

## **QUARTERLY REPORT OF OPERATIONS FOR THE PERIOD ENDED 30 JUNE 2008**

### **Highlights of the Quarter's Activities**

#### **OLOROZ – LITHIUM/POTASH**

- Attractive grades of lithium and potassium in solution confirmed over extensive areas.
- Grades average 650ppm lithium and 0.9% potassium over the entire area of the cateos (exploration licenses)
- Grades of 730ppm lithium and 1% potassium over a contiguous area of 50 square kilometres.
- Recruitment process advanced for permanent project personnel.
- Initial process test work nearing completion.
- Recent rises in potash prices highlight the potential for co-production of a muriate of potash product as well as lithium chemicals.
- Drilling to commence this quarter.

#### **SANTO DOMINGO PROJECTS - COPPER/GOLD PORPHYRY, BRECCIA PIPE AND EPITHERMAL TARGETS**

- Due diligence successfully completed at the Marayes epithermal gold and mesothermal base metals project.
- Access re-established to Marayes area
- Access routes surveyed for Alunita gold porphyry
- EIS approvals process advancing for El Arriero copper-gold porphyry target

#### **FUNDING**

- Company remained well funded at the end of the quarter with \$5.2m cash.

## **OLAROZ LITHIUM – POTASH PROJECT**

### **EXCELLENT RESULTS FROM FIRST SAMPLING PROGRAMME**

Excellent results were achieved from the first sampling programme at the Olaroz Lithium-Potash project in Jujuy Province in north-western Argentina



The programme involved excavating 60 pits, 30 dug on a 1km by 2km grid pattern and 30 on a closer 500m by 500m pattern. The pits were dug by hand using labour from the local community. The depth of the pits was often limited to 1-1.5m by the high brine flow rates into the pits as they were being dug. The company views such indications as positive from a hydrogeological perspective. The geology was mapped and samples taken once the brines had cleared.

Analysis was undertaken by ICP methods at Alex Stewart Laboratories in Mendoza. Additional analyses were also undertaken at the University of Salta using Atomic Absorption Spectrometry (AAS). Check analyses were undertaken by ACME Laboratories in Canada.

Lithium values varied from 282ppm Li to 1207ppm averaging 650ppm based on the Alex Stewart Laboratories results. Potassium values ranged from 0.4% (4g/l) to 1.6% (16g/l) with an average of 0.9% (9g/l). A contiguous area of approximately 50 square kilometres

had an average grade of 730ppm lithium and 1% (10g/l) potassium and could provide an initial focus for any potential future development if the trend continues with depth. Lithium values from both the University of Salta and ACME were 10% higher.

The sampling also confirmed low levels of calcium, magnesium and sulphate which will be beneficial for mineral processing.

### **PROCESS ROUTE TESTWORK**

Test work commenced to investigate potential process routes. This has included field work at the salt lake and laboratory test work. Results from this programme will be available shortly.

### **RECRUITMENT OF PROJECT PERSONNEL**

With the encouraging results from the first sampling programme, the Company commenced a programme of recruitment of additional personnel for the project. The process is well advanced and the Company expects to be able to announce the appointments within the next week or so.

### **PROGRAMME FORWARD**

With the successful completion of the first sampling programme the project will advance to the next phase. This will involve an extensive core drilling programme which will allow geology and brines to be sampled over depth. This is expected to commence this quarter.

Following completion of the drilling programme, preliminary pump tests will be undertaken to determine hydrogeological characteristics in certain areas of the salt lake. Further details of the programme will be announced in due course.

Concurrently, the next stage of process test work will also be undertaken.

The objective of these programmes is to provide inputs for resource estimation and scoping study on the project, to be undertaken towards the end of this year.

## **SANTO DOMINGO PROJECT COPPER/GOLD –PORPHYRIES, BRECCIA PIPE AND EPITHERMAL TARGETS**

### **Marayes Epithermal Gold**

Due diligence was successfully completed and the Company entered into purchase arrangements with the vendor.

The access road has been cleared and initial mapping and sampling programmes are being planned for commencement this quarter.

### **Alunita Gold Porphyry and Breccia Pipe**

The access road from the west of the sierra (to allow later drilling) has been surveyed and details provided to the San Juan Government. The EIS approval process is advancing.

### **El Arriero Copper- Gold Porphyry**

No work was undertaken this quarter on El Arriero. The EIS approval process is advancing.

For and on behalf of the Board

Paul Crawford  
Company Secretary

### **For further information contact:**

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### **COMPETENT PERSONS STATEMENT**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Messrs Richard Seville and Neil Stuart who are members of the Australian Institute of Mining and Metallurgy. Messrs Seville and Stuart are executives 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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**OROCOBRE LIMITED**

ABN

**31 112 589 910**

Quarter ended ("current quarter")

**30 JUNE 2008**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(335)	(797)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	78	185
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(497)</b>	<b>(1,079)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(497)	(1,079)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(497)	(1,079)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		6,325
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other:		
	Cost of share issue		(507)
	<b>Net financing cash flows</b>		5,818
<b>Net increase (decrease) in cash held</b>		(497)	4,739
1.20	Cash at beginning of quarter/year to date	5,720	498
1.21	Exchange rate adjustments to item 1.20	10	(4)
1.22	<b>Cash at end of quarter</b>	5,233	5,233

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	145
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Services provided by executive directors, annual director fees and accrued company secretarial services.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

nil

+ See chapter 19 for defined terms.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	Nil
<b>Total</b>	300

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	233	1,320
5.2 Deposits at call	5,000	4,400
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	5,233	5,720

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	52,119,187	41,900,808		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i> Unlisted Options	8,000,000 1,000,000	Nil Nil	<i>Exercise price</i> 25 cents 25 cents	<i>Expiry date</i> 31 December 2010 31 December 2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: ..... Date: 31 July 2008  
 (Director/Company secretary)

Print name: Paul Crawford

+ See chapter 19 for defined terms.



## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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