
AMERICAN PACIFIC BORATE & LITHIUM LTD

ACN 615 606 114

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9:30 am (AEST)
DATE: 16 October 2019
PLACE: Peloton Capital Pty Ltd
Level 8, 2 Bligh Street
SYDNEY NSW 2000

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 4:00 PM (WST) on Monday, 14 October 2019.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2019."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR JOHN MCKINNEY

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

"That, for the purpose of clauses 12.11 and 12.12 of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Mr John McKinney, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR HAROLD SHIPES

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

"That, for the purpose of clauses 12.11 and 12.12 of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Mr Harold Shipes, a Director, retires by rotation, and being eligible, is re-elected as a Director."

5. RESOLUTION 4 – ISSUE OF OPTIONS EXERCISABLE AT \$0.50 TO MR MICHAEL SCHLUMBERGER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 4, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 3,500,000 Options, exercisable at \$0.50, as Director incentive remuneration to Mr Michael Schlumberger (or his nominee) 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 any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 4 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:
 - (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 5 – ISSUE OF OPTIONS EXERCISABLE AT \$0.50 TO MR ANTHONY HALL

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 4, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Options, exercisable at \$0.50, as Director incentive remuneration to Mr Anthony Hall (or his nominee) 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 any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 5 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 6 - RATIFICATION OF CONVERTIBLE NOTE ISSUE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That pursuant to ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 2,000,000 Convertible Notes 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 a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise 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 a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 8 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to American Pacific Borates Limited."

Dated: 16 September 2019
By order of the Board

Aaron Bertolatti
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

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 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 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 changes to the Corporations Act made in 2011 mean 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.

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. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.americanpacificborate.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTIONS 2 & 3 – RE-ELECTION OF DIRECTORS

3.1 General

ASX Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

3.2 Resolution 2 – Re-Election of Mr Harold Shipes

Mr Harold (Roy) Shipes, who has served as a director since 2 May 2017 and was last re-elected on 3 November 2017, retires by rotation and seeks re-election.

(a) Qualifications and other material directorships

Mr Shipes has over 50 years' commercial experience in metals & mining – primarily engineering and project development around the world including the USA, Canada, Peru, Australia, PNG, Venezuela and Mexico. He served as CEO and General Manager of OK Tedi Mining Ltd, GM Operations for the Southern Peru Copper Corporation and previously for Phelps Dodge Corp. Mr Shipes is Founder and President of a number of North American focused mining companies, including American Pacific Mining, Western States Engineering and Atlas Precious Metals Inc (the owner of the Fort Cady assets). Prior to his mining career, Mr Shipes served as a captain in the US Air Force.

Mr Shipes does not hold directorships in any other ASX Listed companies.

(b) Independence

If elected the board does not consider Mr Shipes will be an independent director.

(c) Board recommendation

The Board supports the re-election of Mr Shipes and recommends that Shareholders vote in favour of Resolution 2.

3.3 Resolution 3 – Re-Election of John McKinney

Mr John McKinney, who has served as a director since 2 May 2017 and was last re-elected on 3 November 2017, retires by rotation and seeks re-election.

(a) Qualifications and other material directorships

Mr McKinney has performed in senior management positions in the mining industry for approximately 25 years. Mr McKinney is experienced in Corporate Operations, Management and Business Development. Mr McKinney has co-founded a number of mining companies, including

Western Gold Resources, American International Trading Company and Western States Engineering, an engineering company specializing in mining related engineering projects. Mr McKinney's responsibilities have included overseeing operations in the U.S., Mexico and Bolivia.

Mr McKinney does not hold directorships in any other ASX listed company.

(b) **Independence**

If elected the board does not consider Mr McKinney will not be an independent director.

(c) **Board recommendation**

The Board supports the re-election of Mr McKinney and recommends that Shareholders vote in favour of Resolution 3.

4. RESOLUTIONS 4 AND 5 – ISSUE OF DIRECTOR OPTIONS EXERCISABLE AT \$0.50

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to:

- (a) 3,500,000 Options to Mr Michael Schlumpberger (or his nominee) (subject to Resolution 4); and
- (b) 2,500,000 Options to Mr Anthony Hall (or his nominee) (subject to Resolution 5),

(together, **Director Options**) pursuant to the Company's Incentive Option Plan and on the terms and conditions set out below.

Resolutions 4 and 5 seek Shareholder approval for the grant of the Director Options to Mr Schlumpberger and Mr Hall (or their nominees) respectively.

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Director Options constitutes giving a financial benefit and Mr Schlumpberger and Mr Hall are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Schlumpberger who has a material personal interest in Resolution 4) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 4 because the agreement to grant the Director Options, reached as part of the remuneration package for

Mr Schlumpberger, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

The Directors (other than Mr Hall who has a material personal interest in Resolution 5) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 5 because the agreement to grant the Director Options, reached as part of the remuneration package for Mr Schlumpberger, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

4.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

The issue of the Director Options requires the Company to obtain Shareholder approval as Mr Schlumpberger and Mr Hall are related parties of the Company, by virtue of being Directors.

Resolutions 4 and 5 involve the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.14 is required unless an exception applies. It is the view of the Directors that the exceptions do not apply in the current circumstances.

4.4 Technical Information required by ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Director Options:

- (a) the related parties are Mr Michael Schlumpberger and Mr Anthony Hall, who are related parties by virtue of being Directors;
- (b) the maximum number of Director Options to be issued is 6,000,000, being:
 - (i) 3,500,000 Director Options to Mr Schlumpberger (or his nominee) (pursuant to Resolution 4); and
 - (ii) 2,500,000 Director Options to Mr Hall (or his nominee) (pursuant to Resolution 5);
- (c) the exercise price of the Director Options will be \$0.50 (**Exercise Price**), unless otherwise amended in accordance with terms as set out in Schedule 1;
- (d) no funds will be raised from the issue of the Director Options as they are being issued for nil consideration;
- (e) a summary of the terms of the Incentive Option Plan were set out in the Company's prospectus dated 27 July 2017;
- (f) no loan is being issued to Mr Schlumpberger and Mr Hall with respect of the Director Options;

- (g) all Directors being Harold Shipes, Michael Schlumpberger, Stephen Hunt, John McKinney and David Hall are entitled to participate in the Incentive Option Plan, however, at the current time the Company only intends to make an offer to Mr Schlumpberger and Mr Hall. Accordingly, approval is being sought only for the issue of the Director Options to Mr Schlumpberger and Mr Hall;
- (h) the Director Options will be issued to Mr Schlumpberger and Mr Hall no later than 12 months after the date of the Meeting and it is anticipated the Director Options will be issued on one date; and
- (i) the terms and conditions of the Director Options are set out in Schedule 1.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Director Options as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of the Director Options subject to Resolutions 4 and 5 will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 6 - RATIFICATION OF CONVERTIBLE NOTE ISSUE

5.1 Background

On 27 August 2019, the Company announced it had conditionally agreed to raise US\$2,000,000 through the issue of 2,000,000 convertible notes each with a face value of US\$1 (**Convertible Notes**) to Amvest Capital Mining Opportunities, LLC (a company incorporated in New York) (**ACMO**).

On 5 September 2019 (**Issue Date**) the funding was received and the Convertible Notes were issued to ACMO.

Funds raised through the issue of the Convertible Notes will be used to progress activities associated with enabling construction to commence on the Fort Cady Borate Project in the current calendar year.

The material terms of the Convertible Notes issued are set out below:

- (a) (**Face Value**): Each Convertible Note will have a face value of US\$1.
- (b) (**Maturity Date**): 24 months from the Issue Date.
- (c) (**Interest**): The Company must pay interest in advance of the following dates in an amount equal to 12% of:
 - (i) **Issue Date** - US\$2,000,000 (being US\$240,000 which was paid on the Issue Date); and
 - (ii) **12 months after the Issue Date** - the aggregate Face Value of Convertible Notes issued to ACMO, as reduced by any conversion, repayment, prepayment or cancellation.
- (d) (**Security**): the Company have entered with ACMO a general security deed as security for payment by the Company to ACMO of all other money owing by the Company to ACMO.

- (e) **(Conversion Price):** The Convertible Notes will be convertible into ordinary shares at the lesser of:
- (i) A\$0.25; and
 - (ii) the higher of:
 - (A) A\$0.0927; and
 - (B) 90% of the three (3) daily volume weighted average prices (**VWAP**), chosen by ACMO, during the twenty (20) Trading Days immediately prior to notice of Conversion,

(Conversion Price).

If, in any consecutive period of 10 trading days in which the VWAP on each trading day in that period is below the Floor Price, or the Company issues Shares at less than A\$0.0927, then the adjusted Conversion Price will be the price in A\$ equal to 90% of the average 10 day VWAP, provided, however that in such instance there will be a cap on the number of Shares into which the Convertible Notes may convert of 30,000,000.

- (f) **(Conversion):** At the election of ACMO, the face value is convertible at any time from the date of issue of the Convertible Notes until the Maturity Date.
- (g) **(Redemption):** If a Noteholder has not elected to convert the Convertible Notes on or before the Maturity Date, the Company must repay the face value of the Convertible Notes together with any accrued interest on the Maturity Date.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Convertible Notes (**Ratification**).

5.2 ASX Listing Rule 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. Additionally, The Company notes that any Shares issued through the conversion of any of the Convertible Notes will also be issued without using the Company's 15% placement capacity.

5.3 Technical information required by ASX Listing Rule 7.4

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

- (a) 2,000,000 Convertible Notes were issued and the maximum number of Shares which may be issued on the conversion of the Convertible Notes is 30,000,000 (although are expected to convert into a much smaller number of Shares);
- (b) the issue price of each Convertible Note was US\$1 per Convertible Note;
- (c) the Convertible Notes were issued on the terms set out in Section 5.1;
- (d) the Convertible Notes were issued to ACMO, who is not a related party of the Company; and
- (e) the funds raised from this issue were used for the purposes set out in Section 6.1.

6. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$68,809,693.92 (based on the number of Shares on issue and the closing price of Shares on the ASX on 12 September 2019).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: ABR).

If Shareholders approve Resolution 7, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

6.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 6.2(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 12 September 2019.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.165 50% decrease in Issue Price	\$0.330 Issue Price	\$0.495 50% increase in Issue Price
208,514,224 (Current Variable A)	Shares issued - 10% voting dilution	20,851,422 Shares	20,851,422 Shares	20,851,422 Shares
	Funds raised	\$3,440,484.63	\$6,880,969.26	\$10,321,453.89
312,771,336 (50% increase in Variable A)	Shares issued - 10% voting dilution	31,277,133 Shares	31,277,133 Shares	31,277,133 Shares
	Funds raised	\$5,158,944.95	\$10,317,889.89	\$15,476,834.84
417,028,448 (100% increase in Variable A)	Shares issued - 10% voting dilution	41,702,444 Shares	41,702,444 Shares	41,702,444 Shares
	Funds raised	\$6,878,593.26	\$13,757,186.52	\$20,635,779.78

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 208,514,224 Shares on issue as at the date of the Notice of Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 12 September 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
10. The Convertible Notes that are the subject of Resolution 6, have not converted into Shares.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets, engineering and construction costs associated with the development of the Fort Cady Borate Project and general working capital etc; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments including previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 2 November 2018 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 16 October 2018, the Company otherwise issued a total of 18,444,222 Shares, 24,111,111 Options and 2,000,000 Convertible Notes (which can convert into a maximum of 30,000,000 Shares, although are expected to convert into a much smaller amount), which represents approximately 34.24% of the total diluted number of Equity Securities on issue in the Company on 16 October 2018, which was 211,920,002.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 2.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

6.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

7. RESOLUTION 8 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 8 seeks the approval of Shareholders for the Company to change its name to "American Pacific Borates Limited".

If Resolution 8 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 8 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

GLOSSARY

\$ or \$A means Australian dollars.

10% Placement Capacity has the meaning given in Section 6.1.

AMCO means Amvest Capital Mining Opportunities, LLC (a company incorporated in New York).

Annual 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.

ASX Listing Rules means the Listing Rules of ASX.

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.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means American Pacific Borate & Lithium Ltd (ACN 615 606 114).

Constitution means the Company's constitution.

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

Director Option means an Option granted pursuant to Resolutions 3 and 4 with the terms and conditions set out in Schedule 1.

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option or Director Option as the context requires.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Ratification has its meaning given to it in Section 6.1.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 2019.

Resolutions means the resolutions 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.

Trading Day has the meaning given to that term in Chapter 19 of the Listing Rules of ASX.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

VWAP means volume weighted average price.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF THE DIRECTOR OPTIONS

The Director Options entitle the holder to subscribe for ordinary fully paid shares in the capital of the Company on the following terms and conditions:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (h) and (j), the amount payable upon exercise of each Option will be \$0.50 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 July 2024 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:

- (i) a written notice of exercise of Options specifying the number of Options being exercised (**Notice of Exercise**); and
- (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.

A Notice of Exercise is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(f) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (f)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(g) **Shares issued on exercise**

All ordinary shares allotted upon the exercise of Options will, upon allotment, rank pari passu in all respects with other shares of the Company.

(h) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(i) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(j) **Change in exercise price**

If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex-rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

(k) **Transferability**

The Options are non-transferable.

SCHEDULE 2 – ISSUES OF EQUITY SECURITIES SINCE 16 OCTOBER 2018

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 5 November 2018 Appendix 3B – 6 November 2018	1,000,000	Shares ²	Sophisticated and Professional Investors	\$0.20 per Share (premium of 43%)	Cash Amount raised = \$200,000 Amount spent = \$200,000 Use of funds: The funds were raised in order to enable construction-related workstreams to progress quickly once a Definitive Feasibility Study for the Fort Cady Borate Project in Southern California to be complete.
	9,000,000	Unquoted Options ³	Eligible Employees under the Company's Incentive Option Plan	Nil	Non-cash Consideration: Performance based remuneration for services provided to the Company. Current value ⁵ = \$242,603
Issue – 12 March 2019 Appendix 3B – 12 March 2019	150,000	Shares ²	Corporate and Marketing Advisor	Nil	Non-cash Consideration: Pursuant to an Independent Contractor Agreement to provide analytical and reporting services, marketing services, corporate advice and associated services to the Company as it advances its Fort Cady Borate and Lithium Project located in California. Current value ⁵ = \$49,500
Issue – 27 March 2019 Appendix 3B – 27 March 2019	1,000,000	Unquoted Options ⁶	Eligible Employees under the Company's Incentive Option Plan	Nil	Non-cash Consideration: Performance based remuneration for services provided to the Company. Current value ⁵ = \$157,733
Issue – 9 May 2019 Appendix 3B – 9 May 2019	15,277,778	Shares ²	Sophisticated and Professional Investors	\$0.18 per Share (discount of 23.40%)	Cash Amount raised = \$2,750,000 Amount spent = \$1,987,443 Use of funds: Progressing construction related engineering activities. Amount remaining = \$762,557

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
					Proposed use of remaining funds ⁴ : Progressing construction related engineering activities.
	7,638,889	Unquoted Options ⁷	Sophisticated and Professional Investors	Nil	Non-cash Consideration: Nil cash consideration (free attaching to Shares on a 1:1 basis) Current value ⁵ = \$1,363,510
	3,000,000	Unquoted Options ⁷	Peloton Capital	Nil	Consideration: Performance based remuneration for services provided to the Company as Lead Manager. Current value ⁵ = \$535,488
Issue – 19 June 2019 Appendix 3B – 19 June 2019	1,944,444	Shares ²	Sophisticated and Professional Investors	\$0.18 per Share (discount of 14.29%)	Cash Amount raised = \$350,000 Amount spent = nil Use of funds: Progressing construction related engineering activities. Amount remaining = \$350,000
	972,222	Unquoted Options ⁷	Sophisticated and Professional Investors	Nil	Non-cash Consideration: Nil cash consideration (free attaching to Shares on a 1:1 basis) Current value ⁵ = \$173,538
Issue – 30 July 2019 Appendix 3B – 30 July 2019	2,500,000	Unquoted Options ⁸	Eligible Employees under the Company's Incentive Option Plan	Nil	Non-cash Consideration: Performance based remuneration for services provided to the Company. Current value ⁵ = \$499,903
Issue – 5 September 2019 Appendix 3B – 5 September 2019	2,000,000	Converting Notes (terms of which are set out in Section 6.1)	Amvest Capital Mining Opportunities, LLC	Not applicable.	Cash Amount raised = US\$2,000,000 Amount spent = Nil Use of funds: Progress activities associated with enabling construction to commence on the Fort Cady Borate Project in the current calendar year

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 13 September 2019 Appendix 3B – 13 September 2019	72,000	Shares ²	Holders of Unquoted Options which are exercisable at \$0.25 on or before 10 August 2020.	\$0.25 per Share (discount of 24.24%)	Cash Amount raised = \$18,000 Amount spent = nil Use of funds: General working capital Amount remaining = \$18,000

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: ABR (terms are set out in the Constitution).
3. Unquoted Options, exercisable at \$0.50 each, on or before 5 November 2022 pursuant to the Company's Employee Share Option Scheme. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 2 November 2018.
4. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
5. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.33) on the ASX on 12 September 2019. In respect of unquoted Equity Securities, the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).
6. Unquoted Options, exercisable at \$0.50 each, on or before 5 November 2022 pursuant to the Company's Employee Share Option Scheme. These Options will vest at the Board's discretion subject to satisfactory performance against KPI's following 6 months of service. The full terms and conditions were disclosed in Company's prospectus dated 30 May 2017.
7. Unquoted Options, exercisable at \$0.25 each, on or before 10 August 2020. The full terms and conditions are disclosed in were disclosed in the Company's notice of meeting for the shareholder meeting held on 14 June 2019.
8. Unquoted Options, exercisable at \$0.50 each, on or before 30 July 2024 pursuant to the Company's Employee Share Option Scheme. The full terms and conditions were disclosed in the Company's notice of meeting for the shareholder meeting held on 2 November 2018.