AmericanPacific
BORATE & LITHIUM LIMITED

ASX Announcement

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ABR Progressing Rapidly to Onsite Pilot Plant Testworks to Enable Completion of Boric Acid Definitive Feasibility Study

- **Steady progress made on the Pilot Plant testworks with scope of work completed and key equipment ordered. On track for completion in early Q2 2018**
- **Commercial scale test well prepared to enable completion of in situ flow sheet tests**
- **Lithium testworks progressing with third stage completed**
- **Environmental Manager employed with additional key site appointments now being sought in anticipation of the commencement of mining operations next year**
- **Discussions progressing positively with potential strategic partners considering construction support, project debt and equity financing and product offtake**
- **Boric Acid Project Definitive Feasibility Study ("DFS") on track for completion in early 2H 2018**

American Pacific Borate and Lithium (ASX:ABR) ("APBL" or the "Company") is pleased to provide a project update for its 100%-owned Fort Cady Borate and Lithium Project (the "Project") located in Southern California, USA.

Pilot Plant Testing

As the Fort Cady Project is fully permitted for pilot plant operations the pilot plant testing is advancing rapidly with planning largely completed, and long lead items already purchased to enable commencement in March 2018. As part of the drilling program one of the boreholes was converted into a test well for the purpose of reconfirming the in-situ mining ability of the ore body, noting 17 wells were created and extracted from in pilot plant operations in the 1990s and 2000s.

Importantly, infrastructure within the pilot plant area is being added and upgraded to ensure the safety of all personnel assisting with the Project. These upgrades will be beneficial to the construction of the initial commercial scale operations.

The final goal of this test program is to measure and determine the flow rates in and out of the well and the head grade of the preganant leach solution (PLS). This material will be collected, analysed and sent to equipment manufacturers for processing into boric acid. This will not only confirm the prospective flow sheet, but will also result in representative samples of the final product for sending to potential customers.

Lithium Testworks

The third phase of lithium testworks has been completed by Saskatchewan Research Council (SRC). This round of testing involved a two step leach process. Initially boron was leached from the colemanite at a higher pH reducing the overall acid consumption and impurities. After the initial step, the ore was again leached at a lower pH to extract Li from the ore. The aim was to reduce impurities associated with the production of Li and lower production costs.

Following this protocol, boron recovery of greater than 90 percent, and Li extraction of over 50 percent was achieved. A further round of testing is currently being developed to continue to advance the positive aspects of this testing.

Significantly, however, boron results are excellent and consistent with positive historic pilot plant results.

Product Development and Partners

Because of the ability to quickly define a JORC compliant resource and completion of the initial Scoping Study, both released in Q4 2017, the Company has been able to commence a process to engage with potential strategic partners to aid in the delivery of detailed engineering, plant and construction finance, debt and equity financing, product development and ultimately offtake of its boric acid. A strategic decision was made to commence these discussions post the release of the Scoping Study to enable potential partners to properly understand the strength of the Project.

Initial discussions with large consumers of boric acid in the key markets of building materials and fertilisers have increased the Company's confidence with respect to strong market demand for boric acid and the price deck used in its Scoping Study. The Company continues to progress these discussions with a target to enter into strategic framework agreements with companies in these key markets.

Corporate

On 12 February 2018, Ms Cindi Byrns commenced with the Company as Environmental Manager. Ms Byrns is based at the Company's head office in Apple Valley, California. She is tasked with ensuring the two rescinded permits are reinstated in a timely manner to enable construction to commence in late CY18.

Ms. Byrns has extensive experience in permitting including permitting within the State of California. She has successfully permitted three mining projects and has been instrumental in the updating of numerous other individual permits associated with air, water, tailings impoundments, waste and reclamation. In addition, she has experience in safety, including Process Safety Management (PSM) and OSHA.

The Company expects to shortly appoint two additional engineers based in Apple Valley. The first will be responsible for project managing the completion of the DFS, detailed engineering and then the construction of the initial operations. The second target is a process engineer who will be responsible for the finanaility of pilot plant testworks and the wet and dry process plant.

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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 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% B_2O_3 (11.6% H_3BO_3, boric acid equivalent) & 340 ppm Li (*5% B_2O_3 cut-off*) including 58.59 Mt at 6.59% B_2O_3 (11.71% H_3BO_3) & 367 pmm Li in Indicated category and 61.85 Mt @ 6.73% B_2O_3 (11.42% H_3BO_3) & 315 ppm Li. 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.

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.

Although pilot plant activities can commence immediately one of the Company's primary goals is to accelerate the development pathway for the Fort Cady Project with the target of being construction ready in CY18. In the interim a simple and low-cost flow-sheet is proposed with a focus on producing boric acid on-site.

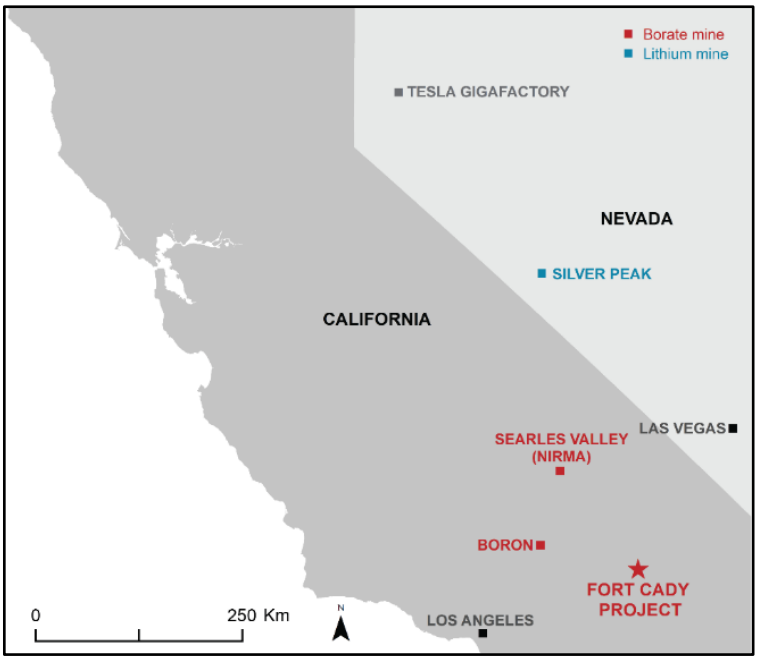

Figure 1. *Location of the Fort Cady Borate and Lithium Project, California USA.*

Competent Persons Statement

The information in this release that relates to Exploration Results is based on information prepared by Mr Louis Fourie, P.Geo of Terra Modelling Services. Mr Fourie is a licensed Professional Geoscientist registered with APEGS (Association of Professional Engineers and Geoscientists of Saskatchewan) in the Province of Saskatchewan, Canada and a Professional Natural Scientist (Geological Science) with SACNASP (South African Council for Natural Scientific Professions). APEGS and SACNASP are a Joint Ore Reserves Committee (JORC) Code 'Recognized Professional Organization' (RPO). An RPO is an accredited organization to which the Competent Person (CP) under JORC Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, or Ore Reserves through the ASX. Mr Fourie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a CP as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Fourie consents to the inclusion in the release of the matters based on their information in the form and context in which it appears.

Forward Looking Statements

Various statements in this announcement constitute statements relating to intentions, future acts and events. Such statements are generally classified as "forward looking statements" and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates" and similar expressions are intended to identify forwardlooking statements. APBL caution shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of APBL only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made.