

ABR ACCELERATES CONSTRUCTION ACTIVITIES AT FORT CADY BORATE MINE

HIGHLIGHTS

- **Substantive construction activities commenced**
- **Initial focus on essential site infrastructure**
- **Final construction related engineering is being fast tracked**
- **Funds from first Tranche June 2020 placement converted to USD with resulting foreign exchange benefit providing more working capital**
- **Discussions progressing with respect to a potential dual listing in New York**
- **First production remains on track for 2H, CY2021**

American Pacific Borates Limited (ASX:ABR) ("ABR" or the "Company") is pleased to announce that it has accelerated construction activities at its Fort Cady Borate Mine ("Mine"), post the 1 June 2020 announcement of A\$77m raised to fully finance Phase 1A of the Mine.

In addition to the acceleration of construction activities, the Company is also pleased to report positive exchange rate movements have increased budgeted US dollars and that discussions are progressing with respect to a potential dual listing on the NYSE.

American Pacific Borates Limited, CEO, Michael Schlumpberger commented,

"With Phase 1A now fully financed, our focus is on accelerating substantive construction activities, with our first priority being essential site infrastructure necessary for the broader construction of the Fort Cady Borate Mine.

Our target of initial production in 2H of CY2021 remains and the earlier than anticipated commencement of substantive construction activities should ensure we deliver on this promise.

We continue to believe we have a very exciting fertiliser business with exceptional financial metrics and that will ultimately achieve our aspiration of becoming a globally significant producer of speciality fertilisers."

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

261.9 million shares
52.4 million options

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Fort Cady Borate Mine Construction Activities

Substantive construction activities have commenced at the Fort Cady Borate Mine. The initial focus has been on essential site infrastructure including fencing, site access and water supply. These necessary activities are a precursor to broader construction activities scheduled to commence in Q3, CY2020.

As previously reported, the Company is expecting to employ up to 140 people on site during construction and then up to 250 people in full production.



Figure 1 | Fin Fan Cooler Being Delivered to Site on 12 June 2020 at Fort Cady Borate Mine



Figure 2 | Photo of the Fort Cady Borate Mine Site Showing Fencing, Water Well and Water Storage (delivered to site on 12 June 2020) to Facilitate Construction and Production



Construction Related Engineering

With the completion of the fundraising, final engineering is now being fast tracked. The Company continues to work with US based consultants and contractors and is expecting engineering to be completed to preserve critical path activities designed to see initial commissioning in Q2, CY2021 with initial production in 2H, CY2021.

Corporate

The Company is pleased to report it has converted the majority of the initial A\$6.2m raised in the June 2020 placement to US dollars at an average exchange rate of over US\$0.69. In addition to this, funds raised via option exercise have also been converted at a similar exchange rate. This has resulted in a foreign exchange benefit of over A\$1m from the budgeted exchange rate of US\$0.65.

Discussions are progressing with respect to a potential dual listing in New York. Historically New York exchanges have been more appropriate for producers as opposed to developers. They have also classified mining companies producing fertiliser products as Industrials with average trading ranges of EV / EBITDA multiples for companies with exposure to potassium based fertilisers of between 8 and 12 times (eg. Compass Minerals, Mosaic, Nutrien, Intrepid Potash and SQM).

With the Company's targeted EBITDA in the first full year of production of US\$438m (refer Table 1 below), the directors hold the belief that a dual listing in New York at the right time is likely to deliver benefits to shareholders. This benefit is likely enhanced given the US location of the Fort Cady Borate Mine proximal to North American target markets, in particular, California.

**Table 1 | Key Financial Metrics for the Fort Cady Borate Mine on a Phase by Phase Basis
(refer ASX release dated 16 April 2020¹)**

Fort Cady Project (Boric Acid and SOP Production)	
Phase 1A Only	
Capex	US\$50.3 million
NPV ₈	US\$224.3 million
IRR	35.9%
EBITDA in first full year of production	US\$19.6 million
Phase 1A & 1B Only	
Capex (Phase 1B only)	US\$156.0 million
NPV ₈	US\$773.8 million
IRR	32.4%
EBITDA in first full year of production	US\$73.2 million
Phase 1 & 2 Only	
Capex (Phase 2 only)	US\$268.3 million
NPV ₈	US\$1.709 billion
IRR	37.8%
EBITDA in first full year of production	US\$242.2 million
Full Project (Phases 1, 2, & 3)	
Capex (Phase 3 only)	US\$263.2 million
NPV₈	US\$1.965 billion
IRR	39.4%
EBITDA in first full year of production	US\$438.4 million

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.



- Ends -

Forward Looking Statements

This announcement contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

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

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About American Pacific Borates Limited

American Pacific Borates Limited is focused on advancing its 100% owned Fort Cady Borate Mine 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). An enhanced DFS was completed in April 2020 (ASX release dated 16 April 2020²). The enhanced DFS increased production of SOP to 363ktpa in full production. This complemented boric acid production of 409ktpa.

The enhanced DFS delivered exceptional financial metrics, including an unlevered post tax NPV₈ of US\$1.97bn, an unlevered post tax IRR of 39% and an EBITDA in the first full year of production of US\$438m.

² 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.



JORC compliant Mineral Resource Estimate and Reserve (ASX release dated 3 December 2018³)

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 final permit 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.



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

³ 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