

25 May 2009

ASX ANNOUNCEMENT

NON-RENOUNCEABLE RIGHTS ISSUE – NOTICE TO SHAREHOLDERS

The attached letter has today been dispatched to all Shareholders of Orocobre Limited.

For and on behalf of the Board

Paul Crawford
Company Secretary

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25 May 2009

Dear Shareholder,

OROCOBRE LTD NON-RENOUNCEABLE RIGHTS ISSUE

On 11 May 2009, Orocobre Ltd (**ORE**) announced a 1 for 8 pro rata non-renounceable rights issue to Shareholders at 38 cents per share to raise approximately \$2.8 million before issue costs (**Rights Issue**).

The funds raised, together with Orocobre's existing cash reserves, will be utilised for:

- advance the Olaroz Lithium-Potash project through to completion of a bankable feasibility study;
- enable the Company to continue its exploration and development work;
- meet other corporate and offer costs; and
- working capital.

The Prospectus in relation to the Rights Issue was lodged with the Australian Securities & Investments Commission and ASX on 22 May 2009 and is available on the ASX website and also on the Company's website www.orocobre.com.au.

A maximum of 7,393,898 New Shares will be issued under the Offer. If all the holders of vested options to acquire Ordinary Shares in the Company on issue as at the date of the Prospectus exercise those options prior to the Record Date of 3 June 2009, an additional 1,000,000 New Shares will be issued. The capital structure table of the Company (assuming no options are exercised before the Record Date) is set out below:

Shares on issue as at the date of the Prospectus	59,151,187
Maximum number of New Shares to be issued under this Prospectus	7,393,898
Total on issue after the Offer	66,545,085

More information is set out in the Company's Prospectus. Further, the Company has released an updated form 3B on ASX, containing detailed information to which Shareholders are referred. The Company has applied for quotation of New Shares to be issued pursuant to the Offer, on ASX.

Notices were sent by the Company to option holders on 22 May 2009, advising them of the Offer.

Fractional entitlements will be rounded up to the nearest whole number.

The New Shares issued under the Offer will be fully paid Ordinary Shares ranking equally in all respects with fully paid Ordinary Shares in the Company already on issue.

The pro-rata Offer is non-renounceable, meaning that Entitlements cannot be sold or otherwise transferred.

The Rights Issue is fully underwritten by Patersons Securities Limited, who is entitled to an underwriting fee of 5% of the underwritten amount.

Eligible Shareholders:

The Rights Issue is for all Orocobre Shareholders on record as at 5pm on 3 June 2009 (Record Date) with registered addresses in Australia, New Zealand or Hong Kong. The Company has determined it is unreasonable to make offers to Shareholders other than those with registered addresses in Australia, New Zealand and Hong Kong on the Record Date, having regard to the number of Shareholders outside Australia, New Zealand and Hong Kong, the number and value of the New Shares that would be offered and the cost of complying with legal and regulatory requirements outside those countries.

Important Dates:

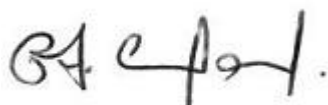
The indicative timetable for the Rights Issue is as follows:

EVENT	DATE
Announcement of Rights Issue and Placement	11 May 2009
Lodgement of this Prospectus with ASX and ASIC	22 May 2009
Notice with information on Rights Issue sent to Shareholders	25 May 2009
Shares commence trading on an ex-rights basis	28 May 2009
Record Date for participation in Rights Issue	3 June 2009
Prospectus despatched to Shareholders	9 June 2009
Closing Date for Acceptance and payment in full for Subscriptions (5pm EST)	23 June 2009
Allotment of Shares and Despatch of Shareholder Statements for New Shares Issued under Offer	30 June 2009
Normal trading commences for New Shares on ASX	1 July 2009

The Prospectus containing the Entitlement and Acceptance Form will be dispatched to all eligible shareholders of the Company registered at the Record Date, on 9 June 2009. Allotment of Shares and Dispatch of Shareholder Statements for New Shares Issued under Offer will take place on 30 June 2009.

The timetable is indicative only and subject to change. Subject to the ASX Listing Rules, the Directors of the company reserve the right to vary these dates, including the Closing Date, without prior notice.

Yours faithfully
Orocobre Limited



Paul Crawford
Company Secretary

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