

Recommendation: Buy
Target Price: \$3.50

♦Orocobre Limited (ORL-TSX) Initial Drill Results From Salinas Grandes

Current Price	C\$1.99	Shares Outstanding (MM)	
52 Wk High	C\$4.00	Basic	103.1
52 Wk Low	C\$1.35	Diluted	103.4
Cash (MM)	A\$45.1	Mngt. & Dir.	24.8
Total Debt (MM)	A\$0.0	Market Cap.	C\$205.8
NAVPS	C\$4.54	Float	C\$155.8
Price/NAV	0.4x	EV	C\$159.9
		Resource (LCE)	6.4 MMt

Fiscal Year Jun. 30	2013E	2014E	2015E
Lithium Carbonate	Q1 0	2,153	3,075
Attributable Production (tonnes)	Q2 0	2,153	3,075
	Q3 0	2,153	3,075
	Q4 0	2,153	3,075
	FY 0	8,610	12,300
Cash Cost (\$/t)	FY n/a	\$2,279	\$1,680
Diluted EPS, adj.	Q1 (\$0.01)	A\$0.04	A\$0.07
	Q2 (\$0.01)	A\$0.04	A\$0.07
	Q3 (\$0.01)	A\$0.04	A\$0.07
	Q4 (\$0.01)	A\$0.04	A\$0.07
	FY (\$0.04)	A\$0.15	A\$0.27
CFPS Bef.	Q1 \$(0.02)	A\$0.06	A\$0.08
WC Items	Q2 \$(0.02)	A\$0.06	A\$0.08
	Q3 \$(0.02)	A\$0.06	A\$0.08
	Q4 \$(0.02)	A\$0.06	A\$0.08
	FY \$(0.07)	A\$0.23	A\$0.33

Unless otherwise denoted, all figures shown in C\$
We are using 1.00 US\$/C\$ and US\$/A\$ exchange rates

Investment Thesis:

Orocobre Limited continues to advance its flagship asset the Salar de Olaroz Lithium-Potash project, located in northern Argentina. The Company has completed a definitive feasibility study on the project and is in negotiations to finalize its agreement with its joint venture partner Toyota Tsusho. Upon finalizing its joint venture agreement with Toyota Tsusho (Q1/C12), we expect the Company to be fully financed and initiating construction.

Highlights:

- **Salinas Grandes Initial Drill Results**

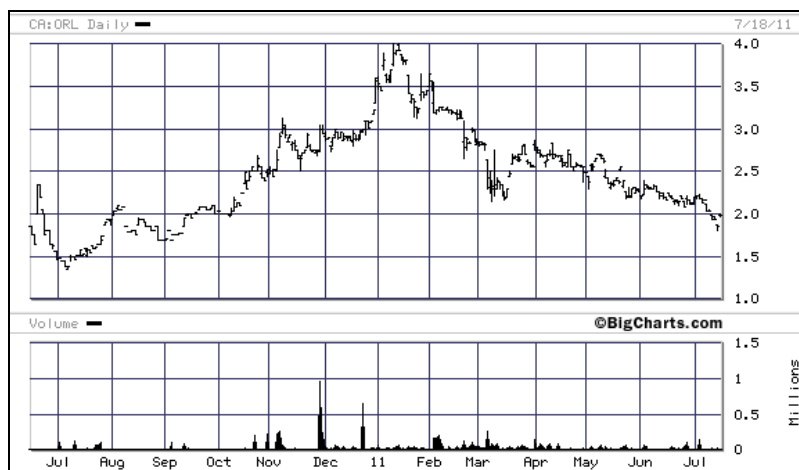
Orocobre reported the results of a 12 drill hole program completed at its Salinas Grandes Lithium-Potash project. Average grades from shallow zone mineralization demonstrate the potential for a large, high grade, resource and low-cost lithium-potash operation. Follow up augering will be completed to increase detail for a resource estimate and initial pumping/process work has been initiated. Initial grades compare well with brine project peers, ranking between the highest grade Salar de Atacama and Lithium One's Sal de Vida Lithium-Potash project.

- **Maintaining Buy Rating And \$3.50 Target**

Based on our belief that the Company and Toyota Tsusho will finalize a joint venture agreement and initiate construction of the Salar de Olaroz Lithium-Potash project we apply a 0.8x multiple to our NAV estimate. We view Orocobre as an ideal lithium developer, the closest to production, expected to be fully financed for construction, supported by a world class joint venture partner, and holding a pipeline of strong development assets.

Company Description:

Orocobre Limited is a Brisbane-based mining company listed on the Australian and Toronto Stock Exchange. The Company is developing the Salar de Olaroz Lithium-Potash project in northern Argentina and is expected to enter production in H2/C13.



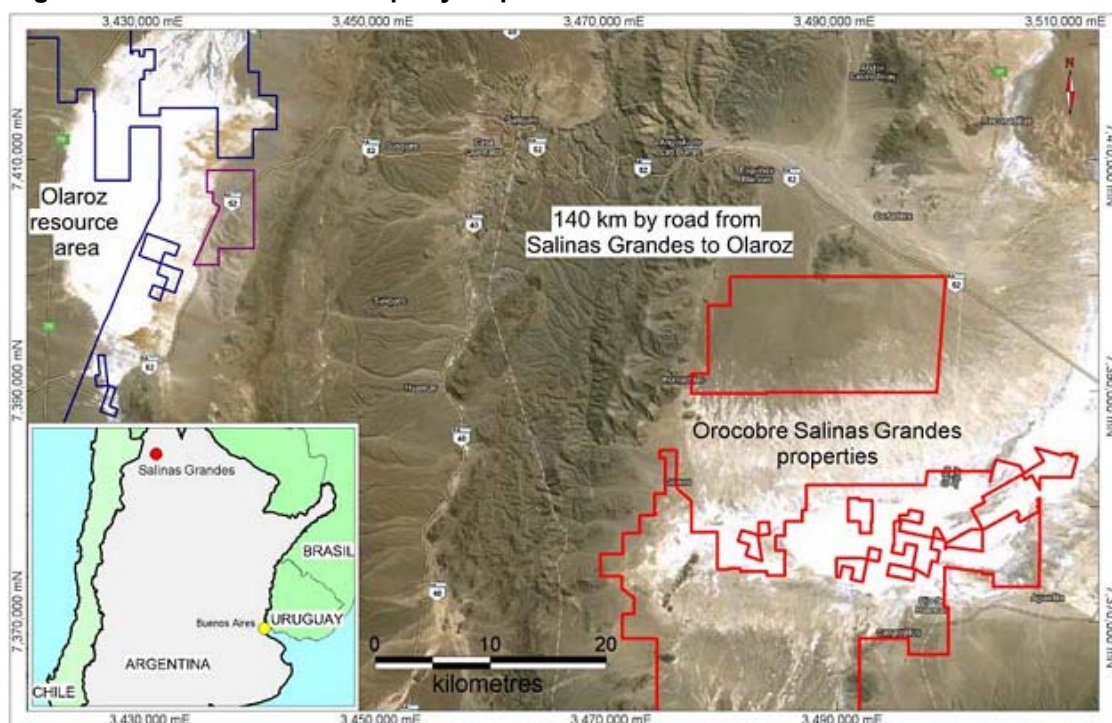
Source: Bigcharts.com, July 18, 2011

♦During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities for Orocobre Limited

Disclosure statements are located at the end of this report

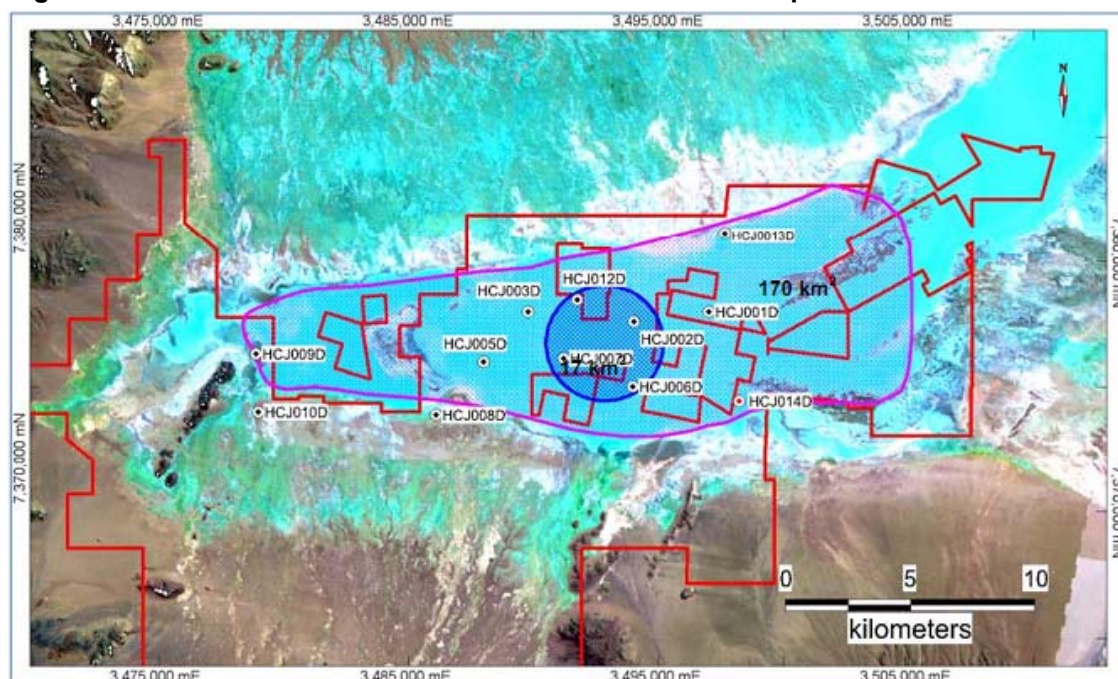
Salinas Grandes Initial Drill Results: Orocobre holds an 85% interest in a pipeline of exploration projects, independent of their agreement with Toyota Tsusho. The most advanced project to date is the Salar de Salinas Grandes in the Argentinean province of Salta, approximately 70 km east of Salar de Olaroz (see Figure 1). On July 18, 2011, Orocobre reported the results of a 12 drill hole program completed at its Salinas Grandes Lithium-Potash Project with 9 holes having significant lithium-potash intercepts. Holes were drilled vertically to 60-75 m depth and at an average spacing of 3.3 km (see Figure 2). Drilling highlighted the occurrence of two brine bodies, the first a continuous shallow body from surface to 20 m depth over a 170 km² area and the second a deeper body from 20 to ~60 m depth over a 17 km² area.

Figure 1: Salinas Grandes Property Map



Source: Company Reports

Figure 2: Salinas Grandes Drill Hole & Mineralization Zone Map



Source: Company Reports

Upper zone mineralization intercepts average high grades of ~740 mg/l lithium and ~10,000 mg/l potassium (see Figure 3) with low levels of magnesium (2.5 Mg/Li) and sulphate (1480 mg/l). Low sulphate and calcium levels are a good indication that the brine is amenable to low cost conventional brine processing.

Figure 3: Salinas Grandes Drill Results Summary

Drill Hole	Brine Body	From	To	Intercept	Grade (mg/l)			Mg/Li Ratio
					K	Li	Mg	
HCJ001D	Shallow	0.0	12.0	12.0	385	5,715	739	1.9
HCJ006D	Shallow	0.0	24.0	24.0	881	9,931	2,440	2.8
	Deeper	24.0	66.0	42.0	1,280	13,940	3,874	3.0
HCJ002D	Shallow	0.0	24.7	24.7	496	7,669	1,178	2.4
	Deeper	24.7	60.7	36.0	398	5,737	1,043	2.6
HCJ012D	Shallow	0.0	24.0	24.0	532	8,806	1,738	3.3
	Deeper	24.0	53.0	29.0	175	2,021	484	2.8
HCJ007D	Shallow	0.0	19.0	19.0	940	13,129	2,348	2.5
	Deeper	19.0	84.0	65.0	183	2,118	507	2.8
HCJ005D	Shallow	0.0	7.0	7.0	1,524	19,342	4,086	2.3
HCJ003D	Shallow	0.0	17.0	17.0	429	5,649	968	2.3
Average	Shallow				741	10,034	1,928	2.5
Average	Deeper				509	5,954	1,477	2.8

Source: Company Reports

A 48 auger drill hole program has been initiated to increase mineralization definition for the initial resource estimate. Follow up work will also include pump testing, to determine extractability of the brine, and process testing, to determine initial lithium-potash recoveries.

The average grade of the shallow zone compares well with other lithium-potash brine projects, ranking between the highest grade Salar de Atacama project (1,800 mg/l Li, 22,200 mg/l K, & 6.5 Mg:Li) and the Sal de Vida Lithium-Potash project (695 mg/l Li, 7,590 mg/l K, & 2.2 Mg:Li). At higher average grades and lower contaminant levels relative to the Salar de Olaroz project (690 mg/l Li, 5,730 mg/l K, & 2.4 Mg:Li) we would expect significantly higher potash recovery and lower cash cost potential.

We value the Salinas Grandes Lithium-Potash project on a relative basis to its peer group, with favourable grades and 2015-2016 first production potential. Over the next year we would expect an initial resource estimate at similar average grades to initial drill results and a tonnage able to support a long-life mining operation. Post announcing an initial resource estimate the Company is likely to seek an off-take or joint venture agreement with a battery or electric vehicle manufacturer looking to secure long-term lithium supply.

Maintaining Buy Recommendation And \$3.50 Target Price: Based on our belief that the Company and Toyota Tsusho will finalize a joint venture agreement and initiate construction of the Salar de Olaroz Lithium-Potash project we apply a 0.8x multiple to our NAV estimate. We view Orocobre as an ideal lithium developer, the closest to production, expected to be fully financed for construction, supported by a world class joint venture partner, and holding a pipeline of strong development assets.



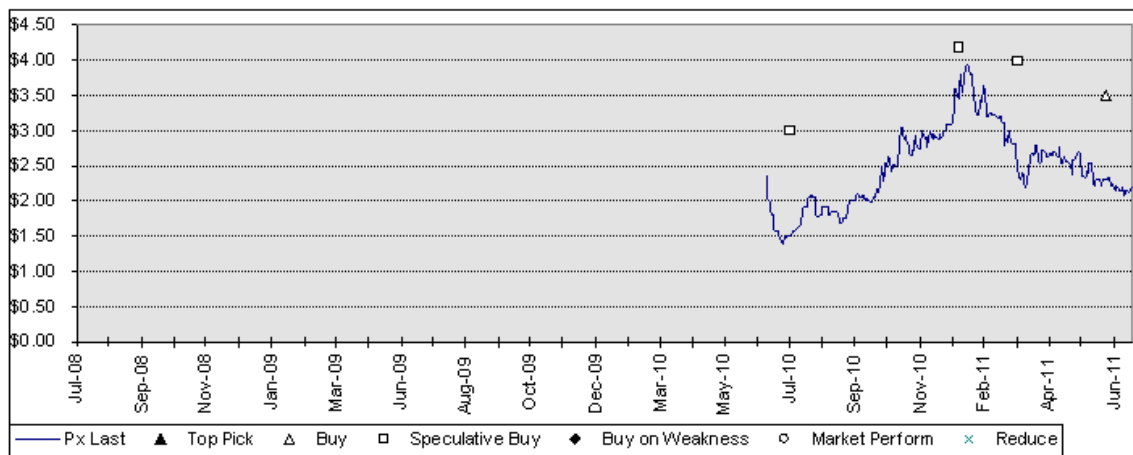
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MORNING MEETING NOTES
JULY 19, 2011

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Orocobre Limited

*Source: Cormark Securities Inc.



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2) What type of security is it?

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Recommendation / Target Chg

Date	C\$
07-Jun-11	3.50 (B)
07-Jun-11	3.50 (Chng Cover.)
04-Apr-11	4.00 (U.R.)
08-Mar-11	4.00 (B-S)
05-Jan-11	4.20 (B-S)
14-Jul-10	3.00 (B-S)
19-Jan-10	-(Watchlist)

*Information updated monthly on or about the 5th of each month.

Updated July 18, 2011

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Market Perform	expected to perform with its peer group
Reduce	expected to underperform its peer group

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Additionally, our target prices are set based on a 12-month investment horizon.

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