American Pacific Borate & Lithium Ltd
Annual Report

30 June 2017

ABN 68 615 606 114

americanpacificborate.com

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CORPORATE DIRECTORY

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

Company Secretary
Mr. Aaron Bertolatti

Registered Office & Principal Place of Business
Level 24, Allendale Square,
77 St Georges Terrace,
PERTH WA 6000
Telephone:+ 61 6141 3145
Website: americanpacificborate.com

Share Registry
Advanced Share Registry Pty Ltd
110 Stirling Highway
NEDLANDS WA 6009
Telephone: +61 8 9389 8033

Auditors
RSM Australia Partners
Level 32, Exchange Tower,
2 The Esplanade
PERTH WA 6000
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 Borate & Lithium Limited ("American Pacific" or "the Company") and its subsidiaries ("the Group") for the period of incorporation, 28 October 2016 to 30 June 2017.

DIRECTORS

The names of the Directors of American Pacific Borate & Lithium Ltd during the financial period and to the date of this report are:

- Harold (Roy) Shipes (appointed 2 May 2017)
- Michael Schlumpberger (appointed 1 June 2017)
- Anthony Hall
- Stephen Hunt (appointed 2 May 2017)
- John McKinney (appointed 2 May 2017)
- Robert Wrixon (resigned 2 May 2017)
- Aaron Bertolatti (resigned 2 May 2017)

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

DIRECTORS' INFORMATION

Mr. Harold (Roy) Shipes (appointed 2 May 2017)
Non-Executive Chairman, BSc
Harold (Roy) Shipes has over 50 years' commercial experience in metals & mining – primarily engineering and project development around the world including the USA, Canada, Peru, Australia, PNG, Venezuela and Mexico. He served as CEO and General Manager of OK Tedi Mining Ltd, GM Operations for the Southern Peru Copper Corporation and previously for Phelps Dodge Corp.

Mr Shipes is Founder and President of a number of North American focused mining companies, including American Pacific Mining, Western States Engineering and Atlas Precious Metals Inc (the owner of the Fort Cady assets). Prior to his mining career, Mr Shipes served as a captain in the US Air Force.

Mr. Michael Schlumpberger (appointed 1 June 2017)
Managing Director, BEng (Mining), MBA
Michael Schlumpberger 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.

Mr Schlumpberger has held senior roles with Potash Corporation of Saskatchewan, Passport Potash and ASX listed Highfield Resources, and has worked in the United States, Canada, and Europe. Mr Schlumpberger holds an MBA from East Carolina University.

Mr. Anthony Hall
Executive Director, BBus, LLB(Hons), AGIA
Anthony Hall is a qualified lawyer with 20 years´ commercial experience in venture capital, risk management, strategy and business development. He was previously the Managing Director of ASX listed Highfield Resources Ltd (ASX: HFR) from 2011 to 2016. During his tenure the company´s market cap grew to over $500m and raised over $140m to progress potash projects in Spain. The Muga Mine will be the first potash mine built in fifty years that is not owned by a major fertiliser company. Mr Hall holds a Bachelor of Laws (Hons), Bachelor of Business and a Graduate Diploma of Applied Finance and Investment.

Mr. Stephen Hunt (appointed 2 May 2017)
Non-Executive Director, BBus, MAICD
Stephen Hunt has 25 years' experience in the marketing mineral products worldwide. His career includes 15 years at BHP Billiton where he spent 5 years in the London office marketing minerals to a global customer base. Mr. Hunt has built his own minerals trading company, which has a strong Chinese focus. He brings 15 years of cumulative board experience with four ASX listed companies. Two of those companies were successful in transitioning from project development to production. Currently Mr. Hunt is a Non-Executive Director of Volt Resources Ltd (ASX: VRC) and is a Member of the Australian Institute of Company Directors.

Mr. John McKinney (appointed 2 May 2017)
Non-Executive Director, BScBA
John McKinney, has performed in senior management positions in the mining industry for approximately 25 years. He is experienced in Corporate Operations, Management and Business Development. Mr. McKinney has co-founded a number of mining companies, including Western Gold Resources, American International Trading Company and Western States Engineering, an engineering company specializing in mining related engineering projects. His responsibilities have included overseeing operations in the U.S., Mexico and Bolivia, including Arisur, AITCO and Atlas Precious Metals in Bolivia. Mr. McKinney has been Executive Vice President of Atlas Precious Metals, Inc. since May 1994.

Dr. Robert Wrixon (resigned 2 May 2017)
Executive Director
Robert Wrixon has 19 years' commercial experience in corporate strategy, mining M&A and exploration management. He was previously MD of two ASX listed mining companies: Haranga Resources (focusing on iron ore in Mongolia) and Manhattan Corporation (uranium in Western Australia) and spent five years in corporate strategy for Xstrata plc based in Sydney and London, prior to the Glencore merger. Dr Wrixon holds an honours degree in chemical engineering and a Ph.D in mineral engineering from UC Berkeley.

COMPANY SECRETARY

Mr. Aaron Bertolatti (resigned as Executive Director on 2 May 2017)
B.Com, CA, AGIA
Mr. Bertolatti is a qualified Chartered Accountant and Company Secretary with over 10 years' experience in the mining industry and accounting profession. Mr. Bertolatti has both local and international experience and provides assistance to a number of resource companies with financial accounting and stock exchange compliance. Mr. Bertolatti has significant experience in the administration of ASX listed companies, corporate governance and corporate finance.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of American Pacific Borate & Lithium Limited are:

Director	Ordinary Shares	Options – exercisable at $0.20 each on or before 30-Nov-2021	Options – exercisable at $0.30 each on or before 31-May-2022
Harold (Roy) Shipes	49,220,000[1]	1,000,000	-
Michael Schlumpberger	250,000	-	4,000,000
Anthony Hall	5,020,001	1,500,000	1,000,000
Stephen Hunt	290,000	500,000	-
John McKinney	-	500,000	-

[1] Mr. Shipes is a director and shareholder (52% interest) of Atlas Precious Metals Inc.

RESULTS OF OPERATIONS

The Company's net loss after taxation attributable to the members of American Pacific for the period to 30 June 2017 was $848,511.

DIVIDENDS

No dividends were paid or declared. The directors do not recommend the payment of a dividend.

CORPORATE STRUCTURE

American Pacific Borate & Lithium Limited is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the reporting period the Group was focussed on activities in preparation for listing on the Australian Securities Exchange.

REVIEW OF OPERATIONS

American Pacific Borate and Lithium Limited is an Australian incorporated Company focused on advancing its 100% owned Fort Cady Boron and Lithium Project located in Southern California, USA. Fort Cady is a highly rare and large colemanite deposit with substantial lithium potential and is the largest known contained borate occurrence not owned by the two major borate producers Rio Tinto and Eti Maden.

The Company commenced trading on the Australian Securities Exchange on 28 July 2017, after successfully raising $15 million at $0.20 per share for its initial public offering (IPO). The Company issued 75m shares for its IPO (total shares on issue 169.6m), giving the company a fully diluted market capitalisation of $36.9 million.

The Company's US Project has a historical non-JORC mineral estimate of 115Mt at 7.4% B_2O_3 or 13.2% H_3BO_3 (boric acid) equivalent (5% B_2O_3 cut-off) including 69Mt at 9% B_2O_3 and 16% H_3BO_3 (7% B_2O_3 cut-off)[1,2,3]. The aforementioned estimates are 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.

More than US$50m has been spent at Fort Cady to date, with substantial operations test works having been completed:

- 33 diamond resource holes were drilled by Duval Corp (1979 - 1981) at 250m spacing
- 17 production wells completed
- Metallurgical testing, well field testing, pilot plant and borate acid test production completed
- Feasibility studies and permitting completed
- Three historic mineral estimates completed

Colemanite mineralisation occurs around 400m beneath surface and the deposit remains open to the northwest and southeast, while the colemanite horizon ranges from 30m to 75m thick in most areas. Lithium concentrations in excess of 300 ppm have also been defined within the colemanite ore body and concentrations up to 90 ppm have been recorded in the ambient brines within the ore body.

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[1] *Refer to Independent Geologists Report in APBL May 2017 prospectus (ASX release 27th July 2017)*

[2] *H_3BO_3 equivalent grade = 1.78 x B_2O_3*

[3] *The Company confirms that the supporting information provided in relation to the historical mineral estimates continues to apply and has not materially changed.*

The Project is close to existing infrastructure including an interstate highway and rail line (within 5km), gas and grid electricity, port access and a pilot plant.

The Company is planning on conducting the following activities over the remainder of 2017. These activities are focused on expediting development studies so the Fort Cady Project is construction ready in the second half of 2018:

- A total of 23 drill holes, for 9,500m, using a combination of open hole percussion, reverse circulation (RC) and diamond drilling (DD);
- The key objectives of the drilling programme are to:
  - Confirm the historical resource estimate and define a JORC Compliant Mineral Resource Estimate
  - Test open areas of the sub basin to the north west of the known colemanite horizon
  - Test for lithium-enriched brines in the Hector Lithium Exploration Project; and
- Commence initial metallurgical test work studies for process design optimisation

UPDATE ON EVALUATION OF HISTORICAL RESOURCE ESTIMATES

Subsequent to the end of financial period of this report, the Company commenced drilling to evaluate the historical resource estimates. At the time of writing this report, two drill holes have been spudded but neither of these drill holes have been completed. The Company plans on continuing the current confirmatory resource drilling program with the view of defining a maiden JORC Compliant Mineral Resource Estimate in the 2018 financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

American Pacific was incorporated in Australia on 28 October 2016 for the purpose of acquiring and developing borate and lithium projects. The Company lodged a Prospectus with ASIC in May 2017, offering up to 75,000,000 Shares at an issue price of 20 cents each to raise $15,000,000. The Company successfully listed on the Australian Securities Exchange on 28 July 2017.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The Company commenced trading on the Australian Securities Exchange on 28 July 2017, after successfully raising $15 million at $0.20 per share for its initial public offering (IPO). The Company issued 75m shares for its IPO (total shares on issue 169.6m). There have been no other significant events subsequent to the end of the financial period to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The operations of the Group are presently subject to environmental regulation under the laws of the United States. The Group is, to the best of its knowledge, at all times in full environmental compliance with the conditions of its licences.

SHARE OPTIONS

As at the date of this report there were 14,000,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price $	Expiry Date
7,000,000	$0.20	30-Nov-2021
1,000,000	$0.30	30-Nov-2021
6,000,000	$0.30	31-May-2022
14,000,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options expired unexercised during the financial period. No options were exercised during or since the period ended 30 June 2017.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence.

INDEMNIFICATION OF THE AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

DIRECTORS' MEETINGS

During the financial period, in addition to regular Board discussions, the number of meetings of Directors held during the period and the number of meetings attended by each Director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Harold (Roy) Shipes	-	-
Michael Schlumpberger	-	-
Anthony Hall	2	2
Stephen Hunt	-	-
John McKinney	-	-
Robert Wrixon	2	2
Aaron Bertolatti	2	2

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of American Pacific Borate & Lithium Limited support and adhere to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that American Pacific is in compliance to the extent possible with those guidelines, which are of importance and add value to the commercial operation of an ASX listed resources company. The Company has established a set of corporate governance policies and procedures and these can be found on the Company's website: americanpacificborate.com.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of American Pacific with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included within the annual report.

Non-Audit Services
Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in note 13 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

AUDITED REMUNERATION REPORT
This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel of American Pacific Borate & Lithium Limited for the financial period ended 30 June 2017. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001. The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Details of Directors and Key Management Personnel

Directors
- Harold (Roy) Shipes (appointed 2 May 2017)
- Michael Schlumpberger (appointed 1 June 2017)
- Anthony Hall
- Stephen Hunt (appointed 2 May 2017)
- John McKinney (appointed 2 May 2017)
- Robert Wrixon (resigned 2 May 2017)
- Aaron Bertolatti (resigned 2 May 2017)

Remuneration Policy
The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a yearly basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter and Remuneration Policy. The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings. Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. Non-executive directors do not receive performance-based pay.

Level	Cash Remuneration
Chairman	A$60,000
Managing Director	US$189,000
Non-Executive Director	A$36,000
Senior Executives	Up to A$200,000

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director of the Group for the period ended 30 June 2017 are as follows:

2017	Short term			Options		
	Base Salary $	Directors' Fees $	Consulting Fees $	Share Based Payments $	Total $	Option related %
Directors [1]						
Harold (Roy) Shipes[2]	-	9,678	-	10,366	20,044	51.7
Michael Schlumpberger[3]	-	-	29,810	20,808	50,618	41.1
Anthony Hall	-	-	40,000	85,980	125,980	68.2
Stephen Hunt[2]	-	5,806	-	5,183	10,989	47.2
John McKinney[2]	-	5,806	-	5,183	10,989	47.2
Robert Wrixon[4]	-	-	48,000	65,554	113,554	57.7
Aaron Bertolatti[4]	-	-	40,000	40,612	80,612	50.4
	-	**21,290**	**157,810**	**233,686**	**412,786**	

[1] American Pacific was incorporated on 28 October 2016.
[2] Harold Shipes, Stephen Hunt and John McKinney were appointed on 2 May 2017.
[3] Mike Schlumpberger was appointed on 1 June 2017.
[4] Robert Wrixon and Aaron Bertolatti resigned on 2 May 2017.

There were no other executive officers of the Company during the financial period ended 30 June 2017.

Shareholdings of Directors

The number of shares in the Company held during the financial period by Directors of the Group, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

2017	Balance at the start of the period[1]	Granted during the period as compensation	On exercise of share options	Other changes during the period	Balance at the end of the period
Directors					
Harold (Roy) Shipes[2]	-	-	-	49,220,000	49,220,000
Michael Schlumpberger[3]	-	-	-	250,000	250,000
Anthony Hall	-	-	-	5,020,001	5,020,001
Stephen Hunt[2]	-	-	-	100,000	100,000
John McKinney[2]	-	-	-	-	-
Robert Wrixon[4]	-	-	-	-	-
Aaron Bertolatti[4]	-	-	-	-	-

[1] American Pacific was incorporated on 28 October 2016.
[2] Harold Shipes, Stephen Hunt and John McKinney were appointed on 2 May 2017.
[3] Mike Schlumpberger was appointed on 1 June 2017.
[4] Robert Wrixon and Aaron Bertolatti resigned on 2 May 2017.

All equity transactions with Directors other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Option holdings of Directors

The numbers of options over ordinary shares in the Company held during the financial period by each Director of American Pacific Borate & Lithium Limited, including their personally related parties, are set out below:

2017	Balance at the start of the period[1]	Granted during the period as compensation	Exercised during the period	Other changes during the period	Balance at the end of the period	Exercisable	Un-exercisable
Directors							
Harold (Roy) Shipes[2]	-	1,000,000	-	-	1,000,000	-	1,000,000
Michael Schlumpberger[3]	-	4,000,000	-	-	4,000,000	-	4,000,000
Anthony Hall	-	2,500,000	-	-	2,500,000	-	2,500,000
Stephen Hunt[2]	-	500,000	-	-	500,000	-	500,000
John McKinney[2]	-	500,000	-	-	500,000	-	500,000
Robert Wrixon[4]	-	1,000,000	-	(1,000,000)	-	-	-
Aaron Bertolatti[4]	-	1,000,000	-	(1,000,000)	-	-	-

[1] American Pacific was incorporated on 28 October 2016.

[2] Harold Shipes, Stephen Hunt and John McKinney were appointed on 2 May 2017.

[3] Mike Schlumpberger was appointed on 1 June 2017.

[4] Robert Wrixon and Aaron Bertolatti resigned on 2 May 2017.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. Options granted as part of remuneration have been valued using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk-free interest rate for the term of the option. Options granted under the plan carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to note 18.

Options Affecting Remuneration

The terms and conditions of options affecting remuneration in the current or future reporting years are as follows:

	Grant Date	Grant Number	Expiry date/last exercise date	Exercise price per option	Value of options at grant date[1]	Number of options vested	Vested %	Max value yet to vest
Directors								
Harold (Roy) Shipes	02/05/17	1,000,000	30/11/21	$0.20	$78,266	-	-	$67,900
Michael Schlumpberger	01/06/17	4,000,000	31/05/22	$0.30	$423,239	-	-	$402,431
Anthony Hall	01/12/16	1,000,000	30/11/21	$0.20	$81,440	-	-	$29,678
	21/04/17	500,000	30/11/21	$0.20	$39,253	-	-	$11,219
	26/05/17	1,000,000	31/05/22	$0.30	$105,976	-	-	$99,792
Stephen Hunt	02/05/17	500,000	30/11/21	$0.20	$39,133	-	-	$33,950
John McKinney	02/05/17	500,000	30/11/21	$0.20	$39,133	-	-	$33,950
Robert Wrixon	01/12/16	500,000	30/11/21	$0.20	$40,720	-	-	$3,200
	21/04/17	500,000	30/11/21	$0.20	$39,253			$11,219
Aaron Bertolatti	01/12/16	500,000	30/11/21	$0.20	$40,720	-	-	$3,200
	26/05/17	500,000	31/05/22	$0.30	$52,988	-	-	$49,896
		10,500,000			**$980,121**			**$746,435**

[1] The value at grant date has been calculated in accordance with AASB 2 *Share based payments.*

Service Agreements
Executive Directors
The Managing Director, Mr. Michael Schlumpberger is employed under an Executive Employment Agreement effective 1 June 2017. Under the agreement Mr. Schlumpberger is paid an annual fee of US$189,000. Mr. Schlumpberger also has the opportunity to participate in short term and long-term incentive schemes that the Company may put in place in the future. The Agreement may be terminated by the Company without notice or without cause by giving six months' notice in writing or payment in lieu of notice. The Agreement may also be terminated by Mr. Schlumberger by providing six months' notice in writing.

Mr. Anthony Hall is employed under an Executive Employment Agreement effective 1 March 2017. Under the agreement Mr. Hall is paid an annual fee of A$120,000. Mr. Hall also has the opportunity to participate in short term and long-term incentive schemes that the Company may put in place in the future.

Non-Executive Directors
On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the Director. The aggregate remuneration for Non-Executive Directors has been set at an amount not to exceed $500,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

Loans to Directors and Executives
There were no loans to Directors and key management personnel during the financial period ended 30 June 2017.

END OF AUDITED REMUNERATION REPORT

Signed on behalf of the Board in accordance with a resolution of the Directors.

Michael Schlumpberger
Managing Director
California, USA
21 September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the period ended 30 June 2017

	Note	28 October 2016 - 30 June 2017 $
Continuing Operations		
Interest received		1,521
Professional and consulting fees		(285,258)
Director and employee costs		(21,290)
Other expenses		(19,782)
Share based payments expense	18	(367,427)
Travel and accommodation		(156,275)
Loss before income tax		**(848,511)**
Income tax expense	3	-
Net loss for the period		**(848,511)**
Other comprehensive income		
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations		(13,284)
Other comprehensive income for the period net of tax		**(13,284)**
Total comprehensive loss for the period		**(861,795)**
Loss per share		
Loss per share (cents)	16	(3.00)

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 30 June 2017*

	Note	30 June 2017 $
Current Assets		
Cash and cash equivalents	4	4,883,114
Other assets	5	46,070
Trade and other receivables	6	20,171
Total Current Assets		4,949,355
Non-Current Assets		
Property, plant and equipment	7	646,672
Deferred exploration and evaluation expenditure	8	10,386,377
Total Non-Current Assets		11,033,049
Total Assets		15,982,404
Current Liabilities		
Trade and other payables	9	5,356,297
Total Current Liabilities		5,356,297
Total Liabilities		5,356,297
Net Assets		**10,626,107**
Equity		
Issued capital	10	11,120,475
Reserves	11	354,143
Accumulated losses	12	(848,511)
Total Equity		**10,626,107**

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 30 June 2017*

	Issued capital $	Accumulated losses $	Foreign exchange translation reserve	Share option reserve $	Total $
Balance at 28 October 2016	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the period					
Loss for the period	-	(848,511)	-	-	(848,511)
Foreign currency translation	-	-	(13,284)	-	(13,284)
Total comprehensive loss for the period	-	(848,511)	(13,284)	-	(861,795)
Transactions with owners in their capacity as owners					
Shares issued during the period	11,432,002	-	-	-	11,432,002
Cost of issue	(311,527)	-	-	-	(311,527)
Share based payment	-	-	-	367,427	367,427
Balance at 30 June 2017	**11,120,475**	**(848,511)**	**(13,284)**	**367,427**	**10,626,107**

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 30 June 2017*

	Note	28 October 2016 - 30 June 2017 $
Cash flows from operating activities		
Payments to suppliers and employees		(247,196)
Interest received		1,521
Net cash used in operating activities	4	**(245,675)**
Cash flows from investing activities		
Payments for exploration expenditure		(1,274,620)
Net cash used in investing activities		**(1,274,620)**
Cash flows from financing activities		
Proceeds from issue of shares		1,640,002
Proceeds from IPO shares to be issued	9	4,857,474
Payments for share issue costs		(94,067)
Net cash provided by financing activities		**6,403,409**
Net increase in cash and cash equivalents		4,883,114
Cash and cash equivalents at the beginning of the period		-
Effect of exchange rate fluctuations on cash		-
Cash and cash equivalents at the end of the period	4	**4,883,114**

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

1. Corporate Information

The financial report of American Pacific Borate & Lithium Limited ("American Pacific" or "the Company") for the period ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 21 September 2017. American Pacific is a company limited by shares incorporated in Australia whose shares commenced public trading on the Australian Securities Exchange on 28 July 2017. 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

The financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have also been prepared on a historical cost basis. The presentation currency is Australian dollars.

Comparatives

The Company was incorporated on 28 October 2016 and listed on the ASX on 28 July 2017; therefore, there is no comparative data for the period ended 30 June 2017.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

(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).

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of American Pacific Borate & Lithium Limited ('the Company') and its subsidiaries as at 30 June each year ('the Group'). Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full. Unrealised losses are also eliminated unless costs cannot be recovered. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

(d) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's controlled entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of American Pacific Borate & Lithium Limited is Australian dollars. The functional currency of the US subsidiary is the US Dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

(iii) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable.

(e) Segment Reporting

For management purposes, the Company is organised into one main operating segment, which involves exploration for Borates and Lithium. All of the Company's activities are interrelated, and discrete financial information is reported to the Managing Director (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

(f) Changes in accounting policies and disclosures

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for future reporting periods. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and therefore, no change will be necessary to Company accounting policies.

(g) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
  (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities.
General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

(h) Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when:

- the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when:

- the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be recognised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is recognised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Government. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Government is included as part of receivables or payables in the statement of financial position. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the Government, are disclosed as operating cash flows.

(j) Impairment of non-financial assets other than goodwill

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(o) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(p) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term. Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(q) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(r) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(s) Earnings per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Share based payment transactions

(i) Equity settled transactions:

The Company provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Company in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions'). There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 18. The expected price volatility is based on the historic volatility of the Company's share price on the ASX.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of American Pacific Borate & Lithium Limited ('market conditions'). The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting year has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a year represents the movement in cumulative expense recognised at the beginning and end of the year.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 16).

(ii) Cash settled transactions:

The Company may also provide benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of the Company.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the year until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(u) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the year in which the estimate is revised if it affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Share-based payment transactions:
The Company measures the cost of equity-settled transactions and cash-settled share-based payments with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at the grant date is determined using the Black and Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted and the assumptions detailed in note 18.

Acquisition of Fort Cady California Corporation
Key estimates and judgments are applied in the acquisition accounting including determining the type of acquisition, the fair value of the assets and liabilities acquired and the fair value of the consideration paid. The acquisition was determined by the directors to be an asset acquisition as detailed in note 8.

Deferred Exploration and evaluation Expenditure
Deferred exploration and evaluation expenditure has been capitalised on the basis that the company will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

(v) New standards and interpretations not yet adopted
The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred.

A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact of the new leases standard is that leased asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term and a liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The Group will adopt this standard from 1 July 2019.

	2017 $
3. Income Tax	
(a) Income tax expense	
Major component of tax expense for the period:	
Current tax	-
Deferred tax	-
	-
(b) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate.	
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:	
Loss from continuing operations before income tax expense	(848,511)
Tax at the Australian rate of 30%	(254,553)
Share based payments	110,228
Non-deductible legal expenses	-
Income tax benefit not brought to account	(144,325)
Income tax expense	-
(c) Deferred tax	
The following deferred tax balances have not been bought to account:	
Liabilities	
Total exploration and evaluation expenditure	-
Offset by deferred tax assets	-
Deferred tax liability recognised	-
Assets	
Losses available to offset against future taxable income	139,825
Accrued expenses	4,500
Deferred tax assets offset against deferred tax liabilities	-
Net deferred tax asset not recognised	**144,325**
(d) Unused tax losses	
Unused tax losses	466,084
Potential tax benefit not recognised at 30%	**139,825**

The benefit for tax losses will only be obtained if:

i. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
ii. the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
iii. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

		2017 $
4.	**Cash and cash equivalents**	
	Reconciliation of cash	
	Cash comprises of:	
	Cash at bank	25,640
	Restricted Cash – IPO funds received	4,857,474
		4,883,114
	Reconciliation of operating loss after tax to net cash flow from operations	
	Loss after tax	(848,511)
	Non-cash and non-operating items	
	Share based payments	367,427
	Change in assets and liabilities	
	Decrease / (increase) in trade and other receivables	(66,240)
	Increase / (decrease) in trade and other payables	301,649
	Net cash flow used in operating activities	**(245,675)**

Non-cash investing and financing activities

During the period ended 30 June 2017, the Company issued 80,000,000 ordinary shares as consideration for the acquisition of Fort Cady (California) Corporation. Refer to Note 8 for details of the identifiable assets acquired.

5.	**Other assets**	
	Prepayments	46,070
		46,070

6.	**Trade and other receivables**	
	GST receivable	20,171
		20,171

Debtors, other debtors and GST receivable are non-interest bearing and generally receivable on 30-day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

7.	**Property, plant and equipment**	
	Land at cost	**646,672**
	Movements in property, plant and equipment:	
	Opening balance	-
	Additions through acquisition – Land held by Fort Cady (California) Corporation	659,957
	Net exchange differences on translation	(13,285)
	Closing balance	**646,672**

The land was acquired on acquisition from Fort Cady (California) Corporation on 2 May 2017. The land was valued at US$497,000 as at 31 December 2016 and this valuation is the deemed cost on acquisition. The fair value of the land was determined based on current prices in an active market for similar properties of the same location and condition. Refer to Note 8.

	2017 $
8. Deferred Exploration and Evaluation Expenditure	
Exploration and Evaluation phase - at cost	
Opening balance	-
Acquisition of exploration tenements	8,940,043[1]
Exploration and evaluation expenditure incurred during the period	1,446,334
Closing balance	**10,386,377**

[1] At 30 June 2017 the deferred exploration and evaluation balance included an amount of $8,940,043 being the identifiable exploration assets acquired upon the issue of 80,000,000 shares issued to the vendors of Fort Cady (California) Corporation for the acquisition of the Company's USA projects at $0.12 per share.

Purchase consideration:	
80,000,000 Ordinary shares	9,600,000
Identifiable assets acquired:	
Exploration tenements	8,940,043
Land	659,957
	9,600,000

During the period, the Group acquired a number of tenements in the USA. These acquisitions did not constitute a business combination and the cost of the acquisitions have been allocated to the individual identifiable assets and liabilities on the basis of their respective fair values. 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.

9. Trade and Other Payables

Trade payables	462,533
Other payables[1]	4,857,474
Accruals	36,290
	5,356,297

[1]The Company lodged an IPO Prospectus with ASIC in May 2017. The offer opened in June 2017 and the Company received funds totalling $4,857,474 for shares to be issued to IPO applicants. The offer closed on 3 July 2017 and shares were allotted on 25 July 2017.

Trade creditors and other creditors are non-interest bearing and generally payable on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

10. Issued Capital

(a) Issued and paid up capital

Issued and fully paid	**11,120,475**

	Number of shares	$
(b) Movements in ordinary shares on issue		
Opening Balance	-	-
Shares issued and fully paid	14,600,002	1,832,002
Shares issued as consideration for acquisition[1]	80,000,000	9,600,000
Transaction costs on share issue	-	(311,527)
	94,600,002	**11,120,475**

[1] 80,000,000 fully paid ordinary shares were issued to the vendors of the Fort Cady (California) Corporation for the acquisition of the Company's USA projects at a deemed issue price of $0.12 per share. Refer to Note 8.

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Company's capital comprises share capital, reserves less accumulated losses amounting to a net equity of $10,626,107 at 30 June 2017. The Company manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Company was ungeared at period end and not subject to any externally imposed capital requirements. Refer to note 17 for further information on the Company's financial risk management policies.

(e) Share Options

As at the date of this report there were 14,000,000 unissued ordinary shares under options. The details of the options are as follows:

Number	Exercise Price $	Expiry Date
7,000,000	$0.20	30-Nov-2021
1,000,000	$0.30	30-Nov-2021
6,000,000	$0.30	31-May-2022
14,000,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options expired unexercised during the financial period. No options were exercised during or since the period ended 30 June 2017.

	2017 $
11. Reserves	
Foreign exchange translation reserve	(13,284)
Share option reserve	367,427
	354,143

	2017 $
Movements in Reserves	
Foreign exchange translation reserve	
Opening balance	-
Foreign exchange translation difference	(13,284)
Closing balance	**(13,284)**

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

Share option reserve	
Opening balance	-
Share based payments expense	367,427
Closing balance	**367,427**

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 18 for further details of the securities issued during the financial period ended 30 June 2017.

12. Accumulated Losses

Movements in accumulated losses were as follows:	
Opening balance	-
Loss for the period	(848,511)
Closing balance	**(848,511)**

13. Auditor's Remuneration

The auditor of American Pacific Borate & Lithium Limited is RSM Australia Partners

Amounts received or due and receivable by the parent auditor for:	
- an audit or review of the financial report	27,000
Other services:	
- Preparation of Independent Accountant's Report	12,000
	39,000

14. Directors and Key Management Personnel Disclosures

(a) Remuneration of Directors and Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and key management personnel of the Company for the financial period are as follows:

Short term employee benefits	179,100
Share based payments	233,686
Total remuneration	**412,786**

(b) Other transactions with key management personnel

Atlas Precious Metals Inc., a company controlled by Mr. Harold (Roy) Shipes received 49,220,000 ordinary shares in the Company as consideration for being a vendor of Fort Cady (California) Corporation as part of the acquisition.

JAWAF Enterprises Pty Ltd company in which Mr. Anthony Hall is a director, charged the Company consulting fees of $40,000. The consulting fee is included in Note 14(a) "Compensation of key management personnel". $40,000 was outstanding at period end. JAWAF Enterprises Pty Ltd also received 4,720,000 ordinary shares in the Company as consideration for being a vendor of Fort Cady (California) Corporation as part of the acquisition.

Schlumpberger Inc. a company in which Mr. Michael Schlumpberger is a director, charged the Company consulting fees of $29,810. The consulting fee is included in Note 14(a) "Compensation of key management personnel". $19,684 was outstanding at period end.

Good Spirit International Limited a company in which Dr. Robert Wrixon is a director, charged the Company consulting fees of $48,000. The consulting fee is included in Note 14(a) "Compensation of key management personnel". Nil was outstanding at period end. Good Spirit International Limited also received 4,000,000 ordinary shares in the Company as consideration for being a vendor of Fort Cady (California) Corporation as part of the acquisition.

Mr. Aaron Bertolatti charged the Company consulting fees of $25,000. 1918 Consulting Pty Ltd a company in which Mr. Bertolatti is a director, charged the Company consulting fees of $15,000. The consulting fee is included in Note 14(a) "Compensation of key management personnel". $15,000 was outstanding at period end.

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms. There were no other transactions with key management personnel for the period ended 30 June 2017.

15. Related Party Disclosures

(a) Key management personnel

For Director related party transactions please refer to Note 14 "Key Management Personnel Disclosures".

(b) Subsidiaries

The consolidated financial statements include the financial statements of American Pacific Borate & Lithium 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%

16. Loss per Share

	2017 $
Loss used in calculating basic and dilutive EPS	(848,511)
	Number of Shares
Weighted average number of ordinary shares used in calculating basic loss per share:	28,254,474
Effect of dilution:	
Share options	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	28,254,474

There is no impact from 14,000,000 options outstanding at 30 June 2017 on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

17. Financial Risk Management

Exposure to foreign currency risk, credit risk, liquidity risk and interest rate risk arises in the normal course of the Company's business. The Company uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Directors expect that present levels of liquidity along with future capital raising will be adequate to meet expected capital needs.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Company manages the risk by investing in short term deposits.

	2017 **$**
Cash and cash equivalents	4,883,114

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss ($) **2017**	Effect on equity including retained earnings ($) Increase/(Decrease) **2017**
Increase 75 basis points	36,623	36,623
Decrease 75 basis points	(36,623)	(36,623)

A sensitivity of 75 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's maximum credit exposure is the carrying amounts on the statement of financial position. The Company holds financial instruments with credit worthy third parties. At 30 June 2017, the Company held cash at bank. 100% of the Company's cash was held in financial institutions with a rating from Standard & Poors of AA or above (long term). The Company has no past due or impaired debtors as at 30 June 2017.

(d) Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

2017	Liabilities $	Assets $
US Dollar	130	646,802

18. 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:

	2017 $
Employee and Director share based payments	233,686
Share based payments to suppliers	133,741
	367,427

(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 Borate & Lithium 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 Borate & Lithium Limited.

The fair value at grant date of options granted during the reporting period 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 year period 30 June 2017:

Grant Date	Expiry date	Exercise price per option	Balance at start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at end of the period	Exercisable at end of the period
			Number	Number	Number	Number	Number	Number
01/12/2016	30/11/2021	$0.20	-	2,000,000	-	-	2,000,000	-
21/04/2017	30/11/2021	$0.20	-	1,000,000	-	-	1,000,000	-
02/05/2017	30/11/2021	$0.20	-	2,000,000	-	-	2,000,000	-
26/05/2017	31/05/2022	$0.30	-	1,500,000	-	-	1,500,000	-
01/06/2017	31/05/2022	$0.30	-	4,000,000	-	-	4,000,000	-
				10,500,000	**-**	**-**	**10,500,000**	

The expense recognised in respect of the above options granted during year was $233,686. The model inputs, not included in the table above, for options granted during the period ended 30 June 2017 included:

a) options were granted for no consideration;
b) expected lives of the options range from 4.6 to 5.0 years;
c) share price at grant date ranged from $0.12 to $0.16;
d) expected volatility of 100%;
e) expected dividend yield of nil; and
f) a risk-free interest rate of 1.90%

(c) Share-based payment to suppliers

During the financial period ended 30 June 2017 the Company issued unlisted options to consultants for services rendered during the financial period. 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	Granted during the period	Exercised during the period	Expired during the period	Balance at end of the period	Exercisable at end of the period
			Number	Number	Number	Number	Number	Number
01/12/2016	30/11/2021	$0.20	-	500,000	-	-	500,000	-
21/04/2017	30/11/2021	$0.20	-	1,500,000	-	-	1,500,000	-
21/04/2017	30/11/2021	$0.30	-	1,000,000	-	-	1,000,000	-
26/05/2017	31/05/2022	$0.30	-	500,000	-	-	500,000	-
				3,500,000	**-**	**-**	**3,500,000**	

The expense recognised in respect of the above options granted during the year was $133,741. The model inputs, not included in the table above, for options granted during the period ended 30 June 2017 included:

a) options were granted for no consideration;
b) expected lives of the options range from 4.6 to 5.0 years;
c) share price at grant date ranged from $0.12 to $0.16;
d) expected volatility of 100%;
e) expected dividend yield of nil; and
f) a risk-free interest rate of 1.90%

19. 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 the exploration for Borate and Lithium.

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 period ended 30 June 2017:

	Australia $	US $	Total
Period ended 30 June 2017			
Revenue			
Interest income	1,521	-	1,521
Segment revenue	**1,521**	**-**	**1,521**
Result			
Loss before tax	(848,511)	-	(848,511)
Income tax expense	-	-	-
Loss for the period	**(848,511)**	**-**	**(848,511)**
Asset and liabilities			
Segment assets	4,949,224	11,033,180	15,982,404
Segment liabilities	(5,356,167)	(130)	(5,356,297)

20. Commitments

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 US$75,000 per annum until expiry on 1 October 2021. The minimum lease commitments as at 30 June 2017 are as follows:

	2017 $
Within one year	99,088
Later than one year but not later than five years	322,037
	421,135

21. Parent Entity Information

The following details information related to the parent entity, American Pacific Borate & Lithium Limited, at 30 June 2017. The information presented here has been prepared using consistent accounting policies with those presented in Note 2.

Current assets	4,949,124
Total assets	15,895,558
Current liabilities	(5,356,167)
Total liabilities	(5,356,167)
Net assets	**10,539,391**
Issued capital	11,120,475
Reserves	367,427
Accumulated losses	(948,511)
	10,539,391
Loss of the parent entity	(948,511)
Other comprehensive income for the period	-
Total comprehensive loss of the parent entity	**(948,511)**

Other Commitments

The Company had no commitments as at 30 June 2017.

Contingent Liabilities

The Company had no contingent liabilities as at 30 June 2017.

22. Significant Events after the Reporting Date

The Company commenced trading on the Australian Securities Exchange on 28 July 2017, after successfully raising $15 million at $0.20 per share for its initial public offering (IPO). The Company issued 75m shares for its IPO (total shares on issue 169.6m).

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

23. Contingent Assets and Liabilities

There are no known contingent assets or liabilities as at 30 June 2017.

24. Dividends

No dividend was paid or declared by the Company in the period ended 30 June 2017 or the period since the end of the financial period and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial period ended 30 June 2017.

In accordance with a resolution of the Directors of American Pacific Borate & Lithium Limited, I state that:

1. In the opinion of the Directors:

   a) the financial statements and notes of American Pacific Borate & Lithium Limited for the period ended 30 June 2017 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the consolidated financial position as at 30 June 2017 and of its performance for the period ended on that date; and

      ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).

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.

3. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial period ended 30 June 2017.

On behalf of the Board

Michael Schlumpberger
Managing Director

California, USA
21 September 2017

RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of American Pacific Borate & Lithium Ltd for the period 28 October 2016 to 30 June 2017, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS

A Whyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 21 September 2017

RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AMERICAN PACIFIC BORATE & LITHIUM LTD

Opinion

We have audited the financial report of American Pacific Borate & Lithium Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period 28 October 2016 to 30 June 2017, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the period 28 October 2016 to 30 June 2017; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Acquisition of Fort Cady California Corporation

Refer to Note 8 in the financial statements</td></tr>
<tr><td>On 2 May 2017, the group acquired 100% of the issued capital in Fort Cady California Corporation (FCCC) for consideration of $9,600,000 through the issue of ordinary shares. The acquisition was considered by management to be an asset acquisition and resulted in the recognition of deferred exploration and evaluation expenditure of $8,940,043 being the rights to the Fort Cady Boron and Lithium Project.

The acquisition of FCCC is considered to be a key audit matter because it is material to the Group and the acquisition accounting involves the exercise of significant management judgement to determine the accounting treatment of the acquisition, the fair value of the consideration paid and the fair value of assets and liabilities acquired.</td><td>Our audit procedures in relation to the acquisition of FCCC included:
Reviewing the sale and purchase agreement to understand the transaction and the related accounting considerations;
Evaluating management's determination that the acquisition did not meet the definition of a business within AASB 3 Business Combinations and therefore was an asset acquisition as opposed to a business combination;
Evaluating management's determination that FCCC was not the acquiring entity, and that therefore the transaction should not be accounted for using the principles of reverse acquisition accounting;
Assessing management's determination of the fair value of the consideration paid; and
Assessing the appropriateness of the disclosures in the financial report in respect of the acquisition.</td></tr>
<tr><td colspan="2">Carrying value of Deferred Exploration and Evaluation Expenditure

Refer to Note 8 in the financial statements</td></tr>
<tr><td>The Group has capitalised a significant amount of exploration and evaluation expenditure, with a carrying value of $10,386,377 as at 30 June 2017.

Under AASB 6 Exploration for and Evaluation of Mineral Resources, the Company is required to test the deferred exploration and evaluation expenditure asset for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. This assessment was significant to our audit as a result of the judgement and complexity involved.</td><td>Our audit procedures in relation to the carrying value of the deferred exploration and evaluation asset included:
Reviewing the valuation of acquired exploration rights;
Obtaining evidence that the Group has valid rights to explore in the specific area;
Enquiring with and assessing management's basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exists;
Enquiring with management and reviewing budgets and plans to test that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific area; and
Reviewing minutes of director meetings to ensure there have been no adverse impact on the specific area.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period 28 October 2016 to 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the period 28 October 2016 to 30 June 2017.

In our opinion, the Remuneration Report of American Pacific Borate & Lithium Ltd, for the period 28 October 2016 to 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM
RSM AUSTRALIA PARTNERS

A Whyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 21 September 2017

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 15 September 2017.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	5	504
1,001 - 5,000	48	147,124
5,001 - 10,000	34	283,022
10,001 - 100,000	300	16,208,961
100,001 - and over	186	152,960,391
TOTAL	**573**	**169,600,002**

There were 10 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Shares	%
Atlas Precious Metals Inc	49,220,000	29.02
ISLV Partners Llc	6,780,000	4.00
J P Morgan Nominees Australia Limited	6,580,851	3.88
JAWAF Enterprises Pty Ltd <Hall Family A/C>	4,840,000	2.85
Bring on Retirement Ltd	4,720,000	2.78
Mr Daniel Eddington + Mrs Julie Eddington <DJ Holdings A/C>	4,700,000	2.77
Good Spirit International Limited	4,000,000	2.36
Scor Go Luath Limited	3,920,000	2.31
WWB Investments Pty Ltd	3,750,000	2.21
HSBC Custody Nominees (Australia) Limited	3,469,150	2.05
Bring on Retirement Ltd	2,075,435	1.22
E & E Hall Pty Ltd <E & E Hall P/L S/F A/C>	2,020,000	1.19
UBS Nominees Pty Ltd	1,978,252	1.17
Wealth Defender Limited	1,920,000	1.13
Dundee Corporation Limited	1,600,000	0.94
BNP Paribas Nominees Pty Ltd	1,225,000	0.72
Jason Ryan	1,000,000	0.59
HGT Investments Pty Ltd	1,000,000	0.59
Kanbah Pty Ltd <Kanbah Super Fund A/C>	949,801	0.56
Bring on Retirement Ltd	850,000	0.50
	106,598,489	62.85

Substantial Shareholders

Name	Shares	
Atlas Precious Metals Inc	49,220,000	29.02

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial period ended 30 June 2017.

Unlisted Options

Class	Number	Holders with more than 20
Options over ordinary shares exercisable at $0.20 on or before 30 November 2021.	7,000,000	- JAWAF Enterprises Pty Ltd <Hall Family A/C> 1,500,000 Options
Options over ordinary shares exercisable at $0.30 on or before 30 November 2021.	1,000,000	- Arkley Ventures Limited 1,000,000 options
Options over ordinary shares exercisable at $0.30 on or before 31 May 2022.	6,000,000	- Michael X. Schlumpberger 4,000,000 options

American Pacific's USA Projects

Project	Tenement Name	Country	Status	Grant Date	Expiry Date	Area km^2	Ownership Rights		
							Surface	Mineral	Lessee
Fort Cady Borate and Lithium 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 Geyser 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 0.65 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

FCCC - Fort Cady (California) Corporation

Elementis - Elementis Specialties, Inc.

USA Project Locations

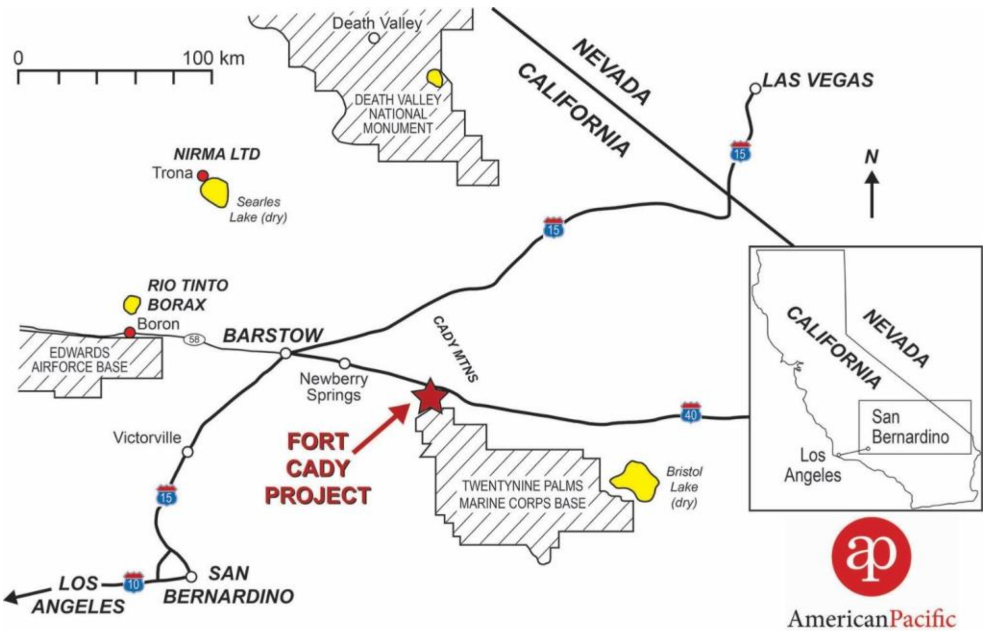

Figure 1: Location of the Fort Cady Borate and Lithium Project, California USA

Disclaimer about Historical Estimates

The aforementioned estimates are 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.

Competent Person

The information in this report which relates to exploration targets, exploration results and historical mineral estimates is based on, and fairly represents, information and supporting documentation compiled by Lachlan Rutherford (PhD, MBA) the Company's Head of Strategy & Corporate Development. Dr Rutherford is a competent person who is a member of the Australian Institute of Mining & Metallurgy, and a full-time employee of the Company. Dr Rutherford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2012 edition of the JORC Code. Dr Rutherford consents to the inclusion of the matters based in this Prospectus on his information noted in the form and context in which it appears.