private companies and was founding Chairman of Cape Mentelle and Cloudy Bay wines, as well as being on the board of oil and coal company Anglo Pacific Resources Plc. Mr. Hohnen was also a director of Kalahari Minerals and Extract Resources, having successfully negotiated the sale of both companies to Taurus (CGN). He is also chairman of ASX listed, Boss Resources Limited and director of Salt Lake Potash Limited. | April 2016 | 2,514,951 ⁽³⁾ (1.88%) |

| Name, Residence and Present Office Held | Principal Occupation or Employment | Director Since | Number of Bacanora Canada Shares Beneficially Owned or Controlled ⁽¹⁾ and percentage of total issued and outstanding |
|---|--|----------------|---|
| JAMES DIGBY RONALD STRAUSS ⁽⁴⁾⁽⁵⁾ London, United Kingdom <i>Director</i> | Jamie Strauss has had 30 years' experience within the stockbroking and mining finance sector. Currently he is a Director of mining finance boutique, Strauss Partners Ltd - based in London, UK. Previously, a Managing Director at BMO Capital Markets, 2007 - 2009. He has raised in excess of \$1bn for projects spanning the globe in both the energy and mineral world on behalf of leading institutions in UK, Europe, North America and Australia. He is particularly well known for his long term specialisation of the Diamond Mining sector as well as supporting development assets through to production. Jamie is a Director of Altius Minerals and Gold Standard Ventures. | October 2016 | 102,857 0.08% |
| RAYMOND JOHN HODGKINSON ⁽⁴⁾⁽⁵⁾ Calgary, Alberta, Canada <i>Director</i> | Mr. Raymond John Hodgkinson was a director of Bacanora Canada from the time of incorporation (2008 until 2013) and was recently re-appointed as a director. He has previously worked as an engineering consultant to Striker Exploration Corp. and Exoro Energy Inc. He has been an independent director of Westcore Energy Ltd. since March 2007 and a director of Troy Energy Corp. since September 2009. He served as Chief Operating Officer of Aztek Energy Ltd. from June 1, 2006 to January 2010. He served as a director of Tembo Gold Corp (formerly Lakota Resources Inc.) from October 2009 to July 15, 2011. He has 30 years of experience in the natural resources sector and is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Hodgkinson received a Bachelor of Science Degree in Engineering from University of Calgary in June 1977. | November 2016 | 766,300 0.57% |
| DR. ANDRES ANTONIUS ⁽⁵⁾ Mexico City, Mexico <i>Director</i> | Dr. Andres Constantin Antonius Gonzalez is a Mexican national who has held positions in the Government of Mexico as well as in the private sector and academia. Dr. Antonius previously served as Undersecretary for Energy Policy and prior to that was a staff member at the Agriculture Secretariat. Dr. Antonius also held the role of coordinator for strategy of then President Elect Peña Nieto's transition team in 2012. Dr. Antonius is currently Chief Executive Officer of Plan B, a provider of strategic advice to a range of clients. Prior to founding Plan B, he was the President of the Consulting Services Group at Kroll, a world leader in risk management, business intelligence, and investigations. Dr. Antonius has also held the position of Director of Strategic Planning at the Instituto Tecnológico Autónomo de México ('ITAM') and has taught economic theory, game theory, and crisis management at both the ITAM and the Universidad Iberoamericana. He received a B.A., Masters and PhD degree in Economics from Harvard University. | June 2017 | NIL 0% |
| JUNICHI TOMONO Tokyo, Japan <i>Director</i> | Mr. Junichi Tomono has over 22 years' experience with Hanwa, during which time he has worked in the Metals, Chemicals, Alloys, Scrap metals and Mining divisions. Mr. Tomono has a special focus on the battery chemicals sector including lithium. As head of the Speciality Metals and Alloys department and as a Director of three of Hanwa's subsidiaries, Mr. Tomono has played a key role in Hanwa adopting a more global focus in response to the rapid growth in the lithium battery sector. | June 2017 | 12,333,261 9.20% |
| EILEEN CARR ⁽⁴⁾ London, United Kingdom <i>Director</i> | Ms. Eileen Carr has been a key member of teams behind the development of a number of successful mining operations across the world, including the Freda Rebecca gold mine in Zimbabwe, the Ayanfuri gold mine in Ghana, the Kalsaka gold mine in Burkina Faso and the Angovia gold mine in Ivory Coast. She has served as Finance Director/CFO for both private and public companies starting with Cluff Resources in 1993. She has since gone on to hold several executive directorships in the resource sector, | February 2018 | NIL 0% |

| Name, Residence and Present Office Held | Principal Occupation or Employment | Director Since | Number of Bacanora Canada Shares Beneficially Owned or Controlled ⁽¹⁾ and percentage of total issued and outstanding |
|---|------------------------------------|----------------|---|
|---|------------------------------------|----------------|---|

including CFO at both AIM traded Monterrico Metals plc and Alexander Mining plc, and director at European Goldfields Inc. Ms. Carr has also held a number of non-executive directorships and currently sits on the board of directors and the audit committee of Sylvania Platinum Limited. Her first non-executive role was for Banro Corp in 1998 and more recently she was a non-executive director for Talvivaara Mining Company plc, a Finnish nickel company, and Goldstar Resources NL, an ASX listed gold company. Ms. Carr holds an MSc in Management from London University and is a SLOAN fellow of London Business School.

Notes:

- (1) The information as to the number of Bacanora Canada Shares beneficially owned, not being within the knowledge of Bacanora Canada, has been furnished by the respective nominees. These figures do not include any securities that are convertible into or exercisable for Bacanora Canada Shares.
- (2) 223,400 of these Bacanora Canada Shares are held by Mr. Batorowski in his personal name and the balance of 200,000 Bacanora Canada Shares are held by a private company that is controlled by Mr. Batorowski.
- (3) 1,440,951 of these Bacanora Canada Shares are held by Mr. Hohnen in his personal name, 74,000 of these Bacanora Canada Shares are held by Catherine Hohnen and the balance of 1,000,000 Bacanora Canada Shares are held by Fernan Pty Limited, a private company wholly-owned by Mr. Hohnen.
- (4) Member of the Audit Committee.
- (5) Member of the Remuneration Committee.

Majority Voting

The Board of Directors has adopted a Majority Voting Policy stipulating that in an uncontested election of directors (being an election where the number of nominees for director positions is equal to the number of directors authorized to be elected upon such election, as determined by the Board of Directors or Bacanora Canada Shareholders), if the number of Bacanora Canada Shares "withheld" for any nominee exceeds the number of Bacanora Canada Shares voted "for" the nominee, then, notwithstanding that such director was duly elected as a matter of corporate law, the director shall be required to forthwith submit his/her resignation as a director (and, as applicable, a member of any committee of the Board of Directors) to the Chairman of the Board of Directors following the applicable Shareholders' meeting (and in any event, within seven (7) days of such meeting), which shall become effective upon acceptance by the Board of Directors. Following receipt of a resignation submitted pursuant to the Majority Voting Policy, the Board of Directors (or, if applicable, a committee thereof) shall accept the resignation forthwith, except in cases where "exceptional circumstances" apply. In the case where "exceptional circumstances" apply (being occasions where such resignation would, in the opinion of a majority of the Board of Directors (or, if applicable, a committee thereof), acting reasonably, have a material strategic, economic, commercial, operational or regulatory impact on Bacanora Canada), the Board may delay accepting the resignation for twenty-one (21) days following the receipt of the resignation. In making this decision, the Board of Directors will consider the applicable "exceptional circumstances" and such additional information and factors that the Board of Directors considers to be relevant. Following the Board of Director's acceptance of the resignation, the Board of Directors shall publicly disclose the applicable director's resignation. When a resignation is accepted, subject to any corporate law restrictions, the Board of Directors may leave the vacancy unfilled or appoint a new director to fill the vacancy.

In the event that any director who receives a greater number of proxy votes withheld than votes in favour of such director's election does not tender his/her resignation in accordance with the Majority Voting Policy, he/she will not be re-nominated by the Board of Directors. Further, the Board of Directors shall be entitled to apply to an applicable court for an order authorizing Bacanora Canada to file a Notice of Change of Directors with the applicable corporate registry.

In addition to the foregoing, all directors have also entered into a Director Appointment Letter with Bacanora Canada, which sets forth various terms, obligations, rights and entitlements of the directors in connection with their roles as

such. In addition, each director has agreed, under such Appointment Letters, to adhere to all corporate policies of Bacanora Canada and that, in the event that it should occur that a greater number of votes are withheld, than are cast in favour of their respective election as a director, he/she shall forthwith thereafter (and in any event within seven (7) days) tender his resignation as a director of Bacanora Canada (and from any committee of the Board to which he/she has been appointed).

Corporate Cease Trade Orders or Bankruptcies

Except as set forth below, no director or proposed director of Bacanora Canada is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company (including Bacanora Canada) that, while such person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (b) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

Except as set forth below, no proposed director of Bacanora Canada is, or has been within the past ten years, a director or executive officer of any company (including Bacanora Canada) that, while such person was acting in that capacity, or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On October 28, 2009, Mr. Batorowski was appointed as a director of Lakota Resources Inc., a company that previously tendered a proposal under the *Bankruptcy and Insolvency Act* (Canada) and was the subject of a cease trade order issued by the Ontario Securities Commission dated July 13, 2009 (and equivalent orders issued by the Alberta Securities Commission and the British Columbia Securities Commission) for failure to file financial statements. Mr. Batorowski was appointed to this role (along with other appointees) on behalf of the principal creditor of Lakota for the purposes of reviewing Lakota's operations and financial status and bringing Lakota into compliance with its public company reporting obligations. Lakota has now filed all outstanding financial statements and all cease trade orders in respect thereof have been revoked. Mr. Batorowski consequently resigned his position with Lakota effective July 15, 2011.

Ms. Carr was a non-executive director and the Chair of Audit for Talvivaara Mining Company plc, a Finnish company, from May 2007 until June 2014. In November 2013, Talvivaara Mining Company plc and its subsidiary Talvivaara Sotkamo Ltd. filed for bankruptcy protection under the *Finish Corporate Reorganization Act*, being the applicable bankruptcy protection legislation in Finland. In November 2014, Talvivaara Sotkamo Ltd. applied for and was declared bankrupt by the District Court of Espoo. On June 2, 2017, Talvivaara Mining Company plc's corporate restructuring programme was confirmed by the District Court of Espoo.

Individual Bankruptcies

No director or proposed director of Bacanora Canada is or has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Appointment of Auditors

The present auditor of Bacanora Canada is BDO Canada LLP, Chartered Accountants, who were originally appointed as auditors of Bacanora Canada in 2011. **Unless instructed otherwise, the management designees in the**

accompanying Form of Proxy intend to vote FOR the resolution to appoint BDO Canada LLP, Chartered Accountants, of Calgary, Alberta as the auditor of Bacanora Canada to hold such appointment effective immediately until the next annual meeting of Shareholders, and to authorize the directors of Bacanora Canada to fix the remuneration of the auditor.

Approval of the appointment and remuneration of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Bacanora Canada Shareholders present in person or by proxy at Annual and Special Meeting. The Board of Directors unanimously recommends that Bacanora Canada Shareholders vote in favour of the resolution appointing BDO Canada LLP as auditor of Bacanora Canada.

Approval of Stock Option Plan

In accordance with TSXV Policy 4.4 governing stock options, all issuers that have a rolling stock option plan reserving a maximum of 10% of the issued and outstanding shares of Bacanora Canada must receive yearly shareholder approval of the stock option plan. The Bacanora Canada Shareholders last approved the Bacanora Canada Stock Option Plan on September 28, 2016 in the form attached hereto as Appendix F. The TSXV requires the Bacanora Canada Stock Option Plan to be approved by Bacanora Canada Shareholders.

Management of Bacanora Canada will place before the Bacanora Canada Shareholders at the Annual and Special Meeting the following resolution relating to the approval of the Bacanora Canada Stock Option Plan:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. Bacanora Minerals Ltd.'s ("**Bacanora Canada**") Stock Option Plan (the "**Bacanora Canada Stock Option Plan**") be and is hereby ratified, confirmed and approved in substantially the form attached as Appendix F to the management information circular of Bacanora Canada dated February 16, 2018 (the "**Circular**"), subject to acceptance by the TSX Venture Exchange;
2. Bacanora Canada be authorized to grant stock options for up to 10% of the common shares of Bacanora Canada on a rolling basis that are outstanding from time to time pursuant and subject to the terms and conditions of the Bacanora Canada Stock Option Plan;
3. The board of directors of Bacanora Canada (the "**Board**") be authorized on behalf of Bacanora Canada to make any amendments to the Bacanora Canada Stock Option Plan as may be required by regulatory authorities, without further approval of the shareholders of Bacanora Canada;
4. Any one director or officer of Bacanora Canada be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

The approval by Bacanora Canada Shareholders requires a favourable vote of a majority of the Bacanora Canada Shares voted in respect thereof at the Annual and Special Meeting. **Unless instructed otherwise, the management designees in the accompanying Form of Proxy intend to vote "FOR" the foregoing resolution.**

Approval of Bacanora Canada RSU Plan

On September 20, 2017, the Board of Directors approved and implemented the Bacanora Canada RSU Plan. The Bacanora Canada RSU Plan is subject to acceptance by the TSXV and approval and ratification of the Bacanora Canada Shareholders.

At the Annual and Special Meeting the Bacanora Canada Shareholders will be asked to pass an ordinary resolution ratifying and approving the Bacanora Canada RSU Plan. A summary of certain provisions of the Bacanora Canada RSU Plan is set out above under the heading "*Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans- Bacanora Canada RSU Plan*".

Management of Bacanora Canada will place before the Bacanora Canada Shareholders at the Annual and Special Meeting the following resolution relating to the approval of the Bacanora Canada Stock Option Plan:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION THAT:

1. Bacanora Minerals Ltd.'s ("**Bacanora Canada**") restricted share unit plan (the "**Bacanora Canada RSU Plan**") be and is hereby ratified, confirmed and approved in substantially the form attached as Appendix G to the management information circular of Bacanora Canada dated February 16, 2018 (the "**Circular**"), subject to acceptance by the TSX Venture Exchange;
2. Bacanora Canada be and is hereby authorized to reserve for issuance up to 13,190,653 Bacanora Canada restricted share units ("**RSUs**") and 13,190,653 common shares of Bacanora Canada to be issued under the Bacanora Canada RSU Plan subject to the terms and conditions of the Bacanora Canada RSU Plan;
3. The board of directors of Bacanora Canada (the "**Board**") be authorized on behalf of Bacanora Canada to make any amendments to the Bacanora Canada RSU Plan as may be required by regulatory authorities, without further approval of the shareholders of Bacanora Canada; and
4. Any one director or officer of Bacanora Canada be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

The approval by the Bacanora Canada Shareholders requires a favourable vote of a simple majority of the Bacanora Canada Shares voted and held by Bacanora Canada Shareholders in respect thereof at the Annual and Special Meeting. **Unless instructed otherwise, the management designees in the accompanying Form of Proxy intend to vote "FOR" the foregoing resolution.**

Approval of Previously Granted Bacanora Canada RSUs

On September 20, 2017, the Board of Directors granted an aggregate of 1,192,277 Bacanora Canada RSUs to certain RSU participants as more particularly set out in below (the "**Grantees**"), subject to the approval of the Bacanora Canada Shareholders (the "**Disinterested Shareholders**"), excluding the votes of the Grantees and their affiliates and associates, in accordance with the policies of the of the TSXV:

| Date of Grant | Grantee | Position | Number of Bacanora Canada RSUs Granted |
|----------------------|----------------|-------------------------|---|
| September 20, 2017 | Mark Hohnen | Director and Chairman | 557,843 |
| September 20, 2017 | Peter Secker | Chief Executive Officer | 634,434 |
| | Total: | | 1,192,277 |

Management of Bacanora Canada will place before the Disinterested Shareholders at the Annual and Special Meeting the following resolution relating to the approval of the Bacanora Canada RSUs Grants Disinterested Shareholders will be asked to consider and, if deemed advisable:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS, THAT:

1. The grants of an aggregate 1,192,277 restricted share units of Bacanora Minerals Ltd.'s ("**Bacanora Canada**") Bacanora Canada issued to certain directors and an officer of Bacanora Canada (the "**Grantees**") pursuant to Bacanora Canada's restricted share unit plan (the "**RSU Plan**"), such grants as more particularly set out in the management information circular of Bacanora Canada dated February 16, 2018 (the "**RSU Grants**") be and is hereby ratified, confirmed and approved;

2. Bacanora Canada be and is hereby authorized to reserve for issuance up to 1,192,277 common shares of Bacanora Canada under the Bacanora Canada RSU Plan to the Grantees, subject to the terms and conditions of the Bacanora Canada RSU Plan is hereby ratified, confirmed and approved ;

3. Any one director or officer of Bacanora Canada be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.

The approval by Disinterested Shareholders requires a favourable vote of a simple majority of the Bacanora Canada Shares voted and held by Disinterested Shareholders in respect thereof at the Annual and Special Meeting. **Unless instructed otherwise, the management designees in the accompanying Form of Proxy intend to vote "FOR" the foregoing resolution.**

The Arrangement

Purpose of the Arrangement

The Board of Directors believes that the Re-Domicile of Bacanora Canada in accordance with the terms of the Arrangement and the admission of the Bacanora UK Shares to trading on AIM will be in the best interests of Bacanora Canada and Bacanora Canada Shareholders for a number of reasons as more particularly set out below in "Matters to be Acted Upon — The Arrangement — Background to the Arrangement".

In connection with the Arrangement, the Bacanora Canada Shares are expected to be delisted from the TSXV and cancelled from trading on AIM, on or about the same time as the Bacanora UK Shares are admitted to trading on AIM. The Board of Directors believes that admission of the Bacanora UK Shares to trading on AIM will raise Bacanora Canada's profile and status amongst European investors and within the international mining sector generally, and will give Bacanora Canada access to an international market with a broad, relevant peer group and considerable research expertise.

Background to the Arrangement

The Board of Directors has concluded that the Re-Domicile of Bacanora Canada in accordance with the terms of the Arrangement, admission to trading of the Bacanora UK Shares on AIM and delisting the Bacanora Canada Shares from the TSXV and cancelling the trading of the Bacanora Canada Shares on AIM, is in the best interests of Bacanora Canada and the Bacanora Canada Shareholders. In particular, the Board of Directors is of the view that reorganizing Bacanora Canada and trading the Bacanora UK Shares on AIM will improve visibility and access to investors in Europe, where a substantial number of the Bacanora Canada Shareholders and most of management of Bacanora Canada reside. The decision of the Board of Directors to approve the Arrangement for submission to Bacanora Canada Shareholders and the Court was reached after consideration of numerous factors.

Given the geographic spread of Bacanora Canada's and its affiliates' production, development and exploration licences, the Board now believes that a UK domiciled company would be more appropriate operationally and from an investor standpoint for the reasons set out below:

- Bacanora UK intends to move its headquarters and senior management to the UK, so that it can be closer to where the majority of its shareholders reside and where its potential debt providers are located.
- Bacanora Canada is one of few pure-Lithium investment opportunities on AIM; whereas in Canada, there are a large number of listed lithium companies all vying for a limited pool of equity capital. The Board believes this contributes to a higher investor profile through Bacanora Canada's AIM listing.
- Since listing on AIM in 2014, Bacanora Canada has been successful in raising funding from the UK Capital Markets and has already added three global institutional investors and a major off-take partner to its shareholder base. Bacanora Canada now intends to raise a significant amount of new debt and equity financing to fund its

growth as an international lithium company with new projects in Mexico and Germany and believes that a UK domiciled company with its primary listing on AIM is the best way to achieve this.

- The Board believes that admission of the Bacanora UK Shares to trading on AIM will raise the Bacanora Group's profile and status amongst European investors and within the international mining sector generally, along with giving Bacanora Canada access to an international market with a broad, relevant peer group and considerable research expertise.
- Bacanora Canada currently incurs high costs associated with having a dual listing in AIM and on TSXV, yet Canadian shareholdings are estimated at less than 10% of Bacanora Canada's shareholder base.
- Bacanora Canada believes that the Canadian shareholder base may continue to decrease and as a result, having a single listing on AIM would allow Bacanora Canada to be more cost efficient without material downside.
- Bacanora Canada Shares currently have less liquidity on the TSXV compared to AIM. The liquidity of Bacanora Canada Shares has increased significantly since Bacanora Canada dual listed for trading on AIM.

Bacanora Canada issued a press release on February 8, 2018 announcing the proposed Arrangement. Bacanora Canada issued a press release on February 16, 2018 announcing the execution of the Arrangement Agreement and the grant of the Interim Order.

Proposed Timetable for Arrangement

The anticipated timetable for the completion of the Arrangement and the key dates as proposed are as follows:

| | |
|---|---|
| Deposit Deadline: | On the date that is three years from the Effective Date March 19, 2018 |
| Annual and Special Meeting: | On or about March 19, 2018 |
| Final Court Approval: | On or about March 20, 2018 |
| Closing and Effective Date: | On or about March 21, 2018 |
| Admission of Bacanora UK Shares to trading on AIM: | On or about the same time as Bacanora UK Shares are admitted for trading on AIM |
| Delisting of the Bacanora Canada Shares from the TSXV and cancellation from trading on AIM: | |

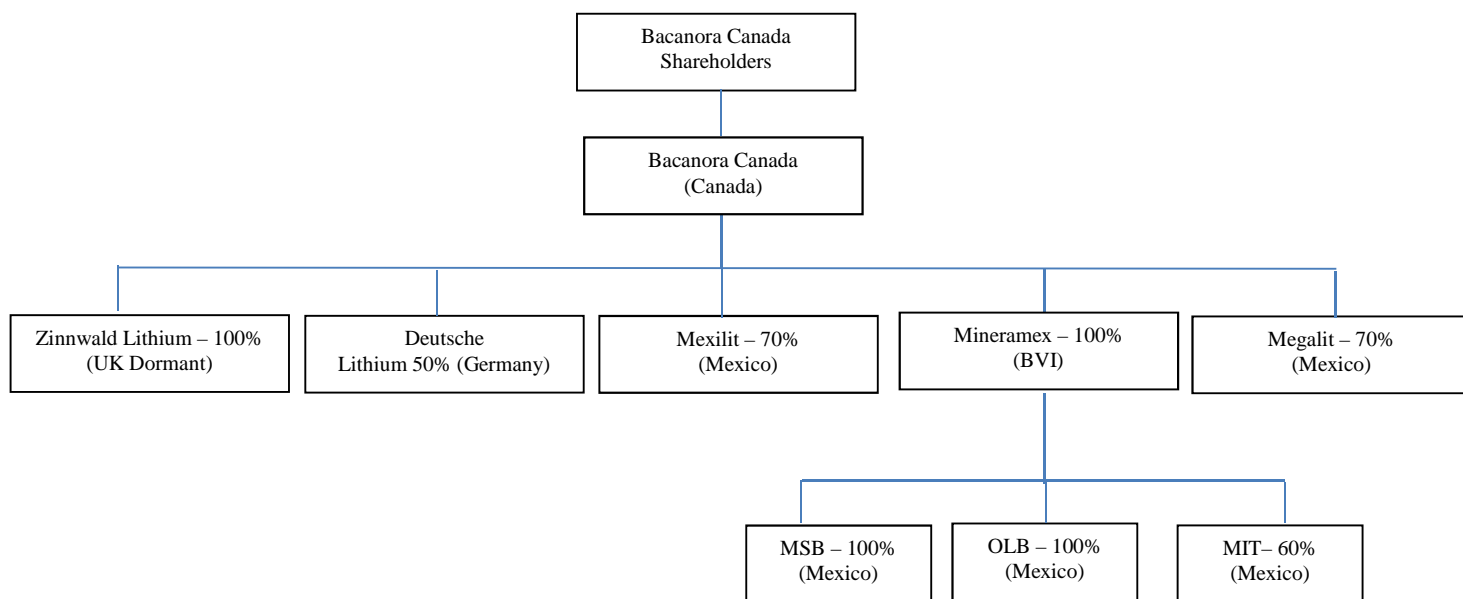
These dates are subject to change pursuant to the terms of the Arrangement Agreement and the approval of the London Stock Exchange plc and the TSXV with respect to the relevant admission date and delisting and cancellation date. Notice of the actual Closing and Effective Date, and admission, delisting and cancellation, will be announced through a news release.

Details of the Arrangement

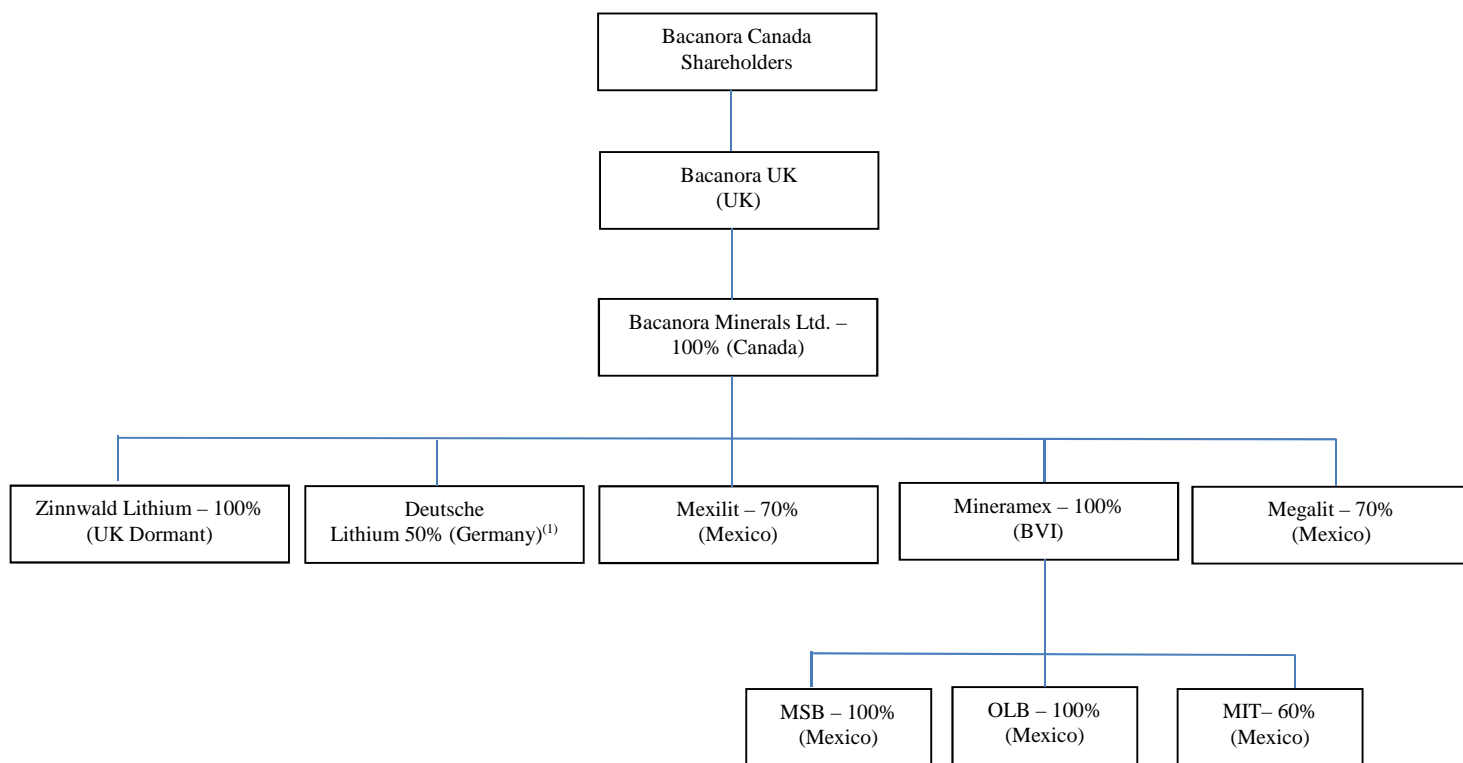
Upon satisfaction of all the conditions of the Arrangement, including the approval of the Arrangement Resolution by not less than 66⅔% of the votes cast by the Bacanora Canada Shareholders present in person or by proxy and entitled to vote at the Annual and Special Meeting (the approval by not less than 66⅔% of the votes cast by Bacanora Canada Shareholders fulfilling the TSXV requirement to obtain the approval of a simple majority of Bacanora Canada Shareholders), and obtaining the Final Court Order, each holder of a Bacanora Canada Shares outstanding at the Effective Time will transfer their Bacanora Canada Shares to AcquireCo in exchange for Bacanora UK Shares on the basis of one Bacanora Canada Share for one Bacanora UK Share in accordance with the Arrangement Agreement and the Plan of Arrangement:

After completion of the Arrangement, it is expected that the Bacanora UK Shares will be admitted to trading on AIM and the Bacanora Canada Shares will be delisted from the TSXV and cancelled from trading on AIM.

The following diagram outlines the corporate structure of the Bacanora Canada Group prior to the completion of the Arrangement:



References to "Bacanora Minerals Ltd." in the diagram below means the corporation formed by way of amalgamation between Bacanora Canada and AcquireCo pursuant to the Arrangement. The following diagram outlines the corporate structure of the Bacanora Group immediately following completion of the Arrangement:



Information Concerning Bacanora UK

Bacanora UK was incorporated on February 6, 2018 under UK Companies Act as a public company limited by shares with the name Bacanora Lithium Plc and company number 1189628. Bacanora UK has no commercial name other than its registered name. The liability of the shareholders of Bacanora UK is limited.

Bacanora UK's registered office is at 4 More London Riverside, London, SE1 2AU, United Kingdom, 132076 London Bridge 4.

Upon completion of the Arrangement, Bacanora UK will be the ultimate holding company of the Bacanora UK Parties and the Bacanora Canada Group.

There is no limitation on the length of life of Bacanora UK. The principal legislation under which Bacanora UK operates is UK Companies Act and the regulations thereunder.

Upon completion of the Arrangement, Bacanora UK will hold, indirectly through newly amalgamated Bacanora Canada, a material interest in the entities set out in the chart under the heading "Details of the Arrangement" above.

Share Capital

Upon completion of the Arrangement, the issued share capital of Bacanora UK will consist of the Bacanora UK Shares.

The holders of Bacanora UK Shares are entitled to receive notice of, attend and vote at any meeting of Bacanora UK Shareholders. The Bacanora UK Shares comprise only one class for the purpose of Bacanora UK's Articles of Association. At any meeting of Bacanora UK Shareholders, on a show of hands, every holder of Bacanora UK Shares who is present in person or by proxy shall have one vote, and on a poll every holder of Bacanora UK Shares who is present in person or by proxy shall have one vote for each Bacanora UK Share held. The holders of Bacanora UK Shares are entitled to receive dividends, on a pro rata basis, if, as and when declared by the Bacanora UK board. Subject to prior satisfaction of all preferential rights, the holders of Bacanora UK Shares are entitled to participate rateably in the net assets of Bacanora UK in the event of any liquidation, dissolution or winding up of Bacanora UK or other distribution of assets of Bacanora UK among Bacanora UK Shareholders for the purpose of winding up its affairs.

The Bacanora UK Shares also carry what are commonly known in the UK as statutory "pre-emption rights" which are rights in favour of existing holders of Bacanora UK Shares to be offered new Bacanora UK Shares by Bacanora UK and the opportunity to accept or reject such an offer before Bacanora UK offers such new Bacanora UK Shares to any other person. In the case of Bacanora UK, these pre-emption rights will not apply to issuances of shares that are issued: (i) for non-cash payment or (ii) pursuant to an employees' share incentive plan. The Bacanora UK Shareholders may by resolution of at least 75% of the Bacanora UK Shareholders entitled to vote, disapply the statutory pre-emption rights.

Additionally, and pursuant to Bacanora UK Resolutions passed by the Bacanora UK Shareholders on February 16, 2018, the pre-emption rights described above will not apply, *inter alia*, to issuances of Bacanora UK Shares that are issued pursuant to a private placement or series of private placements pursuant to which: (i) subject to being approved in principle by the Bacanora Canada Shareholders at the Meeting, an aggregate of no more than 272% of Bacanora UK's existing and outstanding Bacanora UK Shares at Admission or (ii) if not approved in principle by the Bacanora Canada Shareholders at the Meeting, an aggregate of no more than 25% of Bacanora UK's existing and outstanding Bacanora UK Shares at Admission (the "**Private Placement Exception**"). The Private Placement Exception will only be valid until the date which is 18 months from the date the Bacanora UK Shareholders passed the resolution or, if earlier, Bacanora UK's first annual general meeting following Admission and if Bacanora UK intends to extend that exception beyond such meeting it will be put to a vote of the Bacanora UK Shareholders at such meeting.

At the Annual and Special Meeting, the Bacanora Canada Shareholders will be asked to approve in principle certain of the Bacanora UK Resolutions with respect to the Private Placement Exception that were passed by the Bacanora UK Shareholder on February 16, 2018. See "**Approval in Principle of the Bacanora UK Resolutions**".

Directors

If the Re-Domicile is implemented, all of the current Bacanora Canada directors will become directors of the Bacanora UK. Bacanora UK's Board will therefore be composed of the following individuals:

- Mark Hohnen, Executive Chairman;
- Derek Batorowski, Non-Executive Director
- James Strauss, Non-Executive Director
- Ray Hodgkinson, Non-Executive Director
- Dr. Andres Antonius, Executive Director
- Junichi Tomono, Non-Executive Director; and
- Eileen Carr, Non-Executive Director.

Management

If the Re-Domicile is implemented, it is intended that the senior management of Bacanora UK will be as follows:

- Peter Secker, Chief Executive Officer. Mr. Secker is a mining engineer with over 30 years' experience in the resources industry. During his career he has built and operated a number of mines and metallurgical processing facilities in Africa, Australia, China and Canada. His operating and project experience spans a number of commodities, including titanium, copper, iron ore, gold and lithium. For the past ten years Peter has been Chief Executive of a number of publicly listed companies, most recently as CEO of Canada Lithium Corporation whilst successfully developing the Quebec lithium project;
- Janet Boyce, Chief Financial Officer. Ms Boyce is a certified public accountant who has held a number of senior financial roles, including Group Chief Financial Officer and Executive Director of Gemfields plc. Ms Boyce was a member of the Gemfields executive management team between August 2013 and July 2017, playing a key role in the formulation and implementation of group strategy, overseeing the financial activities and managing investor relations. Prior to Gemfields, Ms Boyce held a number of senior positions with ENRC Plc (August 2007 – July 2013), which at the time of her employment was a FTSE 100 mining and metals company. Her roles included: Group accounting methodology manager; Deputy Finance Controller; Corporate accounting manager and Group reporting manager. Previously Ms Boyce was part of the Audit and Assurance Services team at Ernst & Young LLP in London and PWC in the Philippines (2002 - 2007); and
- Cherif Rifaat, Company Secretary. Mr. Rifaat is a UK Chartered Accountant who qualified with KPMG and has more than 20 years' experience in a number of Industries, including mining, IT, real estate and telecommunications. He has been involved with Bacanora Canada since April 2014 in the UK with its admission to AIM, the recent Feasibility Study and the long term tax and financial structuring. He serves as CFO and Director of Erris Resources Plc.

Corporate Governance

The Bacanora UK Board recognise the importance of sound corporate governance and, following completion of the Arrangement, the Bacanora Canada Group will comply with the provisions of the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 ("**QCA Code**"), as published by the Quoted Companies Alliance, to the extent they consider appropriate in light of the Bacanora Canada Group's size, stage of development and resources.

Bacanora UK will hold board meetings periodically as issues arise which require the attention of the Bacanora UK Board. The Bacanora UK Board will be responsible for the management of the business of Bacanora UK, setting the strategic direction of Bacanora UK and establishing the policies of Bacanora UK. It will be the Bacanora UK Board's responsibility to oversee and monitor the financial position, the business and Bacanora UK on behalf of the Bacanora UK Shareholders, to whom the Bacanora UK Board are accountable. The primary duty of the Bacanora UK Board will be to act in the best interests of Bacanora UK at all times. The Bacanora UK Board will also address issues relating to internal control and Bacanora UK's approach to risk management.

On Admission, the Bacanora UK Board will consist of one executive director and six non-executive directors, of whom James Strauss, Ray Hodgkinson, Dr. Andres Antonius and Eileen Carr are considered by the Bacanora UK Board to be independent. The Chairman is responsible for leadership of the Bacanora UK Board and for the efficient conduct of the Bacanora UK Board's function. The Chairman is expected to encourage the effective contribution of all directors and promote constructive and respectful relations between directors and senior management.

The members of the Bacanora UK Board believe that they have sufficient experience in implementing accounting systems and controls which will provide a reasonable basis for them to make proper judgements as to the financial position and prospects of Bacanora UK.

Bacanora UK has, or will by Admission have, adopted a terms of reference for the Audit Committee which establishes the Audit Committee's purpose and responsibilities, establishment and composition, authority, duties and responsibilities. The Audit Committee is comprised of three members Ray Hodgkinson, James Strauss and Eileen Carr. Ms. Carr acts as Chair of the Audit Committee. The Audit Committee's overall goal is to ensure that Bacanora UK adopts and follows a policy of proper and timely disclosure of material financial information and reviews all material matters affecting the risks and financial position of Bacanora UK. The Audit Committee, *inter alia*, meets with Bacanora UK's external auditor and its senior financial management to review the annual and interim financial statements of Bacanora UK, oversees Bacanora UK's accounting and financial reporting processes, Bacanora UK's internal accounting controls and the resolution of issues identified by Bacanora UK's auditors.

Bacanora UK has, or will by Admission have, adopted terms of reference for its Remuneration Committee which establishes the Remuneration Committee purpose and responsibilities, establishment, composition, authority and duties. The Remuneration Committee is comprised of three members of which all are non-executive Directors, Ray Hodgkinson, Dr. Andres Antonius, with James Strauss as Committee Chairman).

The Remuneration Committee assumes general responsibility for assisting the Board in respect of remuneration policies for Bacanora UK and to review and recommend remuneration strategies for Bacanora UK and proposals relating to compensation for Bacanora UK's officers, directors and consultants and to assess the performance of the officers of Bacanora UK in fulfilling their responsibilities and meeting corporate objectives. It has the responsibility for, *inter alia*, administering share and cash incentive plans and programmes for Directors and employees and for approving (or making recommendations to the Board on) share and cash awards for Directors and employees.

Bacanora UK has, or will by Admission have, adopted terms of reference for its Corporate Governance Committee which establishes the Corporate Governance Committee's purpose and responsibilities, establishment, composition, authority and duties. The Corporate Governance Committee is comprised of three members of which two are non-executive Directors, Mark Hohnen, Ray Hodgkinson and James Strauss as Committee Chairman.

The responsibility of the Corporate Governance Committee is to provide for the Board's effectiveness and continuing development. The Corporate Governance Committee will generally assist the Board in developing Bacanora UK's approach to its own governance by:

- Overseeing Bacanora UK's corporate governance policies, including emphasis on the 12 core principles of good Corporate Governance identified in the QCA guidelines. This will include making policy recommendations aimed at enhancing Board effectiveness and interaction with shareholders;
- Managing and overseeing the terms of reference for the Board, its Committees and key Management; and ensuring effective communication between all parties, whilst maintaining their independence from each other. This will

include ongoing evaluation of Directors and the Board as a whole, identifying and recommending potential new Directors; and overseeing succession planning for key individuals; and

- Ensuring Bacanora UK maintains a robust two-way interaction with its shareholders and adopts best practice minimum disclosures in Bacanora UK's Annual Report to shareholders and on the corporate website.

Bacanora UK has, or will by Admission have, adopted terms of reference for its Disclosure Committee which establishes the Disclosure Committee purpose and responsibilities, establishment, composition, authority and duties. The Disclosure Committee is comprised of the Chairman (Mark Hohnen), the Lead Independent Director (James Strauss), the CEO (Peter Secker), the CFO (Janet Boyce) and Bacanora UK Company Secretary (Cherif Rifaat). The Disclosure Committee is constituted by the Board with the purpose of overseeing the implementation of the governance and procedures associated with the assessment, control and disclosure of inside information in relation to Bacanora UK. The Disclosure Committee shall meet as conditions dictate.

Bacanora UK considers that, at this stage in its development, it is not necessary to establish a formal nominations committee. This decision will be kept under review by the Bacanora UK Board on an on-going basis.

Bacanora UK has adopted, with effect from Admission, a revised policy on share dealing and confidentiality of inside information for persons discharging managerial responsibilities and persons closely associated with them, which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of AIM Rules and MAR) and Bacanora UK will take all reasonable steps to ensure compliance by the persons governed by such policy.

Where possible Bacanora UK will meet with and make presentations to Bacanora UK Shareholders. The annual general meetings will normally be attended by senior management and Directors, and shareholders will be invited to ask questions during the meeting and to meet with senior management and the Bacanora UK Board after the formal proceedings have ended. Bacanora UK will, from Admission, maintain a corporate website at www.bacanolithium.com, which will contain a wide range of information about Bacanora UK and its business. The website will be updated with all formal communications to the investment community following their release through a regulatory news service. It is intended that with effect from Admission, the website will comply with the requirements of Rule 26 of AIM Rules.

Bacanora UK Options

Following the completion of the Arrangement, the outstanding Bacanora Canada Options, if and when exercised, will be exercised into Bacanora UK Shares, in accordance with the terms of the Bacanora Canada Option Plan. For a description of the Bacanora Canada Stock Option Plan, see "Particular of Matters to be Acted Upon - Approval of Stock Option Plan" in this Circular.

It is intended that on or immediately before Admission, the Bacanora UK will put in place a plan which will be broadly on the same terms as the Bacanora Canada Stock Option Plan (the "**New Stock Option Plan**" and options awarded thereunder "**New Stock Options**"), which will replace the Bacanora Canada Stock Option Plan. Holders of options under the Bacanora Canada Stock Option Plan will, in consideration for giving up such options, be awarded equivalent number of New Stock Options under the New Stock Option Plan.

Bacanora UK RSUs

It is intended that on or immediately before Admission, Bacanora UK will put in place a plan which will be broadly on the same terms as the Bacanora Canada RSU Plan (the "**New RSU Plan**" and restricted share units awarded thereunder "**New RSUs**"), which will replace the Bacanora Canada RSU Plan. Holders of Bacanora Canada RSUs will, in consideration for giving up their Bacanora Canada RSUs, be awarded equivalent number of New RSUs under the New RSU Plan. For a description of the Bacanora Canada RSU Plan, see "Particular of Matters to be Acted Upon - Approval of Bacanora Canada RSU Plan"

Recommendation of the Board of Directors

The Board of Directors has reviewed the terms and conditions of the Arrangement and concluded that the terms and conditions thereof are in the best interests of the Bacanora Canada Shareholders. The Board of Directors approved the Arrangement unanimously subject to obtaining all required regulatory and Bacanora Canada Shareholder approvals.

Reasons for the Arrangement

The Board of Directors believes that the Re-Domicile of Bacanora Canada in accordance with the terms of the Arrangement and the admission of the Bacanora UK Shares to trading on AIM will be in the best interests of Bacanora Canada and Bacanora Canada Shareholders. Given the geographic spread of Bacanora Canada's and its affiliates' production, development and exploration licences, the Board now believes that a UK domiciled company would be more appropriate operationally and from an investor standpoint for the reasons set out below:

- Bacanora UK intends to move its headquarters and senior management to the UK, so that it can be closer to where the majority of its shareholders reside and where its potential debt providers are located.
- Bacanora Canada is one of few pure-Lithium investment opportunities on AIM; whereas in Canada, there are a large number of listed lithium companies all vying for a limited pool of equity capital. The Board believes this contributes to a higher investor profile through Bacanora Canada's AIM listing.
- Since listing on AIM in 2014, Bacanora Canada has been successful in raising funding from the UK Capital Markets and has already added three global institutional investors and a major off-take partner to its shareholder base. Bacanora Canada now intends to raise a significant amount of new debt and equity financing to fund its growth as an international lithium company with new projects in Mexico and Germany and believes that a UK domiciled company with its primary listing on AIM is the best way to achieve this.
- The Board believes that admission of the Bacanora UK Shares to trading on AIM will raise the Bacanora Group's profile and status amongst European investors and within the international mining sector generally, along with giving Bacanora Canada access to an international market with a broad, relevant peer group and considerable research expertise.
- Bacanora Canada currently incurs high costs associated with having a dual listing in AIM and on TSXV, yet Canadian shareholdings are estimated at less than 10% of Bacanora Canada's shareholder base.
- Bacanora Canada believes that the Canadian shareholder base may continue to decrease and as a result, having a single listing on AIM would allow Bacanora Canada to be more cost efficient without material downside.
- Bacanora Canada Shares currently have less liquidity on the TSXV compared to AIM. The liquidity of Bacanora Canada Shares has increased significantly since Bacanora Canada dual listed for trading on AIM.

In connection with the Arrangement, the Bacanora Canada Shares are expected to be delisted from the TSXV and cancelled from trading on AIM, on or about the same time as the Bacanora UK Shares are admitted to trading on AIM. The decision of the Board of Directors to approve the Arrangement for submission to Bacanora Canada Shareholders and the Court was reached after consideration of numerous factors, including:

- historical market prices and trading patterns for the Bacanora Canada Shares;
- greater liquidity for the Bacanora Canada Shares;
- the likelihood that the Arrangement would be completed;
- the terms of the Arrangement Agreement;

- the requirement that the Arrangement be approved by not less than 66⅔% of the votes cast at the Annual and Special Meeting by all Bacanora Canada Shareholders present in person or represented by proxy; and
- the procedures by which the Arrangement is to be approved, including the requirement to obtain the approval of the Court and the Bacanora Canada Shareholders.

The foregoing discussion of the information and factors considered by the Board of Directors is not intended to be exhaustive but is believed to include all material factors considered by the Board of Directors. In addition, in reaching the determination to approve and recommend the Arrangement, the Board of Directors did not assign any relative or specific weights to the foregoing factors which were considered, and individual directors may have given different weights to different factors. The Board of Directors recognize there are certain risks associated with the Arrangement. However, the Board of Directors believes that the positive factors should outweigh those risks, although there can be no assurances in that regard. See "Risk Factors — Risks Associated with the Arrangement".

THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE ARRANGEMENT AND DETERMINED THAT UNDERTAKING THE ARRANGEMENT IS IN THE BEST INTERESTS OF BACANORA CANADA AND THE BACANORA CANADA SHAREHOLDERS. THE BOARD OF DIRECTORS RECOMMENDS THAT ALL BACANORA CANADA SHAREHOLDERS VOTE FOR AND IN FAVOUR OF THE ARRANGEMENT THEREBY APPROVING THE IMPLEMENTATION OF THE ARRANGEMENT.

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA, and the following procedural steps must be taken in order for the Arrangement to become effective:

- (a) the Court must grant the Final Order approving the Arrangement;
- (b) all conditions precedent to the Arrangement, including without limitation those contained in the Arrangement Agreement, must be satisfied; and
- (c) the Articles of Arrangement must be filed with and accepted by the Registrar.

Bacanora Canada Shareholder Approval

The Interim Order provides that before the Final Order will be issued and the Arrangement implemented, Bacanora Canada must obtain the approval of the Bacanora Canada Shareholders for the Arrangement. The Arrangement must be approved by not less than 66⅔% of the votes cast by Bacanora Canada Shareholders present in person or represented by proxy and entitled to vote at the Annual and Special Meeting. The approval by not less than 66⅔% of the votes cast by Bacanora Canada Shareholders at the Annual and Special Meeting would fulfill the TSXV requirement to obtain the approval of a simple majority of Bacanora Canada Shareholders.

Each Bacanora Canada Shareholder will be entitled to one vote for each Bacanora Canada Share held.

As of the Record Date, namely February 9, 2018, there were 134,039,872 Bacanora Canada Shares outstanding, each of which carries one vote eligible to be cast in respect of the Arrangement.

The text of the special resolution approving the Arrangement is set out in Schedule 2 to the Arrangement Agreement which is attached as Appendix A to this Circular.

Court Approval of Arrangement

Pursuant to section 193 of the ABCA, a plan of arrangement such as the Arrangement requires the approval of the Court. To comply with this requirement, Bacanora Canada obtained the Interim Order from the Court prior to mailing the Annual and Special Meeting Materials to Bacanora Canada Shareholders. The Interim Order provided for the

calling and holding of the Annual and Special Meeting as well as other procedural matters. Prior to the Effective Date, Bacanora Canada will make a further application to the Court to obtain the Final Order. A copy of the Interim Order is attached to this Circular as Appendix B. The Notice of Application is attached to this Circular as Appendix C.

The hearing in respect of the Final Order is scheduled to take place on or about March 19, 2018, before the Court at the Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta, Canada, T2P 5P7 if the requisite Bacanora Canada Shareholder approvals for the Arrangement are obtained at the Annual and Special Meeting. At this hearing, all Bacanora Canada Shareholders who wish to participate or be represented or present evidence or argument may do so, subject to filing a Notice of Appearance and satisfying other requirements described in the Interim Order and Notice of Application. In the event that the hearing for the Final Order is adjourned, only those persons who have served and filed a notice of appearance in accordance with the requirements of the Interim Order and the Notice of Application will be given notice of the adjournment. A Bacanora Canada Shareholder wishing to appear before the Court should seek legal advice.

The Court has broad discretion under the ABCA when making orders in respect of the Arrangement and the Court will consider, among other things, the fairness and reasonableness of the terms and conditions of the Arrangement and the rights and interests of every person affected by the Arrangement, both from a substantive and procedural point of view. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. The Court's approval is required in order for the Arrangement to become effective.

The securities to be issued in the Arrangement will not be registered under the 1933 Act in reliance upon the exemption from registration under the 1933 Act provided by Section 3(a)(10) thereof. The Court will be advised before the hearing for the Final Order that approving the Arrangement will constitute the basis for the Section 3(a)(10) exemption from the registration requirement of the 1933 Act with respect to the securities to be issued in the Arrangement.

Letter of Transmittal

Bacanora Canada, AcquireCo and Bacanora UK have retained the Applicable Depositary for the receipt of the Letter of Transmittal and, if in certificated form, the certificates representing Bacanora Canada Shares under the Arrangement. The Applicable Depositary will receive its standard and customary compensation for its services in connection with processing the Letter of Transmittals and issuing and delivering Bacanora UK Shares. In addition, the Applicable Depositary will be reimbursed for its reasonable out-of-pocket expenses and will be indemnified against certain liabilities, including liabilities under securities law and expenses in connection therewith.

Commencing at the Effective Time, Bacanora Canada Shareholders will cease to be Bacanora Canada Shareholders whether or not they have submitted a validly completed and duly executed Letter of Transmittal to the Applicable Depositary together with the certificates representing the Bacanora Canada Shares. After the Effective Time, Bacanora Canada Shareholders will only be entitled to receive Bacanora UK Shares which they are entitled pursuant to the Arrangement.

As applicable, certificates for Bacanora UK Shares issuable to a Bacanora Canada Shareholder who has complied with the procedures set out above will, as soon as practicable after the later of the Effective Date and delivery to the Applicable Depositary of the validly completed and duly executed Letter of Transmittal and, if in certificated form, certificates representing the Bacanora Canada Shares, and all other required documents: (i) be forwarded to the Bacanora Canada Shareholder at the address specified in the Letter of Transmittal by first class mail, postage prepaid, (ii) be made available at the offices of the Applicable Depositary where the Bacanora Canada Shares were deposited for pick up by the Bacanora Canada Shareholder if requested by the Bacanora Canada Shareholder in the Letter of Transmittal, or (iii) credited to a CREST account if appropriate CREST details are provided by the Bacanora Canada Shareholder through their Intermediary.

In the event that any Bacanora Canada Shareholders fail to submit the Letter of Transmittal in accordance with the instructions set out therein ("**Non Claiming Shareholder**") they will not be eligible to receive their Bacanora UK Shares pursuant to the Arrangement until such time as a duly completed the Letter of Transmittal is submitted. Until such time, the Bacanora UK Shares to which such Non Claiming Shareholder would otherwise be entitled ("**Unclaimed Bacanora UK Shares**") will be held on trust by Computershare Trustees (Jersey) Limited (the

"Trustee") pursuant to a trust deed to be entered into on or immediately prior to Admission. Under the terms of the Trust Deed, the Trustee will hold the Unclaimed Bacanora UK Shares in trust for Bacanora UK until such time as the Non Claiming Shareholder submits a duly completed Letter of Transmittal.

Non Claiming Shareholders should be aware that under the Articles of Bacanora UK:

- in the event that a Non Claiming Shareholder does not lodge a Letter of Transmittal duly completed within three years of Admission, any entitlement of that Non Claiming Shareholder to its Unclaimed Bacanora UK Shares shall lapse, and such Unclaimed Bacanora UK Shares shall be transferred by the Trustee to Bacanora UK;
- a Non Claiming Shareholder shall have no right to any dividends which are declared in respect of the Unclaimed Bacanora UK Shares at any time prior to the date on which it lodges a duly completed Letter of Transmittal, and under the terms of the Deed the Trustee shall have the right to waive its rights to receive any dividends which may be so declared.

Where a certificate for Bacanora Canada Shares has been destroyed, lost or mutilated, the Bacanora Canada Shareholder should immediately contact the Applicable Depositary as indicated on the Letter of Transmittal regarding the procedure for the issuance of a replacement certificate upon the Bacanora Canada Shareholder satisfying such requirements as may be imposed by Bacanora Canada, the Applicable Transfer Agent or the Applicable Depositary in connection with issuance of the replacement certificate.

It is recommended that Bacanora Canada Shareholders complete, sign and return the Letter of Transmittal with accompanying Bacanora Canada Share certificates to the Applicable Depositary as soon as possible, and prior to the Deposit Deadline. **Bacanora Canada will issue a news release following the Annual and Special Meeting to confirm that the Bacanora Canada Shareholders have approved the Arrangement.**

Beneficial Shareholders should contact their broker or intermediary for instructions and assistance in providing details for registration and for delivery of their Bacanora UK Shares.

Settlement Information for Nominees, Brokers, Financial Institutions and Trust Companies in Respect of Bacanora UK Shares

Bacanora UK will make an application for the Bacanora UK Shares to be admitted to CREST, the electronic settlement system for UK securities. CREST requires Bacanora UK to confirm to it that certain conditions imposed by CREST Regulations are satisfied before CREST will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the Bacanora UK Shares on admission of the Bacanora UK Shares to trading on AIM.

Where Bacanora Canada Shares are currently registered in the name of a nominee (e.g. CDS or CEDE & Co.), brokers, financial institutions, trust companies and other intermediaries are advised that, for Bacanora Canada Shareholders who elect to receive Bacanora UK Shares under the Arrangement, CREST details must be provided to the nominee (to be forwarded to the Applicable Depositary) prior to the Deposit Deadline. The CREST details that are required are outlined on the Letter of Transmittal. If CREST details are not provided by the Deposit Deadline, a share certificate representing the Bacanora UK Shares will automatically be issued according to registration instructions provided by the nominee for the Bacanora Canada Shareholder.

Grant of Authority to Issue Bacanora Canada Shares on a Non Pre-emptive Basis

Bacanora Canada is party to any agreement with Cairn, its nominated advisor whereby it has undertaken not issue more than 25% of its issued share capital in any one year without seeking shareholder approval. The Board wishes to seek approval from the Bacanora Canada Shareholders, to allow it to grant the Board the authority to issue up to an additional 365,000,000 new Bacanora Canada Shares on a non pre-emptive basis in the 12 months subsequent to the Annual and Special Meeting. This authority equates to approximately 272% of Bacanora Canada's issued share capital as at the date of the AIM Appendix.

Having successfully completed the Feasibility Study on the Sonora Lithium Project, the Board intends to embark on a fund raising exercise in order to secure the US\$419 million capital expenditure requirement to develop phase 1 of the Sonora Lithium Project and finance further work on the Zinnwald Lithium Project, irrespective of the approval of the Re-Domicile. It is intended that a substantial proportion of the funding will be raised through equity finance. In the event the Re-Domicile is not implemented or there is a delay in any implementation, the Board believes it to be in the best interests of the Bacanora Canada Shareholders for Bacanora Canada to be able to access the capital markets without seeking additional shareholder approval, should it require funding in excess of the current limits set by way of its agreement with Cairn, and therefore believes it to be in the best interest of the Bacanora Canada Shareholders to grant the Board the authority to issue up to an additional 365,000,000 new Bacanora Canada Shares on a non pre-emptive basis in the 12 months subsequent to the Annual and Special Meeting.

Management of Bacanora Canada will place before the Bacanora Canada Shareholders at the Annual and Special Meeting the following resolution granting the Board the authority to issue up to an additional 365,000,000 new Bacanora Canada Shares on a non pre-emptive basis in the 12 months subsequent to the Annual and Special Meeting.

"BE IT RESOLVED, AS A RESOLUTION OF AT LEAST 75% OF THE SHAREHOLDERS THAT:

1. The board of directors of Bacanora Minerals Ltd. ("**Bacanora Canada**") be and is hereby authorized to issue up to 365,000,000 new common shares of Bacanora Canada on a non pre-emptive basis in the 12 months subsequent to the date of the annual and special meeting of the shareholders of Bacanora Canada (the "**Additional Authority**"), without seeking further approval of the shareholders of Bacanora Canada;
2. The board of directors of Bacanora Canada be and is hereby authorized to enter into any agreement, documents, instruments and assurances to give effect to the Additional Authority ("**Related Documents**") and any director or officer of Bacanora Canada be and is hereby authorized to execute and deliver any Related Documents on behalf of Bacanora Canada, subject to such changes and amendments thereto as may be approved by such director or officer authorized to sign the Related Documents and any amendments thereto on behalf of Bacanora Canada, such approval to be evidenced conclusively by such individual's execution and delivery of the Related Documents and any amendments thereto.
4. Notwithstanding the approval of the Additional Authority to this resolution, the board of directors of Bacanora Canada is hereby authorized and directed, without further notice to or approval of the shareholders of Bacanora Canada entitled to vote on this resolution, to determine not to exercise the Additional Authority;
5. Any one director or officer of Bacanora Canada be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

The approval by Bacanora Canada Shareholders requires a favourable vote of a simple majority of the Bacanora Canada Shares voted in respect thereof at the Annual and Special Meeting. **Unless instructed otherwise, the management designees in the accompanying Form of Proxy intend to vote "FOR" the foregoing resolution**

Approval in Principle of the Bacanora UK Resolutions

In connection with the Arrangement, the Bacanora Canada Shareholders will become Bacanora UK Shareholders. The current Bacanora UK Shareholders approved the Bacanora UK Resolutions on February 16, 2018. Certain of the Bacanora UK Resolutions were approved, subject to the approval in principle of the Bacanora Canada Shareholders, particularly, those Bacanora UK Resolutions that impact Bacanora UK Shareholders pre-emption rights. See "Information Concerning Bacanora UK — Share Capital". At the Annual and Special Meeting, the Bacanora Canada Shareholders will be asked to approve in principle certain of the Bacanora UK Resolutions, being Resolution 2 and Resolution 5 (each as defined in Appendix H attached hereto). The summaries of the Bacanora UK Resolutions are qualified entirely by the text of the Bacanora UK Resolutions set out in Appendix H attached hereto.

Resolution 2 provides that the directors of Bacanora UK may be generally and unconditionally authorised to allot Bacanora UK Shares or grant rights to subscribe for or to convert any security into Bacanora UK up to an aggregate

nominal amount of £36,500,000 representing up to approximately 272% in aggregate of the issued share capital of Bacanora UK. The authority granted to the directors of Bacanora UK under Resolution 2, unless renewed, varied or revoked by Bacanora UK, expires on the date which is 18 months from the date of Resolution 2 or, if earlier, the date of the next annual general meeting of Bacanora UK.

Resolution 5 provides that the directors of Bacanora UK be generally empowered to allot equity securities of Bacanora UK pursuant to the authority conferred by Resolution 2 as if the statutory pre-emption provisions did not apply,

(a) in connection with an offer by way of a rights issue: (i) to Bacanora UK Shareholders in proportion to their respective holdings; and (ii) to holders of other equity securities as required by the rights of those securities or as the directors of Bacanora UK otherwise consider necessary, subject to certain exclusions; and

(b) in any other case, up to an aggregate nominal amount of £36,500,000 representing up to approximately 272% in aggregate of Bacanora UK Shares (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in (a) above).

The authority granted to the directors of Bacanora UK under Resolution 5, unless renewed, varied or revoked by Bacanora UK, expires on the date which is 18 months from the date of Resolution 5 or, if earlier, the date of the next annual general meeting of Bacanora UK.

If Resolution 2 and Resolution 5 are not approved in principle at the Meeting then Resolution 3 and Resolution 6 set out in the Bacanora UK Resolutions shall become effective.

Resolution 3 (as defined in Appendix H attached hereto) provides that the directors of Bacanora UK may be generally and unconditionally authorised to allot Bacanora UK Shares or grant rights to subscribe for or to convert any security into Bacanora UK up to an aggregate nominal amount of £3,350,997 representing up to approximately 25% in aggregate of the issued share capital of Bacanora UK. The authority granted to the directors of Bacanora UK under Resolution 3, unless renewed, varied or revoked by Bacanora UK, expires on the date which is 18 months from the date of Resolution 3 or, if earlier, the date of the next annual general meeting of Bacanora UK

Resolution 6 (as defined in Appendix H attached hereto) provides that the directors of Bacanora UK be generally empowered to allot equity securities of Bacanora UK pursuant to the authority conferred by Resolution 3 as if the statutory pre-emption provisions did not apply,

(a) in connection with an offer by way of a rights issue: (i) to Bacanora UK Shareholders in proportion to their respective holdings; and (ii) to holders of other equity securities as required by the rights of those securities or as the directors of Bacanora UK otherwise consider necessary, subject to certain exclusions; and

(b) in any other case, up to an aggregate nominal amount of £3,350,997 representing up to approximately 25% in aggregate of Bacanora UK Shares (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in (a) above).

The authority granted to the directors of Bacanora UK under Resolution 6, unless renewed, varied or revoked by Bacanora UK, expires on the date which is 18 months from the date of Resolution 6 or, if earlier, the date of the next annual general meeting of Bacanora UK.

Management of Bacanora Canada will place before the Bacanora Canada Shareholders at the Annual and Special Meeting the following resolution relating to the approval in principle of Resolution 2 and Resolution 5:

"BE IT RESOLVED, AS A RESOLUTION OF AT LEAST 75% OF THE SHAREHOLDERS THAT:

1. Resolution 2 of the shareholders of Bacanora Lithium Plc. ("**Bacanora UK**"), as more particularly set out in Appendix H to the management information circular of Bacanora Minerals Ltd. ("**Bacanora Canada**") dated February 16, 2018 (the "**Circular**"), be and is hereby, in principle, ratified, confirmed and approved;

2. Resolution 5 of Bacanora UK, as more particularly set out in Appendix H to the Circular, be and is hereby, in principle, ratified, confirmed and approved;
3. Any one director or officer of Bacanora Canada be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

The approval by Bacanora Canada Shareholders requires a favourable vote of 75% of the Bacanora Canada Shares voted in respect thereof at the Annual and Special Meeting. **Unless instructed otherwise, the management designees in the accompanying Form of Proxy intend to vote "FOR" the foregoing resolution.**

DISSENT RIGHT

Dissent rights are statutory rights that, if applicable under law, enable shareholders to dissent from an extraordinary transaction, such as the Plan of Arrangement, and to demand that the corporation or other entity pay the fair value for their shares, as determined by a court in a judicial proceeding instead of receiving the consideration offered to holders in connection with the extraordinary transaction. Appraisal or dissent rights are not available in all circumstances.

The Bacanora Canada Shareholders are NOT entitled to dissent rights in connection with the Arrangement Resolution.

SECURITIES REGULATORY MATTERS

Canadian Securities Law Matters

The Bacanora UK Shares to be issued to the Bacanora Canada Shareholders pursuant to the Arrangement will be issued in reliance on the exemptions found in prospectus and registration requirements of applicable Canadian securities laws and, subject to certain conditions, will not be subject to any resale restrictions. Bacanora Canada Shareholders are advised to consult their financial advisors with respect to the tradability of the Bacanora UK Shares they will receive on the completion of the Arrangement.

After completion of the Arrangement, it is expected that Bacanora UK will be a "designated foreign issuer" within the meaning of National Instrument 71-102 — *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* of the Canadian Securities Administrators. Bacanora UK will rely on that instrument, and Bacanora Canada will be applying for relief to the effect that Bacanora UK and Bacanora Canada will be exempt from most of the continuous disclosure requirements of Canadian securities legislation, as well as certain other requirements, including insider reporting and early warning reporting, provided Bacanora UK complies with the continuous disclosure requirements of the United Kingdom. Bacanora Canada and Bacanora UK also intends to apply to the applicable securities regulators in Canada for relief from NI 43-101.

The effect of being a "designated foreign issuer" and the granting of the relief referred to above will be that while Bacanora UK and Bacanora Canada may continue to be reporting issuers in various jurisdictions in Canada after the completion of the Arrangement, Bacanora UK and Bacanora Canada will not file or will not be subject to, and Bacanora Canada Shareholders will not receive, continuous disclosure and other documents otherwise required by Canadian securities legislation, but rather Bacanora UK and Bacanora Canada will comply with their obligations as reporting issuers by complying with the requirements of securities legislation of the United Kingdom and AIM requirements.

U.S. Securities Law Matters

The Bacanora UK Shares to be issued to Bacanora Canada Shareholders in exchange for their Bacanora Canada Shares under the Arrangement have not been and will not be registered under the 1933 Act or the securities laws of any state of the United States. The Bacanora UK Shares will be distributed to Bacanora Canada Shareholders in reliance upon the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof, on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to the persons affected. Section 3(a)(10) exempts the offer and sale of securities issued in exchange for one or more bona fide

outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court issued the Interim Order and, subject to the approval of the Arrangement by Bacanora Canada Shareholders, a hearing on the Arrangement will be held at which all Bacanora Canada Shareholders are entitled to appear and be heard. The Final Order will constitute the basis for the exemption under Section 3(a)(10) of the 1933 Act for the securities to be exchanged and distributed pursuant to the Arrangement. Before the hearing on the Final Order, the Court will be informed of this effect of the Final Order. The distribution of the Bacanora UK Shares to Bacanora Canada Shareholders in exchange for their Bacanora Canada Shares pursuant to the Arrangement will also be exempt from registration under the securities laws of the applicable states of the United States.

The Bacanora UK Shares to be received by U.S. Bacanora Shareholders upon completion of the Arrangement may be resold without restrictions under the 1933 Act, except by Persons who are "affiliates" of Bacanora UK after completion of the Arrangement or who were affiliates of Bacanora UK within 90 days prior to the Effective Date and will be subject to certain restrictions on resale imposed by the 1933 Act. Generally, as defined in Rule 144 under the 1933 Act, an "affiliate" of an issuer under Rule 144 under the 1933 Act is a person that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise. Usually, this includes directors, executive officers and major shareholders of the issuer.

Any resale of such Bacanora UK Shares by such an affiliate (or, former affiliate) may be subject to the registration requirement of the 1933 Act, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Bacanora UK Shares outside the United States without registration under the 1933 Act pursuant to Regulation S under the 1933 Act. If available, such affiliates (and former affiliates) may also resell such securities pursuant to Rule 144 under the 1933 Act or as otherwise permitted under the 1933 Act. Rule 144 generally provides that such affiliates may sell Bacanora UK Shares received pursuant to the Arrangement pursuant to an effective registration statement or in accordance with the volume, current public information and manner of sale limitations of Rule 144 under the 1933 Act. These limitations generally require that any sales made by an affiliate in any three-month period not exceed the greater of 1% of the then outstanding securities of Bacanora UK or, if such securities are listed on a United States securities exchange, the average weekly trading volume of such securities over the four calendar weeks preceding the placement of the sell order, subject to specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about Bacanora UK. Unless certain conditions are satisfied, Rule 144 is not available for resales of securities of issuers that have ever had (i) no or nominal operations and (ii) no or nominal assets other than cash and cash equivalents (a "shell company"). If Bacanora UK is ever to be deemed to have been such an issuer in its past, Rule 144 under the 1933 Act may be unavailable for resales of Bacanora UK Shares unless and until Bacanora UK has satisfied the applicable conditions.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of Bacanora UK Shares received upon completion of the Arrangement. All holders of such securities are urged to consult with counsel to ensure that the resale of their Bacanora UK Shares complies with applicable securities legislation.

UK Securities Law Matters

Mandatory Takeover

As a company with its registered office in the UK whose shares will be admitted to trading on AIM, the UK City Code will apply to all takeover and merger transactions in relation to Bacanora UK. The UK City Code operates principally to ensure that shareholders are treated fairly and are afforded equivalent treatment. The UK City Code provides an orderly framework within which takeovers are conducted and is administered by the Panel.

The UK City Code is based upon a number of general principles which are essentially statements of standards of commercial behaviour to promote shareholder protection. These general principles shape the form, structure and timetable of takeovers in the UK. It is a fundamental general principle of the UK City Code that all shareholders of

the same class of a target must be treated similarly by an offeror. A number of rules in the UK City Code are designed to ensure equal treatment. In particular, the UK City Code contains rules to ensure that:

- equivalent offers are made to all shareholders; and
- the same information is provided to all shareholders at the same time.

Mandatory Offer

One of the most significant UK City Code rules is the mandatory bid rule (Rule 9). The rule states that if a person acquires an interest in shares that (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent or more of the voting rights of a company ("voting rights" in this context means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting of the company), the offeror is required to make a cash offer for the target at the highest price paid by the offeror (or any person acting in concert with it) for any interest in target shares in the 12 months before the offer is announced. The reason for this rule is that the Panel believes that a holding of 30 per cent or more, although not giving legal control, gives the holder effective control over the affairs of the company. Again, the underlying objective is to achieve equal treatment for all shareholders.

The requirement to make a mandatory bid under Rule 9 can have serious adverse consequences for an unwary offeror. Not only does the UK City Code oblige it to make an offer for all the shares in the target (whether or not that was its original intention), but the UK City Code also limits the terms and conditions on which it may do so. Most significantly, a mandatory offer may be conditional only on the offeror obtaining shares carrying 50 per cent or more of the voting rights in the target. This level may be lower than the offeror would like to achieve. In addition, the offeror will lose the protection of the other conditions on which the offer could have been made.

The obligation to make a mandatory offer under Rule 9 will also apply if a person who, together with persons acting in concert with it, is interested in shares carrying between 30 per cent and 50 per cent of the voting rights of a company and there is an acquisition of an interest in any other shares that increases the percentage. It is for the purposes of Rule 9 that the Panel most often has to decide whether persons are acting in concert or not.

Generally, great care should be exercised to avoid unintentionally giving rise to an obligation to make a Rule 9 offer. Where there is any doubt, an offeror is advised to speak to the Panel at an early stage.

Dispensations from the obligation to make a mandatory bid under Rule 9 are available from the Panel in certain circumstances, for example if an offeror accidentally acquires an interest in 30 per cent or more of the voting rights of the target; in such a circumstance, the offeror would then be required to sell down to below 30 per cent or where the shareholders, not including the concert party, approve a waiver of Rule 9 by an ordinary resolution.

Definition of Acting in Concert

Parties who help the offeror achieve control of the target are generally treated as part of the offeror's team and, accordingly, rules that apply to the offeror also apply to them. Such parties are said to be 'acting in concert'. In particular dealings by those acting in concert are treated effectively as dealings by the offeror. Persons acting in concert are defined as: '...persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. The offeror and persons acting in concert form what is known as a "concert party".'

Certain persons are presumed to be acting in concert, unless the contrary is established. The existence or non-existence of a concert party and the consequent aggregation or non-aggregation of their interests is especially important in deciding whether or not the 30 per cent threshold has been reached, which would require a 'mandatory bid' to be made under Rule 9 of the UK City Code. The offeror and its advisers should therefore take great care to ensure a concert party is not created unintentionally and should consult the Panel if in doubt.

Compulsory Purchase and Minority Squeeze-Out

Under sections 974 – 991 of the UK Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 percent of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. Minority shareholders also have the right to require the offeror to buy their shares at the offer price if the offeror has obtained 90% of the shares (in value and by voting rights) in the company. Each of these rights is exercisable on a class by class basis if there is more than one class of share capital.

THE ARRANGEMENT AGREEMENT

The following summary of material provisions of the Arrangement Agreement is not intended to be comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is attached as Appendix A to this Circular. Bacanora Canada Shareholders are encouraged to review the complete Arrangement Agreement including the Plan of Arrangement appended as Schedule 1 to the Arrangement Agreement, which is attached as Appendix A to this Circular.

Conditions Precedent to the Arrangement

The respective obligations of the parties hereto to complete the Arrangement are subject to the satisfaction of, or mutual waiver by Bacanora Canada and Bacanora UK on or before the Effective Date of each of the following conditions, which are for the mutual benefit of Bacanora UK and Bacanora Canada and which may be waived, in whole or in part, by Bacanora UK or Bacanora Canada at any time:

- (a) the Interim Order shall have been obtained in form and substance satisfactory to each of Bacanora Canada and Bacanora UK, acting reasonably;
- (b) the Plan of Arrangement, without amendment or with amendments acceptable to Bacanora Canada and Bacanora UK acting reasonably, shall have been approved at the Annual and Special Meeting by the Bacanora Canada Shareholders as required by the Interim Order;
- (c) the issue of the Bacanora UK Shares by Bacanora UK pursuant to the Arrangement will have been approved and all necessary corporate action to permit such shares to be issued as fully paid will have been taken;
- (d) the issue of the Bacanora UK Shares in the Arrangement by Bacanora UK will be exempt from the prospectus and registration requirements under applicable Canadian securities laws and will be exempt from the registration requirements of the 1933 Act;
- (e) the Final Order shall have been granted in form and substance satisfactory to Bacanora Canada and Bacanora UK, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to Bacanora Canada and Bacanora UK, acting reasonably, on appeal or otherwise;
- (f) all approvals and consents, regulatory or otherwise, which are required in connection with the consummation of the transactions contemplated in the Arrangement Agreement and in the Plan of Arrangement shall have been obtained (including, without limitation, the approval of the Arrangement by the TSXV, the delisting of Bacanora Canada Shares from the TSXV, cancellation of Bacanora Canada Shares from AIM and the admission of Bacanora UK Shares to trading on AIM);
- (g) no preliminary or permanent injunction, restraining order, cease trading order or order or decree of any Governmental Entity, and no law, regulation, policy, directive or order shall have been enacted, promulgated, made, issued or applied to cease trade, enjoin, prohibit or impose material limitations on, the Arrangement or the transactions contemplated therein or in the Plan of Arrangement and no such action, proceeding or order shall, to the best of the knowledge of Bacanora Canada or Bacanora UK, be pending or threatened and, without limiting the generality of the foregoing, no person shall have filed any notice of appeal of the Final Order, and no person shall have communicated to Bacanora Canada or Bacanora UK any intention to appeal

the Final Order which, in the reasonable opinion of Bacanora Canada or Bacanora UK, would make it inadvisable to proceed with the implementation of the Arrangement; and

- (h) the Arrangement Agreement shall not have been terminated pursuant to section 5 of the Arrangement Agreement.

Implementation, Interim Order and Terms of the Arrangement

In the Arrangement Agreement, Bacanora Canada has provided covenants relating to the Interim Order, the Annual and Special Meeting, the Final Order and the Articles of Arrangement in order to complete the Arrangement.

The Arrangement Agreement also sets out the terms of the Arrangement. See "Matters to be Acted Upon — Details of the Arrangement".

The Arrangement Agreement may be terminated by mutual written consent of the parties thereto at any time prior to the Effective Time. See "The Arrangement Agreement — Conditions Precedent to the Arrangement".

INVESTMENT CONSIDERATIONS

The following investment considerations should be considered by Bacanora Canada Shareholders in evaluating whether to approve the Arrangement. These investment considerations should be considered in conjunction with the other information contained in this Circular and incorporated by reference herein.

Risks of Investing in Bacanora UK Shares

Bacanora Canada Shareholders should carefully read and review the section entitled "Risk Factors" contained in this Circular when considering an investment in Bacanora UK Shares and when considering whether to approve the Arrangement.

Income Tax Considerations

Bacanora Canada Shareholders are encouraged to carefully read and review the sections below entitled "Canadian Federal Income Tax Considerations" and to consult with their personal tax advisors as to the actual and potential tax consequences to the Bacanora Canada Shareholder arising out of the Arrangement.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Gowling WLG (Canada) LLP, counsel to Bacanora Canada ("**Counsel**"), the following is a summary of the principal Canadian federal income tax considerations generally applicable to Bacanora Canada Shareholders who are individuals (other than trusts, including Deferred Income Plans) or corporations who are not exempt from Canadian federal income tax, who deal at arms' length with Bacanora Canada, Bacanora UK and AcquireCo, who are not affiliated with Bacanora Canada or Bacanora UK and who hold their Bacanora Canada Shares and Bacanora UK Shares as capital property. This summary does not apply to a holder of Bacanora Canada Shares with respect to whom Bacanora UK is or will be a "foreign affiliate" within the meaning of the Tax Act. This summary does not apply to certain financial institutions (as defined in the Tax Act) that are subject to the "mark-to-market property" rules contained in the Tax Act. This summary does not apply to a Bacanora Canada Shareholder to whom the functional currency reporting rules in section 261 of the Tax Act applies. Such holders should consult their own tax advisors.

Bacanora Canada Shares will generally be considered to be capital property to a holder unless held in the course of carrying on a business, as an adventure in the nature of trade or as "mark-to-market property" for purposes of the Tax Act. Certain Canadian resident holders of Bacanora Canada Shares whose Bacanora Canada Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have such shares, and every other "Canadian security" (as defined in the Tax Act) owned by such holders in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

This summary is based on the Tax Act, the regulations thereunder and the current published administrative practices of the CRA, all in effect as of the date of this Circular. This summary also takes into account the Tax Proposals, although no assurances can be given that the Tax Proposals will be enacted in the form presented, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or administrative practices, whether by judicial, governmental or legislative action or decision, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations described in this Circular. No advance income tax ruling has been sought or obtained from the CRA to confirm the tax consequences of any of the transactions described in this Circular.

This summary is of a general nature only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular person. Bacanora Canada Shareholders are urged to consult their own tax advisors with respect to their particular circumstances.

This summary does not address income tax consequences applicable to Bacanora Canada Shareholders who:

- (a) are partnerships or trusts;
- (b) are directors, officers or other insiders of Bacanora Canada or its affiliates;
- (c) hold their Bacanora Canada Shares as inventory or stock in trade (or otherwise not as capital property); or
- (d) acquired their Bacanora Canada Shares on the exercise of Bacanora Canada Options.

For the purposes of the Tax Act, all amounts must be expressed in Canadian dollars, including dividends, adjusted cost base and proceeds of disposition; amounts denominated in foreign currencies must be converted into Canadian dollars based on the prevailing exchange rate generally applicable at the time such amounts arise.

Capital Gains and Losses

One-half of any capital gain (a "taxable capital gain" as defined in the Tax Act) realized upon, where applicable, a holder's disposition of Bacanora Canada Shares or Bacanora UK Shares will be included in such holder's income for the year of disposition, and one-half of any capital loss (an "allowable capital loss" as defined in the Tax Act) so realized, where applicable, may be deducted by such holder against the holder's taxable capital gains for the taxation year in which the disposition occurs.

Subject to the detailed rules in the Tax Act, any excess of allowable capital losses over taxable capital gains of the said holder for the year of disposition may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years.

A Bacanora Canada Shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 10 2/3% on its taxable capital gains.

Bacanora Canada Shareholders Resident in Canada

The following portion of the summary is applicable to a Bacanora Canada Shareholder who is a Canadian Resident and who will continue to be a Canadian Resident at all times while it holds Bacanora UK Shares, and is not Tax Exempt.

Exchange of Bacanora Canada Shares for Bacanora UK Shares

A Bacanora Canada Shareholder who exchanges Bacanora Canada Shares for Bacanora UK Shares will be considered to have disposed of the Bacanora Canada Shares for proceeds of disposition equal to the fair market value of the Bacanora UK Shares acquired by such holder on the exchange and, as a result, such holder will in general realize a capital gain (or a capital loss) to the extent that such proceeds of disposition, net of any reasonable costs of disposition

exceed (or are less than) the adjusted cost base to such holder of the Bacanora Canada Shares immediately before the exchange. See "Capital Gains and Losses" above.

The cost of the Bacanora Canada Shareholder's Bacanora UK Shares acquired on the exchange of Bacanora Canada Shares will be equal to the fair market value of the Bacanora Canada Shares disposed upon the exchange and will be averaged with the adjusted cost base to such holder of all other Bacanora UK Shares held by such holder as capital property for the purposes of determining the holder's adjusted cost base of such Bacanora UK Shares.

Dividends

Dividends received on Bacanora UK Shares must be included in the recipient's income for the purposes of the Tax Act. Such dividends received by a holder of Bacanora UK Shares who is an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act. A holder of Bacanora UK Shares that is a corporation will generally not be entitled to deduct the amount of such dividends in computing its taxable income. A holder of Bacanora UK Shares that is a Canadian-controlled private corporation may be liable to pay an additional refundable tax of 10 2/3% on such dividends.

Disposition of Bacanora UK Shares

A disposition or deemed disposition of Bacanora UK Shares by a holder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of such shares immediately before the disposition. See "Capital Gains and Losses" above.

Foreign Tax Credits

Bacanora Canada Shareholders will be subject to UK tax as described in "UK Tax Considerations" below. Subject to certain limitations, Canadian federal taxes payable by a Bacanora Canada Shareholder will be reduced in part or in whole by UK income or profits taxes paid on dividends received or capital gains realized, pursuant to the foreign tax credit provisions contained in the Tax Act. In general, the maximum foreign tax credit available is equal to the lesser of the Canadian-dollar equivalent of that foreign income tax paid by a Bacanora Canada Shareholder for the year to the foreign government, and the amount of Canadian tax otherwise payable for the year that pertains to the applicable foreign income. Bacanora Canada Shareholders should consult their own tax advisors to determine the extent of any foreign tax credits available.

Foreign Property Information Reporting

In general, a "specified Canadian entity", as defined in the Tax Act, whose total cost amount of "specified foreign property", as defined in the Tax Act, at any time in the taxation year or fiscal period exceeds \$100,000, is required to file an information return for the year or period disclosing prescribed information, including the cost amount, any dividends received in the year, and any gains or losses realized in the year, in respect of such property. With some exceptions, a taxpayer resident in Canada in the year will be a specified Canadian entity. Bacanora UK Shares will be specified foreign property to a Canadian Resident holder. Accordingly, holders of Bacanora UK Shares should consult their own advisers regarding compliance with these rules.

Bacanora Canada Shareholders Not Resident in Canada

The following portion of the summary is applicable to Bacanora Canada Shareholders who, for purposes of the Tax Act, have not been and will not be resident or deemed to be resident in Canada at any time while they have held Bacanora Canada Shares or will hold Bacanora UK Shares and to whom such shares are not "taxable Canadian property" (as defined in the Tax Act). Special rules which are not discussed in this summary may apply to a Bacanora Canada Shareholder that is an insurer that carries on business in Canada and elsewhere.

Generally, Bacanora Canada Shares will not be taxable Canadian property provided that such shares are listed on a designated stock exchange (which currently includes the TSXV), the holder does not use or hold, and is not deemed

to use or hold, such shares in connection with carrying on a business in Canada and the holder, persons with whom such holder does not deal at arm's length, or the holder together with such non-arm's length persons has not owned 25% or more of the issued shares of any class or series of the capital stock of Bacanora Canada at any time within five years preceding the date of disposition. Additionally, Bacanora UK Shares generally will not be taxable Canadian property to a Bacanora Canada Shareholder who does not use or hold and is not deemed to use or hold such shares in connection with carrying on a business in Canada.

Generally, a Bacanora Canada Shareholder who, for purposes of the Tax Act, has not been and will not be resident or deemed to be resident in Canada at any time while it has held Bacanora Canada Shares or will hold Bacanora UK Shares and to whom such shares are not "taxable Canadian property" (as defined in the Tax Act), will not be subject to tax in Canada on any gains realized on the disposition or deemed disposition of such shares.

Eligibility For Investment

Provided the Bacanora UK Shares are listed on a designated stock exchange (which currently includes AIM), the Bacanora UK Shares will be qualified investments under the Tax Act for Deferred Income Plans.

UK TAX CONSIDERATIONS

The following information is intended as a general guide and relates to the UK tax position of Bacanora Canada. The statements are based on the current legislation, proposals announced in the 22 November 2017 Budget and HM Revenue and Customs (HMRC) practice currently in force in the UK, and do not purport to be comprehensive or to describe all potential relevant considerations. Investors should note that both tax law and interpretation are subject to change, possibly with retrospective effect.

Bacanora UK is resident for taxation purposes in the UK by virtue of being incorporated in the UK on its worldwide income.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19% and from 1 April 2020 the rate will reduce to 17%.

Taxation — Shareholders

General

The following information is intended as a general guide and relates to the tax position of Bacanora Canada Shareholders who are resident in the UK and Canada. The statements may not apply to certain classes of Bacanora Canada Shareholders such as dealers in securities and other persons who hold the Bacanora UK Shares other than as investments. The statements are based on the current legislation, in respect of UK legislation, proposals announced in the 22 November 2017 Budget and practice in the UK and Canada, and do not purport to be comprehensive or to describe all potential relevant considerations. Investors should note that both tax law and interpretation are subject to change, possibly with retrospective effect. Any prospective investor who is in any doubt about his tax position, or who is subject to taxation in a jurisdiction other than the UK or Canada should consult his own professional adviser immediately.

UK Bacanora Canada Shareholders - UK taxation consequences of the Arrangement

UK taxation of chargeable gains

Liability to UK taxation of chargeable gains will depend on the individual circumstances of Bacanora Canada Shareholders.

A Bacanora Canada Shareholder who, together with persons connected with him, does not hold more than 5% of shares in Bacanora Canada should not be treated as having made a disposal of his Bacanora Canada Shares for the purposes of UK taxation of chargeable gains to the extent that he receives Bacanora UK Shares in exchange for his

Bacanora Canada Shares under the Arrangement. Instead, the Bacanora UK Shares will be treated as the same asset as his Bacanora Canada Shares, acquired at the same time as his Bacanora Canada Shares.

Any Bacanora Canada Shareholder who, either alone or together with persons connected with him, holds more than 5% of Bacanora Canada Shares is advised that clearance has been received from HM Revenue & Customs under section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Arrangement. Any Shareholder will be treated in the manner described in the preceding paragraph.

UK taxation — General

The paragraphs set out below summarise the UK tax treatment for Bacanora Canada Shareholders of holding or disposing of Bacanora UK Shares. They are based on current legislation, proposals announced in the March 16, 2016 Budget and HM Revenue and Customs (HMRC) practice currently in force in the UK. The paragraphs are intended as a general guide and, except where express reference is made to the position of non-UK residents, apply only to Bacanora Canada Shareholders who are resident and, if individuals, domiciled in the UK for tax purposes. They relate only to such Bacanora Canada Shareholders who hold their Bacanora UK Shares directly as an investment and who are absolute beneficial owners of those Bacanora UK Shares. These paragraphs do not deal with certain types of shareholders, such as persons holding or acquiring Bacanora UK Shares in the course of trade or by reason of their, or another's, employment, collective investment schemes and insurance companies.

If you are in any doubt as to your taxation position or if you are resident or otherwise subject to taxation in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately. Bacanora Canada Shareholders are referred to the sections headed "UK Bacanora Canada Shareholders" and "Canadian Bacanora Canada Shareholders" below for a description of the tax consequences of holding Bacanora UK Shares in such jurisdictions.

UK taxation — Disposal of Bacanora UK Shares — tax on chargeable gains

Liability to UK tax on chargeable gains will depend on the individual circumstances of Bacanora Canada Shareholders.

Disposal of Bacanora UK Shares by UK resident Bacanora Canada Shareholders

A disposal of Bacanora UK Shares by a Bacanora Canada Shareholder who is resident in the UK may, depending on individual circumstances (including the availability of exemptions and reliefs), give rise to a chargeable gain or allowable loss for the purposes of the UK taxation of chargeable gains.

Individuals

For gains for an individual Bacanora UK Shareholder, the rate of capital gains tax on disposal of Bacanora UK Shares by basic rate taxpayers will be 10% and, for upper rate and additional rate taxpayers, the rate will be 20%.

Companies

For corporate Bacanora Canada Shareholders of Bacanora Canada subject to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Bacanora UK Shares but will not create or increase an allowable loss. However, as proposed in 22 November 2017 Budget, indexation allowance will be removed after 1 January 2018. Please note that the provision has yet to receive Royal assent and, in the unlikely event that it is not enacted, indexation allowances will continue to be available after 1 January 2018.

Subject to certain exemptions, the corporate tax rate applicable to its chargeable gains is currently 19%. This will fall to 17% after April 1, 2020.

Disposal of Bacanora UK Shares by non-UK resident Bacanora Canada Shareholders

Bacanora Canada Shareholders who are not resident for tax purposes in the UK may not be liable for UK tax on capital gains realised on disposal of their Bacanora UK Shares unless such Bacanora UK Shares are acquired for use by or for the purposes of a branch, agency or, in the case of a corporate shareholder, a permanent establishment through which such person is carrying on a trade, profession or vocation in the UK. Such Bacanora Canada Shareholders may also be subject to foreign taxation on any gain under local law.

A Bacanora Canada Shareholder who is an individual and who is temporarily a non-UK resident at the time of the disposal may, under anti-avoidance legislation, still be liable to UK taxation on any chargeable gain realised (subject to the availability of exemptions or reliefs).

UK taxation — Tax on dividends paid by the Company

Under current UK legislation, no UK tax is required to be withheld from dividend payments by a UK company.

Individuals

An individual who is a Bacanora Canada Shareholder and is resident in the UK or carries on a trade in the UK or through a UK branch or agency in connection with which their Bacanora UK Shares are held will generally be subject to UK income tax.

Dividend income received by UK tax resident individuals before 6 April 2018 will have a £5,000 dividend tax allowance and, after 6 April 2018, will have a £2,000 dividend tax allowance. Dividend receipts in excess of £5,000 or £2,000 will be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers, and 38.1% for additional rate taxpayers.

Companies

Corporate Bacanora Canada Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received.

Anti-Avoidance

Transactions in securities

The attention of Bacanora Canada Shareholders (whether corporate or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities". Bacanora UK Shareholders are advised that clearance has been received from HM Revenue & Customs under section 701 of the Income Tax Act 2007 in respect of the Arrangement.

UK taxation — Stamp duty and stamp duty reserve tax ("SDRT")

No UK stamp duty or SDRT will be payable on the issue of Bacanora UK Shares.

Neither UK stamp duty nor SDRT should arise on transfers of Bacanora UK Shares on AIM (including instruments transferring Shares and agreements to transfer Bacanora UK Shares) based on the following assumptions:

- the Bacanora UK Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

- AIM continues to be accepted as a "recognised growth market" as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Bacanora UK Shares in certain circumstances.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Scope of this Disclosure

Transactions Addressed

The following discussion summarizes the anticipated material U.S. federal income tax consequences generally applicable to U.S. Holders (as defined below) arising from and relating to (a) the exchange of Bacanora Canada Shares for Bacanora UK Shares as described in this Circular (the "**Exchange**") and (b) the ownership and disposition of Bacanora UK Shares received pursuant to the Exchange. This summary is not binding on the Internal Revenue Service (the "**IRS**") or the U.S. courts, and no assurance can be provided that the federal income tax consequences described herein will not be challenged by the IRS or would be sustained by a U.S. court if so challenged. Bacanora Canada has not requested, and does not intend to request, a ruling from the IRS or opinion from its legal counsel regarding any of the U.S. federal income tax consequences of the Exchange or of the ownership and disposition of Bacanora UK Shares received pursuant to the Exchange.

This summary of the anticipated material U.S. federal income tax consequences arising from and relating to the Exchange and the ownership and disposition of Bacanora UK Shares received pursuant to the Exchange is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax consequences that may apply to a U.S. Holder as a result of the Exchange or the ownership and disposition of Bacanora UK Shares received pursuant to the Exchange. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder resulting from the Exchange and the ownership and disposition of Bacanora UK Shares received pursuant to the Exchange. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. Moreover, this summary does not address U.S. state or local tax consequences, or the tax consequences in jurisdictions other than the United States. U.S. Holders should consult their own tax advisors regarding the U.S. federal, U.S. state and local, and non-U.S. tax consequences of the Exchange and the ownership and disposition of Bacanora UK Shares received pursuant to the Exchange in light of their particular circumstances.

Authorities

This summary is based upon the Internal Revenue Code of 1986, as amended, (the "**U.S. Code**") proposed, temporary and final Treasury Regulations issued under the U.S. Code, and judicial and administrative interpretations of the U.S. Code and Treasury Regulations, in each case as in effect and available as of the date of this Circular. The U.S. Code, Treasury Regulations and judicial and administrative interpretations thereof may change at any time, and any change could be retroactive to the date of this Circular. The U.S. Code, Treasury Regulations and judicial and administrative interpretations thereof are also subject to various interpretations. There can be no guarantee that the IRS or the U.S. courts will agree with the tax consequences described in this summary.

U.S. Holder

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Bacanora Canada Shares (or, following the completion of the Exchange, a beneficial owner of Bacanora UK Shares) that holds such shares as capital assets, and that, for U.S. federal income tax purposes, is

- (a) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- (b) a corporation, or any other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States or any state in the United States, including the District of Columbia;
- (c) an estate if the income of that estate is subject to U.S. federal income tax regardless of the source of such income; or
- (d) a trust if (i) the trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) beneficially owns Bacanora Canada Shares (or, following the completion of the Exchange, Bacanora UK Shares), the U.S. federal income tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners in a partnership that beneficially owns Bacanora Canada Shares (or, following the completion of the Exchange, Bacanora UK Shares) should consult their own tax advisors as to the U.S. federal, state and local, and non-U.S. tax consequences of the Exchange and the ownership and disposition of Bacanora UK Shares received pursuant to the Exchange.

Non-U.S. Holders

For purposes of this summary, a "non-U.S. Holder" is a beneficial owner of Bacanora Canada Shares (or, following the completion of the Exchange, Bacanora UK Shares) other than a U.S. Holder. This summary does not address the U.S. federal income tax consequences of the Exchange or the ownership and disposition of Bacanora UK Shares received pursuant to the Exchange to non-U.S. Holders. Non-U.S. Holders are accordingly urged to consult their own tax advisors regarding the potential U.S. federal income tax consequences to them of the Exchange and ownership and disposition of Bacanora UK Shares received pursuant to the Exchange, and the potential application of any tax treaties.

Transactions Not Addressed

This summary does not address the U.S. federal income tax consequences of transactions effectuated prior or subsequent to, or concurrently with, the Exchange (whether or not any such transactions are undertaken in connection with the Exchange), including, without limitation, the following:

- any conversion into Bacanora Canada Shares of any Bacanora Canada notes, debentures or other debt instruments;
- any vesting, exercise, assumption or conversion of any warrants, options and other rights to acquire Bacanora Canada Shares; and
- any transaction, other than the Exchange, in which Bacanora Canada Shares or Bacanora UK Shares are acquired.

Persons Not Addressed

The U.S. federal income tax consequences to the following persons (including persons who are U.S. Holders) are not addressed in this summary, and the following persons are accordingly urged to consult with their own tax advisors regarding the U.S. federal income tax consequences to them of the Exchange and ownership and disposition of Bacanora UK Shares received pursuant to the Exchange:

- Bacanora Canada, Bacanora UK and AcquireCo;
- persons that may be subject to special U.S. federal income tax treatment such as partnerships or other pass-through entities, financial institutions, real estate investment trusts, tax-exempt organizations, qualified retirement plans,

individual retirement accounts, regulated investment companies, insurance companies, dealers in securities or currencies, or traders in securities that elect to apply a mark-to-market accounting method;

- persons that acquired Bacanora Canada Shares pursuant to an exercise of employee stock options or rights or otherwise as compensation for services;
- persons that hold Bacanora Canada warrants, options or Bacanora Canada notes, debentures or other debt instruments;
- persons having a functional currency for U.S. federal income tax purposes other than the U.S. dollar;
- persons that hold Bacanora Canada Shares as part of a position in a straddle or as part of a hedging or conversion transaction;
- persons subject to the alternative minimum tax;
- persons who are U.S. expatriates or former long-term residents of the United States;
- persons that own or have owned, directly or by attribution, 5% or more, by voting power or value, of the outstanding equity interests of Bacanora Canada (or, following the completion of the Exchange, of Bacanora UK); and
- persons who own their Bacanora Canada Shares (or, following the completion of the Exchange, their Bacanora UK Shares) other than as capital assets as defined in the U.S. Code.

Exchange of Bacanora Canada Shares for Bacanora UK Shares

There is no direct authority addressing the U.S. federal income tax consequences of certain aspects of the Arrangement. In addition, the Arrangement will be effected under applicable provisions of non-U.S. law, which are technically different from analogous provisions of U.S. law. Whether the Exchange will qualify as a tax-deferred exchange within the meaning of Section 351 of the U.S. Code (a "**Section 351 Transaction**") is not clear and may depend to some extent upon events subsequent to the date of this Circular, including events subsequent to the Effective Date, which events cannot be predicted with accuracy. In order for the Arrangement to qualify as a Section 351 Transaction, among other requirements, Bacanora Canada Shareholders who exchange Bacanora Canada Shares for Bacanora UK Shares under the Arrangement must acquire "control" of Bacanora UK as determined under Section 351 and the regulations issued thereunder. For this purpose, "control" is defined as the ownership of stock of Bacanora UK possessing (a) at least eighty percent (80%) of the total combined voting power of all classes of stock of Bacanora UK entitled to vote and (b) at least eighty percent (80%) of the total number of shares of each other class of stock of Bacanora UK. In addition to other events, a financing by Bacanora UK under which Jersey shares are issued to investors, on, before or after the Effective Date, may prevent Bacanora Canada Shareholders who exchange Bacanora Canada Shares for Bacanora UK Shares under the Arrangement from acquiring "control" of Bacanora UK under Section 351.

No ruling from the IRS or legal opinion concerning the U.S. federal income tax consequences of the Exchange has been obtained and none will be requested. There can be no assurance that the IRS will not challenge the qualification of the Exchange as a Section 351 Transaction or that, if challenged, a U.S. court would not agree with the IRS.

Tax Consequences to U.S. Holders if Exchange Qualifies as a Section 351 Transaction

If the Exchange qualifies as a Section 351 Transaction, then, subject to the passive foreign investment company ("PFIC") rules discussed below, the Exchange will result in the following U.S. federal income tax consequences to U.S. Holders of Bacanora Canada Shares:

- no gain or loss will be recognized by U.S. Holders of Bacanora Canada Shares upon the receipt of Bacanora UK Shares in exchange for their Bacanora Canada Shares surrendered in the Exchange;

- the aggregate tax basis of the Bacanora UK Shares received by a U.S. Holder in the Exchange will be the same as the aggregate tax basis of the Bacanora Canada Shares surrendered in the Exchange;
- the holding period of the Bacanora UK Shares received by a U.S. Holder of stock in the Exchange will include the holding period of the Bacanora Canada Shares exchanged; and
- U.S. Holders will be required to report certain information to the IRS on their United States federal income tax returns for the taxable year in which the Exchange occurs and will be required to retain certain records related to the Exchange.

Consequences of Failure of the Exchange to Qualify as a Section 351 Transaction

If the Exchange fails to qualify as a Section 351 Transaction, then the Exchange would constitute a taxable disposition of Bacanora Canada Shares by a U.S. Holder and, subject to the PFIC rules discussed below, would result in the following U.S. federal income tax consequences:

- a U.S. Holder of Bacanora Canada Shares would recognize gain or loss equal to the difference between (a) the fair market value of Bacanora UK Shares received (in U.S. dollars), determined as of the time of receipt by such U.S. Holder and (b) the U.S. Holder's adjusted tax basis in the Bacanora Canada Shares;
- the aggregate tax basis of Bacanora UK Shares received by a U.S. Holder of Bacanora Canada Shares in the Exchange would be equal to the aggregate fair market value of Bacanora UK Shares received, determined as of the time of receipt; and
- the holding period of Bacanora UK Shares received by a U.S. Holder in the Exchange would begin on the day after receipt.

Subject to the PFIC rules discussed below, any gain or loss recognized under the first bullet point above generally will be capital gain or loss if the Bacanora Canada Shares were held as capital assets at the time of the Exchange and will be long-term capital gain or loss if the U.S. Holder's holding period for the Bacanora Canada Shares is more than one year at the time of the Exchange. Preferential tax rates for long-term capital gains may be applicable to a U.S. Holder that is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations.

Tax Consequences if Bacanora Canada Classified as a PFIC

The foregoing discussion is premised on the assumption that Bacanora Canada was not a PFIC for any taxable year during which a U.S. Holder held Bacanora Canada Shares. A U.S. Holder of Bacanora Canada Shares would be subject to special, adverse tax rules in respect of the Arrangement if Bacanora Canada were classified as a PFIC for any taxable year during which such U.S. Holder holds or held Bacanora Canada Shares. A non-U.S. corporation is classified as a PFIC for each taxable year in which (i) 75% or more of its income is passive income (as defined for U.S. federal income tax purposes) or (ii) on average for such taxable year, 50% or more (by value) of its assets either produce or are held for the production of passive income. For purposes of the PFIC provisions, (a) with respect to sales, "gross income" generally means sales revenues less cost of goods sold, and (b) "passive income" generally includes dividends, interest, royalties, rents, revenue from an oil and gas field where the company is not the operator and gains from commodities or securities transactions, including certain transactions involving oil and gas. In determining whether or not it is classified as a PFIC, a non-U.S. corporation is required to take into account its pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest.

While there can be no assurance regarding the classification of Bacanora Canada as a PFIC, Bacanora Canada believes that there is a significant likelihood that it constituted a PFIC for one or more of its prior taxable years. Determining PFIC classification is fundamentally factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. The determination of whether Bacanora Canada was or will be a PFIC for each taxable year will depend, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether Bacanora Canada will be a PFIC for each taxable year will

depend on the assets and income of Bacanora Canada over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this Circular. Consequently, Bacanora Canada may not provide any absolute assurance regarding its PFIC status for any taxable year during which U.S. Holders hold Bacanora Canada Shares.

Subject to the discussion below, if Bacanora Canada is classified as a PFIC for any taxable year during which a U.S. Holder holds such Bacanora Canada Shares, special rules may increase such U.S. Holder's U.S. federal income tax liability. Subject to the discussion below, under the default PFIC rules (the "**Default PFIC Rules**"):

- (a) the Arrangement may be treated as a taxable exchange even if such transaction qualifies as a Section 351 Transaction;
- (b) any gain on the sale, exchange or other disposition of Bacanora Canada Shares and any "excess distribution" (defined as an annual distribution that is more than 25% in excess of the average annual distribution over the past three years) will be allocated ratably over such U.S. Holder's holding period;
- (c) the amount allocated to the current taxable year and any year prior to the first year in which Bacanora Canada was classified as a PFIC will be taxed as ordinary income in the current year;
- (d) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year; and
- (e) an interest charge for a deemed deferral benefit will be imposed with respect to the resulting tax attributable to each of the other taxable years, which interest charge is not deductible by non-corporate U.S. Holders.

However, notwithstanding the foregoing, if Bacanora Canada were classified as a PFIC for any taxable year during which a U.S. Holder holds or held Bacanora Canada Shares, and if Bacanora UK also qualifies a PFIC for the taxable year that includes the day after the Effective Date of the Arrangement, then proposed Treasury Regulations generally would provide for the nonrecognition treatment of a Section 351 Transaction to apply to such U.S. Holder's exchange of Bacanora Canada Shares for Bacanora UK Shares pursuant to the Arrangement provided the Exchange otherwise qualifies as a Section 351 Transaction. As discussed below, based on current business plans and financial projections of the income and assets of Bacanora Canada and Bacanora UK, Bacanora Canada believes that there is a significant likelihood that Bacanora UK will be a PFIC for its current taxable year and Bacanora UK may constitute a PFIC in future taxable years. It cannot be determined at this time whether this exception will be available to qualifying U.S. Holders. The nonrecognition treatment provided by the PFIC-to-PFIC exception is subject to numerous restrictions and limitations. U.S. Holders are urged to consult their own tax advisors regarding the potential application of the PFIC rules to the Exchange.

A U.S. Holder that has made a "mark-to-market" election under Section 1296 of the Code or a timely and effective election to treat Bacanora Canada as a "qualified electing fund" under Section 1295 of the Code (a "**QEF Election**") is generally not subject to the Default PFIC Rules described above, and may be able to mitigate potentially adverse PFIC tax consequences in the future. If a U.S. Holder has not made a timely and effective QEF Election, the U.S. Holder may qualify as having made a QEF Election by filing on a timely filed U.S. income tax return (including extensions) a QEF Election and a "deemed sale election" to recognize, under Section 1291 of the Code, any gain that such U.S. Holder would otherwise recognize if the U.S. Holder had sold its Bacanora Canada Shares for their fair market value on the qualification date. The "qualification date" for a shareholder of a "qualified electing fund" that elects to recognize gain under a "deemed sale election" is the first day of the Bacanora Canada's first tax year as a "qualifying electing fund" as to the electing shareholder. **The PFIC rules are complex and U.S. Holders are urged to consult with their U.S. tax advisors concerning whether the "qualified electing fund" election, the "deemed sale" election or "mark-to-market" election is available, and the tax consequences of these elections.**

Ownership of Bacanora UK Shares

The following is a summary of certain material U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of Bacanora UK Shares received pursuant to the Exchange.

Distributions on Bacanora UK Shares, Tax Consequences of Distributions in General

Subject to the PFIC rules discussed below, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to the Bacanora UK Shares will be required to include the amount of such distribution in gross income as a dividend (without reduction for any foreign income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of Bacanora UK, as computed for U.S. federal income tax purposes. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of Bacanora UK, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's adjusted tax basis in the Bacanora UK Shares and thereafter as gain from the sale or exchange of such Bacanora UK Shares. (See "Disposition of Bacanora UK Shares" below). Dividends received on the Bacanora UK Shares generally will not be eligible for the "dividends received deductions." Further, Bacanora UK does not expect that dividends received by non-corporate U.S. Holders will be eligible for the preferential tax rates that are generally applicable to certain dividend income of a non-corporate U.S. Holder.

Distributions Paid in Foreign Currency

The taxable amount of a distribution received on the Bacanora UK Shares in foreign currency generally will be equal to the U.S. dollar value of such distribution based on the exchange rate applicable on the date of receipt. A U.S. Holder that does not convert foreign currency received as a distribution into U.S. dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the U.S. dollar value of such foreign currency on the date of receipt. Such a U.S. Holder generally will recognize ordinary income or loss on any subsequent sale or other taxable disposition of such foreign currency (including an exchange for U.S. dollars).

Disposition of Bacanora UK Shares

A U.S. Holder will recognize gain or loss on the sale or other taxable disposition of Bacanora UK Shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder's adjusted tax basis in the Bacanora UK Shares sold or otherwise disposed of. Subject to the PFIC rules discussed below, any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the Bacanora UK Shares are held for more than one year.

Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the U.S. Code.

Net Investment Income Surtax

Individuals, trusts and estates that have income exceeding certain thresholds are subject to a 3.8% Medicare tax on their net investment income, which would include dividends on and any gain from the disposition of Bacanora UK Shares.

Foreign Tax Credit

A U.S. Holder that pays (whether directly or through withholding) foreign income tax with respect to dividends received on the Bacanora UK Shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such foreign income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a taxable year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source". In addition, this limitation is calculated separately with respect to "passive category income" and "general category

income". Gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of Bacanora UK Shares generally will be treated as "U.S. source" for purposes of applying the foreign tax credit rules. Dividends received on the Bacanora UK Shares generally will be treated as "foreign source" and generally will be categorized as "passive income". Income or loss on the sale or other taxable disposition of foreign currency will be U.S. source. Each U.S. Holder should consult its own tax advisor regarding the foreign tax credit rules.

Passive Foreign Investment Company

Based on current business plans and available financial projections of the income and assets of Bacanora Canada and Bacanora UK, Bacanora Canada believes that there is a significant likelihood that Bacanora UK will be a PFIC for its current taxable year and Bacanora UK may constitute a PFIC in future taxable years. Whether Bacanora UK is or will be considered a PFIC for a particular taxable year depends on such company's assets and income over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this Circular. The determination of whether Bacanora Canada will be a PFIC for each taxable year will depend, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Accordingly, there can be no assurance that Bacanora UK will be considered a PFIC for the current taxable year or for any subsequent taxable year.

A non-U.S. corporation is classified as a PFIC for each taxable year in which (a) 75% or more of its income is passive income (as defined for U.S. federal income tax purposes) or (b) on average for such taxable year, 50% or more (by value) of its assets either produce or are held for the production of passive income. In addition, if a corporation is classified as a PFIC for any taxable year during which a U.S. Holder has held its shares, the corporation may continue to be classified as a PFIC for any subsequent taxable year in which the U.S. Holder continues to hold shares, even if the corporation's passive income and passive assets fall below the relevant thresholds. For purposes of the PFIC provisions, passive income generally includes dividends, interest, royalties, rents, and gains from commodities or securities transactions, including certain transactions involving oil and gas. Active business gains arising from the sale of commodities are generally excluded from passive income if substantially all of a non-U.S. corporation's commodities are (a) stock in trade of such non-U.S. corporation or other property of a kind that would properly be included in inventory of such non-U.S. corporation or property held by such non-U.S. corporation primarily for sale to customers in the ordinary course of business, (b) property used in the trade or business of such non-U.S. corporation that would be subject to the allowance for depreciation under Section 167 of the Code, or (c) supplies of a type regularly used or consumed by such non-U.S. corporation in the ordinary course of its trade or business.

For purposes of the PFIC income test and assets test described above, if Bacanora UK owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, Bacanora UK will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and asset test described above, "passive income" does not include any interest, dividends, rents, or royalties that are received or accrued by Bacanora UK from a "related person" (as defined in Section 954(d) (3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

Under certain attribution rules, if Bacanora UK is a PFIC, U.S. Holders will be deemed to own their proportionate share of any Bacanora UK subsidiaries that are PFICs (such subsidiaries referred to as "Subsidiary PFICs") and will be subject to U.S. federal income tax on (i) distributions on the shares of a Subsidiary PFIC and (ii) a disposition of shares of a Subsidiary PFIC, both as if the holder directly held the shares of such Subsidiary PFIC.

The determination of whether Bacanora UK (or a Subsidiary PFIC) will be a PFIC for each taxable year will depend, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether Bacanora UK (or a Subsidiary PFIC) will be a PFIC for each taxable year will depend on the assets and income of Bacanora UK (and such Subsidiary PFIC) over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this Circular. Accordingly, there can be no assurance that the IRS will not challenge any determination made by Bacanora UK (or a Subsidiary PFIC) concerning its PFIC status. Each U.S. Holder should consult its own financial advisor, legal counsel or accountant regarding whether Bacanora UK will qualify as a PFIC for the taxable year ending December 31, 2018 and in subsequent taxable years.

Default PFIC Rules under Section 1291 of the Code

If Bacanora UK is a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership, and disposition of Bacanora UK Shares will depend on whether such U.S. Holder makes an election to treat Bacanora UK (and/or a Subsidiary PFIC) as a "qualified electing fund" or "QEF" under Section 1295 of the Code (a "QEF Election") or has made a mark-to-market election under Section 1296 of the Code (a "Mark-to-Market Election") with respect to Bacanora UK Shares. A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a "Non-Electing U.S. Holder."

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain recognized on the sale or other taxable disposition of Bacanora UK Shares, and (b) any excess distribution paid on the Bacanora UK Shares. A distribution generally will be an "excess distribution" to the extent that such distribution (together with all other distributions received in the current taxable year) exceeds 125% of the average distributions received during the three preceding taxable years (or during a U.S. Holder's holding period for the Bacanora UK Shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of Bacanora UK Shares (including an indirect disposition of shares of a Subsidiary PFIC) and any excess distribution paid on such Bacanora UK Shares (or a disposition by a Subsidiary PFIC to its shareholder that is deemed to be received by a U.S. Holder) must be ratably allocated to each day of a Non-Electing U.S. Holder's holding period for the Bacanora UK Shares. The amount of any such gain or excess distribution allocated to the taxable year of disposition or distribution and to years before Bacanora UK became a PFIC, if any, would be taxable as ordinary income. The amounts allocated to another taxable year would be subject to U.S. federal income tax at the highest rate applicable to ordinary income in each such year and an interest charge would be imposed on the tax liability for each such year, calculated as if the tax liability had been due in each such year. A Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as "personal interest," which is not deductible.

If Bacanora UK is a PFIC for any taxable year during which a Non-Electing U.S. Holder holds Bacanora UK Shares, Bacanora UK will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether Bacanora UK ceases to be a PFIC in one or more subsequent years. If Bacanora UK ceases to be a PFIC, a Non-Electing U.S. Holder may terminate this deemed PFIC status with respect to Bacanora UK Shares by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Bacanora UK Shares were sold on the last day of the last taxable year for which Bacanora UK was a PFIC.

QEF Election

A U.S. Holder that makes a QEF Election for the first taxable year in which its holding period begins, generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to its Bacanora UK Shares. However, a U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such U.S. Holder's pro rata share of (a) the net capital gain of Bacanora UK, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of Bacanora UK, which will be taxed as ordinary income to such U.S. Holder. Generally, "net capital gain" is the excess of (a) net long-term capital gain over (b) net short-term capital gain, and "ordinary earnings" are the excess of (a) "earnings and profits" over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each taxable year in which Bacanora UK is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by Bacanora UK. However, a U.S. Holder that makes a QEF Election may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as "personal interest," which is not deductible.

A U.S. Holder that makes a QEF Election generally (a) may receive a tax-free distribution from Bacanora UK to the extent that such distribution represents "earnings and profits" of Bacanora UK that were previously included in income by the U.S. Holder because of such QEF. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Bacanora UK Shares.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as "timely" if such QEF Election

is made for the first year in the U.S. Holder's holding period for the Bacanora UK Shares in which Bacanora UK was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such year.

A QEF Election will apply to the taxable year for which such QEF Election is made and to all subsequent taxable years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent taxable year, Bacanora UK ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those taxable years in which Bacanora UK is not a PFIC. Accordingly, if Bacanora UK becomes a PFIC in a subsequent taxable year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any such subsequent taxable year in which Bacanora UK qualifies as a PFIC.

U.S. Holders should be aware that, in the event that Bacanora UK is or becomes a PFIC, there can be no assurance that Bacanora UK will supply U.S. Holders with the information and statements required to satisfy the relevant IRS reporting rules. Bacanora UK provides no assurances that it will provide such information and statements with respect to Subsidiary PFICs. Accordingly, each U.S. Holder should consult its own tax advisor regarding the potential PFIC status of Bacanora UK (and any Subsidiary PFICs) and how the PFIC rules (including elections available thereunder) would affect the U.S. federal income tax consequences of the ownership and disposition of Bacanora UK Shares.

Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election only if the Bacanora UK Shares are marketable stock. The Bacanora UK Shares generally will be "marketable stock" if the Bacanora UK Shares are regularly traded on (a) a national securities exchange that is registered with the Securities and Exchange Commission, (b) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or (c) a non-U.S. securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure and other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced and (ii) the rules of such foreign exchange ensure active trading of listed stocks. If stock is traded on such a qualified exchange or other market, the stock generally will be "regularly traded" for any calendar year during which it is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. It is anticipated that a listing of the Bacanora UK Shares on the London Stock Exchange plc will qualify such shares as "marketable stock," although each U.S. Holder should consult its own financial advisor, legal counsel or accountant in this regard.

A U.S. Holder that makes a Mark-to-Market Election with respect to its Bacanora UK Shares generally will not be subject to the rules of Section 1291 of the Code discussed above. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first taxable year of such U.S. Holder's holding period for the Bacanora UK Shares and such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of and distributions on the Bacanora UK Shares.

A U.S. Holder that makes a Mark-to-Market Election with respect to its Bacanora UK Shares will include in ordinary income, for each taxable year in which Bacanora UK is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Bacanora UK Shares as of the close of such taxable year over (b) such U.S. Holder's tax basis in such Bacanora UK Shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (i) such U.S. Holder's adjusted tax basis in the Bacanora UK Shares over (ii) the fair market value of such Bacanora UK Shares (but only to the extent of the net amount of income previously included as a result of the Mark-to-Market Election for prior taxable years).

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder's tax basis in the Bacanora UK Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Bacanora UK Shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years).

A Mark-to-Market Election applies to the taxable year in which such Mark-to-Market Election is made and to each subsequent taxable year, unless the Bacanora UK Shares cease to be "marketable stock" or the IRS consents to revocation of such election. Each U.S. Holder should consult its own financial advisor, legal counsel or accountant regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to the Bacanora UK Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning because such stock is not marketable. Hence, the Mark-to-Market Election will not be effective to eliminate the interest charge described above with respect to deemed dispositions of Subsidiary PFIC stock or distributions from a Subsidiary PFIC.

Other PFIC Rules

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Bacanora UK Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which Bacanora UK Shares are transferred.

Certain additional adverse rules will apply with respect to a U.S. Holder if Bacanora UK is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example under Section 1298(b)(6) of the Code, a U.S. Holder that uses Bacanora UK Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Bacanora UK Shares.

In addition, a U.S. Holder who acquires Bacanora UK Shares from a decedent will not receive a "step up" in tax basis of such Bacanora UK Shares to fair market value.

Special rules also apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC.

The PFIC rules are complex; each U.S. Holder should consult its own financial advisor, legal counsel or accountant regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Bacanora UK Shares.

Backup Withholding Tax and Information Reporting Requirements

Unless the U.S. Holder is a corporation or other exempt recipient and certifies its exempt status upon request, payments to U.S. Holders of dividends made on Bacanora UK Shares, or the proceeds of the sale or other disposition of Bacanora Canada Shares or the Bacanora UK Shares that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and U.S. federal backup withholding tax at the current rate of twenty-four percent (24%) (subject to periodic adjustment) if the U.S. Holder fails to supply a correct taxpayer identification number or otherwise fails to comply with applicable U.S. information reporting or certification requirements. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax, provided that the required information is furnished to the IRS, generally by filing a U.S. tax return.

Uncertainty Regarding U.S. Tax Consequences

U.S. federal income tax consequences of the Arrangement to U.S. Holders are dependent upon a number of provisions of the Code, the application and interpretation of which are subject to considerable uncertainty. With respect to a number of these provisions there is either no guidance or the guidance that is available is either incomplete or contradictory. Accordingly, notwithstanding the efforts of Bacanora Canada, Bacanora UK and their U.S. Holders to comply with applicable U.S. tax law, the U.S. federal income tax return of U.S. Holders may be audited and such U.S. Holders may be required to file amended returns and may be subject to assessments by the IRS for additional taxes, interest and penalties.

THE FOREGOING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS IS INCLUDED FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE LEGAL ADVICE TO ANY U.S. HOLDER. BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, EACH BENEFICIAL U.S. HOLDER IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ARRANGEMENT, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

COMPARISON BETWEEN THE ABCA AND ENGLISH LAW

Pursuant to the Arrangement, Bacanora Canada Shareholders will receive securities of a company which is governed by the UK Companies Act. While the rights and privileges of shareholders of an English company are, in many instances, comparable to those of shareholders of an ABCA corporation, there are certain differences. These differences may impact upon the rights of Bacanora Canada Shareholders when they become shareholders in Bacanora UK. Some of the principal differences, described below, arise from differences between the UK Companies Act and the ABCA as well as between the constating documents of Bacanora Canada and Bacanora UK.

Takeovers

Bacanora UK will be subject to takeover regulation in the UK and to the UK City Code.

Canadian laws relating to (i) early warning disclosure requirements (when any person (an "**offeror**") acquires, except pursuant to a formal take-over bid, beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities of any class of a reporting issuer that, together with such offeror's securities of that class, would constitute 10 percent or more of the outstanding securities of that class), and; (ii) takeover bid rules for bids made to security holders in various jurisdictions in Canada (i.e. an offer to acquire outstanding voting or equity securities of a class made to any holder in the jurisdiction of securities subject to the offer to acquire, if the securities subject to the offer to acquire, together with securities held by the offeror and any person acting jointly or in concert with the offeror, constitute in aggregate 20 percent, or more of the outstanding securities of that class of securities at the date of the offer to acquire) will not apply.

The UK City Code governs, inter alia, transactions which may result in a change of control of a public company to which the UK City Code applies. Any person who acquires an interest in the Bacanora UK Shares which, when taken together with Bacanora UK Shares already held by him or persons acting in concert with him, carry 30 percent or more of the voting rights in Bacanora UK, or a person who, together with persons acting in concert with him, is interested in not less than 30 percent and not more than 50 percent of the voting rights in Bacanora UK acquires additional interests in Bacanora UK Shares which increase the percentage of Bacanora UK Shares carrying voting rights in which that person is interested, the acquirer and, depending on the circumstances, its concert parties, will be required (except with the consent of the Panel) to make a mandatory cash offer for the outstanding Bacanora UK Shares at a price not less than the highest price paid for any interests in the Bacanora UK Shares by the acquirer or its concert parties during the previous twelve months. Under Sections 974 – 991 of the UK Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 percent of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer.

Authority to Allot and Issue Shares

Under the ABCA, the directors of a Canadian company have unlimited authority to issue shares and no shareholder consent is required pursuant to a public or private offering of securities by a company (except in certain circumstances where a change of control or a new control person holding greater than 20 percent of the voting shares would arise). However, under Section 551 of the UK Companies Act, directors of Bacanora UK must not exercise any power to allot shares unless they are authorised to do so by ordinary resolution (requiring a simple majority) in a general meeting and therefore they are not afforded unlimited authority to allot and issue shares. Under the Bacanora UK Articles, subject to any relevant authority required by the UK Companies Act, the board may allow, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide. Bacanora UK, acting in accordance with this provision, has obtained an express authority by way of a resolution from its members granting the directors

authority to allot Bacanora UK Shares as set out in AIM Appendix and intends to update this shareholder authority on an annual basis at its annual general meeting of shareholders, as is customary in the UK.

Pre-emption rights

Canadian law does not confer statutory pre-emption rights on shareholders relating to new share issues. It is not a requirement under Canadian law to offer new common shares to existing shareholders on a pre-emptive basis. Under Section 561 of the UK Companies Act, statutory pre-emption rights apply to the allotment of equity securities for cash unless expressly disappplied, or in certain other exempt circumstances such as the issue of shares in connection with employee share schemes. Accordingly, the issue of further Bacanora UK Shares is subject to pre-emption rights in favour of existing shareholders, which may be disappplied by shareholders by way of special resolution, which requires approval by not less than 75% of shareholders voting in person or by proxy. Bacanora UK, acting in accordance with the UK Companies Act, has obtained an express authority by way of a special resolution from its members granting the directors authority to disapply pre-emption rights to the allotment of Bacanora UK Shares as set out in AIM Appendix and intends to update this shareholder authority on an annual basis at its annual general meeting of shareholders.

Disclosure requirements

Under Canadian laws, the only material provisions regarding disclosure of interests in shares by shareholders is under the early warning disclosure requirements noted in "Takeovers" above. Some Canadian shareholders can also categorise themselves as objecting shareholders, such that any percentage holding up to 10 percent must not be disclosed. Pursuant to the UK Disclosure and Transparency Rules, directors of a public company incorporated in the United Kingdom whose shares are admitted to a trading on a prescribed market, which includes AIM, must disclose the identity of any person who holds over 3 percent of the voting rights as shareholder in the company. Bacanora UK is required also, if it acquires or disposes of its own shares, either itself or through a person acting in his own name but on Bacanora UK's behalf, to make public the percentage of voting rights attributable to those shares it holds as a result of the transaction as a whole, as soon as possible but no later than 4 trading days following such acquisition or disposal where the percentages reaches, exceeds or falls below the thresholds of 5 percent or 10 percent of the voting rights. Furthermore, Rule 17 of AIM Rules requires, inter alia, that shareholders notify an AIM listed company once their holding is 3 percent or more, and changes thereto (movements through a percentage point upwards or downwards). This is in keeping with Bacanora Canada's constitution which was changed to conform to Rule 17.

Reporting Issuer

After completion of the Arrangement, it is expected that Bacanora UK will be a "designated foreign issuer" within the meaning of National Instrument 71-102 — *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* of the Canadian Securities Administrators. Bacanora UK will rely on that instrument, and Bacanora Canada will be applying for relief to the effect that Bacanora UK and Bacanora Canada will be exempt from most of the continuous disclosure requirements of Canadian securities legislation, as well as certain other requirements, including insider reporting and early warning reporting, provided Bacanora UK complies with the continuous disclosure requirements of the United Kingdom. Bacanora Canada and Bacanora UK also intends to apply to the applicable securities regulators in Canada for relief from NI 43-101.

Restrictions on Transfer of Securities

Under Canadian legal requirements there is a trading restriction on the onward sale of shares to residents of Canada for four months and one day following the admission of shares to trading. In the UK no such trading restrictions apply to existing shares or in respect of transfers occurring through CREST.

Cancellation of admission of the Bacanora UK Shares to trading on AIM

Under the ABCA it is possible that a takeover, amalgamation or plan of arrangement, which might lead to a cancellation of trading could be completed with the consent of 66 2/3 percent of votes cast by shareholders at a duly called meeting. However, under Rule 41 of AIM Rules, should Bacanora UK wish to cancel the admission of its

Bacanora UK Shares to trading on AIM it is required to obtain the consent of not less than 75 percent of votes cast by Bacanora UK Shareholders at a duly called meeting thereof (unless the London Stock Exchange plc otherwise agrees in certain circumstances).

Financial Assistance

A Canadian company is permitted to provide financial assistance in connection with the acquisition of its own shares. A public company incorporated in England and Wales is not permitted to provide financial assistance for the purpose of the acquisition of its own shares (section 678 of the UK Companies Act), without shareholder approval.

Notice of Meetings

Subject to the provisions of the ABCA, under Canadian securities laws a meeting of shareholders must be convened by not less than 21 and not more than 50 clear days' notice in writing. Any general meeting of Bacanora UK Shareholders may be convened on 14 clear days' notice or 21 clear days' notice for an annual general meeting.

Number of Directors

Under the ABCA, a company incorporated in Alberta is required to have at least two resident Canadian directors. Bacanora UK must have a minimum of two directors but there is no restriction on their residency.

INFORMATION CONCERNING BACANORA CANADA

Documents Incorporated by Reference

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Bacanora Canada at 2204 6th Ave N.W., Calgary, Alberta, T2N 0W9, telephone (403) 237-6122. These documents are also available through the Internet on the System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com.

The following documents which Bacanora Canada has filed with certain Canadian securities commissions are specifically incorporated by reference into, and form an integral part of, this Circular:

- (a) AIM Appendix;
- (b) the material change report of Bacanora Canada dated February 12, 2018;
- (c) the material change report of Bacanora Canada dated December 19, 2017;
- (d) the audited consolidated balance sheets of Bacanora Canada as at June 30, 2017 and 2016 and the consolidated statements of earnings (loss), retained earnings and cash flows for the years then ended, together with the notes thereto and the auditors' report thereon;
- (e) management's discussion and analysis of the financial condition and results of operations of Bacanora Canada for the year ended June 30, 2017;
- (f) the unaudited interim consolidated financial statements of Bacanora Canada for the three month period ended September 30, 2017, together with the notes thereto;
- (g) management's discussion and analysis of the financial condition and results of operations of Bacanora Canada dated November 27, 2017 for the interim period ended September 30, 2017; and

- (h) the management information circular of Bacanora Canada dated July 14, 2016 (the "**2016 Circular**"), and the supplement to the 2016 Circular dated August 30, 2016 relating to the annual and Annual and Special Meeting of shareholders held on September 28, 2016.

All news releases, material change reports, interim financial statements and interim management discussion and analysis that are required to be filed by Bacanora Canada with certain Canadian securities regulators after the date hereof but prior to the Annual and Special Meeting will be deemed to be incorporated by reference into and form an integral part of this Circular. The documents incorporated by reference herein contain material information relating to Bacanora Canada. Bacanora Canada Shareholders should carefully review all information contained in this Circular and the documents incorporated by reference herein. All documents incorporated by reference can be accessed at www.sedar.com.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has been modified or superseded a prior statement or include any information set forth in the document or the statement that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed in its unmodified or superseded form to constitute a part of this Circular.

No person is authorized to provide any information different from that contained in this Circular. Information on any website maintained by Bacanora Canada does not constitute a part of this Circular.

Legal Proceedings and Regulatory Actions

Bacanora Canada is party to certain legal proceedings in both Canada and the United Kingdom in respect of a dispute with the Orr Ewing Estate regarding the validity and enforceability of a 3% gross over-riding royalty purportedly held by the Orr-Ewing Estate over certain of Bacanora Canada's lithium assets in Sonora, Mexico (the "**Royalty**"), arising pursuant to certain of the Royalty Agreements. Following a review of the historical background, the Bacanora Canada Board has concluded that no such pre-existing royalty existed and accordingly there was no basis for the grant of the Royalty by Bacanora Canada. As such, Bacanora Canada has filed with the Court (and served on the Orr-Ewing Estate) a statement of claim seeking (amongst other things) to void ab initio the Royalty on the basis that the Royalty was originally granted based on a negligent or fraudulent misrepresentation by Mr. Orr-Ewing (the "**Alberta Claim**"), whilst for its part the Orr-Ewing Estate has issued and served Bacanora Canada with legal proceedings commenced in the English Commercial Court seeking (amongst other things) a declaration that the Royalty is valid and enforceable (the "**Commercial Court Claim**"). The parties have agreed to stay the Commercial Court Claim subject to a Confidential Forum Agreement. At this time, only the Alberta Claim is proceeding. Under the Alberta Claim, Bacanora Canada is also seeking damages associated with its efforts to undertake the investigation into the Royalty Agreements and punitive damages, neither of which have yet to be quantified. It is anticipated that the Alberta Claim will be contested. The Orr-Ewing Estate has made a request for particulars and once the reply to particulars has been served the Orr-Ewing Estate will have to file a statement of defence. The Commercial Court Claim was filed September 20, 2017 and the Alberta Claim was filed November 17, 2017.

ADDITIONAL INFORMATION

Additional information relating to the Bacanora Canada is available on SEDAR at www.sedar.com. A comprehensive description of Bacanora Canada and Bacanora UK and their business as well as a summary of the risk factors applicable to Bacanora UK are set out in AIM Appendix, together with any document, or the pertinent pages of any document, incorporated by reference in the above-noted annual information form. Bacanora Canada's annual consolidated financial statements, together with the accompanying report of the auditor, Management's Discussion and Analysis and any of Bacanora Canada's interim consolidated financial statements and this Circular are available

without charge to anyone, upon request by contacting Alliance Trust Company, #1010, 407 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 2Y3, telephone (403) 237-6111 or Link Asset Services, PXS The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, telephone +44 (0)371-664-0321 and are also available on SEDAR.

AUDITORS, REGISTRARS AND TRANSFER AGENTS

BDO Canada LLP, Chartered Accountants, of Calgary, Alberta, Canada, is Bacanora Canada's auditor.

Alliance Trust Company, Calgary, Alberta, Canada, is Bacanora Canada's transfer agent and registrar.

Link Asset Services, London, England is the registrar and transfer agent of Bacanora UK.

RISK FACTORS ASSOCIATED WITH THE ARRANGEMENT

Failure to Complete the Arrangement

Failure to complete the Arrangement could have a negative impact on the results and operations of Bacanora Canada. In addition, failure to complete the Arrangement could have a negative impact on the market price of the Bacanora Canada Shares to the extent that the current market price reflects an assumption that the Arrangement will be completed. Certain costs associated with the Arrangement will be required to be paid regardless of whether the Arrangement is completed or not.

ARRANGEMENT AGREEMENT

THIS AGREEMENT is made effective as of February 16, 2018

BETWEEN:

BACANORA LITHIUM PLC
a company formed under the laws of England
("**Bacanora UK**")

- and -

BACANORA MINERALS LTD.
a corporation incorporated under the laws of the Province of Alberta
Canada
("**Bacanora Canada**")

- and -

1976844 ALBERTA LTD.
a corporation incorporated under the laws of the Province of Alberta
Canada
("**AcquireCo**")

WHEREAS the board of directors of each of Bacanora UK, Bacanora Canada and AcquireCo have determined that it would be in the best interests of Bacanora UK, Bacanora Canada and AcquireCo respectively, to reorganize the shareholdings of Bacanora Canada pursuant to an arrangement under the ABCA (the "**Arrangement**");

AND WHEREAS Bacanora Canada intends to propose the Arrangement to its shareholders, under Section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement attached as Schedule 1 hereto;

AND WHEREAS the parties hereto have agreed to enter into this Agreement setting out the terms and conditions on which the Arrangement will be carried out and confirm the terms and conditions upon which they will co-operate with and assist each other to that end;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereby agree as follows:

1. Definitions and Interpretation

1.1 Definitions

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations promulgated thereunder as each may be amended from time to time;

"**AcquireCo**" means 1976844 Alberta Ltd., a corporation incorporated under the ABCA;

"**Amalco**" means the corporation formed by way of amalgamation between Bacanora Canada and the AcquireCo pursuant to the Arrangement;

"**Agreement**" means this Agreement, including the schedules hereto, as the same may be supplemented or amended from time to time;

"**AIM**" means the AIM Market of the London Stock Exchange plc;

"**Arrangement**" means an arrangement under Section 193 of the ABCA substantially on the terms and conditions set forth in the Plan of Arrangement and any amendment or variation thereto made in accordance with the terms of this Agreement or Article 5 of the Plan of Arrangement or made at the direction of the Court;

"**Arrangement Resolution**" means the special resolution of the holders of Bacanora Canada Shares approving the Plan of Arrangement as required by the Interim Order and to be substantially in the form set out in Schedule 1 hereto;

"**Articles of Arrangement**" means the articles of arrangement in the form prescribed under the ABCA to be filed with the Registrar to give effect to the Arrangement;

"**Bacanora Canada Circular**" means the notice of annual and special meeting and the management information circular of Bacanora Canada, including all schedules thereto, to be mailed to Bacanora Canada Shareholders and others in connection with the Bacanora Canada Meeting;

"**Bacanora Canada Meeting**" means the annual and special meeting of Bacanora Canada Shareholders and any adjournment thereof to be called and held in accordance with the Interim Order to consider and, if deemed advisable, approve the Arrangement by way of special resolution of the Bacanora Canada Shareholders;

"**Bacanora Canada Options**" means the outstanding options of Bacanora Canada under the Bacanora Canada Stock Option Plan;

"**Bacanora Canada Shareholders**" means at any time the registered holders of Bacanora Canada Shares;

"**Bacanora Canada Shares**" means the common shares of no par value in the capital of Bacanora Canada;

"**Bacanora Canada Stock Option Plan**" means the stock option plan of Bacanora Canada re-approved by Bacanora Canada Shareholders on September 28, 2016;

"**Bacanora Canada RSU**" means a restricted unit issued under the Bacanora Canada RSU Plan;

"**Bacanora Canada RSU Plan**" means the restricted unit plan of Bacanora Canada approved by the board of directors of Bacanora Canada on September 20, 2017;

"**Bacanora UK**" means Bacanora Lithium Plc, a company formed under the laws of England and Wales or any successor company thereto with registered number 1189628;

"**Bacanora UK Parties**" means collectively, Bacanora UK and AcquireCo;

"Bacanora UK Shares" means the ordinary shares of £0.10 each in the capital of Bacanora UK;

"Business Day" means any day on which commercial banks are generally open for business in London, United Kingdom and Calgary, Alberta other than a Saturday, a Sunday or a day observed as a holiday in United Kingdom or in Calgary;

"Court" means the Court of Queen's Bench (Alberta);

"Depository" means, Alliance Trust Company, in its capacity as Americas depository for the Bacanora Canada Shares under the Arrangement or Capita Asset Services, in its capacity as Non-Americas depository for the Bacanora Canada Shares under the Arrangement, as applicable;;

"Effective Date" means the date shown on the certificate issued by the Registrar in accordance with section 267 of the ABCA in respect of the Arrangement;

"Effective Time" means 2:30 pm (Calgary time) on the Effective Date;

"Final Order" means the final order of the Court approving the Arrangement pursuant to section 193(9)(a) of the ABCA as such order may be amended by the Court at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed, following the application therefor contemplated by section 2;

"Governmental Entity" means any:

- (a) federal, provincial, state, territorial, regional, municipal, local or other government, governmental or public department, court, tribunal, arbitral body, commission, board or agency having jurisdiction over the Bacanora UK Parties or Bacanora Canada, as applicable;
- (b) any subdivision, agent, commission, board or authority of any of the foregoing;
or
- (c) any quasi governmental or private body exercising any regulatory, expropriatory or taxing authority under or for the account of any of the foregoing;

"Interim Order" means the interim order of the Court pursuant to section 193(4) of the ABCA made in connection with the process for obtaining approval of the Arrangement and related matters following the application therefor contemplated by section 2 hereof, as the same may be affirmed, amended, supplemented or varied by the Court or by the highest court by which an appeal therefrom is heard at any time prior to the Effective Time;

"ITA" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as each may be amended from time to time;

"Letter of Transmittal" means the letter of transmittal for use by the Bacanora Canada Shareholders in the form accompanying the Bacanora Canada Circular;

"Parties" means, collectively, Bacanora Canada, Bacanora UK and AcquireCo;

"Person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a natural person in

his capacity as trustee, executor, administrator, or other legal representative and a Governmental Entity or any agency or instrumentality thereof;

"Plan of Arrangement" means the plan of arrangement substantially in the form and content of Schedule 1 hereto and any amendments or variations thereto made in accordance with section 6.9 hereof or Article 5 of the Plan of Arrangement or made at the direction of the Court;

"Registrar" means the Registrar of Corporations appointed under section 263 of the ABCA; and

"TSXV" means the TSX Venture Exchange.

1.2 Interpretation

In this Agreement:

- (a) headings are for convenience only and do not affect interpretation, and unless the context indicates a contrary intention;
- (b) words importing the singular include the plural and vice versa and words denoting a given gender include all other genders;
- (c) references to parties, sections, clauses, sub-clauses, schedules, exhibits or annexes are references to parties, clauses, sub-clauses, schedules, exhibits and annexes to or of this Agreement and a reference to this Agreement includes any schedule, exhibit and annexure;
- (d) references to this Agreement, or any other Agreement, agreement, instrument or document will be deemed to include references to this Agreement, or such other Agreement, agreement, instrument or document as amended, novated, supplemented, varied or replaced from time to time;
- (e) references to any person or to any party to this Agreement will include that person's or party's executors, administrators, successors and permitted assigns; and
- (f) reference to any legislation or to any section or provision of any legislation includes any statutory modification or re-enactment or any statutory provision substituted therefore and all ordinances, by-laws, regulations and other statutory documents issued thereunder.

1.3 Currency

Except where otherwise specified, all sums of money which are referred to in this Agreement are expressed in Canadian dollars.

1.4 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, clauses, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "the Agreement", "hereof", "herein", "hereunder", and similar expressions refer to this Agreement and the schedules hereto and not to any particular article, clause or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto.

1.5 Date of any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.6 Accounting Principles

Whenever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the Canadian generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor thereto, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

2. The Arrangement

2.1 Implementation Steps by Bacanora Canada:

Bacanora Canada covenants in favour of the Bacanora UK Parties that:

- (a) Bacanora Canada will, as soon as reasonably practicable, apply to the Court pursuant to section 193(2) of the ABCA for the Interim Order providing for, among other things, the calling and holding of the Bacanora Canada Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement, and thereafter proceed with and diligently seek the Final Order.
- (b) Bacanora Canada will convene and hold the Bacanora Canada Meeting for the purpose of considering the Arrangement Resolution.
- (c) If the Arrangement is approved at the Bacanora Canada Meeting in accordance with the Interim Order, Bacanora Canada will, as soon as reasonably practicable thereafter, apply to the Court for the Final Order.
- (d) If the Final Order is obtained, subject to the satisfaction, waiver or release of the conditions set forth in section 4 hereof, Bacanora Canada will in consultation with Bacanora UK, as soon as reasonably practicable thereafter, file a certified copy of the Final Order, Articles of Arrangement and such other documents as may be required for acceptance by the Registrar to give effect to the Arrangement pursuant to Section 193 of the ABCA.

2.2 Implementation Steps by the Bacanora UK Parties

The Bacanora UK Parties covenant in favour of Bacanora Canada that, on or prior to the Effective Date and subject to the satisfaction or waiver of the other conditions herein in favour of such party:

- (a) Bacanora UK, AcquireCo and Bacanora Canada shall execute and deliver the Support Agreement; and
- (b) Bacanora UK shall apply to AIM for the admission to trading of the Bacanora UK Shares.

2.3 Interim Order

The notice of motion for the application referred to in section 2.1(a) shall request that the Interim Order provide:

- (a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Bacanora Canada Meeting and for the manner in which such notice is to be provided;
- (b) that the requisite approval for the Arrangement Resolution shall be 66⅔% of the votes cast on the Arrangement Resolution by Bacanora Canada Shareholders present in person or represented by proxy at the Bacanora Canada Meeting;
- (c) that, in all other respects, the terms, restrictions and conditions of the constating documents of Bacanora Canada, including quorum requirements and all other matters, shall apply in respect of the Bacanora Canada Meeting.

2.4 The Terms of the Arrangement

Bacanora UK, AcquireCo and Bacanora Canada agree that the Arrangement shall be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement. The Articles of Arrangement shall provide in substance that, and the Parties covenant to take such steps as are necessary to ensure that the following transactions shall occur and be deemed to occur in the following order and without any further act or formality, each holder of a Bacanora Canada Share outstanding at the Effective Time will transfer its Bacanora Canada Shares to AcquireCo in exchange for Bacanora UK Shares on the basis of one Bacanora Canada Share for one Bacanora UK Share.

2.5 Support Agreements

Bacanora Canada shall, concurrent with the execution of this Agreement, make commercially reasonable efforts to deliver the executed Support Agreements of certain insiders of Bacanora Canada.

3. Bacanora Canada Meeting and Circular; Directors and Officers

3.1 Special meeting of Bacanora Canada Shareholders

As soon as practicable, Bacanora Canada will deliver to intermediaries or mailing agents the Bacanora Canada Circular and the Letter of Transmittal for mailing to the Bacanora Canada Shareholders and others as specified in the Interim Order and, subject to the issuance of the Interim Order, Bacanora Canada will convene the Bacanora Canada Meeting. The Bacanora Canada Meeting will be held on or prior to March 19, 2018. Bacanora Canada will file the Bacanora Canada Circular and the Interim Order with the appropriate regulatory authorities in all jurisdictions where the same is required. Each Party will provide the others on a timely basis with all such information as may be required to be included in the Bacanora Canada Circular which relates to it. The Parties will cooperate with the others in connection with the preparation of documentation for submission to regulatory authorities and holders of their respective securities and will keep the others informed of any requests or comments made by regulatory authorities in connection with such documentation.

3.2 Directors and Officers

Subject to meeting the board residency requirements under the ABCA, the Parties shall take all necessary steps to ensure that:

- (a) the directors of Bacanora UK as of the Effective Date shall be the following persons:
 - (i) Derek Batorowski;
 - (ii) Mark Hohnen;
 - (iii) James Strauss;
 - (iv) Ray Hodgkinson;
 - (v) Andres Antonius;
 - (vi) Junichi Tomono; and
 - (vii) Eileen Carr;
- (b) the Directors of AcquireCo as of the Effective Date shall be the following persons:
 - (i) Mark Hohnen; and
 - (ii) Derek Batorowski;
- (c) the directors of Bacanora Canada as of the Effective Date shall be the following persons:
 - (i) Derek Batorowski;
 - (ii) Mark Hohnen;
 - (iii) James Strauss;
 - (iv) Ray Hodgkinson;
 - (v) Andres Antonius;
 - (vi) Junichi Tomono; and
 - (vii) Eileen Carr;
- (d) as of the Effective Date, the senior management of Bacanora UK shall be:
 - (i) Peter Secker, Chief Executive Officer; and
 - (ii) Janet Boyce, Chief Financial Officer.

In the event that the board residency requirement under the ABCA will not be met with the above proposed directors for AcquireCo and/or Bacanora Canada, the Parties shall take all necessary steps to ensure that such requirements are met through removal of or addition to such proposed directors.

4. Conditions precedent to Completion of the Arrangement

The respective obligations of the parties hereto to complete the Arrangement are subject to the satisfaction of, or mutual waiver by Bacanora Canada, AcquireCo and Bacanora UK on or before the Effective Date of each of the following conditions, which are for the mutual benefit of Bacanora UK, AcquireCo and Bacanora Canada and which may be waived, in whole or in part, by Bacanora UK, AcquireCo and Bacanora Canada at any time:

- (a) the Interim Order shall have been obtained in form and substance satisfactory to each of Bacanora Canada and Bacanora UK, acting reasonably;
- (b) the Plan of Arrangement, without amendment or with amendments acceptable to Bacanora Canada and Bacanora UK acting reasonably, shall have been approved at the Bacanora Canada Meeting by the Bacanora Canada Shareholders as required by the Interim Order;
- (c) the issue of the Bacanora UK Shares by Bacanora UK pursuant to the Arrangement will have been approved and all necessary corporate action to permit such shares to be issued as fully paid will have been taken;
- (d) the issue of the Bacanora UK Shares by Bacanora UK under the Arrangement will be exempt from the prospectus and registration requirements under applicable Canadian securities laws and will be exempt from the registration requirements of the *United States Securities Act of 1933*;
- (e) the Final Order shall have been granted in form and substance satisfactory to Bacanora Canada and Bacanora UK, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to Bacanora Canada and Bacanora UK, acting reasonably, on appeal or otherwise;
- (f) all approvals and consents, regulatory or otherwise, which are required in connection with the consummation of the transactions contemplated in this Agreement and in the Plan of Arrangement shall have been obtained (including, without limitation, the approval of the Arrangement by the TSXV);
- (g) no preliminary or permanent injunction, restraining order, cease trading order or order or decree of any Governmental Entity, and no law, regulation, policy, directive or order shall have been enacted, promulgated, made, issued or applied to cease trade, enjoin, prohibit or impose material limitations on, the Arrangement or the transactions contemplated herein or in the Plan of Arrangement and no such action, proceeding or order shall, to the best of the knowledge of Bacanora Canada or Bacanora UK, be pending or threatened and, without limiting the generality of the foregoing, no person shall have filed any notice of appeal of the Final Order, and no person shall have communicated to Bacanora Canada or Bacanora UK any intention to appeal the Final Order which, in the reasonable opinion of Bacanora Canada or Bacanora UK, would make it inadvisable to proceed with the implementation of the Arrangement; and
- (h) this Agreement shall not have been terminated pursuant to section 5.

5. Termination of Agreement

The Parties may terminate this Agreement by mutual written consent of the parties at any time prior to the Effective Date.

6. General

6.1 Notices

All notices and other communications hereunder shall be in writing and shall be delivered by hand to the parties at the following addresses or sent by facsimile at the following numbers or at such other addresses or facsimile numbers as shall be specified by the parties by like notice:

- (a) if to Bacanora Canada:

Bacanora Minerals Ltd.
2204 - 6th Avenue N.W.
Calgary, Alberta T2N 0W9

Attention: Chief Financial Officer
Facsimile No: (403) 237-6144

- (b) and if to Bacanora UK:

Bacanora Lithium Plc
4 More London Riverside

London, SE1 2AU

Attention: Cherif Rifaat
Facsimile No: (403) 237-6144

- (c) and if to AcquireCo:

1976844 Alberta Ltd.
c/o Gowling WLG (Canada) LLP
1600, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: President
Facsimile No: (403) 237-6144

- (d) with respect to all notices, copy is to be sent to:

Gowling WLG (Canada) LLP
1600, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: Stuart Olley
Facsimile No: (403) 695-3486

The date of receipt of any such notice shall be deemed to be the date of delivery thereof or, in the case of notice sent by telecopy, the date of successful transmission thereof (unless transmission is received after business hours, in which case the date of receipt shall be deemed to be the next Business Day in the place of receipt).

6.2 Successors and assigns

This Agreement and all the provisions hereof shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns. None of the Parties to this Agreement may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other Parties.

6.3 Third Party Beneficiaries

The parties intend that this Agreement shall not benefit or create any right or cause of action in, or on behalf of, any person other than the parties to this Agreement and no person other than the parties to this Agreement shall be entitled to rely on the provisions of this Agreement (including all express or implied terms) in any action, suit, proceeding, hearing or other forum.

6.4 Release

Subject to the ABCA, no officer or director the Parties shall be liable for anything done or purported to be done in connection with the transaction contemplated by this Agreement in good faith, but nothing in this clause shall exclude any liability which may arise from a grossly negligent act or omission on the part of such a person. Each of the Parties to this Agreement receives and holds the benefit of this release, to the extent that it relates to its officers or directors, as agents for them.

6.5 Time of essence

Time shall be of the essence of this Agreement and of each of its provisions.

6.6 Governing law

This Agreement shall be governed by and construed in accordance with the laws of Alberta and the laws of Canada applicable therein. The Parties irrevocably submit to the jurisdiction of the courts of Alberta.

6.7 Entire Agreement

This Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties hereto with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein. For greater certainty, the Support Agreements are separate agreements between the parties thereto and are unaffected by this section 6.7.

6.8 Further Assurances

Each of the Parties shall make, do, execute, or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be reasonably

required in order to implement this Agreement, the transactions contemplated herein and in the Plan of Arrangement.

6.9 Amendment or waiver

Subject to any requirements imposed by law or by the Court, this Agreement may be supplemented or amended, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, but only by written document executed by all Parties; provided, however, that the terms of this Agreement may not be supplemented or amended, or any of the provisions waived, in a manner materially prejudicial to the Bacanora Canada Shareholders without their approval at the Bacanora Canada Meeting or, following the Bacanora Canada Meeting, without their approval given in the same manner as required by Law for the approval of the Arrangement or, in either case, as may be required by the Court. No waiver of any nature, in any one or more instances, shall be deemed or construed as a further or continued waiver of any condition or breach of any other term, representation or warranty in this Agreement. Notwithstanding the foregoing, the Plan of Arrangement may only be supplemented or amended in accordance with the provisions thereof.

6.10 Counterparts

This Agreement may be executed in counterparts (including by facsimile or electronic transmission), each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[Remainder of this page intentionally left blank; signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BACANORA MINERALS LTD.

By: (signed) "*Peter Secker*"

Peter Secker

Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BACANORA LITHIUM PLC

By: (signed) "*Peter Secker*"

Peter Secker

Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

1976844 ALBERTA LTD.

By: (signed) "Derek Batorowski"
Derek Batorowski
President

SCHEDULE 1

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE ALBERTA BUSINESS CORPORATIONS ACT

1. Interpretation

1.1 Definitions

In this Plan of Arrangement, unless otherwise defined herein, the following terms shall have the following meanings, and any capitalized but undefined terms herein shall have the meaning ascribed to such terms in the Arrangement Agreement:

"**ABCA**" means the *Business Corporations Act* (Alberta) and the regulations promulgated thereunder as each may be amended from time to time;

"**AcquireCo**" means 1976844 Alberta Ltd., a corporation incorporated under the ABCA;

"**Affiliate**" has the meaning ascribed to such term in the ABCA;

"**Amalco**" means the corporation formed by way of amalgamation between Bacanora Canada and the AcquireCo pursuant to the Arrangement;

"**Arrangement**" means an arrangement under Section 193 of the ABCA on the terms and conditions set forth in the Plan of Arrangement and any amendment or variation thereto made in accordance with the terms of the Arrangement Agreement or Article 5 of this Plan of Arrangement or made at the direction of the Court;

"**Arrangement Agreement**" means the arrangement agreement dated effective February 16, 2018 between Bacanora Canada, AcquireCo and Bacanora UK to which this Plan of Arrangement is attached as Schedule 1 as the same may be amended from time to time in accordance with section 6.9 thereof or made at the direction of the Court;

"**Arrangement Resolution**" means the special resolution of the Bacanora Canada Shareholders approving the Plan of Arrangement as required by the Interim Order and to be substantially in the form set out in Schedule 2 to the Arrangement Agreement;

"**Articles of Arrangement**" means the articles of arrangement in the form prescribed by the ABCA to be filed with the Registrar to give effect to the Arrangement;

"**Bacanora Canada**" means Bacanora Minerals Ltd., a corporation existing under the ABCA;

"**Bacanora Canada Circular**" means the notice of annual and special meeting and the management information circular of Bacanora Canada, including all schedules thereto, to be mailed to Bacanora Canada Shareholders and others in connection with the Bacanora Canada Meeting;

"**Bacanora Canada Meeting**" means the annual and special meeting of Bacanora Canada Shareholders held in accordance with the provisions of the Interim Order and any adjournment thereof to be held to consider and, if deemed advisable, approve the Arrangement by way of special resolution of the Bacanora Canada Shareholders;

"Bacanora Canada Meeting Date" means the date of the Bacanora Canada Meeting;

"Bacanora Canada Options" means the outstanding options under the Bacanora Canada Stock Option Plan;

"Bacanora Canada Optionholders" means the holders of the Bacanora Canada Options;

"Bacanora Canada Shareholders" means the registered holders of Bacanora Canada Shares;
"Bacanora Canada Shares" means the common shares in the capital of Bacanora Canada;

"Bacanora Canada Stock Option Plan" means the stock option plan of Bacanora Canada re-approved by Bacanora Canada Shareholders on September 28, 2016;

"Bacanora Canada RSU" means a restricted unit issued under the Bacanora Canada RSU Plan;

"Bacanora Canada RSU Plan" means the restricted unit plan of Bacanora Canada approved by the board of directors of Bacanora Canada on September 20, 2017;

"Bacanora UK" means Bacanora Lithium Plc, a company formed under the laws of England or any successor company thereto;

"Bacanora UK Parties" means Bacanora UK and AcquireCo, collectively;

"Bacanora UK Shareholders" means at any time the registered holders at that time of Bacanora UK Shares;

"Bacanora UK Shares" means the ordinary shares of £0.10 in the capital of Bacanora UK;

"Bacanora UK Transfer Agent" has the meaning ascribed to such term in section 4.2;

"Business Day" means any day on which commercial banks are generally open for business in London, United Kingdom and Calgary, Alberta other than a Saturday, a Sunday or a day observed as a holiday in London, United Kingdom or in Calgary, Alberta under the laws of Canada or any jurisdiction therein;

"Certificate" means the certificate of arrangement giving effect to the Arrangement issued pursuant to section 193(11) of the ABCA;

"Court" means the Court of Queen's Bench (Alberta);

"CREST" means computer-based system and procedures which enable title to securities to be evidenced and transferred without a written instrument and which is operated by Euroclear UK & Ireland Limited;

"Depository" means, Alliance Trust Company, in its capacity as Americas depository for the Bacanora Canada Shares under the Arrangement or Capita Asset Services, in its capacity as Non-Americas depository for the Bacanora Canada Shares under the Arrangement, as applicable;

"Effective Date" means the date shown on the certificate issued by the Registrar in accordance with section 267 of the ABCA in respect of the Arrangement;

"Effective Time" means 2:30 pm (Calgary time) on the Effective Date;

"Final Order" means the final order of the Court approving the Arrangement pursuant to section 193(9)(a) of the ABCA as such order may be amended by the Court at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed, following the application therefor contemplated by section 2 of the Arrangement Agreement;

"Governmental Entity" means any:

- (a) federal, provincial, state, territorial, regional, municipal, local or other government, governmental or public department, court, tribunal, arbitral body, commission, board or agency having jurisdiction over the Bacanora UK Parties or Bacanora Canada as applicable;
- (b) any subdivision, agent, commission, board or authority of any of the foregoing; or
- (c) any quasi governmental or private body exercising any regulatory, expropriatory or taxing authority under or for the account of any of the foregoing;

"Interim Order" means the interim order of the Court pursuant to section 193(4) of the ABCA made in connection with the process for obtaining approval of the Arrangement and related matters following the application therefor contemplated by section 2 of the Arrangement Agreement, as the same may be affirmed, amended, supplemented or varied by the Court or by the highest court by which an appeal therefrom is heard at any time prior to the Effective Time;

"ITA" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as each may be amended from time to time;

"Letter of Transmittal" means the letter of transmittal for use by the Bacanora Canada Shareholders in the form accompanying the Bacanora Canada Circular;

"Person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a natural person in his capacity as trustee, executor, administrator, or other legal representative and a Governmental Entity or any agency or instrumentality thereof;

"Plan of Arrangement" means this plan of arrangement and any amendments or variations thereto made in accordance with section 6.9 of the Arrangement Agreement or Article 5 hereof or made at the direction of the Court;

"Pound Sterling Equivalent" means, in respect of an amount expressed in Canadian dollars (the **"Canadian Currency Amount"**) at any date, the product obtained by multiplying (a) the Canadian Currency Amount by (b) the noon spot exchange rate on such date for Canadian currency expressed in pounds sterling as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for Canadian currency expressed in pounds sterling as may be deemed by the board of directors of Bacanora Canada to be appropriate for such purpose;

"Registrar" means the Registrar of Corporations appointed under section 263 of the ABCA;

"Regulation S" means Regulation S under the United States Securities Act of 1933, as amended;

"Transfer Agent" means Alliance Trust Company;

"TSXV" means the TSX Venture Exchange; and

"U.S. Person" has the meaning ascribed to such term in Regulation S.

1.2 Headings and references

The division of this Plan of Arrangement into sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specified, references to clauses are to sections of this Plan of Arrangement.

1.3 Numbers, etc.

Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders; and words importing persons shall include firms and corporations and vice versa.

1.4 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

2. Binding Effect

This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on Bacanora Canada, Bacanora UK and AcquireCo, all holders of Bacanora Canada Shares.

3. The Arrangement

The following transactions shall occur and be deemed to occur without any further act or formality such that all steps will be implemented as part of the plan of arrangement such that one sub-step cannot be implemented without the other sub-steps.

(a) at the Effective Time:

The steps (i) to (iii) will occur concurrently

- (i) each holder of a Bacanora Canada Share outstanding at the Effective Time, will transfer its Bacanora Canada Shares to AcquireCo in exchange for Bacanora UK Shares on the basis of one Bacanora Canada Share for one Bacanora UK Share;
- (ii) AcquireCo will issue that number of common shares of AcquireCo to Bacanora UK at a deemed value of \$1.00 per common share of AcquireCo equal in value to the total number of Bacanora UK Shares issued by Bacanora UK to each Bacanora Canada Shareholder;
- (iii) in consideration of AcquireCo issuing its common shares to Bacanora UK, Bacanora UK will issue Bacanora UK Shares to each Bacanora Canada

Shareholder in exchange for such Bacanora Canada Shareholder tendering its Bacanora Canada Shares to AcquireCo, on a one for one basis;

Steps (iv) and (v) will follow consecutively

- (iv) the stated capital of the Bacanora Canada Shares shall be reduced, in the aggregate to \$1.00;
- (v) Bacanora Canada and AcquireCo shall be amalgamated as one corporation under the ABCA to form Amalco in accordance with the following:
 - (1) **Name.** The name of Amalco shall be "Bacanora Minerals Ltd." or such other name as the board of directors of AcquireCo may approve;
 - (2) **Registered Office.** The registered office of Amalco shall be the registered office of AcquireCo;
 - (3) **Share Provisions.** Amalco shall be authorized to issue an unlimited number of common shares of Amalco and shall be identical to the share provisions of AcquireCo;
 - (4) **Restrictions on Transfer.** No shares of Amalco shall be transferred to any person without the approval of the Board of Directors of Amalco by resolution;
 - (5) **Other Provisions.** The other provisions forming part of the articles of AcquireCo shall be those of Amalco, mutatis mutandis;
 - (6) **Directors and Officers.**
 - (A) *Minimum and Maximum.* The directors of Amalco shall, until otherwise changed in accordance with the ABCA, consist of a minimum number of one director and a maximum number of ten directors;
 - (B) *Initial Directors.* The initial directors of Amalco shall be identical to the directors of Bacanora Canada immediately prior to the amalgamation; and
 - (C) *Initial Officers.* The initial officers of Amalco shall be identical to the officers of Bacanora Canada immediately prior to the amalgamation;
 - (7) **Business and Powers.** There shall be no restrictions on the business Amalco may carry on or on the powers it may exercise;
 - (8) **Stated Capital.** The aggregate stated capital of the issued Amalco common shares will be an amount equal to the the aggregate stated capital of the issued AcquireCo common shares immediately before this step;

- (9) **By-laws.** The by-laws of Amalco shall be the by-laws of AcquireCo, mutatis mutandis;
- (10) **Effect of Amalgamation.** The provisions of subsections 186(b), (c), (d), (e) and (f) of the ABCA shall apply to the amalgamation with the result that:
 - (A) all of the issued and outstanding Bacanora Canada Shares shall be cancelled without any repayment of capital in respect of such Bacanora Canada Shares;
 - (B) all of the issued and outstanding common shares of AcquireCo held by Bacanora UK shall be converted into common shares of Amalco on the basis of one common share of Amalco for each common share of AcquireCo;
 - (C) all of the property of each of Bacanora Canada and AcquireCo shall continue to be the property of Amalco;
 - (D) Amalco shall continue to be liable for all of the obligations of each of Bacanora Canada and AcquireCo;
 - (E) any existing cause of action, claim or liability to prosecution of Bacanora Canada and AcquireCo shall be unaffected;
 - (F) any civil, criminal or administrative action or proceeding pending by or against Bacanora Canada and AcquireCo may be continued to be prosecuted by or against Amalco; and
 - (G) a conviction against, or ruling, order or judgment in favour of or against, Bacanora Canada and AcquireCo may be enforced by or against Amalco;
- (11) **Articles.** The Articles of Arrangement filed shall be deemed to be the articles of amalgamation of Amalco and the Certificate issued in respect of such Articles of Arrangement by the Registrar under the ABCA which gives effect to the Arrangement shall be deemed to be the certificate of amalgamation of Amalco; and
- (12) **Inconsistency with Laws.** To the extent any of the provisions of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency..

4. Certificates

4.1 Issuance of Certificates Representing Bacanora UK Shares

- (a) Pursuant to directions and set-off agreements to be entered into by each of Bacanora UK, AcquireCo and Bacanora Canada, Bacanora UK shall issue Bacanora UK Shares directly to holders of Bacanora Canada Shares. At or promptly after the Effective Time,

Bacanora UK shall deliver a treasury direction to Capita Asset Service (the "**Bacanora UK Transfer Agent**") for the issuance of Bacanora UK Shares to holders of Bacanora Canada Shares.

- (b) In the case of Bacanora Canada Shares in certificated form, upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Bacanora Canada Shares that were exchanged for Bacanora UK Shares, together with such other documents and instruments as would have been required to effect the transfer of the shares formerly represented by such certificate under the ABCA and the constating documents of Bacanora Canada and such additional documents and instruments as the Depositary may reasonably require, including the Letter of Transmittal, such former Bacanora Canada Shareholder shall be entitled to receive in exchange therefor, and the Depositary shall arrange for the delivery to such former Bacanora Canada Shareholder, a certificate representing that number of Bacanora UK Shares which such former Bacanora Canada Shareholder has the right to receive pursuant to the Arrangement and the certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of Bacanora Canada Shares which is not registered in the transfer records of Bacanora Canada, a certificate representing the proper number of Bacanora UK Shares may be issued to the transferee if the certificate representing such Bacanora Canada Shares is presented to the Depositary, accompanied by all documents required to evidence and effect such transfer. Until surrendered as contemplated by this section 4.1(b), each certificate which immediately prior to the Effective Time represented one or more outstanding Bacanora Canada Shares that were transferred and exchanged for Bacanora UK Shares shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender the certificate representing Bacanora UK Shares as contemplated by this section 4.1(b).
- (c) In the case of Bacanora Canada Shares in uncertificated form, upon receipt by the Depositary of election and registration instructions, including CREST details relating to the custodian's name, identification number (PIN) and the shareholder's holder identification number (HIN) from the applicable custodian holding the Bacanora Canada Shares on behalf of Bacanora Canada Shareholders, the Bacanora UK Transfer Agent shall arrange to credit CREST accounts with that number of Bacanora UK Shares which the former Bacanora Canada Shareholders have the right to receive pursuant to the Arrangement and the former Bacanora Canada Shareholders' beneficial ownership of Bacanora Canada Shares shall forthwith be cancelled. In the event of a transfer of ownership of Bacanora Canada Shares that is not registered in the transfer records of Bacanora Canada, the proper number of Bacanora UK Shares may be credited to the applicable CREST account to be held on behalf of the transferee if the nominee or custodian delivers to the Depositary and the Bacanora UK Transfer Agent all documents and all CREST details required to evidence and effect such transfer. Bacanora UK reserves the right to issue Bacanora UK Shares in connection with the Arrangement in certificated form in the event of any interruption, failure or breakdown of CREST or the facilities and/or systems operated by the Bacanora UK Transfer Agent or in the event that improper or incomplete CREST details are provided.
- (d) Any certificate formerly representing Bacanora Canada Shares that is not deposited with all other documents as required by this Plan of Arrangement on or before the last Business Day prior to the fifth anniversary of the Effective Date, or such shorter period required under any applicable law, shall cease to represent a right or claim of any kind or nature against Bacanora Canada or AcquireCo including the right of the former Bacanora

Canada Shareholder to receive Bacanora UK Shares (and any dividends and other distributions thereon), and the right of the former Bacanora Canada Shareholder to receive Bacanora UK Shares or any other consideration or other property, shall be deemed to have been surrendered to AcquireCo for no consideration.

4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Bacanora Canada Shares that were transferred and exchanged pursuant to section 3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will cause to be issued in exchange for such lost, stolen or destroyed certificate, one or more certificates representing one or more Bacanora UK Shares in accordance with the foregoing provisions of this Article 4. When authorizing such issuance of a certificate in exchange for any lost, stolen or destroyed certificate, the Person to whom certificates representing Bacanora UK Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Bacanora Canada, Bacanora UK and their respective transfer agents in such sum as Bacanora Canada or Bacanora UK may direct or otherwise indemnify Bacanora Canada and Bacanora UK in a manner satisfactory to Bacanora Canada and Bacanora UK against any claim that may be made against Bacanora Canada and Bacanora UK with respect to the certificate alleged to have been lost, stolen or destroyed.

5. Amendment of the Plan of Arrangement

- (a) Bacanora Canada reserves the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be set out in writing, filed with the Court and, if made following the Bacanora Canada Meeting, approved by the Court and communicated to the Bacanora Canada Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Bacanora Canada at any time prior to the Bacanora Canada Meeting with or without any other prior notice or communication, and if so proposed and accepted by the Bacanora Canada Shareholders voting at the Bacanora Canada Meeting, shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Bacanora Canada Meeting shall be effective only if it is consented to by Bacanora Canada and if required by the Court, it is consented to by the Bacanora Canada Shareholders voting in the manner directed by the Court.
- (d) Notwithstanding the foregoing, any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Bacanora UK, provided that it concerns a matter which, in the reasonable opinion of Bacanora UK, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of Bacanora UK Shares.

6. Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur as set out herein, each of the parties to the Arrangement Agreement shall make, do and execute or cause to be made done and executed all such further acts, deeds, agreements and documents as reasonably required in order to further document or evidence the transactions or events set out herein.

SCHEDULE 2

ARRANGEMENT RESOLUTION

To consider and, if thought appropriate, to approve the following Special Resolution:

1. The arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") among Bacanora Minerals Ltd. ("**Bacanora Canada**"), 1976844 Alberta Ltd. ("**AcquireCo**"), Bacanora Lithium Plc ("**Bacanora UK**"), the holders of the common shares ("**Common Shares**") of Bacanora Canada, as more particularly described in the Management Information Circular (the "**Circular**") of Bacanora Canada is hereby authorized, approved and adopted.
2. The arrangement agreement (the "**Arrangement Agreement**") dated February 16, 2018 entered into between Bacanora Canada, AcquireCo and Bacanora UK, and as may have been amended, varied or supplemented from time to time, the actions of the directors of Bacanora Canada in approving the Arrangement Agreement and the Arrangement and executing and delivering the Arrangement Agreement and performing all acts required to be performed by them thereunder, are hereby confirmed, ratified, authorized and approved.
3. The plan of arrangement (the "**Plan of Arrangement**"), a copy of which is appended as Schedule 1 to the Arrangement Agreement, as may have been amended, varied or supplemented is hereby authorized, approved and adopted.
4. Notwithstanding the approval of the Arrangement, the Arrangement Agreement and the Plan of Arrangement pursuant to this special resolution in accordance with the terms and conditions of an interim order of the Court of Queen's Bench (Alberta) as described in the Circular and the final approval of the Court of Queen's Bench (Alberta) to the Arrangement, the board of directors of Bacanora Canada is hereby authorized and directed, without further notice to or approval of the shareholders of Bacanora Canada entitled to vote on this resolution, to: (i) amend the Arrangement Agreement and Plan of Arrangement in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement in a manner consistent with any order made by the Court of Queen's Bench (Alberta); and (ii) subject to the terms of the Arrangement Agreement, determine not to proceed with the implementation of the Arrangement at any time prior to the filing of Articles of Arrangement with the Registrar under the ABCA.
5. Any director or officer is hereby authorized to execute and file with the Registrar under the ABCA Articles of Arrangement in the prescribed form in accordance with the Arrangement Agreement and any other documents deemed necessary or desirable.
6. Any director or officer of Bacanora Canada is hereby authorized to execute and deliver all such deeds, documents and other writings and perform such acts as may be necessary in order to give effect to this resolution.

APPENDIX B

INTERIM ORDER

(see attached).

APPENDIX C

NOTICE OF APPLICATION

(see attached).

COURT FILE NUMBER

1801-02335

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

MATTER

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING BACANORA MINERALS LTD., 1976844 Alberta Ltd., BACANORA LITHIUM PLC AND BACANORA MINERALS LTD. SHAREHOLDERS

APPLICANT

BACANORA MINERALS LTD.

DOCUMENT

ORIGINATING APPLICATION

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Gowling WLG (Canada) LLP
1600, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Phone Number: (403) 298-1904
Fax Number: (403) 695-3518

File No. A157976

Attention: Jennifer Koschinsky

NOTICE

This application will be heard as shown below:

DATE:

February 16, 2018

TIME:

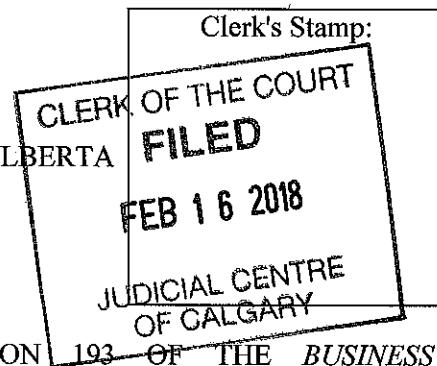
12:00 pm (Calgary time)

WHERE:

Calgary Courts Centre
601 – 5th Street S.W.
Calgary, Alberta T2P 5P7

BEFORE WHOM:

The Honourable Madame Justice G.A. Campbell
– Commercial List



Basis for this claim:

1. The Applicant, Bacanora Minerals Ltd. ("**Bacanora Canada**") states that:
 - (a) Bacanora Canada is a body corporate existing under the *Business Corporations Act*, R.S.A., 2000, c. B-9 (the "**ABCA**").
 - (b) The head and registered offices of Bacanora Canada are located in Calgary, Alberta.
 - (c) Bacanora Canada seeks approval of this Honourable Court pursuant to Section 193 of the *ABCA* for a plan of arrangement (the "**Arrangement**") which is proposed pursuant to the terms of an arrangement agreement (the "**Arrangement Agreement**") dated as of February 16, 2018 among Bacanora Canada, Bacanora Lithium Plc ("**Bacanora UK**") and 1976844 Alberta Ltd. ("**AcquireCo**").
 - (d) It is impracticable to effect the result contemplated by the Arrangement under any provision of the *ABCA* other than Section 193 thereof.
 - (e) The Arrangement is not a takeover bid within the meaning of Section 194 of the *ABCA*.
 - (f) The Final Order of this Honourable Court approving the Arrangement, and declaring the fairness of the Arrangement, including the terms and conditions thereof and the proposed issuance and exchanges of the securities contemplated therein, will, if granted, constitute the basis for an exemption from the registration requirement of the United States Securities Act of 1933, as amended, pursuant to Section 3(a)(10) thereof, with respect to the issuance of the common shares of Bacanora UK issuable to the holders of common shares of Bacanora Canada (the "**Bacanora Canada Shareholders**") in exchange for their common shares of Bacanora Canada pursuant to the Arrangement.
 - (g) The Arrangement is fair to the persons affected.

Relief Sought:

2. An interim order directing:
 - (a) approval of the Arrangement pursuant to Section 193 of the *ABCA* and pursuant to the terms and conditions of the Arrangement Agreement as described in the Affidavit of Paul Bolger, Corporate Secretary of Bacanora Canada, filed herein;

- (b) directions for the calling and holding of a meeting of the Bacanora Canada Shareholders to, among other things, consider and vote upon the proposed Arrangement, for the giving of notice of such meeting and for the return of this Application, for the manner of conducting the vote in respect of such meeting, and for such other matters as may be required for the proper consideration of the Arrangement;
- (c) a declaration that the Arrangement will, upon the filing of Articles of Arrangement under the *ABCA* and the issuance of the Proof of Filing of Articles of Arrangement under the *ABCA*, be effective under the *ABCA* in accordance with its terms;
- (d) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to Bacanora Canada Shareholders and other affected parties, both from a substantive and procedural point of view;
- (e) a Final Order approving the Arrangement proposed by the Applicant pursuant to section 193(9) of the *ABCA*; and
- (f) such further and other orders, declarations and directions as this Honourable Court may deem just.

Affidavit or other evidence to be used in support of this application:

- 3. The Affidavit of Paul Bolger, Corporate Secretary of Bacanora Canada, sworn on February 16, 2018;
- 4. A supplemental affidavit to be sworn and filed after the conduct of the meeting and before the Application for Final Order and the exhibits that will be appended thereto; and
- 5. Such further information as counsel may advise and as this Honourable Court may permit.

Applicable Acts and Regulations:

- 6. Rule 3.8 of the *Rules of Court*.
- 7. *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended.

APPENDIX D
BACANORA MINERALS LTD.
(the "Company")
FORM 58-101F2
CORPORATE GOVERNANCE
(For the Year Ended and as at June 30, 2017)

(NOTE: all information provided herein is as at June 30, 2017)

1. **Board of Directors** — Disclose how the board of directors (the "Board") facilitates its exercise of independent supervision over management, including

- (i) the identity of directors that are independent are:

The independent directors of the Board are James Strauss, Raymond Hodgkinson, Andres Antonius, Eileen Carr.

- (ii) the identity of directors who are not independent, and the basis for that determination.

Mark Hohnen and Derek Batorowski are not independent as, as at June 30, 2017, they were executive officers of the Company. Mr. Batorowski resigned as Chief Financial Officer on February 5, 2018. Junichi Tomono is also not independent as he is the representative of a significant shareholder of the Company.

In determining whether a director is independent, the Company chiefly considers whether the director has a material relationship with the Company, which is a relationship that, in the view of the Board could, or could reasonably be expected or perceived to interfere with the director's exercise of independent judgment.

2. **Directorships** — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following directors of the Company presently serve as directors of other reporting issuers as follows:

| Director | Reporting Issuer |
|----------------|---|
| Jamie Strauss | Altius Mineral Corporation (TSXV) Gold Standard Ventures Corp. (NYSE, TSX) |
| Eileen Carr | Sylvania Platinum Ltd. (AIM) |
| Ray Hodgkinson | Westcore Energy Ltd. (TSXV) Troy Energy Corp. (NEX) |

Orientation and Continuing Education — Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the board takes to provide continuing education for directors.

The Company has not developed an official orientation or training program for new directors as required, though the appointment of new directors is confirmed via an appointment letter together with accompanying legal memoranda, which summarizes each directors' anticipated roles and certain additional applicable duties, obligations, rights and entitlements that apply vis-à-vis all directors. New directors also have the opportunity to become familiar with the Company by meeting with other directors and the Company's officers and employees. Orientation activities are tailored to the particular needs and expertise of each director and the overall needs of the Board. New directors are also presented with an appointment letter, together with accompanying legal memoranda that summarize their various duties, obligations, rights and entitlements.

3. **Ethical Business Conduct** — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

The Company has adopted a Policy on Conflicts and Director Interests, which set forth the various duties and obligations imposed upon directors in situations where conflicts (or potential conflicts of interest) arise. The Company has also adopted an Anti-Bribery and Anti-Corruption Policy, which specifically sets forth parameters for Company officers, directors and employees to adhere to in order to ensure that the Company does not contravene any Anti-Bribery or Anti-Corruption laws within any of the jurisdictions in which it operates. In addition to the aforementioned formal policies, the Board believes that the Company's size facilitates informal review of and discussions with employees and consultants. The Board monitors ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that in addition to the formal policies noted above, the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

4. **Nomination of Directors** — Disclose what steps, if any, are taken to identify new candidates for Board nomination, including:

- (i) who identifies new candidates, and
- (ii) the process of identifying new candidates.

The Board has not appointed a nominating committee as the Board fulfills these functions. When the Board identifies the need to fill a position on the Board, the Board requests that current Directors forward potential candidates for consideration.

5. **Compensation** — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation; and

The Remuneration Committee recommends to the Board of Directors of the Company the compensation of the Company's directors and the CEO, President, CFO and senior officers that the Committee feels is suitable, primarily by comparison of the remuneration paid by other corporations that the Committee feels are similarly placed within the same business as the Company.

- (ii) the process of determining compensation.

Market comparisons as well as evaluation of similar positions in the same industry and/or in the same geography are among the criteria used in recommending compensation levels. Following a review of such criteria, the Remuneration Committee will make a recommendation to the Board of Directors, which may adopt the recommendation or modify it as it sees fit.

6. **Other Board Committees** — If the Board has standing committees other than the audit and compensation identify the committees and describe their function.

There are no other standing committees at the present time other than a Corporate Governance Committee and a Disclosure Committee.

The corporate governance Committee is established under the terms of reference of the Company's Corporate Governance Policy. It is established to provide for the Board's effectiveness and continuing development and will, generally, assist the Board in developing the Company's approach to its own governance. It is comprised of the following individuals:

*Mark Hohnen
James Strauss*

Raymond Hodgkinson

The Disclosure Committee is established under and governed by the Company's Disclosure Policy and the Independent Committee, which is established for a special review purpose of certain prior transaction of the Corporation. The Disclosure Committee is comprised of the following individuals:

*Chairman of the Board;
Chief Executive Officer;
Chief Financial Officer;
Company Secretary; and
the Company's lead legal counsel.*

All public disclosure by the Company must be distributed to the Disclosure Committee and must be approved by not less than a majority of the members of the Disclosure Committee prior to release.

7. **Assessments** — Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.

Historically, the Board has taken responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision making processes and the quality of information provided by management. In addition to the foregoing (and as noted herein), the Board has implemented the following corporate policies to assist and guide the Board in the fulfillment of the individual directors' duties and obligations:

- *Disclosure Policy;*
- *Policy on Conflicts and Director Interests;*
- *Anti-Bribery and Anti-Corruption Policy; and*
- *Corporate Travel Policy.*

Assessment of individual directors' adherence to the foregoing policies is conducted as and when deemed appropriate or necessary by the Board.

APPENDIX E
BACANORA MINERALS LTD.
(the "Company")
AUDIT COMMITTEE CHARTER

1 DEFINITIONS

1.1 In this document:

1.1.1 reference to the "Board" shall mean the Board of Directors of the Company;

1.1.2 reference to the "Chairman" shall mean the chairman of the Board;

1.1.3 reference to the "Committee" shall mean the Audit Committee of the Board; and

1.1.4 reference to the "Committee Chairman" shall mean the member appointed as the chairman of the Committee; and

1.1.5 reference to the "Company" shall mean Bacanora Minerals Ltd.

2 MEMBERS

2.1 The members of the Committee for the time being shall be:

2.1.1 Eileen Carr (Committee Chairman)

2.1.2 Raymond Hodgkinson; and

2.1.3 Jamie Strauss.

3 PURPOSE

3.1 The Committee is appointed by the Board to assist the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company.

4 MEMBERSHIP

4.1 The Committee shall comprise of at least three members, the majority of whom shall qualify as "independent", as defined in NI 58-101 and the UK Corporate Governance Code. At least one of the members must be Canadian resident.

4.2 A majority of members of the Committee shall be financially literate. For purposes hereof "financially literate" has the meaning set forth under MI 52-110 (as amended from time to time) and currently means the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably be expected to be raised by the Corporation's financial statements.

4.3 Members of the Committee shall be appointed annually at a meeting of the Board, typically held after the annual shareholders' meeting, on the recommendation of and in consultation with the Committee Chairman. Any member may be removed or replaced at any time by the Board and shall in any event cease to be a member of the Committee upon ceasing to be a member of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

4.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, Chief Executive Officer, Finance Director, other directors, the heads of risk, compliance and internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate and necessary.

- 4.5 The Board shall appoint the Committee Chairman, who shall be an independent director. The Chairman shall have responsibility for overseeing that the Committee fulfills its mandate and its duties effectively. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 4.6 The Committee shall meet all applicable securities laws, instruments, rules and policies and regulatory requirements (collectively "Applicable Laws"), including relating to independence within the meaning of Applicable Laws.
- 4.7 The external auditors will be invited to attend meetings of the Committee on a regular basis.

5 SECRETARY

- 5.1 The secretary of the Company or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to all issues.

6 QUORUM AND MAJORITY

- 6.1 The quorum necessary for the transaction of business shall be any two (2) members, one of whom must be Canadian resident. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 6.2 Members may participate in a meeting of the Committee by means of conference telephone or other communication equipment.
- 6.3 Any matter to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Any action of the Committee may also be taken by an instrument or instruments in writing signed by all of the members of the Committee (including in counterparts) and any such action shall be as effective as if it had been decided by a majority of the votes cast at a meeting of the Committee called for such purpose.

7 MEETINGS

- 7.1 The Committee shall meet at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.
- 7.2 The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting;

8 NOTICE OF MEETINGS

- 8.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- 8.2 Unless otherwise agreed by consent of all members in writing, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

9 MINUTES OF MEETINGS

- 9.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 9.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

- 9.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all members of the Board unless it would be inappropriate to do so.
- 10 DUTIES**
- 10.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.
- 10.2 Financial Reporting
- 10.3 The Committee shall monitor the integrity of the financial statements of the Company, including its annual, half-yearly and quarterly Financial Statements and MD&As, interim management statements, and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- 10.4 In particular, the Committee shall review and challenge where necessary:-
- 10.4.1.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/group;
 - 10.4.1.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 10.4.1.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 10.4.1.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
 - 10.4.1.5 all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).
- 10.5 Narrative Reporting
- 10.5.1.1 Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- 10.6 Internal Controls and Risk Management Systems
- The Committee shall:-
- 10.6.1.1 keep under review the adequacy and effectiveness of the Company's internal financial controls and risk management systems and monitoring the proper implementation of such controls; and
 - 10.6.1.2 review and approve the statements to be included in the annual report concerning internal controls and risk management.
- 10.7 Compliance, whistleblowing and fraud
- The Committee shall:-
- 10.7.1.1 review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

10.7.1.2 review the Company's procedures for detecting fraud; and

10.7.1.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

10.8 Internal Audit

10.8.1.1 At the current stage of development of the Company, there is no dedicated Internal Audit function. The Audit Committee, in consultation with the Auditors, believes that the Company's current system of internal controls are sufficient for the time being. The Committee will continue to review this situation on an annual basis and will institute a dedicated Internal Audit function as and when appropriate”

10.9 External Audit

The Committee shall:-

10.9.1.1 consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting of shareholders, in relation to the appointment, re-appointment and removal of a firm of external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

10.9.1.2 ensure that at least once every 10 years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent external auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;

10.9.1.3 oversee the relationship with the external auditor including (but not limited to):-

- recommendations on their remuneration, whether fees for audit or non audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
- approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non audit services;
- satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
- review and approve the Company's hiring policy regarding partners, employees and former partners and employees of the present and any former auditor, then monitoring the implementation of this policy;
- monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
- assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- seeking to ensure co-ordination with the activities of the internal audit function;
- considering the risk of the withdrawal of the Company's present external auditor from the market; and
- evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their external auditor from the market in that evaluation;

10.9.1.4 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;

10.9.1.5 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement; and

10.9.1.6 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:-

- a discussion of any major issues which arose during the audit;
- any accounting and audit judgements; and

10.9.1.7 levels of errors identified during the audit.

10.9.2 The Committee shall also:-

- review the effectiveness of the audit;
- review any representation letter(s) requested by the external auditor before they are signed by management;
- review the management letter and management's response to the auditor's findings and recommendations; and
- develop and implement a policy on the supply of non audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

11 REPORTING RESPONSIBILITIES

11.1 The Committee Chairman shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities. The Committee Chairman shall also report to the Board on how it has discharged its responsibilities, as set out herein.

11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's Annual Report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor; and all other information requirements set out in the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and Mid-size Quoted Companies (the "QCA Code").

11.4 In compiling the reports referred to above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

12 OTHER MATTERS

The Committee shall:-

12.1 have access to sufficient resources in order to carry out its duties, including access to the Company's secretary for assistance as required;

- 12.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 12.3 at all times give due consideration to laws and regulations, the provisions of and recommendations in the QCA Code, the requirements of AIM Rules for Companies (including the Note for Investing Companies) and UK Listing Authority's Prospectus and Disclosure and Transparency Rules and any other applicable rules (as appropriate);
- 12.4 be responsible for co-ordination of the internal and external auditors;
- 12.5 oversee any investigation of activities which are within its terms of reference;
- 12.6 arrange for periodic review of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- 12.7 work and liaise as necessary with all other Board committees.

13 AUTHORITY

The Committee is authorised:-

- 13.1 to seek any information it requires from any employee of the Company in order to perform its duties;
- 13.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- 13.3 to call any employee to be questioned at a meeting of the Committee as and when required; and
- 13.4 to have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

14 REVIEW

- 14.1 The Committee with input by the Chair of the Board will review these terms of reference at least every two years or, where circumstances warrant, at such shorter interval as is necessary, to determine if further additions, deletions or amendments are required and make recommendation to the Board as to their approval.

15 HISTORY

- 15.1 These Terms of Reference were:
 - 15.1.1 Initially adopted by the Board on July 2014
 - 15.1.2 Revised by the Board on 29 June 2017

Signed_____

Chairman of the Board of Directors

APPENDIX F
STOCK OPTION PLAN

1. THE PLAN

A stock option plan (the "**Plan**"), pursuant to which options to purchase common shares, or such other shares as may be substituted therefore ("**Shares**"), in the capital of Bacanora Minerals Ltd. (the "**Corporation**") may be granted to the directors, officers and employees of Bacanora Canada and to consultants retained by the Corporation, is hereby established on the terms and conditions set forth herein.

2. PURPOSE

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and employees of the Corporation and consultants retained by the Corporation to acquire Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally; (iii) encouraging such persons to remain associated with the Corporation and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation.

3. ADMINISTRATION

- (a) This Plan shall be administered by the board of directors of the Corporation (the "**Board**").
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as defined in paragraph 3(d) below), all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to: (i) construe and interpret this Plan and all option agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.
- (c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the President or any other officer of the Corporation. Whenever used herein, the term "Board" shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated responsibility and/or authority relating to the Plan or the administration and operation of this Plan pursuant to this Section 3.
- (d) Options to purchase the Shares granted hereunder ("**Options**") shall be evidenced by: (i) an agreement, signed on behalf of the Corporation and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve; or (ii) a written notice or other instrument, signed by the Corporation, setting forth the material attributes of the Options.

4. SHARES SUBJECT TO PLAN

- (a) Subject to Section 15 below, the securities that may be acquired by Participants upon the exercise of Options shall be deemed to be fully authorized and issued Shares of the Corporation. Whenever used herein, the term "Shares" shall be deemed to include any other securities that may be acquired by a Participant upon the exercise of an Option the terms of which have been modified in accordance with Section 15 below.
- (b) The aggregate number of Shares reserved for issuance under this Plan or any other plan of the Corporation, shall not exceed ten percent (10%) of the total number of issued and outstanding Shares (calculated on a non-diluted basis) unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are then listed to exceed such threshold.
- (c) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any un-purchased Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

5. **MAINTENANCE OF SUFFICIENT CAPITAL**

The Corporation shall at all times during the term of this Plan ensure that the number of Shares it is authorized to issue shall be sufficient to satisfy the Corporation's obligations under all outstanding Options granted pursuant to this Plan.

6. **ELIGIBILITY AND PARTICIPATION**

(a) The Board may, in its discretion, select any of the following persons to participate in this Plan:

- (i) directors of the Corporation;
- (ii) officers of the Corporation;
- (iii) employees of the Corporation; and
- (iv) consultants retained by the Corporation, provided such consultants have performed and/or continue to perform services for the Corporation on an ongoing basis or are expected to provide a service of value to the Corporation;

(any such person having been selected for participation in this Plan by the Board is herein referred to as a "**Participant**").

(b) The Board may from time to time, in its discretion, grant an Option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein, provided that Options granted to any Participant shall be approved by the shareholders of the Corporation if the rules of any stock exchange on which the Shares are listed require such approval.

(c) The Corporation represents that, for any Options granted to an officer, employee or consultant of the Corporation, such Participant is a bona fide officer, employee or consultant of the Corporation.

7. **EXERCISE PRICE**

The Board shall, at the time an Option is granted under this Plan, fix the exercise price at which Shares may be acquired upon the exercise of such Option provided that such exercise price shall not be less than that from time to time permitted under the rules of any stock exchange or exchanges on which the shares are then listed and provided that the exercise price of any Option granted shall be no less than the closing trading price of the Shares on the last trading day immediately preceding the day of grant. In addition, the exercise price of an option must be paid in cash. In accordance with Section 18, disinterested shareholder approval shall be obtained by the Corporation prior to any reduction to the exercise price if the affected Participant is an insider (as such term is defined under the *Securities Act* (Alberta) (hereafter, an "**Insider**").

8. **NUMBER OF OPTIONED SHARES**

The number of Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted, provided that the aggregate number of Shares reserved for issuance to any one Participant under this Plan or any other plan of the Corporation, shall not exceed 5% of the total number of issued and outstanding Shares (calculated on a non-diluted basis) in any 12 month period unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are listed to exceed such threshold and provided further that the number of Options granted to any one consultant in a 12 month period shall not exceed 2% of the total number of issued and outstanding Shares and the aggregate number of Options granted to persons employed to provide investor relations activities shall not exceed 2% of the total number of issued and outstanding Shares in any 12 month period. The Corporation shall obtain shareholder approval for grants of Options to Insiders, of a number of Options exceeding 10% of the issued Shares, within any 12 month period.

9. **TERM**

The period during which an Option may be exercised (the "**Option Period**") shall be determined by the Board at the time that the Option is granted, subject to any vesting limitations which may be imposed by the Board in its sole unfettered discretion at the time that such Option is granted and Sections 11, 12 and 16 below, provided that:

- (a) no Option shall be exercisable for a period exceeding five (5) years from the date that the Option is granted unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are then listed and as specifically provided by the Board and as permitted under the rules of any stock exchange or exchanges on which the Shares are then listed, and in any event, no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted;
- (b) no Option in respect of which shareholder approval is required under the rules of any stock exchange or exchanges on which the Shares are then listed shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation;
- (c) the Board may, subject to the receipt of any necessary regulatory approvals, in its sole discretion, accelerate the time at which any Option may be exercised, in whole or in part; and
- (d) any Options granted to any Participant must expire within 90 days after the Participant ceases to be a Participant, and within 30 days for any Participant engaged in investor relation activities after such Participant ceases to be employed to provide investor relation activities.

10. **METHOD OF EXERCISE OF OPTION**

- (a) Except as set forth in Sections 11 and 12 below or as otherwise determined by the Board, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a director, officer, employee or consultant of the Corporation.
- (b) Options that are otherwise exercisable in accordance with the terms thereof may be exercised in whole or in part from time to time during the Option Period.
- (c) Any Participant (or his legal, personal representative) wishing to exercise an Option shall deliver to the Corporation, at its principal office in the City of Calgary, Alberta:
 - (i) a written notice expressing the intention of such Participant (or his legal, personal representative) to exercise his Option and specifying the number of Shares in respect of which the Option is exercised; and
 - (ii) a cash payment, certified cheque or bank draft, representing the full purchase price of the Shares in respect of which the Option is exercised.
- (d) Upon the exercise of an Option as aforesaid, the Corporation shall use reasonable efforts to forthwith deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Shares in respect of which the Option has been duly exercised.

11. **CEASING TO BE A DIRECTOR, OFFICER, EMPLOYEE OR CONSULTANT**

If any Participant shall cease to hold the position or positions of director, officer, employee or consultant of the Corporation (as the case may be) for any reason other than death, his Option will terminate at 4:30 p.m. (Calgary time) on the earlier of the date of the expiration of the Option Period and 90 days after the date such Participant ceases to hold the position or positions of director, officer, employee or consultant of the Corporation as the case may be, and ceases to actively perform services for the Corporation. Notwithstanding the foregoing, an Option granted to a Participant who performs investor relations services on behalf of the Corporation shall terminate on the date that is 30 days after the termination of the employment or cessation of services being provided and shall be subject to Exchange policies and procedures for the termination of Options for investor relations services. For greater certainty, the termination of any Options held by the Participant, and the period during which the Participant may

exercise any Options, shall be without regard to any notice period arising from the Participant's ceasing to hold the position or positions of director, officer, employee or consultant of the Corporation (as the case may be).

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall: (i) confer upon such Participant any right to continue as a director, officer, employee or consultant of the Corporation, as the case may be; or (ii) be construed as a guarantee that the Participant will continue as a director, officer, employee or consultant of the Corporation, as the case may be.

12. **DEATH OF A PARTICIPANT**

In the event of the death of a Participant, any Option previously granted to him shall be exercisable until the end of the Option Period or until the expiration of 12 months after the date of death of such Participant, whichever is earlier, and then, in the event of death, only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or applicable law; and
- (b) to the extent that he was entitled to exercise the Option as at the date of his death.

13. **RIGHTS OF PARTICIPANTS**

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until such Shares have been paid for in full and issued to such person.

14. **PROCEEDS FROM EXERCISE OF OPTIONS**

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine and direct.

15. **ADJUSTMENTS**

- (a) The number of Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Shares of the Corporation, and in any such event a corresponding adjustment shall be made to the number of Shares deliverable upon the exercise of any Option granted prior to such event without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share that may be acquired upon the exercise of the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under this Plan and to prevent any dilution or enlargement of the same.
- (b) Adjustments under this Section 15 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Shares shall be issued upon the exercise of an Option following the making of any such adjustment.

16. **CHANGE OF CONTROL**

Notwithstanding the provisions of Section 11 or any vesting restrictions otherwise applicable to the relevant Options, in the event of a sale by the Corporation of all or substantially all of its assets or in the event of a change of control of the Corporation, each Participant shall be entitled to exercise, in whole or in part, the Options granted to such Participant hereunder, either during the term of the Option or within 90 days after the date of the sale or change of control, whichever first occurs.

For the purpose of this Plan, "**change of control of the Corporation**" means and shall be deemed to have occurred upon:

- (a) the acceptance by the holders of Shares of the Corporation, representing in the aggregate, more than 50 percent of all issued Shares of the Corporation, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Shares of the Corporation; or
- (b) the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Shares acquired), directly or indirectly, of beneficial ownership of such number of Shares or rights to Shares of the Corporation, which together with such person's then owned Shares and rights to Shares, if any, represent (assuming the full exercise of such rights to voting securities) more than fifty percent (50%) of the combined voting rights of the Corporation's then outstanding Shares; or
- (c) the entering into of any agreement by the Corporation to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; or
- (d) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets or wind-up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and where the shareholdings remain substantially the same following the re-arrangement); or
- (e) individuals who were members of the Board of the Corporation immediately prior to a meeting of the shareholders of the Corporation involving a contest for or an item of business relating to the election of directors, not constituting a majority of the Board following such election.

17. **TRANSFERABILITY**

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of this Plan shall be non-transferrable and non-assignable unless specifically provided herein. During the lifetime of a Participant, any Options granted hereunder may only be exercised by the Participant and in the event of the death of a Participant, by the person or persons to whom the Participant's rights under the Option pass by the Participant's will or applicable law.

18. **AMENDMENT AND TERMINATION OF PLAN**

- (a) The Board may, at any time and from time to time, amend, suspend or terminate the Plan or an Option without shareholder approval, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or the consent or deemed consent of a Participant where such amendment, suspension or termination materially prejudices the rights of the Participant.
- (b) Notwithstanding the provisions of Section 18(a), the Board may not, without the approval of the security holders of the Corporation (or, as may be required by the policies and procedures of the Exchange, the approval of the disinterested security holders of the Corporation), make amendments to the Plan or any Option for any of the following purposes:
 - (i) to increase the maximum number of Shares that may be issued pursuant to Options granted under the Plan as set out in Section 8;
 - (ii) to reduce the exercise price of Options for the benefit of an Insider;
 - (iii) to extend the term of an Option beyond the Option Period for the benefit of an Insider; and
 - (iv) to amend the provisions of this Section 18.
- (c) In addition to the changes made pursuant to Section 3, the Board may, at any time and from time to time, without the approval of the security holders of the Corporation amend any term of any outstanding Option (including, without limitation, the exercise price, vesting and expiry of the Option), provided that:

- (i) any required approval of any regulator authority or stock exchange is obtained;
- (ii) if the amendments would reduce the exercise price or extend the expiry date of the Options granted to Insiders, approval of the security holders of the Corporation must be obtained;
- (iii) the Board would have had the authority to initially grant the Option under the terms so amended; and
- (iv) the consent or deemed consent of the Participant is obtained if the amendment would materially prejudice the rights of the Participant under the Option.

19. **NECESSARY APPROVALS**

The obligation of the Corporation to issue and deliver Shares in accordance with this Plan and Options granted hereunder is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Shares cannot be issued to a Participant upon the exercise of an Option for any reason whatsoever, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable.

20. **STOCK EXCHANGE RULES**

This Plan and any option agreements entered into hereunder shall comply with the requirements from time to time of the stock exchange or exchanges on which the Shares are listed.

21. **RIGHT TO ISSUE OTHER SHARES**

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

22. **NOTICE**

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid or delivered by courier or by facsimile transmission addressed, if to the Corporation, at its principal address in Calgary, Alberta (Attention: President); or if to a Participant, to such Participant at his address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing then to the last known address of such Participant; or if to any other person, to the last known address of such person.

23. **GENDER**

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

24. **INTERPRETATION**

This Plan will be governed by and construed in accordance with the laws of the Province of Alberta.

APPENDIX G
RESTRICTED SHARE UNIT PLAN

ARTICLE 1
PURPOSE

1.1 Purpose

- 1.1.1 The purpose of the Plan is to assist the Company and its Affiliates in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Company or an Affiliate to participate in the long term success of the Company or the Affiliate and to promote a greater alignment of interests between the participants designated under this Plan and the shareholders of the Company.

ARTICLE 2
DEFINITIONS

2.1 Definitions

- 2.1.1 For purposes of the Plan, the terms contained in this Article 2 shall have the following meanings.

- (a) "**Account**" or "**Restricted Share Unit Account**" has the meaning set forth in Section 4.1.1;
- (b) "**Affiliate**" means (i) any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in each case as determined by the Committee;
- (c) "**AIM**" means the AIM Market operated by the London Stock Exchange;
- (d) "**AIM Rules for Companies**" means the London Stock Exchange's rules and guidance notes contained in its "AIM Rules for Companies" publication relating to companies whose securities are traded on AIM, as amended from time to time;
- (e) "**Applicable Law**" includes, without limitation, all applicable securities, corporate, tax and other laws, rules, regulations, instruments, notices, blanket orders, decision documents, statements, circulars, procedures and policies including, without limitation, the policies and by-laws of the TSXV and the AIM Rules for Companies;
- (f) "**Applicable Withholding Taxes**" has the meaning attributed to that term in Section 6.4.1;
- (g) "**Award**" means an award of Restricted Share Units under this Plan;
- (h) "**Award Agreement**" means the agreement in writing evidencing the terms and conditions under which an Award has been granted under this Plan, substantially in the form attached hereto as **Exhibit A** for RSUs that are not Vested RSUs;
- (i) "**Beneficiary**" means, subject to Applicable Law, any person designated by a Participant to receive any amount payable under the Plan in the event of a Participant's death or, failing designation, the Participant's estate;
- (j) "**Board**" means the board of directors of the Company;
- (k) "**Blackout Period**" means the period during which the relevant Participant is prohibited from

trading in any securities of the Company due to trading restrictions imposed by the Company in accordance with its trading policies or under Applicable Law or regulatory policy;

- (l) "**Common Share**" means a common share without par value in the capital stock of the Company as the same are presently constituted;
- (m) "**Company**" means Bacanora Minerals Ltd. and its successor corporations;
- (n) "**Committee**" means the Remuneration Committee of the Company.
- (o) "**Date of Grant**" of a RSU means the date that such RSU is granted to a Participant under the Plan, as evidenced by an Award Agreement between the Company and the Participant;
- (p) "**Director**" means a member of the Board;
- (q) "**Eligible Person**" means Directors, senior officers, employees and consultants of the Company or its Affiliates or as otherwise determined by the Committee.
- (r) "**Exchange**" or "**Exchanges**" means, collectively or individually, as the case may be, the TSXV and AIM or any one of them.
- (s) "**Fair Market Value**" means, at any date, the higher of: (i) weighted average price per share at which the Common Shares have traded on the TSXV or AIM (as determined by the Committee) during the last five (5) trading days prior to that date; and (ii) the closing price of the Common Shares on the TSXV or AIM (as determined by the Committee) on the date prior to the relevant date or, if the Common Shares are not then listed and posted for trading on either the TSXV or AIM, then on such stock exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Board, or, if the Common Shares are not then listed and posted for trading on any stock exchange, then it shall be the fair market value per Common Share as determined by the Committee in its sole discretion; and for such purposes, the weighted average price per share at which the Common Shares have traded on the TSXV or AIM (as determined by the Committee) or on any other stock exchange shall be calculated by dividing: (i) the aggregate sale price for all of the Common Shares traded on such stock exchange during the relevant five (5) trading days by (ii) the aggregate number of Common Shares traded on such stock exchange during the relevant five (5) trading days;
- (t) "**Insider Participation Limits**" has the meaning attributed to that term in Section 4.6.2;
- (u) "**Original RSU**" has the meaning attributed to that term in Section 4.4.1;
- (v) "**Participant**" means an Eligible Person who has been designated by the Company for participation in the Plan and who has agreed to participate in the Plan and to whom RSUs have or will be granted hereunder;
- (w) "**Plan**" means this Restricted Common Share Unit Plan as set forth herein, as the same may be amended from time to time;
- (x) "**Redemption Date**" has the meaning attributed to that term in Section 4.3.
- (y) "**Restricted Share Unit**" or "**RSU**" means a bookkeeping entry on the books of the Company whereby a notional unit equivalent in value to one Common Share, and designated as a Restricted Share Unit, is credited to a Participant's Account in accordance with the terms set forth in the Plan;
- (z) "**Restricted Share Unit Account**" has the meaning set forth in Section 4.1.1;

- (aa) **"RSU Final Vesting Date"** means, with respect to a Restricted Share Unit granted to a RSU Participant, December 31 of the calendar year that is three (3) years after the calendar year in which the service was performed in respect of which the particular Award was made;
- (bb) **"RSU Vesting Date"** means, with respect to a Restricted Share Unit granted to a Participant, the date determined in accordance with Section 4.2.1;
- (cc) **"Termination Date"** in respect of a Participant means the earlier of
 - (i) the date of the Participant's death; and
 - (ii) the date that the Participant ceases to be an Eligible Person;
- (dd) **"Tax Act"** means the *Income Tax Act* (Canada), as amended;
- (ee) **"TSXV"** means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, on such stock exchange in Canada on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board; and
- (ff) **"Vested Restricted Share Unit"** or **"Vested RSU"** has the meaning attributed to that term in Section 4.2.3.

2.2 Interpretations

- 2.2.1 In this Plan, unless the context requires otherwise, words importing the singular number may be construed to extend to and include the plural number, and words importing the plural number may be construed to extend to and include the singular number.

ARTICLE 3 GRANT OF RESTRICTED SHARE UNITS

3.1 Grant of RSUs

- 3.1.1 Subject to the terms of the Plan, the Board may make grants of Restricted Share Units to Eligible Persons who are, in the opinion of the Board, in a position to contribute to the success of the Company or any of its Affiliates or who, by virtue of their service to the Company or any predecessors thereof or to any of its Affiliates, are in the opinion of the Board, worthy of special recognition, or as a means of cash conservation by granting such Eligible Persons Restricted Share Units in lieu of incentive cash compensation. Except as may be otherwise set out in this Plan, the granting of RSUs is entirely discretionary. Nothing in this Plan shall be deemed to give any person any right to participate in this Plan or to be granted an Award and the designation of any Award in any year or at any time shall not require the designation of such person to receive an Award in any other year or at any other time. The Committee and/or the Board shall consider such factors as it deems pertinent in selecting participants and in determining the amounts and terms of their respective Awards.
- 3.1.2 All grants of Restricted Share Units under this Plan will be evidenced by Award Agreements. Any one executive officer of the Company is authorized and empowered to execute and deliver, for and on behalf of the Company, an Award Agreement to each Participant.

3.2 Forfeited RSUs

- 3.2.1 Unless otherwise approved by the Board and provided for in the applicable Award Agreement, no Participant shall have any entitlement to receive any payment in respect of any RSUs that have been forfeited under this Plan, by way of damages, payment in lieu or otherwise.

ARTICLE 4 RESTRICTED SHARE UNITS

4.1 Restricted Share Unit Grants and Accounts

- 4.1.1 An Account, to be known as a "**Restricted Share Unit Account**", shall be maintained by the Company for each Participant who has been granted Restricted Share Units by way of a bookkeeping entry in the books of the Company. On each Date of Grant, the Account will be credited with the Restricted Share Units granted to a Participant on that date. The Restricted Share Units credited to the Participant's Restricted Share Unit Account will be cancelled as of the applicable Redemption Date.
- 4.1.2 The establishment of the Plan in respect of Restricted Share Units shall be an unfunded obligation of the Company. Neither the establishment of the Plan in respect of Restricted Share Units nor the grant of any Restricted Share Units shall be deemed to create a trust. Amounts payable to any Participant under the Plan in respect of Restricted Share Units shall be a general, unsecured obligation of the Company. The right of the Participant or Beneficiary to receive payment pursuant to the Plan in respect of Restricted Share Units shall be no greater than the right of other unsecured creditors of the Company.

4.2 Vesting and Forfeiture

- 4.2.1 Subject to Section 4.2.2 and unless otherwise approved by the Board and provided for in the applicable Award Agreement, a Restricted Share Unit granted under this Plan shall vest on the third anniversary of the Date of Grant; provided however, that all Restricted Share Units granted under a particular Award carrying a different vesting schedule shall vest on or before the RSU Final Vesting Date for such Restricted Share Units. It being understood the value of both Vested RSUs and unvested RSUs shall fluctuate with the value of the underlying Common Shares, nothing in this Plan shall be construed to give any Participant any right to a guaranteed minimum value of a particular RSU, whether at the time of grant, vesting, payment or any other time.
- 4.2.2 If any Blackout Period would apply at any particular time to prevent payment in respect of a Restricted Share Unit pursuant to Section 4.3.1 to be made on or before the RSU Final Vesting Date for such Restricted Share Unit, then the RSU Vesting Date for such Restricted Share Unit will be extended by the Board by up to ten (10) business days after the lifting of the relevant Blackout Period provided that such payment is made on or before the RSU Final Vesting Date for such Restricted Share Unit.
- 4.2.3 All Restricted Share Units recorded in a RSU Participant's Restricted Share Unit Account which have vested in accordance with this Plan or as provided for in the applicable respective Award Agreement and are not forfeited hereunder by the Participant are referred to herein as "**Vested Restricted Share Units**" or "**Vested RSUs**".
- 4.2.4 For greater certainty, no RSU Participant nor any Beneficiary or other person claiming through a RSU Participant shall be entitled to any benefit hereunder in respect of any Restricted Share Units that are not Vested Restricted Share Units.
- 4.2.5 Notwithstanding anything else herein contained, the Company may, in its discretion, at any time permit the acceleration of the RSU Vesting Date, all in the manner and on the terms as may be authorized by the Board.

4.3 Payment of Benefits in Respect of Restricted Share Units

- 4.3.1 Unless otherwise approved by the Board and provided for in the applicable Award Agreement, payment in redemption of an Award of a Restricted Share Unit granted to a RSU Participant shall become payable on each RSU Vesting Date for such Restricted Share Unit and redeemed in accordance with Section 4.3.2; provided, however that all payments under a particular Award shall be made on or before the RSU Final Vesting Date for such Restricted Share Unit (the "**Redemption Date**").
- 4.3.2 Subject to the provisions of this Article 4, on the Redemption Date with respect to a RSU Participant, the Company shall, in satisfaction of its obligations hereunder and in its sole discretion, either:
- (a) pay to the Participant, or Participant's Beneficiaries, on the Redemption Date a lump sum cash payment, net of any Applicable Withholding Taxes, equal to the number of RSUs credited to his or her Restricted Share Unit Account as of the Redemption Date multiplied by the Fair Market Value of one Common Share on the Redemption Date; or
 - (b) subject to Section 4.3.3 herein, deliver to the Participant, or to the Participant's Beneficiaries, on the Redemption Date that number of Common Shares as is equal to the whole number of RSUs credited to his or her Participant Account as of the Redemption Date, plus a cash settlement of any fraction of a RSU, provided that the Company shall be entitled to sell a portion of the Common Shares to fund payment of applicable taxes and any associated costs as contemplated in Section 6.4 herein.

The Participant shall have no further entitlement under the Plan upon receipt of the lump sum cash payment referred to in Section 4.3.2(a) or Common Shares (and where applicable, cash in lieu of fractional Common Shares) under Section 4.3.2(b).

4.3.3 Settlement of RSUs with Common Shares:

- (a) In order to satisfy its settlement obligation where the Company has, subject to approval by the Exchanges, elected to deliver Common Shares on a Redemption Date, the Company, at the discretion of the Board may elect to obtain Common Shares in respect of a Participant's entitlement through the facilities of the TSXV or AIM in accordance with the by-laws, regulations and policies of the TSXV, the AIM Rules for Companies and Applicable Laws or issue such Common Shares from treasury.
- (b) Any entitlement to fractional Common Shares shall be paid in cash based on the Fair Market Value of one Common Share on the Redemption Date, less any Applicable Withholding Taxes.
- (c) If the Company elects to deliver Common Shares on a Redemption Date, the Company shall pay all fees and commissions arising in connection with the purchase of such Common Shares by the Company.

4.4 Dividends Paid on Shares

- 4.4.1 Subject to Section 4.4.2, in the event the Company pays a dividend on the Common Shares subsequent to the granting of an Award, the number of Restricted Share Units relating to such Award (the "**Original RSU**") shall be increased by an amount equal to:
- (a) the product of: (i) the aggregate number of Original RSUs held by the Participant on the record date for such dividend; and (ii) the per Common Share amount of such dividend (or, in the case of any dividend payable in property other than cash, the per Common Share Fair Market Value of such property as determined by the Committee); divided by

- (b) the Fair Market Value of a Common Share calculated as of the date on which the dividend is declared.

4.4.2 In the event that the Company pays a dividend on the Common Shares in additional Common Shares, the number of Original RSUs shall be increased by a number equal to the product of: (a) the aggregate number of Original RSUs held by the Participant on the record date of such dividend; and (b) the number of Common Shares (including any fraction thereof) payable as a dividend on one Common Share.

4.5 Ceasing to be an Eligible Person

4.5.1 Subject to the Board's discretion to accelerate vesting under Section 4.2.5 and the provisions of any applicable Award Agreement, upon the Participant incurring a Termination Date prior to the RSU Vesting Date, all Restricted Share Units previously credited to such RSU Participant's Restricted Share Unit Account that did not become Vested Restricted Share Units on or prior to the Participant's Termination Date shall be terminated and forfeited as of such Termination Date.

4.5.2 If the relationship of the Participant with the Company ceases for any reason prior to the vesting of the Restricted Share Units such that the Participant is no longer an Eligible Person, whether or not such termination is with or without notice, adequate notice or legal notice or is with or without legal or just cause (if applicable), the RSU Participant's rights shall be strictly limited to those provided for in this Section 4.5, or as otherwise provided in the applicable Award Agreement between the Participant and the Company. Unless otherwise specifically provided in writing, the Participant shall have no claim to, or in respect of, any Restricted Share Units that may have or would have vested had due notice of termination of employment been given (in the case of an employee and/or an officer that is an employee of the Company or an Affiliate), nor shall the RSU Participant have any entitlement to damages or other compensation or any claim for wrongful termination or dismissal in respect of any Restricted Share Units or loss of profit or opportunity that may have or would have vested or accrued to the Participant if such wrongful termination or dismissal had not occurred or if due notice of termination had been given.

4.6 Maximum number of Common Shares and Limitations

4.6.1 The number of Common Shares issuable under the Plan shall not exceed 13,190,653 Common Shares, provided that at no time may the number of Common Shares issuable hereunder, together with all other security-based compensation arrangements of the Company (including, but not limited to the Company's stock option plan), exceed 10% of the issued and outstanding Common Shares as at the date of such Award.

4.6.2 Any grant of RSUs under the Plan shall be subject to the following restrictions:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to RSUs granted to any one individual in any twelve (12) month period shall not exceed one percent (1%) of the issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (b) the aggregate number of Common Shares reserved for issuance pursuant to RSUs granted to Insiders (as defined in the policies of the TSXV), as a group, shall not exceed two percent (2%) of the issued and outstanding Common Shares, unless disinterested shareholder approval is obtained; and
- (c) the aggregate number of Common Shares reserved for issuance pursuant to RSUs granted to any one individual in any twelve (12) month period, when combined with stock options granted under the Company's stock option plan, shall not exceed five percent (5%) of the issued and outstanding Common Shares, unless disinterested shareholder approval is obtained.

(the foregoing limits are collectively hereinafter referred to as the "**Insider Participation Limits**").

ARTICLE 5
ADJUSTMENTS AND MERGER AND ACQUISITION TRANSACTIONS

5.1 Adjustments

- 5.1.1 Appropriate adjustments to this Plan and to Awards shall be made, and shall be conclusively determined, by the Committee to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations, reorganizations or reclassifications of the Common Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other changes in the capital of the Company. Any dispute that arises at any time with respect to any such adjustment will be conclusively determined by the Committee, and any such determination will be binding on the Company, the Participant and all other affected parties.
- 5.1.2 The grant of any Awards under this Plan will in no way affect the Company's right to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, amalgamate, reorganize, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets or engage in any like transaction. For avoidance of doubt, in the event of any reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Common Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided that the consummation of the event subsequently occurs):
- (a) either: (i) termination of any such Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event, the Committee or the Board determines in good faith that no amount would have been attained upon the realization of the Participant's rights, then such Award may be terminated by the Company without any payment); or (ii) the replacement of such Award with other rights or property selected by the Committee or the Board, in its sole discretion; or
 - (b) that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices.
- 5.1.3 No adjustment provided for in this Article 4 will require the Company to issue a fractional share in respect of any or other Awards and the adjustment with respect to each Award will be limited accordingly.

ARTICLE 6
ADMINISTRATION

6.1 Administration

- 6.1.1 The Plan will be administered by the Committee. Notwithstanding the existence of the Committee, the Board itself will retain independent and concurrent power to undertake any action hereunder delegated to the Committee, whether with respect to the Plan as a whole or with respect to individual RSUs granted or to be granted under the Plan. In particular:
- (a) Subject to the limitations of the Plan, the Committee shall have full power to grant Awards, to determine the terms, limitations, restrictions and conditions respecting such Awards and to settle, execute and deliver Award Agreements and bind the Company accordingly, to interpret the Plan

and to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Plan.

- (b) The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent the Committee deems necessary or desirable to carry it into effect. Any decision of the Committee in the interpretation and administration of the Plan shall lie within its absolute discretion and shall be final, conclusive and binding on all parties concerned. No individual shall be liable for anything done or omitted to be done by such individual or any other individual, in connection with the performance of any duties under the Plan, except those that arise from such individual's own willful misconduct or as expressly provided by statute.
- (c) The determination by the Committee of any question that may arise as to the interpretation or implementation of the Plan or any of the RSUs granted hereunder shall be final and binding on all Participants and other persons claiming or deriving rights through any of them.

6.1.2 The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; provided, however, that the Committee shall not delegate such authority in such a manner as would contravene the by-laws, regulations and policies of the Exchanges or any applicable limitations under Applicable Law.

6.1.3 All costs and expenses of administering the Plan will be paid by the Company.

6.2 Amendments

6.2.1 This Plan may be amended at any time by the Board in its sole discretion, subject to applicable regulatory approval, (including, approval of the Exchanges, if and as required), and the terms of this Plan; provided that, no such amendment shall, unless required by law, adversely affect the rights of any Participant with respect to RSUs to which the Participant is then entitled under this Plan, without the consent of the Participant, and any amendment shall be such that this Plan continuously meets the conditions and requirements of Applicable Law.

6.2.2 Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan, without obtaining shareholder approval:

- (a) amendments to the vesting provisions of the Plan and any Award Agreement;
- (b) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the Applicable Laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the Exchanges in place from time to time;
- (c) amendments to the provisions of the Plan respecting administration of the Plan;
- (d) amendments to the provisions of the Plan respecting the terms and conditions on which Awards may be made pursuant to the Plan;
- (e) amendments to the Plan that are of a "housekeeping" nature; and
- (f) any other amendments, fundamental or otherwise, not requiring shareholder approval under Section 6.2.3, Applicable Laws or applicable policies of the Exchanges.

6.2.3 Without limiting the generality of the foregoing, the Board may not, without the approval of the Company's shareholders, make the following amendments to the Plan:

- (a) an increase to the Plan maximum or the number of Common Shares issuable under the Plan;
- (b) any amendment to the amendment provisions in Sections 6.2.2 and 6.2.3 of the Plan;
- (c) extension of the termination or expiry of an Award;
- (d) the removal or increase of Insider Participation Limits;
- (e) any change that would materially modify the eligibility requirements for participation in this Plan;
and
- (f) any amendment that permits the assignment or transfer of a RSU other than for normal estate planning purposes.

6.3 Termination

6.3.1 The Board may, in its sole discretion and without the consent of any Participant, terminate the Plan at any time by giving written notice thereof to each Participant. Following termination of the Plan, additional RSUs shall not be credited to the Accounts of Participants except pursuant to Article 4 hereof. Notwithstanding the termination of the Plan, all amounts distributable under the Plan shall be paid to the persons entitled thereto on the date on which such distributions would have been made had the Plan not been terminated.

6.4 Applicable Withholding Taxes

6.4.1 Prior to the delivery of any Common Shares or cash under this Plan, the Company shall have the power and the right to deduct or withhold, or to require a Participant to remit to the Company, an amount sufficient to satisfy any federal, provincial, local and foreign taxes, pension plan contributions, employment insurance premiums and any other required deductions (collectively referred to herein as "**Applicable Withholding Taxes**") that the Company determines is required to be withheld in order to comply with Applicable Laws. The Company shall make any withholdings or deductions in respect of Applicable Withholding Taxes as required by law or the interpretation or administration thereof. The Company shall be entitled to make arrangements to sell a sufficient number of Common Shares to be issued pursuant to the Plan to fund the payment and remittance of Applicable Withholding Taxes that are required to be deducted or withheld and any associated costs (including fees).

6.5 Currency

6.5.1 All payments and benefits under the Plan shall be determined and paid in the lawful currency of either Canada or the United Kingdom, at the discretion of the Committee.

6.6 Beneficiaries and Claims for Benefits

6.6.1 Subject to the requirements of Applicable Law, a Participant shall designate in writing a Beneficiary to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in such form and executed and filed in such manner as the Committee or the Board may from time to time determine.

6.7 General

- 6.7.1 Nothing contained in the Plan shall prevent the Company or any of its Affiliates from adopting or continuing in effect other compensation arrangements (subject to shareholder approval if such approval is required by the Exchanges) and such arrangements may be either generally applicable or applicable only in specific cases.
- 6.7.2 The validity, construction and effect of the Plan, the grants of Awards, any rules and regulations relating to the Plan and Award Agreement, and all determinations made and actions taken pursuant to the Plan, shall be governed by and determined in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
- 6.7.3 If any provision of the Plan or any Award Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person, or RSU and the remainder of the Plan and any such Award Agreement shall remain in full force and effect.
- 6.7.4 Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any of its Affiliates and a Participant or any other person.
- 6.7.5 Headings are given to the sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.
- 6.7.6 The Plan shall enure to the benefit of and be binding upon the Company and its successors and assigns. The interest of any Participant under the Plan in any RSU shall not be transferable or alienable by the Participant either by pledge, assignment or in any other manner whatever, otherwise than by testamentary disposition or in accordance with the laws governing the devolution of property in the event of death; and after the Participant's lifetime shall enure to the benefit of and be binding upon the Participant's Beneficiary.
- 6.7.7 Nothing herein or otherwise shall be construed so as to confer on any Participant any rights as a shareholder of the Company with respect to any Common Shares reserved for the purpose of any Award, including for greater certainty, no Award shall confer any entitlement as to dividends or voting rights on a Participant until the date of purchase or issuance of such Common Shares, as determined by the Board, for the Account of such Participant as specifically provided herein.
- 6.7.8 Neither designation as a Participant nor the grant of any RSUs to any Participant entitles any Participant to any additional grant of any RSUs under the Plan. Neither the Plan nor any action taken hereunder shall interfere with the right of the Company to terminate a Participant's employment, if applicable, at any time. Neither any period of notice, if any, nor any payment in lieu thereof, upon termination of employment shall be considered as extending the period of employment for the purposes of the Plan.

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SCHEDULE A

BACANORA MINERALS LTD.

Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ☐, 201[☐] [four months and one day after the Date of Grant].

RESTRICTED SHARE UNIT AWARD AGREEMENT

This **RESTRICTED SHARE UNIT GRANT AGREEMENT** is made as of the day of _____, 201__ (the "**Date of Grant**") between:

BACANORA MINERALS LTD. (the "**Company**") and the undersigned (the "**Participant**"), being a Director, officer, employee or consultant of the Company or an Affiliate pursuant to the terms of the Restricted Share Unit Plan of the Company, as may be amended from time to time (the "**Plan**").

In consideration of the award of Restricted Share Units ("**RSUs**") made to the Participant pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Participant hereby agrees and confirms that:

1. **Grant of Restricted Share Units.** Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant _____[#] Restricted Share Units.
2. **Date of Grant.** The Restricted Share Units are hereby granted on and effective as of the Date of Grant specified above and are granted in respect of services provided during the 201__ calendar year.
3. **Vesting.** Restricted Share Units issued under the Plan shall vest as provided in the Plan.
4. **Entitlement of the Restricted Share Units.** Payment in respect of a Vested Restricted Share Unit shall be made as provided in the Plan.
5. **Incorporation of Plan.** All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Award Agreement, the terms and conditions of the Plan, as interpreted by the Committee, shall govern. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. The Participant hereby acknowledges that, subject to the powers and limitations established by the Board, all decisions, determinations and interpretations of the Committee in respect of the Plan, this Award Agreement and the Restricted Share Units evidenced hereby shall be final and conclusive.
6. **Tax.** Participant should consult his or her own tax advisor regarding the Canadian, U.K., U.S., Mexican or other federal, provincial, state and local, and foreign tax consequences (as applicable) of participation in the Plan.
7. **Ceasing to be an Eligible Person.** Without limiting the generality of the foregoing, the Participant hereby acknowledges and agrees that all Restricted Share Units previously credited to the Participant's Restricted Share Unit Account which did not become Vested Restricted Share Units on or prior to the Participant's Termination Date shall be terminated and forfeited by the Participant as of such Termination Date. For the purposes of the Plan, the Participant's Termination Date shall be the earlier of: (i) the date of the Participant's death; or (ii) the date that the Participant ceases to be an Eligible Person.

8. **Reporting.** Participants who are "insiders" of the Company are required to file an insider report under Canadian securities laws in respect of the grant of RSUs and upon future payment or conversion of these RSUs into Common Shares and any subsequent sales of such Common Shares.
9. **Interpretation.** Capitalized terms not otherwise defined in this Award Agreement shall bear the meaning ascribed to them under the Plan.
10. **Miscellaneous.** This Agreement shall be governed by, and shall be construed and administered according to, the laws of the Province of Alberta, without reference to principles of conflicts of law. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its duly authorized officer and the Participant has signed this Award Agreement on his or her own behalf, thereby representing that he or she has carefully read and understands this Award Agreement and the Plan, effective as of the date first written above.

BACANORA MINERALS LTD.

By:

Name:
Title:
(Authorized Signing Officer)

Accepted: _____, 201__

[Participant Name]

APPENDIX H
BACANORA UK RESOLUTIONS
GENERAL MEETING RESOLUTIONS OF
BACANORA LITHIUM PLC
PASSED ON 16 FEBRUARY 2018

At the General Meeting Bacanora Lithium Plc (the "**Company**") duly convened at The Clubhouse, 8 St. James's Square, London SW1Y 4JU on 16 February 2018 at 2.15p.m. (the "**Meeting**") the below resolutions were duly passed.

Defined terms used in these Resolutions as follows:

| | |
|---|---|
| " Bacanora Canada " | Bacanora Minerals Ltd, a public limited company with registration number 2014289082, whose registered office address is at 2204 6 Ave NW, Calgary, Alberta T2N OW3; |
| " Bacanora Canada AGM " | the Annual and Special Meeting of the Bacanora Canada Shareholders to be held on 19 March 2018, and any adjournment thereof, being called in order to <i>inter alia</i> ask the Bacanora Canada Shareholders to approve the Plan of Arrangement and the Re-domicile Proposal, and to provide approval in principle of Resolutions 2 and 5 or 3 and 6 below; |
| " Bacanora Canada Shares " | common shares of no par value in the capital of Bacanora Canada; |
| " Bacanora Canada Shareholders " | holders of Bacanora Canada Shares; |
| " Bacanora UK Shares " | ordinary shares of £0.10 each in the capital of the Company; |
| " Plan of Arrangement " | the plan of arrangement implementing the Re-domicile Proposal as described in the Plan Circular and any amendments or variations thereto; |
| " Re-domicile Proposal " | means the proposal to re-domicile Bacanora Canada by way of a plan of arrangement under which Bacanora Canada Shares will be exchanged for Bacanora UK Shares; |
| " RSU Plan " | the restricted share unit plan of Bacanora Canada approved by the board of directors of Bacanora Canada in September 2017; and |
| " Stock Option Plan " | collectively, the stock option plan of Bacanora Canada approved by the board of directors at Bacanora Canada on 6 May 2015 and the stock option plan approved by Bacanora Canada Shareholders in June 2015. |

ORDINARY RESOLUTIONS

- 1 **THAT**, in accordance with section 551 of the Companies Act 2006 (CA 2006), the directors of the Company (or a duly constituted committee of the directors) ("**Directors**") be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of:

- 1.1 £13,403,987.10, representing the total nominal value of 134,039,871 new Bacanora UK Shares to be allotted to Bacanora Canada Shareholders in exchange for the transfer by them, on a one for one basis, to the Company of 134,039,871 Bacanora Canada Shares; and
- 1.2 up to £1,340,398.71 representing new Bacanora UK Shares to be allotted to holders of options and other rights over Bacanora Canada Shares which (i) pursuant to the their terms will require, upon exercise of the options and/or rights, the issue and allotment of new Bacanora UK Shares; and/or (ii) pursuant to new arrangements to be put in place by the Company to replace the rights over Bacanora Canada Shares pursuant to the RSU Plan or the Stock Option Plan such that equivalent rights are granted in respect to Bacanora UK Shares,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 31 December 2018, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

- 2 **THAT**, subject to (i) the passing of Resolution 1 and (ii) this Resolution 2 being approved in principle by the Bacanora Canada Shareholders at the Bacanora Canada AGM, in accordance with section 551 of the Companies Act 2006 (CA 2006), the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £36,500,000 representing up to approximately 272% in aggregate of the issued share capital of the Company (as enlarged following the issue of the new Bacanora UK Shares proposed to be issued and allotted to Bacanora Canada Shareholders pursuant to paragraph 1.1 of Resolution 1), provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 18 months from the date of this resolution or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in addition to the authority granted under Resolution 1.

- 3 **THAT**, in the event that Resolutions 2 and 5 are not approved in principle by the Bacanora Canada Shareholders at the Bacanora Canada AGM, in accordance with section 551 of the Companies Act 2006 (CA 2006), the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal amount of £3,350,996.80, representing up to 25% in aggregate of the issued share capital of the Company (as enlarged following the issue of the new Bacanora UK Shares proposed to be issued and allotted to Bacanora Canada Shareholders pursuant to paragraph 1.1 of Resolution 1), provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 18 months from the date of this resolution or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would

or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in addition to the authority granted under Resolution 1.

SPECIAL RESOLUTIONS

4 **THAT**, subject to the passing of Resolution 1 and in accordance with section 570 of the CA 2006, the Directors be generally empowered to allot equity securities (as defined in section 560 of the CA 2006) pursuant to the authority conferred by Resolution 1 as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall:

4.1 be limited to the allotment of equity securities (as defined in section 560 of the CA 2006) up to an aggregate nominal amount of £14,744,385.81; and

4.2 expire on 31 December 2018 (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

5 **THAT**, subject to (i) the passing of Resolutions 1 and 4 and (ii) Resolution 2 and this Resolution 5 being approved in principle by the Bacanora Canada Shareholders at the Bacanora Canada AGM, and in accordance with section 570 of the CA 2006, the Directors be generally empowered to allot equity securities (as defined in section 560 of the CA 2006) pursuant to the authority conferred by Resolution 2 as if section 561(1) of the CA 2006 did not apply to any such allotment:

5.1 in connection with an offer by way of a rights issue:

- (a) to holders of Bacanora UK Shares in proportion (as nearly as may be practicable) to their respective holdings; and
- (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

5.2 in any other case, up to an aggregate nominal amount of £36,500,000 representing up to approximately 272% in aggregate of the issued share capital of the Company (as enlarged following the issue of the new Bacanora UK Shares proposed to be issued and allotted to Bacanora Canada Shareholders pursuant to paragraph 1.1 of Resolution 1) (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph 5.1 above),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 18 months from the date of this resolution or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require equity securities

to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in addition to the authority granted under Resolution 4.

- 6 **THAT**, in the event that Resolutions 2 and 5 are not approved in principle by the of Bacanora Canada Shareholders at the Bacanora Canada AGM, and subject to Resolutions 1, 3 and 4 being passed, and in accordance with section 570 of the CA 2006, the Directors be generally empowered to allot equity securities (as defined in section 560 of the CA 2006) pursuant to the authority conferred by Resolution 3 as if section 561(1) of the CA 2006 did not apply to any such allotment:

6.1 in connection with an offer by way of a rights issue:

- (a) to holders of Bacanora UK Shares in proportion (as nearly as may be practicable) to their respective holdings; and
- (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- 6.2 in any other case, up to an aggregate nominal amount of £3,350,996.80 representing up to 25% in aggregate of the issued share capital of the Company ((as enlarged following the issue of the new Bacanora UK Shares proposed to be issued and allotted to Bacanora Canada Shareholders pursuant to paragraph 1.1 of Resolution 1) (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph 6.1 above),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 18 months from the date of this resolution or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in addition to the authority granted under Resolution 4.

- 7 **THAT** the Company be authorised generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Bacanora UK Shares provided that:

7.1 The maximum aggregate number of Bacanora UK Shares that may be purchased is 20,105,980;

7.2 The minimum price (excluding expenses) which may be paid for each ordinary share is £0.10;

7.3 The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:

- (a) 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and

(b) the value of an ordinary share calculated on the basis of the higher of the price quoted for:

(i) the last independent trade of; and

(ii) the highest current independent bid for,

any number of Bacanora UK Shares on the trading venue where the purchase is carried out.

7.4 The authority conferred by this resolution shall expire on the date which is 18 months after the date of this resolution or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

8 **THAT** the Company adopt new Articles of Association in the form attached hereto and initialled by the Chairman for the purposes of identification.

