

American Pacific Borates Ltd

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American Pacific Borates developing specialty fertiliser from Fort Cady Borate Mine

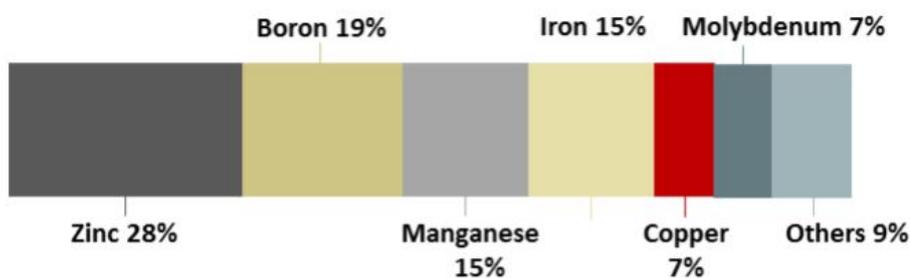
American Pacific Borates Ltd (ASX:ABR) is progressing towards early construction activities in December 2019 at its Fort Cady Borate Project in Southern California, US.

Fertiliser focus - boron, potassium and sulphur specialty fertiliser

ABR has commenced a process to engage a west coast and an east coast US university to conduct crop trials and studies on a combined boron, potassium and sulphur specialty fertiliser that can be produced directly from the main products produced (boric acid and SOP) at the Fort Cady Borate Mine.

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 the 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.



Value of micronutrient use in US by value (April 2018)

Currently, fertiliser major Mosaic Co (NYSE:MOS) produces a boron-potassium fertiliser marketed as Aspire.

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.

Importantly Aspire attracts a significant premium over Mosaics' primary potassium-based fertiliser.

With ABR's ability to produce the boron, potassium and sulphur specialty 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.

Price: 0.24

Market Cap: \$57.79 m

1 Year Share Price Graph



Share Information

Code: ABR

Listing: ASX

52 week High Low
0.505 0.145

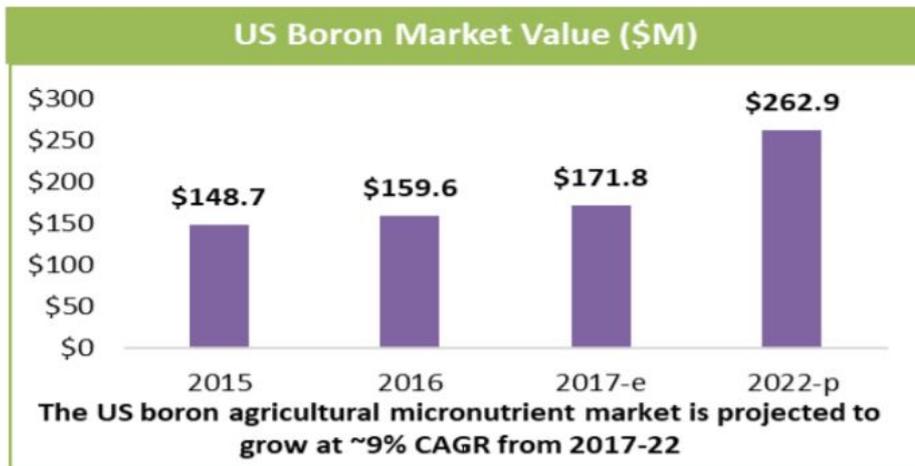
Sector: Battery Metals

Website: americanpacificborate.com

Company Synopsis:

American Pacific Borates' (ASX:ABR) Fort Cady Project in California hosts a multi-generational borate resource where boric acid, gypsum and potassium sulphate will be produced for the large North American specialty fertiliser market and new high-end technologies like electric vehicles and space shuttles.

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Estimates of US boron market value for use as a micro nutrient

Project financing

ABR is continuing to progress positive discussions with Amvest Capital and Chinese SOEs with respect to project finance and offtake contracts.

It is worth noting that the Fort Cady Borate Project has very strong financial and operational metrics including:

- Low upfront capex;
- Unlevered post tax IRR of 40.5% and an NPV of \$2.10 billion;
- Targeted EBITDA in first full year of production of US\$345 million;
- Modest initial production of boric acid to remove offtake risk; and
- A mining process that was successfully used on site for six years between 1995 and 2001

ABR has also been discussing a potential partner process with North American investment banks with deep mining and fertiliser markets experience.

Well funded to commence early site works

With ABR's current cash position it is in the fortunate position of being able to commence early on site infrastructure works in advance of receipt of the final operational permit and as such sees no urgency with respect to preparing and signing definitive legal agreements for project finance.

ABR is likely to progress several financing streams into final permitting including:

- Completing final negotiations with Amvest with respect to substantially debt financing the mine;
- Seeking offtake related financing support from Chinese SOEs;
- Running a partner process in North America focusing on listed mining and fertiliser companies; and
- Seeking to reduce capex via vendor finance or Build Own Operate Transfer arrangements

Detailed engineering

The current focus is on completion of site civil works detailed engineering to enable initial on-site construction activities in December 2019. This detailed engineering is progressing well.

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