

Orocobre Limited: Interview with Richard Seville

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Brisbane - [Orocobre Ltd.](#) (ASX:ORE) (TSE:ORL) (OTCMKTS:OROCF) ("Orocobre" or "the Company") is pleased to provide shareholders with an update on the Company and its projects, future direction and goals, the lithium market and current and future pricing.

To view the video online please copy and paste the URL below into your web browser:
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Transcript for the update with Orocobre MD and CEO, Richard Seville

[Orocobre Ltd.](#) MD and CEO, Richard Seville, discusses the company's latest results and provides an update on its Olaroz lithium facility in Argentina.

Orocobre is an ASX and TSX listed company. We've just entered the ASX 200 index, which is a very proud moment for us. Since we floated in December 2007, we've been absolutely focused on exploring and developing the Olaroz lithium project in Northern Argentina. We started production early last year and now we're coming to the end of our ramp up process.

The highlight is that we achieved profitability, so now we've established ourselves as a producer. The EBITDAX for the Olaroz project was \$7.8 million in the last two months of the year, those two months since we established commercial production. We did 6,900 tonnes of production and our ramp up continues, and we're in a good position to start FY17. The company's very proud of achieving a number of things. We've taken this project from exploration, through development and into production. And into profitability now, that's taken a lot of effort, a big team approach. Financing a challenge, working in Argentina a challenge, 4,000 metres a challenge. Now we're established as a profitable low cost producer and that's a great opportunity for the future.

The stage II expansion is under scoping study process at the moment. It would be very simple just to look at doubling capacity, go from 17,500 tonnes design capacity to 35,000 tonnes. But there's the opportunity there to do things a little bit different. The lithium hydroxide market is a market that's growing strongly. So as part of the scoping studies, we're contemplating whether we should be including that in our product mix, or whether we should just be sticking with lithium carbonate. The end result of that study, or the end of that process is the end of September and then we can make a decision, how we should advance into the feasibility studies. And all being well, we could be looking at commissioning an expanded project at the backend of 2018, with meaningful production in 2019.

The priority from an operational point of view is to optimise our production processes. So we have now a plant that we can operate and produce at a low cost. So it's all about developing optimum operating practises, improved recovery, reduced operating costs and achieving design throughput. There is a project that we have to achieve to get the design throughput in the purification circuit, that's adding a cyclone bank. That should be done in November and that allows us full capacity through the thickener. But that's the only mechanical thing that needs to be done; otherwise it's all about developing a well-versed practise at operating levels.

We've had a strong lithium price over the last year, year and a half. It's grown from around long-term average of about \$5,000/\$5,500 a tonne, currently more than double that. And we're seeing peak pricing in China on the so-called spot market, of closer to \$20,000 a tonne, back in the first half of this year. That strong price is driven by strong demand. And if we look back over recent years, we're seeing a strong demand for batteries and consumer electronics, computers, mobile phones, iPads and then into portable power tools, and the like. More recently, we're seeing strong demand through the EV sector and that's going to drive demand going forward, as well as the use of batteries in renewables and power grid storage.

Now that's one side of the equation. The second side of the equation is the supply side and the supply side has been muted. So in the past, people expecting SQM (NYSE:SQM) and Rockwood Holdings Inc. (NYSE:ROC), now Albemarle Corporation (NYSE:ALB) to provide the lithium for the future. Their supply response has been muted, it's created a squeeze in supply and hence we've seen the high prices. But we see that supply squeeze continuing. The ramp up from other projects, the project pipeline, it always takes

longer. So we see an undersupply situation in coming years and firm pricing in years to come.

In a year's time, I expect Orocobre to be in a very strong position. We have a low cost business, we're producing increasing amounts of product and we'll have strong cash flows through this year. So our balance sheet will improve. There's about \$100 million worth of shareholders funds that have been put in, in terms of short-term funding to the subsidiary company. That money will all flow back to our Orocobre in the next two years. And at the backend of next year, we should be in a position whereby we'll be building our expanded projects, with the aim of having production kicking off at the backend of 2018, and ramping up into 2019. So in the past years, we've had our trials and tribulations, we're in a strong position now and we'll have a good year I'm sure.

To view the video, please visit:

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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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