

27 June 2012

## **ASX / TSX ANNOUNCEMENT**

### **OROCOBRE RECEIVES EXPERT COMMITTEE APPROVAL TO DEVELOP THE OLARAZ LITHIUM PROJECT AND ENTERS INTO AGREEMENT WITH JEMSE.**

Orocobre Limited (“the Company”) (ASX:ORE, TSX:ORL) is pleased to report on two major developments on its flagship Olaroz lithium-potash project (“Olaroz Project”) in the Province of Jujuy, north-west Argentina.

Earlier today, Chairman James Calaway, Managing Director & CEO Richard Seville and General Manager Jose de Castro met with Argentina’s President Cristina Kirchner, Jujuy Governor Eduardo Fellner, representatives of national and provincial governments, and local communities to present the Olaroz Project. Prior to that meeting, Orocobre received confirmation that the Olaroz Project had been approved by the Expert Committee responsible for assessing lithium projects in Jujuy province. It was also announced at the meeting that Orocobre has entered into a binding agreement with Jujuy Energia y Minería Sociedad del Estado (“JEMSE”), the recently formed mining investment company owned by the provincial Government of Jujuy in Argentina, whereby JEMSE will hold an equity interest in the Olaroz Project and will provide assistance as needed during the project’s development. A summary of the arrangements is provided below:

- JEMSE will hold an 8.5% equity interest in the Olaroz Project through Orocobre’s Argentine holding company Sales de Jujuy;
- JEMSE will be required to meet its share of the construction funding required for the Olaroz Project. These funds will be loaned by Orocobre to JEMSE and will be repayable out of 33.3% of dividend distributions JEMSE receives from the Olaroz Project;
- All project debt obligations to Mizuho Bank and JOGMEC will have priority over distributions of any profit due to JEMSE;
- JEMSE will provide key construction assistance services to the Olaroz Project, and will take a leading role liaising with municipal, provincial and national government departments and customs authorities; and,
- The equity position to JEMSE will only be issued to JEMSE upon the completion of the financing of the project by Mizuho Corporate Bank and JOGMEC.

Orocobre considers that these arrangements represent an important milestone for the Company, closely align the interests of the Province of Jujuy with those of Orocobre and its project partners, and provides a solid platform for a favourable ongoing working relationship between Orocobre and the Province of Jujuy.

Orocobre's Managing Director and CEO, Richard Seville, noted, "The receipt of project approval and our agreement with JEMSE represents the culmination of almost five years of determined work by our highly capable team, and is a major building block for moving our project, the first new large-scale brine project since 1995, from the design stage to the construction and operations phase. The terms of our agreement with JEMSE are on a par with similar agreements entered into to facilitate the development of mining projects in Argentina in the past, and we believe that given the overall investment climate in Argentina, this represents a balanced approach to public-private collaboration, and will permit the project to be financed and operated in a profitable manner."

Richard Seville went on to say, "We now turn our full attention to the completion of the proposed financing with Mizuho Bank, the associated loan guarantees with JOGMEC, and the finalisation of definitive agreements with our project partner, Toyota Tsusho Corporation. With the grant of the project mining concessions expected this week, the approval process by JOGMEC can formally start and, all being well, we anticipate the financing process will complete together with the investment decision by Toyota Tsusho in September, with project construction to commence immediately thereafter. Engineering work on the ponds, bore-fields, and related infrastructure to support construction is now complete, so that we can award contracts and start construction once the financing closes."

**For more information please contact:**

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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 the leading lithium-potash developer in the lithium and potassium rich Puna region of Argentina. Orocobre's Olaroz Project's definitive feasibility study outlines a project with a 40-year life producing 16,400 tonnes annually of battery grade lithium carbonate and 10,000 tonnes annually of potash. The Company intends to commence construction in 2012, with commercial production following in 2014. For further information, please visit [www.orocobre.com](http://www.orocobre.com)

## **Technical Information, Competent Persons' and Qualified Persons Statements**

The technical information in this announcement has been reviewed and approved by Mr. Neil Stuart, a non-executive director of Orocobre. Neil Stuart is a geologist and is a Fellow of The Australasian Institution of Mining and Metallurgy. Neil has sufficient relevant experience to qualify as a competent person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He is also a "Qualified Person" as defined in NI 43-101.

Additional information relating to the Company's projects is available in "Technical Report – Salar de Olaroz Lithium-Potash Project, Argentina" dated May 30, 2011, (the Olaroz Report) and the "Technical Report – Salar de Cauchari Project, Argentina" dated April 30, 2010, which have each been prepared by John Houston, Consulting Hydrogeologist, together with, in the case of the Olaroz Report, Mike Gunn, Consulting Processing Engineer, in accordance with NI 43-101, as well as in the "Technical Report on the Salinas Grandes Lithium Project" dated April 16, 2012, which was prepared by Murray Brooker, an independent geologist and hydrogeologist.

### **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 potential grant of mining concessions by the Administrative Judge of Mines, the completion of a definitive agreement between Orocobre and Toyota Tsusho Corporation and lending documentation with Mizuho and JOGMEC, the financing and profitability of the Olaroz Project, the commencement of construction at the Olaroz Project, and the timing of each of the foregoing.*

*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 a definitive joint venture agreement with Toyota Tsusho Corporation may not be completed and/or that project financing will not be arranged 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 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, 2011 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.*