



AmericanPacific

BORATES LIMITED

## Corporate Presentation

March 2021



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#### **COMPETENT PERSON – FORT CADY**

The information in this release that relates to Exploration Results and Mineral Resource Estimates 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 this presentation of the matters based on their information in the form and context in which it appears.

The information in this release that relates to the conversion of Mineral Resources to Ore Reserves has been prepared by Tabetha A. Stirrett of RESPEC Consulting Inc. Mrs. Tabetha A. Stirrett, P. Geo of RESPEC Consulting Inc. is a member in good standing of the Association of Professional Engineers and Geoscientists of Saskatchewan (Member #10699) and a member of the American Institute of Professional Geologists (CPG) (#11581). APEGs and CPG are a Joint Ore Reserves Committee (JORC) 'Recognised Professional Organization' (RPO). Mrs. Stirrett 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 Resource and Ore Reserves. Mrs. Stirrett consents to the inclusion in the release of the matters based on their information in the form and context in which it appears.

#### **COMPETENT PERSON – 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.



**AmericanPacific**

BORATES LIMITED

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# 1. Investment Highlights

**American Pacific Borates Limited is an ASX listed company** focused on becoming a globally significant specialty fertilizer producer.

## Exceptional Project Metrics\*

**Post-tax, unlevered NPV<sub>8</sub>** **US\$2.02bn**

**Post-tax, unlevered IRR** **40.6%**

**Annual EBITDA** **US\$453M**

### Low Upfront Capex

Phase 1A with US\$50m capex fully financed

### Low Technical Risk

Ore body previously mined and proven off the shelf process route

### Very High Margin

Underpinned with by-product credits, logistics and high priced markets on door step

### Multi Revenue Streams

Two major revenue streams reduces reliance on one product

### Visible Revenues

Production targeted for CY21 with construction activities commenced

### Significant Strategic Value

Very few sources of additional supply into growing markets

### Multi generational

Life of mine at over 20 years with additional Resource upside

### Globally Significant

Targeted annual EBITDA in full production of US\$453m



## 2. American Pacific Borates Limited

### Corporate Information

<b>ASX Ticker</b>	<b>ABR</b>
Share Price at 1 March 2021	A\$1.72
Shares on Issue	376.2m
Options (20c - \$1.60 strike range)	59.9m
Fully Diluted Shares	436.1m
Undiluted Market Cap.	A\$647m
Cash at Bank – 31 January 2021	A\$67.3m
Major shareholders:	
ABR Management (total) (fully diluted)	13%
Virtova Capital	12%
Atlas Precious Metals	11%

### Key Executives

#### David J Salisbury

*Chairman, B.Sc (Electrical Engineering), MBA*

David is a qualified electrical engineer with over 40 years' experience in the global mining industry. He is US based and a former Rio Tinto executive who was President and CEO of Resolution Copper Company, Kennecott Minerals Company and Rössing Uranium Limited. He has been directly responsible for the development, construction and production of four mines.

#### Michael X. Schlumpberger

*Managing Director and CEO, BEng (Mining), MBA*

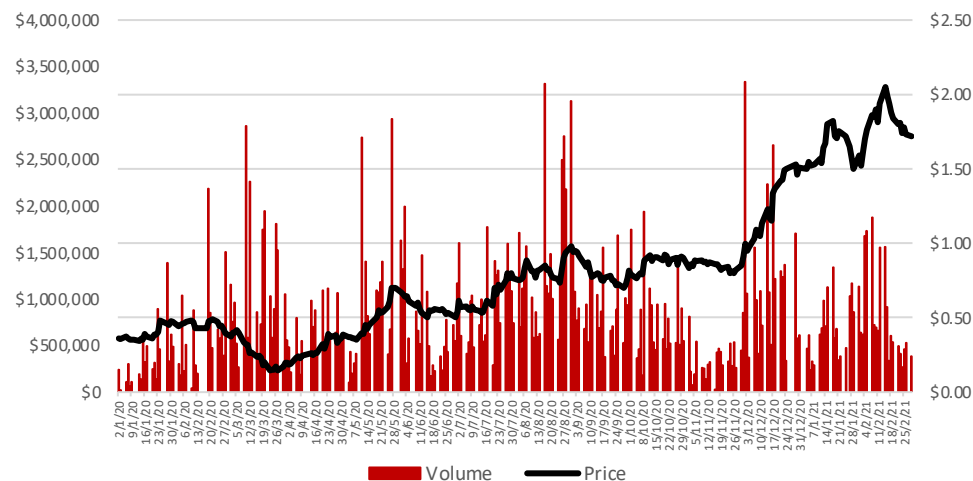
Mike is a qualified mining engineer with over 30 years' experience in industrial minerals. His background includes management, operations, and maintenance in all aspects of mining, processing, reclamation, and permitting. He has held senior roles with Potash Corporation of Saskatchewan, Passport Potash, and Highfield Resources, and has worked in the United States, Canada, and Europe.

#### Anthony Hall

*Executive Director, LLB(Hons), BBus, AGIA*

Anthony is a qualified lawyer with 20 years' commercial experience in venture capital, risk management, strategy and business development. He was Managing Director of ASX listed Highfield Resources Ltd from 2011 to 2016. During his tenure the company's market cap grew from \$10m to \$500m & over \$140m was raised to progress potash projects in Spain.

### Share Price

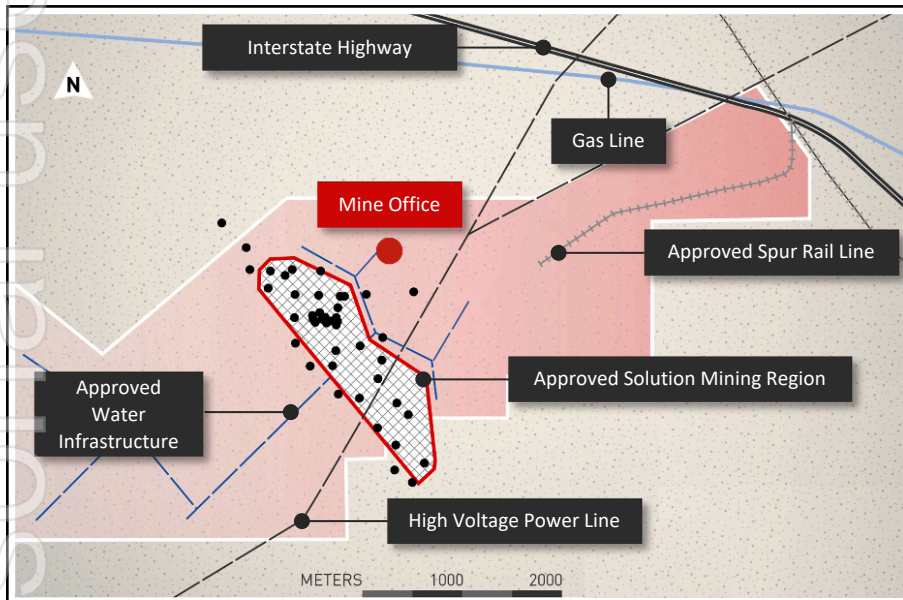


### 3. Fort Cady Borate Mine Overview

#### Location advantages

The Fort Cady Borate Mine operation is supported by proximal access to:

- Interstate Highways
- Rail
- Water
- Gas
- Electricity
- Large Customer Markets



Project map showing infrastructure and utilities



### 3. Fort Cady Borate Mine Overview

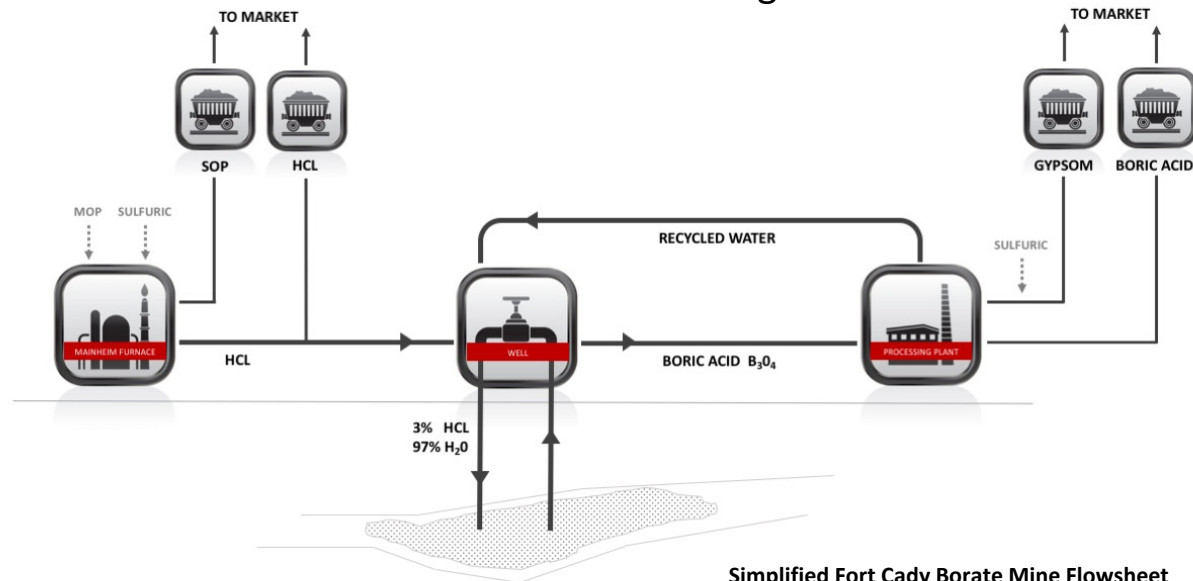
#### All Products Generated From Well-Established Processing Methods

##### Boric Acid production:

- High purity product (+99.9%).
- Standard industrial chemical processing methods including solvent extraction and crystallization.
- Zero liquid discharge circuit = no tailings.
- Process optimisation works completed January 2021.

##### SOP production:

- Mannheim Process (used globally in over 50% of SOP production).
- Well understood, widely used process facility.
- “Off the shelf” equipment.
- Production of hydrochloric acid for use in Boric Acid mining.



Simplified Fort Cady Borate Mine Flowsheet



## 4. Borates

### Borates are essential for everyday living

- Borates are naturally-occurring minerals containing boron, the fifth element on the Periodic Table. Boron exists all around us, plants need boron to grow. People need borates too, in our diet as well as in many products necessary as part of our daily lives.
- Boron is classed as a strategic commodity in many countries including the US.

### Production of Borates

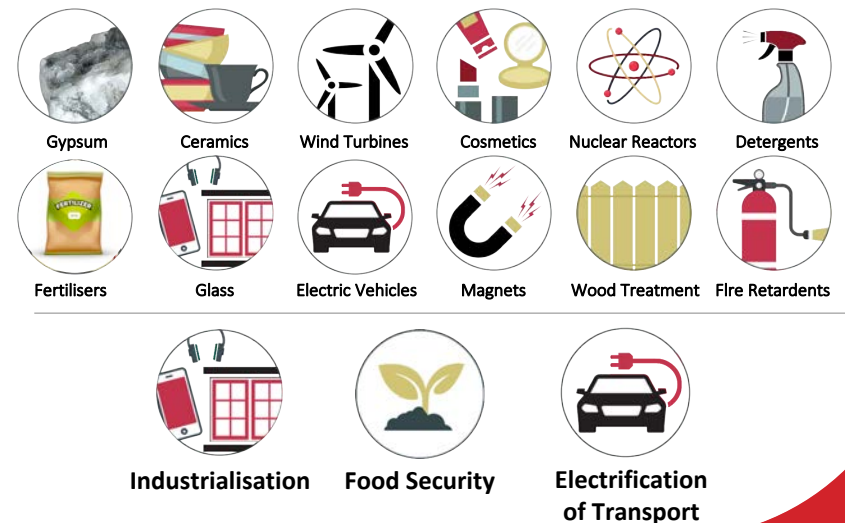
- Most global production of borates comes from mining and processing colemanite, borax or kernite ores.
- Some production comes from borate rich brines.
- **Fort Cady is a colemanite ore body.**

### Sources of Boron

Over 80% of global supply comes from Turkey or California



### Demand for Boron





## 4. Borates

**Borates** play into a number of new growth Thematics

### FOOD SECURITY

Boron is one of the eight essential micronutrients or trace elements required by plants

Crops with major Boron requirements include: broccoli, cabbage, cauliflower, rice, beetroot, spinach, asparagus, carrots, eggplants, leeks, onions, parsnips, radishes, strawberries, sweet corn, tomatoes, and potatoes

### ELECTRIFICATION OF TRANSPORT

Used in the permanent magnet (NdFeB) drivetrain in Electric Vehicles

Boron is also used in all modern cars:  
Steel chassis  
Airbag firing mechanism  
Ceramic brake pads  
Windscreen  
Touchscreens  
Acoustic insulation  
and in Cleaning detergents

### CLEAN & EFFICIENT ENERGY

Wind turbines  
Solar PV modules  
Nuclear reactors  
Fibreglass Insulation

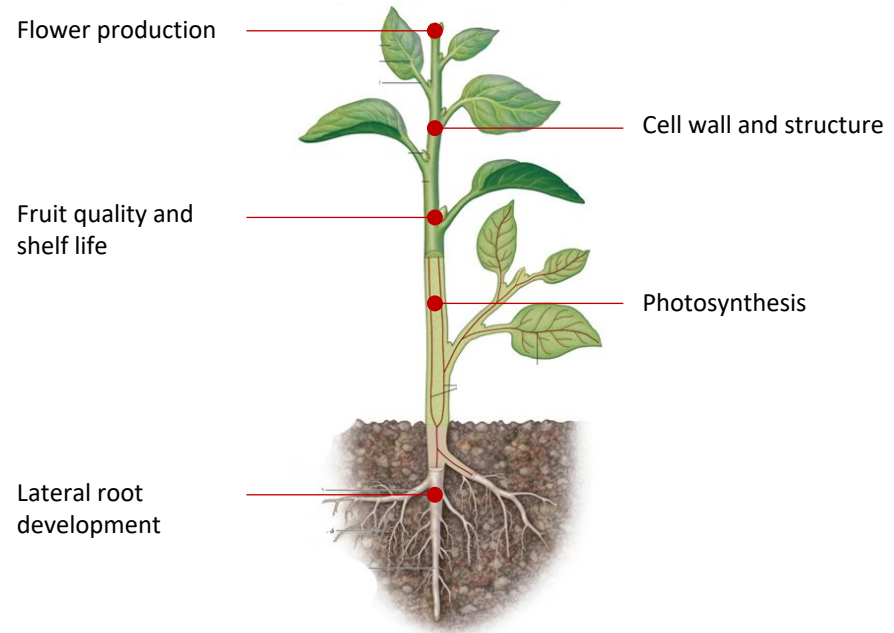
## 4. Borates and Food Security

### FOOD SECURITY

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Crops with major Boron requirements include: broccoli, cabbage, cauliflower, rice, beetroot, spinach, asparagus, carrots, eggplants, leeks, onions, parsnips, radishes, strawberries, sweet corn, tomatoes, and potatoes

### Functions of Boron in Plants



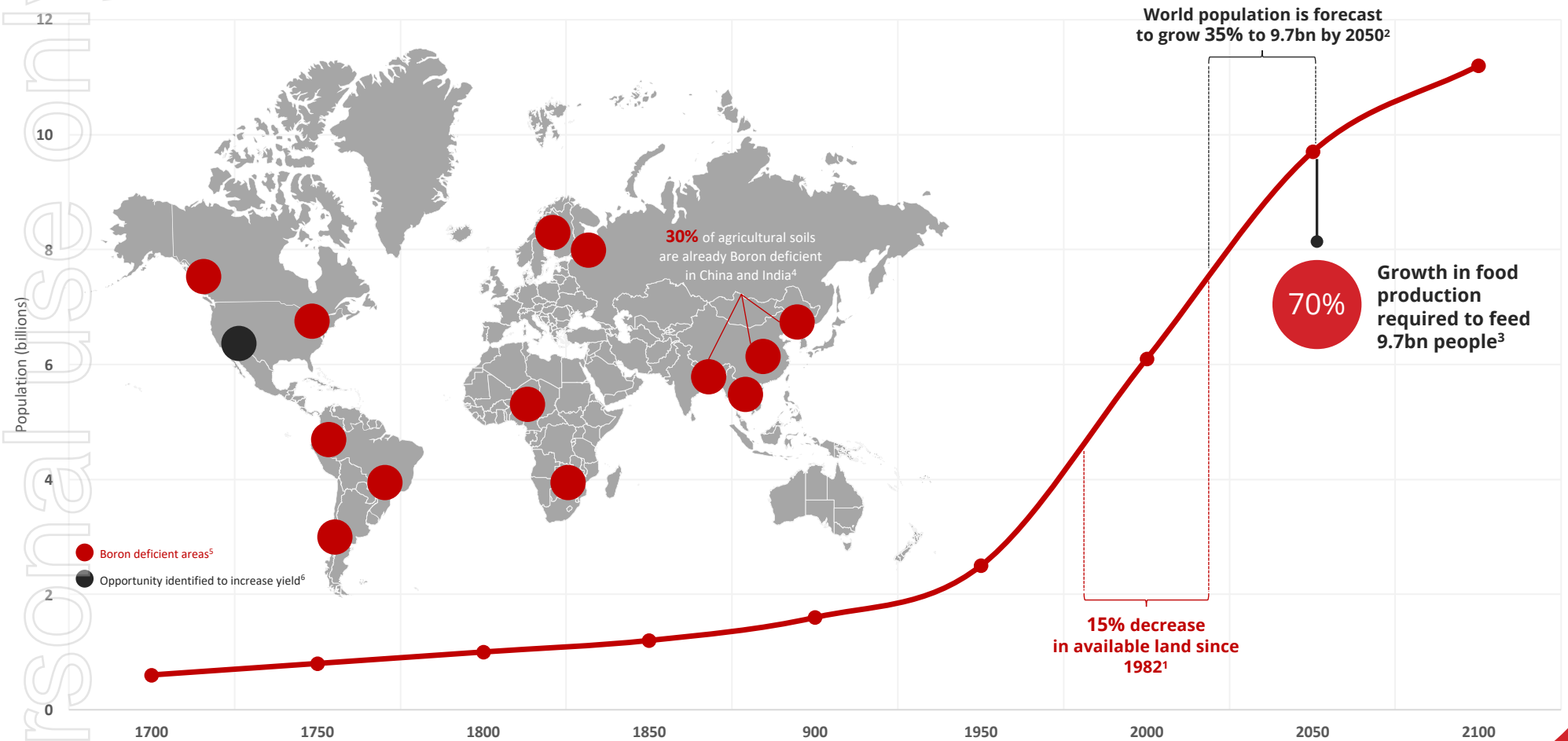
7	15	19	12	16	20		
N	P	K	Mg	S	Ca		
Nitrogen	Phosphorus	Potassium	Magnesium	Sulfur	Calcium		
Primary Macro-Nutrients			Secondary Macro-Nutrients				
5	17	25	26	28	29	30	42
B	Cl	Mn	Fe	Ni	Cu	Zn	Mo
Boron	Chlorine	Manganese	Iron	Nickel	Copper	Zinc	Molybdenum
Micro-Nutrients							



## 4. Borates and Food Security

**More people + Less Land = Pressure on Farming Yield**

The demand for Specialty Fertilizers, which include Boron, is expected to increase rapidly in order to achieve the farming yield gains required to meet global food production needs.



## 4. Borates and the Electrification of Transport

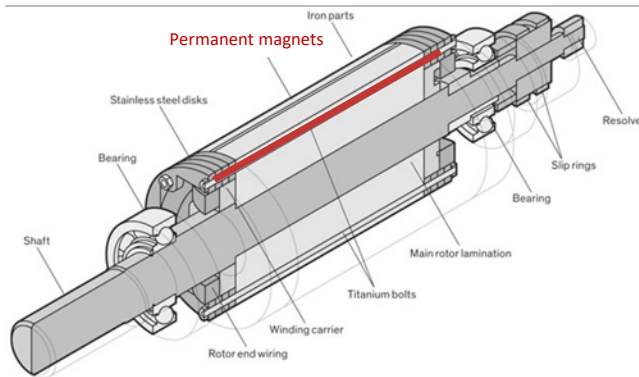
### ELECTRIFICATION OF TRANSPORT

Used in the permanent magnet  
(NdFeB) drivetrain in Electric  
Vehicles

Boron is also used in all modern cars:  
Steel chassis  
Airbag firing mechanism  
Ceramic brake pads  
Windscreen  
Touchscreens  
Acoustic insulation  
and in Cleaning detergents

Neodymium magnets (NdFeB) were invented in the early 1980s by General Motors and Sumitomo Special Metals. The companies discovered that by combining neodymium with iron and boron, they were able to produce a powerful magnet.

**Neodymium magnets are the strongest type of permanent magnet available commercially and continue to be the most widely used type of rare-earth magnet today.**



## 4. Borates and the Electrification of Transport

**Cleaning**  
Detergents

**Chassis**  
Steel

**Brakes**  
Ceramic

**Glass**  
Borosilicate

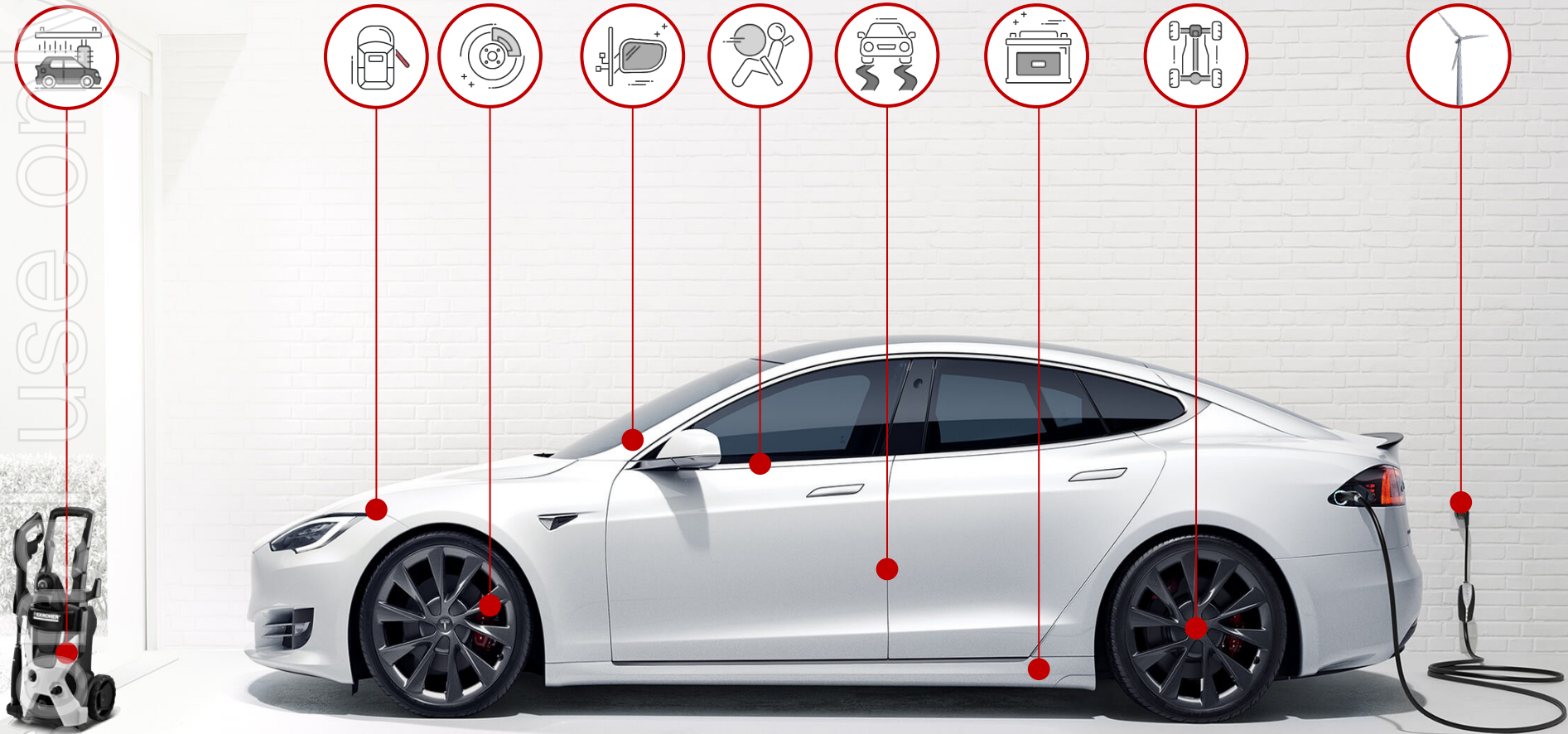
**Airbag**  
Firing  
mechanism

**Insulation**  
Acoustic

**Battery**  
Anode

**Drivetrain**  
Permanent magnet

**Clean Energy**  
Wind turbine/Solar



**Electric Vehicles need Borates**



## 4. Borates and the Clean Energy and Efficiency Transition

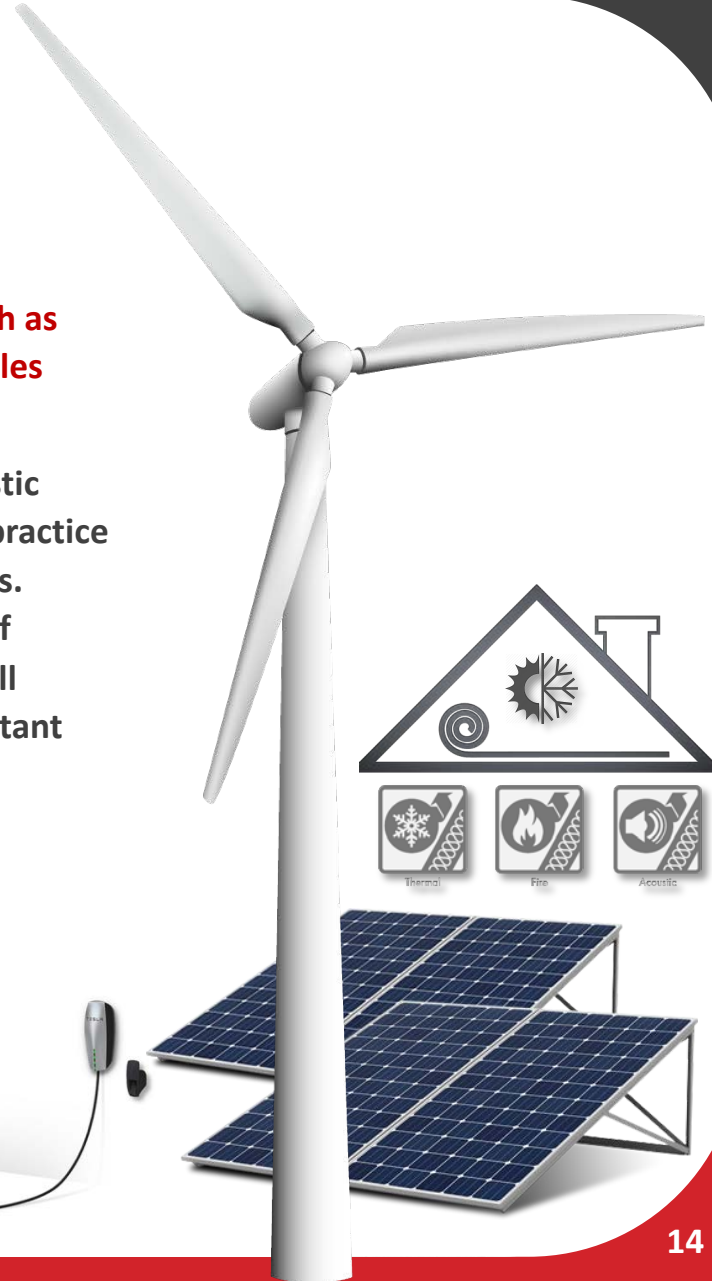
CLEAN &  
EFFICIENT  
ENERGY

Wind turbines  
Solar PV modules  
Nuclear reactors  
Fibreglass Insulation

Boron is playing an important part in the global transition to clean and efficient energy.

**Renewal energy technologies such as wind turbines and solar PV modules cannot be built without Boron.**

Similarly, insulation use in domestic homes is now standard building practice for thermal and acoustic purposes. Boron is used in the production of insulation rolls, batts and loose fill products, which all play an important role in reducing energy use and ultimately emissions.



## 5. SOP

### SOP is primarily used as a specialty fertiliser

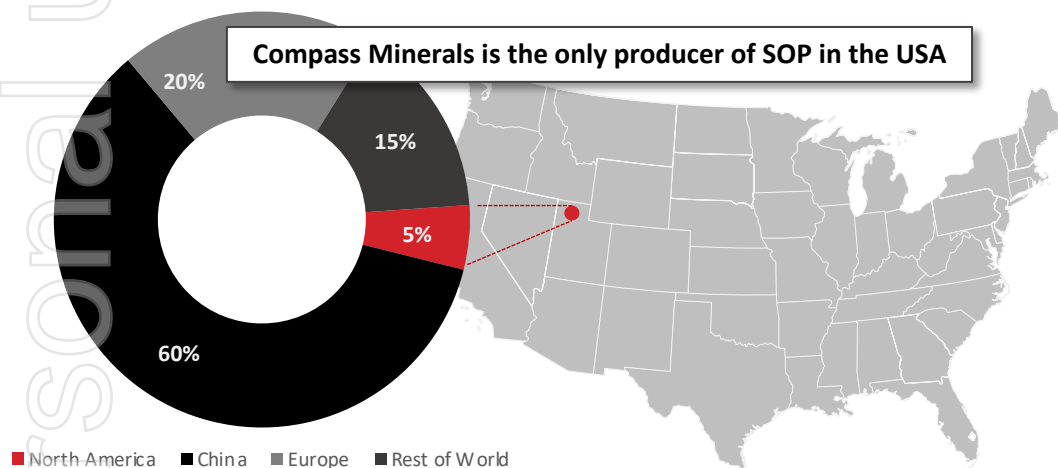
- SOP, potassium sulfate or  $K_2SO_4$  is a high value specialty fertiliser that combines both potash and sulfur.
- It is applied to crops that are either sensitive to chlorides making MOP or KCl problematic, or in areas where there is minimal rainfall and the build-up of chlorides in the soil is problematic.

### Production of SOP

- SOP is generally produced from Mannheim process that converts MOP and Sulfuric Acid into SOP and HCl, or from near surface aquifer units that contain potassium salts.
- Fort Cady is using the Mannheim process as it requires the HCl for its borate processing.

### Global SOP Capacity\*

Compass Minerals is the only producer of SOP in the USA



### Demand for SOP in the USA\*

#### Key Crops in SOP Applications

Sulfate of Potash is primarily used in and benefits crops in the following categories:

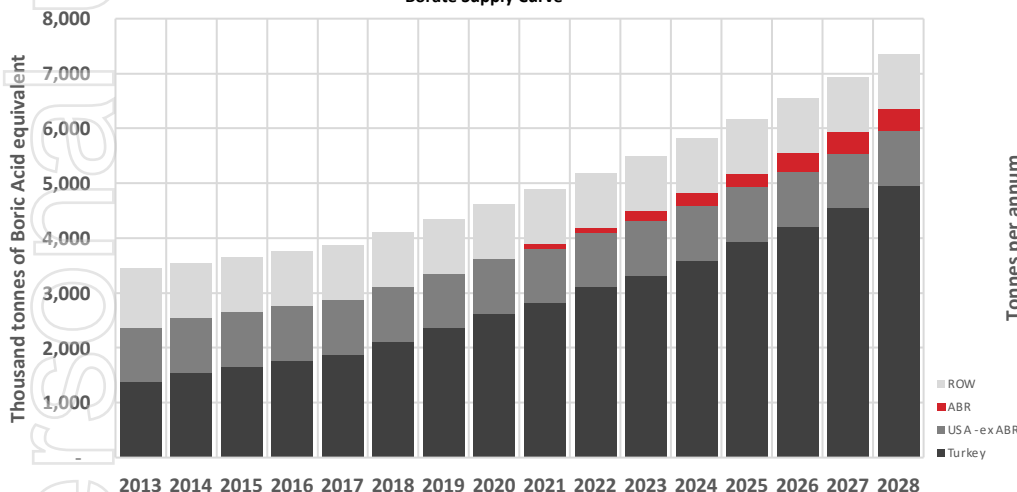
Chloride Sensitive		High Value		High Sulfur Demand	
Potatoes	Tobacco	Alfalfa	Cotton	Soybeans	Sunflower
Avocado	Berries	Pome Fruits	Stone Fruits	Peanut	Canola
Citrus	Other F&V	Coffee	Other Fruits		

## 6. Markets

### BORATES – Duopoly market with very few global sources of borates

- The global boric acid equivalent market is around 4.5m tonnes per annum. Around 20% of this market is for fertiliser application with boron being the second most consumed micro nutrient in North America by value.
- Turkish Government owned Eti Maden controls the marginal unit of supply and will continue to meet demand.
- Eti Maden appears to be the only borate producer with meaningful additional capacity capable of meeting additional supply requirements.
- Rio Tinto Borates (majority of US production) appears to be operating at full capacity with flat supply for over eight years.

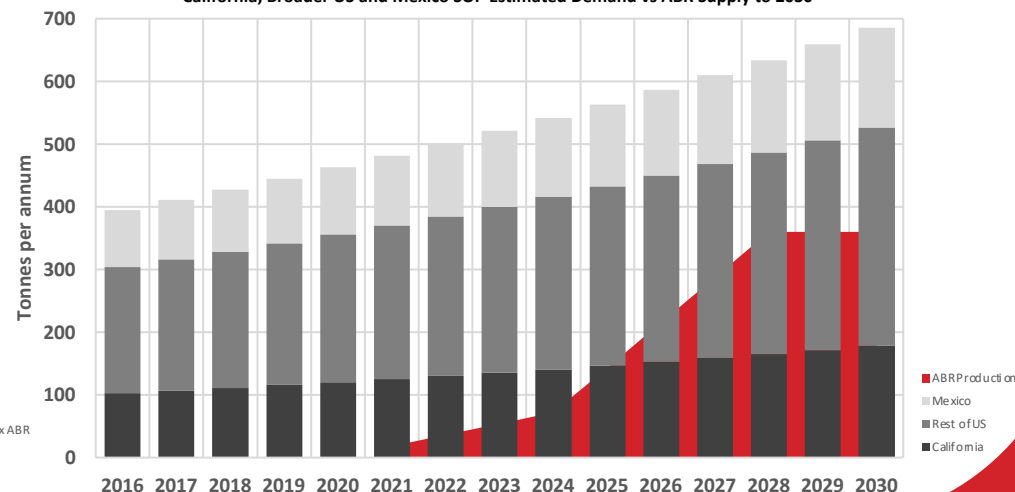
Borate Supply Curve\*



### SOP – Growing demand in the North America specialty fertiliser market

- The global SOP market is around 7m tonnes per annum – all of which is used in the specialty fertiliser market.
- The US is a net importer of SOP with the market growing at around 5% CAGR. The Californian market is over 120ktpa.
- Compass Minerals is the only US producer of SOP and is one of the highest cost producers in the world with operating costs of US\$660 / tonne in CY2020 (refer page 18).
- There is sufficient increase in demand forecasted to enable ABR and Compass to jointly supply the North American market with ABR's production profile.

California, Broader US and Mexico SOP Estimated Demand vs ABR Supply to 2030^





# 7. Fort Cady Borate Mine – Build Up and Financials

**American Pacific Borates Limited** released its enhanced DFS\* updated in February 2021, with exceptional project metrics:

Fort Cady Borate Mine (Boric Acid and SOP Production)	
Phase 1A Only	
Capex	US\$54.2 million
NPV <sub>8</sub>	US\$138.5 million
IRR	24.4%
EBITDA in first full year of production	US\$12.6 million
Phase 1A & 1B Only	
Capex (Phase 1B only)	US\$34.6 million
NPV <sub>8</sub>	US\$597.9 million
IRR	46.1%
EBITDA in first full year of production	US\$49.6 million
Phase 1A, 1B & 1C Only	
Capex (Phase 1C only)	US\$122.0 million
NPV <sub>8</sub>	US\$885.2 million
IRR	36.4%
EBITDA in first full year of production	US\$81.1 million
Phase 1 & 2 Only	
Capex (Phase 2 only)	US\$313.0 million
NPV <sub>8</sub>	US\$1.889 billion
IRR	40.2%
EBITDA in first full year of production	US\$257.3 million
Full Project (Phases 1, 2, & 3)	
Capex (Phase 3 only)	US\$318.7 million
NPV <sub>8</sub>	US\$2.021 billion
IRR	40.6%
EBITDA in first full year of production	US\$452.7 million

Production Targets	Enhanced DFS (updated February 2021)	
	Boric Acid (US tons)	SOP (US tons)
Phase 1A	9,000	20,000
Phase 1B	-	60,000
Phase 1C	81,000	-
Phase 2	180,000	160,000
Phase 3	180,000	160,000
<b>Total (All 3 Phases)</b>	<b>450,000</b>	<b>400,000</b>



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. 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

\*refer ASX release of 4 February 2021

# 7. Fort Cady Borate Mine – Build Up and Financials

**Mine financials stress tested to assume average selling price of US peer operating costs**

- Project still has a Post-tax, unlevered NPV<sub>8</sub> of over **US\$1.41bn** if operating costs of US peers are used as selling price assumptions.

Fort Cady Borate Mine	
BA Received Price Assumption (based on Rio Tinto operating costs CY2020 per the table below)	<b>US\$587 / metric tonne</b>
SOP Received Price Assumption (based on Compass operating costs CY2020 per the table below)	<b>US\$660 / metric tonne</b>
<b>ABR Base Case enhanced DFS (updated February 2021)</b>	
NPV <sub>8</sub>	<b>US\$1.41 billion</b>
IRR	<b>32.3%</b>

	CY2015	CY2016	CY2017	CY2018	CY2019	CY2020
	US\$/tonne					
<b>Rio Tinto Borates</b>						
Operating Cost/tonne BA equiv	634	568	565	551	526	<b>587</b>
Annual Production/tonne BA equiv (source: Rio Tinto Annual Reports)	822	886	893	884	898	<b>829</b>
<b>Compass Minerals</b>						
Operating Cost/tonne SOP*	638	640	614	634	639	<b>660</b>
Annual Production/tonne SOP* (source: Compass Annual Reports)	282	284	297	328	288	<b>345</b>

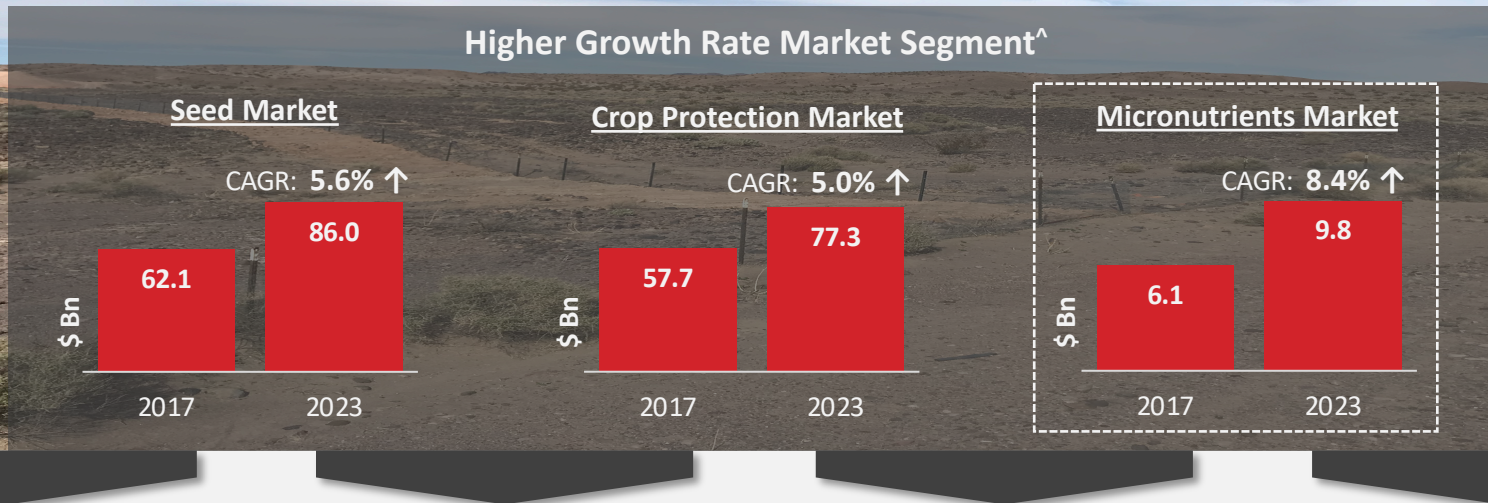
\* Compass Minerals reports operating costs for all North American fertilisers. The significant majority of specialty fertiliser production is SOP. As a result, it is assumed that the reported operating costs are a reasonable proxy for SOP production.

**RioTinto**



# 7. Fort Cady Borate Mine – Build Up and Financials

## Additional new drivers of value to the Project



**Options to bring forward production** and potentially deliver additional phases concurrently.

Targeted **total cash costs in full production of negative US\$83.61 per ton** of boric acid after by-product credits.

**Multiple revenue streams** with revenue split in full production estimated to be:

- 52.6% boric acid;
- 44.7% SOP; and
- 2.7% gypsum.

Potential **upside with focus on high value specialty fertiliser mix** of boron and SOP.



## 8. Market Entry Strategy

**Right sized, structured and phased project**

### Modest Initial BA

Initial production of boric acid only 9kstp/a to be used as an enabler for larger contracts.

### Phased Approach

Growth plan with a pathway to over 450kstp/a of boric acid and 400kstp/a of SOP.

### Partners established

Globally significant partnerships established with Chinese Majors and with US markets.

### Product Mix

Complementary product mix which delivers a diversified revenue stream.

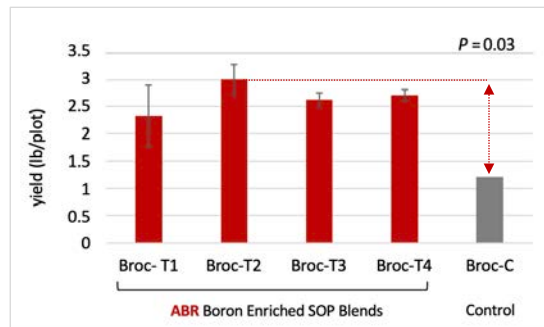




# 8. Brand Strategy Development

## Early alignment of product branding with customer markets

- Company is expecting to sell five key products
  - Boric acid for industrial use
  - Boric acid for agricultural use
  - SOP
  - “boron-enriched” SOP
  - Gypsum
- Branding strategy completed, with Fort Cady California Corp created as ABR’s sales and marketing business
- Corporate presence work commenced
- Initial target is the Californian speciality fertilizer market
- Crop trials for Boron-enriched SOP delivered a doubling of yield in Broccoli



Graph showing yield results in broccoli crops<sup>1</sup>



FortCady  
CaliforniaCorp

Product Sales



Customer Markets

## 9. Visible Initial Revenues

### Phase 1A fully funded with construction underway



#### Organisational Capability

- Philosophy continues to be modest owners' team to manage construction managers
- Ongoing recruitment of key staff with a focus on operational readiness

#### Construction Ramping Up

- First production remains on track for Q3, CY2021
- General Contractor appointed with main construction activities to be completed in Q2
- Water and energy infrastructure in place
- Equipment continues to arrive on site

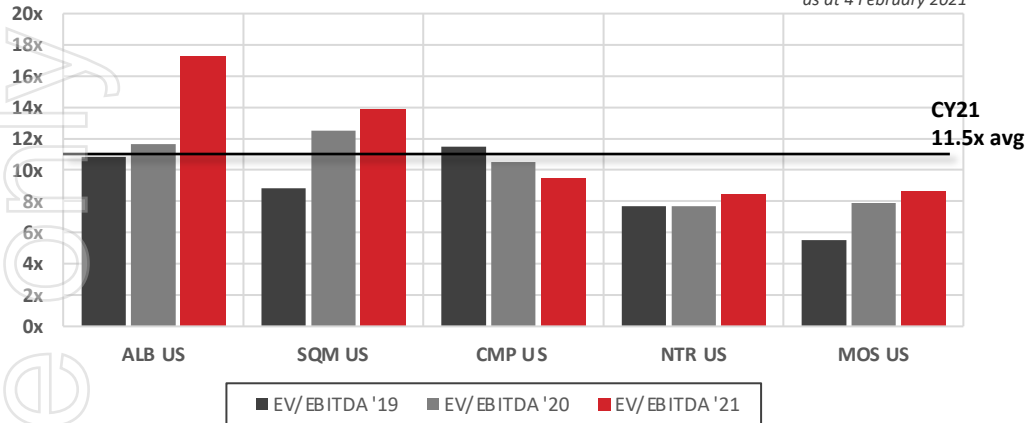
**First Production  
targeted Q3 CY21**



# 10. What does success look like ?

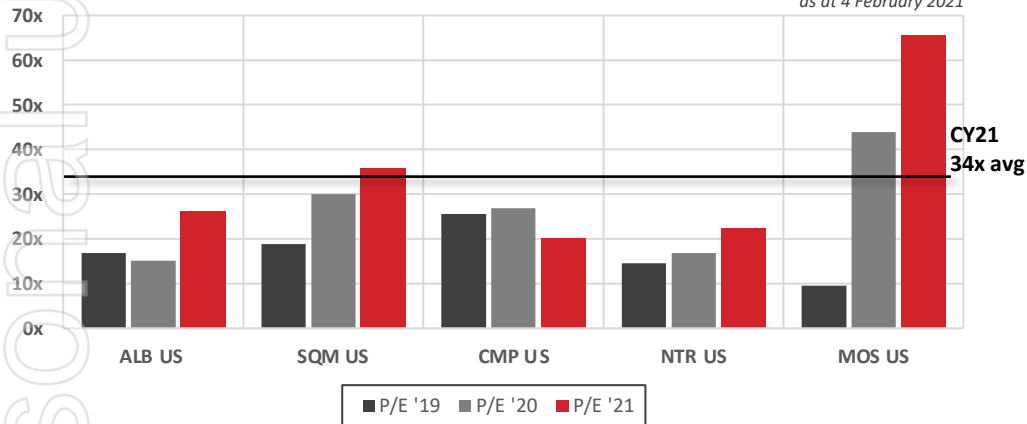
EV / EBITDA '19, '20, '21E of US Listed Producers

as at 4 February 2021

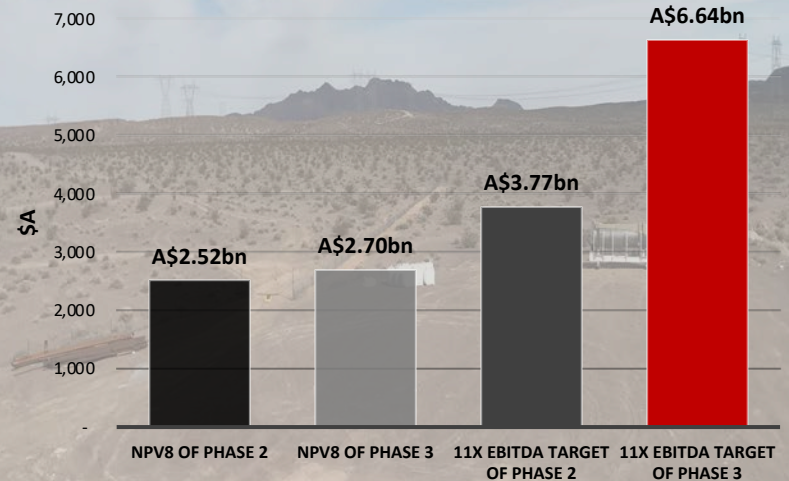


PE RATIO '19, '20, '21E of US Listed Producers

as at 4 February 2021



Potential Future Valuations



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. 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.

Source: Capital IQ at 4 February 2021. Exchange rate of US\$75c assumed



# 11. Fort Cady February 2021 eDFS (Key Metrics)\*

Key Financial Metrics for the Fort Cady Borate Mine by Phase

Fort Cady Borate Mine (Boric Acid and SOP Production) <sup>1</sup>	
Phase 1A Only	
Capex	US\$54.2 million
NPV <sub>8</sub>	US\$138.5 million
IRR	24.4%
EBITDA in first full year of production	US\$12.6 million
Phase 1A & 1B Only	
Capex (Phase 1B only)	US\$34.6 million
NPV <sub>8</sub>	US\$597.9 million
IRR	46.1%
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NPV <sub>8</sub>	US\$2.021 billion
IRR	40.6%
EBITDA in first full year of production	US\$452.7 million

Summary of Production by Phase for the Fort Cady Borate Mine

Production Targets	Enhanced DFS (updated February 2021)	
	Boric Acid (US tons)	SOP (US tons)
Phase 1A	9,000	20,000
Phase 1B	-	60,000
Phase 1C	81,000	-
Phase 2	180,000	160,000
Phase 3	180,000	160,000
<b>Total (3 Phases)</b>	<b>450,000</b>	<b>400,000</b>

Operating Cost Estimates BA

Phase 3	
US\$ per metric tonne of BA	
C1 Costs	
Utilities	80.76
Consumables	320.49
Labour	43.53
Maintenance	33.21
Sustaining Capex	12.00
Wellfield Development	25.00
Other	10.82
(SOP by-product credit)	- 577.78
(HCl by-product credit)	- 3.74
(Gypsum by-product credit)	- 35.30
<b>Total C1 Costs</b>	<b>- 91.01</b>
C2 Costs	
Licensing and Royalties	6.26
Depreciation	93.63
<b>Total C2 Costs</b>	<b>99.89</b>
C3 Costs	
G&A	8.90
<b>Total C3 Costs</b>	<b>8.90</b>
<b>Total Opex</b>	<b>17.78</b>
Cash Costs	
<b>Total Cash Costs</b>	<b>- 75.85</b>

Operating Cost Estimates SOP

Phase 3	
US\$ per metric tonne of SOP	
C1 Costs	
Utilities	90.85
Consumables	360.55
Labour	48.97
Maintenance	37.36
Sustaining Capex	13.50
Wellfield Development	28.13
Other	12.18
(BA by-product credit)	- 765.44
(HCl by-product credit)	- 4.20
(Gypsum by-product credit)	- 39.71
<b>Total C1 Costs</b>	<b>- 217.82</b>
C2 Costs	
Licensing and Royalties	7.04
Depreciation	105.33
<b>Total C2 Costs</b>	<b>112.37</b>
C3 Costs	
G&A	10.01
<b>Total C3 Costs</b>	<b>10.01</b>
<b>Total Opex</b>	<b>- 95.44</b>
Cash Costs	
<b>Total Cash Costs</b>	<b>- 200.77</b>

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

## 12. Summary

**American Pacific Borates Limited is an ASX listed company** focused on becoming a globally significant specialty fertiliser producer.

### Exceptional Project Metrics\*

**Post-tax, unlevered NPV<sub>8</sub> US\$2.02bn**

**Post-tax, unlevered IRR 40.6%**

**Annual EBITDA US\$453M**

#### Multi Revenue Streams

Two major revenue streams reduces reliance on one product

#### Visible Revenues

Production targeted for CY21 with construction activities commenced

#### Significant Strategic Value

Very few sources of additional supply into growing markets

#### Low Upfront Capex

Phase 1A with US\$50m capex fully financed

#### Low Technical Risk

Ore body previously mined and proven off the shelf process route

#### Very High Margin

Underpinned with by-product credits, logistics and high priced markets on door step

#### Multi generational

Life of mine at over 20 years with additional Resource upside

#### Globally Significant

Targeted annual EBITDA in full production of US\$453m





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