



AmericanPacific

BORATES LIMITED

ASX Announcement

ASX Code: ABR

ACN: 615 606 114

14 December 2020

ABR PROGRESSING SECONDARY LISTING ON NEW YORK EXCHANGE

HIGHLIGHTS

- **Process progressing for secondary listing on NASDAQ via an ADR**
- **Interviews completed for US investment banking partners with final proposals expected shortly**
- **Work underway to re-engineer early Fort Cady Borate Mine phases to bring forward EBITDA**
- **Stronger EBITDA profile in early years expected to be positive for US listing given US peer valuations**
- **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 activities at the Fort Cady Borate Mine, in Southern California.

NASDAQ ADR Process

The Company has commenced a process to enable a secondary trading of its securities on the NASDAQ via an American Depositary Receipt ("ADR"). Positive discussions have been held with NASDAQ representatives and US investment banking partners that should expedite the process. The Company expects to receive final proposals shortly. Feedback continues to be positive from the US investor outreach program with fund managers and other potential investors suggesting a US listing would make it easier for US investors to own shares in the Company.

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

Re-Engineering of Early Phases of Fort Cady Borate Mine

The Company is currently considering some engineering initiatives designed to bring forward EBITDA to earlier years of operation. The strategy revolves around potentially increasing early SOP production and focussing on the production on-site of a granular SOP+B speciality fertiliser.

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

319.7 million shares

63.7 million options

REGISTERED OFFICE

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The Company believes a larger EBITDA in earlier years may be positive for a US listing given US peer valuations driven by EBITDA multiples. It also believes there may be a large market for its SOP+B specialty fertiliser given initial crop trial results demonstrating increasing yields of over 100% in some trials (refer graph below).

The re-engineering is focussed on SOP production which will not impact the Company's current target of being in initial production in Q3, CY2021.

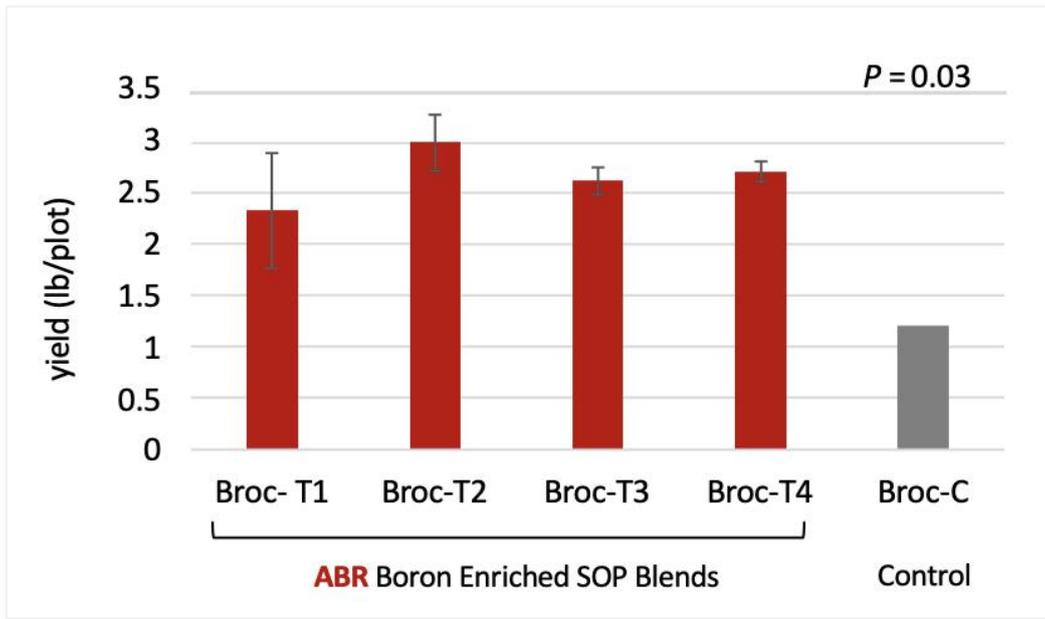


Figure 1 – Graph showing increase in yield for broccoli crops when applying differing rates of boron.

- ENDS -

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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.