



## ASX / TSX ANNOUNCEMENT

28 September 2016

### **Orocobre's MD and CEO, Richard Seville speaks to Finance News Network**

Orocobre Limited (ORE:ASX, ORL:TSX) ("Orocobre" or "the Company") is pleased to provide shareholders with an update on the Company and its projects, future direction and goals, the lithium market and current and future pricing.

To view the video online please copy and paste the URL below into your web browser:

**<http://www.finnewsnetwork.com.au/MediaCenter/AsxMediaCenter.aspx?Site=FNN794>**

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**Finance News Network Transcription of Discussion at the ASX CEO Sessions with Orocobre Limited (ASX:ORE) MD and CEO, Richard Seville**

Orocobre Limited (ASX:ORE) MD and CEO, Richard Seville, discusses the company's latest results and provides an update on its Olaroz lithium facility in Argentina.

Orocobre is an ASX and TSX listed company. We've just entered the ASX 200 index, which is a very proud moment for us. Since we floated in December 2007, we've been absolutely focused on exploring and developing the Olaroz lithium project in Northern Argentina. We started production early last year and now we're coming to the end of our ramp up process.

The highlight is that we achieved profitability, so now we've established ourselves as a producer. The EBITDAX for the Olaroz project was \$7.8 million in the last two months of the year, those two months since we established commercial production. We did 6,900 tonnes of production and our ramp up continues, and we're in a good position to start FY17. The company's very proud of achieving a number of things. We've taken this project from exploration, through development and into production. And into profitability now, that's taken a lot of effort, a big team approach. Financing a challenge, working in Argentina a challenge, 4,000 metres a challenge. Now we're established as a profitable low cost producer and that's a great opportunity for the future.

The stage II expansion is under scoping study process at the moment. It would be very simple just to look at doubling capacity, go from 17,500 tonnes design capacity to 35,000 tonnes. But there's the opportunity there to do things a little bit different. The lithium hydroxide market is a market that's growing strongly. So as part of the scoping studies, we're contemplating whether we should be including that in our product mix, or whether we should just be sticking with lithium carbonate. The end result of that study, or the end of that process is the end of September and then we can make a decision, how we should advance into the feasibility studies. And all being well, we could be looking at commissioning an expanded project at the backend of 2018, with meaningful production in 2019.

The priority from an operational point of view is to optimise our production processes. So we have now a plant that we can operate and produce at a low cost. So it's all about developing optimum operating practises, improved recovery, reduced operating costs and achieving design throughput. There is a project that we have to achieve to get the design throughput in the purification circuit, that's adding a cyclone bank. That should be done in November and that allows us full capacity through the thickener. But that's the only mechanical thing that needs to be done; otherwise it's all about developing a well-versed practise at operating levels.

We've had a strong lithium price over the last year, year and a half. It's grown from around long-term average of about \$5,000/\$5,500 a tonne, currently more than double that. And we're seeing peak pricing in China on the so-called spot market, of closer to \$20,000 a tonne, back in the first half of this year. That strong price is driven by strong demand. And if we look back over recent years, we're seeing a strong demand for batteries and consumer electronics, computers, mobile phones, iPads and then into portable power tools, and the like. More recently, we're seeing strong demand through the EV sector and that's going to drive demand going forward, as well as the use of batteries in renewables and power grid storage.

Now that's one side of the equation. The second side of the equation is the supply side and the supply side has been muted. So in the past, people expecting SQM (NYSE:SQM) and Rockwood Holdings Inc. (NYSE:ROC), now Albemarle Corporation (NYSE:ALB) to provide the lithium for the future. Their supply response has been muted, it's created a squeeze in supply and hence we've seen the high prices. But we see that supply squeeze continuing. The ramp up from other projects, the project pipeline, it always takes longer. So we see an undersupply situation in coming years and firm pricing in years to come.

In a year's time, I expect Orocobre to be in a very strong position. We have a low cost business, we're producing increasing amounts of product and we'll have strong cash flows through this year. So our balance sheet will improve. There's about \$100 million worth of shareholders funds that have been put in, in terms of short-term funding to the subsidiary company. That money will all flow back to our Orocobre in the next two years. And at the backend of next year, we should be in a position whereby we'll be building our expanded projects, with the aim of having production kicking off at the backend of 2018, and ramping up into 2019. So in the past years, we've had our trials and tribulations, we're in a strong position now and we'll have a good year I'm sure.

## **Ends**

### **About Orocobre Limited**

Orocobre Limited is listed on the Australian Securities Exchange and Toronto Stock Exchange (ASX:ORE) (TSX:ORL), and is building a substantial Argentinian-based industrial chemicals and minerals company through the construction and operation of its portfolio of lithium, potash and boron projects and facilities in the Puna region of northern Argentina. The Company has built, in partnership with Toyota Tsusho Corporation and JEMSE, the first large-scale, greenfield brine based lithium project in approximately 20 years at the Salar de Olaroz with planned production of 17,500 tonnes per annum of low-cost battery grade lithium carbonate.

The Olaroz Lithium Facility has a low environmental footprint because of the following aspects of the process:

- The process is designed to have a high processing recovery of lithium. With its low unit costs, the process will result in low cut-off grades, which will maximise resource recovery.
- The process route is designed with a zero liquid discharge design. All waste products are stored in permanent impoundments (the lined evaporation ponds). At the end of the project life the ponds will be capped and returned to a similar profile following soil placement and planting of original vegetation types.
- Brine is extracted from wells with minimum impact on freshwater resources outside the salar. Because the lithium is in sedimentary aquifers with relatively low permeability, drawdowns are limited to the salar itself. This is different from halite hosted deposits such as Salar de Atacama, Salar de Hombre Muerto and Salar de Rincon where the halite bodies have very high near surface permeability and the drawdown cones can impact on water resources around the Salar affecting the local environment.
- Energy used to concentrate the lithium in the brine is solar energy. The carbon footprint is lower than other processes.
- The technology developed has a very low maximum fresh water consumption of <20 l/s, which is low by industry standards.
- Sales de Jujuy S.A. is also committed to the ten principles of the sustainable development framework as developed by The International Council on Mining and Metals. The company has an active and well-funded "Shared Value" program aimed at the long term development of the local people.

The Company continues to follow the community and shared value policy to successfully work with suppliers and the employment bureau to focus on the hiring of local people from the communities of Olaroz, Huancar, Puesto Sey, Pastos Chicos, Catua, Susques, Jama, El Toro, Coranzulí, San Juan and Abrapampa. The project implementation is through EPCM (Engineering, Procurement and Construction Management) with a high proportion of local involvement through construction and supply contracts and local employment. The community and shared value policy continues to be a key success factor, training local people under the supervision of high quality experienced professionals.

**The Company also wholly-owns Borax Argentina, an important regional borate producer.**  
**For further information, please visit [www.orocobre.com](http://www.orocobre.com)**

### **Caution Regarding Forward-Looking Information**

*This news release contains “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information contained in this release may include, but is not limited to, the commencement of commercial production and ramp up at the Olaroz Lithium Facility and the timing thereof, the cost of construction relative to the estimated capital cost of the Olaroz Lithium Facility, the meeting of banking covenants contained in project finance documentation, the design production rate for lithium carbonate at the Olaroz Lithium Facility, the expected brine grade at the Olaroz Project, the expected operating costs at the Olaroz Lithium Facility and the comparison of such expected costs to expected global operating costs, and the ongoing working relationship between Orocobre and the Province of Jujuy, TTC and Mizuho Bank..*

*Such forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk of further changes in government regulations, policies or legislation; the possibility that required concessions may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; that further funding may be required, but unavailable, for the ongoing development of the Company’s projects; fluctuations or decreases in commodity prices and market demand for product; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with weather patterns and impact on production rate; risks associated with commissioning and ramp up of the Olaroz Lithium Facility to full capacity; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Lithium Facility; general risks associated with the further development of the Olaroz Lithium Facility; as well as those factors disclosed in the Company’s Annual Report for the year ended June 30, 2016 filed at [www.sedar.com](http://www.sedar.com).*

*The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the timely receipt of required approvals and completion of agreements on reasonable terms and conditions; the ability of the Company to obtain financing as and when required and on reasonable terms and conditions; the prices of lithium and borates; market demand for product and the ability of the Company to operate in a safe, efficient and effective manner. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*