

ASX / TSX Announcement: Orocobre Comments on Investment Environment in Argentina and Provides Update on Olaroz Project Approvals

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BRISBANE, AUSTRALIA -- ([Marketwire](#) - April 25, 2012) - [Orocobre Ltd](#) ("the Company") (TSX: ORL) (ASX: ORE) issues this release setting out its perspective on the current situation in Argentina, and to provide an update on the Company's progress towards governmental approval for its Olaroz project in Jujuy.

Following the re-election of President Cristina Kirchner late last year, the Government of Argentina has supported an increasing role of the state in the economy of the country. The Company notes that the President and her officials often refer to this general policy direction as "deepening the model", which means to strengthen the role of the state in the economy. Although the recent and well publicized expropriation of 51% of the shares of YPF, the country's largest oil and gas producer, could be considered an example of this policy, Orocobre agrees with other commentators that the energy production sector is a matter of national strategic importance and significant political domestic sensitivity, and the YPF action should be considered in that context.

Orocobre also agrees with the statements of a number of other mining companies that the mining sector is fundamentally different from the energy sector. Mining is an export industry and assists in the country's trade balance. The sector now comprises approximately 5% of the national GDP and continues to be a source of inward investment and growth for the economy with a number of significant projects currently under development. Both the national government and the provincial government of Jujuy consider mining as important part of economic growth. In that context, both the President of the country and the Governor of Jujuy have made recent public statements supportive of mining generally and the role of mining was an important part of both leaders' addresses at the respective opening sessions of national and provincial legislative sessions.

In line with this interest in development of the resources sector, a new federally supported organization has been formed representing the governments of all mining and energy producing provinces. The organization, called Organization Federal de Estados Mineros ("OFEMI", or the Federal Organization of Mining States), has a mandate that includes the coordination of provincial energy and mining policy, the promotion of the sector's development, and the encouragement of the creation of provincial government owned companies to develop, either individually or in joint venture with private companies, the provinces' resources thereby increasing the economic returns to the provinces.

In Argentina provincial governments already participate in projects within their jurisdictions through different models. For instance, Fomicruz S.E. (a state company) in the Province of Santa Cruz holds direct interest in projects including a 7.5% interest Cerro Vanguardia Mine (AngloGold Ashanti), a 10% interest in Deseado Massif Project (Patagonia Gold) and a 5% interest in Cerro Moro Project (Extorre); IPEEM (a public entity) in the Province of San Juan is entitled to receive 1.0-2.0% royalties from mining projects for social and infrastructure purposes; YMAD (a private corporation owned by the provincial government and other stakeholders) in the Province of Catamarca receives 20.0% of net profits from Bajo de la Alumbrera (Xstrata, Goldcorp, Yamana), and REMSA S.A. (a private corporation fully owned by the provincial government) in the Province of Salta has direct ownership in a number of exploration properties. With the formation of OFEMI, the involvement of provincially governments in the resources sector is now part of national government policy.

Orocobre has been deeply engaged with the Government of Jujuy in its efforts to receive final approval for the Olaroz Project. Orocobre has been encouraged by the government of Jujuy to negotiate with its recently created provincial mining company, JEMSE, about its potential participation in the Olaroz project, and this discussion is continuing. No agreement has yet been reached, but Orocobre currently anticipates that, if an agreement were to be completed with JEMSE, the most likely model would be in the form of equity participation on a structure similar to the established and politically favoured "Formicruz Model" in the Province of Santa Cruz.

Orocobre considers that such a structure should allow Orocobre to successfully finance the project through

its Japanese partners and financial institutions, and to produce a return on investment commensurate with project characteristics.

Orocobre considers that over the past weeks there has been significant progress and continues to work towards the timely completion of Olaroz Project approvals process with enthusiasm. Further guidance will be provided as it is available.

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.

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 report may include, but is not limited to, trends in Argentina relating to the role of government in the economy (and particularly its role and participation in mining projects), discussions between Orocobre and the Government of Jujuy relating to final approval for the Olaroz Project, the potential receipt of such final approval from the Government of Jujuy and the timing thereof, negotiations with JEMSE regarding its potential participation in the Olaroz Project and the terms of such participation, and the financing of the Olaroz Project and the return on investment at the Olaroz Project after giving effect to such participation by JEMSE.

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 permits, including approval from the Government of Jujuy in respect of the Olaroz Project, may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; an agreement with respect to JEMSE's participation in the project may not be reached, or can be reached only on terms and conditions that are materially worse than anticipated; that the financing of the Olaroz Project, and/or the return on investment at the Olaroz Project, will be materially and negatively impacted by the terms of any government participation in the Olaroz Project; that further funding may be required, but unavailable, for the ongoing development of the Company's projects; 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, 2011 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 agreements on reasonable terms and conditions and the ability of the Company to obtain financing as and when required and on reasonable terms and conditions. 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.

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