

ABR Delivers Initial Metallurgical Results Showing Excellent Recoveries

- Initial metallurgical testworks complete on representative sample core from colemanite mineralisation containing 6.2% B₂O₃ (11.0% H₃BO₃*) and 505 ppm lithium
- A total of five hydrochloric acid (HCl) leach tests were performed
- Excellent boron recoveries of 98.5% and highly encouraging lithium recoveries of 48.3% were obtained from the six hour leach process
- The addition of lithium enriched brines from collocated sub basin sources appears likely to increase total lithium supply to the by-product lithium processing circuit
- The positive results and HCl consumption are being used to fast track co-development of an autonomous Mannheim Sulphate of Potash ("SOP") operation
- Maiden Mineral Resource Estimate and Scoping Study remains on track for completion within the current Quarter

American Pacific Borate and Lithium, (ASX: ABR) ("ABR", or "the Company") is pleased to announce positive initial metallurgical results on its 100%-owned Fort Cady Borate and Lithium Project ("the Project") in Southern California, USA. ABR is advancing the Project rapidly with a view to commencing pilot plant testworks early in 2018 to enable the completion of a Feasibility Study by mid-2018.

A total of five hydrochloric acid leach tests were performed on a five kilogram representative sample of core containing 6.2% B₂O₃ (11% H₃BO₃*) and 505 ppm lithium. The tests lasted six hours and used different temperatures and different acid amounts to test recoveries of both lithium and boron. Test one that used a 50°C fluid and maintained a pH of 0.5 over the six hours delivered very pleasing results with 98.5% boron and 48.3% lithium recovery.

* H₃BO₃ Eq = boric acid equivalent grade (1.78 x B₂O₃)

American Pacific Borate and Lithium Managing Director & CEO Michael Schlumpberger said:

"The excellent boron recoveries are particularly pleasing given we believe we are first and foremost a compelling boric acid project with a low capex target and likely high margins. Our lithium by-product project also looks compelling with close to 50% recoveries resulting from the production of boric acid without any additional focus on extracting lithium from the insolubles within the colemanite. The addition of lithium enriched brines into the make-up solution should only increase our lithium by-product production. The initial testworks have helped inform our pilot plant test program that we expect to commence early in the new year."

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

15.0 million options

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We are also very excited about the clear potential to produce the specialty fertiliser mineral Potassium Sulfate, (SOP). We have large addressable markets in California for crops that require SOP. Importantly SOP production from Mannheim plants results in by product HCl that generally limits project viability. In our case we need it for boric acid production resulting in a modest increase in capex to substantially improve the financial metrics of the Fort Cady Project.

All in all, the initial results were consistent with our expectations which is very positive.”

Initial Testwork Program

The Saskatchewan Research Council (“SRC”) was appointed to complete a colemanite ore leaching test program for ABR’s Fort Cady Project. The purpose of the testing program was to investigate lithium extraction potential by HCl leach at various conditions although the primary payable value in boron and the process would produce boric acid.

A total of five HCl acid leach tests were performed on the composite sample at various conditions listed below. The pulp density was 20% solids for all leaching tests.

The representative sample contained the following:

Table 1: Table showing the elements and mineral composition of the composite sample

Element	Assay
Li (ppm)	505
B ₂ O ₃ (%)	6.2
Sr (ppm)	36200
S (ppm)	90700
Al ₂ O ₃ (wt%)	4.54
Fe ₂ O ₃ (wt%)	1.7
CaO (wt%)	21.2
MgO (wt%)	2.68
K ₂ O (wt%)	1.32
Na ₂ O (wt%)	0.94

The five tests were:

1. 6 hours, 50°C at 0.5 end pH
2. 6 hours, 50°C at 1.0 end pH
3. 6 hours, 50°C at 3.0 end pH
4. 6 hours, 70°C at 1.0 end pH
5. 6 hours, 90°C at 1.0 end pH

The first test appeared to deliver the most positive results with boron recoveries of 98.5% and lithium recoveries of 48.3%.



A graph showing the leaching kinetics is presented below.

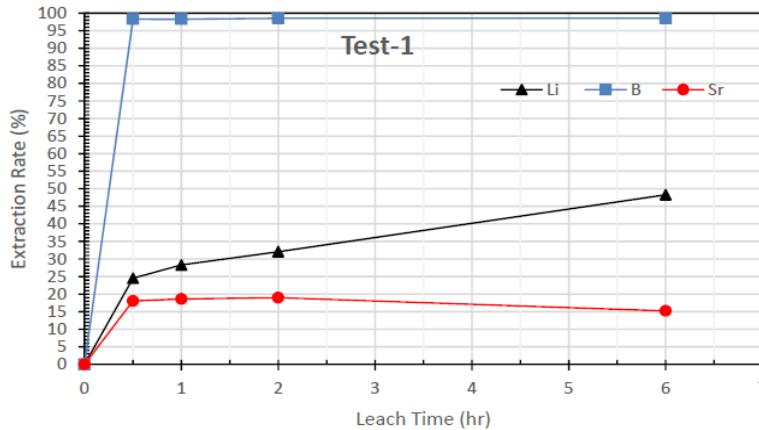


Figure 1: Graph showing the leaching kinetics of Test One

The tests were performed in a one litre jacketed glass reactor with a teflon coated stirrer and a reflux condenser. The following procedures were followed for each test:

1. Add 800g DI water to the reactor
2. Add 200g composite sample to the reactor during stirring
3. Raise temperature to target
4. Add 36% HCl to reach the target pH and then add acid over duration of test to maintain the final pH
5. Samples were taken at 0.5hr, 1hr, 2hr and 6hr during the leaching.

Summary of Results

The initial testwork program has been very beneficial and appears to indicate:

1. Excellent boron recovery is achievable at relatively low temperatures with modest acid consumption.
2. Encouraging levels of lithium is recoverable from the colemanite formation as a by-product of boric acid production.
3. Additional lithium is potentially achievable through the addition of sub basin lithium enriched brines to the leaching process.
4. HCl requirements for boric acid production will likely drive a very profitable and separate Mannheim SOP operation as Mannheim produces HCl as a by-product. SOP as a specialty fertiliser is well priced in North America.

Next Steps

With the excellent initial results the Company is moving quickly to prepare an initial test well for pilot plant test works in early 2018.

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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 2). 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 historical non-JORC mineral estimate of 115Mt at 7.4% B₂O₃ or 13.2% H₃BO₃ (boric acid) equivalent (5% B₂O₃ cut-off) including 69Mt at 9% B₂O₃ and 16% H₃BO₃ (7% B₂O₃ cut-off). More than 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.

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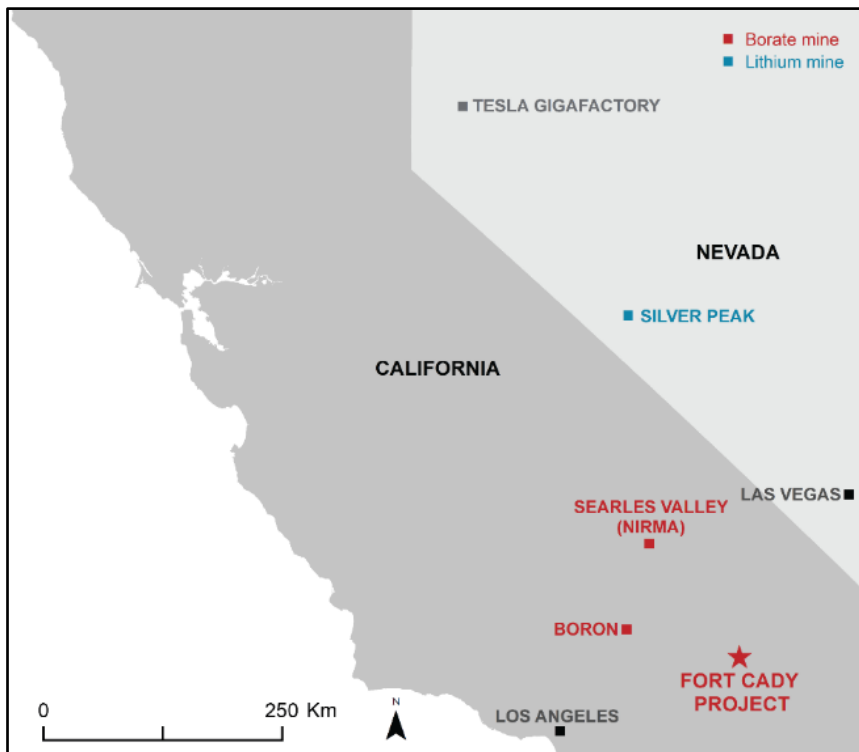


Figure 2: Location of the Fort Cady Borate and Lithium Project, California USA.

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