



AmericanPacific

BORATES LIMITED

ASX Announcement

ASX Code: ABR

ACN: 615 606 114

7 August 2020

ABR PROGRESSING CONSTRUCTION ACTIVITIES AT FORT CADY BORATE MINE

HIGHLIGHTS

- Mine construction activities progressing with significant equipment arriving on site
- Sales and marketing activities developing with product branding strategy to be confirmed shortly
- Final operational permit expected to be awarded in the current Quarter
- Crop trials of “boron-enriched SOP” fertiliser ongoing
- Owners team expected to be increased into substantive construction with key hires
- On track for first production in Q3 CY2021

American Pacific Borates Limited (ASX:ABR) (“ABR” or the “Company”) is pleased to provide an update on its Fort Cady Borate Mine as construction activities are increasing with first production targeted for Q3 CY2021.

ABR CEO and Managing Director, Michael Schlumpberger, commented:

“We are delighted to see more equipment arriving on site as we aim to deliver on our promise to be in production in Q3, CY2021. We have also made positive steps with respect to bolstering our directly employed Californian based team to ensure we have the full capability to deliver as construction activities increase at the Fort Cady Borate Mine.

On the sales and marketing front, we plan to unveil our product branding strategy this quarter following positive early results from our “boron-enriched SOP fertiliser” crop trials. We believe our boron-enriched fertiliser can be delivered at a price point and with yield value that will be difficult for our competitors to replicate.

These are some more important steps we are making focused on our intention to become a globally significant producer of specialty fertilisers.”

COMPANY DIRECTORS

David J Salisbury – 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

314.1 million shares
60.1 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



Construction Activities

The Company continues to progress construction activities with significant equipment arriving on site. These early activities should place the Company in a strong position to deliver on its target of first production in Q3, CY2021.



Figure 1 | Photo of solvent extraction (SX) equipment arriving on site on 3 August 2020



Figure 2 | Photo showing solar PV modules on the Company's site office



Sales and Marketing Activities – Product Branding Strategy

Progress has been made on brand creation for early work in establishing a US presence for the Company's products. The Company expects to provide a further update once brands have been agreed by the Company and its creative agencies.

Final Operational Permit

On 11 May 2020, the Company advised it expected to be awarded the final operational permit to enable it to commence substantive construction activities in Q3, CY2020.

The Company has been advised that the referral authority has now completed the community consultation phase without comment. The Company has in place the reclamation bond for the permit to allow for the issuance of the permit.

As a result of the above, the Company continues to believe it will receive the relevant permit in the current Quarter.

"Boron-Enriched SOP" Crop Trials

Interim results are expected shortly from the University of Connecticut crop trials using the Company's "boron-enriched SOP" fertiliser. Crops using the Company's SOP plus B (potassium, sulfur and boron) fertiliser are expected to outperform crops grown using standard SOP alone. This is expected to provide the Company with a significant competitive advantage in the US market.

Corporate

The Company is in the process of recruiting two additional resources for the commencement of the next phase of construction. These two hires will take the Company's directly employed Californian based team to six professional staff. Additional recruitment is expected to occur early next year as the Company begins a process to ready for initial operations.

- 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

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.



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 2020¹). 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.

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 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.

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

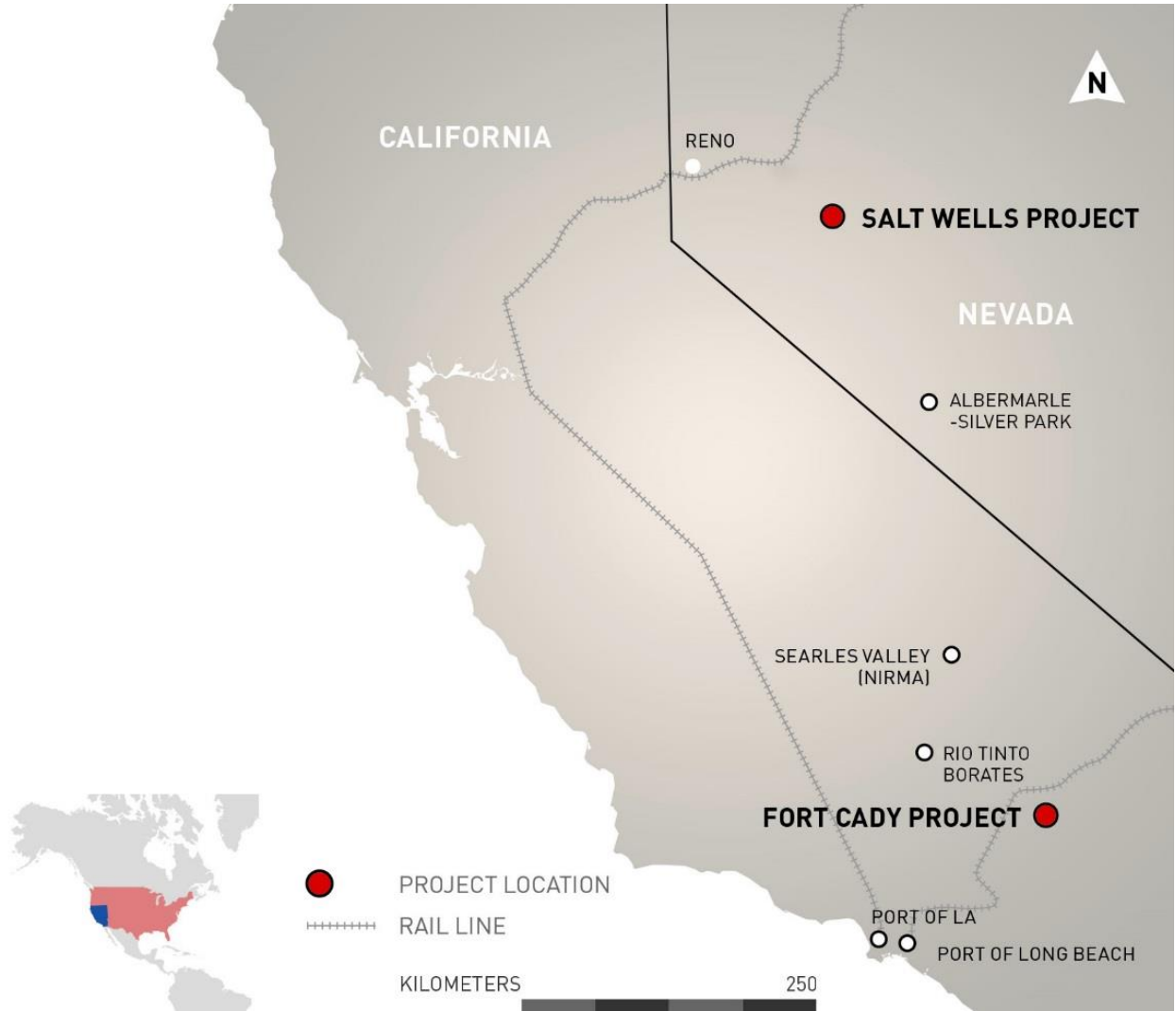


Figure 3 | Location of the Fort Cady and Salt Wells Projects in the USA