

29 April 2015

ASX / TSX ANNOUNCEMENT

Olaroz Lithium Facility Operations Update

- **Olaroz dispatches first commercial sales to European customer**
- **Additional commercial sales dispatches to Japanese and American customers to occur over the coming week**
- **Samples being dispatched to industrial and battery industry customers**
- **Strong market conditions**
- **Olaroz Lithium Facility not affected by recent rains in northern Chile and Argentina**



First Commercial Dispatch from the Olaroz Lithium Facility



First Commercial Dispatch from the Olaroz Lithium Facility

Orocobre Limited (ORE:ASX, ORL:TSX) (**Orocobre** or the **Company**) wishes to advise on the Olaroz Lithium Facility's transition from commissioning into early operations and commercial production.

Dispatch of Product and Order Book

The first commercial sales order for lithium carbonate has been dispatched from the Olaroz Lithium Facility to a European customer. Additional commercial sales orders are expected to be dispatched to Japanese and American customers over the coming week.

Commercial samples produced from the Olaroz Lithium Facility are also being dispatched to customers as the final stage of product qualification. The time period for final sample approval, where required, varies from 1 week to 3-6 months depending on the specific customer requirements. Toyota Tsusho Corporation (**TTC**) has received firm orders of 5,000tpa for supply to third parties of product for both industrial and battery industry markets, subject to final quality confirmation.

It is currently anticipated that the orders for all of 2015 production from the Olaroz Lithium Facility will be received by 30 June 2015.

Strong Market Demand, Significant Inventory, Full Production Rates

The supply side of the lithium market continues to tighten due to a combination of existing suppliers effectively being at capacity and strong market demand. As a consequence, existing suppliers have announced market price increases of approximately 10% for 2015.

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 Orocobre to be starting production, finalising supply contracts and initiating supply to customers.

Currently there is in excess of 25,000 tonnes of lithium carbonate equivalent in the Olaroz pond system at various stages of concentration, with the overall process recoveries expected to be approximately 75%. Over the coming months Olaroz will ramp up production reaching nameplate monthly production of 1,450 tonnes per month (17,500tpa) during the fourth quarter of 2015.

Operations Update

With all circuits previously commissioned, the focus of activities over recent months has been the establishment of process control parameters and operating procedures to allow production of consistent quality product at the Olaroz Lithium Facility and the transition to commercial production. The first priority was the operation of the primary lithium carbonate circuit, in particular the removal of magnesium and calcium with the polishing filter and the development of operating controls on the primary lithium carbonate reactor. Over the past weeks these process control parameters and operating procedures have been successfully developed and the primary circuit is producing primary lithium carbonate product within the specification for the feed to the purification circuit. Similarly, within the purification circuit process, process control parameters and operating procedures have been successfully developed on absorption, IX and crystalliser circuits and the purification circuit is producing high quality product suitable for both industrial and battery industry markets. The drying and compacting/micronising circuit is also working well.

During this early operational stage a number of improvements have been made to the circuit overcoming various bottlenecks. These include using steam injection directly into the lithium carbonate crystallisers in the purification circuit which has removed the lithium carbonate encrustation issue in the circuit that was previously affecting availability. In addition a number of other minor construction defects, which might be considered typical of any new plant, have been rectified.

With the establishment of process controls and operating procedures to produce high quality product and the removal of “bottle necks”, attention will move over the coming months to increasing circuit availability, plant efficiencies and throughput.

No Impact from Wet Weather in Northern Chile and Argentina

During the recent severe rainstorms in northern Chile and Argentina there was no rainfall at the Olaroz Lithium Facility, and consequently there has been no dilution of brine in the pond system. Other lithium companies have reported impacts from the rainy conditions and it is expected that production in the next 6 months at their operations will be slightly affected, impacting on already tight market conditions.

Managing Director Comments

Managing Director, Richard Seville, said, “We are delighted to have dispatched our first commercial sales and we look forward to further dispatches over the coming week and beyond. As with all new operations, there have been some operating learning experiences and we are pleased that, in such a short period of time, we have developed a good understanding of the process chemistry and established the operating controls which allow us to produce our high quality product. I am sure we will learn more as we progress through the ramp up program. As the newest major low cost lithium producer, Olaroz is uniquely positioned to serve the needs of our customers in the rapidly growing worldwide market for lithium and we look forward to selling into this growing demand.”

More images will be uploaded to
www.orocobre.com under “Gallery”.

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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 chemicals and 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 Facility 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 commencement of commercial production and ramp up at the Olaroz Lithium Facility and the timing thereof, the cost of construction relative to the estimated capital cost of the Olaroz Lithium Facility, the design production rate for lithium carbonate at the Olaroz Lithium Facility, the expected brine grade at

the Olaroz Project, the expected operating costs at the Olaroz Lithium Facility 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 and ramp up of the Olaroz Lithium Facility to full capacity; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Lithium Facility; general risks associated with the further development of the Olaroz Lithium Facility; 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 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.