

ASX / TSX ANNOUNCEMENT

**Construction Update on the Olaroz Lithium Project**

- All import licenses have been received for the remaining imported equipment required for the Olaroz project construction.
- With import licences now received, the construction program is further de-risked with the lithium carbonate plant commissioning/ startup to commence at the end of August 2014.
- Construction is 93% complete. A total of US\$214m has been spent or committed and the project is expected to be completed on budget. The lithium carbonate plant is the main area of remaining construction activity.



Aerial view of the Olaroz Project

Orocobre Limited (ORE:ASX, ORL:TSX) (“Orocobre” or “the Company”) is pleased to advise progress on construction of its flagship Olaroz Lithium Project. In terms of physical progress the construction program is now approximately 93% complete. A total of approximately US\$214m has been spent or committed via executed contracts in the construction project to date. The project is expected to be completed on budget.

The Company is pleased to report that at the beginning of June it received all outstanding import approvals (“DJAI’s”) from the government of Argentina for the remaining major equipment for the lithium carbonate plant (e.g. Alfa Laval Heat Exchangers, Outotec Filters and BEPEX micronizing, compaction and drying units). With these approvals a significant area of risk outside of the Company’s control was removed. During the past 2 months high winds, with gusts above 100 km/hr, have been common particularly during the day. While conducive to evaporation, the high wind conditions have created a challenging environment in construction arising from safety constraints relating to people working at heights and the loss of effective working time. To ameliorate these impacts the Construction Management Team has both increased personnel numbers and commenced construction at night when wind speeds are reduced.

The lithium carbonate plant commissioning/start up is projected to be at the end of August 2014 with commissioning/startup of the micronizing and drying circuit to follow in mid-September. Full automated control operations are scheduled to be introduced during October.

#### ***Construction progress***

The progress of construction including the month of June is a cumulative 93%.

- ***Solar Evaporation Pond Liners:***

The liners are currently being installed in the final ponds.

- ***Lithium Carbonate Plant:***

The lithium carbonate plant is currently 42% complete. The lithium carbonate building frame has been completed allowing for the installation of equipment. The roof and walls of the lithium carbonate plant building will be fitted following completion of the internal plant construction. The installation of FRP tanks is in progress, the boiler has arrived at site and structural works to facilitate the boiler installation are in progress. As further equipment arrives at site it will be installed as per the construction schedule.

- ***Plant Buildings and Warehouses:***

In total, the plant buildings and warehouses are 70% complete. The dense soda ash warehouse for instance is 100% structurally complete and the internal fit out is being completed.

- ***General Utilities:***

The gas branch line connection from Gas Atacama was completed and commissioned in April as planned. This key milestone allows the generation of power from gas turbines on site. The installation of gas generation equipment for the production of electricity began in May with the commencement of the installation of the internal network. The commissioning and start-up of the gas generation plant is scheduled for July. Installation of electricity supply infrastructure to the evaporation pond area is in progress and the substation at pond 4B has been commissioned.

- ***Liming Plant:***

The liming plant was switched to full automatic operation in May and has been operating since without issue.



Gas Atacama branch line connection



Power generation station



Storage tanks



Electrical control room



Dense soda ash warehouse



Evaporation pond

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Lithium carbonate plant



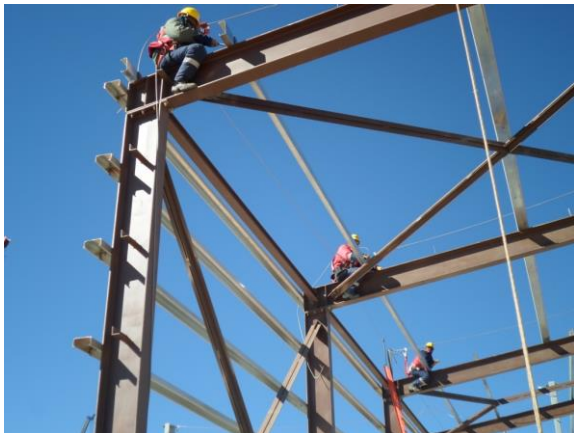
Lithium carbonate plant



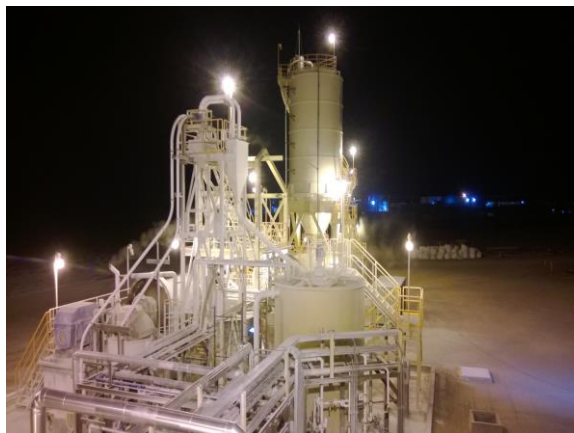
Boiler delivered to site at Olaroz



Equipment delivery to site



Construction of the lithium carbonate plant



Liming Plant

More images are available on our web page under “Gallery”.

[Please click here for the most recent images](#)

The Company continues to follow the “Jujuy First” strategy to successfully work with suppliers and the employment bureau to focus on the hiring of local people from the communities of Olaroz, Huancar, Puesto Sey, Pastos Chicos, Catua, Susques, Jama, El Toro, Coranzulí, San Juan and Abrapampa. The project implementation is through EPCM (Engineering, Procurement and Construction Management) with a high proportion of local involvement through construction and supply contracts and local employment. The

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unique community and shared value policy continues to be a key success factor, training local people under the supervision of high quality experienced professionals.

The Olaroz lithium project is being developed by Orocobre (66.5%) with partners Toyota Tsusho Corporation (“TTC”) (25%) and the Jujuy Province mining and energy company, JEMSE (8.5%) with a construction budget of US\$229m including contingency.

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**For more information please contact:**

**Australia and Asia**

David Hall  
Business Development Manager  
Orocobre Limited  
T: +61 7 3871 3985  
M: +61 407 845 052  
E: dhall@orocobre.com

**North America**

James Calaway  
Chairman  
Orocobre Limited  
M: +1 (713) 818 1457  
E: jcalaway@orocobre.com

**About Orocobre Limited**

Orocobre Limited is listed on the Australian Securities Exchange and Toronto Stock Exchange (ASX:ORE, TSX:ORL), and is building a substantial Argentinian-based industrial minerals company through the construction and operation of its portfolio of lithium, potash and boron projects and facilities in the Puna region of northern Argentina. The Company is building in partnership with Toyota Tsusho Corporation the first large-scale, “greenfield” brine based lithium project in 20 years at its flagship Salar de Olaroz resource, with planned production of 17,500 tonnes per annum of low-cost battery grade lithium carbonate projected to be production at the end of August 2014. The Company also wholly-owns Borax Argentina, an important regional borate producer. Orocobre is included in the S&P/ASX 300 Index and was named 2012 Mining Company of the Year by Argentine mining magazine Panorama Minero and the Fundacion para el Desarrollo de la Minería Argentina (“Fundamin” or Foundation for Development of Argentina Mining). 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 may include, but is not limited to, the draw down of finance for the Olaroz Project, the completion of construction at the Olaroz Project and the timing thereof, the commencement of commercial production at the Olaroz Project and the timing thereof, the cost of construction relative to the estimated capital cost of the Olaroz Project, the design production rate for lithium carbonate and potash at the Olaroz Project, the expected brine grade at the Olaroz Project, the expected operating costs at the Olaroz Project and the comparison of such expected costs to expected global operating costs, and the ongoing working relationship between Orocobre and the Province of Jujuy.*

*Such forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk of further changes in government regulations, policies or legislation; the possibility that required concessions may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; the risk that the conditions precedent to draw down the project financing with Mizuho Corporate Bank will not be met; that further funding may be required, but unavailable, for the ongoing development of the Company’s projects;*

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*fluctuations or decreases in commodity prices; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with weather patterns and impact on production rate; risks associated with construction and development of the Olaroz Project; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Project; general risks associated with the feasibility and development of the Olaroz Project; as well as those factors disclosed in the Company's Annual Report for the year ended June 30, 2013 filed at [www.sedar.com](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.*