

Orocobre Limited Quarterly Report of Operations for the Period Ended 30 June 2020

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JUNE QUARTER 2020 KEY HIGHLIGHTS¹

At the date of this report no cases of COVID-19 have been recorded at Olaroz, Borax and corporate offices or sites. The Olaroz Lithium Facility (Olaroz) recommenced production on 9 April following a closure due to COVID-19 restrictions in late March. Despite lower operating rates, partly due to our Bio-security Protocol, cash cost of sales was the lowest achieved for three years at US\$3,920/tonne. Market conditions and product pricing continued to be challenging with significantly reduced sales volume of 1,601 tonnes at a price of US\$3,913/tonne. Work continues at the Naraha Lithium Hydroxide Plant (Naraha) while site operations at the Olaroz Stage 2 Expansion continue at a reduced pace due to COVID-19 restrictions.

OLARAZ LITHIUM FACILITY (ORE 66.5%)²

- Operational activities have been dominated by planning and implementing mitigating strategies in response to COVID-19 including the Orocobre Bio-security Protocol approved by local authorities. Our focus has been on the health and well-being of our staff, contractors and communities
- Production for the quarter of 2,511 tonnes was down 27% on the previous corresponding period (PCP) due to the COVID-19 related temporary plant shut down, reduced operating rates and the scaling of production to sales demand. Brine production, pond management and product deliveries continued throughout the quarter without significant interruption
- Sales volume for the quarter was impacted by COVID-19 and down 36% quarter on quarter (QoQ) to 1,601 tonnes, while sales revenue was down 48% QoQ to US\$6.3 million. The realised average price achieved after price adjustments was US\$3,913/tonne on a free on board basis (FOB)³ with continuing weak demand and aggressive competitor pricing. Sales volumes were approximately 29% battery grade lithium carbonate and the remainder primary grade lithium carbonate
- Cash costs for the quarter (on cost of goods sold basis)⁴ were US\$3,920/tonne, excluding the export tax of US\$151/tonne and COVID-19 related costs of US\$940,000 related to the temporary shutdown and other support measures. While this cost result was the best achieved for three years, work continues to further improve the operating margin
- Operations continue to enforce bio-security measures and daily monitoring of employee and contractor health with contingency planning in place should COVID-19 be detected within the workforce. Planned maintenance has been brought forward to mid-July to reduce the potential exposure given the recent growth of infections in the local area

LITHIUM GROWTH PROJECTS

- A significant review of the Olaroz Lithium Facility Expansion (Stage 2) has determined that total capital expenditure will increase from US\$295 million to approximately US\$330 million (excluding working capital and VAT). Orocobre's share of the increase will be funded from the previously announced US\$135 million cash guarantee. The increased capital expenditure estimate includes the impact of design optimization and COVID-19 delays
- Construction work on Stage 2 was severely impacted during the quarter by COVID-19 restrictions. Construction ceased in late March and recommenced on 29 April. Site works continue to be limited and project construction has only progressed slightly from the end of March to approximately 40% completion. The number of employees on site has been reduced to manage the COVID-19 risks in accordance with Orocobre's Bio-security Protocol and local authority regulations resulting in further delays to Stage 2 completion while these restrictions continue
- Naraha Lithium Hydroxide Plant construction has continued throughout the period. However, equipment deliveries from overseas are expected to be delayed due to COVID-19. This is likely to impact the final project completion by approximately two months. Construction has achieved approximately 70% completion

BORAX ARGENTINA

- Overall sales volume for the June quarter was 12,278 tonnes, up 4% QoQ and 15% up on PCP. Operations were temporarily suspended due to COVID-19 restrictions as previously advised; however, production recommenced on 9 April operating within the Orocobre Bio-security Protocols
- Sales revenue was up 3% QoQ, however the average price received was down 10% QoQ due to seasonal sales of low grade minerals for the Brazilian fertiliser market.

CORPORATE

- As at 30 June 2020, Orocobre corporate had available cash of US\$154.9 million of which US\$11.1 million and US\$36 million have been set aside as guarantees for the Naraha debt facility and the Stage 2 debt facility respectively. Including SDJ, Borax and Naraha cash and project debt, net group cash at 30 June 2020 was US\$44.6 million, down from US\$64.7 million⁵ at 31 March 2020, due to Stage 2 funding, Stage 1 net operating outflows, financing costs, debt repayments across the Group (and the inclusion of Naraha debt facilities)
- Agreement has been reached with Toyota Tsusho Corporation (TTC) whereby up to US\$60 million from the US\$135 million that was previously required to be restricted as a cash guarantee for the Stage 2 Mizuho loan can be used for Olaroz Stage 1. If required, these funds will be used for Olaroz related costs, scheduled debt repayments and to provide additional funding contingency due to the uncertain impact of COVID-19 restrictions
- The remaining US\$75 million of the guarantee funds plus any of the unused US\$60 million, will remain restricted as a cash guarantee for the Stage 2 Mizuho loan. These funds will be available for Orocobre's share of the US\$35 million Stage 2 capital cost increase detailed above, any further Stage 2 cost overruns, VAT and working capital. If capital expenditure exceeds US\$330 million, Orocobre will be required to solely fund this overrun by way of shareholder loans
- Orocobre expects to recognise a non-cash, pre-tax impairment charge of approximately US\$28 million in its FY20 annual results based on current information and in accordance with the relevant accounting standards as detailed in the Corporate section of this report. The impairment assessment calculation is ongoing and will be completed as part of the preparation of Orocobre's FY20 audited financial report
- The acquisition of [Advantage Lithium Corp.](#) (Advantage) was completed during the quarter. Personnel and resources are currently being integrated with Sales de Jujuy. As a result of this acquisition Orocobre's resource base has increased by 4.8 million tonnes (Mt) of Measured and Indicated Resources and 1.5 Mt of Inferred Resources (expressed as lithium carbonate equivalent) at Cauchari as detailed in the Orocobre ASX Release dated 7 March 2019.

OLAROZ LITHIUM FACILITY

[Click here for more information on Olaroz](#)

COVID-19

Operations at Olaroz ceased on 20 March 2020 as a result of the Argentine Government's enactment of *Decree of Necessity and Urgency* (DNU) #297/20 related to COVID-19 and reinforced pursuant to Decree #520/2020.

Production recommenced at Olaroz on 9 April 2020 following the specific declaration by the Argentine Government of Orocobre operations as *essential* activities.

Brine production, pond management and product deliveries were maintained throughout the restrictions and general production recommenced during April with a minimal workforce. Operations have continued throughout May and June with the reduced workforce and restricted volumes of brine processed through the plant.

Expansion activities also recommenced during April but with a limited workforce.

The Orocobre developed Bio-security Protocol continued to be enforced at our operations in accordance with established national and provincial regulations.

Orocobre established an emergency committee comprising both Sales de Jujuy and Borax Argentina to

coordinate operations, enforce the application of the Bio-security Protocol and review and update it as needed. The committee analyses possible scenarios in response to changing circumstances and coordinates with local health authorities, local communities and the Provincial Governments of Jujuy and Salta.

Subsequent to the end of the quarter, new infections of COVID-19 have been recorded at nearby operations and in some local communities. This has reinforced the need to maintain strict adherence to the procedures and personnel rosters that have been established.

Daily monitoring of workforce health continues throughout 14 day rosters that apply to all personnel and include those employees who would normally reside in local communities. Isolation procedures have been developed should personnel become unwell and plans are in place if COVID-19 infections are identified at site.

Results to date demonstrate that there is no evidence of circulation of COVID-19 in any of Orocobre's operations based on more than 400 negative tests performed on staff at Sales de Jujuy and Borax Argentina.

SAFETY

Safety (and health) remains the number one priority for the Company. Zero Lost Time Injuries were recorded at Olaroz during the quarter. As at 30 June the operations recorded 160 days without a Lost Time Injury (LTI).

The Company has continued to focus this quarter on the implementation of the SICOP contractor management system. SICOP serves as a centralised control system which provides real-time visibility of contractor certifications, compliance and performance in accordance with established standards and regulations. The safety team is also developing a Contractor Safety Management standard to pre-qualify contractors and evaluate their performance with a strong focus on procedure compliance and safety practices.

The Dupont programs continue to enhance our safety culture and remain a key priority even during the current COVID-19 situation. In parallel, the Intelix Safety Management database went through a detailed scope revision and was re-defined according to corporate objectives. It should be fully implemented by the end of Q1 FY21.

Lagging indicators and key leading indicators have been identified and defined to measure and improve safety and environmental performance.

OPERATIONAL UPDATE

QUALITY

Despite operating with reduced staff as a consequence of current COVID19 restrictions, plant stability and reliability has improved resulting in a decrease of unplanned maintenance events and repair turnaround time. Plant yield and lithium recovery also improved.

Kaizen activities have been implemented in coordination with a Toyota team by applying the TPS concept (Toyota Production System). Kaizen is a highly successful continuous improvement process utilised in the Japanese manufacturing industry. While it is still early in the implementation process, results have been positive with a noticeable change in the mindset of our operational personnel.

Maintenance scheduled for August has been brought forward and commenced in mid-July. This work is planned to be completed entirely by internal staff and resources to minimise costs. It is expected that operations will cease for up to three to four weeks while maintenance tasks are undertaken. Expenditure on parts and equipment is anticipated to be less than US\$1 million. Sales will be made from existing inventories

during this period.

PRODUCTION

Production for the June quarter was 2,511 tonnes down from 3,455 tonnes on the PCP due to COVID-19 related operational restrictions and the scaling of production in response to reduced sales demand. Lower throughput rates have enabled our teams to perform various operational improvements that have delivered lower operating costs partly offsetting the impact of reduced production on unit costs. These learnings will be incorporated into future operating practices.

SALES AND COMMERCIAL

Product sales were 1,601 tonnes of lithium carbonate with an average price of US\$3,913/tonne on an FOB basis and total sales revenue of US\$6.3 million. The average price received during the quarter was down 19% QoQ due to significant market softness related to COVID-19 and continued aggressive competitor pricing. As previously noted, the pandemic has delivered accelerated investment by some jurisdictions into electric transportation which should have medium to long-term benefits but it remains unclear when this will be reflected in lithium chemical prices.

COSTS/MARGINS

Cash costs for the quarter (on cost of goods sold basis and excluding COVID-19 costs) were a three year low of US\$3,920/tonne and down 13% on PCP. This excludes US\$940,000 of COVID-19 related costs and US\$151/tonne of export duties for the quarter. Gross cash margins for the quarter were breakeven (excluding COVID-19 costs and export tax), down approximately US\$800/t QoQ and US\$3,700/t on PCP. COVID-19 costs include those related to the temporary shutdown of operations, donations of equipment and other community and provincial support.

Metric	June quarter 2020	March quarter 2020	Change QoQ (%)	PCP (Jun qtr 2019)	Change PCP (%)
Production (tonnes)	2,511	2,732	-8%	3,455	-27%
Sales (tonnes)	1,601	2,518	-36%	3,387	-53%
Average price received (US\$/tonne) ³	3,913	4,810	-19%	8,220	-52%
Cost of sales (US\$/tonne) ⁴	3,920	3,972	-1.3%	4,493	-13%
Revenue (US\$M)	6.3	12.1	-48%	28	-77%
Gross cash margin (US\$/tonne)	-7	838	-101%	3,727	-100%
Gross cash margin (%)	0%	17%	-101%	45%	-100%
Export tax (US\$/tonne)	151	181	-17%	572	-74%

Total cost of sales has remained at recent lows despite reduced sales and production volumes demonstrating the significant focus and reduction of fixed costs within the operating business. The improvement in fixed costs is largely due to a reduction in contractors and consultants use, lower contracted energy price and site related services resulting from improved commercial agreements and the elimination of all non-essential spend.

<http://ml.globenewswire.com/Resource/Download/70b096a0-0686-4bf6-af55-f954d8ec661b>

STAGE 2 EXPANSION AT OLAROS

PROGRESS TO DATE

A significant review of the Stage 2 expansion project was completed post the end of the quarter. Capital expenditure for Stage 2 is now estimated to be approximately US\$330 million (excluding working capital and VAT). Key areas of cost escalation included COVID-19 related delays, more robust technology related to the carbonation process, management of impurities in the soda ash system and improved flexibility in the liming

process. As at 30 June, approximately US\$139 million has been spent on the first phase of activities achieving a construction completion rate of 40%.

Agreement has been reached with TTC whereby up to US\$60 million of the US\$135 million that was previously required to be restricted as a cash guarantee for the Stage 2 Mizuho loan can be used for Stage 1. If required, these funds are for Olaroz related costs, scheduled debt repayments and to provide additional contingency funding due to the uncertain impact of COVID-19 restrictions.

The remaining US\$75 million, plus any of the unused US\$60 million, will remain restricted as a cash guarantee for the Stage 2 Mizuho loan until practical completion for Stage 2 is achieved. These funds will be available to fund Orocobre's share of the US\$35 million Stage 2 capital cost increase detailed above, any further Stage 2 cost overruns, VAT and working capital. If capital expenditure for Stage 2 exceeds US\$330 million, Orocobre will be required to solely fund such overruns under this new agreement by way of shareholder loans.

Expansion operations ceased on 20 March due to COVID-19 restrictions and only recommenced on 29 April with a reduced workforce. Amongst other matters Olaroz camp capacity is severely limited due to social distancing and Bio-security Protocol measures resulting in further delays to Stage 2 completion while these restrictions continue.

Work during the June quarter has focussed on the key areas of brine gathering networks, gathering ponds and main evaporation ponds.

NARAHA LITHIUM HYDROXIDE PLANT

PROGRESS TO DATE

The Naraha Plant, the first of its kind to be built in Japan, is designed to convert industrial grade lithium carbonate feedstock into purified battery grade lithium hydroxide. Feedstock for the 10,000 tonne per annum (tpa) Naraha Plant will be sourced from the Olaroz Lithium Facility's Stage 2 Expansion that will produce industrial grade (>99.0% Li₂CO₃) lithium carbonate.

Since construction commenced at the Naraha Plant there have been no LTIs recorded.

As at 30 June, approximately US\$40 million has been spent on engineering, civil works, electrical, instrumentation, fabrication and procurement at the Naraha Plant. Site operations have continued throughout the period, however equipment deliveries from overseas are expected to be delayed due to COVID-19 which is currently projected to delay final project completion by approximately two months.

SHARED VALUE PROGRAM AND COMMUNITY

COVID-19 and associated restrictions to movement within the Province of Jujuy has resulted in many of the Company's standard Shared Value initiatives being suspended as the Shared Value team focused on the design and delivery of new, specific initiatives in response to COVID-19.

The key priorities for the Shared Value team during the June quarter included:

1. Community Empowerment & working with suppliers to understand and manage the impacts of COVID-19 on local supply contracts, indirect employment, and socio-economic resilience of both the Company's suppliers and the local communities. With both Operation and Expansion activity restricted for a period, SDJ focused on identifying and implementing whatever action could be taken to reduce the impact on more vulnerable suppliers.

2. Community Investment – channelling investment and initiatives to address the specific needs of communities in the midst of COVID-19 restrictions. This includes direct aid programs to offer immediate support to the most vulnerable members of the community, and strategic capacity building programs to establish small-scale agricultural product units (household greenhouses) and promote food security within the communities in the short-medium term.
3. Community Engagement – ensuring that channels of communication remain open despite the physical complications presented by COVID-19 and the limited connectivity in the region. While travel and meetings restrictions have impeded any form of face-to-face engagement with local communities, structured channels of communication leveraging digital technology have been readily and effectively adopted by the communities. This has enabled the Shared Value team to maintain open communication with the communities and provide important updates (e.g. changes to Biosecurity Protocols) and training programs (e.g. construction and management of production units) throughout the lockdown period.
4. Giving and Volunteering – coordinating and assuring the effective use of Company resources in response to COVID-19 both through donations to local communities and governments, and volunteering opportunities for employees in specific response initiatives. Medical equipment and supplies (including testing kits) were donated to the Ministries of Health in Salta and Jujuy and the local hospital in Susques, while smaller health and hygiene items were delivered directly to communities upon request and as part of the direct aid programs. Employees from the Supply Chain and Procurement function generously donated their time to support local suppliers and contractors connect with local government support services and relief packages.

MARKET

The continued spread of COVID-19 during the June quarter further challenged the sluggish supply chain. Raw material production proved more resilient to the pandemic’s impact compared to mid- and down-stream cathode, battery and electric vehicle (EV) manufacturing facilities which mostly ceased production for between two to four weeks. In some cases, the down-stream facilities retooled for production of medical-related equipment and masks.

The pace at which downstream operations re-commenced and ramped up battery and EV production varied throughout the industry depending on inventory levels and customer order backlogs. Despite the economic slowdown, the most highly sought-after EV models continued to gain customer orders but were often not able to fulfil demand due to logistical constraints limiting availability of parts.

Despite the extension of China’s EV subsidy program, further provincial level support programs and an easing of the most severe COVID-19 restrictions, consumer demand was largely subdued. Foreign EV manufacturers performed best in China as additional features and perceived international brand prestige enticed first time EV purchases and converted traditional buyers of domestic brands.

Weak global demand and build of product inventory saw aggressive sales pricing by some spodumene and lithium chemical producers seeking to maintain cash flow, minimise unit costs and/or grow market share at the expense of price. Growth in supply from some South American brine producers to the Chinese market increasingly displaced independent hard rock producers and marginal Chinese converters. As a result, higher cost Chinese conversion plants began to idle facilities and/or further moderate production.

Meanwhile, independent hard rock producers adopted mixed and contrasting strategies – some continued to follow a lower production, campaign-based approach while others aimed to maximise output to maintain unit cost benefits. Overall utilisation rates of Australian hard rock producers were significantly lower than recent quarters which aligned with independent Chinese conversion plants at or below 50%.

During the quarter widespread delays to lithium expansion projects were announced reflecting market conditions, limitations on project workforce availability and lower plant and equipment availability. The prolonged, subdued market conditions have overshadowed the potential medium- to long-term improvements these project delays will have on industry pricing and structure. This will be further reinforced by the extended development times of new brine production and hard rock conversion capacity.

EV manufacturers were buoyed by positive signals from the European Union (EU) as member states

re-affirmed 'green' industries would be used as the platform for economic recovery post-COVID-19. The EU announced a 'Green Recovery Plan' providing 20 billion Euro's to projects that would provide some form of environmental benefit such as lowered carbon emissions. Notably, two of the largest automotive markets Germany and France also increased EV subsidies by ~50% and ~17% respectively, bringing some EV sale prices in line with internal combustion engine (ICE) equivalents.

Following the easing of COVID-19 restrictions, Germany and France's EV sales respectively grew 100% and 50% year-on-year in May demonstrating the immediate impact new subsidies had on consumer EV appetite. During the quarter there were further announcements of battery and EV manufacturing partnerships, and even retooling of production facilities from ICE production to EV's.

On a global basis the lithium market has suffered a setback due to COVID-19, however the medium to long term outlook remains positive and continues to be further reinforced with increasing government regulation and funding.

BORAX ARGENTINA S.A.

SAFETY

Three Lost Time Injuries were recorded at Borax during the quarter. One at Tincalayu (slip and fall) and two at Sijes (object falling from height and tripping on a rough surface). Campo Quijano has now achieved 456 days without an LTI.

One environmental incident occurred at Sijes with approximately 400 litres of hydrocarbons spilled during a trans-shipping operation. Remediation has since been completed.

PRODUCTION, SALES AND OPERATIONAL UPDATE

The June quarter saw sales of 12,278 tonnes which was up 15% QoQ and approximately 4% up from the previous corresponding period after adjusting for low value mineral sales in June quarter 2019. Total sales revenue was up 3% QoQ, while the average price received was down 10% QoQ due to seasonal sales of low grade minerals into the Brazilian fertiliser market.

Operations temporarily ceased in late March due to Argentine government COVID-19 quarantine restrictions, and following the declaration of the business as an 'essential activity'; production recommenced in April with some ongoing restrictions due to bio-security measures. Operations have since performed at normal productivity levels, with good efficiency resulting in lower unit costs this quarter. No cases of COVID-19 have been recorded at any Borax site.

COMBINED PRODUCT SALES VOLUME BY QUARTER

Previous Year Quarters		Recent Quarters	
September 2018	9,407	September 2019	12,480
December 2018	10,741	December 2019	8,614
March 2019	13,041 ⁶	March 2020	10,690
June 2019	11,758	June 2020	12,278

Business development activities were focussed on maximising sales to specific markets with higher prices and margins. This process benefited from the profile of Borax as a reliable supplier with a strong portfolio of products. Many customers of Borax operate in essential industries such as health and agriculture and are less affected by current COVID-19 related restrictions.

[Advantage Lithium Corp.](#)

During the quarter an annual general meeting and special meeting of [Advantage Lithium Corp.](#) (TSX

Venture: AAL) (OTCQX: AVLIF) shareholders approved a statutory plan of arrangement under the Business Corporations Act (British Columbia) (the Arrangement) which allowed Orocobre to acquire 100% of the issued and outstanding shares of Advantage that it did not own.

Under the terms of the Arrangement, Advantage shareholders received 0.142 Orocobre shares per Advantage share. Orocobre issued approximately 15.1 million shares and increased the total issued capital of Orocobre by 5.8%.

The valuation of Advantage based on the exchange ratio of 0.142 shares per the transaction will trigger a non-cash impairment charge of approximately US\$6.2M to be recognised by Orocobre on its investment in Advantage for the shares that it already owned. The impairment calculation will be completed as part of the preparation of Orocobre's 2020 annual financial report.

This transaction will allow Orocobre to continue to develop the Olaroz/Cauchari basin in a cost-effective manner that will optimise extraction of the resource to the benefit of shareholders, local communities, the Provincial and National governments of Argentina and other stakeholders.

As a result of the acquisition Orocobre has increased its resource base by 4.8 million tonnes (Mt) of Measured and Indicated Resources and 1.5 Mt of Inferred Resources (expressed as lithium carbonate equivalent) at Cauchari as detailed in the Orocobre ASX Release dated 7 March 2019. Defined JORC Measured and Indicated Resources at Olaroz/Cauchari now total 11.2 Mt of lithium carbonate equivalent and 1.5Mt of Inferred Resources.

The development of the Cauchari resource will be considered within future plans for the Olaroz Lithium Facility.

CORPORATE AND ADMINISTRATION

FINANCE

CASH BALANCE

As at 30 June 2020, Orocobre corporate had available cash of US\$154.9 million of which US\$11.1 million and US\$36 million have been set aside as pre-completion guarantees for the Naraha debt facility and Olaroz Expansion debt facility respectively.

The US\$8.1 million cash reduction from the previous quarter was the result of a US\$7.6 million shareholders loan made to the SDJ Joint Venture to fund Olaroz Stage 1 operating and financing costs due to the low sales volumes impacted by COVID-19, US\$1 million of corporate costs, US\$0.3 million of transaction costs related to the Advantage Lithium acquisition, and US\$0.6 million of other project payments. This expenditure was partially offset by US\$0.5 million interest income and collection of the final payment from the sale of Salinas Grandes of US\$0.9M.

Including SDJ and Borax cash and project debt, net group cash at 30 June 2020 was US\$44.6 million, down from US\$64.7 million⁷ at 31 March 2020 as calculated below and after including Naraha facilities:

	US\$ Millions
ORE Corporate Cash	107.5
ORE Restricted Cash LIOH	11.1
ORE Restricted Cash Expansion	36.0
AAL	0.3
Total ORE Corporate Cash	154.9
Net Cash from other Entities	0.6
TLC Naraha cash @ 75%	18.2

SDJ Cash @66.5%	10.7	
SDJ Restricted Cash @ 66.5%	11.4	
TLC Project Loan @ 75%	(42.5)
SDJ Working capital facilities @ 66.5%	(18.5)
Mizuho Stage 1 66.5%	(58.3)
Mizuho Stage 2 66.5%	(31.9)
Total Proportional Net Group Cash	44.6	

Orocobre expects to recognise a non-cash, pre-tax impairment charge of approximately US\$28 million in its 30 June 2020 annual results. The expected impairment charge relates to the impairment of Advantage Lithium at the time of acquisition by US\$6.2 million, US\$5.2 million of finished goods inventory and US\$11.7 million brine inventory write downs to the net realisable value due to the prevailing soft market conditions, and other asset write-downs of US\$5 million. The impairment assessment calculation is unaudited and ongoing and will be completed as part of the preparation of Orocobre's FY20 audited financial report. Any additional adjustments to such calculations will be included in the 30 June 2020 annual results.

ARGENTINA ECONOMIC CONDITIONS

Debt: Negotiation with bondholders continues. Argentina's government presented a 4th offer and negotiations regained momentum with a counteroffer from bondholders. In addition, the Government unveiled a Debt Swap for Argentine Law bonds. The current deadline for debt renegotiation is 4 August 2020.

Currency controls: The official foreign exchange rate depreciated by 9% in the March Quarter from AR\$64.47 at 31 March 2020, to AR\$70.46 at 30 June 2020, while the average spread for the blue-chip swap was around 65%. The blue-chip swap depreciated 35% during the quarter. Foreign exchange controls have been tightened with new restrictions for importers, individuals, mutual funds and companies. The accumulated 12-month period from 1 July to 30 June 2020 resulted in a 66% devaluation of the AR\$ against the US\$.

Inflation: June's inflation was 2.2% and accumulated 5.2% in the quarter. Price and public service tariff controls will remain in place until the end of the year. The accumulated 12-month period from 1 July to 30 June 2020 resulted in inflation of 43%, although devaluation and inflation are expected to generally cancel each other over time.

Fiscal: Fiscal measures were implemented to aid Provinces and to support private sector employment and production. The Central Bank assistance to the Treasury totals AR\$1.3 trillion during 2020, 5% of GDP, to cover budget deficits.

Labour: The Government has prohibited the termination of labour contracts until 30 September 2020 and extended the payment of double compensation for dismissals without just cause until December 2020.

Authorised by:

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¹ All figures presented in this report are unaudited

² All figures 100% Olaroz Project basis

³ Orocobre report price as **FOB**; (Free On Board) which excludes insurance and freight charges included in **CIF**; (Cost, Insurance, Freight) pricing. Therefore, the Company's reported prices are net of freight (shipping), insurance and sales commission. FOB prices are reported by the Company to provide clarity on the sales revenue that is recognized by SDJ, the joint venture company in Argentina.

⁴ Excludes royalties, export tax, corporate costs, restructuring costs and COVID-19 related costs

⁵ 31 March net cash has been reduced by US\$23.5 million with the inclusion of Naraha net debt

⁶ Includes 2,312 tonnes of low value mineral product

⁷ 31 March net cash has been reduced by US\$23.5 million with the inclusion of Naraha net debt

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