



AmericanPacific

BORATES LIMITED

ASX Announcement

ASX Code: ABR

ACN: 615 606 114

11 December 2019

ABR Completes \$2.75m Placement to Three Global Institutional Investors

HIGHLIGHTS

- **ABR raises A\$2.75m at 25c per share in placement to three global institutional investors**
- **Placement includes five unlisted options for every six ordinary shares with a strike price of 30c and expiry being the earlier of December 2021 or fifteen days after the Company's shares have traded at over 50c for ten consecutive days**
- **Placement price of 25c represented a modest 4% discount to 10-day VWAP of 26.1c**
- **Funds to be substantially used to pay for long lead items for the Fort Cady Borate Project**
- **ABR remains on track to commence initial civil works by year end**

American Pacific Borates Limited (ASX:ABR) ("ABR" or the "Company") is pleased to announce it has completed a placement of A\$2.75m at 25c per share to three global institutional investors (the "Placement"). The Placement includes five unlisted options for every six ordinary shares with a strike price of 30c and expiry being the earlier of 6 December 2021 or fifteen days after the Company's shares have traded at over 50c for ten consecutive days.

The Placement was completed at a 4.4% discount to the 10-day VWAP of 26.1c. 11,000,000 ordinary shares and 9,166,668 options are to be issued under the Company's existing ASX Listing Rule 7.1 capacity.

Funds raised will be substantially used towards paying for long lead items for the Fort Cady Borate Project ("Project") such as centrifuges, the crystalliser, Manheim furnaces and the natural gas connection.

Further, under the Amvest convertible note the Company must repay 23 equal monthly instalments via cash or the allotment of ordinary shares. The Board has determined it will repay these instalments via cash to limit further dilution in the short term. The first cash repayment to Amvest was made on 6 December 2019 for the period to 5 December 2019 (second period).

ABR continues to target commencement of initial civil works for the Project by year end.

ENDS

COMPANY DIRECTORS

Harold (Roy) Shipes – Non-Executive Chairman
Michael X. Schlumpberger - Managing Director & CEO
Anthony Hall - Executive Director
Stephen Hunt - Non-Executive Director
John McKinney – Non-Executive Director



ISSUED CAPITAL

209.2 million shares
51.8 million options

REGISTERED OFFICE

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About American Pacific Borates Limited

American Pacific Borates Limited is focused on advancing its 100% owned Fort Cady Borate Project located in Southern California, USA. Fort Cady is a highly rare and large colemanite deposit and is the largest known contained borate occurrence in the world not owned by the two major borate producers Rio Tinto and Eti Maden. The JORC compliant Mineral Resource Estimate and Reserve is presented below. Importantly, it comprises 13.93Mt of contained boric acid. In excess of US\$60m has been spent at Fort Cady, including resource drilling, metallurgical test works, well injection tests, permitting activities and substantial small-scale commercial operations and test works.

A Definitive Feasibility Study (“DFS”) was completed in December 2018 (ASX release dated 17 December 2018) delivering compelling financial metrics including steady state production target of 410ktpa of boric acid and 110ktpa of SOP, delivering an unlevered post tax NPV₁₀ of US\$1.25bn (NPV₈ of US\$1.59bn) and an unlevered post tax IRR of 41%.

In January 2019 (ASX release dated 31 January 2019¹) the DFS was enhanced to include a low capex starter project with an estimated capex of only US\$36.8m. This starter project delivers an EBITDA in the first year of operation of US\$26.7m and preserves the pathway to an EBITDA of over US\$340m in the first year of full production for the broader project.

JORC compliant Mineral Resource Estimate and Reserve (ASX release dated 3 December 2018²)

JORC compliant Mineral Resource Estimate and Reserve						
Reserves	MMT	B ₂ O ₃ %	H ₃ BO ₃ %	Li ppm	B ₂ O ₃ MT	H ₃ BO ₃ MT
Proven	27.21	6.70	11.91	379	1.82	3.24
Probable	13.80	6.40	11.36	343	0.88	1.57
Total Reserves	41.01	6.60	11.72	367	2.71	4.81
Resources						
Measured	38.87	6.70	11.91	379	2.61	4.63
Indicated	19.72	6.40	11.36	343	1.26	2.24
Total M&I	58.59	6.60	11.72	367	3.87	6.87
Inferred	61.85	6.43	11.42	322	3.98	7.07
Total M,I&I	120.44	6.51	11.57	344	7.84	13.93

In 1994 the Plan of Operations (mining permit) was authorised along with the Mining and Land Reclamation Plan. These permits are in good standing and contain a full Environmental Impact Report and water rights for initial operations of 82ktpa of boric acid. The Company is currently working through a permitting process to gain the additional permits required to commence operations.

¹ ABR confirms all material assumptions underpinning the production target and corresponding financial information continue to apply and have not materially changed as per Listing Rule 5.19.2.

² ABR confirms all material assumptions and technical parameters underpinning the Resource Estimate and Reserve continue to apply and have not materially changed as per Listing Rule 5.23.2



In addition to the flagship Fort Cady Project, the Company also has an earn in agreement to acquire a 100% interest in the Salt Wells North and Salt Wells South Projects in Nevada, USA on the incurrence of US\$3m of Project expenditures. The Projects cover an area of 36km² and are considered prospective for borates and lithium in the sediments and lithium in the brines within the project area. Surface salt samples from the Salt Wells North project area were assayed in April 2018 and showed elevated levels of both lithium and boron with several results of over 500ppm lithium and over 1% boron.

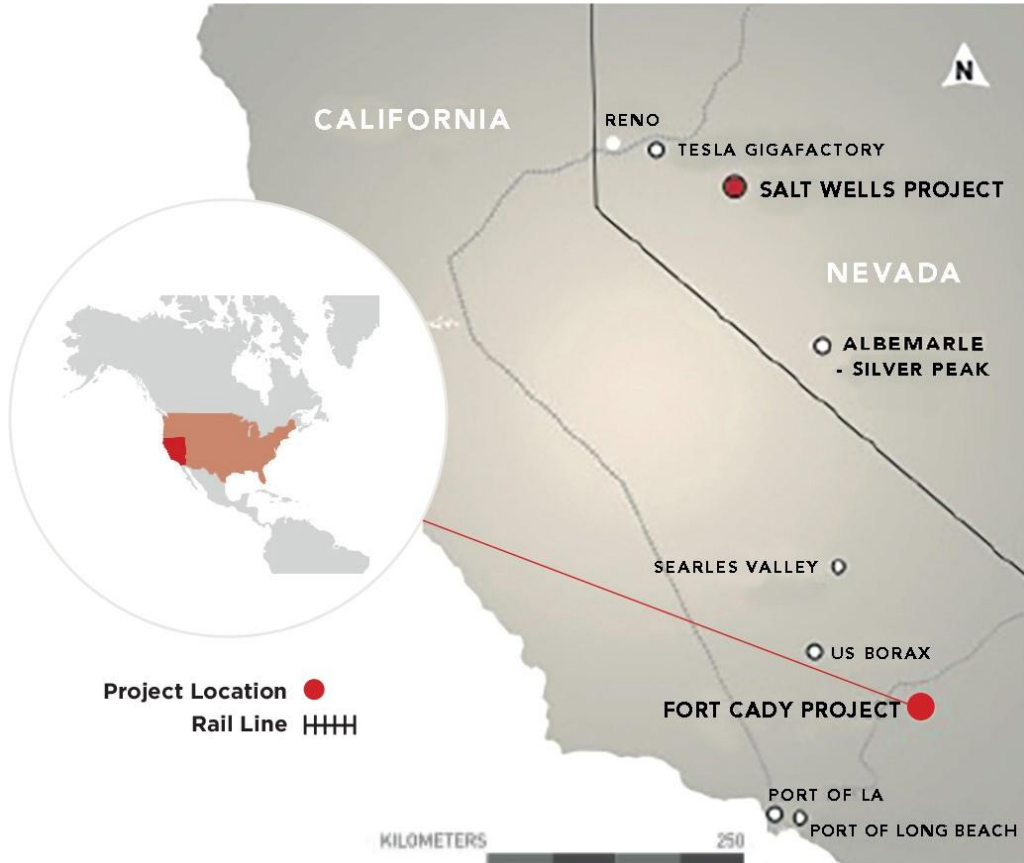


Figure 1 | Location of the Fort Cady and Salt Wells Projects in the USA