



AmericanPacific

BORATES LIMITED

ASX Announcement

ASX Code: ABR

ACN: 615 606 114

18 November 2020

ABR CONTINUES TO PROGRESS CONSTRUCTION AT FORT CADY BORATE MINE

HIGHLIGHTS

- Concrete poured for Materials Warehouse
- Construction progressing
- Second Round of SOP+B crop trials in train to focus on greenhouse crops
- Continued progress on targeted secondary listing on a New York exchange
- Borate educational marketing initiatives developed and being rolled out
- Fort Cady Borate Mine Plant Superintendent appointed
- ABR to be included in MSCI Global Micro Cap Index from 30 November 2020
- ABR awarded Best Technical Study of 2020 by Mining Journal for its Fort Cady Borate Mine eDFS
- Company still targeting first production in Q3, CY2021

American Pacific Borates Limited (ASX:ABR) ("ABR" or the "Company") is pleased to provide an update on its activities.

Fort Cady Borate Mine Construction Activities

Construction activities for the Fort Cady Borate Mine are ongoing with concrete poured last week for a materials warehouse measuring 90 metres in length.

The Company continues to target first production in Q3, CY2021.

Pictures below show some recent construction activities on site.

COMPANY DIRECTORS

David Salisbury – Non-Executive Chairman

Michael X. Schlumberger – Managing Director & CEO

Anthony Hall – Executive Director

Stephen Hunt – Non-Executive Director

John McKinney – Non-Executive Director



ISSUED CAPITAL

319.4 million shares

56.3 million options

REGISTERED OFFICE

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Figure 1: Photo showing concrete pour for materials warehouse



Figure 2: Delivery of Power Distribution Transformer

Boron Enriched SOP Crop Trials

ABR and the University of Connecticut (**UConn**) are working toward a second round of crop trials of ABR's boron enriched SOP (**SOP+B**) specialty fertiliser. This round will target greenhouse crops that require SOP for growth. The second round will incorporate data obtained from the initial crop trial, and aims to expand on the positive results achieved. The Company expects to be in a position to confirm the crops and trial parameters shortly.

Ongoing Financing and Potential Secondary Listing

The Company continues to progress discussions with North American headquartered investment banks with respect to supporting it with ongoing financing needs and a potential listing on a New York stock exchange.

This workstream is a priority for the Company given the location of its projects and the majority of its management, the likely scenario that all products will be sold into the United States and the current valuations of US listed speciality industrial minerals' companies.



Company Marketing Initiatives

Borate Educational Marketing

The Company is conscious of the need for ongoing market education of borates and their wide uses. Given this, it is progressing an educational initiative through digital media platforms that seeks to demonstrate the importance of borates in emerging global megatrends. Borates are particularly relevant to food security, electrification of vehicles and climate change via energy generation (wind turbines, solar PV modules and nuclear power plants) and energy efficiency (fibreglass insulation).

The graphics below form part of the educational platform.

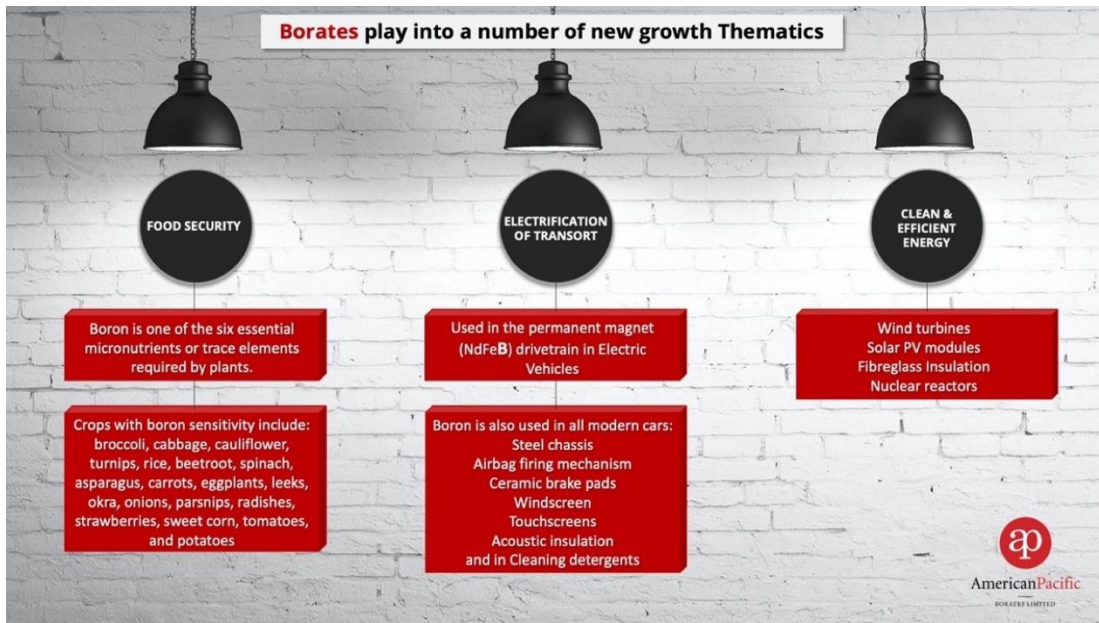


Figure 3: Borates and New Growth Thematics

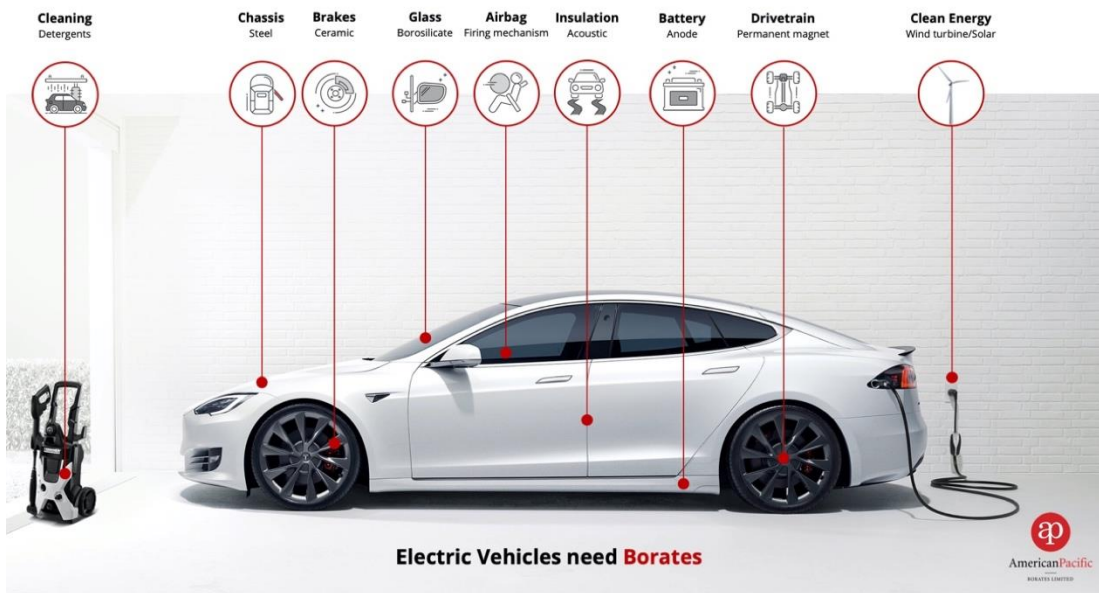


Figure 4: Borates and the Electrification of Vehicles



Figure 5: Borates and Climate Change

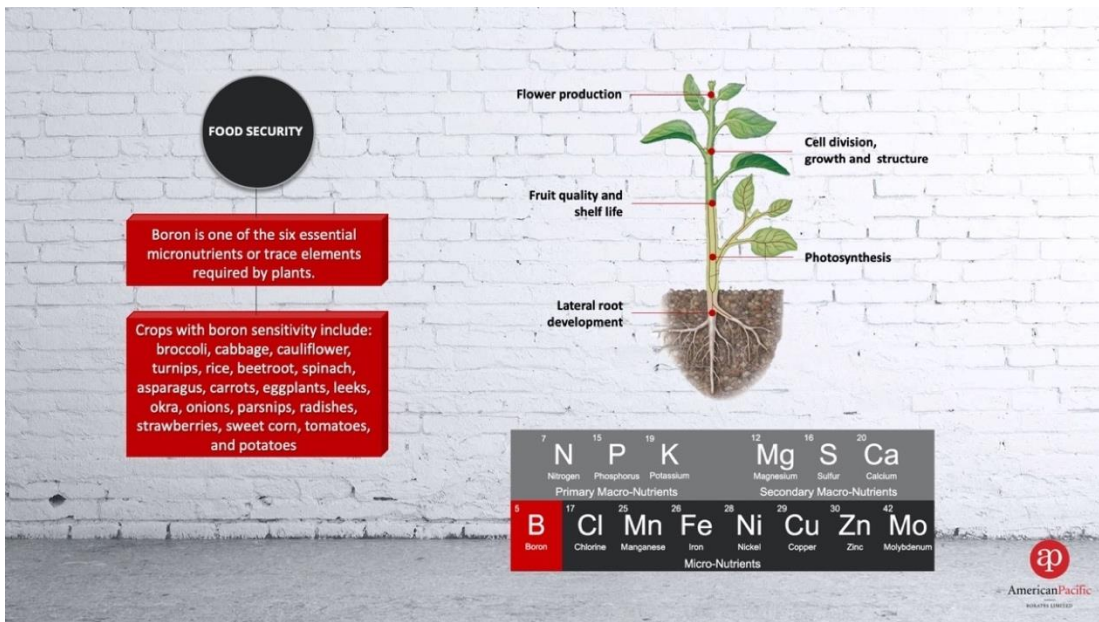


Figure 6: Borates and Food Security

US Marketing Company Marketing Initiatives

Over the course of recent weeks, the Company has increased the number of presentations made to US based investment managers. The feedback has been very positive and the Company believes its marketing in the United States is progressing well. Consistent feedback has also been very positive with respect to a potential secondary listing in New York that will enable broader US investor access to trading ABR securities.

US\$30m Convertible Note

Definitive legal agreements have been executed by the parties. The Company has released an addendum to the resolutions to be considered at its annual general meeting to be held on 30 November 2020 to enable a shareholder vote on the potential equity to be allotted under the terms of the Convertible Note.



Corporate

Plant Superintendent appointed

Consistent with the Company's philosophy of operator led mine construction, the Company is pleased to report it has appointed the Plant Superintendent for the Fort Cady Borate Mine.

Mr Grantel Gibbs has joined the Fort Cady team and brings substantial process engineering and operations experience to the organisation. Mr Gibbs has worked in four countries with increasing levels of responsibility and a proven record of process improvement and operational cost optimisation. He has worked for major mining and engineering companies such as PPG, Bechtel, Hudbay Minerals, and Vale Inco.

Additional Recruitment

Further recruitment is expected to ramp up in Q2 CY2021 into initial production.

Inclusion in MSCI Global Micro Cap Index

Effective 30 November 2020, the Company has been advised its securities will be included in the MSCI Global Micro Cap Index. A link to the announcement is below:

<https://bit.ly/ABRMSCImicrocapindexes>

Mining Journal Award

The Company is pleased to report it was awarded the Best Technical Study 2020 by Mining Journal for its Fort Cady Borate Mine eDFS.



- ENDS -

Authorised for release by: Michael X. Schlumpberger, Managing Director.

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About American Pacific Borates Limited

American Pacific Borates Limited is focused on advancing its 100% owned Fort Cady Borate Mine 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). An enhanced DFS was completed in April 2020 (ASX release dated 16 April 2020¹). The enhanced DFS increased production of SOP to 363ktpa in full production. This complemented boric acid production of 409ktpa.

The enhanced DFS delivered exceptional financial metrics, including an unlevered post tax NPV₈ of US\$1.97bn, an unlevered post tax IRR of 39% and an EBITDA in the first full year of production of US\$438m.

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 announced in August 2020 that it had received all substantive operational permits and is now working towards first production in Q3, CY2021.

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.

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



Location of the Fort Cady and Salt Wells Projects in the USA

Forward Looking Statements

This announcement contains ‘forward-looking information’ that is based on the Company’s expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company’s business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as ‘outlook’, ‘anticipate’, ‘project’, ‘target’, ‘potential’, ‘likely’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘would’, ‘could’, ‘should’, ‘scheduled’, ‘will’, ‘plan’, ‘forecast’, ‘evolve’ and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company’s actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.