

ASX ANNOUNCEMENT

12 February 2009

SALAR EXPLORATION INITIATIVE

- **Acquires 50,000 hectare portfolio of potash, boron, lithium and sodium salt projects**
- **Establishes Joint Venture company targeting minerals from salt lakes in South America**

The Directors of Orocobre Ltd are pleased to announce a major new initiative for the company by signing a joint venture arrangement with local business interests focussing on the exploration and exploitation of minerals found in salars (salt lakes) in South America.

Under the terms of the joint venture, Orocobre will have the right to earn 80% of the joint venture by spending US\$1.6m by 31 March 2012 and can increase its percentage to 90% by sole funding at its election an additional US\$2.0m. The joint venture is a corporate joint venture through South American Salars Pty Ltd, "SAS" and Orocobre will earn its interest by the progressive exercise of options in SAS.

The projects contributed to the joint venture are located in 3 northern provinces in Argentina; namely Salta, Catamarca and Jujuy (see figure). The tenements are located on 10 salars and cover approximately 50,000 hectares. A number of these salars have been exploited in the past for borates and sodium sulphate.

The projects include:

- The Salar de Cauchari which is prospective for potash, boron and lithium. The company's tenements cover approximately 12,000 has, approximately 30% of the salt crust of the Salar. The Salar had been exploited for borates for many decades by miners including by a local subsidiary of Rio Tinto Ltd. The salar is directly to the south of Orocobre's Olaroz lithium-potash project in Jujuy province which is advancing rapidly. Other areas of the salar are currently being explored by another company which has reported "outstanding potassium, lithium and boron anomalies" in the crust.
- The Salar de Antofalla project which is considered prospective for potash and covers approximately 10,000 hectares in Salta province. The area to the south is currently being explored by Brazil's Companhia Vale do Rio Doce (CVRD).

- The Salar de Casaderito project, which is prospective for potash, borates, sodium carbonate and sodium sulphate and covers approximately 10,000 hectares.

The projects expose the company to the growing world market for fertilisers together with a range of other industrial minerals. The strategy will allow the company to build on its knowledge and expertise in salar geology being gained through its Olaroz Lithium - Potash Project and apply this knowledge to other salars.

Managing Director, Richard Seville, said, “We are very positive about this initiative. We see considerable potential in salar hosted minerals. We have been developing geological expertise in salars and see significant potential to use this knowledge to grow our exposure to, and hopefully future production in, other salar minerals such as potash, borates, lithium, sodium sulphate and sodium carbonate. This strategy compliments our existing Olaroz lithium – potash project wonderfully. We have a great partner in Argentina on this venture and are looking forward to advancing these projects”.

For and on behalf of the Board

Paul Crawford
Company Secretary

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Richard Seville who is a member of the Australasian Institute of Mining and Metallurgy. Mr Seville is a Director of Orocobre Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.’ Mr Seville consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

