

Orocobre Limited – Naraha Lithium Hydroxide Plant Approved

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BRISBANE, April 11, 2019 - [Orocobre Ltd.](#) (ASX: ORE, TSX: ORL) (“Orocobre” or “the Company”) is pleased to advise that Orocobre, Toyota Tsusho Corporation (TTC) and Joint Venture (JV) boards have approved the Final Investment Decision (FID) for the Naraha Lithium Hydroxide Plant to be built in Japan. Orocobre will hold a 75% economic interest in the project with operations to be managed by TTC.

Negotiations on the Engineering - Procurement - Construction (EPC) contract between TTC and Veolia (the EPC contractor) have now been finalised. Construction of the Naraha Lithium Hydroxide Plant is expected to commence during H1 CY19 with commissioning to commence during H1 CY21. The Naraha Joint Venture will be overseen by a Joint Technical Committee during construction and commissioning. The Joint Technical Committee will comprise both TTC and Orocobre representatives.

Feedstock for the Naraha Lithium Hydroxide Plant will be sourced from the Olaroz Lithium Facility’s Stage 2 Expansion that will produce primary grade (>99.0% Li₂CO₃) lithium carbonate. Approximately 9,500 tonnes per annum (tpa) primary grade lithium carbonate will be used to produce 10,000 tpa battery grade lithium hydroxide at the Naraha Lithium Hydroxide Plant.

Total capital costs are expected to be approximately JPY8.6 billion (US\$77.6 million¹, excluding VAT) following detailed engineering studies, the inclusion of a calciner to recycle lime used in processing and significant automation of the process. The Joint Venture Company will be entitled to a Japanese government subsidy of JPY3 billion (US\$27.1 million¹) which will reduce net capital costs to JPY5.6 billion (US\$50.5 million¹, excluding VAT). Operating costs (excluding primary grade lithium carbonate feedstock) for the Naraha Lithium Hydroxide Plant are estimated to be approximately US\$1,500/tonne.

Orocobre Managing Director and CEO Mr. Martín Pérez de Solay commented, “We are excited to announce the approval of the Naraha project. The construction of the Naraha Lithium Hydroxide Plant will further cement Orocobre’s position as a global lithium chemicals producer operating at the bottom quartile of the lithium cost curve. This new hydroxide plant will be the first of its kind in Japan and provides Orocobre product diversification suitable for different battery technologies and the potential for significant margin growth on our primary lithium carbonate being converted to battery grade lithium hydroxide.”

Takeo Fujihara, TTC General Manager of the Resource Development Department commented, “TTC is pleased to conclude the EPC contract negotiations. We are confident Veolia will deliver an outstanding project. We now look forward to seeing construction begin in the next few months.”

Sales of lithium hydroxide will be managed by TTC as exclusive sales agent under a similar joint marketing arrangement to that operating for lithium carbonate from the Olaroz Lithium Facility. The majority of production is expected to be delivered to the Japanese battery industry. A cathode manufacturing plant is already in operation in the immediate vicinity and plans have been announced to develop a battery manufacturing facility nearby.

Financing

The Naraha Lithium Hydroxide Plant will be funded through a combination of JPY9.1 billion (US\$82.1 million¹) of term/bridging loans and JPY1.0 billion (US\$9.0 million¹) of shareholder equity. Orocobre will contribute JPY750 million (US\$6.8 million¹) equity and TTC will contribute JPY250 million (US\$2.3 million¹).

Two project loans have been provided by Japanese banks at effective interest rates of <1%. All of the

financing is non-recourse to Orocobre.

Term Loan	JPY6.1 billion	US\$55.0 million ¹
Subsidy Bridge Loan	JPY3.0 billion	US\$27.1 million ¹
Equity	JPY1.0 billion	US\$9.0 million ¹
Total	JPY10.1 billion	US\$91.1 million ¹

In addition, a JPY0.8 billion (US\$7.2 million¹) VAT Bridging Loan has been established to cover the period between VAT payment and VAT refunds on project expenditure.

The subsidy of approximately JPY3.0 billion (US\$27.1 million¹) from the Japanese government is expected to be received in H1 CY21 once the project reaches mechanical completion.

The Term Loan will be repaid from operating cash flow with a maximum term of seven years. The Subsidy Bridge Loan will be repaid upon receipt of Subsidy payments and the VAT Bridge Loan will be repaid from VAT refunds.

At 31 December 2018, Orocobre had US\$284 million of cash available for funding equity contributions to the Naraha Lithium Hydroxide Plant, Olaroz Stage 2 Expansion and other growth projects.

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About Orocobre Limited
[Orocobre Ltd.](#) (Orocobre) is a dynamic global lithium carbonate supplier and an established producer of boron. Orocobre is dual listed on the Australia and Toronto Stock Exchanges (ASX: ORE), (TSE: ORL). Orocobre's operations include its Olaroz Lithium Facility in Northern Argentina, Borax Argentina, an established Argentine boron minerals and refined chemicals producer and a 33.5% interest in Advantage Lithium. For further information, please visit www.orocobre.com.

¹ The EPC contract and all financing is denominated in Japanese Yen and has been converted at a JPYUSD exchange rate of 110.9

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