

## **ABR June 2018 Quarterly Activity Report**

### **HIGHLIGHTS**

- **Work underway to reduce Opex and increase revenue for Fort Cady Project**
  - Onsite testwork progressing positively with boric acid being recovered from the commercial scale cavern
  - Opex per tonne of boric acid is expected to be reduced with an optimised design philosophy and better than expected heat retention within caverns
  - Sale of by-product gypsum into large Californian market likely to increase revenue whilst reducing tailing pond capex and opex. Likely to result in an operation with minimal waste products
  - Discussions progressed with Californian gypsum wholesalers with product expected to generate a premium price given high micro nutrient levels
  - Lapsed, but previously in place, Air Quality permit application to be lodged in coming weeks to enable commencement of construction, subject to financing
  - The Plan of Operations and combined Environmental Impact Statement and Environmental Impact Report and Mining Conditional Use permit and Approved Reclamation Plan, remain active and in good standing for a mining operation of 90,000 tons per annum of boric acid and gypsum.
- **ABR enters two Strategic Cooperation Agreements with Chinese State-Owned Enterprises (SOE), with site visits imminent**
  - Agreements signed with subsidiaries of Sinochem Group and Sinomach, both Global Fortune 500 companies as a precursor to off-take agreements for Fort Cady borates
  - Site Visits by two Chinese SOEs also confirmed and expected during the coming quarter. The purpose of these visits will be to review the Fort Cady operations and to discuss supply security of boron products from the project to China.
- **ABR acquires 100% of borate and lithium exploration projects in Nevada, USA**
  - Earlier in the quarter ABR acquired two projects; Salt Wells North and Salt Wells South. The projects are located in the US state of Nevada and are prospective for borates and lithium. Recent surface salt sampling results delivered up to 810ppm lithium and more than 1% boron (over 5.2% boric acid equivalent)

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#### **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**

169.6 million shares

14.0 million options

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- The Salt Wells North project area produced borates from surface salts in the 1800s
- ABR later acquired an additional 13.6km<sup>2</sup> to ABR, taking the Nevada project area to 36km<sup>2</sup> and connecting the two existing projects
- No modern exploration activities have been completed on the project to test the salt horizon for borates and lithium and the brines for lithium
- Acquisition of the Salt Wells projects fits with ABR's strategy to become a globally significant producer of borates
- Exploration including 16km of Magnetotellurics (MT) lines and six shallow drill holes expected to commence during the upcoming quarter.

American Pacific Borate and Lithium (ASX:ABR) ("APBL" or the "Company") is pleased to provide an update on activities at its projects in Southern California and Nevada, USA and Appendix 5B for the period ending 30 June 2018.

### **Fort Cady testwork progresses**

ABR continued commercial-scale cavern testworks for its Fort Cady project in Southern California progressed positively with boric acid being recovered.

The Company's onsite testworks and bulk sampling program is designed to:

1. Test the Scoping Study flowsheet (Refer ASX Release of 27 December 2017);
2. Obtain bulk samples for equipment sizing, to progress detailed engineering in preparation for the start of construction, and
3. Obtain product samples to provide to potential customers and partners.

These testworks demonstrated that by heating the brine to be pumped underground it was likely to lead to a higher head grade and better recoveries. This was consistent with commentary from previous Fort Cady operations.

Records from Mountain State Minerals, which produced boric acid on site in 1986 and 1987, showed the operations achieved an average boric acid head grade of 3.7% without heating injection fluids, recirculating pregnant liquor solution (PLS) to boost recoveries or utilising waste water containing residual boric acid. This historical information is important as Mountain State Minerals was using the same injection fluids the Company is proposing to use.

With the change in design philosophy to construct a more flexible plant and the likely redesign of the process plant to provide for a wider range of boric acid head grades (from 4% to 9% boric acid), the Company now needs to demonstrate it can increase the 3.7% head grade achieved by Mountain State Minerals to only 4% by heating injection fluids, recirculating PLS and utilising waste water containing residual boric acid.

ABR reported:

1. Testwork was able to establish connectivity between caverns with the Company pumping PLS from a historic cavern adjacent to the current test cavern;



2. The ore body retained more heat than expected thereby reducing the likely cost of heating of injection fluids, and
3. After pushing deeper into the current test cavern to limit connectivity with the historic cavern, the boric acid recovery (head grade) in the PLS is progressively building in line with Company expectations and historic operations.

Value engineering design alterations being prepared as part of ABR's Definitive Feasibility Study (DFS) program showed the ability to reduce pre-by-product credit opex by around 10% per tonne of boric acid. This reduction in opex will be achieved through the addition of cogeneration to decrease energy costs, solvent extraction and the flow through reduction of a set of crystallisers. The resulting process plant will also allow for a wider range of boric acid head grades.

A DFS for Fort Cady is on track for completion in the second half of CY2018.

In parallel with ongoing testworks, the Company explored options to sell by-product gypsum into the large Californian agricultural market, with the US gypsum soil amendment market initially estimated at US\$30m to US\$40m per annum by the Company's US based fertiliser consultants, Context Inc. The sale of by-product gypsum will result in minimal waste products from the operations.

Recent positive discussions with local gypsum suppliers were encouraging and suggested the Company should be able to sell gypsum into local markets and its enriched boron gypsum will be highly sought after.

### Speciality Fertiliser Market Target

The Company's recently commissioned study by US based Context Inc into US micronutrient markets for boron and SOP has been completed. The key finding is boron is the second most used micronutrient by value and that its annual micronutrient value is expected to grow by a strong 9% compounded annual growth rate (CAGR) through to 2022.

This study reinforces the Company's North American speciality fertiliser market target and its view that its boron fertiliser, and its boron enriched gypsum, will be sought after in local Californian markets and wider US domestic markets.

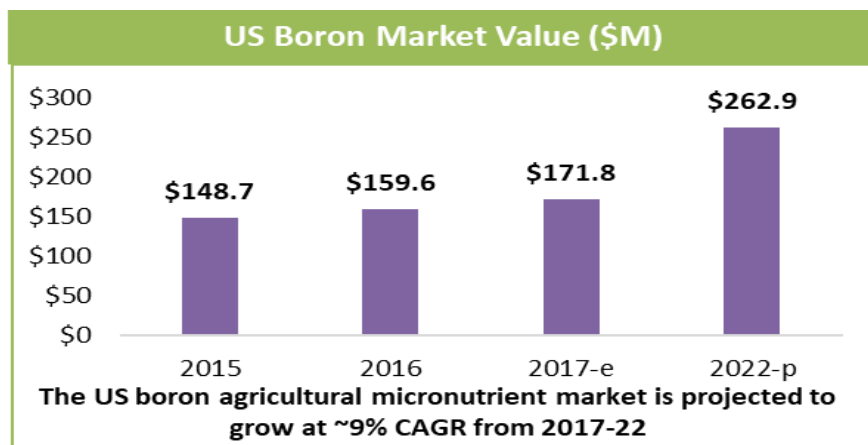


Figure 1. Graph showing estimates of US boron market value for use as a micro nutrient



### **Fort Cady Permitting Process**

In order to commence construction, the Company requires the reinstatement of the previously held air quality permit. In order to commence production, a water related permit must be obtained.

The Company is in the final stages of preparing its air quality permit application. It expects this to be lodged over the coming weeks. The Company has been advised the permitting process should take between four and six months.

If this is correct, the Company would be in a position to commence construction by the end of CY18.

The formal water related permit application is expected to be lodged in Q4 2018. This permit application cannot be lodged until initial pond designs and related hydrological studies have been completed. The Company has been advised by retained legal counsel that this process should take between six to eighteen months from lodging.

Importantly, discussions are ongoing with relevant referral authorities with respect to both the air and water permits.

The Company is currently seeking to be fully permitted by mid CY2019 and in a position to commence construction shortly thereafter, subject to financing.

### **Fort Cady Existing Permits**

The Company's Fort Cady Borate Project currently has the two key mining permits in effect. These permits are known as the:

1. Plan of Operations and combined Environmental Impact Statement and Environmental Impact Report (issued by the Department of the Interior, Bureau of Land Management); and
2. Mining Conditional Use permit and Approved Reclamation Plan (issued jointly by the San Bernardino Land Use Services Department and the California Department of Conservation, Office of Mine Reclamation)

The Environmental Impact Statement and Report considered the following:

*The proposed action consists of the construction and operation of a borate production mine and process plant with the capability of producing 90,000 tons per year of borate product. The proposed facility would employ in-situ mining technology to mine an ore body containing colemanite, a boron-bearing, hydrous oxide ( $\text{Ca}_2\text{B}_6\text{O}_{11} \cdot 5\text{H}_2\text{O}$ ) mineral. The recovery of boron from the colemanite mineral would be accomplished by injecting a weak acid solution (no more than five percent hydrochloric acid, sulfuric acid, or a mixture of both in a water solution) into the ore body. The acid would react with the alkaline nature of the ore body to recover a mixture of borate product and calcium chloride, which would be dissolved in solution as products of the chemical reaction. This solution would be withdrawn from the well and pumped to the process plant where borate crystals would be precipitated. The remaining formation would be a porous matrix of clays and insoluble minerals. The void space that would result from the leaching process would constitute less than 12 percent of the formation, and the void space would ultimately contain water, therefore subsidence is not expected to occur.*

Under the Plan of Operations the mine is expected to operate for around 130 years with the following components:

- A 273 acre well field that would ultimately be comprised of up to approximately 200 wells;
- A 10 acre process plant
- A 16 acre gypsum deposition area
- Water pipelines, railroad spur and three access roads

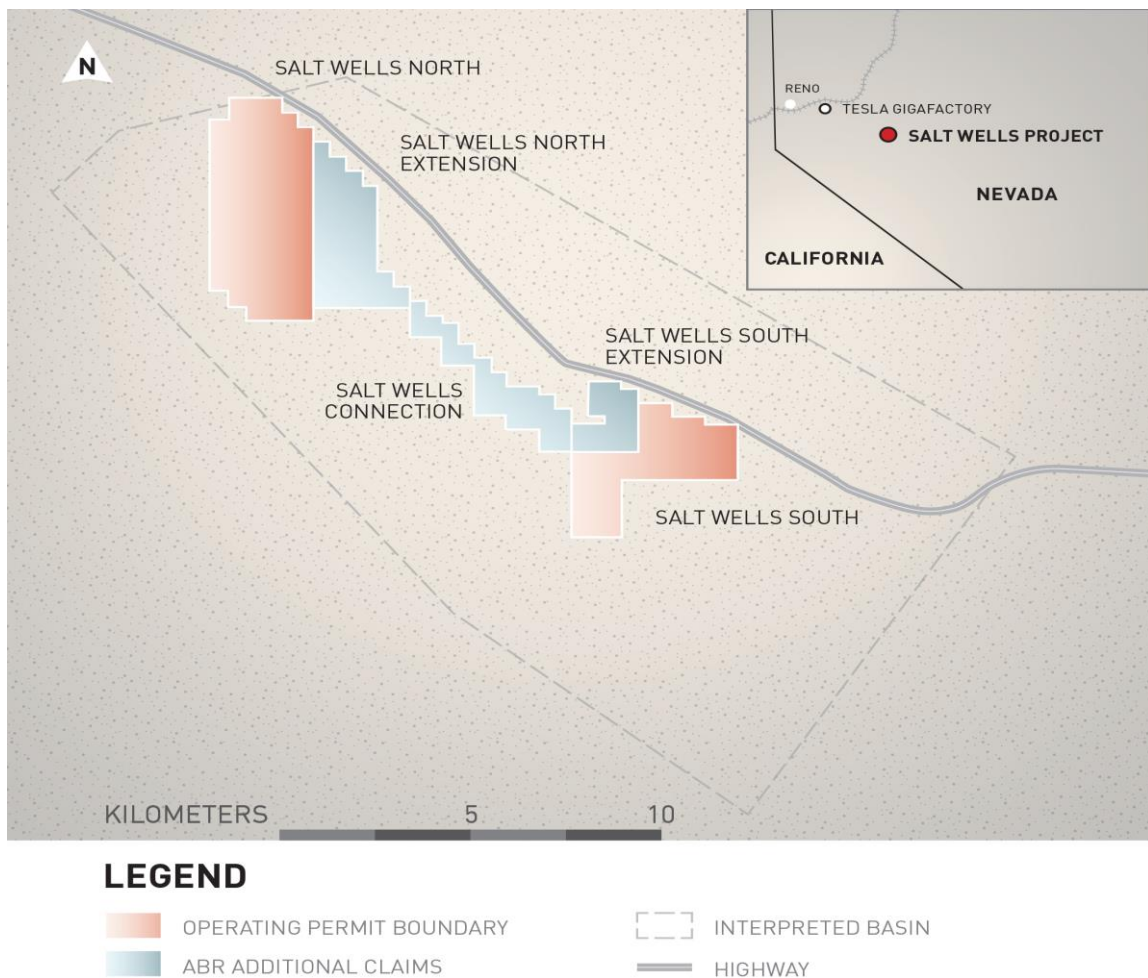


### Acquisition of Salt Wells projects

ABR entered into an earn in Agreement (the “Agreement”) to acquire a 100% interest in the Salt Wells North and Salt Wells South borate and lithium exploration projects in Nevada, USA (the “Projects”).

The Salt Wells North and Salt Wells South projects are located in Churchill County, Nevada, USA. The Projects are located close to major highways and within 15km of the town of Fallon that has a population of over 8,500 people.

The Projects lie in what is believed to be an internally drained, fault bounded basin that appears similar to Clayton Valley, Nevada, where lithium is currently produced by Abermarle Corporation, the only current production source of lithium in the USA. The basin covers an area of around 110 square kilometres.



**Figure 1.** Salt Wells Project Location Map highlighting original and additional claims acquired during the quarter

Borates were produced from surface salts in the 1800s from the Salt Wells North site.

Assay results from surface salt samples taken from the Salt Wells North project received in April demonstrated elevated levels of lithium and borates. The highest recorded lithium reading was 810ppm with several readings over 500ppm.

With the exception of this recent surface salt sampling, no modern exploration has been completed.



The Projects are prospective for borates and lithium in the sediments (salt horizon) and lithium brines within the structures of the basin.

The counter party to the Agreement is Great Basin Resources Inc, ("GBR"), a company registered in Nevada, USA.

ABR will "earn in" to acquire 100% of the Projects under the following terms:

- a. Upon signing this Agreement, ABR will advance US\$78k to enable GBR to formally register the Projects' claims;
- b. ABR will make an upfront payment to GBR of US\$100k as a reimbursement for some of the Project expenses to date payable within seven days of formal claim registration for both Projects;
- c. ABR will pay all direct claim expenses including initial registration fees and annual ongoing fees;
- d. In addition to the above fees, ABR will commit to spending, at its absolute discretion, the following amounts each year for the next five years subject to any over expenditure in a year being applied to expenditure requirements for following years:

Progressive and Cumulative Projects' Expenditure Requirements

Year 1 – US\$100k, cumulative – US\$100k

Year 2 – US\$300k, cumulative – US\$400k

Year 3 – US\$600k, cumulative – US\$1,000k

Year 4 – US\$800k, cumulative – US\$1,800k

Year 5 – US\$1,200k, cumulative – US\$3,000k

- e. ABR may choose to complete the required US\$3,000k expenditure earlier than the proposed 5-year term. In either case, GBR will immediately transfer the claims to ABR upon satisfaction ABR has expended at least US\$3,000k on the Projects;
- f. ABR will pay GBR US\$1m within 28 days of first production at commercial scale (a plant capable of producing sufficient product to derive annual revenues of at least US\$60m); and
- g. ABR will pay GBR a net smelter royalty of 3% on an ongoing basis once commercial scale operations have been achieved.

The vendor of the projects later agreed to transfer 168 additional claims under the terms of the existing earn in agreement. The additional claims cover an area of 13.6km<sup>2</sup> and connect the two existing projects, taking the total project area to 36km<sup>2</sup>.

Initial exploration activities will include 16km of Magnetotellurics (MT) lines to determine basin structure and detect if brines are present in the basin. ABR will follow this with six shallow drill holes to determine the upper sediments and sampling of any intercepted brines.

The exploration program has been designed with the assistance of Zonge International, Inc which provide geophysical field services, equipment and consulting and the company's technical advisor Jerry Aiken, who has more than 45 years' industry experience, primarily in borate and lithium.

These exploration activities will be run from the Company's head-office in Apple Valley, California with activities expected to commence during the upcoming quarter.



## Corporate

### Strategic Cooperation Agreements

During the quarter, ABR entered two non-binding strategic cooperation agreements with Chinese State-Owned Enterprises, establishing an initial path to market for boric acid sales from ABR's Fort Cady Borate Project in California.

Through its wholly-owned subsidiary, Fort Cady California Corporation, ABR entered into a non-binding strategic cooperation agreement with Sinochem Hebei Corporation ("Sinochem"), a wholly-owned subsidiary of Chinese state-owned enterprise Sinochem Group.

Sinochem Group is a key state-owned enterprise under supervision of State-Owned Assets Supervision and Administration Commission of the State Council of China (SASAC). Sinochem Group is one of China's four state oil companies, China's leading chemical services provider, China's largest agricultural input provider as well as being a vertically integrated modern agricultural operator.

ABR signed a second non-binding strategic 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, listed at 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 more than 170 countries and regions around the world.

Under terms of both non-binding Agreements, the parties agreed to develop ABR's product offering into China and to ensure it optimises the parties' ability to maximise sales to Chinese customers.

In its agreement with Sinochem, the parties intend to enter a binding off-take agreement for up to 40k tonnes of boric acid per annum from the Company's phase one production of 82k tonnes per annum. An off-take agreement will be conditional on 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 Agreement, including providing Sinochem with samples, specifications and feasibility reports.

In its agreement with Sinomach, the parties intend to enter a binding sales contract 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 five-year term with an option to extend on mutual agreement. Discussions regarding expected long-term tonnage from phase two is to be held before 31 December 2018.

Site Visits by two Chinese SOEs also confirmed and expected during the coming quarter. The purpose of these visits will be to review the Fort Cady operations and to discuss supply security of boron products from the project to China



<b>Company Name</b>	<b>Global Fortune 500 in 2018</b>
Sinochem	98
Sinomach	256
Rio Tinto	278
BHP Billiton	296

**Table 1.** Chinese SOE rankings in the 2018 Global Fortune 500 against other key industry players

The Company held AU\$2.9 million cash at bank as at 30 June 2018. Refer to the attached Appendix 5B for further details.

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**Competent Persons Statement**

Fort Cady

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.

Salt Wells

The information in this release that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information prepared by Richard Kern, Certified Professional Geologist (#11494). Richard Kern is a licensed Professional Geoscientist registered with AIPG (American Institute of Professional Geologists) in the United States. AIPG is 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.

Richard Kern 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. Richard Kern





consents to the inclusion in the release of the matters based on their information in the form and context in which it appears.

This release contains historical exploration results from exploration activities conducted by Great Basin Resources Inc. ("historical estimates"). The historical estimates and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the historical estimates as mineral resources or ore reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code. The Company confirms it is not in possession of any new information or data relating to the historical estimates that materially impacts on the reliability of the historical estimates or the Company's ability to verify the historical estimates.

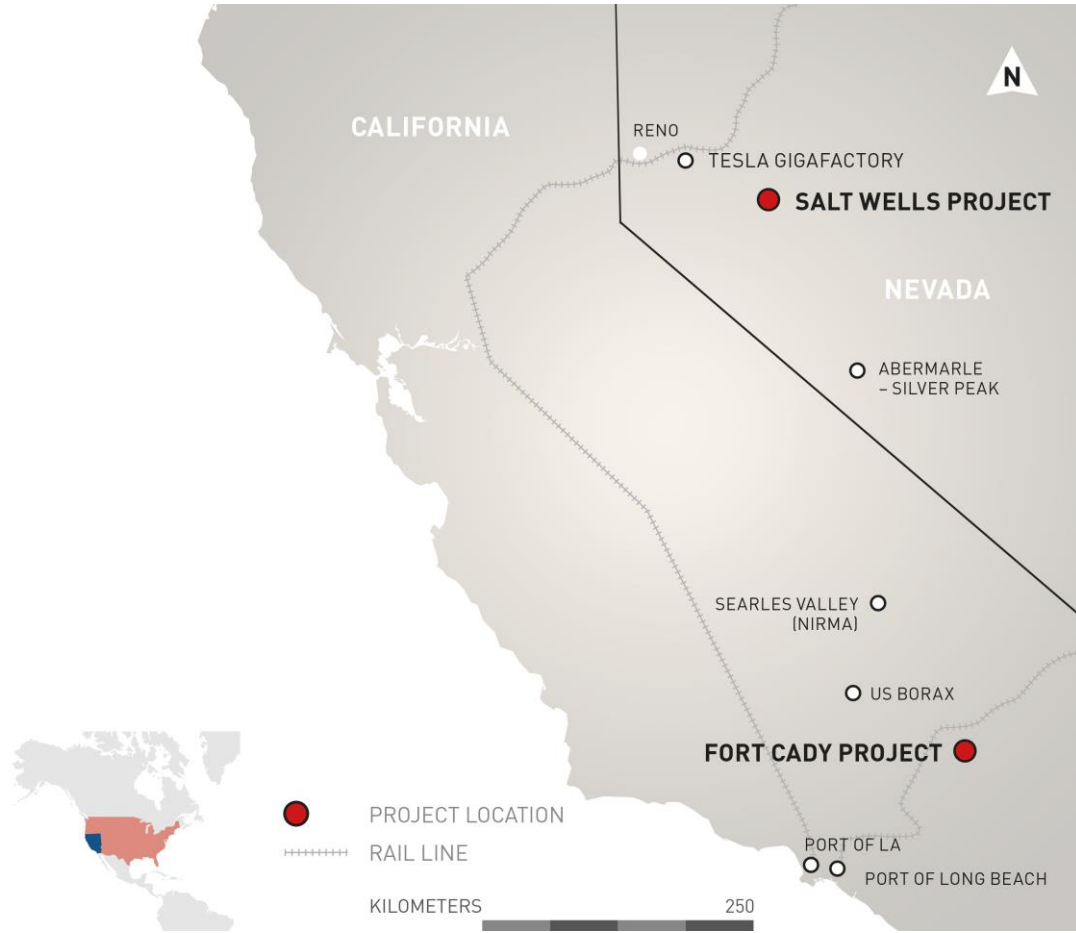
### **About American Pacific Borate and Lithium Limited**

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 8*). 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<sub>2</sub>O<sub>3</sub> (11.6% H<sub>3</sub>BO<sub>3</sub>, boric acid equivalent) & 340 ppm Li (5% B<sub>2</sub>O<sub>3</sub> cut-off) including 58.59 Mt at 6.59% B<sub>2</sub>O<sub>3</sub> (11.71% H<sub>3</sub>BO<sub>3</sub>) & 367 ppm Li in Indicated category and 61.85 Mt @ 6.73% B<sub>2</sub>O<sub>3</sub> (11.42% H<sub>3</sub>BO<sub>3</sub>) & 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 US\$3m of Project expenditures. The Projects cover an area of 36km<sup>2</sup> 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.

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**Figure 2.** Location of the Fort Cady Project, California and the Salt Wells Projects, Nevada USA.

## The JORC Code, 2012 Edition – Table 1

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>No historic procedures or flow sheets were sighted that explain the historic drilling and sampling processes completed at the Fort Cady project.</li> <li>Discussions held with Pamela A.K. Wilkinson who was an exploration geologist for Duval at the time of drilling and sampling highlight that drilling through the target zone was completed via HQ diamond drilling techniques and drill core recovery was typically very good (Wilkinson, 2017).</li> <li>Sampling through the logged evaporate sequence was completed based on logged geology and geophysics. Sample intervals vary from 0.1 ft to 15 ft and sample weights varied accordingly.</li> <li>Drilling through the overburden material was completed using a rotary air blast (RAB) drilling technique with samples taken from cuttings every 10 ft.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>Drilling through the overburden sequence was completed using rotary air blast (RAB) drilling technique.</li> <li>Drilling through the evaporate sequence / target zone was completed using HQ diamond core.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>Drill core recovery has been reported by Duval geologists to be excellent (95%-100%).</li> <li>Drill core recovery was not routinely recorded.</li> <li>Geologists highlighted areas of poor recovery during geological logging by making comment within the geological log at the appropriate drill hole intervals.</li> <li>A review of the limited amount of drill core that is stored at site indicates drill core recovery was good. Refer to Appendix E for pictures of drill core.</li> </ul>

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>Geological logging was completed on every drillhole.</li> <li>Geological logs for all drill holes have been observed and are held by APBL.</li> <li>Downhole geophysical logs (Gamma Ray Neutron logs) were completed on each of the Duval exploration drill holes. Calibration procedures are unknown.</li> <li>Downhole density logs were completed on select drill holes (DHB1, DHB3, DHB7, DHB8)</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>Drill core was transported from site to the Duval office in Tucson, Arizona.</li> <li>Following a review of logging and geophysical data, prospective zones were identified, and drill core was marked for sampling.</li> <li>Drill core was halved and then one half was halved again.</li> <li>The procedure used for obtaining a ¼ core sample is currently unknown. A review of limited drill core present on site (DBH16) highlights that the core was cut using a diamond saw.</li> <li>No evidence to date has been observed that duplicate samples were taken.</li> <li>The entire ¼ core sample was crushed and split to obtain a sample for analysis. The crushing process, splitting process, size of crushed particles and amount of sample supplied to laboratory for analysis are unknown.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>Historic analytical procedures and associated quality control and quality assurance completed by Duval are unknown.</li> <li>Discussions held with Pamela A.K. Wilkinson, who was an exploration geologist for Duval at the time of drilling and sampling, indicate that Duval had internal quality control and quality assurance procedures in place to ensure that assay results were accurate.</li> <li>More than 3,000 samples were analysed by Duval at either their Tucson, West Texas (Culberson Mine) or New Mexico (Duval Potash mine) laboratories. Elements analysed for were Al, As, Ba, B<sub>2</sub>O<sub>3</sub>, CO<sub>3</sub>, Ca, Fe, K, Li, Pb, Mo, Mg, Na, Rb, S, Si, Sr, Ti, Zn, Zr.</li> <li>Mineralogy was identified from XRF analysis. XRF results were reportedly checked against logging and assay data (Wilkinson, 2017).</li> </ul>

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>Verification of significant intersections by independent or alternative company personnel has not been completed.</li> <li>Most of drill core has been discarded and verification of results from the remaining drill core is not possible.</li> <li>Data entry, data verification and data storage processes are unknown.</li> <li>Hard copy assay reports, geological logs and geophysical logs have been sourced and are stored with APBL.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>No procedural documentation sighted regarding historic surveying procedure of drillhole collars. Surveying procedure used and associated accuracy is unknown. Checks by PT GMT Indonesia in 2015 on collar coordinates highlighted differences more than 50 ft in easting and northing locations were present for drill holes DBH7, DBH18, DBH20, DBH25, DBH26, DBH31, DBH33 and DBH34.</li> <li>A total of 21 drill holes do not have surveyed collar elevations (DHB18, DHB19, DHB20, DHB21, DHB22, DHB23, DHB24, DHB25, DHB26, DHB27, DHB28, DHB29, DHB30, DHB31, DHB32, DHB33, DHB34, P2, P3, P4 and P5). These drill holes have been currently assigned an elevation from Google Earth.</li> <li>No downhole surveys are present for Duval exploration drill holes (DHB series of drill holes). Downhole surveys for some production / injection drill holes were completed (SMT1, SMT2, SMT6, P5, P6 and P7). A review of this data highlights that significant deviation of the drill holes has not occurred, and the end of drill hole position compares favourably (within 10 m) with the drill hole collar location. The exception is drillhole P5 where the end of this planned vertical drill hole is situated approximately 40 m laterally from the drill hole collar position.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Drilling is completed on an 800 ft grid spacing. Drill holes were drilled vertically.</li> <li>Drilling on an 800 ft spacing is appropriate to define the approximate extents and thickness of the evaporite sequence. Infill drilling will be required to accurately define the true extents, thickness and grade of mineralisation within the deposit.</li> <li>Mineralised sections of drill core have a similar thickness in adjacent drill holes and significant variability in thickness is not expected on a local scale.</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Exploration drilling was completed on an 800 ft grid spacing. Drill holes were drilled vertically and intersect the relative flat lying deposit close to perpendicular to the dip of the deposit. The southwest margin of the deposit is quite sharp and is considered fault controlled.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sample security measures during transport and sample preparation are unknown.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No details sighted on any previous sampling reviews or audits.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul>	<ul style="list-style-type: none"> <li>The APBL project area consists of approximately 4,409 acres of which 240 acres are patented lands owned by Fort Cady (California) Corporation; 269 acres of patented property with surface rights held by Fort Cady (California) Corporation and mineral rights held by the State of California; 2,380 acres of unpatented mining claims held by Fort Cady (California) Corporation; and 1,520 acres of unpatented mining claims leased by Fort Cady (California) Corporation from Elementis Specialties Inc., owner and operator of the Hector Mine, an adjoining industrial mineral facility. In addition, 100 acres of unpatented mill claims are held by the Company which is designated for water wells. APBL intend to increase its land tenure by 464 acres via negotiations with Southern California Edison. The below table lists the land titles which cover the APBL's Fort Cady project and surrounding exploration regions:</li> </ul>

Criteria	JORC Code explanation	Commentary												
	<table border="1"> <thead> <tr> <th data-bbox="1245 256 1704 284">Land Title Type</th> <th data-bbox="1709 256 1995 284">Land Titles</th> </tr> </thead> <tbody> <tr> <td data-bbox="1245 285 1704 400">Private (Patented) Property with surface and mineral rights in Fee Simple Title owned by FCCC</td> <td data-bbox="1709 285 1995 400">Parcels 0529-251-01; 0529-251-03</td> </tr> <tr> <td data-bbox="1245 402 1704 517">Private (Patented) Property with surface rights in Fee Simple Title owned by FCCC; Mineral rights owned by State of California</td> <td data-bbox="1709 402 1995 517">Parcel 0529-251-04</td> </tr> <tr> <td data-bbox="1245 518 1704 649">Unpatented Placer Mining Claims held under Lease to FCCC (from Elementis)</td> <td data-bbox="1709 518 1995 649">Company 1 Group; Company 4; Litigation 1 Group; Litigation 2; Litigation 3; Litigation 4 Group; Litigation 5 Group; Litigation 6; Litigation 11; Geysers View 1</td> </tr> <tr> <td data-bbox="1245 651 1704 756">Unpatented Lode Mining Claims held under Lease to FCCC (from Elementis)</td> <td data-bbox="1709 651 1995 756">HEC 124 - 127; HEC 129; HEC 131; HEC 343; HEC 344; HEC 365; HEC 369; HEC 371; HEC 372; HEC 374 - 376</td> </tr> <tr> <td data-bbox="1245 758 1704 927">Unpatented Placer Mining Claims Recorded and Located by FCCC</td> <td data-bbox="1709 758 1995 927">HEC #19; HEC #21; HEC# 23; HEC#25; HEC #34 - #41; HEC #43 - #67; HEC #70 - #82; HEC #85 - #93; HEC #182; HEC #184; HEC #288; HEC #290; HEC #292; HEC #294; HEC #296 - #297; HEC #299 - #350</td> </tr> </tbody> </table>	Land Title Type	Land Titles	Private (Patented) Property with surface and mineral rights in Fee Simple Title owned by FCCC	Parcels 0529-251-01; 0529-251-03	Private (Patented) Property with surface rights in Fee Simple Title owned by FCCC; Mineral rights owned by State of California	Parcel 0529-251-04	Unpatented Placer Mining Claims held under Lease to FCCC (from Elementis)	Company 1 Group; Company 4; Litigation 1 Group; Litigation 2; Litigation 3; Litigation 4 Group; Litigation 5 Group; Litigation 6; Litigation 11; Geysers View 1	Unpatented Lode Mining Claims held under Lease to FCCC (from Elementis)	HEC 124 - 127; HEC 129; HEC 131; HEC 343; HEC 344; HEC 365; HEC 369; HEC 371; HEC 372; HEC 374 - 376	Unpatented Placer Mining Claims Recorded and Located by FCCC	HEC #19; HEC #21; HEC# 23; HEC#25; HEC #34 - #41; HEC #43 - #67; HEC #70 - #82; HEC #85 - #93; HEC #182; HEC #184; HEC #288; HEC #290; HEC #292; HEC #294; HEC #296 - #297; HEC #299 - #350	
Land Title Type	Land Titles													
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<p>Exploration done by other parties</p>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Commencement of exploration activities in the Hector Basin occurred in the early 1960's, when exploration companies realised that the Hector Basin had a similar geological setting to the Kramer Basin to the northwest that hosted the massive Boron deposit. Discovery of the Fort Cady borate deposit occurred in 1964 when Congdon and Carey Minerals Exploration Company found several zones of colemanite, at depths of 400 m to 500 m below surface.</li> <li>During the late 1970's the Duval Corporation became interested in the project and started land acquisition in 1978 with drilling commencing in February 1979. The first drillhole (DBH1) intersected a 27 m thick sequence of colemanite-rich material at 369 m grading better than 7% B<sub>2</sub>O<sub>3</sub>. Exploration drilling, sampling, and assaying continued for a further two years through to February 1981 with a total of 33 exploration drill holes (DBH series of holes) totalling more than 18,200 m being drilled. Approximately 5,800 m of diamond drill core was obtained. Geological</li> </ul>												



Criteria	JORC Code explanation	Commentary
		<p>and geophysical logging of each hole was completed. Following a review of logging and geophysical data, prospective zones were ¼ core sampled for chemical analysis. More than 3,000 samples were analysed at Duval's laboratories in either Tucson, West Texas (Culberson Mine) or in New Mexico (Duval Potash mine). Elements analysed for were Al, As, Ba, B<sub>2</sub>O<sub>3</sub>, CO<sub>3</sub>, Ca, Fe, K, Li, Pb, Mo, Mg, Na, Rb, S, Si, Sr, Ti, Zn, Zr.</p> <ul style="list-style-type: none"> <li>• In February 1981, the first solution mine test hole was drilled and by late 1981 a small-scale pilot plant was operational to test in-situ solution mining of the colemanite deposit. Significant processing test work was then completed by Duval with the aim of optimising the in-situ solution mining process and process design. In 1995 the Fort Cady Minerals Corp received all final approvals and permits to operate a 90,000 stpy pilot borate production facility. The pilot plant began operations in 1996, it remained on site, was modified and used for limited commercial production of calcium borate (marketed as Cady Cal 100) until 2001 when operations ceased due to owner cash flow problems. A total production tonnage of 1,942 tonnes of CadyCal 100 was reported to have been produced.</li> </ul>

Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The project area comprises the west central portion of a Pliocene age dry lake basin (Hector Basin) which has been partially dissected by wrench and block faulting related to the San Andreas system. The Hector Basin is believed to have once been part of a much larger evaporite basin or perhaps a chain of basins in what has been termed the Barstow – Bristol Trough.</li> <li>• The main borate deposit area lies between 350 m to 450 m below the current surface. The deposit comprises a sequence of mudstone and tuff. The borate mineralisation occurs primarily as colemanite (<math>2\text{CaO} \cdot 3\text{B}_2\text{O}_3 \cdot 5\text{H}_2\text{O}</math>) in thinly laminated silt, clay and gypsum beds.</li> <li>• In plain view, the concentration of boron-rich evaporites is roughly ellipsoidal with the long axis trending N40-50W. A zone of &gt;5% <math>\text{B}_2\text{O}_3</math> mineralisation, ranging in thickness from 20 m to 68 m (70 ft to 225 ft), is approximately 600 m wide and 2,500 m long (Figure 4.3). The boron is believed to have been sourced from thermal waters that flowed from hot springs in the region during times of active volcanism. These hot springs vented into the Hector Basin that contained a large desert lake. Borates were precipitated as the thermal waters entered the lake and cooled or as the lake waters evaporated and became saturated with boron.</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>• <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li>○ <i>easting and northing of the drill hole collar</i></li> <li>○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>○ <i>dip and azimuth of the hole</i></li> <li>○ <i>down hole length and interception depth</i></li> <li>○ <i>hole length.</i></li> </ul> </li> <li>• <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Refer to Appendix B in Independent Geologist's Report of the May 2017 Prospectus for drill hole listing.</li> <li>• Refer to Appendix D for drill hole location map in Independent Geologist's Report of the May 2017 Prospectus.</li> <li>• A total of 21 drill holes do not have surveyed collar elevations (DHB18, DHB19, DHB20, DHB21, DHB22, DHB23, DHB24, DHB25, DHB26, DHB27, DHB28, DHB29, DHB30, DHB31, DHB32, DHB33, DHB34, P2, P3, P4 and P5). These drill holes have been currently assigned an elevation from Google Earth. The error in assigned elevations is estimated to be no greater than 15 m vertically. Survey pickup of all drill hole collars is planned.</li> </ul>

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>Drill hole data was composited to 10 ft lengths for statistical analysis and used in the PT GMT Indonesia 2015 resource estimate. No density weighting was applied in the compositing process.</li> <li>No cutting of high grade values was completed.</li> <li>Statistical analysis of the dataset highlights the distribution is positively skewed.</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>Exploration drilling was completed on an 800 ft grid spacing. Drill holes were drilled vertically and intersect the relative flat lying deposit close to perpendicular to the dip of the deposit. The southwest margin of the deposit is quite sharp and is considered fault controlled.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>Refer to Figure 1 for drill hole collar location map.</li> <li>Refer also to Figures 4.4, 4.5 and 4.6 within Independent Geologists Report in APBL's May 2017 prospectus.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>Refer to Appendix C within the Independent Geologists Report in APBL's May 2017 prospectus for listing of significant intercepts.</li> <li>Refer to Table 4.1, Figure 4.6 and Figure 4.7 within the Independent Geologists Report in APBL's May 2017 prospectus for examples of drill holes that show grade variability throughout the mineralised evaporite sequence.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>Several historic studies have been completed by a variety of companies on the Fort Cady project.</li> <li>Duval corporation completed the 33 exploration drill holes and associated metallurgical and solution mining test work.</li> <li>Refer to bibliography for listing of references.</li> </ul>
Further work	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>APBL has prepared a two-year exploration programme to assess the prospects over its exploration areas, Fort Cady and Hector.</li> </ul>

## 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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,453)	(9,353)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(405)	(1,955)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	4	5
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,853)</b>	<b>(11,294)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(32)	(76)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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 –	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(32)</b>	<b>(76)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(20)	(1,010)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(20)</b>	<b>9,133</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,719	4,883
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,853)	(11,294)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(32)	(76)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	9,133
4.5	Effect of movement in exchange rates on cash held	68	236
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,882</b>	<b>2,882</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	2,882	4,719
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,882</b>	<b>4,719</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	125
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 - \$125k

7. <b>Payments to related entities of the entity and their associates</b>	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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	793
9.2 Development	-
9.3 Production	-
9.4 Staff costs	173
9.5 Administration and corporate costs	290
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,256</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter %</b>
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	Refer to Appendix 1			

### 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: 31 July 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.



**APPENDIX 1 – Changes in Tenements**

Tenement Name	Country	Status	Grant Date	Expiry Date	Area km <sup>2</sup>	Ownership Rights		
						Surface	Mineral	Lessee
<b>Salt Wells North Borate and Lithium Project</b>								
The Salt Wells North includes 171 claims: SW 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390,391, 392,393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425,426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539	USA	Earn in to acquire a 100% interest	23 May 2018	N/A	13.8	Great Basin Resources Inc	Great Basin Resources Inc	Great Basin Resources Inc
<b>Salt Wells South Borate and Lithium Project</b>								
The Salt Wells South includes 105 claims: SW 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 210, 212, 214, 216, 218, 220, 222, 224, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 299, 300, 301, 302, 303, 304	USA	Earn in to acquire a 100% interest	23 May 2018	N/A	8.5	Great Basin Resources Inc	Great Basin Resources Inc	Great Basin Resources Inc

**Interests in mining tenements and petroleum tenements acquired or increased during the quarter:**

ABR entered into an agreement to earn in to acquire a 100% interest in the Salt Wells North Project (171 claims) and the Salt Well South Project (105 claims). At the end of the quarter no interest had been earned.