

OLAROZ LITHIUM - POTASH PROJECT
PRELIMINARY BRINE CHEMISTRY RESULTS AND UPDATE

- Higher grades of lithium than at surface, averaging 700ppm sampled in sub-surface brines.
- Potash grades similar to those at surface with 1.3% potash.
- Low magnesium to lithium ratio of 2.8 confirmed.
- Encouraging hydrogeology



Preparing a V-notch weir for flow rate testing

The Directors of Orocobre Ltd are pleased to provide an update on the company's Olaroz Lithium-Potash project in the Jujuy province in north-west Argentina.

BRINE CHEMISTRY

Preliminary chemical analyses are to hand on brines pumped from 8 bores in the Olaroz Salar. These wells are spread evenly over the Salar. The results varied from 450ppm to 1030ppm lithium with an average of 700ppm. These are 5% higher than the average grades at surface. Potash grades averaged 1.3% (KCL).

A low magnesium to lithium ratio of 2.8 was also confirmed.

The average casing depth on the bores was 46m with the pump located at an average of 30m. Solutions were pumped for up to 24 hrs at high flow rates from the wells to provide clear solution flow prior to sampling. The results are considered to reflect the average grade of the bores.

Additional sampling is currently being undertaken at various depths down these bores to investigate any grade variations over depth. Once the check assay programme and other quality control work is completed the data will be provided to the company's resource consultants so that a resource estimate can be undertaken.

HYDROGEOLOGY

The recent hydrogeological fieldwork included pumping tests on all cased bores, porosity measurements of core, geophysical logging and three constant flow drawdown tests. Due to issues with one of the data loggers, one of the constant flow drawdown tests is currently being re-done. Once this is complete and the data has been analysed by the company's hydrogeological consultants, the resultant parameters will be provided for both the resource estimate and bore field design for the scoping study.

Although the company does not yet have all the final data it is encouraged by the results to date. In general, overall porosity and permeability are considered to bench mark well in comparison with the reported values for the Salar de Atacama in Chile (where the major producers, SQM and Chemetal, have their operations). Preliminary interpretation of pumping data shows that the best hydrogeological conditions at Olaroz to run in a NNE-SSW zone through the centre of the company's tenements.

SCOPING STUDY

The scoping study is well advanced with initial estimates of capital costs and operating costs being completed. These are now being reviewed. The study will be completed once the resources estimate has been undertaken.

Managing Director, Richard Seville, commented: "We are delighted to be making progress in these key areas. We have confirmed that attractive lithium and potassium grades and low magnesium/lithium ratios extend well below the surface. Although we have not quite completed the hydrogeological studies the indications are that the parameters will bench mark well with the major producers which is very encouraging for the project. Once we have completed the final stages of sampling and QA/QC and have the final hydrogeological data we will be in a position to complete the resource estimate and scoping study. This should be within the next two 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 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 Person 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.