



Registration of a Charge

Company name: **SONORA LITHIUM LTD**

Company number: **11349694**



X7CZVFNS

Received for Electronic Filing: **24/08/2018**

Details of Charge

Date of creation: **23/08/2018**

Charge code: **1134 9694 0001**

Persons entitled: **RK MINE FINANCE BERMUDA 3 LIMITED**

Brief description:

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **NORTON ROSE FULBRIGHT LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 11349694

Charge code: 1134 9694 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 23rd August 2018 and created by SONORA LITHIUM LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 24th August 2018 .

Given at Companies House, Cardiff on 29th August 2018

The above information was communicated by electronic means and authenticated
by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

I certify that, save for material
redacted pursuant to s.859G
of the Companies Act 2006,
this copy instrument is a **correct copy**
of the original instrument.

Execution Version

Norton Rose Fulbright LLP
Sign & Dated 24/08/2018

Dated 23 August 2018

Bacanora Finco Limited,
Bacanora Lithium Plc,
Sonora Lithium Ltd,
Bacanora Treasury Limited,
Bacanora Minerals Ltd.,
Mexilit S.A. de C.V.,
Mineramex Limited,
Bacanora Chemco S.A. de C.V.,
Operadora de Litio Bacanora, S.A. de C.V.
and
Minera Sonora Borax S.A. de C.V.
as Chargors

RK Mine Finance Bermuda 3 Limited
as Issuer Security Trustee

CHARGE OVER PERMITTED SHAREHOLDER
LOANS

^
NORTON ROSE FULBRIGHT

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Deed dated 23 August 2018

PARTIES

1. The companies described in Schedule 1 as **Chargors**
2. RK Mine Finance Bermuda 3 Limited as **Issuer Security Trustee**

WHEREAS:

- A. RK Mine Finance Bermuda 3 Limited (the **Initial Noteholder**) has agreed to purchase notes from Bacanora Finco Limited (incorporated in England (registered no. 11404337)) (the **Issuer**) pursuant to and upon the terms and conditions contained in a note issuance deed in the amount US\$ 150,000,000 (the **US\$ 150 million Note Issuance Deed**) and a note issuance deed in the amount US\$ 56,000,000 each dated 3 July 2018 and made between the Issuer, the Initial Noteholder, the Issuer Security Trustee and RK Mine Finance Bermuda 3 Limited as registrar (each a **Note Issuance Deed** and collectively, the **Note Issuance Deeds**);
- B. In connection with the Note Issuance Deeds, the Chargors have agreed to charge the Charged Contracts (as hereinafter defined) to and in favour of the Issuer Security Trustee as security for the payment and performance of the Secured Obligations (as defined below) of the Issuer and the Guarantors (as defined in the Note Issuance Deeds) (the **Obligors**) under the Secured Issuer Transaction Documents (as defined below); and
- C. The Issuer Security Trustee is to hold for its own benefit and for the benefit of the Issuer Secured Creditors, any and all security for the payment and performance of the Secured Obligations of the Obligors under the Secured Issuer Transaction Documents (as defined below).

IT IS AGREED as follows:

INTERPRETATION

1 Definitions and interpretation

Definitions

- 1.1 Terms used, but not defined, in this Deed have the meaning given to them in each of the Note Issuance Deeds, as applicable.
- 1.2 In this Deed:

Charged Assets means those assets which are from time to time the subject of clause 3.2 (*Fixed Charge*)

Charged Contract means:

- (a) each contract described in Schedule 3 (*Charged Contracts*);
- (b) any contract that amends or replaces a contract described in Schedule 3 (*Charged Contracts*);
- (c) any contract entered into after the date of this Deed which is designated as a Charged Contract by the Chargors and the Issuer Security Trustee at or about the time it was entered into; and
- (d) any intercompany loan or other Indebtedness between the Chargors or between (A) a Material Subsidiary as borrower and (B) a Chargor as lender,

in each case as it may from time to time be amended, restated, novated or replaced (however fundamentally) provided that:

- (i) the Charged Contracts constituted by Indebtedness of each German Asset Subsidiary shall be limited to, in aggregate, any amounts received in compliance with paragraph (ii) of clause 1.4(m) of Schedule 2 (*Covenants*) to the Conditions to the US\$ 150 million Note Issuance Deed;
- (ii) the Charged Contracts constituted by Indebtedness of Megalit shall be limited to, in aggregate, (i) the loan referred to at item 2 of Appendix 6 (*Affiliate Transactions (including Permitted Shareholder Loans)*) of the Conditions to the US\$ 150 million Note Issuance Deed and (ii) any amounts received in compliance with paragraph (iii) of clause 1.4(n) of Schedule 2 (*Covenants*) to the Conditions to the US\$ 150 million Note Issuance Deed; and
- (iii) the Charged Contracts constituted by Indebtedness of MIT shall be limited to, in aggregate, any amounts received in compliance with paragraph (iii) of clause 1.4(o) of Schedule 2 (*Covenants*) to the Conditions to the US\$ 150 million Note Issuance Deed

Chargors mean the persons described in Schedule 1 and Chargor means any one of them

Default Rate means the rate specified in the Conditions

Disposal means any transfer or other disposal of an asset or of an interest in an asset, or the creation of any Right over an asset in favour of another person, but not the creation of Security

Enforcement Time means any time at which an Event of Default has occurred and is continuing

Event of Default has the meaning given to it in the Note Issuance Deeds

Insolvency Event, in relation to a person, means:

- (a) the dissolution, liquidation, provisional liquidation, administration, administrative receivership or receivership of that person or the entering into by that person of a voluntary arrangement or scheme of arrangement with creditors;
- (b) any analogous or similar procedure in any jurisdiction other than England; or
- (c) any other form of procedure relating to insolvency, reorganisation or dissolution in any jurisdiction

Insolvency Legislation means:

- (a) the Insolvency Act 1986 and secondary legislation made under it; and
- (b) any other primary or secondary legislation in England from time to time relating to insolvency or reorganisation

Issuer means Bacanora Finco Limited (incorporated in England (registered no. 11404337))

Issuer Security Trustee means RK Mine Finance Bermuda 3 Limited

Issuer Transaction Documents has the meaning given to it in the Note Issuance Deeds

Obligations, in relation to a person, means all obligations or liabilities of any kind of that person at any time or from time to time, however or wherever incurred, and in any currency, and whether they are:

- (a) to pay money or to perform (or not to perform) any other act;
- (b) express or implied;
- (c) present, future, absolute or contingent;
- (d) direct or indirect;
- (e) joint or several;
- (f) matured or unmatured;
- (g) incurred as a principal or surety or in any other manner;
- (h) originally owing to the person claiming performance or acquired by that person from someone else; or
- (i) incurred alone or with others

Obligors means the Issuer and the Guarantors

Officer, in relation to a person, means any officer, employee or agent of that person

Party means a party to this Deed

Permitted Security means any Security described in Schedule 5 (*Permitted Security*)

Receiver means one or more receivers or managers appointed, or to be appointed, under this Deed

Right means any right, privilege, power or immunity, or any interest or remedy, of any kind, whether it is personal or proprietary

Secured Issuer Transaction Documents means the Issuer Transaction Documents excluding the Warrants

Secured Obligations means the Obligations from time to time incurred by any Obligor under or in connection with the Secured Issuer Transaction Documents when they become due for payment or discharge

Security has the meaning given to it in the Note Issuance Deeds

Third Parties Act means the Contracts (Rights of Third Parties) Act 1999

Transaction Security means the Security created by this Deed and any other existing or future Security granted by a Chargor to the Issuer Security Trustee to secure the payment and discharge of the Secured Obligations

Transaction Security Document means a document creating or evidencing Transaction Security

VAT means value added tax.

Interpretation

1.3 In this Deed:

- (a) the table of contents, the summary and the headings are inserted for convenience only and do not affect the interpretation of this Deed;
- (b) references to clauses and schedules are to clauses of, and schedules to, this Deed;
- (c) references to any Issuer Transaction Document or Secured Issuer Transaction Document or any other document are to that document as from time to time amended, restated, novated or replaced (however fundamentally);

- (d) references to a person include an individual, firm, company, corporation, unincorporated body of persons and any government entity;
 - (e) references to a person include its successors in title, permitted assignees and permitted transferees;
 - (f) words importing the plural include the singular and vice versa;
 - (g) references to any enactment include that enactment as amended or re-enacted; and, if an enactment is amended, any provision of this Deed which refers to that enactment will be amended in such manner as the Issuer Security Trustee, after consultation with the Chargors, determines to be necessary in order to preserve the intended effect of this Deed; and
 - (h) where Transaction Security and Transaction Security Documents are referred to in any provision of this Deed, in the case of any Transaction Security or Transaction Security Document which is governed by a law other than English law, such provision will only apply to the extent that the subject of such provision is not dealt with by, or is not inconsistent with, the express terms of such Transaction Security or Transaction Security Document.
- 1.4 Where this Deed imposes an obligation on a Chargor to do something if required or requested by the Issuer Security Trustee, it will do so as soon as practicable after it becomes aware of the requirement or request.
- 1.5 It is intended that this document takes effect as a deed even though the Issuer Security Trustee may only execute it under hand.
- 1.6 This Deed may be executed in any number of counterparts.
- 1.7 Where a definition of a type of asset in clause 1.1 (*Definitions*) contains a number of categories, each category will be construed as separate from each other category.

Parties and third parties

- 1.8 The Rights expressly conferred on each of the Issuer Secured Creditors, each Receiver and each Officer of the Issuer Security Trustee or a Receiver under this Deed are enforceable by each of them under the Third Parties Act.
- 1.9 No other term of this Deed is enforceable under the Third Parties Act by anyone who is not a Party.

1.10 The Parties may terminate this Deed or vary any of its terms without the consent of any third party. However, they may not terminate this Deed or vary any of its terms if this would have the effect of terminating or adversely affecting:

- (a) the Rights of any of the Issuer Secured Creditors under this Deed without its consent; or
- (b) the Rights of a Receiver or of an Officer of the Issuer Security Trustee or a Receiver under this Deed without its consent, but only to the extent that it has notified the Issuer Security Trustee that it intends to enforce that clause at the time of the termination or variation.

1.11 Contractual recognition of bail-in

The provisions of clause 15.6 (*Contractual recognition of bail-in*) of the Note Issuance Deed apply to this Deed as if set out in it but with all necessary changes and as if references to Issuer Transaction Documents referred to this Deed.

SECURITY

2 Payment of Secured Obligations

Each Chargor will pay or otherwise discharge all Secured Obligations from time to time owing to the Issuer Secured Creditors when they become due for payment or discharge and all Secured Obligations incurred to any person under or in connection with the Secured Issuer Transaction Documents.

3 Charge

Security for Secured Obligations

3.1 The charge contained in this clause 3:

- (a) is given to the Issuer Security Trustee as trustee for the Issuer Secured Creditors;
- (b) secures the payment and discharge of the Secured Obligations; and
- (c) is given with full title guarantee.

Fixed charge

3.2 Each Chargor charges, by way of first fixed charge, all of the Rights which it now has and all of the Rights which it obtains at any time in the future in the Charged Contracts, and any Rights accruing to, derived from or otherwise connected with them.

4 Set-off

Set-off of matured Secured Obligation

4.1 An Issuer Secured Creditor may set off any matured Secured Obligation due from a Chargor (to the extent beneficially owned by that Issuer Secured Creditor) against any matured Obligation owed by that Issuer Secured Creditor to the Chargor, regardless of the place of payment, booking branch or currency of either Obligation.

4.2 If the Obligations are in different currencies, the Issuer Secured Creditor may convert either Obligation at a market rate of exchange in its usual course of trading for the purpose of the set-off.

Rights additional

4.3 The Rights in clauses 4.1 and 4.2 are in addition to the Security conferred on the Issuer Security Trustee under this Deed.

5 Restrictions

Comply with restrictions

- 5.1 Each Chargor will ensure that the restrictions contained in this clause 5 are complied with unless the Issuer Security Trustee agrees to the contrary.
- 5.2 No Security will exist over, or in relation to, any Charged Asset other than Permitted Security.

Restrictions on Disposal

- 5.3 There will be no Disposal of any Charged Asset, except for a Disposal by the Issuer to the Parent in relation to the US\$ 150 million Loan Note Instrument or of any loan notes issued thereunder and provided that, immediately after such Disposal, the Charged Asset is subject to perfected Security in favour of the Issuer Security Trustee.

6 Perfection

General requirements

- 6.1 Each Chargor will, at its own expense, create all such Security, execute all such documents, give all such notices, effect all such registrations (whether at the Companies Registry or otherwise), deposit all such documents and do all such other things as the Issuer Security Trustee may require from time to time in order to:
- (a) ensure that it has an effective first-ranking fixed charge over the Charged Assets, subject only to such Permitted Security as the Issuer Security Trustee has agreed should rank in priority; and
 - (b) facilitate the enforcement of the Transaction Security, the realisation of the Charged Assets or the exercise of any Rights held by the Issuer Security Trustee or any Receiver under or in connection with the Transaction Security.
- 6.2 The scope of clause 6.1 is not limited by the specific provisions of the rest of this clause 6 or by any other provision of the Transaction Security Documents.

Notice of charge

- 6.3 If, at any time, a Chargor has a Right in respect of a Charged Contract, it will, on the date of this Deed (or, if it acquires the Right later, as soon as practicable after it does so):
- (a) deliver a notice of this Deed to the other parties to the Charged Contract (except where any such party is also a Chargor) substantially in the form set out in Schedule 4 (*Notice and acknowledgement of security*); and

- (b) procure that those parties (except where any such party is also a Chargor) deliver an acknowledgement of the notice to the Issuer Security Trustee substantially in the form set out in that part of that Schedule as soon as reasonably practicable.
- 6.4 Each Chargor (the **Acknowledging Chargor**) acknowledges notice of, and consents to, the security interest granted by any other Chargor (the **Relevant Chargor**) over the Relevant Chargor's rights under each Charged Contract to which the Relevant Chargor is a party (as creditor) and the Acknowledging Chargor is a party (as debtor) in favour of the Issuer Security Trustee.
- 6.5 Each Chargor which is a party to a Charged Contract with another Chargor confirms to the Issuer Security Trustee that it has not received notice that any other person has an interest in any Charged Contract to which that Chargor is a party (as creditor).
- 6.6 Each Chargor which is a party to a Charged Contract with another Chargor agrees that:
- (a) no amendment or termination of any any Charged Contract to which that Chargor is a party, nor any waiver of its terms, will be effective unless it is approved by the Issuer Security Trustee;
 - (b) that Chargor will not, without the Issuer Security Trustee's consent, exercise any right of combination, consolidation or set-off which it may have in respect of any Charged Contract to which that Chargor is a party (as creditor);
 - (c) the Chargor which is a debtor under that Charged Contract remains liable for its obligations under that Charged Contract and the Issuer Security Trustee has no obligations under it; and
 - (d) each Chargor which is a creditor under a Charged Contract (the **Creditor Chargor**) instructs any Chargor which is a debtor under that Charged Contract (the **Debtor Chargor**) to:
 - (i) make all payments due to the Creditor Chargor under the Charged Contract to an account in the name of the Creditor Chargor which is maintained in accordance with clause 1.5 (*Establishment of Accounts*) of Schedule 2 (*Covenants*) to the Conditions to the US\$ 150 million Note Issuance Deed or following an Enforcement Time at the direction of the Issuer Security Trustee to any other account as it may specify from time to time in writing (whose receipt will be a good discharge to the Debtor Chargor for such payments); and
 - (ii) disclose to the Issuer Security Trustee, without further approval from the Creditor Chargor, such information regarding the Charged Contract as the Issuer Security

Trustee may from time to time requested and to send it copies of all notices issued by the Debtor Chargor under the Charged Contract,

and the Debtor Chargor will comply with such instructions.

Subsequent Security

- 6.7 If an Issuer Secured Creditor receives notice that any Security has been created over any of the Charged Assets which the Secured Issuer Transaction Documents do not permit to rank in priority to the Transaction Security, that Issuer Secured Creditor will be treated as if it had immediately opened a new account for the Chargors and all payments received by that Issuer Secured Creditor from the Chargors will be treated as if they had been credited to the new account and will not reduce the amount then due from the Chargors to that Issuer Secured Creditor.

ENFORCEMENT

7 Enforcement

Time for enforcement

- 7.1 The Issuer Security Trustee may enforce the Transaction Security at any time which is an Enforcement Time or if a Chargor requests it to do so.

Methods of enforcement

- 7.2 The Issuer Security Trustee may enforce the Transaction Security by:
- (a) selling all or any part of the Charged Assets or otherwise receiving the benefit of the Charged Assets, giving notice to any person in relation to any of the Charged Assets or in any way it may decide; or
 - (b) appointing a Receiver of all or any part of the Charged Assets.
- 7.3 A Receiver must be appointed by an instrument in writing, and otherwise in accordance with the Insolvency Legislation.
- 7.4 The appointment of a Receiver may be made subject to such limitations as are specified by the Issuer Security Trustee in the appointment.
- 7.5 If more than one person is appointed as a Receiver, each person will have power to act independently of any other, except to the extent that the Issuer Security Trustee may specify to the contrary in the appointment.

- 7.6 Subject to the Insolvency Legislation, the Issuer Security Trustee may remove or replace any Receiver.
- 7.7 If required by the Insolvency Legislation, a Receiver must be a person qualified to act as such under it.

Powers on enforcement

- 7.8 The Issuer Security Trustee and any Receiver will have the following powers in respect of the Charged Assets:
- (a) the powers given to an administrative receiver by the Insolvency Legislation;
 - (b) the powers given to a mortgagee or a receiver by the Law of Property Act 1925, but without the restrictions contained in section 103 of that Act; and
 - (c) the power to do, or omit to do, on behalf of a Chargor, anything which a Chargor itself could have done, or omitted to do, if the Charged Assets were not the subject of Security and the Chargor were not in insolvency proceedings.
- 7.9 Except to the extent provided by law, none of the powers described in this clause 7 will be affected by an Insolvency Event in relation to a Chargor.

Status and remuneration of Receiver

- 7.10 A Receiver will be the agent of each Chargor until each such Chargor goes into liquidation. He will have no authority to act as agent for the Issuer Security Trustee, even in the liquidation of a Chargor.
- 7.11 The Issuer Security Trustee may from time to time determine the remuneration of any Receiver.

Third parties

- 7.12 A person dealing with the Issuer Security Trustee or with a Receiver is entitled to assume, unless it has actual knowledge to the contrary, that:
- (a) those persons have the power to do those things which they are purporting to do; and
 - (b) they are exercising their powers properly.

8 Application of proceeds

All money received by the Issuer Security Trustee or a Receiver under or in connection with the Secured Issuer Transaction Documents (whether during, or before, enforcement of the

Transaction Security) will, subject to the rights of any persons having priority, be applied in the following order of priority:

- (a) first, in or towards payment of all amounts payable to the Issuer Security Trustee, any Receiver or their Officers under clause 12 (*Expenses, liability and indemnity*) and all remuneration due to any Receiver under or in connection with the Transaction Security;
- (b) secondly, in or towards payment of the Secured Obligations *pari passu* across all Secured Issuer Transaction Documents (and, if any of the Secured Obligations are not then payable, by payment into a suspense account until they become payable); and
- (c) thirdly, in payment of any surplus to the Chargors or other person entitled to it.

UNDERTAKINGS

9 Charged Contracts

- 9.1 Each Chargor shall comply with its obligations under the Charged Contracts.
- 9.2 No Chargor will:
- (a) agree to alter the terms of, or terminate, any Charged Contract; or
 - (b) waive its rights under a Charged Contract,
- without the prior written consent of the Issuer Security Trustee.
- 9.3 The Issuer Security Trustee will give its consent under clause 9.2 if, in its reasonable opinion, any such alteration or waiver will not materially affect the effectiveness or value of its security over the Charged Contract concerned.

10 General Undertakings

- 10.1 Each Chargor will take all steps as are necessary to preserve the value of the Charged Assets.
- 10.2 Each Chargor will notify the Issuer Security Trustee as soon as it becomes aware of any matter which might reasonably be expected to have an adverse effect on the Rights of the Issuer Security Trustee under the Transaction Security. Those matters include include a breach or purported breach of a Charged Contract by any party to it and a claim by any person to an interest in a Charged Asset.
- 10.3 Each Chargor will provide to the Issuer Security Trustee:
- (a) such information about the Charged Assets;
 - (b) such information about the extent to which it has complied with its obligations under this Deed; and
 - (c) copies of such documents which create, evidence or relate to its Charged Assets,
- as the Issuer Security Trustee may from time to time reasonably request.
- 10.4 The Issuer Secured Creditors may exchange between themselves any information relating to the Chargors.
- 10.5 If a Chargor does not comply with its obligations under this Deed, the Issuer Security Trustee may do so on the Chargor's behalf on such basis as the Issuer Security Trustee may reasonably decide. That Chargor will indemnify the Issuer Security Trustee on demand against the amount

certified by the Issuer Security Trustee to be the cost, loss or liability suffered by it as a result of doing so.

MISCELLANEOUS

11 Duration of the Security

Continuing security

- 11.1 The Obligations of the Chargors under the Secured Issuer Transaction Documents and the Security created by the Transaction Security Documents will continue until the Secured Obligations have been irrevocably and unconditionally paid or discharged in full, regardless of any intermediate payment or discharge in whole or in part.

Settlements conditional

- 11.2 If any payment by a Chargor, or any other security provider or any release given by the Issuer Security Trustee (whether in respect of the Secured Obligations or any Security for them or otherwise) is avoided or reduced as a result of insolvency or any similar event:
- (a) the liability of that Chargor under this Deed will continue as if the payment, release, avoidance or reduction had not occurred; and
 - (b) the Issuer Security Trustee will be entitled to recover the value or amount of that Security or payment from that Chargor, as if the payment, release, avoidance or reduction had not occurred.

Section 93 Law of Property Act 1925

- 11.3 Section 93 of the Law of Property Act 1925 will not apply to the Transaction Security.

Chargor intent/amendments, etc

- 11.4 Without prejudice to the generality of clause 15 (*Power of attorney*), each Chargor confirms that it intends that the Security created under this Deed shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Secured Issuer Transaction Documents and/or any amount made available under any of the Secured Issuer Transaction Documents which is made for any purpose whatsoever but including for the purposes of or in connection with any of the following: changes to the financial covenants, acquisitions of any nature, increasing working capital, enabling investor distributions to be made, carrying out restructurings, refinancing any indebtedness, making amounts available to new borrowers, any other variation or extension of the purposes for which any such amount might be made available from time to time and any fees, costs and/or expenses associated with any of the foregoing.

12 Expenses, liability and indemnity

Costs and expenses

- 12.1 Each Chargor will, on demand, pay all legal and other costs and expenses (including any stamp duty, registration or other similar taxes) incurred by the Issuer Security Trustee or by any Receiver in connection with the Transaction Security. This includes any costs and expenses relating to the enforcement or preservation of the Transaction Security or the Charged Assets and any amendment, waiver, consent or release required in connection with the Transaction Security.

No liability or costs

- 12.2 Neither the Issuer Security Trustee nor a Receiver nor any of their Officers will be in any way liable or responsible to the Chargors for any loss or liability of any kind arising from any act or omission by it of any kind (whether as mortgagee in possession or otherwise) in relation to the Charged Assets or the Transaction Security, except to the extent caused by its own gross negligence or wilful misconduct.

Indemnity to the Issuer Security Trustee

- 12.3 Each Chargor will, on demand, indemnify each of the Issuer Security Trustee, a Receiver and their respective Officers in respect of all costs, expenses, losses or liabilities of any kind which it incurs or suffers in connection with:
- (a) anything done or omitted in the exercise of the powers conferred on it under the Transaction Security, unless it was caused by its gross negligence or wilful misconduct;
 - (b) a claim of any kind (whether relating to the environment or otherwise) made against it which would not have arisen if the Transaction Security had not been granted and which was not caused by its gross negligence or wilful misconduct; or
 - (c) any breach by that Chargor of the Secured Issuer Transaction Documents.

13 Payments

Payments in full

- 13.1 All payments a Chargor under the Transaction Security Documents will be made in full, without any set-off or other deduction.

Gross-up

- 13.2 If any tax or other sum must be deducted from any amount payable by a Chargor under the Transaction Security Documents, the Chargor concerned will pay such additional amounts as are necessary to ensure that the recipient receives a net amount equal to the full amount it would have received before such deductions.

VAT

- 13.3 All amounts payable by a Chargor under the Transaction Security Documents are exclusive of VAT. Each Chargor will, in addition, pay any applicable VAT on those amounts.

Default interest

- 13.4 If a Chargor fails to make a payment to a person under the Transaction Security Documents, it will pay interest to that person on the amount concerned at the Default Rate from the date it should have made the payment until the date of payment (after, as well as before, judgment).

Currency Indemnity

- 13.5 No payment by a Chargor (whether under a court order or otherwise) will discharge the Obligations of that Chargor unless and until the Issuer Secured Creditors have received payment in full in the currency in which the Obligation is denominated. If, on conversion into that currency, the amount of the payment falls short of the amount of the Obligation concerned, the Issuer Secured Creditors will have a separate cause of action against the Chargor for the shortfall.

Certificates and determinations

- 13.6 Any certification or determination by the Issuer Security Trustee of an amount payable by a Chargor under this Deed is, in the absence of manifest error, conclusive evidence of that amount.

14 Remedies

Rights additional

- 14.1 The Rights created by this Deed are in addition to any other Rights of the Issuer Secured Creditors against the Chargors or any other security provider under any other documentation, the general law or otherwise. They will not merge with or limit those other Rights, and are not limited by them.

No waiver

- 14.2 No failure by an Issuer Secured Creditor to exercise any Right under this Deed will operate as a waiver of that Right. Nor will a single or partial exercise of a Right by an Issuer Secured Creditor preclude its further exercise.

Partial invalidity

- 14.3 If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of that provision in any other respect or under the law of any other jurisdiction will be affected or impaired in any way.

15 Power of attorney

Each Chargor, by way of security, irrevocably appoints each of the Issuer Security Trustee and any Receiver severally to be its attorney to do anything:

- (a) which that Chargor is obliged to do under the Transaction Security Documents; or
- (b) which the attorney may require to exercise any of the Rights conferred on it by the Transaction Security Documents or by law.

16 Resignation of the Issuer Security Trustee

- 16.1 The Issuer Security Trustee may be replaced by a successor by giving notice to the other Issuer Secured Creditors and the Chargors.
- 16.2 On the date of its appointment, the successor Issuer Security Trustee will assume all the Rights and Obligations of the retiring Issuer Security Trustee.
- 16.3 The retiring Issuer Security Trustee will, at the Chargors' expense, provide its successor with copies of those of its records related to its role as Issuer Security Trustee as its successor reasonably requires to perform its functions as Issuer Security Trustee.
- 16.4 Upon the appointment of a successor, the retiring Issuer Security Trustee shall be discharged from any further obligation in respect of the Secured Issuer Transaction Documents but shall be entitled to the benefit of clause 12.3 (*Indemnity to the Issuer Security Trustee*) and this clause 16. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

17 Notices

- 17.1 Any notice or other communication to a party to this Deed must be in writing. It must be addressed for the attention of such person, and sent to such address, email address or fax number as that party may from time to time notify to the other Parties.

- 17.2 It will be deemed to have been received by the relevant party on receipt at that address, email address or fax number.
- 17.3 The initial administrative details of the parties are contained in Schedule 1 (*Initial administrative details of the parties*) but a party may amend its own details at any time by notice to the other parties.
- 17.4 Any notice to the Chargors may alternatively be sent to its registered office or to any of its places of business or to any of its directors or its company secretary; and it will be deemed to have been received when delivered to any such places or persons.

18 Law and jurisdiction

Governing law

- 18.1 This Deed is governed by English law.

Jurisdiction of the English courts

- 18.2 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a **Dispute**).
- 18.3 The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and, accordingly, that they will not argue to the contrary.
- 18.4 Clause 18.2 is for the benefit of each Issuer Secured Creditor only. As a result, no Issuer Secured Creditor will be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, any Issuer Secured Creditor may take concurrent proceedings in any number of jurisdictions.

This Deed has been executed as a deed, and it has been delivered on the date stated at the beginning of this Deed.

**Schedule 1
The Chargors**

	Name	Registered number
1.	Mineramax Limited	687069
2.	Minera Sonora Borax S.A. de C.V.	36668*7
3.	Bacanora Minerals Ltd.	2021074923
4.	Bacanora Lithium Plc	11189628
5.	Sonora Lithium Ltd	11349694
6.	Bacanora Treasury Limited	11413519
7.	Bacanora Finco Limited	11404337
8.	Mexilit S.A. de C.V.	41753*7
9.	Operadora de Litio Bacanora, S.A. de C.V.	2016028897
10.	Bacanora Chemco S.A. de C.V.	Taxpayer identification number BCE180709SY6

Schedule 2
Initial administrative details of the parties

Party	Address	Email Address	Attention
Bacanora Finco Limited	The Clubhouse 8 St. James's Square London SW1Y 4JU England	Janet.boyce@bacanoralithium.com	Janet Boyce
Bacanora Lithium Plc	The Clubhouse 8 St. James's Square London SW1Y 4JU England	info@bacanoralithium.com cherif.rifaat@bacanoralithium.com	Janet Boyce Cherif Rifaat
Bacanora Treasury Limited	4 More London Riverside, London, SE1 2AU	info@bacanoralithium.com cherif.rifaat@bacanoralithium.com	Janet Boyce Cherif Rifaat
Bacanora Chemco S.A. de C.V.	Calle de Las Galaxias 68 Parque Industrial Hermosillo Hermosillo, Sonora 83297 Mexico	Eric.Carter@bacanoralithium.com	Eric Carter
Minera Sonora Borax S.A. de C.V.	Calle Uno No. 312, Colonia Bugambillas, Hermosillo, Sonora, Mexico	Eric.Carter@bacanoralithium.com	Eric Carter
Mineramax Limited	Trident Chambers, Wickhams Cay, PO Box 146, Road Town, Tortola, BVI	peter.secker@bacanoralithium.com	Mineramax Limited
Bacanora Minerals Ltd.	1250, 639 – 5TH Avenue SW, Calgary, AB T2P 0M9, Canada	Derek.Batarowski@bacanoralithium.com	Bacanora Minerals Ltd.
Sonora Lithium Ltd	4 More London Riverside, London, SE1 2AU	info@bacanoralithium.com	Sonora Lithium Ltd
Mexilit S.A. de C.V.	Calle de Las Galaxias 68 Parque Industrial Hermosillo Hermosillo, Sonora 83297 Mexico Phone: +52 662 251 0360	Eric.Carter@bacanoralithium.com	Eric Carter
Operadora de Litio Bacanora, S.A. de C.V.	Calle de Las Galaxias 68 Parque Industrial Hermosillo Hermosillo, Sonora 83297 Mexico Phone: +52 662 251 0360	Eric.Carter@bacanoralithium.com	Eric Carter

RK Mine Finance Bermuda 3 Limited	C/O MUFG Fund Services (Bermuda) Group Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM 08, Bermuda	rk@mfsadmin.com Paul.coughlan@rkim.co.uk	Paul Coughlan
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Schedule 3**Charged Contracts**

1. A loan note instrument dated on or around the date of this Deed in respect of unsecured US Dollar loan notes up to US\$ 150 million between Bacanora Chemco as the company and the Issuer as initial noteholder (the **US\$ 150 million Loan Note Instrument**).
2. Any loan notes issued by Bacanora Chemco as company to the Issuer as initial noteholder pursuant to the US\$ 150 million Loan Note Instrument.
3. A loan note instrument dated on or around the date of this Deed in respect of unsecured US Dollar loan notes up to US\$ 200 million between Bacanora Chemco as the company and the Parent as initial noteholder (the **US\$ 200 million Loan Note Instrument**).
4. Any loan notes issued by Bacanora Chemco as company to the Parent as initial noteholder pursuant to the US\$ 200 million Loan Note Instrument.
5. A loan note instrument to be entered into in respect of unsecured US Dollar loan notes up to US\$ 25 million between MSB as the company and the Parent as initial noteholder (the **US\$ 25 million Loan Note Instrument**).
6. Any loan notes issued by MSB as company to the Parent as initial noteholder pursuant to the US\$ 25 million Loan Note Instrument.
7. Any Mexican Pesos denominated loans between the Parent and Bacanora Treasury including any notes issued thereunder.
8. Any loan note receivables, including pursuant to the US\$ 150 million Loan Note Instrument, assigned by the Issuer to the Parent.
9. Any intercompany note receivable issued by the Parent to the Issuer including pursuant to any loan note instrument to be entered into between the Parent as issuer and the Issuer as noteholder.
10. Any hedging agreements to be entered into between any of the Chargors.
11. Any loan between MSB as borrower and BML as creditor, including the loan referred to at item 1 of Appendix 6 (*Affiliate Transactions (including Permitted Shareholder Loans)*) of the Conditions to the US\$ 150 million Note Issuance Deed.
12. Any loan between Megalit as borrower and BML as creditor, including the loan referred to at item 2 of Appendix 6 (*Affiliate Transactions (including Permitted Shareholder Loans)*) of the Conditions to the US\$ 150 million Note Issuance Deed.
13. Any loan between Mexilit as borrower and BML as creditor, including the loan referred to at item 3 of Appendix 6 (*Affiliate Transactions (including Permitted Shareholder Loans)*) of the Conditions to the US\$ 150 million Note Issuance Deed.

Schedule 4

Notice and acknowledgement of Security

To: [Counterparty]

Date: [●]

Dear Sirs

Notice of Charge

- 1 We give you notice that, under a security document dated [●] entered into by us (and others) in favour of RK Mine Finance Bermuda 3 Limited (the **Issuer Security Trustee**), we have charged to the Issuer Security Trustee by way of first fixed charge all of our rights in *[insert details of agreement concerned]* (the **Agreement**).
- 2 We remain liable for our obligations under the Agreement. The Issuer Security Trustee has no obligations under it.
- 3 We have agreed with the Issuer Security Trustee not to terminate or amend the Agreement or waive any of its terms without the consent of the Issuer Security Trustee.
- 4 We instruct you to:
 - (a) make all payments due to us under the Agreement to *[insert account details]* or at the direction of the Issuer Security Trustee to any other account as it may specify from time to time in writing (whose receipt will be a good discharge to you for such payments); and
 - (b) disclose to the Issuer Security Trustee, without further approval from us, such information regarding the Agreement as the Issuer Security Trustee may from time to time request and to send it copies of all notices issued by you under the Agreement.
- 5 These instructions cannot be varied or terminated without the consent of the Issuer Security Trustee.
- 6 Please sign the enclosed acknowledgement and return it to the Issuer Security Trustee at C/O MUFG Fund Services (Bermuda) Group Limited, the Belvedere Building, 69 Pitts Bay Road, Pembroke HM 08, Bermuda marked for the attention of Paul Coughlan.

.....
for and on behalf of

[Chargor]

Acknowledgement of Security

To: RK Mine Finance Bermuda 3 Limited
C/O MUFG Fund Services (Bermuda) Group Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

- 1 We acknowledge receipt of the notice [described above].
- 2 We have not received notice that any other person has an interest in the Agreement.
- 3 We will comply with the instructions in the notice.
- 4 We agree that no amendment or termination of the Agreement, nor any waiver of its terms, will be effective unless it is approved by the Issuer Security Trustee.
- 5 We will not, without the Issuer Security Trustee's consent, exercise any right of combination, consolidation or set-off which we may have in respect of the Agreement.

Executed and delivered as a)
deed by).....
[Counterparty]) Authorised signatory
acting by:).....
) Authorised signatory

Date: [●]

Schedule 5

Permitted Security


- 1 Transaction Security.
- 2 Liens arising in the ordinary course of trading by operation of law.
- 3 Any Permitted Liens

SIGNATORIES

Execution Version

The Chargors

Executed as a deed by
Bacanora Finco Limited
acting by:


.....
Director

in the presence of:



Name of witness: **KELLY FROST**

Address: **10 CHANTRY MEWS, REIGATE RH2 9AU**

Executed as a deed by
Bacanora Lithium Plc
acting by:

.....
Director

in the presence of:

.....
Name of witness:

Address:

SIGNATORIES

Execution Version

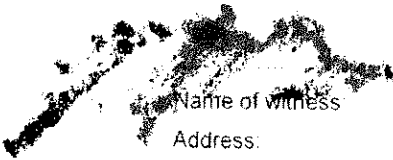
The Chargors

Executed as a deed by
Bacanora Finco Limited
acting by:




Director

in the presence of:



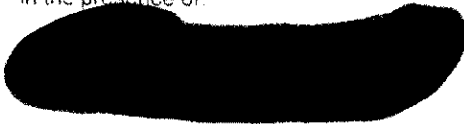
Name of witness
Address:

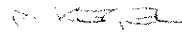
Executed as a deed by
Bacanora Lithium Plc
acting by:



Director

in the presence of:



Name of witness: 

Address: 

Executed as a deed by
Bacanora Treasury Limited
acting by:

Execution Version

Dir

in the presence of:

Name of witness:

Address:

KELLY FROST

10 CHANTRY MEWS, REIGATE RH2 9AU

Executed as a deed by
Sonora Lithium Ltd
acting by:

Director

in the presence of:

Name of witness:

Address:

KELLY FROST

10 CHANTRY MEWS, REIGATE RH2 9AU

Executed as a deed by
Bacanora Minerals Ltd.
acting by:

Director

in the presence of:

Name of witness:

Address:

Executed as a deed by
Bacanora Treasury Limited
acting by:

.....
Director

in the presence of:

.....
Name of witness:

Address:

Executed as a deed by
Sonora Lithium Ltd
acting by:

.....
Director

in the presence of:

.....
Name of witness:

Address:

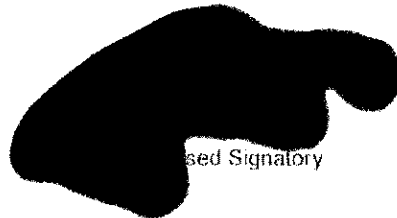
Executed as a deed by
Bacanora Minerals Ltd.
acting by:

.....
Director

in the presence of:

Name of witness: KATHY BATOROWSKI
Address: 2204 CAVENO
CALGARY, AB T2N0M7

Executed as a deed by
Bacanora Chemco S.A. de C.V.
acting by:



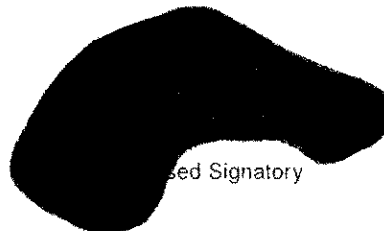
ised Signatory

Executed as a deed by
Minera Sonora Borax S.A. de C.V.
acting by:



ised Signatory

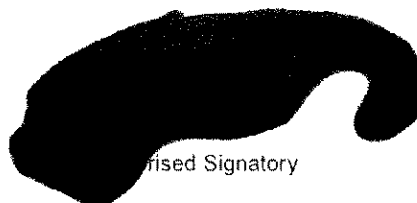
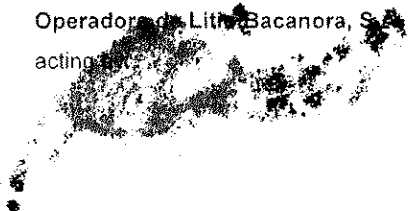
Executed as a deed by
Mexilit S.A. de C.V.
acting by:



ised Signatory



Executed as a deed by
Operadora de Litio Bacanora, S.A. de C.V.
acting by:



ised Signatory

Executed as a deed by
Mineramax Limited
acting by:


Director

in the presence of:



Name of witness: *W. J. [illegible]*

Address: *35 [illegible] [illegible]*



The Issuer Security Trustee
Executed as a deed by
RK Mine Finance Bermuda 3 Limited
acting by:



Authorised Signatory

in the presence of



Name of witness:

Address



Executed as a deed by
Mineramax Limited
acting by:

Director

in the presence of:

Name of witness:

Address:

The Issuer Security Trustee

Executed as a deed by

RK Mine Finance Bermuda 3 Limited

acting by:

Authorised Signatory

in the presence of:

Name of witness: EMMA ASHTON

Address: 1 BALMORAMON LANE
LONDON, E22N 2AX, UK