

7 November 2012

Dear Shareholder

### **INVITATION TO PARTICIPATE IN SHARE PURCHASE PLAN**

Orocobre Limited ("Orocobre" or "the Company") (ASX:ORE, TSX:ORL) announced today that the Company has completed a placement of 12.35 million ordinary shares to institutional investors at an issue price of A\$1.70 per share, raising A\$21 million prior to expenses.

Orocobre is now pleased to offer eligible shareholders the opportunity to participate in a A\$5m Share Purchase Plan ("Plan" or "SPP") to acquire additional ordinary shares at the same issue price of A\$1.70 per share paid by institutional investors under the placement on the terms and conditions enclosed with this letter.

This capital raising program, combining institutional placement and SPP (the "Capital Program") may raise up to A\$26m prior to expenses. The purpose of the Capital Program is to provide funds for the Company to:

- satisfy its remaining funding obligations of approximately US\$12 million for the construction development of the Company's flagship Olaroz lithium project;
- provide funds to the newly acquired Borax Argentina for both short term initiatives and also to undertake drilling programs and other activities for the longer term development of the business.
- working capital.

The Plan entitles each shareholder of Orocobre, regardless of their current investment in the Company, to purchase up to \$15,000 worth of fully paid ordinary shares in Orocobre ("Shares") at A\$1.70 per Share without incurring brokerage and other transaction costs. The price represents a discount of 8% discount to the closing price on the last day of trading prior to the 1 November 2012 ASX trading halt and 10% to the volume weighted average market price of Shares in the Company for the five trading days on which Shares were traded up to and including 31 October 2012.

This is the first time since the 1-for-8 rights issue, in May 2009, that the Company has offered the opportunity for existing shareholders to invest in their Company's promising future.

#### **Use of Plan funds**

The Plan will provide up to \$5 million to be used as additional working capital.

#### **Company Activities**

Details of the Company's current activities are set out in the announcements made by Orocobre to ASX and are also available on the Company's website at [www.orocobre.com](http://www.orocobre.com).

### ***Olaroz Project***

The Olaroz Project is Orocobre's flagship project located at the Salar de Olaroz in the Province of Jujuy in north-west Argentina. A Feasibility Study was completed in May 2011. Following agreement with the newly formed provincial government owned mining investment company, JEMSE, and subsequent receipt of all approvals and mining permits, the Company entered into definitive Shareholders Agreement for the funding and development of the project with Toyota Tsusho Corporation Ltd ("TTC"). (see attached ASX Announcement *"Orocobre Signs Agreement With Toyota Tsusho For Development Of Olaroz Lithium Project"*, ). Orocobre and its partners TTC and JEMSE are now developing the first large-scale, "greenfield" brine based lithium plant in nearly 20 years.

The detailed engineering phase of the US\$229 million Olaroz Project has been completed for an operation with a phase one design capacity of 17,500 tonnes per annum ("tpa") of battery grade lithium carbonate (increased from 16,400 tpa in the Feasibility Study due to an increase in the expected brine grade). At this production rate, the company model shows that after 40 years of production, only 15% of current resource estimate will have been extracted. The Company therefore considers that there is considerable potential for expansion of lithium carbonate production in the coming years. In addition, potash production associated with phase-one lithium production is estimated to be approximately 20,000 tpa (subject to an additional investment decision by the Joint Venture). The company considers that there is also potential for boron chemicals production from the Olaroz brine.

Over the past 18 months, working with TTC, the company's on-site pilot plant has been successfully producing battery grade lithium carbonate for product qualification by potential end users in Japan and around the world.

Construction site preparation is well advanced, with full project construction commencing in early November 2012. Initial commercial production is now expected in Q2 2014. Orocobre's Olaroz Project equity interest will be 66.5%, TTC's 25.0%, with the remaining 8.5% held by JEMSE. Orocobre believes that JEMSE's involvement aligns the interests of the Province of Jujuy with those of Orocobre and the Project and will be a positive for the project.

The Olaroz Project funding will occur through the availability of a substantial and low cost project debt facility of approximately US\$192 million provided by Mizuho Corporate Bank Ltd, with guarantees provided by TTC and Japanese government agency JOGMEC. The overall cost of the debt funding, including the cost of the related guarantees, is approximately 4.5% of the drawn amount, and will be fixed for the 10-year term of the loan after a 2 year grace period.

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 debt financing facility is fully drawn. 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 made by Orocobre on behalf of the Joint Venture since the Feasibility Study.

### ***Borax Argentina***

In August 2012, Orocobre announced the acquisition of long established Argentine boron minerals and refined chemicals producer, Borax Argentina S.A., from Rio Tinto PLC entities. The consideration for the purchase was US\$8.5 million of which US\$5.5

million has been paid, with US\$1.0 million to be paid annually over the coming three years. The acquired business has annual revenue of approximately US\$23 million and annual production of approximately 35,000 tonnes of boron based products and mineral concentrates. Borax Argentina has been in operation in the Salta-Jujuy region for over 50 years, and operates three open pit mines in Tincalayu, Sijes, and Porvenir, concentration plants in Tincalayu, Sijes and Porvenir, and refinery facilities in Campo Quijano. Additionally, mineral deposits at Diablillos and Ratonés are essentially undeveloped.

Borax Argentina provides Orocobre a significant quantity of historically estimated boron mineralisation (currently non JORC complaint) at an attractive valuation. Borax Argentina is a good strategic fit for Orocobre, solidifying the Company's presence and operational experience in northern Argentina, and complementary to Orocobre's pre-existing regional assets in terms of both the minerals and the experience on the land base. Also, Borax Argentina is well aligned with the Company's focus on lithium, boron and potash industries, and has promising organic growth prospects given its large asset base, strong management team, and the long-term market outlook for boron related minerals.

For further information on Borax Argentina see attached new release "*Orocobre Acquires Borax Argentina S.A.*", dated 21 August 2012).

#### **Terms and conditions of the Plan**

The Company proposes a maximum raising of \$5,000,000 under the Plan, comprising the issue of up to 2,941,176 shares (**New Shares**).

The Issue Price represents a 10% discount to the volume weighted average price of the Company's shares traded on the ASX during the 5 trading days immediately prior to the announcement date of the Plan and is free of both brokerage and commission.

#### **Shareholders Eligible to participate in the Plan**

The right to participate in the Plan is optional and is available exclusively to shareholders (**Eligible Shareholders**):

- a) who were registered as holders of fully paid ordinary shares in the Company; and
- b) whose address in the Company's share register was in Australia or New Zealand, at 7.00pm Australian Eastern Daylight Time (AEDT) on 6 November 2012 (Record Date).

Where two or more persons are recorded in the register of members as jointly holding shares in the Company, they will be taken to be a single registered holder for the purposes of the Plan and the offer made under the Plan will be made to them jointly.

For Eligible Shareholders who are custodians, further information on your ability to participate in the Plan is set out in the Plan Booklet.

The Company reserves the right (in its absolute discretion) to reject any application for New Shares where it believes the applicable regulatory requirements (as noted in the Plan Booklet) have not been complied with

#### **Participation**

Participation in the Plan is entirely voluntary.

Subject to any scale back (discussed below), Eligible Shareholders can elect to:

- a) fully participate in the Plan up to the Maximum;
- b) partially participate in the Plan; or
- c) not participate in the Plan at all.

If you are an Eligible Shareholder and would like to fully or partially participate in the Plan, you may apply to purchase up to the Maximum by agreeing to accept one of the following parcels:

- \$1,000 (588 New Shares)
- \$2,500, (1,470 New Shares);
- \$5,000, (2,941 New Shares);
- \$10,000, (5,882 New Shares); or
- \$15,000, (8,824 New Shares).

If you do not wish to participate in the Plan, you do not have to do anything and may disregard this letter and the other Plan Documents. In this event, the number of shares you hold in the Company will not change but the percentage of your shareholding in the Company will be diluted to the extent that other Eligible Shareholders participate in the Plan.

All fractional entitlements to shares will be rounded up to the nearest whole number.

#### **Scale Back**

If you are an Eligible Shareholder and elect to participate in the Plan, your participation may be scaled back to a lesser amount.

The Company is offering up to 2,941,176 New Shares under the Plan to raise AUD\$5,000,000 (**Offer Amount**).

The Company reserves the right to scale back applications (in its absolute discretion) in the event that the total value of the acceptances to the Plan exceeds the Offer Amount. Should this occur, you may be allocated New Shares to a value which is less than the parcel for which you applied. In this event, the difference between the Subscription Amount and the number of New Shares you are issued with under the Plan will be refunded to you without interest.

#### **Subscription and Application Procedure**

Details of how to participate in the Plan are set out in the Plan Booklet.

#### **Timetable**

<b>Record Date of the Plan</b>	6 November 2012
<b>Announcement on ASX</b>	7 November 2012
<b>Opening Date of the Plan</b>	12 November 2012
<b>Closing Date of the Plan</b>	23 November 2012
<b>Issue and Allotment of new shares under the Plan (approximate date)</b>	30 November 2012

The above timetable is indicative only. The Company reserves the right to vary any of the key dates above, including the Closing Date and the Issue Date, without further notice.

**Plan Booklet**

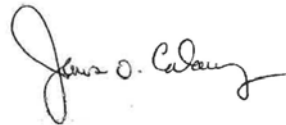
The terms and conditions of the Plan are outlined in the enclosed Plan Booklet. By making an application to purchase shares under the Plan, you will have agreed to be bound by those terms and conditions.

**This is an important stage in the Company's development and the Directors encourage Shareholders to participate in the Plan, which will enable the Company to advance the Olaroz Project through to production in Q2 2014 and develop the business of Borax Argentina for the benefit of all Shareholders.**

On behalf of the Board

A handwritten signature in dark ink, appearing to read 'Richard Seville', with a stylized flourish at the end.

**Richard Seville**  
Managing Director

A handwritten signature in dark ink, appearing to read 'James O. Calaway', with a large, elegant loop at the beginning.

**James Calaway**  
Chairman

**OROCOBRE LIMITED**

**2012 SHARE PURCHASE PLAN BOOKLET**

This is an important document that should be read in its entirety.

The offer made under this Plan does not take into account the individual investment needs, objectives or financial situation of individuals.

Before making a decision on whether or not to participate in the Plan, Eligible Shareholders should consult their financial or other professional adviser.

Any questions on the Plan or how to participate in the Plan should be directed to Boardroom Pty Ltd, GPO Box 3993, Sydney NSW 2001. Tel (within Australia) 1300 737 760 (outside Australia) +61 2 9290 9600 Facsimile +61 2 9279 0664.

This document is not a prospectus or other disclosure document under the Corporations Act.

Not for distribution or release in the United States or to US Persons.

## PLAN BOOKLET

### TERMS AND CONDITIONS

#### SUMMARY EXPLANATION

- 1.1 The share purchase plan (**Plan**) offers eligible shareholders of Orocobre Limited (ORE or Company) the opportunity to apply for up to AUD\$15,000 worth of fully paid ordinary shares in the Company (**New Shares**) at the issue price of AUD\$1.70 per New Share (**Issue Price**).
- 1.2 The Plan is established pursuant to the Corporations Act 2001 (**Act**) as amended by Australian Securities and Investments Commission (**ASIC**) Class Order 09/425 (**CO 09/425**) and the ASX Listing Rules (**Listing Rules**) (collectively the **Regulatory Requirements**).

Provided the Plan complies with the conditions under:

- (a) CO 09/425, the Company is not required to issue a prospectus for the offer of the New Shares; and
  - (b) the Listing Rules, the New Shares will not count towards the Company's 15% limit under Listing Rule 7.1.
- 1.3 The New Shares offered under the Plan are personal to eligible shareholders and are non renounceable, which means that eligible shareholders cannot transfer their rights to the New Shares to another person.
- 1.4 The Company and its board of directors (**Board**) do not offer any recommendation or advice regarding participation in the Plan.

#### TIMETABLE

##### 2.1 Opening Date

The offer opens at 9.00am Australian Eastern Daylight Time (**AEDT**) on 12 November 2012.

##### 2.2 Closing Date

The offer closes at 5.00pm AEDT on 23 November 2012.

##### 2.3 Timetable

Action	Date
Record Date	6 November 2012
Announcement Date of Plan	7 November 2012
Opening Date of offer	12 November 2012
Closing Date of offer	23 November 2012
Allotment Date	30 November 2012
Dispatch date for holding statements	30 November 2012
Quotation of New Shares on ASX	3 December 2012

The timetable is indicative only and subject to change. The Company reserves the right to change the timetable at any time or cancel the Plan at any time before the Allotment Date, subject to the Regulatory Requirements.

## SHAREHOLDERS ELIGIBLE TO PARTICIPATE

3.1 Subject to this section 3, all persons:

- (a) registered as holders of fully paid ordinary shares in the Company (**Shares**); and
- (b) whose address in the share register of the Company is situated in Australia or New Zealand,

at 7.00pm AEDT on 6 November 2012 (**Record Date**) may participate in the Plan (**Eligible Shareholders**).

Optionholders who did not exercise their options prior to the Record Date are not eligible to participate in the Plan in relation to those options.

3.2 The Company reserves the right (in its absolute discretion) to reject any application for New Shares where it believes the applicant under the Plan is not an Eligible Shareholder.

### 3.3 Individual shareholders

If you are the only registered Shareholder of a holding of Shares at the Record Date, but you receive more than one offer to participate in the Plan (for example you have multiple single holdings), you may only apply for New Shares up to a maximum amount of AUD\$15,000 worth of New Shares (**Maximum**).

### 3.4 Joint shareholders

Subject to the terms and conditions for custodians and nominees set out in clause 3.5, where two or more persons are recorded in the register of members as jointly holding shares in the Company, they will be taken to be a single registered holder for the purposes of the Plan and the offer made under the Plan is made to them jointly.

### 3.5 Custodians and nominees

- (a) Where a registered holder is a 'custodian' (as that term is (a) defined under CO 09/425 (**Custodian**)), that holds shares in a class on behalf of a beneficiary (whether directly or indirectly through one or more interposed custodians), the Company can only issue New Shares totalling more than the Maximum in any consecutive 12-month period to that custodian if, on application for the New Shares, a certificate is provided in accordance with clauses 3.6 and 3.7.
- (b) If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (see clause 3.3) apply.
- (c) If you are an Eligible Shareholder and hold Shares as a Custodian, you may apply for up to the Maximum for each beneficiary for whom you act as Custodian, provided you annex to your Application Form a certificate that certifies the following information (**Custodian Certificate**):
  - (i) that you hold Shares in the Company (directly or indirectly) on behalf of one or more other persons (beneficiaries);
  - (ii) the number of beneficiaries;
  - (iii) the name and address of each beneficiary for whom you are applying for New Shares for;
  - (iv) for each beneficiary, the number of Shares that you hold on behalf of that beneficiary;



- (v) for each beneficiary, the number or dollar amount of the New Shares each beneficiary or another Custodian has instructed you to apply for on behalf of the beneficiary;
- (vi) for each beneficiary, that the issue price for the New Shares applied for on their behalf, and any other shares in the class applied for on their behalf under a similar arrangement in the previous 12 months (excluding shares applied for but not issued), does not exceed the Maximum;
- (vii) that a copy of this Plan Booklet was given to each beneficiary; and
- (viii) where you hold Shares on behalf of a beneficiary indirectly, through one or more interposed Custodians, the name and address of each interposed Custodian.

### 3.6 **Company's satisfaction with Custodian Certificate**

- (a) The Company must be reasonably satisfied that, in any 12-month period, the total issue price of the New Shares issued to any beneficial owner is not more than the Maximum (excluding shares applied for by the Custodian on behalf of a beneficiary but not issued), whether New Shares are issued to the beneficiary in their own rights as a registered holder, or to the Custodian.
- (b) If the issuer is not satisfied with the Custodian Certificate (for whatever reason), the Company cannot and will not issue New Shares to the Custodian on behalf of the beneficiary.

### 3.7 **Custodian Certificate**

Custodians must request a Custodian Certificate when making an application on behalf of beneficiaries. To request a Custodian Certificate or further information about the Custodian application process, a shareholder should contact the Company's share registry - Boardroom Pty Ltd, GPO Box 3993, Sydney NSW 2001. Tel (within Australia) 1300 737 760 (outside Australia) +61 2 9290 9600 Facsimile +61 2 9279 0664 between 8.30am to 5.30pm (AEDT time) Monday to Friday. Applications received from Custodians must be accompanied by a duly completed and signed Custodian Certificate.

### 3.8 **Foreign shareholders**

Participation in the Plan is not being offered to any shareholder whose registered address, as at the Record Date, is not situated in Australia or New Zealand.

The New Shares have not been and will not be registered under applicable securities laws of the United States or any other jurisdiction outside of Australia and they may not, subject to certain exceptions, be offered or sold directly or indirectly within the United States or any other jurisdiction outside of Australia or New Zealand, or for the account or benefit of any national, citizen or resident of the United States or any other jurisdiction outside of Australia or New Zealand. Therefore, shareholders who hold Shares on behalf of persons who reside outside Australia or New Zealand including those who are a national, citizen or resident of the United States or who act for the account or benefit of any national, citizen or resident of the United States are not entitled to participate in the Plan.

## 4. **ISSUE PRICE**

- 4.1 The issue price of each New Share under the Plan is \$1.70. This represents a 10% discount to the volume weighted average price (VWAP) of the Company's Shares traded on the Australian Securities Exchange (ASX) during the 5 trading days immediately prior to the announcement date of the Offer, and is free of brokerage, stamp duty and commission.

- 4.2 The Issue Price is fixed, regardless of any changes in the market price of the Shares during the offer period of the Plan.

## 5. **RISKS**

This section does not seek to describe all the risks to which the Company or an investment in the Company is exposed.

### 5.1 **Share price**

- (a) Eligible Shareholders wishing to participate in the Plan should be aware that there is a risk that the market price of the Company's shares may change between the date of the offer under this Plan and the date when the New Shares are issued to Eligible Shareholders.
- (b) In this event, the price or value of the New Shares that Eligible Shareholders receive may:
  - (i) be adversely affected; and
  - (ii) mean that up to or after the date on which the New Shares are issued to you, you may be able to buy ordinary shares in the Company on the market at a lower price than the price offered to you under this Plan.

### 5.2 **Speculative investment**

The Company is a mining development entity. Any investment in the Company should be considered to be highly speculative. The future price of the Company's shares may rise or fall depending on, amongst other things, the Company's exploration success and general market conditions.

### 5.3 **Disclosure**

This Plan Booklet is not a prospectus and does not require the types of disclosures required for a prospectus under the Act. If you require further information on the Company, you should look at the announcements the Company has made to the ASX or if necessary, consult your professional adviser.

### 5.4 **Trading New Shares**

If you trade in any New Shares before you receive your Share statement, you do so at your own risk.

## 6. **APPLYING FOR SHARES**

### 6.1 **Participation**

- (a) Participation in the Plan is entirely voluntary and subject to any scale back (see section 7), Eligible Shareholders can elect to:
  - (i) fully participate in the Plan up to the Maximum;
  - (ii) partially participate in the Plan; or
  - (iii) not participate in the Plan at all.
- (b) To participate in the Plan you need to follow the instructions set out in section 8 and the Application Form.

### 6.2 **Full or partial participation**

- (a) If you are an Eligible Shareholder and would like to fully or partially participate in the Plan, you may apply to purchase up to the Maximum by agreeing to accept one of the following parcels\*:
  - \$1,000 (588 New Shares)
  - \$2,500, (1,470 New Shares);

- \$5,000, (2,941 New Shares);
- \$10,000, (5,882 New Shares); or
- \$15,000, (8,824 New Shares).

*\* All New Shares have been rounded down to the nearest whole number of New Shares.*

### 6.3 **No participation**

- (a) If you do not wish to participate in the Plan, you do not have to do anything and may disregard this document. In this event, the number of shares you hold in the Company will not change but the percentage of your shareholding in the Company will be diluted to the extent that other Eligible Shareholders participate in the Plan.
- (b) The offer under the Plan is not renounceable, which means that you may not transfer your rights under the Plan to anyone else.

### 6.4 **Fractions**

No fractions of New Shares will be issued. Any fraction of a New Share will be rounded down to the nearest whole number of New Shares.

## 7. **SCALE BACK**

- 7.1 If you are an Eligible Shareholder and elect to participate in the Plan, your participation may be scaled back to a lesser amount than what you apply for.
- 7.2 The Company is offering up to 2,941,176 New Shares under the Plan to raise AUD\$5,000,000 (**Offer Amount**).
- 7.3 The maximum number of New Shares that will be issued under the Plan will be equal to the Offer Amount divided by the issue price of \$1.70 per Share.
- 7.4 If the total value of acceptances to participate in the Plan exceeds the Offer Amount, the Company reserves the right to scale back applications in its absolute discretion to the extent and in the manner that it sees fit, including by taking into account the size of an applicant's shareholding before the Plan (**Scale Back**).
- 7.5 Should a Scale Back occur, you may be allocated New Shares to a value which is less than the parcel for which you applied. In this event, the difference between the Subscription Amount and the number of New Shares you are issued with under the Plan will be refunded to you by direct credit (to your nominated account as recorded on the Company's share register) or cheque as soon as practicable, without interest.
- 7.6 If a Scale Back produces a fractional number of New Shares when applied to your parcel, the number of New Shares you will be allocated will be rounded down to the nearest whole number of New Shares.

## 8. **SUBSCRIPTION AND APPLICATION PROCEDURE**

### 8.1 **Payment options**

If you are an Eligible Shareholder and would like to participate in the Plan, the following payment options are available to you:

*Application Form and accompanying cheque or money order*

Eligible Shareholders wishing to pay by cheque or money order must follow the instructions on the Application Form and complete the Application Form, provide a cheque or money order that is payable to Orocobre Limited and crossed "**Not Negotiable**" and return the completed Application Form and cheque or money order to the following address:

Boardroom Pty Ltd, GPO Box 3993, Sydney NSW 2001. Tel (within Australia) 1300 737 760 (outside Australia) +61 2 9290 9600 Facsimile +61 2 9279 0664.

The Application Form and accompanying cheque or money order must be received by the Share Registry no later than 5.00pm (**AEDT**) on 23 November 2012 (**Closing Date**).

*Payment by BPay®*

- (a) Eligible Shareholders wishing to pay by BPay® must use the specific biller code and customer reference numbers detailed on their personalised Application Form and have their BPay® payment processed by 23 November 2012 (**Closing Date**). You should check the processing cut off-time for Bpay® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.
- (b) If you choose to pay via BPay® you are not required to submit your Application Form.
- (c) If you make a payment by BPay® and the Company receives an amount which is not equal to \$2,500, \$5,000, \$10,000 or \$15,000, the Company will round down the value of the New Shares which you are applying for to the next lowest parcel.
- (d) The Application Form will set out a unique identifier that must be provided by you when making a payment using BPay. By making the application via BPay® you represent to the Company that you have complied with the matters set out in section 9 of this Plan Booklet.
- (e) If the Company receives less than AUD\$1,000, the Company will reject your application, and refund any subscription monies to you which are not used to purchase the New Shares, without interest.
- (f) Your payment will not be accepted after the Closing Date and no New Shares will be issued to you in respect of that application. You should check the processing cut offtime for Bpay® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer. If you have multiple holdings you will have multiple BPay®customer reference numbers. To ensure you receive your New Shares under the offer in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Application Form when paying for any New Shares that you wish to apply for in respect of that holding. If you inadvertently use the same Customer Reference Number for more than one of your applications, you will be deemed to have applied only for the application to which that Customer Reference Number applies and any excess amount will be refunded.

As noted above, applicants should be aware that (f) their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPay®. It is your responsibility to check that the amount you wish to pay via BPay® does not exceed your limit.

### 8.3 Multiple offers

Eligible Shareholders who receive more than one offer under the Plan (for example, because they hold Shares in more than one capacity or in different registered holdings) may apply on different Application Forms for New Shares but may only apply for New Shares with an aggregate value up to the Maximum.

### 8.4 Company may reject your application

The Company may either accept or reject your application for New Shares at its absolute discretion. The Company may reject your application in (among others) the following circumstances:

- (a) your Application Form is incorrectly completed, incomplete or otherwise determined by the Company to be invalid;
- (b) you have applied for less than AUD\$1,000 worth of New Shares;
- (c) your cheque is dishonoured;
- (d) the cheque, bank draft or money order that you enclose with your Application Form is not made out for the amount corresponding to the amount of New Shares you have selected to purchase;
- (e) your BPay® payment is not received by the Closing Date or is otherwise incomplete or invalid;
- (f) the Company believes that you are applying either directly or indirectly (such as through a trust) to buy New Shares with an aggregate value exceeding the Maximum;
- (g) the Company believes that you and one or more other registered holders of the same or similar name or address are applying to buy New Shares with an aggregate value exceeding the Maximum;
- (h) your Application Form or BPay® payment is received after the Closing Date. Late payments will be refunded (without interest);
- (i) the Company believes you are not an Eligible Shareholder having regard to compliance with the Regulatory Requirements; or
- (j) your name is not recorded in the register of members on the Record Date. For example, applications by people claiming an interest in Shares through a registered holder of shares will not be accepted if the registered holder of shares is not noted on the register of members as holding the Shares on account of another person.

## **9. EFFECT OF MAKING AN APPLICATION**

9.1 If you complete and return an Application Form or submit a BPay® payment:

- (a) you acknowledge that you are an Eligible Shareholder;
- (b) you irrevocably and unconditionally agree to the terms and conditions of this document and those set out in the Application Form and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the Plan;
- (c) you acknowledge your application for New Shares under the Plan is irrevocable and unconditional;
- (d) you certify that (aggregating all securities issued to you, whether directly as registered holder or in a joint capacity), the following does not exceed the Maximum:
  - (i) the New Shares the subject of your application;
  - (ii) any other New Shares or any similar arrangement in the 12 months before the date of your application;
  - (iii) any other New Shares which you have instructed a Custodian to acquire on your behalf under the Plan; and
  - (iv) any other Shares issued to a Custodian under an arrangement similar to the Plan in the 12 months before the date of your application for New Shares as a result of an instruction given by you to the Custodian or another Custodian and which resulted in you

holding beneficial interests in such Shares, even though you may have received more than one offer under the Plan or received offers in more than one capacity under the Plan;

- (e) you authorise the Company to correct minor errors in your Application Form and to complete the Application Form by inserting any missing minor detail;
- (f) you acknowledge that the Company may determine that your Application Form is valid, in accordance with these Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (g) you acknowledge that the Company reserves the right (in its absolute discretion) to:
  - (i) reject any application for New Shares where it believes the applicant under the Plan is not an Eligible Shareholder;
  - (ii) change the timetable at any time or cancel the Plan at any time before the New Shares are issued and allotted under the Plan;
  - (iii) Scale Back the New Shares issued under the Plan;
  - (iv) reject any Custodian Certificate that is not to the Company's satisfaction;
- (h) you accept the risk associated with any refund that may be dispatched to you to your address or nominated bank account as shown on the Company's register;
- (i) you are responsible for any dishonour fees or other costs the Company may incur in presenting a cheque for payment which is dishonoured;
- (j) you acknowledge that no interest will be paid on any subscription monies held pending the allotment of the New Shares or subsequently returned to you for any reason;
- (k) you acknowledge that you have not been provided with investment advice or financial product advice by either the Company or Boardroom Pty Ltd and that neither of them has any obligation to provide this advice in relation to your consideration as to whether or not to purchase the New Shares;
- (l) you acknowledge that the Company is not liable for any exercise of its discretions referred to in this document;
- (m) you acknowledge that the New Shares have not, and will not be, registered under the US Securities Act or the securities law of any state or other jurisdiction outside Australia or New Zealand and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (n) you agree not to send any materials relating to the Offer under the Plan to any person in the United States or that is or is acting for the account or benefit of a US person; and
- (o) you acknowledge that the market price of Shares may (o) rise or fall between the date of this offer and the date the Shares are allotted to you under the Plan (**Allotment Date**) and that the Issue Price you pay for the Shares may exceed the market price of the Shares on the Allotment Date.

10. **THE NEW SHARES**

- 10.1 New Shares issued under the Plan will rank equally in all respects with existing Shares quoted on the ASX, with the same voting rights, dividend rights and other entitlements.
- 10.2 The Company will apply for New Shares issued under the Plan to be quoted on ASX.
- 10.3 If the New Shares are not quoted on ASX, the New Shares will not be issued and all funds received will be refunded, without interest.

11. **COSTS OF PARTICIPATION**

The Company will not charge any brokerage, commissions or other transaction costs in respect of the application for, and allotment of, New Shares under the Plan.

12. **DISPUTE RESOLUTION**

The Company may in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan. The Company's decision will be conclusive and binding. The Company reserves the right to waive strict compliance with the terms of the Plan. The Board or any authorised delegate may exercise the powers of the Company under the terms and conditions of the Plan.

13. **WAIVER AND WITHDRAWAL**

The Company may, at its absolute discretion:

- (a) waive compliance with any provision of the terms and conditions of this document; and
- (b) withdraw the offer under the Plan at any time up to the Allotment Date.

14. **GOVERNING LAW**

These terms and conditions set out in this Plan Booklet are governed by the laws in force in Queensland, Australia.

15. **OTHER TERMS AND CONDITIONS**

- 15.1 By accepting the offer to acquire New Shares under the Plan, shareholders will be bound by the constitution of Company and the terms and conditions of this Plan Booklet.
- 15.2 The Plan is currently not underwritten. However, the Directors reserve the right to appoint an underwriter (at any time during the offer period) to take up New Shares not purchased by Eligible Shareholders under the Plan (**Shortfall Shares**), or to otherwise place any Shortfall Shares in their absolute discretion at a price not less than the Issue Price.
- 15.3 If any Shortfall Shares are taken up by an underwriter or otherwise placed as noted under clause 15.2, the issue of these Shortfall Shares will count towards the Company's 15% limit for the purposes of ASX Listing Rule 7.1.

17 October, 2012

TSX / ASX ANNOUNCEMENT

**OROCOBRE SIGNS AGREEMENT WITH TOYOTA TSUSHO FOR  
DEVELOPMENT OF OLAROS 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.

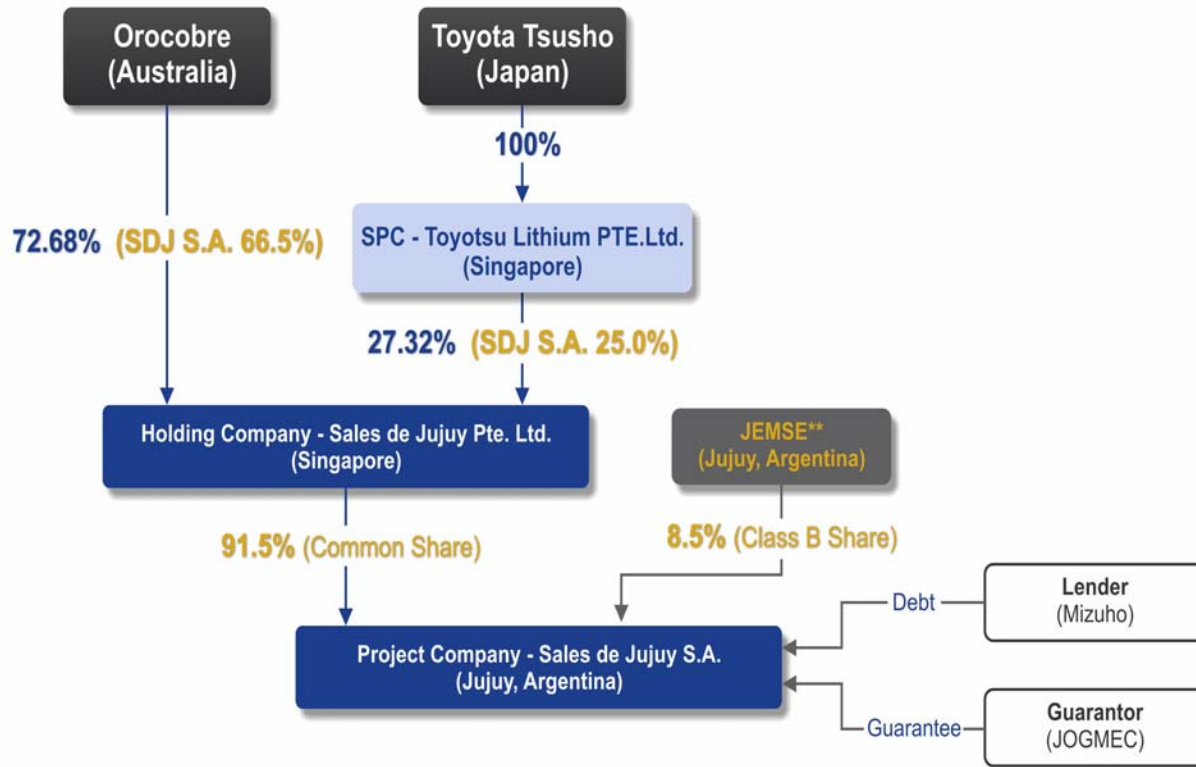
## **INVESTMENT STRUCTURE**

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"

**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 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](http://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](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.*

### ***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.*



August 21, 2012

TSX / ASX ANNOUNCEMENT

**OROCOBRE ACQUIRES BORAX ARGENTINA S.A.**

**Highlights**

- Orocobre purchases long established Argentine boron minerals and refined chemicals producer, Borax Argentina S.A., from Rio Tinto PLC entities
- Borax Argentina has extensive operations and provides a platform for targeting future production growth from the significant quantity of mineralisation at three mines and two undeveloped projects at which historical estimates of borates have been made
- Demand for boron products remains strong, both regionally and globally
- Boron minerals and chemicals production compliments Orocobre's core lithium developments with synergies in potential future boron chemicals production from brines at Olaroz and elsewhere
- The purchase aligns with Orocobre's salar focused industrial minerals development strategy, whilst maintaining Jujuy and Salta provinces in Argentina as the areas of activities
- The purchase provides well-established regional operating presence, experience and management skills which will complement existing management

Orocobre Limited ("the Company") (ASX: ORE, TSX: ORL) is pleased to announce that it has acquired Borax Argentina S.A. ("Borax Argentina") from Rio Tinto PLC entities, Rio Tinto Minerals Development Limited and Borax Europe Limited.

**Transaction Overview**

Borax Argentina has been in operation for over 50 years, and operates three open pit mines in Tincalayu, Sijes, and Porvenir, concentration plants in Tincalayu, Sijes and Porvenir (currently unused), and refinery facilities in Campo Quijano. Additionally, the deposits at Diablillos and Ratones are essentially undeveloped.

The refinery operations currently produce a variety of boron chemical products, including boric

acid, borax decahydrate, borax pentahydrate, anhydrous borax and boroglas from concentrates and ulexite minerals carted from the mines and concentrators. In addition, the mine and concentrator at Sijes produce mineral concentrates for direct sale. Current production comes from boron mineralisation on which there are historical estimates.

Borax Argentina owns one of only a few important borate deposits globally that are in production. The purchase of Borax Argentina provides an opportunity to acquire this significant quantity of historically estimated boron mineralisation at an attractive valuation.

Borax Argentina has a high profile in Argentina and particularly in Salta province. It has excellent environmental and safety records, and healthy community relations. Borax Argentina has a reputation as a reliable supplier of high quality products and has strong, long-term relationships with many of its key customers, based on a proven track record in successfully meeting South American customers' needs within both the industrial and agricultural sectors.

The acquired business has annual revenue of approximately US\$23 million and annual production of approximately 35,000 tonnes of boron based products and mineral concentrates.

The purchase has been made after a two stage due diligence process over a significant period of time and included two extensive site visits and document review. During the process, it was concluded that although Borax Argentina is currently only a relatively small and marginally profitable producer, it is asset rich in terms of mines, plant and human resources and has potential to materially improve performance based on processing recovery improvements and plant utilisation. In addition, the due diligence concluded that there was potential to increase the current operational scale taking advantage of the significant quantity mineralisation described as historical estimates.

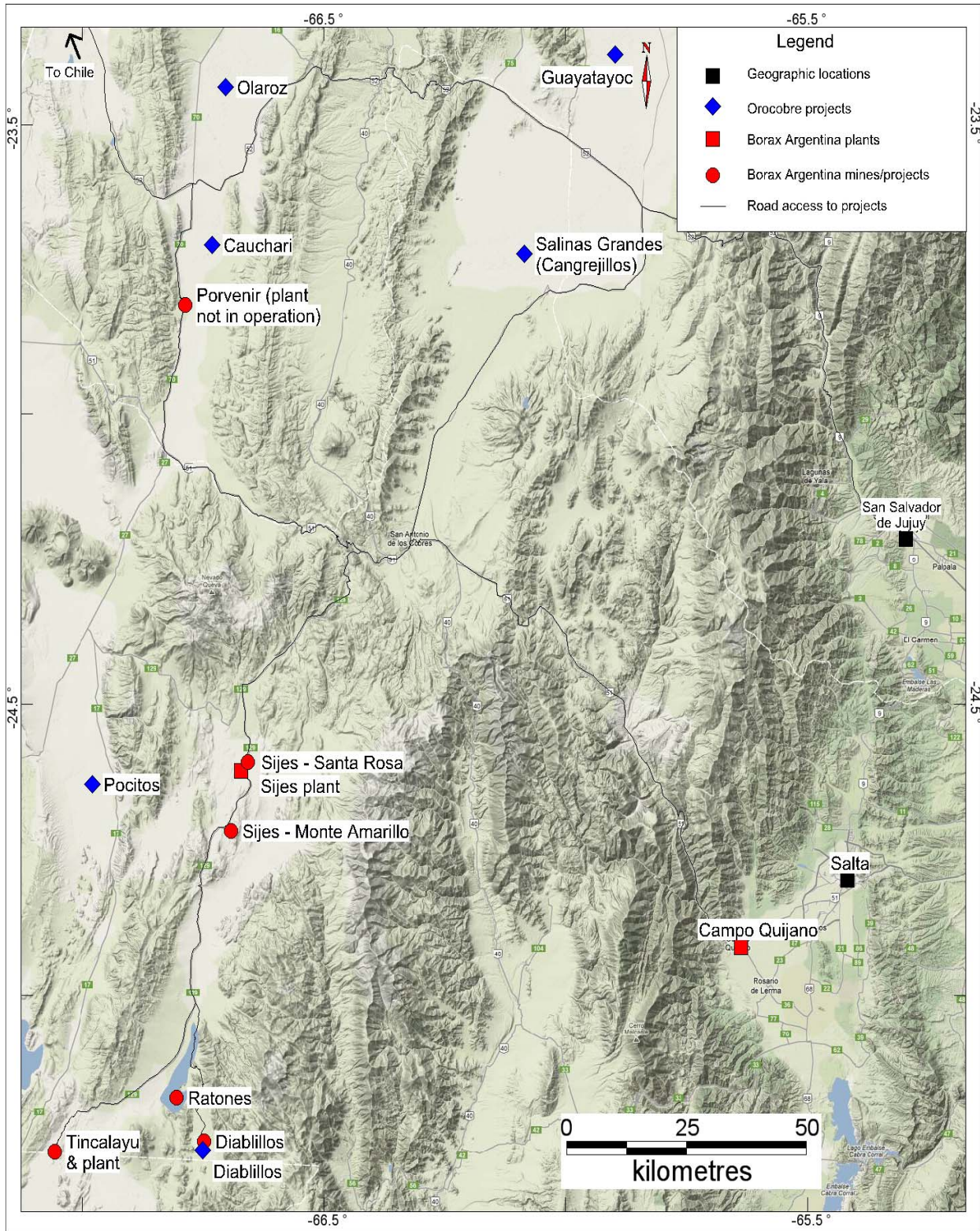
The consideration for the purchase is US\$8.5 million of which US\$5.5million has been paid with US\$1million to be paid annually over the coming three years. The consideration comprises US\$3.7 million for all of the issued shares of Borax Argentina and US\$4.8 million paid to Borax Europe Ltd, a Rio Tinto PLC company as consideration for the assignment of a loan made by it to Borax Argentina.

Outside the attributes of the assets acquired, the attraction of the purchase for Orocobre is that it provides a growth opportunity within the Company's solar-focussed industrial mineral development strategy. In addition, its operations are within Orocobre's current geographical area of activities and will enhance Orocobre's management capabilities.

## **Location and Operations**

With the exception of the Porvenir mine which is located in Jujuy, all of Borax Argentina's operations are located in Salta Province in Northern Argentina (fig 1).

**Figure 1: Map of Borax Argentina Operations**



There are two types of deposits, the first in current salars such as Porvenir, Diablillos and Ratones and the second, in paleo-salars such as Sijes and Tincalayu. The mineralisation of the



first type is free digging whilst in the second type ripping and rock breaking is used in certain activities. Neither type of deposit requires blasting.

Details of the tenure held by Borax Argentina is set out in Appendix A. Agreements with third parties affecting the tenure are set out in Appendix B. The tenure on which Borax Argentina operates has been held by the company for a significant period of time. All tenure is fully granted. Pursuant to the provisions of Argentine law granted tenure is not subject to review or relinquishment provided the conditions of grant continue to be met. The company conducted extensive due diligence on the tenure and is satisfied that it is in good standing.

At Tincalayu, tincal mineralisation is mined from an open pit at a rate of approximately 85,000 tonnes per annum and then crushed and concentrated at an adjacent plant. Run of the mine ore is fed into a system including a jaw crusher, mesh sieves and magnetic separation technology to produce a concentrate of tincal. The concentrate is then transported for further processing at the refinery in Campo Quijano, 330 kilometres away, to produce borax decahydrate, borax pentahydrate and anhydrous borax.

Secondary ulexite and other borate minerals are also present at Tincalayu but are not currently being processed.

**Photo: Tincalayu Mine Pit**



**Photo: Tincalayu Concentrating Operations**



At Porvenir in the Salar de Cauchari salar sediment hosted ulexite mineralisation is surface mined at a rate of approximately 30,000 tonnes per annum before drying, screening, concentrating and trucking to Campo Quijano, 230 kms away where it is processed into boric acid.

**Photo: Sijes Operations**



At Sijes (Santa Rosa and Monte Amarillo), hydroboracite and colemanite mineralisation is mined at a rate of approximately 35,000 tonnes per annum from adjacent mining pits prior to being concentrated into a variety of products for agricultural and ceramic frits customers. Processing at the Sijes plant involves a jaw crusher, a cone crusher, a rod mill, sieves and magnetic separation.

Campo Quijano processing assets include a borax plant, a boric acid plant, and three glass furnaces to create a very high grade boron glass, “boroglas”. The borax plant converts tincal into borax products of types previously described. This plant and the glass furnaces currently operate at below design capacity. The boric acid plant began production in 2004 and converts ulexite into boric acid through a chemical reaction with sulphuric acid.





Photos: Campo Quijano Borax and Boric Acid Refining Facility

## **Recent Financial Performance of Borax Argentina**

For the year ended December 31, 2011, Borax Argentina had annual production of approximately 35,000 tonnes of boron based products and mineral concentrates; revenue of approximately US\$23 million; operating profit of approximately US\$1.6 million; and net profit after tax of approximately US\$0.8 million.

As at December 31, 2011, total assets of the acquired business were approximately US\$26.6 million (consisting of approximately US\$20.3 million of current assets, and US\$6.3 million of non-current assets), and total liabilities were approximately US\$16.5 million (consisting of approximately US\$8.8 million of current liabilities, and US\$7.7 million of non-current liabilities). Non-current liabilities include debt in the amount of approximately \$4.8 million that was then owed to Borax Europe Ltd, a Rio Tinto PLC company. As part of this transaction, this loan of US\$4.8 million has been novated to Orocobre. Net assets and total equity of the acquired business were approximately \$10.1 million at 31 December 2011.

The foregoing numbers (other than production) are based upon the financial statements of Borax Argentina SA for the year ended December 31, 2011. Such financial statements were audited by Deloitte, which issued an unqualified auditor's report in respect of such statements. The financial statements were prepared in accordance with Argentine GAAP, which may have material

differences from IFRS; accordingly, the results could be materially different if prepared in accordance with IFRS, and so the financial statements have not been included in this release and are not being filed in Canada. The financial statements were presented in Argentine pesos, which in this paragraph have been converted into US dollars at an exchange rate of 4.32 peso to the dollar.

## **Historical Estimates of Mineralised Material**

Prior to 2003, resources were reported by Borax Argentina according to the relevant standards of the time including the JORC code (1999). However, as a result of changing reporting practices by Borax Argentina and changing standards under JORC, the estimates prior to 2003 and any more recent estimates do not satisfy either current JORC or CIM/NI43-101 requirements for the reporting of resources. Consequently they can only be considered as historical estimates.

The overall size and grade of the deposits as described in the historical estimates is material as these deposits have supported operations for many years and are of significant size compared to current rates of mining as previously described. The historical estimates as set out in Table 1 were prepared by Borax Argentina employees or consultants. The dates and authors of the reports containing the original historical estimates are provided as associated foot notes to Table 1. The current aggregate historical estimate, adjusted for mining extraction to October 2011, consists of approximately 17.3 million tonnes of mineralised material in the measured, indicated and inferred categories (pre-JORC and non-National Instrument 43-101 compliant), with various average  $B_2O_3$  grades and cut off parameters. These historical estimates were made using the same categories of inferred, indicated and measured that are defined in Section 1.2 of NI 43-101 and the 1999 JORC code. The main types of borates found in these mines are tincal, ulexite, colemanite, hydroboracite and kernite.

The historical estimates for Borax Argentina listed in Table 1 were provided to Orocobre in January 2012 and were reviewed by Orocobre as part of its due diligence process. Although these historical estimates are not in accordance with JORC and NI 43-101, Orocobre considers that they are highly relevant as they were carried out by Borax Argentina, a subsidiary company of Rio Tinto PLC, a company with high technical standards and a long operating history in borate mining in Argentina and the USA.

Geological models used for the historical estimates were developed for the Tincalayu and Sijes deposits in Vulcan (modern resource modelling software), whilst the historical estimates for the shallow tabular salar deposits were based on traditional resource estimation methods suitable for such geometries. Subsequent to the 2006 historical estimate at Tincalayu, Borax Argentina has carried out annual reconciliation of the material mined against the material predicted by the historical models, updating the historical estimates for mining depletion. Periodic reconciliation has also been carried out at the Sijes mining operation. At the Porvenir mine reconciliation of produced ulexite versus production planned from the historical estimates is not carried out, but the historical estimate is reduced when a block within the estimate have been mined out.



As noted above, Borax Argentina's mines and projects do not have reserves or resources in accordance with JORC code or NI 43-101 compliant. However, with regards to the relevance and reliability of the historical estimates, it is understood that the methods of geological assessment would have been considered industry standard, and to have provided a suitable basis for estimating resources, at the time the work was undertaken (both prior to and after the introduction of the JORC code).

It is important to note, however, that a qualified person has not done sufficient work to classify the historical estimates relating to Borax Argentina that are described in this press release as current mineral resources. Accordingly, Orocobre is not treating these historical estimates as current mineral resources. It is uncertain whether following evaluation and/or further exploration any of the historical estimates will ever be able to be reported as mineral resources or ore reserves in accordance with the JORC code or NI 43-101.

Mine planning and production based on these historical estimates has occurred by Borax Argentina over many years and reconciliations of actual production versus planned have been undertaken by Borax Argentina technical staff regularly.

Borax Argentina properties cover borate mineralization in both Consolidated Upper Miocene sediments (at Sijes and Tincalayu) and Quaternary salar/salt lake sediments (Porvenir [Cauchari], Ratones and Diablillos). The Tincalayu and Sijes historical estimates were defined by diamond drilling, with the salar historical estimates defined by test pits. Geological logging of samples was carried out by geologists on the project sites, with drill holes and pits located by surveying or GPS instruments. Samples taken were assayed in the Campo Quijano (Borax Argentina) laboratory for total and soluble  $B_2O_3$  and in the case of the Quaternary salars Humidity, Chloride,  $SO_4^{2+}$  and  $CO_3^{2+}$ . Volume and tonnes calculation were undertaken using the practical specific gravity of 1.8 g/cc, corresponding to dry mineralized material.

At Tincalayu the most recent historical estimate in 2006 used 5 x5 m blocks, with a height of 2.5 m; with blocks classified as high grade and low grade (<14%  $B_2O_3$ ) mineralisation, soft waste and hard waste. Drilling at Tincalayu was conducted on a 50 m spacing, with areas of 25 and 12.5 m spaced drilling. Drilling by Borax Argentina in 2000/2002 did not define additional mineralisation during regional exploration on the Tincalayu Peninsular, around the Tincalayu mine. Drilling at Sijes (Monte Amarillo) is on an approximately 200 m spacing, in largely flat lying sediments. The historical estimates at both these mines were undertaken using the inverse distance squared method of estimation.

The drilling data and assay data has been produced over many years. The data was collected according to the accepted standards of the time as would be expected from a company within the Rio Tinto group of companies. However, the lack of requirement to internally report formally under JORC and publically report, has potentially resulted in a divergence in some aspects from current expectations in standards. Due diligence showed for example that there may be a potential shortage in independent chemical analyses (check analyses). However, this does not necessarily imply that the estimate of grade is unreliable, as the in-house laboratory has been in

operation for decades and does all of Borax Argentina's mining, processing and product quality analyses. Consequently, it would be reasonable to expect that the chemical analyses for drilling are of a high level of accuracy and the estimate is reasonably reliable.

Orocobre intends to undertake a validation program on the historical estimates, with the objective of bringing some or all of the historical estimates up to the JORC and CIM/NI43-101 resource reporting standards, to the extent possible. The first phase will be a detailed assessment of the current database, drilling and sampling methods, chemical analyses, quality assurance /quality control (QA/QC), assessment of existing cores or stored samples, evaluation of the accuracy with which historical drill holes were located and the reconciliation process used in the mining operations. Given the historical nature of drilling on these projects there may be positional inaccuracies in the location of some of the drill holes and this could impact on the accuracy of the volume and tonnage estimates in the historical estimates. QA/QC sampling and analysis was undertaken as part of the historical estimates; however it was less than Orocobre would generally consider a sufficient amount of samples and lacks external laboratory checks.

The second phase of this program is expected to require some drilling and test pitting, depending on the project. The spacing of drill holes and pits will be defined when the validation evaluation is initiated, with samples to be recovered and logged/photographed on site, with samples being representatively sub-sampled for submission for laboratory analysis. This program may include the use of twinned drill holes and test pits.

The first phase of the validation program is anticipated to commence within the next three months and is expected to last 6 months. The scope of the second phase is currently uncertain but could be in the order of a further 2 years.

A primary and check laboratory will be used for analyses and a Quality Assurance/Quality Control program will be implemented as part of this program, consistent with JORC and NI43-101 standards. Sample points will be located by GPS. During the validation program, the current Tincalayu geological model will be evaluated in detail as pit mapping during mining has shown that the current model oversimplifies mineralisation geometry, resulting in locally poor reconciliations in areas of folding between the model and production; although overall reconciliation is reasonable if not good. In addition, the evaluation will take into account the potential impact on production of an old failure on the western wall of the north pit which is not currently being mined.

The first stage of the validation program is expected to be funded from Borax Argentina's cash flows. The second phase, which is expected to have a significantly greater budget and longer time frame, is also planned to be funded by cash flows but in the event that the scale or timing of the program is beyond the funding capacity of operational cash flows additional funding would be arranged. However, as mine production is currently scheduled from historic estimates and not from ore reserves which comply with JORC or NI43-101 reporting standards that there is a increased level of uncertainty regarding future cash flows. . Funding of the validation program is

not anticipated to materially impact on resources currently devoted to Orocobre's other exploration projects.

**Table 1: Borax Argentina Historical Estimates provided to Orocobre by Borax Argentina on 18/01/12**

Mine/Project	Material	Historical Estimate	Tonnes	Grade% B2O3	Tonnes B2O3
<b>Current Soft Rock mines - Geological Models In Vulcan and Reconciliation Carried Out</b>					
Tincalayu	Tincal	Measured	1,459,291	17.9	261,197
	Tincal	Indicated	385,519	14.8	58,537
Sijes - Hydroboracite	Hidroboracite	Measured	3,099,998	22.8	706,800
Sijes - Colemanite	Colemanite	Inferred	200,000	20.0	40,000
<b>Total &amp; averages</b>			<b>5,154,718</b>	<b>20.7</b>	<b>1,066,533</b>
<b>Current Ulexite Mine In Salt Lake Sediments - Tabular geological model</b>					
Porvenir	Ulexite	Measured	2,417,099	20.2	487,231
<b>Undeveloped Ulexite Deposits In Salt Lake Sediments - Tabular geological models</b>					
Diablillos	Ulexite	Measured	9,435,732	10.8	1,772,893
Ratones	Ulexite	Indicated	364,663	10.0	65,639
<b>Total &amp; averages</b>			<b>17,372,213</b>	<b>10.9</b>	<b>3,392,297</b>

ASX has granted a waiver to listing Rule 5.6 to allow the Company to report the historical estimates and the reporting is consistent with the guidance contained in the Companies Update 11/07 and 05/04.

Footnotes: The historical estimates are in equivalent categories to those used by the JORC and CIM reporting codes. It is uncertain whether following evaluation and/or further exploration any of the historical estimates will ever be able to be reported as current estimates in accordance with the JORC code or NI 43-101. Cut off grades for mining depend on the deposit and the borate mineral being mined. At Tincalayu the recent cut off grade is approximately 12% B2O3. Note that material mined in 2012 is not accounted for as depletion in the figures above, with approximately 85,000 tonnes at Tincalayu, 35,000 tonnes at Sijes and 30,000 tonnes at Porvenir the estimated production of mineralised material per annum currently. Relevant reports from which the above summary of historical estimates is drawn include the following:

**Tincalayu:**

- July 2006 Estimation for Tincalayu Deposit, Recalculation and 20 years Mining Plan. Roberto Torres & Raúl Gutiérrez; U.S. Borax and Borax Argentina S.A.;
- August 2006. 9 Years Mining Plan based on July 2006 Recalculation, Roberto Torres, U.S. Borax; 2007 – 2012. Subsequent to these estimates Borax Argentina has carried out annual reconciliations of the material mined against the material predicted by the geological model and has thereby updated the historical estimate for mining depletion. The estimate set out in Table 1 reflects these annual reconciliations as of December 2011. These are reported in the annual reports titled Tincalayu Deposit Update & Yearly Mining Plan by Raúl Gutierrez.

**Sijes:**

- July 1998; Borax Argentina S.A.; Environmental and Operational Studies, Phase 1, Initial Geotechnical Appraisal; Knight Piesold Limited, England. Includes a Historical estimates Chapter;
- July 1998; Borax Argentina S.A.; Environmental and operational Studies, Phase 2; Geotechnical Appraisal; Knight Piesold Limited, England;
- May 1999; Borax Argentina S.A.; Hidroboracite Project, Raul Gutierrez Solis; August 1999, Borax Argentina S.A.; Sijes, Monte Amarillo 2 Mine. Historical Estimation, Mine Design & Planning Report. Knight Piesold Limited, England.

**Porvenir:**

- December 2004, Historical Estimation for all Properties in Porvenir mines, Cauchari Salar. Raúl Gutiérrez Solís and Alejandro Carral Reconciliation of produced ulexite versus production planned from the historical estimates is not carried out, but the historical estimate is reduced when a block within the estimate have been mined out..

**Diablillos:**

- December 2008, Historical estimates for all properties granted at Diablillos Salar. Raúl Gutierrez Solis and Eduardo Carral.

**Ratones:**

- The project was acquired by Borax Argentina circa 1987. The previous owners had conducted an estimate of contained mineralised material. This has not been validated by Borax Argentina, who consider the status of this material to be of the indicated category.

In addition to the non-compliant historical estimates described above, there is significant potential for delineating additional mineralisation through future exploration on the extensive portfolio of properties being acquired. Details of these properties are listed in Appendix A.

Orocobre considers that the historical estimates in this announcement have been presented in a manner that is consistent with the guidance contained in ASX's Companies Updates 11-07 and 05/04 and in accordance with NI 43-101.

## Lithium Brine Properties

Borax Argentina also owns the tenure on all or parts of the lithium projects being progressed by other lithium exploration companies, including Lithium Americas Corporation Ltd. (TSX:LAC) at Salar de Cauchari, Rodinia Lithium Ltd. (TSX-V: RM) at Diablillos, and Galaxy Resources Ltd (ASX:GXY) at Sal de Vida, (formerly Lithium One's project). As one of the conditions to extract brines, these companies are required to make payments to Borax Argentina either as fixed annual payments or a royalty related to production. The terms of these agreements are detailed in Appendix B, and summarised in Table 2 below.

**Table 2: Agreements by other lithium companies with Borax Argentina**

Company	Project Affected	Area of Properties (hectares)	Date of Contract	Type of Contract	Remaining Payments	Royalty Payable on brine extracted	Period of Usufruct (end date of term)	Comments
Lithium Americas Corporation	Cauchari	4,130	9-Sep-09	3 yr Exploration right and option to Usufruct	None	None		Option Exercised
Lithium Americas Corporation	Cauchari	4,130	19-May-11	Usufruct	\$ 5,800,000	None	18-May-41	\$200,000 per annum payable until 18 May 2041 irrespective of production. Remaining period of 28 years and 9 months
Rodinia Lithium	Diablillos	2,700	14-Jan-10	3 yr Exploration right and option to Usufruct	None	n/a		
Rodinia Lithium	Diablillos	2,700		Usufruct	None	1.5%	40 yrs plus 40 yrs	Can purchase royalty at any time for \$1,500,000
Rodinia Lithium	Centenario and Ratones	630	14-Jan-10	Purchase	None	1.0%	Indefinite	Royalty can purchased by Rodinia for \$1,000,000
Rodinia Lithium	Los Ratones	600	14-Jan-10	Purchase	None	1.0%	Indefinite	Borax Argentina has right to mine borates. Royalty can purchased by Rodinia for \$1,000,000
Galaxy Resources/ Lithium One	Sal de Vida	1,100	6-Jul-10	Exploration and Usufruct	None	1.0%	Indefinite	Royalty can purchased by Galaxy for \$1,000,000
Lithea Inc	Pozuelos	2,488	14-Jan-10	Purchase	None	1.0%	Indefinite	Borax Argentina has right to mine borates. Royalty can purchased by Lithea for \$1,000,000

## **Business Strategy and Opportunity**

While the current Borax Argentina business is only marginally profitable, Orocobre considers that the acquisition provides a significant opportunity for the Company and its shareholders.

Firstly, there is significant potential to improve operational performance and utilise current spare capacity in the refined product lines from the Camp Quijano refinery. In addition, due diligence has highlighted the potential for Borax Argentina develop sales of minerals (un-refined products) into the fast growing agricultural markets. Borax Argentina is currently the only company in Rio Tinto Minerals supplying mineral products.

Secondly, Orocobre considers that there is potential to expand the mining and processing capabilities to take advantage of the significant size of the historically estimated borate mineralisation. As described above, a validation program is planned on the historic estimates as part of the process to develop this potential.

As part of a smaller company, Borax Argentina has an opportunity to explore new products and markets, and to develop positive new opportunities for customers. Global market demand for boron products continues to grow and South American demand also continues to grow in a wide number of industrial and agri-business applications. Borax Argentina is well-positioned to supply the increasing demands given their capabilities to sell products with varying degrees of mineral processing.

The in-house leadership team at Borax Argentina is comprised of industry veterans with extensive operational expertise in the borate sector and northwest Argentina's Puna region. In addition, former Borax Argentina employees currently working in Orocobre's Sales de Jujuy subsidiary have familiarity and experience with the acquired assets, which should provide for a smooth integration. The amount of US\$0.5 million to \$1 million of capital expenditure, in addition to Borax Argentina's internally funded budget, may be allocated to improve metallurgical recovery and processing plant efficiency in this current operating year.

It should be noted that the future revenues, production and profit of Borax Argentina cannot at this stage be forecast.

## **Synergies with Orocobre's Lithium focus**

The acquisition of Borax Argentina is a logical fit with Orocobre's salar-based industrial mineral strategy and primary focus on lithium production. Boric acid is a potentially valuable product to be extracted from brines such as the lithium-potash-boron brines at the Olaroz and Cauchari projects. Borax Argentina's experience as a producer and marketer of boric acid will serve to augment operational and commercial insight related to potential future volumes of boric acid from the Company's brine projects. In addition, with the development of the Olaroz lithium project, substantive infrastructure, including relatively cheap energy from the to be constructed

gas pipeline, would be available close to the Porvenir mine, potentially providing opportunities to develop new strategies for maximising value from this deposit.

Borax Argentina also complements Orocobre's regional project development plans by deepening personnel resources and "know how" in northwest Argentina. This addition provides the Company an enhanced presence in Argentina through a business that has developed a valuable reputation regionally and nationally. The Company values the strong relationships that Borax Argentina has built with local stakeholders, including the Governments of Salta and Jujuy, during more than fifty years operating in the region. Through the combination of Borax Argentina's long experience in the Puna region and Orocobre's salar asset potential, the Company is now well positioned to generate increased shareholder value.

## **Borates Market Overview**

Boron compounds, primarily borates, is widely used in hundreds of applications and productive processes, but an estimated 80% of all global demand is driven by the glass, ceramics and agricultural sectors in the form of refined borates or boric acid. Borate minerals and chemicals are all actively traded internationally, reflecting the global nature of demand.

World consumption of borates is projected by the U.S. Geological Survey to reach 2.0 million metric tons ( $B_2O_3$ ) by 2014 compared with 1.5 million metric tons in 2010. Favourable long-term demand growth forecasts are driven by population growth, increasing demand for insulation, rising agricultural nutrient demands, modern high-tech glass products and coatings (used in computers, LEDs, plasma screens, circuit boards and solar panels), new flame retardant properties in textiles, new applications that enhance efficiency of many industrial manufacturing processes, increasing uses in fungicidal and insecticidal applications, and other newly developed applications.

Currently, the primary geographic market for Borax Argentina is Brazil and to a lesser extent Argentina. Fully dependent on imports for its extensive borates needs, Brazil's economy has been one of the faster growing in the world, a trend that is expected to continue. Borate demand is closely linked with the strength of Brazil's glass, ceramics, construction and agricultural sectors. In addition to the favourable growth trends of the segments currently served by Borax Argentina, Orocobre believes that there are opportunities for Borax Argentina to expand into additional markets and supply additional products.

"This acquisition provides Orocobre with a production asset that is an excellent fit with our salar-focused industrial mineral development strategy" said Richard Seville, Orocobre's CEO and Managing Director. "Borax Argentina has been exploiting these deposits for over 50 years and that provides a solid basis for looking forward with confidence when one considers the significant quantity of mineralisation in the historic estimates. "We are proud to be the new owners of Borax Argentina. It has a long and proud history and Borax Argentina has some fine assets, both physical and human. Our strategy is to make the most of those assets and I am sure

that there are many ideas within the existing organisation of ways we can improve and grow the business in addition to those we developed from our due diligence.”

Seville added, “In addition, the proximity of the Borax Argentina operations to our pre-existing brine projects will enable us to leverage the combined Orocobre – Borax Argentina experience, capabilities and relationships to add new growth potential for our company.”

**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 a salar focused industrial mineral producer and the leading lithium-potash developer in the lithium and potassium rich Puna region of Argentina. Orocobre completed a definitive feasibility study for its Olaroz Project in 2011 and recently received project development approvals. The company is now finalizing arrangements with strategic partner Toyota Tsusho Corporation and debt facilities with Mizuho Corporate Bank and JOGMEC. Subject to completion of these arrangements, 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).

*The technical information in this announcement is disclosed in accordance with Companies Update 11/07 and 05/04 and has been approved by Murray Brooker of Hydrominex Geoscience. Murray is a geologist, hydrogeologist and Member of the Australian Institute of Geoscientists and an independent consultant to Orocobre. Murray 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 and as a “qualified person” under NI 43-101. Murray has not done sufficient work to classify the historical estimates on the properties that are described in this press release as current mineral resources. Accordingly, Orocobre is not treating these historical estimates as current mineral resources. It is uncertain that following evaluation and/or further exploration the historical estimates will ever be able to be reported in accordance with the JORC code or NI 43-101. Mr. Brooker consents to the inclusion in this announcement of this information in the form and context in which it appears.*

### **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 relates to the properties and operations of Borax Argentina and of Orocobre and includes, but is not limited to, the estimation and realization of mineral resources and the results of Orocobre’s proposed validation program and the funding thereof, the viability, recoverability and processing of any such validated resources, expansion of the projects, growth and optimisation of existing operations (including relocation and/or expansion of the current refining plant), the exploration of new products and markets, global and South American market demand for boron products and the ability of Borax Argentina to meet that demand, the integration of Borax Argentina’s operations with those of Orocobre and any synergies relating thereto, production of boric acid from Orocobre’s other projects, royalties realized by Borax Argentina from properties held by other lithium development companies, the generation of increased shareholder value and improved financial and operating performance of Orocobre resulting from the acquisition of Borax Argentina, results of the Olaroz feasibility study and the commencement of construction and production at the Olaroz Project and the timing thereof.*

*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 that the historical estimates prepared by Rio Tinto, Borax Argentina and/or their consultants (including the size and grade of such resources) are incorrect in any material respect; general uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; further changes in government regulations, policies or legislation; the possibility that any 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 or market demand; the inherent risks and dangers of mining exploration and operations in general; environmental risks relating to the projects; general risks associated with construction, production, feasibility and continued development of the projects; unexpected capital or operating cost increases; the inability to efficiently integrate the operations of Borax Argentina with those of Orocobre; the risk that the preparation of Borax Argentina’s financial statements in accordance with IFRS would result in material and adverse changes to the presentation of its financial position and/or results of operations; breach of any of the contracts through which property rights are held; defects in or challenges to property interests; uninsured hazards; disruptions to supplies or service providers; reliance on key personnel; the loss of any key employees at Borax Argentina; the projects on which Borax Argentina is entitled to royalties or payments from third parties not being developed for production; uncertainty of meeting anticipated program milestones at the Company’s projects; as well as those factors disclosed under “Risk Factors” in the Company’s Annual Information Form for the year ended June 30, 2012 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 ability of the Company to obtain financing as and when required and on reasonable terms and conditions; the Company’s ability to carry on its exploration and development activities, and to continue production at Borax Argentina’s properties; the prices of lithium, potash and boron; 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.*

## Appendix A

### Schedule of properties acquired with the purchase of Borax Argentina SA

Province	Department	Location	Name	Grant Number	Size ha
Salta	Los Andes	<b>Tincalayu (Salar Hombre Muerto)</b> Galaxy Resources Ltd has a contract re brine extraction on mines Alex, Leonor and Fernando	MABEL 3,4 y 5	1271-C	300*
			ESTELA 1,2 y 3	1215-C	300
			ALEX 1 y 2	1495-C	200
			LEONOR 3,4 y 5	1214-C	300
			EMMA	1203-C	54
			MARY	1204-C	63
			BERTA	1202-C	54
			FERNANDO 1,2 y 3	5596-G	300
			PATRICIA	5435-R	300
			VIRGINIA 1,2 y 3	5817-C	300
			DON BENITO 1,2 y 3	5818-C	300
			ALEJANDRA 1,2 y 3	5819-C	300
			VIVIANA 1,2 y 3	8720-B	300
			SUSANA 1,2 y 3	8721-B	300
			TANY	8722-B	47
			DIANA	13848-B	100
			VALERIO	17335-B	274.32
Salta	Los Andes	<b>Salar Diablillos</b> Rodinia Lithium Ltd contract regarding brine extraction on all properties	ODIN y THOR	1182-S	100
			AEGYR	1176-H	100
			CONSUELO	1164-W	100
			LA PICHUNGA	1172-W	100
			SAN FELIPE	1166-W	100
			SAN MARCELO	1195-W	100
			LA TOSCA 1 y 2	1180-W	200
			SAN JOSE	1168-W	100
			SANTA ROSA	1163-W	100
			SAN MIGUEL	1206-W	100
			SANTIAGO	1175-W	100
			ESPERANZA	1167-W	100
			SOL ARGENTINO	1174-W	100
			SAN PEDRO	1171-W	100
			SAN PABLO	1165-W	100
			SAN JUAN	1171-W	100
			SANTO TOMAS	1179-W	100
			CORAL	7021-N	100
			SANTO DOMINGO	1181-N	100
			LA ENTRERRIANA	12635-N	200
			SAN MARTIN	1173-N	100
			SAN JORGE	1168-N	100
			SAN ANDRES	1178-N	100
			CHINCHILLAS	12652	200

Province	Department	Location	Name	Grant Number	Size ha
Salta	Los Andes	Sijes	SANTA ELVIRA	1216-W	100
			LA PAZ 4	1197-C	100
			LA PAZ 3	1198-C	100
			LA PAZ 1 y 2	1185-G	200
			SANTA ELENA	1217-W	99
			SANTA ROSA 1 y 2	1220-W	200
			ELSA	1180-W	94
			SIJES	1168-W	100
			MTE.BLANCO 1,2 y 3	1163-W	294
			ESPERANZA 1,2 y 3	1230-W	300
			CITA	1232-W	100
			MTE.AZUL 1,2 Y 3	1221-W	300
			INDUSTRIA	1193-G	100
			MTE.AMARILLO 1,2y3	1226-W	299
			RITA 1 y 2	1194-G	200
			MTE.VERDE 1,2 y 3	1224-W	300
			SORPRESA 1,2 y 3	1223-W	300
			MTE.GRIS 1,2 y 3	1222-W	300
			MTE.MARRON 1,2 y 3	1225-W	300
			PLAYA 1,2 y 3	1227-W	300
			MARIDEL 1,2 y 3	1229-W	300
			PERICO 1,2 y 3	1228-W	300
			ALEJANDRO 1 y 2	1233-W	200
			ANITA 1 y 2	1231-W	200
			DEM.SIJES	14801-B	8
			DEM.MTE.BLANCO	14121-B	10
			ROCA CRISTAL	5786	200
Salta	Los Andes	Salar Pozuelos	SARITA	1208-L	194
			MARGARITA	5569	300
			POZUELO	4959	200
			SAN MATEO II	13171	200
			SAN MATEO III	13172	200
Salta	Los Andes	Niño Muerto (East of Salinas Grandes)	SAN ESTEBAN	203	100
			LA AMERICANA	265	99
			SALTA	48	100
			SAN JUAN	54	100
			NEUQUEN	68	100
			SAN FRANCISCO	204	100
			WALTERIO	206	100

Province	Department	Location	Name	Grant Number	Size ha
Jujuy	Susques	<b>Salar Cauchari</b> Grupo Minero BOROQUIMICA 90-B-94 Lithium Americas Corporation Ltd contract regarding brine extraction on all properties	MASCOTA	394-B	300
			UNION	336-C	100
			JULIA	347-C	100
			SAENZ PEÑA y DEM.	354-C	160
			MONTES DE OCA	340-C	100
			JULIO A. ROCA	444-P	100
			ELENA	353-C	300
			EMMA	350-C	100
			URUGUAY	89-N	100
			UNO	345-C	100
			DOS	344-C	100
			TRES	343-C	100
			CUATRO	352-C	100
			CINCO	351-C	100
			AVELLANEDA	365-V	100
			BUENOS AIRES	122-D	100
			MORENO	221-S	100
			SARMIENTO	190-R	100
			PORVENIR	116-D	100
			SAHARA	117-D	300
			ALICIA	389-B	100
			SIBERIA	306-B	24
			CLARISA y DEM.	402-B	119
			PAULINA	195-S	100
			INES	220-S	100
			MARIA ESTHER	259-M	100
		<b>Salar Cauchari</b> Lithium Americas Corporation Ltd contract regarding brine extraction on all properties	MARIA CENTRAL	43-E	100
			ZOILA	341-C	100
			DELIA	42-D	100
			GRAZIELLA	438-G	100
			LINDA	160-T	100
			MARIA TERESA	378-C	100
			JUANCITO	339-C	100
			ARCHIBALD	377-C	100
		<b>Salar Olaroz</b> Lithium Americas Corporation Ltd contract regarding brine extraction	SAN NICOLAS	191-R	100

## Appendix B

### Details of contracts with other lithium exploration companies.

#### 1. RODINIA – PURCHASE AGREEMENT (Centenario and Ratones).

**Execution Date:** 14<sup>th</sup> January 2010

**Parties:** BORAX ARGENTINA SA and RODINIA MINERALS INC (“Rodinia”) for the sale of the Properties below:

**Properties:** Marcela – Expte 1246, Maggie Expte 1205, Demasía Maggie Expte 15.927, Añatuya Expte 1238 and El Quevar Expte 1236 .

**Royalty:** 1% on lithium and potassium, calculated according to Law 24.196 (Mining Investment Law), during exploitation (payable every year) payable to Borax. Rodinia has the right to buy out the royalty by paying USD \$1,000,000 at any time.

#### 2. RODINIA – PURCHASE AGREEMENT WITH USUFRUCTO RIGHTS (Los Ratones).

**Execution Date:** 14<sup>th</sup> January 2010

**Parties:** BORAX and RODINIA MINERALS INC (“Rodinia”)

**Purpose:** Purchase agreement with usufruct rights on borates in favor of Borax Argentina.

**Properties:** Julian II (file 3843) and Ratones (file 62066). (See slice “Los Ratones”).

**Usufruct:** Borax holds a Usufructo granted in its favour to extract borates from the subject properties subject to certain preconditions.

#### 3. RODINIA – EXPLORATION RIGHT AND USUFRUCTO OPTION (Diablillos).

**Execution Date:** 14<sup>th</sup> January 2010

**Parties:** BORAX ARGENTINA SA and RODINIA MINERALS INC (“Rodinia”)

**Purpose:** Exclusive right to explore brines during 3 years with free access to the properties (up to January 2013). Option to enter into an Usufructo for 40 years renewable at Rodinia criteria for others 40 years.

**Properties:** Grupo Minero Diablillos plus ex Norquimica. (See slice “Diablillos”).

**Royalty:** 1,5% on lithium and potassium payable to Borax, calculated according to Law 24.196 (Mining Investment Law), during exploitation (payable every year). Rodinia has the right to buy out the Royalty at any time by paying USD \$1,500,000.

**Usufruct:** Rodinia has the ongoing right post exploration and subject to certain preconditions to extract Lithium Brines..

#### 4. EXAR EXPLORATION RIGHTS/USUFRUCT (Cauchari)

**Date:** 9 September 2009 (Exploration Option). The option was exercised on 19 May 2011 and the payment are being made under the usufruct.

**Parties:** BORAX ARGENTINA SA and MINERA EXAR S.A. (Lithium Americas Corp) (“Exar”)

**Purpose:** to explore for 3 years the “Grupo Minero Boroquimica” – Cauchari – Jujuy province limited to brine with an option to constitute a usufruct. Borax keeps the right to explore and exploit borates and the ownership of the properties.

**Mining Properties:** (Grupo Mascota, Grupo Uruguay, Grupo Cinco, Grupo Porvenir, Ex Grupo Minero Mascota – Cauchari Olaroz).

**Royalties:** BORAX retains a 30 year royalty in consideration of the Usufructo of (US\$200,000) per annum to be paid from May 2012. Payments are made irrespective of whether production occurs or not.

**Term of usufruct:** 30 years until 18 May, 2041.

## **5. LITHIUM 1 USUFRUCTO (Tincalayu)**

**Date:** 6<sup>th</sup> July 2010

**Parties:** BORAX and LITHIUM 1. (“Lithium”)

**Mining Properties:** Fernando – Expte 5596-19, ii) Diana – Expte 13.848, iii) Valerio – Expte 17.335, iv) Estela – Expte 1.215, v) Alex – Expte 1.495 .

**Royalty:** 1% on lithium and potassium, calculated according to Law 24.196 (Mining Investment Law), during exploitation (payable every year). Lithium 1 has the right to buy out the royalty at any time by paying USD \$1,000,000. **Usufructo:** Lithium 1 has the ongoing right post exploration and subject to certain preconditions to extract Lithium Brines..

## **6. LITHEA – PURCHASE AGREEMENT/USUFRUCTO – (Pozuelos).**

**Execution Date:** 14<sup>th</sup> January 2010

**Parties:** BORAX and LITHEA (“Lithea”).

**Purpose:** Purchase Agreement with a free right of Usufructo on borates in favor of Borax for 20 years renewable for other 20 years.

**Properties:** i) Sarita – Expte 1.208, ii) Pozuelo – Expte 4.959, iii) Margarita – Expte 5.569, iv) San Mateo II – Expte 13.171, v) San Mateo III – Expte 13.172.

**Royalty:** 1% on lithium and potassium, calculated according to Law 24.196 (Mining Investment Law), during exploitation (payable every year). Lithea has the right to buy out Borax by paying USD \$1,000,000 at any time.

**Usufructo:** Borax holds a Usufructo granted in its favour to extract borates from the subject properties subject to certain preconditions.