

American Pacific Borate and Lithium Enters into Strategic Cooperation Agreement with Second Chinese State Owned Enterprise

- **ABR signs second non-binding Strategic Cooperation Agreement (“Agreement”) with Chinese State-Owned Enterprise (SOE) supporting the path to market for the Company’s boric acid sales**
- **The Agreement is with China National Chemical Fiber Corp. (“CNCFC”), a wholly owned subsidiary of China National Machinery Industry Corporation (“Sinomach”)**
- **Sinomach, an important State-Owned backbone enterprise directly managed by the central government, is a Fortune Global 500 company**
- **The Agreement provides for the parties to work together to develop ABR’s product offering with a view to CNCFC entering into a binding sales contract for an initial 5 year period from ABR’s phase one annual production of 82k tonnes of boric acid**

American Pacific Borate and Lithium (ASX:ABR) (“APBL” or the “Company”) is pleased to announce it has entered into a second non-binding strategic cooperation agreement (the “Cooperation Agreement”) with China National Chemical Fiber Corp., a wholly owned subsidiary of Chinese state-owned enterprise China National Machinery Industry Corporation (“Sinomach”).

Sinomach Group, No. 334 on the Fortune Global 500 list of companies, is an international, diversified, comprehensive equipment industrial group. The group’s primary businesses include four main areas of R&D and manufacturing: mechanical equipment, project contracting, trade and services, as well as finance and investment. Its service scope covers critical national economic fields including machinery, electric power, metallurgy, agriculture and forestry, transportation, construction, automobiles, ship building, light industry, electronics energy, environmental engineering, aeronautics and astronautics. The group has a market presence in over 170 countries and regions around the world.

Cooperation Agreement

Under the terms of the non-binding Cooperation Agreement, the parties have agreed to develop ABR’s product offering into China to ensure it optimises the parties’ ability to profitability maximise sales to Chinese customers. It is also the intention of the parties that a binding Sales Contract (“Sales Contract”) be entered into from the Company’s phase one boric acid production of 82k tonnes per annum.

The parties intend to finalise a Sales Contract for an initial 5 year term with an option to extend on mutual agreement. A discussion with respect to expected long term tonnage from phase two is to be held before 31 December 2018.

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

169.8 million shares

15.5 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: americanpacificborate.com



Finalisation and execution of the Sales Contract is conditional on, among other things, ABR having achieved all relevant approvals and secured financing to commence production at its Fort Cady Borate Project, as well as ABR having completed certain preparation work set out in the Cooperation Agreement, including providing Sinomach with samples, specifications and feasibility reports.

American Pacific Borate and Lithium, CEO, Michael Schlumpberger commented:

“This is another significant milestone for the Company. The non-binding Strategic Cooperation Agreement with CNCFC continues to establish our path to market and demonstrates the strategic importance of borates within China. For many years Sinomach have been one of the largest consumers of borates in China and this agreement enables Sinomach to market and promote ABR’s borates to its own customers not only in China but across the world. Sinomach’s businesses cover a wide array of industries where boric acid is used. Signing of this agreement supports significant demand for borates and continues to present to the market the visibility in generating credible financing support for the Fort Cady Project.”

For further information contact:

Michael X. Schlumpberger
Managing Director
Ph: +1 442 292 2120

Anthony Hall
Executive Director
Ph: +61 417 466 039

Simon Hinsley
Investor Relations
Ph: +61 401 809 653



About American Pacific Borate and Lithium Limited

American Pacific Borate and Lithium Limited is focused on advancing its 100%-owned Fort Cady Boron and Lithium Project located in Southern California, USA (Figure 1). Fort Cady is a highly rare and large colemanite deposit with substantial lithium potential 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 Project has a JORC mineral estimate of 120.4 Mt at 6.50% B₂O₃ (11.6% H₃BO₃, boric acid equivalent) & 340 ppm Li (5% B₂O₃ cut-off) including 58.59 Mt at 6.59% B₂O₃ (11.71% H₃BO₃) & 367 ppm Li in Indicated category and 61.85 Mt @ 6.73% B₂O₃ (11.42% H₃BO₃) & 315 ppm Li in Inferred category. The JORC Resource has 13.9 Mt of contained boric acid. In total, in excess of US\$50m has historically been spent at Fort Cady, including resource drilling, metallurgical test works, well injection tests, permitting activities and substantial pilot-scale test works.

ABR expects the Fort Cady Project can quickly be advanced to construction ready status due to the large amount of historical drilling, downhole geophysics, metallurgical test work, pilot plant operations and feasibility studies completed from the 1980's to early 2000's. 33 resource drill holes and 17 injection and production wells were previously completed and used for historical mineral estimates, mining method studies and optimising the process design. Financial metrics were also estimated which provided the former operators encouragement to commence commercial-scale permitting for the Project. The Fort Cady project was fully permitted for construction and operation in 1994. The two key land use permits and Environmental Impact Study remain active and in good standing.

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 the Company funding US\$3m of Project expenditures. Both projects are exploration stage projects that 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.

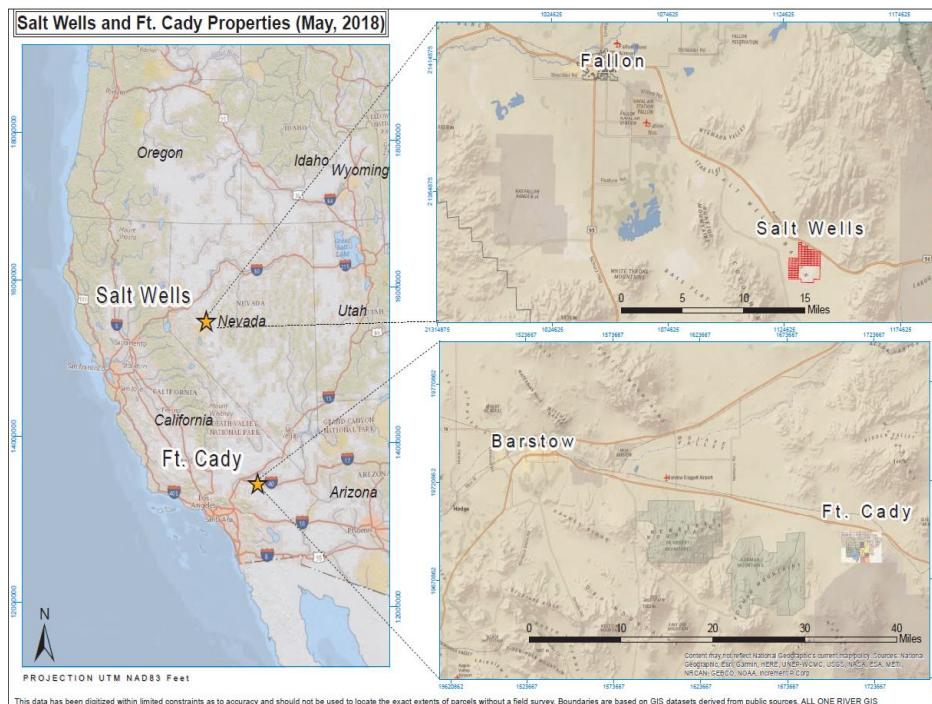


Figure 1. Location of the Fort Cady Project, California and the Salt Wells Projects, Nevada, USA