

30 October 2009

ASX ANNOUNCEMENT QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

HIGHLIGHTS

OLOROZ – LITHIUM/POTASH

- Definitive Feasibility Study advances
- Water bore drilling for hydro-geological test work commenced
- Previous geological interpretation confirmed
- Laboratory pilot scale test work undertaken at the University of Salta
- Evaporation test work continues at Salar de Olaroz

SOUTH AMERICAN SALARS

- Sampling programmes commenced on a number of salars. Results are being analysed and will be released shortly
- Applications were made for additional areas. Approximately 150,000 hectares of ground is held or under application in 3 provinces

ELEMENTOS LTD

- Option to purchase contracts were entered into on properties in Argentina and Australia:
 - The Manantiales epithermal gold-silver property in San Juan province Argentina
 - The Millenium cobalt project in NW Queensland
 - Three gold and base metals projects in northern NSW
- The process to “spin out” Elementos Ltd advanced. The prospectus is expected to be lodged in early November to raise between \$6m and \$8.25m with a listing in mid December on the ASX

SALAR DE OLAROS LITHIUM - POTASH PROJECT

During the quarter, the work advanced on the Definitive Feasibility Study (“DFS”) which is due for completion in mid 2010.

Geology and Hydrogeology

Detailed planning was completed for field activities including the following areas:

- Drilling for hydro-geological test work purposes
- Resource definition drilling and sampling for both point brine sampling for chemical analysis and core samples for hydro-geological test work
- Surface and down-hole geophysics

The objective of this field programme is to collect sufficient data to allow the estimation of an upgraded resource of measured and indicated categories.

By the end of the quarter, work had commenced on the drilling programme for the hydro-geological test work. One bore was completed with casing and gravel pack installed and bore development work commenced.



Of particular encouragement was that the bore, with 98% recovery, gave excellent correlation with the geological interpretation developed from the previous drill programme and down hole geophysics. Geological mapping of the Olaroz and Cauchari basins commenced.

Surface geophysical programmes using TEM and gravity commenced after the end of the quarter. Results from this work are expected shortly.

Resource definition drilling programmes will commence shortly. A field laboratory was established at the village of Olaroz Chico for the handling of the samples from the drill programme and the undertaking of density and moisture content determinations of core samples and the preparation of samples prior to dispatch to overseas laboratories for complex hydro-geological test work.

Processing

Laboratory pilot scale work was undertaken at the University of Salta to investigate reagent addition methods and settling characteristics of precipitates at the University of Salta. All areas of the work were completed with positive results.



At the Salar de Olaroz, having commenced in May, evaporation test work continued. It is planned to develop 12 months data.



SOUTH AMERICAN SALARS

The company has rights to 85% of joint venture company South American Salars Pty Ltd. Field crews completed sampling programmes at a number of targets including Cauchari. The data is being analysed and will be announced shortly.

Additional areas were applied for. Areas granted or under application now amount to 150,000 hectares.

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Elementos acquires Manantiales gold project

At the end of the quarter, through its wholly owned Argentinean subsidiary Elementos Minerales SA, Elementos announced it had negotiated an option to acquire 100% of the Manantiales gold project in San Juan Province, Argentina. The agreement provides for a series of

option payments over four years with an exercise price of US\$1.6 million less the option fees paid, and a production royalty.

Manantiales is situated about 150 kilometres northwest of the city of San Juan in a project area covering approximately 100 squares kilometres – see Figure 1. Manantiales is located within a low sulphidation epithermal district which includes the nearby Casposo gold-silver deposit, Castaño Nuevo (an abandoned gold mine site 14 kilometres northeast) and the Castaño Viejo (an abandoned lead – silver – zinc – gold mine), located some 20 kilometres to the north.

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The project area is adjoining and immediately north of Troy Resources Casposo high grade gold-silver epithermal development. According to Troy Resources (Australian Stock Exchange announcement dated 22 September 2009 titled “Updated Technical Reports for Casposo and Sandstone” released in accordance with National Instrument 43-1011)ⁱ, Casposo contains:

- Indicated Resources of 2.369Mt @ 5.4g/t gold & 202g/t silver with contained metal of 414,600 ozs gold & 15.36 Mozs silver and Inferred Resources 0.27Mt @ 3.6g/t gold & 255.1 g/t silver with contained metal of 30,000 ounces of gold and 2.14 Mozs silverⁱⁱ; and
- Mineral Reserves of 1.73Mt @ 5.16g/t gold & 120g/t silver for total contained metal of 382,500 ozs of gold & 6.69 Mozs silverⁱⁱⁱ.

Historical exploration activities at Manantiales have been limited to reconnaissance sampling and mapping with a total of 189 rock chip and 87 bleg and stream sediment samples being taken.

The fieldwork has helped identify two main target areas – the Manantial and La Puerta vein zones, both located in the southern part of the property. Manantial vein is interpreted as the northern extension along strike of the Julieta vein target in the Casposo project. At Manantial target, 13 samples with greater than 1g/t gold have been returned over a 1.5 kilometre northwest trending structure including up to 9.01 g/t gold and 44.8g/t silver. Rock chip sampling at La Puerta vein has returned strongly anomalous gold and silver values including a peak of 13.92g/t

gold and 30.3g/t silver. Gold mineralization in both targets is related to banded quartz veins and vein-breccias.

Several more similar style targets have been identified across the property returning gold and silver anomalous values accompanied by arsenic and mercury credits suggesting high level emplacement and potential to delineate additional gold – silver mineralized structures at depth.

There is also the potential base metals mineralisation on the northern side of the property. Rock chip samples have returned base metal values of >1% lead and zinc and > 200ppm silver suggesting the potential for a deeper style of epithermal vein deposit in this area.

The Manantiales project has excellent local infrastructure and logistics. Weather permitting, year round access for exploration and development is expected. The project can be accessed via a two hour drive west from San Juan on paved roads. The nearest town of Calingasta (population approximately 2,000) is 30 kilometres to the southeast by paved and dirt roads.

Over the next two months a comprehensive review of all historical exploration data will be completed as well as completion of all approvals, including site access and the amendment of the Environmental Impact Assessment (“EIA”) to include drilling related exploration activities. In December 2009, a comprehensive field program will be undertaken including detailed geological mapping, geochemical sampling, satellite imagery acquisition, and an airborne magnetic survey. This will enable drilling of targets to commence early in 2010.

Acquired the Millenium cobalt project

Element has an option agreement to acquire five Mining Leases comprising the Millenium cobalt-copper project 35 kilometres north west of Cloncurry. The Mt Isa Inlier is host to many world class ore bodies including Mt Isa, Hilton, George Fisher, Cannington, Ernest Henry and several new undeveloped discoveries in close proximity to Millenium including Merlin (Molybdenum and Rhenium) and Las Minerale/Rocklands (copper-cobalt).

Millenium is relatively under explored by the modern exploration techniques. There are some historical mining workings at the Federal copper mine in the south and many scattered smaller workings along “lode” systems extending to the north. The Federal mine, which operated in the early 1900’s, produced some 10,000 tonnes of ore at

exceptionally high grade (25% copper).

Whilst the historical focus has been on identifying copper mineralisation, new thinking on the project indicates that the principal focus should be on the thick cobalt mineralisation and that the copper is of secondary interest. Past metallurgical test work has demonstrated the ability to produce a cobalt concentrate with attractive grades and recoveries. A detailed review of all the previous historical drilling and geochemical data across the tenement is underway. Once this is completed, further information on the project will be released. The project site is well supported by access to regional infrastructure of Cloncurry and Mt Isa.

Acquires three exploration projects in Northern New South Wales

Element has an option agreement to acquire three granted Exploration Licenses situated between Armidale and Grafton in Northern New South Wales. The region is relatively unexplored by modern day exploration techniques and in recent years is host to a number of new gold and polymetallic mineral discoveries.

The three project areas include:

Sydney Flat - covers entire deep lead system of the Sydney Flat goldfield with reported historical production 240,000 ounces between 1852 and 1967. The field comprises an extensive high grade deep lead system partially buried by a thin veneer of basalt. Historical mining exploited the deep lead system by shallow shafts and surface sluicing. Sydney Flat will benefit from the application of modern extraction techniques such as low impact "bore-hole pump mining".

Dalmorton - encompasses the major reefs of the Dalmorton/Little River goldfields, which reportedly produced over 70,000 ounces from a large number of smaller gold workings. There is good potential for bulk tonnage mineralization which could be exploited by open cut mining methods.

Cathedral Rocks - Covers historic School Gully tin field and Yooroonah Sn/Mo/Cu/Pb deposit. Yooroonah was discovered by CRA in 1972 and quoted as being analogous to Anduramba in south east Queensland. The CRA drilling intercepted vein and disseminated molybdenum values up to 891 parts per million over 30 metres and anomalous copper, lead and zinc values throughout.

Elementos IPO Update

A detailed presentation providing an update on the Elementos Initial Public Offering (IPO) was released the ASX on the 19th October 2009. The presentation was an update on the company's strategy, projects, people, indicative IPO terms and timetable.

It is anticipated that the Elementos Prospectus for the Initial Public Offer will be lodged with ASIC early in the week commencing the 2nd November 2009. A full copy of the Prospectus will then be available at www.elementos.com.au

For and on behalf of the Board

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COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results 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.

ⁱ <http://www.try.com.au/>

ⁱⁱ NI 43-101 Technical Report, Troy Resources NL, Casposo Project, Argentina, Page 3

ⁱⁱⁱ NI 43-101 Technical Report, Troy Resources NL, Casposo Project, Argentina, Page 4