

18 August 2014

**ASX / TSX ANNOUNCEMENT**

**Construction Update on the Olaroz Lithium Project**

- **Gas fired electricity generation commissioned in July as scheduled and evaporation pond lining is nearing completion.**
- **Start of plant commissioning for the lithium carbonate plant at the end of August, followed by the purification circuit and the drying and micronizing circuits in the period to mid-October. Full automatic operation is expected to be achieved during October.**
- **Construction is approximately 95% complete. A total of US\$221m has been spent or committed and the project is expected to be completed on budget.**



Cladding of the lithium carbonate plant building

Orocobre Limited (ORE:ASX, ORL:TSX) (“Orocobre” or “the Company”) is pleased to advise progress on the construction of its flagship Olaroz Lithium Project. In terms of physical progress the construction program is now approximately 95% complete. A total of approximately US\$221m has been spent or committed via executed contracts in the construction project to date. The project is expected to be completed on budget.

The Company is pleased to report that the gas fired electricity generation plant at Olaroz was commissioned as scheduled in July. The lining of the remaining evaporation ponds is 97% complete and the lithium carbonate plant construction is nearing completion.

In spite of the challenges of windy conditions and the need to assist construction contractors with procurement of their remaining material and component requirements, the Company has to date managed to materially maintain its schedule.

The start of the lithium carbonate plant commissioning is scheduled for the end of August with the primary lithium carbonate plant followed by the commissioning of the purification circuit and the drying and micronizing circuits in the period to mid-October. Full automatic operation is expected to be achieved during October.

### **Construction progress**

- ***Solar Evaporation Pond Liners***

The installation of liners in the final ponds is 97% complete.

- ***Piping and Pumps***

The completion of the assembly of piping and pumps in the pond system is in progress.

- ***Lithium Carbonate Plant***

The lithium carbonate plant is currently in the process of having the stainless steel pipework installed and external cladding fitted, which signals the plant is nearing completion. The installation of tanks continues and the assembly of “Reactor A” has been completed. In regard to auxiliary services, the civil works and mounts in the compressor room have been completed, assembly of compressors and filters is in progress, the boiler room is complete and the mounting of internal tanks, boilers and pipework are in progress. The structure for mounting the Bepex micronizing unit is close to completion.

- ***General Utilities***

The gas branch line connection from Gas Atacama was completed and commissioned in April as planned. The installation of gas generation equipment for the production of electricity began in May with the commencement of the installation of the internal network.

A key milestone was achieved with the commissioning of the gas generation plant in July as scheduled.

- **Liming Plant:**

The liming plant was switched to full automatic operation in May and continues to operate in line with expectations.



CO<sub>2</sub> tanks



Dense soda ash hopper



Evaporation pond filling



Brine transfer pumping station



Transformer and brine pumping station



Belt filter unpacked and ready for installation

More images are available on our web page [www.orocobre.com](http://www.orocobre.com) under "Gallery".

The Company continues to follow the “Jujuy First” strategy to successfully work with suppliers and the employment bureau to focus on the hiring of local people from the communities of Olaroz, Huancar, Puesto Sey, Pastos Chicos, Catua, Susques, Jama, El Toro, Coranzulí, San Juan and Abrapampa. The project implementation is through EPCM (Engineering, Procurement and Construction Management) with a high proportion of local involvement through construction and supply contracts and local employment. The community and shared value policy “Jujuy First” continues to be a key success factor, training local people under the supervision of high quality experienced professionals.

The Olaroz lithium project is being developed by Orocobre (66.5%) with partners Toyota Tsusho Corporation (“TTC”) (25%) and the Jujuy Province mining and energy company, JEMSE (8.5%) with a construction budget of US\$229m including contingency.

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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 the first large-scale, “greenfield” brine based lithium project in 20 years at its flagship Salar de Olaroz resource, with planned production of 17,500 tonnes per annum of low-cost battery grade lithium carbonate. The start of the lithium carbonate plant commissioning is scheduled for the end of August 2014. The Company also wholly-owns Borax Argentina, an important regional borate producer. Orocobre is 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 may include, but is not limited to, the draw down of finance for the Olaroz Project, the 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 cost of construction relative to 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 the conditions precedent to draw down the project financing with Mizuho Corporate Bank will not be met; 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 Report for the year ended June 30, 2013 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, potash and borates; 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.*