

Lithium story grows for Orocobre

Monday, 8 March 2010

WHILE still early days, Orocobre plans to further evaluate the Salinas Grandes discovery in Argentina as either a stand-alone lithium development or as tied in with its more advanced Olaroz play.

Olaroz, in joint venture with Toyota Tsusho Corporation, is the subject of a definitive feasibility study, but Salinas Grandes and the Guayatoyoc area, which are 70 kilometres from Olaroz, represent significant operational synergies for Orocobre.

"Salinas Grandes has the potential to become a valuable addition to our long-term portfolio of high-quality resources, and cements Orocobre as a lithium development market leader," managing director Richard Seville said.

He said the deposit, along with Olaroz and the related Cauchari property, provided further evidence that the company's holdings in the Puna Lithium Province appeared to represent the brine "sweet spot" of Argentina.

Orocobre plans to start a drilling and sampling program together with preliminary hydrological studies to further evaluate the project.

An environmental impact statement has already been approved for the Salta Province, which is where the majority of the Salinas Grandes properties are located.

Extensive sampling at Salinas Grandes recently returned the highest average lithium and potassium grades in Argentina with an average of 1409mg per litre lithium and 16,394mg per litre potassium salar nucleus.

The magnesium to lithium ratio was very low, with an average value of 2.6.

A high-quality potassium target was also unveiled at Laguna de Guayatoyoc when pit sampling returned average potassium grades of 4635mg per litre over an area of 33,000 hectares.

There are noticeable differences in the geochemistry compared to Salinas Grandes, with Guayatoyoc having much lower lithium grades, though the potassium grades are high and of potential interest.

As for the more advanced Olaroz project, Orocobre expects to make a decision on its development later this year, following completion of the DFS, but anticipates construction to start early next year with initial production early in 2012 at the rate of 15,000 tonnes per annum of lithium carbonate and 36,000tpa of potash.

As part of the DFS, the company expects to upgrade the Olaroz resources, which stand at 1.5 million tonnes of lithium carbonate and 4.4Mt of potash, to measured and indicated status.

There is also potential for additional mineralised brines in aquifers beneath the resource.

Shares in Orocobre were up 1.54% in afternoon trade to \$A1.98