

ASX / TSX ANNOUNCEMENT

25 June 2020

Olaroz June quarter sales

Orocobre Limited (**ASX: ORE, TSX: ORL**) (**Orocobre or the Company**) advises that following a review of completed and planned sales for the June quarter the total sales volume is expected to be approximately 1,600 tonnes of lithium carbonate. Product pricing is expected to be approximately US\$4,015/tonne FOB¹.

COVID-19 restrictions have limited the ability of both Olaroz and its customers to complete sales during the quarter. While most logistical issues have now been addressed, delivery of product is yet to return to normal as customers delay shipments due to lower production and excess inventory.

Following the phased restart of battery and electric vehicle (EV) production, manufacturers are taking a cautious approach to ramping up operations due to the lack of visibility regarding the economic impact of COVID-19 on consumer purchases of EV and portable electronics. In particular, European auto manufacturers have been impacted with April new car sales down 74% on those in January.

While COVID-19 has added pressure to the well-stocked supply chain in the short-term, the pandemic has delivered accelerated investment in some jurisdictions which will have medium and long-term benefits. European Governments have expressed a clear intention to utilise electric vehicle investment and support as a platform to stimulate their respective economies. Germany has doubled previous incentives and now provides up to 9,000 Euros for purchasing an EV while France, the United Kingdom and other European countries are all implementing specific programs to support the manufacture and use of EV and hybrid vehicles.

In China, subsidisation has grown at the Provincial level delivering a modest improvement in EV sales. Sales could increase further in 2020 with better availability of highly sought-after international brands. In addition, continuing battery cost reductions are likely to be passed on to consumers through lower EV prices.

Despite these growth signals, inventory levels are expected to limit any visible price improvements for some time.

At Olaroz, maintenance scheduled for August will be brought forward to late July/early August. 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 weeks while maintenance tasks are undertaken. Expenditure on parts and equipment is anticipated to be less than US\$1 million.

Olaroz continues to actively manage inventory while sales are reduced and will match production levels to expected shipment volumes.

Safety remains the Company's highest priority and the focus is on the health of workers, their families and those of related communities. All activities are being undertaken within a strict biosecurity protocol and in coordination with the Provincial COVID-19 Emergency Operational Centres.

1. 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 Sales de Jujuy, the joint venture company in Argentina.

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About Orocobre Limited

Orocobre Limited (Orocobre) is a dynamic global lithium carbonate producer and an established producer of boron. Orocobre is dual listed on the Australia and Toronto Stock Exchanges (ASX: ORE), (TSX: ORL). Orocobre's interests include its Olaroz Lithium Facility in Northern Argentina, a material JORC Resource in the adjacent Cauchari Basin and Borax Argentina, an established boron minerals and refined chemicals producer. The Company has commenced an expansion at Olaroz and construction of the Naraha Lithium Hydroxide Plant in Japan. For further information, please visit www.orocobre.com.