

MARCH 2018 QUARTERLY REPORTS

- **Exceptional Scoping Study financial metrics enhanced by reduction in US Corporate Tax Rate**
- **JORC Compliant Mineral Resource Estimate (MRE) increased by 27.4 Mt to 120.4 Mt at 6.5% B₂O₃ (11.6% boric acid (H₃BO₃) equivalent) and 340 ppm Lithium for 13.9 Mt of contained boric acid**
- **Commercial scale test well operating with boric acid rich liquor being produced**
- **Samples of boric acid being prepared for potential partners and customers as part of pilot plant operations**
- **Lithium studies on-going, exploring Li concentration as part of pilot plant testworks**
- **North American fertiliser market study confirms major opportunities for both boric acid and SOP with boron the second most consumed micro nutrient in North America**
- **Reinstatement of air and water quality permit progressing for full scale commercial operations**
- **Positive ongoing discussions with potential strategic partners considering construction support, project debt and equity financing and product offtake**
- **Experienced, right sized team recruited and operating from Company's head office in California**
- **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.

Boric Acid Scoping Study – Enhanced Financial Metrics

In December 2017, the Company released a boric acid project Scoping Study. The Scoping Study assumed a two phase operation building to 246k tonnes per annum of boric acid and 54k tonnes per annum of potassium sulphate (SOP). Phase one capex was estimated at US\$98m (inclusive of a 20% contingency). Phase two was designed to be funded from cash flow with a capex estimated at US\$132m (inclusive of a 20% contingency). EBITDA in the first full year of production was estimated at US\$156m. A mine life of 25 years was established from Indicated and Inferred Resources.

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

169.8 million shares
15.5 million options

REGISTERED OFFICE

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WA, 6000, Australia

US OFFICE

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Following the passing of a new corporate tax regime in the US that saw a reduction in corporate taxes, the financial metrics of the Scoping Study were enhanced to an unlevered post tax NPV₁₀ of US\$747m and an IRR of 41.1%. The NPV₈ in Australian dollars is estimated at A\$1.22bn (refer ASX release of 24 January 2018).

JORC Compliant MRE – Significant Upgrade Post Finality of Confirmatory Drilling Program

On 1 February 2018 the Company released an upgraded JORC compliant Mineral Resource Estimate (MRE). The upgraded MRE delivered a total Resource of 120 Mt at 6.5% B₂O₃ (11.6% boric acid (H₃BO₃) equivalent) with 340 ppm Lithium for 13.9 Mt of contained boric acid. The Indicated Resource was 58.6 Mt at 6.6% B₂O₃, with the Inferred Resource calculated at 61.9 Mt at 6.4% B₂O₃.

Importantly this increase suggests an ability for the Company to either increase scale or mine life for the DFS it is currently completing.

Pilot Plant – Positive Initial Operations

The commercial scale test well has been established for the pilot plant testworks. Water has been circulating through the test well, in preparation for the next phase of the test, where heated water and then heated leach solution will be circulated.

With the cavern established and fluid circulating the pilot plant is seeking to test flow rates in and out of the well and the head grade of the pregnant leach solution (PLS). This material will be collected, analysed and sent to equipment manufacturers for processing into high purity boric acid. This work will enable the completion of the flow sheet for broader commercial scale production.

Importantly, representative samples of the boric acid to be produced from commercial operations will also be sent to potential partners and customers for their evaluation and initial testing.



Figure 1: Commercial Scale production well head at Fort Cady being used for pilot plant testworks



Boric Acid Project Definitive Feasibility Study – On track for completion in Q3 CY2018

Pilot plant testworks are expected to be completed in June 2018. This will enable the completion of the operating flow sheet. With this operating flow sheet the Company expects to be able to complete a DFS in Q3 CY2018.

Lithium Studies – Progressing Alongside Pilot Plant

Four rounds of lithium studies have been completed by Saskatchewan Research Council (SRC). Importantly in the studies lithium has been extracted from representative samples of material from the ore body. In addition to extracting lithium the tests have also demonstrated magnesium, iron, and aluminium are liberated through the acid leaching process. These metals are then required to be extracted prior to producing a saleable lithium adding cost to lithium production process.

The Company's consultants are of the view it may be possible to recirculate the PLS in the pilot plant testworks to increase the concentration of the lithium prior to the processing of boric acid and then in turn the lithium as a by product credit. It is also anticipated that the recirculation of the PLS will not result in increasing concentrations of magnesium and aluminium given solubility thresholds.

Concentrated levels of lithium is likely to result in reduced capex for processing equipment and a positive by product credit. The Company expects to have more definitive results in Q3 and it currently appears likely lithium production will be shifted to phase two operations so as to not delay initial boric acid production.

North American Fertiliser Market Studies Demonstrates Boric Acid Opportunity

In early March 2018, the Company engaged an independent US based consulting firm that specialises in fertiliser related market studies to review North American fertiliser opportunities for both boric acid and SOP.

The Company expects the study to be completed in the current Quarter. Early results suggest there are market opportunities in the fertiliser sector both boric acid and SOP, with boron currently estimated to be the second most prevalent micronutrient in the US market accounting for around 19% of the US micronutrient market value. Boron plays a key role in several plant functions including cell wall formation and stability, pollination and seed set. It is essential for all crops.

An example of a borate fertiliser is Mosaic's Aspire compound fertiliser. The fertiliser contains around 97% potassium chloride (MOP / K60) and around 3% boron based material. It is sold for a premium of circa US\$100 per ton over traditional K60 fertiliser suggesting the boron based material nets around US\$3,000 per tonne, substantially more than the Company's Scoping Study assumption of US\$900 per tonne.

Permitting – Reinstatement of Lapsed Permits Progressing

The process of reinstating the air and water quality permits that lapsed in 2009 is in train with several positive meetings already held between the Company's representatives and the referral authorities. The Company is working through a process to complete all necessary studies and information to ensure a fulsome reinstatement application is lodged in the current Quarter.

The Company continues to believe these permits will be reinstated in a timely manner consistent with legal advice provided to the Company.



Product Development and Partners – Positive Discussions with Large Potential Partners Ongoing

Asia

The initial focus of the Company's product development and partners' strategy has been in Asia given around 50% of the world's borates are consumed in China and it accounts for a fraction of global production. The Company is pleased to report multiple discussions with credible partners and potential customers are continuing, with the expectation of initial contract execution in the current Quarter. These term sheets are likely to include indicative off take, agency arrangements and the potential for assistance with project financing.

Various potential partners and customers have suggested there is significant demand for boric acid that is currently not being supplied given there is minimal global production.

North America

The Company expects to commence an engagement process with potential North American partners and customers upon completion of pilot plant testworks. North America, and in particular California, will be a main focus for the Company given logistical advantages.

European Union

Whilst not likely to be a primary focus, the Company considers it positive that borates are listed by the EU as a critical raw material. They are considered to have a supply risk given the majority of borates supplied to the EU come from Turkey (98% in 2017). The critical raw materials' graph showing supply risk and economic importance is presented below.

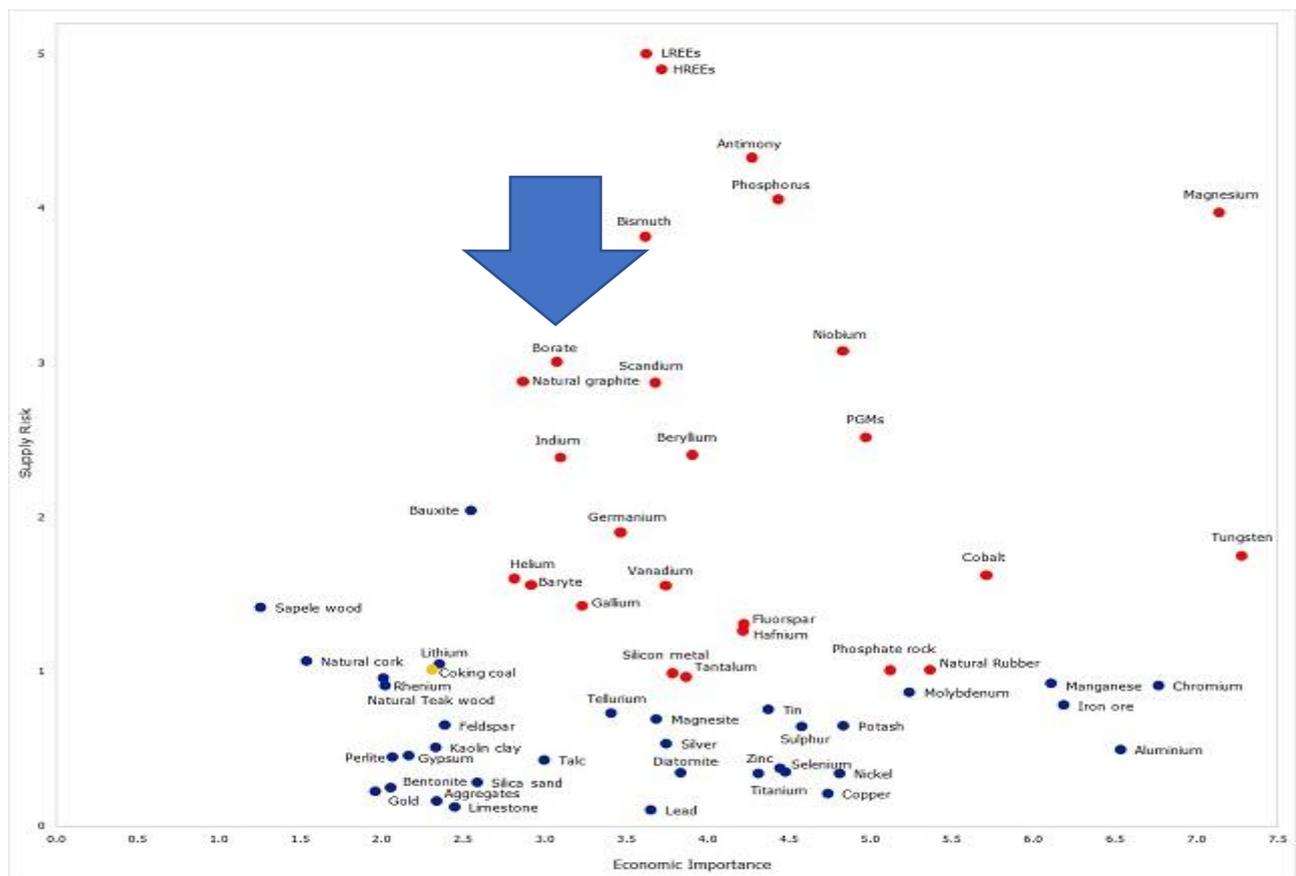


Figure 2: 2017 EU Graph of Critical Raw Materials (http://ec.europa.eu/growth/sectors/raw-materials/specific-interest/critical_en)



Corporate – Experienced, Right Sized Team Operating from the Company's Head Office in California

During the Quarter the Company recruited three engineers to be based at the Company's head office in California, Mr Kamo Avnessian, Mr Orgil Battogtokh and Ms Cindi Byrns.

Mr Avnessian has been hired to fill the role of the Chief Process Engineer. With degrees in Chemical Engineering and Minerals Processing, his experience spans almost 40 years, and includes crystallisation and solvent extraction. Kamo also worked for Searles Valley Minerals, a producer of borates and other commodities in Trona California.

Mr Battogtokh has accepted the role of Chief Project Engineer. He has a degree in Minerals and Mining Engineering and will be tasked with the construction of the project. He has project management experience including construction of a US\$200m greenfield mine and processing facility.

Ms Byrns will lead the company through the environmental process. She has a masters degree in Environmental Engineering and an undergraduate degree in Geology. She has permitted four mines, and has permitting experience in California as well as with the Bureau of Land Management (BLM). Cindi also has experience in safety and process safety management (PSM).

At the end of the Quarter the Company had cash at bank of \$4.7m.

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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.



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 3). 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. 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.

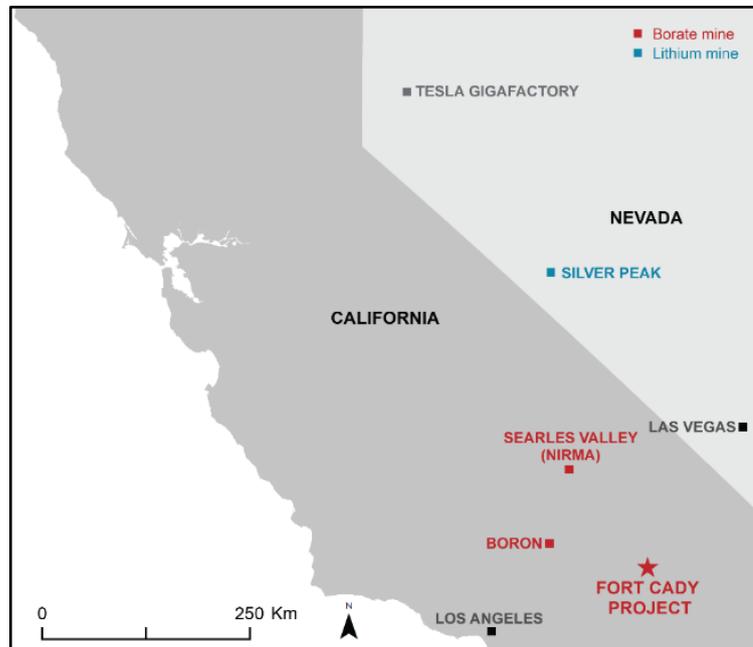


Figure 3. Location of the Fort Cady Borate and Lithium Project, California USA.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

AMERICAN PACIFIC BORATE & LITHIUM LTD

ABN

68 615 606 114

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,300)	(7,900)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(524)	(1,550)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	1
1.9 Net cash from / (used in) operating activities	(2,822)	(9,441)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(44)	(44)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other –	-	-
2.6	Net cash from / (used in) investing activities	(44)	(44)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	10,143
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(990)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	9,153

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,560	4,883
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,822)	(9,441)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(44)	(44)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	9,153
4.5	Effect of movement in exchange rates on cash held	25	168
4.6	Cash and cash equivalents at end of period	4,719	4,719

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	4,719	7,560
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,719	7,560

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	120
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment of Directors Fees and Remuneration - \$120k

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,373
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	578
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,951

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter %
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 17 April 2018

Print name: Aaron Bertolatti

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.