

11 May 2009

ASX ANNOUNCEMENT

PLACEMENT TO STRATEGIC CORNERSTONE INVESTOR

1:8 NON-RENOUNCEABLE RIGHTS ISSUE

- **United States based Lithium Investors LLC to subscribe for 6.8m shares at an issue price of 38c per share raising \$2.6m. Lithium Investors will become a cornerstone investor in Orocobre, and its President, James D. Calaway, will become Non-Executive Chairman of the Board of Orocobre.**
- **Existing shareholders will be given the opportunity to subscribe for shares at the same price of 38c via a 1:8 non-renounceable rights issue. This will raise an additional \$2.8m (before costs) for a total amount raised of \$5.4m.**
- **Patersons Securities Limited has been appointed Lead Manager and Underwriter of the rights issue and Corporate Advisor to Orocobre.**
- **Orocobre plans to spin-off its non-salar assets into new ASX company, resulting in:**
 1. **Orocobre, being a Lithium – Potash focused company and retaining all the company’s salar assets, and with a focus on rapid development of the Olaroz Lithium –Potash Project; and,**
 2. **A copper-gold focused new company holding the company’s highly prospective copper-gold projects. Orocobre shareholders will benefit from being shareholders in the new company via an in-specie distribution.**
- **With this financing complete, Orocobre will be fully funded to complete the Bankable Feasibility Study on the Olaroz Lithium-Potash project, advance the exploration on its other salar assets, and complete the spin-off of our new copper-gold company.**

The Board of Directors of Orocobre Limited are pleased to announce a number of important strategic developments for the company, including:

- A two-part capital raising of \$5.4m, before costs, with the opportunity for all existing shareholders to participate.
- A new cornerstone strategic investor and changes to the Board of Directors.
- The appointment of Paterson's Securities Limited as both Advisor and Lead Manager and Underwriter of the rights issue.
- A re-focused strategy for the Company.

Adequate Capital Raised to Fund Company Initiatives

Lithium Investors LLC ("Lithium Investors"), an American based company associated with the highly respected Calaway family of Houston, Texas, has agreed to subscribe for a placement of 6,800,000 shares at 38 cents each, raising \$2.6m. This is equivalent to an 11.3% discount to the 5 day volume weighted average price ("VWAP") and equal to the 15 day VWAP. At completion, Lithium Investors' President, James D. Calaway, will become Non-Executive Chairman of Orocobre.

In addition, Orocobre is providing the opportunity for existing shareholders to subscribe for shares at the same price as the placement to Lithium Investors through a 1:8 non-renounceable rights issue at 38c. This will raise an additional \$2.8m (before costs), raising a total of \$5.4m. An indicative timetable for the rights issue is attached.

Appointment of Patersons Securities as Lead Manager and Underwriter of the Non-Renounceable Rights Issue.

Patersons Securities Ltd has been appointed as Lead Manager/Underwriter to the rights issue, and has undertaken, subject to completion of a prospectus and finalization of the underwriting agreement, to fully underwrite the rights issue.

Appointment of Patersons Securities as Corporate Advisor

Patersons Securities Ltd has also been appointed as Corporate Advisor to the Company and will assist the Company with general corporate advice and marketing of the company to potential domestic and international investors. Patersons' role is to maximise the audience for Orocobre upon execution of the forecast project milestones.

Appointment of New Chairman

At completion of the placement to Lithium Investor's, James D. Calaway, will become Non-Executive Chairman of Orocobre. Mr. Calaway is a respected business/civic leader in Houston, Texas. He and his family have considerable experience and success in building young companies into successful commercial enterprises. Mr. Calaway and his family have played major roles in the development of both public and private companies in the United States, including companies engaged in oil and gas exploration and production, and commercial wind-farm development. Mr. Calaway

currently serves as Chairman of the Board of DataCert Inc, the global leader in legal operations management, Chairman of the Board of Open Spirit Corporation, the premier middleware software company in the geological and geophysical software industry, and serves as a Director on several other U.S. corporate boards.

Mr. Calaway is actively involved in the civic affairs of Houston, where he serves as Chairman of the Houston Independent School District Foundation. Mr. Calaway also serves on various other civic boards, including the Council of Overseers of the Jones School Of Management at Rice University. Mr Calaway received a Bachelors of Arts in Economics from the University of Texas in 1979, and a Masters of Arts in Politics, Philosophy and Economics from Oxford University in 1981.

Current Executive Chairman, Neil Stuart, will cease to act as chairman of the Board of Directors but will continue as an Executive Director with particular responsibilities for the copper-gold projects. The Company would like to acknowledge Neil's strong contribution as Chairman of the company from its initiation in 2004, through project selection and acquisition, ASX listing and its first 18 months listed on the ASX.

Corporate Strategy

The Directors believe that the best way to maximise value for shareholders is to create two highly focused companies:

- A Lithium - Potash focused company, holding all the salar assets of Orocobre and with a focus on the development of the Olaroz Lithium –Potash Project.
- A copper-gold focussed new company that will hold the company's highly prospective copper-gold projects. Existing Orocobre shareholders will benefit by being shareholders in the new company via an in specie distribution.

The company plans to commence work on this restructuring immediately, with the objective of having the new copper-gold focused company separately listed on the ASX before the end of the year.

Ongoing Commitments Fully Funded

At completion of the Lithium Investors and the subsequent rights offering, the Company will be well funded to complete the Bankable Feasibility Study on the Olaroz Lithium-Potash project, advance the exploration on its other salar assets, and complete the ASX listing of the new copper-gold focussed Company.

Managing Director, Richard Seville, commented:

“We are delighted with the events we are announcing. We are extremely pleased to have Lithium Investors take a significant position in the Company. Lithium Investors has undertaken extensive due diligence on Orocobre and concluded that we are the best investment opportunity in the sector”

“We are also very pleased to have James Calaway join our board as Non-Executive Chairman. James brings extensive and successful experience in developing energy and new technology companies in the United States. He and his family have taken several companies to Nasdaq in the past, and provides the company with extensive networks in the North American financial and industrial sectors. I am looking forward to working with James, and know that he will become a valuable resource for the Company and its shareholders.”

“We are also pleased to have cemented a relationship with Paterson’s Securities Ltd. In our opinion, Patersons is Australia’s leading mid-tier broker in resources, and represents an ideal partner for Orocobre.”

“ The combination of being fully funded to complete our work, the addition of James Calaway’s talents to the company, and having a first rate firm to represent us greatly enhances the bright prospects for our company..

Mr. Calaway stated:

“I am very pleased to join with Richard Seville to build Orocobre into a power-house in the Lithium – Potash business. We have undertaken an extensive study of the global opportunities available in the lithium sector, and believe Orocobre’s assets and team represent the best opportunity to develop significant new production needed for the world’s rapidly growing need for Lithium.”

For and on behalf of the Board

Paul Crawford
Company Secretary

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RIGHTS ISSUE INDICATIVE TIMETABLE

Event	Date
Rights issue prospectus lodged with ASX and ASIC	22 May 2009
Notice with information of on Rights Issue sent to shareholders	25 May 2009
Shares commence trading on Ex rights basis	28 May 2009
Record Date for participation in rights issue	3 June 2009
Prospectus dispatched to shareholders	9 June 2009
Closing date and time for acceptance and payment in full under Rights Issue (5.00pm EST)	23 June 2009
Dispatch of shareholder statements for new share issued under Rights Issue	30 June 2009
Normal trading commences for new shares on ASX	1 July 2009