

Orocobre Limited - Chairman's Address to Shareholders

22.11.2016 | [ABN Newswire](#)

Brisbane - [Orocobre Ltd.](#) (ASX:ORE) (TSE:ORL) (OTCMKTS:OROCF) is pleased to provide the Chairman's Address to Shareholders at Annual General Meeting 2016.

Our focus in recent years has been to build successful projects. We are now embarking on the journey to build a world leading lithium and chemicals company.

To get there, your board and the senior management team is maintaining a radar like focus on the following key success factors:

- Ensuring that we deliver on the promise and potential of Olaroz.
- Developing our borax resources to become a meaningful and reliable contributor.
- Living by the principals of shared value, through the pillars of education, health, sustainability and employment so that we are respected as a vital member of the Jujuy, Salta and Argentine communities.
- Continuing to invest in our people and their culture of integrity, transparency, problem solving, commitment and sustainability.

These are the foundation stones by which we will continue to build our Company.

I am pleased to report that we finished FY16 in a strong position with many significant achievements.

Through sheer hard work and innovation, our team at Olaroz led by Cristian Saavedra has brought to market the first new lithium brine production facility in approximately 20 years. Many of you here today have shared that journey with us and know the many challenges that we have faced and overcome. With the knowledge and experience accumulated along the way, we are confident we can expand Olaroz to a possible 42,500 tonnes per annum, with potential commissioning as early as late 2018.

Much has been written about the growing demand for lithium and the supply response, some informed, much not. We developed our view of the market some time ago and remain confident that the fundamentals for lithium remain strong, underpinned by growing demand for electric vehicles, power storage and mobile devices. We estimate that supply will not be so readily available and that the supply response will be slower and more expensive than anticipated. Experienced observers of commodity markets recognise these characteristics and we do not believe lithium will be different. Incumbent producers are clearly advantaged and this augurs well for Orocobre.

Whilst Olaroz had made significant progress and enjoyed buoyant market conditions, our borax business continued to face tough market conditions in South America, particularly in Brazil, with intense competition from the world's two major producers of borax products. Collectively this has kept prices at cyclical lows. As shareholders would expect the Borax management team led by Ivan Gomez, responded by implementing significant operating and structural improvements, restoring margin in the second half, but more importantly developing a pathway to grow and expand our operations and realise the undeniable value of our resources. We are seeing some indications that pricing for borax products may be recovering from the low point in the cycle. With our production expansion plans, cost reduction targets and competitive advantages in local markets we are well positioned when economic conditions and market prices recover.

In the year, we raised additional equity capital twice. Now with our current funding and Olaroz performance, we intend to fund any further expansion from the combination of operating cash flow and the potential divestment of low priority assets. In particular, over the next few years we should see Olaroz repay loans and bank guarantees to Orocobre. These funds will support Orocobre in achieving our growth aspirations and the ability to pursue the opportunities that buoyant markets always provide. In the absence of any other opportunities we have no plans or need to raise further capital. I would like to thank the shareholders who have supported us through the capital raising processes that allowed us to debottleneck our Olaroz operations and continue to ramp up production. We will work hard over the next few years to repay the confidence you have placed in us.

We are planning the next stages of growth for our company with confidence and the experience of already operating in Argentina. The Macri Administration has laid the groundwork for the economic revival of Argentina through several reforms including floating the Peso, reduction of export duties and import restrictions, and the removal of capital transfer restrictions. For Orocobre, this has made our operations more competitive and should expedite the delivery and lower the cost of our planned expansion.

I mentioned earlier that part of our philosophy is to live by the principals of shared value. We are proud of the contribution we make to the communities in which we operate, and we take our responsibilities seriously. Our businesses in Argentina employ over 500 people directly and we further support our communities by purchasing locally and employing local contractors and services. We are confident that we create sustainable operations through our actions in the areas of health, safety, environmental management and social inclusiveness. However, we recognise we can improve our communication of these activities. To rectify this, we have commenced a project to overhaul our reporting on these areas over the next 12 months. I look forward to keeping you updated on this.

Most AGM addresses consider the issue of executive remuneration. There has been much written this year about soft targets, short term incentive rewards for average performance and the disconnect between shareholder and executive return. The boards' expectations of Orocobre executives are demanding with extensive periods required away from home and family and many anti-social hours. Our remuneration structure must respond to these demands. That said we apply a simple philosophy at Orocobre. In disappointing, below par or low growth years' bonuses will be hard to find. However, in years of achievement, pleasing shareholder returns and growing profits and cash flows we will be generous in the rewards earned by our executives. In this way, we seek to retain absolute alignment between shareholder and executive returns.

James Calaway retired as Chairman of Orocobre in July. He made an enormous contribution to Orocobre through his vision, passion and leadership. There is no doubt that following James as Chairman means there are big shoes to fill. In paying tribute to James, I would also like to welcome Leanne Heywood to your board. Leanne joined Orocobre only recently after a career with Rio Tinto characterised by real "hands on" experience of mine site operations and major commodity markets.

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.

Contact:

Andrew Barber Investor Relations Manager

[Orocobre Ltd.](#)

T: +61-7-3871-3985 M: +61-418-783-701

E: abarber@orocobre.com

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/249333--Orocobre-Limited---Chairmanund039s-Address-to-Shareholders.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).