

22 September 2014

ASX / TSX ANNOUNCEMENT

Construction Update on the Olaroz Lithium Project

- **Commissioning commenced on the auxiliary circuits of the lithium carbonate plant at the end of August.**
- **Commissioning of other circuits of the plant is progressively occurring as the circuits are released by construction. The plant is expected to be fully operational during November.**
- **Inventories of magnesium removed brine are being built up with the liming plant operating at 230 l/s, greater than the design throughput of 200l/s.**
- **The project is expected to be completed on budget.**



Cladding being completed on the Lithium Carbonate Plant Building after installation of major equipment

Orocobre Limited (ORE:ASX, ORL:TSX) (“Orocobre” or “the Company”) is pleased to advise progress on the construction and commissioning at its flagship Olaroz Lithium Project. In terms of physical progress the construction program is now nearing completion with the commissioning of circuits occurring as they are released from construction. The project is expected to be completed on budget.

Construction Activities

Key construction activities in the lithium carbonate plant in recent times have been the mounting of carbon steel and stainless steel pipework, the installation of air compressors, tanks and air treatment, the assembly and installation of the Bepex micronizing equipment and fitment of heating ducts and air supply.

As previously advised in the Company’s last construction update, the Company has been assisting some construction contractors with the procurement and importation of some materials. One of these materials has been PVDF* piping which was being sourced from Europe. Unfortunately, in spite of the Company’s assistance, this piping arrived later than scheduled causing minor delay in the completion of the piping on a number of circuits and the hand-over from construction to commissioning. Consequently, the expected time for the lithium plant to be operational, including purification and micronizing circuits, has been delayed by approximately three weeks with the plant scheduled to be operational in the second week of November.

**Polyvinylidene Fluoride (PVDF) is a unique thermoplastic with properties which allow it to be used for very aggressive or highly specialised applications. Although expensive compared to other thermoplastics, PVDF offers an economically attractive alternative to many "exotic" materials in process lines where limited working life of other materials necessitates frequent replacement.*

Commissioning and Production

Commissioning of the soda ash system, air compressors, industrial water supply and reverse osmosis plant, brine pumps to the carbonate plant, boilers and process tanks is in progress or has been completed.

The gas fired electricity generation plant commissioned in July continues to operate smoothly and provide all the power requirements. The liming plant, which is used to treat brine to remove magnesium, is operating in automatic mode at a rate of 230l/s compared to a design rate of 200l/s and is expected to reach a rate of 250 l/s over coming weeks. Pond filling from the bore field is operating at 200l/s compared to a design rate of 180l/s and is expected to peak at more than 230l/s with the commissioning in October of a final bore.



Electrical control rooms adjacent to LC plant



Filling of evaporation pond with brine



Compressors



PLC control panel



Reactors



Gas fired electricity generation plant

More images are available on our web page www.orocobre.com under "Gallery".

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 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 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 Mineria Argentina (“Fundamin” or Foundation for Development of Argentina Mining). 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 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.

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.