

24 September 2020

ABR CONFIRMS PRODUCT BRANDING STRATEGY

HIGHLIGHTS

- **Product branding strategy workstream completed**
- **Four key products with two overarching brands:**
 - **Ameri-Bor, Ameri-SOP, Ameri-SOP+B and Ameri-G; and**
 - **Cady-Bor, Cady-SOP, Cady-SOP+B and Cady-B**
- **Work commenced on digital presence and positioning of brands in targeted US markets**

American Pacific Borates Limited (ASX:ABR) ("ABR" or the "Company") is pleased to provide an update on its Fort Cady Borate Mine brand creation work to establish a US presence for the Company's intended products.

Product Branding Strategy

The Company has progressed its market entry strategy with the confirmation of the product brand concepts. ABR intends to produce Boric Acid (H_3BO_3), Sulphate of Potash (SOP - K_2SO_4), Boron Enriched Sulphate of Potash (SOP+B), and Gypsum at its Fort Cady Borate Mine, targeting first production in Q3 CY2021.

The University of Connecticut is finalising crop trials using the Company's "boron-enriched SOP" (potassium, sulfur and boron) fertiliser. Results from the trial are anticipated shortly, which is likely to demonstrate that ABR's SOP Boron blend fertiliser will outperform crops grown using standard SOP alone. The growth and yield outcomes should provide the Company with a significant competitive advantage in the US market that will justify a premium price for the speciality fertiliser.

Establishment of the US Sales and Marketing Business

ABR is proposing to sell its premium speciality fertiliser products through its newly created sales and marketing company, "Fort Cady". This business will be focused on developing premium speciality fertiliser products aimed at the American agricultural market. A website and associated marketing channels will be launched early in Q4 CY2020.

COMPANY DIRECTORS

David J Salisbury – 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

319.4 million shares
55.2 million options

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Under the Fort Cady business, an initial line has been developed to create brand identities for each product. Each has been specifically tailored to align with its intended customer market and to reflect its unique qualities.

Concepts for each product brand:



Sales and Marketing Activities

Work is underway on engagement activities with potential customers across the American agricultural segment, with particular focus on California, which is one of the largest agricultural markets in the world.

ABR CEO and Managing Director, Michael Schlumpberger, commented:

"I am excited to see the tangible output of our product branding work and the establishment of our US sales and marketing business for our potential customers to begin to consider. The Company is quickly transitioning from developer to producer with our goal in sight to become a globally significant producer of specialty fertilisers."

The Company continues to receive positive results from our "boron-enriched SOP fertiliser" crop trials that will ultimately feed into our product value proposition. We believe our boron-enriched fertiliser will transform the US agricultural market."

- ENDS -

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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 announced in August 2020 that it had received all substantive operational permits and is now working towards first production in Q3, CY2021.

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



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