Orocobre Limited Quarterly Report of Operations for the Period Ended 31 December 2017

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BRISBANE, Australia, Jan. 16, 2018 /CNW/ --

KEY POINTS[1]

OLAROZ LITHIUM FACILITY (ORE 66.5%)[2]

- Record production through the December quarter at 3,937 tonnes of lithium carbonate, up 84% on the Septembe (QoQ) with consecutive increases month on month.
- First half production of 6,072 tonnes
- Sales revenue is up 72% QoQ to US$40 million on total sales of 3,460 tonnes of lithium carbonate, up 67% QoQ
- Average Free on Board (FOB) price received up 3% QoQ to US$11,550/tonne with higher priced contracts reflect market conditions. Prices for June half 2018 are expected to be approximately 25% higher per tonne FOB than in December half 2017
- Cash costs (on cost of goods sold basis) down 21% QoQ to US$3,946/tonne as a result of higher production volu quarter
- Gross cash margins increased 23% QoQ to a record US$7,604/tonne on the back of higher sales prices and lowe
- Full year production guidance of approximately 14,000 tonnes of lithium carbonate is maintained

LITHIUM GROWTH PROJECTS

- Due to the strong demand for lithium chemicals the Joint Venture Partners have decided to increase the scale of expansion at Olaroz to 25,000 tonnes per annum ("tpa", total capacity 42,500tpa) of lithium carbonate. Engineerin have been completed with capital expenditure estimated at approximately US$271 million (including US$25 millio contingency). Details of the funding of this project are set out in the announcement of today's date.
- The Japanese government has indicatively approved subsidies and rebates of approximately US$27 million relati construction costs for the proposed 10,000 tpa battery grade lithium hydroxide plant. Total capital is now expecte approximately US$60-70 million (100% basis, pre-subsidies), however the Orocobre equity contribution is expect approximately US$6 million after taking into account subsidies and proposed Japanese bank project debt funding
- Projected operating costs (excluding lithium carbonate feedstock) for the lithium hydroxide plant have decreased to approximately US$1,500/tonne lithium hydroxide from the previously estimated US$2,500/tonne, delivering a v favourable investment case

BORAX ARGENTINA

- Overall sales volume in the December quarter was 8,341 tonnes (8,543t in the September quarter)
- Sales of refined higher value borate products (decahydrate, pentahydrate, anhydrous) were up 46% compared to corresponding period
- The Tincalayu Expansion Project feasibility study (from 30,000 tonnes to 120,000 tonnes decahydrate equivalent tonnes of Boric Acid) is undergoing internal review

ADVANTAGE LITHIUM AND CAUCHARI

- Advantage Lithium has now undertaken drilling at nine locations within the Cauchari tenements. The most recent from systematic brine sampling in hole CAU16 which intersected a brine body that extends over >284 metres vert zone starts at 14 metres and includes an 81 metre high grade interval from 118-199 metres, similar to CAU07, 3 k north
- A high-grade brine interval within the hole averages 529 mg/l Lithium and 4,306 mg/l Potassium, including four sa averaging 619 mg/l Lithium from 169 to 199 metres. The average concentration over the sampled length of CAU1 – 298 metres, total depth 321.5 metres) is 436 mg/l Lithium and 3,608 mg/l Potassium

CORPORATE

- As at 31 December 2017, Orocobre Group had US$50.2 million of available cash after release of further standby credit from Sales de Jujuy of US$7.4 million
- Finalisation and publication of the inaugural Orocobre Sustainability Report

OLAROZ LITHIUM FACILITY

For more information on Olaroz please click here

The Olaroz Lithium Facility is located in the Jujuy province of Argentina. Together with partners, Toyota Tsusho Corporation (TTC) and Jujuy Energia y Mineria Sociedad del Estado (JEMSE), Orocobre is now operating the first large scale lithium chemicals brine based facility to be commissioned in approximately 20 years.

Olaroz produces high quality lithium carbonate chemicals for both the battery and industrial markets. It is the only operation in the world with an integrated purification circuit that permits it to produce, if desired, 100% battery grade lithium carbonate (+99.5%) on site.

The Olaroz Lithium Facility joint venture is operated through Argentine subsidiary Sales de Jujuy S.A. The effective equity interests are: Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.

PRODUCTION, SALES AND OPERATIONAL UPDATE

PRODUCTION AND SALES

Production for the quarter was a record 3,937 tonnes. Since early September, evaporation rates have increased significantly resulting in increased brine concentration, increased harvest pond inventory and increasing production rates as brine feed concentration has risen. This trend has continued throughout the December quarter.

Sales revenue for the quarter was a record at US$40 million on total sales of 3,460 tonnes with average sales prices up 3% to US$11,550/tonne[3]. Operating costs (on a cost of goods sold basis) were US$3,946/tonne, down 21% QoQ due to higher production levels and reduced reagent costs. US$ cost inflationary pressure continued through the quarter with Argentine Peso devaluation against the United States dollar less than inflation.

Strong prices and lower operating costs have delivered a record gross cash margin of US$7,604/ tonne which equates to a margin of 66%. This continues to demonstrate the strong cash generation ability of the Olaroz operations.

Metric	December quarter 2017	September quarter 2017	Change QoQ (%)	Year to Date
Production (tonnes)	3,937	2,135	84%	6,072
Sales (tonnes)	3,460	2,072	67%	5,532
Average price received (US$/tonne)	11,550	11,190	3%	11,415
Cost of sales (US$/tonne)[4]	3,946	4,987	-21%	4,336
Revenue (US$M)	40	23.2	72%	63.2
Gross cash margin (US$/tonne)	7,604	6,203	23%	7,079
Gross cash margin (%)	66%	55%	19%	62%

[3] Note: Orocobre reports price as "FOB" (Free On Board) which excludes additional insurance and freight charges included in "CIF" (Cost, Insurance and Freight or delivered to destination port) pricing. The key difference between an FOB and CIF agreement is the point at which responsibility and liability transfer from seller to buyer. With a FOB shipment, this typically occurs when the goods pass the ship's rail at the export port. With a CIF agreement, the seller pays costs and assumes liability until the goods reach the port of destination chosen by the buyer. The Company's pricing is also net of TTC commissions.

The intention in reporting FOB prices is to provide clarity on the sales revenue that flows back to SDJ, the joint venture company in Argentina.

[4] Excludes royalties and head office costs
Costs are expected to be maintained at current levels during this half.

OPERATIONAL UPDATE

Over the December quarter the focus has remained on pond management both from the perspective of inter-pond brine transfer, operational controls and monitoring. The design and upgrade for the improved transfer and pumping system required the installation of six new pumps, remote monitoring systems and additional water cleaning lines for a revised capital cost of US$2.7m. The system is operating in a stable manner subject to the normal seasonal variations in climate and weather impacts.

The chart below shows the seasonality of average evaporation rates and the historical and forecast harvest pond inventory profile. The harvest pond inventory continues to increase generally in line with expectations and is at maximum levels. The Company is encouraged that the performance of the pond system is much as predicted from production model.

Carbon dioxide recovery

Carbon dioxide is used at the Olaroz lithium facility in the production of battery grade lithium carbonate. It is currently sourced from near Buenos Aires, Cordoba and Mendoza and transported up to 1,800 kilometres by truck. Consequently, it is a significant component of reagent costs and the Company is installing CO_2 recovery systems on various parts of the purification circuit to recover CO_2 from the production process.

Results from engineering studies and a trial plant over the last year have demonstrated that recovery of up to 50% of total CO_2 is possible, and orders have now been placed for provision and installation of permanent equipment. Capital expenditure on this project is expected to be less than US$2M. The CO_2 plant is supplied as a package by a specialist manufacturer in Europe.

Installation and operation of the permanent CO_2 recovery equipment is expected in the June Quarter 2018.

PHASE 2 EXPANSION AT OLAROZ

The Phase 2 expansion of Olaroz is now underwritten by the announced equity and proposed debt funding arrangements. Final investment decision remains subject to Orocobre and JV Board approvals.

REVISED SCOPE OF PHASE 2 EXPANSION

Based on forecast strong demand growth the Joint Venture Partners have concluded that expansion should increase to 25,000 tonnes per annum (total 42,500 tonnes per annum) from the previously proposed 17,500 tonnes per annum. Engineering studies were completed during the quarter.

The increased expansion plans retain the simplified design to remove the purification circuit from the incremental production with the proposed development of a lithium hydroxide plant in Japan. The resultant product mix is 17,500 tonnes per annum purified lithium carbonate (>99.5%) from the existing purification circuit and 25,000 tonnes per annum Prime grade lithium carbonate (avg. 99.0%) which will provide feedstock for the planned lithium hydroxide plant.

This revised strategy results in capital expenditure of approximately US$271 million including a US$25 million contingency and retains the lower risk of implementation as the project is based around a simple duplication of bores, ponds and primary circuit of Phase 1 at Olaroz. The capital cost intensity of the 25,000tpa expansion has increased from the previous 17,500tpa principally due to the increased accuracy with the engineering study compared to the previous scoping level, additional redundancy in the design, increase in indirect costs and inflationary pressures. However, this capital remains extremely competitive when compared with other greenfield developments.

Multinational engineering firm, GHD continues to oversee engineering design studies for the Olaroz Phase 2 expansion.

Key permits have been received for process water, brine extraction, additional bores and new ponds from the Jujuy Provincial Government for the expansion.

Plant layout and pond design have been finalised and soil tests have been completed over the new pond area. Flowsheets, mass balance, and equipment list and design criteria have also been completed. Preliminary design for the road, pump stations, piping and electricity lines to new extraction bore holes are been finalised. Engineering, environmental and social impact studies have been completed and the consultation process with local communities has commenced. Approval for the processing plant is expected to be granted shortly. Long lead time activities such as bore drilling, road construction and the construction camp will commence this quarter.

Key project milestones include:

Milestone	Timing
Final project approvals	mid 2018
Drilling of wells	2018
Construction of ponds	2H 2018 – 1H 2019
Construction of lithium carbonate plant	2H 2018 – 2H 2019
Plant commissioning	2H 2019

LITHIUM HYDROXIDE PLANT

UPDATE ON PROGRESS

Orocobre and TTC Olaroz are well advanced with plans for a proposed 10,000 tonne per annum lithium hydroxide plant to be built in Fukushima Province, Japan. The proposed location is well situated near potential customers which eliminates common issues with caking and degradation of quality when lithium hydroxide is transported or exposed to humidity.

The Japanese government is actively supporting development in areas of Fukushima that were not directly affected by the 2011 tsunami and subsequent nuclear power plant issues. As such, submissions were made in September to Japanese National and Provincial governments for development permits and subsidies for capital costs. Indicative approval has been received for subsidies of approximately US$27 million.

Following extensive studies and customisation of design, capital expenditure for the lithium hydroxide plant is now expected to be approximately US$60-70 million (100% basis, pre-subsidies). This is higher than previously expected due to changes in scope, (e.g. inclusion of a calciner to recycle the CaCO3 produced and in the future a CO2 gas capture and recycle system) inclusion of additional equipment redundancies and higher construction labour costs. Additional cost increases have occurred with competition from construction of facilities for the 2020 Tokyo Olympics affecting items such as the cost of rental equipment used to build the plant (e.g. cranes, generators etc).

Orocobre equity contribution after subsidies and proposed Japanese bank debt funding is expected to be approximately US$6 million.

Operating costs (excluding lithium carbonate feedstock) for the lithium hydroxide plant have decreased significantly to approximately US$1,500/tonne from US$2,500/tonne delivering a very favourable investment case.

Primary production from the Olaroz lithium carbonate and locally sourced Japanese lime have been used as feedstock for testing of process design to produce lithium hydroxide. The test work demonstrated that a very high-quality, battery grade, lithium hydroxide could be produced from Olaroz lithium carbonate using a customised process. The test work has also highlighted opportunities to reduce lithium losses during conversion from carbonate to hydroxide.

Contract negotiations are nearly finalised with two engineering firms to determine the preferred contractor. The selection criteria for choice of engineering contractor includes turn-key commissioning and personnel training with process, product quality and performance guarantees.

Discussions with TTC are well advanced to determine the optimal joint venture structure for ownership and operation of the hydroxide facility, however it is expected that the financial benefits will be similar to the existing SDJ PTE joint venture between Orocobre and TTC.

Subject to joint venture and Orocobre Board approvals and finalisation of financing and permitting, construction is likely to commence in mid 2018, with commissioning in late 2019.

MARKET AND SALES

Total volume of lithium carbonate sold in the December quarter was 3,460 tonnes. Lithium carbonate prices increased 3% to US$11,550/tonne (FOB) for the quarter.

Since operations commenced Olaroz has developed a strong customer base of >70 customers who have tested and accepted the high grade Purified and Prime products. The Purified product regularly tests at 99.9% lithium carbonate and is sold to battery and cathode end users. The Prime product regularly tests at 99% lithium carbonate and is sold to a variety of technical and industrial end users. Neither of these products require any additional processing for their respective markets and uses.

LITHIUM MARKET

The lithium market remained tight during the December quarter as existing supply bottlenecks remained.

Supply from brine operations recovered after the weather-related disruptions impacting South American operations in the March and September 2017 quarters. Albemarle's La Negra project reported production growth in H2 CY2017 while our own Olaroz operations continued to ramp up. SQM and FMC volumes were similar to 2016 in total tonnes but with a greater share of lithium hydroxide versus carbonate as a response to battery cathode customers shift toward high nickel cathodes Nickel Manganese Cobalt (NMC) and Nickel Cobalt Aluminium Oxide (NCA) chemistries.

Market expectations that increased volume of spodumene concentrate and direct shipping ore (DSO) would result in increased volumes of lithium carbonate and lithium hydroxide were not realised due to a lack of conversion capacity and conversion efficiency in China. Despite widespread announcements of conversion plant expansions in China, very little new capacity was added to the market this year due to extended commissioning periods due in part to production lines adjusting to new/different feedstock. Albemarle and FMC both reported higher hydroxide production from their Chinese processing facilities, although this added no new total supply of lithium units to the market of significance as both companies used their own lithium carbonate as feedstock.

Existing suppliers have shifted some production of lithium carbonate to lithium hydroxide to capitalize on the price premium many battery cathode customers are prepared to pay for lithium hydroxide to fulfil raw material requirements of the latest generation high-performance cathodes, NMC and NCA (to a lesser extent). NMC-based cathodes have grown popular among car manufacturers due to higher energy density, longer cycle life and improved safety when compared to earlier generation cobalt-based batteries Lithium Cobalt Oxide (LCO) and Lithium Iron Phosphate (LFP) (Navigant, 2017). Cobalt-based batteries requiring greater carbonate still have a place in popular consumer electronics like iPhones, tablets/iPads and laptops. The Company's planned 10ktpa lithium hydroxide plant in Japan, to be built in conjunction with our joint venture partners TTC, would supply into this rapidly growing market sector. Demand was strong during the final quarter as customers reported a desire to build additional stocks as a buffer against inactivity during the upcoming Chinese New Year holidays. Robust demand combined with supply constraints of lithium carbonate resulted in notable growth in Chinese lithium carbonate spot prices.

Although the disparity in market prices between lithium carbonate and lithium hydroxide has narrowed with more hydroxide volume becoming available and lithium carbonate volume experiencing continued strong demand, there still remains a price premium at the top end of the lithium hydroxide price range of ~US$2,000/tonne for new contracts set for early 2018 supply. (Industrial Minerals, December 2017).

Downstream participants in the battery market supply chain indicated strong interest in financing mining projects based on limited supply of lithium salts and growing demand for electric vehicles and energy storage systems. Key car manufacturers announced electric vehicle (EV) growth plans including:

- Toyota announced a partnership with Panasonic to develop prismatic cells with the target of 5.5 million EV's per a 2030 including 1 million pure EV's per annum;
- Ford created a EV-dedicated "Team Edison" to focus on the development of all-electric cars. The automaker also invest $4.5 billion over five years on new all-electric and hybrid vehicles, with 13 new models slated for release by
- Jaguar Land Rover plans to electrify its entire vehicle line up by 2020, with new powertrains ranging from mild hyb to all-electric systems;
- GM plans 20 EV models by 2023;
- Volvo will electrify its entire vehicle line by 2019, with five all-electric models slated to roll out between 2019 to 20 automaker hopes to sell a total of one million hybrid and electric cars by 2025; and
- VW Group, parent of European automakers like Volkswagen, Audi, and Porsche, will invest $84 billion in EV deve Roughly US$60 billion of the total will be dedicated to battery production, but the company also plans to offer elec hybrid versions of 300 vehicles by 2030.

A key thematic among the car manufacturers' plans was Chinese market development and the country's ambitious EV targets and the growing share of pure EV's versus hybrids. In September, the Chinese Ministry of Industry and Information Technology (MIIT) released a revised New Energy Vehicle (NEV) policy requiring automakers to increase NEV production by 10% in 2019 and 12% in 2020. The policy incorporates both credits and penalties. The structure of the policy is said to benefit large scale manufacturers in China such as BYD, CATL, Zotye, SAIC, Geely and Chery and aligns with the Chinese Governments' aim to consolidate the battery supply chain. It is estimated that compliance with the policy will result in ~2 to 2.5 million new passenger NEV sales by 2020, implying annual sales growth of 60 to 70% p.a. (Roskill); currently the global average EV sales growth rate is ~40% p.a.

The confidence of car manufacturers in EV demand underpins robust demand expectations for lithium.

Strong demand from the rechargeable battery industry combined with supply chain bottlenecks for lithium salts and slower ramp-up in new projects is likely to support continued price growth during 2018. The Company forecasts demand growth of at least 14% CAGR to 2020.

BORAX ARGENTINA

The current focus for Borax Argentina has been to restructure its business to deliver sustainable operational and financial performance. This is resulting in a change in product mix as previously described last quarter and an improvement in average pricing. During the quarter, Orocobre has provided US$2.2 million of funding which was principally used to build stocks of finished product.

OPERATIONS

Sales volumes in the December quarter 2017 were 8,341 tonnes of combined product.

During the quarter production rates of refined products continued to increase month on month (up 46% compared to the previous corresponding period) with record production achieved at Tincalayu and the Boric Acid plant at Campo Quijano. Costs per unit are expected to decrease as these production efficiency benefits are realised.

Average sales price increased by approximately 1% relative to the previous corresponding quarter.

COMBINED PRODUCT SALES VOLUME BY QUARTER

Previous Year Quarters		Recent Quarters	
March 2016	8,006	March 2017	9,672
June 2016	9,274	June 2017	11,398
September 2016	11,940	September 2017	8,543
December 2016	8,767	December 2017	8,341

TINCALAYU EXPANSION STUDY

A study commenced in Q2 CY16 to evaluate a potential expansion of the Tincalayu refined borates operation from its current production capacity of 30,000 to 100-120,000 tonnes per annum and an integrated 40,000 tonne boric acid plant.

It is anticipated that the potential expansion will significantly increase efficiencies in the production of refined borates at Tincalayu and contribute to providing a step change improvement in unit costs. Approvals have been received for a new gas pipeline to supply the expanded plant and initial cost estimates are under review.

The study is mostly complete with the various components undergoing internal review.

MARKET CONDITIONS

The Borax business has achieved a number of marketing advances including signing off a supply agreement with a large corporate customer for the next 12 months at a price premium to market, acceptance by a number of industrial customers of a new mineral product with orders pending and anticipated new orders for a new mineral product for the agriculture market in Brazil.

Production continues to perform well and inventory levels have increased in anticipation of the conversion of new sales in CY2018. There are signs of economic recovery in Argentina and Brazil in particular and also early signals of improvement in market prices.

Market conditions however still remain challenging as evidenced recently by two sizeable customers, one in Argentina and one in Brazil experiencing difficulties in sustaining ongoing trading activities resulting in one of these customers applying for Chapter 11 bankruptcy protection and the other significantly reducing their level of production. These circumstances are impacting negatively on Borax Argentina's sales and will result in a review of bad and doubtful debts in the half year financial report.

SAFETY AND COMMUNITY

SAFETY MILESTONES

At Borax, the Sijes mine site achieved 840 days without a lost time injury (LTI), Campo Quijano achieved 432 days without a LTI and Tincalayu achieved 249 days without a LTI.

Unfortunately, an incident occurred at Olaroz during December resulting in a lost time injury.

SHARED VALUE PROGRAM AND COMMUNITY

During the quarter community support programs continued with fuel for power generation, maintenance of roads, provision of potable water, provision of internet services to the local community and on-going grants of micro loans to support development of local businesses.

Olaroz currently supports 24 entrepreneurial businesses across 10 communities as they go through the start-up and development phase. Training in business management is also provided to ensure greater success.

Following a successful education program in 2016 targeting mathematics, the 2017 program focused on chemistry. This program was delivered in conjunction with the National University of Jujuy.

Olaroz maintains a number of on-going programs based on culture, recreation, health, production, and sustainable communities.

ADVANTAGE LITHIUM

As previously announced, Orocobre completed the sale of a suite of exploration assets to Advantage Lithium Corp. (TSV:AAL) in the March 2017 quarter. AAL remains well funded having C$13.5 million capital at 31 October 2017. Orocobre holds 46,325,000 (33%) of the issued shares of AAL and 2,550,000 warrants exercisable at C$1.

Orocobre retains a 50% interest in the Cauchari Project of Jujuy province in NW Argentina and AAL has the right to increase its interest to a total of 75% by the expenditure of US$5,000,000 or production of a Feasibility Study. AAL also took a 100% interest in five other lithium properties that were previously held by Orocobre totalling 85,543 hectares.

The objective of work programs at Cauchari is to rapidly advance the property through exploration and towards development by 2018/2019. A diamond and rotary drilling program is well advanced with the overall objective to provide an updated resource estimate combining both NW and SE blocks of the core area, and commencement of a Scoping Study in early 2018. More advanced technical and engineering studies will continue through 2018 and into 2019.

CAU16 Drilling Results

The average concentration over the sampled length of CAU16 (14 – 298 metres, total depth 321.5 metres) is 436 mg/l Lithium and 3,608 mg/l Potassium from 40 primary samples taken at systematic depth intervals.

Sampling delineated a high-grade brine interval averaging 529 mg/l Lithium and 4,306 mg/l Potassium over 81 metres (118 – 199 metres) within the larger brine body. Four brine samples within the previously reported 169 - 199 metre interval average 619 mg/l Lithium and are part of the 81 metre interval average of 529 mg/l Lithium.

The brine body defined to date continues from CAU07 in the north, through CAU16 and further south to hole CAU15. This is a distance of over 12.5 km approximately north-south. These diamond core holes have all intersected relatively permeable sandy sediments that are expected to yield relatively high pumping rates from the NW Sector, which is very positive for future brine extraction.

Brine sampling was undertaken systematically at nominal six metre depth intervals using both bailer and packer sampling equipment, depending on the conditions encountered in the hole. The average concentration for the high-grade interval (118-199 metres) and average concentration over the entire length of CAU16 (to 298 metres) is based on both bailed and packer samples.

The Mg/Li ratio in all brine samples is consistently low, averaging 2.5:1 across all the samples, and 2.3:1 in the high-grade interval. The consistently low Mg/Li ratio confirms the suitability of the brine for conventional brine processing, as applied at the nearby Olaroz project.

Drill core samples from CAU07 and CAU16 have been sent to an experienced porosity laboratory in the United States, where they will be analysed for drainable porosity characteristics for use in the upcoming resource estimate.

SE Sector Drilling - CAU08 and CAU11 Progress

In the SE sector, well development and pump installations have been completed on rotary holes CAU08 and CAU11 in preparation for initial pumping tests and collection of composite brine samples.

CORPORATE AND ADMINISTRATION

FINANCE

VAT

VAT refunds continue to be received on a timely basis and during the quarter approximately US$4.6M was received by SDJ.

Post the end of the quarter, October's VAT presentation of ~US$2M was approved and such funds are expected to be received during January 2018.

CASH BALANCE, DEBT POSITION AND STANDBY LETTERS OF CREDIT

As at 31 December 2017, Orocobre Group had available cash of US$50.2 million after release of further standby letters of credit from Sales de Jujuy of US$7.4 million and net debt of US$62.5 million. During the quarter, approximately US$2.2 million was provided to Borax Argentina to support a build of working capital.

Corporate costs were US$1.9 million and US$0.6 million was paid for exploration and development activities.

INFLATION VERSUS DEVALUATION

The AR$/US$ exchange rate weakened by 7.7% during the quarter from AR$17.31/US$ at 30 September 2017 to AR$18.65/US$ at 31 December 2017 whilst inflation for the same period was 6.1%. When looking at specific periods such as the calendar year to 31 December, devaluation of the AR$ against the US$ was 17.4% versus inflation of 24.8%. This resulted in 7.4% higher than expected US$ costs for ARS peso denominated expenses for the period, resulting in higher costs at Borax Argentina and to a much lesser extent, SDJ. ARS devaluation accelerated in the month of December compared to the 4% in the quarter July-September 2017, partially offsetting the inflation gap observed in that period. The effect of inflation and devaluation over time generally shows that they cancel each other out.

ANNUAL GENERAL MEETING

The Company held its Annual General Meeting at 9am AEST on 24 November 2017 at L23, 480 Queen Street, Brisbane. All resolutions were passed with +96% shareholder support.

SUSTAINABILITY REPORT

The Company has published its inaugural Sustainability Report detailing environmental, social and governance performance. The full report can be found via ASX announcements or the company website.

OTHER MATTERS

Orocobre non-executive director, Fernando Oris de Roa has been appointed the next Ambassador for Argentina to the United States of America and expects to take up his appointment in early 2018. Fernando has advised Orocobre, and the Board is delighted, that he will be able to continue in his role as a director of Orocobre.

[1] All figures presented in this report are unaudited
[2] All figures 100% Olaroz Project basis

FOR FURTHER INFORMATION PLEASE CONTACT:
Andrew Barber
Investor Relations Manager
Orocobre Ltd.
T: +61 7 3871 3985
M:+61 418 783 701
E: abarber@orocobre.com

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