



AmericanPacific

BORATES LIMITED

ASX Announcement

ASX Code: ABR

ACN: 615 606 114

1 June 2020

ABR RAISES A\$31.2M AND SIGNS BINDING TERM SHEET FOR US\$30M TO FULLY FINANCE CONSTRUCTION OF PHASE 1A OF FORT CADY BORATE MINE

HIGHLIGHTS

- Two tranche Placement completed to raise A\$31.2m (before costs) at A\$0.60 per share
- Binding Term Sheet signed for US\$30m convertible note that can convert to ordinary shares at headline share price of A\$1.00 per share
- Drawdown subject to receipt of final main operational permit and shareholder approval
- Total financing secured of A\$77 million (US\$51m) (before costs)
- All funds to be used for construction of Phase 1A of Fort Cady Borate Mine
- With existing cash at bank, the Company is now fully financed for construction of Phase 1A of Fort Cady Borate Mine (capex is estimated at US\$50.3m – refer 16 April 2020 ASX release)
- Substantive construction activities to commence ASAP under existing construction permits
- First production remains on track for 2H, CY2021

American Pacific Borates Limited (ASX:ABR) (“ABR” or the “Company”) is pleased to announce that it has completed a Placement of A\$31.2m (before costs) at \$0.60 per share (the “Placement”) to institutional and sophisticated investors. The Placement was strongly supported by a number of new domestic and international high net worth and institutional investors. An existing international institutional shareholder cornerstoned the Placement taking 25m shares at \$0.60 for a total of A\$15m.

In addition to the Placement, the Company has signed a binding term sheet for a US\$30m convertible note (key details below).

American Pacific Borates Limited, CEO, Michael Schlumpberger commented,

“We are now fully financed to complete the construction of Phase 1A of the Fort Cady Borate Mine which is expected to generate an initial business with an EBITDA of US\$20m per annum. Importantly, we now set the pathway to enable the much larger operation that is targeting EBITDA of US\$438m per annum in the first full year of production.

We intend to commence substantive construction activities ASAP and are looking forward to becoming a meaningful employer in the region with up to 140 jobs during construction, rising to over 250 jobs in full production.

This is a significant milestone for the Company as it continues to progress towards its aspiration of becoming a globally significant producer of speciality fertilisers.”

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

241.1 million shares

62.9 million options

REGISTERED OFFICE

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Placement Details

The Placement will utilise 11,000,000 shares of ABR's issuing capacity under ASX Listing Rules 7.1A, with a further 41,000,000 shares subject to receipt of shareholder approval. The Placement shares will rank equally with the Company's existing fully paid ordinary shares.

The issue price of A\$0.60 per share represents:

- A 14.29% discount to the last closing price of ABR shares on 27 May 2020 of A\$0.70 per share; and
- A 0.5% discount to the 5-day volume weighted average price of ABR shares to 27 May 2020 of A\$0.603 per share.

Funds raised will be used towards progressing construction related activities at the Fort Cady Borate Mine.

Peloton Capital Pty Ltd, Canaccord Genuity (Australia) Limited and PAC Partners Securities Pty Ltd acted as Joint Lead Managers to the Placement.

Binding Term Sheet Details

Key Terms of the Binding Term Sheet are detailed below:

Item	Detail
Investor	Virtova Capital Management Limited
Aggregate Face Value	US\$33,333,333
Investment Amount	US\$30,000,000
Use	General working capital
Term	24 months from draw down
Interest Rate	11.6% per annum payable annually in arrears
Sunset Date for Completion	31 December 2020
Conversion	At the Investor's election at any time, in part or whole, to a total of 51,282,050 Ordinary Shares (at headline share price of \$1.00 per share using an exchange rate of A\$1.00 / US\$0.65)
Forced Conversion	The Company may force the conversion of the Note if its shares trade on the ASX for ten consecutive days with a daily VWAP of over \$1.75 per share
Key Conditions Precedent	<ol style="list-style-type: none"> 1. The Company announcing on ASX that it has obtained all requisite Government licences and approvals for the operation of its Phase 1A Production Facility, including receiving the Underground Injection Control Permit from the Environmental Protection Agency. 2. The Company having received any shareholder approval or ASX Listing Rule waiver required to issue the Convertible Notes, the Shares on conversion of the Convertible Notes, or to grant the security to the Investor, including for the purposes of ASX Listing Rule 7.1 and ASX Listing Rule 10.1. 3. The Investor being satisfied with the results of all searches and enquiries regarding the Company and its subsidiaries.
Security	First ranking security over the Company's assets, along with guarantees from the Company's subsidiaries.

-ENDS-



Authorised for release by: Michael X. Schlumpberger, Managing Director.

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About American Pacific Borates Limited

American Pacific Borates Limited is focused on advancing its 100% owned Fort Cady Borate Mine Project located in Southern California, USA. Fort Cady is a highly rare and large colemanite deposit 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 JORC compliant Mineral Resource Estimate and Reserve is presented below. Importantly, it comprises 13.93Mt of contained boric acid. In excess of US\$60m has been spent at Fort Cady, including resource drilling, metallurgical test works, well injection tests, permitting activities and substantial small-scale commercial operations and test works.

A Definitive Feasibility Study (“DFS”) was completed in December 2018 (ASX release dated 17 December 2018). An enhanced DFS was completed in April 2020 (ASX release dated 16 April 2020¹). The enhanced DFS increased production of SOP to 363ktpa in full production. This complemented boric acid production of 409ktpa.

The enhanced DFS delivered exceptional financial metrics, including an unlevered post tax NPV₈ of US\$1.97bn, an unlevered post tax IRR of 39% and an EBITDA in the first full year of production of US\$438m.

JORC compliant Mineral Resource Estimate and Reserve (ASX release dated 3 December 2018²)

JORC compliant Mineral Resource Estimate and Reserve						
Reserves	MMT	B₂O₃ %	H₃BO₃ %	Li ppm	B₂O₃ MT	H₃BO₃ MT
- Proven	27.21	6.70	11.91	379	1.82	3.24
- Probable	13.80	6.40	11.36	343	0.88	1.57
Total Reserves	41.01	6.60	11.72	367	2.71	4.81
Resources						
- Measured	38.87	6.70	11.91	379	2.61	4.63
- Indicated	19.72	6.40	11.36	343	1.26	2.24
Total M&I	58.59	6.60	11.72	367	3.87	6.87
- Inferred	61.85	6.43	11.42	322	3.98	7.07
Total M,I&I	120.44	6.51	11.57	344	7.84	13.93

In 1994 the Plan of Operations (mining permit) was authorised along with the Mining and Land Reclamation Plan. These permits are in good standing and contain a full Environmental Impact Report and water rights for initial operations of 82ktpa of boric acid. The Company is currently working through a permitting process to gain the final permit required to commence operations.

¹ 1 ABR confirms all material assumptions underpinning the production target and corresponding financial information continue to apply and have not materially changed as per Listing Rule 5.19.2.

² 2 ABR confirms all material assumptions and technical parameters underpinning the Resource Estimate and Reserve continue to apply and have not materially changed as per Listing Rule 5.23.2



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 36km² 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.

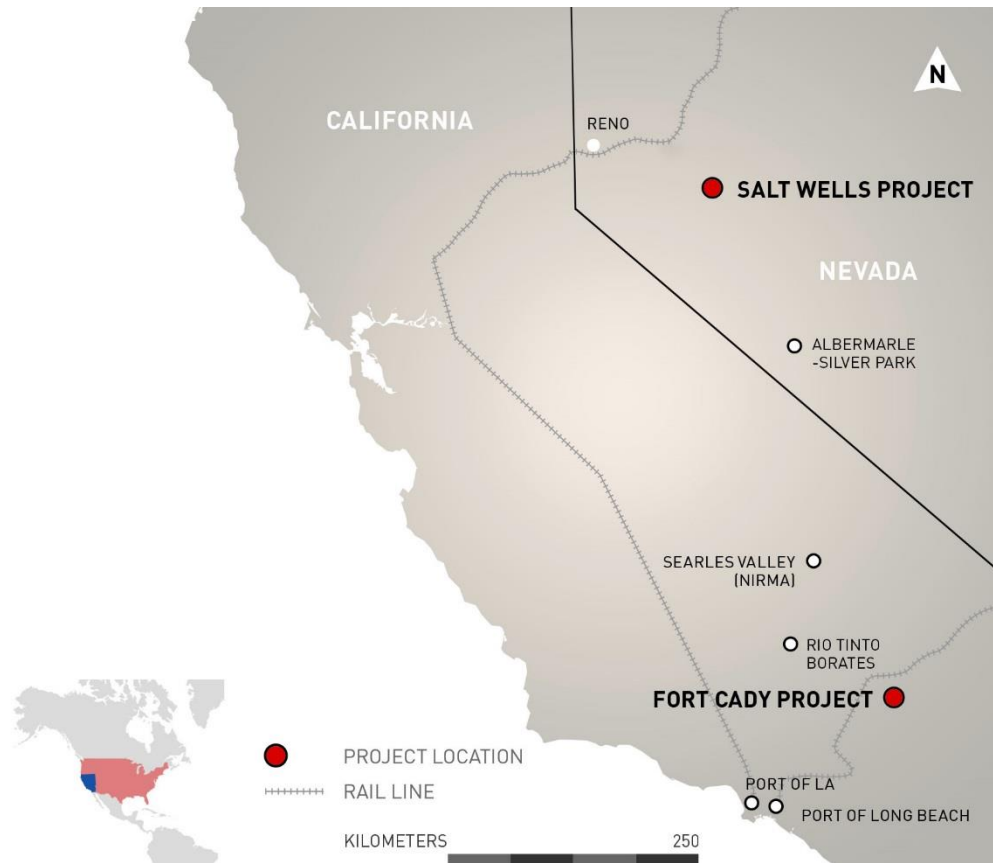


Figure 1 | Location of the Fort Cady and Salt Wells Projects in the USA