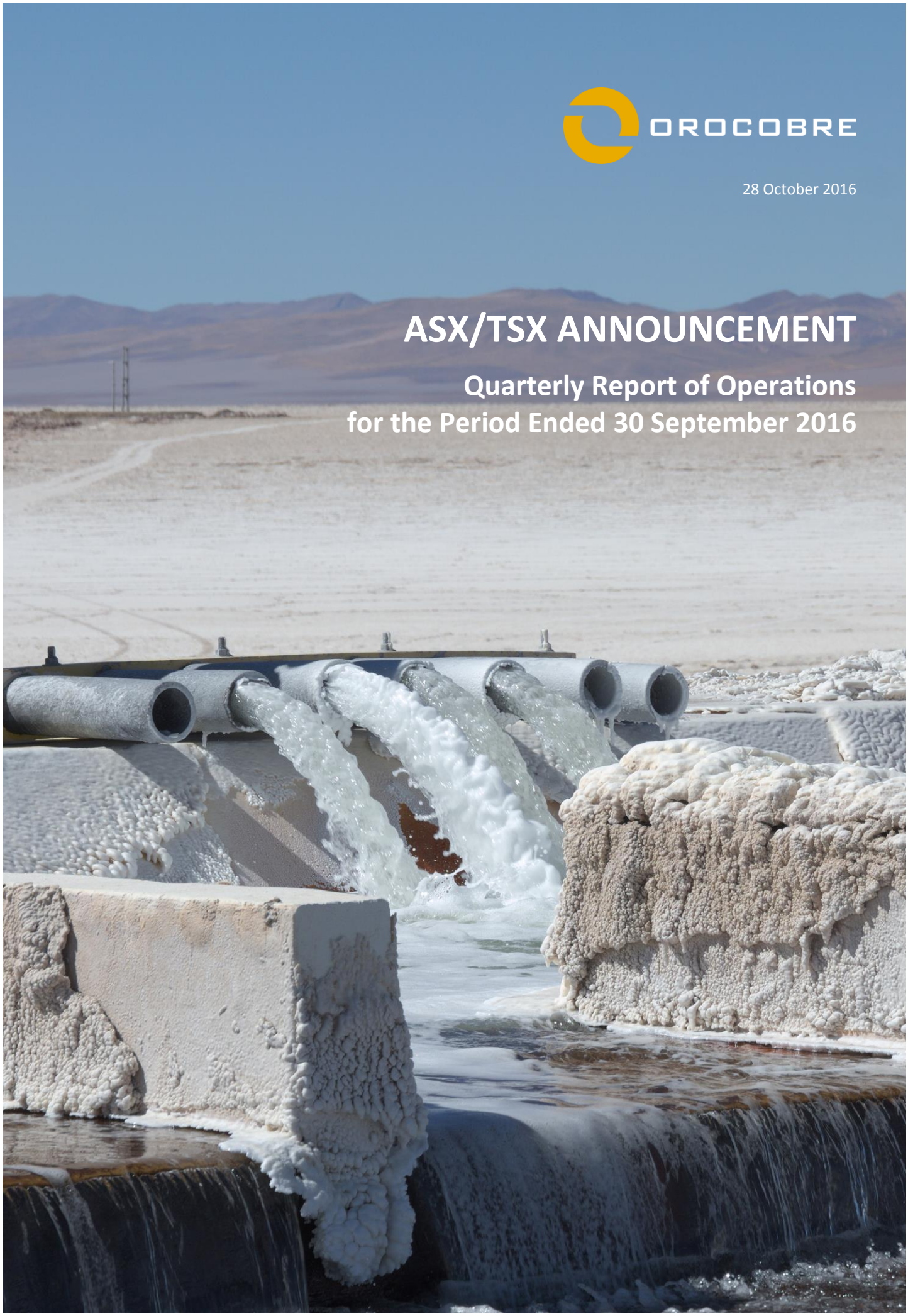


28 October 2016

ASX/TSX ANNOUNCEMENT

Quarterly Report of Operations for the Period Ended 30 September 2016

HIGHLIGHTS

OLAROZ LITHIUM FACILITY (ORE 66.5%)

- Sales revenue of US$33.5 million*; representing the first full quarter of commercial production and up 45% quarter on quarter
- Average FOB price received for the September quarter was up 24% from May/June 2016 to US$9,334/tonne. Cash operating costs were US$3,579/tonne resulting in strong operating margins
- September quarter production was 3,013 tonnes* with record monthly tonnage of 1,125 tonnes* achieved in September
- Sales de Jujuy S.A. self funded a US$12.8 million principal and interest payment for the Mizuho project loan during the quarter
- The scoping study for the Olaroz Stage 2 expansion of 17,500 to 25,000 tonnes per annum lithium carbonate equivalent (LCE) is complete, results are being compiled and will be released shortly

  * all figures 100% Olaroz Project basis

BORAX ARGENTINA

- Sales volume in the quarter was 11,940 tonnes, representing a 29% increase quarter on quarter and a 47% increase on the corresponding quarter last year, excluding sales of low value tincal ore
- Unaudited Earnings before Interest Tax Depreciation Amortisation and Forex (''EBITDAX'') breakeven, negatively affected by the commissioning of the modifications at the boric acid plant in Campo Quijano
- Tincalayu borax plant expansion and modifications completed in the previous quarter were fully commissioned and ramping up in production rate during the quarter. The changes at the Campo Quijano boric acid plant were completed in July and undergoing commissioning during the quarter. These modifications are expected to result in improved unit costs at both facilities
- Expansion studies to achieve increased production at Tincalayu commenced in the June quarter with a scope of 100-120,000 tonnes per annum borax decahydrate equivalent production and development of a circa 25,000 tonne integrated boric acid plant

CORPORATE

- As the Company now generates signficiant revenue and cash flow from production activities, the ASX has re-classified it a production company and as such it will no longer lodge an Appendix 5B. The company will disclose key financial performance indicators in this Quarterly Operations Report
- Orocobre has a strong cash position of US$32.2 million from a corporate perspective excluding restricted cash on hand (i.e. cash committed to Standby Letters of Credit (SBLC)) at the end of the quarter)
- The Orocobre share price has been negatively impacted by a significant increase in short selling activity since late August, which now exceeds historical levels at more than 7% of issued capital. A significant portion of this has been bought by the Company's Top 20 shareholders

OLAROZ LITHIUM FACILITY

For more information on Olaroz please click here

The Olaroz Lithium Facility is Orocobre's flagship project located in the Jujuy province of Argentina. Together with partners, Toyota Tsusho Corporation (TTC) and Jujuy Energia y Mineria Sociedad del Estado (JEMSE), Orocobre is now operating the first large scale lithium brine plant to be commissioned in approximately 20 years.

The Olaroz Lithium Facility joint venture is operated through Argentine subsidiary Sales de Jujuy SA (SDJ SA). The effective equity interests are: Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.

PRODUCTION, SALES AND GUIDANCE

Sales revenue for the September quarter was US$33.5 million representing the first full quarter of commercial production and sales from the Olaroz Lithium Facility. Pro-rata sales tonnes (based off May/June) were up 17% while the average price received was up 24%. Cash operating costs were US$3,579/tonne resulting in strong operating margins.

Strongly positive operating cash flow continued in the September quarter which allowed Sales de Jujuy S.A. to self fund a US$12.8 million principal and interest payment for the Mizuho project loan. Positive operating cashflow is now expected to be an on-going feature of the business.

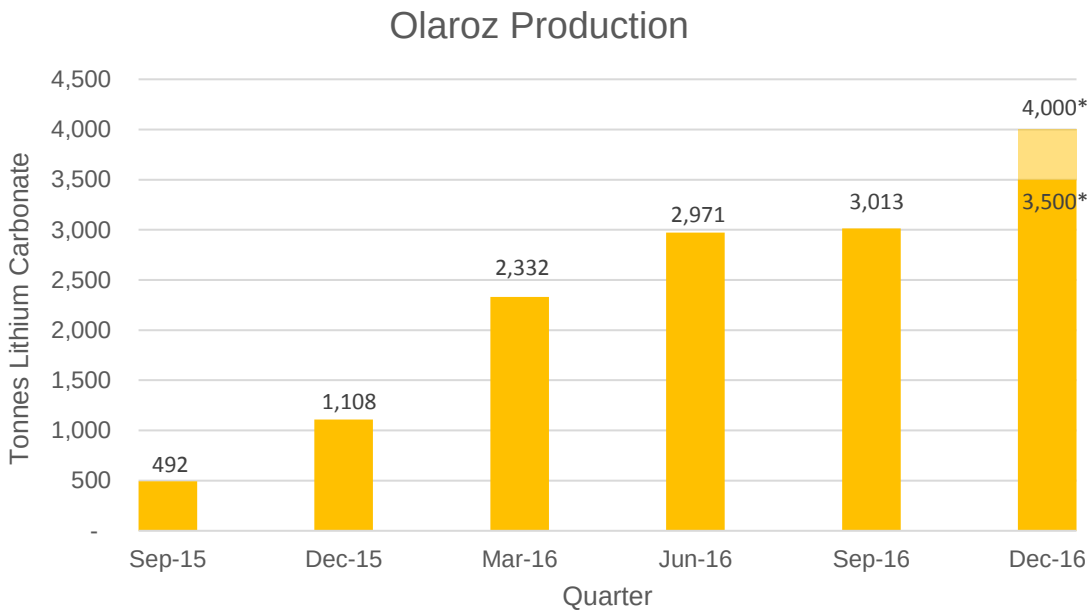
Metric	September quarter	June quarter (May/June only)	Change QoQ (%)[1]
Production (tonnes)	3,013	1,967	2%
Sales (tonnes)	3,593	2,040	17%
Average price received (US$/tonne)	9,334	7,535	24%
Revenue (US$M)	33.5	15.4	45%
Cost of production (US$/tonne)	3,579[2]	3,555	1%
Gross cash margin (US$/tonne)	5,755	3,980	45%

1. Changes in production, sales and revenue are calculated on a pro-rata basis

2. Excludes royalties and head office costs

Production in the month of September was a record 1,125 tonnes. September quarter production and operating costs were impacted by a 10 day mechanical outage in the drying circuit during August but still remained higher than the June quarter. Production in the December quarter is forecast between 3,500 and 4,000 tonnes.

The focus continued to be on improvements in operating practice, plant optimisation and process control. With the operation consistently achieving good performance in the primary circuit, the focus has been the purification circuit. Following various minor modifications, the circuit is now operating with improved control, increased residence times in reactors and good temperature profiles through all parts of the circuit. In addition, changes to carbon dioxide injection points and diffusor design modification have resulted in the elimination of "in process" material and the achievement of more stable operating conditions throughout the circuit.



*estimated range for production in December 2016 quarter

Production in the purification circuit is currently limited due to restricted thickener residence time post the purified product crystallisers. Throughput will be increased in the December quarter by adding a cyclone bank to augment the thickener capacity. The thickener is the final step in the purification circuit prior to product entering the drying circuit.



Olaroz Lithium Facility and evaporation ponds



Borefield – flow rate monitoring

BRINE INVENTORY

At the end of the quarter, brine inventory was approximately 39,900 tonnes of lithium carbonate equivalent.



The salar (salt lake) and plant in the background

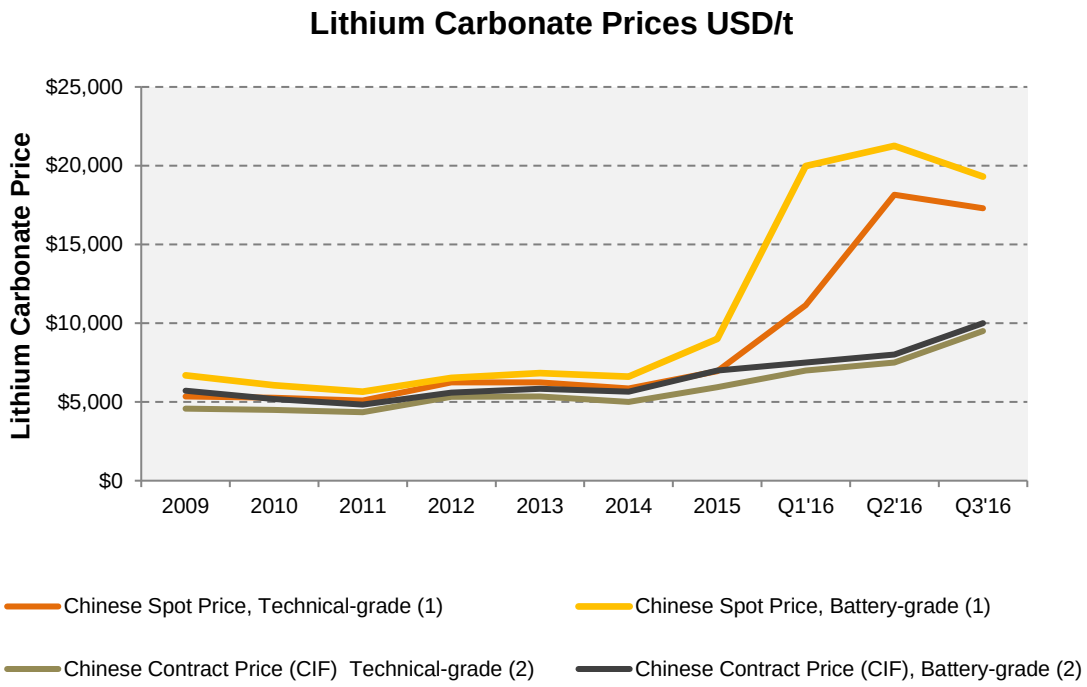
SALES ORDERS

Commercial shipments of lithium carbonate continue to be dispatched from the Olaroz Lithium Facility to Europe, Asia and the USA. Normal production is sold as either battery, technical or industrial grade products and sold into the chemical manufacturing, industrial and battery application sectors. Commercial dispatches of high purity product to battery market customers continued during the quarter and additional customers will be supplied in the December quarter.

The September quarter sales price was up 24% against the June quarter to US$9,334/tonne. The customer orders fulfilled during the quarter included a significant number of back orders that were priced at levels much lower than current contract levels and the weighted average price achieved is of course dependent upon the mix of customer orders fulfilled during the quarter which is influenced by a number of factors including shipping schedules. The Company maintains price guidance on an FOB[1] basis for the December quarter at approximately US$10,000/tonne. Strong market demand and supply side constraints are expected to maintain robust market prices for lithium carbonate.

SHORT-TERM LITHIUM MARKET OUTLOOK

Contract prices increased from the June quarter to the September quarter. Following strong demand thoughout the year China's spot prices softened slightly during the quarter but contract prices continued to strengthen including those achieved by Orocobre.



Notes:

(1) Chinese Spot Price 2009-2016: Asian Metals, Roskill. Excludes VAT 17%.

(2) CIF China: GTIS, Roskill, Internal Sources, Benchmark Minerals

[1] Net of agency fees, international freight and insurance

The Chinese EV market has softened on the back of a review of the government subsidy policy which is due to be completed in the next month. It is expected that there will be some consolidation of EV manufacturers with a resultant decrease in the total number of EV manufacturers in China. There is some inventory build occurring at cathode manufacturers in China in anticipation of an upturn in battery demand in Q4 2016 and into Q1 2017.

All available forward indicators of market demand remain positive including:

- Announcement of subsidy policy changes in China for electric vehicle production expected shortly
- China EV targets remain at five million vehicles by 2020 including 200,000 buses and three million EVs per annum by 2025
- On-going replacement of lead acid batteries by Li-ion batteries, even in traditional uses such as automotive SLI (starter, lights, ignition) batteries
- Continued construction of EV gigafactories with seven plants currently being built and 12 expected by 2020
- There are more than 100 Li-ion battery manufacturers in China
- Growing demand for energy storage as evidenced with Southern California Edison committing to an 80MWh Li-ion storage system for management of peak electricity loads
- Glocal consumer interest in EV's continues to grow - over the next two years, 25 new makes and models of electric cars have been announced for release
- Continuing strong demand from other (non-EV) battery applications including mobile phones, laptops and tablets
- Healthy demand from traditional end-use markets

The Company's short term outlook is for increasingly tight market dynamics in lithium markets with new supply being further delayed.

EXPANSION STUDY FOR OLAROZ

A scoping study to evaluate a potential Stage 2 expansion of 17,500 to 25,000 tonnes per annum has been submitted to the joint venture partners for review and will be released shortly. The study assessed construction of a similar plant to the existing Olaroz Lithium Facility. Lithium hydroxide production is also considered.

PLANS FOR CAUCHARI

Further drilling of Cauchari is planned in FY17 to define a larger resource and conduct pumping tests. The Environmental Impact Study is being considered by Unidad De Gestión Ambiental Minera Provincial (UGAMP) in November. Cauchari is immediately south of the Olaroz plant, with an inferred resource of 470,000 tonnes lithium carbonate equivalent, 1.6 million tonnes potassium chloride and 122,000 tonnes boron. Cauchari has potential for incremental production to feed into the expanded facilities at Olaroz.



Lithium carbonate prior to drying

MOU FOR DEVELOPMENT OF LITHIUM HYDROXIDE PLANT

Orocobre continues negotiations in relation to the next stage under the MOU. For further details, please refer to the Company's announcement "MOU for Development of Lithium Hydroxide Plant", 13 November, 2015.

BORAX ARGENTINA

Unaudited EBITDAX was breakeven and negatively affected by the commissioning of modifications at the boric acid plant. Borax Argentina is expected to move into positive EBITDAX in the December quarter as operations achieve greater stability.

The focus this financial year (FY17) is to improve production rates and unit costs following the optimisation projects at Tincalayu and Campo Quijano and improve efficiencies, build suitable inventory levels, improve response times, delivery performance and reinforce Borax's value proposition as the producer integral to a customer's security of supply strategy.

OPERATIONS

A total volume of 11,940 tonnes of combined product was sold during the quarter. This is an increase of 2,666 tonnes on the previous quarter and 3,816 tonnes on the corresponding quarter last year, on a comparable basis excluding sales of low value tincal ore. There were no tonnes of tincal ore sold this quarter.

COMBINED PRODUCT SALES VOLUME BY QUARTER*

Previous Year Quarters		Recent Quarters	
December 2014	8,745	December 2015	10,078
March 2015	8,981	March 2016	8,006
June 2015	9,558	June 2016	9,274
September 2015	8,124	September 2016	11,940

*Combined product sales volumes include borax chemicals, boric acid and boron minerals and does not include sale of tincal ore of 4,225 tonnes in the December 2014 quarter and 2,061 tonnes in June 2015 quarter.

PRODUCTION IMPROVEMENT PROJECTS COMPLETED

The Tincalayu borax plant expansion and modifications completed in the previous quarter were fully commissioned and ramping up in production rate during the quarter. On-going benefits of the recent works include lower unit production costs for both decahydrate and pentahydrate and additional options to export finished product directly from Tincalayu to international markets via Chilean ports.

Modifications of the boric acid plant at campo Quijano were completed in July and undergoing commissioning during the quarter. Recent production rates above 30tpd have been achieved, in line with expectations.

The modifications at both Tincalayu and Camp Quijano are expected to result in improved unit costs at both facilities.

TINCALAYU EXPANSION STUDY

A study commenced in Q2 CY2016 to evaluate a potential expansion of the Tincalayu refined borates operation from its current production capacity of 30,000 to 100-120,000 tonnes per annum and an integrated 25,000 tonne boric acid plant.

It is anticipated that the potential expansion will further enhance efficiencies in the production of refined borates at Tincalayu and contribute to improved manufacturing unit costs. This study will consolidate the work already undertaken on a new gas pipeline, for which permitting is underway.

It is anticipated the study will be completed early in CY2017.

MARKET CONDITIONS

Tonnes sold in the quarter are up 47% on the corresponding period last year (11,940 tonnes vs 8,124 tonnes).

Borax Argentina has also been pursuing an ongoing geographic and product diversification strategy in order to better insulate the business from localised economic and market cycles. In addition to its traditional markets in South America, the Company now has a geographically and market diverse range of customers.

CORPORATE AND ADMINISTRATION

During November the Orocobre Board will hold a two day meeting in Buenos Aires with the Brisbane executive management team and local operational management. The Board is commited to bi-annual face to face meetings which bring together Directors and management from North America, Australia and Argentina. The meetings provide an important opportunity for deep engagement on company operations and overall business strategy.

Brisbane based executives continue to spend siginificant time in Argentina with the recently appointed General Manager Operations spending the majority of his time in country and Managing Director, Richard Seville spending 30% of his time there. CFO, Neil Kaplan and other members of the Brisbane based management and finance team regularly engage and meet with their local operational colleagues which results in representation from the Brisbane office in Argentina for the majority of the year.

FINANCE

Unrestricted cash on hand (i.e. cash not committed to Standby Letters of Credit (SBLC)) at the end of the quarter was US$32.2 million from a corporate perspective and US$31.7 million from a group perspective (taking into account a Borax Argentina net overdraft of US$0.5 million). SDJ SA's shareholders have not provided any financial support to the Olaroz joint venture since February 2016 which supported the March principal and interest payment for the Mizuho facility.

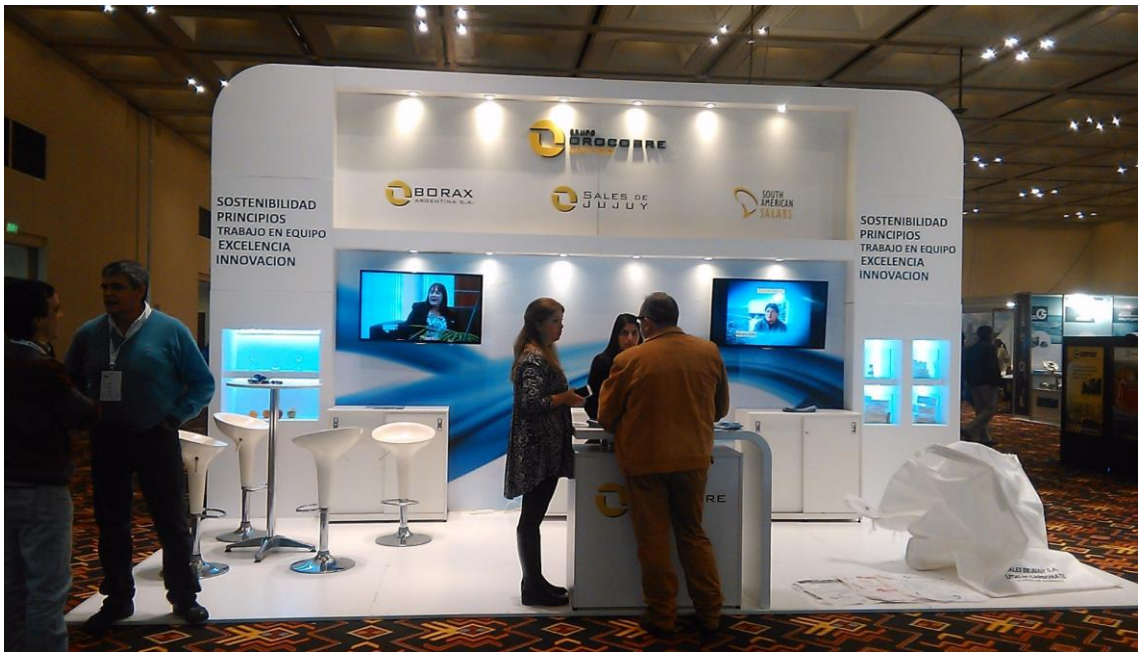
Increased cash flow in the September quarter has seen SDJ SA self fund a payment of US$12.8 million principal and interest for the Mizuho loan.

Reduction of corporate cash from 30 June to 30 September mainly relates to recurring corporate costs and the Rio Tinto Minerals arbitration legal costs.

The AR$ remained stable during the quarter maintaining an average of AR$14.9/USD and closing at AR$15.3/US$.

A VAT reimbursement of ~US$1.7 million was received during the quarter related to presentations for recovery of VAT for the months of April 2015 to February 2016. Presentations continue to be prepared and submitted to the tax authority for approval and VAT refund.

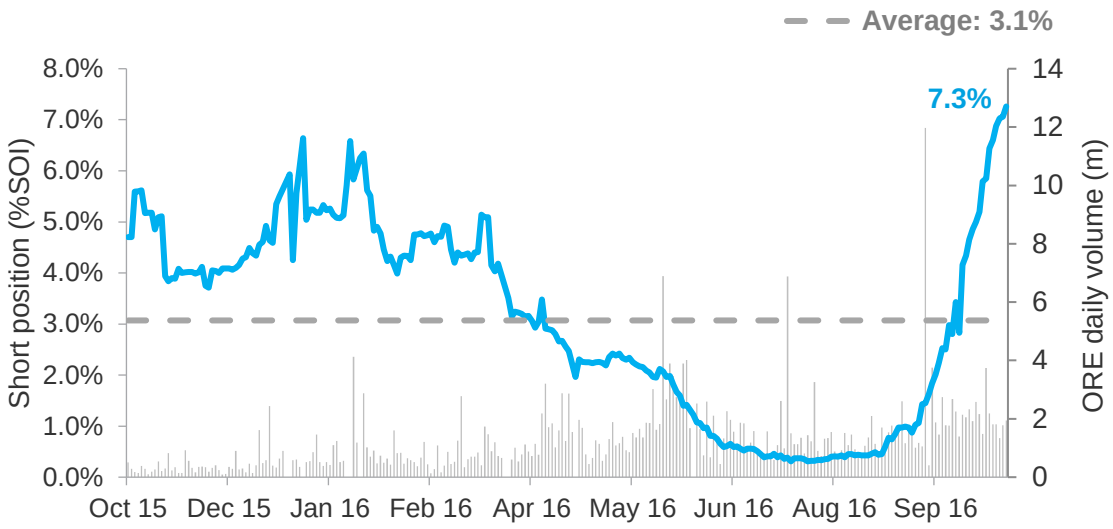
The VAT presentation related to March 2016 has been approved and a refund of approximately US$0.9M is expected within the next 30-45 days. A presentation related to April has been submitted to the tax authority and May-August presentations are being finalised.



Argentina Mining conference

SHARE PRICE PERFORMANCE

The company has been closely monitoring recent share price moves and is aware that since late August short sold positions have increased from circa one million shares to more than 15 million shares or 7.3% of issued capital (as shown below, at 21 October 2016). The short selling activity has also been seen in other ASX listed companies with lithium interests.



The Company undertakes regular beneficial ownership analysis which shows that during the month of September alone the Top 20 shareholders increased their combined holdings by nearly 10 million shares.

For further information please contact:

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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 has built, in partnership with Toyota Tsusho Corporation and JEMSE, the first large-scale, greenfield brine based lithium project in 20 years at the Salar de Olaroz with planned production of 17,500 tonnes per annum of low-cost battery grade lithium carbonate.

The Olaroz Lithium Facility has a low environmental footprint because of the following aspects of the process:

- The process is designed to have a high processing recovery of lithium. With its low unit costs, the process will result in low cut-off grades, which will maximise resource recovery.
- The process route is designed with a zero liquid discharge design. All waste products are stored in permanent impoundments (the lined evaporation ponds). At the end of the project life the ponds will be capped and returned to a similar profile following soil placement and planting of original vegetation types.
- Brine is extracted from wells with minimum impact on freshwater resources outside the salar. Because the lithium is in sedimentary aquifers with relatively low permeability, drawdowns are limited to the salar itself. This is different from halite hosted deposits such as Salar de Atacama, Salar de Hombre Muerto and Salar de Rincon where the halite bodies have very high near surface permeability and the drawdown cones can impact on water resources around the Salar affecting the local environment.
- Energy used to concentrate the lithium in the brine is solar energy. The carbon footprint is lower than other processes.
- The technology developed has a very low maximum fresh water consumption of <20 l/s, which is low by industry standards.

Sales de Jujuy S.A. is also committed to the ten principles of the sustainable development framework as developed by The International Council on Mining and Metals. The Company has an active and well-funded “Shared Value” program aimed at the long term development of the local people.

The Company continues to follow the community and shared value policy to successfully work with suppliers and the employment bureau to focus on the hiring of local people from the communities of Olaroz, Huancar, Puesto Sey, Pastos Chicos, Catua, Susques, Jama, El Toro, Coranzulí, San Juan and Abrapampa. 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 community and shared value policy continues to be a key success factor, training local people under the supervision of high quality experienced professionals.

TECHNICAL INFORMATION, COMPETENT PERSONS’ AND QUALIFIED PERSONS STATEMENTS

The Company is not in possession of any new information or data relating to historical estimates that materially impacts on the reliability of the estimates or the Company’s ability to verify the historical estimates as mineral resources, in accordance with the JORC Code. The supporting information provided in the initial market announcement on 21/08/12 continues to apply and has not materially changed.

Additional information relating to the Company’s projects is available on the Company’s website 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 news release contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information contained in this release may include, but is not limited to, the completion of commissioning, the commencement of commercial production and ramp up of the Olaroz Lithium Facility and the timing thereof, the cost of construction relative to the estimated capital cost of the Olaroz Lithium Facility, the meeting of banking covenants contained in project finance documentation, the design production rate for lithium carbonate at the Olaroz Lithium Facility, the expected brine cost and grade at the Olaroz Lithium Facility, the expected operating costs at the Olaroz Lithium Facility and the comparison of such expected costs to expected global operating costs, the estimation and conversion of exploration targets to resources at the Olaroz Lithium Facility, the viability, recoverability and processing of such resources, the potential for an expansion at the Olaroz Lithium Facility, the capital cost of an expansion at the Olaroz Lithium Facility; the future performance of the relocated borax plant and boric acid plant, including without limitation the plants estimated production rates, financial data, the estimates of mineral resources or mineralisation grade at Borax Argentina mines, the economic viability of such mineral resources or mineralisation, mine life and operating costs at Borax Argentina mines, the projected production rates associated with the borax plant and boric acid plant, the market price of borate products whether stated or implied, demand for borate products and other information and trends relating to the borate market, taxes including recoveries of IVA, royalty and duty rate and the ongoing working relationship between Orocobre and the Province of Jujuy, TTC and Mizuho Bank.

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 of further changes in government regulations, policies or legislation; the possibility that required concessions may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; that further funding may be required, but unavailable, for the ongoing development of the Company's projects; fluctuations or decreases in commodity prices and market demand for product; 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 commissioning and ramp up of the Olaroz Lithium Facility to full capacity; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Olaroz Lithium Facility; general risks associated with the further development of the Olaroz Lithium Facility; general risks associated with the operation of the borax plantor boric acid plant; a decrease in the price for borates resulting from, among other things, decreased demand or an increased supply of borates or substitutes, as well as those factors disclosed in the Company's Annual Report for the year ended June 30, 2015 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 timely receipt of required approvals and completion of agreements on reasonable terms and conditions; the ability of the Company to obtain financing as and when required and on reasonable terms and conditions; the prices of lithium, potash and borates; market demand for products and the ability of the Company to operate in a safe, efficient and effective manner. 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.