OROCOBRE LIMITED
ABN 31 112 589 910

31 October 2012

TSX / ASX ANNOUNCEMENT

Quarterly Report of Operations For The Period Ended 30 September 2012

HIGHLIGHTS AND SIGNIFICANT DEVELOPMENTS

Salar de Olaroz Lithium-Potash Project:

- **Orocobre and Toyota Tsusho Corporation ("TTC") sign definitive Joint Venture Agreement to finance and build flagship Olaroz lithium project.**
- **Design production rate increased to 17,500 tonnes per year of battery grade lithium carbonate, with capital cost of US$229 million including US$22 million contingency.**
- **Low-cost, comprehensive debt financing package to be provided by Mizuho Corporate Bank ("Mizuho") and debt guarantees to be provided by Japanese government's Japan Oil, Gas and Metals National Corporation ("JOGMEC").**
- **Debt to equity ratio is approximately 70%:30% if fully drawn.**
- **Full scale construction to commence shortly, with initial commercial production anticipated in calendar Q2 2014.**
- **Final governmental approval received and mining leases granted.**

Cauchari Lithium-Potash Project (Orocobre 85%):

- **Completion of maiden resource estimate of an inferred resource containing approximately 470,000 tonnes lithium carbonate equivalent and 1.6 million tonnes of potash. Cauchari lies approximately 20km south of the planned Olaroz Project processing plant.**
- **The maiden resource is based on five diamond holes in Orocobre's eastern Cauchari properties and is only to an average depth of 170m in the northern resource area and 50m in the southern resource area.**
- **Lithium and potassium mineralization was encountered to the base of drilling at 249m in hole CAU001D. An adjacent property owner, Lithium Americas Corp (TSX:LAC), drilled to 450m depth and therefore future Orocobre drilling is likely to substantially increase the maiden resource.**
- **An exploration target of between 0.2 million and 2.6 million tonnes of lithium carbonate equivalent and 0.5 million and 9.2 million tonnes of potash has been**

estimated beneath the maiden resource based on a range of porosity and grade possibilities to between 220m and 350m depth.

- **Whilst lower grade than Olaroz, the brine chemistry is similar to that at Olaroz, with an attractive low Mg/Li ratio (2.8) and high K/Li ratio (10). Initial evaluation of the process route suggests the brine could be processed in an expanded Olaroz plant.**

Corporate

- **Orocobre purchases long established Argentine boron minerals and refined chemicals producer, Borax Argentina S.A., from Rio Tinto PLC entities for US$8.5 million.**

- **Cash position of A$7.4 million at end of the quarter with approximately $16 million in receivables due upon TTC subscription of shares in Olaroz joint venture holding company.**

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 2011.

Subsequent to the end of the quarter, on October 17, the Company announced a major development on the Olaroz Project that will enable full-scale project construction to commence shortly, following receipt of initial investment funds. Following positive investment decisions by the board of directors of both Orocobre and Toyota Tsusho Corporation Ltd ("TTC"), it was announced that the companies executed the definitive Shareholders Agreement for a joint venture to develop the Olaroz Project.

Orocobre's relationship with TTC commenced in January 2010, following the execution of a preliminary agreement which set out a path towards financing and development of Olaroz Project, with TTC's conditional 25% participation. Since then, the companies have successfully collaborated to advance the Project through to this final investment decision. Orocobre's primary focus has been on development activities in Argentina, including completion of the Feasibility Study, process engineering development, production of battery grade lithium carbonate for product qualification, project approvals, and final construction documentation. Meanwhile, TTC has diligently worked on project financing and product marketing to key global customers.

The execution of this definitive Joint Venture Agreement and associated financing is the culmination of this two and a half year process, and is a vote of confidence in the project by TTC, Mizuho and JOGMEC. In a business where product quality is of paramount importance

it is also an acknowledgment of the quality of the high purity battery grade product produced at the Olaroz Project over the last 18 months.

The detailed engineering phase of the Olaroz Project has been completed, resulting in two noteworthy changes to the scope of the project. First, the design capacity of the operation has been increased to 17,500 tonnes per annum ("tpa") of lithium carbonate from 16,400 tpa provided for in the Feasibility Study. This production improvement is due to an increase in the expected brine grade from 775mg/l in the Feasibility study to 825mg/l following the result of the 3D finite difference modeling under taken since the Feasibility Study (see Company's ASX/TSX Announcement dated 25 January 2012). With changes to the flow sheet, expected potash recovery has also been increased to approximately 20,000 tpa compared to 10,000 tpa in the Feasibility Study. Potash credits and capital costs are not currently included in the first phase of the project development and are subject to a later investment decision.

Second, following completion of detailed engineering, and having tendered all material contracts with the exception of the contract for the construction of the lithium carbonate plant, the capital cost estimate has been revised to US$229 million from US$207 million in the Feasibility Study. The revised estimate includes US$22 million of contingency funds. The largest component of the increase was higher Orocobre holding costs due to delays in the approvals process for the project. The US$229 million estimate also includes all costs already incurred by Orocobre on the detailed engineering since completion of the Feasibility Study in May 2011 and all other project related costs paid by Orocobre since December 2011. Currently, these costs, for which Orocobre will receive credit, total slightly more than US$16 million.

Site preparation for the construction phase has already commenced, and major construction is due to commence before the end of October following receipt of initial investment funds. Initial commercial production is expected in calendar Q2 2014.

The Olaroz Project Joint Venture will be operated through Orocobre's Argentine subsidiary, Sales de Jujuy S.A. ('SDJ SA"). Following implementation of the terms of the agreement, the ownership of SDJ SA will be restructured with the shareholders being Sales de Jujuy Pte Ltd (a Singaporean company that is the joint venture vehicle for Orocobre and TTC and Jujuy Energia y Mineria Sociedad del Estado ("JEMSE"), the mining investment company owned by the provincial Government of Jujuy, Argentina.

The effective Olaroz Project equity interest will be Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.

As part of its obligations under the January 2010 preliminary agreement, Toyota Tsusho has successfully procured a substantial and low cost project debt facility. The debt financing will be provided by Mizuho Corporate Bank Ltd, with a maximum facility amount of approximately US$192 million. During the construction period and prior to completion, TTC will provide both a guarantee for its portion of the debt and also a joint guarantee with Orocobre for Orocobre's portion. After completion of construction and after satisfying operating performance tests, JOGMEC will provide guarantees for a maximum 82% of the project debt to a maximum of US$158 million. The overall cost of the debt funding including

guarantee is expected to be approximately 4.5% of the drawn amount and will be fixed for the 10-year term of the loan at the time of entering into the facility.

Under the terms of the Joint Venture Agreement, TTC and Orocobre will contribute project equity of US$82.8 million, equating to approximately 30% of maximum project funding if the project financing facility is fully drawn. TTC's investment in the project will be approximately US$55 million net of adjustments made to take into account financing support arrangements to be provided by TTC to Orocobre prior to completion of construction. Orocobre's total funding requirement will be US$18 million net of the US$16 million reimbursed on allowable expenditures since the Feasibility Study. This net amount includes the US$7 million loan to JEMSE for its capital contribution and payments on behalf of TTC into Sales de Jujuy Pte Ltd both for the US$4.5 million received from TTC under the January 2010 preliminary agreement and for the financing support arrangements in the form of guarantees to be provided by TTC prior to construction completion.

Further information on the Olaroz Project joint venture agreement and associated financing agreements is available in the Company's announcement of 17 October 2012.

Salar de Cauchari Potassium-Lithium Project (Orocobre 85%)

Subsequent to the end of the quarter, the Company announced the completion of the maiden resource estimate at its 85% owned Cauchari lithium-potash properties ("Cauchari") in Jujuy Province, Argentina. Cauchari is located approximately 20km south of the Company's flagship Olaroz Project.

From October to December 2011 the company drilled five diamond and one rotary vertical drill holes in the Cauchari properties, followed by chemical analyses of the brine and porosity testing. This work provides the basis of the resource estimate, by independent consulting hydrogeologist Murray Brooker, and other conclusions presented in the announcement.

Mr. Brooker has estimated an inferred resource in two adjoining areas of the salar, with a total 230 million cubic metres of brine at average grades of 380 mg/L lithium and 3700 mg/L potassium. This is equivalent to 470,000 tonnes of lithium carbonate and 1.6 million tonnes of potash (potassium chloride) based on 5.32 tonnes of lithium carbonate being equivalent to one tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium. Details are given in the table below.

Table 1: Inferred resource estimate summary (does not include exploration target)

Inferred Resource Area	Area km^2	Average thickness m	Mean specific yield %	Brine volume Million m^3	Li mg/l	K mg/l	Lithium	Potassium	Lithium carbonate	Potash
Northern	19.69	170	6.1%	204	400	3800	81,497	783,829	433,562	1,497,113
Southern	11.35	50	4.6%	26	260	2500	6,851	64,932	36,447	124,020
Combined	31.04			230	380	3700	**88,348**	**848,761**	**470,009**	**1,621,134**

Due to differences in drill hole depths the resource has been divided into a northern and a southern resource area. The resource has been estimated using a conservative approach

limited by the depth of drilling, with the estimate extending to 170 m depth in the northern area of the properties and 50 m depth in the southern area.

The resource boundaries are constrained by the company's property holdings, drilling results and geophysical survey interpretation. No internal cut-off boundaries have been used because both the Company and Competent Person/Qualified person consider it is inappropriate to apply them in a fluid resource where extraction will cause mixing. No external cut off was defined for the resource, due to the limited drilling and pit sampling completed on the project to date. The property boundaries were used as the western, northern and southern boundaries to the brine resource. Hole CAU006R was excluded from the resource due to a different drilling and sampling methodology and sub 100 mg/l Li composite sample results.

The brine body has attractive chemistry, with a low magnesium to lithium ratio (2.8) in the five diamond holes and a high potassium to lithium ratio (10). The sulphate to lithium ratio averages 61 in diamond holes CAU001D-4D, rising to 114 in hole CAU005D in the eastern part of the resource area. Initial evaluation of the brine chemistry suggests high recoveries of lithium could be expected using a process route similar to that at the adjacent Olaroz project.

Considering the similarities and close proximity of the Cauchari and Olaroz projects, there are compelling synergies including the expected use of shared infrastructure and processing plants, and it is likely that any future development of the Cauchari brines would use the Olaroz facilities. Consequently, from this point forward the company considers the Cauchari project and its brine body part of the larger Olaroz project. In the future, resources for Cauchari will be reported as a discrete part of the overall Olaroz project resources.

Further technical information on the Cauchari maiden resource estimate is available in the Company's 22 October 2012 announcement.

Corporate

Acquisition of Borax Argentina S.A.

On 21 August, the Company announced the acquisition of long established Argentine boron minerals and refined chemicals producer, Borax Argentina S.A., from Rio Tinto PLC entities. The consideration for the purchase was US$8.5 million of which US$5.5million has been paid, with US$1.0 million to be paid annually over the coming three years. The consideration comprises US$3.7 million for all of the issued shares of Borax Argentina and US$4.8 million paid to Borax Europe Ltd, a Rio Tinto PLC company, for the assignment of a loan made by it to Borax Argentina. The acquired business has annual revenue of approximately US$23 million and annual production of approximately 35,000 tonnes of boron based products and mineral concentrates.

Borax Argentina has been in operation for over 50 years, and operates three open pit mines in Tincalayu, Sijes, and Porvenir, concentration plants in Tincalayu, Sijes and Porvenir (currently unused), and refinery facilities in Campo Quijano. Additionally, the deposits at Diablillos and Ratones are essentially undeveloped. The refinery operations currently produce a variety of boron chemical products, including boric acid, borax decahydrate, borax

pentahydrate, anhydrous borax and boroglas from concentrates and ulexite minerals carted from the mines and concentrators. In addition, the mine and concentrator at Sijes produce mineral concentrates for direct sale. Current production comes from boron mineralisation on which there are historical estimates.

Borax Argentina owns one of only a few important borate deposits globally. The purchase of Borax Argentina provides an opportunity to acquire this significant quantity of historically estimated boron mineralisation at an attractive valuation. Borax Argentina has a high profile in Argentina and particularly in Salta province. It has excellent environmental and safety records, and healthy community relations. Borax Argentina has a reputation as a reliable supplier of high quality products and has strong, long-term relationships with many of its key customers, based on a proven track record in successfully meeting South American customers' needs within both the industrial and agricultural sectors.

Borax Argentina is a good strategic fit for Orocobre, solidifying the Company's presence and operational experience in northern Argentina. Borax Argentina has operated in the Salta-Jujuy region for over 50 years, and is complementary to Orocobre's pre-existing regional assets in terms of both the minerals and the experience on the land base. Not only is Borax Argentina well aligned with the Company's focus on lithium, boron and potash industries, but we believe that Borax Argentina has promising organic growth prospects given its large asset base, strong management team, and the long-term market outlook for boron related minerals.

Further technical information on the Borax Argentina acquisition is available in the Company's August 21, 2012 announcement.

Cash Position

At the end of the quarter, the company had a cash position of A$7.4 million and a receivable of approximately $16 million, due upon TTC subscription of shares in Olaroz joint venture holding company.

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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 building a substantial Argentinian-based industrial minerals company through the construction and operation of its portfolio of lithium, potash and boron projects and facilities in the Puna region of northern Argentina. The Company is building in partnership with Toyota Tsusho Corporation the first large-scale, de-novo brine based lithium project in 20 years at its flagship Salar de Olaroz resource, with projected production of 17,500 tonnes per annum of low-cost battery grade lithium carbonate scheduled to commence in Q2 2014. The Company also wholly-owns Borax Argentina, an important regional borate producer. Orocobre has recently been included in the S&P/ASX 300 Index. 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 Salar de Cauchari initial resource estimate has been prepared by Murray Brooker of Hydrominex Geoscience. 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.

Information in this announcement relating to the testing results of Lithium Americas Corp. has not been verified by Orocobre, and such information is not necessarily indicative of results that will be obtained by Orocobre at the Cauchari Project.

Caution Regarding Forward-Looking Information

This report contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information contained in this report may include, but is not limited to, the financing of the Olaroz Project, the completion of definitive lending documentation with Mizuho and JOGMEC the provision of required guarantees by TTC and JOGMEC, the commencement and completion of construction at the Olaroz Project and the timing thereof, the commencement of commercial production at the Olaroz Project and the timing thereof, the estimated capital cost of the Olaroz Project, the design production rate for lithium carbonate and potash at the Olaroz Project, the expected brine grade at the Olaroz Project, the expected operating costs at the Olaroz Project and the comparison of such expected costs to expected global operating costs, and the ongoing working relationship between Orocobre and the Province of Jujuy, the estimation and realization of resources at the Cauchari project, the viability, recoverability and processing of such resources, potential operating synergies between the Cauchari project and the Olaroz project, and other matters related to the development of the Cauchari project.

Such 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 required guarantees will not be provided or that the project financing will otherwise not be completed with Mizuho Corporate Bank and JOGMEC; that further funding may be required, but unavailable, for the ongoing development of the Company's projects; fluctuations or decreases in commodity prices; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with weather patterns and impact on production rate; risks associated with construction and development of the Olaroz Project; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Project; general risks associated with the feasibility and development of the Olaroz Project; 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 may not be obtained; uncertainty in the estimation or economic viability of mineral resources; general risks associated with the feasibility and development of the Cauchari project; unexpected capital or operating cost increases; the risk that the Olaroz project may not be completed; the risk that Orocobre will not be able to negotiate a arrangements to treat Cauchari brines at Olaroz with the Olaroz joint venture partner, Toyota Tsusho Corporation; uncertainty of meeting anticipated program milestones; as well as those factors disclosed in the Company's Annual Information Form for the year ended June 30, 2012 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