

ASX / TSX ANNOUNCEMENT

31 August 2017

Orocobre delivers record full year profit and strengthens growth plans

- **Maiden full year net profit after tax of US\$19.4M¹ (including benefits of asset sales and Borax impairment)**
- **Driven by record production of 11,862 tonnes of lithium carbonate**
- **Available group cash of US\$51.6 million**
- **Growth plans progressing for Olaroz Phase 2 and lithium hydroxide plant**

Orocobre Limited (ORE:ASX, ORL:TSX) (**Orocobre**) today released financial results for the year ended 30 June 2017 (FY17).

Orocobre Group results for the year to 30 June 2017:

- First full financial year in commercial production at Olaroz Lithium Facility
- Reported profit of US\$19.4 million impacted by impairment of Borax Argentina of US\$8.1 million, and sale of assets of US\$14.8 million (FY16: loss of US\$22 million)
- Strong balance sheet with available cash at 30 June 2017 of US\$51.6 million, up from US\$30.6 million as at 31 March 2017 and up 42% on FY16 following generation of US\$23.9 million cash from release of standby letters of credit
- Sale of a suite of exploration assets to Advantage Lithium Corp (TSV: AAL) in exchange for 35% of the issued shares in AAL and 2,550,000 warrants exercisable at C\$1 (AAL trading at C\$0.38 at 30 June 2017)
- Sale of exploration tenure at Salinas Grandes to LSC Lithium Ltd for US\$4 million with a further US\$3 million to be paid (US\$2.7 million on a discounted basis) in three annual tranches and acquisition of three properties adjacent to Olaroz covering approximately 3,821 hectares

Olaroz Lithium Facility, Argentina (ORE share 66.5%) – Results FY17

- Total production of 11,862 tonnes of lithium carbonate, up 72% on FY16
- Total sales revenue of US\$120 million, up from US\$15 million (2 months) in FY16
- EBITDAIX of US\$71.2 million, up from US\$7.8 million (2 months) in FY16
- Sales of 12,296 tonnes of lithium carbonate at an average price received of US\$9,763/tonne
- Reinforced position as one of the lowest cost producers with gross operating margins of 62% with lithium production costs at US\$3,710/tonne
- Receipt of VAT refunds of approximately US\$23.5 million with remaining VAT refund entitlements of US\$20 million on an undiscounted basis
- FY18 production guidance of approximately 14,000 tonnes of lithium carbonate, split 45/55 between the first half and second half of the year

Orocobre Managing Director and CEO, Richard Seville said: "In 2017, Orocobre came to the fore as a mainstream, profitable, low cost producer of lithium carbonate. We continued to develop and expand our customer base as we produced 11,682 tonnes of lithium carbonate (~5-6% of global supply) from one of the lowest cost bases in our industry."

"The year was not without challenge however, with pond management setbacks at Olaroz and inclement weather testing our ability to sustain operations and our broad production levels. These issues enabled us to further analyse and improve our operational processes as we adapt and manage our operations for long term, sustainable, high-quality output."

"Global market fundamentals for lithium remain intact with strong demand growth, tight supply and attractive pricing. In meeting market demand Orocobre will grow organically through a staged series of expansions at Olaroz for select partners in the battery market."

Mr Seville added that from its strong financial footing, Orocobre's plans to expand will commence with Phase 2 at Olaroz which will see production double at its Olaroz facility, coupled with a 10,000 tonne per annum lithium hydroxide plant to be constructed with partner Toyota Tsusho Corporation. These projects are achievable without the need to raise further capital, though are subject to achievement of Phase 1 production milestones.

"Orocobre has built up significant operating experience since production commenced nearly three years ago and in addition is supported by world class consultants. This leaves us exceptionally well positioned to grow our business and deliver sustainable shareholder value in FY18 and beyond" said Mr Seville.

Borax Argentina

Orocobre's 'Borax Argentina SA', a long-established Argentine boron (or borate) minerals and refined chemicals producer, experienced difficult trading conditions in FY17 with lower sales prices, inflation and severe weather conditions impacting its operations and financial performance.

Borax Argentina recorded combined product sales volume of 41,777 tonnes in FY17 which was 18% up on FY16. Following an assessment of the carrying value of Borax Argentina, Orocobre has booked an impairment of US\$8.1 million.

Environmental, Social and Community

Orocobre is committed to sustainable and responsible development and has already implemented programs that have been in operation for a number of years. Going forward, we intend to increase our reporting on these, and other measures including our contribution to society; our relationship with the environment and management of natural resources; our responsiveness to our customers; and the development, support and safety of our people, suppliers, and communities.

Social and environmental considerations form a central component of our Corporate Strategy and our broader commitment to Sustainable Development, as such we are already seeing progress as detailed below:

Environment

- **19%** reduction in emissions intensity (1/5 less emissions per tonne produced)
- **39%** reduction in energy intensity (2/5 less energy consumed per tonne produced)
- **24%** reduction in water intensity (1/4 less industrial water consumed per tonne produced)

Workforce

- 50% of workforce from local communities (up from 37% in FY16)
- 15% of workforce are women (up from 14% in FY16)

Value Chain

- 39% of all work contracted since 2013 has been to local businesses

Outlook and guidance

Subject to market and operating conditions Orocobre provides the following guidance:

Olaroz Lithium Facility

- Approximately 14,000 tonnes of production for FY18
- >US\$10,000/tonne average price forecast for FY18
- Capital expenditure of US\$12-15 million including CO₂ recovery equipment, additional spare parts, process optimisation projects, and previously noted pond management and control systems

Corporate

- Corporate costs of ~US\$6 million

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About Orocobre Limited

Orocobre Limited (Orocobre) is a dynamic global lithium carbonate supplier and an established producer of boron. Orocobre is dual listed on the Australia and Toronto Stock Exchanges (ASX: ORE), (TSE: ORL). Orocobre's operations include its Olaroz Lithium Facility in Northern Argentina, Borax Argentina, an established Argentine boron minerals and refined chemicals producer and a 35% interest in Advantage Lithium.

For further information, please visit www.orocobre.com

Appendix

Proportionally consolidated¹ Profit and Loss

Proportionally consolidated P&L	ORE Group Statutory Results	SDJ PTE (100%)	Eliminate NCI of PTE (33.5%)	Add back equity accounting of PTE profit	Consolidated Group incl PTE
Year ended 30 June 2017					
US\$ million					
Revenue and other income	17.4	120.1	(40.3)	-	97.2
EBITDAIX*	(8.3)	71.2	(23.9)	-	39.0
Depreciation & Amortisation	(1.8)	(8.8)	3.0	-	(7.6)
EBITIX**	(10.1)	62.4	(20.9)	-	31.4
Interest	1.8	(10.6)	3.6	-	(5.2)
EBTIX***	(8.3)	51.8	(17.3)	-	26.2
Foreign currency gains/(losses)	0.6	(0.9)	0.3	-	-
Impairment	(8.1)	-	-	-	(8.1)
Share of net gains of joint venture	21.5	-	-	(21.5)	-
Segment profit/(loss) before tax from continuing operations	5.7	50.9	(17.0)	(21.5)	18.1
Income tax benefit/(expense)	(1.1)	(18.7)	6.3	-	(13.5)
Profit/(loss) for the year after tax from continuing operations	4.6	32.2	(10.7)	(21.5)	4.6
Profit/(loss) for the year after tax from discontinued operations	14.8	-	-	-	14.8
Total profit/(loss) for the year after tax	19.4	32.2	(10.7)	(21.5)	19.4

Notes:

1 Orocobre's results are reported under International Financial Reporting Standards (IFRS). This report also includes certain non-IFRS financial information, including the following:

- 'Proportional consolidation' is a method of including items of income, expense, assets and liabilities in proportion to the company's percentage of participation in the joint venture.
- "NCI" is the Non Controlling Interest which represents the portion of equity ownership in the Joint Venture not attributable to Orocobre Limited.
- 'EBITDAIX' is 'Earnings before interest, tax, depreciation and amortisation, impairment, and foreign exchange gains (losses)'.
- 'EBITIX' is 'Earnings before interest, tax, impairment, and foreign exchange gains (losses)'.
- 'EBTIX' is 'Earnings before tax, impairment, and foreign exchange gains (losses)'.