OROCOBRE LIMITED
ABN 31 112 589 910

August 21, 2012

TSX / ASX ANNOUNCEMENT

# OROCOBRE ACQUIRES BORAX ARGENTINA S.A.

## Highlights

- Orocobre purchases long established Argentine boron minerals and refined chemicals producer, Borax Argentina S.A., from Rio Tinto PLC entities
- Borax Argentina has extensive operations and provides a platform for targeting future production growth from the significant quantity of mineralisation at three mines and two undeveloped projects at which historical estimates of borates have been made
- Demand for boron products remains strong, both regionally and globally
- Boron minerals and chemicals production compliments Orocobre's core lithium developments with synergies in potential future boron chemicals production from brines at Olaroz and elsewhere
- The purchase aligns with Orocobre's salar focused industrial minerals development strategy, whilst maintaining Jujuy and Salta provinces in Argentina as the areas of activities
- The purchase provides well-established regional operating presence, experience and management skills which will complement existing management

Orocobre Limited ("the Company") (ASX: ORE, TSX: ORL) is pleased to announce that it has acquired Borax Argentina S.A. ("Borax Argentina") from Rio Tinto PLC entities, Rio Tinto Minerals Development Limited and Borax Europe Limited.

## Transaction Overview

Borax Argentina has been in operation for over 50 years, and operates three open pit mines in Tincalayu, Sijes, and Porvenir, concentration plants in Tincalayu, Sijes and Porvenir (currently unused), and refinery facilities in Campo Quijano. Additionally, the deposits at Diablillos and Ratones are essentially undeveloped.

The refinery operations currently produce a variety of boron chemical products, including boric

acid, borax decahydrate, borax pentahydrate, anhydrous borax and boroglas from concentrates and ulexite minerals carted from the mines and concentrators. In addition, the mine and concentrator at Sijes produce mineral concentrates for direct sale. Current production comes from boron mineralisation on which there are historical estimates.

Borax Argentina owns one of only a few important borate deposits globally that are in production. The purchase of Borax Argentina provides an opportunity to acquire this significant quantity of historically estimated boron mineralisation at an attractive valuation.

Borax Argentina has a high profile in Argentina and particularly in Salta province. It has excellent environmental and safety records, and healthy community relations. Borax Argentina has a reputation as a reliable supplier of high quality products and has strong, long-term relationships with many of its key customers, based on a proven track record in successfully meeting South American customers' needs within both the industrial and agricultural sectors.

The acquired business has annual revenue of approximately US$23 million and annual production of approximately 35,000 tonnes of boron based products and mineral concentrates.

The purchase has been made after a two stage due diligence process over a significant period of time and included two extensive site visits and document review. During the process, it was concluded that although Borax Argentina is currently only a relatively small and marginally profitable producer, it is asset rich in terms of mines, plant and human resources and has potential to materially improve performance based on processing recovery improvements and plant utilisation. In addition, the due diligence concluded that there was potential to increase the current operational scale taking advantage of the significant quantity mineralisation described as historical estimates.

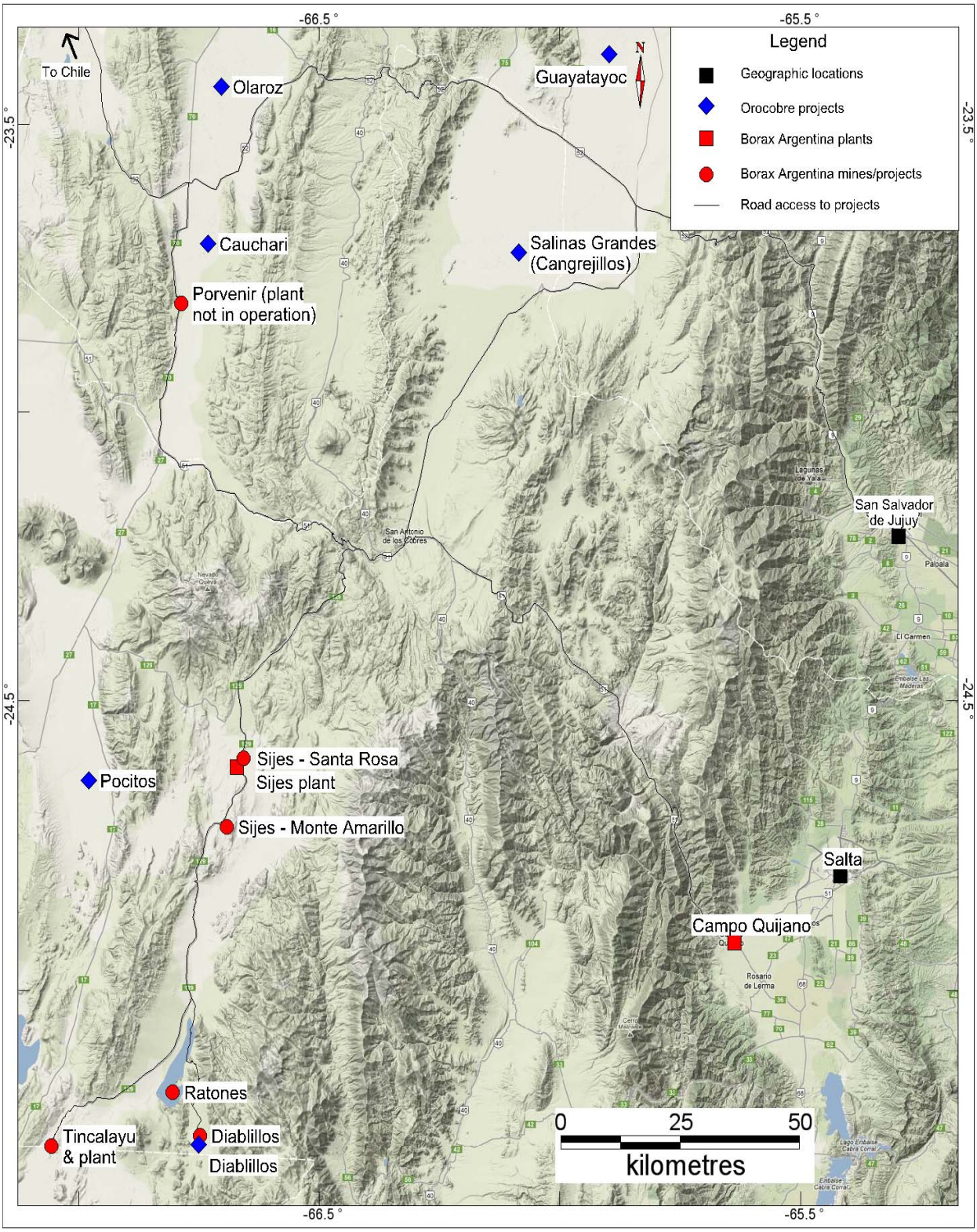
The consideration for the purchase is US$8.5 million of which US$5.5million has been paid with US$1million to be paid annually over the coming three years. The consideration comprises US$3.7 million for all of the issued shares of Borax Argentina and US$4,8 million paid to Borax Europe Ltd, a Rio Tinto PLC company as consideration for the assignment of a loan made by it to Borax Argentina.

Outside the attributes of the assets acquired, the attraction of the purchase for Orocobre is that it provides a growth opportunity within the Company's salar-focussed industrial mineral development strategy. In addition, its operations are within Orocobre's current geographical area of activities and will enhance Orocobre's management capabilities.

## Location and Operations

With the exception of the Porvenir mine which is located in Jujuy, all of Borax Argentina's operations are located in Salta Province in Northern Argentina (fig 1).

**Figure 1: Map of Borax Argentina Operations**




There are two types of deposits, the first in current salars such as Porvenir, Diablillos and Ratones and the second, in paleo-salars such as Sijes and Tincalayu. The mineralisation of the

first type is free digging whilst in the second type ripping and rock breaking is used in certain activities. Neither type of deposit requires blasting.

Details of the tenure held by Borax Argentina is set out in Appendix A. Agreements with third parties affecting the tenure are set out in Appendix B. The tenure on which Borax Argentina operates has been held by the company for a significant period of time. All tenure is fully granted. Pursuant to the provisions of Argentine law granted tenure is not subject to review or relinquishment provided the conditions of grant continue to be met. The company conducted extensive due diligence on the tenure and is satisfied that it is in good standing.

At Tincalayu, tincal mineralisation is mined from an open pit at a rate of approximately 85,000 tonnes per annum and then crushed and concentrated at an adjacent plant. Run of the mine ore is fed into a system including a jaw crusher, mesh sieves and magnetic separation technology to produce a concentrate of tincal. The concentrate is then transported for further processing at the refinery in Campo Quijano, 330 kilometres away, to produce borax decahydrate, borax pentahydrate and anhydrous borax.

Secondary ulexite and other borate minerals are also present at Tincalayu but are not currently being processed.

**Photo: Tincalayu Mine Pit**

**Photo: Tincalayu Concentrating Operations**


At Porvenir in the Salar de Cauchari salar sediment hosted ulexite mineralisation is surface mined at a rate of approximately 30,000 tonnes per annum before drying, screening, concentrating and trucking to Campo Quijano, 230 kms away where it is processed into boric acid.

**Photo: Sijes Operations**


At Sijes (Santa Rosa and Monte Amarillo), hydroboracite and colemanite mineralisation is mined at a rate of approximately 35,000 tonnes per annum from adjacent mining pits prior to being concentrated into a variety of products for agricultural and ceramic frits customers. Processing at the Sijes plant involves a jaw crusher, a cone crusher, a rod mill, sieves and magnetic separation.

Campo Quijano processing assets include a borax plant, a boric acid plant, and three glass furnaces to create a very high grade boron glass, “boroglas”. The borax plant converts tincal to borax products of types previously described. This plant and the glass furnaces currently operate at below design capacity. The boric acid plant began production in 2004 and converts ulexite into boric acid through a chemical reaction with sulphuric acid.

Photos: Campo Quijano Borax and Boric Acid Refining Facility

## Recent Financial Performance of Borax Argentina

For the year ended December 31, 2011, Borax Argentina had annual production of approximately 35,000 tonnes of boron based products and mineral concentrates; revenue of approximately US$23 million; operating profit of approximately US$1.6 million; and net profit after tax of approximately US$0.8 million.

As at December 31, 2011, total assets of the acquired business were approximately US$26.6 million (consisting of approximately US$20.3 million of current assets, and US$6.3 million of non-current assets), and total liabilities were approximately US$16.5 million (consisting of approximately US$8.8 million of current liabilities, and US$7.7 million of non-current liabilities). Non-current liabilities include debt in the amount of approximately $4.8 million that was then owed to Borax Europe Ltd, a Rio Tinto PLC company. As part of this transaction, this loan of US$4.8 million has been novated to Orocobre. Net assets and total equity of the acquired business were approximately $10.1 million at 31 December 2011.

The foregoing numbers (other than production) are based upon the financial statements of Borax Argentina SA for the year ended December 31, 2011. Such financial statements were audited by Deloitte, which issued an unqualified auditor's report in respect of such statements. The financial statements were prepared in accordance with Argentine GAAP, which may have material

differences from IFRS; accordingly, the results could be materially different if prepared in accordance with IFRS, and so the financial statements have not been included in this release and are not being filed in Canada. The financial statements were presented in Argentine pesos, which in this paragraph have been converted into US dollars at an exchange rate of 4.32 peso to the dollar.

## Historical Estimates of Mineralised Material

Prior to 2003, resources were reported by Borax Argentina according to the relevant standards of the time including the JORC code (1999). However, as a result of changing reporting practices by Borax Argentina and changing standards under JORC, the estimates prior to 2003 and any more recent estimates do not satisfy either current JORC or CIM/NI43-101 requirements for the reporting of resources. Consequently they can only be considered as historical estimates.

The overall size and grade of the deposits as described in the historical estimates is material as these deposits have supported operations for many years and are of significant size compared to current rates of mining as previously described. The historical estimates as set out in Table 1 were prepared by Borax Argentina employees or consultants. The dates and authors of the reports containing the original historical estimates are provided as associated foot notes to Table 1. The current aggregate historical estimate, adjusted for mining extraction to October 2011, consists of approximately 17.3 million tonnes of mineralised material in the measured, indicated and inferred categories (pre-JORC and non-National Instrument 43-101 compliant), with various average $B_2O_3$ grades and cut off parameters. These historical estimates were made using the same categories of inferred, indicated and measured that are defined in Section 1.2 of NI 43-101 and the 1999 JORC code. The main types of borates found in these mines are tincal, ulexite, colemanite, hydroboracite and kernite.

The historical estimates for Borax Argentina listed in Table 1 were provided to Orocobre in January 2012 and were reviewed by Orocobre as part of its due diligence process. Although these historical estimates are not in accordance with JORC and NI 43-101, Orocobre considers that they are highly relevant as they were carried out by Borax Argentina, a subsidiary company of Rio Tinto PLC, a company with high technical standards and a long operating history in borate mining in Argentina and the USA.

Geological models used for the historical estimates were developed for the Tincalayu and Sijes deposits in Vulcan (modern resource modelling software), whilst the historical estimates for the shallow tabular salar deposits were based on traditional resource estimation methods suitable for such geometries. Subsequent to the 2006 historical estimate at Tincalayu, Borax Argentina has carried out annual reconciliation of the material mined against the material predicted by the historical models, updating the historical estimates for mining depletion. Periodic reconciliation has also been carried out at the Sijes mining operation. At the Porvenir mine reconciliation of produced ulexite versus production planned from the historical estimates is not carried out, but the historical estimate is reduced when a block within the estimate have been mined out.

As noted above, Borax Argentina's mines and projects do not have reserves or resources in accordance with JORC code or NI 43-101 compliant. However, with regards to the relevance and reliability of the historical estimates, it is understood that the methods of geological assessment would have been considered industry standard, and to have provided a suitable basis for estimating resources, at the time the work was undertaken (both prior to and after the introduction of the JORC code).

It is important to note, however, that a qualified person has not done sufficient work to classify the historical estimates relating to Borax Argentina that are described in this press release as current mineral resources. Accordingly, Orocobre is not treating these historical estimates as current mineral resources. It is uncertain whether following evaluation and/or further exploration any of the historical estimates will ever be able to be reported as mineral resources or ore reserves in accordance with the JORC code or NI 43-101.

Mine planning and production based on these historical estimates has occurred by Borax Argentina over many years and reconciliations of actual production versus planned have been undertaken by Borax Argentina technical staff regularly.

Borax Argentina properties cover borate mineralization in both Consolidated Upper Miocene sediments (at Sijes and Tincalayu) and Quaternary salar/salt lake sediments (Porvenir [Cauchari], Ratones and Diablillos). The Tincalayu and Sijes historical estimates were defined by diamond drilling, with the salar historical estimates defined by test pits. Geological logging of samples was carried out by geologists on the project sites, with drill holes and pits located by surveying or GPS instruments. Samples taken were assayed in the Campo Quijano (Borax Argentina) laboratory for total and soluble B2O3 and in the case of the Quaternary salars Humidity, Chloride, $SO4^{2+}$ and $CO3^{2+}$. Volume and tonnes calculation were undertaken using the practical specific gravity of 1.8 g/cc, corresponding to dry mineralized material.

At Tincalayu the most recent historical estimate in 2006 used 5 x5 m blocks, with a height of 2.5 m; with blocks classified as high grade and low grade (<14% B2O3) mineralisation, soft waste and hard waste. Drilling at Tincalayu was conducted on a 50 m spacing, with areas of 25 and 12.5 m spaced drilling. Drilling by Borax Argentina in 2000/2002 did not define additional mineralisation during regional exploration on the Tincalayu Peninsular, around the Tincalayu mine. Drilling at Sijes (Monte Amarillo) is on an approximately 200 m spacing, in largely flat lying sediments. The historical estimates at both these mines were undertaken using the inverse distance squared method of estimation.

The drilling data and assay data has been produced over many years. The data was collected according to the accepted standards of the time as would be expected from a company within the Rio Tinto group of companies. However, the lack of requirement to internally report formally under JORC and publically report, has potentially resulted in a divergence in some aspects from current expectations in standards. Due diligence showed for example that there may be a potential shortage in independent chemical analyses (check analyses). However, this does not necessarily imply that the estimate of grade is unreliable, as the in-house laboratory has been in

operation for decades and does all of Borax Argentina's mining, processing and product quality analyses. Consequently, it would be reasonable to expect that the chemical analyses for drilling are of a high level of accuracy and the estimate is reasonably reliable.

Orocobre intends to undertake a validation program on the historical estimates, with the objective of bringing some or all of the historical estimates up to the JORC and CIM/NI43-101 resource reporting standards, to the extent possible. The first phase will be a detailed assessment of the current database, drilling and sampling methods, chemical analyses, quality assurance /quality control (QA/QC), assessment of existing cores or stored samples, evaluation of the accuracy with which historical drill holes were located and the reconciliation process used in the mining operations. Given the historical nature of drilling on these projects there may be positional inaccuracies in the location of some of the drill holes and this could impact on the accuracy of the volume and tonnage estimates in the historical estimates. QA/QC sampling and analysis was undertaken as part of the historical estimates; however it was less than Orocobre would generally consider a sufficient amount of samples and lacks external laboratory checks.

The second phase of this program is expected to require some drilling and test pitting, depending on the project. The spacing of drill holes and pits will be defined when the validation evaluation is initiated, with samples to be recovered and logged/photographed on site, with samples being representatively sub-sampled for submission for laboratory analysis. This program may include the use of twinned drill holes and test pits.

The first phase of the validation program is anticipated to commence within the next three months and is expected to last 6 months. The scope of the second phase is currently uncertain but could be in the order of a further 2 years.

A primary and check laboratory will be used for analyses and a Quality Assurance/Quality Control program will be implemented as part of this program, consistent with JORC and NI43-101 standards. Sample points will be located by GPS. During the validation program, the current Tincalayu geological model will be evaluated in detail as pit mapping during mining has shown that the current model oversimplifies mineralisation geometry, resulting in locally poor reconciliations in areas of folding between the model and production; although overall reconciliation is reasonable if not good. In addition, the evaluation will take into account the potential impact on production of an old failure on the western wall of the north pit which is not currently being mined.

The first stage of the validation program is expected to be funded from Borax Argentina's cash flows. The second phase, which is expected to have a significantly greater budget and longer time frame, is also planned to be funded by cash flows but in the event that the scale or timing of the program is beyond the funding capacity of operational cash flows additional funding would be arranged. However, as mine production is currently scheduled from historic estimates and not from ore reserves which comply with JORC or NI43-101 reporting standards that there is a increased level of uncertainty regarding future cash flows. . Funding of the validation program is

not anticipated to materially impact on resources currently devoted to Orocobre's other exploration projects.

**Table 1: Borax Argentina Historical Estimates provided to Orocobre by Borax Argentina on 18/01/12**

| Mine/Project | Material | Historical Estimate | Tonnes | Grade% B2O3 | Tonnes B2O3 |
|---|---|---|---|---|---|
| **Current Soft Rock mines - Geological Models in Vulcan and Reconciliation Carried Out** | | | | | |
| Tincalayu | Tincal | Measured | 1,489,281 | 17.9 | 261,197 |
| | Tincal | Indicated | 385,519 | 14.8 | 58,537 |
| Sijes - Hydroboracite | Hidroboracite | Measured | 3,099,999 | 22.8 | 706,800 |
| Sijes – Colemanite | Colemanite | Inferred | 200,000 | 20.0 | 40,000 |
| Total & averages | | | 5,154,718 | 20.7 | 1,066,533 |
| **Current Ulexite Mine in Salt Lake Sediments - Tabular geological model** | | | | | |
| Porvenir | Ulexite | Measured | 2,417,099 | 20.2 | 487,231 |
| **Undeveloped Ulexite Deposits in Salt Lake Sediments - Tabular geological models** | | | | | |
| Diablillos | Ulexite | Measured | 9,435,732 | 18.8 | 1,772,893 |
| Ratones | Ulexite | Indicated | 364,663 | 18.0 | 65,539 |
| Total & averages | | | 17,372,213 | 18.9 | 3,392,297 |

ASX has granted a waiver to listing Rule 5.6 to allow the Company to report the historical estimates and the reporting is consistent with the guidance contained in the Companies Update 11/07 and 05/04.

Footnotes: The historical estimates are in equivalent categories to those used by the JORC and CIM reporting codes. It is uncertain whether following evaluation and/or further exploration any of the historical estimates will ever be able to be reported as current estimates in accordance with the JORC code or NI 43-101. Cut off grades for mining depend on the deposit and the borate mineral being mined. At Tincalayu the recent cut off grade is approximately 12% B2O3. Note that material mined in 2012 is not accounted for as depletion in the figures above, with approximately 85,000 tonnes at Tincalayu, 35,000 tonnes at Sijes and 30,000 tonnes at Porvenir the estimated production of mineralised material per annum currently. Relevant reports from which the above summary of historical estimates is drawn include the following:

**Tincalayu:**

- July 2006 Estimation for Tincalayu Deposit, Recalculation and 20 years Mining Plan. Roberto Torres & Raúl Gutiérrez; U.S. Borax and Borax Argentina S.A.;
- August 2006. 9 Years Mining Plan based on July 2006 Recalculation, Roberto Torres, U.S. Borax; 2007 – 2012. Subsequent to these estimates Borax Argentina has carried out annual reconciliations of the material mined against the material predicted by the geological model and has thereby updated the historical estimate for mining depletion. The estimate set out in Table 1 reflects these annual reconciliations as of December 2011. These are reported in the annual reports titled Tincalayu Deposit Update & Yearly Mining Plan by Raúl Gutierrez.

**Sijes:**

- July 1998; Borax Argentina S.A.; Environmental and Operational Studies, Phase 1, Initial Geotechnical Appraisal; Knight Piesold Limited, England. Includes a Historical estimates Chapter;
- July 1998; Borax Argentina S.A.; Environmental and operational Studies, Phase 2; Geotechnical Appraisal; Knight Piesold Limited, England;
- May 1999; Borax Argentina S.A.; Hidroboracite Project, Raul Gutierrez Solis; August 1999, Borax Argentina S.A.; Sijes, Monte Amarillo 2 Mine. Historical Estimation, Mine Design & Planning Report. Knight Piesold Limited, England.

**Porvenir:**

- December 2004, Historical Estimation for all Properties in Porvenir mines, Cauchari Salar. Raúl Gutiérrez Solís and Alejandro Carral Reconciliation of produced ulexite versus production planned from the historical estimates is not carried out, but the historical estimate is reduced when a block within the estimate have been mined out..

**Diablillos:**

- December 2008, Historical estimates for all properties granted at Diablillos Salar. Raúl Gutierrez Solis and Eduardo Carral.

**Ratones:**

- The project was acquired by Borax Argentina circa 1987. The previous owners had conducted an estimate of contained mineralised material. This has not been validated by Borax Argentina, who consider the status of this material to be of the indicated category.

In addition to the non-compliant historical estimates described above, there is significant potential for delineating additional mineralisation through future exploration on the extensive portfolio of properties being acquired. Details of these properties are listed in Appendix A.

Orocobre considers that the historical estimates in this announcement have been presented in a manner that is consistent with the guidance contained in ASX's Companies Updates 11-07 and 05/04 and in accordance with NI 43-101.

## Lithium Brine Properties

Borax Argentina also owns the tenure on all or parts of the lithium projects being progressed by other lithium exploration companies, including Lithium Americas Corporation Ltd. (TSX:LAC) at Salar de Cauchari, Rodinia Lithium Ltd. (TSX-V: RM) at Diablillos, and Galaxy Resources Ltd (ASX:GXY) at Sal de Vida, (formerly Lithium One's project). As one of the conditions to extract brines, these companies are required to make payments to Borax Argentina either as fixed annual payments or a royalty related to production. The terms of these agreements are detailed in Appendix B, and summarised in Table 2 below.

**Table 2: Agreements by other lithium companies with Borax Argentina**

| Company | Project Affected | Area of Properties (hectares) | Date of Contract | Type of Contract | Remaining Payments | Royalty Payable on brine extracted | Period of Usofruct (end date of term) | Comments |
|---|---|---|---|---|---|---|---|---|
| **Lithium Americas Corporation** | Cauchari | 4,130 | 9-Sep-09 | 3 yr Exploration right and option to Usufruct | None | None | | Option Exercised |
| **Lithium Americas Corporation** | Cauchari | 4,130 | 19-May-11 | Usufruct | $ 5,800,000 | None | 18-May-41 | $200,000 per annum payable until 18 May 2041 irrespective of production. Remaining period of 28 years and 9 months |
| **Rodinia Lithium** | Diablillos | 2,700 | 14-Jan-10 | 3 yr Exploration right and option to Usufruct | None | n/a | | |
| **Rodinia Lithium** | Diablillos | 2,700 | | Usufruct | None | 1.5% | 40 yrs plus 40 yrs | Can purchase royalty at any time for $1,500,000 |
| **Rodinia Lithium** | Centenario and Ratones | 630 | 14-Jan-10 | Purchase | None | 1.0% | Indefinite | Royalty can purchased by Rodinia for $1,000,000 |
| **Rodinia Lithium** | Los Ratones | 600 | 14-Jan-10 | Purchase | None | 1.0% | Indefinite | Borax Argentina has right to mine borates. Royalty can purchased by Rodinia for $1,000,000 |
| **Galaxy Resources/ Lithium One** | Sal de Vida | 1,100 | 6-Jul-10 | Exploration and Usufruct | None | 1.0% | Indefinite | Royalty can purchased by Galaxy for $1,000,000 |
| **Lithea Inc** | Pozuelos | 2,488 | 14-Jan-10 | Purchase | None | 1.0% | Indefinite | Borax Argentina has right to mine borates. Royalty can purchased by Lithea for $1,000,000 |

## Business Strategy and Opportunity

While the current Borax Argentina business is only marginally profitable, Orocobre considers that the acquisition provides a significant opportunity for the Company and its shareholders.

Firstly, there is significant potential to improve operational performance and utilise current spare capacity in the refined product lines from the Camp Quijano refinery. In addition, due diligence has highlighted the potential for Borax Argentina develop sales of minerals (un-refined products) into the fast growing agricultural markets. Borax Argentina is currently the only company in Rio Tinto Minerals supplying mineral products.

Secondly, Orocobre considers that there is potential to expand the mining and processing capabilities to take advantage of the significant size of the historically estimated borate mineralisation As described above, a validation program is planned on the historic estimates as part of the process to develop this potential.

As part of a smaller company, Borax Argentina has an opportunity to explore new products and markets, and to develop positive new opportunities for customers. Global market demand for boron products continues to grow and South American demand also continues to grow in a wide number of industrial and agri-business applications. Borax Argentina is well-positioned to supply the increasing demands given their capabilities to sell products with varying degrees of mineral processing.

The in-house leadership team at Borax Argentina is comprised of industry veterans with extensive operational expertise in the borate sector and northwest Argentina's Puna region. In addition, former Borax Argentina employees currently working in Orocobre's Sales de Jujuy subsidiary have familiarity and experience with the acquired assets, which should provide for a smooth integration. The amount of US$0.5 million to $1 million of capital expenditure, in addition to Borax Argentina's internally funded budget, may be allocated to improve metallurgical recovery and processing plant efficiency in this current operating year.

It should be noted that the future revenues, production and profit of Borax Argentina cannot at this stage be forecast.

## Synergies with Orocobre's Lithium focus

The acquisition of Borax Argentina is a logical fit with Orocobre's salar-based industrial mineral strategy and primary focus on lithium production. Boric acid is a potentially valuable product to be extracted from brines such as the lithium-potash-boron brines at the Olaroz and Cauchari projects. Borax Argentina's experience as a producer and marketer of boric acid will serve to augment operational and commercial insight related to potential future volumes of boric acid from the Company's brine projects. In addition, with the development of the Olaroz lithium project, substantive infrastructure, including relatively cheap energy from the to be constructed

gas pipeline, would be available close to the Porvenir mine, potentially providing opportunities to develop new strategies for maximising value from this deposit.

Borax Argentina also complements Orocobre's regional project development plans by deepening personnel resources and "know how" in northwest Argentina. This addition provides the Company an enhanced presence in Argentina through a business that has developed a valuable reputation regionally and nationally. The Company values the strong relationships that Borax Argentina has built with local stakeholders, including the Governments of Salta and Jujuy, during more than fifty years operating in the region. Through the combination of Borax Argentina's long experience in the Puna region and Orocobre's salar asset potential, the Company is now well positioned to generate increased shareholder value.

## Borates Market Overview

Boron compounds, primarily borates, is widely used in hundreds of applications and productive processes, but an estimated 80% of all global demand is driven by the glass, ceramics and agricultural sectors in the form of refined borates or boric acid. Borate minerals and chemicals are all actively traded internationally, reflecting the global nature of demand.

World consumption of borates is projected by the U.S. Geological Survey to reach 2.0 million metric tons (B2O3) by 2014 compared with 1.5 million metric tons in 2010. Favourable long-term demand growth forecasts are driven by population growth, increasing demand for insulation, rising agricultural nutrient demands, modern high-tech glass products and coatings (used in computers, LEDs, plasma screens, circuit boards and solar panels), new flame retardant properties in textiles, new applications that enhance efficiency of many industrial manufacturing processes, increasing uses in fungicidal and insecticidal applications, and other newly developed applications.

Currently, the primary geographic market for Borax Argentina is Brazil and to a lesser extent Argentina. Fully dependent on imports for its extensive borates needs, Brazil's economy has been one of the faster growing in the world, a trend that is expected to continue. Borate demand is closely linked with the strength of Brazil's glass, ceramics, construction and agricultural sectors. In addition to the favourable growth trends of the segments currently served by Borax Argentina, Orocobre believes that there are opportunities for Borax Argentina to expand into additional markets and supply additional products.

"This acquisition provides Orocobre with a production asset that is an excellent fit with our salar-focused industrial mineral development strategy" said Richard Seville, Orocobre's CEO and Managing Director. "Borax Argentina has been exploiting these deposits for over 50 years and that provides a solid basis for looking forward with confidence when one considers the significant quantity of mineralisation in the historic estimates. "We are proud to be the new owners of Borax Argentina. It has a long and proud history and Borax Argentina has some fine assets, both physical and human. Our strategy is to make the most of those assets and I am sure

that there are many ideas within the existing organisation of ways we can improve and grow the business in addition to those we developed from our due diligence."

Seville added, "In addition, the proximity of the Borax Argentina operations to our pre-existing brine projects will enable us to leverage the combined Orocobre – Borax Argentina experience, capabilities and relationships to add new growth potential for our company."

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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 a salar focused industrial mineral producer and the leading lithium-potash developer in the lithium and potassium rich Puna region of Argentina. Orocobre completed a definitive feasibility study for its Olaroz Project in 2011 and recently received project development approvals. The company is now finalizing arrangements with strategic partner Toyota Tsusho Corporation and debt facilities with Mizuho Corporate Bank and JOGMEC. Subject to completion of these arrangements, the Company intends to commence construction in 2012, with commercial production following in 2014. For further information, please visit www.orocobre.com.

*The technical information in this announcement is disclosed in accordance with Companies Update 11/07 and 05/04 and has been approved by Murray Brooker of Hydrominex Geoscience. Murray is a geologist, hydrogeologist and Member of the Australian Institute of Geoscientists and an independent consultant to Orocobre. Murray has sufficient relevant experience to qualify as a competent person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and as a "qualified person" under NI 43-101. Murray has not done sufficient work to classify the historical estimates on the properties that are described in this press release as current mineral resources. Accordingly, Orocobre is not treating these historical estimates as current mineral resources. It is uncertain that following evaluation and/or further exploration the historical estimates will ever be able to be reported in accordance with the JORC code or NI 43-101. Mr. Brooker consents to the inclusion in this announcement of this information in the form and context in which it appears.*

***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 relates to the properties and operations of Borax Argentina and of Orocobre and includes, but is not limited to, the estimation and realization of mineral resources and the results of Orocobre's proposed validation program and the funding thereof, the viability, recoverability and processing of any such validated resources, expansion of the projects, growth and optimisation of existing operations (including relocation and/or expansion of the current refining plant), the exploration of new products and markets, global and South American market demand for boron products and the ability of Borax Argentina to meet that demand, the integration of Borax Argentina's operations with those of Orocobre and any synergies relating thereto, production of boric acid from Orocobre's other projects, royalties realized by Borax Argentina from properties held by other lithium development companies, the generation of increased shareholder value and improved financial and operating performance of Orocobre resulting from the acquisition of Borax Argentina, results of the Olaroz feasibility study and the commencement of construction and production at the Olaroz Project and the timing thereof.*

*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 that the historical estimates prepared by Rio Tinto, Borax Argentina and/or their consultants (including the size and grade of such resources) are incorrect in any material respect; general uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; further changes in government regulations, policies or legislation; the possibility that any 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; fluctuations or decreases in commodity prices or market demand; the inherent risks and dangers of mining exploration and operations in general; environmental risks relating to the projects; general risks associated with construction, production, feasibility and continued development of the projects; unexpected capital or operating cost increases; the inability to efficiently integrate the operations of Borax Argentina with those of Orocobre; the risk that the preparation of Borax Argentina's financial statements in accordance with IFRS would result in material and adverse changes to the presentation of its financial position and/or results of operations; breach of any of the contracts through which property rights are held; defects in or challenges to property interests; uninsured hazards; disruptions to supplies or service providers; reliance on key personnel; the loss of any key employees at Borax Argentina; the projects on which Borax Argentina is entitled to royalties or payments from third parties not being developed for production; uncertainty of meeting anticipated program milestones at the Company's projects; as well as those factors disclosed under "Risk Factors" in the Company's Annual Information Form for the year ended June 30, 2012 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 ability of the Company to obtain financing as and when required and on reasonable terms and conditions; the Company's ability to carry on its exploration and development activities, and to continue production at Borax Argentina's properties; the prices of lithium, potash and boron; 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.*

## Appendix A

## Schedule of properties acquired with the purchase of Borax Argentina SA

| Province | Department | Location | Name | Grant Number | Size ha |
|---|---|---|---|---|---|
| Salta | Los Andes | **Tincalayu (Salar Hombre Muerto)** Galaxy Resources Ltd has a contract re brine extraction on mines Alex, Leonor and Fernando | MABEL 3,4 y 5 | 1271-C | 300* |
| | | | ESTELA 1,2 y 3 | 1215-C | 300 |
| | | | ALEX 1 y 2 | 1495-C | 200 |
| | | | LEONOR 3,4 y 5 | 1214-C | 300 |
| | | | EMMA | 1203-C | 54 |
| | | | MARY | 1204-C | 63 |
| | | | BERTA | 1202-C | 54 |
| | | | FERNANDO 1,2 y 3 | 5596-G | 300 |
| | | | PATRICIA | 5435-R | 300 |
| | | | VIRGINIA 1,2 y 3 | 5817-C | 300 |
| | | | DON BENITO 1,2 y 3 | 5818-C | 300 |
| | | | ALEJANDRA 1,2 y 3 | 5819-C | 300 |
| | | | VIVIANA 1,2 y 3 | 8720-B | 300 |
| | | | SUSANA 1,2 y 3 | 8721-B | 300 |
| | | | TANY | 8722-B | 47 |
| | | | DIANA | 13848-B | 100 |
| | | | VALERIO | 17335-B | 274.32 |
| Salta | Los Andes | **Salar Diablillos** Rodinia Lithium Ltd contract regarding brine extraction on all properties | ODIN y THOR | 1182-S | 100 |
| | | | AEGYR | 1176-H | 100 |
| | | | CONSUELO | 1164-W | 100 |
| | | | LA PICHUNGA | 1172-W | 100 |
| | | | SAN FELIPE | 1166-W | 100 |
| | | | SAN MARCELO | 1195-W | 100 |
| | | | LA TOSCA 1 y 2 | 1180-W | 200 |
| | | | SAN JOSE | 1168-W | 100 |
| | | | SANTA ROSA | 1163-W | 100 |
| | | | SAN MIGUEL | 1206-W | 100 |
| | | | SANTIAGO | 1175-W | 100 |
| | | | ESPERANZA | 1167-W | 100 |
| | | | SOL ARGENTINO | 1174-W | 100 |
| | | | SAN PEDRO | 1171-W | 100 |
| | | | SAN PABLO | 1165-W | 100 |
| | | | SAN JUAN | 1171-W | 100 |
| | | | SANTO TOMAS | 1179-W | 100 |
| | | | CORAL | 7021-N | 100 |
| | | | SANTO DOMINGO | 1181-N | 100 |
| | | | LA ENTRERRIANA | 12635-N | 200 |
| | | | SAN MARTIN | 1173-N | 100 |
| | | | SAN JORGE | 1168-N | 100 |
| | | | SAN ANDRES | 1178-N | 100 |
| | | | CHINCHILLAS | 12652 | 200 |

| Province | Department | Location | Name | Grant Number | Size ha |
|---|---|---|---|---|---|
| Salta | Los Andes | Sijes | SANTA ELVIRA | 1216-W | 100 |
| | | | LA PAZ 4 | 1197-C | 100 |
| | | | LA PAZ 3 | 1198-C | 100 |
| | | | LA PAZ 1 y 2 | 1185-G | 200 |
| | | | SANTA ELENA | 1217-W | 99 |
| | | | SANTA ROSA 1 y 2 | 1220-W | 200 |
| | | | ELSA | 1180-W | 94 |
| | | | SIJES | 1168-W | 100 |
| | | | MTE.BLANCO 1,2 y 3 | 1163-W | 294 |
| | | | ESPERANZA 1,2 y 3 | 1230-W | 300 |
| | | | CITA | 1232-W | 100 |
| | | | MTE.AZUL 1,2 Y 3 | 1221-W | 300 |
| | | | INDUSTRIA | 1193-G | 100 |
| | | | MTE.AMARILLO 1,2y3 | 1226-W | 299 |
| | | | RITA 1 y 2 | 1194-G | 200 |
| | | | MTE.VERDE 1,2 y 3 | 1224-W | 300 |
| | | | SORPRESA 1,2 y 3 | 1223-W | 300 |
| | | | MTE.GRIS 1,2 y 3 | 1222-W | 300 |
| | | | MTE.MARRON 1,2 y 3 | 1225-W | 300 |
| | | | PLAYA 1,2 y 3 | 1227-W | 300 |
| | | | MARIDEL 1,2 y 3 | 1229-W | 300 |
| | | | PERICO 1,2 y 3 | 1228-W | 300 |
| | | | ALEJANDRO 1 y 2 | 1233-W | 200 |
| | | | ANITA 1 y 2 | 1231-W | 200 |
| | | | DEM.SIJES | 14801-B | 8 |
| | | | DEM.MTE.BLANCO | 14121-B | 10 |
| | | | ROCA CRISTAL | 5786 | 200 |
| Salta | Los Andes | Salar Pozuelos | SARITA | 1208-L | 194 |
| | | | MARGARITA | 5569 | 300 |
| | | | POZUELO | 4959 | 200 |
| | | | SAN MATEO II | 13171 | 200 |
| | | | SAN MATEO III | 13172 | 200 |
| Salta | Los Andes | Niño Muerto (East of Salinas Grandes) | SAN ESTEBAN | 203 | 100 |
| | | | LA AMERICANA | 265 | 99 |
| | | | SALTA | 48 | 100 |
| | | | SAN JUAN | 54 | 100 |
| | | | NEUQUEN | 68 | 100 |
| | | | SAN FRANCISCO | 204 | 100 |
| | | | WALTERIO | 206 | 100 |

| Province | Department | Location | Name | Grant Number | Size ha |
|---|---|---|---|---|---|
| Jujuy | Susques | **Salar Cauchari** Grupo Minero BOROQUIMICA 90-B-94 Lithium Americas Corporation Ltd contract regarding brine extraction on all properties | MASCOTA | 394-B | 300 |
| | | | UNION | 336-C | 100 |
| | | | JULIA | 347-C | 100 |
| | | | SAENZ PEÑA y DEM. | 354-C | 160 |
| | | | MONTES DE OCA | 340-C | 100 |
| | | | JULIO A. ROCA | 444-P | 100 |
| | | | ELENA | 353-C | 300 |
| | | | EMMA | 350-C | 100 |
| | | | URUGUAY | 89-N | 100 |
| | | | UNO | 345-C | 100 |
| | | | DOS | 344-C | 100 |
| | | | TRES | 343-C | 100 |
| | | | CUATRO | 352-C | 100 |
| | | | CINCO | 351-C | 100 |
| | | | AVELLANEDA | 365-V | 100 |
| | | | BUENOS AIRES | 122-D | 100 |
| | | | MORENO | 221-S | 100 |
| | | | SARMIENTO | 190-R | 100 |
| | | | PORVENIR | 116-D | 100 |
| | | | SAHARA | 117-D | 300 |
| | | | ALICIA | 389-B | 100 |
| | | | SIBERIA | 306-B | 24 |
| | | | CLARISA y DEM. | 402-B | 119 |
| | | | PAULINA | 195-S | 100 |
| | | | INES | 220-S | 100 |
| | | | MARIA ESTHER | 259-M | 100 |
| | | **Salar Cauchari** Lithium Americas Corporation Ltd contract regarding brine extraction on all properties | MARIA CENTRAL | 43-E | 100 |
| | | | ZOILA | 341-C | 100 |
| | | | DELIA | 42-D | 100 |
| | | | GRAZIELLA | 438-G | 100 |
| | | | LINDA | 160-T | 100 |
| | | | MARIA TERESA | 378-C | 100 |
| | | | JUANCITO | 339-C | 100 |
| | | | ARCHIBALD | 377-C | 100 |
| | | **Salar Olaroz** Lithium Americas Corporation Ltd contract regarding brine extraction | SAN NICOLAS | 191-R | 100 |

## Appendix B

## Details of contracts with other lithium exploration companies.

1. **RODINIA – PURCHASE AGREEMENT (Centenario and Ratones).**

***Execution Date:*** 14th January 2010

***Parties*:** BORAX ARGENTINA SA and RODINIA MINERALS INC ("Rodinia") for the sale of the Properties below:

***Properties:***) Marcela – Expte 1246, Maggie Expte 1205, Demasía Maggie Expte 15.927, Añatuya Expte 1238 and El Quevar Expte 1236 .

***Royalty:*** 1% on lithium and potassium, calculated according to Law 24.196 (Mining Investment Law), during exploitation (payable every year) payable to Borax. Rodinia has the right to buy out the royalty by paying USD $1,000,000 at any time.

2. **RODINIA – PUCRHASE AGREEMENT WITH USUFRUCTO RIGHTS (Los Ratones).**

***Execution Date:*** 14th January 2010

***Parties*:** BORAX and RODINIA MINERALS INC ("Rodinia")

***Purpose*:** Purchase agreement with usufruct rights on borates in favor of Borax Argentina.

***Properties:*** Julian II (file 3843) and Ratones (file 62066). (See slice "Los Ratones").

***Usufruct:*** Borax holds a Usufructo granted in its favour to extract borates from the subject properties subject to certain preconditions.

3. **RODINIA – EXPLORATION RIGHT AND USUFRUCTO OPTION (Diablillos).**

***Execution Date:*** 14th January 2010

***Parties*:** BORAX ARGENTINA SA and RODINIA MINERALS INC ("Rodinia")

***Purpose*:** Exclusive right to explore brines during 3 years with free access to the properties (up to January 2013). Option to enter into an Usufructo for 40 years renewable at Rodinia criteria for others 40 years.

***Properties:*** Grupo Minero Diablillos plus ex Norquimica. (See slice "Diablillos").

***Royalty:*** 1,5% on lithium and potassium payable to Borax, calculated according to Law 24.196 (Mining Investment Law), during exploitation (payable every year). Rodinia has the right to buy out the Royalty at any time by paying USD $1,500,000.

***Usufruct:*** Rodinia has the ongoing right post exploration and subject to certain preconditions to extract Lithium Brines..

4. **EXAR EXPLORATION RIGHTS/USUFRUCT (Cauchari)**

***Date:*** 9 September 2009 (Exploration Option). The option was exercised on 19 May 2011 and the payment are being made under the usufruct.

***Parties*:** BORAX ARGENTINA SA and MINERA EXAR S.A. (Lithium Americas Corp) ("Exar")

***Purpose*:** to explore for 3 years the "Grupo Minero Boroquimica" – Cauchari – Jujuy province limited to brine with an option to constitute a usufruct. Borax keeps the right to explore and exploit borates and the ownership of the properties.

***Mining Properties*:** (Grupo Masccota, Grupo Uruguay, Grupo Cinco, Grupo Porvenir, Ex Grupo Minero Mascota – Cauchari Olaroz).

***Royalties:*** BORAX retains a 30 year royalty in consideration of the Usufructo of (US$200,000) per annum to be paid from May 2012. Payments are made irrespective of whether production occurs or not.

***Term of usufruct:*** 30 years until 18 May, 2041.

**5. LITHIUM 1 USUFRUCTO (Tincalayu)**

***Date:*** 6th July 2010

***Parties*:** BORAX and LITHIUM 1. ("Lithium")

***Mining Properties*:** Fernando – Expte 5596-19, ii) Diana – Expte 13.848, iii) Valerio – Expte 17.335, iv) Estela – Expte 1.215, v) Alex – Expte 1.495 .

***Royalty:*** 1% on lithium and potassium, calculated according to Law 24.196 (Mining Investment Law), during exploitation (payable every year). Lithium 1 has the right to buy out the royalty at any time by paying USD $1,000,000. ***Usufructo:*** Lithium 1 has the ongoing right post exploration and subject to certain preconditions to extract Lithium Brines..

**6. LITHEA – PURCHASE AGREEMENT/USUFRUCTO – (Pozuelos).**

***Execution Date:*** 14th January 2010

***Parties*:** BORAX and LITHEA ("Lithea").

***Purpose*:** Purchase Agreement with a free right of Usufructo on borates in favor of Borax for 20 years renewable for other 20 years.

***Properties:*** i) Sarita – Expte 1.208, ii) Pozuelo – Expte 4.959, iii) Margarita – Expte 5.569, iv) San Mateo II – Expte 13.171, v) San Mateo III – Extpe 13.172.

***Royalty:*** 1% on lithium and potassium, calculated according to Law 24.196 (Mining Investment Law), during exploitation (payable every year). Lithea has the right to buy out Borax by paying USD $1,000,000 at any time.

**Usufructo:** Borax holds a Usufructo granted in its favour to extract borates from the subject properties subject to certain preconditions.