



ASX/TSX ANNOUNCEMENT

*Quarterly Report of Operations
for the Period Ended 30 June 2018*



*The only ASX listed company producing high grade, high value
lithium chemicals for global battery and technical markets*

JUNE QUARTER 2018 KEY HIGHLIGHTS¹

OLAROZ LITHIUM FACILITY (ORE 66.5%)²

June quarter

- Production for the quarter was the second highest on record at 3,596 tonnes of lithium carbonate, up 28% on the March quarter
- Record **realised average price achieved of US\$13,653/tonne** on a free on-board basis (FOB)³
- Record quarterly **sales revenue of US\$44.4 million** on total sales of 3,255 tonnes of lithium carbonate (varies from ASX release 2 July 2018 due to unforeseeable port shipping delays, these sales will now be recognised in the September quarter. See notes later)
- Cash costs for the quarter (on cost of goods sold basis)⁴ were down **13% quarter on quarter (QoQ) to US\$3,800/tonne** as a result of increased production and sales volumes
- **Record gross cash margins of US\$9,853/tonne were up 7% QoQ** demonstrating the profitability and cash generation capability of the Olaroz operations

Fiscal Year 2018

- Production for fiscal year to 30 June 2018 was a record 12,470 tonnes, up 5% year on year (YoY)
 - Total sales volume of 11,837 tonnes⁵
 - Average price received for fiscal 2018 was a new high of US\$12,578/tonne, up 29% YoY
- Total sales revenue for the year to 30 June 2018 was a **record US\$148.9 million**, up 24% on the previous year.

LITHIUM GROWTH PROJECTS

- A US\$40 million early works program has commenced as part of the Stage 2 expansion with the construction of ponds, roads and camp infrastructure. The US\$40 million forms part of the total capital expenditure of US\$285 million for Stage 2. The expansion will add 25,000 tonnes per annum (tpa) of lithium carbonate and bring Olaroz total production capacity to 42,500tpa.
- Orocobre and Toyota Tsusho Corporation (TTC) continue to advance plans for the proposed 10,000tpa Naraha Lithium Hydroxide Plant to be built in Japan. Negotiations continue for the Engineer, Procure and Construct (EPC) contract and are expected to be completed in the September quarter
- Progress continues to be made towards final investment decisions for both the Olaroz expansion and Naraha lithium hydroxide projects. In particular, work has advanced regarding debt packages for both projects and the JV structural elements for the hydroxide plant.

BORAX ARGENTINA

- Overall sales volume in the June quarter was up 16.6% on March quarter to 10,590 tonnes
- Sales have continued to steadily improve during the quarter with a strong focus on market development

¹ All figures presented in this report are unaudited

² All figures 100% Olaroz Project basis

³ Orocobre report 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. The Company's pricing is also net of TTC commissions. FOB prices are used by the company to provide clarity on the sales revenue that flows back to SDJ, the joint venture company in Argentina

⁴ Excludes royalties and corporate costs

⁵ Full year sales volume is two tonnes less than the previously reported quarterly sales volumes due to rounding

- The Tincalayu Expansion Project feasibility study is in the final stages of internal review.

CAUCHARI JOINT VENTURE

(ADVANTAGE LITHIUM OPERATOR 75% / OROCOBRE 25%)

- An updated resource estimate was released during the June quarter detailing a +6-fold increase of the inferred resource to 3.0 Mt LCE at Cauchari at 450 mg/l lithium
- Advantage Lithium has now undertaken drilling at 12 locations within the Cauchari tenements and has completed Phase 1 and 2 of the drilling program with Phase 3 drilling underway to upgrade this inferred resource and underlying brine to measured and indicated resources
- The NI43-101 Technical Report on the resource upgrade of the Cauchari Lithium Project was completed and released late in the June quarter to support the conclusions presented in the updated resource estimate
- A Preliminary Economic Assessment is planned for completion in Q3 2018 followed by a Feasibility Study to be completed by early 2019.

CORPORATE

- As at 30 June 2018, Orocobre Group had available cash of US\$316.6 million (net of project debt⁶, cash is US\$227.2 million)
- During the quarter, Orocobre received US\$1.3 million from the sale of Lithium X and US\$1 million in terms of the Salinas Grandes disposal to LSC Lithium
- Subsequent to Richard Seville announcing his intention to step down as Managing Director and Chief Executive Officer (CEO) of Orocobre, the Orocobre Board commenced a global search for his replacement. The recruitment and transition processes are expected to take approximately 12 months.



Olaroz Lithium Facility

⁶ The Orocobre Group cash balance includes US\$11 million of restricted funds in a Debt Service Reserve Account for the Olaroz project finance facility provided by Mizuho Bank

OLAROZ LITHIUM FACILITY

[For more information on Olaroz click here](#)

The Olaroz Lithium Facility is located in the Jujuy province of Argentina. Together with partners, TTC and Jujuy Energia y Minería Sociedad del Estado (JEMSE), Orocobre is now operating the first large scale brine-based lithium chemicals facility to be commissioned in approximately 20 years.

Olaroz produces high quality lithium carbonate chemicals for both the battery and industrial markets. It is the only operation in the world with an integrated purification circuit that permits it to produce, if desired, 100% battery grade lithium carbonate (+99.5%) on site.

The Olaroz Lithium Facility joint venture is operated through Argentine subsidiary Sales de Jujuy S.A. (SDJ). The effective equity interests are: Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.

PRODUCTION, SALES AND OPERATIONAL UPDATE

PRODUCTION AND SALES

Production for the June quarter was 3,596 tonnes, up 28% from 2,802 tonnes in the March quarter. Sales were 3,255 tonnes of lithium carbonate with a record realised average price of US\$13,653 per tonne on a FOB basis and record total sales revenue of US\$44.4 million. Operating costs (on a cost of goods sold basis) were US\$3,800/tonne, down 13% QoQ due to increased production and sales volumes and the impact of the Peso devaluation resulting in lower local costs for the quarter.

Gross cash margins of 72% for the quarter were a record (US\$9,853 per tonne, up 7% QoQ) with higher prices and lower costs. This demonstrates the robust cash generation ability and profitability of the Olaroz operations.

The sales figures presented in this report differ to those reported in ASX release 2 July 2018 owing to the previously noted delay in shipping with unforeseen port congestion. This simply represents a timing issue of when revenue is reported.

Metric	June quarter 2018	March quarter 2018	Change QoQ (%)	FY18
Production (tonnes)	3,596	2,802	28%	12,470
Sales (tonnes)	3,255	3,052	7%	11,837
Average price received (US\$/tonne) ³	13,653	13,533	1%	12,578
Cost of sales (US\$/tonne) ⁴	3,800	4,356	-13%	4,194
Revenue (US\$M)	44.4	41.3	8%	148.9
Gross cash margin (US\$/tonne)	9,853	9,177	7%	8,384
Gross cash margin (%)	72%	68%	6%	67%

OPERATIONAL UPDATE

Production in the June quarter was significantly higher than the March quarter with both the lithium carbonate plant and the pond system operating well. This result demonstrates improved pond management and harvesting practices despite lower than average evaporation rates through the half.

During the June quarter the first cycle of salt harvesting continued from the harvestable ponds (the final eight ponds in the system). The harvesting process occurs approximately every three years and involves the removal of the majority of salt (mainly halite and sylvite) which has precipitated through the evaporation process.

Construction of the salt stockpile area immediately adjacent to the existing harvest ponds has been completed. Three of eight harvest ponds have now been cleared of harvestable salts.

CARBON DIOXIDE RECOVERY

Carbon dioxide is used at the Olaroz Lithium Facility in the production of battery grade lithium carbonate. It is currently sourced from near Buenos Aires, Cordoba and Mendoza (transported up to 1,800 kilometres by truck), making it a significant component of total reagent costs.

Recent engineering studies have shown up to 50% of total CO₂ used in the production process can be recovered, so the Company is currently installing CO₂ recovery systems on various parts of the purification circuit to help significantly lower the total reagent costs.

Installation and operation of the permanent CO₂ recovery equipment is expected in the second half of calendar year 2018, with capital expenditure on this project expected to be less than US\$2M.

FUTURE PRODUCTION AND GUIDANCE

During the current quarter there will be a temporary closure of the plant for maintenance of approximately one to two weeks, during which time work will be undertaken on some minor modifications to the BEPEX (dry and bagging) circuit and electrical upgrades, in addition to normal preventative maintenance programmes. This is the first major maintenance shutdown since the plant opened in 2014.

As previously stated on the conference call of 2 July 2018 (<https://www.orocobre.com/news/orocobre-june-production-update-conference-call/>), Orocobre expects full year production (FY19) will be higher than that achieved in FY18.

Further guidance on pricing will be given when negotiations are concluded, however results achieved to date indicate continued strength in the contract market for high quality lithium carbonate chemicals.

STAGE 2 EXPANSION AT OLAROZ

The Stage 2 expansion of Olaroz is fully funded with cash and proposed debt funding arrangements. Final investment decision remains subject to Orocobre and TTC approvals, although work has commenced on long lead projects as noted below.

SCOPE OF STAGE 2 EXPANSION

Based on forecast strong demand growth the Joint Venture Partners have scaled the Stage 2 expansion to 25,000 tonnes per annum (total 42,500 tonnes per annum across the whole Olaroz site).

The increased expansion plans retain the simplified design to remove the purification circuit from the incremental production with the proposed development of a 10,000tpa Lithium Hydroxide Plant in Naraha, Japan.

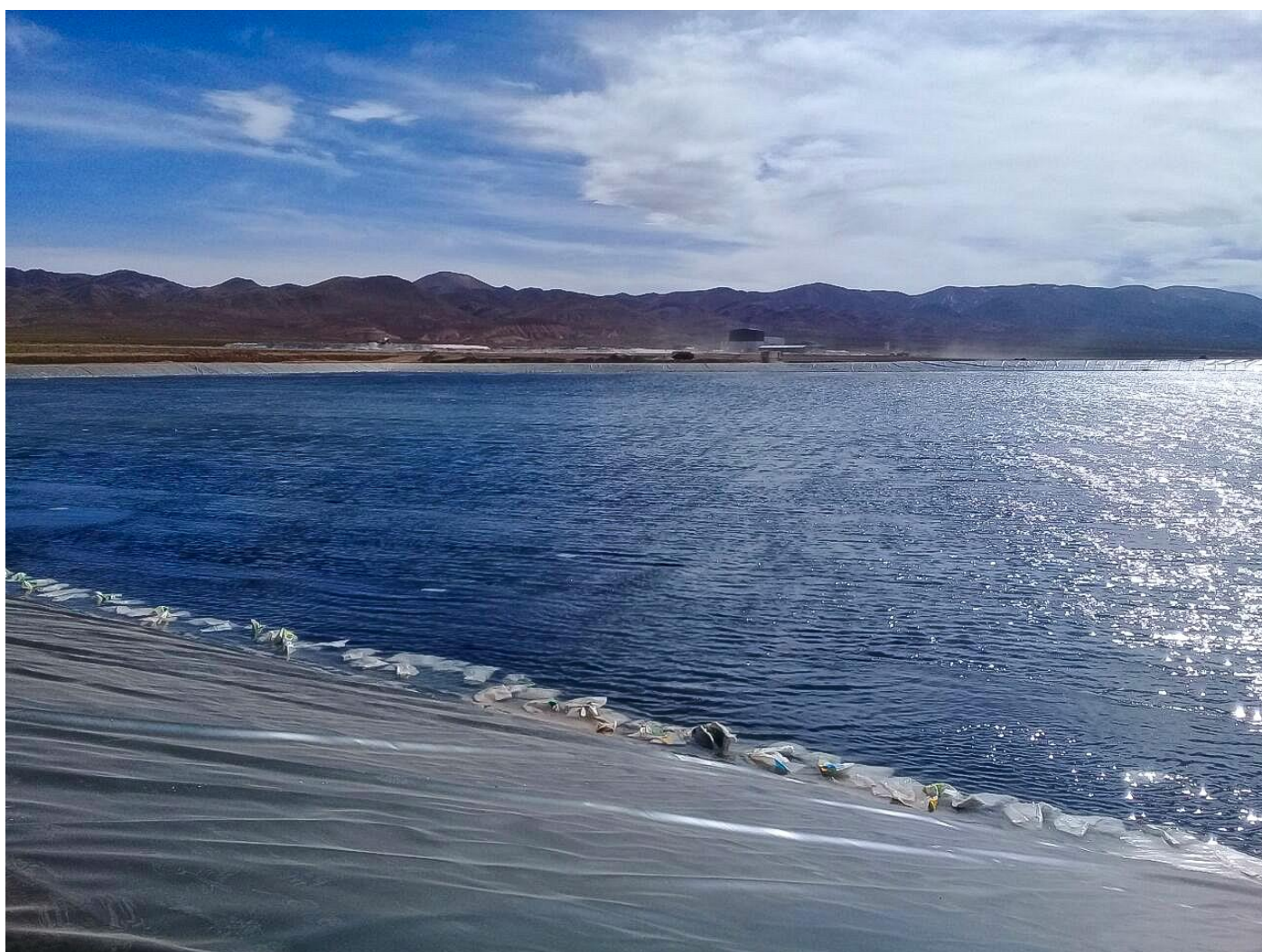
The joint venture has committed to a US\$40 million early works program which is being funded out of operating cashflow. This capital forms part of the overall US\$285 million total capital program for Stage 2. This first phase of expansion activities includes the construction of new roads, vegetation clearing, construction of new ponds, the expansion of existing site infrastructure including a new sewage treatment plant and camp accommodation.

The first of three new harvest ponds has been completed and is now filled with concentrated brine replacing pond area that is temporarily unavailable due to salt harvesting activities.

The Company continues to actively seek opportunities to obtain services from the local community, e.g. labour hire and rental accommodation.

Key project milestones include:

Milestone	Timing (CY)
Final joint venture approvals	2H 2018
Drilling of wells	2018 – 1H 2019
Construction of ponds	2H 2018 – 1H 2019
Construction of lithium carbonate plant	2H 2018 – 2H 2019
Plant commissioning	1H 2020



The first of three new harvest ponds at Olaroz has been filled, replacing pond area where salt harvesting is occurring

NARAHHA LITHIUM HYDROXIDE PLANT

UPDATE ON PROGRESS

Orocobre and TTC continue to advance plans for the proposed 10,000tpa Lithium Hydroxide Plant to be built in Naraha, Japan. The proposed location is well situated near potential customers which reduces the common risks of caking and degradation of quality when lithium hydroxide is transported and exposed to humidity.

The process will utilise primary grade lithium carbonate sourced from Olaroz and locally sourced Japanese lime. The test work demonstrated that a very high-quality, battery grade, lithium hydroxide could be produced from a customised process.

Negotiations continue for the EPC contract and are expected to be completed in the September quarter.

Capital expenditure for the lithium hydroxide plant remains at approximately US\$60-70 million (100% basis, pre-subsidies). Subsidies of US\$27 million have been secured from the Japanese government.

Operating costs (excluding lithium carbonate feedstock) for the lithium hydroxide plant remain at approximately US\$1,500/tonne, delivering a very favourable investment case.

A final investment decision remains subject to joint venture board approval with commissioning forecast in late 2019.



Orocobre Limited & Toyota Tsusho Corporation representatives inspecting the proposed site for the 10,000 tonne per annum Naraha Lithium Hydroxide Plant

MARKET AND SALES

Total volume of lithium carbonate sold in the June quarter was 3,255 tonnes. Lithium carbonate prices increased to US\$13,653/tonne (FOB) for the quarter.

Since operations commenced Olaroz has developed a strong customer base of >70 customers who have tested and accepted the high grade Purified and Prime products. The Purified product regularly tests at 99.9% lithium carbonate and is sold to battery and cathode end users. The Prime product regularly tests at 99% lithium carbonate and is sold to a variety of technical and industrial end users. Neither of these products require any additional processing for their respective markets.

LITHIUM MARKET

During the June quarter ex-China lithium carbonate contract prices continued to edge higher, closing the gap with stagnant and declining China spot prices. The spot prices in China experienced decline during the quarter as a result of subsidy policy changes having an effect on demand due to the need for cathode and battery manufacturers to adjust to the new requirements and the need for raw material producers in China to move excess inventory. Key South American suppliers have guided toward strong H2 2018 pricing citing robust demand, particularly from cathode customers amidst a shortfall of battery grade lithium carbonate and hydroxide. The market had expected improved supply conditions with expansions expected to come on line in 2018 from Australian hard rock projects and Chinese conversion plants. But despite growing imports of Australian concentrate and direct shipping ore (DSO) through Chinese ports, the overall supply/demand balance continues to be tight as conversion plants reported significant technical difficulties commissioning new capacity and converting new supply.

As of the end of 2017 approximately 24kt LCE concentrate and almost 70kt LCE DSO was stockpiled in China due to restrictions at Chinese conversion plants with most operating below 70% of capacity. Given growing imports of new Australian spodumene concentrate supply, this bottleneck became more apparent. During the March quarter, approximately 70% of the concentrate and DSO volume was below a 6% grade concentrate* (import data sourced from Chinese Customs) and there were reports of growing stockpiles throughout the supply chain at ports, warehouses and plants.

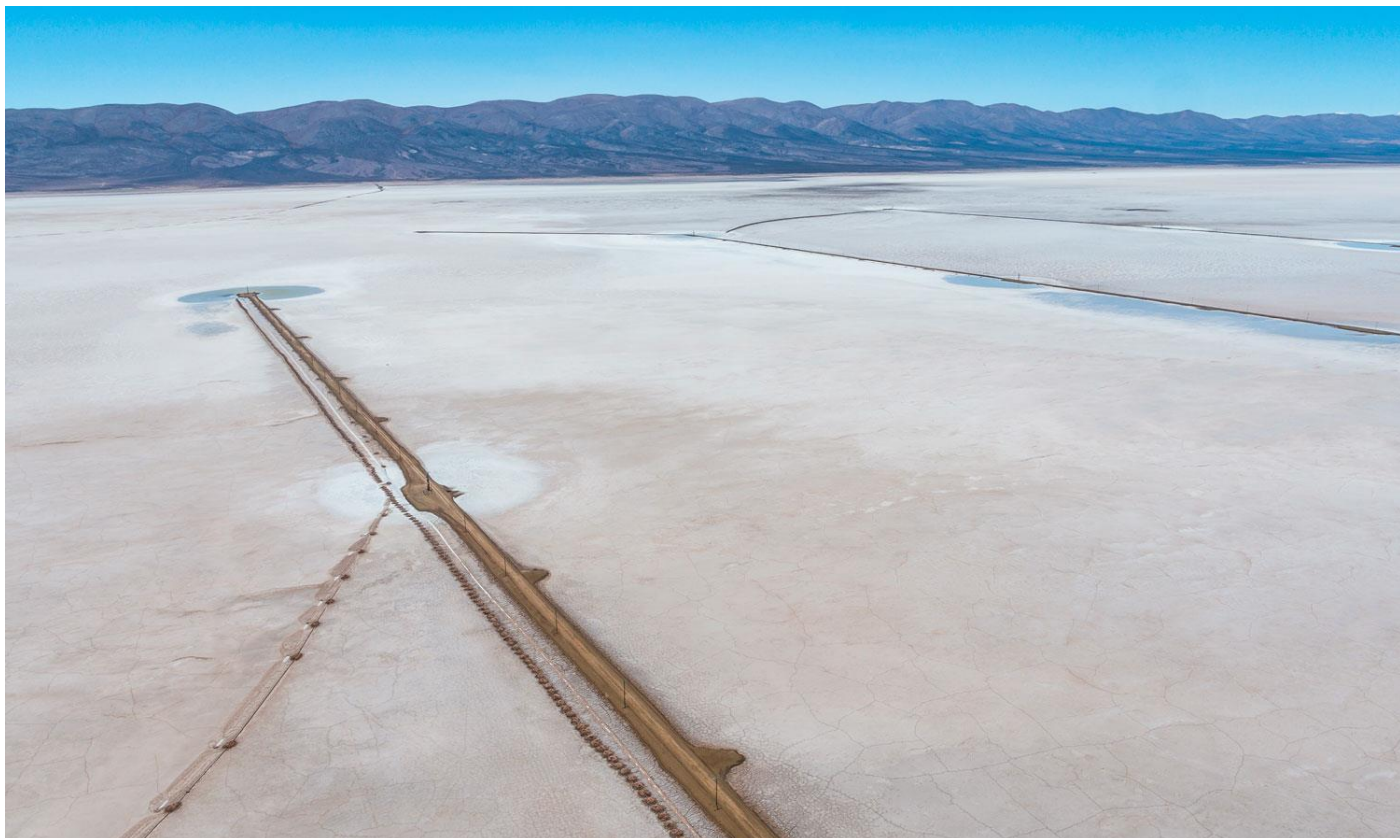
Given only ~5% of Chinese imports of 'non-Greenbushes' material was at or above 6% during Q1 2018, several new hard rock producers have announced ongoing efforts to improve grade during H2 2018 via additional plant and equipment. Additionally, the leading DSO supplier has announced plans to progressively decrease supply for the remainder of the year. This decision comes amidst 12 months of market speculation regarding the technical and economic viability of DSO.

Given very little to no sales of battery grade material have been made in the spot market, the price is indicative of speculative trading rather than demand from the growing battery segment. In contrast, demand for battery grade material from suppliers to the contract market has grown reflecting robust demand conditions. Both SQM and Albemarle attest to strong demand growth rates of 20% and 18% CAGR to 2025 respectively, based on their customer's long-term order books.

This sentiment is echoed downstream by the battery supply chain with continued investment in additional capacity buoyed by car manufacturer targets. Battery manufacturing capacity is expected to more than quadruple, growing from 115GWh in 2017 to 470GWh in 2025 although continued expansion beyond this is likely. While numerous smaller players have announced expansions and new entrants are expected to be drawn into the industry by its growth prospects, over 50% of the capacity is forecast to be accounted for by Panasonic-Tesla, CATL and LG Chem (Benchmark Minerals, 2018).

As the downstream battery supply chain expands largely in line with company guidance, it has become increasingly apparent that the current deficit of lithium carbonate and hydroxide is likely to persist due to slower ramp-up profiles than expected. Significant technical improvements are required to lift output and unlock persisting bottlenecks. On this basis, it is the Company's view that tight market conditions will persist in the short-term with some lumpiness or variability to be expected in supply and demand as the market grows.

*'new' is defined concentrate or direct shipping ore entering the market since 2017. Lithium Carbonate Equivalent (LCE) has been calculated and adjusted for quality. Assumptions of grade based upon price achieved versus price agreed off 6% grade basis.



Salar de Olaroz

BORAX ARGENTINA

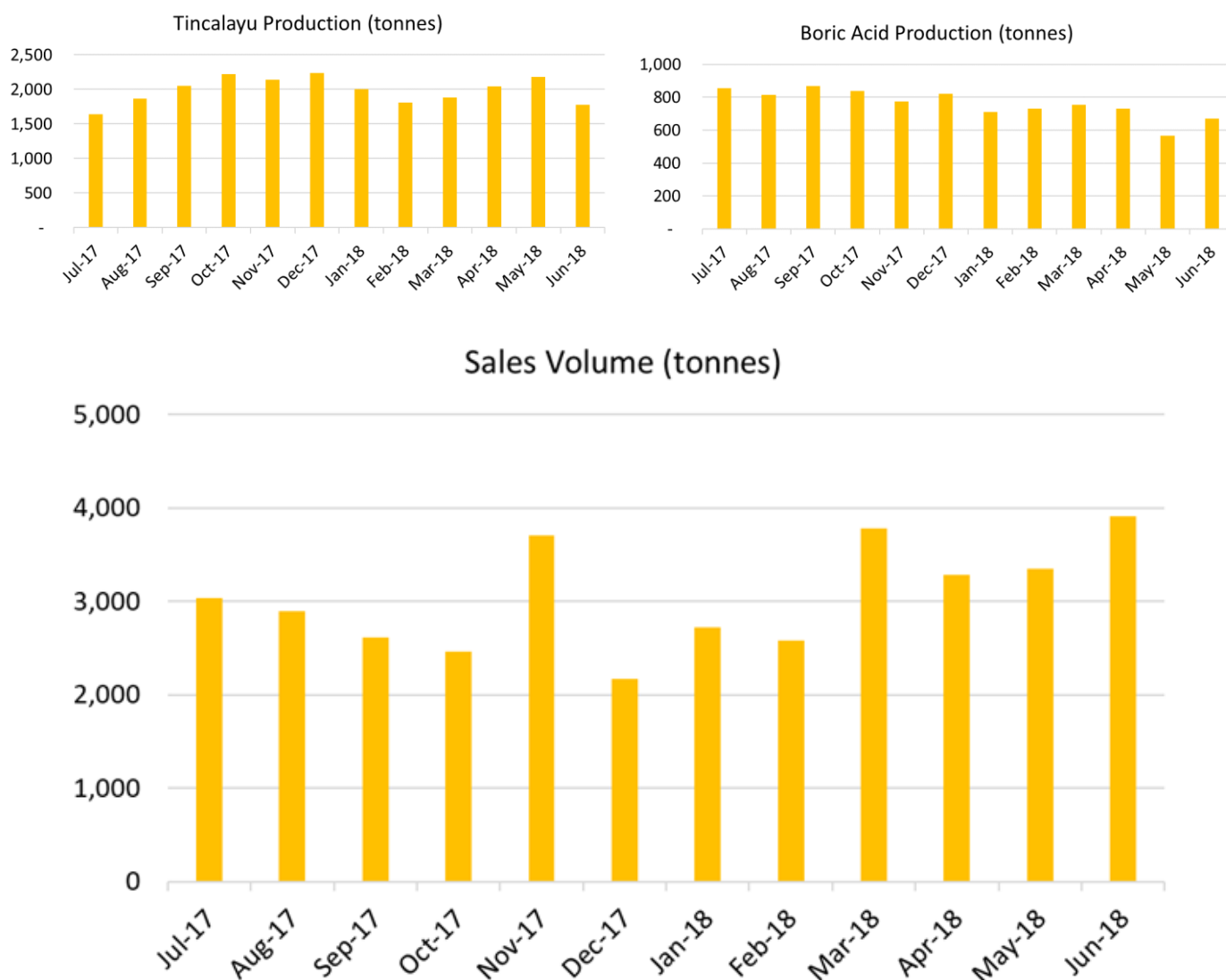
Borax Argentina continues to demonstrate good progress along the path to becoming a sustainable operational and financial business unit. The strategy of shifting to a product mix that will drive higher average pricing, improved margins and reducing unit costs at full production rates has demonstrated traction with steadily improving sales results achieved during the quarter.

New product development opportunities are beginning to be converted into sales, with a program of new initiatives to be converted throughout the 2019 financial year.

Borax Argentina will continue to drive greater sales share of these new products but recognises the need for customers to manage themselves out of their current supply arrangements before the financial benefits of these new initiatives can be realised. Unit costs continue to be near or at record lows.

OPERATIONS

Operations continue to focus on maintaining healthy stock levels with all stock levels remaining above the minimum threshold throughout the June quarter.



COMBINED PRODUCT SALES VOLUME BY QUARTER

Previous Year Quarters		Recent Quarters	
September 2016	11,940	September 2017	8,543
December 2016	8,767	December 2017	8,341
March 2017	9,672	March 2018	9,079
June 2017	11,398	June 2018	10,590

TINCALAYU EXPANSION STUDY

The feasibility study on an expansion of the Tincalayu refined borates operation is currently under internal review. It is anticipated that the potential expansion will significantly increase efficiencies in the production of refined borates at Tincalayu and contribute to providing a step change improvement in unit costs. Approvals have been received for a new gas pipeline to supply the expanded plant and initial cost estimates are under review.

MARKET CONDITIONS

The Borax business has continued to develop marketing initiatives that reflect the changing needs of the market by working closely with customers to understand their product specification needs and delivery timelines. The business continues to focus on product development and creating creative customer solutions. Recent new product development initiatives have been gaining traction.

Market prices continue to remain in the trough of the price cycle and although there are some encouraging signs of market price improvement there is still nothing definitive at this point to signal ongoing market price improvement. These conditions underline the importance of product innovation and generating creative customer solutions in order to create value.

SAFETY AND COMMUNITY

SAFETY MILESTONES

At Borax, the Sijes mine site has achieved over 1021 days without a Lost Time Injury (LTI), Tincalayu achieved over 430 days without an LTI and Campo Quijano had achieved more than 113 days without a LTI prior to an injury occurring during March.

Borax is continuing to strengthen employee safety training to reinforce the importance of conducting thorough risk assessments. Ongoing defensive driving training courses are being delivered to all drivers of light vehicles within the company.

During the quarter Borax successfully gained recertification for ISO 9001 - Quality Management Systems and ISO 14001 - Environmental Management (certificated by Bureau Veritas).

Olaroz site has achieved over 170 days without a LTI.

During the quarter Sales de Jujuy successfully completed external audits, achieving recertification for ISO 9001 - Quality Management Systems, ISO 14001 - Environmental Management and OHSAS 18001 Occupational Health and Safety Standard (certificated by IRAM). Sales de Jujuy continue to comply with REACH - Registration, Evaluation, Authorization and Restriction of Chemicals and ISO 31000 - Risk Management in their operations.



Operators at Sijes Mine celebrating 1000 days without a lost time injury (LTI)

SHARED VALUE PROGRAM AND COMMUNITY

During the June quarter several community engagement initiatives continued through the Company's shared value program.

Education programs continued for community employees, with language and literacy courses evaluated in May and biology studies commencing in June. Construction of the Music Room at Olaroz, which will provide local community members with a space to develop their creative skills, commenced in June. The contract for development of the facility was awarded to the Company SIDEA who committed to: engaging the local community and developing construction techniques and capabilities; contracting services from the local community in terms of transport, machine hire and labour; and procuring building materials from local companies.

Transparency initiatives continued in the quarter, with participatory environmental monitoring activities and the delivery of community presentations on operational environmental performance. In addition to environmental transparency, presentations were also held in the communities to provide a progress update on microfinance projects, employment and supply contracts (both awarded and upcoming) as part of the ongoing operation and expansion activities.

Empowerment of our communities through our microcredit program saw punctual, complete repayment of loans across our 10 communities (51% of invested funds now recovered) and the ongoing training of beneficiaries who continue to receive technical assistance and business set-up support. The pilot project in Huáncar and Pastos Chicos to construct a building using recycled plastic bottles (a stable and durable construction material) is underway. Thus far the building's walls are over 1m high with more than 2,300 bottles used.

Production and Natural Resources projects during the quarter included the delivery of commercial training to local artisans in collaboration with Argentina's National Industrial Technology Institute (INTI). The training program included: productive business models and structures; customer-centred design; defining product price points; management of production costs; and the identification, analysis and optimization of production processes. The program also promoted the importance of teamwork and collaboration between artisans.

Health programs and initiatives are undergoing review as we explore collaborative delivery mechanisms with the provincial government.

Throughout the quarter the Company also launched a detailed survey of our ten communities to evaluate their perception of our shared value programs and their current needs and expectations. The outcomes of the survey will inform our community investment strategy and focus for the coming years. The communities of Jama, Catua and San Juan have been covered, with the remaining seven communities to be surveyed in the coming quarter.



The pilot project in Huáncar, Jujuy to construct a building using recycled plastic bottles is underway

ADVANTAGE LITHIUM

Advantage Lithium Corp (TSV:AAL) manages a portfolio of high quality assets in Argentina, including the Cauchari joint venture in which Orocobre holds a 21.25% interest. Orocobre also holds approximately 33% of the issued shares of AAL following participation in a capital raise by Advantage in July.

CAUCHARI JV PROJECT

The Cauchari Project is located in Jujuy province in NW Argentina and AAL also has a 100% interest in five other lithium properties that were previously held by Orocobre totalling 85,543 hectares.

During the June quarter the joint venture partners announced an updated resource estimate for the Cauchari Joint Venture Project based on the Phase 2 drilling results. The update, prepared by FloSolutions S.A.C, increased the Inferred Resource to a volume of approximately 1,200 million cubic metres of brine at an average grade of 450 mg/l lithium and 4,028 mg/l potassium for 3.0 Mt of Lithium Carbonate Equivalent (LCE).

This is an expansion of more than six times the previous estimate of 0.47 Mt of Lithium Carbonate Equivalent. The average grade of the entire resource has increased to 450 mg/l Li and 4,028 mg/l K. Locally higher grades were encountered in the NW Sector in areas such as production hole CAU07 (601 mg/l during 48 hr pumping test) and in the Deep Sand unit in CAU11 (515 mg/l during 48 hr pumping test).

The updated resource covers a significantly larger area and extends to greater depths in the NW and SE Sectors, with the brine resource covering an area of 92.6 km². With 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 the Olaroz operation.

The NI43-101 Technical Report on the resource upgrade of the Cauchari Lithium Project was completed and released late in the June quarter to support the conclusions presented in the updated resource estimate.

PHASE 3 DRILL PROGRAM

The Phase 3 resource definition drilling program is currently underway at the Cauchari project site. The Phase 3 program will include additional diamond holes in the NW and SE Sectors to upgrade the resource classification by Q2 2019 to support the Project's Definitive Feasibility Study.

The Phase 3 drilling program is designed to provide a combined borehole density sufficient to upgrade the current inferred resources to the Indicated and Measured categories. The Phase 3 drilling is also aimed at further defining resources in the Deep Sand unit.

Currently the Phase 3 drilling and testing program is ongoing and consists of infill resource drilling (10 core holes) to a depth of up to 600 m to convert the Inferred Resources to M+I Resources in support of the Project Definitive Feasibility Study (DFS) for completion in 2019.

CAUCHARI JV DEVELOPMENT TIMELINE

The updated resource estimate for Cauchari released during the June quarter is being followed by a Preliminary Economic Assessment (PEA), planned for completion in early Q3 2018. The PEA will evaluate project development options and establish the preliminary project economics, summarised in a NI 43-101 Technical Report.

AAL has contracted Tier-1 global engineering consultancy WorleyParsons to complete the PEA based on the production of 20ktpa of lithium carbonate.

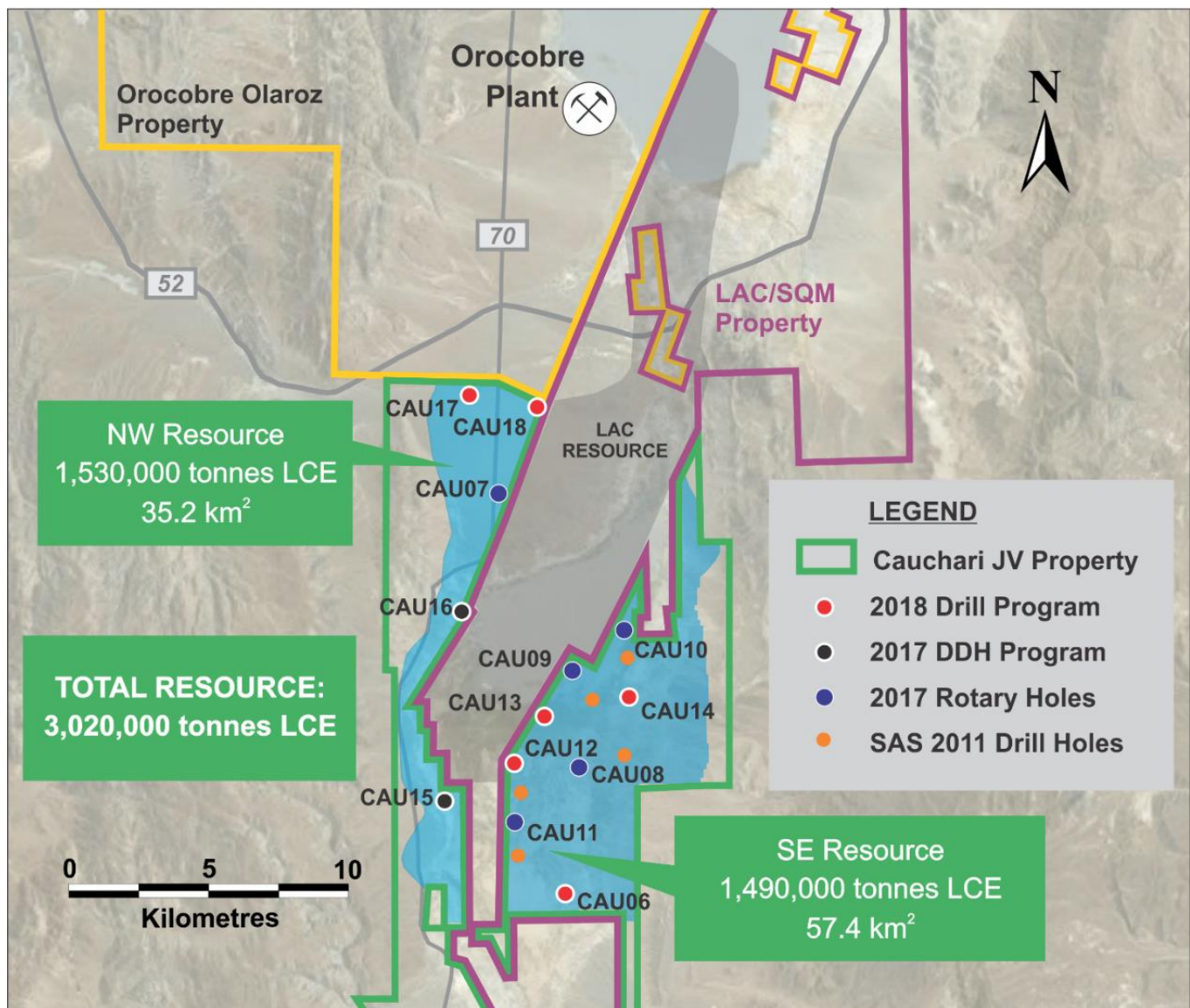
AAL has also completed a detailed project development schedule and budget and is fully funded through the completion of the Phase 2 program, the updated resource estimate, the Preliminary Economic Assessment and the Phase 3 drill program which will support the definitive feasibility study targeted for early 2019.

Drill hole location & details

Exploration Hole Number	Sector	Total Depth (m)	Depth Installed Well (m)	Assay Interval (m)	Lithium (mg/l avg)	Potassium (mg/l avg)	Drilling Method	Coordinates Gauss Kruger Argentine* Zone3 Posgar		Elevation Mean Sea Level (m)*	Azimuth	Dip
								Easting	Northing			
CAU07	NW	343.00	329	135-343	601	4,853	Rotary	3421200	7383987	3964	0	-90
CAU08	SE	400.00	400	50-400	517	5,319	Rotary	3423938	7374503	3941	0	-90
CAU09	SE	400.00	400	60-400	662	6,137	Rotary	3423778	7377785	3940	0	-90
CAU10	SE	429.00	340	50-340	682	6,516	Rotary	3425532	7379306	3940	0	-90
CAU11	SE	480.00	478	50-476	515	4,577	Rotary	3421752	7372571	3941	0	-90
CAU12	SE	413.00	207	25-169	305	3,048	Diamond	3421708	7374690	3941	0	-90
CAU13	SE	449.00	252	39-281	435	4,088	Diamond	3422774	7376298	3940	0	-90
CAU14	SE	598.00	455	tbc	tbc	tbc	Diamond	3425670	7377021	3942	0	-90
CAU15	NW	240.50	210	102-234.5	407	3196	Diamond	3419292	7373396	3941	0	-90
CAU16	NW	321.50	255	14-298	436	3608	Diamond	3419925	7379892	3941	0	-90
CAU17	NW	237.50	238	178-203	571	4,488	Diamond	3419965	7387431	3991	0	-90
CAU18	NW	359.00	359	165-320	476	3,775	Diamond	3422571	7386977	3964	0	-90

* Gauss Kruger Zone 3, using the POSGAR Datum. Locations confirmed by surveyor.

Cauchari 2018 resource outlines, Phase 2 & historical drill holes



CORPORATE AND ADMINISTRATION

FINANCE

VAT

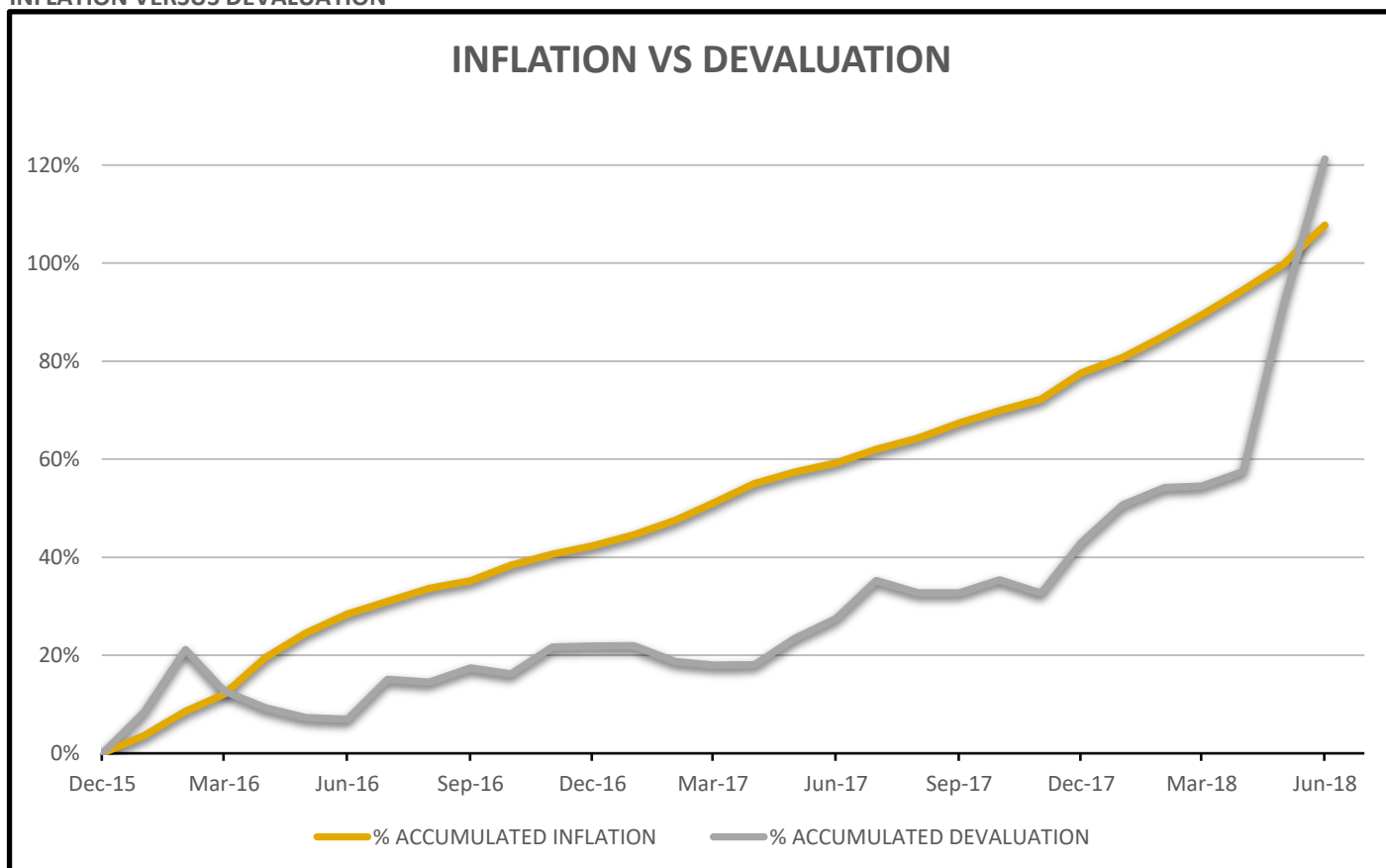
VAT refunds of US\$2.3M were received on a timely basis by SDJ during the quarter.

CASH BALANCE, DEBT POSITION AND STANDBY LETTERS OF CREDIT

As at 30 June 2018, Orocobre Group had available cash of US\$316.6 million (net of project debt⁷, cash is US\$227.2 million). During the quarter, Orocobre received US\$1.3 million from the sale of Lithium X and US\$1 million in terms of the Salinas Grandes disposal to LSC Lithium. Approximately US\$1.3 million was provided to Borax Argentina to support a build of working capital.

Corporate operating costs were US\$1.7 million, strategic placements costs were US\$0.5 million. Interest received on Term Deposits was US\$0.4 million, partially offset by foreign exchange losses of US\$0.3 million. A further US\$1.3 million was paid for development activities.

INFLATION VERSUS DEVALUATION



The AR\$/US\$ exchange rate weakened by 43% during the quarter from AR\$20.15/US\$ at 31 March 2018 to AR\$28.85 at 30 June 2018 whilst inflation for the same period was 7.7%. When looking at the accumulated 12-month period from 1 July 2017 to 30 June 2018, devaluation of the AR\$ against the US\$ was 73% versus inflation of 26%. This resulted in balancing US\$ costs for ARS peso denominated expenses for the period considering the delayed response in devaluation vs inflation from the first six-month

⁷ The Orocobre Group cash balance includes US\$11 million of restricted funds in a Debt Service Reserve Account for the Olaroz project finance facility provided by Mizuho Bank

period, resulting in lower costs at Borax Argentina and to a lesser extent, SDJ. The effect of inflation and devaluation over time generally shows that they cancel each other out.

OTHER MATTERS

Subsequent to Richard Seville announcing his intention to step down as Managing Director and Chief Executive Officer (CEO) of Orocobre, the Orocobre Board commenced a global search for his replacement. The recruitment and transition processes are expected to take approximately 12 months.

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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 42,500 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. 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.

In accordance with its Community Policy, Orocobre continues to empower its communities through capacity building initiatives, and to encourage and facilitate direct and indirect community involvement in its activities. Priority in employment and procurement is given to the local communities of Olaroz, Huancar, Puesto Sey, Pastos Chicos, Susques, Catua, Jama, El Toro, Coranzuli and San Juan, all of which receive the necessary education, training, development and support through Orocobre's Shared Value program.

TECHNICAL INFORMATION, COMPETENT PERSONS' AND QUALIFIED PERSONS STATEMENTS

The Company is not in possession of any new information or data relating to historical estimates that materially impacts on the reliability of the estimates or the Company's ability to verify the historical estimates as mineral resources, in accordance with the JORC Code. The supporting information provided in the initial market announcement on 21/08/12 continues to apply and has not materially changed. Additional information relating to the Company's Olaroz Lithium Facility is available on the Company's website in "Technical Report – Salar de Olaroz Lithium-Potash Project, Argentina" dated May 113, 2011 which was prepared by John Houston, Consulting Hydrogeologist, together with Mike Gunn, Consulting Processing Engineer, in accordance with NI 43-101.

The information in this report that relates to exploration reporting at the Cauchari JV project has been prepared by Mr Frits Reidel. Frits Reidel is a Certified Professional Geologist and member of the American Institute of Professional Geologists. Frits Reidel is General Manager and Principal with FloSolutions S.A.C and is independent of Orocobre. Frits has sufficient relevant experience to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He is also a "Qualified Person" as defined in NI 43-101. Frits Reidel consents to the inclusion in this announcement of this information in the form and context in which it appears.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Forward-looking information may include, but is not limited to, the successful ramp-up of the Olaroz Project, and the timing thereof; the design production rate for lithium carbonate at the Olaroz Project; the expected brine grade at the Olaroz Project; the Olaroz Project's future financial and operating performance, including production, rates of return, operating costs, capital costs and cash flows; the comparison of such expected costs to expected global operating costs; the ongoing working relationship between Orocobre and the Provinces of Jujuy and Salta in Argentina; the on-going working relationship between Orocobre and the Olaroz Project's financiers, being Mizuho Bank and JOGMEC and the satisfaction of lending covenants; the future financial and operating performance of the Company, its affiliates and related bodies corporate, including Borax Argentina S.A. (Borax Argentina); the estimation and realisation of mineral resources at the Company's projects; the viability, recoverability and processing of such resources; timing of future exploration of the Company's projects; timing and receipt of approvals, consents and permits under applicable legislation; trends in Argentina relating to the role of government in the economy (and particularly its role and participation in mining projects); adequacy of financial resources, forecasts relating to the lithium, boron and potash markets; potential operating synergies between the Cauchari Project and the Olaroz Project; the potential processing of brines from the Cauchari Project and the incremental capital cost of such processing, expansion, growth and optimisation of Borax Argentina's operations; the integration of Borax Argentina's operations with those of Orocobre and any synergies relating thereto and other matters related to the development of the Company's projects and the timing of the foregoing matters.

Forward-looking statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performances or achievements expressed or implied by such forward-looking statements, including but not limited to, the risk of further changes in government regulations, policies or legislation; that further funding may be required, but unavailable, for the ongoing development of the Company's projects; fluctuations or decreases in commodity prices; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with development of the Olaroz Project; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Project or the Company's other projects; exceptional or prolonged adverse weather conditions; risks associated with investment in publicly listed companies, such as the Company; risks associated with general economic conditions; the risk that the historical estimates for Borax Argentina's properties that were prepared by Rio Tinto, Borax Argentina and/or their respective consultants (including the size and grade of the resources) are incorrect in any material respect; the inability to efficiently integrate the operations of Borax Argentina with those of Orocobre; as well as those factors disclosed in the Company's Annual Report for the financial year ended 30 June 2017 and Sustainability Report 2017 available on the ASX website and at 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, potash and borates; market demand for products 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.