

QUARTERLY REPORT OF OPERATIONS FOR THE PERIOD ENDED 31 DECEMBER 2008

Highlights of the Quarter's Activities

OLOROZ – LITHIUM/POTASH

- 1136m HQ3 core drilling programme and brine composite sampling successfully completed;
- First composite brine sampling results due shortly;
- Drawdown tests completed and results being analysed to determine hydrogeological characteristics;
- Batch scale test work near completion;
- Scoping studies advanced.

CORPORATE

- Company remained well funded at the end of the quarter with approximately \$3.65m in cash;
- A presentation made at the conference, Mining 2008, in Brisbane in November.

OLAROZ LITHIUM - POTASH PROJECT

DRILLING PROGRAMMES COMPLETED – RESULTS EXPECTED SHORTLY

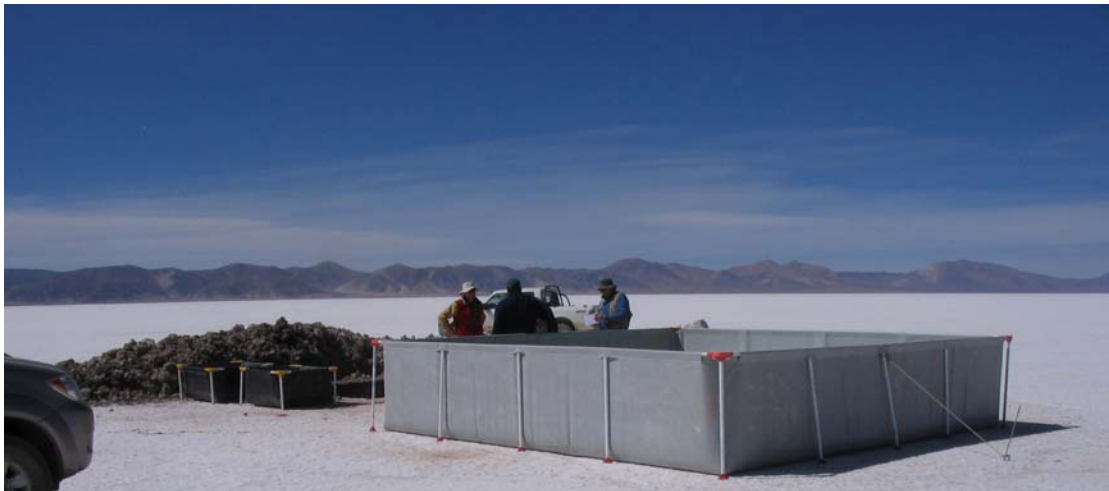
During the quarter, the company's first drilling programme was completed at the Olaroz Lithium-Potash project in the Jujuy province in north-west Argentina. Sixteen vertical HQ3 cored holes (1136m) were completed with 9 of these holes cased. In addition, 6 monitoring holes (360m) were drilled to allow drawdown tests to be undertaken at three locations.

By the end of the quarter, composite brine samples had been collected at the nine cased holes and the drawdown tests had been completed. The results from the initial sampling programme are expected shortly.

Geological interpretation is well advanced and when completed an additional programme will be undertaken sampling brines from particular depths in each hole to assess whether different geological units have different geochemical characteristics.

The programme has shown the geology to be a recent sedimentary sequence composed of inter-bedded sands, clays and halite units beneath the current halite crust. Drilling has also shown the salt lake to be at least 200m deep, the depth of the deepest drill hole.

ENCOURAGING FIRST PROCESSING TESTWORK RESULTS



Larger scale batch processing test work has continued at facilities both at Olaroz and in Salta. The programme is nearly complete and will provide the process flow sheet and mass balance and for the scoping study currently being advanced.

Concurrently with these activities, the engineering and cost estimates of the scoping study have been undertaken.

IMMEDIATE FORWARD PROGRAMME

During the quarter, significant progress was been achieved on the project. The results from the composite brine sampling programme and hydrogeological test results will be available shortly.

With the completion of the geological interpretation and brine sampling from specific depths, it is expected that there will be sufficient information to allow a resource estimate to be completed soon after. Geological data is being provided to the company's resource consultants as it becomes available.

The batch process test work is near completion and once done, work on the cost and engineering aspects of the scoping study can be completed.

It is expected that both resource estimate and scoping study will be completed within the coming 1 to 2 months. A key part of the scoping study will be to scope the work required to complete a feasibility study.

SANTO DOMINGO PROJECT - COPPER/GOLD PORPHYRY, BRECCIA PIPE AND EPITHERMAL TARGETS

No reportable work was undertaken during the quarter.

For and on behalf of the Board

Paul Crawford
Company Secretary
30 January 2009

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COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Messrs Richard Seville and Neil Stuart who are members of the Australasian Institute of Mining and Metallurgy. Messrs Seville and Stuart are Directors of Orocobre Ltd and have 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.' Messrs Seville and Stuart consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.