

ABR WORKING ON REVISING THE FORT CADY BORATE MINE DFS TO POTENTIALLY INCREASE SOP PRODUCTION AND EBITDA

HIGHLIGHTS

- **Process commenced to revise Fort Cady Borate Mine DFS**
 - **Focus on potentially increasing production of SOP to take advantage of mine location, infrastructure and US market dynamics**
 - **DFS Revision to focus on Phases 1B, 2 and 3 to ensure detailed engineering and timelines for Phase 1A are not affected**
 - **Increasing SOP production will not change Mineral Resources, Ore Reserves or Life of Mine consistent with existing DFS**
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American Pacific Borates Limited (ASX:ABR) ("ABR" or the "Company") is pleased to announce it has commenced a revision to the Fort Cady Borate Mine (the "Mine") DFS to potentially increase Sulfate of Potash ("SOP" or "K₂SO₄") production and EBITDA.

Importantly any revision will not change Phase 1A to ensure that current detailed engineering and timelines are not affected.

The Board is considering increasing SOP production for a variety of reasons, including:

- The US is a net importer of SOP and the only incumbent producer is a high cost producer;
- ABR will have a very low cost of production relative to US production and imported SOP;
- The Mine is located on the West Coast which is a major consuming area for SOP;
- Growth rates for SOP consumption are stronger than US GDP;
- The Mine will have the required electricity and gas to power the additional Mannheim furnaces, as the Mine has access to grid electricity and network gas; and
- The Mine will have access to a brilliant logistics solution for increased production, given the process plant is located within two kilometres of the national rail network and a major interstate highway.

COMPANY DIRECTORS

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



ISSUED CAPITAL

220.2 million shares
60.9 million options

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There will be no change to Mineral Resources, Ore Reserves or assumed DFS mine life as the production targets for boric acid will remain unchanged.

The Board expects capital expenditure estimates for Phases 1B, 2 and 3 will increase and that operational expenditure estimates will decrease with fixed costs spread over larger production. The Board also expects these increases to be offset by additional EBITDA commensurate with high margin by-product production of SOP.

ENDS

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About American Pacific Borates Limited

American Pacific Borates 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

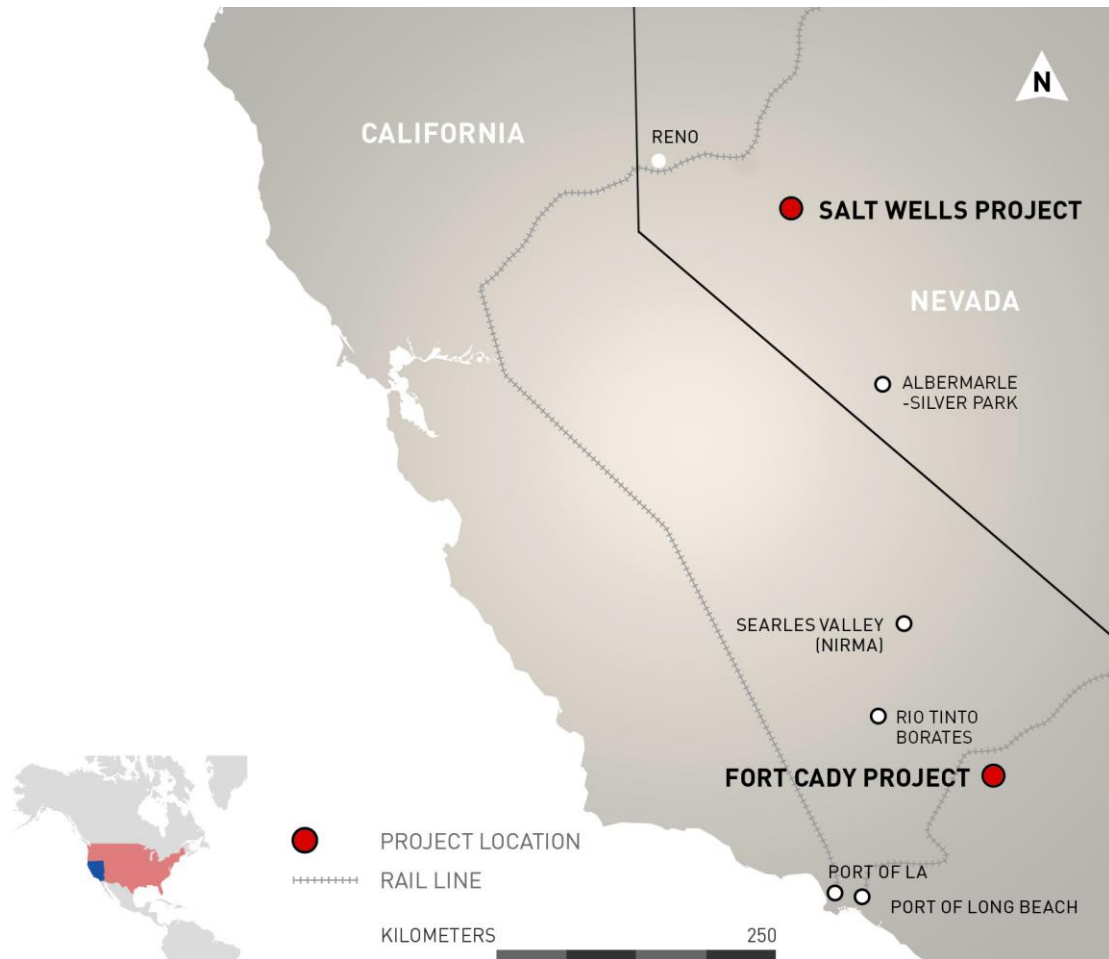


Figure 1 | Location of the Fort Cady and Salt Wells Projects in the USA