

ASX/TSX ANNOUNCEMENT

**Quarterly Report of Operations
for the Period Ended 30 June 2017**



JUNE QUARTER 2017 KEY POINTS¹

OLAROZ LITHIUM FACILITY (ORE 66.5%)²

- Production of 2,536 tonnes of lithium carbonate for June Quarter 2017
- FY17 production of 11,862 tonnes of lithium carbonate, up 72% year on year (YoY)
- Sales revenue of US\$27.4 million on total sales of 2,566 tonnes for June Quarter
- FY17 sales revenue totalling US\$120 million
- Average FOB price received up 5% quarter on quarter (QoQ) to US\$10,696/tonne FOB with higher priced contracts reflecting firmer market conditions
- Cash cost of sales of US\$4,279/tonne, up 20% QoQ with lower production volumes and lower brine concentrations
- Gross cash margins remain steady at US\$6,417/tonne maintaining a high margin of 60%
- VAT refunds of approximately US\$10.8 million received in the quarter with total VAT refunds received to date of approximately US\$23.5 million
- Production in 1H FY18 is expected to increase significantly compared to 2H FY17 and will be skewed to the December quarter with increased evaporation rates through Spring and early Summer. Formal production guidance will be given in August 2017
- Pricing is expected to exceed US\$10,000 per tonne FOB in the September 2017 quarter
- Test work successfully completed with two specialized engineering firms to finalise the process engineering for a 10,000 tonne per annum battery grade lithium hydroxide plant. Capital cost and operating estimates will be received from both contractors during the September quarter 2017
- Sales de Jujuy (“SDJ”) successful in arranging with its local bankers an export credit facility capped at US\$25 million. This has facilitated the release of additional SBLs

BORAX ARGENTINA

- Sales volume in the June quarter was up 18% on the March quarter 2017 to 11,398 tonnes
- Lower sales prices, inflation and severe weather conditions impacted financial performance
- Tincalayu Expansion Project on schedule for completion in the September quarter

ADVANTAGE LITHIUM AND CAUCHARI

- Advantage Lithium (ORE 35%) commenced a 17 hole drilling program at Cauchari with the aim of providing an updated resource estimate by the end of 2017

CORPORATE

- As at 30 June 2017, Orocobre Group had available cash of US\$51.5 million, up from US\$30.6 million at 31 March 2017. This follows the release of Standby Letters of Credit (SBLs) of US\$21.2 million (ORE’s share) back to the Company during the quarter
- Orocobre completed the sale of exploration tenure at Salinas Grandes to LSC Lithium Limited (TSXV:LSC) and received US\$4 million. A further US\$3 million will be paid in three annual tranches
- Inflation during FY17 has been 11% higher than the corresponding devaluation of the ARS peso against the USD which has resulted in higher costs at Borax Argentina SA and to a lesser extent SDJ

¹ All figures presented in this report are unaudited

² All figures 100% Olaroz Project basis

OLAROS 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 Minería Sociedad del Estado (JEMSE), Orocobre is now operating the first large scale lithium brine plant to be commissioned in approximately 20 years.

The Olaroz Lithium Facility joint venture is operated through Argentine subsidiary SDJ. 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 2,536 tonnes. Operations were impacted by weather conditions slowing pond evaporation rates and preventing delivery of a soda ash, a key reagent in the production process, which resulted in the cessation of operations for three days.

For FY17, total production is up 72% on FY16 to 11,862 tonnes.

Sales revenue for the quarter was US\$27.4 million on total sales of 2,566 tonnes with average sales prices up 5% to US\$10,696/tonne³. The cash cost of sales was US\$4,279/tonne, up 20% QoQ due to lower production levels and higher soda ash consumption from lower brine concentrations. Costs are expected to decrease as brine concentration and production increases with accelerating evaporation rates through Spring and Summer.

Gross cash margins for the quarter remained strong at US\$6,417/tonne with the increase in sales prices offsetting the increase in costs. Overall gross operating margins remain strong at 60%.

SDJ remains strongly operating cashflow positive.

Metric	June quarter 2017	March quarter 2017	Change QoQ (%)
Production (tonnes)	2536	2784	-9%
Sales (tonnes)	2566	3142	-18%
Average price received (US\$/tonne)	10696	10211	5%
Cost of sales (US\$/tonne) ⁴	4279	3565	20%
Revenue (US\$M)	27.4	32.1	-14%
Gross cash margin (US\$/tonne)	6417	6646	-3%
Gross cash margin (%)	60%	65%	-8%

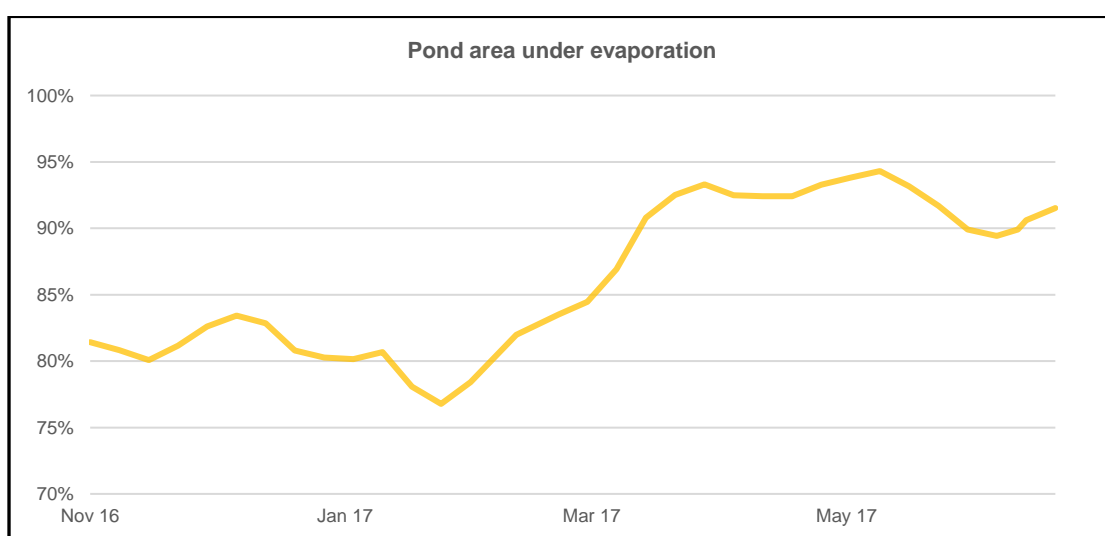
³ Note: Orocobre reports price as "FOB" (Free On Board) which excludes additional insurance and freight charges included in "CIF" (Cost, Insurance and Freight or delivered to destination port) pricing. The key difference between an FOB and CIF agreement is the point at which responsibility and liability 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

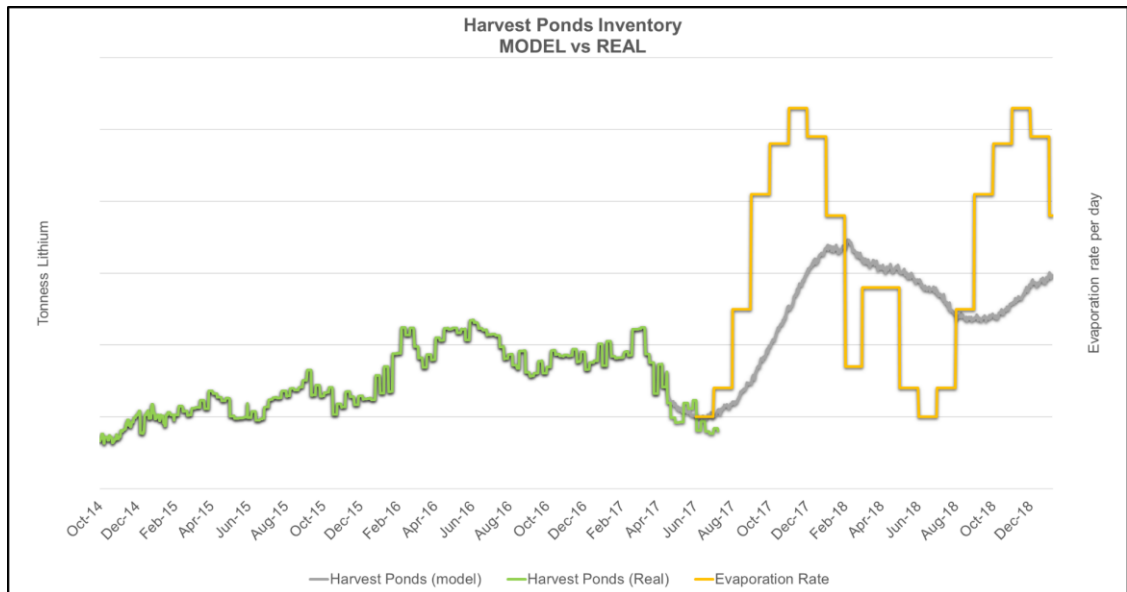
OPERATIONAL UPDATE

Operations during the quarter continued to focus on pond management both from the perspective of inter-pond brine transfer and operational controls and monitoring. During the quarter, the design for the improved pumping system was finalised resulting in the program being increased to six pumps, remote monitoring systems and additional water cleaning lines to the pumps for a revised capital cost of US\$2.7m. This program will be undertaken in two stages with the most important stage being completed by October when evaporation rates increase in conjunction with the need to increase inter-pond brine transfers. At a day to day operational level additional management positions have been established including Pond Operations Superintendent and Process Manager. An indicator of improved pond management is the increase in area under evaporation which maximises evaporation efficiency. As can be seen in the chart below, the pond area under evaporation has been maintained in excess of 90% since the initial review in February 2017.



As previously advised at the half year results, the process of re-establishing the correct inventory profile (volume and concentration) would take approximately six months and is expected to be completed in August. The six month duration is due to the pond system having significant inertia and the process occurring during the low evaporation time of the year.

The chart below shows the seasonality of average evaporation rates and the historical and forecast harvest pond inventory profile. The inventory profile reaches the minimum level in July prior to a rapid increase through September to December driven by the corresponding increase in evaporation rates and movement of inventory from earlier ponds. The actual pond profile deviates slightly from that predicted due to the recent cloudy and snowy weather conditions previously reported. It can also be seen that the level of deviation of harvest pond inventory is relatively insignificant compared to the increase that is modelled to occur throughout the rest of the calendar year. The relative performance is similar in primary and intermediate ponds and the Company is encouraged that the measured data overall is correlating well with predicted performance from the pond evaporation and production model.



One of the key findings in the review of pond operating practices has been that production reliability and resistance to adverse weather conditions will be improved through maintaining a higher level of inventory in the harvest ponds. As such, the future lowest point of inventory will be significantly higher than that experienced this past year and result in higher concentrations to the plant throughout the cycle.

To enable production modelling and forecasting Orocobre commenced a process of bathymetric surveys in April 2017. However, strong winds severely slowed the process as flat surface conditions are needed for the surveys. The work has been suspended until October when wind conditions are normally more favourable. To provide an alternative source of data the focus has changed to more direct measurement and surveys of drained areas. This work has highlighted that some further testing of salt density is required prior to finalising the production model and issuing formal production guidance which is now expected in August 2017.

Prior to the pond issue, the purification circuit has achieved a maximum throughput rate of 43 tonnes per day (tpd) and runs consistently at 35-40 tpd (73-83% of nameplate). Recently fitted hydrocyclones are expected to allow the purification circuit to achieve nameplate capacity of approximately 48 tonnes per day.

The primary circuit runs consistently above nameplate capacity with a maximum achieved throughput of 66 tpd some 35% above design rate of 48 tpd.

BRINE INVENTORY

At the end of the June quarter 2017, brine inventory was approximately 38,300 tonnes of lithium carbonate equivalent.



Brine pond at Olaroz Lithium Facility

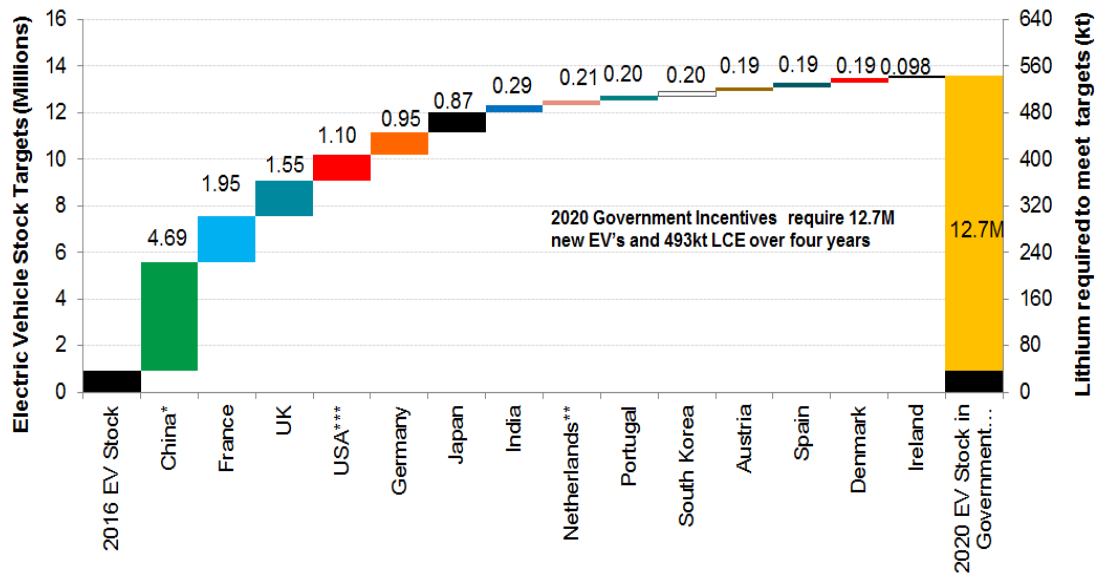
MARKET AND SALES

Total volume of lithium carbonate sold in the June quarter amounted to 2,566 tonnes. Lithium carbonate prices increased 5% to US\$10,696/tonne (FOB) for the quarter. The price achieved for the quarter is a result of higher pricing in short term contracts compared to last quarter.

LITHIUM MARKET

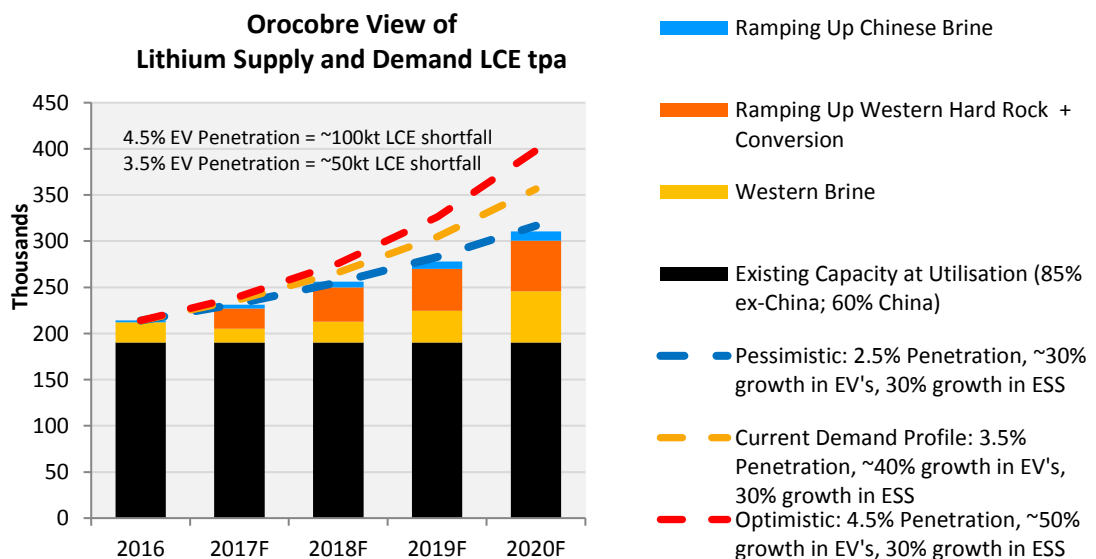
Contract prices for lithium carbonate remain above US\$10,000/t after doubling in 2016. Market growth rates have lifted from 10% p.a. to over 12% p.a. and are expected to reach over 15% by 2020. The key driver for demand growth has also shifted – the adoption of lithium-ion battery in personal electronics such as laptops, tablets and phones which drove the first demand surge has reached the mature phase of the product life cycle (in developed economies at least). However, a more significant growth catalyst in terms of potential lithium consumption has emerged, being world-wide adoption of electric vehicles (EV's) encouraged by government incentives and infrastructure, falling costs of battery packs, improved performance of rechargeable batteries and a greater range of EV models to suit end-consumer needs.

In 2016 EV penetration was approaching 1% worldwide. Several European countries however were ahead of the adoption curve including Norway and the Netherlands having achieved EV shares of 25% and 10% respectively due to early introduction of government incentives beginning in 1996 (“Global EV Outlook 2016”, OECD/International Energy Agency). Twenty years later countries with much higher car ownership and fleet numbers have begun to implement similar incentives and develop charging infrastructure. As of 2016 14 countries participating in EV incentive programs had announced targets that would require 12.7 million new EVs between 2016 and 2020 and approximately 493,000 tonnes of lithium carbonate equivalent (LCE).



The rechargeable battery manufacturing industry has signalled a confidence in the industry with worldwide manufacturing capacity set to quadruple from ~75 GWh currently to over 305 GWh by 2020 (Benchmark Minerals). The vast majority of large scale car manufacturers currently have, or will soon release, an EV model encouraged by growing consumer demand, government manufacturer incentives and decreasing li-ion battery pack costs, which have fallen from US\$600/kwh in 2012 to ~US\$150/kwh just five years later (Lux Research, 2016). Installed battery manufacturing capacity was estimated to be operating above 90% utilisation in 2016 (Roskill, 2017) therefore additional battery capacity is required to ensure continued EV growth at or above the current rate of 40% p.a.

While there is much divergence between forecasts of EV penetration rates the general consensus is growth rates will reach at least 45% by 2020 resulting in EV penetration of approximately 4.5%. Similarly, forecast lithium demand from the energy storage systems (ESS) segment varies widely as growth of between 20% to 25% p.a. has been recorded in the past three years (Roskill). It is Orocobre's view that ESS development will continue and exceed 30% p.a. growth by 2020 as renewable energy targets are more likely to be achieved when renewable energy sources are combined with ESS as exemplified by the South Australian government's plan to install a 100gWh battery factory. EV and ESS together with healthy baseload demand in line with GDP growth, will require at least 350ktpa of LCE production by 2020.



These robust demand dynamics have compounded concern regarding a significant lithium carbonate supply shortage given the current market tightness. Slower than expected project ramp ups have moderated supply expectations as the industry has become aware of the challenges involved in ramping up lithium projects given scarce industry experience and highly technical 'bespoke' operations with unique and sometimes unpredictable challenges. As the risks involved in raw material operations, processing, supply security and financing become more apparent, strategic partnerships have become a necessity. Vertical integration and/or strong partnerships are particularly important for hard rock operations given the additional capital required for spodumene mining, processing and conversion as well as the broad technical skills required to produce lithium carbonate or hydroxide.

The recent funding arrangements of hard rock projects demonstrates that funding of new lithium production remains challenging, high cost and an impediment to new production.

Given growth is not expected to slow in the foreseeable future vertical integration is likely to continue. There is significant potential for greater involvement and investment in lithium projects from downstream participants including battery and EV manufacturers, however widespread understanding of capital intensity, project ramp-up challenges and supply chain lead times (from lithium production to consumption in end-use segments) is required to encourage the necessary investment.

LITHIUM HYDROXIDE PLANT

UPDATE ON PROGRESS

Olaroz industrial grade lithium carbonate and locally sourced Japanese lime have been used as feedstock for testing of process design to produce lithium hydroxide by two specialised engineering firms. The test work demonstrated that a very high quality 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.

Lithium hydroxide currently sells at a significant premium compared to lithium carbonate.

Contract negotiations are continuing with the two 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.

Capital and operating costs for the lithium hydroxide plant in Japan will be advised by the engineering firms during the September quarter.

Subject to joint venture approvals and finalisation of financing and permitting, construction could commence in November 2017 with commissioning 12 months later. Orocobre does not anticipate the need to raise equity capital for this project.

EXPANSION STUDY FOR OLAROZ

The Phase 2 expansion investment decision remains dependent on achieving Phase 1 design production rates and the expansion being funded without further equity capital (i.e. funded by project finance and Phase 1 operating cashflow).

REVISED SCOPE OF PHASE 2 EXPANSION STUDIES

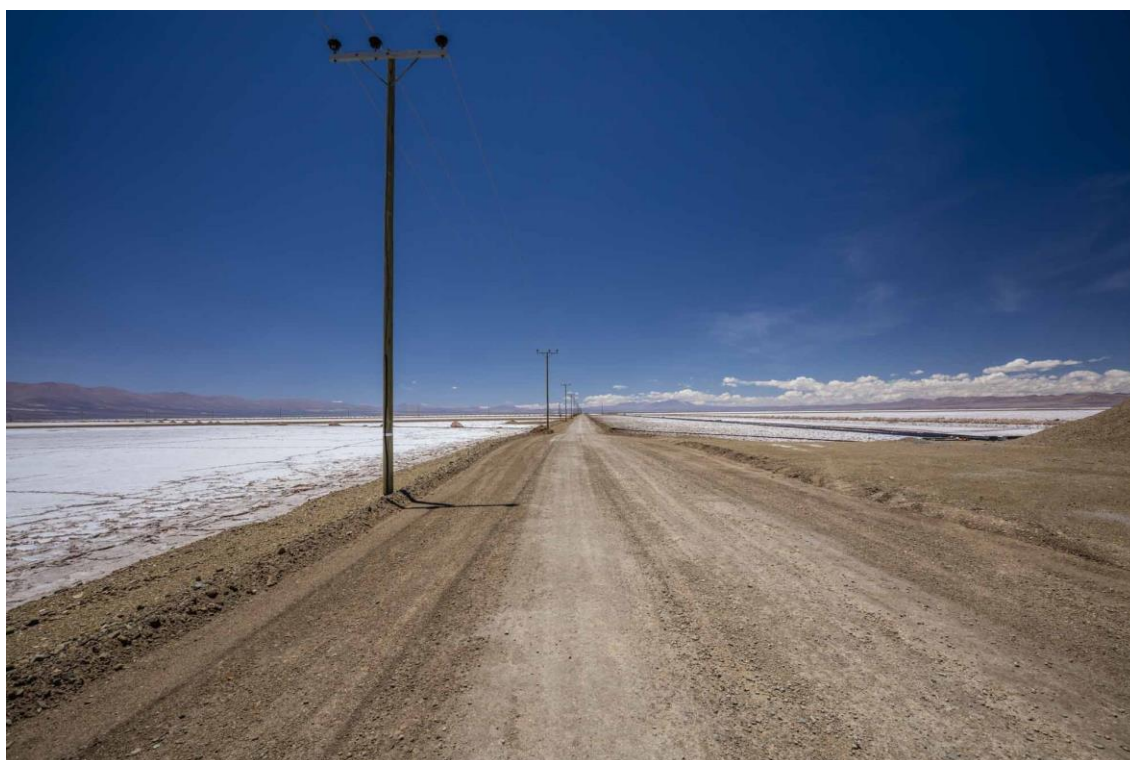
On 15 December 2016, Orocobre announced the results of scoping studies into the expansion of Olaroz and the proposed doubling of production at a cost of US\$190 million including US\$25 million contingency. Subsequently, these plans have been simplified to remove the purification circuit from the incremental production. The resultant product mix is 17,500 tonne per annum Battery Grade lithium carbonate (>99.5%) from the existing purification circuit and 17,500 tonne per annum Industrial Grade lithium carbonate (avg. 99.0%) which will provide feedstock for the planned lithium hydroxide plant in Japan.

This simplified strategy results in lower capital expenditure of approximately US\$160 million including a US\$25 million contingency and lower implementation risk as the project is based around a simple duplication of bores, ponds and primary circuit of Phase 1 at Olaroz. The full cost of the pond system contained within the total capital expenditure estimate for Phase 2 is US\$75 million.

GHD has been appointed to oversee engineering design studies for the Olaroz Phase 2 expansion. Arrangements were terminated with Ausenco after they withdrew services from South America following a corporate restructure. No significant delays are expected with this change however progress against schedule is being actively monitored.

The process to obtain necessary permits and approvals for Phase 2 continues to run concurrently with engineering, design and selection of mechanical equipment such as centrifuges, filters and reactors. Test work is continuing to allow further optimisation of design and process beyond that already identified from commissioning and operation of Phase 1.

The expansion studies are not managed by the SDJ operating team but by consultants and a dedicated ORE study manager.



BORAX ARGENTINA

The focus in FY17 for Borax Argentina has been to increase production rates and reduce unit costs at operations following optimisation projects at Tincalayu and Campo Quijano, whilst building suitable inventory levels. In sales and logistics, the focus has been on developing new customers whilst improving response times and delivery performance and thereby reinforcing Borax's value proposition as the producer integral to a customer's security of supply strategy.

OPERATIONS

Sales volumes in the June quarter 2017 were up 18% on the March quarter to 11,398 tonnes of combined product. There were no tonnes of tincal ore sold this quarter.

Operating conditions have been challenging during the last quarter due to severe weather that saw heavy snowfall.

At Tincalayu, snow and freezing weather significantly affected mining and the transport of water resulting in processing operations being suspended for a cumulative 10 day period and the loss of approximately 700 tonnes of decahydrate equivalent production. Wet ore caused by the snow continued to impact on production rate through to the end of the quarter. The Sijes operations were less affected with approximately 200 tonnes of lost concentrate production and delays in the export of product.

COMBINED PRODUCT SALES VOLUME BY QUARTER

Previous Year Quarters		Recent Quarters	
September 2015	8,124	September 2016	11,940
December 2015	10,078	December 2016	8,767
March 2016	8,006	March 2017	9,672
June 2016	9,274	June 2017	11,398

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 further enhance efficiencies in the production of refined borates at Tincalayu and contribute to improved manufacturing unit costs. Approvals have been received for a new gas pipeline to supply the expanded plant and initial cost estimates are under review.

The feasibility study will be completed during the September quarter.

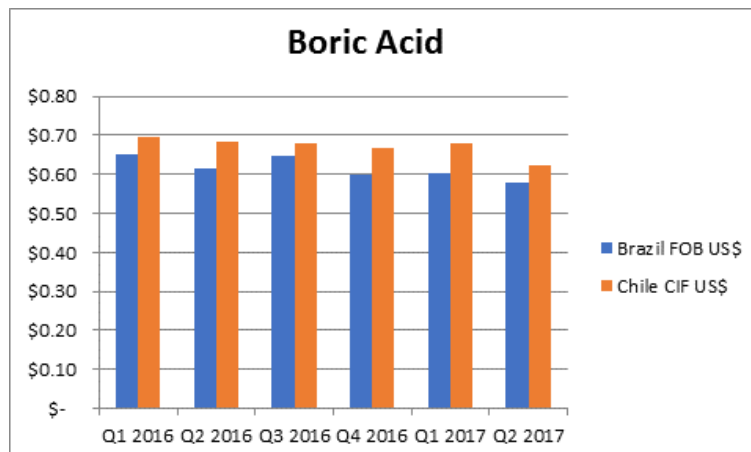


Borax Argentina – Campo Quijano

MARKET CONDITIONS

Market conditions remain difficult in the core South American markets of Argentina and Brazil. Borax Argentina continues to grow strong long term relationships with key customers while expanding the customer base. The continued focus on production efficiencies is required to cushion the effect of market pricing remaining at the bottom of the price cycle.

Prices of all borate products remain under pressure, in particular boric acid pricing continues to decline as shown below.



In addition to price pressure the operations are seeing inflation of costs which is exceeding devaluation of the Peso. FY17 has seen inflation of 21.8% while the Peso has only devalued by 10.8%.

The combination of low prices, inflationary costs and difficult operating conditions have resulted in a disappointing financial performance at Borax Argentina SA.

SAFETY AND COMMUNITY

SAFETY MILESTONE

The Olaroz site has recently achieved a significant milestone of 220 days of operation without a lost time injury.

At Borax, a new safety management system SICOP was installed during the quarter which is expected to streamline access and awareness of safety documentation. First aid training for staff was conducted during the quarter.

An inspection by local Environmental Authorities noted that the Tincalayu and Sijes sites were exemplary in waste management and that Borax Argentina was one of the top four companies for compliance with waste management regulations throughout the Salta region.

SHARED VALUE PROGRAM

Sales de Jujuy received recognition from a forum hosted by Banco Interamericano de Desarrollo (BID) for our Shared Value program. Demetrio Nieva from the Olaroz Chico community travelled to Buenos Aires to share his community's experiences. Orocobre was represented by Silvia Rodriguez our Shared Value Manager.

BID is the main source of financing for development in Latin America and has areas of focus that include three development challenges - social inclusion and equity, productivity and innovation and economic integration.

ISO RE-CERTIFICATION

At Olaroz, audits have been completed for the Maintenance of Certification (ISO 9000 Quality Standard) and Re-certification of the Environmental Standard (ISO 14000). This follows the audit in the March quarter of all Borax sites: Campo Quijano, Tincalayu, Sijes and Porvenir.



Local church – Olaroz Chico community

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 is well funded having raised C\$20,000,000 capital in February 2017. Orocobre holds 46,325,000 (35%) of the issued shares of AAL and 2,550,000 warrants exercisable at C\$1.

Orocobre retains a 50% interest in the Cauchari Project 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 AAL technical team is led by Callum Grant. Callum is an engineer with broad experience from exploration to production focusing on South America and in particular, Argentina.

The flagship Cauchari Property has an existing inferred resource of 470,000 tonnes of Lithium Carbonate Equivalent and a large exploration target to be tested with a 17 hole drill program. Drilling commenced in May 2017 with the successful casing of Hole CAU07, the first of the five-hole Phase One program located in the North-West block of the Cauchari property. Down-the-hole geophysical response in CAU07R suggests brine conditions begin at a depth of 60-70m. Sampling and testing of the fluid in the hole will be conducted once the drill rig returns to CAU07R and at that time information will be available on the chemical composition of the fluid⁵.

The drill program is on budget and initial sampling results are expected to be available in July along with geophysical profiling which will provide key information on target zones through the salt lake sedimentary sequence.

The objective of work at Cauchari is to rapidly advance the property through exploration and towards development by 2018/2019. A diamond drill program to complement the rotary program will be conducted over the December half year. The overall objective for 2017 remains an updated resource estimate combining both NW and SE blocks of Cauchari moving into a Scoping Study in early 2018. More advanced technical and engineering studies will continue through 2018 and into 2019 leading to a Bankable Feasibility Study with the required environmental permits for the development phase.

⁵ The reader is cautioned that the interpretation of brine is based on indirect geophysical methods and there is no guarantee that brine would contain lithium at an economic concentration.

CORPORATE AND ADMINISTRATION

SALINAS GRANDES

During the quarter Orocobre completed an agreement for the sale of exploration tenure at Salinas Grandes to LSC Lithium Limited (TSXV:LSC).

Pursuant to the Orocobre-LSC Agreement, LSC acquired mining properties located at Salinas Grandes in Salta and Jujuy provinces, Argentina (“Salinas Grandes Tenements”), which were held by Orocobre.

As consideration for the sale of the Salinas Grandes Tenements, LSC:

1. Paid Orocobre US\$4 million;
2. Transferred to Orocobre three properties located at Olaroz (“Olaroz Tenements”) adjacent to current project properties covering approximately 3,821 hectares thus strengthening Orocobre’s position at its flagship project; and
3. Granted Orocobre a 2% royalty on the brine concentrate produced from Salinas Grandes Tenements, calculated on the same basis as the royalties paid by Sales de Jujuy at the Olaroz Lithium Facility to the Jujuy Provincial Government.

LSC will pay a further US\$3 million payable by way of three annual tranches of US\$1 million in June 2018, June 2019 and June 2020.

FINANCE

VAT

VAT refunds of approximately US\$10.8 million have been received by SDJ during the quarter with approximately US\$23.5 million of VAT refunds received to date.

Total remaining VAT refund entitlement amounts to US\$20 million on an undiscounted basis. The VAT balance outstanding takes into account the monthly debits and credits and does not relate solely to construction VAT.

Post the end of the quarter, April’s VAT presentation of ~US\$1.2M was approved and such funds are expected to be received in the coming weeks.

CASH BALANCE, DEBT POSITION AND STANDBY LETTERS OF CREDIT

As at 30 June 2017, Orocobre Group had available cash of US\$51.5 million following guarantee (SBLC) releases of approximately US\$21.2 million (ORE’s share) during the quarter and payment received from the LSC transaction of US\$4 million. During the quarter, US\$1.9 million was provided to Borax Argentina due to the significant impact on production caused by adverse weather conditions (as previously reported), low prices, poor credit conditions and operating costs impacted by inflation (see comments below).

At 30 June 2017, Orocobre had net debt of US\$65.3 million as detailed below:

Loan (US\$M)	Lender	ORE share	Facility size	30 June 2017 balance	ORE share of external debt
			100%	(100% SDJ SA)	(30 June 2017)
SDJ					
Project level – SDJ	Mizuho Bank	66.50%	191.9	155.0	103.1
Working Capital	HSBC Argentina and Macro bank Argentina	72.68%	40.0	15.2	9.8
	HSBC Pre-Export	66.50%	8.6	0.0	0.0
Shareholders loans	ORE / TTC	Internal (75%)	25.0	22.0	14.6
Shareholders loans	ORE	Internal (100%)	54.7	54.7	0.0
Shareholders loans	SDJ PTE	Internal (72.68%)	18.0	18.0	0.0
Total SDJ			339.2	265.9	127.5
Borax					
Productive loan	HSBC Argentina		4.8	0.9	0.9
Pre-export	HSBC Argentina		0.5	0.5	0.5
Working capital facilities	Macro and Patagonia		0.5	0.5	0.5
Total Debt			344.9	267.7	129.3
Cash – SDJ		66.50%		-4.0	-2.7
Cash – Orocobre Group				-51.5	-51.5
Financial Assets (cash backing of Working Capital facility through SBLC's and guarantees)				-9.8	-9.8
Net Debt to Orocobre					65.3

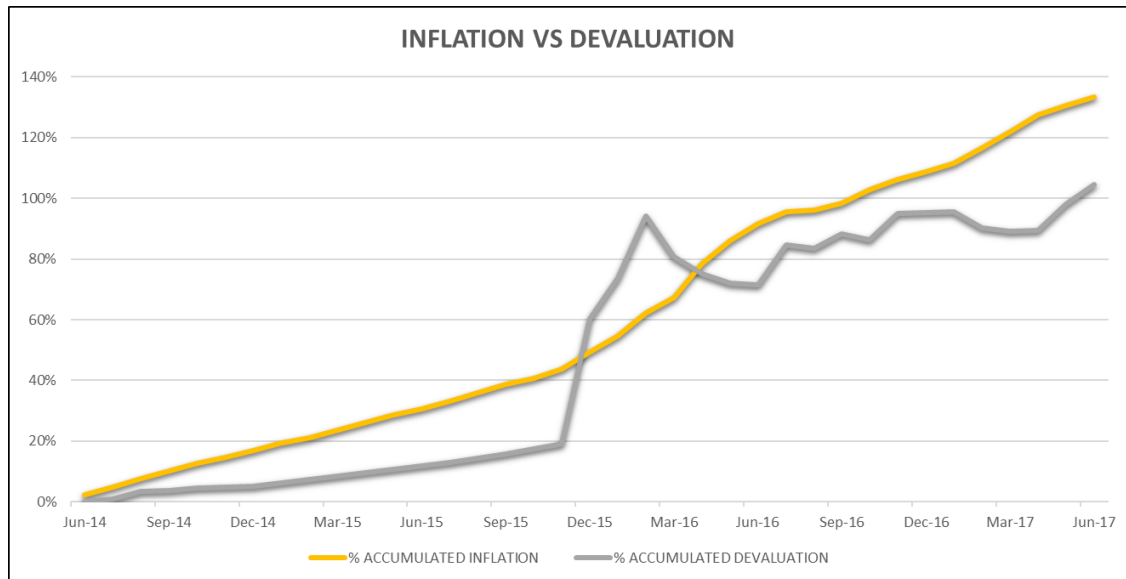
SDJ will make a further payment to Mizuho Bank in September 2017 of approximately US\$14 million.

SDJ put in place a US\$25 million pre-export finance facility in the June quarter which allowed the release of further SBLCs back to shareholders (ORE and Toyota Tsusho Corporation). SDJ's working capital facilities were reduced to US\$37.2 million at 30 June of which US\$15.2 million is guaranteed by SBLCs and the balance being the pre-export finance facility of US\$22 million.

INFLATION VERSUS DEVALUATION

The AR\$/US\$ exchange rate weakened by 8% during the quarter from AR\$15.39/US\$ at 31 March 2017 to AR\$16.63/US\$ at 30 June 2017 whilst inflation for the same period was 5.3%. For the financial year devaluation of the AR\$ against the US\$ was 10.8% versus inflation of 21.8%. This resulted in 11% higher than expected US\$ costs for AR\$ peso denominated expenses at both SDJ and Borax Argentina SA.

The effect of inflation and devaluation over time generally shows that they cancel each other out. When looking at specific periods such as the financial year that has just passed, inflation was 11% higher than devaluation, resulting in higher costs at both Borax Argentina and to a much lesser extent SDJ.



FOR FURTHER INFORMATION PLEASE CONTACT:

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ABOUT OROCOBRE LIMITED

Orocobre Limited is listed on the Australian Securities Exchange and Toronto Stock Exchange (ASX:ORE) (TSX:ORL), and is building a substantial Argentinian-based industrial chemicals and 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 approximately 20 years at the Salar de Olaroz with planned production of 17,500 tonnes per annum of low-cost lithium carbonate.

The Olaroz Lithium Facility has a low environmental footprint because of the following aspects of the process:

- The process is designed to have a high processing recovery of lithium. With its low unit costs, the process will result in low cut-off grades, which will maximise resource recovery.
- The process route is designed with a zero liquid discharge design. All waste products are stored in permanent impoundments (the lined evaporation ponds). At the end of the project life the ponds will be capped and returned to a similar profile following soil placement and planting of original vegetation types.
- Brine is extracted from wells with minimum impact on freshwater resources outside the salar. Because the lithium is in sedimentary aquifers with relatively low permeability, drawdowns are limited to the salar itself. This is different from halite hosted deposits such as Salar de Atacama, Salar de Hombre Muerto and Salar de Rincon where the halite bodies have very high near surface permeability and the drawdown cones can impact on water resources around the Salar affecting the local environment.
- Energy used to concentrate the lithium in the brine is solar energy. The carbon footprint is lower than other processes.
- The technology developed has a very low maximum fresh water consumption of <20 l/s, which is low by industry standards. This fresh water is produced by reverse osmosis from non-potable brackish water.
- Sales de Jujuy S.A. is also committed to the ten principles of the sustainable development framework as developed by The International Council on Mining and Metals. The company has an active and well-funded "Shared Value" program aimed at the long term development of the local people.

The Company continues to follow the community and shared value policy to successfully work with suppliers and the employment bureau to focus on the hiring of local people from the communities of Olaroz, Huancar, Puesto Sey, Pastos Chicos, Catua, Susques, Jama, El Toro, Coranzulí, San Juan and Abrapampa. The project implementation is through EPCM (Engineering, Procurement and Construction Management) with a high proportion of local involvement through construction and supply contracts and local employment. The community and shared value policy continues to be a key success factor, training local people under the supervision of high quality experienced professionals.

TECHNICAL INFORMATION, COMPETENT PERSONS' AND QUALIFIED PERSONS STATEMENTS

The Company is not in possession of any new information or data relating to historical estimates that materially impacts on the reliability of the estimates or the Company's ability to verify the historical estimates as mineral resources, in accordance with the JORC Code. The supporting information provided in the initial market announcement on 21/08/12 continues to apply and has not materially changed. Additional information relating to the Company's Olaroz Lithium Facility is available on the Company's website in "Technical Report – Salar de Olaroz Lithium-Potash Project, Argentina" dated May 113, 2011

which was prepared by John Houston, Consulting Hydrogeologist, together with Mike Gunn, Consulting Processing Engineer, in accordance with NI 43-101.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release contains “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information contained in this release may include, but is not limited to, the completion of commissioning, the commencement of commercial production and ramp up of the Olaroz Lithium Facility and the timing thereof, the cost of construction relative to the estimated capital cost of the Olaroz Lithium Facility, the meeting of banking covenants contained in project finance documentation, the design production rate for lithium carbonate at the Olaroz Lithium Facility, the expected brine cost and grade at the Olaroz Lithium Facility, the expected operating costs at the Olaroz Lithium Facility and the comparison of such expected costs to expected global operating costs, the estimation and conversion of exploration targets to resources at the Olaroz Lithium Facility, the viability, recoverability and processing of such resources, the potential for an expansion at the Olaroz Lithium Facility and the outcome of studies currently being undertaken into the proposed expansion at Olaroz and elsewhere, the capital cost of an expansion at the Olaroz Lithium Facility; the future performance of the relocated borax plant and boric acid plant, including without limitation the plants estimated production rates, financial data, the estimates of mineral resources or mineralisation grade at Borax Argentina mines, the economic viability of such mineral resources or mineralisation, mine life and operating costs at Borax Argentina mines, the projected production rates associated with the borax plant and boric acid plant, the market price of borate products whether stated or implied, demand for borate products and other information and trends relating to the borate market, taxes including recoveries of IVA, royalty and duty rate and the ongoing working relationship between Orocobre and the Province of Jujuy, TTC and Mizuho Bank.

Such forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk of further changes in government regulations, policies or legislation; the possibility that required concessions may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; that further funding may be required, but unavailable, for the ongoing development of the Company’s projects; changes in the scope and focus of studies currently being undertaken with respect to the expansion of the Company’s production facilities, fluctuations or decreases in commodity prices and market demand for product; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with weather patterns and impact on production rate; risks associated with commissioning and ramp up of the Olaroz Lithium Facility to full capacity; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Lithium Facility; general risks associated with the further development of the Olaroz Lithium Facility; general risks associated with the operation of the borax plant or boric acid plant; the potential for an expansion at the Tincalayu operations and the outcome of studies currently being undertaken into the proposed expansion at Tincalayu a decrease in the price for borates resulting from, among other things, decreased demand or an increased supply of borates or substitutes, as well as those factors disclosed in the Company’s Annual Report for the year ended June 30, 2016 filed at www.sedar.com.

The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the timely receipt of required approvals and completion of agreements on reasonable terms and conditions; the ability of the Company to obtain financing as and when required and on reasonable terms and conditions; the prices of lithium, potash and borates; market demand for products and the ability of the Company to operate in a safe, efficient and effective manner. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.