

2 May 2019

ABR Completes A\$3.1m Placement

HIGHLIGHTS

- **ABR raises A\$3.1m via the issue of 17,222,222 shares at 18c per share to institutional and sophisticated investors (“Placement”)**
- **Placement includes one unlisted option for every two ordinary shares with a strike price of 25c and expiry in August 2020**
- **Options designed to provide working capital during construction**
- **Placement price of 18c represented an 11.3% discount to the 10-day VWAP of 20.3c**
- **Funds to be substantially used to progress construction related engineering activities for the Fort Cady Borate Project (“Project”)**
- **Management to contribute \$350k of the A\$3.1m, subject to shareholder approvals on the same terms**
- **Commencement of construction targeted for Q4 CY2019 on a fully permitted basis, subject to financing and permitting**

American Pacific Borate and Lithium Limited (ASX:ABR) (“ABR” or the “Company”) is pleased to announce it has completed a placement of A\$3.1m at 18c per share to institutional and sophisticated investors. The placement includes one unlisted option for every two ordinary shares with a strike price of 25c and an expiry of 10 August 2020. The option is designed to provide working capital during construction.

Funds raised will be substantially used towards progressing construction related engineering activities with the Company's preferred contractor which are expected to commence in May 2019.

The placement was completed at an 11.3% discount to the 10-day VWAP of 20.3c. 15,277,778 Placement shares and 7,638,889 Placement options are to be issued under the Company's existing ASX Listing Rule 7.1 capacity. Management is seeking to contribute A\$350k (1,944,444 shares and 972,222 options) of the A\$3.1m on the same terms and subject to shareholder approval at a soon to be convened general meeting.

ABR continues to target commencement of construction in Q4 CY2019 on a fully permitted basis subject to financing.

Sydney based Peloton Capital was sole lead manager to the placement.

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

191.22 million shares
31.85 million options

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About American Pacific Borate and Lithium Limited

American Pacific Borate and Lithium 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 three 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

