

19 August 2009

ASX ANNOUNCEMENT

UPDATE OF PROPOSED DE-MERGER OF OROCOBRE'S COPPER-GOLD ASSETS

HIGHLIGHTS

- Orocobre Limited (Orocobre or the Company) (ASX: ORE) to de-merge hard rock assets in final quarter of 2009 to facilitate better market recognition of company assets with a dedicated management team to unlock their potential.
- New company, Element Minerals Limited (Element), portfolio to include copper-gold-cobalt-molybdenum exploration projects in world class and emerging mineral provinces in Argentina and Australia.
- Corey Nolan appointed as Chief Executive Officer. Anthony McLellan to be Chairman, and Neil Stuart a non-Executive Director of Element.
- Members of the Element team bring a wealth of experience operating and exploring in both Argentina and Australia, including an extensive network of contacts and relationships.

BACKGROUND

On the 11th May 2009, the Company announced its intention to restructure into two separate companies:

- Orocobre, which is to remain focused on the development of the Salar de Olaroz lithium-potash project and exploration for other salar minerals; and,
- Element, a new copper-gold company, which will concentrate on advancing the Company's large prospective hard rock assets; in particular, the Santo Domingo copper-gold-molybdenum project.

The objective of the restructure is to achieve better market recognition and achieve full value of all Orocobre's assets and skills and to maximise shareholder wealth as the current corporate structure is not the most efficient to satisfy the growth potential of both the lithium and copper-gold assets. Each group of assets requires different skills, have different growth profiles, and appeal to different investors.

By de-merging the two asset groups, each company will have a more efficient capital structure. This will facilitate the pursuit of attractive growth opportunities, whilst at the same time providing shareholders with the option of dealing with their investments in the lithium and copper-gold-molybdenum separately.

The Company's existing Argentinean copper-gold-molybdenum assets, and some new high quality projects in Australia, will be consolidated under a new holding company, Element Minerals Limited (Element). It is intended that Element will undertake an Initial Public Offering and listing on the Australian Securities Exchange later in 2009.

Orocobre will distribute shares in Element to Orocobre shareholders by way of a return of capital. It is anticipated that Orocobre will not retain any significant interest in Element post de-merger. Orocobre shareholders will also be given a priority entitlement to apply for additional shares in Element.

Further information on the Element Initial Public Offering, including the record date for determining entitlements to the distribution of shares in Element Minerals, and the amount of the proposed public capital raising will be announced in the coming weeks.

ELEMENT OVERVIEW

Element's strategy is to create shareholder wealth by exploring, and developing high quality mineral projects. Value will be realised through asset development, timed asset disposals, joint ventures and the creation of dedicated project companies.

Element will achieve its objectives by:

- Targeting resources in established world-class and emerging mineral provinces.

- Maintaining a balance of brown-field and green-field projects, including engaging in generative exploration activities, and by pursuing mineral resources in established mineral provinces that require creative thinking and alternative development strategies.
- Focusing on gold and base metals as a priority.
- Identifying synergistic consolidation opportunities into companies and/or projects with established resource positions.

Element Management Team

Orocobre is pleased to announce the appointment of Corey Nolan, Alistair Grahame and Gustavo Delendatti who will all transition from Orocobre to Element. Mr Nolan joined the Company in July 2009 to manage the de-merger, prepare Element for ASX listing, and to provide corporate assistance to Orocobre prior to the de-merger. Mr Nolan will become the Chief Executive Officer of Element. Messrs Graeme and Delendatti are currently advancing Orocobre's hard rock exploration activities in Argentina.

Members of the Element team bring a wealth of experience operating and exploring in Argentina including an extensive network of contacts and relationships to assist Element in building its Argentina business.

The following is a profile of Element's management team:

Corey Nolan, Chief Executive Officer

- Mineral Economist with 17 years experience in the resource sector.
- Most recent experience includes was as Business Development Manager for coal exploration & development company, Aviva Corporation Limited.
- Previous corporate finance and research analysis experience at firms including PWC, Morgan Stanley & WilsonHTM.

Alistair Grahame, Exploration Manager

- Experienced Cu/Au exploration geologist with extensive experience in Argentina and Chile and more recently on the Mt Isa Inlier with China Yunnan Copper Australia Ltd.
- Working knowledge of proven deposits in South America including El Indio, Pascua-Lama, Esquel, Caspiche & Cerro Moro.
- Background includes senior exploration roles in major companies including Barrick Gold Corporation, Exeter Resource Corporation, Minera Andes S.A. and Meridian Gold.
- Fluent in Spanish.
- Based in Element's Brisbane head office.

Gustavo Delendatti, Argentina Project Geologist

- Argentina-based project geologist, concentrating principally on Santo Domingo and South American business development activities.
- PhD in Geological Science, San Juan University, Argentina.
- Over 13 years exploration experience in Argentina/Chile with firms including Exeter, Homestake, MIM and Rio Algom.
- Experience includes coordinating exploration projects and ore-body modelling for various mineralisation types with emphasis on copper/gold in South America.

Paul Crawford, Company Secretary

- Accountant with over 31 years experience.
- Twenty seven years focused on technical aspects of mineral & petroleum companies.
- Experienced company secretary and director.

Element Board of Directors

In addition to Mr Nolan, who will serve as an Executive Director, the following have agreed to serve as non-executive directors of Element Limited:

Anthony McLellan, Non Executive Chairman

- Highly experienced company director and skilled company chairman.
- Served on a number of boards of Australian resource companies, including Felix Resources and Bemax Resources.
- Currently Chairman of mid-tier gold producer, Norton Gold Fields Limited. Norton acquired the Paddington gold mine from Barrick Gold Corporation in 2007 and turned Norton into a major Australian gold mining company.
- Extensive international experience includes serving as the first President and CEO of Barrick Gold.
- Mr McLellan lived abroad for almost 30 years and has transacted business in more than 20 countries.

Neil Stuart, Non Executive Director

- Exploration geologist with over 40 years experience with particular emphasis on Australia, Argentina, Mexico and Indonesia.
- Founding director of Oroplata Limited which acquired and progressed the early development of the Cerro Negro project in Argentina. Oroplata later merged with Andean Resources (present market cap circa A\$850 million) and Cerro Negro has developed into a multi million ounce gold project.
- Founding Director of Orocobre Limited.

Element Projects

The following is a summary of the asset portfolio to be acquired through the de-merger of Orocobre's hard rock assets. The portfolio includes a balance of green-field and later-stage exploration projects being prepared for drilling.

Santo Domingo, Argentina

The Company has built a large land position in an area that is now being revealed as a significant belt of porphyry and epithermal mineralisation. The area is prospective for copper, gold and molybdenum mineralisation.

Unlike Chile, which has been a major mining country for many decades, Argentina has only recently joined the ranks of significant mining and mineral exporting countries. It's prospectivity has long been recognised as similar to Chile's, but it was only in the 1990's that new Federal Mining legislation and foreign investment provisions opened up the country to well funded foreign mining and exploration companies. Since then we have seen major developments including Bajo de la Alumbrera , Valadero, Gualcamayo, and others.

The Santo Domingo project area comprises approximately 21,500 hectares and is located in the Sierra de Chucuma in San Juan Province. This is a mountain range of modest altitudes (some 1,200 metres at the project area) and although the area is remote from habitation there is a sealed road only 20 kilometres to the east. The regional city of San Juan is located approximately one hour's drive away from where the access meets the sealed road.

Regionally the project is located in the Sierra de la Huerta and its northern extension (Sierra de Valle Fertil) which form part of the Sierras Pampeanas (Pampa Mountain chain). This geological belt is made up of a broad variety of Precambrian metamorphics and Palaeozoic intrusives and volcanics. The area has supported historic mining operations for lead, silver, and gold, but has been largely untested using modern exploration methods.

Exploration so far has included satellite imagery (ASTER) interpretation, stream sediment surveys, geological mapping and rock chip sampling. The work has led to a number of new discoveries of large areas of alteration and mineralisation of both porphyry and epithermal styles.

At present three main target zones have been identified at El Arriero, Alunita and La Virgen. Early exploration activities have produced encouraging results. Each of the zones is considered to be a valid target for a typical porphyry style deposit which by style are commonly very large; that is potentially in the range of 100 to 1,000 million tonnes of mineralisation*.

** This target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource to a JORC standard and it is uncertain if further exploration will result in the determination of a Mineral Resource*

Millenium, Queensland, Australia

Element has an option agreement to acquire five Mining Leases comprising the Millenium cobalt-copper project 35 kilometres north west of Cloncurry. The Mt Isa Inlier is host to many world class ore bodies including Mt Isa, Hilton, George Fisher, Cannington, Ernest Henry and several new undeveloped discoveries in close proximity to Millenium including Merlin (Molybdenum and Rhenium) and Las Minerale/Rocklands (copper-cobalt).

Millenium is relatively under explored by the modern exploration techniques. There are some historical mining workings at the Federal copper mine in the south and many scattered smaller workings along "lode" systems extending to the north. The Federal mine, which operated in the early 1900's, produced some 10,000 tonnes of ore at exceptionally high grade (25% copper).

Whilst the historical focus has been on identifying copper mineralisation, new thinking on the project indicates that the principal focus should be on the thick cobalt mineralisation and that the copper is of secondary interest. Past metallurgical test work has demonstrated the ability to produce a cobalt concentrate with attractive grades and recoveries.

A detailed review of all the previous historical drilling and geochemical data across the tenement is underway. Once this is completed, further information on the project will be released.

The project site is well supported by access to regional infrastructure of Cloncurry and Mt Isa.

Northern New South Wales, Australia

Element has an option agreement to acquire three granted Exploration Licenses situated between Armidale and Grafton in Northern New South Wales. The region is relatively unexplored by modern day exploration techniques and in recent years is host to a number of new gold and polymetallic mineral discoveries.

The three project areas include:

Sydney Flat - covers entire deep lead system of the Sydney Flat goldfield with reported historical production 240,000 ounces between 1852 and 1967. The field comprises an extensive high grade deep lead system partially buried by a thin veneer of basalt. Historical mining exploited the deep lead system by shallow shafts and surface sluicing.

Sydney Flat will benefit from the application of modern extraction techniques such as low impact "bore-hole pump mining".

Dalmorton - encompasses the major reefs of the Dalmorton/Little River goldfields, which reportedly produced over 70,000 ounces from a large number of smaller gold workings. Results of work by BP Minerals and Little River Goldfields NL in the 1990's outlined an unclassified insitu resource of 232,000 tonnes at an average grade of 3.27 g/t gold within the tenement. There is good potential for a larger bulk tonnage mineralization which could be exploited by open cut mining methods.

Cathedral Rocks - Covers historic School Gully tin field and Yooroonah Sn/Mo/Cu/Pb deposit. Yooranah was discovered by CRA in 1972 and quoted as being analogous to Anduramba in south east Queensland. The CRA drilling intercepted vein and disseminated molybdenum values up to 891 parts per million over 30 metres and anomalous copper, lead and zinc values throughout.

For and on behalf of the Board

Paul Crawford

Company Secretary

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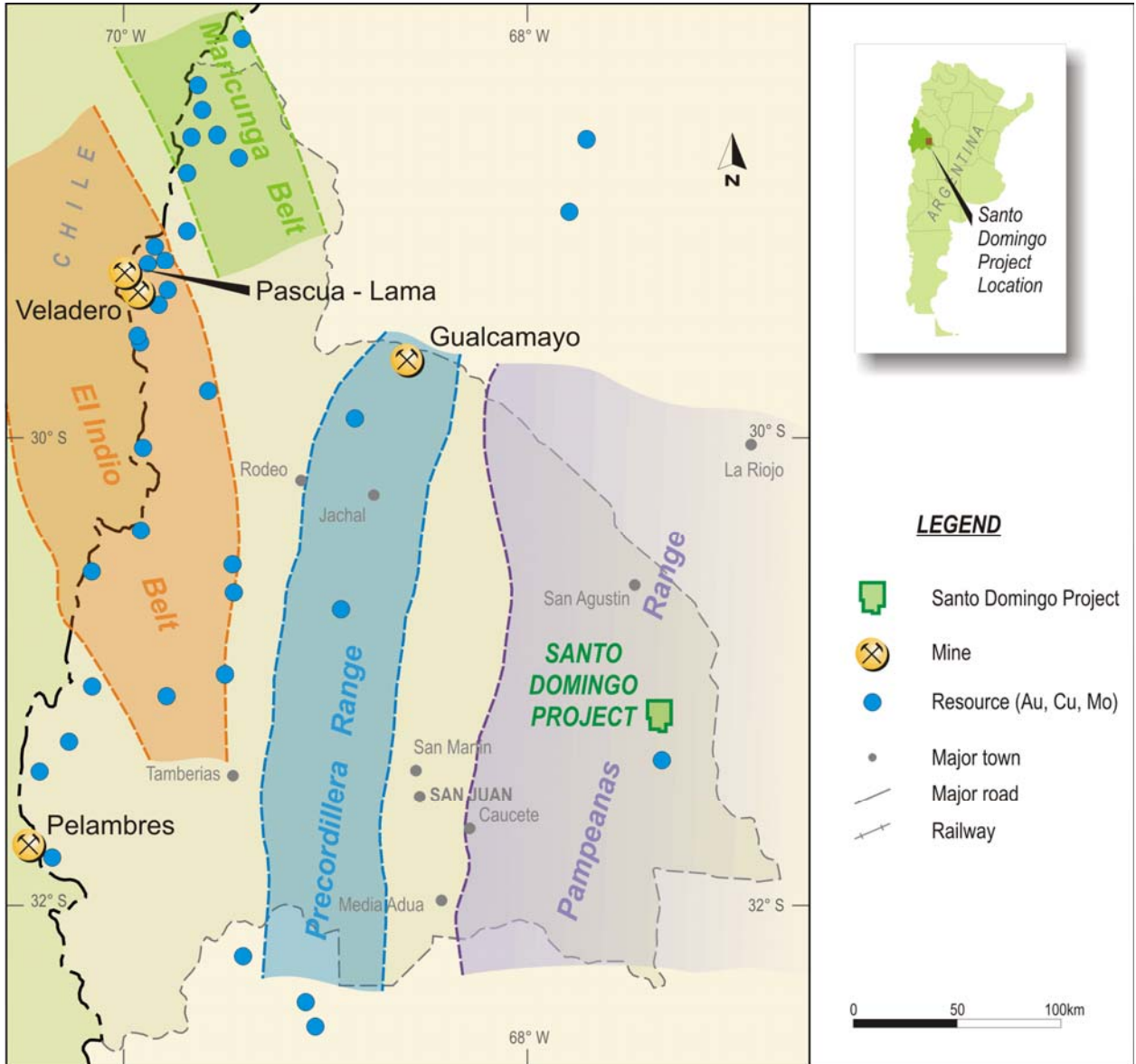
Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Messrs Richard Seville, a member and Neil Stuart a fellow of the Australasian Institute of Mining and Metallurgy. Messrs Seville and Stuart are executives of Orocobre Ltd and have 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.' Messrs Seville and Stuart consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

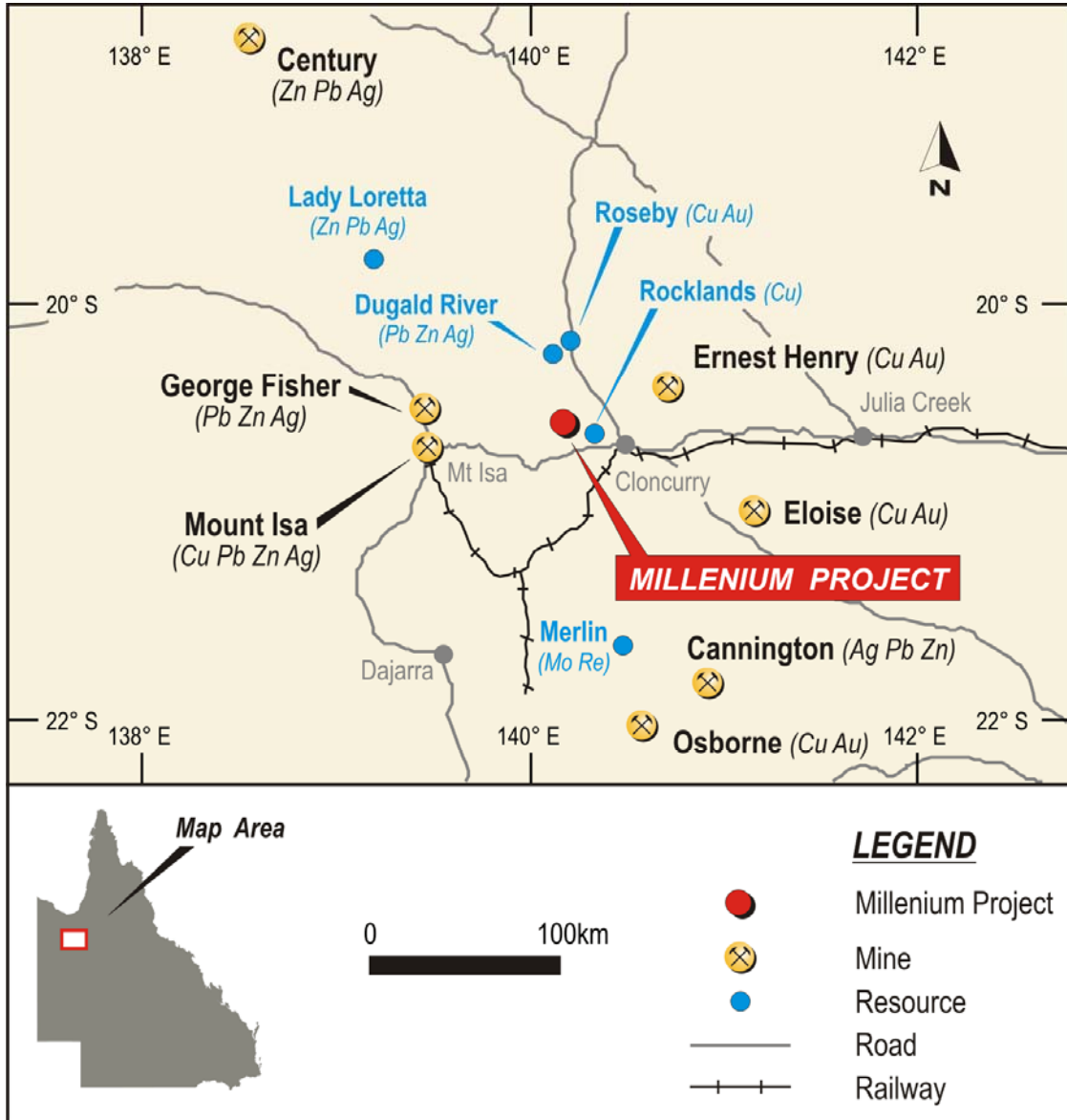
Related Party Interest

Mr Richard Seville, the managing director of the Company, has an interest in Northern New South Wales projects and appropriate shareholder approvals will be obtained, if required, for these agreements.

Santo Domingo Location Map



Millenium Location Map



Northern NSW Project Location Map

