

ABR TO EXPLORE PARTNER OPTIONS FOR BY-PRODUCT LITHIUM WITH BORON SPECIALTIES TO REMAIN PRIMARY FOCUS

HIGHLIGHTS

- Process commenced to explore partner options for extracting lithium from Fort Cady Integrated Boron Facility waste water stream
- Improving lithium economics and emerging Direct Lithium Extraction (DLE) technologies providing positive back drop
- Opportunity to utilise lithium in boron specialty applications targeting LiBor salts for lithium-ion batteries
- Current Fort Cady JORC code compliant Mineral Resource Estimate contains 214k tonnes of lithium carbonate equivalent with substantial exploration upside
- The primary focus remains on boron specialties and the complimentary US listing

American Pacific Borates Limited (ASX:ABR) (**ABR** or the **Company**) is pleased to announce it is exploring partner options for a potential by-product lithium production from its Fort Cady Integrated Boron Facility in Southern California. Whilst the boron specialties business unit remains the primary focus of the Company, improving lithium economics and emerging Direct Lithium Extraction (**DLE**) technologies have compelled the Company to consider partner options for its potential by-product lithium stream.

Importantly, there is also an opportunity to use the lithium produced to enhance some boron specialty applications currently under consideration including LiBor salts for lithium-ion batteries.

By-Product Lithium Production

With the help of the US Advisory Board and their deep global lithium networks, the Company has been considering its options with respect to exploiting the potential by-product credit lithium upside in the Fort Cady Integrated Boron Facility (the **Facility**). Importantly, US Government policy is also supportive with a focus on seeking internal sources of critical minerals such as lithium and boron.

COMPANY DIRECTORS

David Salisbury – Non-Executive Chairman
Anthony Hall – Executive Director
Stephen Hunt – Non-Executive Director
Jimmy Lim – Non-Executive Director



ISSUED CAPITAL

387.4 million shares
56.9 million options

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In the Company's DFS summary (refer ASX announcement dated 17 December 2018) the following was noted:

Development work is currently in train on lithium production from waste streams associated with boric acid production. The Company is evaluating lithium by-product production from the boric acid plant streams. A purge stream from the gypsum production circuit is identified as the potential lithium production source. Filtration is being evaluated as a potential process step for lithium extraction.

The JORC code compliant Mineral Resource Estimate for the Facility includes 120.44m tonnes at 334 ppm Li (refer Table 1 below). This equates to 214k tonnes of lithium carbonate equivalent.

Table 1: JORC compliant Mineral Resource Estimate and Reserve (ASX release dated 3 December 2018¹)

Reserves	MMT	B ₂ O ₃ %	H ₃ BO ₃ %	Li ppm	B ₂ O ₃ MT	H ₃ BO ₃ 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

The US Advisory Board has suggested the Company explore partner options for the extraction of the lithium that remains in process water after the extraction of boric acid and gypsum for three key reasons:

1. The partnering approach means the Company's primary focus will remain on the boron specialties' business and current engineering and test work associated with enhancing the solution mine and process plant;
2. Lithium economics have improved significantly in the current Calendar Year; and
3. DLE technologies are quickly improving to a point where extracting lithium from the Facility's waste stream could be economic.

The proposed partnering strategy will be jointly led by the US Advisory Board given their deep lithium networks.

- ENDS -

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¹ 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



Forward Looking Statements

This announcement contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

About American Pacific Borates Limited

American Pacific Borates Limited is an ASX listed company focused on advancing its 100% owned Fort Cady Integrated Boron Facility located in Southern California, USA.

The Company is seeking to become a fully integrated producer of boron specialty products and advanced materials. It is targeting boron applications in the field of clean energy transition, electric transportation and food security amongst other high-performance, high-tech and high-margin applications.

The global shift from fossil based systems of energy production to renewable energy is increasingly important to investors, consumers and governments. The emergence of renewable energy, the onset of electrification and improvements in energy storage are all key drivers of clean energy transition. Boron is a key component in energy transition because it is highly versatile in chemical reactions and can be applied in processes for storing chemical and electrical energy, amongst other applications.

Global access to mined boron is rare and the Company's production is underpinned by an even more rare and large colemanite deposit. Colemanite is a conventional boron mineral that has been used to commercially produce boron for broad applications for centuries. The Fort Cady colemanite ore deposit is the largest known contained traditional 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 comprises 13.93Mt of contained boric acid.

As part of the commercialisation strategy, the Company will produce boric acid, boron specialty products and advanced materials (and SOP as a by-product credit) from Mannheim furnaces. SOP is a high value specialty fertiliser prized for its low chloride potassium and sulfur content. Large target markets exist on ABR's doorstep in California and Arizona (collectively known as the bread basket of the United States)

The Company is currently working through a process to ensure a strong listing on a recognised New York exchange having appointed a US Advisory Board and completing various activities including strengthening its executive management team, focusing on a larger initial mining operation to deliver stronger earlier EBITDA and progressing discussions with US based investment banks, potential US partners and debt capital markets advisors.



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

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In addition to the flagship Fort Cady Integrated Boron Facility, 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.

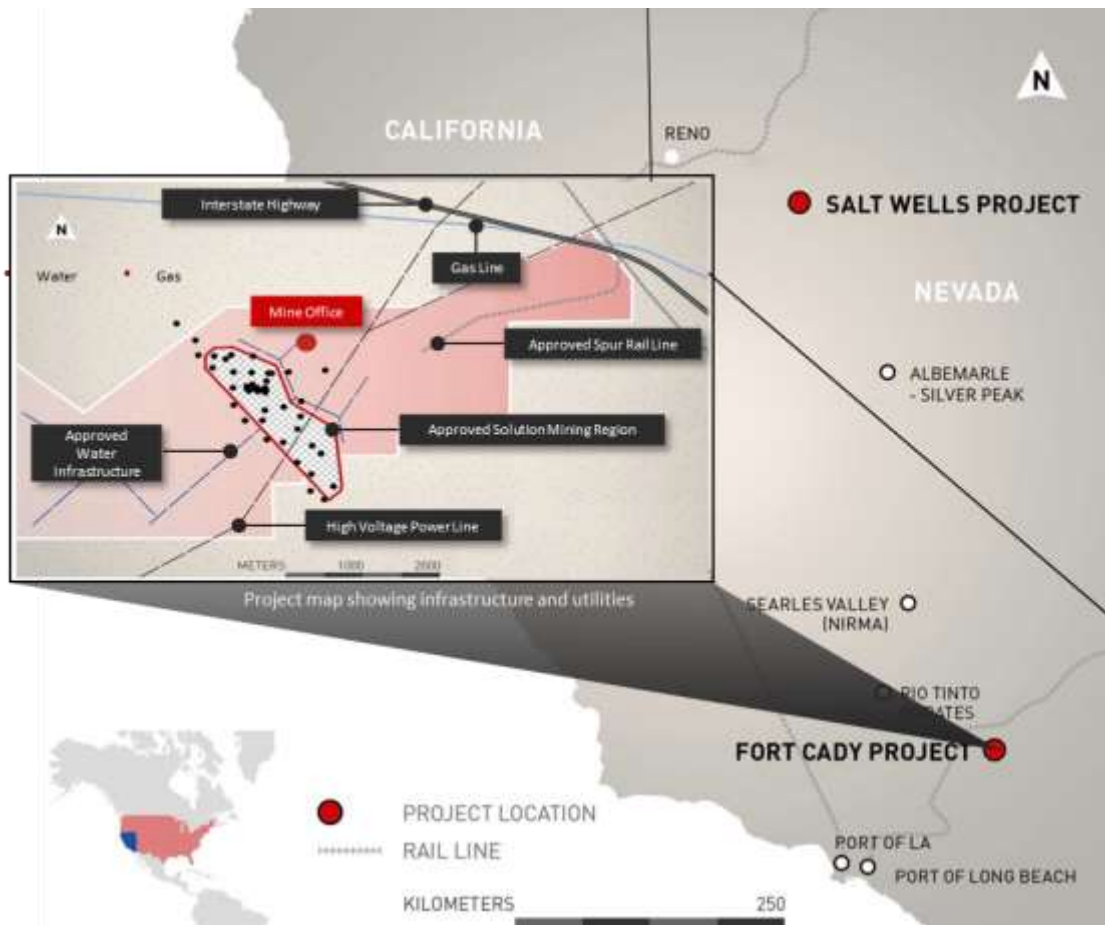


Figure 1: Location of the Fort Cady and Salt Wells Projects in the USA

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