

31 August 2011

## **Orocobre reports progress on its flagship Salar de Olaroz Project**

### **Highlights**

- **Due diligence process by Toyota Tsusho and JOGMEC has been completed without material issues arising**
- **Terms of arrangements with Toyota Tsusho expected to be completed in 4Q 2011**
- **Approval received from UGAMP on EIS addenda, updating previously approved EIS with DFS results**
- **Strong local support for project is evident, with Orocobre actively engaged to obtain final provincial government approval**
- **Detailed engineering work continues with SKM**

Orocobre Limited (ASX: ORE) (TSX: ORL) (“Orocobre”, “the Company”) is pleased to provide an update on the Company’s Salar de Olaroz Lithium-Potash project in Jujuy province of north-western Argentina, on which a Feasibility Study for a 16,400 tonnes per annum high purity battery grade lithium carbonate operation was completed earlier in the year.

### **Toyota Tsusho Corporation Agreement**

Since completion of the definitive Feasibility Study (“DFS”) the Company has been actively engaged in finalising arrangements with its strategic partner, Toyota Tsusho Corporation (“Toyota Tsusho”), Japanese state-owned Japan Oil, Gas and Metals National Corporation (“JOGMEC”) and a major Japanese bank.

Toyota Tsusho is arranging debt finance for a minimum 60% of the capital funding requirements for the Olaroz project through a low-cost debt facility to be guaranteed through JOGMEC. The complete documentation of the DFS was provided to Toyota Tsusho on 9<sup>th</sup> June, 2011.

Since then, due diligence on the DFS and the project has been undertaken by Toyota Tsusho’s technical, legal and accounting consultants and also by JOGMEC. The selection of the lender is well advanced and it is expected that the appointee will be mandated shortly. No material issues have arisen in due diligence.

Toyota Tsusho and Orocobre have also been advancing towards finalising the commercial terms of their arrangements including the entry consideration for the 25% equity participation of Toyota Tsusho, joint venture agreement and off-take arrangements. Orocobre has approved Toyota Tsusho's request for an extension of the 90-day timeframe specified in the Term Sheet announced on 18 January 2010 to allow these arrangements to be completed, and the terms for this extension are currently being finalised.

The Company anticipates finalising the terms of its arrangements with Toyota Tsusho early in the fourth quarter of 2011, with Japanese bank and JOGMEC financing to be completed early in the first quarter 2012 subject to completion of the approvals process in Jujuy Province.

### **Approvals Process**

The Company continues to be very actively engaged in the Jujuy provincial government's approvals process that was introduced in March 2011 for projects at exploration or exploitation stages. Orocobre has provided extensive information to the Committee of Experts which was formed to consider the projects and made a number of formal presentations to the Committee.

In addition, the Company has made important progress in Jujuy by building upon a number of pre-established relationships with the local communities, governments and other regulatory bodies.

Orocobre continues to receive strong local support for the Olaroz Project. As previously advised, representatives of the relevant local communities have provided written support of the Olaroz Project to the provincial Minister of Production expressing the strong desire that the project receives all requisite approvals to allow commercial production to commence. Orocobre believes that the approvals process continues to advance favourably and is confident that final approval will be granted within a workable timeframe.

In addition, as previously advised, the Unit of Mining Environmental Management (UGAMP) has approved the addenda to the Environmental Impact Statement (EIS) for the Olaroz Project. The addenda updated the previously approved Environmental Impact Statement with the results of company's recently completed DFS. The addenda also addressed the development of a gas pipeline to support the operation's energy needs. UGAMP is the committee comprising twelve members from various governmental departments, stakeholder groups, and local communities that reviews EIS's for mining projects prior to approval by the Provincial Director on Mines and Energy Resources. It is believed a favourable recommendation from UGAMP bodes well for the recommendation expected soon from the Committee of Experts.

### **Detailed Engineering**

Following the appointment of Sinclair Knight Merz ("SKM") as engineers to undertake the detailed engineering studies, the project engineering team has been assembled and work has commenced. Initial focus has been a review of the implementation plan contained within the DFS to expedite project development once financing and approvals have been concluded.

Orocobre's Managing Director, Richard Seville was very pleased to provide an update of the financing arrangement with Toyota Tsusho and progress with the approvals process.

"We are very pleased with our progress both with our strategic partner, Toyota Tsusho, and with the final approvals process. We are increasingly confident that we will achieve a positive outcome to both of these areas of work within our desired timeframes, and that we will be developing this project by early 2012 as planned." Mr. Seville said."

"The Olaroz Project will deliver widespread benefits to local communities – these benefits and Orocobre's strong local relationships give us confidence that strong local community support will continue to exist for our Project."

"Olaroz is a long term sustainable project with an excellent economic and environmental profile, and with the expected low operating costs, should generate considerable long term benefits for both shareholders and stakeholders alike."

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**About Orocobre Limited**

Orocobre Limited is listed on the Australian Securities Exchange (ASX: ORE) and the Toronto Stock Exchange (TSX: ORL), and is the leading lithium-potash developer in the lithium and potassium rich Puna region of Argentina. For further information, please visit [www.orocobre.com](http://www.orocobre.com).

***Forward Looking Statements.***

*This new release contains forward-looking information within the meaning of applicable Canadian securities legislation. Specifically, this press release contains forward-looking statements relating to the Olaroz Project. The forward looking statements are based on certain key expectations and assumptions made by Orocobre, including assumptions concerning the timing of development, construction, and production from the Salar de Olaroz project, which expectations and assumptions management of Orocobre believes to be reasonable at this time. Although Orocobre believes that the expectations and assumptions on which such forward –looking statements are based are reasonable as of the date of this*

*news release, undue reliance should not be placed on the forward – looking statements and information, as Orocobre can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their nature they involve inherent risks and uncertainties that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including those risks disclosed in the Company’s Annual Information Form for the year ended June 30, 2010 filed at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this news release are made as of the date hereof and Orocobre undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws*