



AmericanPacific

BORATES LIMITED

ASX Announcement

ASX Code: ABR

ACN: 615 606 114

19 February 2020

## ABR RAISES A\$7M FOR FORT CADY BORATE MINE

### HIGHLIGHTS

- **ABR completes placement to raise A\$7.1m (before costs) at A\$0.40 per share**
- **Placement price represents a 7.5% discount to last close of A\$0.43**
- **Funds to be substantially used to progress construction related activities at the Fort Cady Borate Mine**
- **ABR paid out the balance of the US\$2.0m Amvest convertible note on 14 February 2020**
- **Enhanced DFS with potentially larger SOP production on track for completion by 30 April 2020**
- **Construction activities are ongoing with initial equipment delivered to site**

American Pacific Borates Limited (ASX:ABR) ("ABR" or the "Company") is pleased to announce it has completed a placement of A\$7.1m (before costs) at \$0.40 per share (the "Placement") to institutional, professional and sophisticated investors. The Placement introduced a number of new domestic and international institutional and high net worth investors to the share register.

### Placement Details

The Placement will utilise ABR's issuance capacity under ASX Listing Rules 7.1 and 7.1A, with:

- 7,754,334 fully paid ordinary shares issued under ABR's Listing Rule 7.1 issuance capacity; and
- 9,995,666 fully paid ordinary shares issued under ABR's Listing Rule 7.1A issuance capacity.

Accordingly, no shareholder approval is required in connection with the Placement. The Placement shares will rank equally with the Company's existing fully paid ordinary shares.

The issue price of A\$0.40 per share represents:

- A 7.5 % discount to the last closing price of ABR shares on 14 February 2020 of A\$0.43 per share; and
- A 5.7 % discount to the 15-day volume weighted average price of ABR shares to 14 February 2020 of A\$0.42 per share

#### 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

240.0 million shares  
63.9 million options

#### REGISTERED OFFICE

Level 24, Allendale Square  
77 St Georges Terrace, Perth  
WA, 6000, Australia

#### US OFFICE

16195 Siskiyou Road. #210,  
Apple Valley, CA, 92307, USA

#### CONTACT

T: +61 8 6141 3145  
W: americanpacificborates.com



Funds raised will be substantially used towards progressing construction related activities at the Fort Cady Borate Mine.

Australian based, Peloton Capital acted as Lead Manager to the Placement.

### **Closure of Amvest Convertible Note**

The Company is pleased to advise that on 14 February 2020 it paid Amvest Capital Mining Opportunities, LLC (“Amvest”) US\$1.4m, which represented the return of the outstanding balance of the US\$2.0m Amvest convertible note issued on 5 September 2019. Under the terms of the note, the Company was able to repay any or all of the outstanding balance at any time (refer to ASX announcement dated 27 August 2019).

### **Progress of Enhanced Fort Cady Borate Mine DFS to Potentially Increase SOP Production**

The Company is on track to deliver the enhanced DFS by 30 April 2020. The enhanced DFS is targeting an increase in SOP production for Phases 1B, 2 and 3. Importantly any revision will only have a minor impact on Phase 1A and is unlikely to result in additions to the construction and production timelines.

### **Mine Construction Activities Ongoing**

As announced on 28 January 2020, initial construction activities have commenced for the Mine. On 4 February 2020 the Company took possession of second hand boric acid production equipment necessary for initial phase 1A production.

Early infrastructure work is ongoing with workers on site undertaking road, fencing and initial survey work to support the installation of key supporting infrastructure equipment.



**Figures 1 & 2 | Workers unloading boric acid production equipment at Fort Cady Borate Mine**

**ENDS**

**Authorised for release by:** Michael X. Schlumpberger, Managing Director.



**For further information contact:**

Michael X. Schlumpberger  
Managing Director  
Ph: +1 442 292 2120

Anthony Hall  
Executive Director  
Ph: +61 417 466 039

Elvis Jurcevic  
Investor Relations  
Ph: +61 408 268 271

**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 NPV<sub>10</sub> of US\$1.25bn (NPV<sub>8</sub> of US\$1.59bn) and an unlevered post tax IRR of 41%.

In January 2019 (ASX release dated 31 January 2019<sup>1</sup>) 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 2018<sup>2</sup>)**

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

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.

<sup>1</sup> 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.

<sup>2</sup> 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 36km<sup>2</sup> 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.



Figure 3 | Location of the Fort Cady and Salt Wells Projects in the USA