Orocobre Limited: Quarterly Report of Operations for the Period Ended 31 December 2013

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BRISBANE, AUSTRALIA -- (Marketwired - Jan. 31, 2014) - Orocobre Limited (TSX:ORL) (ASX:ORE)

HIGHLIGHTS

Olaroz Lithium-Potash-Boron Project:

- Project construction is approximately 75% physically complete with significant milestones achieved.

- A total of US$164 m has been spent or committed via executed contracts on the construction project to date.

- Construction is projected to be completed on time and within budget.

- Commissioning of the liming plant commenced in December and the plant is due to be fully commissioned by the end of January.

To view the figure associated with this press release, please visit the following link:
http://file.marketwire.com/release/oroc01311.pdf

Borax Argentina

- Record sales achieved during the quarter.

The project to relocate the borax chemical plant from its current location in Campo Quijano (close to the city of Salta) to the Tincalayu mine continues to progress and is expected to be completed on schedule and within budget. The relocation and commissioning is planned to be completed by June 2014.

- A prefeasibility study into the construction of a boric acid plant at Olacapato in Salta Province, Argentina with a production capacity of 16-24,000 tonnes per annum of boric acid commenced. The study is expected to be completed during the current quarter.

Corporate

- Cash Position of A$31.8m at the end of the quarter excluding funds in Olaroz Lithium Project companies.

- SAP implementation and training was well advanced by the end of the quarter at Borax Argentina and planned to go "live" for January monthly accounts.

Olaroz Lithium-Potash-Boron Project

The Olaroz Project is Orocobre's flagship project located in Jujuy province of Argentina. Together with partners, Toyota Tsusho Corporation ("TTC") and Jujuy Energia y Mineria Sociedad del Estado ("JEMSE"), Orocobre is building the first large scale "green fields" lithium brine project in approximately 20 years at a capital cost of US$229.1m and will have a design capacity of 17,500tpa of battery grade lithium carbonate. The Olaroz Project joint venture is operated through Argentine subsidiary Sales de Jujuy SA (SDJ SA). The effective Olaroz Project equity interest is Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.

Construction Update

The construction of the project continues to proceed on time and within budget and a total of approximately $164m has been spent or committed via executed contracts in the construction project. In terms of physical

progress the construction program is approximately 75% complete.

Since the last quarterly report, the Company announced the pumping rate had reached approximately 190l/s. The steady state operational rate required is 180l/s with a peak filling rate of approximately 220l/s. The liming plant commissioning schedule commenced on the 15th December and commissioning will be complete by the end of January. The precommisioning schedule for the gas pipeline commenced on 13th of December as planned. Evaporation pond earthworks remain ahead of schedule. The electricity generation plant is near completion. Testing on the natural gas pipeline was completed in early January and the next task is to connect to the main Gas Atacama pipeline. Construction works continue on the lithium processing plant, finished goods warehouse and the soda ash warehouse.

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 under the supervision of high quality experienced professionals.

To view the second figure associated with this press release, please visit the following link:
http://media3.marketwire.com/docs/oroc01312.pdf

To view the third figure associated with this press release, please visit the following link:
http://media3.marketwire.com/docs/oroc01313.pdf

For more gallery photos please click here
http://www.orocobre.com/Gallery_Jan_2014.htm

For more information on Olaroz please click here
http://www.orocobre.com.au/Projects_Olaroz.htm

Borax Argentina

Borax Argentina has extensive operations and has a fifty year production history producing borax chemicals, boric acid and boron minerals. The production currently comes from three principal mines at Tincalayu, Sijes and Porvenir with concentrators at the first two locations and a chemicals plant at Campo Quijano producing refined products. The borax circuit at the chemicals plant is in the process of being relocated to the Tincalayu mine where the mineral for borax production, tincal, is mined.

There are historical estimates on the mineralisation at these mines and at two undeveloped deposits (please click here for the ASX Announcement on historical estimates). These estimates currently form the basis for both the current operations and plans for developing the business.

http://www.asx.com.au/asxpdf/20120821/pdf/4284ngcbwhr77t.pdf

Operations

Approximately 11,410 tonnes of combined products were sold during the quarter. This is an increase on the previous quarter and also 14% above the same quarter last year. Market conditions are still soft with downward pressure on prices and strong competition however, there are signs that the market cycle will move out of the trough during the 2014 calendar year. In spite of the challenging market conditions, Borax Argentina achieved record sales during the quarter in terms of both volume and revenue.

Combined product sales volume by quarter:

Quarter	Combined Product Sales (tonnes)
September 2012	9,161
December 2012	10,007
March 2013	9,182
June 2013	9,562
September 2013	10,103
December 2013	11,410

Boric Acid Plant Pre-Feasibility Study

On 4 November, 2013, the Company advised of the commencement of a prefeasibility study into the construction of a new Boric Acid plant at Olacapato in Salta province, Argentina. The study will assess the feasibility of constructing a boric acid plant with a production capacity of 16-24,000 tonnes per annum of boric acid.

The plant flow sheet will be designed to allow treatment of lower "run-of-mine" grade ores than are currently being processed and with the aim of obtaining higher recoveries and reduced operating costs. Currently, ore is mined at less than 20% B2O3 and upgraded by hand methods and screening to 26% for cartage to Campo Quijano. Based on earlier internal company scoping studies, the estimated capital cost of the boric acid plant is in the range of US$13-17million including a 35% contingency.

The pre-feasibility study is scheduled to be completed during the first quarter 2014. Assuming a positive outcome from the pre-feasibility study, the feasibility study would be completed and the required permits obtained in the following six months with a view to commence construction in the latter part of 2014.

Currently, Borax Argentina produces boric acid from a 9,000 tonnes per annum plant at Campo Quijano near Salta city, processing ulexite mineralisation mined from Porvenir which is located 300kms away. The plant is designed to treat a high grade feed of ulexite mineralisation which has been selectively mined and then upgraded by drying and hand sorting.

There are potential advantages to the construction of a new and larger facility at Olacapato. In particular, by being able to process lower grade "run-of-mine" ore the costly and time consuming process of drying and hand sorting would be eliminated and the mining and processing recovery of mineralisation increased. In addition, the long cartage by road transport would be eliminated and the increased production rate would provide economies of scale compared to current operations.

Boric acid is used in a wide variety of applications including glass, ceramics, fertilisers and wood preservatives. The market has a growth profile above world GDP growth. For standard and agricultural grade boric acid, pricing has ranged approximately between US$750/t to $1,250/t CIF over the past 5 years.

Please refer to the "Boric Acid Prefeasibility Study" ASX announcement dated 4th November 2013 for further details.
http://www.asx.com.au/asxpdf/20131104/pdf/42kmbvwy2mjq3d.pdf

To view the fourth figure associated with this press release, please visit the following link:
http://media3.marketwire.com/docs/oroc01314.pdf

Borax Plant Relocation

The Company announced a significant advance at its 100% subsidiary Borax Argentina on 1st July with the decision to relocate the borax chemical plant from its current location in Campo Quijano (close to the city of Salta) to the Tincalayu mine site where the mineral, tincal, used to make borax is mined. The Borax Argentina chemical plant produces borax decahydrate, borax pentahydrate and anhydrous borax.

The relocation of the borax plant to the Tincalyu mine site will have significant benefits through both the reduction of operating unit costs and also increasing overall mineral recovery from the mine.

The progress on the project is running to plan with a high rate of activity occurring now through to March 2014. Currently, the project is running on schedule and within budget. The completion date for the project is forecast to be June 2014. The Company considers this project an exciting development which will position the Borax Argentina business well for the future.

Historical Estimate for JORC Compliant Resource Conversion Programme

Porvenir

As advised last quarter, and in order to fit into the Boric Acid plant PFS, the company prioritised the work to upgrade the Porvenir historical estimate to JORC compliant resources. The mineralisation at Porvenir, ulexite, is currently used to make boric acid at the boric acid plant in Campo Quijano and is the most probable initial ore source for the possible plant at Olacapato. Pulps from the original drilling programs were sent for re-assay at the company's own laboratories and independent laboratories and the geological data was re-interpreted. Modelling has been completed and public reporting will be finalised once the mining study and cut-off study have been completed as part of the boric acid plant PFS. This is expected during the

current quarter.

Tincalayu

During the quarter, work continued on the programmes to convert the Tinaclayu historical estimates to JORC compliant resources. The work programme has involved so far:

- Extensive pit mapping to provide geometrical controls of stratigraphy and structures which will be correlated later with past flitch plans and drill logs

- Geochemical sampling of different horizons to provide controls on past drilling and bench plans

- Re-assaying of drill core pulps by the company's laboratory and external laboratory

A 3D model of the stratigraphy, mineralised horizons and faults is currently being constructed. It is planned to have a resource estimate completed in the 2nd Quarter 2014.

Other deposits

Concurrently with the final work on Tincalayu, work has started on the salar hosted ulexite deposits at Diablillos. The scope of this is very similar to the Porvenir study scope and can be completed quickly, most likely in the next quarter. On completion, the focus will move to the tertiary Sijes hydroboracite deposit.

For more information on Borax Argentina please click here
http://www.orocobre.com.au/Projects_Borax.htm

Corporate and Administration

Institutional Capital Raise

During November, the Company completed a placement of 14,296,771 shares to institutional investors at an issue price of $2.10 per share, raising A$30m. The issue price represented a 7.0% discount to the ASX closing price prior to the Company entering into a trading halt on 11 November. The non-underwritten placement was significantly oversubscribed, with participating investors from Australia, Hong Kong, the United Kingdom and the United States. A$20m of the proceeds is anticipated to be used to fund Borax Argentina expansion and efficiency initiatives and A$10m for corporate working capital.

SAP Implementation

An SAP ERP system has been implemented at Sales de Jujuy SA. Final testing of the SAP system and user training has been conducted at Borax Argentina during January with a scheduled system "go live" date of 3 February 2014.

Cash Position

At the end of the quarter, the company had a cash position of A$31.8m excluding funds in Olaroz Lithium Project companies.

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 is included in the S&P/ASX 300 Index. For further information, please visit www.orocobre.com.

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. Murray Brooker. Murray Brooker is a geologist and hydrogeologist 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 in NI 43-101.

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.

The information in this report that relates to mineralisation at Borax Argentina sites has been prepared by Mr Murray Brooker. Murray Brooker is a geologist and hydrogeologist 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 in NI 43-101. The information in this report that relates to mineral processing has been prepared by Mr Peter Ehren. Peter Ehren is a Member of the Australasian Institute of Mining and Metallurgy and Chartered Professional and is a consulting mineral processing engineer. Mr Ehren is also a "Qualified Person" as defined in NI43-101. The Company confirms that it is not aware of any new information or data that materially affects the information included in the references above and that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Additional information relating to the Company's projects is available on the Company's website.

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 includes, but is not limited to, construction at the Olaroz Project and the timing thereof, the commencement of commercial production at the Olaroz Project and the timing thereof, the projected production of lithium carbonate at the Olaroz Project and the expected brine cost and grade at the Olaroz 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 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; the risk that the conditions precedent to draw down the project financing with Mizuho Corporate Bank will not be met; 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; as well as those factors disclosed in the Company's Annual Report for the year ended June 30, 2013 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 and potash; 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.

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