



AmericanPacific

BORATES LIMITED

ASX Announcement

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ACN: 615 606 114

7 May 2021

ABR EXECUTES LOI WITH COMPASS MINERALS FOR SOP SALES

HIGHLIGHTS

- **ABR and Compass Minerals America Inc. to progress negotiations for Compass Minerals to sell SOP from the Fort Cady Borate Mine**
- **As part of the agreement, the parties will also work together to progress crop trials and agronomy studies for boron enriched fertilisers**
- **Compass Minerals America Inc. is a subsidiary of Compass Minerals International, Inc., which is listed on the NYSE, has a market capitalisation of over US\$2bn and is the largest producer of SOP in North America**

American Pacific Borates Limited (ASX:ABR) ("ABR" or the "Company") is pleased to advise it has signed a Letter of Intent ("LOI") with Compass Minerals America Inc. ("Compass Minerals"), a subsidiary of NYSE-listed Compass Minerals International, Inc., to progress negotiations with respect to Compass Minerals taking responsibility for the sales and marketing of SOP from the Company's Fort Cady Borate Mine.

Under the terms of the LOI the parties have agreed to work together to:

1. Determine an appropriate structure for Compass Minerals to take responsibility for sales and marketing of the Company's SOP production; and
2. Progress crop trials and agronomy studies for boron enriched fertilisers.

The Company expects formal agreements to be executed over the coming months.

Commenting on the LOI, ABR Executive Director, Anthony Hall said:

"There is a strong alignment between ABR and Compass Minerals relative to our ambitions to supply SOP to the growing North American agricultural market. Compass Minerals has well established customer markets and supply chain, so we think the collaboration on SOP sales is a sensible one.

The partnership will allow ABR to focus on its rare Borate business, while also leveraging the combined expertise on the potential to develop new boron enriched specialty fertilisers."

COMPANY DIRECTORS

David Salisbury – Executive Chairman

Anthony Hall – Executive Director

Stephen Hunt – Non-Executive Director

Jimmy Lim – Non-Executive Director



ISSUED CAPITAL

378.1 million shares

58.9 million options

REGISTERED OFFICE

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WA, 6000, Australia

US OFFICE

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CONTACT

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About Compass Minerals

Compass Minerals (NYSE: CMP) is a leading provider of essential minerals focused on safely delivering where and when it matters to help solve nature's challenges for customers and communities. Its salt products help keep roadways safe during winter weather and are used in numerous other consumer, industrial and agricultural applications. Its plant nutrition business manufactures an innovative and diverse portfolio of products that improve the quality and yield of crops, while supporting sustainable agriculture. Additionally, its specialty chemical business serves the water treatment industry and other industrial processes. The company operates 21 production and packaging facilities with more than 3,000 personnel throughout the U.S., Canada, Brazil and the U.K.

Visit compassminerals.com for more information about the company and its products.

- ENDS -

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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 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 is presented below. Importantly, it comprises 13.93Mt of contained boric acid.

In excess of US\$80m 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.

An updated enhanced Definitive Feasibility Study ("eDFS") was completed in February 2021 (ASX release dated 4 February 2021¹). The updated eDFS has production targets of 450kstpa of boric acid and 400kstpa of SOP in full production. Financial metrics include an unlevered post tax NPV₈ of US\$2.02bn, an unlevered post tax IRR of 41% and an EBITDA in the first full year of production of US\$453m.

The Company is currently in construction of the initial phase of the Fort Cady Borate Mine with first production targeted for Q3, CY2021.

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

JORC compliant Mineral Resource Estimate and Reserve						
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

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.

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 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



Location of the Fort Cady and Salt Wells Projects in the USA

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.