

31 July 2012

ASX ANNOUNCEMENT

**Quarterly Report of Operations
For The Period Ended 30 June 2012**

HIGHLIGHTS AND SIGNIFICANT DEVELOPMENTS

Salar de Olaroz Lithium-Potash Project:

- Olaroz project approved by the Expert Committee responsible for assessing lithium projects in Jujuy province.
- Orocobre enters into binding agreement with Jujuy Energia y Minería Sociedad del Estado (“JEMSE”), the mining investment company owned by the provincial Government of Jujuy.
- Final governmental approval received and mining leases granted for Olaroz Project.
- Project engineering and procurement work continues with SKM in preparation for planned construction starting in 4th quarter 2012.

Salinas Grandes Lithium-Potash Project:

- Detailed technical report filed on maiden resource estimate of 239,000 tonnes of lithium carbonate and 1.0 million tonnes of potash. Brine chemistry is attractive, with a low Mg/Li ratio, high K/Li ratio, and low sulphate & calcium levels.

Corporate

- Strong cash position of A\$16.5 million at end of the quarter.

Salar De Olaroz Lithium-Potash Project

The Olaroz Project is Orocobre's flagship project located in Jujuy province of Argentina, on which a definitive feasibility study for a 16,400 tonnes per annum battery-grade lithium carbonate operation was completed in April 2011.

During the quarter, the Company continued to make important progress on key activities required to commence construction of commercial operations at the Olaroz Lithium-Potash project in northwest Argentina, including negotiating with Jujuy's provincial governmental bodies towards securing final governmental approvals.

Governmental Approval Received, Mining Leases Granted and JEMSE Agreement Reached

On 27 June, the Company announced two major developments on the Olaroz Project, both of which are significant milestones towards the project construction. Firstly, the Company received confirmation that the Olaroz Project had been approved by the Expert Committee responsible for assessing lithium projects in Jujuy province.

In addition, the Company entered into a binding agreement with Jujuy Energia y Minería Sociedad del Estado ("JEMSE"), the recently formed mining investment company owned by the provincial Government of Jujuy in Argentina, whereby JEMSE will hold an equity interest in the Olaroz Project and will provide assistance as needed during the project's development. A summary of the arrangements is provided below:

- JEMSE will hold an 8.5% equity interest in the Olaroz Project through Orocobre's Argentine holding company Sales de Jujuy;
- JEMSE will be required to meet its share of the construction funding required for the Olaroz project. These funds will be loaned by Orocobre to JEMSE and will be repayable out of 33.3% of dividend distributions JEMSE receives from the Olaroz Project;
- All project debt obligations to Mizuho Bank and JOGMEC will have priority over distributions of any profit due to JEMSE;
- JEMSE will provide key construction assistance services to the Olaroz project, and will take a leading role liaising with municipal, provincial and national government departments and customs authorities; and,
- The equity position to JEMSE will only be issued to JEMSE upon the completion of the financing of the project by Mizuho Corporate Bank and JOGMEC.

The terms of the JEMSE agreement are on a par with similar agreements previously entered into by other companies to facilitate mining project development in Argentina, and should permit the project to be financed and operated in a profitable manner.

The 27 June announcement followed a meeting where Orocobre's Chairman James Calaway, Managing Director Richard Seville and General Manager Jose de Castro met with Argentina's

President Cristina Kirchner, Jujuy Governor Eduardo Fellner, representatives of national and provincial governments, and local communities to present the Olaroz Project.

Orocobre considers that these two developments represented important milestones for the Company, closely aligning the interests of the Province of Jujuy with those of Orocobre and its project partners, and providing a solid platform for a favourable ongoing working relationship between Orocobre and the Province of Jujuy.

Subsequent to the end of the quarter, following the recommendation of the Expert Committee responsible for assessing lithium projects in Jujuy province, the Jujuy Government, through the joint resolution of the Production Minister and Secretary to the Government, approved the development of the Olaroz Project. In addition, and following receipt of the development approval, the mining leases for the project were granted.

Toyota Tsusho Agreement and Financing Update

The receipt of the Olaroz Project mining concessions, as outlined above, have cleared the path for Orocobre to finalize the proposed financing with Mizuho Bank, the associated loan guarantees with Japanese state-owned Japan Oil, Gas and Metals National Corporation (“JOGMEC”), and the definitive agreements with Company’s Olaroz Project partner, Toyota Tsusho Corporation. The Company anticipates the proposed financing process should complete, together with the final investment decision by Toyota Tsusho Corporation in September, with project construction to commence immediately thereafter.

Since completion of the definitive Feasibility Study (“DFS”) in 2011, the Company has been actively engaged with Toyota Tsusho, JOGMEC and Mizuho Bank. Toyota Tsusho is arranging debt finance for a minimum 60% of the capital funding requirements for the Olaroz project through a low-cost debt facility to be guaranteed through JOGMEC and arrangement of this facility is a condition precedent on its participation in the project.

Project Engineering Update

During the quarter Orocobre and its engineering partner, Sinclair Knight Merz (SKM), continued to focus on detailed project engineering and procurement to allow construction to commence at Olaroz once the final governmental approval has been received and financing has been completed. Engineering and procurement work on the ponds, bore-fields, and related infrastructure to support construction is now complete, so that the Company can award contracts and start construction immediately after the financing closes.

SKM has been involved in the Olaroz Project for over a year and previously completed the engineering and capital and operating cost estimates for the definitive Feasibility Study. SKM has significant lithium-potash industry experience. It is the only company that has ever designed and managed the construction of a complete lithium brine operation, at FMC’s Salar de Hombre Muerto facility in Argentina.

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

During the quarter the Company commenced drilling of four large diameter shallow bores for undertaking pumping tests in line with the recommendations set out in the “Technical Report on the Salinas Grandes Lithium Project”.

These tests will evaluate brine extraction and the stability of brine grade over an extended period of time, up to a year, to better understand the potential for commercial production. Provided that adequate pumping rates can be sustained over time with stable and economic lithium and potassium grades, the company anticipates undertaking further drilling and a preliminary economic assessment for the project.

Further technical information on Salinas Grandes maiden resource estimate and initial pumping test results is available in the Company’s 7 March, 2012 announcement and in “Technical Report on the Salinas Grandes Lithium Project” dated 16 April, 2012, which was prepared by Murray Brooker, an independent consulting geologist and hydrogeologist which is available on the Company website.

Cash Position

At the end of the quarter, the company had a strong cash position of A\$16.5 million.

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About Orocobre Limited

Orocobre Limited is listed on the Australian Securities Exchange (ASX: ORE) and the Toronto Stock Exchange (TSX: ORL), and is the leading lithium-potash developer in the lithium and potassium rich Puna region of Argentina. Orocobre’s Olaroz Project’s definitive feasibility study outlines a project with a 40-year life producing 16,400 tonnes annually of battery grade lithium carbonate and 10,000 tonnes annually of potash. The Company intends to commence construction in 2012, with commercial production following in 2014. For further information, please visit www.orocobre.com.

Technical Information, Competent Persons' and Qualified Persons Statements

The technical information in this announcement has been reviewed and approved by Mr. Neil Stuart, a non-executive director of Orocobre. Neil Stuart is a geologist and is a Fellow of The Australasian Institution of Mining and Metallurgy. Neil 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.

The technical information in respect of the Salinas Grandes initial resource estimate (see "Technical Report on the Salinas Grandes Lithium Project" dated April 16, 2012) 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 by Canadian Securities Administrators' National Instrument 43-101. Murray Brooker consents to the inclusion in this announcement of this information in the form and context in which it appears.

Additional information relating to the Company's projects is available in "Technical Report – Salar de Olaroz Lithium-Potash Project, Argentina" dated May 30, 2011, (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, timing of future exploration at the Company's projects, the forecasts relating to the lithium and potash markets provided by Roskill in the Olaroz feasibility study, 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 Toyota Tsusho Corporation, the completion of project financing for the Olaroz Project, approval from the Jujuy provincial government of the Olaroz Project, potential operating synergies between the Salinas Grandes and Cauchari projects and the Olaroz project, the implications of the changes to foreign currency transfer regulations in Argentina, and other matters related to the development of the Olaroz project, Cauchari 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 and/or that project financing will

not be arranged; 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, 2011 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.