



AmericanPacific

BORATES LIMITED

ASX Announcement

ASX Code: ABR

ACN: 615 606 114

29 December 2020

ABR INITIATES DRAWDOWN OF RENEGOTIATED US\$30M FINANCING FOR CONSTRUCTION OF FORT CADY BORATE MINE

HIGHLIGHTS

- US\$30m convertible note financing renegotiated to 100% equity
- Globally recognised Sinar Mas Mining to support mine expansion financing activities
- Positive discussions ongoing with potential partners to support financing activities and product sales and marketing
- Progressing engineering to support revised mine plan targeting a potential increased EBITDA in CY2023
- Company still targeting first production in Q3, CY2021 with construction ongoing

American Pacific Borates Limited (ASX:ABR) ("ABR" or the "Company") is pleased to provide an update on its financing activities for the Fort Cady Borate Mine, in Southern California.

US\$30M Financing

On 1 June 2020, the Company announced it had entered into a binding term sheet to raise US\$30m via a convertible note ("Convertible Note"). Under the terms of the Convertible Note, Virtova Capital Management Limited (the "Noteholder"), had the ability to convert the Note into 51,282,051 fully paid ordinary shares in the Company within the two-year time frame of the Note. The Company also had the ability to force this conversion if its shares traded over \$1.75 per share on the ASX for ten consecutive days.

At the Company's AGM held on 30 November 2020, shareholders approved the issue of up to 6,666,666 Notes (the first of five tranches) to be drawn down on or about 14 February 2021. The maximum number of fully paid ordinary shares to then be issued on conversion by the Noteholder would be 10,256,409 shares.

The Company is pleased to advise that it has renegotiated the Convertible Note to be 100% equity. It has also renegotiated the time period for the drawdown with 100% of the US\$30m due on or about 31 January 2021. Importantly, under the revised arrangement, the Company does not need to provide any security for the funds meaning all assets will remain unencumbered and available to support debt facilities as part of the ongoing financing strategy.

COMPANY DIRECTORS

David Salisbury – 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

319.7 million shares

63.7 million options

REGISTERED OFFICE

Level 12, 197 St Georges Terrace, Perth
WA, 6000, Australia

US OFFICE

16195 Siskiyou Road, #210,
Apple Valley, CA, 92307, USA

CONTACT

T: +61 8 6141 3145

W: americanpacificborates.com



In order to give effect to the renegotiated arrangement, the following has now been agreed:

1. The Company will drawdown on the first tranche of the Convertible Note;
2. The Noteholder will waive all security requirements and all additional Convertible Note drawdowns;
3. The Noteholder will immediately instruct the Company to convert the first tranche of the Convertible Note to 10,256,409 shares;
4. The Company will complete a Placement to the Noteholder of 41,025,642 shares for US\$24m ("Placement") under its existing Listing Rule 7.1 placement capacity (using an exchange rate of A\$0.76:US\$1.00, the share price for the Placement is A\$0.77);
5. All 51,282,050 shares (i.e. mentioned in 3 and 4 above) are to be voluntarily escrowed for a period of six months from their issue; and
6. Transaction to be completed on or about 31 January 2021.

The Placement shares issued to Virtova Capital will rank equally with the Company's existing fully paid ordinary shares. The Company intends to apply the funds raised from the Placement and conversion to fund construction activities at the Fort Cady Borate Mine including, but not limited to, site works, equipment costs, personnel, engineering expenses and establishing required infrastructure in order to construct facilities for the production of borates and SOP, and general working capital expenses.

In addition, Virtova Capital has introduced Sinar Mas Mining to the Company and Sinar Mas Mining has agreed to support the Company with its ongoing financing activities with respect to mine expansion. To evidence the credentials of Sinar Mas Mining, the Company notes it has recently entered into a 50% joint venture with EMR Capital for the acquisition and expansion of the Ravenswood Gold Project in QLD.

Partnering Discussions

On 11 May 2020, the Company advised it was exploring various options with respect to ongoing mine financing with a view to delivering an optimum result to shareholders. In parallel with working with Sinar Mas Mining, and progressing a NASDAQ ADR listing, the Company continues to have discussions with potential strategic partners. These discussions are focussed on project level financing to accelerate mine expansion and ongoing product sales and marketing.

The Company will continue to keep the market informed as these discussions progress.

Re-Engineering of Mine Plan to Potentially Bring Forward Targeted EBITDA

Engineering to support a revised mine plan is on track for completion in January 2021. The focus is on potentially bringing forward EBITDA from SOP operations which is expected to be positive for partnering discussions, ongoing financing and the US NASDAQ ADR listing.

- ENDS -

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

For further information contact:

Michael X. Schlumpberger
Managing Director
Ph: +1 442 292 2120

Anthony Hall
Executive Director
Ph: +61 417 466 039

Elvis Jurcevic
Investor Relations
Ph: +61 408 268 271



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)

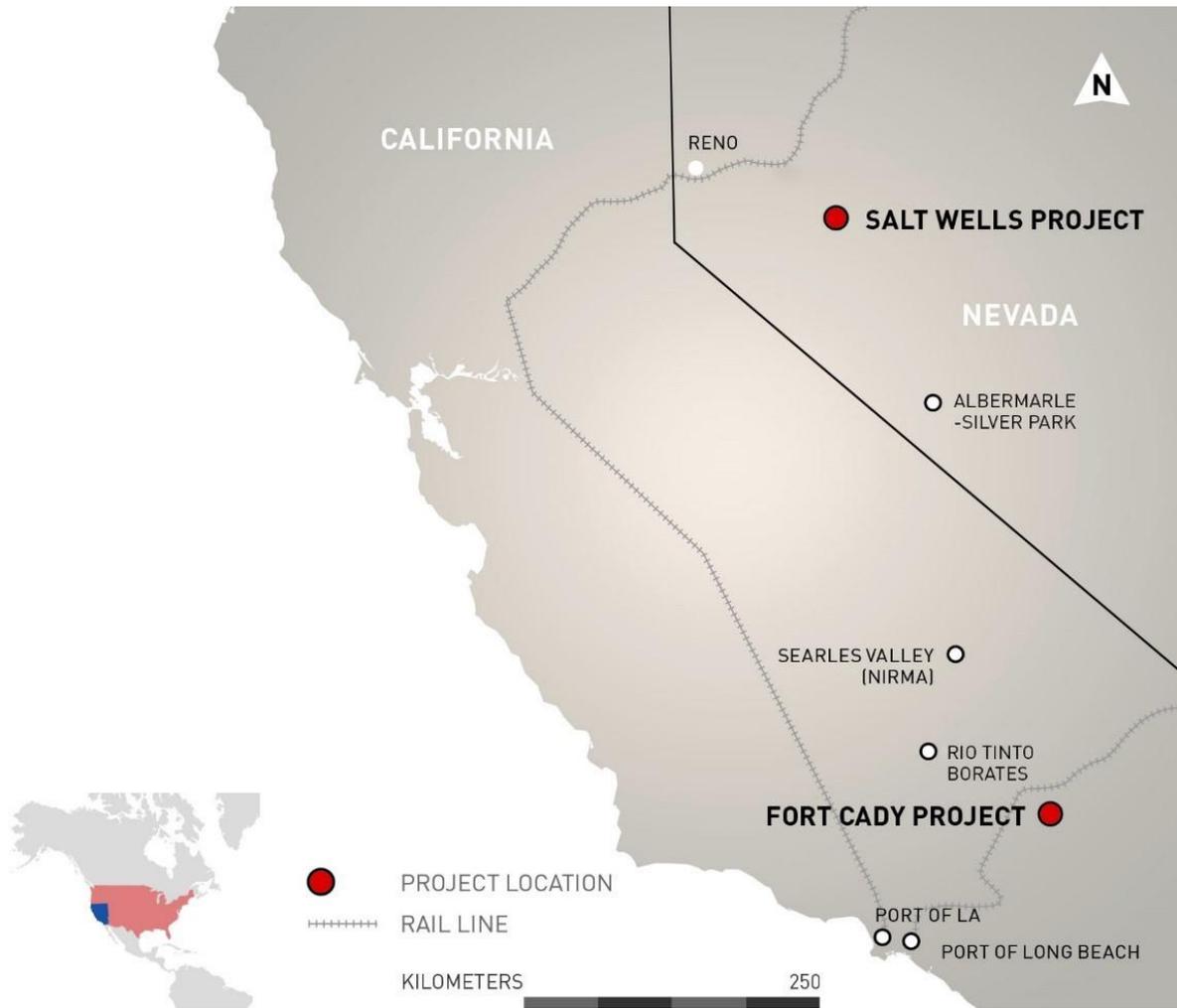
JORC compliant Mineral Resource Estimate and Reserve						
Reserves	MMT	B ₂ O ₃ %	H ₃ BO ₃ %	Li ppm	B ₂ O ₃ MT	H ₃ BO ₃ MT
Proven	27.21	6.70	11.91	379	1.82	3.24
Probable	13.80	6.40	11.36	343	0.88	1.57
Total Reserves	41.01	6.60	11.72	367	2.71	4.81
Resources						
Measured	38.87	6.70	11.91	379	2.61	4.63
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.