

17 October, 2012

TSX / ASX ANNOUNCEMENT

**OROCOBRE SIGNS AGREEMENT WITH TOYOTA TSUSHO FOR
DEVELOPMENT OF OLARAZ LITHIUM PROJECT**

Highlights

- **Toyota Tsusho Corporation (“TTC”) and Orocobre sign Joint Venture Agreement to finance and build flagship Olaroz lithium project**
- **Design production rate increased to 17,500tpa battery grade lithium carbonate with capital cost of US\$229 million including US\$22 million contingency.**
- **Low-cost, comprehensive debt financing package to be provided by Mizuho Corporate Bank (“Mizuho”)**
- **Debt guarantees to be provided by Japanese government’s Japan Oil, Gas and Metals National Corporation (“JOGMEC”)**
- **Full scale construction to commence by end of October 2012 with initial commercial production anticipated in Q2 2014**

Orocobre Limited (“the Company”) (ASX:ORE, TSX:ORL) is pleased to announce that following positive investment decisions by the board of directors of both Orocobre and Toyota Tsusho Corporation Ltd (“TTC”), the companies have executed the definitive Shareholders Agreement for a joint venture to develop Orocobre’s flagship Olaroz lithium project (“Olaroz Project” or “the Project”) located in the Province of Jujuy, northern Argentina.

Orocobre’s relationship with TTC commenced in January 2010, following the execution of a preliminary agreement which set out a path towards financing and development of Olaroz Project, with TTC’s conditional 25% participation. Since then, the companies have successfully collaborated to advance the Project through to this final investment decision. Orocobre’s primary focus has been on development activities in Argentina, including completion of the Feasibility Study, process engineering development, production of battery grade lithium carbonate for product qualification, project approvals, and final construction documentation. Meanwhile, TTC has diligently worked on project financing and product marketing to key global

customers.

The execution of this definitive Joint Venture Agreement and associated financing is the culmination of this two and a half year process, and is a vote of confidence in the project by TTC, Mizuho and JOGMEC. In a business where product quality is of paramount importance it is also an acknowledgment of the quality of the high purity battery grade product produced at the Olaroz Project over the last 18 months.

PRODUCTION RATE INCREASE AND CAPEX CHANGES

The detailed engineering phase of the Olaroz Project has been completed, resulting in two noteworthy changes to the scope of the project.

First, the design capacity of the operation has been increased to 17,500 tonnes per annum (“tpa”) of lithium carbonate from 16,400 tpa provided for in the Feasibility Study. This production improvement is due to an increase in the expected brine grade from 775mg/l in the Feasibility study to 825mg/l following the result of the 3D finite difference modeling undertaken since the Feasibility Study (see Company’s ASX/TSX Announcement dated 25th January 2012). With changes to the flow sheet, expected potash recovery has also been increased to approximately 20,000 tpa compared to 10,000 tpa in the Feasibility Study. Potash credits and capital costs are not currently included in the first phase of the project development and are subject to a later investment decision.

Second, following completion of detailed engineering, and having tendered all material contracts with the exception of the contract for the construction of the lithium carbonate plant, the capital cost estimate has been revised to US\$229 million from US\$207 million in the Feasibility Study. The revised estimate includes US\$22 million of contingency funds. The largest component of the increase was higher Orocobre holding costs due to delays in the approvals process for the project. The US\$229 million estimate also includes all costs already incurred by Orocobre on the detailed engineering since completion of the Feasibility Study in May 2011 and all other project related costs paid by Orocobre since December 2011. Currently, these costs, for which Orocobre will receive credit, total slightly more than US\$16 million.

Site preparation for the construction phase has already commenced, and major construction is due to commence before the end of October following receipt of initial investment funds. Initial commercial production is expected in Q2 2014.

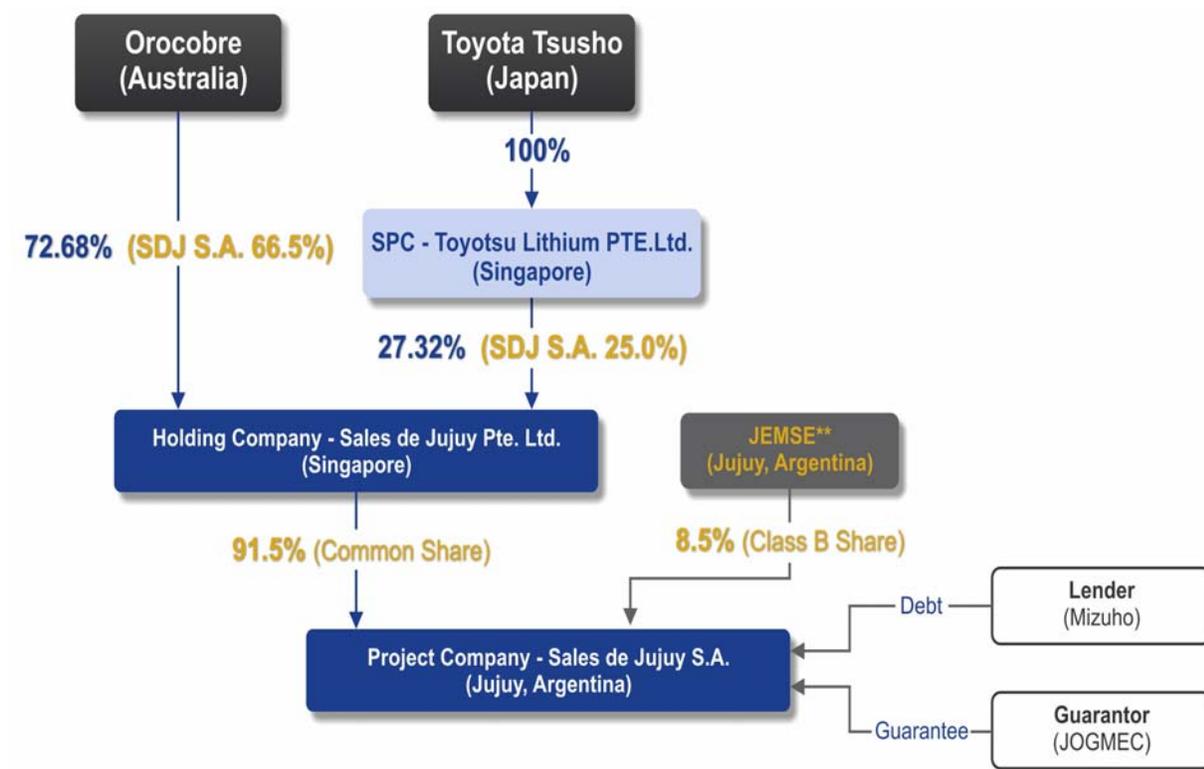
INVESTMENT STRUCTURE

The Olaroz Project Joint Venture will be operated through Orocobre’s Argentine subsidiary, Sales de Jujuy S.A. (“SDJ SA”). Following implementation of the terms of the agreement, the ownership of SDJ SA will be restructured with the shareholders being Sales de Jujuy Pte Ltd (a Singaporean company that is the joint venture vehicle for Orocobre and TTC) and Jujuy Energia

y Minería Sociedad del Estado (“JEMSE”), the mining investment company owned by the provincial Government of Jujuy, Argentina.

The effective Olaroz Project equity interest will be Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.

The structure is shown below.



DEBT PACKAGE AND GUARANTEES

As part of its obligations under the January 2010 preliminary agreement, Toyota Tsusho has successfully procured a substantial and low cost project debt facility. The debt financing will be provided by Mizuho Corporate Bank Ltd, with a maximum facility amount of approximately US\$192 million as detailed below:

Parameters	Values
Maximum Facility	US\$191.9 million
Equity by Sales de Jujuy	US\$82.8 million
Maximum Debt : Equity Ratio	70% : 30%
Construction Cost	US\$229.1 million including \$22 million contingency
Primary Debt Facility	US\$146.3 million
Additional facilities	US\$45.6 million
Term	10 years
Grace Period	2 years
Dividend Payments	Borrower may pay dividends bi-annually after meeting debt service obligations to Mizuho

A pre-requisite to the provision of finance from Mizuho has been the support in the form of guarantees by both JOGMEC and TTC. During the construction period and prior to completion, TTC will provide both a guarantee for its portion of the debt and also a joint guarantee with Orocobre for Orocobre's portion. After completion of construction and after satisfying operating performance tests, JOGMEC will provide guarantees for a maximum 82% of the project debt to a maximum of US\$158 million. The overall cost of the debt funding including guarantee is expected to be approximately 4.5% of the drawn amount and will be fixed for the term of the loan at the time of entering into the facility.

It is the Company's opinion that this comprehensive low-cost project debt financing package procured by TTC is of significant value to the project, and that the Olaroz project financing would not be possible on commercially acceptable terms without the partnership with TTC and associated financing institutions. Orocobre expects that the definitive finance documentation will be executed within a few weeks of the completion of the corporate structuring set out above.

TOYOTA TSUSHO AND OROCOBRE EQUITY INVESTMENT

Under the terms of the Joint Venture Agreement, TTC and Orocobre will contribute project equity of US\$82.8 million, equating to approximately 30% of maximum project funding if the project financing facility is fully drawn.

The TTC equity investment has been structured in the most tax effective way in accordance with the objectives of the January 2010 preliminary agreement. Consequently, TTC's contributions are in the form of equity subscriptions into the Singaporean joint venture holding company, Sales de Jujuy Pte Ltd, with contributions over time as described below. At completion of the contributions, TTC will have a 25% indirect interest in the Olaroz project, JEMSE 8.5% and Orocobre 66.5%.

TTC's investment in the project will be approximately US\$55 million net of adjustments made to take into account financing support arrangements to be provided by TTC to Orocobre prior to completion of construction. Orocobre's total funding requirement will be US\$18 million net of the US\$16 million reimbursed on allowable expenditures since the Feasibility Study. This net amount includes the US\$7 million loan to JEMSE for its capital contribution and payments on behalf of TTC into Sales de Jujuy Pte Ltd both for the US\$4.5 million received from TTC under the January 2010 preliminary agreement and for the financing support arrangements to be provided by TTC prior to construction completion.

JEMSE PARTICIPATION

At the completion of financing, Jujuy Energia y Minería Sociedad del Estado ("JEMSE"), the mining investment company owned by the provincial Government of Jujuy in Argentina, will acquire an 8.5% interest in the project. A summary of the JEMSE 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 equity funding required, namely US\$7 million. 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;
- JEMSE will be obliged to provide funds for future expansions, but if it is not capable, Orocobre will loan funds on a similar basis to the initial construction funding;
- All project debt obligations to Mizuho Bank and JOGMEC will have priority over distributions of any profit due to JEMSE; and
- 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.

Orocobre believes these arrangements with JEMSE align the interests of the Province of Jujuy with those of Orocobre and its project partners, and provide a solid platform for a favorable ongoing working relationship between Orocobre and the Province of Jujuy. In this regard, Orocobre acknowledges the assistance of JEMSE in achieving final project approvals, including the grant of the mining leases, approval of the EIS Addenda and approval of the project under the secondary approvals process introduced in March 2011.

TERMS OF THE SHAREHOLDER AGREEMENT

The joint venture with TTC will be operated as an incorporated joint venture through the Singaporean holding company, Sales de Jujuy Pte Ltd. The board of the holding company will be responsible for the Project's delivery. Both parties can appoint three board members with Orocobre appointing the Chairman. Voting on normal matters is according to equity shareholding interest. The agreement also provides for certain matters which are "Reserved Matters" and require more than 80% of the vote, or TTC approval, whilst there is a liability under any guarantee. The agreement includes various mechanisms for budget approvals, budget variations and for deadlock. The agreement also provides the parties with pre-emptive rights on each other interests in the event of a sale.

Existing management in the Argentine operating company, Sales de Jujuy S.A., will operate the Olaroz Project according to set authorization limits and will report regularly to the joint venture company's Chairman. In addition, Orocobre has entered in a service arrangement with Sales de Jujuy S.A.

TTC will act as exclusive agent to market the lithium production from the development.

Orocobre's CEO & Managing Director, Richard Seville, commented, "This joint venture represents the culmination of over two and a half years of close collaboration with our valued partners at Toyota Tsusho. Together, we have faced a number of challenges before reaching this important milestone, but in the end we have come to a point where we are ready to build the Olaroz lithium project, the first new commercial brine project since FMC's Hombre Muerto project in 1994".

"There are two key aspects that deliver this project. First, there is the comprehensive and substantial low-cost financing package from Mizuho and JOGMEC, and confidence of our partner TTC to stand behind the project. Second, is the remarkable management and operating team in Jujuy, who have developed a well conceived, low operating cost project, using a proprietary processing route capable of delivering large-scale battery grade materials needed by the most discerning customers in the world."

Mr. Seville added, "In two weeks we will start construction in earnest, building on several months of procurement, contracts negotiation and site preparation. We aim to start producing

battery grade lithium carbonate fairly early in 2014, reaching full design monthly production rates during 2015. Because of our innovative approach to process engineering and excellent brine chemistry, we expect operating costs at the designed 17,500 tonnes per annum output to be less than US\$2,000 per tonne; excluding credits for potash or boron chemicals. These operating costs place the project at the bottom quartile of the world's producers”

Orocobre Chairman, James Calaway, added, “The combination of our management, TTC and JEMSE, has created a partnership which can deliver a highly successful and sustainable project. The project implementation plan, developed by our operational management, has been developed to maximize economic benefits for both local business and local communities and, in so doing, is expected to reduce construction risk. We have diligently worked to make Olaroz a model development”

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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, de-novo 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. 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 includes, but is not limited to, the financing of the Olaroz Project, the completion of definitive lending documentation with Mizuho and JOGMEC the provision of required guarantees by TTC and JOGMEC, the commencement and 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 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 required guarantees will not be provided or that the project financing will otherwise not be completed 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 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.

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.

Technical Information

The work referred to in this announcement in respect of the 3D model simulations at the Olaroz Project was undertaken under the supervision of John Houston, a Chartered Geologist and Fellow of the Geological Society of London and a consultant to Orocobre, who acts as a competent person under 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 by Canadian Securities Administrators’ National Instrument 43-101. Information relating to production rates and capital costs has been prepared or reviewed by Peter Ehren, who is a member of The Australasian Institution of Mining and Metallurgy, and a designated Chartered Professional and 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.

All other technical information in this announcement has been reviewed and approved by Mr. Neil Stuart, a non-executive director of Orocobre. Mr. Stuart is a geologist and is a Fellow of The Australasian Institution of Mining and Metallurgy, and 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.