

29 May 2013

**ASX / TSX ANNOUNCEMENT**

**Orocobre provides Olaroz Lithium Project Construction Update**

Orocobre Limited (ORE:ASX, ORL:TSX) (“Orocobre” or “the Company”) is pleased to provide a progress report on the construction of the Company’s flagship Olaroz lithium project.

The construction of the Olaroz lithium project continues to progress on time and within budget.



***Over the past month the following tasks have been completed:***

- Liming plant ground works and foundations.
- Raw water pipeline.
- Road and platforms on the salar.

***The following tasks are in progress or commenced in May:***

- Foundations and metal structure fabrication for process plant buildings, soda ash warehouse, finished product warehouse and maintenance facilities.

- Raw water pumping station – Electrical control room installation.
- Preparation for overhead power line construction in Area 4000-7000-8000.
- Ground work and concrete foundations of water treatment plant.
- Waste water treatment plant 2nd stage.
- Mechanical erection of liming plant.
- Brine Wells - drilling.
- Brine pipeline - installation.
- Site surveillance - access control.
- Evaporation pond construction.
- Vegetation removal and manual site clearance.
- Ground work and concrete foundations for liming plant.
- Liming plant structure - fabrication.
- Ground work and concrete foundations for water plant.
- Water plant tank construction.
- Gas pipeline construction.
- Definitive camp (supply and erection).
- Definitive camp infrastructure construction.
- Overflow channel construction.
- Concrete supply on site.
- Camp infrastructure (Sewage, water and power lines).

***The following tasks are scheduled to begin in June and July:***

- Construction of process buildings (main building, soda ash and end product storage).
- Liner installation at evaporation ponds.
- Construction of reinforced earth gabions for transfer pumps foundations.
- Construction of overhead power line – LMT Area 4000-7300-8000.
- Construction of warehouse and maintenance workshop building.

Approximately \$101m of the US\$229m capital budget has been committed or spent (up from \$87m last month) and all major contracts awarded to this point remain on, or under, budget. The process of tendering and awarding contracts is on schedule.

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 engagement of the community also extends to the provision of health services and programs to encourage the continued education of young people.

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 unique community and shared value policy continues as a key success factor, training local people with supervision by 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. The project is fully funded with up to US\$275m of funding available via US\$82.8m of equity funding from TTC and Orocobre and US\$192m of project finance from Mizuho Corporate Bank. First production is scheduled for the end of the second quarter, 2014.

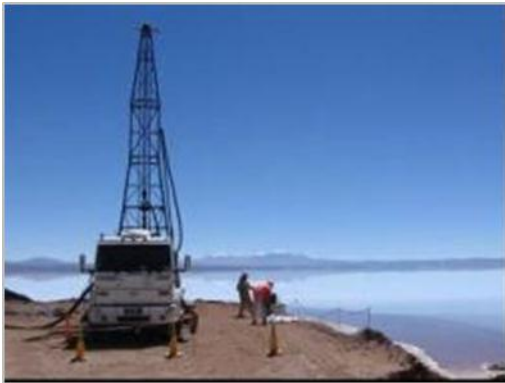
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Drilling at piezometric control well PZ2 (North)



Drilling at production well P11



Pipe laying for brine transfer from the wells to the evaporation ponds





Construction of pond 1A



Excavation of pond 8A



4B-evaporation pond compaction of embankments



Evaporation pond 4B – Final Compaction





Completed evaporation pond - 4B



Foundation of tanks and reactors



Foundation - Lime Silo



Assembly of the aqueduct pipe



Assembly of the gas pipeline



Dining module



Office module



Dining and Bedroom module



Dining Room

*More images.....*













Continuing to make progress, on time and within budget



### **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 projected production of 17,500 tonnes per annum of low-cost 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 Mineria 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 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.*