



## **ASX/TSX ANNOUNCEMENT**

*Quarterly Report of Operations for the  
Period Ended 30 June 2019*



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

# JUNE QUARTER 2019 KEY HIGHLIGHTS<sup>1</sup>

## OLAROS LITHIUM FACILITY (ORE 66.5%)<sup>2</sup>

- Q4 FY19 production was 3,455 tonnes, down 4% on the previous corresponding period (PCP) following a strategy of managing brine quality, new pond preparation and slightly lower than average evaporation rates. Production for the year was up marginally from FY18 to a new record of 12,605 tonnes
- Quarterly sales revenue was US\$27.8 million, down 17% QoQ with a realised average price achieved of US\$8,220/tonne on a free on board basis (FOB)<sup>3</sup>. June quarter product pricing was below that of the March quarter due to current market softness. Sales volume for the quarter was down 4% QoQ to 3,387 tonnes
- Gross cash margins (excluding export tax) of US\$3,727/tonne were down 29% QoQ mainly due to the lower average price received, however the gross cash margin remains at a very strong 45% of revenue
- Cash costs for the quarter (on cost of goods sold basis)<sup>4</sup> were US\$4,493/tonne, up 7% on QoQ excluding the recently announced export tax of US\$572/t.

## LITHIUM GROWTH PROJECTS

- Construction of the Naraha Lithium Hydroxide Plant is expected to commence early H2 CY19 with commissioning to commence during H1 CY21
- Construction of key items for the Stage 2 Expansion of the Olaroz Lithium Facility such as ponds, secondary liming plant, roads and camp upgrades have continued to advance.

## BORAX ARGENTINA

- Overall sales volume for the June quarter was 11,758 tonnes, up 10% QoQ after deducting 2,312 tonnes of low value mineral sales in the March quarter
- Sales revenue was up 12% QoQ and the average price received was up 3% QoQ (excluding the low value mineral sales).

## CORPORATE

- As at 30 June 2019, Orocobre corporate had available cash of US\$248.0 million after expenditure mainly related to Olaroz expansion activities, Naraha Lithium Hydroxide Plant Joint Venture equity contribution, corporate costs and Cauchari JV expenditure. Including Sales de Jujuy (SDJ) and Borax cash and project debt, net group cash at 30 June 2019 was US\$181.0 million.

## CAUCHARI JOINT VENTURE

### (ADVANTAGE LITHIUM OPERATOR 75% / OROCOBRE 25%)

- During the quarter Advantage Lithium announced the engagement of WorleyParsons Chile S.A. who, in conjunction with independent resource consultants FloSolutions SpA, will complete a Pre-Feasibility Study and independent NI 43-101 Technical Report on the Cauchari Lithium Project in Jujuy, Argentina
- The NI 43-101 Technical Report was filed by Advantage Lithium on 24 April and is available for download via the Company website: [www.orocobre.com](http://www.orocobre.com).

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<sup>1</sup> All figures presented in this report are unaudited

<sup>2</sup> All figures 100% Olaroz Project basis

<sup>3</sup> Orocobre report 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, sales commission and export taxes. FOB prices are reported by the Company to provide clarity on the sales revenue that is recognized by SDJ, the joint venture company in Argentina

<sup>4</sup> Excludes royalties, export tax and corporate costs

# OLAROZ LITHIUM FACILITY

[Click here for more information on Olaroz](#)

## SAFETY

There were no Lost Time Injuries (LTI) recorded at Olaroz during the June quarter. As at 30 June, operations had achieved 111 days without an LTI.

During the quarter SDJ continued implementation of DuPont's safety improvement plan with staff and plant managers, addressing key risks and priorities including the evaluation of "Hazard Identification Cards" and delivering an improved induction process for all new employees.

The number of safety observations and audits has been increased to ensure that all the proper safety procedures are being met by both SDJ staff and contractors.

Intelix (a cloud based environmental, health, safety and quality management system) has now been implemented to deliver a unified reservoir of policies and procedures, recommendations, incidents and investigations to all employees and management.

In addition, a central safety committee and five subcommittees (training, operational discipline, audit, risk management and incidents investigations) have been created to provide better control and follow up of safety issues.

## PRODUCTION, SALES AND OPERATIONAL UPDATE

### PRODUCTION AND SALES

Production for the June quarter was 3,455 tonnes down from 3,596 tonnes in the previous corresponding period. This was up 12% from 3,075 tonnes in the March quarter which was affected by rainfall that exceeded the same period in 2017 and 2018 and resulted in the dilution of brine feedstock.

Sales were 3,387 tonnes of lithium carbonate with a realised average price of US\$8,220/tonne on an FOB basis and total sales revenue of US\$27.8 million. The average price received during the quarter was down 13% QoQ. Prices achieved in the seaborne market remained under pressure by Chinese exporters.

Metric	June quarter 2019	March quarter 2019	Change QoQ (%)	PCP (Jun FY18)	Change PCP (%)
Production (tonnes)	3,455	3,075	12%	3,596	-4%
Sales (tonnes)	3,387	3,530	-4%	3,255	4%
Average price received (US\$/tonne) <sup>3</sup>	8,220	9,451	-13%	13,653	-40%
Cost of sales (US\$/tonne) <sup>4</sup>	4,493	4,193	7%	3,800	18%
Revenue (US\$M)	27.8	33.4	-17%	44.4	-37%
Gross cash margin (US\$/tonne)	3,727	5,258	-29%	9,853	-62%
Gross cash margin (%)	45%	56%	-19%	72%	-37%
Export tax (US\$/tonne)	572	776	-26%		

Gross cash margins for the quarter (excluding export tax) were 45% or US\$3,727/tonne, down 19% QoQ and 37% on PCP. Operating costs (on a cost of goods sold basis, excluding export tax) were US\$4,493/tonne up 7% QoQ and 18% on PCP due to recommencing production of purified lithium carbonate for most of the month of May. Costs were also negatively impacted by



carry forward inventory (from Q3 FY19) sold in Q4 FY19 and higher Argentine Peso based fixed costs (e.g. labour, camp) without the benefit of devaluation realised in previous quarters.

## **OPERATIONAL UPDATE**

The operational strategy continues to focus on safety and quality. Special attention is being devoted to improving the lithium grade of brine feedstock - "brine quality". Improved brine quality has multiple benefits including higher lithium recoveries and increased product quality and consistency.

Quality improvement projects have been implemented to improve product packaging which will address some customer requests. Plant equipment availability is also under review with the aim of decreasing plant downtime due to unplanned maintenance. A review of soda ash use has identified opportunities to reduce consumption through more detailed and frequent monitoring of soda ash dosage during processing.

Seven of the eight Stage 1 harvest ponds have now been cleared of harvestable salt which precipitated through the evaporation process. The final pond is currently being harvested. Pond harvesting enables the recovery of brine that is retained in the salts which can then be processed in the plant. With the increase in area from development of Stage 2 ponds, future salt harvesting will become a continuous process where ponds are harvested on a rotational basis over a three-year cycle.

## **FUTURE PRODUCTION GUIDANCE**

Production guidance will be provided at the release of full year results in August 2019.

## **STAGE 2 EXPANSION AT OLAROZ**

The Stage 2 Expansion of Olaroz is fully funded with cash and a proposed US\$180 million debt facility. A final review is underway on the debt facility documentation and this is expected to be completed in the September quarter. Under the terms of the January 2018 placement, Toyota Tsusho Corporation (TTC) and Orocobre agreed to provide non cash-backed guarantees for the finance facility. Also, under the placement terms, Orocobre agreed with TTC to hold US\$135 million of cash in a separate reserve account whilst the guarantee is in place. The cash will be held in an interest-bearing term deposit by Orocobre and may be utilised for cost overruns and other defined events should they occur.

Upon formal completion of the project, 82.35% of the TTC/Orocobre guarantee will be replaced by a guarantee from the Japan Oil, Gas and Metals National Corporation (JOGMEC) and that proportion of the US\$135 million cash will then be available for Orocobre corporate purposes.

## **PROGRESS TO DATE**

Construction of key items for the Stage 2 Expansion such as ponds, secondary liming plant, roads and camp upgrades continued to advance during Q4 FY19.

As at 30 June, approximately US\$40.3 million has been spent on the first phase of expansion activities including the construction of new roads, vegetation clearing, construction of new evaporation and harvest ponds, secondary liming plant and new boreholes. The expansion of existing site infrastructure and camp accommodation continued including a new health center for the extended work force, office space for the expansion team and warehouses for equipment.

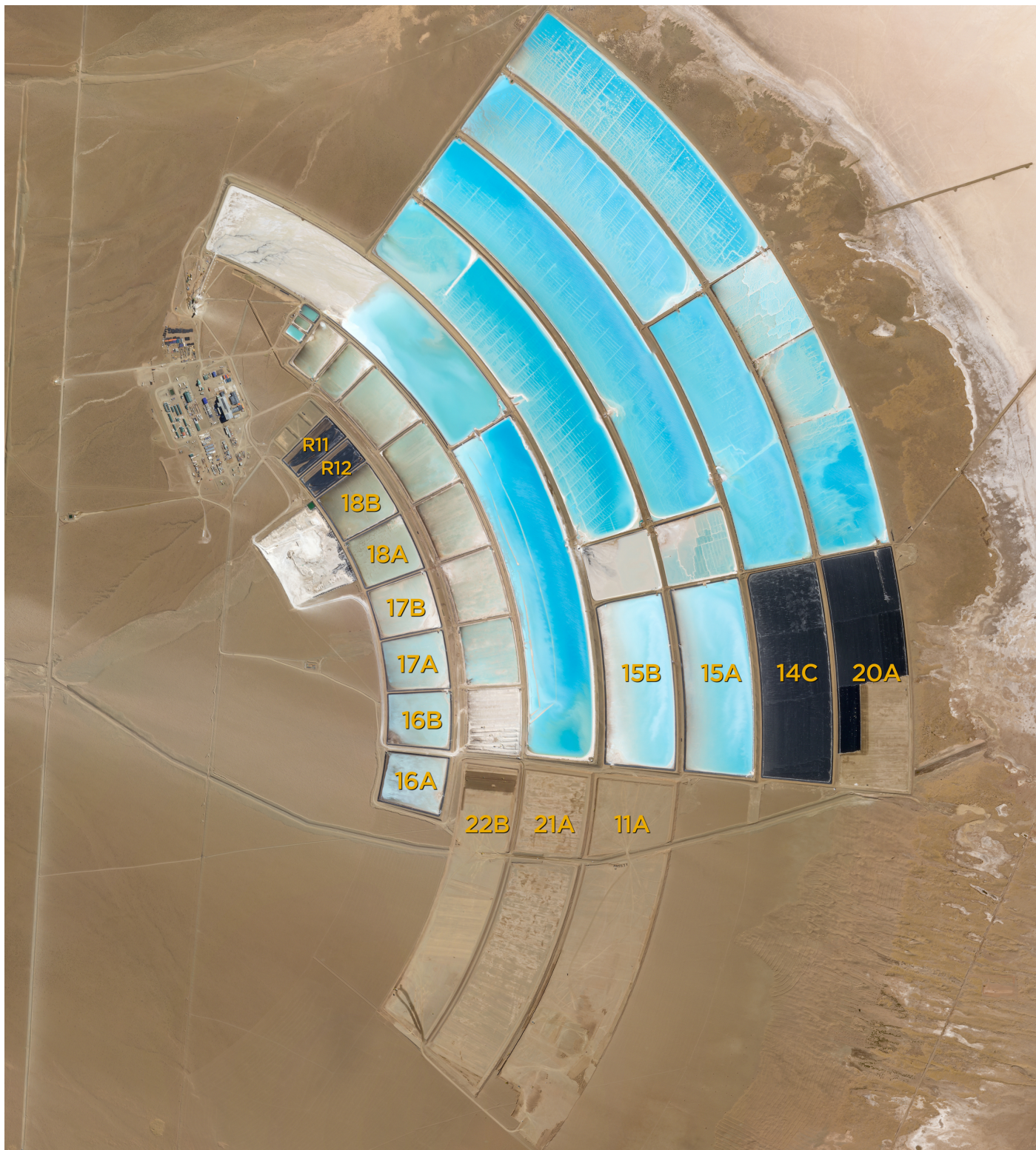
During Q4 FY19 an invitation to tender was sent out for the design, construction and related earthworks for a number of new buildings required for the Stage 2 Expansion. All tenders are now under final review and will be awarded during Q1 FY20 – allowing for construction of the main buildings to begin before the next wet season.

Negotiations for the Engineering, Procurement, Management and Construction (EPCM) contract with Worley, an international construction company are close to being completed. An international engineering company has been awarded the Engineering, Procurement and Supply (EPS) contract related to the technical package, with laboratory test works and the preparation of basic and detailed engineering now underway. The Stage 2 Expansion project's budget and timeline continue to be reviewed.

A new evaporation pond (14C) was completed during the quarter and will be filled with concentrated brine during Q1 FY20. Vegetation clearing and construction of four additional evaporation ponds (20A, 22B, 21A & 11A) continues. Brine transfer duct construction continues.

Engineering and civil works for the secondary mobile liming plant were completed during the quarter, including the construction of concrete slabs and the delivery of tanks with installation continuing during the June quarter. The secondary liming plant will have the capacity to treat up to 300 l/s of brine.

Construction of a new reactor for the existing primary liming plant continued during the quarter. This reactor will enable the primary liming plant to process a higher flow rate of brine before the Stage 2 liming plant is built permitting brine stocks to be increased and facilitating the rapid filling of Stage 2 ponds. Assembly of the mobile secondary liming plant began during the June quarter. Between both plants, there will be capacity to treat up to 600 l/s of brine.



Three new evaporation ponds are now operational (15B, 15A & 14C), with another four under construction (20A, 22B, 21A & 11A)



## SHARED VALUE PROGRAM AND COMMUNITY

SDJ's community engagement and investment initiatives during the June quarter continued in accordance with the Company's Shared Value approach.

## EDUCATION

A donation was made by SDJ to the new Technical School in Olaroz providing tools and personal protective equipment to support the soldering and carpentry workshops. This donation is crucial for the development of the school and its contribution to technical skills development within our local communities.

## TRANSPARENCY

The consultation process for SDJ's biannual Environmental Impact Assessment (EIA) update was finalised with our ten communities and a formal presentation was made to the Province's Environmental Management Agency, UGAMP.

Our participatory environmental monitoring program continued with 12 participants from 7 communities undertaking the quarterly monitoring activities. Our approach was recognised by the authorities, with SDJ being invited to speak on the topic by the Jujuy Mining Secretary at Mining Week and a national industry Sustainability Seminar in Jujuy.



*Sales de Jujuy donating tools and personal protective equipment to the new Technical School in Olaroz*

## EMPOWERMENT

Investment in local community suppliers continued throughout the year. A 12-24-month capacity building program for community transport providers was launched during the quarter to develop their ability to operate autonomously in compliance

with SDJ's operating standards. We also increased our focus on indirect local community employment, working with our suppliers to support local employment practices.

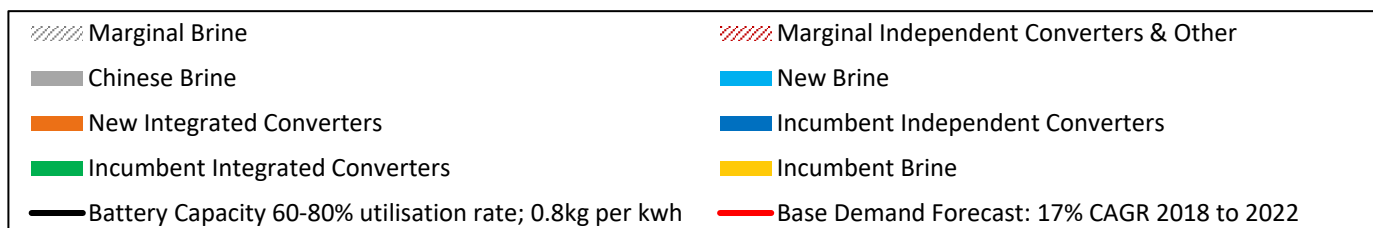
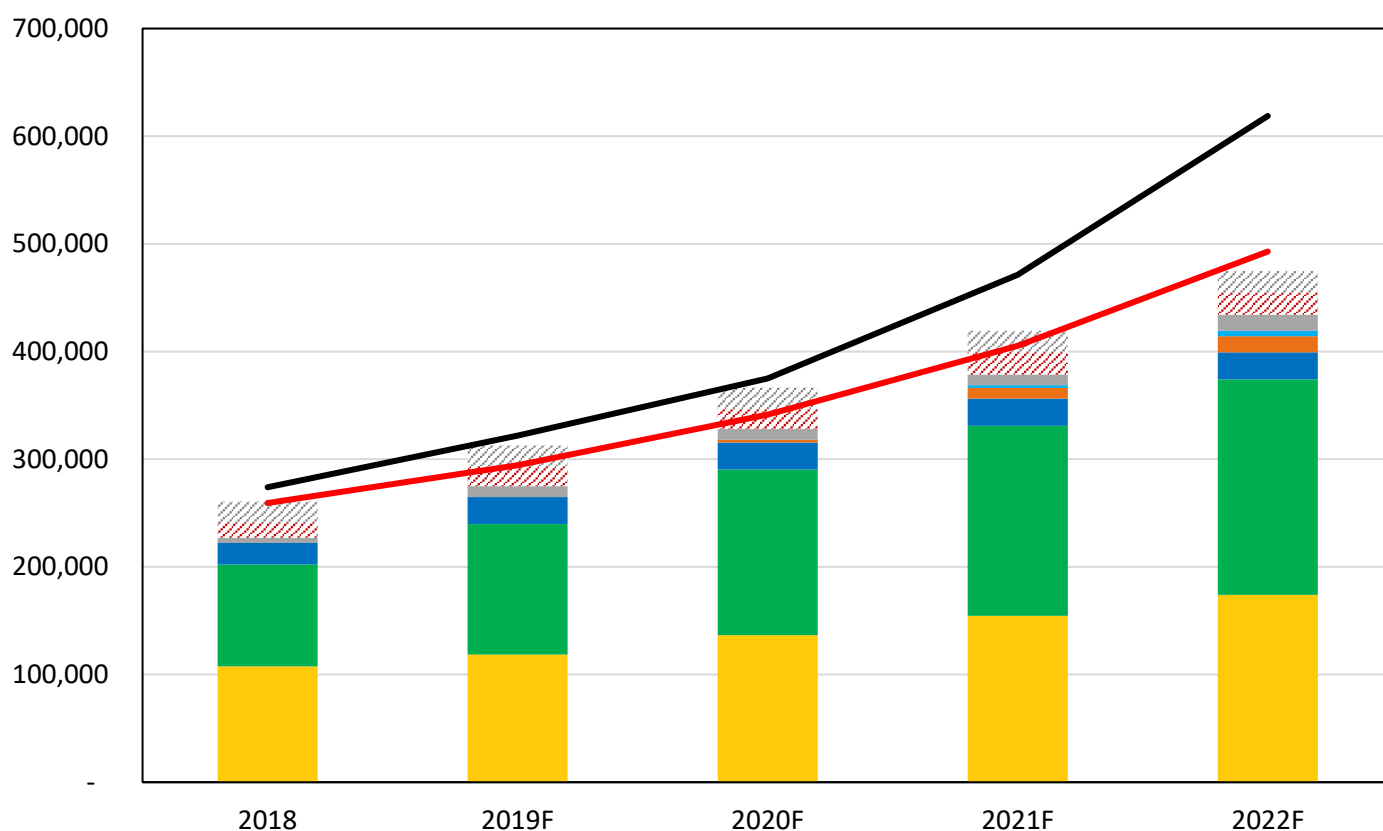
## PRODUCTION AND NATURAL RESOURCES

Programs to strengthen local non-project-related employment continued to advance during the June quarter. The vicuña shearing project was presented to Jujuy's Environment Minister in May, with capacity building and census of vicuña numbers taking place in June. This project will be launched during FY20 and is a strong indicator of the opportunity for sustainable, traditional livelihoods contributing a significant source of revenue to local communities.

## MARKET AND SALES

Orocobre maintains the view that recent softness in the lithium market is the result of industry and macro dynamics which are taking longer than anticipated to correct. The Company remains focused on strong long-term demand fundamentals driven by continued growth in the electric vehicle (EV) segment and a recovery in the energy storage system segment. As a result, Orocobre maintains long-term demand forecasts in line with the consensus of other major lithium producers, in the range of 17% to 20% CAGR between 2018 and 2025.

**Orocobre Supply & Demand Forecast (LCE t)**



## SUPPLY

During Q4 FY19:

- Lithium chemical prices in the seaborne market fell incrementally as producers with undelivered CY18 contracted volume largely fulfilled these obligations during Q3 FY19
- As a result, volumes delivered during Q4 FY19 carried pricing that reflected current market conditions
- A number of customers reported high inventory levels
- The high inventory scenario is particularly prevalent in the ex-China battery supply chain however the industrial and technical market supply chains are also well served with inventory
- A cautious approach to holding inventory was most pronounced amongst customers with exposure to the Chinese market including cathode/anode manufacturers supplying China's downstream EV market. These suppliers became even more cautious as the Chinese Electric Vehicle Subsidy 'transition period' concluded on June 26
- Furthermore, a series of battery fires in Chinese EVs directly impacted production levels resulting in a preference for more stable LFP battery formats that utilise lithium carbonate.

## CHINESE CONVERTERS

Chinese conversion plants were not immune from the impact of domestic EV market conditions, continued economic softness and US trade-war challenges.

- Several converters reported delays to expansions due to overly aggressive project timelines, extended periods of commissioning/product qualification, tightened credit and/or limited ability to service debt
- There were also reports of interrupted production from conversion plants on account of environmental inspections and unplanned maintenance
- As a result, several independent spodumene producers were asked by customers to delay shipments, find alternative customers and/or to renegotiate offtake agreements. While initially resisting price reductions at the start of the quarter, conversion plants with high inventory began to lower prices of lithium chemicals to marginal levels.

Late in the quarter, pricing being offered by both Chinese domestic producers and seaborne suppliers reached a level that is in line with the estimated cost of production for marginal producers.

## DEMAND

As mentioned, the Chinese EV subsidy was reduced at the end of June 2019 concluding a 3-month transition period. This coincided with the Chinese Government introducing alternative measures to indirectly support the Chinese EV market including:

- Removal of the list of approved EV suppliers which potentially now opens up the Chinese market to international companies;
- Extension of the vehicle sales tax exemption for NEVs until the end of 2020; and
- Implementation of new vehicle emissions standards in provincial regions with a sizeable vehicle population including Shanghai, Beijing, Tianjin, Guangdong and Hebei requiring vehicles sold and registered to meet benchmark world standards.

The shift in China's emissions standards from level 5 to 6 is reported to have resulted in aggressive pricing from suppliers of internal combustion engine (ICE) vehicles. However, as the process of destocking continues it's anticipated that ICE production will slow due to an inability to meet emission standards.

The European Union also announced additional CO<sub>2</sub> emissions penalties to be introduced in 2021. Vehicle manufacturers are expected to accelerate investment in EV manufacturing facilities later this year while stepping-up efforts to form upstream alliances with battery and cathode manufacturers. Based on 2018 CO<sub>2</sub> emissions data, Macquarie Bank estimates that it will be ~70% more expensive to maintain 2018 ICE volumes and sales rather than invest in the necessary capacity and technology for EV production (source: Macquarie Bank, 'Korea EV batteries', July 2019).



Outside of Europe and China, India's government has introduced a series of initiatives leveraging a significant budget of US\$1.5 billion over three years to develop a battery supply chain. Meanwhile the US and Australian governments remain highly engaged in discussions to develop domestic battery supply chains.

## NARAH LITHIUM HYDROXIDE PLANT

### FINAL INVESTMENT DECISION APPROVED

During the quarter Orocobre, TTC and JV boards approved the FID for the Naraha Lithium Hydroxide Plant to be built in Japan. Orocobre will hold a 75% economic interest in the project with operations to be managed by TTC.

The Naraha Lithium Hydroxide Plant has been funded through a combination of JPY9.1 billion (US\$82.1 million<sup>5</sup>) of term/bridging loans and JPY1.0 billion (US\$9.0 million<sup>5</sup>) of shareholder equity. Orocobre has contributed JPY750 million (US\$6.8 million<sup>5</sup>) equity and TTC has contributed JPY250 million (US\$2.3 million<sup>5</sup>).

Construction of the Naraha Lithium Hydroxide Plant is expected to commence early in H2 CY19 with commissioning to commence during H1 CY21. The Naraha Joint Venture will be overseen by a Joint Technical Committee during construction and commissioning. The Joint Steering Technical Committee will comprise both TTC and Orocobre representatives.

Feedstock for the 10,000 tonne per annum (tpa) Naraha Lithium Hydroxide Plant will be sourced from the Olaroz Lithium Facility's Stage 2 Expansion that will produce primary grade (>99.0% Li<sub>2</sub>CO<sub>3</sub>) lithium carbonate.

## BORAX ARGENTINA

### SAFETY

As at 30 June, the Sijes mine achieved 137 days without an LTI, Tincalayu had achieved 795 days without an LTI and Campo Quijano had achieved 89 days without an LTI.

### PRODUCTION, SALES AND OPERATIONAL UPDATE

Borax Argentina continues to demonstrate improvement in sales performance. Business development projects are being converted into sales growth and will continue to remain a key area of focus. Unit costs continue to be controlled at, or near record lows.

The June quarter saw Borax Argentina deliver another good performance with 11,758 tonnes sold (up 11% PCP and up 10% QoQ when the spot sale of 2,312 tonnes of low value mineral product in Q3 FY19 was removed). Total sales revenue was up 12% QoQ and average price received after adjusting for the low value mineral sale was up 3% QoQ.

### COMBINED PRODUCT SALES VOLUME BY QUARTER

Previous Year Quarters		Recent Quarters	
September 2017	8,543	September 2018	9,407
December 2017	8,341	December 2018	10,741
March 2018	9,079	March 2019	13,041 <sup>6</sup>
June 2018	10,590	June 2019	11,758

<sup>5</sup> The EPC contract and all financing is denominated in Japanese Yen and has been converted at a JPYUSD exchange rate of 110.9

<sup>6</sup> Includes 2,312 tonnes of low value mineral product

## TINCALAYU EXPANSION STUDY

The study on an expansion of the Tincalayu refined borates operation remains under review. Approvals have been received for a new gas pipeline to supply the expanded plant and initial cost estimates are under review.

## 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 25% interest. Orocobre also holds approximately 33.5% of the issued shares of AAL.

### CAUCHARI JV PROJECT

The Cauchari Project is located in Jujuy, Argentina.

During the quarter Advantage Lithium announced the engagement of WorleyParsons Chile S.A. who, in conjunction with independent resource consultants FloSolutions SpA, will complete the Pre-Feasibility Study (PFS) and independent NI 43-101 Technical Report on the Cauchari Lithium Project.

The purpose of the PFS is to examine all production and processing alternatives and recommend an optimal way forward. The PFS will include a range analysis for up to 30,000 tonnes per annum final lithium product, including lithium hydroxide.

On 24 April Advantage Lithium filed a NI 43-101 Technical Report on the updated mineral resources for the Cauchari Joint Venture project. Based on an intensive and successful drilling campaign in 2018, the updated estimate has increased the resource to a volume of 1.9km<sup>3</sup> of brine at an average concentration of 476 mg/l lithium equivalent to 4.8 million tonnes (Mt) of Lithium Carbonate Equivalent (LCE) in the Measured and Indicated (M&I) categories. The Inferred resource is now estimated at 0.6km<sup>3</sup> of brine at an average grade of 473 mg/l lithium equivalent for 1.5 Mt of LCE.

The M&I resource forms the basis for the PFS currently underway ([see ASX Release dated 18 April 2019](#)).

The NI 43-101 Technical Report is now available for download via the Company website: [www.orocobre.com](http://www.orocobre.com).

## CORPORATE AND ADMINISTRATION

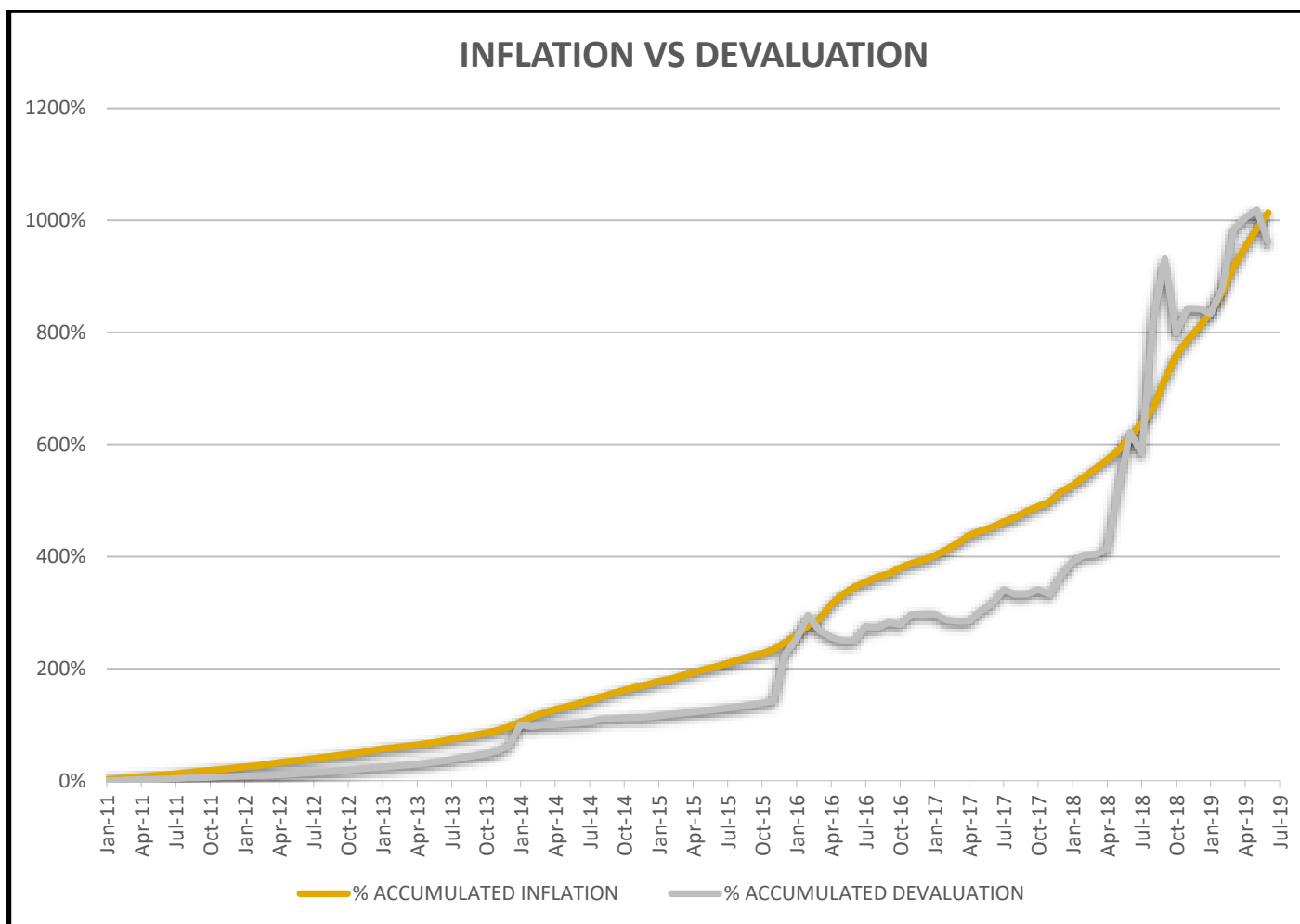
### FINANCE

#### CASH BALANCE

As at 30 June 2019, Orocobre corporate had available cash of US\$248.0 million of which US\$11.1 million has been set aside as a guarantee for the Naraha debt facility.

The US\$17.7 million cash reduction from the prior quarter was the result of a US\$12.8 million shareholders loan made to the SDJ Joint Venture to fund Olaroz expansion activities, US\$6.7 million equity contribution to the Naraha Joint Venture, US\$2.1 million in corporate costs, US\$1.0 million other investment payment, US\$0.3 million in Cauchari JV expenditure. This expenditure was partially offset by US\$2.2 million interest income, \$2 million costs reimbursement from the LiOH Joint Venture and US\$1 million deferred payment from the transaction related to the sale of the Salinas Grandes tenements to LSC in March 2017.

Including SDJ and Borax cash and project debt, net group cash at 30 June 2019 is US\$181.0 million, down from US\$192.9 million at 31 March 2019.



#### INFLATION VERSUS DEVALUATION

The AR\$/US\$ exchange rate appreciated by 2% during the quarter from AR\$43.35/US\$ at 31 March 2019 to AR\$42.46 at 30 June 2019 whilst inflation for the same period was 9%. When looking at the accumulated 12-month period from 1 July 2018 to 30 June 2019, devaluation of the AR\$ against the US\$ was 47% versus inflation of 56%. Over time, inflation and devaluation generally cancel each other out.

#### FOR FURTHER INFORMATION PLEASE CONTACT:

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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 a substantial Argentinian-based industrial chemicals and minerals company operating a 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 the investment division of the Jujuy Provincial Government (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 tpa 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 results in low cut-off grades, which maximises resource recovery.
- The process has 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 for current production 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 de Quillaques, 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 13, 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. Murray Brooker. Murray Brooker is a geologist and hydrogeologist and is a Member of the Australian Institute of Geoscientists. Mr. Brooker is an employee of Hydrominex Geoscience Pty Ltd and is independent of Orocobre. Murray 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. Murray Brooker 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 2018 and Sustainability Report 2018 available on the ASX website and 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, 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.