

30 September 2021

ABR SIGNS SECOND LOI TO SUPPORT INITIAL PRODUCTION OF BORON SPECIALTY ADVANCED MATERIALS IN 2H, CY2022

HIGHLIGHTS

- Second non-binding LOI signed with US-based Borman Specialty Materials to supply boron specialty advanced materials
- LOI supports targeted first production of boron specialty advanced materials from small scale boron facility in 2H CY2022
- Borman produces advanced Boron specialty products that are supplied to future facing global markets including the semiconductor, life sciences, aerospace, military and automotive markets
- Agreement aligns with ABR's strategy to leverage its unique American Boron asset to become a Boron specialties and advanced materials company
- North American Boron market supply constraints increasing.

American Pacific Borates Limited (ASX:ABR) (**ABR** or the **Company**) is pleased to provide an update on its positive progress with respect to its specialties and advanced materials strategy for its Fort Cady Integrated Boron Facility in Southern California.

Borman LOI

American Pacific Borates has entered into a non-binding letter of intent agreement (**LOI**) with Borman Specialty Materials (**Borman**) for the supply of Boron specialty advanced materials. Under the terms of the LOI, the parties will work towards a binding agreement for the supply of Boric Acid, and other Boron specialties, which will be used to manufacture products with critical applications for future facing global markets including the semiconductor, life sciences, aerospace, military and automotive markets.

Commenting on the LOI, ABR CEO, Henri Tausch, said:

"We look forward to working with Borman Specialty Materials who have over 80 years operating experience in global markets, on the potential to supply specialty Boron advanced materials that will be produced for critical future facing applications. With partners now engaged for our planned SOP and Borates products, and with increasing favourable market conditions, the Company is fast moving towards initial production of boron specialty advanced materials from its small-scale boron facility in CY2022."

COMPANY DIRECTORS

David Salisbury – Non-Executive Chairman
Anthony Hall – Executive Director
Stephen Hunt – Non-Executive Director
Jimmy Lim – Non-Executive Director



ISSUED CAPITAL

388.4 million shares
61.8 million options

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Targeted First Production of Boron Specialty Advanced Materials

ABR continues to conduct market studies with the focus remaining on high-margin, high-performance boric acid derivate products that support global decarbonization strategies for the electrification of transport, clean energy production, food security, and energy storage applications. The LOI with Borman, supplements the earlier LOI with Compass Minerals America Inc. (refer ASX Announcement dated 7 May 2021) for a partnership to sell SOP from the Fort Cady Integrated Boron Facility.

The partnerships with Borman and Compass demonstrate a visible pathway for ABR to support targeted first production of Boron specialty advanced materials in 2H CY2022 for its small-scale boron facility.

North American Supply Constraints

Consistent with ABR's announcement on 25 August 2021, the Company is receiving ongoing feedback from market participants that Boron supply is constrained in the North American market. Further tightening of North American markets has seen pricing nearing US\$900/ tonne for boric acid, 20% higher than the US\$750/ tonne used in previous Company studies. These market conditions continue to provide a positive outlook with respect to ABR's focus on a US listing and the aspiration to become a globally significant producer of Boron specialty products and advanced materials.

About Borman Specialty Materials

Borman Specialty Materials is North America's leading global producer (and the only North American producer) of boron trichloride (BCL3), which is critical for the manufacture of semiconductors, LED and LCD screens, epoxy resins, pharmaceuticals, and boron fibers. The Company has been operating for over 80 years producing advanced boron and battery materials from its zero-carbon facility based in Southern Nevada.

In addition to the production of boron products, Borman is also a leading producer of Electrolytic Manganese Dioxide (EMD), the main component of the cathode material in modern alkaline, lithium, and sodium batteries. Borman's next generation, high-grade manganese-based cathode materials – Lithium Manganese Oxide (LMO) and Lithium Manganese Nickel Oxide (LMNO) – for rechargeable batteries, showcase the United States' move towards a clean energy future.

- ENDS -

Authorised for release by: Henri Tausch, CEO.

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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.

About American Pacific Borates Limited

American Pacific Borates Limited is an ASX listed company focused on advancing its 100% owned Fort Cady Integrated Boron Facility located in Southern California, USA.

The Company is seeking to become a fully integrated producer of Boron specialty products and advanced materials. It is targeting Boron applications in the field of clean energy transition, electric transportation and food security amongst other high-performance, high-tech and high-margin applications.

The global shift from fossil based systems of energy production to renewable energy is increasingly important to investors, consumers and governments. The emergence of renewable energy, the onset of electrification and improvements in energy storage are all key drivers of clean energy transition. Boron is a key component in energy transition because it is highly versatile in chemical reactions and can be applied in processes for storing chemical and electrical energy, amongst other applications.

Global access to mined Boron is rare and the Company's production is underpinned by an even more rare and large colemanite deposit. Colemanite is a conventional Boron mineral that has been used to commercially produce Boron for broad applications for centuries. The Fort Cady colemanite ore deposit 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 comprises 13.93Mt of contained Boric Acid.

As part of the commercialisation strategy, the Company will produce Boric Acid, Boron specialty products and advanced materials (and SOP as a by-product credit) from Mannheim furnaces. SOP is a high value specialty fertiliser prized for its low chloride potassium and sulfur content. Large target markets exist on ABR's doorstep in California and Arizona (collectively known as the bread basket of the United States)

The Company is currently working through a process to ensure a strong listing on a recognised New York exchange having appointed a US Advisory Board and completing various activities including strengthening its executive management team, focusing on a larger initial mining operation to deliver stronger earlier EBITDA and progressing discussions with US based investment banks, potential US partners and debt capital markets advisors.

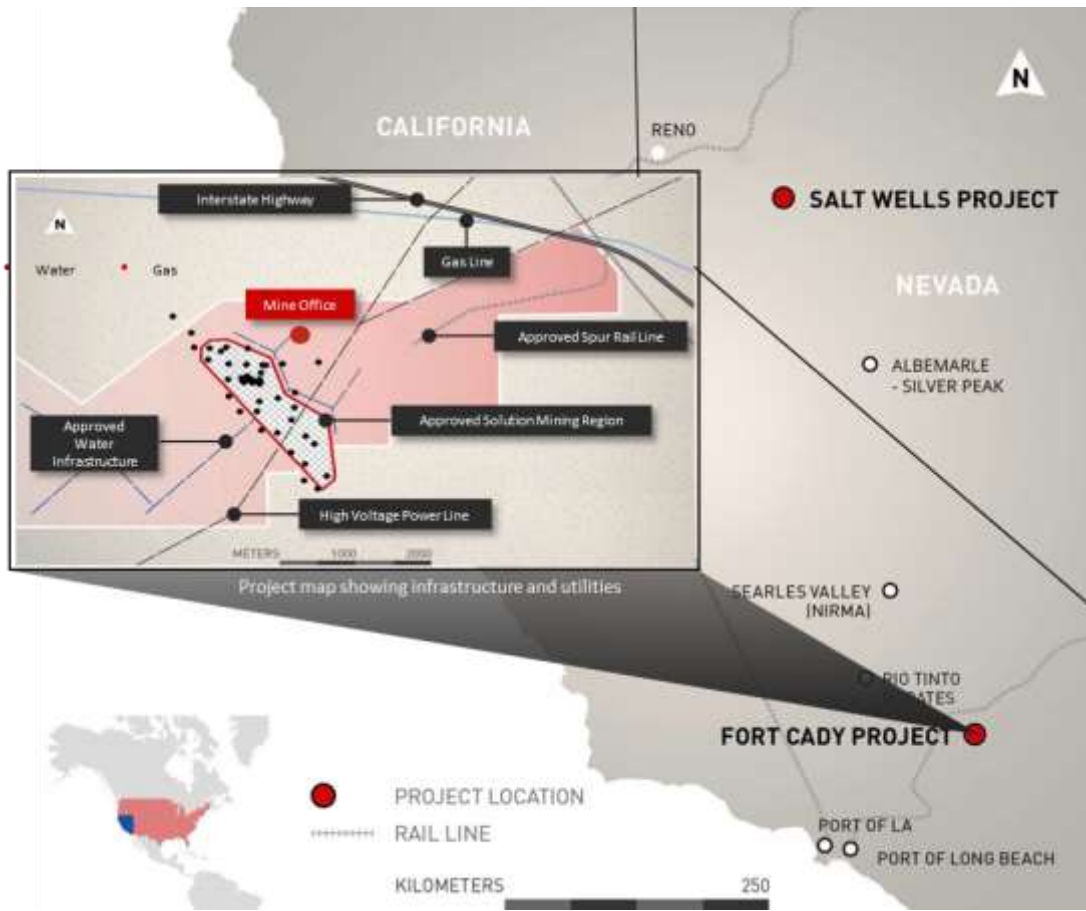


Figure 1: Location of the Fort Cady and Salt Wells Projects in the USA