

ASX / TSX ANNOUNCEMENT

26 February 2021

Orocobre Limited Reports H1 FY21 Results

Orocobre Limited (**ASX: ORE, TSX: ORL**) (**Orocobre or the Company**), a dynamic global lithium chemicals producer, provides its financial results for the half year ended 31 December 2020 (H1 FY21).

Highlights:

- The lithium market has rebounded and Orocobre prices for H2 FY21 are expected to increase >50% to approximately US\$5,500/tonne
- A successful cost reduction program has seen quarterly cash cost of sales reduce by 28% since September 2019
- Brine concentrations are higher and more stable than previous years delivering higher plant recovery, better quality and more consistent product
- Successful capital raise of US\$119.4 million, net of fees
- Statutory consolidated group net loss of US\$29.1 million for H1 FY21 is down from a loss of US\$18.9 million in the previous corresponding period (**PCP**). The underlying net loss after tax¹ for the group is US\$27.3 million with adjustments for restructuring costs, impairment, foreign exchange and other one-off items
- Attributable group EBITDAIX¹ is negative US\$6.3 million, down from positive US\$2.2 million, due to weak market prices
- Total production of 6,079 tonnes of lithium carbonate, down 9% on pcp due to COVID-19 related operational restrictions and market demand
- Olaroz Lithium Facility results impacted by a weak September quarter, but conditions are improving:
 - revenue of US\$27 million, on sales of 7,738 tonnes of lithium carbonate (up 21% on pcp)
 - EBITDAIX¹ loss of US\$3.9 million, down from US \$6.1 million profit due to average sales price

¹ see notes at end of release.

- Average sales price received of US\$3,492/tonne FOB², down from US\$6,157/tonne FOB² in PCP
- As of 31 December 2020, Orocobre Group (corporate + 100% SDJ PTE + Borax) had cash of US\$262.3 million following the capital raise
- Contract position has improved significantly
- Progress is being made with the construction of the Stage 2 Expansion of the Olaroz Lithium Facility and Naraha Lithium Hydroxide Plant

Orocobre Managing Director and CEO, Mr Martín Pérez de Solay said, “Orocobre has continued to deliver improved operating performance despite COVID-19 disruptions. Our business was impacted in the September quarter by weak market conditions, however the market has improved since the start of the December quarter.

“Our operating strategy retains a focus on safety, quality and productivity which will improve profitability in the future as prices return to a sustainable level. Cost management remains paramount and we continue to eliminate non-essential spend.

“Construction of our growth projects is progressing at the Naraha Lithium Hydroxide Plant and the Stage 2 expansion of Olaroz. We are now looking to the future with a study into Stage 3 at Olaroz and additional lithium hydroxide production,” he said.

Future pricing

Subject to market and operating conditions Orocobre expects the average sales price for H2 FY21 to be approximately US\$5,500 per tonne (FOB)²

² Orocobre reports price as FOB (Free on Board) which excludes insurance and freight charges included in CIF (Cost, Insurance, Freight) pricing. Therefore, the Company’s reported prices are net of freight (shipping), insurance and sales commission. FOB prices are reported by the Company to provide clarity on the sales revenue that is recognized by Sales de Jujuy S.A., the joint venture company in Argentina managing the Olaroz Lithium Facility.

Consolidated Profit and Loss

| | Group | | Olaroz (100%) | |
|---|-----------------|-------------|-----------------|-------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| | US \$'000 | US \$'000 | US \$'000 | US \$'000 |
| Revenue | 35,880 | 48,966 | 27,020 | 39,375 |
| EBITDAIX¹ | (6,346) | 2,144 | (3,867) | 6,079 |
| Less depreciation & amortisation | (11,070) | (8,307) | (10,802) | (7,771) |
| EBITIX² | (17,416) | (6,163) | (14,669) | (1,692) |
| Less interest | (12,280) | (6,178) | (17,368) | (11,944) |
| EBTIX³ | (29,696) | (12,341) | (32,037) | (13,636) |
| Impairment/net realisable value of inventories | 4,987 | (5,890) | 5,614 | (1,063) |
| Less foreign currency gain/(loss) | (457) | (7,691) | (1,149) | (5,147) |
| Less share of associate losses | (920) | (639) | - | - |
| Segment (loss)/profit for the half year before tax | (26,086) | (26,561) | (27,572) | (19,846) |
| Income tax | (3,056) | 7,618 | (3,056) | 7,618 |
| Net loss | (29,142) | (18,943) | (30,628) | (12,228) |

This announcement has been approved by the Orocobre Limited Board of Directors

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Notes:

Unless otherwise stated, all financial data in this release is quoted in US Dollars⁴.

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

- NCI is the non-controlling interest which represents the portion of equity ownership in SDJ PTE
- EBITDAIX is 'Earnings before interest, tax, depreciation and amortisation, impairment and foreign currency gains/(losses), share of associate losses and share of profit from joint ventures'
- EBITIX is 'Earnings before interest, tax, impairment and foreign currency gains/(losses), share of associate losses and share of profit from joint ventures'
- EBTIX is 'Earnings before tax, impairment and foreign currency gains/(losses), share of associate losses and share of profit from joint ventures'
- 'underlying NPAT' and 'underlying EBITDAIX' being statutory profit being adjusted for certain one off and non-recurring items

⁴Financial data has been translated to US Dollars using average exchange rates for the relevant period in the income statement.

About Orocobre Limited

Orocobre Limited (Orocobre) is a dynamic global lithium carbonate producer and an established producer of boron. Orocobre is dual listed on the Australia and Toronto Stock Exchanges (ASX: ORE), (TSX: ORL). Orocobre's interests include its Olaroz Lithium Facility in Northern Argentina, a material JORC Resource in the adjacent Cauchari Basin and Borax Argentina, an established boron minerals and refined chemicals producer. The Company has commenced an expansion at Olaroz and construction of the Naraha Lithium Hydroxide Plant in Japan. For further information, please visit www.orocobre.com.