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ASX/TSX ANNOUNCEMENT

Update on Salar de Olaroz Lithium-Potash Project

Highlights:

- **Lithium Carbonate production commences at Olaroz test work facilities at Salar de Olaroz.**
- **Brine analyses from the resource evaluation drilling program within the area of the current resource in line with previous drilling.**
- **Encouraging exploration results in Rio Rosario delta area to the north of previous drilling.**

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Pilot plant scale lithium carbonate production commences

Lithium carbonate production has commenced at the company's test work facilities on the Salar de Olaroz. Over the past 18 months the Company has been developing the process route for treating the Olaroz brine based on the "Silver Peak" method used at Clayton Valley, Nevada since the late 1960s. This has resulted in the pilot scale production of lithium carbonate on site. This is a significant milestone.

The next stage in the process development is to optimise the process route with the objective of providing lithium carbonate product for supply to potential end users.



Lithium Carbonate Product



Pilot Plant Facilities at Salar de Olaroz

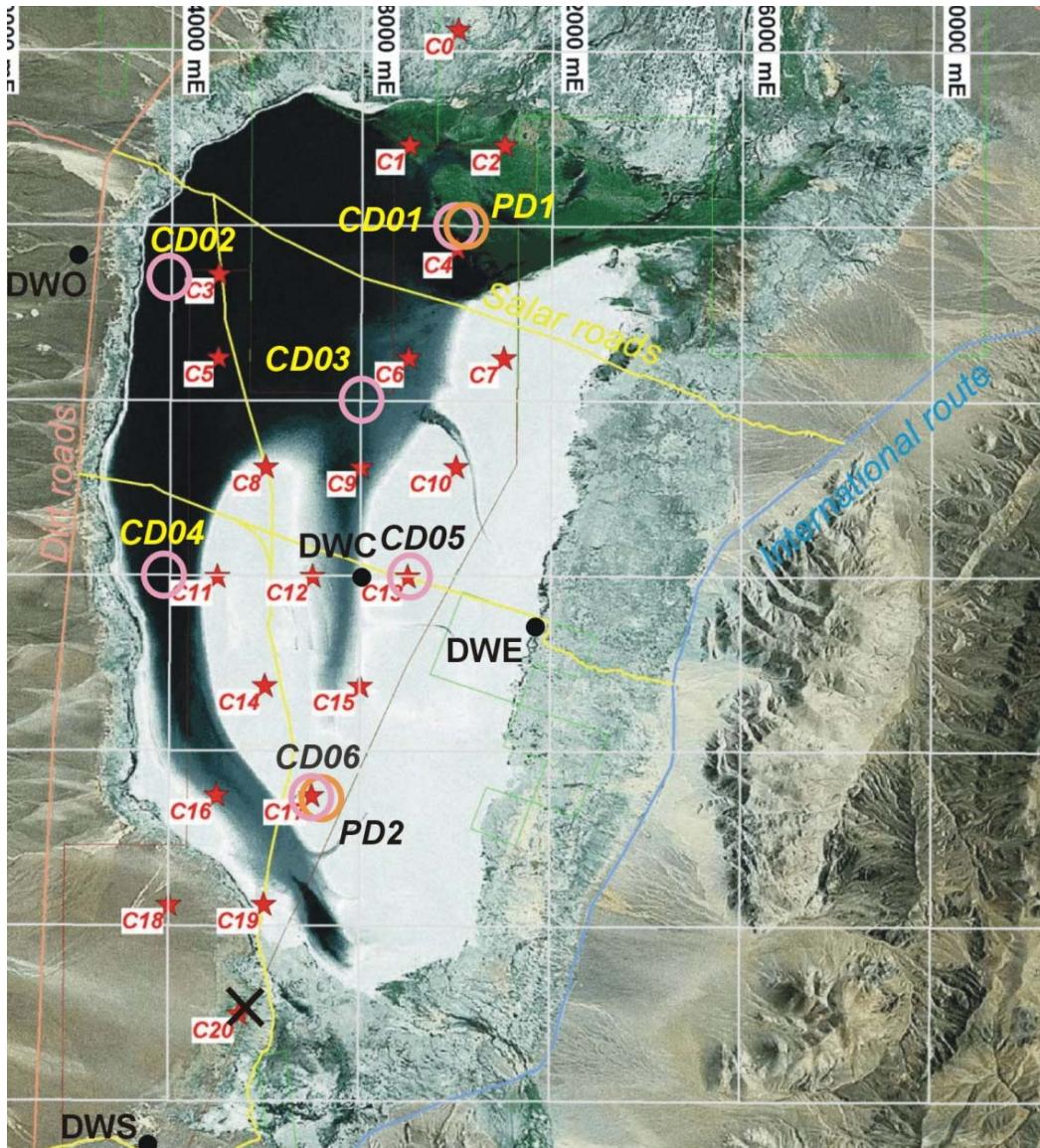
Resource Evaluation Drilling Program Results

The current resource evaluation drilling program is designed with 20 cored holes to 54m using sonic technology and six cored holes to 200m, five using conventional triple tube coring techniques and one with sonic technology. Of the twenty cored sonic holes, sixteen are designed to upgrade the current resource and are located within the area of the 2008 drilling programme (Resource Upgrade Area) and four are outside that area designed to increase the extent of the resource.

Brine sampling results from the drilling in the Resource Upgrade area are available for seven holes and are presented below in Table 1

| Resource Upgrade Area | | | | | | | |
|-----------------------|----------|-----------------|-------------------|---------------|-------------------|-------|------------------------------|
| Hole | Depth | Lithium mg/l | Potassium mg/l | Boron mg/l | Magnesium mg/l | Mg/Li | Comments |
| C14 | 0-54m | 692 | 5821 | 771 | 1669 | 2.4 | |
| C11 | 0-54m | 466 | 3911 | 765 | 858 | 1.8 | |
| | 48-54m | 559 | 4024 | 953 | 1366 | 2.4 | Increasing grades with depth |
| C12 | 0-54m | 886 | 6870 | 1138 | 2434 | 2.7 | |
| | 48-54m | 956 | 6709 | 1319 | 3085 | 3.2 | Increasing grades with depth |
| C13B | 0-54m | 864 | 7920 | 1124 | 2205 | 2.5 | |
| | 33-54m | 1051 | 8786 | 1453 | 3103 | 2.9 | Increasing grades with depth |
| C04 | 0-54m | 800 | 6696 | 750 | 2048 | 2.5 | |
| | 43.5-54m | 958 | 6978 | 925 | 2467 | 2.6 | Increasing grades with depth |
| C03 | 0-54m | 595 | 4486 | 657 | 1402 | 2.2 | |
| C05 | 0-54m | 632 | 4749 | 727 | 1356 | 2.0 | |

Table 1 – Results from sonic drilling Resource Upgrade Area



Taking into account the location of the holes for the results available, the results are considered to be in line with the results from the 2008 drill programme. The highest grades occur in the central part of the salar (From C04 in the north-east through C12/ C13B to C14 in the south-west). Lower grade results are on the western side.

The results confirm a low Magnesium to Lithium ratio. Average sulphate levels over the length of the hole varied from 13g/l to 18g/l.

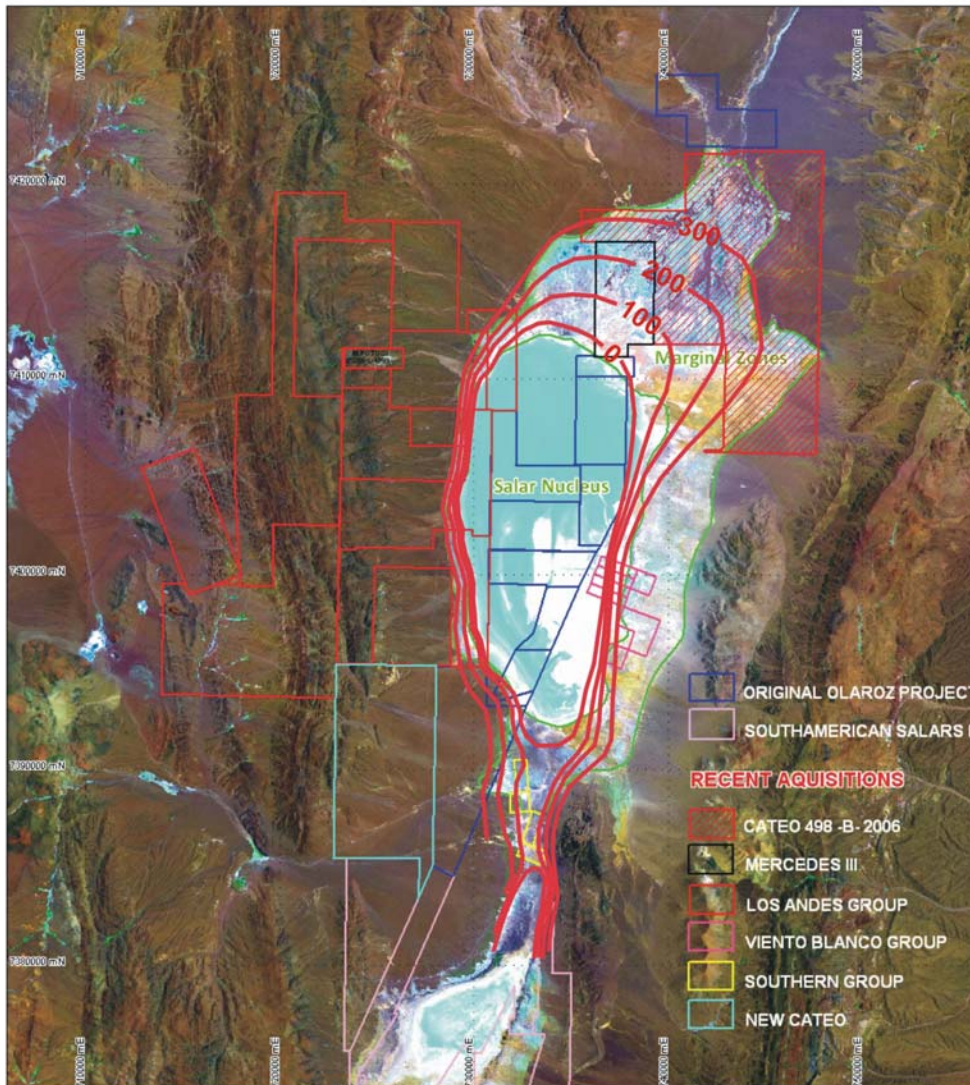
Rio Rosario Delta Exploration Target Results

Three cored holes using sonic drilling techniques have been drilled in the southern part of the Rio Rosario delta north of the holes drilled in 2008 with the objective of exploring for brines north of the current resource and extending the resource area. The results for these holes are presented below in Table 2.

| Resource Extension - Rio Rosario Delta Target | | | | | | |
|---|----------|-----------------|-------------------|---------------|-------------------|-------|
| Hole | Depth | Lithium mg/l | Potassium mg/l | Boron mg/l | Magnesium mg/l | Mg/Li |
| C00 | 0-54m | 124 | 891 | 255 | 306 | 3.1 |
| | 45-54m | 237 | 1745 | 441 | 479 | 2.0 |
| C01 | 0-54m | 270 | 2174 | 398 | 568 | 2.2 |
| | 45-54m | 360 | 2822 | 510 | 660 | 1.8 |
| C02 | 0-54m | 272 | 2429 | 403 | 540 | 2.1 |
| | 46.5-54m | 459 | 4384 | 658 | 897 | 1.9 |

Table 2 – Results from sonic drilling in Rio Rosario delta exploration target area

The results highlight the potential for high grade brines to occur beneath a shallow, lower grade layer of brine. The potential geometry of this brine body is shown in the figure based on the AMT surface geophysics calibrated with the drilling.



Plan showing interpreted brine body at different depths based on AMT surveys and drilling.

Boundary holes for hydro-geological modelling

Four, 200m deep holes were drilled outside the resource area to provide information on the boundary conditions for later extraction reserve modelling. These holes intersected fresh water (DWS) to the south east in the Archibarca delta which separates Olaroz from Cauchari, to the west of the salar (DWO) and further north in the Rio Rosario delta (DWN). To the east in the vicinity of the Viento Blanco leases (DWE), the transitional zone between brine and fresh water was intersected.

| Hydrogeological Modelling Boundary Holes | | | | | | | |
|--|--------|---------|-----------|-------|-----------|-------|--------------------------------|
| Hole | Depth | Lithium | Potassium | Boron | Magnesium | Mg/Li | |
| | | mg/l | mg/l | mg/l | mg/l | | |
| DWE | 0-200m | 195 | 2068 | 743 | 650 | 3.3 | Transition from fresh to brine |
| DWS | 0-200m | 27 | 397 | 308 | 73 | 2.7 | Fresh Water |
| DWO | 0-200m | 23 | 163 | 42 | 45 | 1.9 | Fresh Water |
| DWN | 0-200m | 5 | 48 | 20 | 14 | 2.7 | Fresh Water |

Quality Assurance/Quality Control

The Quality Assurance/Quality Control protocols are similar to those described in the technical report entitled “Technical Report – Salar de Olaroz Project, Argentina” dated April 30, 2010 (the “Olaroz Report”), prepared by John Houston, Consulting Hydrogeologist, together with, in the case of the Olaroz Report, Peter Ehren, Consulting Processing Engineer, in accordance with NI 43-101. These protocols involve systems to ensure the security of the samples and the use of blind standards, duplicates and check analyses.

The samples were analyzed by Alex Stewart Assayers (ASA) of Mendoza, Argentina, using the Inducted Coupled Plasma spectrometry (ICP) method for the elements reported. The ASA laboratories have extensive experience analyzing lithium bearing brines. They are ISO 9001 accredited, and operate according to Alex Stewart Group standards consistent with ISO 17025 methods at other laboratories.

These results have been verified by Richard Seville, Chief Executive Officer of the Company and a qualified person as defined in NI 43-101.

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Company Secretary

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About Orocobre Limited

Orocobre Limited is listed on the Australian Securities Exchange and Toronto Stock Exchange (ASX:ORE, TSX:ORL) and is the leading lithium-potash developer in the lithium and potassium rich Puna Lithium Province of Argentina.

For further information, please visit www.orocobre.com.

Technical Information

The information in this report that relates to exploration results and mineral resources is based on information prepared by or under the supervision of 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 mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’, and as a “qualified person” under National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). 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. Additional information relating to the Company’s projects is available in the technical reports entitled “Technical Report – Salar de Olaroz Project, Argentina” dated April 30, 2010 (the “Olaroz Report”), “Technical Report – Salinas Grandes Project” dated April 30, 2010 and “Technical Report – Salar de Cauchari Project, Argentina” dated April 30, 2010, respectively, which have each been prepared by John Houston, Consulting Hydrogeologist, together with, in the case of the Olaroz Report, Peter Ehren, Consulting Processing Engineer, in accordance with NI 43-101.

Caution Regarding Forward-Looking Information

This report contains “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information may include, but is not limited to, information with respect to the future financial and operating performance of the Company, its affiliates and subsidiaries, the estimation and realization of mineral reserves and mineral resources, costs and timing of development of the Company’s projects, costs and timing of future exploration, timing and receipt of approvals, consents and permits under applicable legislation, results of future exploration and drilling and adequacy of financial resources.

Forward-looking information is often characterized by words such as “plan”, “expect”, “budget”, “target”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words or statements that certain events or conditions “may” or “will” occur.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including risks associated with investments in publicly listed companies, such as the Company; risks associated with general economic conditions; the risk that further funding may be required, but unavailable, for the ongoing development of the Company’s projects; changes in government regulations, policies or legislation; unforeseen expenses; fluctuations in commodity prices; fluctuation in the exchange rate of the Argentine peso, the Australian dollar, the Canadian dollar or the United States dollar; litigation risk; restrictions on the repatriation of earnings by the Company’s subsidiaries; conflicts of interest of certain directors of the Company; inability to effect service of process or to enforce judgments within Canada upon and against the directors and officers of the Company; the inherent risks and dangers of mining exploration and operations in general; risk of continued negative operating cash flow; the possibility that required permits may not be obtained; environmental risks; uncertainty in the estimation of mineral resources and mineral reserves; risks that the current inferred resource at the Company’s Olaroz project will not be converted to a sufficient amount of indicated or measured resources to warrant development; general risks associated with the feasibility and development of each of the Company’s projects; the risk that a definitive joint venture agreement with Toyota Tsusho Corporation may not be completed; risks that the new process being developed by the Company will take longer to develop than anticipated or that it will not be successfully developed; risks of being unable to sell production in the event of the development of a project; foreign investment risks in Argentina; changes in Argentinean laws or regulations; future actions by the Argentinean government; breach of any of the contracts through which the Company holds property rights; defects in or challenges to the Company’s property interests; uninsured hazards; disruptions to the Company’s supplies or service providers; reliance on key personnel; retention of key employees; absence of dividends; competition; absence of unitization or reservoir management rules; the Company’s dependence on an open border between Argentina and Chile; as well as those factors disclosed in the Company’s publicly filed documents.

The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the Company’s ability to carry on its exploration and development activities, the timely receipt of required approvals, the prices of lithium and potash, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.