

22 November 2012

## ASX/TSX ANNOUNCEMENT

### **Orocobre Limited Commences Construction of 17,500 Tonnes Per Annum Olaroz Lithium Carbonate Project**

Orocobre Limited (ASX:ORE: TSX:ORL) (“the Company”) is pleased to announce the commencement of construction at its fully-funded Olaroz Lithium Project in northwest Argentina. A groundbreaking celebration was held to celebrate the event. On completion of construction of the US\$229 million lithium project in early 2014, it will be the world’s first large-scale, low cost “greenfield” brine lithium operation to have been built in nearly 20 years and will have a first-phase design production rate of 17,500 tonnes per annum of battery grade lithium carbonate.

The start of construction marks the completion of the various corporate structuring aspects of the Toyota Tsusho Corporation (“TTC”) joint venture, TTC’s subscription for its 25% equity in the joint venture, and the issue of an 8.5% equity interest in the project to Jujuy Energia y Minería Sociedad del Estado (“JEMSE”). Following the previously announced completion of the detailed engineering and governmental approvals process, the project now moves into full-scale construction.



Over the next few weeks, in the normal course of post equity completion, Orocobre expects that the final project debt financing documentation will be executed by the partners on the same attractive terms as previously reported.

## **Background on Funding**

On 17 October, 2012 the Company announced the formation of a joint venture, with TTC becoming a 25% equity participant having facilitated Mizuho Corporate Bank and JOGMEC to provide a comprehensive debt and equity funding package for construction of the Olaroz project. The cornerstones of the financing are an equity investment by TTC of approximately US\$55 million and up to US\$192 million of low-cost project debt. As part of this process, Orocobre entered into an agreement with JEMSE, the mining investment company owned by the provincial Government of Jujuy, whereby JEMSE holds an 8.5% equity interest in the project.

To fund an approximate US\$12 million equity shortfall, and to provide a strong balance sheet to fund its Borax Argentina initiatives and working capital, on 5 November, 2012, Orocobre completed an oversubscribed A\$21 million institutional placement through the issuance of 12.35 million ordinary shares to investors in Australia, Hong Kong, the United Kingdom and the United States at an issue price of A\$1.70 per share. In addition, in order to provide its existing non-institutional investors an opportunity to participate in the share offering on the same terms, the Company is undertaking a Shareholder Purchase Plan capped at A\$5.0 million.

## **Construction**

With the subscription for equity by TTC and the issue of shares to JEMSE, the project construction can commence in earnest. Over the last year, detailed engineering has been completed and the procurement process is well advanced with most construction contracts tendered. The project will be implemented using an EPCM methodology with a high degree of local content.

The first stage of construction involves establishment of water supply, camp construction and associated infrastructure plus production bores, brine pipeline and evaporation ponds. The company will keep shareholders regularly updated as construction progresses.

Managing Director and CEO, Richard Seville commented: "I'm very pleased that we have commenced full-scale construction activity at Olaroz. In an environment where so many projects are facing difficulties, reaching the fully funded construction stage is a major achievement that puts Orocobre on its way to establishing itself as a significant and low operating cost battery grade lithium carbonate supplier to the world. Our commitment to the people and environment of Jujuy will strengthen the community and provide important long-term benefits. Our joint venture partners, Toyota Tsusho and JEMSE, have been instrumental in helping Orocobre reach this important milestone."

Mr. Seville added, "Thanks to our team's advanced preparations, we are able to immediately commence construction. We now turn our full attention to the methodical execution of the construction and commissioning of our operations."

Orocobre's Chairman, James D. Calaway, stated: "The start of construction activity is a major accomplishment for everyone involved with the project. Our valued relationship with Toyota Tsusho began in early 2010, and since then we have worked as genuine partners to ensure that we meet our commitments to the people of Jujuy and to construct a long-term sustainable operation. To be at a point where we are now under construction is very satisfying to all project stakeholders."

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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 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 is building in partnership with Toyota Tsusho Corporation and JEMSE, the first large-scale, "greenfield" brine based lithium plant in nearly 20 years at the Salar de Olaroz. This high-margin project has a planned production rate after ramp up of 17,500 tonnes per annum of battery grade lithium carbonate scheduled to commence in Q2 2014. The Company also wholly-owns Borax Argentina, an important regional borate producer. Orocobre has recently been included in the S&P/ASX 300 Index and was named 2012 Mining Company of the Year by Argentine mining magazine Panorama Minero and the Fundacion para el desarrollo de la Minería Argentina ("Fundamin" or Foundation for Development of Argentina Mining). For further information, please visit [www.orocobre.com](http://www.orocobre.com).

### **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 includes, but is not limited to, the financing of the Olaroz Project, the completion of definitive lending documentation with Mizuho and JOGMEC the provision of required guarantees by TTC and JOGMEC, the commencement and completion of construction at the Olaroz Project and the timing thereof, the commencement of commercial production at the Olaroz Project and the timing thereof, the estimated capital cost of the Olaroz Project, the design production rate for lithium carbonate and potash at the Olaroz Project, the expected brine grade at the Olaroz Project, the expected operating costs at the Olaroz Project and the comparison of such expected costs to expected global operating costs, and the ongoing working relationship between Orocobre and the Province of Jujuy.*

*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 of further changes in government regulations, policies or legislation; the possibility that required concessions may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; the risk that required guarantees will not be provided or that the project financing will otherwise not be completed with Mizuho Corporate Bank and JOGMEC; that further funding may be required, but unavailable, for the ongoing development of the Company’s projects; fluctuations or decreases in commodity prices; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with weather patterns and impact on production rate; risks associated with construction and development of the Olaroz Project; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Project; general risks associated with the feasibility and development of the Olaroz Project; as well as those factors disclosed in the Company’s Annual Information Form for the year ended June 30, 2012 filed at [www.sedar.com](http://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 timely receipt of required approvals and completion of agreements on reasonable terms and conditions; the ability of the Company to obtain financing as and when required and on reasonable terms and conditions; the prices of lithium and potash; 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.*