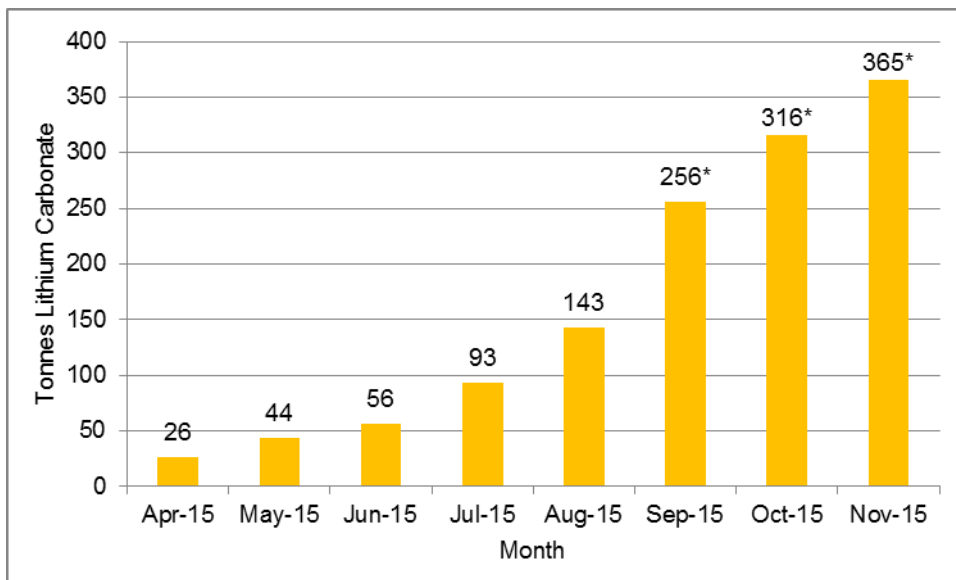


4 December 2015

## ASX / TSX ANNOUNCEMENT

### Olaroz Lithium Facility Operations Update

- **Production of 365 tonnes of lithium carbonate was achieved in November, an increase of 49 tonnes over October.**
- **Improvements made to heat distribution systems throughout the plant including joining both main boilers to the same circuit and installing special diffusers in the crystallizers.**
- **Installation of additional heat exchangers, flocculation system, second centrifuge and additional boiler on track as per previous advice.**
- **Breakeven point guidance of December 2015 unchanged.**



\*Sep, Oct and Nov figures include lithium carbonate tonnes recovered from the purification circuit.

Orocobre Limited (ORE:ASX ORL:TSX) (**Orocobre** or the **Company**) wishes to advise on progress at the Olaroz Lithium Facility.

### **Production update**

Production at the Olaroz Lithium Facility continued to increase in November with 365 tonnes of lithium carbonate produced, an increase of 49 tonnes on October. Of this production, 53 tonnes was recovered from within the purification circuit. During the first part of the month a supply chain issue was encountered with limitations in carbon dioxide (CO<sub>2</sub>) supply. This reduced production during the period by approximately 70 tonnes that would have been produced in the month. Without this limitation, production would have been in the order of 435 tonnes. To solve this issue and mitigate future risk, arrangements have been made to add an additional carbon dioxide supplier to supply the facility.

### **De-bottlenecking progress**

Since the last update, progress continued on the de-bottlenecking program.

- **Heat Exchangers, Absorption Circuit Cooling, and Flocculation:**

During the month, improvements in operating practice have resulted in significantly improved availability of the heat exchangers which cool the feed slurry prior to the absorption reactors in the purification circuit. A recirculation line back to the plant feed pond has also been installed which results in the cooling of the purification circuit feed slurry being independent of the operations of the primary lithium carbonate circuit resulting in more stable cooling temperatures. The additional heat exchangers to be installed in parallel to the existing heat exchangers are expected to be installed in December as planned and will allow a heat exchanger (which cools the feed slurry to the purification circuit) to be taken offline for cleaning without interruption of cooling of the feed slurry. In the meantime, the flocculation operation to settle the suspended magnesium, sodium boron and calcium salts in the concentrated brine feed pond will be commissioned in early December.

- **Magnesium and Calcium removal by Centrifuges:**

The second centrifuge is currently being installed and is 75% complete. This second centrifuge will allow nameplate flow rate to be achieved and will be commissioned in early December.

- **Boiler Increase and Heat Distribution:**

During November, the distribution systems of the two steam boilers were joined permitting better heat distribution throughout the plant. The additional boiler is currently being installed and will be linked into the current steam distribution system prior to final piping and circuit commissioning in early January. The increase in boiler capacity will permit the crystallizers to operate at design temperatures and full production capacity.

### **Production Guidance and Brine Inventory**

The Olaroz Lithium Facility will reach breakeven point on an operating cost basis (net of taxes paid or reimbursed), when production reaches approximately 650 tonnes per month, subject to variability in final average sales price. This production rate (~21-22tpd) is still expected to be achieved during December 2015.

All de-bottlenecking projects impacting production are expected to be completed by early to mid January 2016 permitting the plant to enter the final stage of ramp up and achievement of the nameplate production run rate. The timing of achievement of the nameplate production run rate is dependent upon the successful optimisation of operating practice and process controls once the debottlenecking rectifications are complete. There are no material changes to the capital cost estimates previously announced.

### **Sales Orders**

Commercial shipments of lithium carbonate have been and continue to be dispatched from the Olaroz Lithium Facility to Europe, Asia and the USA. All product that has been reported as produced is saleable product and has been sold or committed to a customer's purchase order. As previously advised samples have been provided to both industrial and battery sector customers.

### **Market Conditions**

Prices in recent times have been steadily increasing to over US\$6,000/tonne with further increases expected into CY2016 and beyond as lithium market conditions continue to tighten and higher pricing is expected into 2016 based on current negotiations. Strong market demand and supply side constraints are resulting in continued upward pressure on market prices for lithium carbonate. FMC Corporation (NYSE:FMC) announced a 15% price increase in September for lithium products, effective 1<sup>st</sup> October 2015. SQM (NYSE:SQM) also recently reported higher average prices in 2015 with an average price for the first 9 months of 2015 of ~US\$5,700/tonne.

### **Managing Director Comments**

Managing Director, Richard Seville, said, "The progress at Olaroz continues to be positive with the completion of debottlenecking activities drawing closer. Our "know how" and operating practices continue to improve and we are constantly encouraged and motivated by the increasing production levels and very favourable market conditions."

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## **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 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.*

*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, 2015 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.*