

General Meeting – Notice and Proxy Form

2 February 2021

Dear Shareholder

American Pacific Borates Limited (ACN 141 804 104) (**Company**) is convening a General Meeting (**Meeting**) to be held virtually on Friday, 5 March 2021 at 10:00 am (AEDT).

The Company and the Board are acutely aware of the current circumstances resulting from COVID-19 and the impact it is having, and is likely to continue to have, on physical meetings. Accordingly, the Board has made the decision that it will not hold a physical Meeting.

In accordance with subsection 5(1)(f) of the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020*, the Company will not be dispatching physical copies of the Notice of Meeting (**Notice**). Instead, a copy of the Notice will be available at

<https://americanpacificborates.com/>.

As you have not elected to receive notices by email, a copy of your personalised proxy form is enclosed for your convenience. **Shareholders are encouraged to complete and lodge their proxies online or otherwise in accordance with the instructions set out in the proxy form and the Notice.**

Your proxy voting instruction must be received by 10:00 am (AEDT) on Wednesday, 3 March 2021, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company's share registry, Computershare Investor Services Pty Ltd on, 1300 850 505.

Circumstances relating to COVID-19 are changing rapidly. The Company will update shareholders if changing circumstances will impact the planning or arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at

<https://americanpacificborates.com/>.

The Company appreciates the understanding of shareholders during this time.

Yours faithfully



Aaron Bertolatti
Company Secretary
American Pacific Borates Limited



AmericanPacific

BORATES LIMITED

AMERICAN PACIFIC BORATES LIMITED
ACN 615 606 114
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am (AEDT)

DATE: 5 March 2021

PLACE: In light of the current global outbreak of the Coronavirus (COVID 19), the Australian Government's response in restricting gatherings and implementing social distancing requirements in addition to the State Government's border restrictions, the Company has decided that special arrangements will apply to the Meeting. In the interests of public health and safety, the Company has determined not to allow Shareholders to physically attend the Meeting.

The Company will publish a Virtual Meeting Guide on the ASX and the Company's website in the week prior to the General Meeting, outlining how Shareholders will be able to participate in the Meeting via the internet.

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am (AEDT) on 3 March 2021.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 41,025,642 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who participated in the issue or is a counterparty to the agreement being approved (namely Virtova Capital Management Limited) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 2 February 2021

By order of the Board



Aaron Bertolatti
Company Secretary

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person and online

The Company is pleased to provide Shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Zoom.

The Company will publish a Virtual Meeting Guide on the ASX and the Company's website in the week prior to the General Meeting, outlining how Shareholders will be able to participate in the Meeting via the internet. Any shareholders who wish to attend the General Meeting online should monitor the Company's website and its ASX announcements for any updates about the General Meeting.

Shareholders attending the General Meeting virtually will be able to ask questions and the Company has made provisions for Shareholders who register their attendance before the start of the Meeting to also cast their votes on the proposed resolutions.

After registering, you will receive a confirmation email containing information about joining the Meeting. **The Directors strongly encourage all Shareholders to either lodge a directed proxy form prior to the Meeting even if they are planning to attend the Meeting online.**

Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (www.computershare.com.au).

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6141 3145.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – PLACEMENT SHARES

1.1 General

On 1 June 2020 the Company announced it had entered a Binding Term Sheet with Virtova Capital Management Limited (the **Virtova**) to conditionally issue up to 33,333,333 Convertible Notes, each with a face value of US\$1.00, at an issue price of US\$0.90 per Convertible Note to raise up to US\$30,000,000 (**Convertible Notes**).

Under the terms of the formal Convertible Note agreement (subsequently entered and detailed in the Company's announcement titled 'Addendum to Notice of Annual General Meeting' released on 13 November 2020), the Company was able to draw down five tranches of 6,666,666 or 6,666,667 Convertible Notes (**Tranches**). The Company subsequently received Shareholder approval at the 2020 annual general meeting, for the issue of the first Tranche of 6,666,666 Convertible Notes (**First Tranche**).

The maximum number of Shares to be issued on conversion of the First Tranche (assuming no interest is payable) is 10,256,409 Shares.

Subsequently, as announced on 29 December 2020, the Company and Virtova renegotiated Virtova's funding terms. To give effect to the new funding arrangement, Virtova and the Company agreed the following:

- (a) the Company will drawdown on the First Tranche of the Convertible Notes, pursuant to the previous Shareholder approval and issue 6,666,666 Convertible Notes to Virtova;
- (b) Virtova will convert the First Tranche of the Convertible Note into Shares, which will equate to an issue of 10,256,409 Shares;
- (c) Virtova will waive all security requirements and all rights to receive additional Tranches, terminating ongoing rights and obligations under the Convertible Note agreement;
- (d) the Company will complete a placement to Virtova of 41,025,642 Shares (**Placement Shares**) at an issue price of US\$0.585 per Placement Share to raise US\$24m (**Placement**);
- (e) all 51,282,051 Shares (being the aggregate of the Shares issued on conversion of the First Tranche of the Convertible Notes and the Placement Shares) will be voluntarily escrowed for a period of six months from their date of issue; and
- (f) the drawdown and conversion of the First Tranche of Convertible Notes and the Placement will be completed on or around 31 January 2021.

The Shares to be issued on conversion of the First Tranche of Convertible Notes will be issued under Exception 9 of Listing Rule 7.2.

However, the Shares to be issued under the Placement will be issued under the Company's placement capacity under ASX Listing Rule 7.1.

In order to retain flexibility in respect of placement capacity, the Company seeks Shareholder approval pursuant to ASX Listing Rule 7.4 for the ratification of the Placement Shares.

As at the date of this Notice, the Shares the subject of this ratification Resolution have not yet been issued, but will be issued prior to the Meeting.

1.2 ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 30 November 2020.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, will effectively use up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

1.3 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolution 1 is not passed, the Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without

Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

1.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Placement Shares will be issued to Virtova Capital Management Limited;
- (b) 41,025,642 Placement Shares will be issued prior to the Meeting, all of which will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Company confirms that the Placement Shares will be voluntarily escrowed for a period of six months from their issue;
- (c) the Placement Shares will be issued prior to the Meeting, on or around 31 January 2021, and all Placement Shares will be issued on the same date, the Company will release an Appendix 2A upon their issue;
- (d) the issue price will be US\$0.585 per Placement Share (equating to A\$0.77 at an exchange rate of A\$0.76:US\$1.00). The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (e) the purpose of the issue of the Placement Shares is to raise US\$24,000,000 (equating to A\$31,578,947 at an exchange rate of A\$0.76:US\$1.00). The Company intends to apply the funds raised from the Placement 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; and
- (f) the Placement Shares will be issued to Virtova Capital Management Limited pursuant to the agreement between Virtova and the Company, as is summarised at Section 1.1.

GLOSSARY

\$ or A\$ means Australian dollars.

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means American Pacific Borates Limited (ACN 615 606 114).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

US\$ means United States dollars.



AmericanPacific

BORATES LIMITED

American Pacific Borates Limited
ABN 68 615 606 114

ABR

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00 AM (AEDT) on Wednesday, 3 March 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

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Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of American Pacific Borates Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of American Pacific Borates Limited to be held as a virtual meeting on Friday, 5 March 2021 at 10:00 AM (AEDT) and at any adjournment or postponement of that meeting.

Step 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for the item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Ratification of prior issue of Shares – Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on the resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

<input type="text"/>	<input type="text"/>
Mobile Number	Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

