

## **QUARTERLY REPORT OF OPERATIONS FOR THE PERIOD ENDED 31 DECEMBER 2009**

### **OLOROZ – LITHIUM/POTASH**

- **Joint Venture agreement with Toyota Tsusho announced**
- **Property acquisitions take salar nucleus and prospective margins to 21,000 hectares**
- **Definitive Feasibility Study advances**
- **Water bore drilling for hydro-geological test work completed and long term pump tests 80% completed**
- **Evaporation and reagent addition test work continues at Salar de Olaroz**

### **CAPITAL RAISING**

- **\$6.25m (pre-costs) raised by a placement to institutional and sophisticated investors at \$1.10/share**

### **ELEMENTOS LTD**

- **“Spin out” of Elementos Ltd completed with a capital raising of \$8.25m. Orocobre holds 21 million shares in Elementos.**

## **SALAR DE OLAROS LITHIUM - POTASH PROJECT**

### **Joint Venture with Toyota Tsusho**

Orocobre reached agreement to establish a joint venture with Toyota Group Company, Toyota Tsusho Corporation (“Toyota Tsusho”), to develop its flagship Salar de Olaroz Lithium-Potash Project (the “Project”) in Argentina.

The agreement sets out the terms under which the parties will develop the Salar de Olaroz project. In the current feasibility study phase, Toyota Tsusho will provide US\$ 4.5million to fund the completion of the Definitive Feasibility Study and other associated pre-development activities. This is expected to be completed in the third quarter of 2010.

Subject to the finalisation of the terms of a joint venture operating agreement on completion of the Definitive Feasibility Study, Toyota Tsusho will acquire a 25 percent equity interest in the joint venture at a cost based on the NPV estimated from the Definitive Feasibility Study.

Additionally Toyota Tsusho will be responsible for securing a Japanese government - guaranteed low-cost debt facility for at least 60 percent of the Project’s development costs. This facility is expected to be secured through the Japan Oils, Gas and Metals National Corporation (JOGMEC), a state-owned entity that provides assistance to Japanese companies in securing supplies of mineral resources.

Orocobre will continue to own 75 percent of the Project after construction, and will operate the joint venture.

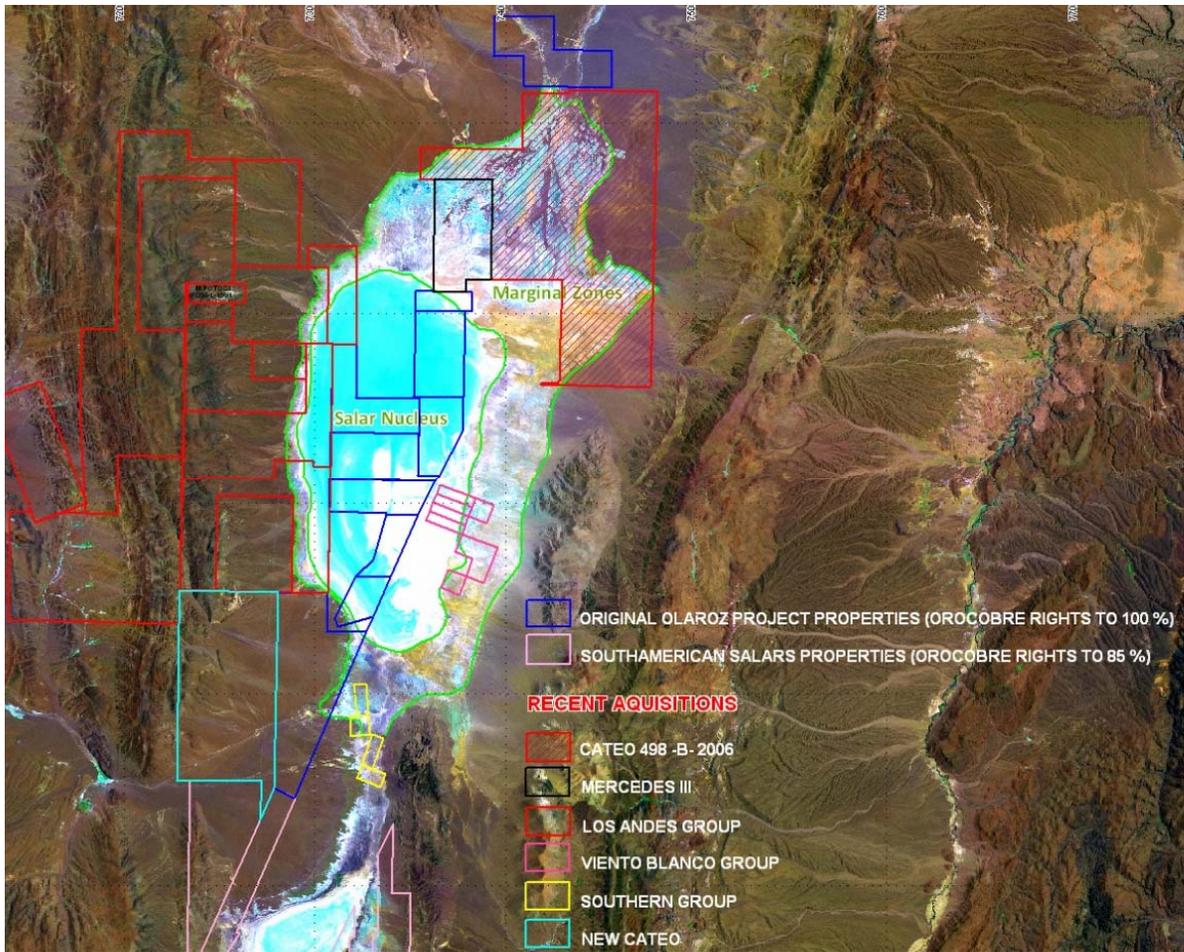
The joint venture with Toyota Tsusho provides Orocobre with a clear path forward for the development of the Project and that on current financial modeling Orocobre will not need to source additional funding.

Toyota Tsusho Corporation is one of the largest trading companies in the world and a “Tier 1” supplier to the Toyota Group. Owned 22 percent by Toyota Motor Corporation, Toyota Tsusho provides material supplies to Toyota Motor Corporation and many other Japanese and Asian companies including Panasonic and Sanyo. Toyota Motor Corporation and Panasonic are partners in the development and productions of lithium-ion battery packs.

### **Property Acquisitions**

During the quarter the Company announced it has entered into a number of contracts to purchase approximately properties at and around its Olaroz Lithium-Potash project in Argentina. Interests total approximately 64,000 hectares

The acquisitions nearly triple, to 21,000 hectares, the area of salar nucleus and prospective salar margins held by the company. These areas, particularly the salar nucleus, are prospective for sub-surface lithium and potassium brines.



## Definitive Feasibility Study

During the quarter, the work advanced on the Definitive Feasibility Study (“DFS”) which is due for completion in 3<sup>rd</sup> quarter 2010.

### Geology and Hydrogeology

Large diameter bores for pump testing was completed. A comprehensive test work programme is approximately 80% complete. Preliminary reports are positive with results in line with scoping study level test work.

Surface gravity and AMT surveys were completed. The AMT has allowed the 3 dimensional geometry of the brine body to be mapped. Surface gravity results indicate the basin at Olaroz to be approximately 600m deep in the centre.

### Processing

Evaporation and reagent addition test work continued at Salar de Olaroz. 3 trains of ponds are now in use.

## **Capital Raising**

On 11 December, the Company announced that it had completed a placement of 5.68m shares to institutional investors at an issue price of A\$1.10, to raise A\$6,250,000.

The issue price of represented a 5.2% discount to the 10 day volume weighted average price prior to the Company entering into a trading halt and the issue was heavily oversubscribed. Lead Manager to the placement was Patersons Securities Limited.

In addition, current and former Directors have collectively exercised 7,000,000 unlisted options at a cost of A\$1,750,000.

## **Elementos Ltd**

The “Spin out” of Elementos Ltd was successfully completed with the offer closing oversubscribed. Elementos raised \$8.25m. Orocobre holds 21 million shares in Elementos.

In the current half, Orocobre intends to undertake and “in specie” distribution of 20 million Elementos shares to Orocobre shareholders subject to receipt of rollover relief from the Australian Tax Office and shareholder approval.

For and on behalf of the Board

Paul Crawford  
Company Secretary

**For further information contact:**  
**Richard Seville – Managing Director**  
**Paul Crawford – Company Secretary**  
**Phone: (07) 3871 3985**

**E-Mail: [mail@orocobre.com.au](mailto:mail@orocobre.com.au)**  
**Website: [www.orocobre.com.au](http://www.orocobre.com.au)**

## **COMPETENT PERSONS STATEMENT**

The information in this report that relates to Exploration Results is based on information compiled by Mr Richard Seville who is a members of the Australasian Institute of Mining and Metallurgy. Mr Seville is a 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 is being undertaken 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.’ 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.