OROCOBRE

FULL YEAR RESULTS 2018

28 AUGUST 2018

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A STRONG OPERATING RESULT

Record prices and margins, strong cashflow

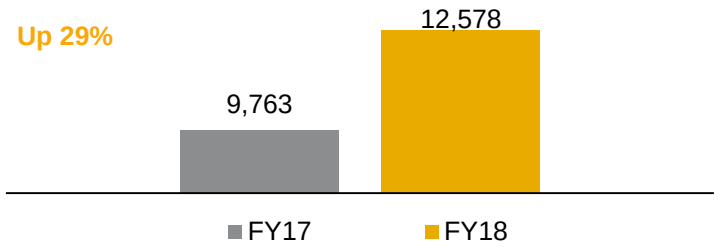
Sales de Jujuy Joint Venture (Olaroz)

- Record full year revenue up 24% to US$148.9 million on sales of 11,837 tonnes
- Record Olaroz sales price of **US$12,578 / tonne** FOB[1], price received FY19 year to date of approximately US$14,000 / tonne
- Cost of sales of US$4,194 / tonne[2] and record gross cash margin of **US$8,384 / tonne**
- **EBITDAIX[3] of US$94.6 million**, up 33% on previous corresponding period
- Olaroz was again strongly cashflow positive internally funding US$40 million of early works on Stage 2 expansion

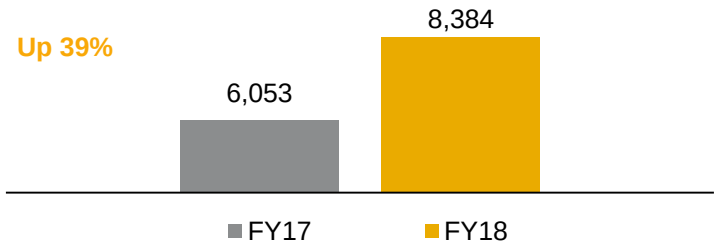
Orocobre

- Record underlying net profit of US$25.7 million, statutory Group net profit of US$1.9 million after Borax impairment of US$8 million and other items of US$15.8 million
- Orocobre group cash balance at 30 June 2018 of US$316.7 million, and net cash of US$229 million

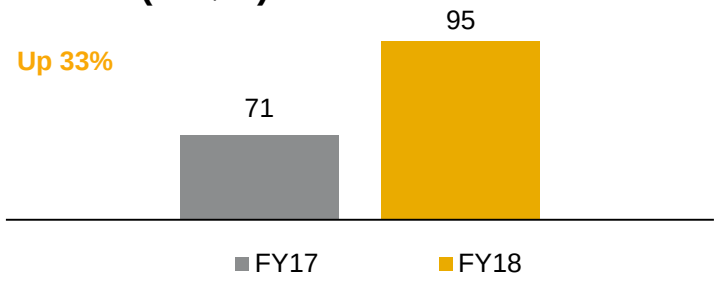
Price (US$/tonne)



Margin (US$/tonne)



EBITDAIX (US$M)



1. 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 Toyota Tsusho 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
2. Excludes royalties and head office costs
3. See Notes page

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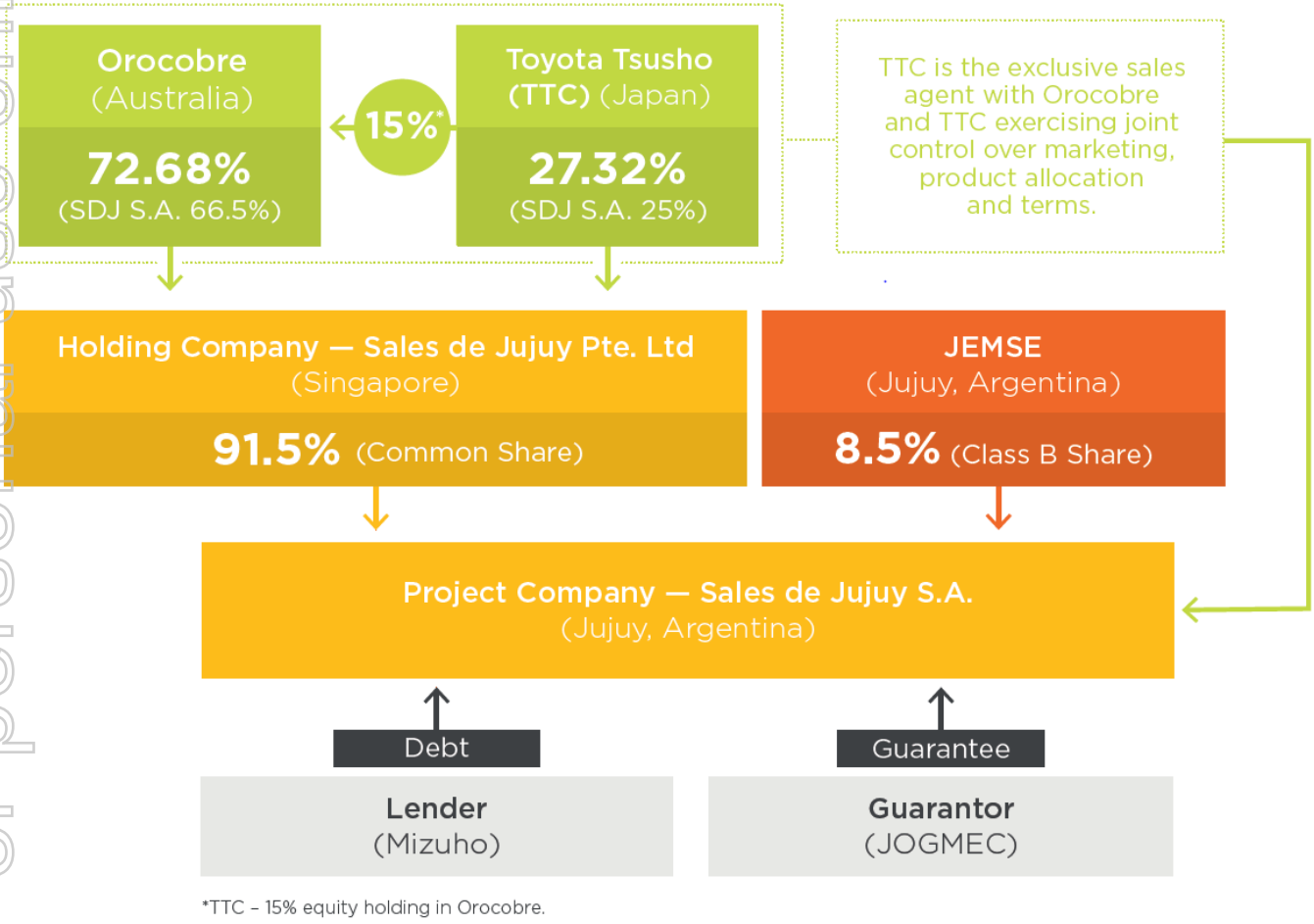
FINANCIALS

OLAROZ JOINT VENTURE STRUCTURE



*TTC – 15% equity holding in Orocobre.

- TTC owns 15% of ORE issued capital
- SDJ Joint Venture is equity accounted due to the control structure in the Group's financial report
- Proportionally consolidated results have been prepared to indicate contribution of underlying operations
- The JEMSE and Toyota Tsusho interests in Sales de Jujuy Pte. Ltd are recognised as a Non-Controlling Interests (**NCI**)

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OLAROZ STRONGLY PROFITABLE IN FY18

Proportionally Consolidated P & L

Proportionally Consolidated P&L	ORE Group Statutory Results US$M	SDJ PTE (100%) US$M	Eliminate NCI of PTE US$M	Add back equity accounting of PTE profit US$M	Consolidated Group incl PTE US$M
Revenue	17.4	148.9	(49.9)	-	**116.4**
EBITDAIX*	(9.4)	94.6	(31.2)	-	**54.0**
Depreciation & amortisation	(1.8)	(8.8)	2.4	-	**(8.2)**
EBITIX**	(11.2)	85.8	(28.8)	-	**45.8**
Interest	4.3	(13.0)	4.3	-	**(4.4)**
EBTIX***	(6.9)	72.8	(24.5)	-	**41.4**
Foreign currency losses	(3.0)	(10.1)	3.4	-	**(9.7)**
Impairment	(8.0)	-	-	-	**(8.0)**
Share of profit of joint ventures, net of tax	19.8	-	-	(19.8)	**-**
Total profit/(loss) for the year before tax	1.9	62.7	(21.1)	(19.8)	**23.7**
Income tax expense	-	(31.9)	10.1	-	**(21.8)**
Total profit/(loss) for the year after tax	1.9	30.8	(11.0)	(19.8)	**1.9**

*EBITDAIX, **EBITIX, and ***EBTIX are non audited, non IFRS measures, refer to slide in the appendix

- Olaroz sales of 11,837 tonnes of lithium carbonate at average of US$12,578/t
- Olaroz cash operating costs of US$4,194/tonne (excluding royalties and head office costs)
- Gross cash margins of US$8,384/tonne (67%)
- ORE Group EBITDAIX includes profit on the sale of exploration assets of US$2.1M
- ORE's corporate costs US$8.8m inclusive of transaction costs, share based payments and additional employee costs
- Depreciation costs of US$741/tonne
- Financing costs of US$13M include interest from project funding and working capital and accrued interest of shareholder loans.
- Foreign exchange loss increase resulted from the effect of the USD strengthening against the AUD and ARS mainly related to the VAT balances which are peso based.
- Borax took an impairment of US$8M.
- Share of net loss from Advantage Lithium Corp (associate) of US$1.5M
- Income tax expense of US$31.9M due to changes in Argentine tax legislation related to future withholding tax on dividends and the impact of devaluation on ARS denominated carried forward losses partially offset by benefit from tax rates reduction in Argentina.

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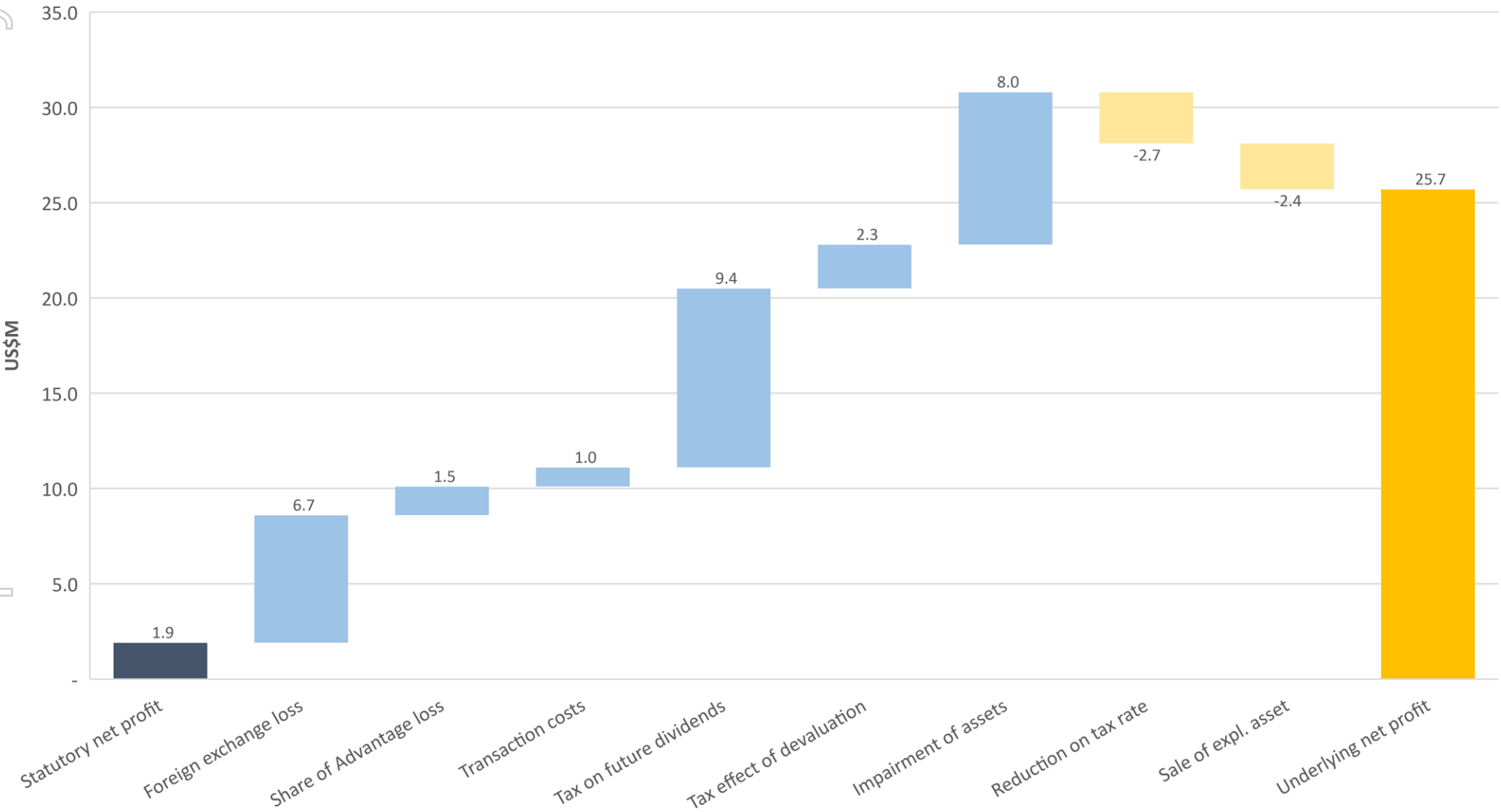
UNDERLYING ATTRIBUTABLE PROFIT (ORE SHARE)



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A STRONGER BALANCE SHEET

Proportionally Consolidated Balance Sheet

Proportionally Consolidated Balance Sheet	ORE Group Statutory Results	SDJ PTE (100%)	Eliminate ORE Group PTE related items	Eliminate NCI of PTE (33.5%)	Consolidated Group incl PTE	Consolidated Group incl PTE	% Variance movement for period
US$ million	FY18	FY18	FY18	FY18	FY18	FY17	FY18 vs FY17
Current assets							
Cash and cash equivalents	316.7	19.5	-	(6.5)	329.7	54.3	507%
Trade and other receivables	52.2	11.1	(44.7)	(3.7)	14.9	14.6	2%
Inventory	6.5	31.5	-	(10.5)	27.5	21.3	29%
VAT receivable	0.2	10.8	-	(3.6)	7.4	12.8	-42%
Other	-	7.2	-	(2.4)	4.8	12.4	-61%
Total current assets	**375.6**	**80.1**	**(44.7)**	**(26.7)**	**384.3**	**115.4**	**233%**
Non-current assets							
Plant and equipment	0.1	339.7		(99.0)	240.8	246.9	-2%
Development assets	7.4	-	-	-	7.4	1.5	393%
Investment in joint ventures	84.8	-	(84.8)	-	-	-	-
Investment in associates	20.0	-	-	-	20.0	21.5	-7%
Inventory	0.7	34.6	-	(11.6)	23.7	13.5	76%
Trade and other receivables	33.1	1.0	(23.5)	(0.4)	10.2	9.7	5%
Other	1.1	34.6	-	(10.5)	25.2	12.9	95%
Total non-current assets	**147.2**	**409.9**	**(108.3)**	**(121.5)**	**327.3**	**306.0**	**7%**
Total assets	**522.8**	**490.0**	**(153.0)**	**(148.2)**	**711.6**	**421.4**	**69%**
Current liabilities							
Trade and other payables	7.5	27.2	(7.1)	(6.7)	20.9	16.1	30%
Loans and borrowings	0.7	109.2	(37.6)	(24.0)	48.3	43.7	11%
Other	0.6	1.3	-	(0.4)	1.5	6.9	-78%
Total current liabilities	**8.8**	**137.7**	**(44.7)**	**(31.1)**	**70.7**	**66.7**	**6%**
Non-current liabilities							
Trade and other payables	0.6	1.5	(0.9)	(0.2)	1.0	3.4	-71%
Loans and borrowings	-	133.9	(22.6)	(37.2)	74.1	92.2	-20%
Deferred tax liability	-	60.6	-	(18.4)	42.2	17.8	137%
Other	11.3	15.3	-	(5.1)	21.5	23.3	-8%
Total non-current liabilities	**11.9**	**211.3**	**(23.5)**	**(60.9)**	**138.8**	**136.7**	**2%**
Total liabilities	**20.7**	**349.0**	**(68.2)**	**(92.0)**	**209.5**	**203.4**	**3%**
Net assets	**502.1**	**141.0**	**(84.8)**	**(56.2)**	**502.1**	**218.0**	**130%**

Increase in cash and cash equivalents of US$275.4M mainly due to strategic placement and rights issue.

Decrease in VAT receivable due to Peso devaluation and VAT recoupment.

Decrease of other assets due to the SBLC release back of US$9.8M.

Increase in development of assets due to investment in Cauchari, Hydroxide plant and exploration properties.

Increase in inventory at Olaroz largely due to build up of stock level of brine inventory, finished goods, reagents and spare parts.

Increase in other non-current assets due to restricted cash at SDJ (DSRA) partially guaranteeing project loan.

Reduction of borrowings due to the net pay down of working capital facilities and project loan.

Increase in deferred tax liabilities due to the net accounting impact from changes to Argentina tax law of US$9M and the net impact of devaluation on peso carry forward losses of US$3.5M. Whilst the Income Tax rate in Argentina will progressively reduce from 35% to 25% by 2020 resulting in a tax benefit of US$3.5M, a dividend withholding tax to foreign shareholders of 7% was introduced in 2018 gradually increasing to 13% by 2020 which resulted in a permanent difference of US$13M in the FY18 tax expense. Excluding these items and other accounting related permanent differences the effective tax rate for the period was 35% at SDJ.

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POSITIVE OPERATIONAL CASHFLOWS

Proportionally Consolidated Cashflow

Proportionally Consolidated Cash Flow Statement Full year ended 30 June 2018	ORE Group Statutory Results	SDJ PTE (100%)	Eliminate ORE Group PTE related items US$ million	Eliminate NCI of PTE	Consolidated Group incl PTE
Cash flows from operating activities					
Receipts from customers	14.3	148.0	-	(49.6)	112.7
Payments to suppliers and employees	(28.9)	(102.6)	-	34.4	**(97.1)**
Interest received / paid	0.6	(0.6)	-	0.2	**0.2**
VAT recouped	-	18.0	-	(6.0)	12.0
Other cash receipts	-	8.3	-	(2.8)	**5.5**
Net cash used in operating activities	(14.0)	71.1	-	(23.8)	**33.3**
Cash flows from investing activities					
Payments for development expenditure	(6.5)	-	-	-	(6.5)
Proceeds from sale of assets	3.3	-	-	-	3.3
Purchase of plant and equipment	(1.6)	(21.7)	-	7.3	**(16.0)**
Investment in joint ventures	(8.3)	-	8.3	-	**-**
Net cash used in investing activities	(13.1)	(21.7)	8.3	7.3	**(19.2)**
Cash flows from financing activities					
Release of standby letters of credit	9.8	(17.2)		5.8	(1.6)
Proceeds from issue of shares net of transaction costs	284.2	12.4	(8.3)	(4.1)	284.2
Proceeds from borrowings	0.8	-	-	-	**0.8**
Repayment of borrowings net of Proceeds	(1.0)	(29.3)	-	9.7	**(20.6)**
Loan to joint venture partners	(1.0)	-	-	-	**(1.0)**
Loan to joint ventures	(0.5)	-	-	-	**(0.5)**
Net cash provided by financing activities	292.3	(34.1)	(8.3)	11.4	**261.3**
Net increase in cash and cash equivalents	265.2	15.3	-	(5.1)	**275.4**
Cash and cash equivalents, net of overdrafts, at the beginning of year	51.6	4.1	-	(1.4)	**54.3**
Effect of exchange rates on cash holdings in foreign currencies	(0.1)	-	-	-	**(0.1)**
Cash and cash equivalents, net of overdrafts, at the end of year	316.7	19.4	-	(6.5)	**329.6**

Strong cash inflows generated by Olaroz as higher average prices were achieved

VAT recouped at SDJ of US$18M during the period translating to Orocobre's share of US$12M.

Development expenditure of assets due to investment in Cauchari, Hydroxide plant and exploration properties.

Proceeds from sale of exploration assets

Cash outflow is due to project loan guarantee at Olaroz, partially offset by release of SBLC from working capital facility.

Proceeds from strategic placement and rights issue partially offset by transaction costs

Net repayment of borrowing at 100% in SDJ includes debt principal and interest payments of US$28.6M of project loan.

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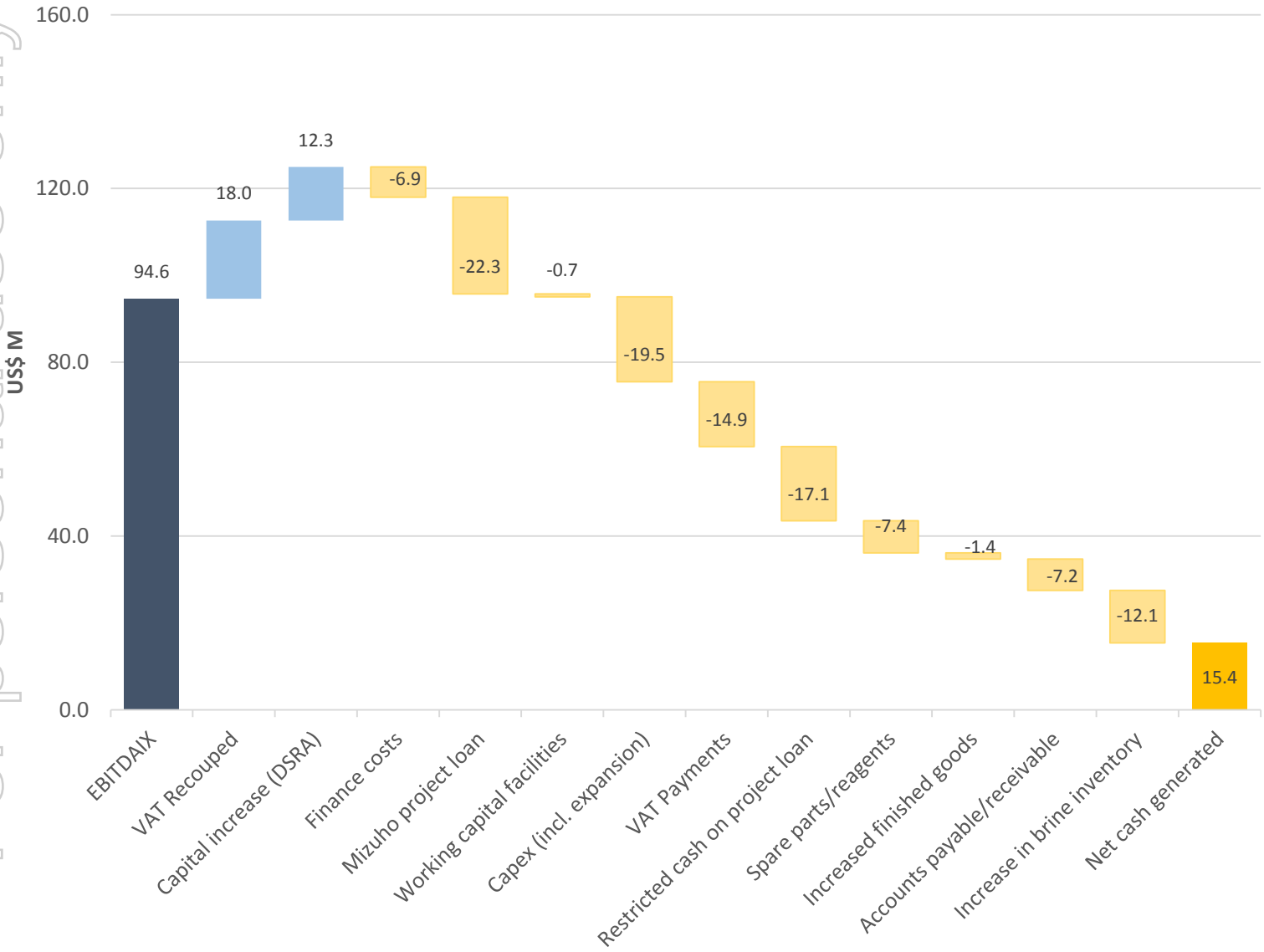
OLAROZ REPAYING DEBT & RELEASING CASH



- Increases in production and revenues during the fiscal year resulted in strong operating cash inflows from EBITDAIX
- Capital increase is a JV equity contribution for the establishment of the debt service reserve account (DSRA) for Mizuho/JOGMEC project financing
- VAT net reimbursement of US$3.1M
- Financing costs and project finance principal and interest payments net from cashflow
- Capex includes expansion costs of US$5.3M
- Restricted cash relates to the debt service reserve account
- Brine inventory includes higher well pump rates building up volume for Stage 2 and heavy secondary liming of high magnesium pond 4B in the first half

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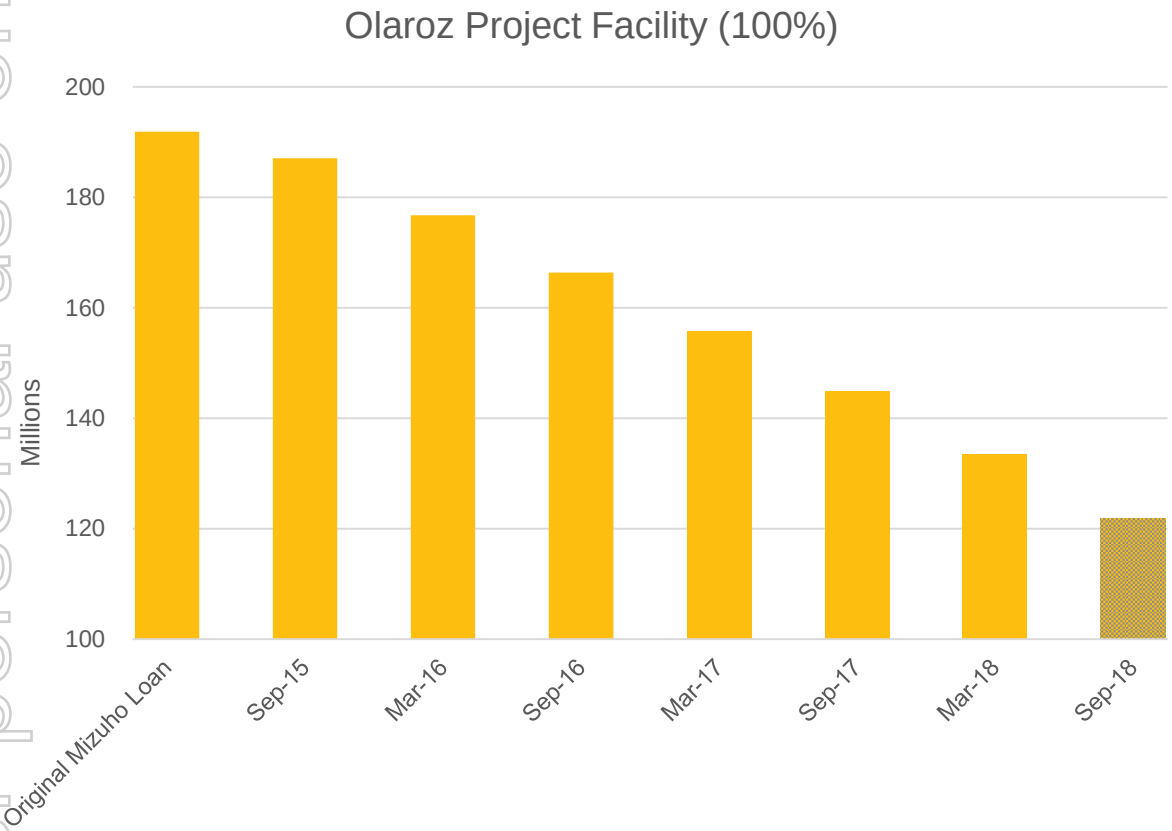
* Excludes depreciation

STRONG CASHFLOW REDUCING PROJECT DEBT



- ~US$70M principal of the Project Debt (~37% reduction) repaid by 10 September 2018 and US$17.1M paid into DSRA
- Project Debt balance reducing to ~US$122M during September 2018 (US$105M net of DSRA)
- Project Debt repayments scheduled every six months to September 2024
- Project Debt incurs a low average interest rate of ~4.25%
- Orocobre proportional net cash of US$229.1M at 30 June 2018 (net debt US$62.5M at 30 June 2017)

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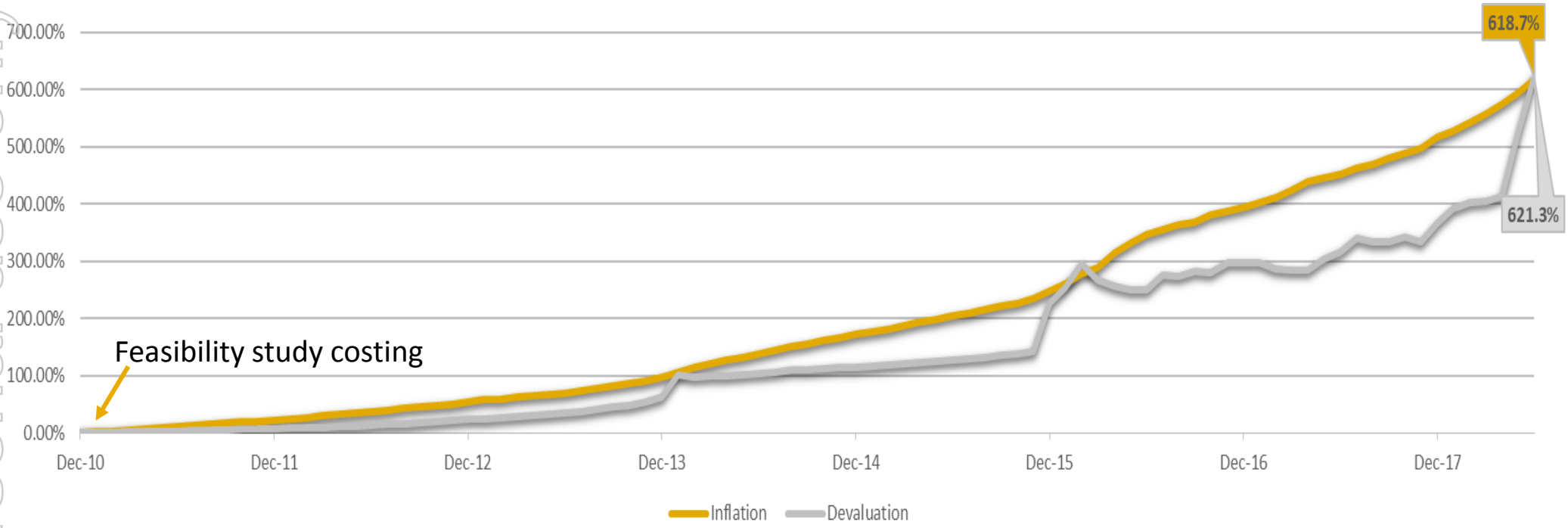
ACCUMULATED INFLATION VS DEVALUATION



- The Argentine peso (ARS) has devalued approximately 620% from December 2010 through June 2018. The Argentine peso devaluation has shown a significant increase from April 2018 of approximately 43%
- Over recent years devaluation being less than inflation has increased cost pressure on both Olaroz and Borax. The recent devaluation has brought the Peso back in line with long term inflation decreasing cost pressures
- Devaluation also reduces the amount of ARS based balances such as VAT, carry forward tax losses, prepayments and account payables which have an impact in FX
- US$ versus ARS cash costs are approximately 55/45 at Sales de Jujuy and 40/60 to Borax Argentina.

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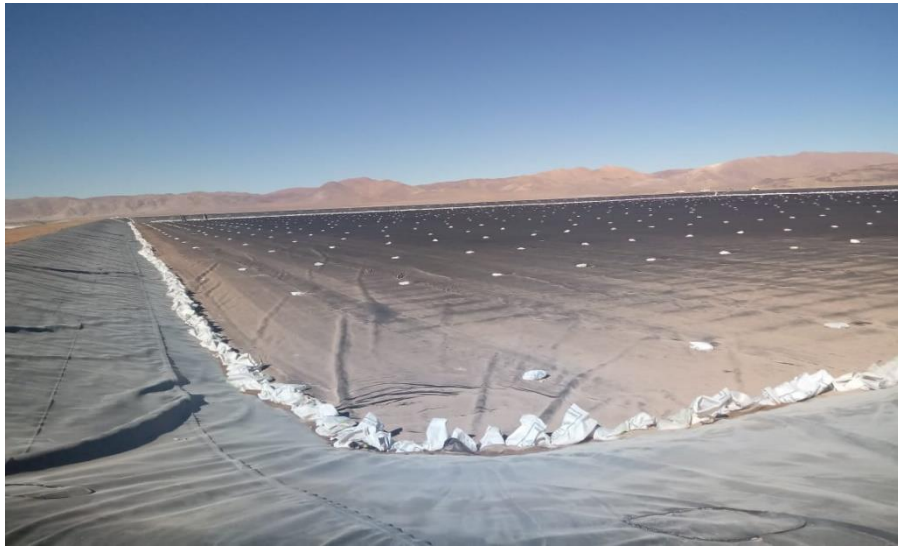
OROCOBRE GROWTH PROJECTS

STAGE 2 EARLY WORKS WELL UNDERWAY

- Stage 2 early works include new ponds, roads, vegetation clearing, drilling, camp infrastructure and engineering
- US$40 million has been committed from operating cashflow prior to FID (total capex remains US$285 million)
- FID expected shortly

Capacity	• 25,000 tonnes primary grade lithium carbonate • Total Olaroz capacity of 42,500 tonnes of lithium carbonate • Product mix to be 17,500 tonnes purified lithium carbonate and 25,000 tonnes primary lithium carbonate, of which 9,500 tonnes will be converted to 10,000 tonnes lithium hydroxide
Commissioning	• 1H CY2020
Run-rate operating cost	• Less than Stage 1 operating costs as no purification circuit
Capital costs	• Total development capital – US$285 million (excluding VAT of c. US$42 million) but including crystallisers for both stages
Construction	• Early works commenced, remainder subject to Orocobre and JV Board approvals and commencing following confirmation of project financing, approvals and EPCM arrangements • Construction expected to be completed during 2H CY2019
Approvals	• Pond and related infrastructure construction approval obtained • Processing plant construction approval received



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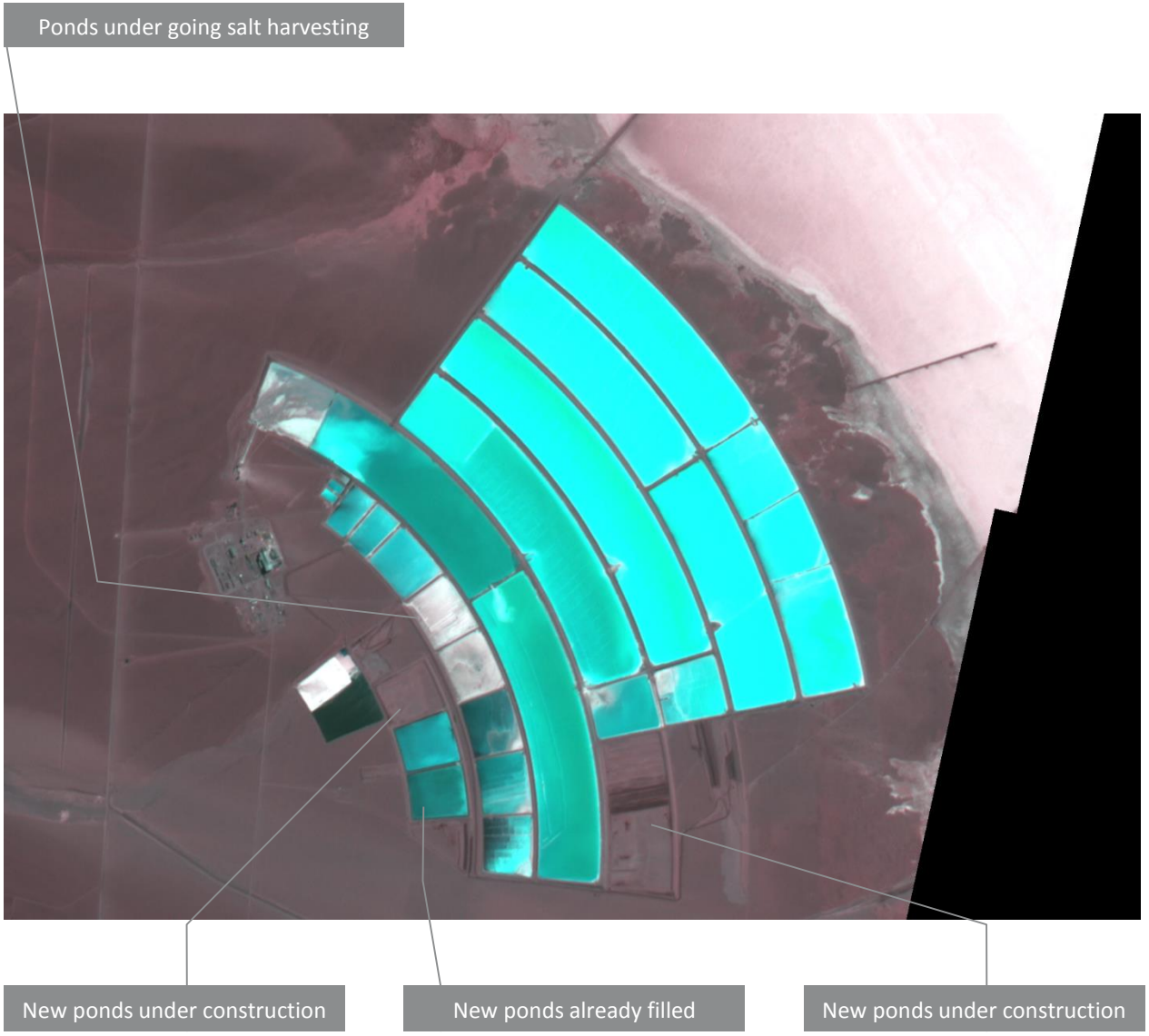
POND CAPACITY GROWING AHEAD OF PRODUCTION

- Total new pond areas of approximately 9km^2, increasing pond system to >13km^2
- Two new ponds have been filled
- A further four ponds are currently under construction

Ponds account for 50% of capital (US$m, 100% Olaroz)

Wells and Ponds	140
Processing	67
Other (including crystallisers)	53
Contingency	25
Total (ex VAT)	**285**



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LITHIUM HYDROXIDE PLANT UPDATE

Orocobre & TTC continue to progress the Lithium Hydroxide Plant which will further enhance Orocobre's strong margins

Lithium Hydroxide market

- Long-term battery grade hydroxide prices (2017-2030) are forecast to maintain a US$2,500 per tonne premium to battery grade carbonate
- Nickel based cathodes (NMC and NCA formats) are forecast to account for ~80% of the total cathodes market by 2025 up from ~33% in 2017
- Naraha will gain first-mover advantage in Japan with no current or announced hydroxide capacity in the country to date
- A shortfall of approximately 80ktpa LCE in hydroxide capacity is currently forecast for 2025
- The size of the nickel-based cathode market is forecast to grow from ~80Gwh in 2017 to 816Gwh by 2025

Update

- The LiOH Plant will process Li_2CO_3 from Olaroz and deliver value-added LiOH to customers agreed between Orocobre and Toyota Tsusho
- Estimated capital cost of US$60-70 million (pre subsidies and financing) for a 10,000 tpa LiOH plant which will deliver premium product at premium pricing
  - Provides product diversification suitable for different battery technologies
  - Ownership to match current Olaroz ownership proportions (excluding JEMSE)
  - Potential for significant margin growth on primary Li_2CO_3 converted to LiOH
- Operating costs estimated to be approximately US$1,500/tonne, down from initial estimate of US$2,500/tonne
- Subsidies of US$27 million have been secured from the Japanese government
- Orocobre and Toyota Tsusho are targeting commissioning during H1 CY2020

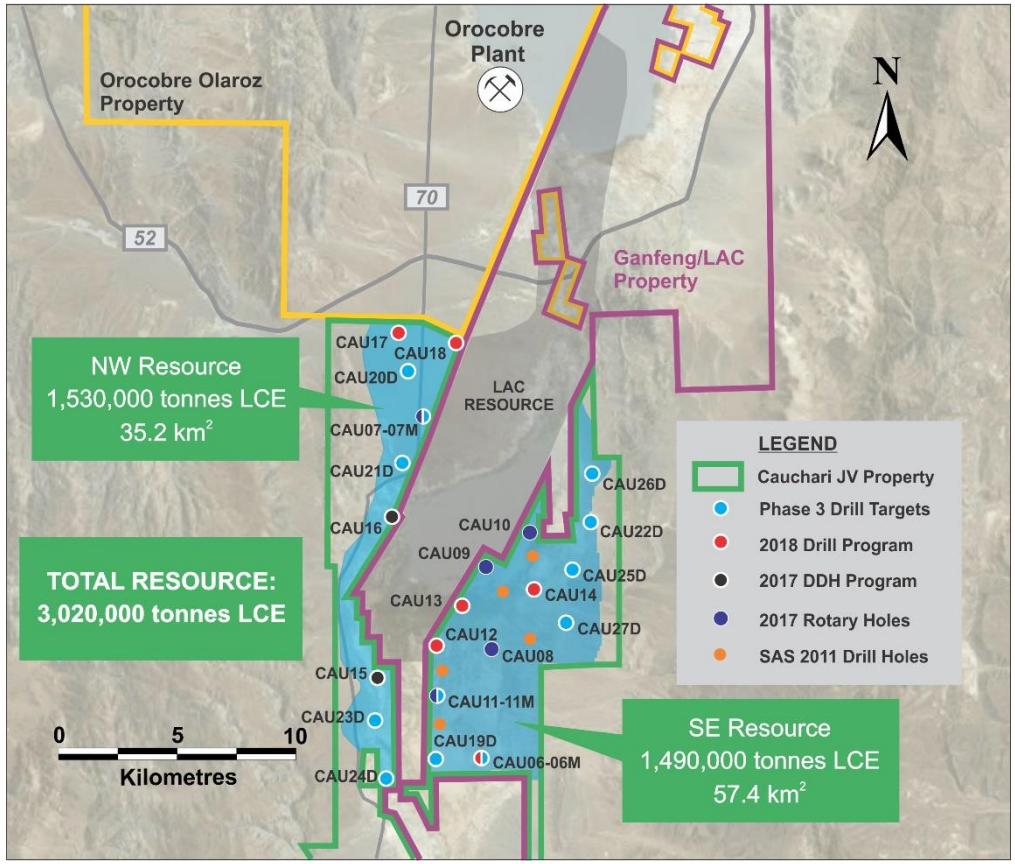
ADVANTAGE LITHIUM / CAUCHARI JV

Advantage Lithium (AAL)

Orocobre hold ~33.5% of AAL issued shares

Cauchari Project (25% ORE, 75% AAL)

- Advantage has released a preliminary study into the technical and economic viability of the project in accordance with Canadian standards*
- +6-fold increase of the **inferred resource to 3.02 Mt LCE** at Cauchari at 450 mg/l Lithium
- The updated resource covers a significantly larger area and extends to greater depths in the NW and SE Sectors
- Significant potential for additional resource expansion at depth
- The brine has excellent chemistry for processing and the Mg/Li ratio averages 2.5, very similar to Orocobre's Olaroz project
- Phase 3 drilling is underway to upgrade this inferred resource and underlying brine to measured and indicated resources for the definitive feasibility study (DFS) scheduled for completion in Q2 2019



* As Inferred resources were the basis of the subject study there is a low level of geological confidence and no certainty that production targets stated in the study will be realised

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BORAX ARGENTINA

BORAX ARGENTINA

- Sales for the full year of US$17.4 million (2017 US$17.2 million)
- EBITDAIX breakeven excluding asset sale (2017: US$1.7 million net loss)
- Production performance improving with lower unit costs and benefiting from recent Peso devaluation
- Impairment of US$8 million reduces carrying value of plant and equipment to nil
- Trading conditions are improving – last four months sales are up 12% yoy
- Significant value exists in the assets and Tincalayu expansion studies are under review regarding a production increase from 30ktpa to 100-120 ktpa borax decahydrate equivalent

MARKETS

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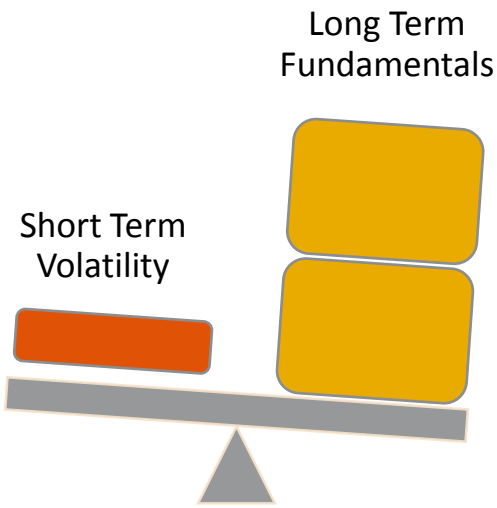
LONG TERM FUNDAMENTALS OUTWEIGH SHORT TERM VOLATILITY

Short-term Factors

1. Frequent shifts in Chinese EV policy
2. Seasonal Chinese production
3. Chinese spot price volatility
4. Inventory levels



Long-term Factors

1. Government Mandates, Quotas & Subsidies
2. Car Manufacturer commitments to grow EV sales, models and share of fleet
3. Battery Capacity Announcements
4. Growing investment in EV charging infrastructure
5. Improving battery technology e.g. lowering cost of battery, increasing range of EV's, increase size of battery
6. Improving Total Cost of Ownership for Drivers
7. Wider range of EV models appealing to consumer tastes
8. Volatility of oil/diesel price vs. long-term improvements in charging technology, speed and availability
9. Broader Environmental Policy e.g. CO2 Emission
10. Accelerating growth in Energy Storage Systems
11. Government initiatives to shift public transport to electrified modes
12. Historical ramp-up profile of supply projects
13. High degree of technical expertise required to achieve sustainable, consistent lithium operations & high quality

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CHINESE SPOT vs CONTRACT PRICES

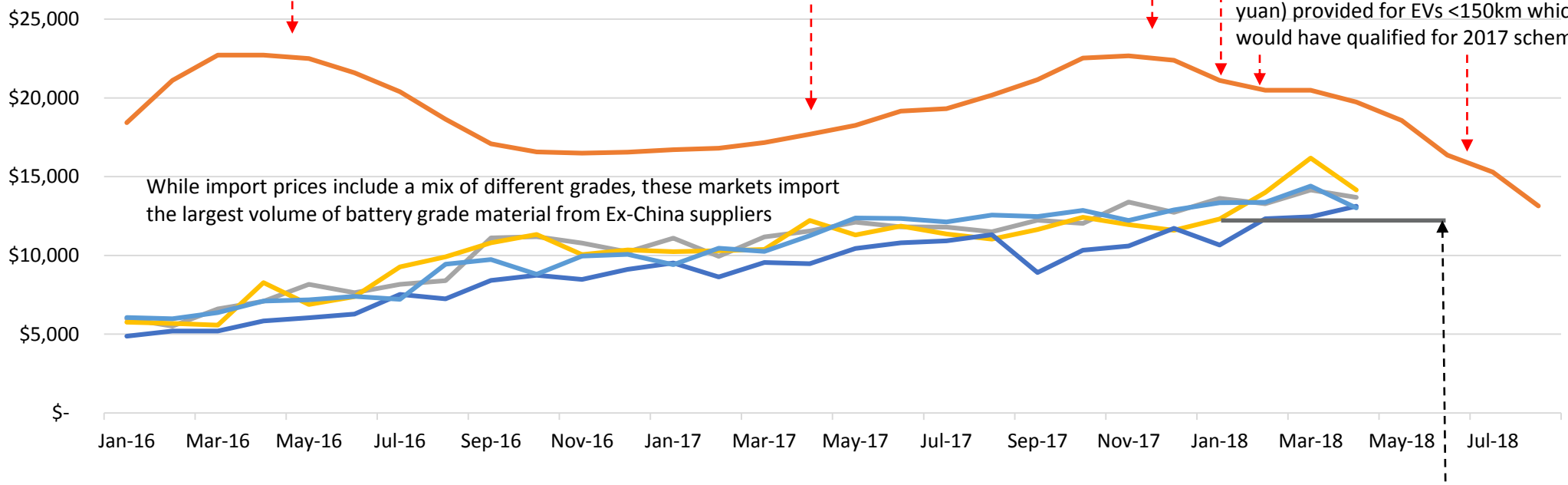
Lithium Carbonate Import Prices of Key Markets CIF (USD/t) & Chinese Lithium Carbonate 'spot' price Delivered Ex-VAT (USD/T)

April 2016: Reports emerge of Chinese car manufacturers fraudulently claiming EV subsidies resulting in the removal of financial incentives.

April 2017 – December 2017: Chinese Govt introduces revised EV subsidy but remains under review.

Jan 2018: New EV subsidies announced supporting a change in battery technology toward higher range & energy density. Minimum range required for subsidy increased from 100km to 150km.

Feb-June 2018: Transition period allowing for 'retooling'. A reduced subsidy of 14,000 yuan (versus 15,000 yuan) provided for EVs <150km which would have qualified for 2017 scheme.



While import prices include a mix of different grades, these markets import the largest volume of battery grade material from Ex-China suppliers

- China 'spot' price 99.5% Lithium Carbonate Delivered USD/t Ex- Vat
- China Lithium Carbonate Import Price USD/t CIF
- Japan Lithium Carbonate Import Price USD/t CIF
- Europe Lithium Carbonate Import Price USD/t CIF
- South Korea Lithium Carbonate Import Price USD/t CIF

Cost to Convert 3rd Party Concentrate – H1'18 Chinese import	**per t**
CIF Purchase Price for Spodumene Concentrate 5.5% grade	US$1,045
Input Cost of Concentrate	US$8,362
Cost to Convert	US$3,000
Cost of Production to LCE per t (Converter Gate)	**US$12,407**

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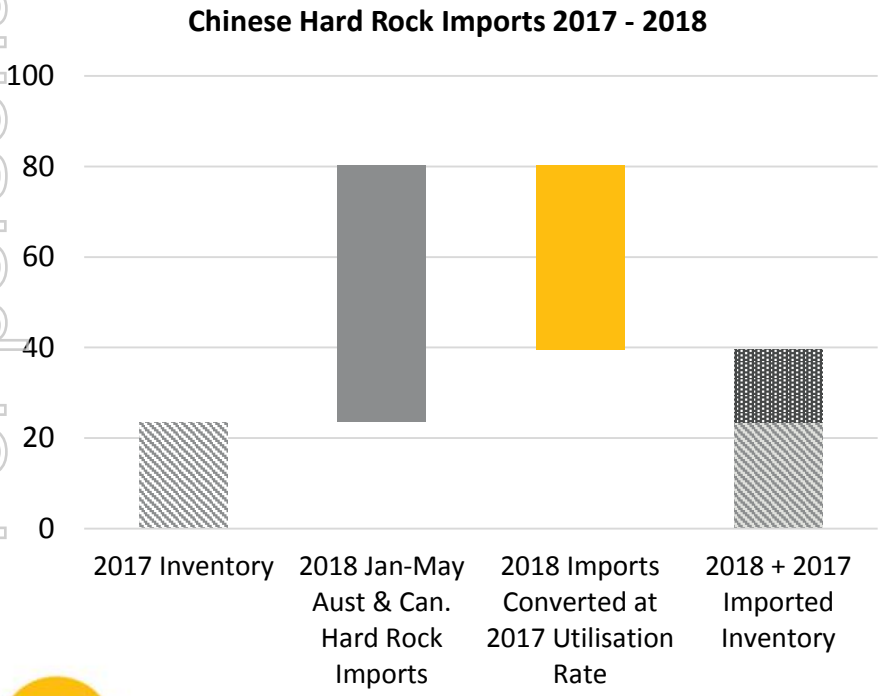
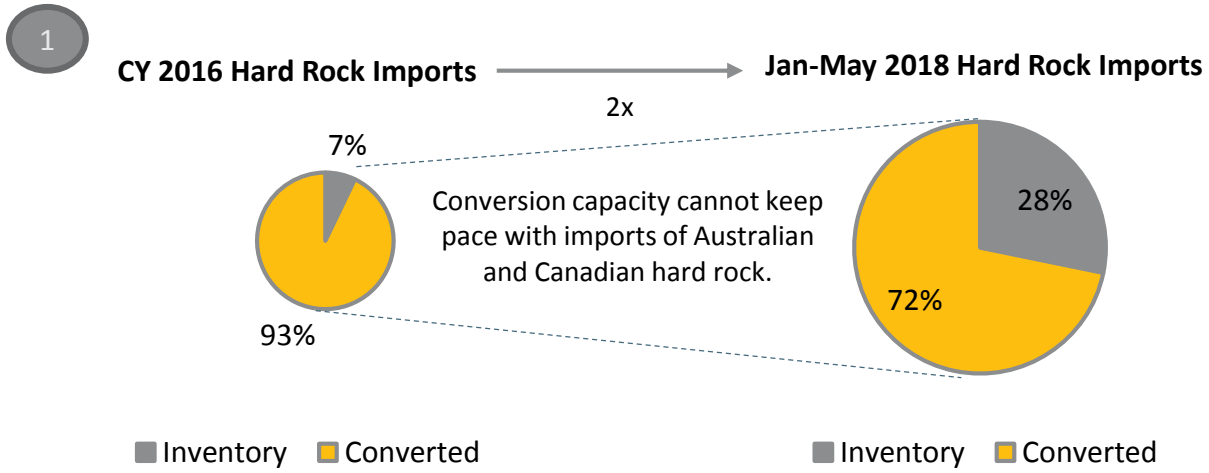
Sources:
1. China spot price – Asian Metals
2. Import prices - GTIS

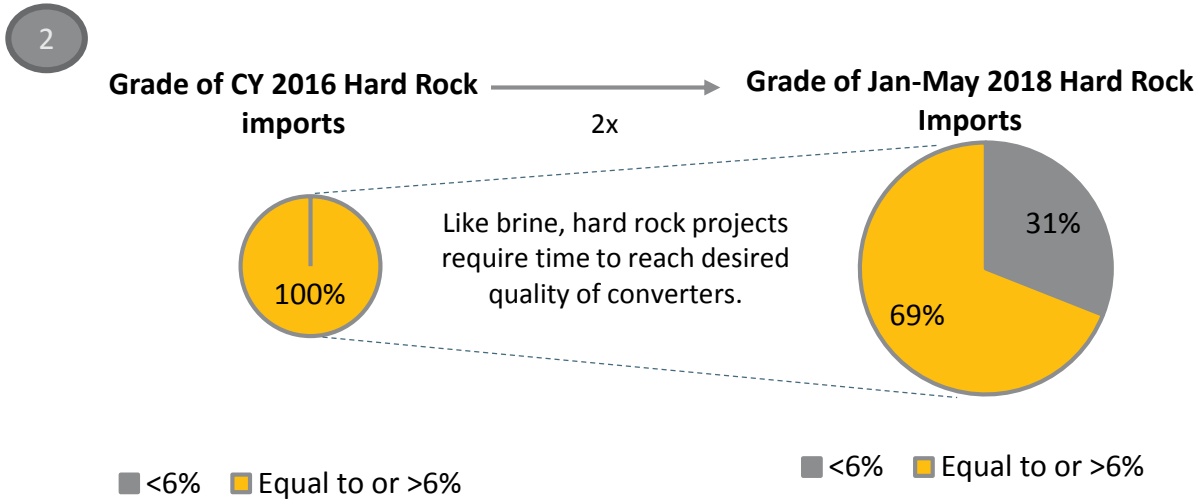
SPODUMENE CONCENTRATE IMPORTS CONTINUE DESPITE THE CONVERSION BOTTLENECK

Key Factors contributing to continued inventory build in China:

1. Misalignment between conversion capacity and ramp up of hard rock projects; and
2. Conversion plants requiring additional time to adjust operations and qualify the converted product from new hard rock supply with different grade to historical imports







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Source: Chinese Customs Data, Australian Port Data

CHINESE SPOT vs CONTRACT PRICES

	Chinese Spot Price	Contract
Term of contract	Single purchase, ~30t lots	Quarterly, Bi-annual, Annual, Up to 10 years
Suppliers	Smaller &/or lower quality Chinese producers, high cost & contaminants e.g. Chinese brine, lepidolite, domestic mineral, Converted new Australian concentrate & DSO	South American producers e.g. ALB, SQM, FMC, ORE; Large Chinese producers e.g. Tianqi, Ganfeng
Primary Customers	Traders, compounders, small converters, small cathode & anode customers, small ceramic & glass	Medium to large cathode & anode customers internationally, large car & battery manufacturers
Est Share ~2016-2018	5-10% of market	90-95%
Seasonality & Key Drivers	Short-term fundamentals. Due to the small size of the Chinese spot market, price is volatile & highly sensitive to short-term changes including inventory levels, weather, environmental policy, China EV policy, plant maintenance.	Long-term fundamentals including Government mandates, Car manufacturer targets, Environmental protection policy.

***Albemarle, Luke Kissim, Q2'18 results**: 'because of our long-term contract strategy, **Chinese spot pricing has no impact on our pricing** and you shouldn't see a correlation. I think this quarter, really, you begin to see that as the Chinese spot pricing is down and our pricing is up year-over-year. So we think that's a validation and we will continue to see that.'*

***FMC, Paul W.Graves, Q2'18 results**: 'I'll keep making the point until I maybe go blue in the face that the **Chinese spot market for carbonate is not a really very useful market**. Even if it is a market to look at, **it carries very little informational content for the overall state of the market** or what customers are looking for with their own contracting strategies. So while I recognize that people pick up on that data, **it's leading everybody down the wrong path as to what the true fundamentals of the market are**.*

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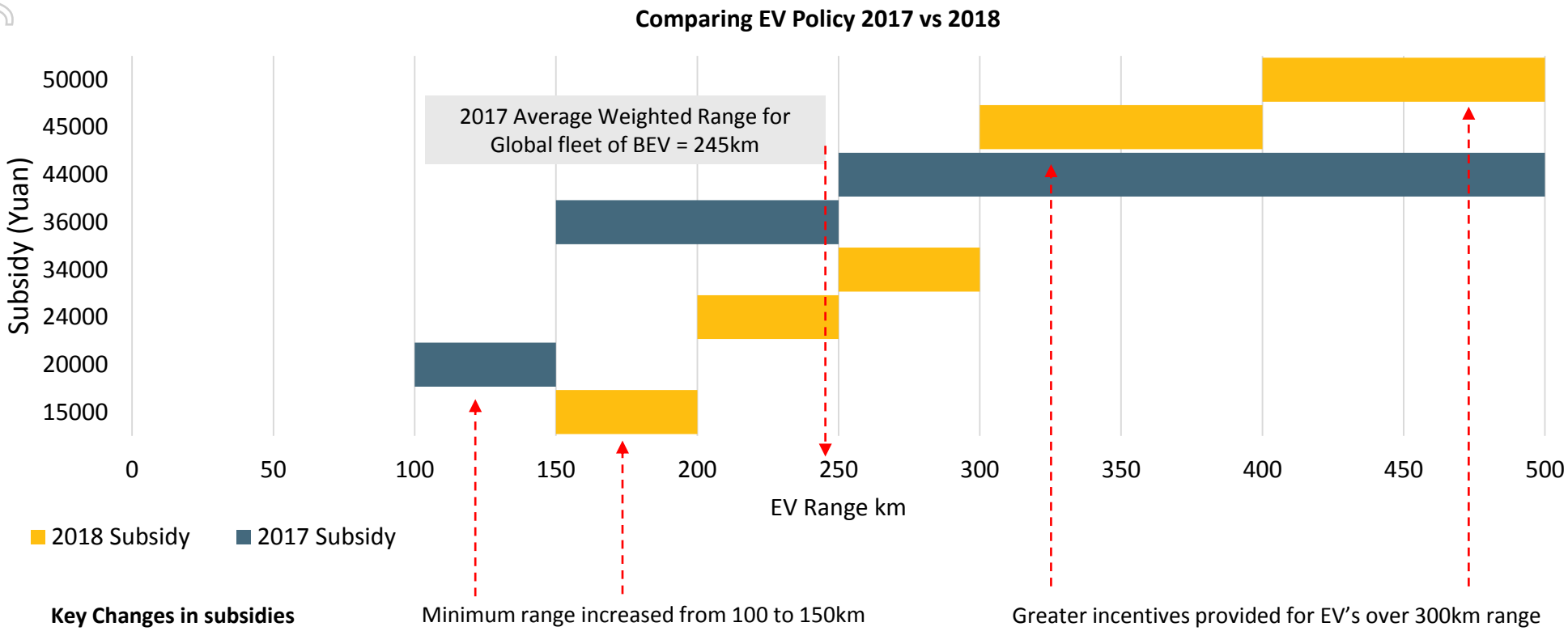
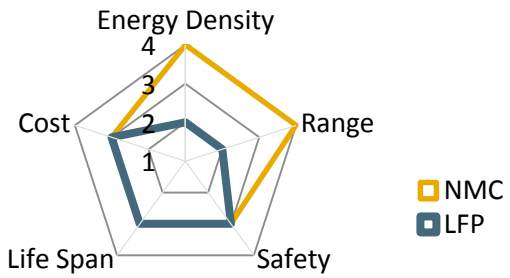
CHINESE EV SUBSIDIES NOW HIGHER FOR LONGER RANGE VEHICLES OF THE FUTURE



Subsidy for per vehicle (Yuan) =
Subsidy standard regarding **range** per charge × **Battery energy density** adjustment factor × vehicle energy consumption adjustment factor.
Subsidy limit for per unit battery energy does not exceed 1,200 yuan/kWh.

2018 subsidy supports nickel based cathodes due to superior energy density and range



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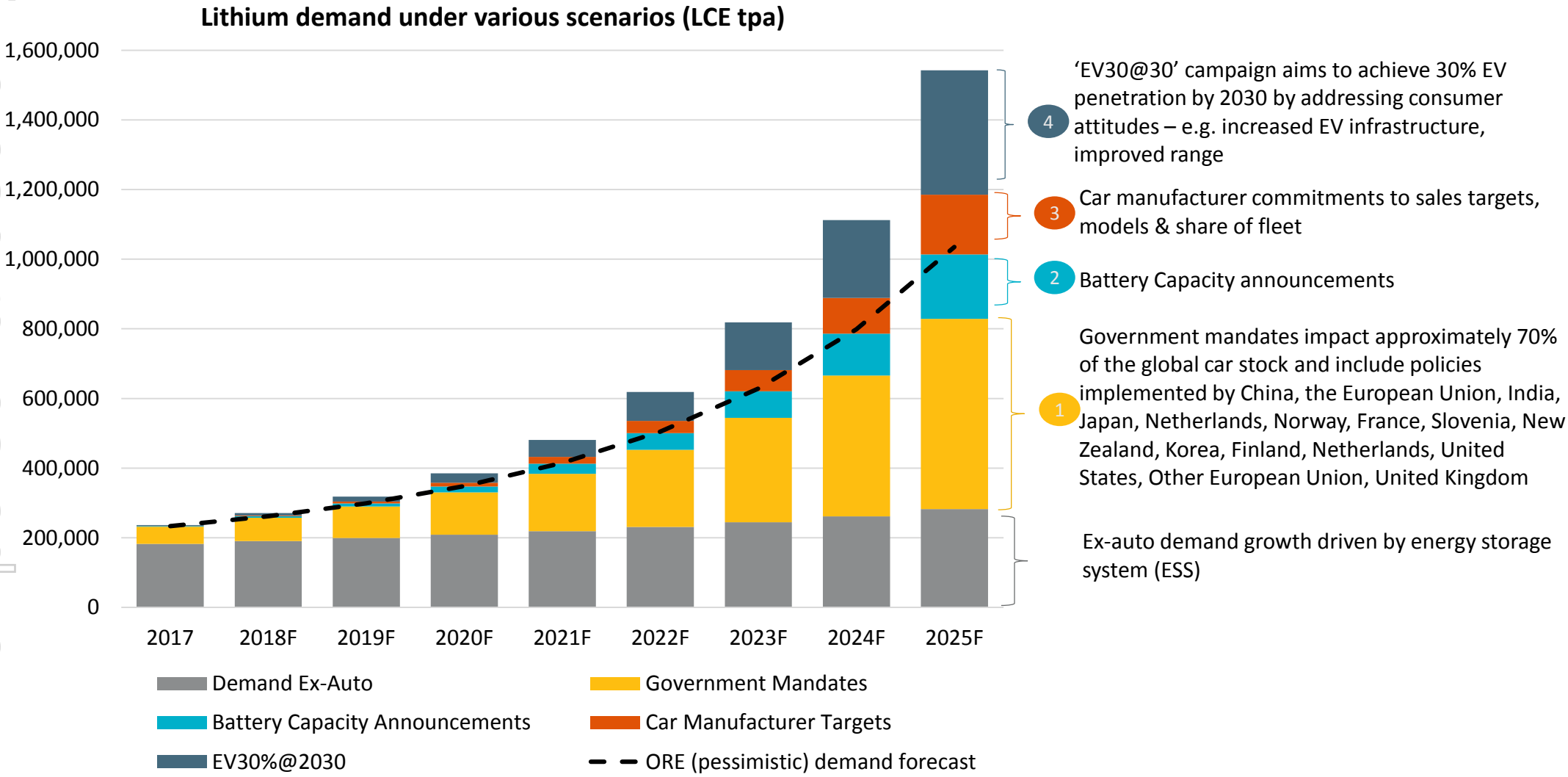
Source: Benchmark Minerals June 2018; Industrial Minerals; Avicienne; International Energy Agency, 'World Energy Investment 2018'

FUTURE LITHIUM DEMAND IS SUPPORTED BY GOVT, BATTERY & CAR MANUFACTURERS PLANS



Source: Benchmark Minerals; International Energy Agency, 'Electric Vehicle Outlook 2018', Company Announcements

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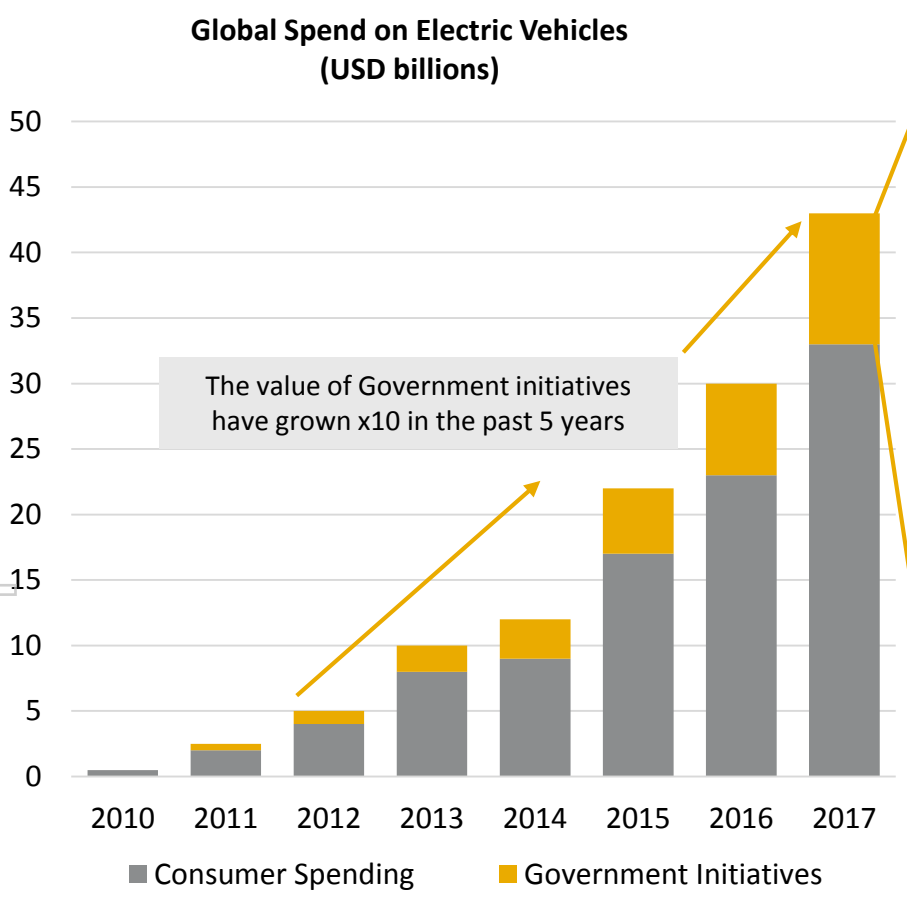
THE VALUE OF CONSUMER-TARGETED GOVERNMENT INITIATIVES HAS GROWN 10 FOLD IN THE PAST 5 YEARS

- Government mandates impact approximately 70% of the global car stock
- In 2017, purchase incentives provided by central and local Governments amounted to USD 10 billion, representing 24% of total spend on electric cars
- Average purchase prices of EV's before subsidies are almost one-quarter lower there than they were five years ago



	Government Targets
China	5 million EV's by 2020
European Union	15% EV sales by 2025 and 30% by 2030
India	30% electric car sales by 2030.
Japan	20-30% electric car sales by 2030
Netherlands	10% electric car market share by 2020
Norway	100% EV sales by 2025
France	Ban sales of ICE cars by 2040
Slovenia	100% EV sales by 2030
New Zealand	64,000 EVs by 2021
Korea	200,000 EVs in passenger EV's by 2020
Finland	250,000 EVs by 2030
Netherlands	10% EV share by 2020
United States	3,300,000 EVs in eight states combined by
Other European Union	5.42 million to 6.27 million electric cars by 2030
United Kingdom	Ban ICE vehicles by 2040

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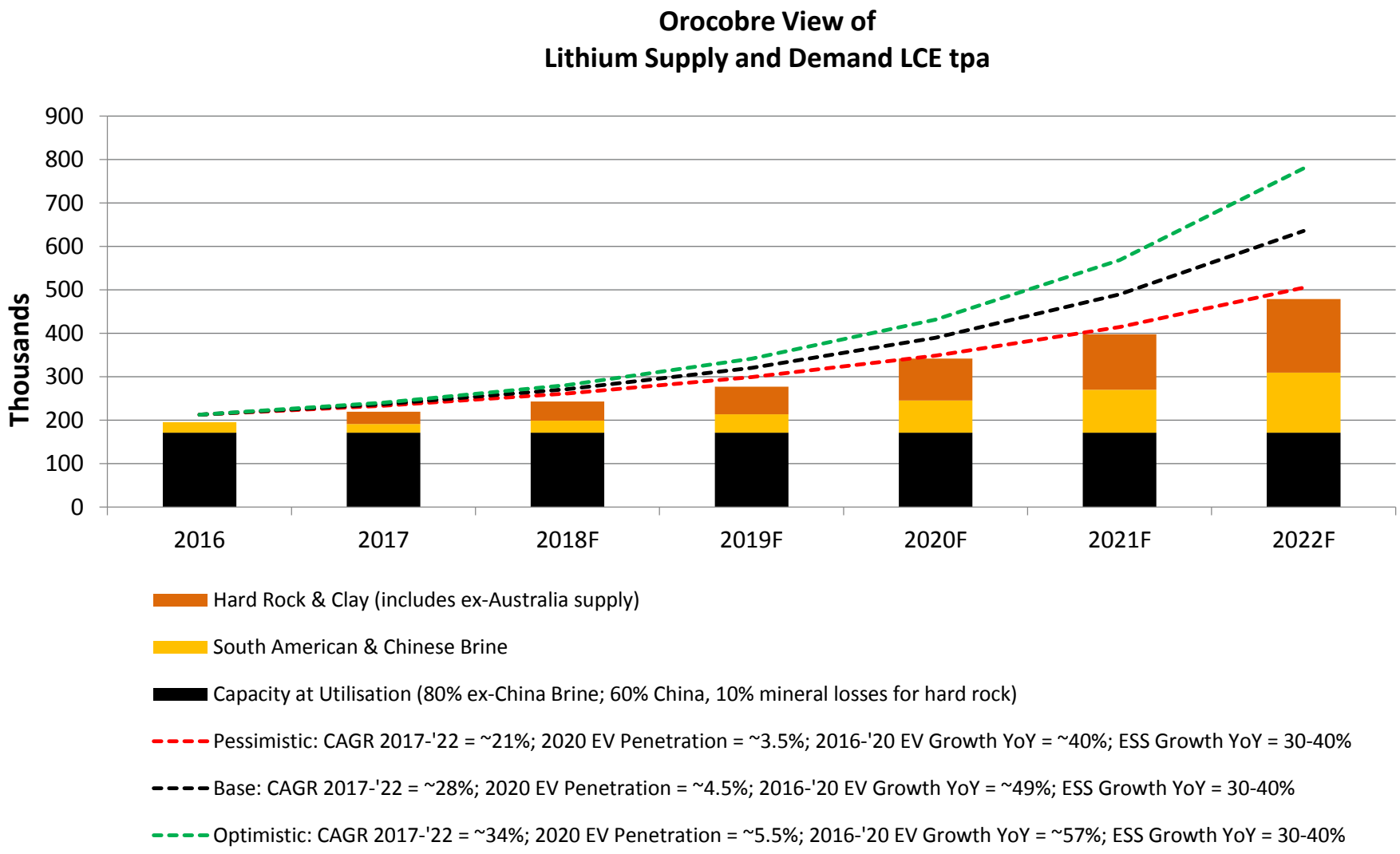
Source: International Energy Agency, 'World Energy Investment 2018'
*Spending is inclusive of sales taxes. Government incentives assigned per model in each year based on national policy documents and include tax incentives and transfers to consumers or manufacturers to reduce purchase prices. Where possible, local incentives are weighted by distribution of national sales. Non-purchase incentives, such as lower road taxes or parking fees, are not included. Averages weighted by sales per model. Ranges converted to Worldwide Harmonised Light Vehicles Test Procedure (WLTP).

STRONG DEMAND & PERSISTENT UNDERSUPPLY



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SUMMARY

Strong position as a low cost, high margin producer with Olaroz EBITDAIX US$94.6M

FY19 production to be higher than FY18

Growth projects fully funded:

- Olaroz expanding to 42,500 tpa, work underway
- 10,000 tpa lithium hydroxide plant to be built in Japan
- FIDs expected shortly

Both projects to be commissioning in 1H 2020

Long term lithium market fundamentals remain strong

Further staged expansions to grow Olaroz production into the future – Stage 3 and beyond

Borax showing improved results with last 4 months sales up 12% yoy

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NON-IFRS MEASURES & DEPRECIATION

NON-IFRS MEASURES

- **EBITDAIX, EBITIX, and EBTIX** are non-IFRS financial information and have not been subject to audit by the Company's external auditor
- **EBITDAIX** is 'Earnings before interest, tax, depreciation, amortisation, impairment and foreign exchange losses/gains'.
- **EBITIX** is 'Earnings before interest, tax impairment, and foreign exchange losses/gains'.
- **EBTIX** is 'Earnings before tax, impairment and foreign exchange losses/gains'. EBITDAIX is used to measure segment performance and have been extracted from Note 25 'Segment Reporting of the annual report.
- **Statutory profit/(loss) is profit/(loss)** after tax attributable to owners of the parent.
- **'Proportional consolidation's** a non-audited accounting method which includes items of income, expense, assets and liabilities in proportion to the company's percentage of participation in the joint venture.

DEPRECIATION

- **Accounting depreciation**
  - Depreciation method: Unit of production
  - Useful life: From 20 to 40 years depending on the asset based on LCE production of 17,500 tonnes per annum
- **Tax depreciation for Olaroz**
  - Infrastructure: Accelerated depreciation over three years of 60%, 20% and 20%
  - Equipment: Accelerated depreciation over three years of 33.3%, 33.3% and 33.3%

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NOTES TO SLIDES

- **ktpa** is thousands of tonnes per annum
- **NCI** is non controlling interest
- **LCE** Lithium Carbonate Equivalent
- **pcp** is previous corresponding period
- **tpa** tonnes per annum

Slide 4

1. EBITDAIX is 'Earnings before interest, tax, depreciation, amortisation, impairment and foreign exchange losses/gains'.
2. 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

Slide 7

- EBITDAIX, EBITX, and EBTX are non audited, non IFRS measures, refer to slide in the appendix
- Proportional consolidation is a non audited presentation of the financial statements for commentary purposes
- "NCI" is the Non Controlling Interest which represents the portion of equity ownership in the Joint Venture not attributable to Orocobre Limited

KEY CHANGES TO TAXATION IN ARGENTINA

- Tax reform published on 29 December 2017 introduced significant changes to the Argentine tax system. Two of the most important changes were the progressive reduction of the corporate income tax rate over a three-year period (from 35% in 2018 down to 25% in 2020), and the introduction of a withholding tax on profit distributions (dividends) to foreign shareholders.
- The withholding tax will be applicable to distributions on profits beginning on 1st January 2018 and the respective rate will be of 7% in 2018-2019 and of 13% from 2020. The withholding tax to the shareholder may be considered as a tax credit against its assessable income in its domicile Country.
- Shareholders from Countries in which Argentina has a Double Taxation Agreement with may access a lower withholding tax rate on dividend distributions if the receiver of the dividend has a certificate of fiscal residence.
- Generally tax losses can be carried forward up to 5 years. Under the mining law this period can be extended based on the generation of taxable income and Fixed Assets useful life.
- Thin capitalization rules: the new regime applies to any related party loan regardless or whether the entities are local or foreign. Tax reform limits the scope of the regime to financial loans, excluding loans used for purchasing goods or services. Interest and related finance costs will be deductible up to 30% of taxable income (before depreciation and finance cost) or a limit to be established by tax authorities (not finalised). Excess of finance costs not deductible during the period may be carried forward up to 5 years taking into account the established limit in the finance cost deduction.
- Withholding taxes.
  - Dividends of 7% in 2018-2019 and 13% from 2020 onwards.
  - Interest generally of 35%. Can be reduced down to 15% in certain instances.
  - Royalties/fees of 35%.

VAT

- Exports are exempt from VAT (tax rate 0% for VAT debits).
- VAT Credits generated through the purchase of raw materials, goods and CAPEX can be recovered through the following alternatives:
  a) compensation with other indirect taxes (e.g., Social Security Contributions, VAT withheld to suppliers);
  b) reimbursement (i.e. 21% of FOB Exports exceeding VAT paid), or
  c) sale to third parties (market discount in the circa of 3% - 3.5%)
- In every lodgement of VAT reimbursement request, the Tax Office will grant a VAT export refund up to the limit of the 21% of the FOB Exports (Exports VAT). The differences between the 21% of FOB and VAT lodged is treated as follows:
  - VAT related to the current month of sales is preferentially claimed before the Total VAT balances related to prior periods carried forward (and the project construction in the case of SDJ)
  - If Exports VAT is in excess of VAT Credit, the difference will be used to claim the outstanding accumulated balance of the VAT Credit;
  - If VAT Credit is in excess to Exports VAT, the difference will be accumulated as a VAT Credit to be recovered in the future with export sales.
- Once the Tax Office issues its approval resolution of the VAT reimbursement, companies can either wait for the payment (estimated 30 to 60 days) or transfer the Exports VAT to companies with a commission. This alternative helps improve cash flow and reduce the exposure to devaluation of balances in ARS.
- The tax reform published on 29 December 2017 makes reference to a mechanism for tax reimbursement originated from investments. VAT credits generated through the purchase, construction, manufacturing, or definitive importation of fixed assets that, after 6 consecutive months which remain outstanding from collection, may be eligible for reimbursement. The tax authorities are yet to enact the methodology for such recovery mechanism at the date of this report.