

2 February 2014

ASX / TSX ANNOUNCEMENT

Olaroz Commissioning Complete

- **Final circuits commissioned at the Olaroz Lithium Plant.**
- **Plant moves into commercial ramp up stage to supply customers with lithium carbonate for final product qualification.**
- **Strong market conditions - supply constraints and market growth rate is leading to strong demand for Olaroz production.**



Lithium Carbonate Product

Orocobre Limited (ORE:ASX, ORL:TSX) (“Orocobre” or “the Company”) is pleased to announce that the final circuits of the Olaroz lithium plant have been commissioned and the plant has now moved into commercial production ramp-up stage.

Over the coming weeks, the plant will be producing product for supply to over 30 battery and industrial customers in Asia, Europe and the United States in order to complete the final stage of the product qualification and approval process. Additionally, there are a number of customer contracts for 2015 supply that have already been finalised by our marketing agent and project partner Toyota Tsusho Corporation (TTC), with the first firm order already received.

Commissioning Process and Production Update

In late November 2014 the company announced first production from the plant's primary lithium carbonate circuit and the successful commissioning of all auxiliary circuits. On December 2, 2014 the Governor the Province of Jujuy, Dr. Eduardo Fellner and other top government dignitaries officially opened the Olaroz operation in the presence of over 300 guests, including representatives from Orocobre, TTC, JEMSE, JOGMEC and Mizuho Bank.

Since these events, the focus has been on commissioning the purification and drying/micronizing circuits, the final two circuits of the lithium carbonate plant. The final two circuits are now commissioned and the plant is operating in continuous mode with purification and micronizing circuits integrated with the primary lithium carbonate circuit. Following the production of initial material, product of the quantity and quality required for the final stage of customer qualification will now be produced in the coming weeks.



Micronising plant structure.



Lithium carbonate product on belt filter prior to the dryer.



Micronising unit to produce 5 micron particle size.



Bulk bags being filled with lithium carbonate to be sent to customers.

Significant Inventory Position and Production Start

Currently, there is approximately 20,000 tonnes of lithium carbonate equivalent in the pond system at various stages of concentration. At current well pumping rates, lithium inventory is being added at approximately 2,100 tonnes of lithium carbonate equivalent per month. Overall process recoveries are expected to be approximately 75%. Over the coming months the operation will ramp-up production reaching nameplate monthly production of 1,450 tonnes per month (17,500 tpa) in the fourth quarter of 2015.



View of main lithium carbonate plant with primary and purification circuits.

Commercial Production, Product Approvals and Marketing

With the final circuits now commissioned, lithium carbonate will be produced over coming weeks for supply to over 30 customers in Asia, Europe and the United States in order to complete the final stage of the product testing and approval process. This is the end of a qualification process which for some customers commenced nearly 4 years ago during the Feasibility Study when the first samples from the pilot plant were supplied to prospective customers.

Customer contracts typically detail a volume commitment at an agreed price for a period of 12 months. The final stage of the customer product approval process varies with the time it takes to be completed. Technical grade customers typically need 1 month to grant final approval, while battery grade customers need 3-6 months. As a result of Orocobre continuously providing samples over a number of years from the pilot plant, customer approval processes will take a maximum of 3-6 months, rather than from 3 months to 2 years as would have been the case without pilot plant deliveries.

Toyota Tsusho Corporation (TTC) has finalized a number of customer contracts for 2015 supply and it is expected that the remainder will be completed during the first half of 2015. Orocobre is pleased to advise that the first firm order for supply to 3rd party end users has already been received.

Orocobre looks forward to receiving final product approvals from our valued customers and becoming a large and reliable lithium supplier in 2015.

Strong Market Conditions

Current market conditions for lithium carbonate are favourable.

The supply side of the market is tightening due to a combination of existing suppliers effectively being at capacity and strong market demand. As a consequence, existing suppliers have recently announced market price increases of ~10%. Apart from Orocobre there are no new entrants on the supply side and no capacity expansions outside China due to come on-line until at least 2016. The market growth rate projected by independent consultants is ~10% year on year for at least the next few years. These factors have combined to create a market environment where customers value security of supply and have a focus on diversifying their supply chain to manage supply risk. These are very favourable conditions for a new supplier to be starting production, negotiating supply contracts and initiating supply to customers.

Phase II Expansion

Orocobre has received expressions of interest from a variety of parties regarding the Phase II expansion of the long-life Olaroz project. Orocobre views this interest as validating the enhanced potential of the Olaroz resource and the projected growth profile of the lithium market. Orocobre will assess all possibilities when considering the potential Phase II expansion over the next year.

Orocobre is continuing to progress studies on possible expansion at both Olaroz and the development of its other Argentinian lithium assets. The Board of Orocobre will only pursue those opportunities which add shareholder value in a capital efficient manner.

The Board will provide an update to the market in the event that there are any material developments.

Successful Commissioning Marks the Culmination of 7 years of Planning and Development

Managing Director, Richard Seville, said, “The successful commissioning of the Olaroz plant and the beginning of ramp-up of production is a pivotal moment for our company. For seven years our team has worked through numerous challenges and we have now successfully placed Orocobre in the ranks of the small number of major lithium suppliers to the world”.

More images may be viewed at
www.orocobre.com under “Gallery”.

For more information please contact:

Australia and Asia

David Hall
Business Development Manager
Orocobre Limited
T: +61 7 3871 3985
M: +61 407 845 052
E: dhall@orocobre.com

North America

James Calaway
Chairman
Orocobre Limited
M: +1 (713) 818 1457
E: jcalaway@orocobre.com

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 has built, in partnership with Toyota Tsusho Corporation and JEMSE, the first large-scale, greenfield brine based lithium project in 20 years at the Salar de Olaroz with planned production of 17,500 tonnes per annum of low-cost battery grade lithium carbonate. The full monthly production rate is expected to be reached in the last quarter 2015.

The Olaroz Lithium Project has a low environmental footprint because of the following aspects of the process

- The process is designed to have a high processing recovery of lithium. With its low unit costs, the process will result in low cut-off grades which will maximise resource recovery.
- The process route is designed with a zero liquid discharge design. All waste products are stored in permanent impoundments (the lined evaporation ponds). At the end of the project life the ponds will be capped and returned to a similar profile following soil placement and planting of original vegetation types.
- Brine is extracted from wells with minimum impact on freshwater resources outside the salar. Because the lithium is in sedimentary aquifers with relatively low permeability, drawdowns are limited to the salar itself. This is different from halite hosted deposits such as Salar de Atacama, Salar de Hombre Muerto and Salar de Rincon where the halite bodies have very high near surface permeability and the drawdown cones can impact on water resources around the Salar affecting the local environment.
- Energy used to concentrate the lithium in the brine is solar energy. The carbon footprint is lower than other processes.
- The technology developed has a very low maximum fresh water consumption of <20 l/s, which is low by industry standards.
- Sales de Jujuy S.A. is also committed to the ten principles of the sustainable development framework as developed by The International Council on Mining and Metals. The company has an active and well-funded “Shared Value” program aimed at the long term development of the local people.

The Company continues to follow the community and shared value policy 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 continues to be a key success factor, training local people under the supervision of high quality experienced professionals.

The Company also wholly-owns Borax Argentina, an important regional borate producer. For further information, please visit 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 drawdown of finance for the Olaroz Project, the completion of construction and commissioning of 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;; that further funding may be required, but unavailable, for the ongoing development of the Company’s projects; fluctuations or decreases in commodity prices and market demand for product; 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 commissioning of the Olaroz Project to full capacity; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Project; general risks associated with the further development of the Olaroz Project; as well as those factors disclosed in the Company’s Annual Report for the year ended June 30, 2014 filed at 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; market demand for product 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.