



AmericanPacific

American Pacific Borates Ltd

Interim Financial Report

31 December 2020

ABN 68 615 606 114
americanpacificborates.com





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CORPORATE DIRECTORY

Directors

David Salisbury (Non-Executive Chairman)
Michael Schlumpberger (Managing Director)
Anthony Hall (Executive Director)
Stephen Hunt (Non-Executive Director)
Jimmy Lim (Non-Executive Director)

Company Secretary

Aaron Bertolatti

Registered Office & Principal Place of Business

Level 12, 197 St Georges Terrace,
PERTH WA 6000
Telephone: + 61 6141 3145
Website: americanpacificborate.com

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: ABR



Directors' Report

The Directors present their report for American Pacific Borates Limited ("American Pacific" or "the Company") and its subsidiaries ("the Group") for the half-year ended 31 December 2020.

DIRECTORS

The persons who were directors of American Pacific during the half-year and up to the date of this report are:

- David Salisbury (Non-Executive Chairman) – appointed 1 August 2020
- Harold (Roy) Shipes (Non-Executive Chairman) – resigned 31 July 2020
- Michael Schlumpberger (Managing Director)
- Anthony Hall (Executive Director)
- Stephen Hunt (Non-Executive Director)
- Jimmy Lim (Non-Executive Director) – appointed 4 February 2021
- John McKinney (Non-Executive Director) – resigned 4 February 2021

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

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 traditional 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\$80m 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.

An updated enhanced Definitive Feasibility Study ("eDFS") was completed in February 2021 (ASX release dated 4 February 2021). The updated eDFS has production targets of 450ktpa of boric acid and 400ktpa of SOP in full production. Financial metrics include an unlevered post tax NPV8 of US\$2.02bn, an unlevered post tax IRR of 41% and an EBITDA in the first full year of production of US\$453m.

The Company is currently in construction of the initial phase of the Fort Cady Borate Mine with first production targeted for Q3, CY2021.

JORC compliant Mineral Resource Estimate and Reserve (ASX release dated 3 December 2018¹)

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

¹ 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.

Rapid Progress by American Pacific Borates

The following are key accomplishments reflecting the rapid progress made since July 1 2020.

July 2020	Appoints Former US Based Rio Tinto Executive as Chairman
July 2020	Defers Spending Commitments at Salt Wells Borate Project
August 2020	Confirms all Substantive Operational Permits in Place
August 2020	Progresses Construction Activities at Fort Cady Mine
September 2020	Confirms Product Branding Strategy
October 2020	Delivers Positive results for Enriched SOP Crop Trials
November 2020	Continues to Progress Construction Activities at Fort Cady
December 2020	Initiates Drawdown of Renegotiated US\$30m Financing
December 2020	Progresses Secondary Listing On New York Exchange
February 2021	Appoints Construction Company for Fort Cady Borate Mine
February 2021	Announces changes to the Board
February 2021	Updates Enhanced Fort Cady Borate Mine DFS
February 2021	Confirms drawdown of US\$30m

REVIEW OF OPERATIONS

Defers Spending Commitments at Salt Wells Borate Project

On 30 July 2020, the Company reported that it had renegotiated the earn-in agreement expenditure requirements. Year 3 (FY21) will now become Year 1 in the revised agreement and see an expenditure commitment of US\$100k (inclusive of annual lease payments). The existing Year 4 (FY22) will now become Year 2 with a revised expenditure commitment of US\$300k and so on.

Appoints Former US Based Rio Tinto Executive as Chairman

On 3 August 2020, the Company announced the appointment of Mr David J Salisbury as the Company's new Chairman effective 1 August 2020. US based, Mr Salisbury has over 40 years' experience in the mining industry, including seventeen years with Rio Tinto. Over his 40 years he has been directly responsible for the development, construction and operations of four mines.

Progresses Construction Activities at Fort Cady Mine

On 7 August 2020, the Company announced that it continues to progress construction activities with significant equipment arriving on site.



Figure 1 | Photo of solvent extraction (SX) equipment arriving on site on 3 August 2020



Figure 2 | Photo showing solar PV modules on the Company's site office

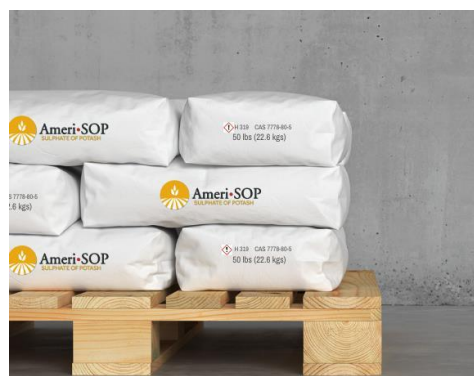
Confirms all Substantive Operational Permits in Place

On 17 August 2020, the Company announced it had been awarded the Underground Injection Control permit by the US EPA on 14 August 2020. With the award of this permit the Company highlighted that all substantive operational permits for production of borates and SOP at the Fort Cady Borate Mine were in place.



Confirms Product Branding Strategy

On 24 September 2020, the Company announced that it had progressed its market entry strategy with the confirmation of the product brand concepts. The Company went on to explain that it intends to produce Boric Acid (H_3BO_3), Sulphate of Potash (SOP- K_2SO_4), Boron Enriched Sulphate of Potash (SOP+B), and Gypsum from its Fort Cady mine. Concepts for each product brand include the following brands:



Delivers Positive results for Enriched SOP Crop Trials

On 1 October 2020, the Company announced that its initial independent crop trials of boron enriched SOP were completed on broccoli and tomatoes and undertaken by the University of Connecticut in the USA. The broccoli trials in particular demonstrated significant benefits from the use of the boron-enriched SOP revealing a notable uptake of boron in the crops resulting in dramatic yield improvements compared to standard SOP fertiliser.



Figure 3 | Photo showing the broccoli trial blocks ABR applied SOB+B highlighted in yellow compared to crop on right using standard SOP



Continues to Progress Construction Activities at Fort Cady

On 18 November 2020, the Company announced that construction activities for the Fort Cady Borate Mine were ongoing with concrete poured the week previously for a materials warehouse. The Company also reinforced its intention target first production in Q3, CY2021.



Figure 4 | Photo showing concrete pour for materials warehouse

Progresses Secondary Listing On New York Exchange

On 14 December 2020, the Company announced that it had commenced a process to enable a secondary trading of its securities on the NASDAQ via an American Depositary Receipt or ADR.

Initiates Drawdown of Renegotiated US\$30m Financing

On 29 December 2020, the Company announced that it had initiated the renegotiated drawdown of the US\$30m in financing that was targeted to be used for construction of the Fort Cady Borate mine.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Confirms drawdown of US\$30m

On 1 February 2021, the Company confirmed receipt of US\$30M from Virtova Capital Management Limited. Funds are to be used for the ongoing construction of Phase 1A of the Fort Cady Borate Mine. The Company advised that it had renegotiated the initial convertible note to be 100% equity.

Updates Enhanced Fort Cady Borate Mine DFS

On 4 February 2021, the Company updated the enhanced Fort Cady Borate Mine DFS initially released on 16 April 2020, to bring forward SOP production (refer ASX announcements dated 4 February 2021).

The initial DFS was completed in December 2018 (refer ASX announcement dated 17 December 2018). In January 2019, the initial DFS was then modified to include a low capex starter project (refer ASX announcement dated 31 January 2019). In April 2020, an enhanced DFS was completed to increase SOP production to 400ktpa (refer ASX announcements dated 16 and 24 April 2020).



Updates to strengthen the eDFS included:

- Increasing SOP equipment capex to reflect the change in procurement strategy to European suppliers away from Chinese suppliers (expected to increase reliability and reduce risks around US / China trade);
- The addition of compaction equipment for up to 80kstp/a to cover all Phase 1 SOP production to enable the onsite production of the Company's specialty SOP+B fertiliser following feedback from potential partners;

Table 1 | Key Financial Metrics for the Fort Cady Borate Mine on a Phase by Phase Basis

Fort Cady Borate Mine (Boric Acid and SOP Production)	
Phase 1A Only	
Capex	US\$54.2 million
NPV ₈	US\$138.5 million
IRR	24.4%
EBITDA in first full year of production	US\$12.6 million
Phase 1A & 1B Only	
Capex (Phase 1B only)	US\$34.6 million
NPV ₈	US\$597.9 million
IRR	46.1%
EBITDA in first full year of production	US\$49.6 million
Phase 1A, 1B & 1C Only	
Capex (Phase 1C only)	US\$122.0 million
NPV ₈	US\$885.2 million
IRR	36.4%
EBITDA in first full year of production	US\$81.1 million
Phase 1 & 2 Only	
Capex (Phase 2 only)	US\$313.0 million
NPV ₈	US\$1.889 billion
IRR	40.2%
EBITDA in first full year of production	US\$257.3 million
Full Project (Phases 1, 2, & 3)	
Capex (Phase 3 only)	US\$318.7 million
NPV₈	US\$2.021 billion
IRR	40.6%
EBITDA in first full year of production	US\$452.7 million

Board Changes

On 4 February 2021, the Company confirmed the appointment of Mr Jimmy Lim of Virtova Capital Management Limited as a Non-Executive Director. At the same time as the appointment, Mr John McKinney retired as a Non-Executive Director of the Company.



Option Issue

On 1 February 2021, the Company issued 1,500,000 unlisted options exercisable at A\$1.60 each on or before 31 December 2022.

Appoints Construction Company for Fort Cady Borate Mine

On 9 February 2021, the Company announced that Matrix Service Company (Nasdaq: MTRX) had been appointed prime contractor to complete the construction of Phase 1A of the Fort Cady Borate Mine.

Option Conversions

Subsequent to the end of the financial period the following options were converted into ordinary fully paid shares:

- 3,300,000 unlisted options, exercisable at A\$0.75. Funds raised totalled A\$2,475,000;
- 500,000 unlisted options, exercisable at A\$0.40. Funds raised totalled A\$200,000;
- 500,000 unlisted options, exercisable at A\$0.30. Funds raised totalled A\$150,000; and
- 500,000 unlisted options, exercisable at A\$0.20. Funds raised totalled A\$100,000.

Coronavirus (COVID-19) Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 9 and forms part of this Directors' report for the half-year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3)(a) of the Corporations Act 2001.

Michael Schlumpberger
Managing Director

California, USA
11 March 2021

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AMERICAN PACIFIC BORATES LIMITED

As lead auditor for the review of American Pacific Borates Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of American Pacific Borates Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 11 March 2021



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2020

	Note	31-Dec-20 \$	31-Dec-19 \$
Continuing Operations			
Interest income		1,547	6,058
Other income		2,807	53,802
Expenses			
Professional and consulting fees		(756,642)	(377,347)
Director and employee costs		(464,772)	(142,596)
Other expenses		(306,465)	(305,524)
(Loss)/gain on foreign exchange		(2,784,162)	38,217
Borrowing costs		-	(337,052)
Marketing and promotional expenses		(137,164)	(80,587)
Share-based payments expense	11	(6,064,317)	(1,137,644)
Travel and accommodation		(20,271)	(105,231)
Loss before income tax		(10,529,439)	(2,387,904)
Income tax expense		-	-
Net loss for the period		(10,529,439)	(2,387,904)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(3,470,180)	(62,688)
Other comprehensive income for the year, net of tax		(3,470,180)	(62,688)
Total comprehensive loss for the period		(13,999,619)	(2,450,592)
Loss per share			
Loss per share (cents)		(3.32)	(1.14)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



Consolidated Statement of Financial Position
as at 31 December 2020

	Note	31-Dec-20 \$	30-Jun-20 \$
Current Assets			
Cash and cash equivalents		23,819,898	38,742,907
Other assets		59,384	1,694
Receivables		633,977	131,785
Total Current Assets		24,513,259	38,876,386
Non-Current Assets			
Receivables	3	1,486,893	536,247
Long Term Prepayment for Property, Plant and Equipment	4	7,540,607	3,116,246
Property, plant and equipment	5	1,482,896	1,388,857
Deferred exploration and evaluation expenditure	6	31,506,690	29,483,185
Total Non-Current Assets		42,017,086	34,524,535
Total Assets		66,530,345	73,400,921
Current Liabilities			
Trade and other payables	7	898,976	3,815,995
Total Current Liabilities		898,976	3,815,995
Total Liabilities		898,976	3,815,995
Net Assets		65,631,369	69,584,926
Equity			
Issued capital	8	77,844,185	73,862,440
Reserves	9	10,177,768	7,583,631
Accumulated losses	10	(22,390,584)	(11,861,145)
Total Equity		65,631,369	69,584,926

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the period ended 31 December 2020

	Issued capital \$	Accumulated losses \$	Foreign exchange translation reserve	Share option reserve \$	Total \$
Balance at 1 July 2019	31,961,550	(6,669,656)	1,129,206	2,367,562	28,788,662
Total comprehensive loss for the period					
Loss for the period	-	(2,387,904)	-	-	(2,387,904)
Foreign currency translation	-	-	(62,688)	-	(62,688)
Total comprehensive loss for the period	-	(2,387,904)	(62,688)	-	(2,450,592)
Transactions with owners in their capacity as owners					
Shares issued by placement	2,750,000	-	-	-	2,750,000
Shares issued on conversion of unlisted options	52,722	-	-	-	52,722
Shares issued on conversion of convertible note	127,167	-	-	-	127,167
Cost of issue	(127,335)	-	-	-	(127,335)
Share-based payments (note 11)	-	-	-	1,137,644	1,137,644
Balance at 31 December 2019	34,764,104	(9,057,560)	1,066,518	3,505,206	30,278,268
Balance at 1 July 2020	73,862,440	(11,861,145)	1,335,874	6,247,757	69,584,926
Total comprehensive loss for the period					
Loss for the period	-	(10,529,439)	-	-	(10,529,439)
Foreign currency translation	-	-	(3,470,180)	-	(3,470,180)
Total comprehensive loss for the period	-	(10,529,439)	(3,470,180)	-	(13,999,619)
Transactions with owners in their capacity as owners					
Shares issued on conversion of unlisted options	3,994,212	-	-	-	3,994,212
Cost of issue	(58,467)	-	-	-	(58,467)
Share-based payments (note 11)	46,000	-	-	6,064,317	6,110,317
Balance at 31 December 2020	77,844,185	(22,390,584)	(2,134,306)	12,312,074	65,631,369

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows
for the period ended 31 December 2020

	31-Dec-20 \$	31-Dec-19 \$
Cash flows from operating activities		
Payments to suppliers and employees	(1,628,542)	(1,443,459)
Other receipts	2,807	53,802
Interest received	1,547	6,058
Interest paid	-	(349,390)
Net cash used in operating activities	(1,624,188)	(1,732,989)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,889,340)	(123,866)
Payment for EPA reclamation bond	(1,087,803)	-
Payments for exploration expenditure	(5,278,185)	(2,026,715)
Net cash used in investing activities	(13,255,328)	(2,150,581)
Cash flows from financing activities		
Proceeds from issue of shares	-	2,750,000
Proceeds from issue of Convertible Note	-	2,934,655
Proceeds from the conversion of unlisted options	3,912,846	52,722
Borrowing costs	-	(192,834)
Repayment of convertible note	-	(127,130)
Payments for share issue costs	(1,172,177)	(114,983)
Net cash provided by financing activities	2,740,669	5,302,430
Net (decrease) /increase in cash and cash equivalents	(12,138,847)	1,418,860
Cash and cash equivalents at the beginning of the period	38,742,907	2,893,663
Effect of exchange rate fluctuations on cash	(2,784,162)	(38,190)
Cash and cash equivalents at the end of the period	23,819,898	4,274,333

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2020

1. Corporate Information

The financial report of American Pacific Borates Limited ("American Pacific" or "the Company") for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 11 March 2021. American Pacific is a company limited by shares incorporated in Australia whose shares are publicly trading on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with applicable accounting standards including AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 "Interim Financial Reporting".

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by American Pacific Borates Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs. For the purpose of preparing the half-year financial report the half-year has been treated as a discrete reporting period.

(b) Compliance Statement

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The impact on the financial performance and position of the company from the adoption of the new or amended Accounting Standards and Interpretations was not material.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

	31 December 2020 \$	30 June 2020 \$
3. Receivables – Non-Current		
Bonds and Guarantees	1,486,893	536,247
	1,486,893	536,247

The Bonds are pledged to the Bureau of Land Management (San Bernardino County) for the Fort Cady Project's water permits and to the Environmental Protection Authority for site reclamation.



	31 December 2020 \$	30 June 2020 \$
4. Long Term Prepayment for Property, Plant and Equipment		
Long Term Prepayment for Property, Plant and Equipment	7,540,607	3,116,246
	7,540,607	3,116,246
<p>Long term prepayment for property, plant and equipment represented the prepayments made to suppliers for purchases of equipment and construction services in relation to the development of the Fort Cady Borate Project. The prepayments are expected to form part of Property, Plant and Equipment and were therefore classified as non-current assets.</p>		
5. Property, plant and equipment		
Land and Buildings at cost	840,120	937,572
Plant and Equipment at cost	569,173	419,343
Motor Vehicles at cost	73,603	31,942
	1,482,896	1,388,857
Movements in property, plant and equipment:		
Land and Buildings		
Opening balance	937,572	708,454
Additions through acquisition	52,353	214,780
Net exchange differences on translation	(149,805)	14,338
Closing balance	840,120	937,572
Plant and Equipment		
Opening balance	419,343	21,071
Additions	223,479	418,479
Net exchange differences on translation	(48,676)	426
Depreciation for the year	(24,973)	(20,633)
Closing balance	569,173	419,343
Motor Vehicles		
Opening balance	31,942	38,652
Additions	51,051	-
Net exchange differences on translation	(3,445)	730
Depreciation for the year	(5,945)	(7,440)
Closing balance	73,603	31,942
6. Deferred Exploration & Evaluation Expenditure		
Exploration and Evaluation phase - at cost		
Opening balance	29,483,185	24,692,541
Foreign exchange translation difference	(1,962,630)	272,726
Exploration and evaluation expenditure incurred during the year	3,986,135	4,517,918
Closing balance	31,506,690	29,483,185

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2020

	31 December 2020 \$	30 June 2020 \$
7. Trade and Other Payables		
Trade payables	818,685	3,550,491
Other payables	57,064	133,254 ¹
Accruals	23,227	132,250
	898,976	3,815,995

¹ During the financial year the Company received funds totalling \$118,867 for the conversion of 475,467 unlisted options into ordinary fully paid shares. Shares however were not allotted until 2 July 2020.

Trade creditors and other creditors are non-interest bearing and generally payable on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

8. Issued Capital

(a) Issued and paid up capital

Issued and fully paid	77,844,185	73,862,440
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	31 December 2020		30 June 2020	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Opening Balance	304,560,670	73,862,440	208,442,224	31,961,550
Shares issued via \$0.25 placement	-	-	11,000,000	2,750,000
Shares issued via \$0.40 placement	-	-	17,750,000	7,100,000
Shares issued via \$0.60 placement	-	-	53,000,000	31,800,000
Shares issued to consultants ¹	80,000	46,000	-	-
Conversion of Convertible Notes	-	-	2,064,462	499,523
Conversion of Unlisted Options - \$0.25	12,776,849	3,194,212	2,637,317	659,329
Conversion of Unlisted Options - \$0.30	1,000,000	300,000	9,666,667	2,900,000
Conversion of Unlisted Options - \$0.40	1,250,000	500,000	-	-
Transaction costs on share issue	-	(58,467)	-	(3,807,962)
	319,667,519	77,844,185	304,560,670	73,862,440

¹ On 6 July 2020, 80,000 shares were issued under the terms of a consulting agreement dated 3 July 2020 for research and valuation services provided to the Company. The deemed issue price was \$0.575 per share.

	31 December 2020 \$	30 June 2020 \$
9. Reserves		
Foreign exchange translation reserve	(2,134,306)	1,335,874
Share option reserve	12,312,074	6,247,757
	10,177,768	7,583,631

Movements in Reserves:

<i>Foreign exchange translation reserve</i>		
Opening balance	1,335,874	1,129,206
Foreign exchange translation difference	(3,470,180)	206,668
Closing balance	(2,134,306)	1,335,874



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2020

The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

	31 December 2020 \$	30 June 2020 \$
<i>Share option reserve</i>		
Opening balance	6,247,757	2,367,562
Share-based payments expense	6,064,317	3,880,195
Closing balance	12,312,074	6,247,757

The share option reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their services. Refer to note 11 for further details of the securities issued during the financial period ended 31 December 2020.

10. Accumulated Losses

Movements in accumulated losses were as follows:

Opening balance	(11,861,145)	(6,669,656)
Loss for the period	(10,529,439)	(5,191,489)
Closing balance	(22,390,584)	(11,861,145)

11. Share-Based Payments

(a) Recognised share-based payment transactions

Share-based payment transactions recognised either as operational expenses in the statement of profit or loss and other comprehensive income or as capital raising costs in the equity during the period were as follows:

	31 December 2020 \$	31 December 2019 \$
Employee and Director share-based payments (note 11 (b))	5,380,898	1,133,209
Share-based payments to suppliers (note 11 (c))	683,419	4,435
	6,064,317	1,137,644
Shares issued to a consultant ¹	46,000	-
	6,110,317	1,137,644

¹ On 6 July 2020, 80,000 shares were issued to a consultant for nil consideration for research and valuation services provided.

Share-based payment transactions have been recognised as follows:

Share-based payment expense	6,064,317	1,137,644
Deferred exploration & evaluation expenditure	46,000	-
	4,865,887	1,137,644

(b) Employee and Director share-based payments

The Company has established an employee share option plan (ESOP). The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees and contractors of American Pacific Borates Limited. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, employees and eligible contractors of American Pacific Borates Limited.



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2020

The fair value at grant date of options granted during the reporting year was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option. The table below summarises options granted during the half-year ended 31 December 2020:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at end of the period	Exercisable at end of the period
			Number	Number	Number	Number	Number	Number
06/07/2020	06/07/2024	\$0.90	-	2,100,000	-	-	2,100,000	2,100,000
30/11/2020	06/07/2024	\$0.90	-	7,400,000	-	-	7,400,000	7,400,000
03/12/2020	30/06/2024	\$1.35	-	400,000	-	-	400,000	- ¹
			-	9,900,000	-	-	9,900,000	9,500,000

¹ Options will only be exercisable on achievement of the following conditions:

- 25% on successful completion of the employee's 6-month probationary period; and
- 75% vest 12 months after the date of issue provided that the employee is still employed on a fulltime basis by the Company on that date.

The expense recognised in respect of the above options granted during the half-year was \$5,139,462. The expense recognised during the half-year on options granted in prior periods was \$241,436.

The model inputs, not included in the table above, for options granted during the half-year ended 31 December 2020 included:

- options were granted for no consideration;
- expected lives of the options range from 3.6 to 4 years;
- share price at grant date ranged from \$0.575 to \$0.95;
- expected volatility ranged from 106% to 110%;
- expected dividend yield of nil; and
- a risk-free interest rate of 0.75%

The table below summarises options granted during the half-year ended 31 December 2019:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at end of the period	Exercisable at end of the period
			Number	Number	Number	Number	Number	Number
30/07/2019	30/07/2024	\$0.50	-	2,500,000	-	-	2,500,000	2,500,000
17/10/2019	30/07/2024	\$0.50	-	6,000,000	-	-	6,000,000	6,000,000
			-	8,500,000	-	-	8,500,000	8,500,000

The model inputs, not detailed in the table above, for options granted included:

- options were granted for no consideration;
- expected lives of the options of 4 years;
- share price at grant date was \$0.135;
- expected volatility of 74%;
- expected dividend yield of nil; and
- a risk-free interest rate of 2.23%



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2020

(c) Share-based payment to suppliers

During the period, the Company issued options to brokers and corporate advisors for services rendered during the year. The table below summarises options granted during the half-year ended 31 December 2020. Given the value of the services could not be reliably measured, these options have been valued using the Black-Scholes option pricing model.

Grant Date	Expiry date	Exercise price per option	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
27/08/2020	31/12/2023	\$1.10	-	700,000	-	(500,000) ²	200,000	200,000
02/11/2020	31/12/2023	\$1.10	-	1,000,000	-	-	1,000,000	1,000,000
03/12/2020	30/06/2024	\$1.35	-	400,000	-	-	400,000	- ¹
			-	2,100,000	-	(500,000)	1,600,000	1,200,000

¹ Options vest on 31 May 2021 if the Contractor is still engaged by the Company on that date.

² 500,000 options were forfeited during the financial period as a result of vesting conditions not being met.

The expense recognised in respect of the above options granted during the half-year was \$683,419.

The model inputs, not detailed in the table above, for options granted included:

- a) options were granted for no consideration;
- b) expected life of the options ranged from 3.2 to 3.6 years;
- c) share price at grant date ranged from \$0.835 to \$0.95;
- d) expected volatility of 110%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 0.75%

There were no unlisted options issued to suppliers during the half-year ended 31 December 2019.

12. Subsidiaries

The consolidated financial statements include the financial statements of American Pacific Borates Limited and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Holding
Fort Cady Holdings Pty Ltd	Australia	100%
Fort Cady (California) Corporation	USA	100%

13. Segment Information

The Group has identified its operating segments based on the internal reports that are reported to the Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Group operates predominately in one industry, being the exploration for Borates and Lithium. The main geographic areas that the entity operates in are Australia and the United States of America ("USA"). The parent entity is registered in Australia. The Group's exploration assets are located in the US. The following tables present revenue, expenditure and certain asset and liability information regarding geographical segments for the half-year ended 31 December 2020 and year ended 30 June 2020:



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2020

	Australia \$	US \$	Total
Period ended 31 December 2020			
Other income	269	2,538	2,807
Interest income	455	1,092	1,547
Segment revenue	724	3,629	4,354
Result			
Loss before tax	(10,315,871)	(213,568)	(10,529,439)
Income tax expense	-	-	-
Loss for the year	(10,315,871)	(213,568)	(10,529,439)
Asset and liabilities			
Segment assets	21,285,476	45,244,869	66,530,345
Segment liabilities	269,091	629,885	898,976
Year ended 30 June 2020			
Other income	-	196,851	196,851
Interest income	2,133	9,338	11,471
Segment revenue	2,133	206,189	208,322
Result			
Loss before tax	(5,151,707)	(39,782)	(5,191,489)
Income tax expense	-	-	-
Loss for the year	(5,151,707)	(39,782)	(5,191,489)
Asset and liabilities			
Segment assets	38,161,108	35,239,813	73,400,921
Segment liabilities	1,399,912	2,416,083	3,815,995

14. Commitments

a) Preliminary closure and Post-Closure Maintenance Plan

The Group is required to submit to the California Regional Water Quality Control Board a financial assurance mechanism for the Fort Cady Project for clean closure of the surface impoundments and decommissioning of associated infrastructure. The amount of this financial assurance mechanism is approximately A\$418,571 (US\$322,718).

b) Mineral Lease Agreement

The Group has a mineral lease agreement for the purposes of obtaining exclusive rights to exploration at the Fort Cady Project. The mineral lease agreement requires the Group to make a minimum royalty payment of approximately A\$97,308 (US\$75,000) per annum until expiry on 1 October 2021. The minimum lease commitment as at 31 December 2020 is as follows:

	31 December 2020 \$	30 June 2020 \$
Within one year	97,308	109,011
Later than one year but not later than five years	-	-
	97,308	109,011

15. Contingent Assets and Liabilities

There has been no change in contingent assets and liabilities since the last annual reporting date.

16. Dividends

No dividends have been paid or provided for during the half-year.



17. Significant Events after the Reporting Date

Confirms drawdown of US\$30m

On 1 February 2021, the Company confirmed receipt of US\$30M from Virtova Capital Management Limited. Funds are to be used for the ongoing construction of Phase 1A of the Fort Cady Borate Mine. The Company advised that it had renegotiated the initial convertible note to be 100% equity.

Updates Enhanced Fort Cady Borate Mine DFS

On 4 February 2021, the Company updated the enhanced Fort Cady Borate Mine DFS initially released on 16 April 2020, to bring forward SOP production (refer ASX announcements dated 4 February 2021).

The initial DFS was completed in December 2018 (refer ASX announcement dated 17 December 2018). In January 2019, the initial DFS was then modified to include a low capex starter project (refer ASX announcement dated 31 January 2019). In April 2020, an enhanced DFS was completed to increase SOP production to 400kstpa (refer ASX announcements dated 16 and 24 April 2020).

Updates to strengthen the eDFS included:

- Increasing SOP equipment capex to reflect the change in procurement strategy to European suppliers away from Chinese suppliers (expected to increase reliability and reduce risks around US / China trade);
- The addition of compaction equipment for up to 80kstpa to cover all Phase 1 SOP production to enable the onsite production of the Company's specialty SOP+B fertiliser following feedback from potential partners;



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2020

Table 1 | Key Financial Metrics for the Fort Cady Borate Mine on a Phase by Phase Basis

Fort Cady Borate Mine (Boric Acid and SOP Production)	
Phase 1A Only	
Capex	US\$54.2 million
NPV ₈	US\$138.5 million
IRR	24.4%
EBITDA in first full year of production	US\$12.6 million
Phase 1A & 1B Only	
Capex (Phase 1B only)	US\$34.6 million
NPV ₈	US\$597.9 million
IRR	46.1%
EBITDA in first full year of production	US\$49.6 million
Phase 1A, 1B & 1C Only	
Capex (Phase 1C only)	US\$122.0 million
NPV ₈	US\$885.2 million
IRR	36.4%
EBITDA in first full year of production	US\$81.1 million
Phase 1 & 2 Only	
Capex (Phase 2 only)	US\$313.0 million
NPV ₈	US\$1.889 billion
IRR	40.2%
EBITDA in first full year of production	US\$257.3 million
Full Project (Phases 1, 2, & 3)	
Capex (Phase 3 only)	US\$318.7 million
NPV₈	US\$2.021 billion
IRR	40.6%
EBITDA in first full year of production	US\$452.7 million

Board Changes

On 4 February 2021, the Company confirmed the appointment of Mr Jimmy Lim of Virtova Capital Management Limited as a Non-Executive Director. At the same time as the appointment, Mr John McKinney retired as a Non-Executive Director of the Company.

Option Issue

On 1 February 2021, the Company issued 1,500,000 unlisted options exercisable at A\$1.60 each on or before 31 December 2022.

Appoints Construction Company for Fort Cady Borate Mine

On 9 February 2021, the Company announced that Matrix Service Company (Nasdaq: MTRX) had been appointed prime contractor to complete the construction of Phase 1A of the Fort Cady Borate Mine.



Option Conversions

Subsequent to the end of the financial period the following options were converted into ordinary fully paid shares:

- 3,300,000 unlisted options, exercisable at A\$0.75. Funds raised totalled A\$2,475,000;
- 500,000 unlisted options, exercisable at A\$0.40. Funds raised totalled A\$200,000;
- 500,000 unlisted options, exercisable at A\$0.30. Funds raised totalled A\$150,000; and
- 500,000 unlisted options, exercisable at A\$0.20. Funds raised totalled A\$100,000.

Coronavirus (COVID-19) Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

18. Related Part Transactions

KMP Incentive Options

During the period ended 31 December 2020, the Company issued 7,400,000 KMP incentive options as detailed below;

Name	Grant Date	Expiry date	Exercise price per option	Number Issued	Grant date fair value	Vested
David Salisbury	30/11/2020	06/07/2024	\$0.90	2,000,000	\$0.578	100%
Michael Schlumpberger	30/11/2020	06/07/2024	\$0.90	3,000,000	\$0.578	100%
Anthony Hall	30/11/2020	06/07/2024	\$0.90	2,400,000	\$0.578	100%

Refer to note 11 for further details of the incentive options issued during the financial period ended 31 December 2020.



Directors' Declaration

In the opinion of the Directors of American Pacific Borates Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5)(a) of the Corporations Act 2001.

Michael Schlumpberger
Managing Director

California, USA
11 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of American Pacific Borates Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of American Pacific Borates Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Australia Ltd

BDO


Phillip Murdoch

Director

Perth, 11 March 2021



USA Project Locations



Location of the Fort Cady Project, California USA and Salt Wells Project, Nevada USA

USA Tenement Listing

Tenement Name	Country	Status	Grant Date	Expiry	Area	Ownership Rights		
				Date	km ²	Surface	Mineral	Lessee
Fort Cady Borate Project								
Parcel 0529-251-01 Parcel 0529-251-03	USA	Granted	8/05/2010	N/A	0.65 0.32	FCCC	FCCC	N/A
Parcel 0529-251-04	USA	Granted	8/05/2010	N/A	1.09	FCCC	State of California	N/A
Company 1 Group Litigation 1 Group Litigation 4 Group Litigation 5 Group Litigation 2 Litigation 3 Litigation 6 Litigation 11 Geyser View 1 Company 4	USA	Granted	Various 12/09/1991 Various Various 29/07/1937 29/07/1937 29/07/1937 29/07/1937 18/11/1934 15/12/1931	N/A	0.65 0.65 0.65 0.65 0.65 0.65 0.65 0.65 0.28 0.65	Elementis	Elementis	FCCC
HEC #124 - #127, HEC #129, HEC #131, HEC #343, HEC #344, HEC #365, HEC #369, HEC #371, HEC #372, HEC #374 - #376	USA	Granted	Various	N/A	1.21	Elementis	Elementis	FCCC
HEC #19; HEC #21; HEC# 23; HEC#25; HEC #34 - #41; HEC #43 - #67; HEC #70 - #82; HEC #85 - #93; HEC #182; HEC #184; HEC #288; HEC #290; HEC #292; HEC #294; HEC #296 - #297; HEC #299 - #350	USA	Granted	Various	N/A	9.63	FCCC	FCCC	N/A



Schedule of Tenements

Tenement Name	Country	Status	Grant Date	Expiry Date	Area km ²	Ownership Rights Surface	Tenement Name	Country
Salt Wells North Borate and Lithium Project								
<p>The Salt Wells North includes the following claims:</p> <p>SW 1, 2, 3, 4, 5, 6, 27, 29, 31, 32, 33, 34, 35, 36, 54, 56, 58, 59, 60, 61, 62, 63, 78, 81, 82, 84, 85, 86, 87, 88, 89, 104, 106, 108, 109, 110, 111, 112, 113, 114, 115, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 147, 149, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, , 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555</p>	USA	Earn in to acquire a 100% interest	23/05/2018	N/A	13.8	Great Basin Resources Inc	Great Basin Resources Inc	Great Basin Resources Inc
Salt Wells South Borate and Lithium Project								
<p>The Salt Wells South includes the following claims:</p> <p>SW 165, 167, 169, 171, 173, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 251, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 299, 300, 301, 302, 303, 304</p>	USA	Earn in to acquire a 100% interest	23/05/18	N/A	8.5	Great Basin Resources Inc	Great Basin Resources Inc	Great Basin Resources Inc

FCCC - Fort Cady (California) Corporation

Elementis - Elementis Specialties, Inc.

km² - Square Kilometres



Competent Person – Fort Cady Borate Project

The information in this release that relates to Exploration Targets, Exploration Results and Mineral Resources is based on information prepared by Mr Louis Fourie, P.Geo of Terra Modelling Services. Mr Fourie is a licensed Professional Geoscientist registered with APEGS (Association of Professional Engineers and Geoscientists of Saskatchewan) in the Province of Saskatchewan, Canada and a Professional Natural Scientist (Geological Science) with SACNASP (South African Council for Natural Scientific Professions). APEGS and SACNASP are a Joint Ore Reserves Committee (JORC) Code 'Recognized Professional Organization' (RPO). An RPO is an accredited organization to which the Competent Person (CP) under JORC Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, or Ore Reserves through the ASX. Mr Fourie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a CP as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Fourie consents to the inclusion in the release of the matters based on their information in the form and context in which it appears.

The information in this release that relates to the conversion of Mineral Resources to Ore Reserves has been prepared by Tabetha A. Stirrett of RESPEC Consulting Inc. Mrs. Tabetha A. Stirrett, P. Geo of RESPEC Consulting Inc. is a member in good standing of the Association of Professional Engineers and Geoscientists of Saskatchewan (Member #10699) and a member of the American Institute of Professional Geologists (CPG) (#11581). APEGS and CPG are a Joint Ore Reserves Committee (JORC) 'Recognised Professional Organization' (RPO). Mrs. Stirrett has sufficient Experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a CP as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves. Mrs. Stirrett consents to the inclusion in the release of the matters based on their information in the form and context in which it appears.

This report contains historical exploration results from exploration activities conducted by Duval Corp ("historical estimates"). The historical estimates and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the historical estimates as mineral resources or ore reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code. The Company confirms it is not in possession of any new information or data relating to the historical estimates that materially impacts on the reliability of the historical estimates or the Company's ability to verify the historical estimates.

Competent Person Statement – Salt Wells South Project and Salt Wells North Project

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information prepared by Richard Kern, Certified Professional Geologist (#11494). Richard Kern is a licensed Professional Geoscientist registered with AIPG (American Institute of Professional Geologists) in the United States. AIPG is a Joint Ore Reserves Committee (JORC) Code 'Recognized Professional Organization' (RPO). An RPO is an accredited organization to which the Competent Person (CP) under JORC Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, or Ore Reserves through the ASX. Richard Kern has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a CP as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Richard Kern consents to the inclusion in the release of the matters based on their information in the form and context in which it appears.

This release contains historical exploration results from exploration activities conducted by Great Basin Resources Inc. ("historical estimates"). The historical estimates and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the historical estimates as mineral resources or ore reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code. The Company confirms it is not in possession of any new information or data relating to the historical estimates that materially impacts on the reliability of the historical estimates or the Company's ability to verify the historical estimates.



Forward Looking Statements

Some of the statements contained in this report are forward looking statements. Forward looking statements include but are not limited to, statements concerning estimates of tonnages, expected costs, statements relating to the continued advancement of ABR's projects and other statements which are not historical facts. When used in this report, and on other published information of ABR, the words such as "aim", "could", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although ABR believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results to differ from these forward-looking statements include the potential that ABR's projects may experience technical, geological, metallurgical and mechanical problems, changes in product prices and other risks not anticipated by ABR.

ABR is pleased to report this summary of the Study and believe that it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any mining of mineralised material, modifying factors, production targets and operating cost estimates. This announcement has been compiled by ABR from the information provided by the various contributors to the Study.



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 traditional 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\$80m 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.

An updated enhanced Definitive Feasibility Study ("eDFS") was completed in February 2021 (ASX release dated 4 February 2021²). The updated eDFS has production targets of 450kstpa of boric acid and 400kstpa of SOP in full production. Financial metrics include an unlevered post tax NPV₈ of US\$2.02bn, an unlevered post tax IRR of 41% and an EBITDA in the first full year of production of US\$453m.

The Company is currently in construction of the initial phase of the Fort Cady Borate Mine with first production targeted for Q3, CY2021.

JORC compliant Mineral Resource Estimate and Reserve (ASX release dated 3 December 2018 ³)						
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 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.

² 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.

³ 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