

3rd March 2016

## **ASX / TSX ANNOUNCEMENT**

### **Orocobre Limited Half Year Results**

Orocobre Limited (ORE:ASX, ORL:TSX) (Orocobre or the Company) is releasing the half year results for the period July-December 2015.

#### **Overview**

The Company's incurred a net profit/ (loss) after tax for the half year of (\$28,275,078) (31 December 2014: \$2,307,746), which was primarily related to foreign exchange translation. As all the activities of the Company are outside Australia, the Company is exposed to currency exchange rate fluctuations when reported in Australian Dollars ("AUD"). As a result of the large devaluation of the Argentine Peso the Company's results were dominated by the impact of foreign exchange translation.

The effect of the recent Argentine government's policy changes resulted in positive impacts on various areas of the business. However, the financial results for the period have resulted in significant one off non-cash charges to the income statement and net assets.

The devaluation of the Argentine peso has resulted in a non-cash foreign exchange loss of AUD 28.2m being reflected in the Company's income statement resulting from the functional currency of Sales de Jujuy S.A. being the Argentine peso. The loan facility with Mizuho Bank is denominated in United States Dollars ("USD") and the Argentine peso devaluation resulted in Sales de Jujuy Pte's net assets being reduced by AUD 42.3m (AUD 28.2m Orocobre's share) as at 31 December 2015 when presented in AUD. The devaluation resulted in a decrease of the Company's net assets of AUD 60m as at 31 December 2015. Due to the AUD decline against the USD, a profit of AUD 6.9m has been accounted for as a result of Orocobre holding USD denominated Standby Letters of Credit and USD denominated loans with the Joint Venture.

It is expected that the functional currency of the Joint Venture will change to USD in Q4 of FY16.

#### **Argentine Government Policy**

**President Macri's administration has moved quickly to implement sweeping changes to lift economic restrictions and controls.**

Key changes made that directly benefit the Company's operation in Argentina include:

- removing the "dollar clamp" to allow the free flow of capital in and out of the country
- effectively allowing the floating of the Argentine peso and ending the artificially high official exchange rate

- eliminating export taxes on almost all agricultural and industrial products, specifically removing the 5% export duty on lithium carbonate and refined boron products and 10% on mineral concentrates
- removal of most controls on the importation of goods into Argentina

The impact of these policy changes on Orocobre are material and generally positive with a reduction of peso denominated operating costs (in USD terms) and an enhancement of revenue through the removal of export taxes. In addition the Company can now access goods and services in a normal way eliminating the regulatory roadblocks which delayed commissioning of the production plant. For further details please refer to the Company's ASX release "Changes in Argentine Government Policy" issued 23 December 2015.

## **Olaroz Lithium Facility**

**Significant progress was made during the period on rectification of production bottlenecks and increasing process stability.**

- Lithium Carbonate volume of 1600 tonnes produced in the half year
- January production of 699 tonnes and operating cost breakeven reached
- First battery market customer orders to be dispatched in Q1 2016
- Market conditions remain tight and continued upward price pressure on Lithium Carbonate

## **Borax Argentina**

**Borax encountered substantial challenges in the period due to weak market conditions in its principal markets and subdued pricing coupled with increase in USD production unit costs, largely due to an overvalued local currency and high inflation during the half year. To improve performance a number of initiatives have been undertaken.**

- Production optimisation projects:
  - Relocation of pentahydrate manufacture
  - Increase in boric acid production capacity of 20%
- Sales and market development focus on product and market diversification and building strong value propositions for "home market" customers.

**For more information please contact:**

**Australia and Asia**

**Richard Seville**

Managing Director

T: +61 7 3871 3985

M: +61 419 916 338

E: rseville@orocobre.com

**David Hall**

Business Development Manager

T: +61 7 3871 3985

M: +61 407 845 052

E: dhall@orocobre.com

**North America**

**James Calaway**

Chairman

M: +1 (713) 818 1457

E: jcalaway@orocobre.com

**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 17,500 tonnes per annum of low-cost battery grade 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. All 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.
- 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.

The Company continues to follow the community and shared value policy to successfully work with suppliers and the employment bureau to focus on the hiring of local people from the communities of Olaroz, Huancar, Puesto Sey, Pastos Chicos, Catua, Susques, Jama, El Toro, Coranzulí, San Juan and Abrapampa. The project implementation is through EPCM (Engineering, Procurement and Construction Management) with a high proportion of local involvement through construction and supply contracts and local employment. The community and shared value policy continues to be a key success factor, training local people under the supervision of high quality experienced professionals.

**The Company also wholly-owns Borax Argentina, an important regional borate producer.**

**For further information, please visit [www.orocobre.com](http://www.orocobre.com)**

### ***Caution Regarding Forward-Looking Information***

*This news release contains “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information contained in this release may include, but is not limited to, the commencement of commercial production and ramp up at the Olaroz Lithium Facility and the timing thereof, the cost of construction relative to the estimated capital cost of the Olaroz Lithium Facility, the design production rate for lithium carbonate at the Olaroz Lithium Facility, the expected brine grade at the Olaroz Project, the expected operating costs at the Olaroz Lithium Facility and the comparison of such expected costs to expected global operating costs, and the ongoing working relationship between Orocobre and the Province of Jujuy.*

*Such forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk of further changes in government regulations, policies or legislation; the possibility that required concessions may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; that further funding may be required, but unavailable, for the ongoing development of the Company’s projects; fluctuations or decreases in commodity prices and market demand for product; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with weather patterns and impact on production rate; risks associated with commissioning and ramp up of the Olaroz Lithium Facility to full capacity; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Lithium Facility; general risks associated with the further*

*development of the Olaroz Lithium Facility; as well as those factors disclosed in the Company's Annual Report for the year ended June 30, 2015 filed at [www.sedar.com](http://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 and borates; market demand for product 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.*