

## ASX / TSX ANNOUNCEMENT

22 June 2017

### Severe Weather Affects Operations

Orocobre Limited (ORE:ASX, ORL:TSX) (**Orocobre** or the **Company**) wishes to provide advice about recent severe weather in the Puna Region of Argentina and Chile and its impact on operations and logistics at the Olaroz Lithium Facility and Borax Argentina.

At the Olaroz Lithium Facility, production was briefly suspended for three days last week after on-site stocks of soda ash, a key process reagent, were depleted after heavy snowfall forced the closure of the Paso de Jama for over three weeks. The Paso de Jama is the main route across the Andes between Chile and northern Argentina and the route through which the majority of soda ash and lithium carbonate is transported to and from the Chilean ports. Conditions have improved and the pass is currently open allowing soda ash stocks to be replenished.

At the beginning of winter soda ash stocks at Olaroz had been increased to maximum storage capacity as a contingency. In addition, supplies of soda ash were also procured from alternate sources within Argentina. However, the intensity of snowfall and duration of the closure of the pass exceeded these plans.

The direct impact of inclement weather at the Olaroz Lithium Facility was less severe than at Paso de Jama and limited to light snowfall and cloudy conditions since mid May. Nonetheless, these conditions have impacted on evaporation rates resulting in lower harvest pond concentrations and lower than expected production rates. As a consequence of the combined effect of the short suspension of operations and the continued adverse weather conditions, it has now become apparent lithium carbonate production for the June quarter will be approximately 2,400 - 2,500 tonnes. This will result in FY17 production of approximately 11,700 - 11,800 tonnes of lithium carbonate.



**Severe snowfall at Paso de Jama in Chile, which has now reopened**

**Milder conditions further east at Olaroz**

The weather conditions also resulted in a short-term back log of exports held at site which has now been cleared.

At Tincalayu, snow and freezing weather have significantly affected mining and the transport of water resulting in processing operations being suspended for a cumulative 10 day period and the loss of approximately 700 tonnes of decahydrate equivalent production. The Sijes operations were less affected with approximately 200 tonnes of lost concentrate production and delays in the export of product.



**Tincalayu**

Managing Director and Chief Executive Officer Richard Seville commented, “The conditions this year have been severe with the first snow starting in April, which is most unusual. Local people state that the conditions have been the worst since the early 1980’s. Recently, the same weather systems stopped a number of large mining operations in northern Chile due to extensive rain. At our altitudes these conditions produce snow.”

“From our own personal experience working on this project for 10 years we have not known such extensive snowfall and disruption to transport and logistics. Our planning saw us holding the maximum level possible of consumables with additional contingency measures in place however, it was not sufficient to see us through this extreme event.”

“Whilst these weather conditions have had short term impacts on our production, shipment schedule and brine evaporation rates, the overall process of re-profiling the pond brine inventory is developing as expected.”

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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 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. This fresh water is produced by reverse osmosis from non-potable brackish water.
- 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)**