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**30 July 2010**

## **ASX/TSX ANNOUNCEMENT**

### **Quarterly Report of Operations For The Period Ended 30 June, 2010**

#### **Highlights:**

- **Continued Progress on Salar de Olaroz Definitive Feasibility Study with Toyota Tsusho**
- **Initial brine sampling results in line with grade and chemistry from the 2008 drilling program**
- **TSX Listing and associated C\$ 20 million (pre-costs) capital raising successfully completed**
- **Appointed General Manager in Argentina**
- **Strengthened Board with appointment of Argentine non-executive Director, Fernando Oris de Roa**
- **Included in Global Lithium ETF**
- **Elementos Limited shares in-specie distribution to Orocobre shareholders completed**

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## **PROGRESS ON OLAROZ DEFINITIVE FEASIBILITY STUDY WITH TOYOTA TSUSHO**

Orocobre Limited (“Orocobre” or “the Company”) has continued to progress the Definitive Feasibility Study on its flagship Olaroz Lithium-Potash Project (Olaroz) during June Quarter 2010.

The Orocobre team concentrated on the technical and governmental aspects of the project, while the Company’s partner, Toyota Tsusho Corporation (“**Toyota Tsusho**”) focused on a sales and marketing assessment for our planned production and the furtherance of the project financing plans.

### **Geology and Hydrogeology**

Orocobre has completed an additional two peripheral deep hydro-geological drill holes in June Quarter 2010. This brings the total to four, signalling the completion of the programme. These holes were designed to provide boundary conditions for the hydro-geological model and brine extraction models. In addition they have provided valuable geological information in these areas and further insight into the nature of the deeper horizons.

The resource evaluation drilling programme also advanced utilizing advanced sonic drilling technology. Indications are that the use of this specialist drilling equipment and other methods developed by the Company and its consultants will produce the data necessary, and of a high enough quality, to upgrade the Olaroz resource from inferred to measured category for use in the Definitive Feasibility Study.

To date, high recoveries of over 95% have been achieved and, after some initial challenges which were overcome, uncontaminated brine samples are being recovered. Results so far indicate grade and chemistry in line with the 2008 drilling program<sup>1</sup>.

Down hole geophysical logs are also being run and there is an excellent correlation between logged geology and the geophysical logs. Undisturbed samples are being recovered for hydro-geological test work at the Company’s own laboratory and in the UK.

### **Processing**

During the quarter, the Company continued to advance its process development work at its facilities at Olaroz. With liming test work complete, the Company moved onto boron removal test work using solvent extraction techniques. Pilot scale equipment was designed and is being installed with the objective of lithium carbonate precipitation during this quarter. An on-site analytical laboratory has been established.

### **Engineering Groups**

During the quarter, the Company received proposals from five local and international engineering groups to undertake the engineering design and capital and operating cost estimates for the Definitive Feasibility Study. The Company is currently finalising the selection process and expects to announce the selected firm shortly.

Orocobre expects to complete its Definitive Feasibility Study in 1Q 2011.

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<sup>1</sup> Based on the representivity of the brine sample and by analytical QA/QC protocols similar to those described in the Olaroz Report using Alex Stewart Laboratories in Mendoza, Argentina. These results have been verified by Richard Seville, Chief Executive Officer of the Company and a qualified person as defined in NI 43-101.

## **TSX LISTING AND COMPLETION OF C\$20M CAPITAL RAISING**

On the 15<sup>th</sup> June, shares in Orocobre commenced trading on the Toronto Stock Exchange (TSX) under the TSX symbol 'ORL'.

This occurred after this issue of a prospectus and the conversion of 10 million subscription receipts (Subscription Receipts) which had been issued on the 1<sup>st</sup> of April into ordinary shares in the Company. The subscription receipts, and subsequent shares, were issued at price of C\$2.00 (equivalent to AUD\$2.15) per subscription receipt raising total proceeds of C\$20 million (approximately A\$21.5m) prior to costs.

Orocobre will remain listed on the Australian Securities Exchange and the Company's head office will continue to be located in Australia.

The Company considers that Listing on the TSX will offer significant benefits to Orocobre shareholders such as increased exposure to the global mining investment community, access to capital and enhanced liquidity. The Company considers that

The TSX is one of the world's pre-eminent exchanges for mineral resources companies and the strong initial response that we have received from Canadian investors has been particularly pleasing.

## **APPOINTMENT OF GENERAL MANAGER IN ARGENTINA**

On 19 July 2010, Orocobre appointed Mr. Jose Gustavo de Castro Alem as General Manager in Argentina to drive the development of its Salar de Olaroz lithium-potash project.

Mr. de Castro Alem is an Argentine national and is a highly experienced chemical engineer and mining industry professional. He has 15 years industry experience and has held senior executive and operational positions, including Operations Manager, for several international mining companies located in Argentina and Chile including FMC Argentina S.A., Hochschild Mining PLC and Anglo Gold Ashanti. He has also worked with an EPCM engineering and equipment supply group in Chile and Argentina.

Mr. de Castro Alem has direct experience in lithium and was responsible for the commissioning and early operation of FMC's Lithium Carbonate plant in Argentina, the only Lithium Carbonate plant currently operational in Argentina.

Mr. de Castro Alem's industry and management experience will be invaluable in his role for Orocobre. His initial primary responsibility will be the completion of the Definitive Feasibility Study and the subsequent development of the Company's flagship Olaroz lithium-potash project in Jujuy province.

## **APPOINTMENT OF ARGENTINA BASED NON-EXECUTIVE DIRECTOR, FERNANDO ORIS DE ROA AND RESIGNATION OF NON-EXECUTIVE DIRECTOR JACK TAN**

Orocobre continues to focus on the development of its Board of Directors, and the continued improvement of its governance and oversight function. To this end, the Company has recently appointed a new non-executive Director, Fernando Oris de Roa. This adds to the appointments of John Gibson and Courtney Pratt in the previous quarter.

Fernando Oris de Roa is a highly successful business leader with a history of developing and operating large enterprises in Argentina and with a reputation for integrity and social responsibility in his business life.

He brings to the Board a highly developed understanding of the relationship between the public and private sectors in Argentina and will add significant value to the board as the Company progresses its Olaroz Lithium-Potash Project through to development.

During the quarter Jack Tan resigned as a Director of the Company to focus on the increased demands of his business activities in Asia. He had served as a Non-Executive Director since 2006.

## **SELECTED IN FIRST GLOBAL LITHIUM ETF**

In July 2010, Orocobre was selected to be included in the world's first lithium based Exchange Traded Fund (ETF).

The ETF, launched by Global X Funds is designed to track performance of the largest and most liquid lithium mining, refining and battery producing companies in the world and includes 20 major companies.

## **ELEMENTOS LTD - CONFIRMATION OF IN SPECIE DISTRIBUTION OF SHARES**

During the quarter, the Company completed the in specie distribution of 20,000,001 shares held in ASX listed Elementos Limited (**ASX: ELT**) to eligible shareholders. The distribution was one Elementos share for every 4.0408888 Orocobre shares held at the record date. Orocobre retains 1,000,000 shares of Elementos Limited.

Paul Crawford  
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](http://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.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/2010.

Name of entity

**OROCOBRE LIMITED**

ABN

**31 112 589 910**

Quarter ended ("current quarter")

**30 JUNE 2010**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(3,909)	(11,899)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	46	167
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Foreign exchange loss	Nil	(156)
<b>Net Operating Cash Flows</b>	<b>(3,943)</b>	<b>(14,858)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(120)	(259)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(120)</b>	<b>(259)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(4,063)</b>	<b>(15,117)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(4,063)	(15,117)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	22,896	31,240
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other: Joint venture funding	2,039	4,653
	Cost of share issue	(2,168)	(2,512)
	<b>Net financing cash flows</b>	<b>22,767</b>	<b>33,381</b>
	<b>Net increase (decrease) in cash held</b>	<b>18,704</b>	<b>18,264</b>
1.20	Cash at beginning of quarter/year to date	6,494	6,924
1.21	Exchange rate adjustments to item 1.20	(136)	(126)
1.22	<b>Cash at end of quarter</b>	<b>25,062</b>	<b>25,062</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	142
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

nil
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

nil
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+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,500
4.2 Development	Nil
4.3 Production	Nil
4.4 Administration	200
<b>Total</b>	2,700

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	678	1,954
5.2 Deposits at call	24,384	4,540
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	25,062	6,494

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	91,036,426	91,036,426		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,218,644	10,218,644		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i> Unlisted Options	525,000	Nil	<i>Exercise price</i> 37.5 cents	<i>Expiry date</i> 31 July 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 July 2010  
 (Director/Company secretary)

Print name: Paul Crawford

+ See chapter 19 for defined terms.

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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