



AmericanPacific

American Pacific Borates Ltd

Interim Financial Report

31 December 2019

ABN 68 615 606 114
americanpacificborates.com





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CORPORATE DIRECTORY

Directors

Harold (Roy) Shipes (Non-Executive Chairman)
Michael Schlumpberger (Managing Director)
Anthony Hall (Executive Director)
John McKinney (Non-Executive Director)
Stephen Hunt (Non-Executive Director)

Company Secretary

Aaron Bertolatti

Registered Office & Principal Place of Business

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77 St Georges Terrace,
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Share Registry

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110 Stirling Highway
NEDLANDS WA 6009
Telephone: +61 8 9389 8033

Auditors

RSM Australia Partners
Level 32, Exchange Tower,
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Telephone: +61 8 9261 9160

Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: ABR



The Directors present their report for American Pacific Borates Limited ("American Pacific" or "the Company") and its subsidiaries ("the Group") for the half-year ended 31 December 2019.

DIRECTORS

The persons who were directors of American Pacific during the half-year and up to the date of this report are:

- Harold (Roy) Shipes (Non-Executive Chairman)
- Michael Schlumpberger (Managing Director)
- Anthony Hall (Executive Director)
- John McKinney (Non-Executive Director)
- Stephen Hunt (Non-Executive Director)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

American Pacific Borates Limited is focused on advancing its 100% owned Fort Cady Borate 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) delivering compelling financial metrics including steady state production target of 410ktpa of boric acid and 110ktpa of SOP, delivering an unlevered post tax NPV₁₀ of US\$1.25bn (NPV₈ of US\$1.59bn) and an unlevered post tax IRR of 41%. In January 2019 (ASX release dated 31 January 2019¹) the DFS was enhanced to include a low capex starter project with an estimated capex of only US\$36.8m. This starter project delivers an EBITDA in the first year of operation of US\$26.7m and preserves the pathway to an EBITDA of over US\$340m in the first year of full production for the broader project.

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

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

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



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 additional permits required to commence operations.

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.

Rapid Progress by American Pacific Borates

The following are key accomplishments reflecting the rapid progress made since July 1 2019.

December 2019	Working on Revising the Fort Cady Borate Mine DFS
December 2019	Completes \$2.75m Placement
November 2019	Working on Boron SOP Fertiliser for Main Products
October 2019	Change of Company Name – American Pacific Borates Limited
September 2019	Completes Four Major Milestones for Fort Cady Project

REVIEW OF OPERATIONS

Completion of Four Major Milestones for Fort Cady Project

On 16 September 2019, the Company announced an update on its Fort Cady Borate project. The update included an announcement that the Company had completed four major milestones. The milestones achieved were:

1. Completion of basic engineering;
2. The connection of grid electricity to site;
3. The commencement of a process to connect the gas pipeline to site that is expected to ensure network gas is ready for first production; and
4. The receipt of all air quality permits.

Completion of Basic Engineering

Basic engineering was completed by Millcreek Engineering headquartered in Salt Lake City, Utah. Millcreek Engineering is a full-service engineering and construction management company, that specialises in bulk material handling and processing solutions for mining, minerals, power generation, fertiliser, petrochemical, port, and rail projects.

The basic engineering delivered definitive designs and layouts to enable the Company to move into the final phase of engineering. This phase, known as detailed engineering would include the following:

- completion of ready for construction drawings;
- ordering of equipment; and
- a tender process for construction and construction management.



The 3D figures below show the final layout for Phase One A of the Project.

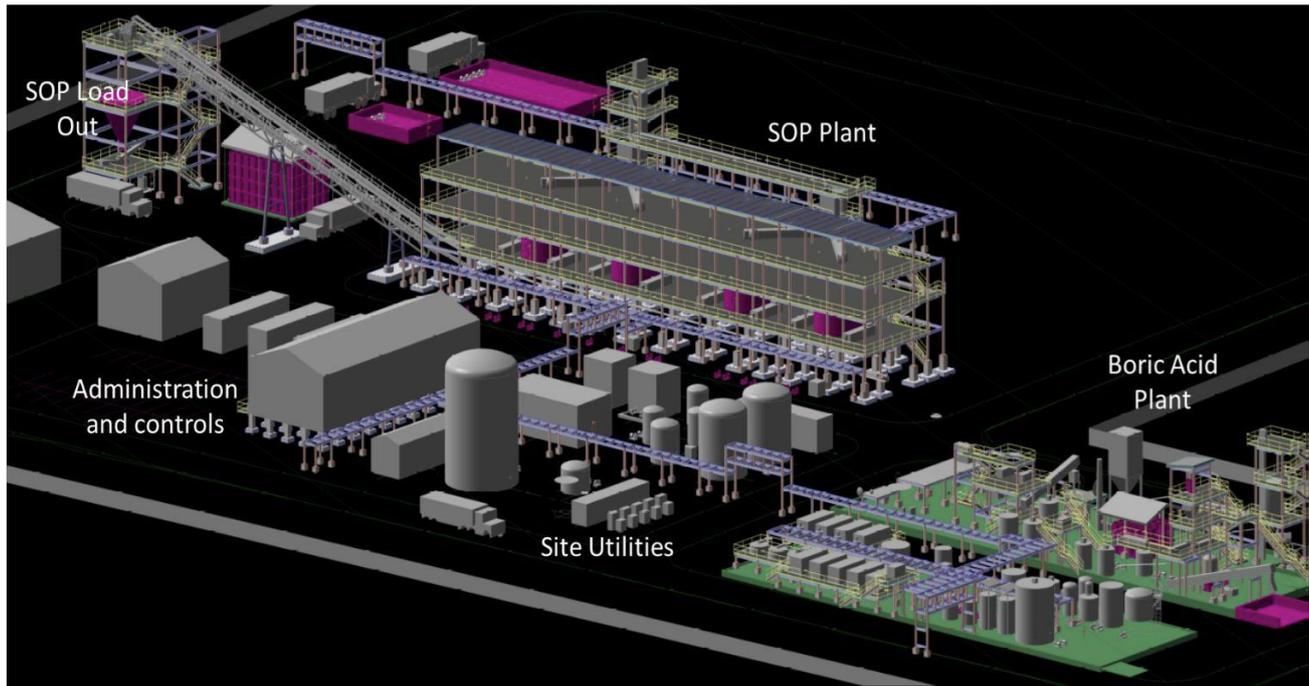


Figure 1 | Screen shot of 3D Model of Plant Layout for Phase One A of Fort Cady Borate Mine

Connection of Grid Power and Pipeline Gas

In early August 2019, grid electricity was connected to site. The initial one phase system is sufficient to power site security and administration buildings. Designs for three phase electricity was expected to be received soon after and can only be connected when initial operations commence.

The Company initiated the process with respect to connecting to the gas pipeline. The Company is required to make a contribution to a two and half kilometre gas pipeline routed from the main gas transmission pipeline that runs along the interstate highway. The contribution is expected to be in line with DFS capital expenditure estimates.

Receipt of All Air Quality Permits

The referral authority, the Mojave Desert Regional Air Quality Management District, issued all authorisations necessary to construct all process plant and supporting infrastructure identified in the basic engineering for the Project. These authorisations will be converted to operating permits once construction has been completed.

Change of Company Name

Following shareholder approval at the 2019 annual general meeting, the Company changed its name to "American Pacific Borates Limited".

Fertiliser Focus – Boron, Potassium and Sulphur Specialty Fertiliser

On 19 November 2019, the Company announced it had commenced a process to engage a west coast and east coast US university to conduct crop trials and studies on a combined boron, potassium and sulphur speciality fertiliser that can be produced directly from the main products produced at the Fort Cady Borate Mine from the Company's main products – boric acid and SOP

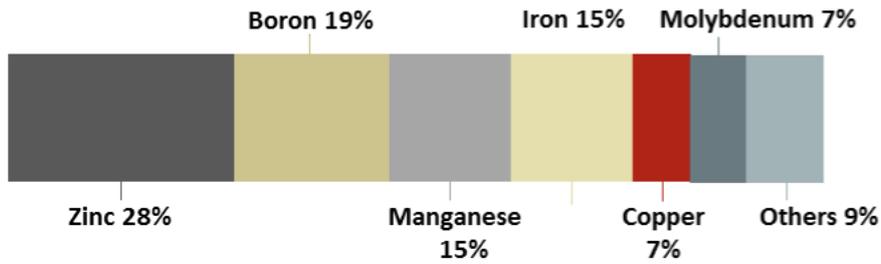


Figure 2 | Graph showing value of micronutrient use in USA by value (Context: April 2018)

The Company is considering producing a granular fertiliser that targets the high-priced US market for minimal chlorine-based potassium fertilisers. Boric acid and SOP contain three of six most consumed nutrients in North America by value and have the added advantage of minimal chlorine which makes it suitable for high priced crops like nuts, fruits and tobacco.

Currently the NYSE listed fertiliser major, The Mosaic Corporation produces a boron, potassium fertiliser marketed as Aspire (aspireboron.com). The addition of the boron is marketed as having the ability to “significantly improve root development, nutrient uptake and pollination and is proven to increase yields across a variety of crops and soil conditions” (mosaicco.com/products/specialty_products_aspire.htm).

Importantly Aspire attracts a significant premium over Mosaics’ primary potassium-based fertiliser, MOP or KCl. (which contains substantial amounts of chlorine).

With the Company’s ability to produce the boron, potassium and sulphur speciality fertiliser it expects to have a fertiliser that can take advantage of the large projected increase in boron use in the US over the coming years as shown below.

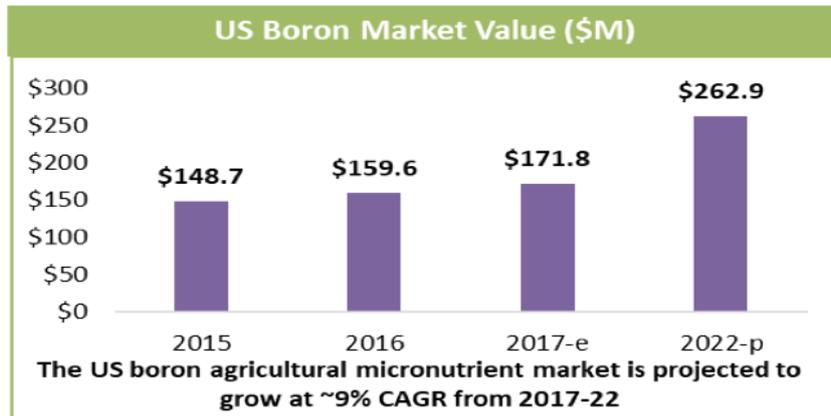


Figure 3 | Graph showing estimates of US boron market value for use as a micro nutrient

A\$2.75m Placement

On 11 December the Company announced it had completed a placement of A\$2.75m at A\$0.25 per share to three global institutional investors (the “Placement”). The Placement included five unlisted options for every six ordinary shares with a strike price of A\$0.30 and expiry being the earlier of 6 December 2021 or fifteen days after the Company’s shares have traded at over A\$0.50 for ten consecutive days.

The Placement was completed at a 4.4% discount to the 10-day VWAP of A\$0.261. 11,000,000 ordinary shares and 9,166,668 options are to be issued under the Company’s existing ASX Listing Rule 7.1 capacity. Funds raised will be substantially used towards paying for long lead items for the Fort Cady Borate Project such as centrifuges, the crystalliser, Manheim furnaces and the natural gas connection.



Process commenced to revise Fort Cady DFS

On 17 December the Company announced it had commenced a revision to the Fort Cady Borate Mine (the "Mine") DFS to potentially increase Sulfate of Potash ("SOP" or "K₂SO₄") production and EBITDA. Importantly any revision would not change Phase 1A to ensure that current detailed engineering and timelines are not affected.

The Company announced it is considering increasing SOP production for a variety of reasons, including:

- The US is a net importer of SOP and the only incumbent producer is a high cost producer;
- ABR will have a very low cost of production relative to US production and imported SOP;
- The Mine is located on the West Coast which is a major consuming area for SOP;
- Growth rates for SOP consumption are stronger than US GDP;
- The Mine will have the required electricity and gas to power the additional Mannheim furnaces, as the Mine has access to grid electricity and network gas; and
- The Mine will have access to a brilliant logistics solution for increased production, given the process plant is located within two kilometres of the national rail network and a major interstate highway.

There will be no change to Mineral Resources, Ore Reserves or assumed DFS mine life as the production targets for boric acid will remain unchanged.

The Company announced that it expects capital expenditure estimates for Phases 1B, 2 and 3 will increase and that operational expenditure estimates will decrease with fixed costs spread over larger production. The Board also expects these increases to be offset by additional EBITDA commensurate with high margin by-product production of SOP.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Option Issue

On 18 February 2020, the Company issued 3,600,000 unlisted options. 2,050,000 options are exercisable at A\$0.60 each on or before 1 February 2023 and 1,550,000 unlisted options are exercisable at A\$0.80 each on or before 1 February 2023.

Option Conversions

Subsequent to the end of the financial period, 1,316,819 unlisted options, exercisable at A\$0.25 were converted into ordinary fully paid shares. Funds raised totalled A\$329,205.

A\$7.1m Placement

On 19 February 2020, the Company announced that it had completed a placement of A\$7.1m (before costs) at A\$0.40 per share to institutional, professional and sophisticated investors.

Closure of Amvest Convertible Note

The Company advised that on 14 February 2020 it paid Amvest Capital Mining Opportunities, LLC ("Amvest") US\$1.4m, which represented the return of the outstanding balance of the US\$2.0m Amvest convertible note issued on 5 September 2019. Under the terms of the note, the Company was able to repay any or all of the outstanding balance at any time (refer to ASX announcement dated 27 August 2019). Prior to repayment a conversion notice for US\$250,000 in convertible notes was issued to the Company resulting in the issue of 1,489,647 ordinary shares at a price of A\$0.25 per ordinary share.

There have been no other significant events subsequent to the end of the financial period to the date of this report.



AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 8 and forms part of this Directors' report for the half-year ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

Michael Schlumpberger

Managing Director

California, USA

13 March 2020



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of American Pacific Borates Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM
RSM AUSTRALIA PARTNERS


ALASDAIR WHYTE
Partner

Perth, WA
Dated: 13 March 2020

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2019

	Note	31-Dec-19 \$	31-Dec-18 \$
Continuing Operations			
Interest income		6,058	6,224
Other income		53,802	19,419
Gain on foreign exchange		38,217	-
Expenses			
Professional and consulting fees		(377,347)	(539,104)
Director and employee costs		(142,596)	(426,753)
Other expenses		(305,524)	(159,211)
Borrowing costs		(337,052)	-
Marketing and promotional expenses		(80,587)	(191,616)
Share-based payments expense	10	(1,137,644)	(598,792)
Travel and accommodation		(105,231)	(189,406)
Loss before income tax		(2,387,904)	(2,079,239)
Income tax expense		-	-
Net loss for the period		(2,387,904)	(2,079,239)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(62,688)	601,335
Other comprehensive income for the period, net of tax		(62,688)	601,335
Total comprehensive loss for the period		(2,450,592)	(1,477,904)
Loss per share			
Loss per share (cents)		(1.14)	(1.12)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



Consolidated Statement of Financial Position
as at 31 December 2019

	Note	31-Dec-19 \$	30-Jun-19 \$
Current Assets			
Cash and cash equivalents		4,274,333	2,893,663
Other assets		262,154	201,542
Receivables		27,957	62,086
Total Current Assets		4,564,444	3,157,291
Non-Current Assets			
Receivables	3	522,013	517,025
Property, plant and equipment	4	884,941	768,177
Deferred exploration and evaluation expenditure	5	27,140,795	24,692,541
Total Non-Current Assets		28,547,749	25,977,743
Total Assets		33,112,193	29,135,034
Current Liabilities			
Trade and other payables		229,974	346,372
Borrowings	6	2,603,951	-
Total Current Liabilities		2,833,925	346,372
Total Liabilities		2,833,925	346,372
Net Assets		30,278,268	28,788,662
Equity			
Issued capital	7	34,764,104	31,961,550
Reserves	8	4,571,724	3,496,768
Accumulated losses	9	(9,057,560)	(6,669,656)
Total Equity		30,278,268	28,788,662

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the period ended 31 December 2019

	Issued capital \$	Accumulated losses \$	Foreign exchange translation reserve	Share option reserve \$	Total \$
Balance at 1 July 2018	25,398,240	(3,649,313)	447,549	1,255,506	23,451,982
Total comprehensive loss for the period					
Loss for the period	-	(2,079,239)	-	-	(2,079,239)
Foreign currency translation	-	-	601,335	-	601,335
Total comprehensive loss for the period	-	(2,079,239)	601,335	-	(1,477,904)
Transactions with owners in their capacity as owners					
Shares issued during the period	4,200,000	-	-	-	4,200,000
Cost of issue	(534,604)	-	-	-	(534,604)
Share-based payment	60,000	-	-	846,953	906,953
Balance at 31 December 2018	29,123,636	(5,728,552)	1,048,884	2,102,459	26,546,427
Balance at 1 July 2019	31,961,550	(6,669,656)	1,129,206	2,367,562	28,788,662
Total comprehensive loss for the period					
Loss for the period	-	(2,387,904)	-	-	(2,387,904)
Foreign currency translation	-	-	(62,688)	-	(62,688)
Total comprehensive loss for the period	-	(2,387,904)	(62,688)	-	(2,450,592)
Transactions with owners in their capacity as owners					
Shares issued by placement	2,750,000	-	-	-	2,750,000
Shares issued on conversion of unlisted options	52,722	-	-	-	52,722
Shares issued on conversion of convertible note	127,167	-	-	-	127,167
Cost of issue	(127,335)	-	-	-	(127,335)
Share-based payments (note 10)	-	-	-	1,137,644	1,137,644
Balance at 31 December 2019	34,764,104	(9,057,560)	1,066,518	3,505,206	30,278,268

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows
for the period ended 31 December 2019

	Note	31-Dec-19 \$	31-Dec-18 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,443,459)	(1,487,497)
Other receipts		53,802	-
Interest received		6,058	6,224
Interest paid		(349,390)	-
Net cash used in operating activities		(1,732,989)	(1,481,273)
Cash flows from investing activities			
Purchase of property, plant and equipment		(123,866)	-
Payments for exploration expenditure		(2,026,715)	(2,884,035)
Net cash used in investing activities		(2,150,581)	(2,884,035)
Cash flows from financing activities			
Proceeds from issue of shares		2,750,000	4,200,000
Proceeds from issue of Convertible Note		2,934,655	-
Proceeds from the conversion of unlisted options		52,722	-
Borrowing costs		(192,834)	-
Repayment of convertible note		(127,130)	-
Payments for share issue costs		(114,983)	(286,444)
Net cash provided by financing activities		5,302,430	3,913,556
Net decrease in cash and cash equivalents		1,418,860	(451,752)
Cash and cash equivalents at the beginning of the year		2,893,663	2,881,565
Effect of exchange rate fluctuations on cash		(38,190)	19,419
Cash and cash equivalents at the end of the year		4,274,333	2,449,232

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2019

1. Corporate Information

The financial report of American Pacific Borates Limited (“American Pacific” or “the Company”) for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 13 March 2020. American Pacific is a company limited by shares incorporated in Australia whose shares are publicly trading on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Directors’ Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with applicable accounting standards including AASB 134 “Interim Financial Reporting” and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 “Interim Financial Reporting”.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by American Pacific Borates Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs. For the purpose of preparing the half-year financial report the half-year has been treated as a discrete reporting period.

(b) Compliance Statement

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The impact on the financial performance and position of the company from the adoption of the new or amended Accounting Standards and Interpretations was not material.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

	31 December 2019	30 June 2019
	\$	\$
3. Receivables – Non-Current		
Bonds and Guarantees ¹	522,013	517,025
	522,013	517,025

¹ The Bonds are pledged to the Bureau of Land Management (San Bernardino County) and relate to the Fort Cady Project’s water permits.



	31 December 2019 \$	30 June 2019 \$
4. Property, plant and equipment		
Land and Buildings at cost	832,576	708,454
Plant and Equipment at cost	17,566	21,071
Motor Vehicles at cost	34,799	38,652
	884,941	768,177
Movements in property, plant and equipment:		
Land and Buildings		
Opening balance	708,454	671,349
Additions through acquisition	123,866	-
Net exchange differences on translation	256	37,105
Closing balance	832,576	708,454
Plant and Equipment		
Opening balance	21,071	26,795
Net exchange differences on translation	74	1,462
Depreciation for the year	(3,579)	(7,186)
Closing balance	17,566	21,071
Motor Vehicles		
Opening balance	38,652	43,207
Net exchange differences on translation	87	2,378
Depreciation for the year	(3,940)	(6,933)
Closing balance	34,799	38,652
5. Deferred Exploration & Evaluation Expenditure		
Exploration and Evaluation phase - at cost		
Opening balance	24,692,541	20,111,727
Foreign exchange translation difference	4,861	497,762
Exploration and evaluation expenditure incurred during the year	2,443,393	4,083,052
Closing balance	27,140,795	24,692,541
<p>The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.</p>		
6. Borrowings		
Convertible note		
Issued during the period	2,934,655	-
Repaid during the period	(254,297)	-
Closing balance	2,680,358	-

These borrowings are denominated in USD and has been translated at balance date at an exchange rate of USD:AUD 0.701. The interest rate associated with these borrowings is 12% and was prepaid by the company at the issue date. The borrowings are unsecured and mature in September 2021.

On 14 February 2020 the company paid the holder of these notes US\$1.4m, which represented the return of the outstanding balance of the US\$2.0m Amvest convertible note issued on 5 September 2019. Prior to repayment a conversion notice for US\$250,000 in convertible notes was issued to the Company resulting in the issue of 1,489,647 ordinary shares at a price of A\$0.25 per ordinary share.



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2019

	31 December 2019	30 June 2019
	\$	\$
7. Issued Capital		
(a) Issued and paid up capital		
Issued and fully paid	34,427,053	31,961,550

	31 December 2019		30 June 2019	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Opening Balance	208,442,224	31,961,550	169,820,002	25,398,240
Shares issued to consultant	-	-	250,000	60,000
Shares issued to consultant	-	-	150,000	24,750
Shares issued via \$0.20 placement	-	-	21,000,000	4,200,000
Shares issued via \$0.18 placement	-	-	17,222,222	3,100,000
Shares issued via \$0.25 placement	11,000,000	2,750,000	-	-
Conversion of unlisted options	210,888	52,722	-	-
Conversion of convertible notes	575,037	127,167	-	-
Transaction costs on share issue	-	-	-	(821,440)
	220,228,149	34,427,053	208,442,224	31,961,550

	31 December 2019	30 June 2019
	\$	\$
8. Reserves		
Foreign exchange translation reserve	1,066,518	1,129,206
Share option reserve	3,505,206	2,367,562
	4,571,724	3,496,768

Movements in Reserves:

<i>Foreign exchange translation reserve</i>		
Opening balance	1,129,206	447,549
Foreign exchange translation difference	(62,688)	681,657
Closing balance	1,066,518	1,129,206

The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

Share option reserve

Opening balance	2,367,562	1,255,506
Share-based payments expense	1,137,644	1,112,056
Closing balance	3,505,206	2,367,562

The share option reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their goods and services. Refer to note 10 for further details of the securities issued during the financial period ended 31 December 2019.



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2019

	31 December 2019 \$	30 June 2019 \$
9. Accumulated Losses		
Movements in accumulated losses were as follows:		
Opening balance	(6,669,656)	(3,649,313)
Loss for the period	(2,387,904)	(3,020,343)
Closing balance	(9,057,560)	(6,669,656)

10. Share-Based Payments

(a) Recognised share-based payment transactions

Share-based payment transactions recognised either as operational expenses in the statement of profit or loss and other comprehensive income or as capital raising costs in the equity during the period were as follows:

	31 December 2019 \$	31 December 2018 \$
Employee and Director share-based payments (note 10 (b))	1,133,209	574,634
Share-based payments to suppliers (note 10 (c))	4,435	272,319
	1,137,644	846,953
Shares issued to a consultant ¹	-	60,000 ¹
	1,137,644	906,953

¹ On 12 July 2018, 250,000 shares were issued for nil consideration to pay a referral fee to a consultant following the acquisition of the Salt Wells North and Salt Wells South Borate and Lithium exploration projects in Nevada, USA.

Share-based payment transactions have been recognised as follows:

Share-based payment expense	1,137,644	598,793
Deferred exploration & evaluation expenditure	-	60,000
Issued capital – transaction costs on share issue	-	248,160
	1,137,644	906,953

(b) Employee and Director share-based payments

The Company has established an employee share option plan (ESOP). The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees and contractors of American Pacific Borates Limited. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, employees and eligible contractors of American Pacific Borates Limited.

The fair value at grant date of options granted during the reporting year was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option. The table below summarises options granted during the half-year ended 31 December 2019:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
30/07/2019	30/07/2024	\$0.50	-	2,500,000	-	-	2,500,000	2,500,000
17/10/2019	30/07/2024	\$0.50	-	6,000,000	-	-	6,000,000	6,000,000
				8,500,000	-	-	8,500,000	8,500,000



Notes to the Consolidated Financial Statements for the period ended 31 December 2019

The expense recognised in respect of the above options granted during the half-year was \$1,024,835. The expense recognised during the half-year on options granted in prior periods was \$108,373.

The model inputs, not included in the table above, for options granted during the half-year ended 31 December 2018 included:

- a) options were granted for no consideration;
- b) expected lives of the options range from 4 years;
- c) share price at grant date was \$0.135;
- d) expected volatility of 74%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate of 2.23%

The table below summarises options granted to employees and Directors during the year ended 30 June 2019:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
05/11/2018	05/11/2022	\$0.50	-	9,000,000	-	-	9,000,000	9,000,000
27/03/2019	05/11/2022	\$0.50	-	1,000,000	-	-	1,000,000	- ¹
			-	10,000,000	-	-	10,000,000	9,000,000

¹ The options will vest at the Board's discretion subject to satisfactory performance against KPI's following six months of service.

The model inputs, not included in the table above, for options granted during the period ended 30 June 2019 included:

- a) options were granted for no consideration;
- b) expected lives of the options ranged from 3.6 to 4.0 years;
- c) share price at grant date ranged from \$0.135 to \$0.185;
- d) expected volatility ranged from 66% to 74%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate ranged from 1.50% to 2.23%

(c) Share-based payment to suppliers

There were no unlisted options issued to suppliers during the period ended 31 December 2019. The expense recognised during the half-year on options granted in prior periods was \$4,435.

The table below summarises options granted during the financial year ended 30 June 2019. These options have been valued using the Black-Scholes option pricing model.

Grant Date	Expiry date	Exercise price per option	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
10/08/2018	10/08/2020	\$0.25	-	4,000,000	-	-	4,000,000	4,000,000
08/05/2019	10/08/2020	\$0.25	-	3,000,000	-	-	3,000,000	3,000,000
				7,000,000	-	-	7,000,000	7,000,000



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2019

The model inputs, not included in the table above, for options granted during the period ended 30 June 2019 included:

- options were granted for no consideration;
- expected life of the options ranging from 1.3 to 2.0 years;
- share price at grant date ranging from \$0.180 to \$0.195;
- expected volatility ranging from 66% to 74%;
- expected dividend yield of nil; and
- a risk-free interest rate ranging from 1.50% to 1.98%

11. Segment Information

The Group has identified its operating segments based on the internal reports that are reported to the Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance. The Group operates predominately in one industry, being exploration and mining.

The main geographic areas that the entity operates in are Australia and the United States of America ("USA"). The parent entity is registered in Australia. The Group's exploration assets are located in the US. The following table present revenue, expenditure and certain asset and liability information regarding geographical segments for the half-year ended 31 December 2019 and year ended 30 June 2019:

	Australia \$	US \$	Total
Period ended 31 December 2019			
Other income	-	53,802	53,802
Interest income	974	5,084	6,058
Segment revenue	974	58,886	59,860
Result			
Loss before tax	(2,347,819)	(40,085)	(2,387,904)
Income tax expense	-	-	-
Loss for the period	(2,347,819)	(40,085)	(2,387,904)
Asset and liabilities			
Segment assets	3,280,026	29,832,167	33,112,193
Segment liabilities	2,671,629	162,295	2,833,924

	Australia \$	US \$	Total
Period ended 30 June 2019			
Other income	-	112,161	112,161
Interest income	8,430	1,854	10,284
Segment revenue	8,430	114,015	122,445
Result			
Loss before tax	(2,944,310)	(76,033)	(3,020,343)
Income tax expense	-	-	-
Loss for the period	(2,944,310)	(76,033)	(3,020,343)
Asset and liabilities			
Segment assets	2,880,235	25,881,890	29,135,034
Segment liabilities	119,607	226,765	346,372



American Pacific Borates Limited

Notes to the Consolidated Financial Statements for the period ended 31 December 2019

12. Subsidiaries

The consolidated financial statements include the financial statements of American Pacific Borates Limited and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Holding
Fort Cady Holdings Pty Ltd	Australia	100%
Fort Cady (California) Corporation	USA	100%

13. Commitments

a) Preliminary closure and Post-Closure Maintenance Plan

The Group is required to submit to the California Regional Water Quality Control Board a financial assurance mechanism for the Fort Cady Project for clean closure of the surface impoundments and decommissioning of associated infrastructure. The amount of this financial assurance mechanism is approximately A\$460,188 (US\$322,718).

b) Mineral Lease Agreement

The Group has a mineral lease agreement for the purposes of obtaining exclusive rights to exploration at the Fort Cady Project. The mineral lease agreement requires the Group to make a minimum royalty payment of approximately A\$106,948 (US\$75,000) per annum until expiry on 1 October 2021. The minimum lease commitments as at 31 December 2019 are as follows:

	31 December 2019 \$	30 June 2019 \$
Within one year	106,948	106,909
Later than one year but not later than five years	80,284	133,637
	187,232	240,546

14. Contingent Assets and Liabilities

There has been no change in contingent assets and liabilities since the last annual reporting date.

15. Dividends

No dividends have been paid or provided for during the half-year.

16. Significant Events after the Reporting Date

Option Issue

On 18 February 2020, the Company issued 3,600,000 unlisted options. 2,050,000 options are exercisable at A\$0.60 each on or before 1 February 2023 and 1,550,000 unlisted options are exercisable at A\$0.80 each on or before 1 February 2023.

A\$7.1m Placement

On 19 February 2020, the Company announced that it had completed a placement of A\$7.1m (before costs) at A\$0.40 per share to institutional, professional and sophisticated investors.

Option Conversions

Subsequent to the end of the financial period, 1,316,819 unlisted options, exercisable at A\$0.25 were converted into ordinary fully paid shares. Funds raised totalled A\$329,205.



Closure of Amvest Convertible Note

The Company advised that on 14 February 2020 it paid Amvest Capital Mining Opportunities, LLC (“Amvest”) US\$1.4m, which represented the return of the outstanding balance of the US\$2.0m Amvest convertible note issued on 5 September 2019. Under the terms of the note, the Company was able to repay any or all of the outstanding balance at any time (refer to ASX announcement dated 27 August 2019). Prior to repayment a conversion notice for US\$250,000 in convertible notes was issued to the Company resulting in the issue of 1,489,647 ordinary shares at a price of A\$0.25 per ordinary share.



Directors' Declaration

In the opinion of the Directors of American Pacific Borates Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Michael Schlumpberger
Managing Director

California, USA
13 March 2020



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
AMERICAN PACIFIC BORATES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of American Pacific Borates Limited, which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of American Pacific Borates Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of American Pacific Borates Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of American Pacific Borates Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

A Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 13 March 2020



USA Project Locations



Location of the Fort Cady Project, California USA and Salt Wells Project, Nevada USA

USA Tenement Listing

Tenement Name	Country	Status	Grant Date	Expiry Date	Area km ²	Ownership Rights		
						Surface	Mineral	Lessee
Fort Cady Borate Project								
Parcel 0529-251-01 Parcel 0529-251-03	USA	Granted	8/05/2010	N/A	0.65 0.32	FCCC	FCCC	N/A
Parcel 0529-251-04	USA	Granted	8/05/2010	N/A	1.09	FCCC	State of California	N/A
Company 1 Group Litigation 1 Group Litigation 4 Group Litigation 5 Group Litigation 2 Litigation 3 Litigation 6 Litigation 11 Geysers View 1 Company 4	USA	Granted	Various 12/09/1991 Various Various 29/07/1937 29/07/1937 29/07/1937 29/07/1937 18/11/1934 15/12/1931	N/A	0.65 0.65 0.65 0.65 0.65 0.65 0.65 0.28 0.65	Elementis	Elementis	FCCC
HEC #124 - #127, HEC #129, HEC #131, HEC #343, HEC #344, HEC #365, HEC #369, HEC #371, HEC #372, HEC #374 - #376	USA	Granted	Various	N/A	1.21	Elementis	Elementis	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	USA	Granted	Various	N/A	9.63	FCCC	FCCC	N/A



Schedule of Tenements

Tenement Name	Country	Status	Grant Date	Expiry Date	Area km ²	Ownership Rights Surface	Tenement Name	Country
Salt Wells North Borate and Lithium Project								
The Salt Wells North includes the following claims: SW 1, 2, 3, 4, 5, 6, 27, 29, 31, 32, 33, 34, 35, 36, 54, 56, 58, 59, 60, 61, 62, 63, 78, 81, 82, 84, 85, 86, 87, 88, 89, 104, 106, 108, 109, 110, 111, 112, 113, 114, 115, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 147, 149, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, , 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 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, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555	USA	Earn in to acquire a 100% interest	23/05/2018	N/A	13.8	Great Basin Resources Inc	Great Basin Resources Inc	Great Basin Resources Inc
Salt Wells South Borate and Lithium Project								
The Salt Wells South includes the following claims: SW 165, 167, 169, 171, 173, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 251, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 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	23/05/18	N/A	8.5	Great Basin Resources Inc	Great Basin Resources Inc	Great Basin Resources Inc

FCCC - Fort Cady (California) Corporation

Elementis - Elementis Specialties, Inc.

km² - Square Kilometres



Competent Person – Fort Cady Borate Project

The information in this release that relates to Exploration Targets, Exploration Results and Mineral Resources 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.

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.

This report contains historical exploration results from exploration activities conducted by Duval Corp ("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.

Competent Person Statement – Salt Wells South Project and Salt Wells North Project

The information in this report 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.