

Orocobre Receives Positive Results for definitive Feasibility Study for Flagship Salar de Olaroz Lithium- Potash Project

4 May 2011

Highlights

- DFS highlights strong project fundamentals for flagship Salar de Olaroz lithium potash project
- Very large resource base to support long project life
- Low operating costs for battery grade lithium carbonate, low end of global cost curve
- High quality and conservatively derived results providing strong technical and commercial basis for project
- Pricing outlook for lithium and potash remains strong

Key Findings

	Lithium Carbonate	Including Potash By-Product
Production Rate	16,400 TPA	10,000 TPA
Capital Cost	US\$ 207 million	US\$221 million
Payback	3 years	3 years
Cash Operating Cost	US\$/t 1512 Li C	US\$1230 Li C
After Tax NPV (7.5%)	US\$415 million	US\$449 million
After Tax IRR	26%	27%
After tax NPV (7.5%) with 60% debt	US\$449 million	US\$489 million
After tax IRR with 60% debt	52%	56%
Modelled Project Life	40 years	40 years
EBIT	US\$69 million per annum average	US\$74 million per annum average
Measured and Indicated Resource	6.4 million tonnes LCE	19.3 million tonnes potassium chloride

Orocobre Ltd (ASX: ORE, TSX: ORL) is pleased to announce the results of its definitive Feasibility Study (“DFS”) of the Salar de Olaroz lithium-potash brine project in Argentina (“Olaroz Project”). Orocobre has focused on delivering high quality results that are both technically and economically sound and expects this DFS to set a high standard for the industry.

The Olaroz Project has very strong project fundamentals with a large resource base of 6.4 million tonnes of lithium carbonate equivalent that is expected to underpin a long project life. The DFS provides a conservative initial production rate of 16,400 tonnes per annum of battery grade lithium carbonate production with an option to produce 10,000 tonnes of potash per annum two years after the start of lithium carbonate production.

The DFS highlights the Olaroz Project’s very low operating cash cost of US\$1512 per tonne for battery grade lithium carbonate without a Potash credit. This cost estimate is competitive with existing brine producers and materially less than those reported by hard rock lithium minerals projects.

The engineering design and cost estimate for the definitive Feasibility Study was undertaken by Sinclair Knight Merz. The resource estimate and process design engineering was undertaken by Consulting Hydrogeologist, John Houston and Consulting Processing Engineer, Peter Ehren.

Orocobre will now work with partner Toyota Tsusho Corporation to finalise the Joint Venture Agreement and financing in order to progress the project to commercial production following receipt of final provincial government approvals.

Richard Seville Managing Director and Chief Executive Officer of Orocobre Ltd said he was delighted to announce DFS results that highlight the strong fundamentals of the Salar de Olaroz Project.”

“We are very pleased to announce our definitive Feasibility Study result that highlights the strong economic fundamentals of the Olaroz project,” Mr Seville said.

“The DFS highlights the long project life and low operating cost of the project making it clear that Olaroz is poised to be the world’s next low cost, high grade lithium carbonate project.”

“In accordance with our typical approach, we placed considerable emphasis on quality control during the DFS process to ensure a high quality resource estimate and a sound basis for development and operations.”

“We hope this Feasibility Study sets a high standard for the industry, as it is the first such salar study released under National Instrument 43-101 standards.”

“We will now work with our valued partner, Toyota Tsusho to complete the Joint Venture Agreement, finalise the debt component of the project and work towards the earliest possible commercial production.”

“We also look forward to working closely with the provincial government of Jujuy to secure final project approval.”

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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 the leading lithium-potash developer in the lithium and potassium rich Puna region of Argentina. For further information, please visit www.orocobre.com.

Orocobre definitive Feasibility Study Results

Background

The Olaroz Project is the Company's flagship project. The project is located in the Puna region of Argentina at an altitude of approximately 3,900m, 230 kilometres northwest of the capital city of Jujuy Province. The Company holds rights to properties or to applications for properties at the Olaroz Project covering approximately 63,000 hectares, of which approximately 21,000 hectares is prospective salt crust and salar margins. Orocobre Limited ("Orocobre or Company") has been working at Olaroz for over three years assessing the brine resource and developing the process route for extraction of lithium carbonate and potash from the brine.

In January 2010, Orocobre announced that it had entered into an agreement with Toyota Tsusho Corporation ("Toyota Tsusho") where Toyota Tsusho would provide US\$4.5m of funding to the project and could purchase a 25% interest in the project based on the Net Present Value of the definitive Feasibility Study. This right to purchase equity in the project is subject to the provision of a Japanese government guaranteed debt facility for at least 60% of the capital cost of the project. The Company and Toyota Tsusho have been working closely together on the project since that time.

In July 2010, Orocobre engaged Sinclair Knight Merz (SKM) to undertake +/- 15% accuracy engineering design and cost estimates for the definitive Feasibility Study reported herein based upon the resource definition assessment and process design engineering being concurrently undertaken by the Company's other lead expert consultants, Consulting Hydrogeologist John Houston, and Consulting Processing Engineer, Peter Ehren.

SKM is a large multi-national engineering company with strong lithium design and engineering experience in Chile and Argentina. SKM undertook the design and construction management of FMC's Salar de Hombre Muerto operation in Argentina. John Houston is a Consulting Hydrogeologist with over 40 years experience with a specialty in salar hydrogeology and resource estimation. He undertook resource estimates at both Salar de Atacama in Chile and Salar de Hombre Muerto in Argentina which are the two currently producing lithium brine resources in South America. Peter Ehren, Consulting Processing Engineer, has over 15 years in brine extraction process operating and design including 9 years with SQM including the role of Research Manager. The DFS and associated design work and resource definition programs has cost over \$10m and taken two years.

Brine Resource

The Olaroz Project has a very large resource base which has the potential to support a very long project life.

The combined Measured and Indicated Resource is 1,752 million cubic metres of brine at 690 mg/L Lithium, 5,730 mg/L Potassium and 1,050 mg/L Boron, which is equivalent to 6.4 million tonnes of lithium carbonate and 19.3 million tonnes of potash (potassium chloride) based on 5.32 tonnes of lithium carbonate being equivalent to 1 tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium. This resource estimate is entirely contained within measured and indicated categories and was announced by the Company on April 1, 2011. Details of the resource estimate are presented in the table below:

Resource Category	Area	Thickness	Mean specific yield	Brine volume	Concentration			Tonnes of Contained Metal		
					Lithium	Potassium	Boron	Lithium	Potassium	Boron
	sq. kms	metres	%	cubic kms	mg/L	mg/L	mg/L	Million Tonnes	Million Tonnes	Million Tonnes
Measured Resource	93	54	8.4%	0.42	632	4930	927	0.27	2.08	0.39
Indicated Resource	93	143	10.0%	1.33	708	6030	1100	0.94	8.02	1.46
Measured and Indicated Resource	93	197	9.6%	1.75	690	5730	1050	1.21	10.10	1.85

The resource estimate was the result of the completion of a comprehensive resource definition drilling programme undertaken by Orocobre throughout 2010. The resource estimate was undertaken by independent Consulting Hydrogeologist, John Houston, resulted in a four-fold increase on the previous inferred resource estimate released by the Company in 2009.

Orocobre placed considerable emphasis and expended significant additional resources on quality control during the field programs to ensure that it produced a high quality database on which to base the resource estimate. This included widespread efforts to ensure sample integrity at the point of collection during the field investigations. The Company considers rigor in this area to be of fundamental importance for a high quality resource estimate, particularly since fluids have a propensity to mix and flow unlike solid phase minerals.

The resource estimate extends to an average depth of 197 m and uses the company's property boundaries or a 1.1gm/cc density cut-off at the surface to establish peripheral resource boundaries. No internal cut-off boundaries have been used because it is considered inappropriate to use them in a fluid resource where extraction will cause mixing. The use of internal cut-off boundaries as used by the Company's competitors has the potential to artificially increase the reported concentration of the resource estimate. The weighted average modelled specific yield at Olaroz is 9.6%.

The drilling program also confirmed attractive brine chemistry with an average magnesium to lithium ratio of 2.4 and a sulphate to lithium ratio of 25.

Process Development

The Olaroz Project has the potential to produce lithium, potash and boron chemicals of which the economic value of the lithium is by far the largest, and has thus been the focus of process development work over the past two years.

Initial assessment of the brine chemistry in 2008 indicated that it had a low magnesium to lithium ratio, moderate levels of sulphate and was suitable for application of the 'Silver Peak' method used at the world's first lithium brine treatment operation in Nevada, USA since the mid 1960's. However, the 'Silver Peak' process, although generally applicable for the Olaroz brine chemistry, required modification to suit the differences in brine chemistry and the different climatic conditions at the Olaroz Project. The process route also required enhancement to produce a product suitable to meet more demanding current day specifications for the rapidly growing battery sector.

The DFS relies on a process development program that has sequentially analysed the challenges of each stage in the process, and developed a flow sheet capable of producing battery grade lithium carbonate that meets the requirements of today's battery sector. Test work has been undertaken at the Company's facilities at the Project site and also at commercial and university laboratories. The process development program has resulted in a process route incorporating a number of proprietary innovations.

Initial work focussed on evaporation test work to understand the phase chemistry of the brine during a twelve month weather cycle, followed by lime addition test work to remove magnesium. Subsequently, the focus moved to removal of boron through multi-stage solvent extraction methods and lithium carbonate crystallisation.

By September 2010, Orocobre was producing its first pilot scale lithium carbonate and on 8 April 2011, the Company announced that it had successfully produced battery grade specification lithium carbonate from Olaroz brines at its process development facilities which the Company considered to be a prerequisite for its DFS. Analysis shows the material to be of greater than 99.9% purity and to exceed specifications of battery grade material sold by existing producers. This result successfully culminates over two years of process development work.

Although the primary focus has been development of the lithium carbonate production flow sheet, there has been a secondary focus on production of potash and boric acid. Test work has shown that potash of commercial grade can be produced by flotation of mixed halite and potash (Sylvite) salts.

The more detailed and deeper 2010 drilling and testing program showed significantly higher levels of sulphate over the expanded resource than had been expected based on the shallower 2008 drilling program results. This had some impact on expected potash recoveries with the current process route now expected to produce approximately 0.6 tonnes of potash per tonne of lithium carbonate or 10,000 tonnes per annum in the DFS case.

The Company will undertake additional process development work with the aim of reducing the impact of the increased levels of sulphate and increasing potash production to previous estimates and even potentially higher levels. As the potash circuit is required two years after the lithium carbonate production has commenced, it is expected that this work will be completed well in advance of the deadline for finalising the size, design and construction of the final potash circuit. Some test work has been undertaken on the potential to recover boron. Further work will also be undertaken on this potential.

Lithium Carbonate and Potash Markets

As part of the definitive Feasibility Study, Roskill Consulting Group Ltd ("Roskill") of London, United Kingdom was contracted to provide independent advice on the lithium and potash markets and future price forecasts. The Roskill future price forecast is a required economic input under the Toyota Tsusho agreement.

Roskill advises that between 2000 and 2010 lithium demand increased at a 5.8% annual growth rate with demand associated with lithium ion batteries growing at 21.6%. Total demand in 2010 was 116,000 tonnes lithium carbonate equivalent (LCE) of which battery related demand was 25,100 tonnes.

Roskill has provided Orocobre with a forecast of annual high, low and average price forecasts for lithium carbonate and potash for years 2011 to 2025. The average price forecast for battery grade lithium carbonate is US\$6160 per tonne and US\$592 per tonne for Potash.

In its base case scenario, Roskill forecast overall demand for lithium to increase by 6.3% per annum from 2010 and to reach 215,150t LCE in 2020. The highest growth is forecast to come from lithium-ion batteries, a segment that is forecast to grow at 13.1% per annum.

In its best case scenario, where GDP growth and industrial output in both mature and emerging economies increases faster than is forecast and lithium-ion battery technology for automotive use and smart grid systems (largely renewable energy back-up storage) is adopted faster than expected, demand for lithium could increase by 8.0% per annum to reach 264,460t LCE in 2020.

In Roskill's worst case scenario, where global economic growth is slower than expected and electric vehicles do not penetrate the automotive market as fast as is forecast, demand for lithium might grow at only 4.3% per annum to reach 176,040t LCE in 2020.

Global potash consumption has been rising over the last decade from 42.3 million tonnes KCl in 2000 to 50 million tonnes KCl in 2010. Potash consumption is predicted by Roskill to continue to rise to 54 million tonnes KCl in 2011 which represents a strong rebound after the global economic downturn partly due to restocking of the supply chain. Potash consumption is strongly linked to food production.

Production Rate

A production rate for the project of 16,400 tonnes per annum (tpa) of lithium carbonate has been developed taking into account what Orocobre believes is both conservative initial production rates from the salar aquifers and a realistic assessment of market uptake for lithium carbonate production in the

stage one Olaroz development timeline. Associated potash production would be 10,000 tonnes per annum using the current non-optimised process route and mass balance.

From a technical viewpoint, the production rate has been developed taking into account the geology, hydrogeology and geometry of the resource. Existing lithium carbonate production at Salar de Atacama in Chile and at Salar de Hombre Muerto in Argentina comes from brine extracted from resources in mature salars composed of thick halite. At Olaroz, and other salars in Argentina being assessed by other companies, the brine resources are primarily hosted in immature clastic aquifers within mixed sedimentary sequences extending to greater depths but with smaller surface geometries. The large thicknesses of near surface halite are absent in these clastic dominated immature salars, but higher porosity sediments extend to several hundred metres depth. Given that there is no industry experience extracting large quantities of brine from this new style of salar resource, the Company believes it is appropriate to be cautious in planning initial production rates.

At Olaroz the resource estimate and planned extraction extends to approximately 200m depth with the bore field located in the centre of the salar, and within a brine body approximately 20kms long by 10kms wide. The bore field is designed to contain 20 bores producing at 10 litres per second each. 18 bores will be in operation and 2 in reserve.

In comparison with high pumping rates contemplated on some other projects, this design is considered prudent and within the productive capacity of the aquifer geometry and hydrogeological characteristics. The Company believes that, similar to existing established producers, best practice dictates that it is prudent to develop an operation based on conservative early production rates followed by incremental increases in production based upon aquifer monitoring during commercial scale production.

Optimization of the well field location and design and production parameters are currently underway using a finite-difference digital simulation model. The development of this model and calibration based on monitoring during the early years of production may allow increases in pumping rate and production but the Company considers it to be inappropriate to provide guidance above the 16,400 tonnes per annum design production rate at this stage of development.

In addition, from a market demand perspective, the company believes 16,400 tonnes per annum of battery grade lithium carbonate production can be accommodated into the market in the development timeframe of the project without disruption to balanced market conditions. The Roskill report indicates that consumption in 2010 was 116,000 tonnes and is forecast to grow at 6.3% per annum. This would result in world demand of 148,000 tonnes in 2014 of which Olaroz would be approximately 11% of global supply.

Project Life

The DFS considers a 40 year project life. This results in cumulative production of 650,000 tonnes of lithium carbonate. This production rate, allowing for process recovery, is less than 14% of the current measured and indicated resource.

Orocobre is advised that it is reasonable to consider a maximum recovery factor of one-third of the resource. Although some grade dilution is anticipated during the project life, it is realistic to expect a considerable extension to the 40 year life currently provided in the DFS.

The current brine production profile is based on the project's resource base. Estimates of ultimate extractable reserve can be made following the finite difference modeling of the resource currently being undertaken and calibrated with early operational data.

Extraction and Processing

Brine will be pumped from the salar bore field into solar evaporation ponds located on the south-west margin of the salar. The bore field has been designed to initially contain twenty bores designed to produce at 10 litres per second each with maximum depths of 200m. 18 bores will initially be in

operation producing 180 litres of brine per second and 2 in reserve. Initial brine production concentration is forecast at 12% above the average resource grade of the deposit reflecting the benefits of extraction from the higher grade area of the salar before declining to the average resource grade.

During the evaporation process, magnesium is removed by the addition of lime. The introduced calcium reacts with sulphate in the brine to precipitate out as gypsum. After evaporation, the more concentrated brine is processed through the lithium carbonate plant. Potential contaminant ions are removed by a number of purification stages using a proprietary process route prior to the final crystallization of battery grade lithium carbonate. Potash can be produced through flotation from the mixed halite and potash salts harvested from the solar evaporation ponds.

The definitive Feasibility Study base case considers design production of 16,400 tonnes per annum of battery grade lithium carbonate. Construction is estimated to take 15 months, with production in the first year of approximately 10,500 tonnes of lithium carbonate rising to design rate thereafter. As an option, production of 10,000 tonnes per annum of potash by-product has been considered from the third year. This production rate has not been optimised and test work to be undertaken over coming months may result in a significant increase in this rate.

Capital Cost

Development of the process engineering flow sheet and mass balance has been undertaken by Consulting Processing Engineer, Peter Ehren. Engineering, capital and operating cost estimates were undertaken by the large engineering firm, Sinclair Knight Merz. The DFS capital cost estimate is based on a conventional EPCM implementation methodology and is estimated to an accuracy of +/-15%. The capital cost estimate of the potash plant is estimated to an accuracy of +/-35%. This will be refined when the final production rate is determined by future process development work.

Capital Cost Estimate - 16,400 tpa Lithium Carbonate		
Direct Costs		US\$million
	Brine Production Wells and Pipelines	7.1
	Evaporation Ponds	38.0
	Processing Plant	26.5
	Utilities (Power Station, Gas, Water, Communication)	27.3
	Infrastructure	11.9
	Contrators Distributables	15.0
	Sub-Total Indirect Costs	125.7
Indirect Costs		
	EPCM	22.6
	Third Party Services including freight, construction camp, catering etc	18.3
	Owners Costs to Production	17.9
	Sub-Total Direct Costs	58.8
Total Capital		184.5
Contingency		22.1
Total Capital including Contingency		206.7
Potash Plant Option		14.5

The capital cost estimate allows for detailed engineering design, EPCM and owner's costs (working capital) through the development period through to positive operational cash flow. A further US\$48m

of capital expenditure, additional to that tabulated above, is allowed over the currently modelled project life.

The capital cost estimates are currently being reviewed by a major South American based construction company. Preliminary advice is that capital costs may be reduced by further optimisation in design, and through alternative implementation methodology. Reporting of this work is expected to be available during the current quarter, Q2 CY11.

Operating Costs

Operating costs have been estimated by Sinclair Knight Merz taking into account local cost inputs from the Company's project personnel.

Operating Cost Estimate (16.400tpa production)			
		US\$million	US\$/t Lithium
Fixed Costs		per annum	Carbonate
	Personnel Charges	5.5	335
	Other	2.4	147
Variable Costs			
	Supplies and Reagents	15.6	951
	Energy	1.3	78
	Materials Handling	0.0	0
Total Operating Costs		24.8	1,512
Incremental cost for Potash Option		1.3	79
Incremental benefit for Potash Option		5.9	361
Total Net Operating Cost		20.2	1,230

At the forecast 16,400 tonnes per annum production rate, the operating cost is estimated at US\$1,512 per tonne of battery grade lithium carbonate. This unit cost includes the additional costs associated with producing 100% battery grade production from the plant. Considering the option of production of 10,000 tonnes per annum of potash two years after initial lithium carbonate production and using the average forecast price of US\$592/t, the operating cost decreases to US\$1230 per tonne of lithium carbonate.

These low operating costs are competitive with existing brine producers and materially less than those reported by hard rock minerals projects.

Economic Analysis

An economic analysis has been undertaken using a model jointly developed by the Company and Argentine specialist consultant.. The analysis does not consider cost inflation, and assumes a constant exchange rate of US\$1 = ARG\$4. The analysis is based on the measured and indicated resources of the Company described in this announcement. Under the base case, lithium carbonate only development, modelled with the annual average prices forecast by Roskill and the 2025 price thereafter, the internal rate of the return is 26% on an un-gearred, after tax basis and 52% (after tax) using the 60% debt to equity ratio contemplated in the agreement with Toyota Tsusho. Net Present Value ("NPV") at a 7.5% discount rate is calculated at US\$415 million un-gearred and US\$449 million geared.

Economic Modelling - Olaroz Project			
		Lithium Carbonate Only	With Potash By Product
Production Rate	TPA	16400	10000
Capital Cost	US\$million	207	221
Payback	Years	3	3
Cash Operating Cost	US\$/t Li C	1591	1230
After Tax NPV (7.5%)	US\$million	415	449
After Tax Internal Rate of Return	%	26%	27%
After Tax NPV (7.5%) with 60% debt	US\$million	449	489
After Tax Internal Rate of Return with 60% debt	%	52%	56%
Modeled Project Life	Years	40	40

Allowing for the production of potash option and modelled with the annual average prices forecast by Roskill and the 2025 price thereafter, the Internal Rate of Return increases to 27% on an after tax, un-gearred basis and 56% on a geared basis.

Analysis of after tax NPV at different discount rates:

After Tax Net Present Value Sensitivity		
	Un-Geared	Geared
	(US\$million)	(US\$million)
0.0%	1902	1903
5.0%	652	678
7.5%	415	449
10.0%	273	314
15.0%	121	172

The 0% NPV is equivalent to the cumulative after tax cash flow over the modelled 40 years.

The economic analysis includes the various investment provisions as allowed for under the Argentina Mining Code including accelerated depreciation and includes the following royalties and applicable taxes.

- Corporate Tax – 35%
- Royalties – 3%
- Export Duties – 5%
- Bank transaction tax – 1.2%

Approvals Process

At the end of 2010, the Company received approval from the Jujuy provincial government of the Environmental Impact Statement for the development and exploitation of its Salar de Olaroz lithium-potash project.

The approval by the Provincial Director on Mines and Energy Resources was received following the recommendation by the Unit of Mining Environmental Management (UGAMP) in November, 2010. UGAMP is a body comprised of twelve members representing various government departments, stakeholder groups and local communities. As part of the approval, the Company is obliged to comply with various monitoring obligations, provide additional information on its planned construction works

as the project design is finalised, and keep the local communities informed about its activities. The Company has recently provided the additional materials requested in compliance with the EIS approval as part of an addenda containing further information that was developed since the submission of the original EIS.

On 4 March 2011, the provincial government of Jujuy issued a decree that declared lithium a strategic mineral resource and introduced a secondary approvals process for lithium projects in Jujuy Province. In addition to an EIS approval, exploration and exploitation level projects now require assessment by a Committee of Experts and following a positive recommendation from this Committee, approval by the joint resolution of the Minister of Production and the Secretary General of the Provincial Government. Since the announcement was made, the relevant committee has been established but has yet to commence deliberations.

It is not possible to provide guidance as to the likely timing of the additional approval process at this stage.

Project Development and Financing

Under the terms of the agreement with Toyota Tsusho, in order to purchase its 25% equity interest in the Olaroz Project, Toyota Tsusho is obliged to arrange government guaranteed debt finance. Since March, with the impending completion of the DFS, the Company has been working closely with Toyota Tsusho and the relevant Japanese banking and government departments regarding the financing and associated due diligence processes. Based on these discussions, it is expected that the financing process will take approximately 9 months including final documentation. Earlier conditional approvals are likely which will facilitate earlier project development subject to provincial government approvals. Joint venture agreement negotiations with Toyota Tsusho will be undertaken concurrently.

Detailed engineering will be undertaken and engineering design and construction contractors will be selected during the same period together with order of long-lead time items. Bore field development will be undertaken once provincial government and conditional finance approvals have been received. The construction period for the project is estimated at 15 months.

Report Filing

A Technical Report complying with Canadian Securities Administrators' National Instrument 43-101, will be filed on SEDAR. This Technical Report will include both the resource estimate described in the announcement of 1 April 2011 and the results of the Feasibility Study.

Paul Crawford
Company Secretary

Technical Information

The Feasibility Study on the Olaroz project was prepared by industry consultants and Qualified Persons John Houston (Consulting Hydrogeologist), Michael Gunn (Consulting Processing Engineer) and Peter Ehren (Consulting Processing Engineer), together with Sinclair Knight Merz and the Orocobre technical group. Mr. Houston and Mr. Gunn are independent of the Company and are preparing the Technical Report under NI 43-101 in respect of the Feasibility Study. Each of the foregoing persons has reviewed and approved the contents of this news release.

Additional information relating to the Company's Olaroz project is available in the previous technical report entitled "Technical Report – Salar de Olaroz Project, Argentina" dated April 30, 2010, which was prepared by John Houston, Consulting Hydrogeologist, together with Peter Ehren, Consulting Processing Engineer, in accordance with NI 43-101, as well as in the Company's news release dated March 6, 2011 relating to the approvals process at the Salar de Olaroz project, and in the Company's news release dated April 1, 2011 relating to its updated resource estimate for the Salar de Olaroz project.

Caution Regarding Forward-Looking Information

This report contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include, but is not limited to, the results of the feasibility study, the estimation and realization of mineral resources, the economic viability of such mineral resources, costs and timing of development of the Olaroz project, the forecasts relating to the lithium and potash markets provided by Roskill, timing and receipt of approvals, consents and permits under applicable legislation, adequacy of financial resources, production and other milestones for the Olaroz project, the Olaroz project's future financial and operating performance including production, rates of return, operating costs, capital costs and cash flows, and other matters related to the development of the Olaroz project.

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 further funding may be required, but unavailable, for the ongoing development of the Company's projects; changes in government regulations, policies or legislation; fluctuations or decreases in commodity prices; the possibility that required permits may not be obtained; uncertainty in the estimation or economic viability of mineral resources; general risks associated with the project's feasibility; risks associated with construction and development of the Olaroz project; unexpected capital or operating cost increases; the risk that a definitive joint venture agreement with Toyota Tsusho Corporation may not be completed; uncertainty of meeting anticipated program milestones; as well as those factors disclosed in the Company's Annual Information Form for the year ended June 30, 2010 filed at www.sedar.com.

The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the Company's ability to carry on its exploration and development activities, the timely receipt of required approvals, the prices of lithium and potash, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. 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.