

27 April 2011

ASX/TSX ANNOUNCEMENT

Quarterly Report of Operations For The Period Ended 31 March 2011

Highlights:

Salar de Olaroz lithium-potash project:

- **Lithium and potassium resource increased more than fourfold to 6.4 million tonnes of lithium carbonate equivalent and 19.3 million tonnes of potash (KCL)**
- **Resources upgraded from inferred to measured and indicated categories**
- **Attractively high lithium concentration of 690 mg/L and low, reduced magnesium to lithium ratio of 2.4**
- **Battery grade lithium carbonate produced from Salar de Olaroz brines**
- **Salar de Olaroz Feasibility Study nearing completion with results due within the next few days**

Corporate:

- **A\$37 million Australian and Canadian financing completed**

SALAR DE OLAROZ LITHIUM-POTASH PROJECT

During the quarter ended March 31, 2011 (the “Quarter”) Orocobre Limited (“Orocobre” or the “Company”) continued to make considerable progress on the feasibility study on the Company’s flagship Olaroz Lithium-Potash Project (the “Olaroz Feasibility Study”) located in Jujuy province in northern Argentina.

The Orocobre team focused on the execution of the many technical and governmental aspects of the project, while the Company’s partner, Toyota Tsusho Corporation, focused on the sales and marketing assessment and the project financing plans for the project development.

INCREASED AND UPGRADED RESOURCE

Immediately after the end of the Quarter, the Company announced a substantially increased and upgraded resource estimate at its flagship Salar de Olaroz Lithium-Potash. This followed completion of a comprehensive resource definition drilling programme undertaken throughout 2010.

John Houston, independent hydrogeologist, estimated a measured and indicated resource of **1,752 million cubic metres 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) 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.

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
	sq. kms	metres	%	cubic kms	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

The estimate extends to an average depth of 197 m and uses the company’s property boundaries or a 1.1 gm/cc density cut-off at the surface to establish peripheral resource boundaries. No internal cut-off boundaries have been used because it was considered as inappropriate to use them in a fluid resource where extraction will cause mixing.

The weighted average modelled specific yield is 9.6%.

The drilling program also confirmed 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.

Further technical information is provided in the Company's announcement of 1 April 2011.

A Technical Report complying with Canadian Securities Administrators' National Instrument 43-101, with full details of the techniques used, the data obtained and the resource analysis will be filed on Sedar within 45 days of release of the announcement of 1 April 2011.

BATTERY GRADE LITHIUM CARBONATE PRODUCED FROM OLAROZ BRINES

In the quarter ended September 30, 2010, the first lithium carbonate product was produced at the Company's process development test work facilities at the Salar de Olaroz. The process used is a modification of the "Silver Peak" method used at Clayton Valley, Nevada since the late 1960's.

Work since then has focussed on optimising the process route to improve the purity of the product so that it can meet the high specifications required for the battery industry.

Soon after the end of the Quarter, the Company announced that it had achieved this objective and produced battery grade lithium carbonate from Salar de Olaroz brines.

Orocobre's analysis showed that the lithium carbonate is of greater than 99.9% purity* and of higher purity than the specifications for battery grade material sold by existing producers. This material was produced by refining a lower purity product previously produced at the company's facilities at Olaroz with recirculated brines. As such, the Company considers the material to be representative of what could be expected in commercial production.

This was a major milestone for both the project and for the Company's Olaroz Feasibility Study for which it was considered important to demonstrate the ability to produce "battery grade" lithium carbonate from the Company's process development facilities.

***In order to be consistent with the reporting of lithium carbonate purity by other exploration companies, the figures presented here do not include loss of ignition (LOI) or moisture content. In the lithium carbonate produced by Orocobre, these specifications were also above the specifications of battery grade material being sold by producers.**

OLAROZ FEASIBILITY STUDY - SINCLAIR KNIGHT MERZ

During the Quarter, considerable progress was made by Sinclair Knight Merz, the engineers appointed to undertake engineering design and costing for the Olaroz Feasibility Study. By the end of the quarter, all initial engineering and costing work had been completed and the Company and its consultants were undertaking a review of the work. This process has now been completed and the results of the Olaroz Feasibility Study will be available with the next few days.

EXPLOITATION EIS APPROVED AND MODIFIED APPROVALS PROCESS

Early in the Quarter, the Company announced that it had received approval from the Jujuy provincial government of the Environmental Impact Statement for the development and exploitation of its Salar de Olaroz lithium-potash project.

The approval by the Provincial Director on Mines and Energy Resources was received following the recommendation by the Unit of Mining Environmental Management (“UGAMP”) on 12 November, 2010. UGAMP is a body comprised of twelve members representing various government departments, stakeholder groups and local communities. The development recommendation was fully supported by the local community of Olaroz Chico and other regional community leaders. As part of the approval, the Company must comply with various monitoring obligations, provide additional information on its planned construction works as the project design is finalised, and keep the local communities informed about its activities.

Subsequent to the recommendation of UGAMP, the Company also signed an access and compensation agreement with the local community of Olaroz Chico.

On March 4, 2011, the provincial government of Jujuy issued a decree which declared lithium a strategic mineral resource and introduced a secondary approvals process for lithium projects in Jujuy Province. In addition to an EIS approval, exploration and exploitation level projects now require assessment by a Committee of Experts, and following a positive recommendation from this Committee, approval by the joint resolution of the Minister of Production and the Secretary General of the Provincial Government. Since the end of the Quarter, the committee has been established but has yet to commence deliberations.

As a result of the decree, additional approval is required for both the Salar de Olaroz lithium-potash project and the Salar de Cauchari lithium-potash project for which an exploration EIS has been submitted. This new process does not affect the Company's program at Salinas Grandes, which is predominantly located in Salta Province.

SALAR DE SALINAS GRANDES POTASSIUM-LITHIUM PROJECT (85%)

No exploration was undertaken during the Quarter as the ground conditions were not trafficable for heavy drilling equipment. However, equipment was mobilized soon after the end of the quarter and drilling has recommenced. Drilling results will be available during this quarter and the objective, subject to satisfactory results, is to be able to undertake an initial resource estimate by the end of the quarter.

CORPORATE

A\$37 MILLION AUSTRALIAN AND CANADIAN FINANCING COMPLETED

During the Quarter the Company completed offerings in both Australia and Canada. In Australia, the offering was made to Australian institutional and sophisticated investors that subscribed for 4,673,000 ordinary shares at a purchase price of A\$3.21 per share, for aggregate gross proceeds of approximately A\$15 million. The Australian placement was lead managed by Patersons Securities Limited.

In Canada, the Company entered into a “Bought Deal” financing at the same time as the Australian placement. 6,959,000 ordinary shares (which included the exercise of the over-allotment option in respect of 709,000 ordinary shares), were issued at a price of C\$3.20 per share for aggregate gross proceeds of approximately C\$22 million. Cormark Securities Inc. and Dundee Securities Limited were the co-lead underwriters in a syndicate that included Canaccord Genuity Corp., CIBC World Markets Inc. and Byron Capital Markets Ltd. The Canadian shares were offered by way of a short form prospectus filed in all of the provinces of Canada (other than the Province of Quebec) pursuant to National Instrument 44-101 Short Form Prospectus Distributions and in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended.

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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 region of Argentina.

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

Technical Information

The resource model and updated brine resource estimation on the Salar de Olaroz described in this announcement and in the Company's announcement of 1 April 2011 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"). John

Houston consents to the inclusion in this announcement of this information in the form and context in which it appears.

Any other scientific or technical information in this report that relates to the Company's Olaroz, Salinas Grandes and Cauchari properties 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 the Managing Director of Orocobre Limited 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. Further information relating to the Company's Salar de Olaroz project is available in the Company's news release dated March 6, 2011 relating to the approvals process at the Salar de Olaroz project, and in the Company's news release dated April 1, 2011 relating to its updated resource estimate for the Salar de Olaroz project.

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 estimation and realization of 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 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 in commodity prices; the possibility that required permits may not be obtained; uncertainty in the estimation of mineral resources; 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; 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.

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.