

Letters to Eligible and Ineligible Shareholders for Orocobre Limited Entitlement Offer

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BRISBANE, Australia, Jan. 19, 2018 /CNW/ --

NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

Dear Shareholder

On Tuesday, 16 January 2018, [Orocobre Ltd.](#) ("Orocobre") announced a fully underwritten pro rata renounceable entitlement of new Orocobre ordinary shares ("New Shares") (with retail entitlements trading) to raise approximately A\$79 million ("Offer"). The offer price is A\$6.55 per New Share ("Offer Price").

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.

The Entitlement Offer and use of proceeds

The Entitlement Offer comprises an institutional entitlement offer and an offer to eligible retail shareholders to participate at the same Offer Price and offer ratio ("Retail Entitlement Offer"). The Entitlement Offer is being made in accordance with section 708AA of the Corporations Act 2001 (Cth) ("Act") (as modified by Australian Securities and Investments Commission Commission C (Non-Traditional Rights Issues) Instrument 2016/84), meaning that the Entitlement Offer is not being conducted by way of a prospectus.

UBS AG, Australia Branch is acting as underwriter to the Entitlement Offer ("Underwriter").

In addition to the Entitlement Offer, Orocobre is also undertaking a 15% placement to Toyota Tsusho Corporation ("TTSC") on a fully expanded basis) for A\$282 million, at a price of A\$7.50, representing a 17% premium to Orocobre's 30 day volume weighted average price as at close on Monday, 15 January 2018 of A\$6.43. Proceeds from the Entitlement Offer and the placement will be used to provide Orocobre with an appropriate level of cash liquidity to support development of the Phase 2 expansion of the Olaroz Lithium Project.

Details of the Retail Entitlement Offer

The Retail Entitlement Offer is being made to eligible shareholders on the basis of 1 New Share for every 20 existing Orocobre ordinary shares held as at 7.00 pm (Sydney time) on 19 January 2018 ("Record Date") ("Entitlement"). An offer booklet relating to the Retail Entitlement Offer ("Retail Information Booklet") will be despatched to Eligible Retail Shareholders (as defined) on or around 23 January 2018.

Eligibility criteria

"Eligible Retail Shareholders" are those persons who are a holder of existing Orocobre ordinary shares as at 7.00pm (Sydney time) on the Record Date and who:

- have a registered address on the Orocobre share register in Australia or New Zealand;

- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent that they are holding Orocobre ordinary shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) in the institutional entitlement offer and were not treated as ineligible institutional investors under the institutional entitlement offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any need for a prospectus or offer document to be lodged or registered.

Shareholders who are not Eligible Retail Shareholders and who did not participate in the institutional entitlement offer are referred to as "Ineligible Shareholders" and are consequently unable to participate in the Retail Entitlement Offer.

The restrictions upon eligibility to participate in the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Orocobre ordinary shares they hold and the relatively low value of New Shares to which they would otherwise be entitled.

Orocobre has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act (as amended) by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84, that it would be unreasonable to make offers to shareholders in certain countries under the Retail Entitlement Offer.

Determination of eligibility of investors for the purposes of the Retail Entitlement Offer is determined by Orocobre with reference to a number of matters. The Underwriter, its affiliates and related bodies corporate and each of their respective directors, partners, employees, advisers and agents disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated in the Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Act, Orocobre wishes to advise you that we will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

However, as the Entitlement Offer is renounceable, you may receive value for entitlements you would have received had you been eligible to participate in the Retail Entitlement Offer. Arrangements have been made for the New Shares that would have represented the entitlements of Ineligible Shareholders to be sold via a retail shortfall bookbuild on 7 February 2018, which will be undertaken by the Underwriter. You will receive any proceeds in excess of the Offer Price in respect of each entitlement you subscribe for New Shares sold in the retail shortfall bookbuild that you would have received under the Retail Entitlement Offer if you were eligible to participate, net of any applicable withholding tax. However, there is no guarantee that you will receive the full value as a result of the retail shortfall bookbuild.

The retail entitlements of Eligible Retail Shareholders will be tradeable on ASX. The assignment, transfer and exercise of retail entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade retail entitlements or to exercise retail entitlements they acquire. If you buy retail entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those entitlements and, as a result, you may receive no value for them.

You are not required to do anything in response to this letter.

For further information on the Entitlement Offer or if you believe that you are an Eligible Retail Shareholder, you can call the Orocobre Offer Information Line on 1300 117 912 (Australia) or +61 3 9415 4337 (International callers) from 8.30am to 5.00pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

On behalf of the Board of Orocobre, I thank you for your continued support.

Yours faithfully

Orocobre Limited

Important Information:

This letter is issued by [Orocobre Ltd.](#) (ABN 31 112 589 910). This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Orocobre in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Orocobre ordinary shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements or New Shares in any jurisdiction outside Australia and New Zealand. In particular, neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold directly or indirectly, to, persons in the United States unless they have been registered under the Securities Act (which Orocobre has no obligation to do) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Entitlements and New Shares to be offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of the Securities Act) in reliance on Regulation S under the Securities Act.

The provision of this letter is not, and should not be considered as, financial product advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Please read the Retail Information Booklet, and if you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

IMPORTANT NOTICE TO NOMINEES: Because of legal restrictions, you must not send copies of this letter nor any material relating to the Entitlement Offer to any of your clients (or any other person) in the United States or any other person acting for the account or benefit of persons in the United States or to any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws. The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

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Dear Shareholder

On Tuesday, 16 January 2018, [Orocobre Ltd.](#) ("Orocobre") announced a fully underwritten pro rata renounceable entitlement offer of new Orocobre ordinary shares ("New Shares") (with retail entitlements trading) to raise approximately A\$79 million ("Entitlement Offer"). The offer price of A\$6.55 per New Share ("Offer Price") represents a discount of:

- 8.3% to the theoretical ex-rights price ("TERP")¹ of A\$7.14;
- 8.6% to the last trade price of Orocobre shares on 15 January 2018 (the day prior to announcement of the Entitlement Offer) of A\$7.17; and
- 12.7% to the price per share paid by Toyota Tsusho Corporation (TTC) under its strategic placement of A\$282 million of new shares at a price of A\$7.50.

¹ The theoretical ex-rights price of A\$7.14 is calculated using Orocobre's closing price on 15 January 2018 assuming proceeds from the Entitlement Offer are approximately A\$79 million. TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. The TERP does not include New Shares to be issued under the placement to TTC.

The Entitlement Offer and use of proceeds

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New Shares issued under the Entitlement Offer will be fully paid and rank equally in all respects with existing Orocobre ordinary shares from issue and will be entitled to dividends on the same basis as existing Orocobre ordinary shares. Fractional entitlements will be rounded up to the nearest whole number of shares.

In addition to the Entitlement Offer, Orocobre is also undertaking a 15% placement to TTC (on a fully expanded basis) for A\$282 million, at a price of A\$7.50, representing a 17% premium to Orocobre's 30 day volume weighted average price as at close on Monday, 15 January 2018 of A\$6.43.

Proceeds from the Entitlement Offer and the placement to TTC will be used to provide Orocobre with an appropriate level of cash liquidity to support development of the Phase 2 expansion of the Olaroz Lithium Project.

UBS AG, Australia Branch is acting as underwriter to the Entitlement Offer ("Underwriter").

Details of the Retail Entitlement Offer

The Retail Entitlement Offer is being made to eligible shareholders on the basis of 1 New Share for every 20 existing Orocobre ordinary shares held as at 7.00 pm (Sydney time) on 19 January 2018 ("Record Date") ("Entitlement"). An offer booklet in relation to the Retail Entitlement Offer ("Retail Information Booklet") will be despatched to Eligible Retail Shareholders (as defined below) on or around 23 January 2018.

Eligibility criteria

"Eligible Retail Shareholders" are those persons who are a holder of existing Orocobre ordinary shares as at 7.00pm (Sydney time) on the Record Date and who:

- have a registered address on the Orocobre share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent that they are holding Orocobre ordinary shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) in the institutional entitlement offer and were not treated as ineligible institutional investors under the institutional entitlement offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders who are not Eligible Retail Shareholders and who did not participate in the institutional entitlement offer are ineligible to participate in the Retail Entitlement Offer. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade retail entitlements or to exercise retail entitlements they acquire. If you buy retail entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those entitlements and, as a result, you may receive no value for them.

According to our records, you satisfy the eligibility criteria for an Eligible Retail Shareholder.

Retail Information Booklet

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Retail Entitlement Offer. Full details of the Retail Entitlement Offer are set out in the Retail Information Booklet, a copy of which will be available on the Australian Securities Exchange ("ASX") website

www.asx.com.au and Orocobre's website at www.orocobre.com/investor-centre/announcements on or about 19 January 2018.

Eligible Retail Shareholders will be mailed or emailed a Retail Information Booklet, together with a personalised Entitlement and Acceptance Form which contains details of your Entitlement, on or around 23 January 2018. You should read the Retail Information Booklet carefully and in its entirety before deciding whether to participate in the Retail Entitlement Offer.

Key dates for the Retail Entitlement Offer

| Activity | Date |
|--|-----------------------------|
| Announcement of the Entitlement Offer | Tuesday, 16 January 2018 |
| Entitlements commence trading on ASX on a deferred settlement basis | Friday, 19 January 2018 |
| Record Date (7.00pm AEDT) | Friday, 19 January 2018 |
| Retail Information Booklet and personalised Entitlement and Acceptance Form despatched | Tuesday, 23 January 2018 |
| Retail Entitlement Offer opens | Tuesday, 23 January 2018 |
| Entitlements commence trading on ASX on a normal settlement basis | Wednesday, 24 January 2018 |
| Entitlements ceases trading on ASX | Thursday, 25 January 2018 |
| Closing date for Retail Entitlement Offer (5.00pm AEDT) | Friday, 2 February 2018 |
| Retail shortfall bookbuild | Wednesday, 7 February 2018 |
| Settlement of the Retail Entitlement Offer | Monday, 12 February 2018 |
| Issue of New Shares under the Retail Entitlement Offer | Tuesday, 13 February 2018 |
| New Shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis | Wednesday, 14 February 2018 |
| Despatch of holding statements for New Shares | Thursday, 15 February 2018 |
| Retail Premium (if any) despatched | Tuesday, 20 February 2018 |

This timetable is indicative only and subject to change. The Orocobre Board may, with the consent of the Underwriter, vary these dates subject to the Corporations Act and the Listing Rules. An extension of the closing date will delay the anticipated date for issue of the New Shares. The Orocobre Board also reserves the right not to proceed with the whole or part of the Retail Entitlement Offer any time prior to allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants.

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On behalf of the Board of Orocobre, I thank you for your continued support.

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Orocobre Limited

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