

ASX / TSX ANNOUNCEMENT

28 August 2018

Strong operational earnings and ready for growth

Orocobre Limited (**ASX: ORE, TSX: ORL**) (“Orocobre” or “the Company”) today released financial results for the year ended 30 June 2018 (FY18).

Orocobre Group results:

- Statutory net profit of US\$1.9 million, record underlying full year net profit after tax from continuing operations of US\$25.7 million^{1,2} (FY17: US\$13.8 million)
- Orocobre established as low cost brine producer delivering record margins
- Fully funded multiple growth options at Olaroz Stage 2 and Naraha Lithium Hydroxide both approaching final investment decision (FID), and longer term potential development at Cauchari JV
- A\$361 million funding completed, including a 15% placement to Toyota Tsusho Corporation (TTC) valued at A\$282 million
- Strong balance sheet with available cash at 30 June 2018 of US\$316.7 million

Olaroz Lithium Facility, Argentina (ORE share 66.5%) – Results FY18

- Total production of 12,470 tonnes of lithium carbonate, up 5% on FY17
- Total sales revenue of US\$148.9 million, up 24% from US\$120.1 million in FY17
- Sales of 11,837 tonnes of lithium carbonate at an average price received of US\$12,578/tonne on an FOB basis
- FY18 EBITDAIX up 33% year on year to US\$94.6 million
- Reinforced position as one of the lowest cost producers with gross operating margins of 67% (US\$8,384/tonne) with lithium production costs at US\$4,194/tonne, excluding royalties and head office
- FY19 production expected to be higher than FY18
- FY19 price received to date of approximately US\$14,000 per tonne

Orocobre Managing Director and CEO, Richard Seville said: “In 2018, Orocobre demonstrated significant progress in operational performance especially improvements in pond management. These improvements came at a fortuitous time, with contract lithium chemical prices rising throughout the year. Management of costs, along with strong prices resulted in record gross cash margins for our products and fueled a 33% increase in our operating cashflow from Olaroz.

“We still had our challenges during the year with inclement weather affecting our annual production and we are taking these experiences into account with our design of Stage 2 with increased pond areas, the potential use of crystalliser/evaporators and other measures.

We have already completed construction of the first ponds for Stage 2 which are now being used in Stage 1 operations and these will help to stabilise our production throughout such weather cycles.

“Global market fundamentals for lithium have recently been questioned with decreases in Chinese spot market prices. While short term price volatility is to be expected, it is important to note that the Chinese spot market is only a small part of the overall global market. Additionally, long term fundamentals remain intact with ongoing, and increasing support from government, regulators and consumers for the move to electrification of transport and installation of electrical storage systems.

“Orocobre is particularly well positioned to meet this long-term increase in demand with current and future expansions (Stage 3 and beyond). From a strong financial footing, Orocobre is fully funded to develop Stage 2 at Olaroz with lithium carbonate production increasing to 42,500 tonnes per annum. We are also preparing to construct a 10,000 tonne per annum lithium hydroxide plant with strategic partner Toyota Tsusho Corporation. The FID process for both projects is expected to be finalised shortly.

“Furthermore, the lithium carbonate we bring to market should be produced at the very bottom of the global cost curve, placing us in a position that will always withstand short term price volatility and deliver optimal returns for shareholders” said Mr Seville.

Borax Argentina

Orocobre’s ‘Borax Argentina SA’, a long-established Argentine boron (or borate) minerals and refined chemicals producer saw a slight improvement in trading conditions in FY18 and better operating performance. However, to comply with International Financial Reporting Standards an impairment was booked with the carrying value of Borax Argentina’s Plant and Equipment written down to nil. For the year ended 30 June 2018, this resulted in a total impairment charge amounting to US\$8 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. During FY18 we released our inaugural Sustainability Report which provided information on key sustainability metrics 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.

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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 33.5% interest in Advantage Lithium.

For further information, please visit www.orocobre.com

Appendix

Proportionally consolidated Profit and Loss

Proportionally Consolidated P&L	ORE Group Statutory Results	SDJ PTE (100%)	Eliminate NCI of PTE	Add back equity accounting of PTE profit	Consolidated Group incl PTE
	US\$M	US\$M	US\$M	US\$M	US\$M
Revenue	17.4	148.9	(49.9)	-	116.4
EBITDAIX*	(9.4)	94.6	(31.2)	-	54.0
Depreciation & amortisation	(1.8)	(8.8)	2.4	-	(8.2)
EBITIX**	(11.2)	85.8	(28.8)	-	45.8
Interest	4.3	(13.0)	4.3	-	(4.4)
EBTIX***	(6.9)	72.8	(24.5)	-	41.4
Foreign currency losses	(3.0)	(10.1)	3.4	-	(9.7)
Impairment	(8.0)	-	-	-	(8.0)
Share of profit of joint ventures, net of tax	19.8	-	-	(19.8)	-
Total profit/(loss) for the year before tax	1.9	62.7	(21.1)	(19.8)	23.7
Income tax expense	-	(31.9)	10.1	-	(21.8)
Total profit/(loss) for the year after tax	1.9	30.8	(11.0)	(19.8)	1.9

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)'.
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2 Reconciliation of Statutory profit to Underlying profit

Statutory net profit	1.9
Foreign exchange loss	6.7
Share of Advantage loss	1.5
Transaction costs	1.0
Tax on future dividends	9.4
Tax effect of devaluation	2.3
Impairment of assets	8.0
Reduction on tax rate	- 2.7
Sale of expl. asset	- 2.4
Underlying net profit	25.7