

ASX / TSX ANNOUNCEMENT

5 April 2018

Olaroz Lithium Facility Production Update

Orocobre Limited (**ASX: ORE, TSX: ORL**) (“Orocobre” or “the Company”) provides an update on lithium production at Olaroz.

Production for the March quarter was 2,802 tonnes, down 29% from 3,937 tonnes in the December quarter. Sales were 3,052 tonnes with a record realised average price up 17% on the December quarter to US\$13,533 per tonne on a FOB basis and record total sales revenue of US\$41.3 million. Unit cost of sales for the quarter has not yet been finalised but will be higher than the previous quarter due to the lower production. Despite the increased unit costs, gross cash margins are expected to be higher than the December quarter (US\$7,604 per tonne).

The lower production rate in the March quarter was due to evaporation rates that were 24% below those in 2017 with reduced solar radiation from cloudy conditions and above normal rainfall. In particular, the February mean evaporation rate was the lowest recorded since 2011 and less than half that of February 2017 resulting in lower than expected brine concentrations at the beginning of March. Concentrations improved during March but did not recover to the level expected, affecting production performance during this period.

Future production and guidance

Production in the June quarter is expected to be significantly higher than the past quarter. Harvest pond inventories remain approximately 30% above the same period last year and continue to be supplied with brine from intermediate and primary ponds in line with revised pond operating practices. Plant feed brine concentrations are currently 20% above the levels at the same time last year.

Even with an expected strong June quarter, the company now expects full year production (FY18) will be less than the previous guidance of approximately 14,000 tonnes. Further detail will be provided in the March Quarterly Report following the completion of modelling, but full year production will be approximately 10% lower than expected.

CEO and Managing Director, Richard Seville commented, “While I recognise this change in production guidance is very disappointing, the adverse weather conditions were outside of our control. Of the operational metrics that are in our control, I am pleased to report that we have seen improvements with greater stability of operations and despite the weather being worse when comparing solar radiation, rainfall and evaporation rate, we are in a significantly stronger position than this time last year.

“The operational team have made significant progress. However, recent weather events have confirmed the previously identified need to further improve the robustness of operations and reduce production variability from weather impacts. Plans for the Phase 2 expansion already include enhancements to the lithium carbonate processing plant and the potential use of evaporator/crystallizers during adverse weather events to maintain consistent brine concentrations prior to processing in both Phase 1 and Phase 2”, he said.

For more information please contact:

Andrew Barber

Investor Relations Manager

T: +61 7 3871 3985

M: +61 418 783 701

E: abarber@orocobre.com

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 29% interest in Advantage Lithium.

For further information, please visit www.orocobre.com