

ASX / TSX ANNOUNCEMENT

19 May 2017

VAT and Release of Standby Letters of Credit

Orocobre Limited (ORE:ASX, ORL:TSX) (**Orocobre** or the **Company**) wishes to provide an update on the receipt of VAT and release of additional cash security deposits in Australia which back Sales de Jujuy S.A.'s ("SDJ") Argentine working capital facility.

VAT

Approximately US\$2.7M of additional VAT refunds have recently been received by SDJ.

Approximately US\$19.8M of VAT refunds have been received by SDJ to date taking into account VAT received recently. All VAT claims submitted to Argentine authorities through to, and including January 2017 have now been approved and paid.

Further claims of ~US\$3.5M relating to February and March 2017 have been submitted to the Argentine authorities. The total outstanding VAT balance from project construction yet to be claimed by SDJ stands at ~US\$15.7M on a pre-discounted basis.

Refund amounts in US\$ are quoted as approximate given they are Argentine Peso denominated.

Release of Standby Letters of Credit

SDJ repaid US\$5M of its working capital facility this week resulting in a release of US\$5M held as security for the Standby Letters of Credit which support the SDJ working capital facility. Orocobre's portion of this release is US\$3.6M bringing the total release of cash since 1 January 2017 to US\$14.3M.

The balance of security yet to be released to Orocobre for the Standby Letters of Credit now stands at US\$22.7M and this is expected to be received by December 2017.

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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.

The Company also wholly-owns Borax Argentina, an important regional borate producer.

For further information, please visit www.orocobre.com