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# INVESTOR PRESENTATION

NOVEMBER 2016



# CAUTIONARY NOTES

This presentation has been prepared by the management of Orocobre Limited (the 'Company') in connection with meetings with institutional investors and for the benefit of brokers and analysts and not as specific advice to any particular party or person. The information is based on publicly available information, internally developed data and other sources. Where any opinion is expressed in this presentation, it is based on the assumptions and limitations mentioned herein and is an expression of present opinion only. No warranties or representations can be made as to the origin, validity, accuracy, completeness, currency or reliability of the information. The Company disclaims and excludes all liability (to the extent permitted by law) for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the information, its accuracy, completeness or by reason of reliance by any person on any of it.

This presentation contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information is often characterized by words such as "plan", "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words or statements that certain events or conditions "may" or "will" occur. Forward-looking information may include, but is not limited to, the successful ramp-up of the Olaroz Project, and the timing thereof, the design production rate for lithium carbonate at the Olaroz Project, the expected brine grade at the Olaroz Project, the Olaroz project's future financial and operating performance including production, rates of return, operating costs, capital costs and cash flows, the comparison of such expected costs to expected global operating costs, the ongoing working relationship between Orocobre and the Provinces of Jujuy and Salta, the on-going working relationship between Orocobre and Olaroz project financiers Mizuho Bank and JOGMEC and the satisfaction of any lending covenants, the future financial and operating performance of the Company, its affiliates and subsidiaries including Borax Argentina, the estimation and realization of

mineral resources at the Company's projects, the viability, recoverability and processing of such resources, timing of future exploration at the Company's projects, timing and receipt of approvals, consents and permits under applicable legislation, trends in Argentina relating to the role of government in the economy (and particularly its role and participation in mining projects), adequacy of financial resources, forecasts relating to the lithium, boron and potash markets, potential operating synergies between the Salinas Grandes and Cauchari projects and the Olaroz project, the potential processing of brines from the Cauchari Project and the incremental capital cost of such processing, expansion, growth and optimisation of Borax Argentina's operations, the integration of Borax Argentina's operations with those of Orocobre and any synergies relating thereto and other matters related to the development of the Company's projects and the timing of the foregoing matters.

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; that further funding may be required, but unavailable, for the ongoing development of the Company's projects; fluctuations or decreases in commodity prices; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with development of the Olaroz Project; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Project or the Company's other projects; general risks associated with the feasibility and development of the Olaroz Project and the Company's other projects; risks associated with investments in publicly listed companies, such as the Company; risks associated with general economic conditions; the risk that the historical estimates for Borax Argentina's properties that were prepared by Rio Tinto, Borax Argentina and/or their

consultants (including the size and grade of such resources) are incorrect in any material respect; the inability to efficiently integrate the operations of Borax Argentina with those of Orocobre; as well as those factors disclosed in the Company's Annual Report for the year ended June 30, 2015 filed at [www.sedar.com](http://www.sedar.com).

Forward-looking information is based on a number of assumptions and estimates that, while considered reasonable by the Company, may prove to be incorrect. Assumptions have been made regarding, among other things: the Company's ability to carry on its exploration and development activities at its projects and to continue production at Borax Argentina's properties, the timely receipt of required approvals, the prices of lithium, potash and boron, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such 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.

# SUMMARY

Olaroz operating revenue of US\$33.5M for September quarter 2016

Gross cash margin of US\$5,755/tonne

Operating cash cost US\$3,579/tonne<sup>1</sup>

Sales de Jujuy S.A. self funded a US\$12.8M principal and interest payment for the Mizuho project loan during the September quarter

Production forecast for FY2017 is >15,000 tonnes

Expansion studies on track for target of 35,000 – 42,500 tonnes total production

Borax Argentina September quarter production up 29% quarter on quarter



# CAPITAL MARKETS SNAPSHOT (ASX:ORE, TSX:ORL)

## CAPITAL STRUCTURE (AS AT 7<sup>th</sup> November 2016)

Shares outstanding **210M**

Performance Rights and  
Options Outstanding **1.71m**

Cash Balance  
(Corporate 30/09/16) **US\$32.2m**

Share price ASX/TSX **A\$3.61/C\$3.69**

Market capitalisation **A\$758M**

52 week share price range (close):

ASX **A\$1.33–A\$5.05**

TSX **C\$1.25–C\$4.92**

## SHARE PRICE CHART



## SHAREHOLDERS

Executives and Directors ~4.0%

Institutions, Banks and Brokers ~69%

## INVESTOR RELATIONS CONTACTS

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# ARGENTINA – REFORMS

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## **THIRD LARGEST ECONOMY IN LATIN AMERICA, MEMBER OF G20**

Pro-business Macri Administration is delivering changes that will allow the Argentinian economy to grow

## **FLOAT OF CURRENCY**

Ends the artificially high exchange rate, Argentinian peso (ARS) has devalued by ~50% against the USD since 18 December 2015

## **CAPITAL TRANSFER RESTRICTIONS REMOVED**

Allows free flow of capital in and out of the country

## **REMOVAL OF EXPORT DUTY**

On most agricultural and industrial products including lithium carbonate, refined and mineral boron products

## **REMOVAL OF IMPORT CONTROLS**

Allows easier and quicker international sourcing of materials and equipment

**Delivers on-going operating and capital cost reductions for Orocobre**

# OLAROZ

## THE JOURNEY

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March 2009:  
Initial  
Resource and  
Scoping Study.

March 2008:  
Exploration  
begins.



Jan 2010:  
JV with Toyota  
announced.



May 2011:  
Olaroz DFS  
Completed.

Jun 2012:  
Government  
Approval  
obtained.

Nov 2012:  
Construction  
begins.

Aug 2013:  
First Brine  
pumping.



April 2015:  
First Commercial  
Dispatch.



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# OPERATIONAL PERFORMANCE

# OLAROZ PRODUCTION AND GUIDANCE

## KEY INDICATORS (100% basis)

2016 FY production of 6,903 tonnes

September quarter production of 3,013 tonnes, with 1,125 tonnes in month of September

Low operating cash cost in September quarter of US\$3,579/t

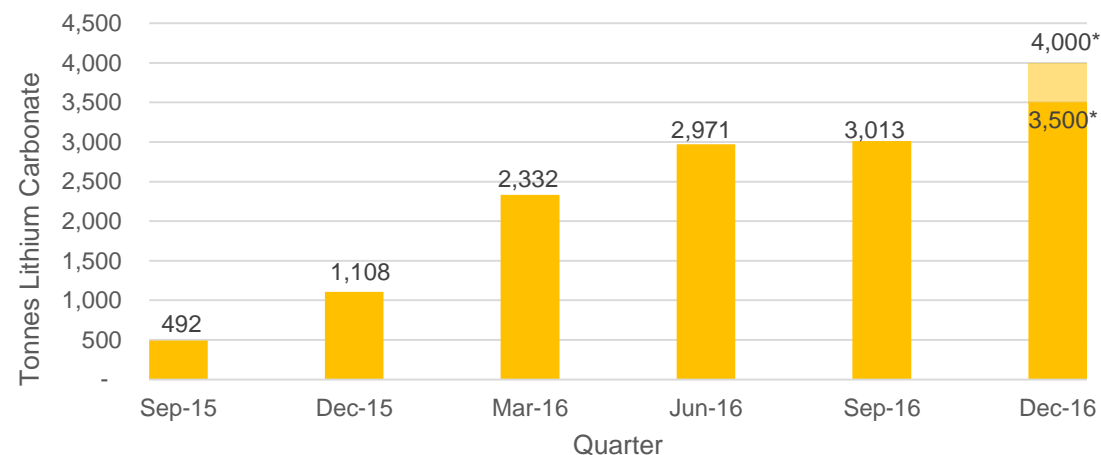
September quarter sales revenue of US\$33.5M, gross cash margin of US\$5,755/t

December quarter production is forecast to be 3,500 – 4,000 tonnes, FY2017 forecast of >15,000 tonnes

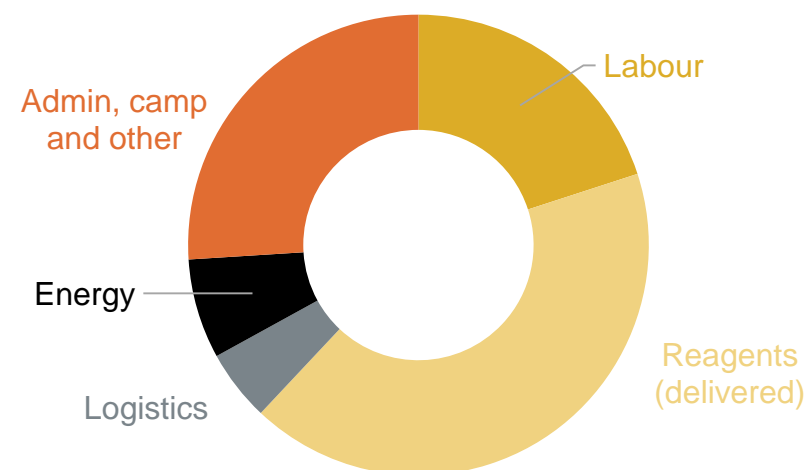
Forecast operating cash cost (FY18) <US\$2,500/t

Q4 2016 FOB anticipated pricing net of logistics and commissions ~US\$10,000

Olaroz Production

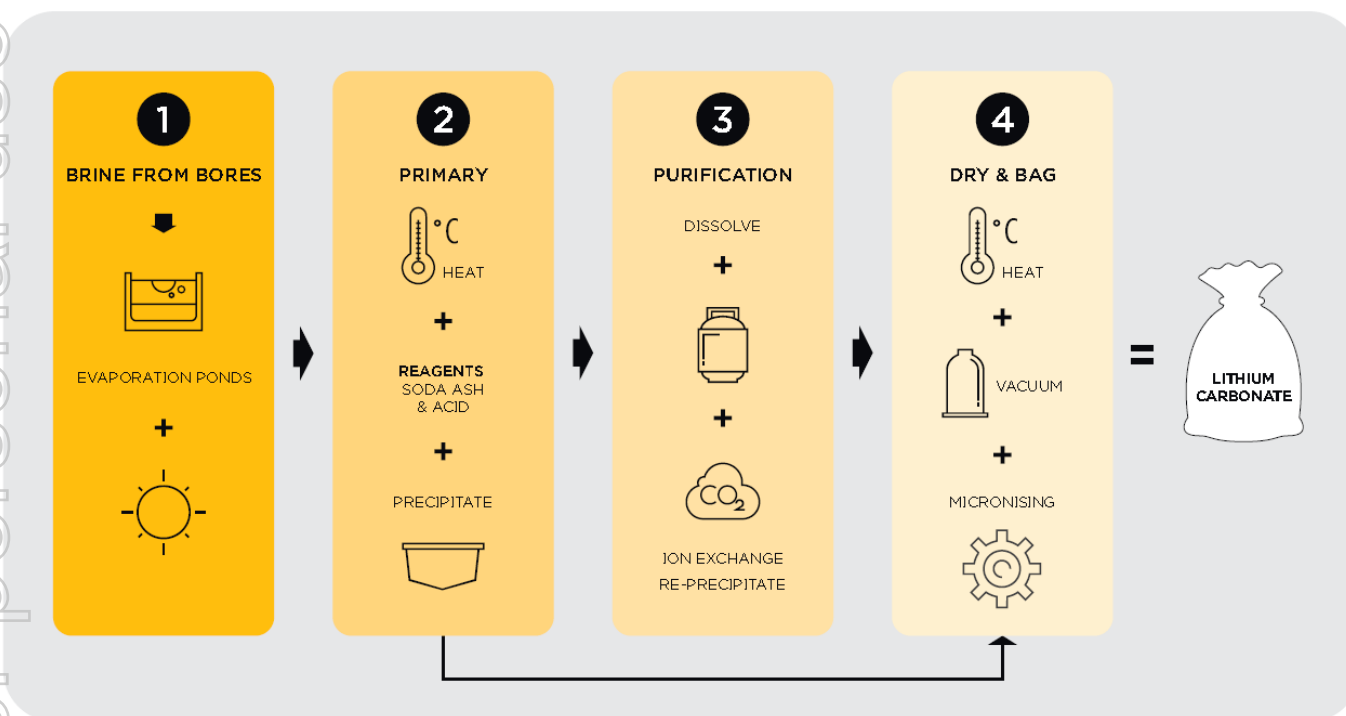


CASH COST COMPONENTS



# OLAROZ OPERATIONAL IMPROVEMENTS

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## PROCESS IMPROVEMENT PROJECTS COMPLETED

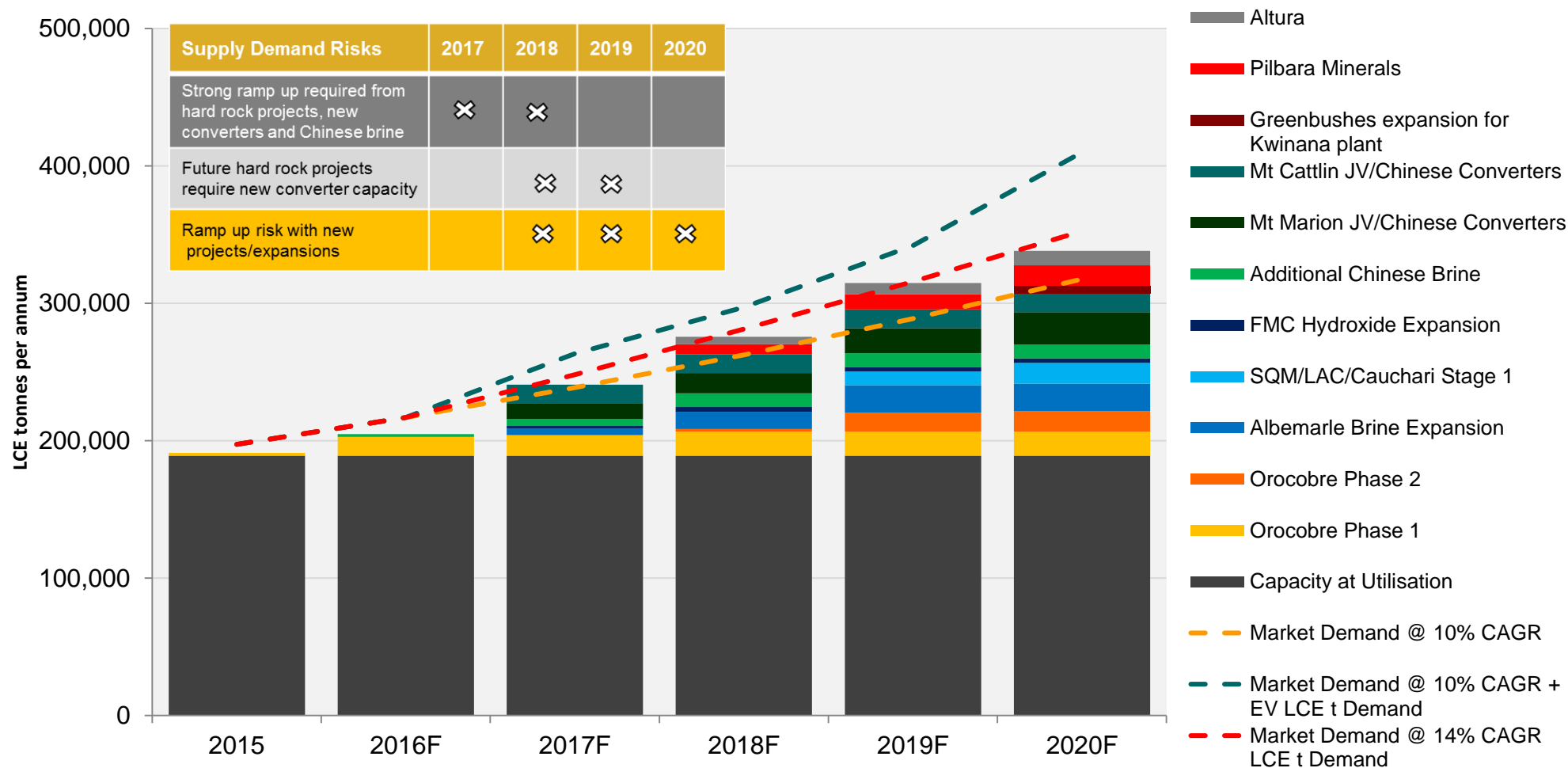
- Boiler capacity increase
- Centrifuges and polishing filters
- Heat exchangers
- Acid wash circuit/parallel pipes
- Flocculant dosing and settling ponds
- Cooling in purification circuit
- CO<sub>2</sub> injection points and diffusor design
- Cyclone bank and thickener throughput (currently underway)

## OPERATIONAL OPTIMISATION

- Operational practice
- Logistics
- Reagent usage
- Recovery

# OROCOBRE MARKET VIEW

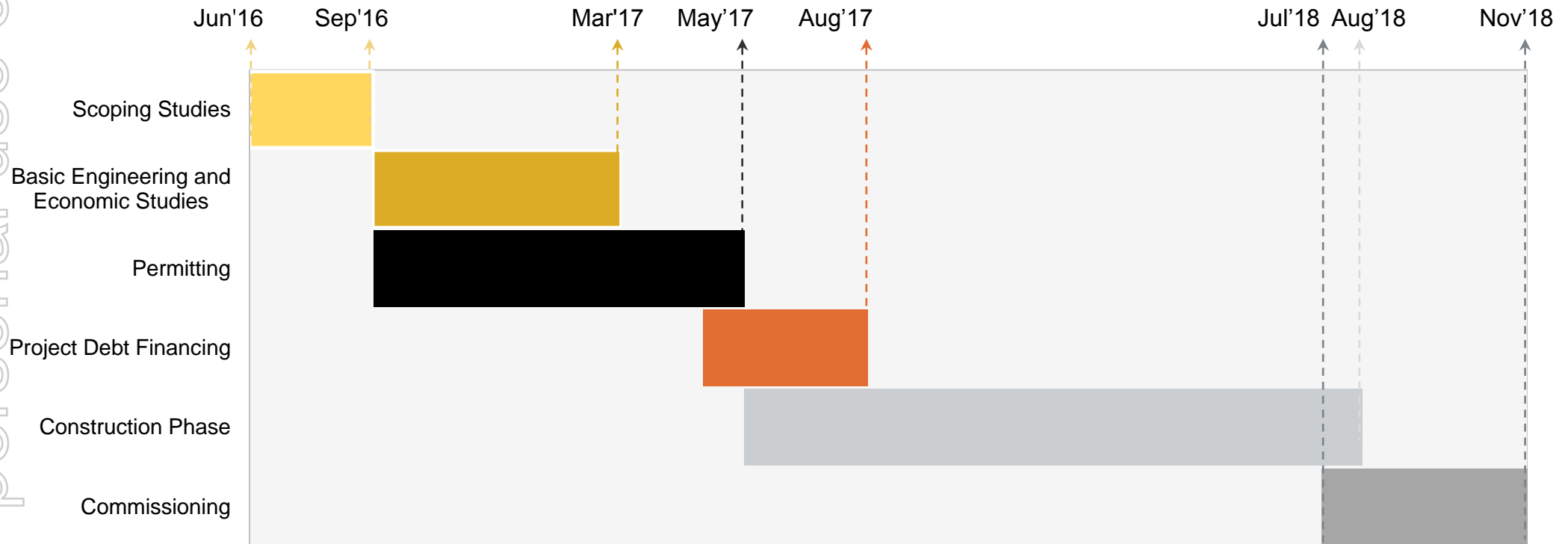
## UNDERSUPPLY OF LITHIUM CARBONATE



# EXPANSION STAGE 2: TARGETING 35,000 – 42,500 TPA

FUNDED BY PROJECT DEBT AND OPERATING CASHFLOW, NO NEW EQUITY NEEDED

## OLAROZ PROJECT EXPANSION TIMELINE



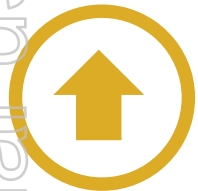
- Scoping study complete
- Existing finance partners likely to participate in Stage 2, equity contribution expected to be met with operational cash flow
- No capital raise required

# BORAX OPERATIONAL PERFORMANCE IMPROVING



Sep Qtr like for like sales tonnes up

**29%**



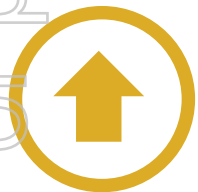
FY16 improvement in EBITDAX

**US\$1.353**



FY16 cost of goods sold down

**24%**



Improved

**ARS**

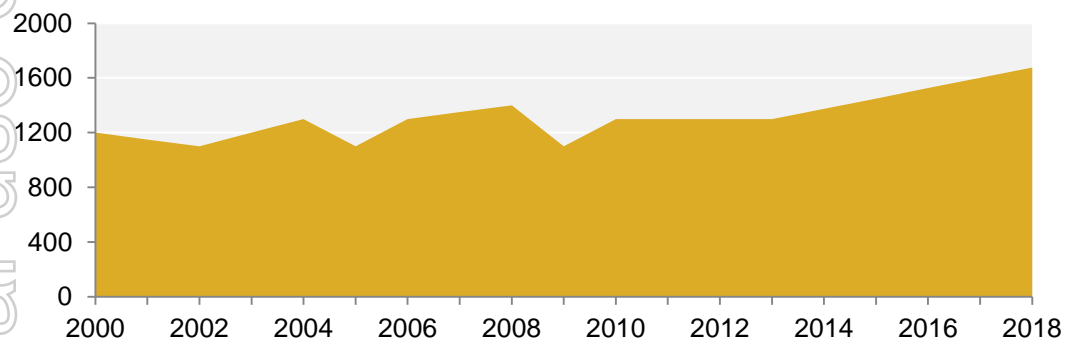
ARS:USD exchange rate drives financial improvement due to 60% of costs in ARS

- Cash flow positive despite difficult market conditions
- The key Brazilian market is showing signs of improvement in volume and price
- Tincalayu plant upgrade completed on time and materially on budget in April 2016
- Full production rate now achieved after relocation of the borax decahydrate plant to Tincalayu
- Study underway to expand production from 30,000 tpa to 100-120,000 tpa borax decahydrate equivalent at Tincalayu



# BORAX MARKETS

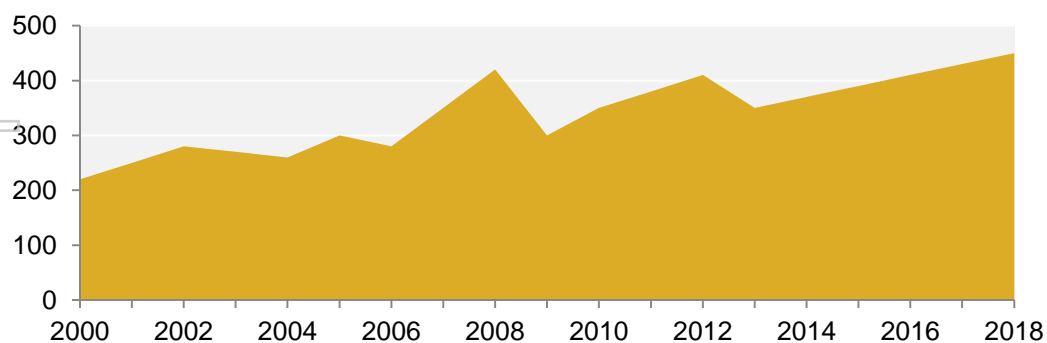
## GLOBAL REFINED BORATES DEMAND B<sub>2</sub>O<sub>3</sub> KT



## REFINED BORATES MARKET

- Overall 4.5% CAGR from 2013 to 2018
- Growth driven by Agriculture in the Americas and Asia (6%), Borosilicate Glass in China (4%)
- As the market continues to improve, Insulation Fiber Glass in the North American housing market will also stimulate growth.

## GLOBAL MINERAL BORATES DEMAND B<sub>2</sub>O<sub>3</sub> KT

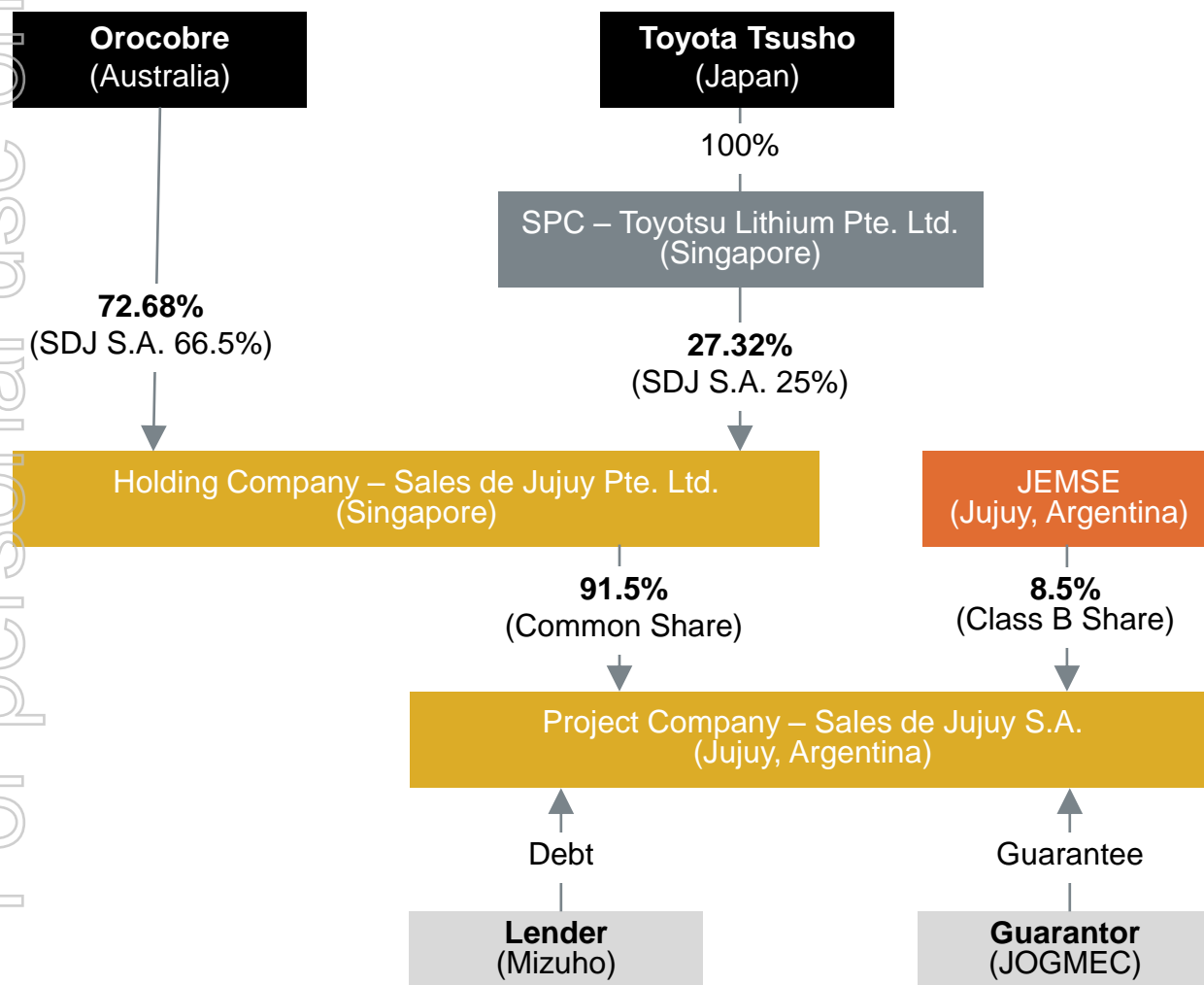


## MINERAL BORATES MARKET

- Overall 4% CAGR from 2013 to 2018
- Growth driven by Agriculture (6%), Insulation Fiber Glass (4%) and Frits and Ceramics (4%)
- Minerals used in Asia for conversion to refined products and in North/South America directly in end-uses
- Fracking application is developing in North America based on ulexite

# FINANCIALS

# OLAROZ JOINT VENTURE STRUCTURE



- Group accounts are Equity accounted due to control structure of Sales de Jujuy PTE
- Proportionally consolidated accounts have been prepared to indicate contribution of underlying operations
- The Jemse interest in Sales de Jujuy S.A. and Toyotsu Lithium PTE interest in Sales de Jujuy PTE are recognised as a Non-Controlling Interests (NCI) in the following slides

# OLAROZ MOVES TO PROFITABILITY IN FY16

## PROPORTIONALLY CONSOLIDATED P&L<sup>1</sup>

US\$ million					
Year ended 30 June 2016	ORE Group	SDJ PTE (100%) <sup>3</sup>	Elim of NCI <sup>2</sup> (33.5%)	Add back equity accounting of fx loss	Group Partial Consolidation
Revenue and other income	18.6	15.4	(5.2)	-	28.8
<b>EBITDAX*</b>	<b>(7.8)</b>	<b>7.8</b>	<b>(2.6)</b>	-	<b>(2.6)</b>
Less Depreciation & Amortisation	(1.7)	(0.7)	0.2	-	(2.2)
<b>EBITX**</b>	<b>(9.5)</b>	<b>7.1</b>	<b>(2.4)</b>	-	<b>(4.8)</b>
Less Interest	0.5	(1.8)	0.6	-	(0.7)
<b>EBTX***</b>	<b>(9.0)</b>	<b>5.3</b>	<b>(1.8)</b>	-	<b>(5.5)</b>
Less Foreign currency gains/(losses)	(2.6)	(27.5)	9.2	-	(20.9)
Less share of fx loss of joint venture	(18.3)	-	-	18.3	-
<b>Segment profit/(loss) before tax</b>	<b>(22.6)</b>	<b>(22.2)</b>	<b>7.4</b>	<b>18.3</b>	<b>(26.4)</b>
Income tax benefit/(expense)	0.6	5.7	(1.9)	-	4.4
<b>Profit/(loss) for the year after tax</b>	<b>(22.0)</b>	<b>(16.5)</b>	<b>5.5</b>	<b>18.3</b>	<b>(22.0)</b>

- SDJ profitable before non cash FX adjustments with EBITDAX of US\$7.8M
- SDJ sales include two months of trading following the transition to production reporting from 1 May 2016
- Sales for May/June 2016 of 2,040 tonnes lithium carbonate
- Average price received for May/June 2016 of US\$7,535/t for lithium carbonate
- Operating cash cost of US\$3,555/t for May/June 2016, excluding royalties and head office costs
- Depreciation of SDJ PTE based on Units of Production over a two month period
- FX losses of US\$18.3M relating to SDJ PTE are a “one-off” from transitioning into US\$ functional currency

\*, \*\*, \*\*\* EBITDAX, EBITX, and EBTX are non audited, non IFRS measures, refer to slide in the appendix

1 “Proportional consolidation” is a non audited presentation of the financial statements for commentary purposes

2 “NCI” is the Non Controlling Interest which represents the portion of equity ownership in the Joint Venture not attributable to Orocobre Limited

3 Difference in net profit between SDJ PTE and the Project company SDJSA only relate to interests costs eliminated of US\$16k.

# US\$104 MILLION TO BE REPAID TO OROCOBRE

- Significant funds available for growth opportunities
- Repayments by SDJ to ORE are prioritised over dividends to JV shareholders

Loan	Borrower	Currency	30 June 2016 principal (ORE share)	Annual interest
Standby Letters of Credit	SDJ	US\$ (m)	36.7	0.5% - 0.75%
Shareholders loans	SDJ	US\$ (m)	41.0	Libor + 5%
Shareholders loans	SDJ	US\$ (m)	18.0	Libor + 1%
Shareholders loans	SDJ PTE	US\$ (m)	0.7	Libor + 0.75%
Shareholders loans <sup>1</sup>	JEMSE	US\$ (m)	7.7	N/A
<b>Total</b>		US\$ (m)	104.1	

# SUMMARY

Olaroz is a profitable, low cost, high margin producer

Significant cash to be returned to Orocobre from loans/SBLC

Production volume growth continues

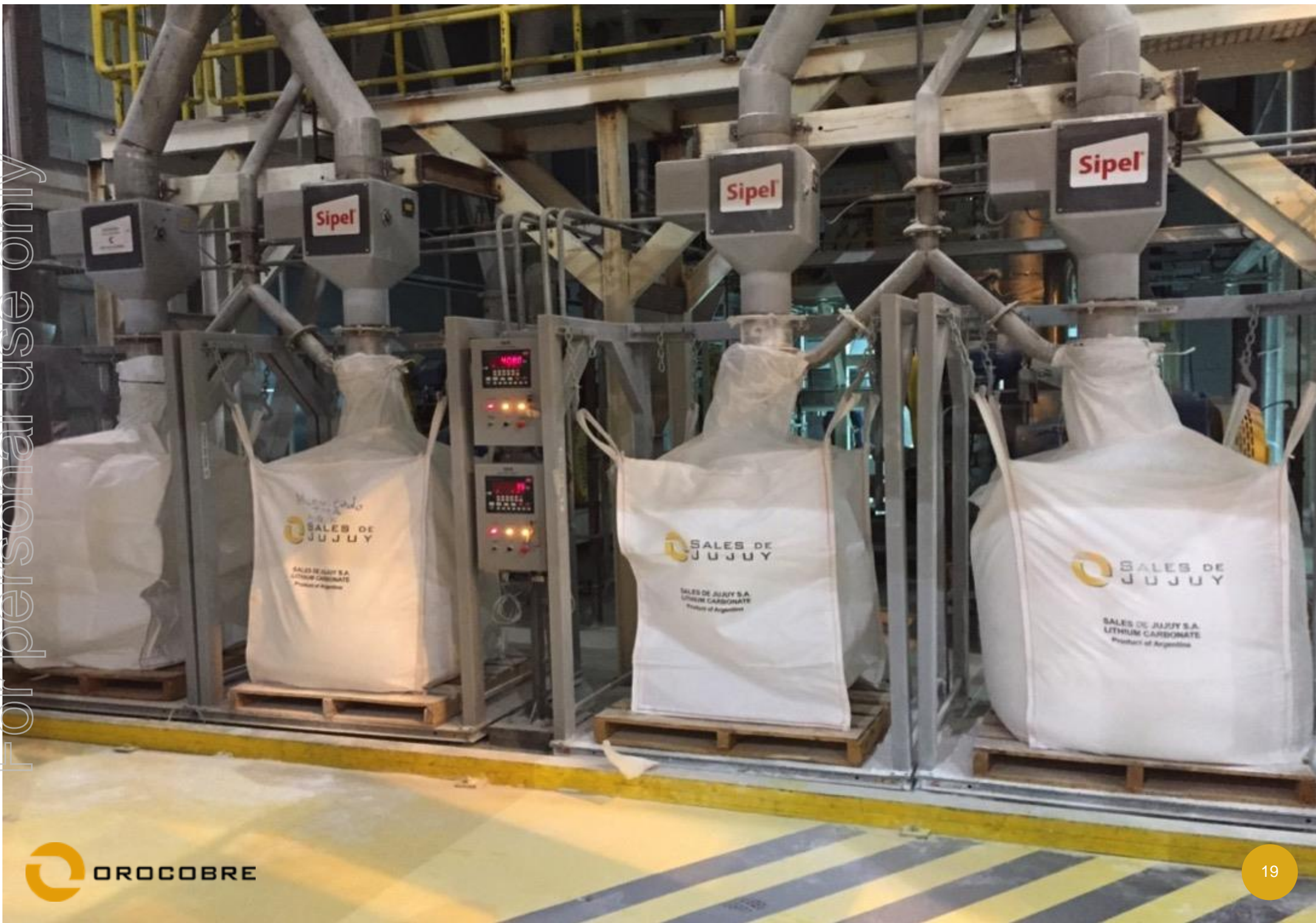
Lithium chemical market to remain in deficit

Olaroz expansion lifts total production to 35,000 – 42,500 tonnes

Tincalayu expansion to crystallize value in Borax Argentina

**Set to reap the rewards in FY 2017**





# NON-IFRS MEASURES

- **EBITDA, EBITX, and EBTX** are non-IFRS financial information and have not been subject to audit by the Company's external auditor
- **EBITDAX** is 'Earnings before interest, tax, depreciation, amortisation and foreign exchange losses/gains'.
- **EBITX** is 'Earnings before interest, tax and foreign exchange losses/gains'.
- **EBTX** is 'Earnings before tax and foreign exchange losses/gains'. EBITDAX is used to measure segment performance and have been extracted from Note 24 'Segment Reporting of the annual report.
- **Statutory profit/(loss) is profit/(loss)** after tax attributable to owners of the parent.
- **'Proportional consolidation's** a non-audited accounting method which includes items of income, expense, assets and liabilities in proportion to the company's percentage of participation in the joint venture.