

## **QUARTERLY REPORT OF OPERATIONS FOR THE PERIOD ENDED 31 MARCH 2008**

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

#### **OLOROZ – LITHIUM/POTASH**

- First sampling programme commences. Results are expected to be available shortly.
- Recent rises in potash prices highlight the potential for co-production of a muriate of potash product as well as lithium chemicals.

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

- New epithermal gold project at Marayes acquired approximately 20kms south of the El Arriero copper/gold porphyry. Previous channel sampling includes 22m at 3 g/t gold.
- Two new areas of alteration and mineralisation have been discovered at “Alunita” and “La Virgen” located 2kms and 6kms from El Arriero. Gold stream sediment samples results were highly elevated at Alunita and up to 7.9 g/t gold. Results from reconnaissance mapping are awaited
- The El Arriero Porphyry was extended to approximately 2.0 kms by 600m to 800m
- The Project area is developing into a mineralised belt. Further targets are expected to be generated in the vicinity over time.

#### **FUNDING**

- The Company remained well funded at the end of the quarter with \$5.7m cash.

## **OLAROS LITHIUM – POTASH PROJECT SAMPLING COMMENCES**

The first sampling programme commenced at the Olaroz Lithium project in the Jujuy province in north-west Argentina.



The programme has involved the excavation of pits to a depth up to 2m on a 1km by 2km grid pattern. The brines that flowed into the pits have then been sampled after any sediment has settled out. The surface of the salt lake has also been mapped geologically with information from the pits.

As opposed to most exploration projects the main target at Olaroz are elements in solution in the residual salt brines within the salt lake. The principal target is lithium but other metals such as potassium which would make the fertiliser product, muriate of potash, are also present in significant quantities. Increasing world demand for food has resulted in significant rises in demand, and price, of fertilisers including muriate of potash.

Previous sampling by University and NGO programmes has indicated attractive grades of 900ppm lithium and 0.6% potassium with low levels of calcium, magnesium and sulphate which, if confirmed, would be beneficial for mineral processing.



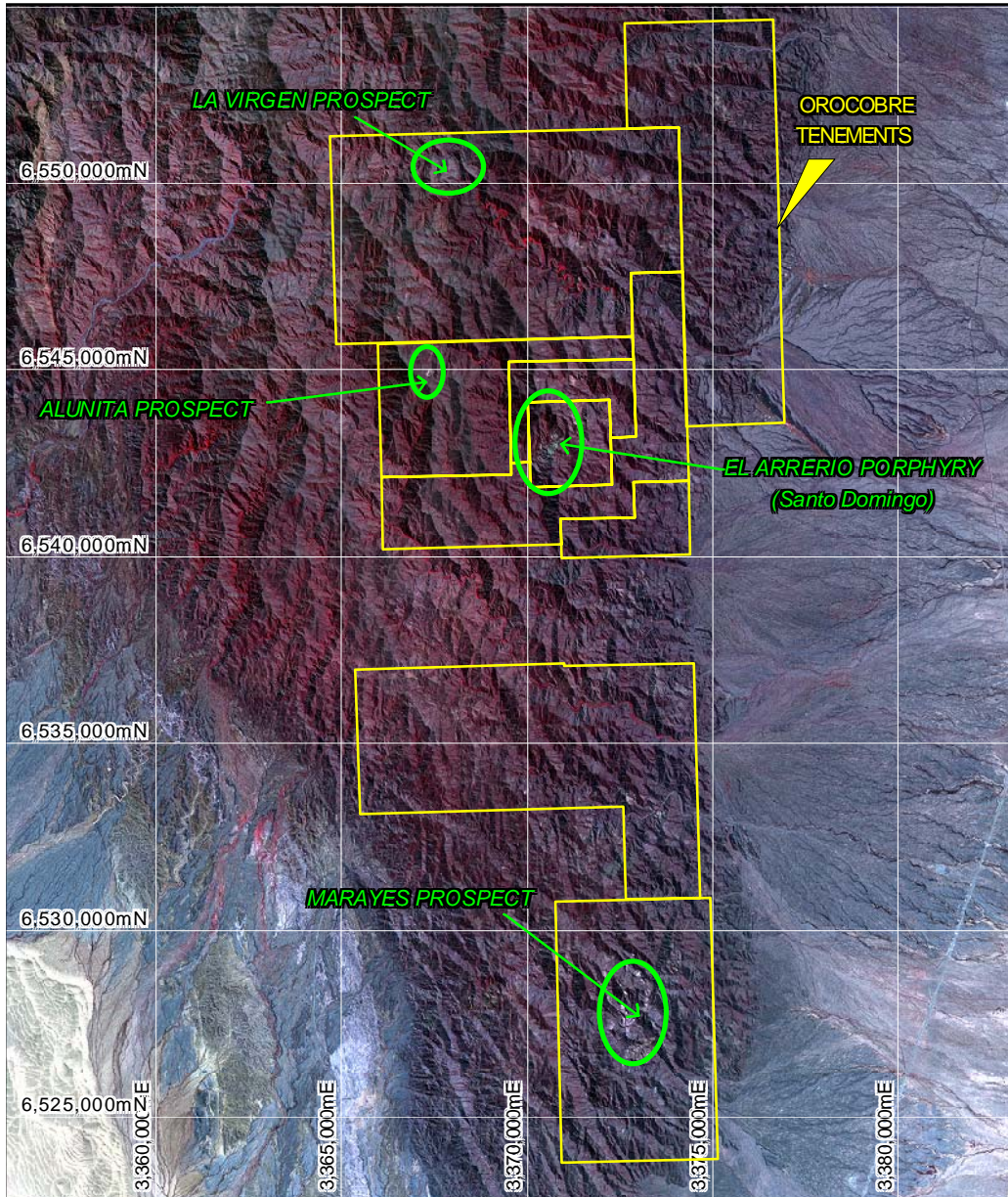
**OLAROS – Sampling Pit**

The analytical results from Alec Stewart Laboratories in Mendoza are expected shortly and will be announced when they have been received.

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

### **SUMMARY**

Substantial progress was made during the quarter at the Santo Domingo Project. At the time of the Company's IPO, there was only one target within the Company's tenements, the El Arriero Porphyry (formerly Santo Domingo). In the last quarter, this has been increased to four targets, both through the results of exploration and via transaction, and the Company has developed a significant land position in a what appears to be developing as a mineralised belt.



## NEW DISCOVERIES AT ALUNITA AND LA VIRGEN

Two new areas of alteration and mineralisation named “Alunita” and “La Virgen” have been discovered. These are located within existing tenements approximately 2 kilometres and 6 kilometres respectively from the Santo Domingo porphyry. The mineralisation was discovered following up spectral anomalies from ASTER satellite images. New tenements have been applied for over other spectral anomalies.

**At Alunita**, an alteration zone covering approximately 25 hectares was discovered with elevated gold values in both rock chip and stream sediment samples. The rock types are altered rhyolitic intrusives, tuffs and breccias (milled and flow breccias). A concentric pattern of alteration has been observed (from outer argillic to phyllic to

interior potassic). Intense and extensive silicic alteration occurs associated with high levels of sulphides. Due the topography, it is also interpreted that this zone of alteration may extend under the overlying rocks.



**OUTCROPPING ROCKS AT ALUNITA – mill breccia (lower left) , flow breccia (upper left) and sulphide breccia (right).**

Alunita is interpreted as collapsed volcanic pipe with a porphyry overprint. Results from recent reconnaissance is awaited and should be available shortly.



**VIEW FROM HELICOPTER OF PART OF ALTERATION ZONE AT ALUNITA PROSPECT**

Previous results have been encouraging with 7 of 16 stream sediment samples returning assays in excess of 0.2 g/t gold with the three highest values being 7.6 g/t, 1.1 g/t and 0.8 g/t gold.

Preparation of an Environmental Impact Statement which will allow higher impact fieldwork has commenced.

**At La Virgen**, satellite imagery spectral anomalies indicating alunite-kaolinite and iron oxide alteration are evident over a large area (1500m by >250m). The area also displays circular and arcuate structures, outcropping altered granitoids and pyritic, siliceous breccia with visible oxidized copper mineralization. Rock chip samples on the veins commonly returned elevated values for lead, zinc, mercury, copper and barium. The chemistry and alteration also suggest that this system may be the lower part of an epithermal system. Taking topography into account, this highlights the prospectivity to the higher elevation strike continuation to the east and this will be targeted with future campaigns.

#### **El Arriero Porphyry – Copper /Gold**

Further follow-up field surveys in the general vicinity of the Santo Domingo porphyry area (now called “El Arriero”) has extended observed areas of hydrothermal alteration and mineralisation (elevated copper and gold values and some visible copper mineralisation) to an area of some 2000m by 600-800m. New observations have shown zoned potassic-phyllitic-argillic-propylitic-siliceous alteration areas



**HELICOPTER VIEW OF MAIN ALTERATION ZONE EL ARRIERO PORPHYRY AREA**

The cateos which include the El Arriero Porphyry target have been recommended for grant and an Environmental Impact Statement has been submitted to the government which, once approved, will allow higher impact field work.

## **NEW GOLD PROJECT ACQUIRED AT MARAYES**

Orocobre has entered into an agreement to acquire 100% of the Marayes gold project in the San Juan province, Argentina. The area to be acquired covers two cateos and one minas (equivalent to exploration license and mining lease respectively) covering an area of approximately 6833 hectares located about 20 kilometres south of the company's large El Arriero copper-gold porphyry and Alunita gold breccia pipe/porphyry targets.

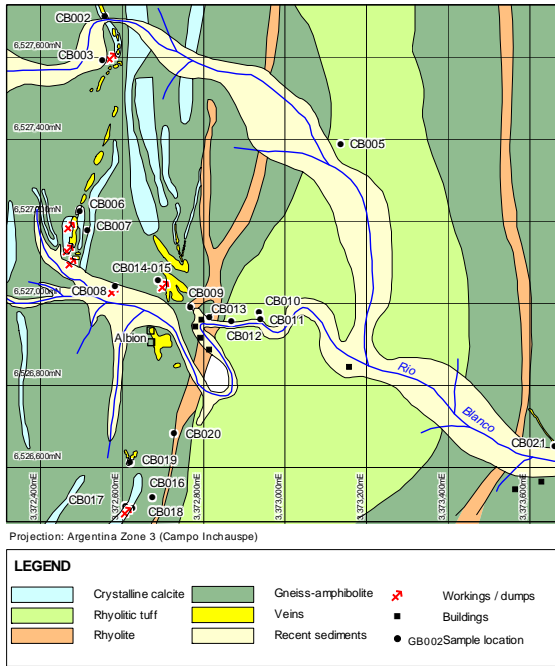
This area covers a number of targets including sequences of gold bearing altered rocks, large breccia zones and high grade gold and base metals veins.

The Marayes area has been mined historically for gold, silver, lead and zinc. Records indicate gold occurs in breccias, veins and zones of alteration in a metamorphosed and sometimes altered sequence of gneiss, limestone and tuffs.

One of the lodes is reported to vary from 1-6m thick with a length of 650m. In the late 1940's it was briefly mined producing 225kg of gold at a recovered grade of 14g/t. A breccia zone adjacent to the vein is reported by the Chief Government Geologist of the time to be up to 60m thick and grading around 2 g/t gold. The wall rocks adjacent are also reported as mineralised with grades from 1 g/t to 10 g/t gold. More recent rock chip sampling has confirmed this picture with sampling over a section of altered vein material, gneiss and tuff giving **22m at 3.0 g/t gold** including **2m at 26.4 g/t gold** over the altered vein. Additional sampling gave **14m at 4.4g/t gold** and **3m at 27.1 g/t gold**. Other veins have sampled grades up to **15% zinc** both associated with and without gold.

The area is considered to have evidence of multiple phases of mineralisation including both mesothermal lead-zinc-silver mineralisation and high sulphidation epithermal gold-silver mineralisation. Mineralisation occurs in a number of settings including veins, breccias and altered country rocks.

Technical and legal due diligence is progressing, the results of which are expected to be available in the next few weeks.



SAMPLE No	Metres	Au g/t	Zn %	Ag g/t
CB001	1.5	0.0	0.1	0.1
CB002	3.0	0.0	0.0	0.1
CB003	mullock	<b>1.1</b>	<b>6.1</b>	<b>97.2</b>
CB004	2.5	0.0	<b>15.0</b>	2.0
CB005	3.0	0.0	0.2	2.9
CB006	6.0	0.7	<b>2.8</b>	<b>48.9</b>
CB007	1.5	0.3	<b>6.1</b>	4.4
CB008	1.3	0.0	0.3	0.9
CB009	1.5	0.0	0.1	1.3
CB010	2.0	0.1	0.0	1.3
CB011	mullock	0.0	0.0	0.3
CB012	2.0	0.2	0.5	1.3
CB013	20.0	0.1	0.1	0.7
CB014	14.0	<b>4.4</b>	0.2	0.8
CB015	3.0	<b>27.1</b>	0.0	7.8
CB016	1.5	0.1	0.0	0.6
CB017	2.0	0.0	0.4	3.9
CB018	mullock	<b>5.3</b>	<b>16.1</b>	<b>113.8</b>
CB020	1.2	0.1	0.2	1.9
CB021	1.5	<b>3.4</b>	0.0	4.2



**Marayes – high grade veining and altered country rocks with extensive goethite and limonite after sulphides**



## **LOOKING FORWARD TO THE COMING QUARTER AND BEYOND**

### **OLARAZ**

- Results on the first sampling programme are expected to be available shortly and will be announced when received. These will allow finalisation of plans for the rest of the year.
- Assuming satisfactory results, a drilling programme will be undertaken to allow solutions to be sampled over the depth profile of the salt lake and preliminary pump tests to be undertaken to determine hydrogeological characteristics.
- This programme is expected to be undertaken in the September quarter and will allow the estimate of resources to be undertaken together with a scoping study for the project prior to years end.

### **SANTO DOMINGO PROJECT**

- At Alunita, results are awaited from recent reconnaissance work. These should be available shortly and will be announced.
- The Environmental Impact Statement for Alunita will be completed this coming quarter and will be lodged with the authorities.
- Marayes due diligence will be completed shortly and reported when results are to hand. Preparation of an Environmental Impact Statement for Marayes has commenced and will be lodged in the next month or so.
- Subject to approval of EIS's it is anticipated that field work will accelerate at El Arriero, Alunita and Marayes over the next quarters with the objective of undertaking drilling in the second half.

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")

**31 MARCH 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	(262)	(462)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	79	107
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>(331)</b>	<b>(582)</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)	(331)	(582)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(331)	(582)
<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	(2)	(507)
	<b>Net financing cash flows</b>	(2)	5,818
	<b>Net increase (decrease) in cash held</b>	(333)	5,236
1.20	Cash at beginning of quarter/year to date	6,068	498
1.21	Exchange rate adjustments to item 1.20	(15)	(14)
1.22	<b>Cash at end of quarter</b>	5,720	5,720

**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	93
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.

**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	300
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	1,320	4,068
5.2 Deposits at call	4,400	2,000
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	5,750	6,068

### 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	Marayas	Option to acquire	nil	nil
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	40,783,608		
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: 30 April 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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