

# INVESTOR PRESENTATION

JULY 2018



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

## CAPITAL STRUCTURE (AS AT 20 June 2018)

|                    |        |
|--------------------|--------|
| Shares outstanding | 260.7M |
|--------------------|--------|

|  |      |
|--|------|
| Performance Rights and Options Outstanding | 2.0M |
|--|------|

|                        |          |
|------------------------|----------|
| Cash Balance (31/3/18) | US\$319M |
|------------------------|----------|

|                     |                 |
|---------------------|-----------------|
| Share price ASX/TSX | A\$5.32/C\$5.16 |
|---------------------|-----------------|

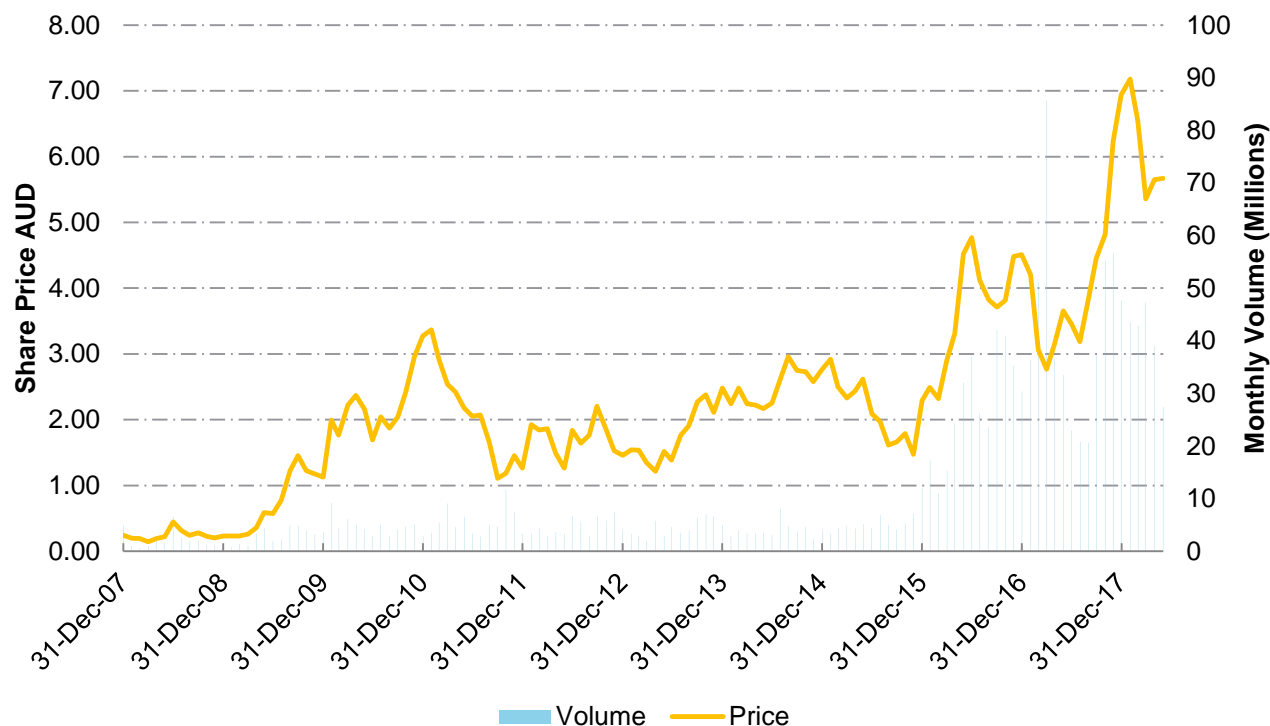
|                       |                                 |
|-----------------------|---------------------------------|
| Market capitalisation | A\$1.4 Billion<br>US\$1 Billion |
|-----------------------|---------------------------------|

52 week share price range (close):

|     |                 |
|-----|-----------------|
| ASX | A\$3.02–A\$7.44 |
|-----|-----------------|

|     |                 |
|-----|-----------------|
| TSX | C\$3.04–C\$7.99 |
|-----|-----------------|

## SHARE PRICE



## SHAREHOLDERS

|               |       |
|---------------|-------|
| Toyota Tsusho | 15.0% |
|---------------|-------|

|                          |       |
|--------------------------|-------|
| Executives and Directors | ~3.0% |
|--------------------------|-------|

|                                 |      |
|---------------------------------|------|
| Institutions, Banks and Brokers | ~51% |
|---------------------------------|------|

# KEY METRICS – END OF JUNE SNAPSHOT

## Record prices and margins, strong cashflow

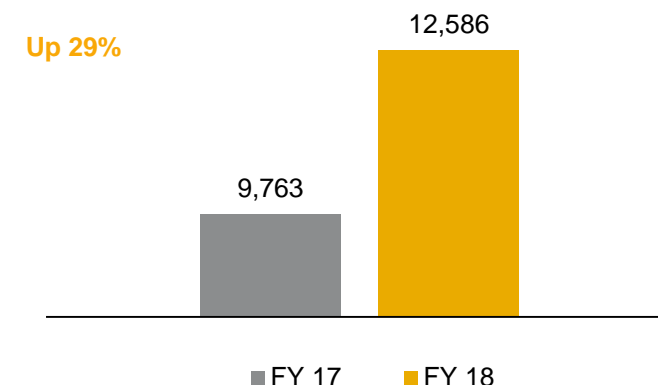
### SDJ joint venture (Olaroz)

- Record annual sales revenue of **US\$152<sup>1</sup> million** on total sales of 12,080 tonnes
- June quarter production up 28% to 3,596 tonnes – 2<sup>nd</sup> highest ever
- Record Olaroz sales price in June quarter of **US\$13,611 / tonne FOB<sup>1,2</sup>**, with higher priced contracts reflecting strong market conditions
- June quarter cost of sales yet to be finalised, March quarter was US\$4,356 / tonne<sup>3</sup> with a gross cash margin US\$9,177 / tonne.  
**June margins will be higher with increased production and lower costs**

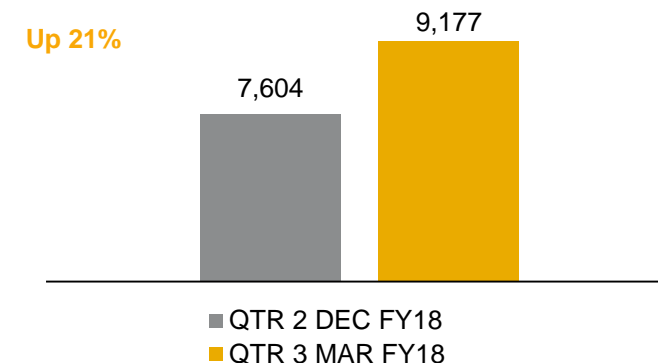
### Orocobre

- As at 31 March 2018, Orocobre (excluding SDJ) had **US\$319 million of available cash**
- During the March quarter the previously announced A\$361 million funding initiative was completed ensuring that the **Phase 2 Olaroz expansion and Lithium Hydroxide plant (in Japan) are both fully funded**

### Annual price (US\$/tonne)



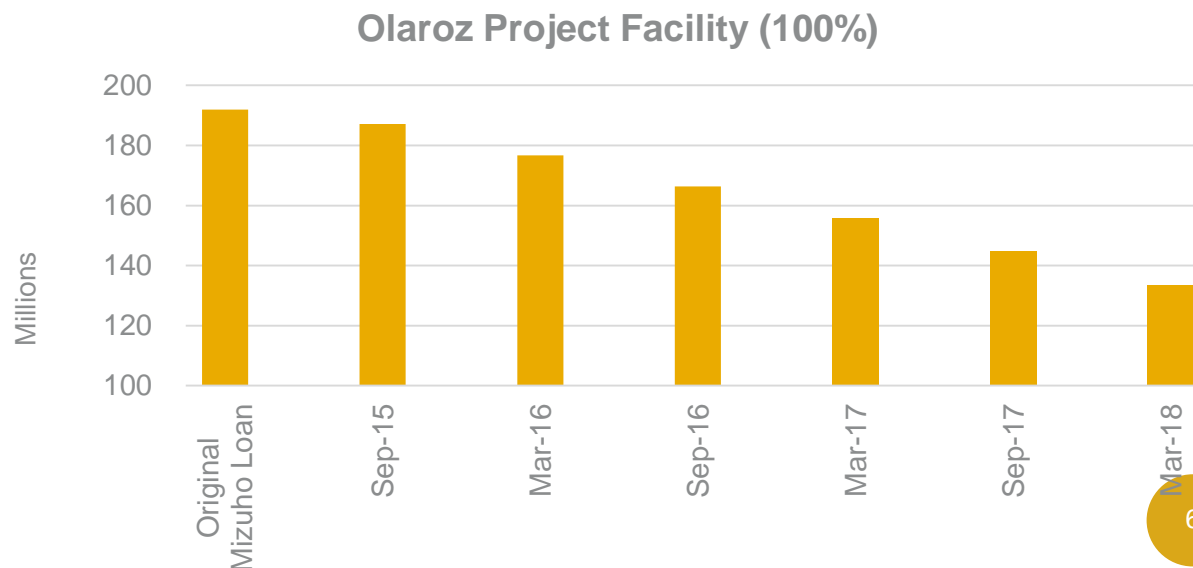
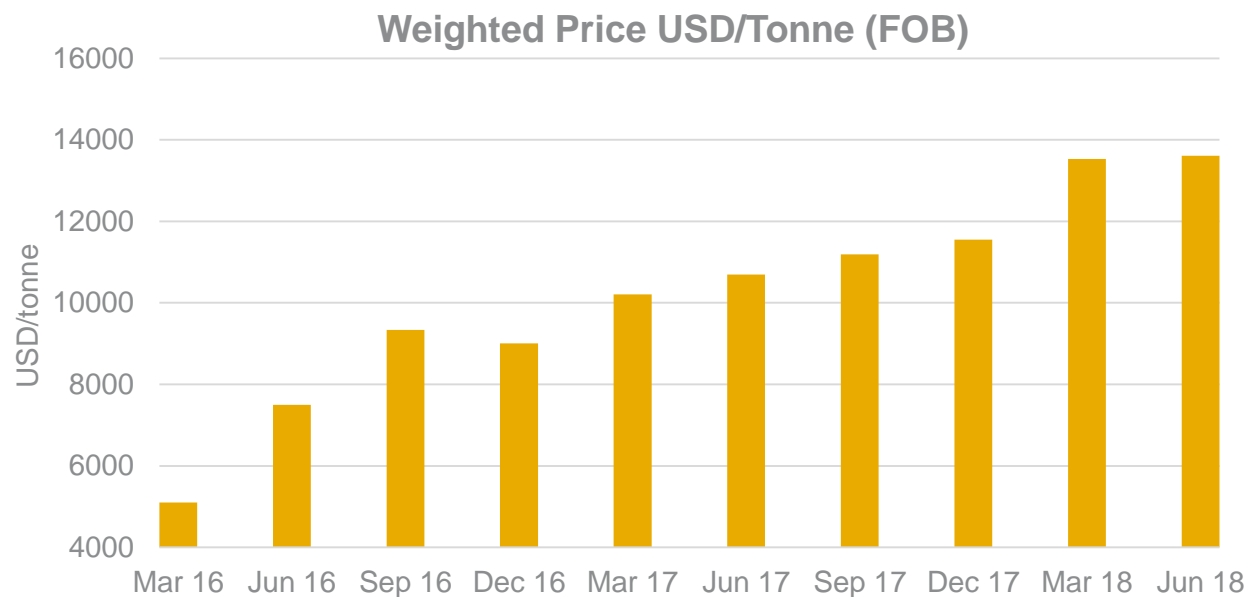
### March Qtr margin (US\$/tonne)



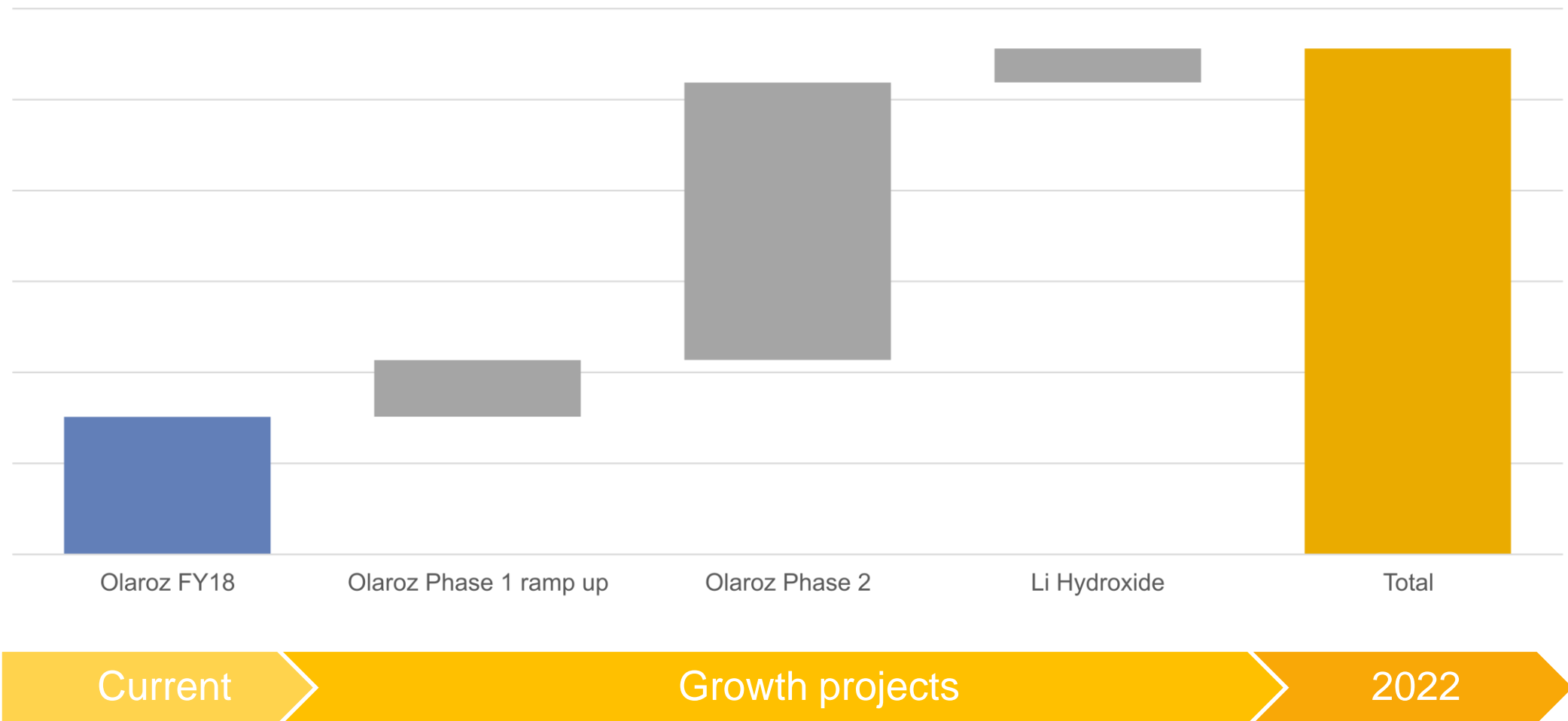
1. Subject to reconciliation of Bill of Landing data for final June shipments
2. Orocobre reports price as "FOB" (Free On Board) which excludes additional insurance and freight charges included in "CIF" (Cost, Insurance and Freight or delivered to destination port) pricing. The key difference between an FOB and CIF agreement is the point at which responsibility and liability transfer from seller to buyer. With a FOB shipment, this typically occurs when the goods pass the ship's rail at the export port. With a CIF agreement, the seller pays costs and assumes liability until the goods reach the port of destination chosen by the buyer. The Company's pricing is also net of Toyota Tsusho commissions. The intention in reporting FOB prices is to provide clarity on the sales revenue that flows back to SDJ, the joint venture company in Argentina
3. Excludes royalties and head office costs

# STRONG PRICES WITH REDUCING DEBT

- Contract prices have continued to increase (5% QoQ)
- Operations are delivering strong cash flow
- Debt is reducing in line with the amortisation schedule



# NEW PROJECTS TO SIGNIFICANTLY GROW CASHFLOW





# GROWTH PROJECTS





# PHASE 2 EXPANSION AT OLAROZ

The Phase 2 expansion of Olaroz is fully funded with cash and proposed debt funding arrangements. Final investment decision is expected mid 2018

- Based on forecast strong demand growth the Joint Venture Partners have scaled the expansion to **25,000 tonnes per annum (total 42,500 tonnes per annum across the whole Olaroz site)**
- Capital expenditure for Phase 2 is approximately US\$285 million including a US\$25 million contingency and **allowing for the addition of evaporators / crystallisers (US\$13m)** to service both Phase 1 & 2
- Multinational engineering firm **GHD continues to oversee engineering design studies for the Olaroz Phase 2 expansion**; all basic engineering work has been completed
- **All key permits for expansion have been received**
- **Vegetation clearing and construction of the new ponds is underway** – road construction and drilling of the first new bore has also commenced
- Vegetation clearing has been awarded to a local contractor and will be utilised by local communities as a source of fuel

## Key project milestones include:

| Milestone                               | Timing            |
|---|-------------------|
| Final joint venture approvals           | Mid 2018          |
| Drilling of wells                       | 2018              |
| Construction of ponds                   | 2H 2018 – 1H 2019 |
| Construction of lithium carbonate plant | 2H 2018 – 1H 2019 |
| Plant commissioning                     | 2H 2019           |



# NARAHA LITHIUM HYDROXIDE PLANT UPDATE

Orocobre and TTC are well advanced with plans for a proposed 10,000 tonne per annum Naraha Lithium Hydroxide Plant to be built in Japan

## Update

- **Proposed location is well situated near potential customers** reducing common risks of degradation when lithium hydroxide is transported / exposed to humidity
- Tests demonstrate **very high-quality, battery grade**, lithium hydroxide can be produced via customised process
- Negotiations continue with TTC regarding commercial arrangements of the joint venture structure.
- Approval for a **US\$27 million subsidy was received** from the Japanese Government, capital remains approximately US\$60-70 million (pre-subsidy) and Orocobre's equity contribution is approximately US\$6 million. A term sheet has been received from Japanese banks for project debt
- Operating costs (excluding lithium carbonate feedstock) for the plant **remain at approximately US\$1,500/tonne**
- A **final investment decision is still expected mid-year**, with construction to commence soon after, **commissioning is forecast in late 2019**



Orocobre & Toyota Tsusho partners meeting in Japan with the Associate Director General of Commerce, Industry and Labour department of Fukushima Prefecture & the Deputy Mayor of Naraha to discuss 10,000 tpa Naraha Lithium Hydroxide Plant



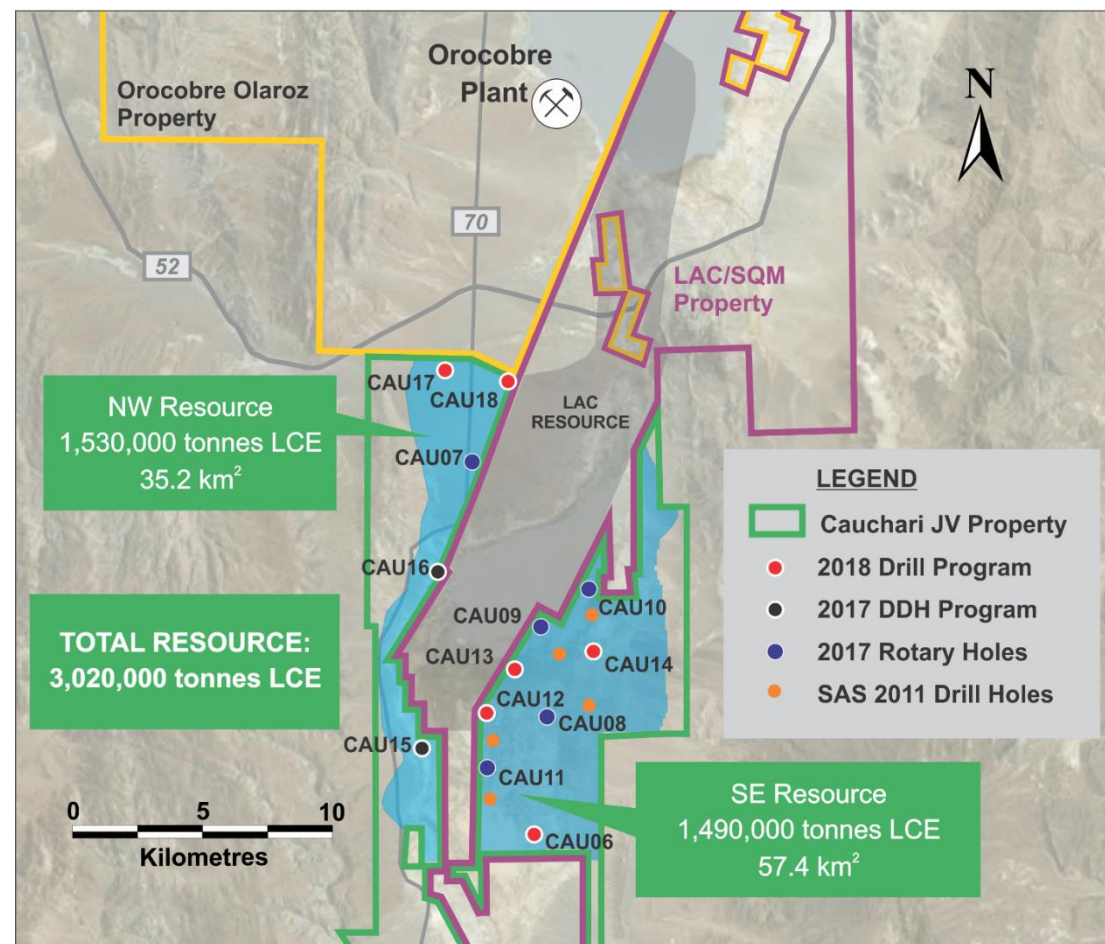
# ADVANTAGE LITHIUM

## Advantage Lithium (AAL)

Orocobre hold ~29% of AAL issued shares and 2,550,000 warrants exercisable at C\$1

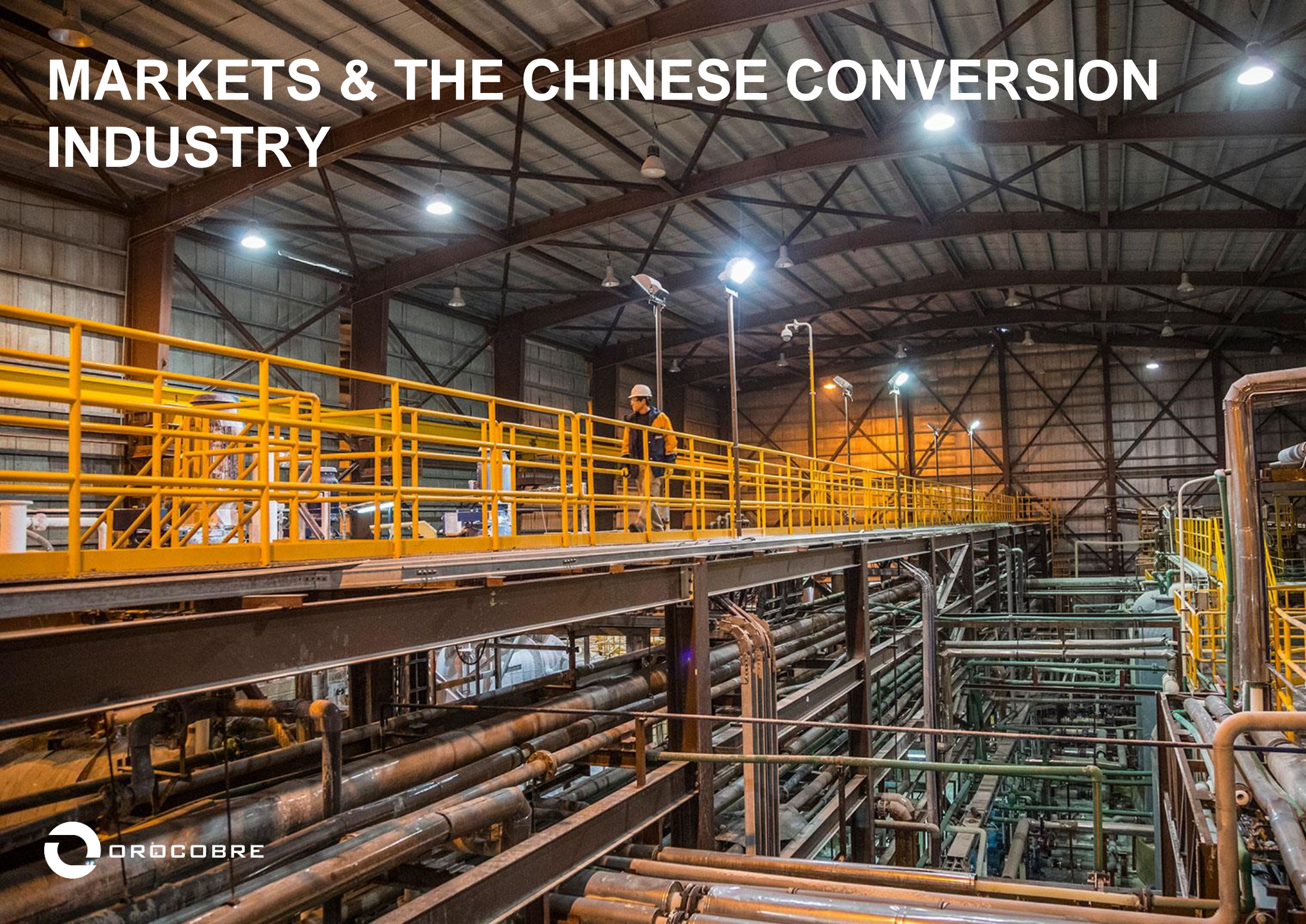
## Cauchari Project (25% ORE, 75% AAL)

- +6-fold increase of the **inferred resource to 3.0 Mt LCE** at Cauchari at 450 mg/l Lithium
- The updated resource covers a significantly larger area and extends to greater depths in the NW and SE Sectors
- Significant potential for additional resource expansion at depth
- The brine has excellent chemistry for processing and the Mg/Li ratio averages 2.5, very similar to Orocobre's Olaroz project
- Phase III drilling is underway to upgrade this inferred resource and underlying brine to measured and indicated resources for the definitive feasibility study (DFS) scheduled for completion in Q2 2019





# MARKETS & THE CHINESE CONVERSION INDUSTRY

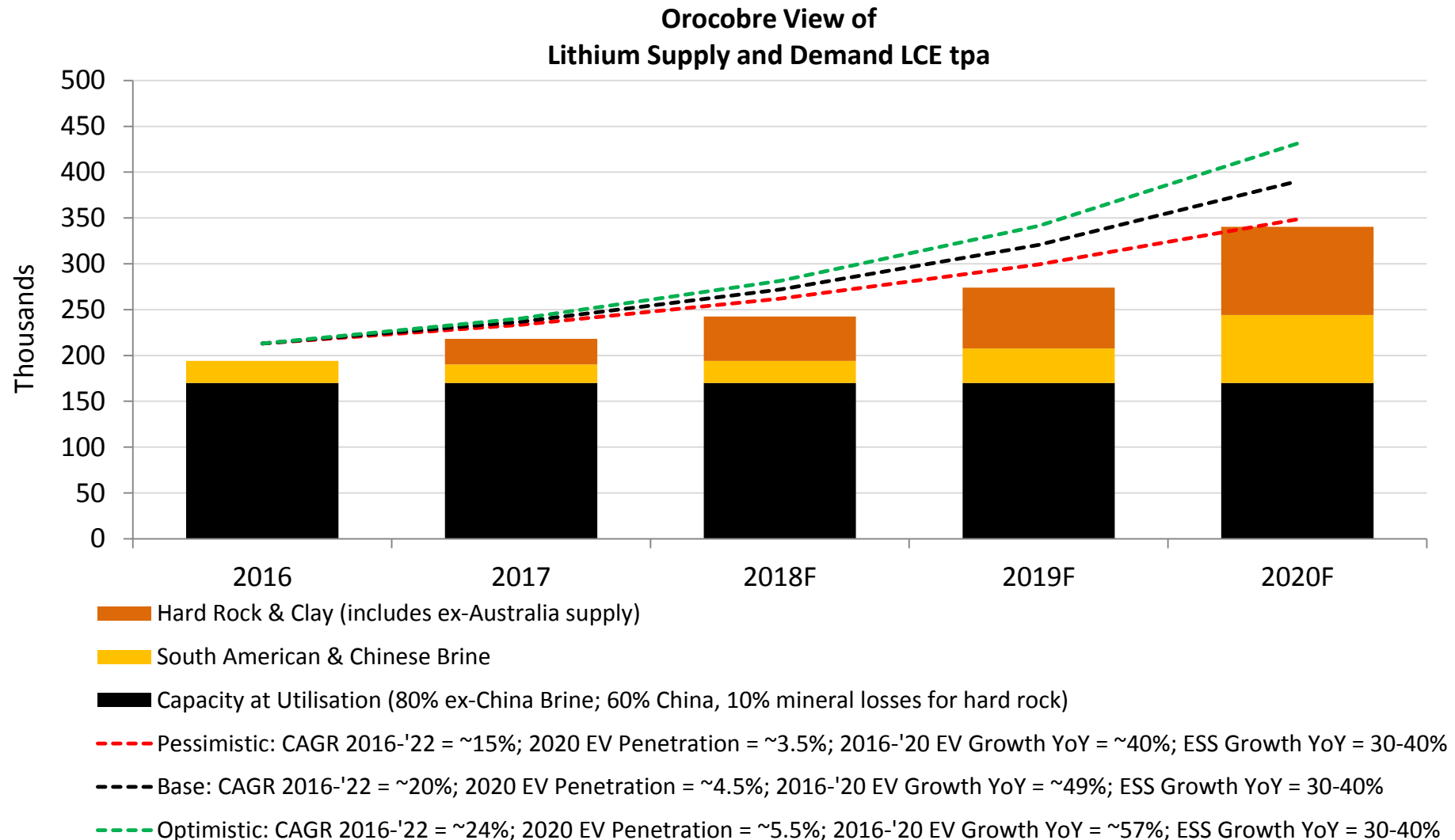




# CAR MANUFACTURERS ARE PROVIDING GREATER TRANSPARENCY OF FUTURE EV PLANS

| Car Manufacturer   | Targeted number of Models   | Targeted Sales   |
|--|---|--|
| <b>Toyota Motor Corp</b> targets every model in the Toyota and Lexus line-up around the world to be available either as a dedicated electrified model or have an electrified option by 2025              | Over 10 EV & hybrid models by the early 2020's  | 5.5 million vehicles with some form of electrified powertrain, 1 million pure EV's by 2030 |
| <b>General Motors</b> will phase out gas-powered vehicles for an "all-electric" future   | 20 pure EV models by 2023   | 1 million EV sales by 2025   |
| <b>Ford</b> will significantly increase it's planned investment in EV's to US\$11 billion by 2022.   | 40 EV models by 2022, 16 pure EV models   | 10-25% of total ford sales by 2020   |
| <b>Daimler</b> will invest over US\$12 billion in development of electric and hybrid technology.   |   | 0.1 million annual EV sales by 2020 (2016)   |
| <b>Mercedes-Benz</b> announced a plan to electrify its entire portfolio by 2022  | 50 electric & hybrid models by 2022   |  |
| The <b>Renault, Nissan, and Mitsubishi alliance</b> will work together to develop new systems to use across their vehicle lines, with a focus on pure electric EVs                                       | 12 new pure electric vehicles to be launched by 2022  | 1.5 million cumulative sales of Evs by 2020  |
| <b>Volvo</b> plans to electrify its <b>entire vehicle line by 2019</b>   | 5 pure EV models to be rolled out between 2019 and 2021                                     | 1 million EV car sales p.a. by 2025  |
| <b>VW</b> group, parent of European automakers like Volkswagen, Audi, and Porsche, will invest \$84 billion in EV development. Roughly \$60 billion of the total will be dedicated to battery production | 30 electric and hybrid models by 2030   | 2-3 million EV sales per annum by 2025   |
| <b>Tesla</b>   |   | Over 1 million by 2020   |
| <b>BMW</b> will spend up to US\$8.6 billion in 2018 alone to assist in achieving it's EV targets.  | 25 electrified models will be introduced by 2025, with 12 of those being pure electric cars | 15-25% of BMW total sales by 2025  |
| <b>Hyundai and affiliate Kia</b>   | Release 38 'green' models by 2025   |  |
| <b>Audi and VW's Porsche</b>   | Will launch 20 electrified models by 2025 more than half of which will be pure EV models.   |  |

# IN THE NEXT 3 YEARS, ONCOMING SUPPLY RELIES INCREASINGLY ON HARD ROCK & CONVERSION MARKET





# INTERPRETING HARD ROCK & CONVERSION PLANT DATA

## Learnings from 2017

### 1. 'Nameplate' Capacity is not 'Actual Effective' Capacity

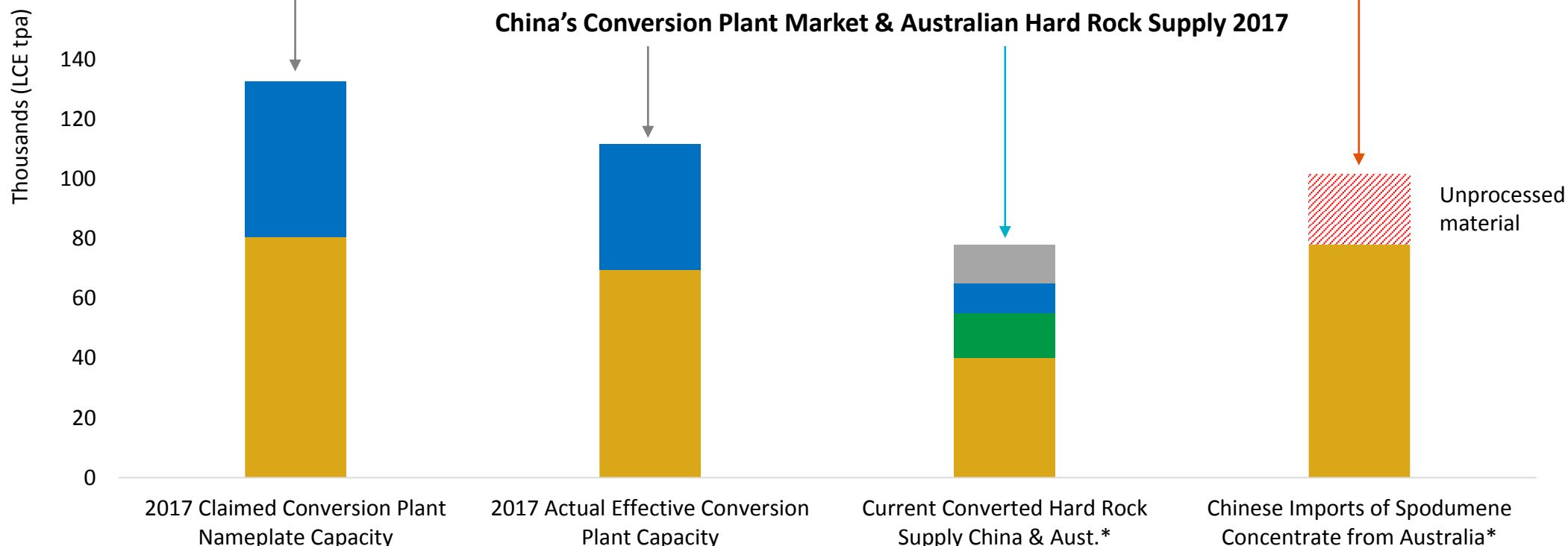
- Inflated by commissioning or processing other materials
- 'Effective (Actual) production capacity represents the weighted average of each month's designed production capacity for the relevant periods.' (Ganfeng Prospectus)

### 2. Utilisation rates were unchanged from 2010-2016 industry average

- 60% of Nameplate Capacity
- 70% of Effective/Actual

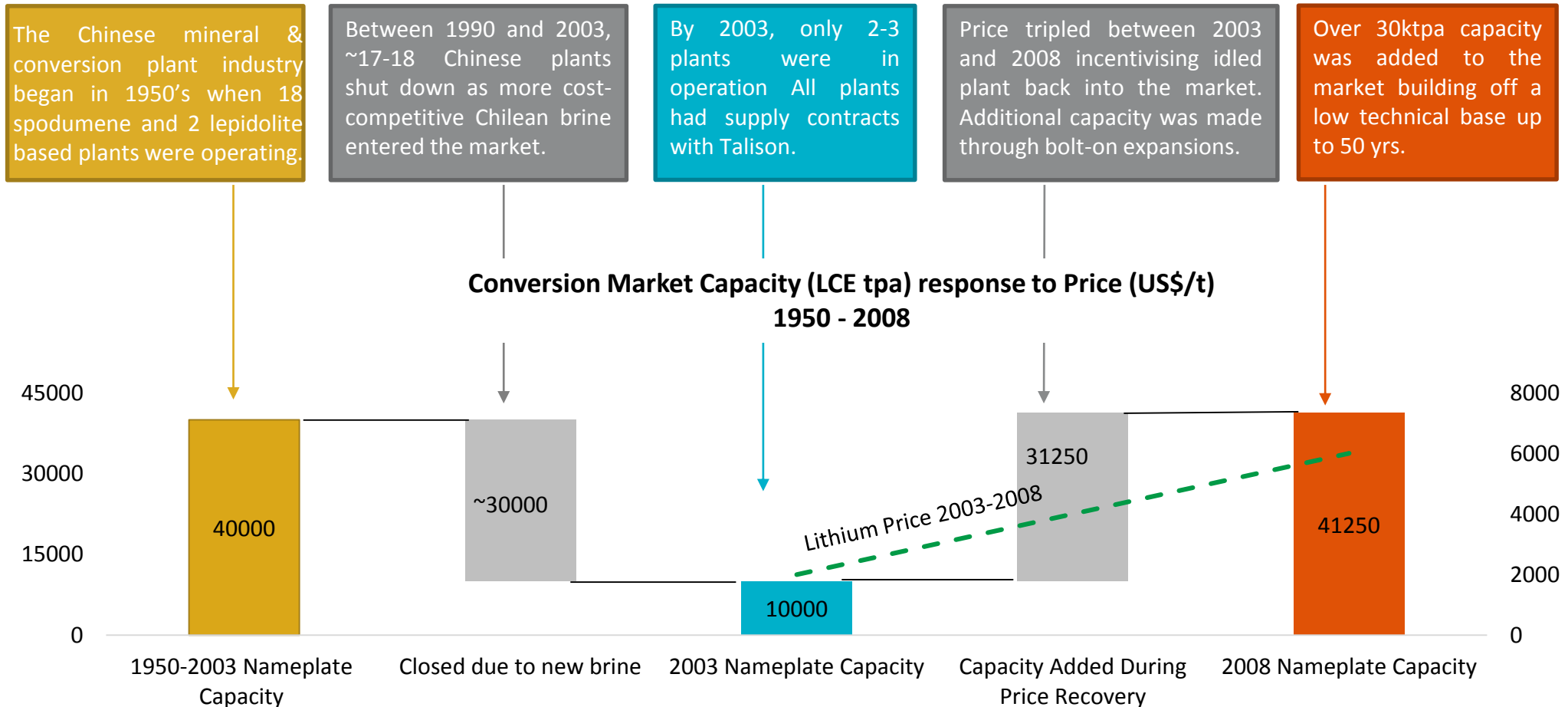
### 3. There was insufficient effective capacity to convert all Chinese imports

- Plants would have been required to operate at 91% utilisation of effective capacity



# CHINA'S CONVERSION INDUSTRY HAS SEEN LIMITED TECHNOLOGICAL INNOVATION (AND ONLY SINCE 2008)

## The lesser known history of Conversion Plants 1950 - 2008



# 3 KEY FACTORS RESULTED IN <30% OF PLANNED CONVERSION CAPACITY ADDITIONS COMPLETED OVER THE LAST 5 YEARS

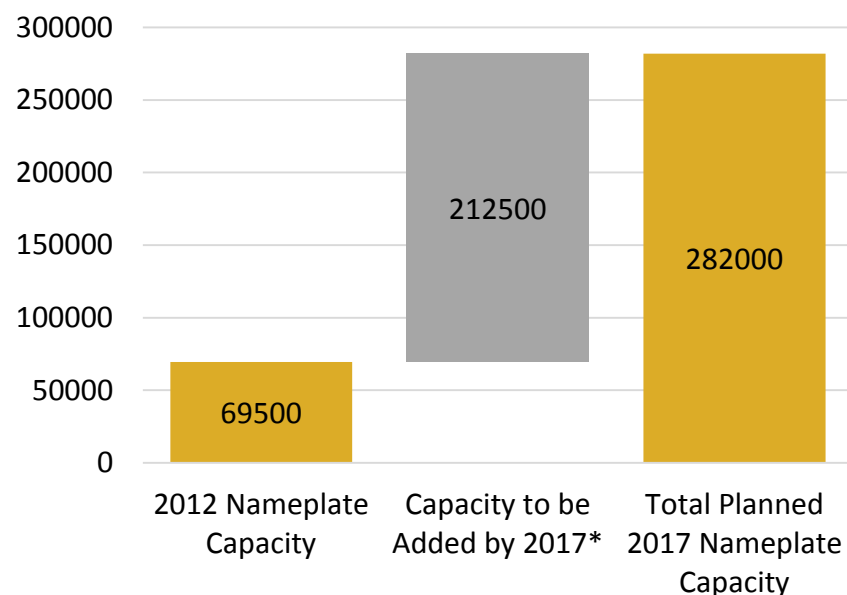
1 Sufficient time to gain permits, build, commission & scale operations

2 Vertical integration & quality of feedstock

3 Experience and technical capability

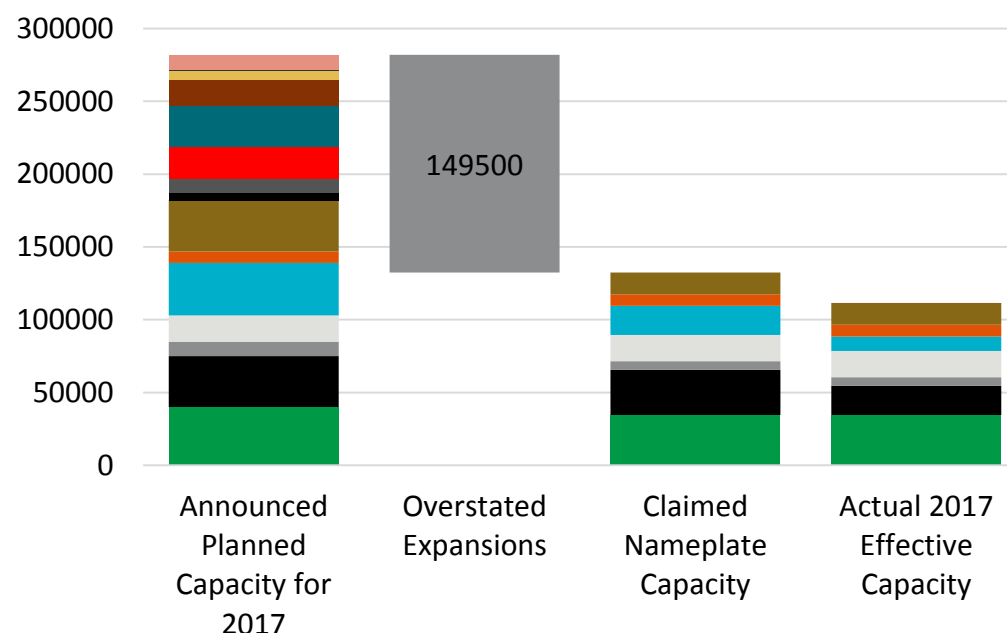
## Planned

Conversion Plant Expansions  
LCE tpa 2012-2017



## Actual Effective

Conversion Plant Capacity LCE tpa 2017

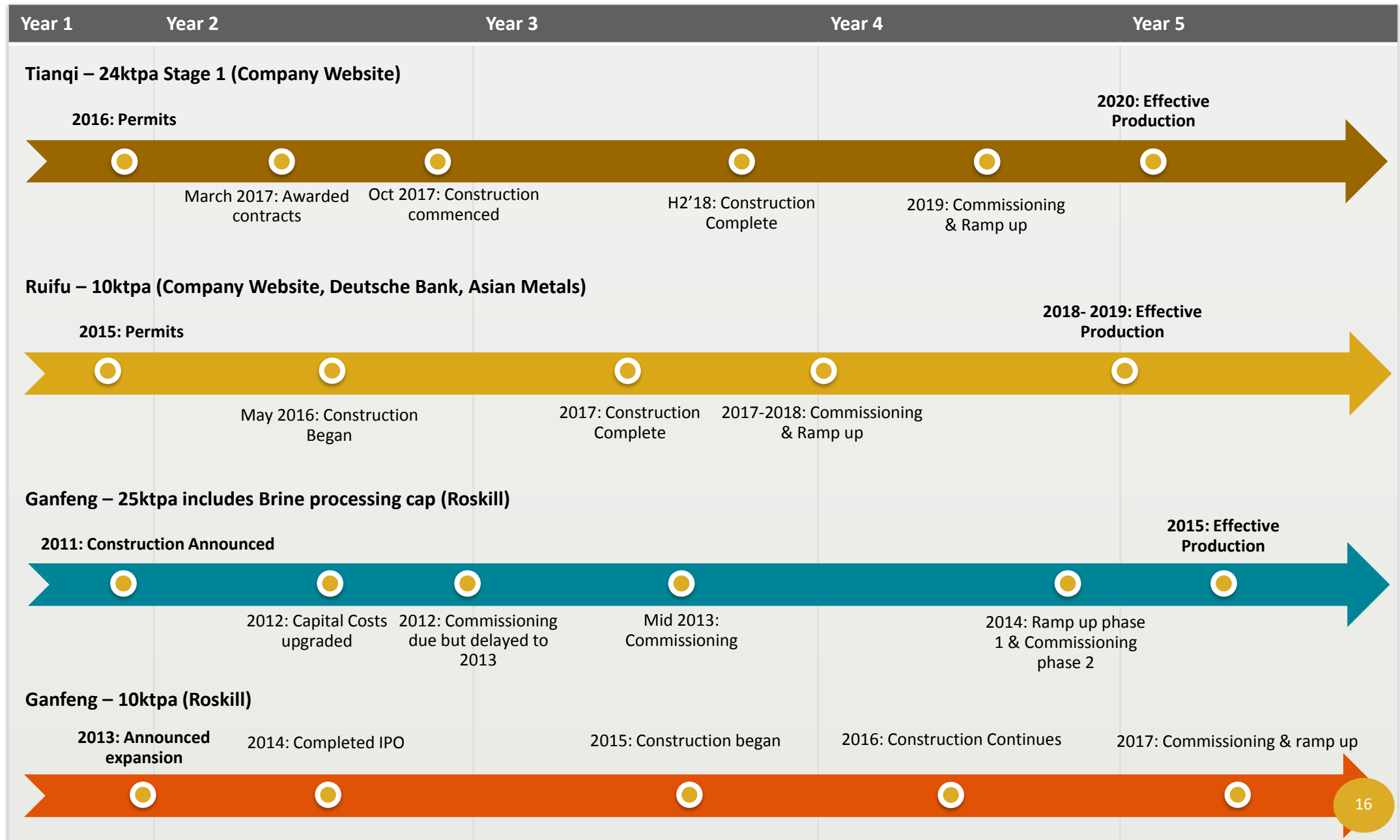


■ Baijerui Advanced Materials  
 ■ China Non-Ferrous  
 ■ Nemaska Lithium  
 ■ Lanshi  
 ■ Albemarle (Q1'17 Guidance)  
 ■ Ruifu (2016 advice)  
 ■ General Lithium  
 ■ Tianqi

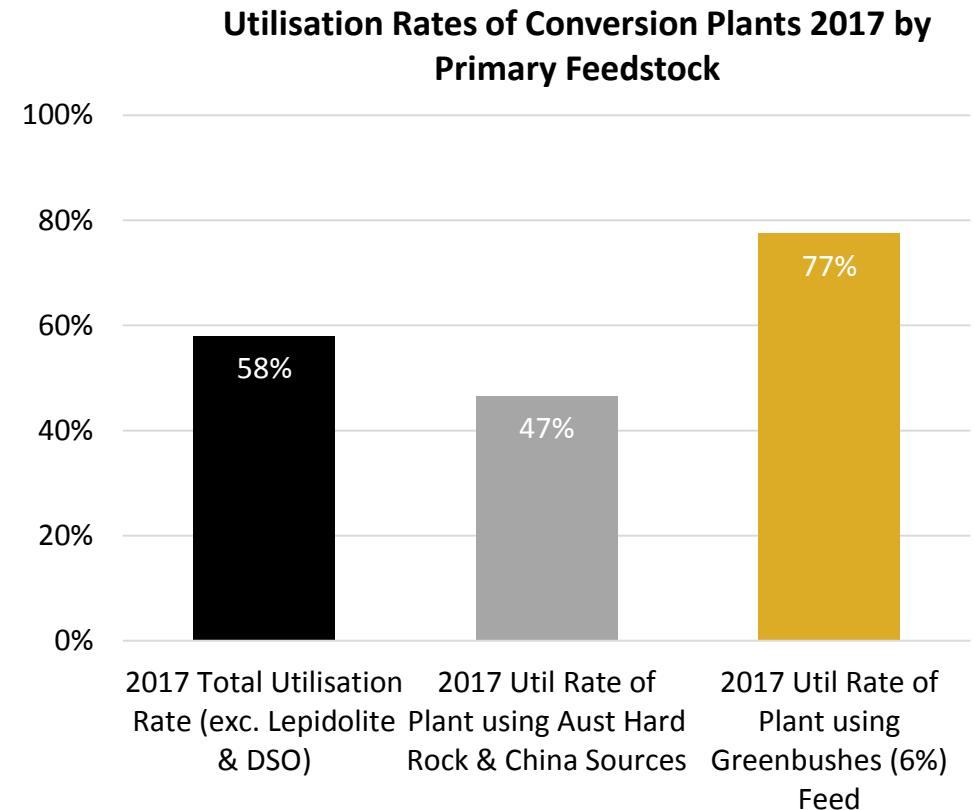
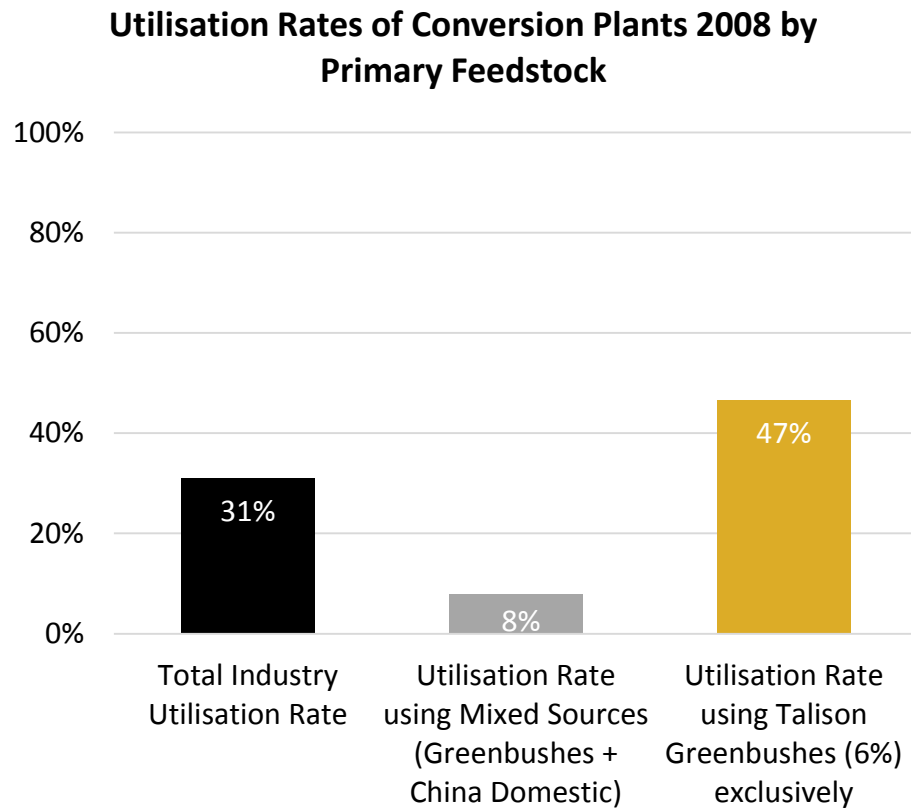
■ CBL (Brazil)  
 ■ Western Lithium  
 ■ Canada Lithium  
 ■ Yongzheng  
 ■ Zhonghe (formerly Minfeng)  
 ■ Yahua (Formerly Sichuan Aba)  
 ■ Ganfeng (incl. Jiangxi Western)



# 1 - CONVERSION PLANT EXPANSIONS TAKE LONGER THAN MARKET BELIEVES HOWEVER EVIDENCE SUGGESTS 4-5 YEARS



# 2A - OLD TECHNOLOGY & VARIED FEEDSTOCK HAS PREVENTED PROGRESS

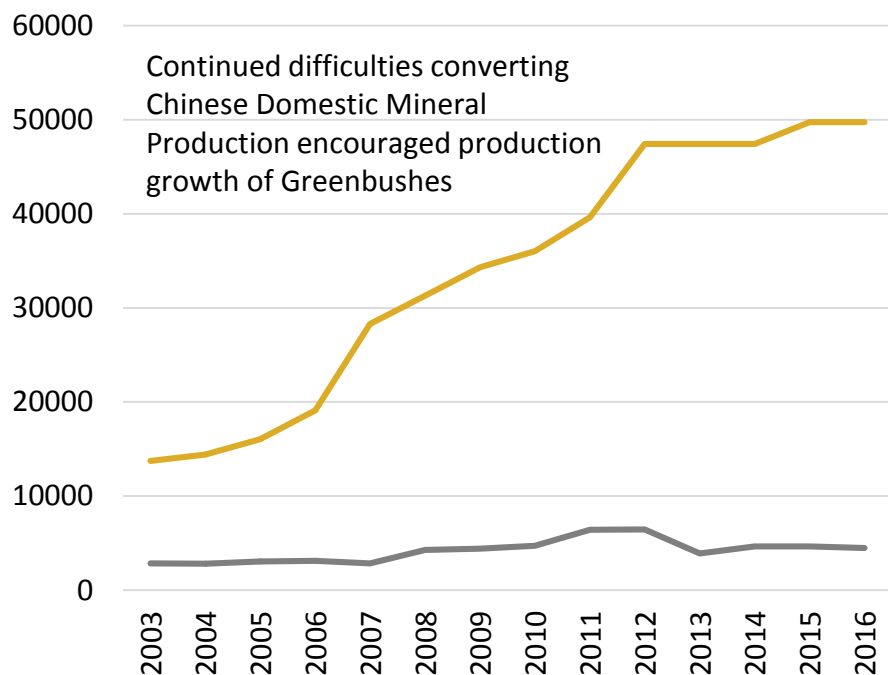


**A number of factors contributed to lower utilisation rates of newly added capacity including:**

1. Plants require ramp up period;
2. Inexperience in plant design and conversion of spodumene and lepidolite;
3. Plant not custom-designed for feed and/or use of multiple feeds;
4. Insufficient capital spent on old plant; and
5. Security of supply & or lack of feed.

# 2B - MARKET UNDERESTIMATED CHALLENGES INVOLVED IN CONSTRUCTING/COMMISSIONING PLANT WITH NEW FEED

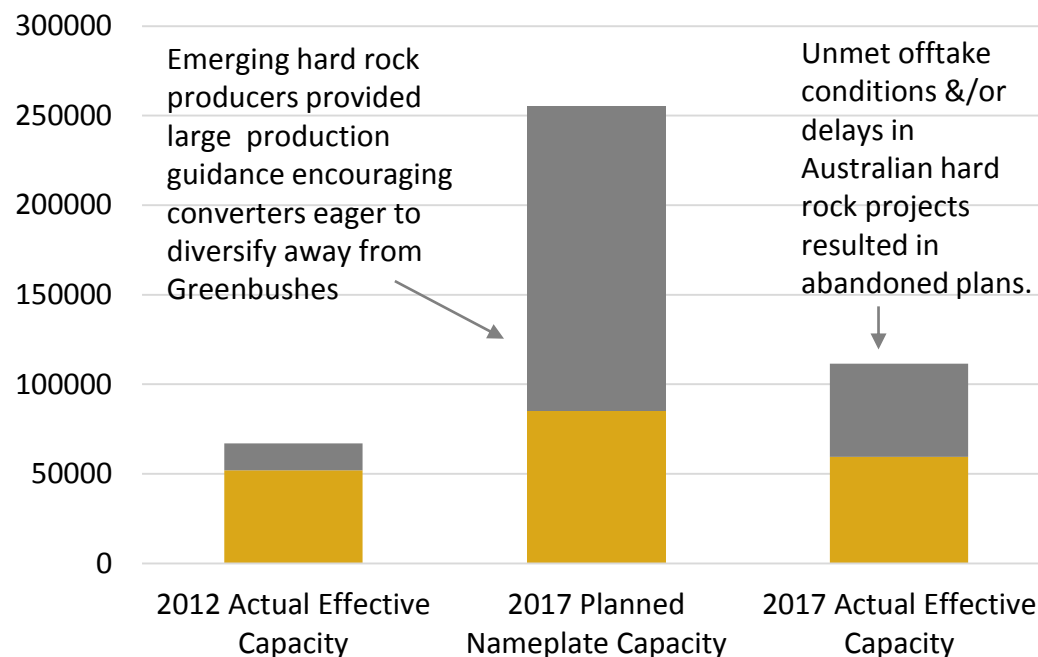
Production of Chinese Converter Feedstock (LCE tpa)



— Chinese Domestic Mineral Production

— Greenbushes Production less concentrate supply to Glass Market

China's Conversion Plant Market by Feedstock (LCE tpa)



■ Converting new Australian Hard Rock, China Domestic & Expected Canadian

■ Converting 6% Greenbushes

Very few plants were able to successfully construct, commission & scale operations with new, unfamiliar &/or mixed feedstock.



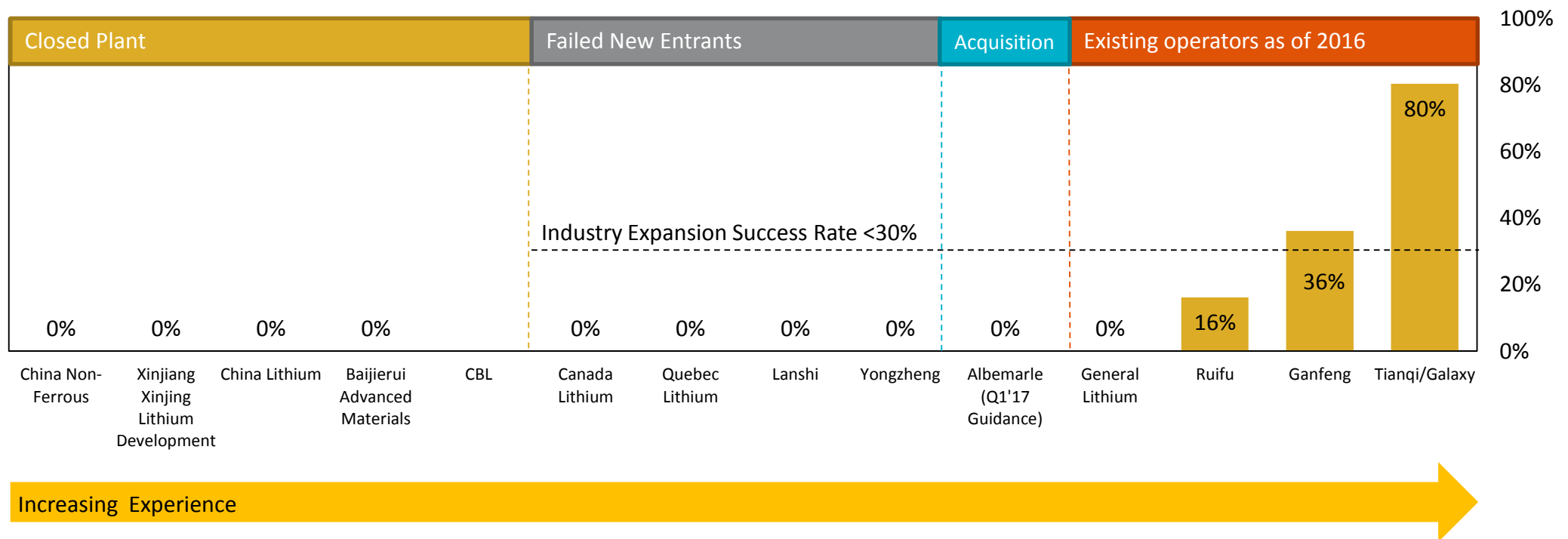
### 3 - EXPERIENCE IN THE CONVERSION MARKET IS IMPORTANT & HAS BECOME HIGHLY CONCENTRATED

With growing costs of inputs, inefficient & old plant were forced to close. Some also faced resource depletion.

New entrants experienced various challenges with permitting mineralogy, costs & climate during commissioning.

To expand & evolve the industry has been forced to consolidate experience & technical resources.

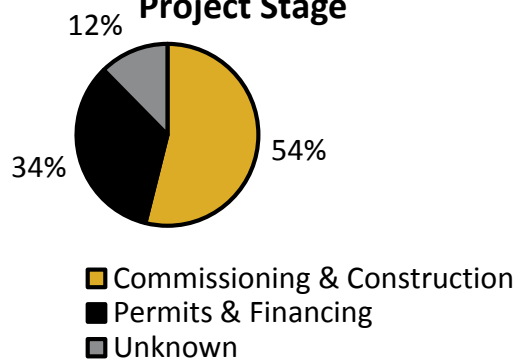
Conversion Capacity Achieved versus Announced Expansion (2012-2017)



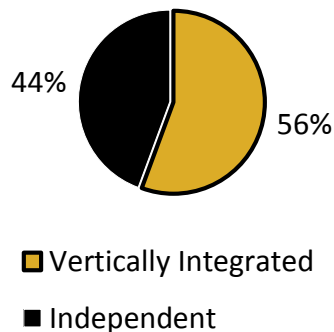
# DE-RISKING 300KTPA LCE OF ANNOUNCED CONVERSION CAPACITY ADDITIONS BY 2020

## Before De-risking – All 2020 Expansions

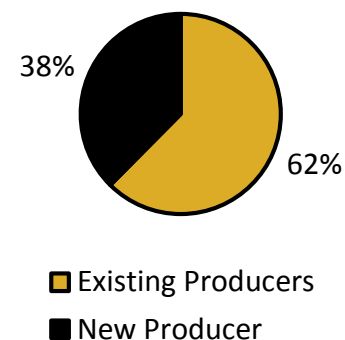
Expansions by  
Project Stage



Expansions by Feedstock  
Security

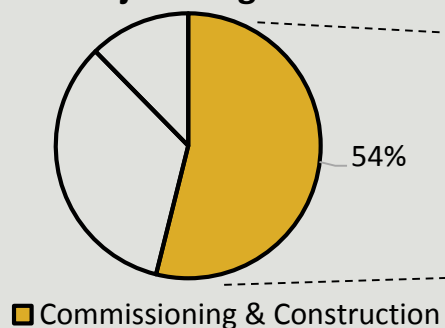


Expansions by Experience

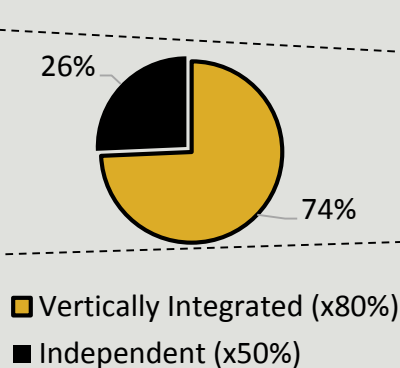


## After De-risking Projects commissioning & in construction

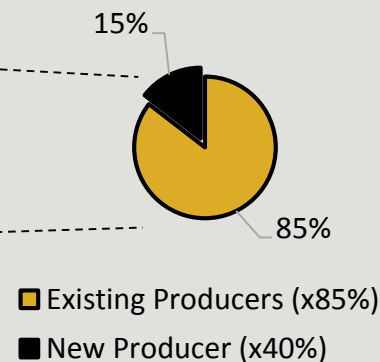
Expansions by  
Project Stage



Expansions by Feedstock  
Security

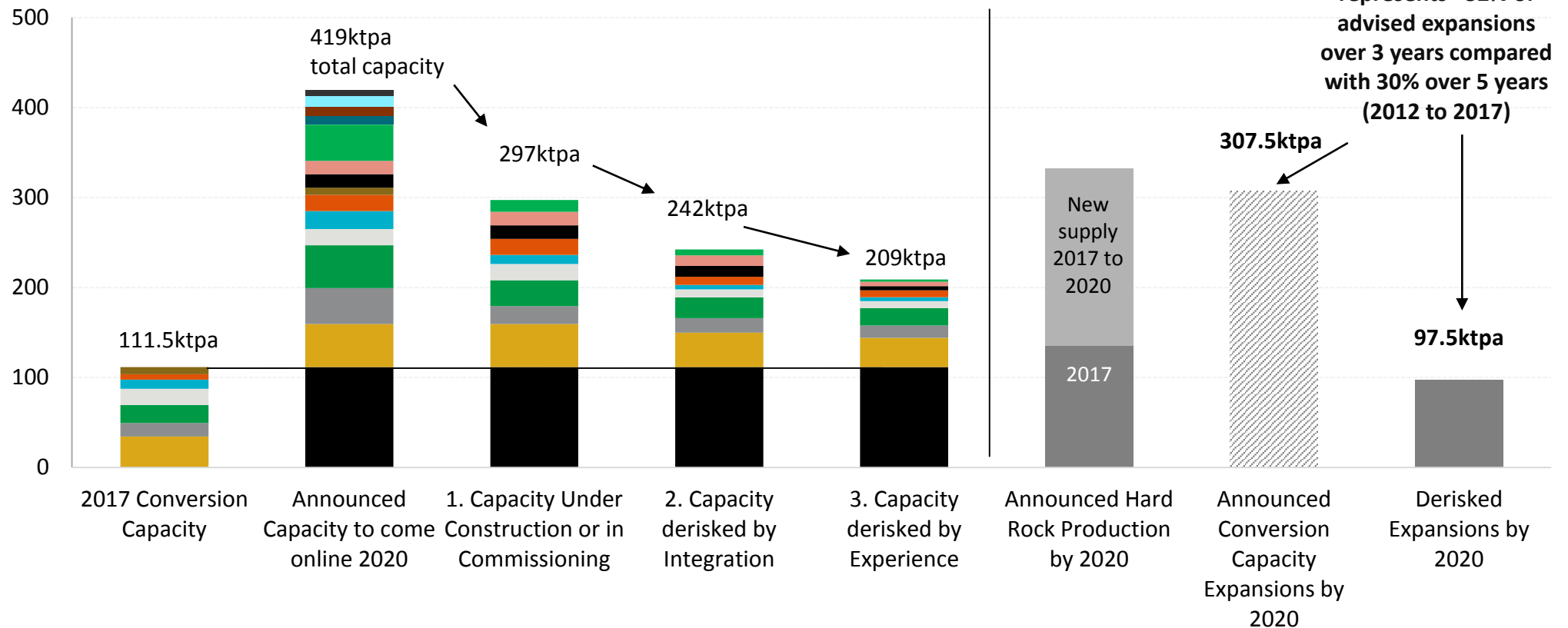


Expansions by Experience



# THE RESULT OF DE-RISKING...

De-risking Conversion Plant Capacity Claims versus  
Australian Hard Rock Production Announcements 2020 (LCE ktpa)



■ 2017 Capacity  
■ Yahua  
■ Optinano  
■ Fancy Minerals

■ Tianqi  
■ Ruifu  
■ Jiangte Motor  
■ Tianyuan Lithium Mat. Hebei

■ Albemarle  
■ General Lithium  
■ Sichuan Zhiyuan  
■ Dongpeng

■ Ganfeng  
■ Zhonghe  
■ Great Power



# SUMMARY

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Orocobre continues to operate as a low cost, high margin producer of lithium chemicals

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Fully funded growth projects are moving forward with early works at Phase 2 Olaroz and Naraha lithium hydroxide facility

## Supply

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Chinese conversion capacity is subject to the same slow ramp up as seen in brine

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The conversion industry is not well understood

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Analysis demonstrates that potential new capacity is significantly overstated, ORE expects about one third of planned capacity to be available by 2020

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Orocobre expects lithium chemical prices to remain strong for at least for the medium term

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The key risk remains with under-delivery across the industry

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