

MARCH 2020 QUARTERLY REPORTS

HIGHLIGHTS

- **Enhanced Fort Cady Borate Mine DFS substantially completed and on track for release in April 2020**
 - **Larger SOP operation likely to increase existing targeted US\$345m EBITDA in full production**
 - **A\$7.1m placement completed with funds to be used to progress construction related activities**
 - **Balance of US\$2.0m Amvest convertible note returned**
 - **Modest construction activities ongoing with some second hand equipment delivered to site**
 - **Discussions continuing with Chinese SOE's for off-take and financing**
 - **Company continues to work constructively with referral authority for final main operational permit**
 - **US East Coast university to commence trials on crops that aim to highlight the benefits of boron-enriched SOP fertilisers over conventional fertilisers**
 - **US West Coast university to be engaged for crop trials with the same objective on alternate crops**
 - **COVID-19 having minimal impact given desktop nature of most ongoing work**
 - **Proactive measures taken to reduce costs in current times of uncertainty**
 - **A\$6.7m cash at bank at 31 March 2020**
-

American Pacific Borates Limited (ASX:ABR) ("ABR" or the "Company") is pleased to provide an update on activities at its projects in Southern California and Nevada for the period ending 31 March 2020.

Enhanced Fort Cady Borate Mine DFS

The Company has substantially completed the enhanced DFS for the Fort Cady Borate Mine. The revised mine plan should result in an increase in SOP production. This increase is expected to increase the project NPV and annual EBITDA in full production.

The Company is on track to release the results of the enhanced DFS in April 2020.

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

240.8 million shares
63.2 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



A\$7.1m Placement Completed

In February, ABR completed an A\$7.1m placement to institutional, professional and sophisticated investors at a share price of A\$0.40.

The Placement utilised 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.

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

- 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

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

Closure of Amvest Convertible Note

On 14 February 2020, the Company 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 outstanding balance at any time (refer to ASX announcement dated 27 August 2019).

Ongoing Construction Activities

During the Quarter modest construction activities continued. These activities focused on initial site preparations and taking possession of second hand equipment for the initial boric acid operation.

Ongoing Discussions with Chinese SOEs

The site trip for formal negotiations that was planned in March 2020 did not occur given COVID-19 related travel restrictions. Notwithstanding this, the Chinese SOEs have advised they remain interested in progressing off-take and financing discussions.

As previously advised, the Company is not prepared to enter into off-takes without prepayments to support construction or project level investment.

Final Operational Permit

The Company continues to work constructively with the EPA (Federal referral authority) and notes EPA permitting operations are ongoing during COVID-19 lock downs with EPA staff working from home.

The Company believes that it has submitted all necessary information and expects a positive permit to be awarded over the coming months.

Borate / SOP Fertiliser Crop Trials

The Company has engaged an East Coast U.S. university to commence crop trials on tomatoes and broccoli. The objectives are to:

1. Evaluate growth and yield of tomato and broccoli with four different rates of boron-enriched SOP fertilisers compared to conventional fertilisers.
2. Estimate the difference in cost of production of tomato and broccoli using boron-enriched SOP vs. conventional fertilisers.



The expected outcomes are:

1. The university will determine the optimum rate of boron in SOP for tomato and broccoli production
2. The university will demonstrate that growth and yield of tomato and broccoli will be greater using new boron-enriched SOP fertiliser compared to conventional fertilisers.

A similar contract is expected to be entered into with a West Coast university focussing on alternate crops.

It should be noted that California is a major US producer of both tomatoes and broccolis grown in the United States with over 90% and 92% respectively (<https://www.ctga.org/> and <https://www.agmrc.org/commodities-products/vegetables/broccoli>)

COVID-19 Update

The Company has seen little effect on its operations due to COVID-19 given most current activities relate to detailed engineering and preparations for the construction of Phase 1A of the Fort Cady Borate Mine. Notwithstanding this, the Company has imposed appropriate measures such as working from home to ensure its staff are able to comply with local COVID-19 initiatives.

As a sensible and proactive measure, the Company has reduced expenditure in the short term and will continue to actively review the situation.

Cash at bank at the end of the Quarter was A\$6.7m.

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 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

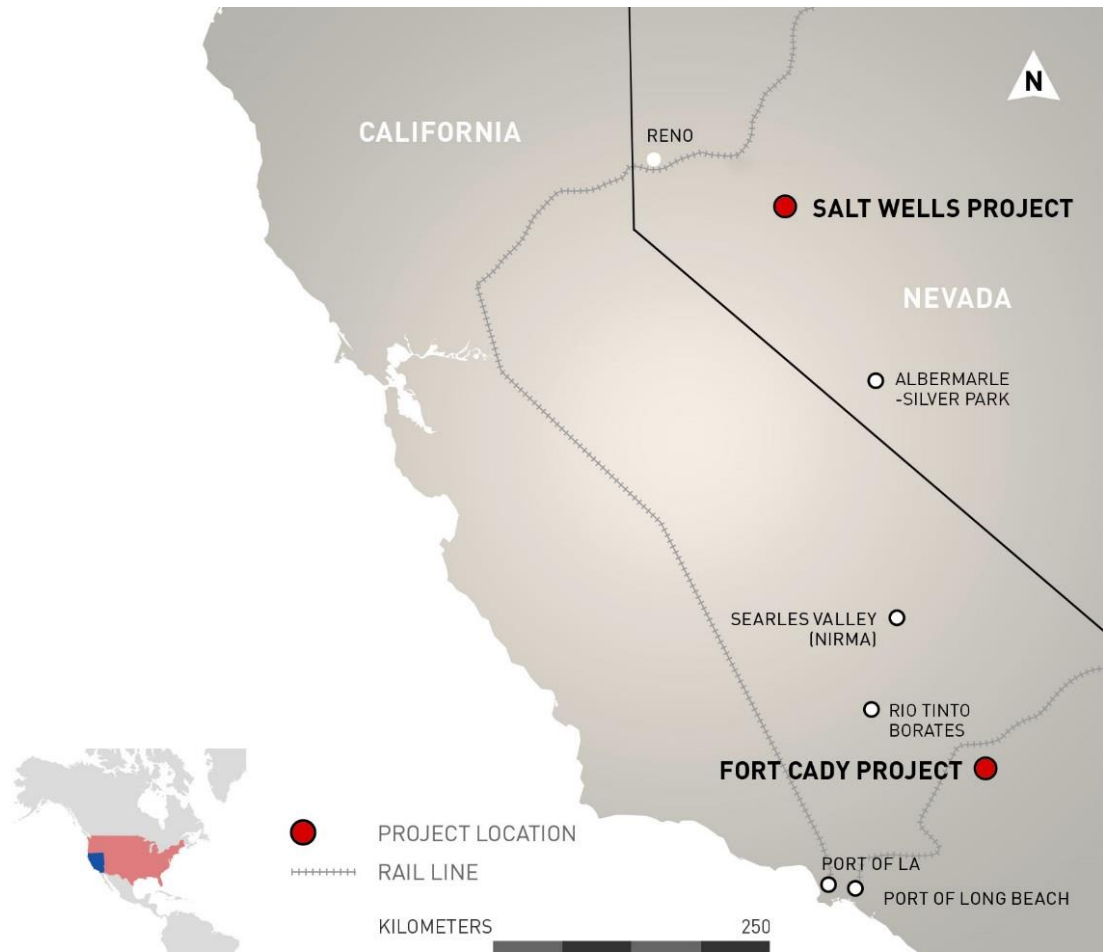


Figure 1 | Location of the Fort Cady and Salt Wells Projects in the USA



Appendix 1: Schedule of Tenements

Tenement Name	Country	Status	Grant Date	Expiry	Area	Ownership Rights		
				Date	km ²	Surface	Mineral	Lessee
Fort Cady Borate and Lithium Project								
Parcel 0529-251-01 Parcel 0529-251-03	USA	Granted	8/05/2010	N/A	0.65 0.32	FCCC	FCCC	N/A
Parcel 0529-251-04	USA	Granted	8/05/2010	N/A	1.09	FCCC	State of California	N/A
Company 1 Group Litigation 1 Group Litigation 4 Group Litigation 5 Group Litigation 2 Litigation 3 Litigation 6 Litigation 11 Geyser View 1 Company 4	USA	Granted	Various 12/09/1991 Various Various 29/07/1937 29/07/1937 29/07/1937 29/07/1937 18/11/1934 15/12/1931	N/A	0.65 0.65 0.65 0.65 0.65 0.65 0.65 0.65 0.28 0.65	Elementis	Elementis	FCCC
HEC #124 - #127, HEC #129, HEC #131, HEC #343, HEC #344, HEC #365, HEC #369, HEC #371, HEC #372, HEC #374 - #376	USA	Granted	Various	N/A	1.21	Elementis	Elementis	FCCC
HEC #19; HEC #21; HEC# 23; HEC#25; HEC #34 - #41; HEC #43 - #67; HEC #70 - #82; HEC #85 - #93; HEC #182; HEC #184; HEC #288; HEC #290; HEC #292; HEC #294; HEC #296 - #297; HEC #299 - #350	USA	Granted	Various	N/A	9.63	FCCC	FCCC	N/A
Salt Wells South Borate and Lithium Project								
The Salt Wells South includes the following claims: SW 165, 167, 169, 171, 173, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 251, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 299, 300, 301, 302, 303, 304	USA	Earn in to acquire a 100% interest	23/05/18	N/A	8.5	Great Basin Resources Inc	Great Basin Resources Inc	Great Basin Resources Inc



Tenement Name	Country	Status	Grant Date	Expiry Date	Area km ²	Ownership Rights Surface	Tenement Name	Country
Salt Wells North Borate and Lithium Project								
<p>The Salt Wells North includes the following claims:</p> <p>SW 1, 2, 3, 4, 5, 6, 27, 29, 31, 32, 33, 34, 35, 36, 54, 56, 58, 59, 60, 61, 62, 63, 78, 81, 82, 84, 85, 86, 87, 88, 89, 104, 106, 108, 109, 110, 111, 112, 113, 114, 115, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 147, 149, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, , 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555</p>	USA	Earn in to acquire a 100% interest	23/05/2018	N/A	13.8	Great Basin Resources Inc	Great Basin Resources Inc	Great Basin Resources Inc

FCCC - Fort Cady (California) Corporation

Elementis - Elementis Specialties, Inc.

km² - Square Kilometres

Mining Tenements disposed: Nil

Beneficial percentage interests held in farm-in or farm-out agreements: Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: Nil

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AMERICAN PACIFIC BORATES LTD

ABN

68 615 606 114

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(286)	(799)
	(e) administration and corporate costs	(426)	(1,357)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	9
1.5	Interest and other costs of finance paid	-	(349)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	1	54
1.9	Net cash from / (used in) operating activities	(708)	(2,442)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(114)	(238)
	(d) exploration & evaluation (if capitalised)	(1,538)	(3,565)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,652)	(3,803)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,100	9,850
3.2	Proceeds from issue of convertible debt securities	-	2,935
3.3	Proceeds from exercise of options	329	382
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(454)	(762)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) - Repayment of convertible debt securities	(2,344)	(2,471)
3.10	Net cash from / (used in) financing activities	4,631	9,934

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,275	2,894
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(708)	(2,442)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,652)	(3,803)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,631	9,934

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	132	95
4.6	Cash and cash equivalents at end of period	6,678	6,678

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,678	4,275
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,678	4,275

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

104

93

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

- Payment of Directors Fees and Remuneration - \$197k

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
-			

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	708
8.2	Capitalised exploration & evaluation (Item 2.1(d))	1,538
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	2,246
8.4	Cash and cash equivalents at quarter end (Item 4.6)	6,678
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	6,678
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.0
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:		
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:		
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 9 April 2020

Authorised by: Aaron Bertolatti – Company Secretary

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.