

31 January 2013

TSX / ASX ANNOUNCEMENT

**Quarterly Report of Operations
For The Period Ended 31 December 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.
- Documentation executed for US\$192m low-cost, comprehensive project debt financing package by Mizuho Corporate Bank (“Mizuho”). Construction officially commenced in November 2012 with initial commercial production anticipated in Q2 2014.
- All major contracts awarded to this point have been on or under budget and significant progress has been made in construction.
- 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.

Institutional Capital Raise & Shareholder Purchase Plan

- **On 5 November, 2012, the Company announced the completion of a placement of 12.38 million ordinary shares to institutional investors at an issue price of A\$1.70 per share, raising A\$21 m prior to costs. A shareholder purchase plan at the same pricing raised an additional A\$3.7 m**

Corporate

- **The Company appointed Mr. Robert Hubbard to Orocobre's Board of Directors, replacing Mr. Neil Stuart, who retired from the Board following the 2012 Annual Meeting of Shareholders on 30 November, 2012.**
 - **The Company appointed Mr. Neil Kaplan to the position of Chief Financial Officer and Mr. David Hall to the position of Business Development Manager.**
 - **Mining Company of Year.**
On 19 November, the Company announced that it has been named the "Mining Company of the Year 2012" in Argentina.
 - **Cash position of A\$38.9 million at the end of the quarter.**
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Salar De Olaroz Lithium-Potash Project

The Olaroz Project is Orocobre's flagship project located in Jujuy province of Argentina.

On 17 October, 2012 the Company announced a major development on the Olaroz Project. Following positive investment decisions by the board of directors of both Orocobre and Toyota Tsusho Corporation Ltd ("TTC"), it was announced that the companies have executed the definitive Shareholders Agreement for a joint venture to develop the Olaroz Project.

Subsequently, on 6 December, 2012 the Company announced that with joint venture partner Toyota Tsusho Corporation ("TTC"), the companies have executed the loan documentation for the Olaroz project financing. As had been previously announced, the project financing will be provided by Mizuho Corporate Bank Ltd ("Mizuho") with a maximum facility amount of approximately US\$192 million as detailed below:

Parameters	Values
Maximum Facility	US\$191.9 million
Equity by Sales de Jujuy	US\$82.8 million
Maximum Debt : Equity Ratio	70% : 30%
Construction Cost	US\$229.1 million including \$22 million contingency
Primary Debt Facility	US\$146.3 million
Additional facilities	US\$45.6 million
Term	10 years
Grace Period	2 years
Dividend Payments	Borrower may pay dividends bi-annually after meeting debt service obligations to Mizuho

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 JOGMEC guarantee is expected to be approximately 4.5% of the drawn amount and will be fixed for the term of the loan at the time of drawing on the debt facility.

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 also 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 undertaken 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 and US\$16m of expenditure already made. The Olaroz Project Joint Venture is operated through Orocobre's Argentine subsidiary, Sales de Jujuy S.A. ('SDJ SA'). The effective Olaroz Project equity interest will be Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%. (Details of the corporate structure are provided in the Company announcement of 17 October, 2012.

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. Further information on the Olaroz Project joint venture agreement and associated financing agreements is available in the Company's announcements of 17 October 2012 and 7 December 2012.

Salar de Olaroz Construction Update

Construction of the Olaroz lithium project officially began on 21 November, 2012. Progress has been swift due in a large part to the preparation and planning that took place in the preceding year. Sinclair Knight Merz, with the assistance of INFA, a well-respected Argentine engineering group, completed detailed engineering for all areas of the operation, including brine extraction, transport and evaporation, the lithium carbonate plant and key areas of the re-purification and micronizing circuits. The procurement process was also well advanced with all main suppliers identified and with many construction and supply contracts at an advanced stage of negotiation or ready for awarding by the construction commencement date.

In addition, prior to official construction start, various aspects of site preparation had been advanced, including the drilling of fresh water bores and pumping station and the time consuming removal of scrubby vegetation, "tolar", from the area of the evaporation ponds prior to earth moving. Since then, numerous contracts with a total value of US\$45m have been executed, or are ready for execution. These include the earth moving contracts for the construction of the 4.2 square kilometres of evaporation pond and road construction for the bore field access road across the salt lake (which will allow production bores to be drilled), the drilling contract for sixteen 200m production bores, purchase of 37km of pipeline for gas supply, and the establishment of the construction camp, fuel and water supply. All major contracts awarded to this point have been on or under budget.

Since start of official construction, and taking into account the Christmas break, significant progress has been made on-site as follows:

- The establishment of the construction camp at Olaroz, and the renting of supplementary accommodation at the nearby town of Susques for first stage construction crews
- Mobilization of earth moving equipment and commencement of works
- The clearing of talar over approximately 50% of the evaporation pond area (2 sq km) and the commencement of earth works for evaporation pond construction.
- Establishment of a long term water supply to be used both for both domestic and construction purposes
- Establishment of fuel supply/storage and telecommunications
- The construction of 50% of the access roads on the salar to the bore - field area.

Currently 142 construction workers are at site with a peak maximum expected of 400 by mid-2013.

The project implementation is through EPCM (Engineering, Procurement and Construction Management) with a high proportion of local involvement through construction and supply contracts and local employment. The unique community and shared value policy continues as a key success factor, training local people with supervision by high quality experienced professionals.

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

On 22 October, 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 hydro geologist 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.

Exploration Target

Based on available geophysics, geology and geochemistry it has been possible to define an exploration target beneath the resource outlined in Table 1. It must be stressed that an exploration target is not a mineral resource. The potential quantity and grade of the exploration target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in the volume where the Exploration Target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume, however available information suggest this is likely.

The contained lithium in the exploration target (combining values for the northern and southern areas – see Table 2) ranges from the Upper Assumption case of 2.6 mt of lithium carbonate and 9.2 mt of potash to the Lower Assumption case of 0.2 mt of lithium carbonate and 0.5 mt of potash.

It must be stressed the exploration target is based on a series of assumptions and future drilling is required to determine the brine grade and formation porosity (Sy) values to establish whether a resource can be defined.

Table 2 Exploration Target Upper and Lower Assumption Case Estimates. The Exploration Target underlies the resource and is not part of the resource (see Table 1 for resource values)

UPPER ASSUMPTION ESTIMATE									
Area km ²	Thickness m (to 350 m depth)	Mean specific yield %	Brine volume million m ³	Li Concentration mg/L	Contained Li metric tonnes	Lithium carbonate value	K Concentration mg/L	Contained K metric tonnes	Potash metric tonnes
NORTHERN									
19.69	180	13%	460.7	537	247,421	1,316,278	5350	2,464,991	4,708,133
SOUTHERN									
11.35	300	13%	442.7	537	237,703	1,264,580	5350	2,368,178	4,523,219
UPPER ASSUMPTION TOTAL					485,124	2,580,858		4,833,169	9,231,352
LOWER ASSUMPTION ESTIMATE									
Area km ²	Thickness m (to 350 m N, 220 m S)	Mean specific yield %	Brine volume million m ³	Li Concentration mg/L	Contained Li metric tonnes	Lithium carbonate value	K Concentration mg/L	Contained K metric tonnes	Potash metric tonnes
NORTHERN									
19.69	180	2%	31.5	260	18,430	98,047	2500	177,210	338,471
SOUTHERN									
11.35	170	2%	18.2	260	10,033	53,378	2500	96,475	184,267
LOWER ASSUMPTION TOTAL					28,463	151,424		273,685	522,738

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.

Borax Argentina

Borax Argentina has extensive operations and has a fifty year production history producing borax chemicals, boric acid, "boro-glass" and boron minerals. Production currently comes from three principal mines at Tincalayu, Sijes and Porvenir, concentrators at the first two with a chemicals plant at Campo Quijano producing refined products.

There are historical estimates on the mineralisation at these mines and at two undeveloped deposits. These form the basis for developing plans for the business.

Operations

The Borax Argentina operation performed as planned and expected over the quarter. At Tincalayu, 5,139 tonnes of tincal mineralisation was mined, 37,009 tonnes of hydroboracite, ulexite and colemanite mineralisation was mined at Sijes and 25,359 tonnes of ulexite mineralisation was mined at Porvenir during the quarter.

Approximately 10,007 tonnes of combined products was sold.

During the quarter, work commenced to develop the programmes to convert some of the historical estimates to JORC/NI43-101 compliant resources. The first phase will commence this quarter and be focussed on assessing database quality and re-logging core. During the quarter a number of studies were also initiated to look at operational improvements to reduce unit costs.

Corporate

Institutional Capital Raise & Shareholder Purchase Plan

On 5 November, 2012, the Company announced the completion of a placement of 12.38 million ordinary shares to institutional investors at an issue price of A\$1.70 per share, raising A\$20 million net proceeds. The issue price represented an 8.0% discount to the ASX closing price prior to the Company entering into a trading halt on 1 November, 2012. The non-underwritten placement was significantly oversubscribed, with participating institutional investors from Australia, Hong Kong, the United Kingdom and the United States. The offering investment dealer syndicate was led by Canaccord Genuity (Australia) Ltd., and also included Cormark Securities Inc. (who acted as a lead Canadian Manager), and Patersons Securities Ltd.

Also on 5 November, 2012 the Company announced that it would be offering eligible existing shareholders an opportunity to participate in a Shareholder Purchase Plan (“SPP”) to raise up to \$5 million at the same issue price as the institutional placement. Subsequently, on 30 November, the Company announced that it had completed the SPP after receiving applications for 2,197,026 shares, raising A\$3,734,944.

The proceeds of the institutional and SPP capital raises will be used to fund Orocobre’s equity contribution for the construction of the Olaroz lithium project, as well as funding Borax Argentina initiatives and general corporate purposes, including working capital.

New Appointment to Board of Directors

On 30 November, 2012 the Company announced the appointment of Mr. Robert Hubbard to Orocobre’s Board of Directors. Mr. Hubbard replaces Mr. Neil Stuart who retired from the

Board following the 2012 Annual Meeting of Shareholders on 30 November, 2012, after serving as the company's distinguished founder and valued member of the Board since the Company's inception.

Mr. Hubbard brings a wealth of experience and pertinent knowledge to the Orocobre Board. He will be retiring in March 2013 from PricewaterhouseCoopers, having served for over 20 years as a partner at the firm. During his time as a PwC partner, he served as auditor for some of Australia's largest companies and acted as head of the advisory and assurance practices of PwC Brisbane. In addition to his general Orocobre Board duties, Robert will also chair the Company's Audit Committee.

New Executive Appointments

On 21 January, 2013 the Company announced the appointment of Mr. Neil Kaplan to the position of Chief Financial Officer and Mr. David Hall to the position of Business Development Manager.

Neil Kaplan brings a wealth of knowledge to the Company with over 20 years of experience in managerial and finance positions obtained on four different continents. Neil's experience in the resources sector was obtained working in executive financial roles for Glencore International and formerly listed Coalcorp Mining, both based in Columbia.

David Hall has extensive business management, market development, marketing and logistics experience in domestic and international chemical and industrial minerals markets across a wide range of products and geographies. David served for 19 years with ICI Australia and Orica Australia in a number of roles in both Brisbane and Melbourne and more recently two years with Queensland Magnesia.

Orocobre Named Argentina's Mining Company of the Year 2012

On 19 November, 2012 the Company announced that it has been named the "Mining Company of the Year 2012" by Argentine mining magazine Panorama Minero and Fundacion para el desarrollo de la Minería Argentina ("Fundamin"). This prestigious honour was awarded at Panorama Minero's 36th anniversary dinner on 14 November in Buenos Aires.

Cash Position

At the end of the quarter, the company had a strong cash position of A\$38.9 million.

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.

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Technical Information, Competent Persons' and Qualified Persons Statements

The information in this report that relates to Exploration Results or Mineral Resources is based on information prepared by, or under the supervision of Mr. Richard Seville who is a member of the Australasian Institute of Mining & Metallurgy. Mr. Seville is an executive director of Orocobre Ltd and has 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'. Mr. Seville consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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 hydro geologist 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.