Orocobre Ltd.: Olaroz Lithium Facility Operations Update

14.01.2016 | ABN Newswire

Brisbane, Australia (ABN Newswire) - Orocobre Ltd. (ASX:ORE) (TSE:ORL) (Orocobre or the Company) wishes to advise on progress at the Olaroz Lithium Facility.

Key Points:

- Production of 427 tonnes of lithium carbonate was achieved in December, an increase of 62 tonnes over November, with production rates of 20tpd being achieved towards the end of the month.

- December production was negatively impacted by the need for structural repairs on rake arms in the thickener (in the purification circuit) and the planned installation of the additional boiler and associated works.

- The "de-bottlenecking" process neared completion with the additional boiler, second centrifuge and pond flocculant dosing systems installed. These debottlenecking works are planned to be completed in January as previously advised.

- Production in January is forecast to be approximately 600 to 650 tonnes.

- Commercial orders in hand to supply five battery market customers with deliveries scheduled to commence in February.

Production update

Production at the Olaroz Lithium Facility continued to increase in December with 427 tonnes of lithium carbonate produced, an increase of 62 tonnes on November, with production rates of 20 tonnes per day (tpd) being achieved towards the end of the month. Of the total tonnes produced 65 tonnes were recovered from within the purification circuit.

Production was negatively impacted by the need for unplanned structural repairs to be conducted on the rake arms in the thickener within the purification circuit to reinforce the structures against vertical loads. The repairs were undertaken following an appraisal by Outotec, the equipment supplier. The engineering advice provided by Outotec is that the existing equipment specification is fit for purpose and they also advised on some modifications to operating controls. This, coupled with the installation and commissioning of the additional boiler and associated works resulted in an effective loss of production of approximately 150 tonnes.

De-bottlenecking progress details:

- Flocculation and Heat Exchangers:
The flocculation operation to settle the suspended magnesium, sodium boron and calcium salts in the concentrated brine feed pond was commissioned in December and is expected to facilitate the feed of clarified brine to the lithium carbonate plant thus reducing the rate of build-up of salts on the heat exchanger plates. The additional heat exchangers to be installed in parallel to the existing heat exchangers will be installed at the end of January and will achieve process duplication and redundancy thus allowing a heat exchanger (which cools the feed slurry to the purification circuit) to be taken offline for cleaning without interruption of the cooling of the feed slurry.

- Magnesium and Calcium removal by Centrifuges:
The second centrifuge has been installed and commissioned. This second centrifuge is expected to allow the nameplate flow rate to be achieved through the primary circuit.

- Boiler Increase and Heat Distribution:
The additional boiler was installed and commissioned in December. Final piping and circuit commissioning will occur in January as planned. The increase in boiler capacity is anticipated to permit the crystallizers to

operate at design temperatures and full production capacity.

Production Guidance

With the "de-bottlenecking" projects expected to be completed during January, it is expected that the plant will achieve the operating cost breakeven run rate and enter the final stage of production ramp up. As previously advised, the timing of achievement of the nameplate production run rate is dependent upon the successful optimisation of operating practice and process controls once the debottlenecking rectifications are complete. Production for the month of January is forecast at 600-650 tonnes with operating cost breakeven to be achieved.

Sales Orders

Commercial shipments of lithium carbonate have been and continue to be dispatched from the Olaroz Lithium Facility to Europe, Asia and the USA. All product that has been reported as produced is saleable product and has been sold or committed to a customer's purchase order. As previously advised samples have been provided to both industrial and battery sector customers and some customers are still completing the final evaluation process. There are currently customer orders in hand from five (5) battery market customers that have completed the product approval process and placed commercial purchase orders. These orders are scheduled for dispatch in February and March.

Market Conditions

Prices in recent times have been steadily increasing to over US$6,000/tonne with further increases expected (based on current negotiations) as we move further into CY2016 and beyond as lithium market conditions continue to tighten. Strong market demand and supply side constraints are resulting in continued upward pressure on market prices for lithium carbonate. Current market conditions in China are very tight with spot pricing from independent third party sources being quoted in excess of US$15,000/tonne. Although contract prices are very different to spot market rates, the behaviour of the spot price in China in recent times highlights the tight market conditions.

Managing Director Comments

Managing Director, Richard Seville, said, "The progress at Olaroz continues to be positive with the completion of debottlenecking activities continuing to draw closer. Despite some hurdles in December, the completion of the debottlenecking process is largely on track with the timetable and due for completion in January. It was very encouraging to hit a milestone production rate of 20 tpd at the end of December and we are also greatly encouraged by the increasingly favourable market conditions and rising market prices."

To view figures, please visit:
http://media.abnnewswire.net/media/en/docs/ASX-ORE-901886.pdf

About Orocobre Limited:

Orocobre Ltd. is listed on the Australian Securities Exchange and Toronto Stock Exchange (ASX:ORE) (TSE:ORL) (OTCMKTS:OROCF), 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 has built, in partnership with Toyota Tsusho Corporation and JEMSE, the first large-scale, greenfield brine based lithium project in 20 years at the Salar de Olaroz with planned production of 17,500 tonnes per annum of low-cost battery grade lithium carbonate.

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