

3 June 2008

ASX ANNOUNCEMENT
OLAROZ LITHIUM - POTASSIUM PROJECT
POSITIVE RESULTS FROM FIRST SAMPLING PROGRAMME

- Attractive grades of lithium and potassium in solution confirmed over extensive areas.
- Lithium grades varied from 280ppm to 1,200ppm with an average of 650ppm over the entire area of the cateos (exploration licenses).
- Potassium grades were significantly higher than expected with average grades of 0.9% (9g/l) over the entire area of the cateos.
- Grades over a contiguous area of 50 square kilometres averaged 730ppm lithium and 1% (10g/l) potassium.



The Directors of Orocobre Ltd are pleased to announce encouraging results from the first sampling programme at the Olaroz project in the Jujuy province in north-west Argentina.

The programme was designed to excavate approximately 30 pits to a depth up to 2m on a 1km by 2km grid pattern. The programme was subsequently extended to involve more detailed sampling to investigate local variability of grade and geology. This involved excavating an additional 30 pits on a 500m by 500m pattern. The depth of the pits was often limited to 1-1.5m by the high brine flow rates into the pits as they were being dug. The company views such indications as positive from a hydrogeological perspective.

The pits were dug by hand using labour from the local community. Analysis was undertaken by ICP methods at Alex Stewart Laboratories in Mendoza. Additional analyses were also undertaken at the University of Salta using Atomic Absorption Spectrometry (AAS).

Lithium values varied from 282ppm Li to 1207ppm averaging 650ppm based on the Alex Stewart Laboratories results. Results from the University of Salta were approximately 10% higher. Potassium values ranged from 0.4% (4g/l) to 1.6% (16g/l) with an average of 0.9% (9g/l). A contiguous area of approximately 50 square kilometres had an average grade of 730ppm lithium and 1% (10g/l) potassium and could provide an initial focus for any potential future development if the trend continues with depth.

The sampling also confirmed low levels of calcium, magnesium and sulphate which will be beneficial for mineral processing. Test work has commenced to investigate potential process flow routes.

Programme Forward

With the successful completion of the first sampling programme the project will advance to the next phase. This will involve an extensive drilling programme which will allow geology and solutions to be sampled over depth. Preliminary pump tests will also be undertaken to determine hydrogeological characteristics. Details of the programme will be announced in due course. This programme is expected to be undertaken in the September quarter and should allow the estimate of resources to be undertaken together with a scoping study for the project prior to year's end.

Managing Director, Richard Seville, said; "This is an excellent start to the project. We have confirmed for ourselves the presence of attractive grades of lithium and potassium over a large area at surface. The next step is to get onto the salt lake with a core drilling rig so we can investigate the geology and solution grades over depth together with hydrogeological characteristics. We are encouraged by the results so far and look forward to making substantial advances for the project over coming months."

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 Australian 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 consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.