

Orocobre Limited

ACN 112 589 910

Notice of Annual General Meeting and Explanatory Statement

Annual General Meeting to be held at the Endeavour 2 Room, Christie Conference Centre, Level 1, 320 Adelaide Street, Brisbane, Queensland Australia on 30 November, 2012 commencing at 10.00 am.

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

OROCOBRE LIMITED ACN 112 589 910
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2012 Annual General Meeting of Shareholders of Orocobre Limited (**Company**) will be held at the Endeavour 2 Room, Christie Conference Centre, Level 1, 320 Adelaide Street, Brisbane, Queensland Australia on 30 November, 2012 at 10.00 am (Brisbane time).

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary of Terms as contained in the Explanatory Statement.

ORDINARY BUSINESS:

Accounts

To receive and consider the financial report of the Company and the reports of the Directors and auditor for the year ended 30 June 2012.

To consider, and if thought fit, to pass the following resolution as an advisory only resolution:

1. Directors' Remuneration Report

That the Directors' Remuneration Report for the year ended 30 June 2012 be adopted.

Voting Exclusion

*In accordance with the Corporations Act the Company will disregard any votes cast in relation to this Resolution by or on behalf of the Key Management Personnel (in any capacity), whose remuneration is included in the Remuneration Report (**Excluded Persons**) and closely related parties of an Excluded Person. However, an Excluded Person may cast a vote on the Resolution if that person does so as a proxy appointed in writing that specifies how the proxy is to vote on the Resolution and the vote is not cast on behalf of an Excluded Person. Further details, in relation to the ability of the Chairman to vote on undirected proxies are set out in the Explanatory Statement.*

To consider and if thought fit, to pass, without amendment, the following resolutions as ordinary resolutions:

2. Re-election of Mr John Gibson as a Director

That Mr John Gibson, a Director of the Company, retires by rotation in accordance with the provisions of the Constitution and being eligible for re-election, be re-elected as a Director of the Company.

3. Re-election of Mr Courtney Pratt as a Director

That Mr Courtney Pratt, a Director of the Company, retires by rotation in accordance with the provisions of the Constitution and being eligible for re-election, be re-elected as a Director of the Company.

4. Appointment of Auditor

That pursuant to section 327B(1) of the Corporations Act 2001, Ernst & Young, being qualified and having consented to act under section 328A of the Corporations Act 2001, be appointed as auditor of the Company.

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5. Non-Executive Directors' Remuneration

That for the purposes of clause 12.7 of the Company's Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to Non-Executive Directors be increased from A\$400,000 to A\$600,000 to be paid in accordance with the terms and conditions set out in the Explanatory Statement.

Voting Exclusion

The Company will disregard any votes cast on this resolution by a Director and any of his associates. The Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the Meeting as a proxy for the person who is entitled to vote, in accordance with the directions on the proxy form to vote

6. Approval of the Orocobre Limited Performance Rights and Option Plan

That approval is given for all purposes under the Corporations Act and the Listing Rules of ASX Limited for:

- a) the establishment of an employee incentive plan, to be called the Orocobre Limited Performance Rights and Option Plan ("**Plan**") for the provision of incentives to eligible employees of the company or any related body corporate ("**Participants**");
- b) the grant of performance rights or options, and the subsequent issue or transfer of ordinary shares in the Company, to Participants under the Plan; and
- c) the provision of benefits to those Participants under the Plan.

Voting Exclusion

The Company will disregard any votes cast on this resolution by any person entitled to participate in the employee incentive scheme and any associate of those persons. The Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the Meeting as a proxy for the person who is entitled to vote, in accordance with the directions on the proxy form to vote

7. Grant of performance rights and options to the Managing Director, Mr. Richard Seville November 2012 Long Term Incentive (LTI) Invitation:

That, subject to the passing of Resolution 6, in accordance with Chapter 2E of the Corporations Act 2001 and Listing Rule 10.14 and for all other purposes approval is given for:

- a) Mr. Richard Seville to participate in the Plan with 301,092 options and 140,792 performance rights being issued to him in the 2013 financial year; and
- b) the acquisition by Mr. Richard Seville of those options and performance rights and, in consequence of the vesting and exercise of those options and performance rights, shares in the Company,

in accordance with the Plan Rules (as amended from time to time) described in the Explanatory Statement accompanying this Notice of Meeting.

Voting Exclusion

The Company will disregard any votes cast on this Resolution Mr. Seville or any associate of his. The Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the Meeting as a proxy for the person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

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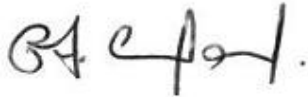
8. Approval of Managing Director termination payment

That, for the purposes of Chapter 2D Division 2 of the Corporations Act and all other purposes, the Shareholders approve the payment by the Company to Mr. Richard Seville of the retirement benefit described in the Explanatory Statement accompanying this Notice of Meeting, when and if Mr. Richard Seville becomes entitled to receive that benefit.

Voting Exclusion

The Company will disregard any votes cast on this Resolution Mr. Seville or any associate of his. The Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the Meeting as a proxy for the person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

By Order of the Board



Paul Crawford
Company Secretary

Dated: 26 October 2012

EXPLANATORY STATEMENT

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Annual Financial Report

The financial report of the Company for the year ended 30 June 2012, comprising the financial statements, notes, Directors' report and auditor's report, is included with this Notice of Annual General Meeting.

Time will be allowed during the meeting for consideration and questions by the Shareholders of the financial report and associated Directors' and auditor's reports.

Resolution 1: Adoption of the Directors' Remuneration Report.

The Corporations Act requires all listed companies to present their remuneration report for each financial year for adoption by Shareholders at the Company's Annual General Meeting. The report can be found as a separately identified "Remuneration Report" within the Directors' Report section of the Company's 2012 Annual Report.

Time will be allowed during the Annual General Meeting for consideration and questions by Shareholders of the Remuneration Report.

The vote on this Resolution is advisory only and does not bind the Directors or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the remuneration report at the meeting when reviewing the Company's remuneration policy.

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at next year's Annual General Meeting (**second AGM**), the Company will be required to put to Shareholders a resolution proposing the calling of an Extraordinary General Meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Extraordinary General Meeting (**Spill Meeting**) within 90 days of the second AGM. All of the Directors who were in office before the second AGM, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company. The Company has not had a meeting where greater than 25% of eligible votes have been cast against adoption of the Remuneration Report.

In the event that you choose to appoint the Chairman as your proxy:

- The Chairman's voting intention is to vote in favour of this Resolution to adopt the Remuneration Report.
- The attached Proxy Form provides that if the Chairman is appointed as proxy, the Chairman is directed to vote in accordance with the voting intention set out above, unless you direct the Chairman to vote in a different manner.
- The Chairman will only vote in accordance with his stated voting intention if the relevant box is ticked.
- If the relevant box is un-ticked the Chairman will not be permitted to vote the relevant shares on the Resolution in relation to the Remuneration Report.
- For all other Resolutions where the Chairman is appointed as proxy, those proxies will remain undirected and may be voted on by the Chairman on that basis.

Resolution 2: Re-election of Mr John Gibson as a Director

Mr Gibson was appointed to the Board of Directors on 1 March, 2010 as a Non-executive Director and is Chairman of the Audit Committee.

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Mr. Gibson, age 55, is a recognised leader in the energy technology and services industry with more than 25 years of global energy experience. Mr. Gibson currently serves as the President and Chief Executive Officer of Tervita Corporation, a major Canadian environmental and oil field services company.

Prior to joining Tervita, Mr Gibson served as Chief Executive Officer of an enterprise software solutions company serving oil and gas industry clients and has held senior positions with the Halliburton Group of Companies, most recently as President of Halliburton's Energy Services Group.

Mr. Gibson serves on the Boards of Directors for Tervita, Blue Spark Energy Inc., and I-Pulse Inc. He is a member of the University of Houston Energy Advisory Committee, and Houston Baptist University Board of Trustees.

Resolution 3: Re-election of Mr Courtney Pratt as a Director

Mr Pratt was appointed to the Board of Directors on 23 March, 2010 as a Non-executive Director and is Chairman of the Remuneration Committee and a member of the Audit Committee.

Mr. Pratt, age 65, is one of Canada's most esteemed business leaders, and has enjoyed a 40-year career at the helm of some of the Canada's top industrial concerns, particularly in the energy, minerals, and mining sectors.

Mr Pratt served as Chairman and Chief Executive Officer of the Toronto Region Research Alliance to March 2010. He is also Chairman of Knightsbridge Human Capital and a director of Moosehead Breweries Limited, 407 International Inc. and CMA Holdings, the physician services arm of the Canadian Medical Association. Mr Pratt was awarded the Order of Canada in January 1999.

Resolution 4: Appointment of Auditor

The resolution seeks shareholder approval to appoint Ernst & Young ("EY") as replacement auditor for Hayes Knight Audit (QLD) Pty Ltd ("Hayes Knight").

This follows a strategic review of the Company's Australian and Argentine external audit services. The Orocobre Group is currently undergoing significant change, with the Argentine based development of the Olaroz Lithium/Potash Project, the ongoing evaluation of other projects and the acquisition of Borax Argentina SA, an existing miner and producer of boron products in Argentina. Following completion of joint venture arrangements with Toyota Tsusho Corporation and project financing, the Group will have significant multinational domiciled entities. The Audit Committee is of the view that the Company now requires an auditor with significant Argentine and mining experience, with an integrated worldwide structure.

EY is a registered company auditor and has previous experience in conducting audits of publicly listed companies operating internationally. EY has consented to the appointment as Auditor pursuant to section 328A of the Corporations Act 2001 in the event this resolution is approved by shareholders at the meeting.

In accordance with section 328B(1) of the Corporations Act, notice in writing nominating EY as auditor has been given to the Company by a shareholder.

The Company's current Auditor, Hayes Knight, has given notice to the Board of its intention to resign and has applied to the Australian Securities & Investments Commission seeking its consent to resign as auditors at this Meeting pursuant to section 329(5) of the Corporations Act 2001. If this resolution is passed, the appointment of EY as the Company's auditor will take effect at the close of the Meeting.

Directors' recommendation

The Directors unanimously recommend that shareholders vote in favour of appointing EY as the Company's Auditor.

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Resolution 5: Non-executive Directors' Remuneration

Resolution 4 seeks Shareholder approval to increase the maximum aggregate remuneration that may be paid to non-executive directors from A\$400,000 to A\$600,000 per annum. This aggregate amount includes superannuation and fees paid as members of Board committees. It has been determined after reviewing similar companies and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

Having regard to the increase in work-load for the independent directors, and ensuring flexibility in planning and structuring Board composition, the proposed fees will enable the Company to appoint and retain Directors with the necessary qualifications and experience to ensure the future growth of the Company.

Resolution 6: Approval of the Orocobre Limited Performance Rights and Option Plan

This resolution seeks Shareholder approval for a new employee incentive plan, being the Orocobre Limited Performance Rights and Option Plan (“**Plan**”). The Plan was introduced following a detailed review of the Company’s executive remuneration strategy.

The aim of the Plan is to align long term incentives for senior executives with the delivery of key performance measures. In particular, the Plan aims to simplify long term incentives and to make them more effective and clearly aligned with the Company’s and Shareholders’ objectives.

The Plan allows the grant of either performance rights (“**Performance Rights**”) or options (“**Options**”) to participants (“**Participants**”). A Performance Right is a right to acquire a Share (being a “**Plan Share**”), subject to the satisfaction of any service and performance conditions set down in the invitation. An Option is a right to acquire a Share (being a “**Plan Share**”), subject to the satisfaction of any service and performance conditions set down in the invitation and on payment of the exercise price specified in the invitation.

To facilitate and manage the issue of both Performance Rights and Options under the Plan, and the subsequent issue of Plan Shares on exercise of both Performance Rights and Options under the Plan, the Company has established the Orocobre Employee Share Scheme Trust (“**Trust**”).

A summary of the rules for the Plan (“**Plan Rules**”) is set out below. The Plan Rules set out the general terms of the Plan. A grant of Plan Shares under the Plan is subject to both the Plan Rules and the terms of the trust deed (“**Trust Deed**”).

In the future, it is proposed that grants of Performance Rights or Options under the Plan will be made annually, following announcement of the Company’s full-year financial results. The Board will have discretion to make grants at other times including on the commencement of employment by a person deemed by the Board to be eligible to participate in the Plan. Any future issues under the Plan to a director will only be made if shareholder approval is received.

Summary of Plan Rules

The following is a summary of the Plan Rules.

Overview

The Plan allows the Company to issue Performance Rights or Options to eligible and invited employees. On satisfaction of any performance and service conditions contained in the invitation to an eligible employee, Performance Rights will be converted to an equivalent number of Plan Shares to be held in the Trust. Options, on satisfaction of any performance and service conditions contained in the invitation to an eligible employee will, on payment of the exercise price, be converted to an equivalent number of Plan Shares to be held in the Trust.

Who is eligible to participate?

Participation in the Plan is by invitation only. That is, only those eligible employees invited by the Board to apply will be able to participate. An employee includes a full or part time employee or director of the Company or any of its related bodies corporate.

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Operation of the Plan

The Plan is designed to provide participating eligible employees with an increased incentive to make a contribution to the long term sustainable performance of the Company.

The grant of Performance Rights or Options to eligible employees (“**Participants**”) entitles Participants to be granted an equivalent number of Shares upon vesting, and in the case of Options, payment of the exercise price. The Company has established a trust for the sole purpose of subscribing for or purchasing, delivering and allocating Plan Shares under the Plan. Accordingly, any Plan Shares will be held by the trustee on trust for the Participant in accordance with the terms of the Trust Deed and the Plan Rules. Participants are entitled to issue a withdrawal notice to the trustee requiring legal title in the Shares to be transferred to the Participant.

Board determination

The terms and conditions of Performance Rights or Options offered or granted under the Plan Rules to each Participant will be determined by the Board and include as a minimum:

- the number of Performance Rights and/or Options;
- the expiry date;
- the exercise price, if any;
- vesting conditions (if any) and/or the forfeiture conditions (if any);
- any disposal restrictions attaching to the Performance Rights, Options or Plan Shares;
- any rights attaching to the Performance Rights, Options or Plan Shares; and

will be set out in the document evidencing the Invitation in the form of an Invitation Letter delivered to the Participant.

Rights and Option entitlements

Participants who hold Performance Rights or Options are not entitled to:

- notice of, or to vote or attend at, a meeting of the members of the Company or holders of Shares; or
- receive any dividends declared by the Company, as a result of solely holding Performance Rights or Options,

until the Performance Rights or Options are exercised and the Trustee holds Shares on behalf of those Participants.

Listing

Unless determined otherwise by the Board in its sole and absolute discretion, Performance Rights and Options issued under the Plan will not be quoted on the ASX.

Consideration for Performance Rights or Options

Participants are not required to pay consideration for the acquisition of Performance Rights or Options granted under the Plan.

Consideration for Plan Shares

Participants are not required to pay consideration for Performance Rights becoming Plan Shares on exercise. Participants are required to pay consideration equal to the exercise cost for Options becoming Plan Shares on exercise.

Performance or vesting conditions

Vesting of Performance Rights or Options under the Plan will be subject to vesting conditions as determined by the Board of ORE and specified in the Participants’ invitations, which will include service and performance conditions, which may vary from offer to offer and Participant to Participant depending on seniority, changing market conditions and changing corporate governance and shareholder expectations.

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Vesting timeframes

If Performance Rights or Options have not lapsed and the performance conditions have been satisfied, Performance Rights will vest in accordance with the timeframes set out in the Participants' invitations. This time frame will usually be a minimum of three years.

Lapsing of Performance Rights or Options

Performance Rights and/or Options will lapse:

- upon the cessation of employment by the Participant;
- if the vesting conditions set down in the Participant's invitation have not been met at the vesting date; or
- the vesting conditions set down in the Participant's invitation have not been met and the Board determines that the vesting conditions cannot be met by the vesting date.

Transfer of Performance Rights or Options

A Participant is not entitled to assign, transfer, sell, encumber, hedge or otherwise deal with a Performance Right or Option except in accordance with the Trust Deed and the Plan Rules.

Rights attaching to Plan Shares acquired on exercise of the Performance Rights or Options, if any

Plan Shares acquired on exercise of the Performance Rights or Options will rank pari passu with all existing Shares from the date of allocation and will be entitled in full to those dividends or other distributions which have a record date for determining entitlements after the date of issue.

Quotation of Performance Rights, Options and Plan Shares acquired on exercise of the Performance Rights and Options

Performance Rights and Options granted under the Plan will not be quoted on the ASX. The Company will make application to the ASX for official quotation of Plan Shares issued on Performance Rights and/or Options becoming vested and being exercised.

Limitation on issue

The maximum number of Performance Rights and Options which may be granted under the Plan must not exceed (assuming all outstanding Performance Rights and Options were exercised), when aggregated with any shares issued during the previous 5 years pursuant to any other employee share scheme operated by the Company, cannot exceed five percent (5%) of the total issued capital of the Company at the time of the grant of the Performance Rights, excluding unregulated offers.

Variation to the Plan Rules

The Board may alter the Plan Rules or their application in accordance with the Listing Rules and the Company's Constitution and otherwise in accordance with the terms of the Plan Rules.

Listing Rules and Equity Issues

A Participant entitled to Options is not entitled to participate in any new issue to existing shareholders of securities in the Company unless it has exercised its Options in accordance with the Plan Rules before the record date for determining entitlements to the new issue of securities and participates as a result of holding Plan Shares.

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Participant entitled to Options (including the number of options to which the Participant is entitled to and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

If there is a pro rata issue of securities by the Company to shareholders (except a bonus issue) the Exercise Price of any Option will be reduced according to the following formula:

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$$O^2 = O - E + \frac{[P - (S + D)]}{N + 1}$$

Where:

- O² = the new Exercise Price of the Option;
- O = the old Exercise Price of the Option;
- E = the number of underlying securities into which 1 Option is exercisable;
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- N = the number of securities with rights or entitlements that must be held to receive a right to 1 new security.

If the Company offers Shares to holders of Shares pro-rata by way of a bonus issue (other than in place of dividends or by way of dividend reinvestment), each Participant will be entitled to participate in any bonus issue which accrues to Plan Shares held by the Trustee on behalf of that Participant.

If the Company makes an entitlement issue, the Company and/or the Trustee will send a notice to a Participant of any rights to be issued by the Company and within 7 days of receiving the notice, the Participant may provide the Company or the Trustee (as determined by the Company) with either:

- written instructions in the form (if any) prescribed by the Board to sell some or all of the rights to the extent permitted by law; or
- written instructions in the form (if any) prescribed by the Board to acquire, to the extent permitted by law, some or all of the Plan Shares to which the rights relate and any relevant payment for acquisition of those rights. Shares acquired pursuant to this clause for the benefit of a Participant will be held by the Trustee on behalf of the Participant and will be subject to the same terms and conditions as the Plan Shares held on behalf of the Participant.

Other information

A copy of the Plan Rules and/or the Trust Deed may be requested from the Company Secretary and are also available from the Company's website (www.rocobre.com.au). No grants under the Plan have been made to date.

Requirements for approval

Shareholder approval of the Plan is sought for all purposes under the Corporations Act and the Listing Rules of the ASX.

ASX Listing Rule 7.1

Listing Rule 7.1 provides a formula that limits the number of equity securities the Company may issue without Shareholder approval to 15% of each class of securities within any 12 month period.

Exception 9 of Listing Rule 7.2 provides that the 15% restriction in Listing Rule 7.1 will not apply to an issue of Performance Rights, Options or Plan Shares issued on exercise of vested Performance Rights or Options under the Plan where the issue of securities under the Plan has been approved by a resolution of Shareholders made during the previous 3 years.

This resolution provides for Shareholder approval for future issues of Plan Shares under the Plan for the purposes of Exception 9 of Listing Rule 7.2. Accordingly, if the resolution is passed, any Shares issued under the Plan will be excluded from the calculation of the maximum number of new securities that can be issued by the Company in any 12 month period (currently 15% of securities previously on issue) for a period of 3 years from the date of this approval. This will give the Board the flexibility to issue Plan Shares on the terms set out in the Plan during the next 3 years.

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Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of the approval of the Orocobre Limited Performance Rights and Option Plan.

Resolution 7: Approval of the November 2012 Long Term Incentive (LTI) Invitation grant of Options and Performance Rights to Mr. Richard Seville, Managing Director.

Approval is sought for the grant of 301,092 Options and 140,792 Performance Rights in the Orocobre Limited Performance Rights and Option Plan (Plan) to Mr. Seville, subject to the terms and conditions of the November 2012 LTI Invitation. Mr Seville is the only person to whom the November 2012 LTI Invitation was addressed.

Terms & Conditions of November 2012 LTI Invitation grant of Options and Performance Rights

Maximum number of Shares

Each vested Option, if any, will on payment of the exercise price, be converted to one ordinary Share on exercise. Each vested Performance Right, if any, will be converted to one ordinary Share on exercise. Accordingly, the maximum number of Shares that may be acquired by Mr. Seville, for which Shareholder approval under this resolution is sought, is 441,884 Shares.

The number of Options and Performance Rights which will vest in accordance with the rules of the Plan and the invitation is dependent on the vesting conditions which can be summarised as follows:

Vesting Conditions

Performance Condition: External Measure in respect of the Options only

Vesting of the Options granted to Mr. Seville will be subject to Orocobre's Total Shareholder Return (TSR) outperforming the S&P ASX 300 Index over the vesting period.

| | Percentile Ranking | Percentage of Options subject to this Performance Condition which may vest |
|--|---------------------------|---|
| ORE TSR over the vesting period will be ranked against the component companies in S&P ASX 300 Index. The Options subject to this Performance Condition will vest based on the ORE TSR percentile ranking achieved in this table. | Below 50th | Nil |
| | ≥ 50th but < 75th | 50% + 2% for each percentile point above the 50 th percentile. |
| | ≥ 75th | 100% |

- The constituent companies in the S&P ASX 300 Index shall be established on the Grant Date and relative TSR performance measured from that date.
- Any companies within the S&P ASX 300 Index at the start date which are delisted as at the vesting date shall be assessed on their relative performance up to the delisting date and their ranking determined at that date.

Any Options which fail to vest on the Vesting Date will immediately lapse. The Board's determination will be final.

Performance Condition: Internal Measure in respect of Performance Rights only

Vesting of the Performance Rights granted to Mr. Seville will be subject to ORE achieving the following internal measures.

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| Number of Performance Rights subject to this Performance Condition which may vest | Performance Condition |
|---|--|
| 105,594 | Complete construction of the Olaroz Project within 10% of the Development Budget as set out in the Shareholder's Agreement dated <Date>; and Achieve satisfaction of the completion tests for the Olaroz Project, as specified in Banking Agreements with Mizuho Banking Corporation by the Vesting Date. |
| 35,198 | Achieve audited Net Profit after Tax of A\$5M or more in the 2015 financial year. |

Any Performance Rights which fail to vest on the Vesting Date will immediately lapse. The Board's determination will be final.

Service

Mr Seville must maintain continuous employment with Orocobre Limited from grant date to Vesting Date.

Vesting of Performance Rights

Any Options or Performance Rights which fail to meet the Service Condition above will lapse immediately, unless the Board determines otherwise.

Any Options or Performance Rights which fail to meet the Performance Conditions above on or before the Vesting Date will lapse immediately.

There will be no retesting.

Vesting Date

The later of 31 August 2015 or the date of release of the of the Company's financial results for the 2014/15 financial year.

Consideration

As Mr. Seville's grant forms part of his LTI remuneration, the Options and Performance Rights will be granted to Mr. Seville at no cost and no amount is payable on vesting of the Performance Rights.

The Options and Performance Rights will be granted under, and subject to, the Plan.

Options and Performance Rights do not carry any dividend or voting rights prior to vesting and exercise.

Exercise

If the vesting conditions for the Options are satisfied, the Options will vest and be available for exercise at any time until the Expiry Date.

If the vesting conditions for the Performance Rights are satisfied, the Performance Rights will vest and be automatically exercised and shares acquired either on-market or via a new issue of shares.

Change of Control

- In the event of a takeover or Change in Control of Orocobre Limited, any unvested Options will vest immediately. Unvested Performance Rights will vest on a pro-rata basis based on the Board's determination of the relative achievement of the performance condition at the time a change of control occurs. The pro-rata period will be calculated from the grant date to the Change of Control date.

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- Options and Performance Rights that vest following a Change of Control will not generally be subject to restrictions on dealings.

Termination of employment

- If Mr. Seville ceases employment before the performance vesting conditions are tested, unless the Board determines otherwise in accordance with Orocobre Limited's "Good" leaver provisions, the Options and Performance Rights will automatically lapse.

Terms and conditions

To the extent not expressly set out above, the terms and conditions of the Performance Rights and Options are governed by the Plan Rules.

Part 2E of the Corporations Act

Part 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of the various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in a general meeting in circumstances where the requirements of Part 2E in relation to the convening of that meeting have been met.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of the public company and any alternate director.

A "financial benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

Should Resolution 7 be passed, then this will confer financial benefits to Mr. Richard Seville, and the Company seeks to obtain member approval in accordance with the requirements of Part 2E of the Corporations Act and for this reason and for all other purposes the following information is provided to Shareholders.

The Related Party to whom Resolution 7 would permit a financial benefit to be given

Mr Richard Seville

The Nature of the Financial Benefit

The nature of the proposed financial benefit to be given is:

- a. the grant of a total of 301,092 Options and 140,792 Performance Rights to Mr Richard Seville;
- b. the Options will only vest if Mr Seville remains in continuous employment with the Company until the later of 31 August 2015 or the date of release of the of the Company's financial results for the 2014/15 financial year;
- c. subject to the vesting conditions, the Options shall be exercisable into fully paid ordinary shares at an Exercise Price of \$2.20 per share exercisable on or before the date that is 5 years from the date of issue; and
- d. the Options and Performance Rights shall be granted for no cash consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of \$662,402.40 in additional share capital would be raised if the Options proposed are exercised in full.

The Options and Performance Rights shall be issued under the terms of the Plan. A summary of those terms is set out in Resolution 6.

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Any other Information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of its Directors except as follows:

Remuneration entitlements

Mr. Seville's remuneration entitlements for the **2013** financial year are as follows:

Total Fixed Remuneration: \$374,000

Short Term Incentive (maximum opportunity): \$280,000

The proposed grant of Options and Performance Rights represents a value (before any discounts) equal to approximately 165% of Mr. Seville's Total Fixed Remuneration (TFR) for the 2013 financial year. This cost annualized amounts approximately \$205,848 (before discount) or approximately 55% of TFR.

Securities held by director

At the date of this notice Mr. Seville currently owns or has a beneficial interest in 4,821,500 shares of the Company. He has no interest in any options over shares in the Company.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Options and Performance rights to Mr Seville is the potentially dilutionary impact on the issued share capital of the Company (in the event that the Options are exercised). Until exercised, the issue of the Options will not impact upon the number of ordinary shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused with the issue of shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriately incentivised terms.

It is also considered that the potential increase of value in the Options and Performance Rights is dependent upon a concomitant increase in the value of the Company generally.

Assessed Value of the grant

The Binomial valuation model divides the time to 2012 LTI Invitation instrument (Options and Performance Rights) expiry into a large number of intervals, or steps. At each interval it calculates that the stock price will move either up or down with a given probability and also by an amount calculated with reference to the stock's volatility, the time to expiry and the risk free interest rate. A binomial distribution of prices for the underlying stock or index is thus produced. At expiry the 2012 LTI Invitation instrument values for each possible stock price are known as they are equal to their intrinsic values. The model then works backwards through each time interval, calculating the value of the instruments at each step. At the point where a dividend is paid (or other capital adjustment made) the model takes this into account. The final step is at the current time and stock price, where the current theoretical fair value of the Option is calculated.

The assumptions used in determining the value of Options and Performance Rights were as follows:

| | | |
|---|-----------|--|
| Date of Effective Valuation: | 12-Oct-12 | |
| Risk-free Rate: | 2.412% | Derived from the 3 Year Commonwealth Treasury Bond Rate on Date of Effective Valuation |
| Standard Deviation (Annualised): | 62.192% | Annualised Standard Deviation, based on the ORE Closing Share Price for the 12 months prior to Date of Effective Valuation |
| Closing Share Price at Effective Date: | \$2.2600 | Closing ORE share price on Date of Effective Valuation |

EXPLANATORY STATEMENT - OROCOBRE LIMITED

| | | |
|--|---|--|
| Exercise Price (Options only): | \$2.20 | As per Invitation (5 day VWAP) (high \$2.24; low \$2.06) |
| Annualised Dividend Rate: | 0.00% | Based on expected dividends as at Date of Effective Valuation |
| Expected Life of Instrument (days): | 1,095 | Based on the period from expected issue date to vesting date 100% of Options subject to TSR Hurdle (as described) |
| Performance Conditions: | Yes | 75% of Performance Rights subject to Olaroz Project Milestones (as described) 25% of Performance Rights subject to NPAT Hurdle (as described) |
| Service Conditions: | Yes | Continuous service until the vesting date |
| Option Pricing Model used: | Binomial Approximation Option Pricing Model | |

No adjustment has been made to the gross value of the Options or Performance Rights to account for the probability of the service or performance conditions being met.

These values are based on variables determined at the date of this notice and is indicative only. The Company will prepare and report a valuation based on actual variables at the date of issue, if approved and granted in accordance with AIFRS-2.

Other Information

- Under Resolution 7, approval is being sought to issue a maximum of 301,092 Options and 140,792 Performance Rights to Mr Richard Seville at an exercise price of \$2.20 per Option.
- The Company will not apply to the ASX for official quotation of the Options and Performance Rights granted under the Plan. Shares issued pursuant to the exercise of Options and Performance Rights will rank equally with Shares then on issue.
- No Options or Performance Rights have been granted under the Plan.
- There is no loan scheme in relation to the Options, Performance Rights or the Plan.
- Mr. Seville is prohibited from hedging the share price exposure in respect of the Options and/or Performance Rights during the vesting period applicable to those Options and Performance Rights.
- If shareholder approval is obtained, it is anticipated that the Options and Performance Rights will be granted to shortly after the meeting. No Options or Performance Rights will be granted pursuant to this approval more than 12 months after the date of the meeting.
- As the Options and Performance Rights are to be issued for no consideration, the Company will not raise any funds from the issue. If any or all of the Options are exercised, the funds raised from the issue of Shares to Mr Seville will contribute to the Company's working capital;

If shareholder approval is obtained, details of the Options and Performance Rights granted to Mr Seville will be provided in the Remuneration Report for the years ended 30 June 2013, 2014, 2015 and 2016.

Directors' recommendation

The Board, excluding Mr. Seville, consider the grant of Options and Performance Rights to Mr. Seville to be appropriate in all the circumstances and unanimously recommend that shareholders vote in favour of the grant.

EXPLANATORY STATEMENT - OROCOBRE LIMITED

Resolution 8: Approval of termination payment to the Managing Director, Mr. Richard Seville

Background

Under section 200B of the Corporations Act, a corporation can only give a person who holds a “managerial or executive office” (as defined in the Corporations Act) a “benefit” (as defined in the Corporations Act) in connection with their retirement from that office or position of employment in the corporation or a “related body corporate” (again as defined in the Corporations Act), if it is approved by shareholders or one of the limited exemptions apply.

In 2009, the Corporations Act was amended in particular to:

- reduce the maximum termination amount without shareholder approval to the average annual base salary over the last three years;
- increase the time period to which the Corporations Act applied to the last three years before retirement; and
- define “benefit” to include early vesting.

The Corporations Act defines “retirement” broadly to include loss of office, resignation and death.

Reasons for shareholder approval

The Company is seeking Shareholder approval, for the purposes of sections 200B and 200E of the Corporations Act, to any “termination benefits” that the Company proposes to provide to Mr. Seville under the Orocobre Limited Performance Rights and Option Plan and under his Executive Services Agreement dated 15 October 2010.

Value of the termination benefits - Employment Agreement

The termination benefits that may be given under the Employment Agreement include permitted dealings with Performance Rights and Option issued to Mr. Seville, following the termination by the Company of Mr. Seville’s employment by written notice (which carries a 12 month notice period applies for “without cause” termination, all of which may be payable in lieu).

The value of the termination benefits that the Board may give under the Employment Agreement is equivalent to up to 12 months of Mr. Seville’s then current salary if the Company elects to make a payment in lieu of the required 12 month notice period following termination, plus any accrued leave entitlements.

Value of the termination benefits – Orocobre Limited Performance Rights and Option Plan (“Plan”)

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. Specifically, the value of the particular benefit will depend on factors such as the Share price at the time of vesting, the exercise price (if any), the number of Performance Rights and/or Options that the Board decides to vest and Mr. Seville’s length of service.

The termination benefit that may be given under the Plan includes the early vesting of Performance Rights and/or Options in certain circumstances of retirement from office. For example, if Mr. Seville ceases to be employed by the Company due to redundancy, retirement, permanent incapacity, death or another reason with the approval of the Board, he may be deemed a “good leaver” in accordance with the Plan Rules. Where Mr. Seville becomes a “good leaver,” all unvested Performance Rights and/or Options will automatically lapse, unless the Board determines in its sole and absolute discretion to allow some or all of those Performance Rights and/or Options to vest, in which case those Performance Rights will be automatically exercised, and Options will be available for Mr. Seville to exercise within 30 days of cessation of employment.

If Mr. Seville becomes a “good leaver” in accordance with the Plan Rules and the Board determines to allow Mr. Seville to exercise some of Mr. Seville’s unvested Performance Rights and/or Options, the Board intends to take into account all relevant factors, including:

EXPLANATORY STATEMENT - OROCOBRE LIMITED

- Mr. Seville's duration of service; and
- Mr. Seville's and the Company's performance, including by reference to the performance conditions described in the Explanatory Statement to the Notice of Annual General Meeting approving any grants under the Plan,

in determining the number of Mr. Seville's unvested Performance Rights and/or Options which will become available for exercise.

Therefore, the specific value of the termination benefits which may become payable under the Plan will depend on factors such as the Share price at the time of vesting, Mr. Seville's length of service and Mr. Seville's and the Company's performance.

Directors' recommendation

The Board, excluding Mr. Seville, unanimously recommends that Shareholders vote in favour of the approval of the termination payment to the Managing Director, Mr. Richard Seville, on the basis set out.

EXPLANATORY STATEMENT - OROCOBRE LIMITED

Glossary of Terms

Unless the context indicates a contrary intention, the following terms and abbreviations used in the Notice and this Explanatory Statement have the following meanings:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and includes any successor body.

Company means Orocobre Limited ACN 112 589 910.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Explanatory Statement means this explanatory statement that accompanies and forms part of the Notice of Meeting.

Key Management Personnel has the meaning given to that term in the Accounting Standards as published by the Australian Accounting Standards Board from time to time.

Listing Rules means the Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Notice of Meeting means the notice of annual general meeting dated 27 October 2011 which this Explanatory Statement accompanies and in which the Resolutions are set out.

Resolution means the resolutions referred to in the Notice of Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of Shares.

10 October 2012

The Directors
Orocobre Limited
Level 1
349 Coronation drive
Milton Qld 4064

Dear Directors,

Pursuant to section 328B(1) of the Corporations Act 2001 (Cth), I, Paul Crawford, being a shareholder of Orocobre Limited, nominate Ernst & Young, for appointment as auditor of the Company at the next annual general meeting of the Company to be held on or about 30 November 2012.

I note that subject to ASIC consent, the office of auditor will become vacant by virtue of the resignation of Hayes Knight Audit (QLD) Pty Ltd from that position.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Crawford', with a small dot at the end.

Paul Crawford

FOR ALL ENQUIRIES CALL:
(within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

FACSIMILE
+61 2 9290 9655

ALL CORRESPONDENCE TO:
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 10:00 am
(Brisbane Time) WEDNESDAY 28th NOVEMBER 2012

TO VOTE ONLINE



STEP 1 : VISIT www.boardroomlimited.com.au/vote/orocobreagm2012

STEP 2: Enter your holding/Investment type

STEP 3: Enter your Reference Number and VAC:



Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

Reference Number:

Please note it is important you keep this confidential

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy
If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at **10:00 am (Brisbane Time) on Friday, 30th November 2012**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged using the reply paid envelope or:

BY MAIL - Share Registry – Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

BY FAX - + 61 2 9290 9655

IN PERSON - Share Registry – Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

Vote online at:

www.boardroomlimited.com.au/vote/orocobreagm2012
or turnover to complete the Form ➔

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Orocobre Limited

STEP 1 - Appointment of Proxy

I/We being a member/s of Orocobre Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X')
 OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of Orocobre Limited to be held at the Endeavour Room, Christie Conference Centre, Level 1, 320 Adelaide Street, Brisbane QLD 4000 on Friday, the 30th of November 2012 at 10:00 am (Brisbane Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of resolutions 1 & 5, please mark this box. *By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. By marking this box I/we acknowledge the Chairman of the Meeting can exercise my/our proxy even though he has an interest in the outcome of the resolution and unless a specific voting direction has been specified below, the Chairman of the Meeting is directed to vote in accordance with his voting intention as set out below.*

The Chair will vote all undirected proxies in favour of resolution 1, and intends to vote all undirected proxies in favour of resolution 5

This proxy is solicited on behalf of management of Orocobre Limited

STEP 2 - Voting directions to your Proxy – please mark to indicate your directions

Ordinary Business

| | For | Against | Abstain* |
|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 Directors' Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 Re-election of Mr John Gibson as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 Re-election of Mr Courtney Pratt as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 Appointment of Auditor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 Non-Executive Directors' Remuneration | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 Approval of the Orocobre Limited Performance Rights and Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 Grant of performance rights and options to the Managing Director, Mr. Richard Seville | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8 Approval of Managing Director termination payment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

In addition to the intentions advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 - PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / / 2012