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ASX / TSX ANNOUNCEMENT

Orocobre provides Olaroz Lithium Project Construction Update

Orocobre Limited (ORE:ASX, ORL:TSX) (“Orocobre” or “the Company”) is pleased to provide a progress report on the construction of the Company’s flagship Olaroz lithium project.

Construction of the Olaroz lithium project officially began on 21st November 2012. Progress has been swift due in a large part to the preparation and planning that took place in the preceding year. Sinclair Knight Merz, with the assistance of INFA, a well respected Argentine engineering group, completed detailed engineering for all areas of the operation, including brine extraction, transport and evaporation, the lithium carbonate plant and key areas of the re-purification and micronizing circuits. The procurement process was also well advanced with all main suppliers identified and with many construction and supply contracts at an advanced stage of negotiation or ready for awarding by the construction commencement date.

In addition, prior to official construction start, various aspects of site preparation had been advanced, including the drilling of fresh water bores and pumping station and the time consuming removal of scrubby vegetation, “tolar”, from the area of the evaporation ponds prior to earth moving. Since then, numerous contracts with a total value of US$45m have been executed, or are ready for execution. These include the earth moving contracts for the construction of the 4.2 square kilometres of evaporation pond and road construction for the bore field access road across the salt lake (which will allow production bores to be drilled), the drilling contract for sixteen 200m production bores, purchase of 37km of pipeline for gas supply, and the establishment of the construction camp, fuel and water supply. All major contracts awarded to this point have been on or under budget.

Since start of official construction, and taking into account the Christmas break, significant progress has been made on- site as follows:

- The establishment of the construction camp at Olaroz, and the renting of supplementary accommodation at the nearby town of Susques for first stage construction crews
- Mobilization of earth moving equipment and commencement of works
- The clearing of tolar over approximately 50% of the evaporation pond area (2 sq km) and the commencement of earth works for evaporation pond construction.
- Establishment of a long term water supply to be used both for both domestic and construction purposes
- Establishment of fuel supply/storage and telecommunications
- The construction of 50% of the access roads on the salar to the bore - field area.

Currently 142 construction workers are at site with a peak maximum expected of 400 by mid 2013.

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 unique community and shared value policy continues as a key success factor, training local people with supervision by high quality experienced professionals.

The Olaroz lithium project is being developed by Orocobre (66.5%) with is 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. The project is fully funded with up to US$275m of funding available via US$82.8m of equity funding from TTC and Orocobre and US$192m of project finance for Mizuho Corporate Bank. First production is scheduled for the end of second quarter, 2014.

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Figure 1 Building Road to Bore Field

Figure 2 Plant Platform Lime Area

Figure 3 Road Construction

Figure 4 Removal of Vegetation

Figure 5 Fuel Storage

Figure 6 Communications

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 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 and was named 2012 Mining Company of the Year by Argentine mining magazine Panorama Minero and the Fundacion para el desarrollo de le Mineria Argentina ("Fundamin" or Foundation for Development of Argentina Mining). For further information, please visit www.orocobre.com

Caution Regarding Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information contained in this release includes, 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; fluctuations or decreases in commodity prices; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with weather patterns and impact on production rate; risks associated with construction and development of the Olaroz Project; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Project; general risks associated with the feasibility and development of the Olaroz Project; as well as those factors disclosed in the Company's Annual Information Form for the year ended June 30, 2012 filed at www.sedar.com.

The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the timely receipt of required approvals and completion of agreements on reasonable terms and *conditions; the ability of the Company to obtain financing as and when required and on reasonable terms and conditions; the prices of lithium and potash; and the ability of the Company to operate in a safe, efficient and effective manner. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*