

29 July 2011

ASX/TSX ANNOUNCEMENT
Quarterly Report of Operations
For The Period Ended 30 June 2011

Highlights and Significant Developments:

Salar de Olaroz Lithium-Potash Project:

- **Definitive feasibility study highlights strong project fundamentals.**
- **Lithium and potassium resource estimate increased more than fourfold to measured and indicated 6.4 million tonnes of lithium carbonate equivalent and 19.3 million tonnes of potash (KCL).**
- **Attractively high lithium concentration of 690 mg/L and low, reduced magnesium to lithium ratio of 2.4**
- **Battery grade lithium carbonate produced from project brines.**
- **Key governmental committee approves Environmental Impact Statement addendum.**
- **Local community representatives provide written support of project to key government ministry.**
- **Arrangements advancing with Toyota Tsusho Corporation and Japanese financing institutions.**

Salinas Grandes Lithium-Potash Project:

- **Initial drilling program confirms favourable exploration potential.**
- **Brine chemistry is attractive, with expected high lithium-potash recoveries from a low-cost process.**

Corporate

- **Bruce Rose appointed Vice President – Corporate Development.**
- **Strong cash position of A\$38m at end of the quarter.**

Salar De Olaroz Lithium-Potash Project

Feasibility Study and Resource Upgrade

On 3rd May 2011, the Company announced the results of its definitive Feasibility Study of the Salar de Olaroz lithium-potash brine project in Jujuy Project, north-west Argentina (“Olaroz Project”). The study highlights favourable economic fundamentals with low operating costs based on a large resource with attractive brine chemistry.

The Feasibility Study considered an initial annual production rate of 16,400 tonnes of battery grade lithium carbonate, with an option to produce annually 10,000 tonnes of potash within two years after the start of lithium carbonate production with a modelled project life of 40 years. The capital cost estimated for the lithium carbonate only development was US\$207m with an additional US\$14m required for the potash option.

The Feasibility Study estimated a low operating cash cost of US\$1,512 per tonne for battery grade lithium carbonate, without valuing the potash credits and US\$1,230 per tonne allowing for potash credits. This cost estimate is competitive with existing brine producers and materially less than those reported by hard rock lithium mineral projects.

The study was based on a substantially increased and upgraded resource estimate announced on 4th April 2011 of 1.75 cubic kilometres of brine at 690 mg/L Lithium, 5,730 mg/L Potassium and 1,050 mg/L Boron which is equivalent to 6.4 million tonnes of lithium carbonate and 19.3 million tonnes of potash (potassium chloride)*. Details are given in the table below:

Resource Category	Area	Thickness	Mean specific yield	Brine volume	Concentration			Tonnes of Contained Metal		
					Lithium	Potassium	Boron	Lithium	Potassium	Boron
					mg/L	mg/L	mg/L	Million Tonnes	Million Tonnes	Million Tonnes
Measured Resource	93	54	8.4%	0.42	632	4930	927	0.27	2.08	0.39
Indicated Resource	93	143	10.0%	1.33	708	6030	1100	0.94	8.02	1.46
Measured and Indicated Resource	93	197	9.6%	1.75	690	5730	1050	1.21	10.10	1.85

*based on 5.32 tonnes of lithium carbonate being equivalent to 1 tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium.

The drilling program also confirmed an attractive brine chemistry with an average magnesium to lithium ratio of 2.4, reduced from the 2.8 previously reported, and a sulphate to lithium ratio of 25.

Third party consulting expertise was engaged to complete key aspects of the DFS. Engineering design and cost estimates were undertaken by Sinclair Knight Merz. The resource estimate and process design engineering was undertaken by consulting hydrogeologist John Houston and consulting process engineer Peter Ehren respectively.

The Company continues to work closely with its strategic partner, Toyota Tsusho Corporation, to finalise joint venture agreements, due diligence and debt financing in preparation of advancing the project to commercial production once final provincial government approvals are received.

Further information of the Olaroz Project resource estimate and Feasibility Study is available in the Company’s announcements of 4 April and 3 May 2011 respectively.

Battery Grade Lithium Carbonate Produced from Olaroz Brines

In early April 2011, the Company announced that it had reached the important milestone of producing battery grade lithium carbonate from Salar de Olaroz brines. Analysis showed that this lithium carbonate's purity was greater than 99.9% (excluding loss of ignition and moisture content), and of higher purity than the battery grade material specifications sold by existing producers. This material was produced by refining a lower purity product with recirculated brines. The Company continues to produce material of this quality for marketing purposes. Further information is available in the Company's announcement of 8 April 2011.

Approval of Environmental Impact Statement Addenda and Update on Approvals Process.

In late June 2011, the Company announced that a key provincial government body in Jujuy, the Unit of Mining Environmental Management ("UGAMP"), had approved the addenda to the environmental impact statement ("EIS") for the Salar de Olaroz lithium-potash project. UGAMP is the committee comprising members from various governmental departments, stakeholder groups, and local communities which reviews EIS's prior to approval by Jujuy's provincial Director of Mines and Energy Resources.

The addenda updated the previously approved EIS with the results of company's extensive engineering and design work undertaken for Definitive Feasibility Study. In addition, the addenda addressed the development of a gas pipeline to support the energy needs of the Olaroz operation.

Importantly, during the quarter the Olaroz project also received support of representatives of communities in proximity to the project site in the form of a letter to the provincial Minister of Production. These communities strongly urged the granting of all requisite approvals to allow commercial production. Management remains confident that local support will lead to a timely final approval to build the project.

In March 2011, the Jujuy government declared lithium a strategic mineral resource and introduced a secondary approvals process for lithium related projects. As a result, projects now require EIS approval, positive assessments by a Committee of Experts, and joint approval by the province's Minister of Production and the Secretary General. This new regulatory process affects the Salar de Olaroz and Salar de Cauchari lithium-potash projects, but does not affect the Salinas Grandes project in Salta Province.

Management believes that the secondary approvals process is advancing favourably and expects that final approval will be granted within a reasonable timeframe. The Company is not aware of any opposition to the Olaroz project being lodged with the provincial Minister of Production or the Committee of Experts. Further information on the approvals process is available in the Company's announcements of 27 May and 20 June 2011.

Salar de Salinas Grandes Potassium-Lithium Project (Orocobre 85%)

Subsequent to the end of the quarter, on July 18th, the Company announced encouraging results of the initial drilling program at the Salinas Grandes lithium-potash project in Argentina's Salta province. Salinas Grandes is located 70 kilometres southeast of the Company's Salar de Olaroz project.

The drilling program consisted of 12 triple-tube diamond core holes with an average spacing of 3.3 km in the east of the salar, where most drilling was done. Holes were drilled vertically to between 60 and 75 m depth, with one hole (HCJ007D) drilled to 71 m with a diamond core and to 180 m total depth with a tricone. Down hole geophysical logging was conducted on six of the holes, including HCJ007D.

The drilling program analytical results show the presence of two brine bodies with good grades and significant exploration potential. The first is a continuous shallow brine body from surface to

approximately 20m. It occurs over an extensive area of approximately 170 square kilometres of which approximately 110 square kilometres are located within Orocobre's properties.

Drilling results in the shallow brine body give average* values of 741mg/l lithium and 10,000mg/l potassium which represents a significant exploration target. Drilling shows that brackish water underlies this shallow brine body through much of the salar. A deeper brine body, extending to 50-80m depth, occurs over approximately 17 square kilometres in the centre of the salar, of which 13 square kilometres are in the Company's properties with the aforementioned brackish water surrounding the brine body. Drill intercepts for the two brine bodies are presented in the table below.

Intersection Results from the Shallow and Deeper Brine Bodies								
Drill hole	Brine body	From	To	Intersection	K mg/l	Li mg/l	Mg mg/l	Mg/Li
HCJ001D	Shallow	0	12	12	5,715	385	739	1.9
HCJ006D	Shallow	0	24	24	9,931	881	2,440	2.8
	Deeper	24	66	42	13,940	1,280	3,874	3.0
HCJ002D	Shallow	0	24.7	24.7	7,669	496	1,178	2.4
	Deeper	24.7	60.7	36	5,737	398	1,043	2.6
HCJ012D	Shallow	0	24	24	8,806	532	1,738	3.3
	Deeper	24	53	29	2,021	175	484	2.8
HCJ007D	Shallow	0	19	19	13,129	940	2,348	2.5
	Deeper	19	84	65	2,118	183	507	2.8
HCJ005D	Shallow	0	7	7	19,342	1,524	4,086	2.3
HCJ003D	Shallow	0	17	17	5,649	429	968	2.3
Average shallow body					10,034	741	1,928	2.5
Average deeper body					5,954	509	1,477	2.8

*Excluding results from drill holes HCJ008D, 9D and 10D on the margins of the salar.

Samples in both brine bodies exhibit attractively low Mg/Li ratios, averaging 2.8 for all samples where lithium values are above detection. Sulphate levels are very low, ranging from 98 mg/l on the margins of the salar to a maximum of 5030 mg/l in the centre of the salar, with an average of 1480 mg/l.

Brine chemistry exhibits favourable ratios of magnesium-to-lithium and potassium-to-lithium, combined with very low levels of sulphate. Management believes that these chemical characteristics are well suited for conventional processing techniques that provide high recovery rates at low operating costs. The low sulphate levels indicate that there is high potash recovery potential from this resource, estimated at eight tonnes of potash per tonne of lithium carbonate production.

The close proximity of Salinas Grandes to the Company's Salar de Olaroz project provides potential operational synergies. One potential synergy is the processing of concentrated Salinas Grandes lithium brine at an expanded Olaroz lithium carbonate plant following potash recovery at Salinas Grandes.

The Company's current focus is to complete an analysis of the resource estimate and to validate the brine extractability. Porosity determinations pending from the British Geological Survey laboratories and a shallow auger drilling program are key next steps in the resource estimate process. As well, pump testing has commenced to assess extractability of the near surface brine.

Further technical information on Salinas Grandes is provided in the Company's announcement of 18 July 2011.

Corporate

Appointment of Vice-President Corporate Development

Subsequent to the end of the quarter, on 27 July 2011, the Company announced the appointment of Mr Bruce Rose as Vice President, Corporate Development. In this role, Mr. Rose will have overall responsibility for Orocobre's corporate development initiatives and communications with a particular emphasis on North American investor relations. He will be based in Vancouver, British Columbia.

Mr. Rose has extensive experience in corporate development, investor relations, and operational roles within the resources and transportation sectors. Most recently, Mr. Rose was Chief Operating Officer for Ara Safety Inc. Previously, he was Vice President of Corporate Development for the Ainsworth Group of Companies, a leading integrated manufacturer of engineered wood products. During this time he was responsible for joint venture initiatives with a number of Asian partners. Before that, he held various senior leadership positions over 17 years in the rail transportation sector.

Mr. Rose holds an M.B.A. from The University of British Columbia and a B.Sc. from the University of Victoria.

Cash Position

At the end of the quarter, the company had a strong cash position of A\$38m.

Paul Crawford
Company Secretary

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About Orocobre Limited

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

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

Technical Information, Competent Persons' and Qualified Persons Statements

The resource model and updated brine resource estimation on the Salar de Olaroz described in this announcement was undertaken by John Houston who is a Chartered Geologist and a Fellow of the Geological Society of London. John Houston has sufficient relevant experience 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. He is also a "Qualified Person" as defined by Canadian Securities Administrators' National Instrument 43-101("NI 43-101").

The Feasibility Study on the Olaroz project was prepared by Mr. Houston and industry consultants Michael Gunn (Consulting Processing Engineer) and Peter Ehren (Consulting Processing Engineer), together with Sinclair Knight Merz and the Orocobre technical group. Mr. Houston and Mr. Gunn prepared the technical report entitled "Technical Report – Salar de Olaroz Lithium-Potash Project, Argentina" dated May 30, 2011 (the "Olaroz Report") under NI 43-101 in respect of the Feasibility Study, and each of Messrs. Houston and Gunn was a Qualified Person under NI 43-101, and independent of the company, at the date such report was prepared. Each of Messrs. Houston, Gunn and Ehren has reviewed and approved the contents of this news release relating to the Olaroz Project.

The technical information in this announcement relating to Salinas Grandes has been prepared by Murray Brooker. Murray Brooker is a geologist and hydrogeologist and is a Member of the Australian Institute of Geoscientists. Murray has sufficient relevant experience 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. He is also a "Qualified Person" as defined in NI 43-101. Murray Brooker has reviewed and approved the contents of this news release relating to the Salinas Grandes Project.

Additional information relating to the Company's projects is available in the Olaroz Report, the "Technical Report – Salinas Grandes Project" dated April 30, 2010 and the "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, Mike Gunn, 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, the results of the Olaroz feasibility study, the estimation and realization of mineral resources at the Company's projects, the viability, recoverability and processing of such resources, costs and timing of development of the Olaroz project, the forecasts relating to the lithium and potash markets provided by Roskill in the Olaroz feasibility study, timing and receipt of approvals for the Company's projects, consents and permits under applicable legislation, adequacy of financial resources, production and other milestones for the Olaroz project, the Olaroz project's future financial and operating performance including production, rates of return, operating costs, capital costs and cash flows, the finalization of a joint venture agreement with Toyoto Tsusho Corporation, potential operating synergies between the Salinas Grandes project and the Olaroz project, and other matters related to the development of the Olaroz project and the Salinas Grandes project.

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 but not limited to 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; fluctuations or decreases in commodity prices; the possibility that required permits or approvals may not be obtained; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; general risks associated with the feasibility of the Company's projects; risks associated with construction and development of the Olaroz project; unexpected capital or operating cost increases; the risk that a definitive joint venture agreement with Toyota Tsusho Corporation may not be completed; uncertainty of meeting anticipated program milestones at the Company's projects; as well as those factors disclosed in the Company's Annual Information Form for the year ended June 30, 2010 filed at www.sedar.com.

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.

There can be no assurance that forward-looking 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.