

30 August 2019

ABR CONTINUES DISCUSSIONS WITH CHINESE SOES AFTER POSITIVE PRODUCT TESTING

HIGHLIGHTS

- **ABR continues discussions with Chinese SOEs under strategic cooperation agreements executed in 2018**
 - **Both Sinochem Group and Sinomach have tested boric acid samples from Fort Cady Borate Project and confirmed the samples are in line with expectations for high grade boric acid**
 - **Parties to move forward with off-take discussions**
 - **ABR to consider a larger initial boric acid operation with funding supported by bankable off-takes**
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American Pacific Borate and Lithium (ASX:ABR) ("ABR" or the "Company") is pleased to announce it has received confirmation from both Sinochem Group and Sinomach that samples provided from the Fort Cady Borate Project are in line with expectations for high grade boric acid.

On 29 and 30 May 2018, ABR announced it had entered into strategic cooperation agreements with Sinochem Hebei Corporation, a wholly owned subsidiary of Sinochem Group ("Sinochem"), and China National Chemical Fiber Corp, a wholly owned subsidiary of China National Machinery Industry Corporation ("Sinomach") (refer ASX announcements of 29 and 30 May 2018). Under these agreements the parties agreed to commence a process to negotiate an initial five year off-take agreement subject to ABR providing samples for testing.

Samples from final testworks from the Fort Cady Borate Project were provided to both Sinochem and Sinomach in June 2019. ABR has now received confirmation from both entities that the samples have been tested and are in line with expectations for high grade boric acid. Importantly the product samples had very low levels of calcium that easily exceeded specifications.

As a result of the above ABR can confirm:

1. ABR has agreed to move forward with binding off-take contract discussions; and
2. ABR is considering accelerating its boric acid ramp up by commencing with a larger initial boric acid operation with financing supported by binding bankable off-takes with the Chinese SOEs.

COMPANY DIRECTORS

Harold (Roy) Shipes – Non-Executive Chairman
Michael X. Schlumpberger - Managing Director & CEO
Anthony Hall - Executive Director
Stephen Hunt - Non-Executive Director
John McKinney – Non-Executive Director



ISSUED CAPITAL

208.4 million shares
46.0 million options

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American Pacific Borate and Lithium, CEO and Managing Director, **Michael Schlumpberger**, commented:

"This is another important milestone for us as we move forward with our plans to construct our very compelling Fort Cady Borate Project. We have now established we have large buyers of our product that can provide bankable off-takes to support financing activities. Importantly this provides additional options and the potential for us to increase the size of our initial boric acid operations as we move forward with our aspiration to become a globally significant producer of borates."

About Sinochem and Sinomach

Sinochem Hebei Corporation ("Sinochem"), a wholly owned subsidiary of Sinochem Group, which is a leading chemical services provider and plays a key role within China for borate supply and distribution. China National Chemical Fiber Corp., a wholly owned subsidiary of China National Machinery Industry Corporation ("Sinomach") is an international, diversified, comprehensive equipment industrial group and a larger producer of borates.

Both Chinese companies are amongst the Fortune Global 500 list of companies.

Table 1. Chinese SOE rankings in the 2018 Global Fortune 500 against other key industry players

Company Name	Global Fortune 500
Sinochem	88
BHP Group	246
Sinomach	250
Rio Tinto	303

ENDS

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About American Pacific Borate and Lithium Limited

American Pacific Borate and Lithium Limited is focused on advancing its 100% owned Fort Cady Borate Project located in Southern California, USA. Fort Cady is a highly rare and large colemanite deposit and is the largest known contained borate occurrence in the world not owned by the two major borate producers Rio Tinto and Eti Maden. The JORC compliant Mineral Resource Estimate and Reserve is presented below. Importantly, it comprises 13.93Mt of contained boric acid. In excess of US\$60m has been spent at Fort Cady, including resource drilling, metallurgical test works, well injection tests, permitting activities and substantial small-scale commercial operations and test works.

A Definitive Feasibility Study (“DFS”) was completed in December 2018 (ASX release dated 17 December 2018) delivering compelling financial metrics including steady state production target of 410ktpa of boric acid and 110ktpa of SOP, delivering an unlevered post tax NPV₁₀ of US\$1.25bn (NPV₈ of US\$1.59bn) and an unlevered post tax IRR of 41%.

In January 2019 (ASX release dated 31 January 2019¹) the DFS was enhanced to include a low capex starter project with an estimated capex of only US\$36.8m. This starter project delivers an EBITDA in the first year of operation of US\$26.7m and preserves the pathway to an EBITDA of over US\$340m in the first year of full production for the broader project.

JORC compliant Mineral Resource Estimate and Reserve (ASX release dated 3 December 2018²)

JORC compliant Mineral Resource Estimate and Reserve						
Reserves	MMT	B ₂ O ₃ %	H ₃ BO ₃ %	Li ppm	B ₂ O ₃ MT	H ₃ BO ₃ MT
Proven	27.21	6.70	11.91	379	1.82	3.24
Probable	13.80	6.40	11.36	343	0.88	1.57
Total Reserves	41.01	6.60	11.72	367	2.71	4.81
Resources						
Measured	38.87	6.70	11.91	379	2.61	4.63
Indicated	19.72	6.40	11.36	343	1.26	2.24
Total M&I	58.59	6.60	11.72	367	3.87	6.87
Inferred	61.85	6.43	11.42	322	3.98	7.07
Total M,I&I	120.44	6.51	11.57	344	7.84	13.93

In 1994 the Plan of Operations (mining permit) was authorised along with the Mining and Land Reclamation Plan. These permits are in good standing and contain a full Environmental Impact Report and water rights for initial operations of 82ktpa of boric acid. The Company is currently working through a permitting process to gain the additional permits required to commence operations.

In addition to the flagship Fort Cady Project, the Company also has an earn in agreement to acquire a 100% interest in the Salt Wells North and Salt Wells South Projects in Nevada, USA on the incurrence of US\$3m of Project expenditures. The Projects cover an area of 36km² and are considered prospective for borates and lithium in the sediments and lithium in the brines within the project area. Surface salt samples from the Salt Wells North project area were assayed in April 2018 and showed elevated levels of both lithium and boron with several results of over 500ppm lithium and over 1% boron.

¹ ABR confirms all material assumptions underpinning the production target and corresponding financial information continue to apply and have not materially changed as per Listing Rule 5.19.2.

² ABR confirms all material assumptions and technical parameters underpinning the Resource Estimate and Reserve continue to apply and have not materially changed as per Listing Rule 5.23.2

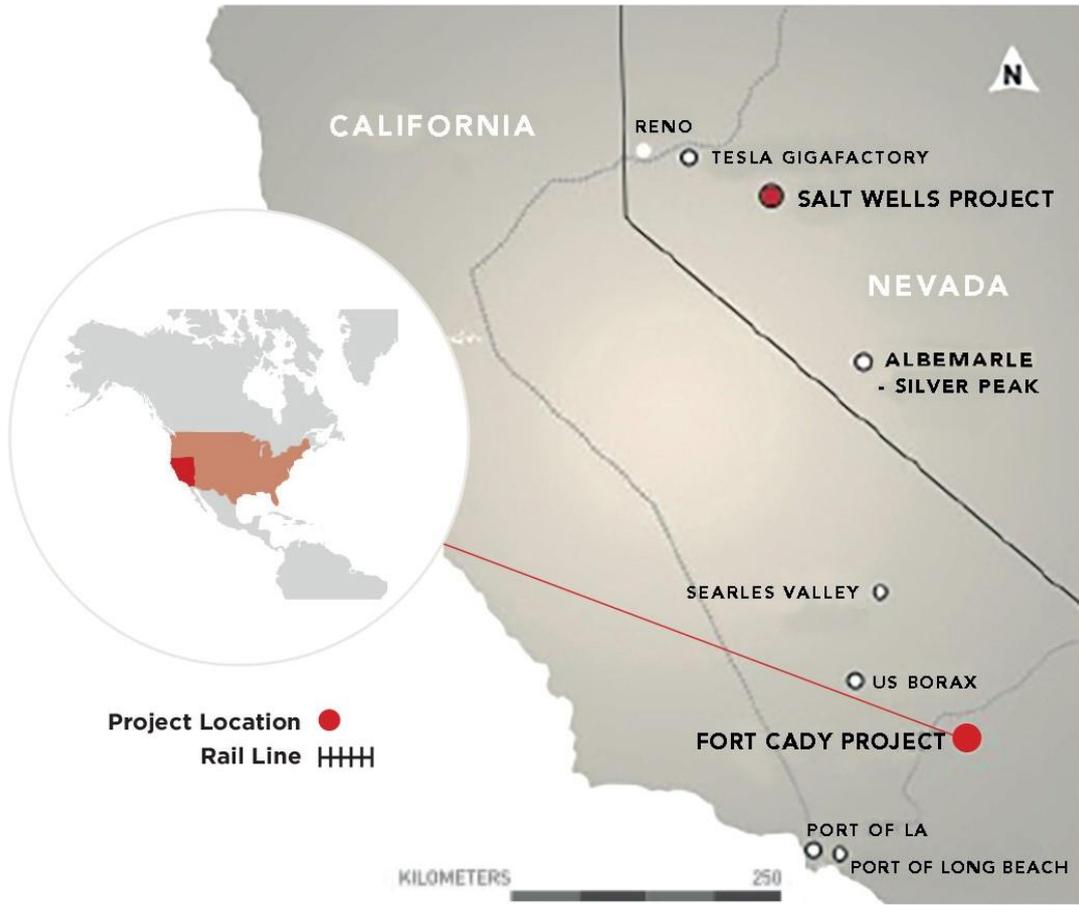


Figure 1 | Location of the Fort Cady and Salt Wells Projects in the USA