

Orocobre Limited - Established as Profitable, Low Cost Lithium Carbonate Producer

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Brisbane - [Orocobre Ltd.](#) (ASX:ORE) (TSE:ORL) (OTCMKTS:OROCF) (Orocobre or the Company) today released its financial results for the 2016 financial year (FY16).

Highlights for FY16 included:

- Production of 6,903 tonnes of lithium carbonate;
- The Company's Olaroz Lithium Facility moved to commercial production from May 2016:
- Generating EBITDAX[1] of US\$7.8M ;
- Sales of 2,040 tonnes of lithium carbonate at an average price received of US\$7,535/tonne
- Lithium production costs in second quartile of global production with operating cash cost of US\$3,555/tonne² achieved, excluding royalties and corporate costs;
- Forecast production uplift to >15,000 tonnes for FY17 and expansion studies plans on track targeting production uplift to 35,000 - 42,500 tonnes ;
- Market fundamentals for lithium remain intact with strong demand growth, tight supply and attractive prices;
- Circa US\$104 million cash inflow expected from Olaroz Lithium Facility related loans and guarantees;
- Strong balance sheet with available cash of US\$35.8 million, and debt to total asset ratio of 40% on a proportionally consolidated basis
- Borax Argentina was EBITDAX positive in the second half of FY16 and well positioned for recovery in key markets;

On a statutory basis, the Company recorded a FY16 full year statutory loss[1] of US\$22 million, including a non-cash foreign exchange loss of US\$20.9 million (on a proportionally consolidated basis[2]).

Orocobre Managing Director and CEO, Richard Seville said: "Orocobre has established itself as a profitable, low cost producer of lithium carbonate. We produced 6,903 tonnes of lithium carbonate in FY16 of which 4,481 tonnes was in the second half, and we continue to increase production".

"Strong market fundamentals for lithium carbonate products remain intact. We currently see a similar scenario as occurred two years ago where timing and quantity of new supply was significantly overestimated. These market fundamentals represent a material opportunity for Orocobre to deliver on its plans to expand production capacity at the Olaroz Lithium Facility to a targeted range of 35,000 - 42,500 tonnes per annum from the the tail end of 2018."

Strong cash inflows

The Olaroz Lithium Facility (Sales de Jujuy, SDJ SA) has strong operating cash flows. This should facilitate a cash return in the order of US\$104 million to Orocobre from the release of Standby Letters of Credit against overdraft facilities available to SDJ SA and the repayment of shareholder loans. This cash will be utilised by Orocobre for corporate purposes including expansion opportunities and other activities that will enhance shareholder returns.

Proforma financials

Orocobre Group reported a statutory loss[1] of US\$22 million, which on a proportionally consolidated basis[2] includes a non-cash foreign exchange loss of US\$20.9 million.

Sales de Jujuy PTE and hence the Olaroz Lithium Facility, recorded positive EBITDAX[2] of US\$ 7.8 million

for the two months of May and June 2016 since the commencement of Commercial Production. Borax Argentina like for like sales were up 4% after adjusting for the absence of low value tincal ore in the current year sales but total volumes were down 20% on the previous corresponding period. Despite the challenging market conditions EBITDAX[2] was positive in the second half of the year.

Outlook "Orocobre has made a strong start to FY17 and we expect our overall financial position to continue to strengthen in the year ahead. With cash to be returned to the group and ongoing operational improvement plans underway, the foundations are in place to continue to drive strong growth in production. With a market that remains in supply deficit, we believe we are well positioned to capture a high share of the global demand for lithium carbonate" said Richard Seville.

Subject to market and operating conditions Orocobre provides the following guidance:

Olaroz Lithium Facility

- >15,000 tonnes of production for FY17
- December quarter 2016 production of 3,500 - 4,000 tonnes at approximately US\$3,500/tonne cash operating cost per tonne
- ~US\$10,000/tonne average price forecast for December quarter 2016
- Capital expenditure of ~US\$8-10 million

Borax Argentina

- Production forecast of 40,000 - 50,000 tonnes
- Capital expenditure of ~US\$2-4 million

Corporate

Corporate costs of ~US\$5 million.

To view tables and figures, please visit:
<http://abnnewswire.net/lnk/85OJ1460>

Notes:

On 1 May 2016 Orocobre has changed its reporting currency from Australian dollars to US dollars in the 2016 financial year. Unless otherwise stated, all financial data in this release is quoted in US dollars³.

[1] Statutory (loss) is profit after tax attributable to owners of the Company.

[2] Orocobre's results are reported under International Financial Reporting Standards (IFRS). This report also includes certain non-IFRS financial information, including the following:

- 'Underlying loss' is a loss after tax before significant items attributable to owners of the Company such as foreign exchange loss proportionately consolidated of US\$20.9M.
- 'Proportional consolidation' is a method of including items of income, expense, assets and liabilities in proportion to the company's percentage of participation in the joint venture.
- "NCI" is the Non Controlling Interest which represents the portion of equity ownership in the Joint Venture not attributable to [Orocobre Ltd.](#)
- 'EBITDAX is 'Earnings before interest, tax, depreciation and amortisation, and foreign exchange gains (losses)'.
'
- 'EBITX is 'Earnings before interest, tax , and foreign exchange gains (losses)'.
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- 'EBTX is 'Earnings before tax and foreign exchange gains (losses)'.
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[3] Financial data has been translated to US dollars using average exchange rates for the relevant period in the income statement.

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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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