

# Orocobre Limited: Half Year Results Summary (July-December 2015)

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Brisbane, Australia - [Orocobre Ltd.](#) (ASX:ORE) (TSE:ORL) (OTCMKTS:OROCF) (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:

- o Relocation of pentahydrate manufacture
- o 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.

To view the summary release, please visit:

<http://media.abnnewswire.net/media/en/docs/ASX-ORE-910476.pdf>

To view the half year results, please visit:

<http://media.abnnewswire.net/media/en/docs/ASX-ORE-910471.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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