

# Orocobre Limited: Quarterly Report of Operations for the Period Ended 30 September 2013

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BRISBANE, AUSTRALIA -- (Marketwired - Oct. 31, 2013) - [Orocobre Limited](#) (TSX:ORL) (ASX:ORE)

## HIGHLIGHTS

### **Olaroz Lithium-Potash-Boron Project:**

- Construction of the project is proceeding on time and within budget.
- A total of US\$133m has been spent or committed via executed contracts on the construction project to date.
- First brine was pumped in August (4 weeks ahead of schedule).

### **Borax Argentina**

- The project to relocate the borax chemical plant from its current location in Campo Quijano (close to the city of Salta) to the Tincalayu mine is progressing on schedule and within budget. The relocation and commissioning is planned to be completed by June 2014.
- The relocation of the borax plant to the Tincalayu mine site will have significant benefits through both the reduction of operating unit costs and also increasing overall mineral recovery from the mine.

### **Corporate**

- Cash Position of A\$7.1m at the end of the quarter excluding Olaroz joint venture funding.
- SAP implementation at Borax Argentina will be completed by December 2013.

### **Olaroz Lithium-Potash-Boron Project**

The Olaroz Project is Orocobre's flagship project located in Jujuy province of Argentina. Together with partners, Toyota Tsusho Corporation ("TTC") and Jujuy Energia y Minería Sociedad del Estado ("JEMSE"), Orocobre is building the first large scale "green fields" lithium brine project in approximately 20 years at a capital cost of US\$229.1m and will have a design capacity of 17,500tpa of battery grade lithium carbonate. The Olaroz Project joint venture is operated through Argentine subsidiary Sales de Jujuy SA (SDJ SA). The effective Olaroz Project equity interest is Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.

### **Construction Update**

The construction of the project continues to proceed on time and within budget.

Since the last quarterly report, the Company announced the commissioning of the first production wells and the commencement of the filling of the first evaporation pond at the Olaroz Lithium Project. The first pumping of brine and filling of evaporation pond 4B occurred at the beginning of August to coincide with the local customary celebration of Pachamama (Mother Earth).

The filling of evaporation pond 4B is significant for a number of reasons. Firstly, the commencement of brine filling is ahead of schedule. Secondly, this effectively signals the beginning of the first step in the manufacture of lithium carbonate. Finally, it signals the end of a period where there were a high number of

concurrent activities in progress and also where we reached the peak headcount on site.

All brine bores have been drilled and bore equipment and infrastructure for brine supply is 88% complete. Progress is on schedule to reach the full rate by November as planned.

The construction of the evaporation ponds is ahead of schedule with 87% of earthworks completed. The evaporation pond lining program is on schedule.

**Other notable events during the quarter are as follows:**

- Water supply wells have been completed
- Camp has been completed and is operational
- The construction and fit out of the laboratory has been completed
- Erection of the lime plant is more than 50% complete
- The engineering design of the lithium carbonate plant has been completed and the lithium carbonate plant is under construction
- The final stage of the roadworks is nearing completion
- The gas supply and distribution system is 90% complete

The project continues to proceed on time and within budget. A total of approximately US\$133m has been spent or committed via executed contracts on the construction project to date.

**In conjunction with the progress detailed above, activity during the quarter has been focused on the following tasks:**

- Foundations and metal structure fabrication for process plant buildings, soda ash warehouse, finished product warehouse and maintenance facilities
- Construction of warehouse and maintenance workshop building
- Groundwork and concrete foundations of water treatment plant
- Waste water treatment plant 2nd stage
- Installation of deep well pumps
- Civil works in the brine collection area
- Evaporation pond construction (conclusion of pond P1, P2, P3)
- Erection of liming plant structure and equipment
- Water plant tank construction
- Gas pipeline construction
- Camp infrastructure construction (erection and connection of bulk gas tanks)
- Overflow channel construction
- Construction of process buildings (main building, soda ash and end product storage)
- Liner installation of second evaporation pond
- Construction of reinforced earth gabions for transfer pumps foundation
- Construction of overhead power lines

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 unique community and shared value policy continues as a key success factor, training local people under the supervision of high quality experienced professionals.

To view the photos accompanying this press release, please visit the following links:

<http://media3.marketwire.com/docs/orop11031.pdf>

<http://media3.marketwire.com/docs/orop21031.pdf>

<http://media3.marketwire.com/docs/orop31031.pdf>

<http://media3.marketwire.com/docs/orop41031.pdf>

For more gallery photos click here:

[http://www.orocobre.com/Gallery\\_Construction\\_October.htm](http://www.orocobre.com/Gallery_Construction_October.htm).

For more information on Olaroz please click here:

[http://www.orocobre.com.au/Projects\\_Olaroz.htm](http://www.orocobre.com.au/Projects_Olaroz.htm).

## **Borax Argentina**

Borax Argentina has extensive operations and has a fifty year production history producing borax chemicals,

boric acid and boron minerals. The production currently comes from three principal mines at Tincalayu, Sijes and Porvenir with concentrators at the first two locations and a chemicals plant at Campo Quijano producing refined products. The borax circuit at the chemicals plant is in the process of being relocated to the Tincalayu mine where the mineral for borax production, tincal, is mined.

There are historical estimates on the mineralisation at these mines and at two undeveloped deposits (please click here for the ASX Announcement on historical estimates: <http://www.asx.com.au/asxpdf/20120821/pdf/4284ngcbwhr77t.pdf>). These estimates currently form the basis for both the current operations and plans for developing the business.

## Operations

Approximately 10,103 tonnes of combined products were sold during the quarter. This is an increase on the previous quarter and 10% above the same quarter last year. Prices achieved were affected by softer market conditions compared to 12 months previous but in line with budget.

Combined product sales volume by quarter:

Quarter	Combined Product Sales (tonnes)
September 2012	9,161
December 2012	10,007
March 2013	9,182
June 2013	9,562
September 2013	10,103

## Borax Plant Relocation

As reported in the June quarter report, the Company announced a significant advance at its 100% subsidiary Borax Argentina on 1st July with the decision to relocate the borax chemical plant from its current location in Campo Quijano (close to the city of Salta) to the Tincalayu mine site where the mineral, tincal, used to make borax is mined. The Borax Argentina chemical plant produces borax decahydrate, borax pentahydrate and anhydrous borax.

The relocation of the borax plant to the Tincalayu mine site will have significant benefits through both the reduction of operating unit costs and also increasing overall mineral recovery from the mine.

The progress on the project is running to plan with a high rate of scheduled activity occurring between October this year and March 2014. Currently the project is running on schedule and within budget.

The completion date for the project is forecast to be June 2014.

The Company considers this project an exciting development which will position the Borax Argentina business well for the future.

## Historical Estimate for JORC Compliant Resource Conversion Programme

During the quarter, work continued on the programmes to convert the Tincalayu historical estimates to JORC compliant resources. The work programme has involved so far:

- Extensive pit mapping to provide geometrical controls of stratigraphy and structures which will be correlated later with past flight plans and drill logs
- Geochemical sampling of different horizons to provide controls on past drilling and bench plans

A new 3D model of the mineralised horizon is being constructed in conjunction with the resampling program undertaken on stored drill core using both internal and external laboratories.

During the quarter work also started on the programmes to convert the Porvenir historical estimates to JORC compliant resources. The mineralisation at Porvenir, ulexite, is used to make boric acid at the boric acid plant in Campo Quijano.

Progress is on track to have a resource estimate completed in the 4th Quarter 2013 for Porvenir and 1st Quarter 2014 for Tincalayu assuming no drilling is required.

Once the conversion programme is completed at Tinacalyu and Porvenir, work will commence on the Sijes hydroboracite deposit and the other salar hosted ulexite deposits at Diablillos and Ratones.

For more information on Borax Argentina please click here:  
[http://www.orocobre.com.au/Projects\\_Borax.htm](http://www.orocobre.com.au/Projects_Borax.htm).

## **Corporate and Administration**

### **SAP Implementation**

An SAP ERP system has been implemented at Sales de Jujuy SA. The SAP implementation program at Borax Argentina is in progress and due for completion by December 2013.

### **Cash Position**

At the end of the quarter, the company had a cash position of A\$7.1m excluding funds in Olaroz Lithium Project companies.

### **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 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 is building in partnership with Toyota Tsusho Corporation the first large-scale, de-novo brine based lithium project in 20 years at its flagship Salar de Olaroz resource, with projected production of 17,500 tonnes per annum of low-cost battery grade lithium carbonate scheduled to commence in Q2 2014. The Company also wholly-owns Borax Argentina, an important regional borate producer. Orocobre has recently been included in the S&P/ASX 300 Index. For further information, please visit [www.orocobre.com](http://www.orocobre.com).

### **Technical Information, Competent Persons' and Qualified Persons Statements**

The information in this report that relates to Exploration Results or Mineral Resources is based on information prepared by, or under the supervision of Mr. Murray Brooker. Murray Brooker is a geologist and hydrogeologist and is a Member of the Australian Institute of Geoscientists. Murray has sufficient relevant experience to qualify as a competent person as defined in the 2004 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.

Additional information relating to the Company's projects is available in "Technical Report - Salar de Olaroz Lithium-Potash Project, Argentina" dated May 30, 2011, (the Olaroz Report), the "Technical Report - Salinas Grandes Project" dated April 30, 2010 and the "Technical Report - Salar de Cauchari Project, Argentina" dated April 30, 2010, respectively, which have each been prepared by John Houston, Consulting Hydrogeologist, together with, in the case of the Olaroz Report, Mike Gunn, Consulting Processing Engineer, in accordance with NI 43-101.

### **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 includes, but is not limited to, construction at the Olaroz Project and the timing thereof, the commencement of commercial production at the Olaroz Project and the timing thereof, the projected production of lithium carbonate at the Olaroz Project and the expected brine cost and grade at the Olaroz Project.*

*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; the risk that the conditions precedent to draw down the project financing with Mizuho Corporate Bank will not be met; 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 weather patterns and impact on production rate; risks associated with construction and development of the Olaroz Project; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Project; general risks associated with the feasibility and development of the Olaroz Project; as well as those factors disclosed in the Company's Annual Information Form for the year ended June 30, 2012 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 potash; 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.*

### **Not For Release in US**

*This announcement has been prepared for publication in Australia and may not be released in the U.S. This announcement does not constitute an offer of securities for sale in any jurisdiction, including the United States, and any securities described in this announcement may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.*

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