OROCOBRE LIMITED

ANNUAL REPORT 2013

COMPANY PROFILE

Orocobre is building a substantial Argentinian-based industrial minerals and chemicals company focused on lithium, boron (borates) and potash.

Orocobre is the leading lithium resource developer in Argentina and is well positioned to soon become a significant, low cost producer of battery grade lithium carbonate. Supported by strong partners both locally and internationally the company is set to meet the continued strong growth in lithium chemicals markets.

Orocobre is dual listed on the Australian Securities Exchange (ASX:ORE) and on the Toronto Stock Exchange (TSX:ORL) and is included in the S&P/ASX 300 Index.

CONTENTS

Highlights	2
Lithium and the Market	4
Chairman's Letter	6
Chief Executive Officer's Report	8
Review of Operations	11
Social Responsibility & Community Relations	26
Directors' Report	28
Auditor's Independence Declaration	55
Corporate Governance	56
Financial Reports	64
Additional Information	108
Corporate Directory	117

OROCOBRE LIMITED

HIGHLIGHTS

Salar de Olaroz Lithium-Potash Project

- **Joint Venture agreement** executed with TTC in October 2012
- **Construction** officially commenced in **November 2012**
- **Finance documentation executed** with Mizuho Corporate Bank and JOGMEC in December 2012
- All **equity contributions** have been **completed**
- The **first brine pumping** and **evaporation pond fill** commenced in August 2013
- The project is proceeding **on time** and **within budget**

Salar de Cauchari Lithium-Potash Project

- **Exploratory drilling program** provided encouraging results
- **Maiden resource of 470,000 tonnes** of lithium carbonate equivalent and 1.6 million tonnes of potash estimated
- **Cauchari** is a complementary resource to Olaroz being located **approximately 20km south** of the soon to be constructed Olaroz processing plant

Salinas Grandes Lithium-Potash Project

- **Maiden Resource of 239,200 tonnes** of lithium carbonate and 1.03 milion tonnes of potash estimated
- Recent long term pump test results confirm that brine can be extracted from the shallow resources at potentially **commercial rates** and with stable grades that could allow for modest annual production of potassium and lithium **to augment the Olaroz project**

2013

Borax Argentina

- **Borax Argentina SA acquired** from Rio Tinto Ltd in August 2012
- Borax Argentina is **asset rich** and comprises three open pit mines, **refining capacity** and **significant land holdings**
- Investment decision made to relocate the borax chemical plant from Campo Quijano to the Tincalayu mine site which will **significantly lower cost of production**
- Work on expanding the geographic diversity of the customer base and bringing resources in line with **JORC compliance is well underway**

Corporate

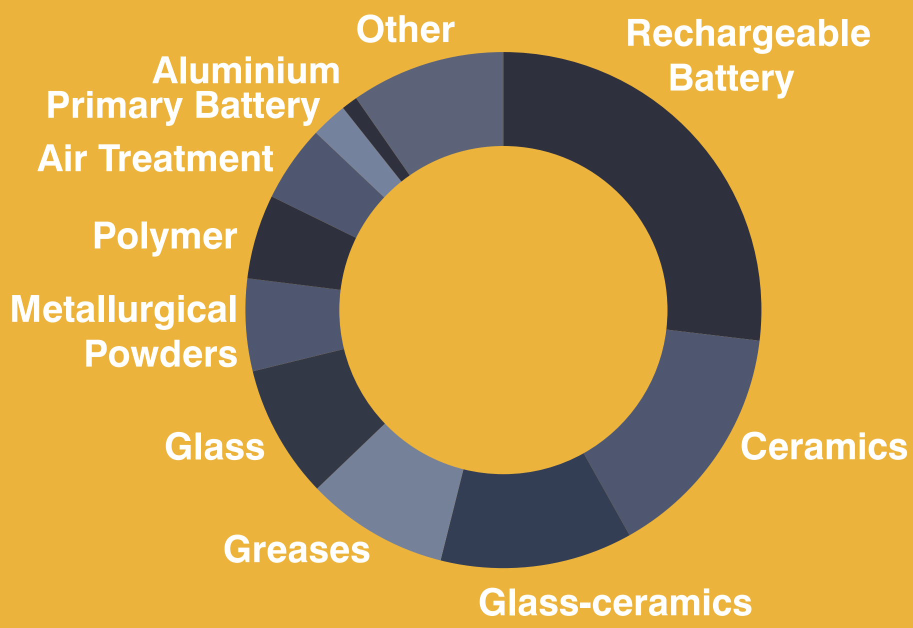
- Orocobre Limited was named **Mining Company of the Year** in November 2012 by Argentine mining magazine panorama Minero and Fundacion para el Desarrollo de la Mineria Argentina (Foundation for Development of Argentina Mining)
- **Management Team growing** in line with Company with appointment of Neil Kaplan as Chief Financial Officer and David Hall as Business Development Manager
- **Silvia Rodriguez**, Shared Value Manager Orocobre Group, received the **Distinguished Woman in Mining award** at the Argentina Mining Conference 2012. The mining magazine Panorama Minero granted an award to Orocobre-Sales de Jujuy S.A for Social Responsibility based on the company's activities within the local communities

Partners

- TTC, JOGMEC, Mizuho Corporate Bank
- JEMSE - Jujuy Provincial Government
- Local businesses and community – employment, health, education

LITHIUM

CURRENT **LITHIUM** DEMAND BY MARKET



Orocobre will be the first developer of a large scale lithium brine mine in

20

YEARS

Tesla Model S

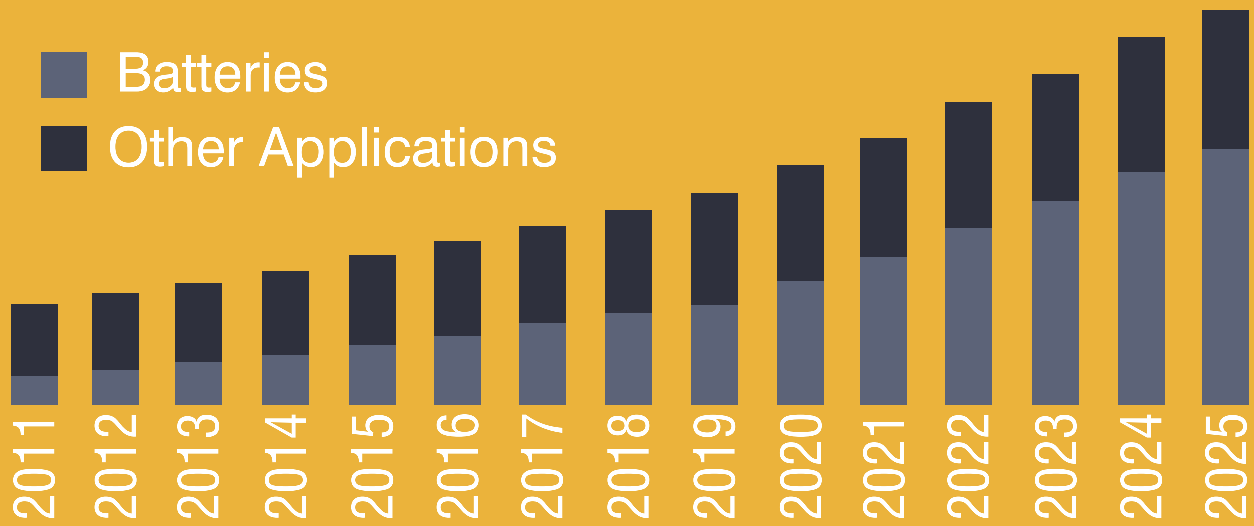
Range of 480 km

Recharge time:

- Battery swap in 90 seconds
- "Supercharge" 50% of battery capacity in 30 minutes
- "High Power" wall charge (240V, 80A) 4 hours 43 minutes

AND THE MARKET

Future lithium demand is projected to **GROW 9.7% pa** with the battery market to grow at **21%** pa

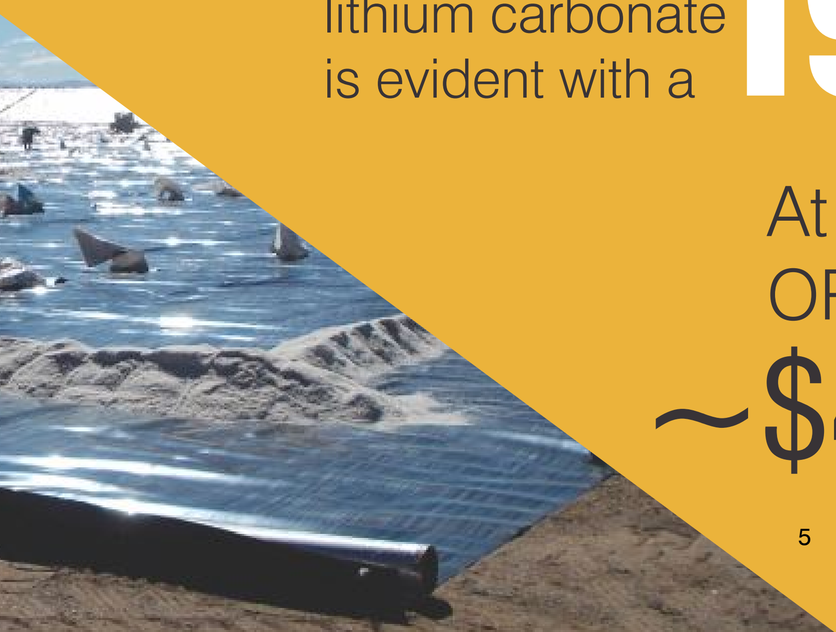


LITHIUM PRICES

Price growth in lithium carbonate is evident with a **19%** increase in import values from **2011** to **2012**

At current pricing levels ORE margins would be

~**$4000**/t LCE



CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am pleased to report that this year we have achieved our key objective to drive near term and long-term shareholder value through the start of construction of our flagship Olaroz lithium project. During the past year our team transitioned from an exploration and development stage company into one building, and capable of operating a large lithium brine operation.

When one considers that Olaroz is the first "green fields" lithium project to be built in 20 years, and is being undertaken at almost 4000 meters in the Andes of Argentina, it is a tribute to management and our growing team of employees that the project has progressed so far on time and within budget. We believe our local strategy that we call "Jujuy First" ensures maximum participation and cooperation with the local engineering firms, contractors and the local communities. And while "Jujuy First" is a demanding approach from a management perspective, it is yielding a quality result on-time and on-budget. We believe this model is essential to effectively operate in Argentina and also important for sustainable and economic development in the sector. The successful implementation of this inclusive strategy is why Orocobre Limited was named Mining Company of the Year in November 2012 by Argentine mining magazine Panorama Minero and Fundacion para el Desarrollo de la Mineria Argentina.

Managing through the multiple challenges and looking to the start-up of operations has required determination and commitment. With anticipation we see the operation taking shape. We are nearing the completion of the all important massive evaporation pond system and related well fields. Many support facilities like power, water, liming plant, and crew facilities are completed or are nearing completion. A major milestone was achieved at the start of August 2013 when we celebrated the commencement of pumping from our well field into the first of the large-scale evaporation ponds. This milestone begins the first step in the manufacture of lithium carbonate through the creation of concentrated brine inventories. It also marks the start of a new construction phase focused around the construction of the lithium carbonate plant and associated infrastructure. Going forward, management will thus need to contend with fewer construction variables as we drive towards commissioning in the coming year.

In addition to our lithium operations, in August 2012 we acquired Borax Argentina S.A. from Rio Tinto Minerals. This acquisition is strategically important for a number of reasons. We believe that our Borax Argentina business is complementary to our brine based operations, but also shows real promise as an important future contributor to our financial performance. Borax Argentina S.A. is an operating concern with solid fundamentals, a committed management team and a positive potential growth profile. Due to the fact that for many years it was a part of Rio Tinto with corporate imposed market restrictions and limited capital investment, we are now increasingly confident that as a part of the Orocobre family with global markets and commitment to improving the performance through focused management, small but important capital investments such as the Borax plant relocation and product innovation within higher margin niche markets, Borax Argnetina can become an important part of the Orocobre strategic story.

And while I have the utmost regard for the management team and the people they have brought to our growing company, I want to also acknowledge my fellow Directors who have continued to work tirelessly over the past year to ensure we achieved our objectives. At Orocobre we understand that our future is dependent upon being able to attract and retain the most capable people and we have devoted considerable effort at the Board level to improve our remuneration and corporate governance structure and practices to make that possible. We have also put in place better information systems and controls, including the implementation of SAP across both of our operating companies. As the nature and scope of our operations expands we are determined to continue to not only strengthen our operating practices, but to maintain our values and culture that aligns our company with its stakeholders. I want to express my sincere thanks to our determined and capable Chief Executive Officer, Richard Seville, and the strong team he has assembled in both Argentina and Australia. The tenacity and commitment of Richard and his team have produced the excellent results so far at Orocobre.

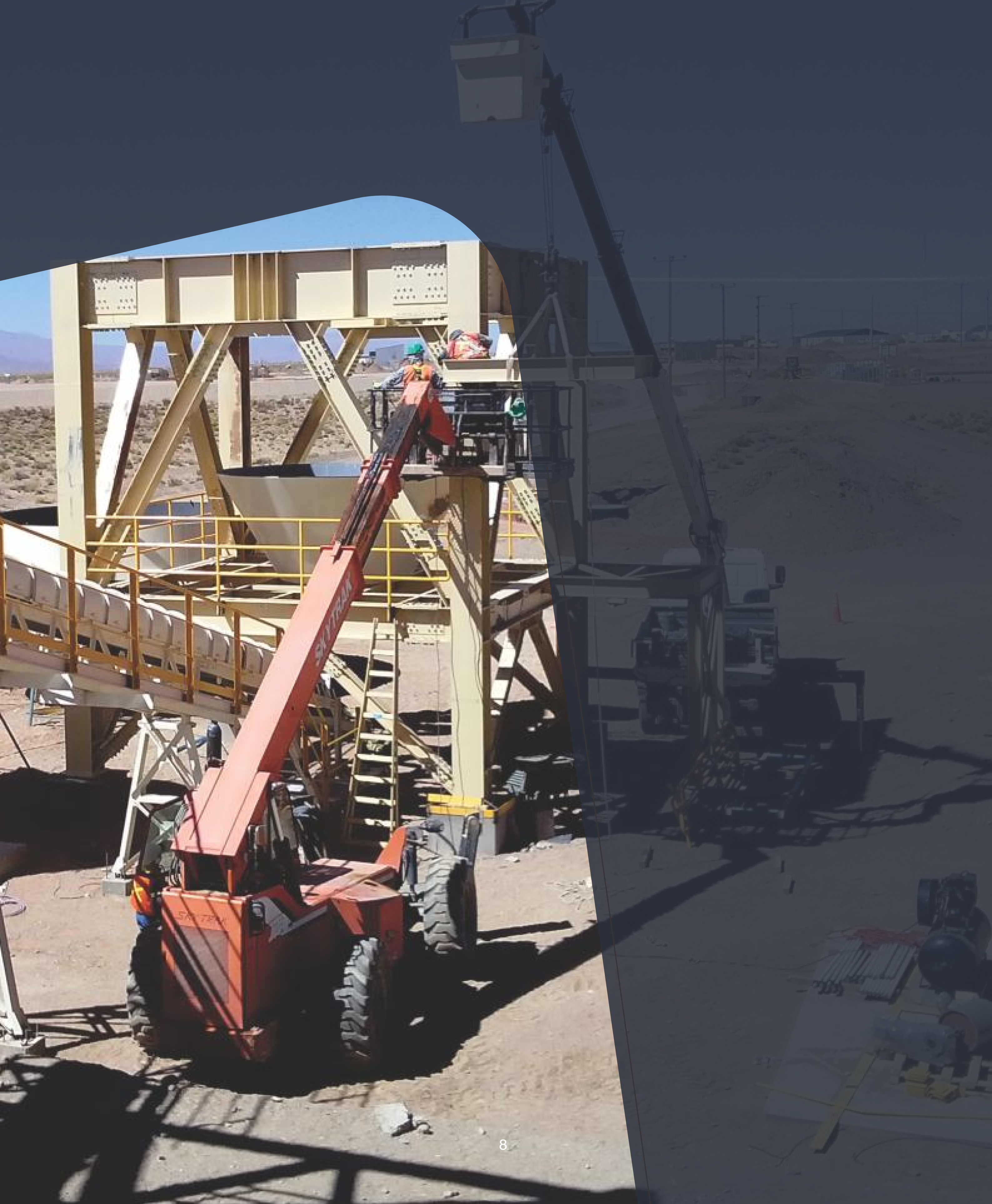
The past year has been a year of many significant achievements that have brought our company into close proximity to becoming a high performance operating company in a very exciting and high margin industry. There is much work still left to do, but with our intense focus and the determination of all the members of the Orocobre team we end this year with pride in our accomplishments and excitement about the promise of the important year ahead.

I wish to thank our shareholders for their continued support as we make the final turn to a strong and sustainable future.

All the best,

James D. Calaway
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT



I am pleased to report that 2013 has been a year of significant achievement. Our flagship, Olaroz project officially commenced construction in November 2012 and it has continued to perform on time and within budget through a period of very high activity where good management was critical to ensure the project stayed on track.

The progress at Olaroz in the last few months has been impressive from the early earthworks for construction pads and evaporation ponds to services being established such as the fuel depot, communications, water and sewage services, electricity transmission lines, drilling of brine wells, pipelines for water, gas and brine constructed and more recently the lining of evaporation ponds and the commencement of brine pumping into the first pond in August.

The success of the project to date is largely due to the Jujuy First strategy and the engagement of local stakeholders who are now firmly our partners. The Olaroz project is recognised as providing a significant long term economically and environmentally sustainable benefit to the community.

As part of this process, Orocobre was able to enter into an agreement with Jujuy Energia y Mineria Sociedad del Estado ("JEMSE"), the recently formed mining investment company owned by the provincial Government of Jujuy in Argentina, whereby JEMSE holds an 8.5 per cent equity interest in the Olaroz Project. In return, JEMSE provides assistance during the project's development and is aligned with the interests of the company.The agreement with our strategic partner Toyota Tsusho Corporation ("TTC") involving an equity investment to become 25% partner was formally completed in October 2012 with the finance documentation executed in December 2012. Together this provided the funding package to allow the commencement of construction of our US$229 million (est) project.The debt component facilitated by TTC totals US$191.9m project finance with guarantees from a Japanese government organisation, JOGMEC for 82.4% of the debt post completion.

During the year further work was completed in defining a maiden shallow resource at Cauchari and finalising long term pumping test results at Salinas Grandes. We consider the brine body at Cauchari as an extension to Olaroz brine body and from a potential development perspective brine from Cauchari could be expected to be processed at the soon to be constructed Olaroz processing plant subject to arrangements with our partners. Although Salinas Grandes has a smaller estimated resource it is of very high quality from a chemistry perspective.

Since the acquisition of Borax Argentina from Rio Tinto Minerals in August 2012 two significant initiatives have been implemented. One is the relocation of the borax refining plant from Campo Quijano to the Tincalayu mine site and the second is the work being done to bring some of the historical estimates back in line with JORC standards. The relocation of the refining plant will provide significant benefits in product cost savings and the JORC compliance work will allow us to better plan for future development and allow to communicate more transparently to shareholders.

Strategy and Growth

Our immediate focus is to complete construction and commissioning of the Olaroz project on time and within budget. This is closely followed by the aim to ensure the plant produces to capacity and the output is successfully placed in the market. The strategy for growth is to expand and develop our operations in line with the projected growth profile of the markets in which we operate.

At Borax Argentina we aim to improve the profitability through cost restructuring and improvement of sales with the objective of establishing Borax Argentina as a sustainable and growing profitable enterprise making a material contribution to Orocobre's profits.

Ultimately, our mission is to create and deliver value for shareholders.

Health Safety Environment and Community

Orocobre is committed to the highest standards with the respect to the safety and health of our employees, the environment in which we operate and the communities in which we live and work. During the year we implemented the ISO 31,000 standard for risk management over all of our operations which will compliment the ISO 9001, ISO 14001 quality control standards implemented the previous year.

The Company has actively implemented programs for community health which comprise of regular community visits and consultations by a multi-disciplinary team of doctors and the facilitation of health education programs. The Company has been actively involved in many community initiatives with a special focus on education and working on programs to encourage higher high school graduation rates within the community. An environmental monitoring program has been implemented in conjunction with the local community and the provincial government.

Partnerships

Orocobre has some very valuable partners in Toyota Tsusho Corporation (“TTC”), Japan Oil Gas and Metals National Corporation (JOGMEC), Mizuho Corporate Bank, the Jujuy Provincial Government Mining Company (JEMSE) and the local people and local businesses that provide support to our project at Olaroz. I would like to acknowledge that all of our partners are important to our success and we thank them all for their continued support and involvement.

Outlook

The long term global market outlook for lithium carbonate, borates and potash is very positive.

The projected growth rate for lithium carbonate in the battery sector is in excess of 20% p.a. The growth of traditional industrial markets for lithium carbonate and borates such as glass and ceramics are forecast to grow at greater than GDP growth rates. The agriculture market applicable to both borates and potash typically has a relatively low but consistent growth rate off a very large base and this is projected to continue.

The borate market is cyclical and as it is currently in a trough the focus has been on acknowledging and managing the cyclical elements while focusng on identifying the structural improvements that can be implemented for when the market accelerates into the next cycle.

The historical market growth and the forecast market growth for lithium carbonate are both very strong. Apart from the long established markets such as glass, ceramics and greases that will continue to steadily grow as a function of increasing urbanisation, there is the rapidly accelerating lithium ion battery market.

Rechargeable lithium ion batteries are becoming an increasingly important energy storage technology for portable and mobile applications such as smartphones, tablets, laptops, power tools and electric vehicles. Significant market growth is forecast by independent market consultants. While portable consumer goods will continue to play an important part in the growth of the lithium ion battery market it is the growing mass production of hybrid, plug-in hybrid and electric vehicles which is now starting to build momentum.

Due to the projected market demand growth and the rarity of low cost lithium brine projects the market is becoming increasingly aware of the inherent value of a near term, low operating cost brine project like Olaroz.

Acknowledgements

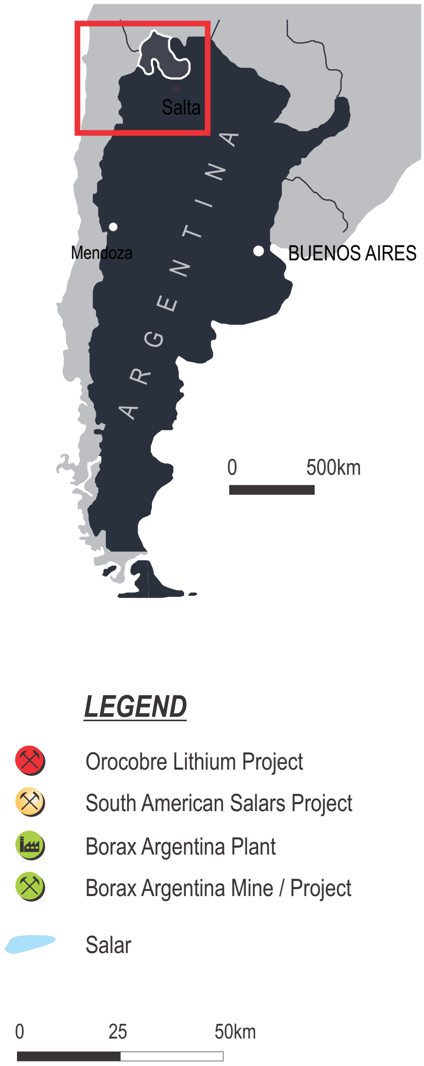
I would like to offer my thanks to all of Orocobre's employees, contractors, service providers and project partners whose hard work contributed to the Company achieving the progress it has to date. I also wish to thank my fellow Directors for their support and guidance during the year. Thank you finally to our shareholders for your continued confidence and support of your Company and its leadership.

Richard Seville
Chief Executive Officer and
Managing Director

REVIEW OF OPERATIONS

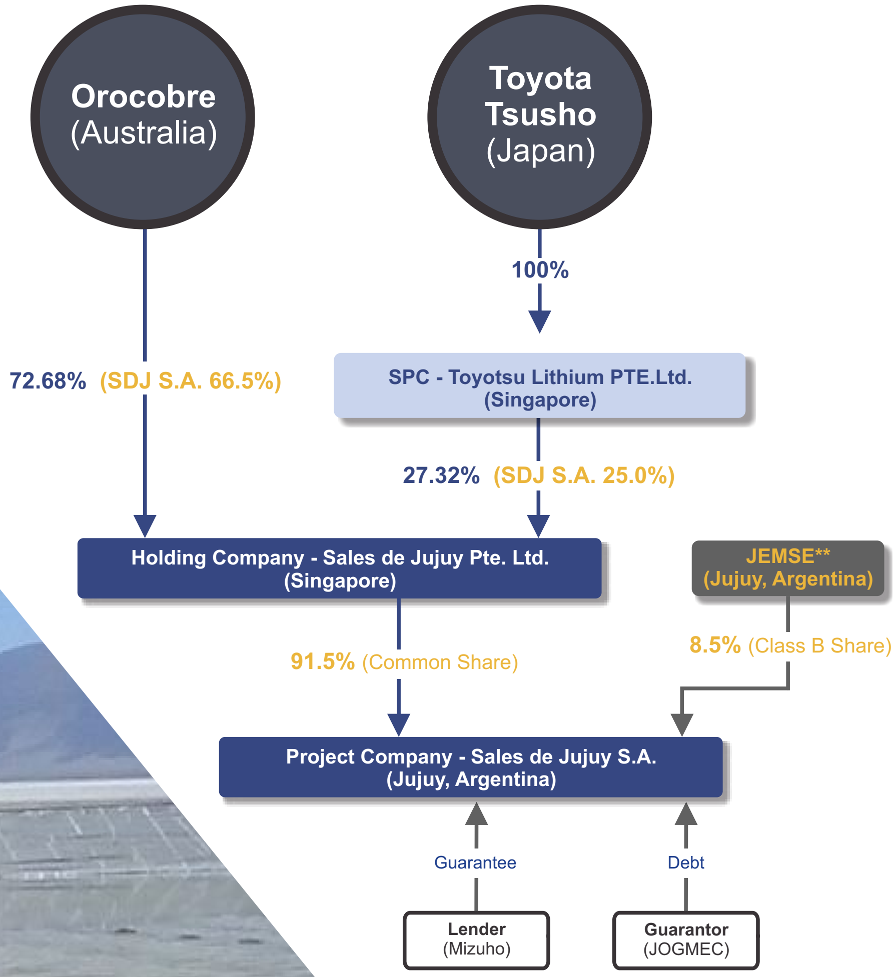
Orocobre has interests in a portfolio of large target brine exploration groupings in Argentina and mines and processing plants for boron minerals.

The company's brine assets can be split into two groups. The first group of properties is held by 66.5% (effective) owned Argentine operating company, Sales de Jujuy S.A and contain those properties associated with its flagship Salar de Olaroz Lithium-Potash Project. Orocobre's partners in Sales de Jujuy are TTC (25%) and JEMSE (8.5%). The ownership structure is explained in the next section. The second group of brine assets is held by 85% (effective) owned South American Salar S.A which is exploring for minerals associated with salars (salt lakes) including lithium, potash and boron and has properties in fourteen salars. These include the Salar de Cauchari lithium-potash project and Salar de Salinas Grandes potash-lithium project. The company's boron mineral assets are held through its 100% owned subsidiary, Borax Argentina S.A.



Olaroz Project

Orocobre 66.5%



The Olaroz Project, located in the Puna region of Jujuy Province of northern Argentina approximately 230 kilometres northwest of the capital city of Jujuy at an altitude of 3,900 metres above sea level, is the Company's flagship project.

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 with a design capacity of 17,500tpa of battery grade lithium carbonate. The project is currently under construction with first production scheduled to commence at the end of Q2 2014.

The Olaroz Project Joint Venture is operated through the operating company, Sales de Jujuy S.A. ("SDJ SA"). The shareholders are Sales de Jujuy Pte Ltd (a Singaporean company that is the joint venture vehicle for Orocobre and TTC) and Jujuy Energia y Minera Sociedad del Estado ("JEMSE"), the mining investment company owned by the provincial government of Jujuy, Argentina. The effective Olaroz project equity interest is Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.

Olaroz Resource Estimate

In 2011, the Company announced a measured and indicated resource of 1,752 million cubic metres of brine at 690 mg/L Lithium, 5,730 mg/L Potassium and 1,050 mg/L Boron at the Olaroz Project which is equivalent to 6.4 million tonnes of lithium carbonate and 19.3 million tonnes of potash (potassium chloride) based on 5.32 tonnes of lithium carbonate being equivalent to 1 tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium.

Details of the measured and indicated resources are given in the table below.

	Brine Body Parameters				Concentration			Tonnes of Contained Metal		
Resource Category	Area km^2	Thickness metres	Mean specific yield %	Brine volume cubic kms	Lithium mg/L	Potassium mg/L	Boron mg/L	Lithium Million Tonnes	Potassium Million Tonnes	Boron Million Tonnes
Measured Resource	93	54	8.4%	0.42	632	4930	927	0.27	2.08	0.39
Indicated Resource	93	143	10.0%	1.33	708	6030	1100	0.94	8.02	1.46
Measured and Indicated Resource	**93**	**197**	**9.6%**	**1.75**	**690**	**5730**	**1050**	**1.21**	**10.10**	**1.85**

Project Progress

Construction of the Olaroz lithium project officially began on 21 November, 2012. Progress has been to plan. Sinclair Knight Merz, with the assistance of INFA, a well-respected Argentine engineering group, completed detailed engineering for all areas of the operation, including brine extraction, transport and evaporation, the lithium carbonate plant and key areas of the re-purification and micronizing circuits. The procurement process was well advanced prior to the official construction start date and was a key factor in the success of the construction program to date which is proceeding on time and within budget.

The achievements in construction since November have been significant and include the clearing and recycling of 4.2 sq km of vegetation to allow the construction of evaporation ponds, the construction of evaporation ponds including the earthworks, lining and commencement of filling of the first pond, establishment of a long term water supply, fuel supply and storage, telecommunications, access roads on the salar to the bore fields, drilling of two thirds of the planned deep brine bores, construction of MV overhead electrical reticulation, completion of the brine pipeline, construction of the first stage camp and offices, concrete plant installation, earthworks and foundations for the liming plant and construction of the lime plant conveyor, silos, tanks and other facilities. Earthworks on site are now well in excess of 50% complete.

A milestone was reached at the beginning of August 2013, some 4 weeks early, with the filling of the first evaporation pond at Olaroz with lithium brines from the commercial well-fields. This signals the commencement of the first step in the production of lithium carbonate, the evaporation of brine and also signals the end of a very intensive construction period with many concurrent activities in progress
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. This "Jujuy First" strategy coupled with a community and shared value policy continues as a key success factor.

The construction remains on schedule and within budget.

A milestone was reached at the beginning of August 2013, some 4 weeks early, with the filling of the first evaporation pond at Olaroz with lithium brines from the commercial well-fields.

Project Scope

Following completion of detailed engineering studies the design capacity of the operation was increased to 17,500 tonnes per annum of lithium carbonate from 16,400 in the Feasibility Study. In addition, there is an option to produce approximately 20,000 tpa, increased from 10,000tpa in the Feasibility Study, of potash subject to a later investment decision. The capital cost estimate was revised to US$229 million from US$207 million in the Feasibility Study. The revised estimate included US$22m of contingency. The largest component of the increase was higher Orocobre holding costs due to delays in the approval process for the project.

Toyota Tsusho Corporation Equity and Project Financing

In October 2012, the Joint Venture Agreement between Orocobre Limited and Toyota Tsusho Corporation ("TTC") to finance and build the flagship Olaroz lithium project was signed. The companies executed the finance documentation for the Olaroz lithium project in December 2012.

Under the terms of the Joint Venture Agreement, TTC and Orocobre have contributed project equity of US$82.8 million (inclusive of JEMSE contribution), equating to approximately 30% of maximum project funding if the project financing facility is fully drawn. TTC's investment in the project was approximately US$55 million net of adjustments made to take into account financing support arrangements to be provided by TTC to Orocobre prior to completion of construction. Orocobre has funded JEMSE through an interest free loan for its capital contribution and will be re-paid with one-third of the anticipated dividend stream to JEMSE. With these equity contributions now complete TTC has a 25% indirect interest in the Olaroz project, JEMSE 8.5% and Orocobre 66.5%.

TTC, as part of its obligations under the January 2010 agreement also arranged project debt funding for the Olaroz Project. The finance documents were executed in December 2012 and provide a maximum facility of US$191.9 million incorporating a primary debt facility of US$146.3 million and additional facilities of US$45.6 million. The term is 10 years with a 2 year grace period on principal repayments and the borrower may pay dividends bi-annually after meeting debt service provisions to Mizuho Corporate Bank Ltd. Upon completion, JOGMEC will provide guarantees for 82.4% of the outstanding debt. Initial drawdown is expected in November 2013. The construction remains on schedule and within budget.

Terms of the Shareholder Agreement

The joint venture with TTC is being operated as an incorporated joint venture through the Singaporean holding company, Sales de Jujuy Pte Ltd. The board of the holding company will be responsible for the Project's delivery. Both parties can appoint three board members with Orocobre appointing the Chairman. Voting on normal matters is according to equity shareholding interest. The agreement also provides for certain matters which are "Reserved Matters" and require more than 80% of the vote, or TTC approval, whilst there is a liability under any guarantee. The agreement includes various mechanisms for budget approvals, budget variations and for deadlock. The agreement also provides the parties with pre-emptive rights on each other's interests in the event of a sale.

Existing management in the Argentine operating company, Sales de Jujuy S.A. ("SDJ"), operates the Olaroz Project according to set authorisation limits and reports regularly to the joint venture company's Chairman. In addition, Orocobre has entered into a service arrangement with Sales de Jujuy S.A. ("SDJ").

TTC acts as exclusive agent to market the lithium carbonate production from the development.

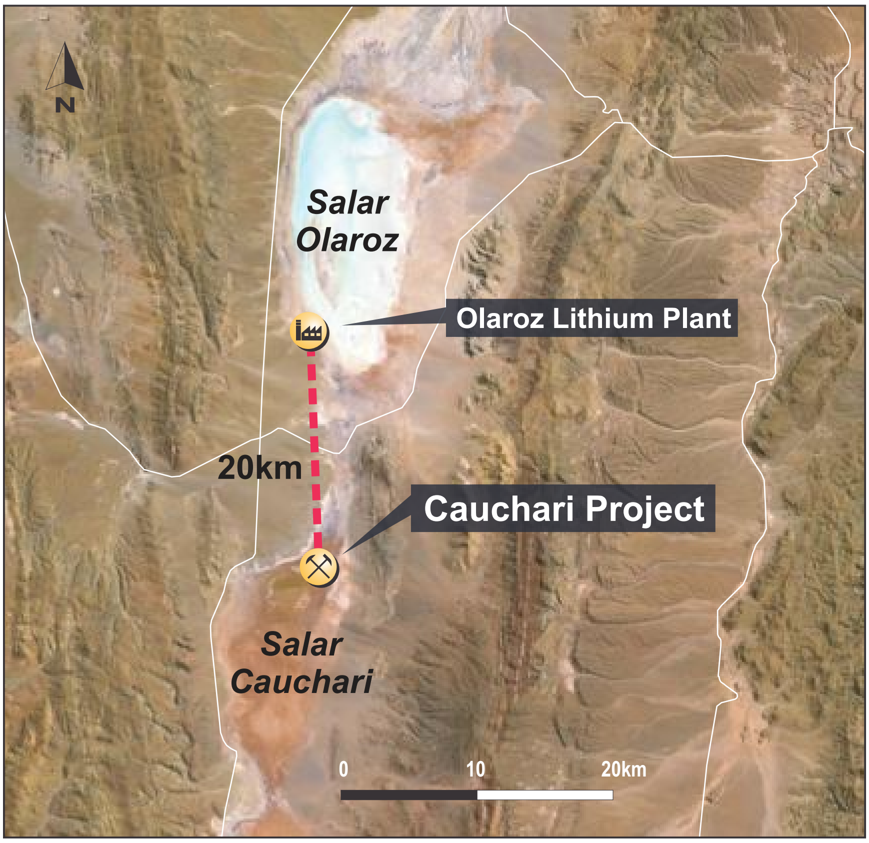
. . . design capacity of the operation was increased to **17,500** TONNES PER ANNUM of lithium carbonate from **16,400** in the Feasibility Study

Cauchari Project

Orocobre 85%

In addition to progress at the flagship Olaroz project, progress continues to be made in advancing the Company's other lithium-potash interests in Cauchari and Salinas Grandes.

Through South American Salar, the company holds an 85% interest in the Cauchari Project which is located immediately south of the Olaroz Project. The Company considers Cauchari and Olaroz to be part of the same basin, with similar brine chemistry and to form a single geological system.The Company does not anticipate developing a separate operation at the Cauchari Project but that it would be integrated into Olaroz subject to agreement with its Olaroz partners. This development strategy would require a capacity expansion of the Olaroz processing facilities beyond the currently planned rate of 17,500 tonnes per year of battery-grade lithium carbonate.



The Cauchari Lithium-Potash Project has an inferred resource estimated to contain approximately 470,000 tonnes of lithium carbonate equivalent and 1.6 million tonnes of potash based on 5.32 tonnes of lithium carbonate being equivalent to one tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium. Details are given in the table below.

	Brine Body Parameters				Average Resource Concentrations			Tonnes of Containedl		
Inferred Resource Area	Area km^2	Average Thickness metres	Mean specific yield %	Brine volume million cubic m^3	Lithium mg/L	Potassium mg/L	Boron mg/L	Lithium Tonnes	Potassium Tonnes	Boron Tonnes
North 170m deep	19.69	170	6.1%	204.5	399	3833	547	81,497	783,829	111,901
South 15m deep	11.35	50	4.6%	26.0	264	2502	421	6,851	64,932	10,916
Combined	31.04	-	-	230.4	383	3683	533	88,348	848,761	122,817
LCE/potash Equivalent								470,009	1,621,134	

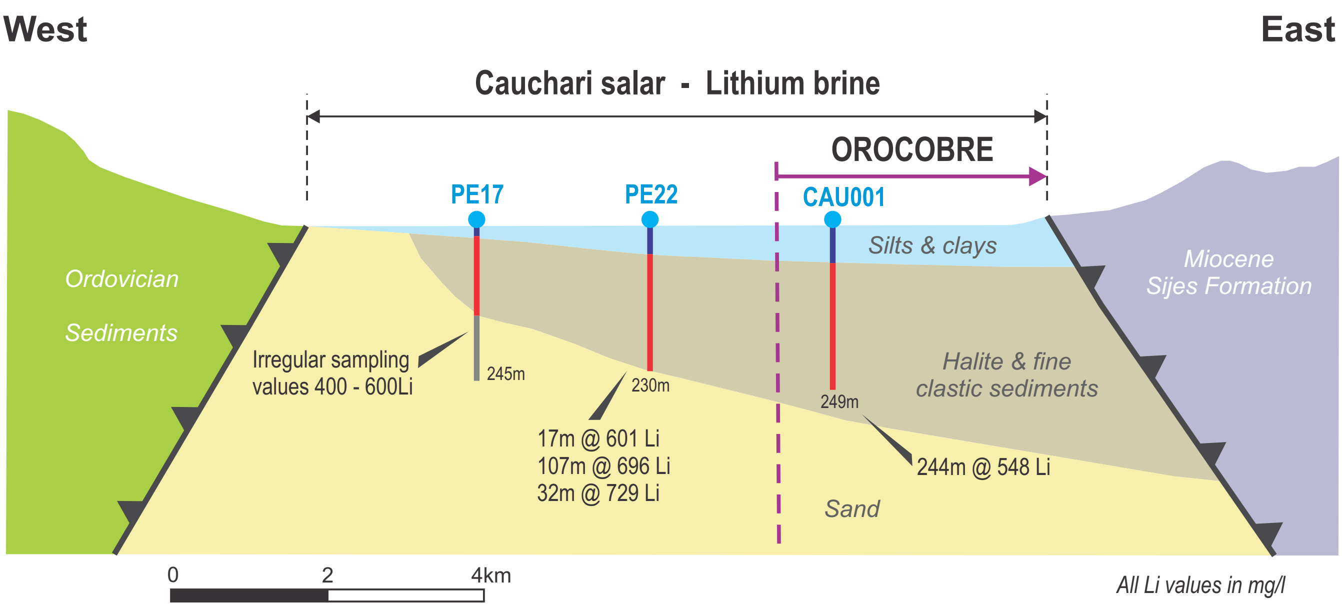
The maiden resource is based on five diamond holes in Orocobre's eastern Cauchari properties and is only to an average depth of 170m in the northern resource area and 50m in the southern resource area.

Lithium and potassium mineralisation was encountered to the base of drilling at 249m in hole CAU001D. An adjacent property owner, Lithium Americas Corp (TSX:LAC), drilled to a 464m depth and therefore future Orocobre drilling is likely to substantially increase the maiden resource.

An exploration target of between 0.2 million and 2.6 million tonnes of lithium carbonate equivalent and 0.5 million and 9.2 million tonnes of potash has been estimated beneath the maiden resource based on a range of porosity and grade possibilities to between 220m and 350m depth.

Whilst lower grade than Olaroz, the brine chemistry is similar to that at Olaroz, with an attractive low Mg/Li ratio (2.8) and high K/Li ratio (10). Initial evaluation of the process route suggests the brine could be processed in an expanded Olaroz plant. Cauchari lies approximately 20 kms south of the planned Olaroz processing plant.

Considering the similarities between the Cauchari and Olaroz projects and their close proximity, there are compelling synergies between the projects including the expected use of shared infrastructure and processing plants and the likelihood that any future development of the Cauchari brines would use the Olaroz facilities at a relatively low incremental capital cost and with simple development. Consequently, the company considers the Cauchari project and its brine body to be part of the larger Olaroz project.



Salinas Grandes Potassium-Lithium Project

Orocobre 85%

Salinas Grandes is located 70 kilometres southeast of the Company's flagship Olaroz project. Through South American Salar, Orocobre holds an 85% interest in the project.

The project is located in Salta province. The proximity of Salinas Grandes to the flagship Olaroz project provides potential operating synergies, including the option to process concentrated Salinas Grandes lithium brine at an expanded lithium carbonate plant at Olaroz.

During the year, long term pump testing was completed on five test-production wells and the results were issued in June 2013. The pump testing shows that brine volumes can be extracted from wells from the shallow potassium-lithium resource at a sufficient rate and concentration to support modest potash and lithium production. Brine grades stabilised during the pumping tests with some variation in average grade between holes. Test work since 2010 suggests the attractive brine chemistry with a low Mg/Li ratio, high K/Li ratio and low sulphate and calcium levels will result in high recoveries of potassium and lithium. Internal studies are underway to develop the strategy for further project advancement.

Salinas Grandes has an inferred resource, to a depth of 13.3m, estimated to contain 56.5 million cubic metres of brine at 795 mg/L lithium and 9,550 mg/L potassium, which is equivalent to 239,200 tonnes of lithium carbonate and 1.03 million tonnes of potash (potassium chloride) based on 5.32 tonnes of lithium carbonate being equivalent to 1 tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium. Details are provided in the table below.

The shallow brine body has attractive grades and excellent chemistry with a low magnesium to lithium ratio of 2.5, a high potassium to lithium ratio of 12.5 and a low sulphate to lithium ratio of 5.8 in the central area of drilling, rising to 10.6 for the area covered by all the company properties over the salar. Test work since late 2010 suggests high recoveries of both potassium and lithium could be expected using a simple, low operating cost, process route. Laboratory scale testing has produced potassium (82-89% KCl), prior to washing to obtain +95% KCl.
The low sulphate levels of the Salinas Grandes brine indicate that potash recovery would be high as a co-product of lithium carbonate production with potentially eight tonnes of potash produced for each tonne of lithium carbonate produced.

The completion of the long-term pump tests is an important milestone for the Salinas Grandes project. The work completed at Salinas Grandes to date confirms the potential that brine can be extracted from the shallow resources at potentially commercial rates and with stable grades that could allow for modest annual production of potassium and lithium to augment the Olaroz project.

To better understand the potential for Salinas Grandes the company has initiated an internal study which will determine the strategy for advancing the project further.

	Brine Body Parameters				Concentration			Tonnes of Contained Metal		
Resource Category	Area km^2	Thickness metres	Mean specific yield %	Brine volume cubic kms	Lithium mg/L	Potassium mg/L	Boron mg/L	Lithium Million Tonnes	Potassium Million Tonnes	Boron Million Tonnes
Inferred Resource	116.2	13.3	4.1%	56.5	795	9,547	283	44,960	539,850	12,100

Orocobre Limited was named Mining Company of the Year in November 2012 by Argentine mining magazine Panorama Minero and Fundacion para el Desarrollo de la Mineria Argentina

Borax Argentina

Orocobre 100%

The Borax Argentina business was acquired from global miner Rio Tinto in August 2012 after an extensive due diligence and negotiation process.

Borax Argentina's operations, including three open pit mines, concentrators, refining capacity and significant land holdings, solidifies Orocobre's presence and operational experience in northern Argentina. The mining operations are located in Tincalayu, Porvenir and Sijes. The deposits contain significant mineralisation described as historical estimates and announced at the time of the purchase. The company is in the process of converting these historical estimates into JORC compliant resources.

The refining (chemical) plant is currently located in Campo Quijano 30 km outside of Salta city. The borax plant is in the process of being relocated from Campo Quijano to the Tincalayu mine site over the next seven months. This initiative will significantly lower the cost of production of Borax chemical products. Work on expanding the geographic diversity of the customer base and bringing the tincal mineralisation historical estimate in line with JORC compliance is well advanced.

Borax Argentina has operated in the Salta-Jujuy region for over 50 years and is well established as a reliable supplier of refined boron minerals and chemicals to the industrial and agricultural sectors in Brazil, Argentina and Chile. This acquisition represented the type of operating business that is complementary to our pre-existing regional assets in terms of both the minerals and the experience on the land base. Orocobre considers that Borax Argentina has promising organic growth prospects given its large asset base, strong production infrastructure and a capable management team. The healthy long-term market outlook for boron related minerals is a strategic fit with the long-term plan to be the Argentine leader in the lithium, boron and potash industries.

The products produced by Borax Argentina can be divided into three groups being minerals, refined products and boric acid. The minerals produced are ulexite, colemanite and hydroboracite. Ulexite is used predominantly as a feedstock for the production of boric acid whereas colemanite is supplied predominantly into the ceramic market.
Hydroboracite is a mineral unique to Argentina and possesses some performance characteristics that make it attractive for use in certain applications in the ceramic and agriculture markets. The refined products comprise borax pentahydrate, borax decahydrate and borax anhydrous. These refined products have applications in a wide range of markets from agriculture, ceramics, glass, insulation fibreglass, textile fibreglass, gold assay and smelting fluxes, wood protection and a number of specialty applications. The production of boric acid is achieved through the acidification of ulexite using sulphuric acid. The quality of the ulexite ore lends itself to the production of high quality, high purity products.

Combined product sales volume by quarter:

Quarter	Combined Product Sales (tonnes)
Sep 2012	9,161*
Dec 2012	10,007
Mar 2013	9,182
Jun 2013	9,562

**Orocobre acquired Borax Argentina in August 2012.*

Borax Argentina also owns the tenure on all or parts of the lithium projects being progressed by other lithium exploration companies, including Lithium Americas Corporation Ltd. (TSX:LAC) at Salar de Cauchari, Rodinia Lithium Ltd. (TSX-V: RM) at Diablillos, and Galaxy Resources Ltd (ASX:GXY) at Sal de Vida, (formerly Lithium One's project). As one of the conditions to extract brines, these companies are required to make payments to Borax Argentina either as fixed annual payments or a royalty related to production. The terms of these agreements are detailed below.

Quarter	**Project Affected**	**Areas of Properties** (hectares)	**Date of Contract**	**Type of Contract**	**Remaining Payments**	**Royalty Payable on brine extracted**	**Period of Usufruct*** (end of date term)	**Comments**
Lithium Americas Corporation	Cauchari	4130	19 May 11	Usufruct	$5,800,000	None	18 May 41	$200,000 per annum payable until 18 May 2041 irrespective of production. remaining period of 28 years and 9 months.
Rodinia Lithium	Diablilos	2700	14 Jan 10	3yr Exploration right & option	None	n/a		
Rodinia Lithium	Diablilos	2700	14 Jan 10	Usufruct	None	1.5%	10yrs plus 40yrs	Royalty can be purchased at any time for $1,500,000
Rodinia Lithium	Centenario & Ratones	630	14 Jan 10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Rodinia for $1,000,000
Rodinia Lithium	Los Ratones	600	14 Jan 10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Rodinia for $1,000,000. Borax Argentina has the right to mine borates.
Galaxy Resources/ Lithium One	Sal de Vida	1100	6 Jul 10	Exploration & Usufruct	None	1.0%	Indefinite	Royalty can be purchased by Galaxy for $1,000,000
Lithea Inc	Pozuelos	2488	14 Jan 10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Lithea for $1,000,000. Borax Argentina has the right to mine borates.

**Usufruct – legal right afforded to a person or party that confers the temporary right to use and derive income or benefit from someone else's property.*

Immediate Focus and Outlook

Likely developments in and expected results of the operations of the Company are discussed generally in the Review of Operations. The main area of focus is the completion of construction, commissioning and production at the Olaroz Lithium Project. First production is targeted for the end of Q2 2014. Secondly, the relocation of the Borax Argentina refining plant to the Tincalayu mine is also due to be complete by the end of Q2 2014. Thirdly, there are further development and expansion opportunities of existing assets to be considered. In addition to the rights held at the Olaroz, Salinas Grandes and Cauchari Projects, the Company (through South American Salar) holds the rights to properties (or the applications for properties) at other salars in the Salta, Catamarca and Jujuy Provinces in northern Argentina. A number of these salars have been exploited in the past for Borates and Sodium Sulphate.The Company intends to further evaluate this project pipeline and to develop an overall portfolio analysis of such pipeline as further information is obtained. This effort may lead to additional sampling and evaluation, or to the disposition of properties to other parties.

Orocobre's business faces certain risks that could affect the success of the strategies and the outlook for future financial years. These include but are not limited to the completion of construction at Olaroz and the timing thereof, the construction cost relative to the estimated capital cost, the design production rate for lithium carbonate and potash, the expected brine grade and the expected operating costs at the Olaroz Project and the comparison of such costs to expected global operating costs, the drawdown of finance and the ongoing working relationship between Orocobre and the Province of Jujuy (JEMSE), TTC and Mizuho Corporate Bank. Other risks include Argentina sovereign risk, changes in government regulations, policies or legislation, fluctuations or decreases in commodity prices and currency, risks associated with weather patterns and the impact on production rate.

The Company has in place risk management policies and systems that manage these risks including monitoring ongoing exploration results, monthly construction progress against timeframes and cost, monthly review of operational results for Borax Argentina SA and continued discussions with JV partners and the government of Argentina. Within its' operations in Argentina, the Company has instituted ISO 31000, Risk Management, to act comprehensively on all its areas of activity.

Environmental Regulation and Performance

The Company has operations in two provinces in Argentina, Jujuy and Salta.

In Salta, the applicable legislation is Provincial Constitution (art.30), Environmental Protection Provincial Law No. 7070 and Provincial Decree No 3097/00 and 1587/03, Provincial Law No 7141 of the Mining Procedure Code, National Constitution (art 41), General National Environmental Law No. 25.675 and National Law 24.585.

The applicable authority in Salta is the Mining Secretary of the Province of Salta and Environmental Secretary of the Province of Salta.

In Jujuy there are both provincial and national environmental regulations: Provincial Constitution (art.22) , Provincial Environmental Law No. 5063, National Constitution (art 41), General National Environmental Law No. 25.675 and National Law 24.585 The applicable authority in Jujuy is the Provincial Directorate of Mining and Energy Resources (Dirección Provincial de Mineria y Recursos Energeticos.)

There have been no known significant breaches of the regulations in Jujuy or Salta.

Within its' operations in Argentina, the Company has instituted ISO 31000, Risk Management, to act comprehensively on all its areas of activity. This compliments ISO 9001, Quality Assurance, ISO 14001 Environmental Management , BS OHSAS 18001 Occupational Health and Safety Management System which had already been implemented in FY2012. Borax Argentina is already accredited under ISO 9001.

Non-audit Services

The Group's auditor, Ernst & Young (Australia), did not undertake any non-audit services for Orocobre Limited during the current or prior year.

Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 55 of the report.

SOCIAL RESPONSIBILITY AND COMMUNITY RELATIONS

Orocobre´s Corporate Social Responsibility forms part of the Company's management strategy through all Group companies. This is reflected in various relationships the Company maintains with employees, business partners and local communities.

The aim is to sustainably develop the Company's assets in a responsible and committed manner, compatible with local community development and best environmental practice.

The Company's "Jujuy First" strategy aims to ensure maximum participation and cooperation with the local businesses, engineering firms, contractors and the local communities. The programs implemented in the areas of education, health, employment, business development and environment are essential to ensuring a sustainable future for the local communities.

In December 2012, Silvia Rodriguez, Shared Value Manager Orocobre Group, received the Distinguished Woman in Mining award at the Argentina Mining Conference 2012. Also in December 2012, the mining magazine Panorama Minero granted an award to Orocobre-Sales de Jujuy S.A for Social Responsibility based on the company's activities within the local communities.

Community Relationships

The Company has developed relationships with local communities based upon 5 fundamental pillars: Education, Health, Production, Transparency and Empowerment. It aims to improve the quality of life of the people, their infrastructure and skills to be able to participate in regional development opportunities.

Education

During the year the Company initiated a number of programmes aimed at children and young people of the Argentine Puna region including technology, sporting and educational activities. There is a specific program focused on improving the high school completion rate. The Company also implemented a large number of training sessions to provide local community members with the skills required to access employment opportunities in the developing local mining and processing industry.

Health

The Company has also been active in the area of preventive health, jointly with the "Beñen Hospital" in Susques (Jujuy Province) and the Hospital of San Antonio de los Cobres, Salta Province. These health programs offer local towns and villages pediatric, ophthalmology, free glasses, odontology, audiology and nutrition services not previously available. In schools, the Company provides workshops on environmental care, treatment of waste and its reprocessing. The Company also provides preventative health education programs.

Business Development

The Company is active in the generation and development of local businesses. Businesses have been established to service the Olaroz Project including the canteen service, mining services, laundry, bakery, transportation and accommodation.

Labour Exchange

The Company has developed a Labour Exchange in collaboration with the communities of Susques (Jujuy). This programme is intended to proportionately distribute the labour available in local communities among the local suppliers. This assesses the needs of these communities and current skill sets in order to implement appropriate training courses. As of July 2013, this has resulted in employment for approximately 300 individuals from the local communities.

Environment

The Company conducts an environmental monitoring progamme with the participation of local suppliers and open to Jujuy community participation.

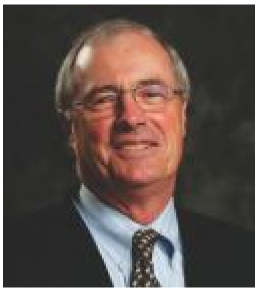
DIRECTORS REPORT

Your Directors present their report and financial statements of the Group, being the Company and its controlled entities for the financial year ended 30 June, 2013. Directors have been in office since the start of the financial year to the date of this report unless indicated otherwise.

James D. Calaway
Non-Executive Chairman

Richard P. Seville
Managing Director & CEO

John W. Gibson, Jr.
Non-Executive Director



Courtney Pratt
Non-Executive Director

Federico Nicholson
Non-Executive Director

Fernando Oris de Roa
Non-Executive Director

Robert Hubbard
Non-Executive Director

DIRECTORS' REPORT

Information on Directors

The Company's Directors have significant public company management experience, together with a strong background in mineral exploration and management, project development, financial markets, accounting and finance. Their experience covers many resource sectors in Australia and internationally. The names and qualifications of the current Directors are summarised as follows:

James D. Calaway **BA – Economic, MA – Politics, Philosophy & Economics**

Non-Executive Chairman

Mr Calaway was appointed a Director in May 2009. Mr Calaway is a respected business and civic leader in Houston, Texas. He has considerable experience and success in building young companies into successful commercial enterprises. Mr Calaway and his family have played major roles in the development of both public and private companies in the United States, including companies engaged in oil and gas exploration and production, and commercial wind-farm development. Mr Calaway currently serves as Chairman of the Board of DataCert Inc, the global leader in legal operations management, and has served as a Director on several other U.S. corporate boards. Mr. Calaway currently serves as the Chairman of the Board of the Center for Houston's Future, the Houston region's "think tank". Mr Calaway is a graduate of the University of Texas and University of Oxford. He is a member of the Remuneration Committee.

Directorships held in other ASX listed companies in the last three years:
Elementos Limited (Jan 2011-present)

Richard P. Seville **BSc, MEngSc, MAusIMM, ARSM**

Managing Director and Chief Executive Officer

Mr Seville was appointed a Director in April 2007. Mr Seville is a mining geologist and geotechnical engineer with over 30 years' minerals sector experience covering exploration, mine development and mine operations. He has had significant corporate experience, having had many years in the role of Operations Director and/or CEO in ASX/AIM listed mining companies. Mr Seville is a graduate of the Royal School of Mines, Imperial College and James Cook University North Queensland.

Directorships held in other ASX listed companies in the last three years:
Leyshon Resources Ltd (Feb 2007-present)

Neil F. Stuart (Retired, November 2012) **MSc., FAus.IMM, MMICA, MAIG**

Non-Executive Director

Mr Stuart was a founding shareholder and was a Director since its incorporation . He has over 40 years' experience in the minerals industry and is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of The Australian Institute of Geoscientists. He has considerable experience in many commodities including gold, base metals, coal and uranium and he has been heavily involved in project delineation and acquisition in Australia, Mexico and Argentina. He has held executive Director roles with a number of ASX listed companies in the past. Mr. Stuart is a graduate of the University of Melbourne and James Cook University of North Queensland. Mr Stuart retired from the Board in November 2012.

Directorships held in other ASX listed companies in the last three years:
Bowen Energy Limited (Jul 2006-Feb 2013) ; Axiom Mining Limited (Mar 2009–April 2013); OGL Resources Limited (Dec 2009-present); Elementos Limited (Dec 2009 – Nov 2011).

John W. Gibson **Bachelor of Geology, Masters Degree in Geology**

Non-executive Director

Mr Gibson was appointed a Director in March, 2010. Mr Gibson, is a recognised leader in the energy technology and services industry with more than 25 years of global energy experience. Mr. Gibson currently serves as the President and Chief Executive Officer of Tervita Corporation, a major Canadian environmental and oil field services company.

Prior to joining Tervita, Mr Gibson served as Chief Executive Officer of an enterprise software solutions company serving oil and gas industry clients and has held senior positions with the Halliburton Group of Companies, most recently as President of Halliburton's Energy Services Group.

Mr. Gibson serves on the Boards of Directors for Tervita, Blue Spark Energy Inc., and I-Pulse Inc. He is a member of the University of Houston Energy Advisory Committee, and Houston Baptist University Board of Trustees.

Mr Gibson holds a Bachelor of Science from Auburn University and a Master of Science from the University of Houston and is a member of several professional societies. He is a member of the Audit Committee.

Directorships held in other ASX listed companies in the last three years:

Nil

Courtney Pratt

Non-Executive Director/Lead Independent Director

Mr Pratt was appointed a Director in March 2010. Mr Pratt has enjoyed a 40-year career at the helm of some of Canada's top industrial businesses, particularly in the energy, minerals, and mining sectors. From 2004 to 2006, he was President and CEO of Stelco, a major Canadian steel producer, guiding it through a court supervised restructuring, and then served as Stelco's Chairman until the company's sale to the US Steel Corporation in 2007. Earlier, Mr Pratt serves as the President and CEO of Toronto Hydro, North America's largest municipally owned electricity distributor. He also served as President and subsequently as Chairman of Noranda Inc., a global diversified natural resource company headquartered in Toronto. In this capacity he served as a Director of Noranda Minerals Inc., Falconbridge Ltd., Battle Mountain Gold Company, Noranda Forest Inc., (Chairman), Norcen Energy Resources Limited and Canadian Hunter Exploration Limited.

Mr Pratt served as Chairman and Chief Executive Officer of the Toronto Region Research Alliance to March 2010. He is also Chairman of Knightsbridge Human Capital and a Director of Moosehead Breweries Limited, 407 International Inc. and CMA Holdings, the physician services arm of the Canadian Medical Association. Mr Pratt was awarded the Order of Canada in January 1999. He is Lead Independent Director, Chairman of the Remuneration Committee and was previously a member of the Audit Committee.

Directorships held in other ASX listed companies in the last three years:

Nil

Fernando Oris de Roa **Masters of Public Administration**

Non-Executive Director

Mr Oris de Roa was appointed a Director in June 2010. Mr Oris de Roa is a highly successful business leader with a history of developing and operating large enterprises in Argentina and with a reputation for integrity and social responsibility in his business life. Mr Oris de Roa began his 23 year career with large trading company Continental Grain in 1970, working in USA, Spain, Switzerland, Brazil and Argentina and rose through the ranks to be responsible for all of Latin America. As Chief Executive, he is widely credited with turning S.A. San Miguel into the largest and most profitable lemon and lemon products company in the world. The process of restructuring included listing S.A. San Miguel on the Buenos Aires Stock Exchange in 1997.

Mr Oris de Roa was Chief Executive and significant shareholder of Avex S.A. from 2004 to 2012. He has also held the role of Director of Patagonia Gold Ltd. He holds a Masters of Public Administration from The Kennedy School of Government at Harvard University. He is a member of the Audit Committee and was previously a member of the Remuneration Committee.

Directorships held in other ASX listed companies in the last three years: Nil

Federico Nicholson **Bachelor of Law**
Non-Executive Director

Mr. Nicholson was appointed Director in September, 2010. From 1991, Mr. Nicholson has served as Executive Director of Ledesma S.A.A.I. (Ledesma), a diversified Argentine agro-industrial producer of sugar, alcohol, bioethanol, paper, notebooks, corn syrups and starches, fruits, juices, livestock and grains.

Mr. Nicholson was Vice President of the Argentine Industrial Union (UIA), the country's leading business advocacy group, for fourteen consecutive years (1999-2013) and currently serves as President of the Argentine North Regional Sugar Centre. Other positions held during his career include, Vice President of the Argentine Pulp and Paper Association, Deputy Secretary of the Food Industries Association, President of the National Industrial Movement and Vice President of the Argentine Corn Starch and Syrups Chamber.

Mr. Nicholson is a law graduate from the University of Buenos Aires, Argentina. He is a member of the Remuneration Committee.

Directorships held in other ASX listed companies in the last three years:

Nil

Robert Hubbard **BA (Hons), FCA, MAICD**
Non-Executive Director

Mr. Hubbard was appointed a Director in November 2012. Mr Hubbard brings a wealth of experience and pertinent knowledge to the Orocobre Board, having served for over 20 years as a partner at PricewaterhouseCoopers. During his time as a PwC partner, he served as auditor for some of Australia's largest resource companies with activities throughout Australia, Papua New Guinea, West Africa and South America. His experience has covered a range of commodities including base metals, gold, oil and gas and thermal and metallurgical coal. As an adviser, Mr Hubbard has also provided accounting and due diligence services for acquisitions, divestments, capital raisings and public takeovers.

Mr. Hubbard also serves as a non-executive Director in various community and commercial focussed organisations. He is currently Chairman of Opera Queensland and Multiple Sclerosis Australia and a Director of UQ Health Care Pty Ltd, MS Research Australia, MS International Federation and Council member of the University of the Sunshine Coast. Mr Hubbard is also a non-executive Director of Bendigo and Adelaide Bank Ltd.

Mr Hubbard chairs the Company's Audit Committee.

Directorships held in other ASX listed companies in the last three years:
Bendigo and Adelaide Bank Ltd (Apr 2013-present)

Company Secretary

Paul Crawford held the position of Company Secretary at the end of the financial period. Mr Crawford served as Company Secretary of the Company since its incorporation and also as a Director in its first two years as an ASX listed company. Effective 1st July 2013, Paul Crawford resigned and Mr Neil Kaplan was appointed Company Secretary of the Company. Mr Kaplan is also Chief Financial Officer.

Dividends
No dividend has been proposed or paid since the start of the year.

Shares and Share Options

The relevant interest of each Director held directly or indirectly in shares and options issued by the Company at the date of this report is as follows:-

Directors	Shares	Options
J Calaway	8,574,000	150,000
RP Seville	4,976,500	see below
JW Gibson	25,000	100,000
C Pratt	-	100,000
F Oris de Roa	-	100,000
F Nicholson	-	100,000
R Hubbard	-	-

Performance Rights and Options

	Performance Rights	Options
RP Seville	140,792	301,092

Share options and performance rights

Unissued shares
As at the date of this report, there were 1,901,092 unissued ordinary shares under options and 140,792 unissued ordinary shares under performance rights (PR).
Refer to the remuneration report for further details of the options outstanding.
Option and PR holders do not have any right, by virtue of the instrument, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options
During the financial year, employees and executives have not exercised any options.

Directors

The Directors of the Company at any time during or since the end of the financial year are listed below. During the year there were 6 Board meetings. The Board and Committee meetings attended by each Director were:

DIRECTORS	Board		Audit Committee		Remuneration Committee	
	Meetings	Attend	Meetings	Attend	Meetings	Attend
James Calaway	6	6	-	-	4	4
Richard Seville	6	6	-	-	-	-
Neil Stuart(1)	3	3	-	-	-	-
John Gibson	6	6	5	5	-	-
Courtney Pratt(2)	6	6	2	2	4	4
Fernando Oris de Roa(3)	6	6	5	5	2	2
Federico Nicolson(4)	6	4	-	-	2	0
Robert Hubbard(5)	3	3	3	3		

(1) Neil Stuart retired as a Director in November 2012.

(2) Courtney Pratt was a member of the Audit Committee until December 2012.
(3) Fernando Oris de Roa was a member of the Remuneration Committee in addition to his duties as a member of the Audit Committee until the appointment of Federico Nicholson as a member of the Remuneration Committee in December 2012, effective 1st January 2013.
(4) Federico Nicholson's meeting attendance was compromised due to illness that has now been resolved.
(5) Robert Hubbard was appointed as a Director in November 2012.

Committee Membership

At the date of this report the Company had an audit committee and a remuneration committee.

Audit Committee	Remuneration Committee
R. Hubbard (c)	C. Pratt (c)
J. Gibson	J. Calaway
F. Oris de Roa	F. Nicholson

(c) Designates the chairman of the committee

Indemnification of officers

During the financial year the Company paid an insurance premium in respect of a contract insuring the Company's past, present and future Directors, secretary or officer of the company against liabilities arising as a result of work performed in their capacity as Director, secretary or officer of the Company. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of Directors and officers liability insurance contracts as such disclosure is prohibited under the terms of the contract. The Company Constitution also contains an indemnity provision in favour of each Director, Company Secretary and executive officers (or former officers) against liability incurred in this capacity, to the extent permitted by law.

Principal Activities

The principal activities of the Group during the year were the finalisation of the project funding arrangements and subsequent construction of the company's flagship Olaroz lithium project, resource definition at Cauchari, long term pumping test results at Salinas Grandes, and in August 2012, the acquisition of and the subsequent operations at, Borax Argentina S.A..

Operating and Financial Review

The group's operating profit for the year, after applicable income tax and non-controlling interests was $95,684,677 (2012:($2,830,028)). Group exploration and evaluation expenditure for the year totalled $7,650,575 (2012: $18,200,189).

During the year the Company executed an agreement with Toyota Tsusho Corporation Ltd ("TTC") for a joint venture to develop the Olaroz Project located in the Province of Jujuy, northern Argentina. Prior to the transaction the Group owned a 100% interest in the Olaroz Project.

The Olaroz Project Joint Venture is operated through Sales de Jujuy S.A. ('SDJ SA") a 91.5% owned subsidiary of Sales de Jujuy Pte Ltd ("SDJ PTE"), a Singaporean company that both Orocobre (72.68%) and TTC (27.32%) are shareholders in directly and indirectly respectively. The effective Olaroz Project equity interest is Orocobre 66.5%, TTC 25.0% and Jujuy Energia y Mineria Sociedad del Estado (''JEMSE'') 8.5%. A diagram of the joint venture is contained in the Review of Operations.

Since the creation of the joint venture between the Company and TTC, Orocobre has recognised its interest in the joint venture as an equity accounted investment. Prior to this date, the Company consolidated the assets, liabilities, revenue and expenses of the project as a 100% owned subsidiary. Under the equity method of accounting, Orocobre's interest in the joint venture is recognised on the balance sheet at fair value. This carrying amount is then adjusted for subsequent equity investments, the Company's share of the post acquisition profit or loss of the joint venture and any dividends received. As a result capital expenditure by the joint venture and draw downs on the project financing facility will not be recognised directly in the Groups financial statements.

The Company recorded its remaining interest in the project at fair value and recorded a non cash and non taxable profit of $101,963,338 in the December half year accounts as a result of the transaction. The remaining investment in the project has been accounted for as a joint venture using the equity method of accounting.

The other significant event for the year was the acquisition of Borax Argentina S.A. The consideration for the purchase was US$8.1 million of which US$5.5million was paid in August 2012. There is a further US$1.0m payable annually for 2 years on each anniversary of the acquisition, and a final payment of $629k on the third anniversary of the acquisition. The consideration comprises US$3.3 million for all of the issued shares of Borax Argentina and US$4.8 million paid to Borax Europe Ltd, a Rio Tinto PLC company as consideration for the assignment of a loan made by it to Borax Argentina.

Financial Position

The net assets of the Orocobre group increased to $184,208,159 (2012:$58,230,890) during the year to 30 June 2013, including cash balances of $10,609,081 (2012:$16,480,515). The cash balance includes $3,657,977 of Borax Argentina loan funds for the upgrading and relocation of the borax refining plant. The reduction in cash balance has resulted largely from the equity contributions made to Sales de Jujuy Pte Ltd. A definitive joint venture operating agreement with Toyota Tsusho Corporation Ltd and the related project financing agreements with Mizuho Corporate Bank and JOGMEC were executed in October and December 2012 respectively. The equity contributions of the partners for the construction of the project were completed by 30 June 2013. Initial draw down on the debt facilities is expected in the second quarter FY2014.

Significant changes in the state of affairs

Other than matters mentioned in this report, there were no significant changes in the state of affairs of the Company during the financial year.

Significant Events after Balance Sheet Date

Subsequent to year end, TTC and Orocobre have been working together with Mizuho Corporate Bank and JOGMEC to make minor amendments to the finance documents for the Olaroz Project so they comply with certain detailed aspects of Argentine foreign currency regulations regarding accounts management so as to allow the project debt repayments to be made directly from export proceeds in the future. The revised documentation has been finalised and approved in principal by all parties. It is anticipated that the amended finance documents will be executed shortly with initial loan drawdown to occur in November 2013.

In the interim and to ensure that the Olaroz project construction remained on schedule, TTC arranged for Sumitomo Mitsui Bank to provide standby letters of credit in order for SDJ SA to secure local Argentinian funding of US$50m equivalent. This funding has allowed the project construction to continue on schedule and will be repaid out of the proceeds of the initial drawdown from the Mizuho Corporate Bank Facility.

Likely developments and expected results

Likely developments in and expected results of the operations of the Company are discussed in the Review of Operations.

For "review of operations", "immediate focus and outlook", "environmental regulation and performance", "non-audit services", and "auditor independence" please refer to pages 11 to 25.

Remuneration Report – Chairman's Letter

30 September 2013

Dear Shareholder,

We are writing this letter to provide some introductory comments to this year's Remuneration Report. We want to begin by acknowledging the shareholder dissatisfaction with our 2012 Remuneration Report. More than 25% of eligible shareholders voted "no" in respect of Resolution 2 (Approval of the Remuneration Report) at the 2012 AGM. While this resolution is advisory only, should more than 25% of eligible shareholders vote against the resolution this year, then we will incur a "second strike". A second strike would lead to a disruptive process, which could include a Board spill. We have heard your message very clearly and have treated it with the utmost seriousness. We hope that this is evident in this year's report. We believe and hope that the extensive work undertaken by your Board and its Remuneration Committee over the past year will address the issues and concerns of shareholders and will have your support.

Following the 2012 AGM your Board undertook a comprehensive review of the 2012 Remuneration Report, including Board and executive KMP remuneration, to identify the key issues of concern to shareholders and to institute change, as appropriate. This review included, amongst other things, a survey of shareholder and proxy advisors to identify those areas of specific concern. Details of the changes implemented in response to this review are set out in Section A of the Remuneration Report.

We are and always have been firmly committed to communicating Board and executive KMP remuneration arrangements in a simple, clear and transparent manner, but concede that our previous Remuneration Reports have failed to deliver clarity in some aspects of disclosure. In response to shareholder concerns and the comprehensive review process we have, as a result, significantly redesigned our report format. We have done this by streamlining the Remuneration Report, where appropriate, into summary tables which will, we hope, provide the 'why and how' of the new strategic framework, including an explanation of material variations or items of an unusual nature. We trust that our new report format illustrates our commitment to clarity and continuous quality improvement in remuneration disclosure.

Orocobre's approach to remuneration is founded on a desire to provide competitive rewards that motivate executives and employees to deliver superior results in a complex operating environment, as directed by the Board. As you may be aware, Orocobre is at an exciting stage of its development and the multiple tasks and skills demanded of executives and employees are often difficult to reduce to a scorecard of results.

We assure you that the responsibility for governance in remuneration lies with the Board supported by the Remuneration Committee and the objectives of this governance are to ensure that the practices and processes are sound and driven by our guiding principles to deliver a world class, low cost resource company for the benefit of all our shareholders and other key stakeholders.

The Remuneration Report to shareholders for 2013 follows this letter. The report forms part of the Directors' Report and has been audited in accordance with section 308(C) of the Corporations Act 2001. In addition to the statutory reporting requirements, sections summarizing remuneration for the financial year ended June 30, 2013 and anticipated changes for the financial year ending June 30, 2014 have been included where appropriate.

The Board believes that shareholders will find this report easier to read than the 2012 report and that it now contains all of the information they require.

The Board is committed to ensuring that the company's remuneration policies and practices are fair, competitive and responsible and that we communicate these remuneration arrangements with full transparency and clarity. We are also aware that executive KMP remuneration practices are continually evolving and therefore our practices remain under constant review.

Courtney Pratt
Non-executive Director
Chairman, Remuneration Committee

James Calaway
Non-executive Chairman

Remuneration Report (Audited)

This Remuneration Report outlines the overall remuneration strategy, framework and practices adopted by Orocobre Limited. It has been prepared in accordance with section 300A of the Corporations Act 2001. Details of remuneration are disclosed for Directors and for other Key Management Personnel (collectively referred to as 'KMP'). In addition to the Directors, the executive KMP had the authority and responsibility for planning, directing and controlling the activities of Orocobre Limited, directly or indirectly, during the year ended 30 June 2013.

The remuneration report is set out under the following main headings:

A Remuneration overview
B Role of the Remuneration Committee
C Non-executive Director's Remuneration
D Managing Director and other executive KMP remuneration
E Relationship of incentives to Orocobre operating and financial performance
F Service agreements
G Details of remuneration
H Share-based compensation issues to the Managing Director and other executives
I Additional information

The format of this Remuneration Report has been modified from previous years to improve readability and to facilitate shareholder understanding. In particular:

- A "question and answer" format has been adopted. This provides a mechanism by which the Company can answer questions which have been asked previously by shareholders and other stakeholders.
- Remuneration information for executive KMP is reported in A$.

A. Remuneration overview

Orocobre's remuneration philosophy is articulated in Orocobre's Remuneration Committee Charter which provides that the Remuneration Committee will in accordance with clause 3.1.3(a) of this Charter, ensure that the remuneration policies:

- motivate executives to pursue the long-term growth and success of Orocobre;
- demonstrate a clear relationship between performance and remuneration;
- involve an appropriate balance between fixed and incentive remuneration, and
- relate the short and long- term performance objectives to Orocobre's circumstances and goals.

The Remuneration Committee undertook a detailed evaluation of its remuneration practices during FY 2013 and engaged the services of CRA Plan Managers Pty Limited (CRA) to advise on all aspects of Board and executive KMP remuneration, including equity incentive strategies.

Key initiatives included:

- an independent assessment and evaluation of the FY 2012 Remuneration Report
- an independent survey of shareholders to better understand the reasons for the relatively high 'no' vote on the 2012 Remuneration Report; and
- an independent benchmarking review of Board and executive KMP remuneration.

Following this comprehensive review process a number of changes have been adopted this year. A summary of these changes are as follows:

1) The Remuneration Report has been reformatted with improved disclosure;
2) The use of options and performance rights for executive LTI has been introduced;
3) Appropriate performance conditions are now an integral component of all executive KMP LTI;
4) Minimum three (3) years service vesting condition has been introduced for executive KMP LTI;

5) STI awards for executive KMP have been changed from being assessed on a calendar year to financial year basis. The change is effective from January 2013 and therefore the next assessment will be based on an 18 month period.
6) Non-executive Directors will no longer participate in any incentive programs including the LTI program;
7) Non-executive Director fees remain unchanged in FY2013; and
8) The key performance indicators (KPI) applied to the CEO STI have been disclosed.

Orocobre endeavours to adopt a fair and equitable approach to all remuneration decisions, mindful of the complexities of retaining and motivating an experienced team operating across diverse geographies in a complex operating environment. In implementing this philosophy, Orocobre needs to consider many variables, including:

(a) the remuneration paid by the Company's peers (by reference to industry and market capitalisation);
(b) the Company's performance over the relevant period;
(c) how to link remuneration to successful implementation of the Company's strategy, including the annual targets which need to be achieved to implement that strategy;
(d) internal relativities and differentiation of pay based on performance;
(e) the size, scale, location and complexity of the operations of the Company; and
(f) market developments and changes in remuneration practices.

In particular FY 2013 saw major changes in Orocobre with the successful completion of the Toyota Tsusho Corporation (TTC) joint venture, financing of the Olaroz project, the commencement of construction and the acquisition of Borax Argentina. Collectively these represented a watershed year for Orocobre and resulted in an expansion of the Executive Management Team and a comprehensive review of the Orocobre remuneration strategies.

B. **Role of the Remuneration Committee**

In accordance with best practice, the Remuneration Committee is comprised of Non-executive Directors of which a majority are independent. It is chaired by an Independent Non-executive Director other than the Chairman. The membership of the committee is comprised of Mr Courtney Pratt – Committee Chair, Mr James Calaway and Mr Federico Nicholson as detailed on page 34 of the Directors' Report.

The Remuneration Committee's role and interaction with the Board, internal and external advisors, are further illustrated below:

The Board

Reviews, applies judgment and, as appropriate, approves the Remuneration Committee's

The Remuneration Committee

The Remuneration Committee operates under the delegated authority of the Board.
The Remuneration Committee is able to source internal resources and to obtain independent professional advice it considers necessary to enable it to make recommendations to the Board on the following:

- Remuneration Policy, strategy, quantum and mix of remuneration for executive KMP
- Remuneration policy for Non-executive Directors
- People and talent management, policies and practices
- Superannuation arrangements
- Performance target setting and measurement for executive KMP
- Design and approval of employee and executive short and long term incentive programs

External consultants | **Internal Resources**

For each annual remuneration review cycle, the Remuneration Committee considers whether to appoint a remuneration consultant and, if so, their scope of work. The table below provides details with respect to the remuneration consultant who provided remuneration recommendations and other remuneration related advice in relation to the remuneration outcomes set out in this Remuneration Report.

Question	Response
Did a remuneration consultant provide a remuneration recommendation in relation to any of the KMP for the financial year?	Ian Crichton, remuneration consultant, with CRA Plan Managers Pty Limited (CRA) provided remuneration recommendations and remuneration related advice to the Remuneration Committee, including in relation to: the structure of remuneration packages, the proportion of different components of remuneration, benchmarking against the Company's peers, the maximum aggregate fee pool for Non-executive Directors, valuation of long term incentives and advice on market trends relating to remuneration practices.The Remuneration Consultant has advised that there was no undue influence from any Committee Member or executive KMP on any of their work during the year.
What was the remuneration consultant paid by the Company for remuneration related services?	CRA was paid a total of A$33,077.
Did the remuneration consultant provide any other advice to the Company?	CRA provided other advice to the Company.
What was the remuneration consultant paid by the Company for other advice (not related to remuneration)?	CRA was paid A$47,537 for other services during the period when CRA Plan Managers Pty Ltd was providing remuneration related services in relation to KMP for the financial year. These services related to the provision of • Valuation report in respect of option and performance rights for AGM • The preparation of an "Invitation and Explanatory" booklet • Analysis, survey and report on ORE 2012 Remuneration Report • Share Based Payment valuation reports required under IFRS-2
What arrangements did the Company make to ensure that the making of the remuneration recommendation would be free from undue influence by the KMP?	The Company made the following arrangements: • The recommendations are solely made by the Remuneration Committee with liaison with CRA and the CEO. • The Company implemented a procedure requiring the Remuneration Committee to have direct contact with CRA for procuring advice relating to KMP remuneration. The procedure contained a process whereby the Remuneration Committee was responsible for the engagement of any remuneration consultants, the provision of information to the remuneration consultant, and the communication of remuneration recommendations. • The remuneration consultant agreed to adhere to the protocol procedures and was required to advise the Remuneration Committee whether or not it had been subjected to undue influence.
Is the Board satisfied that the remuneration recommendation was free from any such undue influence? What are the reasons for the Board being so satisfied?	Yes, the Board is satisfied. The reasons are as follows: • The protocol with respect to the procurement of remuneration related advice was adhered to, including with respect to engagement of the remuneration consultant, the provision of information to the remuneration consultant and the communication of remuneration recommendations. • The Remuneration Committee consulted on several occasions with the remuneration consultant in the absence of the executive KMPs. There were no concerns raised by the remuneration consultant with respect to any undue influence being exerted by the executive KMP. • The Remuneration Committee did not observe any evidence that undue influence had been applied.

C. Non-executive Director's Remuneration

Objective
The objective is to set remuneration at a level which attracts and retains Non-executive Directors of the requisite expertise and experience at a cost acceptable to shareholders.

Structure
The maximum aggregate remuneration of Non-executive Directors is determined by the shareholders at a general meeting. At the 2012 Annual General Meeting, shareholders approved an increase to the maximum aggregate fee pool from A$400,000 to A$600,000. Despite the election to increase the maximum aggregate fee pool, the fee structure for the Non-executive Directors has not changed for the 2013 year.

The Chairman is paid in addition to his Director remuneration a fixed fee of A$125,000 per annum which includes remuneration for the performance of special functional duties on behalf of and at the request of the Chief Executive Officer. These duties include corporate development and investor relations services, particularly in North America where the Company is listed and has substantial shareholder and analyst coverage, and supporting the Managing Director in government liaison in Argentina and relations with Toyota Tsusho Corporation. Services in addition to those covered by this fixed fee are remunerated at a per diem rate of A$1,300

Other Non-executive Directors are paid a base fee only.

In FY 2013 the Board decided that in future Non-executive Directors would not participate in any short or long term incentive schemes, including the LTI, of the Company.

On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment which details remuneration arrangements.

Fees
Annualised fees for the relevant periods were as follows:

	From 1 July 2012 to 30 June 2013	From 1 July 2011 to 30 June 2012
Position – Non-executive Directors		
Chairman	A$75,000	A$75,000
Other Non-executive Directors	A$40,000	A$40,000
Committee fees		
Committee Chairman	A$NIL	A$NIL
Committee member	A$NIL	A$NIL
Additional Fees		
Chairman	A$125,000[1]	A$125,000
Additional Services Fee	A$5,200	A$64,930

[1] The additional fees paid to the Chairman is to compensate Mr James Calaway for his time, skills and expertise in undertaking a range of tasks on behalf of Orocobre, including:

1. In FY2012, Mr Calaway was resident in Argentina for a significant part of the year and played a crucial role working with the executive management team in obtaining the critical approvals and agreements in Argentina that allowed the Olaroz project to proceed. Since then, Mr Calaway has continued to be the principal relationship for the Company with a number of key government officials.
2. In addition, due to the fact that the company is dual listed in Canada and Australia, Mr. Calaway has been the primary investor relations person supporting the North American markets. Given Mr.Calaway's

extensive knowledge of the Company, and his proximity to North American markets, this has allowed the Managing Director to spend considerably less time and expense to support the company's dual listing while having a principal interface with this important market.

3. Mr. Calaway has also engaged in a variety of problem solving efforts that would normally be undertaken by a management team. As the management team is more fully developed and the company is now moving forward with its project, Mr. Calaway can focus more attention on the growing demands of Chairmanship and to continue to support North American Investor relations.

These tasks are in addition to Mr Calaway's responsibilities as Chairman. It is expected that as the Executive Management Team continues to mature and the Company grows that the need to rely on services from non-executive Chairman will decline.

The total remuneration paid to each Non-executive Director for the year ended 30 June 2013 is detailed in section G of this report.

The table below provides further information in relation to fees paid to Non-executive Directors and other relevant issues.

Question	Response
Why was the maximum aggregate fee pool increased from A$400k million to A$600k?	The aggregate fee pool was first established at the August 2007 AGM at a value of A$200,000. This was reviewed and increased to A$400,000 at the November 2010 AGM. Since then, the Company has graduated into the S&P/ASX 300 Index, expanded in South America through the acquisition of Borax Argentina SA, commenced a joint venture partnership with Toyota Tsusho and continued to advance a number of existing projects in South America. The previous fee pool limit of A$400,000 left no room for an increase in Non-executive Director fees or for the appointment of additional directors based on existing fees.
Has there been an increase in the fees paid to Non-executive Directors considered since the increase to $600,000?	No, there has not been an increase in Non-executive Director fees.
How does the Company determine the appropriate level of fees?	The Company obtained external advice from a remuneration consultant, CRA Plan Managers Pty Ltd, in relation to Non-executive Director fees. The Board also considered the fees paid by selected relevant comparator group companies and concluded that the fees were below market.
Why is the Chairman's fee more than the base fee for Non-executive Directors?	The Chairman's fee also incorporates duties which are considered more onerous than a Non-executive Director. The Non-executive Chairman assists in the corporate development and investor relations services of the company as well as relationship management with key Argentine project stakeholders. The time commitments of the other Non-executive Directors are substantially smaller than those of the Chairman.
Are the Non-executive Directors paid any incentive or equity based payments or termination/ retirement benefits?	The Non-executive Directors were not entitled to any short term incentives, long term incentives, equity based remuneration or termination/retirement benefits in FY 2013. The Chairman was allocated a once-off bonus of A$100,000 as a result of the successful signing of the Agreement with Jujuy Energia y Mineria Sociedad del Estado (JEMSE) in 2012. This was accrued and reported in FY 2012 and paid in FY 2013. During the 2012 year the Non-executive Directors received equity based performance remuneration as approved by the shareholders. The Non-executive Directors will not participate in any schemes in the future.

Question	Response
If Non-executive Directors are paid additional fees, how are these additional fees calculated?	From time to time, Non-executive Directors may be requested to provide additional services. In any such case, these additional fees are paid to the Non-executive Director in accordance with the expected additional days deemed necessary to perform these services and only after approval.
Are Non-executive Directors' fees going to increase in 2014?	No. There are no plans to increase the director's fees in this year.
Is Superannuation included in Non-executive Director fees?	Statutory superannuation is paid to Australian resident Non-executive Directors and included in total fees paid.
Are Non-executive Directors entitled to participate in Orocobre's equity incentive schemes?	Non-executive Directors received a grant of options in FY2012, partly as compensation for under market fees paid and are in line with North American practice where the Company is also listed. The Board is aware that the provision of equity incentives is contrary to the ASX Corporate Governance guidelines. Accordingly, no further offers of equity incentives to Non-executive Directors are contemplated by your Board. If circumstances change and equity incentives were considered necessary then approval would be sought from shareholders at the time.
What other benefits are provided to Non-executive Directors?	Non-executive Directors receive reimbursement for any costs incurred directly related to Orocobre business.

D. **Managing Director and other executive KMP remuneration**

Objective

As indicated on page 38, Orocobre's objective in structuring its remuneration for executive KMPs is to cultivate a performance based culture where competitive remuneration, benefits and rewards are aligned with Orocobre's objectives and where merit forms the basis of performance based pay and promotion. In addition, Orocobre seeks to attract, engage and retain high-calibre employees to meet the Company's current and future business needs.

Structure

Remuneration consists of the following key elements:

(i) Fixed Remuneration (FR);
(ii) Short Term Incentive (STI); and
(iii) Long Term Incentive (LTI).

The amount and relative proportion of Fixed Remuneration (which includes superannuation contributions), STI and LTI is established for each executive following consideration by the Remuneration Committee of market levels of remuneration for comparable executive roles and the internal relativities between executive roles.

For the annual remuneration review which resulted in the outcomes detailed in this remuneration report, the Remuneration Committee received expert advice from its external remuneration consultant, CRA Plan Managers Pty Ltd.

Objectives

Orocobre's executive KMP remuneration objectives and their interactions can be illustrated as follows:

Orocobre executive KMP Remuneration objectives

Shareholder value creation	An appropriate balance of 'fixed' and 'at risk' components	Reward differentiation to drive performance, values and behaviours	Attract, motivate and retain executives capable of operating across diverse geographies

Total target remuneration (TTR) is set by reference to the relevant markets and geographies

Fixed	At risk	
Fixed remuneration (FR)	**Short-term incentives (STI)**	**Long-term incentives (LTI)**
FR is set based on relevant market relativities, reflecting responsibilities, performance, qualifications, experience and geographic location	STI is set as a % of FR with performance criteria determined by the Board at the start of the performance year	LTI is set as a % of FR with equity allocations, subject to specified service and performance criteria set by the Board each year
Remuneration will be delivered as:		
Base salary plus any fixed allowances related to local markets, plus superannuation or their local market equivalents	Paid in cash at the end of the relevant performance period subject to Board approval.	Long term equity incentives will be provided as options and/or performance rights. All equity is held subject to service and performance criteria set at the time of grant. The equity is at risk until vesting.
Strategic intent and market positioning		
FR will generally be positioned at the median to 62.5th percentile compared to relevant market based data considering expertise and performance in the role	Short term incentives are directed to achieving Board approved targets each year that reflect market circumstances and Orocobre's stage of development.	LTI is intended to reward executive KMP for sustainable long-term growth aligned to shareholders' interests. LTI allocation values will be positioned in line with market expectations

Total target remuneration
TTR is intended to be positioned in the 3rd quartile compared to relevant market benchmark comparisons. 4th quartile TTR may result if superior outperformance is achieved.

Question	Response
What is the STI?	The STI is the annual cash component of the "at-risk" reward opportunity, based predominantly on a mix of Company, operational and individual targets. The purpose is to link the achievement of the Company's annual targets with the remuneration received by the responsible executive KMP.
When is the STI grant paid?	The 2012 STI was calculated based on a calendar year and the resulting value of the STI was payable in February 2013 to all eligible participants who satisfied specific performance measures and hurdles set for calendar Yr12.
How does the Company's STI structure support achievement of the Company's strategy?	The STI strengthens the link between pay and performance. Annual targets are established by reference to the Company's strategy of: growth through discovery, acquisition and development, operations that meet performance targets, optimisation of shareholder value and adherence to core values.
How are the performance conditions determined?	At the beginning of each financial year, a number of critical tasks linked to the Company's strategy, including financial and non-financial measures of performance, are identified. During the construction phase of Olaroz measures of performance will be more linked to completion of the project on time and on budget. The extent that those targets are achieved determines the amount of STI paid.

Question	Response
Is a portion of STI deferred? Has the Board considered proposing claw-back provisions?	No. At this stage, the Board does not consider it appropriate to defer a portion of the STI. This is because key performance indicators are largely objective. However, the matter is considered on an annual basis. For similar reasons, the Board has thus far considered it unnecessary to include any claw-back arrangements.
What were the performance conditions under the STI for executive KMP in Calender year 2012?	The STI performance hurdles (and weighting %) for FY 2012 were: **Managing Director/Chief Executive Officer** 1. Olaroz Project (50%) • Permitting of Olaroz Project – Jujuy Government issued Project approval, mining leases were granted and EIS was confirmed. • Financing of Olaroz Project – TTC JV executed and Debt Financing Agreement executed with Mizuho Bank. 2. Growth Strategy (15%) • The Olaroz Project production capacity was increased from 16,400 tpa to 17,500 tpa. • The acquisition of Borax Argentina was completed. 3. Management Structure (15%) • Corporate – appointment of CFO and Business Development Manager. This provides improved capacity and liberation of CEO time. • Operational – appointment and promotion of staff within Sales de Jujuy and Borax as well as the appointment of INFA as the construction managers for the Olaroz Project. 4. Systems (10%) • ISO Qualification process started for Quality (ISO 9001), Environmental (ISO 14001) and Occupational Health and Safety (OHAS 18001) quality assurance within Sales de Jujuy. • Procurement Procedures for Sales de Jujuy implemented. • Approval Procedures and Authority Matrix implemented for Sales de Jujuy. • Policies for the Group in HR, HSE, Donations, Risk Control, Procurement, and Documentation Control have commenced development. • SAP and associated financial reporting systems for Sales de Jujuy have been selected for implementation in 2013.

	5. Share Performance (10%) • Orocobre had a positive performance of approx. +7% and has outperformed all of its peers over the 12 months (2012) with the exception of Canada Lithium
How are actual results measured against the performance hurdles?	For each performance hurdle the Remuneration Committee assesses the actual performance against the set targets and allocates the achieved percentage. Further information is provided in the table on page 49.

Remuneration Mix

As set out in the remuneration objectives above Orocobre intends to provide an appropriate mix of remuneration components balanced between fixed and 'at risk' components. The broad remuneration composition mix for Orocobre executive KMP in FY2013 and proposed for FY2014 can be illustrated as follows:

Current Remuneration Mix – FY2013

Position	FR	STI	LTI
Managing Director	51%	44%	5%*
Other executives	100%	0%	0%

*This is not based on a full year, the options and performance rights were expensed since 21 March 2013 only.

Proposed Remuneration Mix – FY2014

Position	FR	STI	LTI
Managing Director	35 – 50%	20 – 35%	25 – 45%
Other executives	50- 80%	10 – 25%	10 – 25%

The remuneration mix will be assessed each year to ensure an appropriate weighting between fixed and variable elements and to ensure executive KMP remuneration is aligned to Orocobre's short, medium and long term objectives. Other executives were appointed in 2013 and will not participate in the incentive schemes until FY 2014.

An explanation of the individual elements of executive KMP remuneration is as follows:

(i) Fixed Remuneration

At Orocobre, the purpose of Fixed Remuneration is to provide a base level of remuneration which is market competitive and appropriate. Fixed Remuneration is exclusive of superannuation. Executive KMP are given the opportunity to receive their Fixed Remuneration as either base salary (if based overseas) or base salary and superannuation.

Fixed Remuneration is reviewed annually. Any adjustments to the Fixed Remuneration for the Managing Director and executive KMP must be approved by the Board which considers the recommendations of the Remuneration Committee.

(ii) Short Term Incentives (STI)

The table on page 44 and 45 contains a summary of the key features of the STI plan.

(iii) Long Term Incentives (LTI)

The LTI is the equity component of the at-risk reward opportunity of total remuneration. The objective of the LTI is:

- to provide an incentive to executive KMPs which promotes both the long term performance and growth of the Company;
- encourages the retention of the Company's executives ,and
- the attraction of new executives and/or officers to the group.

For FY 2013, the Company provided the LTI to executive KMPs through the Performance Rights and Option Plan (PROP) for the first time. This plan was approved by shareholders at the 2012 Annual General Meeting.

In FY 2013 the Managing Director was the only executive KMP to participate in the PROP.

The tables in section H provide details of LTI grants to executive KMPs. The tables also detail the value, vesting periods and lapses under the PROP. The table below summarises the key features of the LTI issued to the executive KMPs for the year ended 30 June 2013.

Question	Response
What is the PROP?	Introduced in November 2012, the PROP is a contemporary equity incentive plan which allows the Company to provide either performance rights or options to eligible and invited employees, subject to the terms of the plan. PROP is supported by the Orocobre Employee Share Scheme Trust which has been established to facilitate and manage the issue or acquisition of shares on the settlement of vested rights or options. The 2013 issue of options and performance rights to the Managing Director were approved by the shareholders at the 2012 Annual General Meeting.
How does the PROP align the interests of shareholders and executives?	The PROP links rewards for executives to the Company's strategy which drives the creation of long term shareholder wealth – the greater the performance of the Company, the greater the return to the executives; and vesting of shares only occurs with the successful completion of performance requirements and time based conditions as determined by the Board.
How does the PROP support the retention of executives?	An objective of offering equity incentives under the PROP is to assist in the reward, retention and motivation of eligible and invited key executives. If an executive resigns they would forfeit the benefit of those unvested rewards unless the Board determines otherwise.
What are the principal terms of the issue made under the PROP in 2013?	There were two performance conditions applying to issues to the Managing Director under the PROP in 2013. 1. Share Options were granted subject to a Total Shareholder Return (TSR) outperformance condition; and 2. Performance Rights were granted subject to achievement of set Milestones. The options and rights were granted on 21 March 2013. The vesting date for the options is 893 days from the commencement date that the instruments were granted. (31 August 2015). Vesting of the March 2013 options is subject to ORE outperformance against the component companies of the S&P/ASX 300 Index over the vesting period. TSR is the total return achieved by a shareholder in relation to shares, including any increase in share price including dividends reinvested. The table below provides the matrix of outcomes:

ORE TSR Ranking	Percentage of Options to Vest
Less than or at 50th percentile	0% vest
Is at the 50th percentile	50% of Performance Rights vest
Between the 50th and 75th percentile	50% + 2% for each percentile point above the 50th percentile
At or above the 75th percentile	100% vest

<table>
<tr><th>Question</th><th>Response</th></tr>
<tr><td></td><td>Vesting of the March 2013 Performance Rights is based on Internal Performance conditions applicable to the performance rights (Milestones). The table below provides the matrix of outcomes:
<table><tr><th>% of Performance Rights to Vest</th><th>Performance Conditions</th></tr><tr><td>75%</td><td>Complete construction of the Olaroz Project within 10% of the Development Budget as set out in the Shareholder Agreement.</td></tr><tr><td>25%</td><td>Achieve audited Net Profit after Tax of $5M or more in the 2015 financial year.</td></tr></table>The maximum number of Performance Rights and Options which may be granted under the plan must not exceed 5% of the total issued capital of the Company at the time of the grant.
The participants are required to pay the exercise price upon the exercise of the options or rights, if any.</td></tr>
<tr><td>Can performance conditions be retested?</td><td>No. Performance conditions will be tested at the vesting date and if the performance conditions have not been met, the options and/or rights will lapse.</td></tr>
<tr><td>Can participants secure or mortgage rights or options under PROP?</td><td>No. Participants cannot secure, mortgage or create lien in respect of their interests in PROP.</td></tr>
<tr><td>Does the executive obtain the benefit of dividends paid on shares issued under the PROP?</td><td>No. Options and performance rights are not entitled to dividends or other distributions. Shares acquired on vesting and exercise of performance rights or options will be ordinary securities and entitled to dividends, if any. No dividends apply before vesting and exercise.</td></tr>
<tr><td>In what circumstances would the PROP entitlements be forfeited?</td><td>Unless the Board otherwise determines, the rights and options will lapse on the earlier of;
1. The cessation of the employment of the participant.
2. The vesting conditions are not achieved or incapable of being achieved by the participant.
3. The Board determines that the vesting conditions have not been met prior to the expiry date.
4. The expiry date (last exercise date)</td></tr>
<tr><td>What happens to LTI entitlements upon a change of control in the Company?</td><td>If the capital of the Company is reconstructed the LTI entitlements will be treated in accordance with the Listing Rules of the ASX, whether or not those Listing Rules apply to the Company.
The Board has the discretion to approve a pro rata vesting in the event of a change in control</td></tr>
<tr><td>Do shares issued under the PROP dilute existing shareholders' equity?</td><td>The issue of shares can have a small dilutionary impact upon other shareholders. However, the number of shares issued under all PROP must not exceed 5% of the total shares on issue at the time an offer to a participant is made, excluding unregulated offers.</td></tr>
<tr><td>Are the shares issued on exercise of options or rights under the PROP bought on market?</td><td>Shareholder approval was provided for the 2013 grant of options and rights to be settled from a new issue, if any. Whether the Company settles options or rights from a new issue or by on-market purchase will be determined by the Board, at the time.</td></tr>
</table>

Question	Response
What other rights does the holder of the shares have?	Subject to the conditions and restrictions attaching to the shares, acquired on vesting and exercise of rights and options, the holder of the shares has the same rights as any other holder of ordinary shares. This includes voting rights, a right to dividends, dividend reinvestment, bonus shares, rights issues and notice of meetings.
Does the Company have Executive Share Ownership Guidelines?	The Company does not have a formal policy requiring executives to own shares.
Can executive KMP hedge to ensure that they obtain a benefit from unvested LTI's?	No. All executive KMP have been advised that under section 206J of the Corporations Act it is an offence for them to hedge unvested grants made under the PROP.

E. **Relationship of incentives to Orocobre's operating and financial performance**

The fundamental aim of Orocobre is to create benefit for shareholders by establishing operations that produce high quality products from relatively low capital and operating cost operations. The Company is equally committed to achieving excellence in sustainability practices; ensuring the safety, health and wellbeing of its employees; and responsibly managing the impacts to the communities and the environment within which it operates. Accordingly, remuneration is linked to sustainability performance at all levels of the organisation to reinforce sustainability as a core value.

In terms of Orocobre's performance over the course of FY2013, the following should be noted:

- Orocobre's share price fluctuated over the course of FY2013, ending the year at A$1.39 per share and the 52 week closing share price ranged from A$1.05 to A$2.37 per share.Orocobre successfully acquired Borax Argentina SA
- Orocobre successfully commenced construction of the Olaroz project under a joint venture agreement with Toyota Tsusho Corporation (TTC) and Jujuy Energia y Mineria Sociedad del Estado (JEMSE).

The table below shows the performance of the Company as measured by its share price and market capitalisation over the last five financial years.

Year	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13
A$ per share	$0.46	$0.59	$1.70	$2.06	$1.85	$1.39
A$ market capitalisation	19,230,290	39,409,100	154,761,924	212,291,021	190,910,804	163,665,745
Basic Earnings/Loss Per Share (EPS) (A$)*	$(1.04)	$(2.8)	$(5.56)	$(1.88)	$(2.74)	$86.86
A$ profit/(loss) ('000)	$(435)	$(1486)	$(4164)	$(1790)	$(2830)	$97,329
S&P ASX 300	5219	3949	4293	4608	4084	4759

* Basic EPS is calculated as net profit / (Loss) after tax and non-controlling interests (statutory profit / (loss)) divided by the weighted average number of ordinary shares.

Relationship of executive KMP remuneration and performance
The Managing Director, Mr Richard Seville is the only executive KMP who received performance based remuneration during FY2013.

Changes in Mr Seville's remuneration and the relationship to Company performance are explained as follows:

1. **Fixed remuneration**
   The Managing Director received an increase of 4.5% in base salary to $347,650 during FY2013 to reflect the growth and increasing complexity of the Company. Based on independent external remuneration benchmark

assessments this fixed salary was in the bottom quartile of comparable resource company CEO's, independently assessed based by CRA on MCAP, number of employees and organisational complexity.

2. **Short Term Incentive**
The Managing Director in accordance with his employment agreement is provided with the opportunity to earn up to a maximum of 75% of the annual fixed base salary. For the Calendar Year 2012 assessed STI the Managing Director received payment amounting to $228,000, paid in FY2013. This represented an across the board 89% achievement against the performance targets set. The Managing Director also was allocated a once-off bonus of A$100,000 as a result of the successful signing of the agreement with JEMSE. This bonus was paid in FY 2013. The combined FR + STI of $675,650 positioned the Managing Director in the 3rd quartile of comparator company CEO's. The Board is satisfied with this positioning based on ORE's performance for the year.

STI targets and results summarised are set out in the table below

Targets	Calendar Year 2012 assessment highlights
Olaroz Project	• Permitting of Olaroz Project – Jujuy Government issued Project approval, mining leases were granted and EIS was confirmed. • Financing of Olaroz Project – TTC JV executed and Debt Financing Agreement executed with Mizuho Bank.
Growth Strategy	• The Olaroz Project planned production capacity was increased from 16,400 tpa to 17,500 tpa. • The acquisition of Borax Argentina was completed.
Management Structure	• Corporate – appointment of CFO and Business Development Manager. This provides improved capacity and liberation of CEO time. • Operational – appointment and promotion of staff within Sales de Jujuy and Borax as well as the appointment of INFA as the construction managers for the Olaroz Project.
Systems	• ISO Qualification process started for Quality (ISO 9001), Environmental (ISO 14001) and Occupational Health and Safety (OHAS 18001) quality assurance within Sales de Jujuy. • Procurement Procedures for Sales de Jujuy implemented. • Approval Procedures and Authority Matrix implemented for Sales de Jujuy. • Policies for the Group in HR, HSE, Donations, Risk Control, Procurement, and Documentation Control have commenced development. • SAP and associated financial reporting systems for Sales de Jujuy have been selected for implementation in 2013.
Share Performance	• Orocobre has a positive performance of approx. +7% in FY 2013 and has outperformed all but one of its peer companies over the 12 months (2012).

3. **Long Term Incentive**
An amount of $33,455 has been accrued as the accounting expense under IFRS-2 for LTI for FY2013. This notional expense is calculated based on an independent valuation. Whether any benefit will be derived by the Managing Director in respect of the LTI will be determined subject to the Managing Director satisfying the specified service and performance conditions set out. In addition, for the option portion of this LTI award the ORE share price will need to exceed the exercise price set. The Board is satisfied that a monetary benefit will only accrue to the Managing Director if shareholders are better off over the duration of the award period and that the LTI is appropriately balanced on a risk adjusted basis.

F. **Service agreements**

Remuneration and other key terms of employment for the Managing Director and other executive KMP are formalised in service agreements. The table below provides a high level overview of conditions relating to the term of the contract, the notice period to terminate and the termination benefit.

Name and Title	Term of Agreement	Notice Period by Either Party	Termination Benefit
Richard Seville, Managing Director and Chief Executive Officer	Open	3 months	12 months fixed remuneration
Neil Kaplan, Chief Financial Officer	Open	3 months	3 months fixed remuneration
David Hall, Business Development Manager	Open	1 month	1 Months fixed remuneration

Terms of agreement and associated benefits were agreed at the time the executive KMP commenced with Orocobre or upon promotion.

G. Details of remuneration

Details of the nature and amount of each major element of the remuneration of each KMP stated in A$ is as follows:

	Short-term employee benefits			Sub-total		Non-cash benefits accrued		
Name	Directors' Fees / Base Salary A$ (1)	Short Term Incentive A$ (1)	Retirement benefits / Superannu-ation A$ (1)	Cash benefits received A$ (1)	Annual leave / Termination benefits A$ (1)/(2)	Equity Settled Options A$ (1)	Long Term Incentives A$ (1)/(3)	Total Remuneration A$ (1)
Non-executive Directors								
James Calaway **2013**	**205,200**	**-**	**-**	**205,200**	**-**	**40,173**	**-**	**245,373**
2012	264,930	100,000	-	364,930	-	39,034	-	403,964
Courtney Pratt **2013**	**40,000**	**-**	**-**	**40,000**	**-**	**26,782**	**-**	**66,782**
2012	40,000	-	-	40,000	-	26,023	-	66,023
John Gibson **2013**	**40,000**	**-**	**-**	**40,000**	**-**	**26,782**	**-**	**66,782**
2012	40,000	-	-	40,000	-	26,023	-	66,023
Fernando Oris de Roa **2013**	**40,000**	**-**	**-**	**40,000**	**-**	**26,782**	**-**	**66,782**
2012	40,000	-	-	40,000	-	26,023	-	66,023
Federico Nicholson **2013**	**40,000**	**-**	**-**	**40,000**	**-**	**26,782**	**-**	**66,782**
2012	40,000	-	-	40,000	-	26,023	-	66,023
Robert Hubbard **2013** (Appointed 30 Nov'2012)	**23,333**	**-**	**2,100**	**25,433**	**-**	**-**	**-**	**25,433**
2012	-	-	-	-	-	-	-	-
Neil Stuart **2013** (Retired 30 Nov'2012)	**16,667**	**-**	**-**	**16,667**	**-**	**18,692**	**-**	**35,359**
2012	40,000	-	-	40,000	-	26,023	-	66,023

	Short-term employee benefits			Sub-total		Non-cash benefits accrued		
Name	**Directors' Fees / Base Salary A$ (1)**	**Short Term Incentive A$ (1)**	**Retirement benefits / Superannuation A$ (1)**	**Cash benefits received A$ (1)**	**Annual leave / Termination benefits A$ (1)/(2)**	**Equity Settled Options A$ (1)**	**Long Term Incentives A$ (1)/(3)**	**Total Remuneration A$ (1)**
Subtotal								
Non-executive Directors 2013	**405,200**	**-**	**2,100**	**407,300**	**-**	**165,993**		**573,293**
2012	464,930 (iv)	100,000	-	564,930	-	169,149		734,079
Managing Director								
Richard Seville **2013**	**347,650**	**328,000**	**22,950**	**698,600**	**2,622**	**-**	**33,455**	**734,677**
2012	332,500	215,000	29,925	577,425	39,895	-	--	617,320
Other executive KMP								
Paul Crawford (v) **2013**	**116,100**	**-**	**-**	**116,100**	**-**	**-**	**-**	**116,100**
2012	144,075	-	-	144,075	-	-	-	144,075
Neil Kaplan **2013**	**145,161**	**-**	**13,065**	**158,226**	**10,015**	**-**	**-**	**168,241**
(Appointed 7 Jan 2013) 2012	-	-	-	-	-	-	-	-
David Hall **2013**	**146,129**	**-**	**10,452**	**156,581**	**8,935**	**-**	**-**	**165,516**
(Appointed 7 Jan 2013) 2012	-	-	-	-	-	-	-	-
Total 2013	**1,160,240**	**328,000**	**48,567**	**1,536,807**	**21,572**	**165,993**	**33,455**	**1,757,827**
2012	941,505	315,000	29,925	1,286,430	39,895	169,149	-	1,495,474

Notes to previous tables:

(i) Payments to the Non-executive Directors, the Managing Director and other senior executives are paid in Australian dollars

(ii) Annual leave and termination benefits represent amounts provided for leave and termination entitlements during the year ended 30 June 2013. Termination benefits are those referred to under Section F Service Agreements of this Remuneration Report. Termination benefits are payable when an executive KMP leaves the employment of the Company (other than for gross misconduct) are included in the table.

(iii) The value for Long Term Incentives presented in the tables above is calculated in accordance with AASB 2 Share Based Payments and represents securities issued under the LTI equity plans that have been expensed during the current year. Refer to the tables on pages 53 & 54 for full details of the fair A$ value at the grant date for long term incentive securities issued by the Company to the executive KMP in this, previous or future reporting periods and the number of securities issued to those senior executives during the reporting period. The fair values of long term incentives have been calculated by an independent third party. More information can be found in section H of this report.

(iv) The $64,930 in excess of the fee limit set in 2012 related to additional fees paid to the Chairman for services in excess of his fixed fees.

(v) Paul Crawford was paid through a company "Cambridge Business & Corporate Services" as the Company Secretary. Mr Crawford resigned as Company Secretary as at 1 July 2013 and Mr Neil Kaplan was appointed as his replacement as of this date.

The table below shows the proportion of the total actual remuneration that is linked to performance and the proportion that is fixed:

Name	**Fixed remuneration**		**At risk - STI**		**At risk - LTI**		**Total**	
	2013 %	2012 %	**2013 %**	2012 %	**2013 %**	2012 %	**2013 $**	2012 **$**
Non-executive Directors								
James Calaway	84%	66%	0%	25%	16%	10%	100.00%	100.00%
John Gibson	60%	61%	0%	0%	40%	39%	100.00%	100.00%
Courtney Pratt	60%	61%	0%	0%	40%	39%	100.00%	100.00%
Fernando Oris de Roa	60%	61%	0%	0%	40%	39%	100.00%	100.00%
Federico Nicolson	60%	61%	0%	0%	40%	39%	100.00%	100.00%
Rob Hubbard	100%	0%	0%	0%	0%	0%	100.00%	0.00%
Managing Director								
Richard Seville	51%	65%	44%	35%	5%	0%	100.00%	100.00%
Other executive KMP								
Neil Kaplan	100%	0%	0%	0%	0%	0%	100.00%	0.00%
David Hall	100%	0%	0%	0%	0%	0%	100.00%	0.00%

H. Share-based compensation issues to the Managing Director and other executives

The table below highlights the movement in rights for the Managing Director and other executives in 2013.

Movement during the year							As at 30 June 2013			
	Grant Date	*Type*	*Balance at 1 July 2012*	*Rights granted (ii)/(v)*	*Rights exercised (i)/(iii)*	*Rights lapsed (iv)*	*Balance at 30 June 2013*	*Vested and Exercisable*	*Unvested*	*Loan Amount*
Richard Seville	*21/03/13*	*Options*	*Nil*	*301,092*	-	-	*301,092*	-	*301,092*	*Nil*
	21/03/13	*Performance Rights*	*Nil*	*140,792*	-	-	*140,792*	-	*140,792*	*Nil*
Total Number			*Nil*	*441,884*			*441,884*			*441,884*
Total Value			*Nil*	*292,893*			*292,893*			*292,893*
Neil Kaplan		*PROP*	*Nil*	-	-	-	*Nil*	-	-	*Nil*
Total Number			*Nil*	-	-	-	*Nil*			
Total Value			*Nil*				*Nil*			
David Hall		*PROP*	*Nil*	-	-	-	*Nil*	-	-	*Nil*
Total Number			*Nil*				*Nil*			
Total Value			*Nil*				*Nil*			

*Section 300(1) of the Corporations Act 2001 (Cth) requires additional disclosure for the five most highly remunerated executives.

(i) No amounts are unpaid on any shares issued on the exercise of options.
(ii) The value at grant date reflects the fair value of the right multiplied by the number of rights granted during the period converted using the rate at the date of grant.
(iii) The value at exercise date of the securities that were granted as part of remuneration and were exercised during the year, being the value of the share at the date of exercise less the exercise price and less the fair value of the right at grant date multiplied by the number of rights exercised converted using the rate at the date of exercise.
(iv) The value at lapse date of the securities that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied.
(v) The fair values of long term incentives have been calculated by an independent third party. This table summarises the details of the grants and assumptions that were used in determining the fair value of PROP, options and rights on the grant date.

Type	Options	Performance Rights
Grant date	21/03/13	21/03/13
Date vested and exercisable	31/08/15	31/08/15
Expiry date	30/09/15	30/09/15
Fair value per share at grant date A$	$0.3365	$1.3607
Share price at grant date A$	$1.3607	$1.3607
Exercise price A$	$2.20	Nil
% Vested	Nil	Nil
Dividend yield	0%	0%
Risk-free interest rate	3.03%	3.03%
Estimated volatility (standard deviation)	60%	60%

The Director's Report incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.

James D Calaway
Chairman

Richard P Seville
Managing Director

Signed: 30th September 2013

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of Orocobre Limited

In relation to our audit of the financial report of Orocobre Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Mark Hayward
Partner
30 September 2013

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement outlines the key principles and practices of Orocobre Limited ("Orocobre" or the "Company"), which represents its system of governance. The Company's Board is committed to implementing best practice corporate governance procedures and has adopted *ASX's Corporate Governance Principles and Recommendations* as released by the ASX Corporate Governance Council (the "Principles") as the basis for its corporate governance policies.

In viewing this Statement, shareholders are reminded that the Company is transitioning from a "junior explorer" into a significant operating company committed to developing its governance principles and practices to support that rapid growth while maintaining a lean and efficient corporate management structure appropriate for its stage in development. The Company advises that where its practices are not entirely consistent with the ASX Principles this is because the Board considers some of the recommendations are not applicable to the Company's size and the nature of its current operations. However, the Board and management of the Company are committed to the progressive implementation of the Principles, appropriate to each stage of the Company's development.
A summary of compliance with the Principles are provided below.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Lay Solid foundations for management and oversight

The Board's role is to govern the Company and to ensure that it represents effectively the interests of all shareholders. In governing the Company, the Directors must act in the best interests of the Company as a whole. The Managing Director and executive management manage the day to day activities of the Company in accordance with the directions and delegations of the Board whilst the Board oversees the activities of the Managing Director and executive management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company consistent with its values and articulated procedures and practices. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose these functions.

The Company has developed a Board Charter which documents the respective roles and responsibilities of the Board and senior executives. In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

To assist the Board in fulfilling its duties and responsibilities, the following Committees have been established:

(a) Audit Committee, which is responsible for monitoring and advising the Board on the Company internal and external audit, risk management and regulatory compliance policies and procedures;

(b) Remuneration Committee, which is responsible for overseeing the remuneration policies and practices of the Company , advising the Board on the composition of the Board and its Committees, reviewing the performance of the Managing Director and reviewing the performance reviews of senior executives undertaken by the Managing Director.

The Board is collectively responsible for:

- input into the development and approval of corporate strategy including financial objectives;
- the appointment and removal of the Managing Director, Chief Financial Officer and Company Secretary;
- oversight of control and accountability systems;
- evaluating and approving the annual operating budget and business plans and holding management accountable for delivery of same;
- evaluating, approving and monitoring the progress of major capital and operating expenditure, capital management and all major corporate transactions;
- monitoring compliance with all legal and regulatory and ethical obligations;
- reviewing any risk management system (which may be a series of systems established on a per-project basis) and internal compliance and controls;

- with the assistance of the Remuneration Committee, approving remuneration policies and the employment terms for non-executive Directors, the Managing Director, and senior executives;
- with the assitance of the Remuneration Committee, establishing criteria for and monitoring performance of the Managing Director and senior executives;
- approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders;
- determining Orocobre's dividend policy, the operation of dividend re-investment plan (if any) and the amount and timings of all dividends; and
- appointing the Chairman of Orocobre.

The Board will convene regular meetings as may otherwise be required to deal with urgent matters which might arise between scheduled meetings.

Newly appointed Directors will be provided with formal appointment letters setting out the key terms and conditions regarding their appointment. Similarly, senior executives including the Managing Director are provided with formal job descriptions and letters of appointment clearly stating their term of office, duties, rights and responsibilities, and entitlements on termination.

1.2 Companies should disclose the process for evaluating the performance of senior executives.

Senior executive performance is reviewed against a range of quantitative and qualitative measures. Remuneration reviews also take into account length of service, particular experience of the individual concerned, overall performance of Orocobre and the individual and market practice with respect to comparable positions.

The Remuneration Committee reviews the Managing Director's performance and the Managing Director reviews other executives' performance. The results of the Managing Director's performance reviews of senior executives are reported to the Remuneration Committee for information and approval of any incentive payments. The performance of senior executives is reviewed on a formal basis annually. The Remuneration Committee's review of the Managing Director's performance and the Managing Director's review of senior executive's performance were undertaken during the year.

For more information please refer to the Remuneration Report within the Directors Report.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Structure the board to add value

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The Board of Orocobre currently comprises seven Directors. Mr Richard Seville who is the Managing Director and Chief Executive Officer is considered an executive Director. The remaining six Directors are considered non-executive Directors. Five of these non-executive directors are independent. Further details of the Directors such as their qualifications and experience along with their terms of office are set out in the Directors' Report.

Within the cost limits appropriate for a company of Orocobre's size, the Board has been structured to provide optimum experience and oversight of the Company's operations. The Board considers that the existing Directors bring the range of skills, knowledge and experience necessary to govern the Company effectively. The Board regularly reviews its composition, skill base and effectiveness of the Board.

2.1 A majority of the board should be independent directors.

Orocobre had a majority of independent directors throughout the year. As at the date of this Annual Report, the Board consists of a majority of independent directors. The Board comprises one executive Director and six non-executive Directors. There are five non-executive Directors that are independent. The Non-Executive Chairman of the Board, Mr James Calaway, is not independent as he is the Managing Member of a Limited Liability Company with a substantial shareholding in the Company. The five non-executive Directors that are independent and meet the criteria for independence proposed by the Principles are: Mr Courtney Pratt, Mr John Gibson, Mr Oris de Roa, Mr Federico Nicholson and Mr Robert Hubbard.

While determining the independent status of Directors, the Board has considered whether the Director:

a) holds less than five percent of the voting shares of the Company (in conjunction with their associates); or is an officer of the Company, or otherwise associated directly with a shareholder of more than five percent of the voting shares of the Company;
b) has within the last three years, been employed in an executive capacity by the Company or another group member;
c) has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided. In this context, the relationship with the professional adviser or consultant shall be deemed to be material if payments from the Company exceed 10% of the Company's annual expenditure to all professionals and consultants or exceed 10% of the recipient's annual revenue for advisory or consultancy services;
d) is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer. In this context, the relationship with the supplier or customer shall be deemed to be material if annual payments to or from that supplier or customer exceed 10% of the annual consolidated gross revenue of either the Company or that supplier or customer; and
e) has a material contractual relationship with the Company or other group member other than as a Director of the Company.

2.2 The chair should be an independent director.

Orocobre is not compliant with this Recommendation as Mr Calaway is not an independent Director as detailed in 2.1. However, at this time in the Company's stage of development, the Board considers that the most suitable person to fulfil the role of Chairman is Mr Calaway. To manage any potential conflicts of interest, Mr Pratt has been appointed as a lead independent Director. In this capacity Mr Pratt will lead board discussions in the event that there is a perceived conflict of interest for the Chairman, chair Board in-camera sessions and liaise with the Company's Managing Director on any matters relating to the Chairman.

2.3 The roles of chairperson and chief executive officer should not be exercised by the same person.

Orocobre is compliant with this Recommendation. The Chairman is not the Chief Executive Officer nor does he perform Chief Executive Officer functions. The Company's Managing Director, Mr Seville is the Chief Executive Officer. The Managing Director is responsible for running the affairs of the Company under delegated authority of the Board, including the implementation of the policies and strategy set by the Board. There is a clear division of responsibilities between the Chairman and the Chief Executive Officer.

2.4 The board should establish a nomination committee.

The Company does not comply with this recommendation currently because the function of the nomination committee is undertaken by the full Board. The size and nature of the Company's activities do not currently justify the establishment a separate committee at this time. The Board regularly reviews the composition, skill base and effectiveness of the Directors of the Board.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Company undertook a formal performance review process of the Board and the Chair during the financial year. A third party organisation was contracted to undertake a confidential survey of Directors on board composition, dyanamics and performance, performance of committees and of the Chairman. Since year's end the data has been analysed and the process completed.

Induction & Education

New Directors will undergo an induction process in which they will be given a full briefing on the Company. Where possible, this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- details of the role and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- access to a copy of the Board Charter;

- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

Access to information and Independent Professional Advice

Each Director has the right of access to all Company information and to the Company's executives. Further, each Director and the Board collectively, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor at the Company's expense, up to specified limits to assist them to carry out their responsibilities. Where appropriate a copy of this advice is to be made available to all other members of the Board.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Companies should establish a code of conduct and disclose the code or a summary of the code.

The Board requires high standards of conduct and responsibility from Directors and officers. As part of its commitment to recognising the legitimate interest of stakeholders, the Company has developed a Code of Conduct to guide compliance with legal and other obligations to stakeholders, which include employees, clients, customers, government authorities, creditors and the community. Directors are required to adhere to industry standards in conduct and dealings and promote a culture of honesty, fairness and ethical behaviour in its internal compliance policy and procedures as well as in its dealings with stakeholders.

The Company is committed to implementing this Code of Conduct. A copy of the Code is given to all relevant personnel, including Directors and each individual is accountable for such compliance.

Any breach of applicable laws, accepted ethical commercial practices or other aspects of the Code of Conduct will result in disciplinary action. Depending on the severity of the breach, such disciplinary action may include reprimand, formal warning, demotion or termination of employment/engagement (as the case may be).Disciplinary action may be taken against any manager who directly approves of such action or has knowledge of the action and does not take appropriate remedial action.

Breach of applicable laws or regulations may also result in prosecution by the appropriate authorities. The Company will not pay, directly or indirectly, any penalties imposed on any personnel as a result of a breach of law or regulation.

Personnel are expected to report any instances of suspected non-compliance and these will be investigated fairly. Individuals who report suspected non-compliance in good faith will be appropriately protected.

Company Securities Trading Policy

The Company has a Securities Trading Policy pursuant to ASX Listing Rule 12.9. According to this policy, all Directors, senior executives, employees, contractors and consultants, whilst in possession of material, non-public, market price sensitive information, are subject to three restrictions:

- they must not deal in securities where they are in possession of inside information;
- they must not cause or procure anyone else to deal in those securities; and
- they must not communicate the information to any person if they know or ought to know that the other person will use the information, directly or indirectly, for dealings in securities.

Directors, senior executives, employees, contractors and consultants are required to advise the Chairman and Company Secretary of their intentions prior to undertaking any transaction in the Company's securities. If a Director, senior executive, employee, contractor or consultant is considered to possess material, non-public, market price sensitive information, they will be precluded from making a security transaction until after the time of public release of that information.

The Company also has nominated "Trading Windows". No trading in Orocobre Securities may occur by Directors or senior executives (being direct reports to the Managing Director and those persons' direct reports) outside of nominated Trading Windows without the permission of the Chairman.

Unless the Board otherwise directs, in its absolute discretion, Trading Windows will be opened at the following times:

(a) for a period of 4 weeks following the public release by Orocobre of its quarterly reports, including Appendix 4C, to the ASX (commencing on the second trading day after such release);

(b) for a period of 4 weeks following the public release by Orocobre of its annual and half year results to the ASX (commencing on the second trading day after such release);

(c) for a period of 4 weeks following the Orocobre Annual General Meeting (commencing on the second trading day after the AGM);

(d) for a period of 2 weeks following the release of Material Non-Public Information to the ASX (commencing on the second trading day after such release); and

(e) during any offer period for long as it remains open under a disclosure document (prepared in accordance with Chapter 6D of the Corporations Act and released to the ASX) issued by Orocobre offering Securities.

The Board may also, in its absolute and unfettered discretion, determine that a trading window be opened commensurate with the vesting of securities granted under any Orocobre equity based remuneration scheme.

3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.

The Diversity Policy is a commitment by the Company to actively seek to maintain a diverse workforce, to create a workplace that is fair and inclusive, applies fair and equitable employment practices and provides a working environment that will allow all employees to reach their full potential.

3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.

The Company is of the view that any measurable statistical objectives on a diverse workforce must be fit for purpose, in line with the Company strategic objectives and ensure the Company is in compliance with all relevant legislative requirements. As at the date of this Annual Report, the Company is of the opinion that measurable objectives are not appropriate at its present stage of development, however, the Company will consider implementation of measurable objectives in future.

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board

Due to the size and scale of operations of the Company, the Board believes that a longer term gender diversity objective is more appropriate.

As at the date of this Annual Report, 0% of the Board, 10% of employees and 20% of senior executives are women. In Australia, 33% of employees are women while in Argentina the figure is 9.5%. All senior executive roles performed by women are based in Argentina. These figures include the Sales de Jujuy SA employees responsible for the management of the Olaroz project as well as employees of Borax Argentina SA.

The Company will look to increase gender diversity at a Board and senior executive level in future years as the Company progresses from exploration and construction to operations/production.

PRINCIPLE 4: SAFE GUARD INTEGRITY IN FINANCIAL REPORTING

4.1 The board should establish an audit committee.

The Board has established an Audit Committee to assist the Board. Details of the Members of the Audit Committee and their attendance at Committee Meetings are set out in Directors' Report.

4. 2 The structure of the audit committee.

The Audit Committee consists of three non-executive Directors. There is a majority of independent directors on the Audit Committee and the Chairman is Mr Robert Hubbard, who is an independent non-executive Director. The other members of the Audit Committee are Mr Gibson and Mr Oris de Roa.

4.3 The audit committee has a formal charter.

The responsibilities of the Audit Committee are set out in a formal charter approved by the Board.

External auditor

After a recommendation has been made by the Audit Committee, the Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company. Candidates for the position of the external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

The Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board. The Board reviews the performance of the external auditor on an annual basis.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Policy for compliance with continuous disclosure

The Board has adopted a policy and rules to ensure the Company complies with its obligations under the ASX Listing Rule 3.1 – Continuous Disclosure. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's shares; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's shares.

Such matters are advised to the ASX immediately they are identified as being material. Upon confirmation of receipt from the ASX, the Company posts all information disclosed in accordance with this policy on its website in an area accessible by the public.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Communications policy

The Board respects the rights of its Shareholders and to facilitate the effective exercise of those rights, it has adopted a policy on communication with Shareholders and implemented a set of processes to ensure timely and effective communication with Shareholders and the wider investment community. The Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the Company's website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;

- making it easy for shareholders to participate in general meetings of the Company and ask questions regarding the conduct of audit and about the functioning of the Company generally; and
- making it possible for shareholders to receive communication by electronic means.

The Company also makes available a telephone number and email address for shareholders to make inquiries of the Company.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Policies on risk oversight and management

The Company has developed a framework suitable for its current stage of development for risk management and internal compliance and control systems that cover organisational, financial, environmental, sustainability, compliance, strategic, ethical conduct, technological, financial reporting, market related and operational aspects of the Company's affairs.

The objective of this Risk Management Framework is to:

- ensure the identification of material business risks across each of the key risk areas;
- establish procedures to analyse risks within agreed parameters across the Company;
- establish procedures to monitor and manage material business risk; and
- ensure a risk framework is in place which can react should the risk profile of the business change.

Key components of the Risk Management Framework are:

- identifying and assessing all material business risks;
- managing, monitoring and wherever possible, mitigating, identified material business risks;
- reporting periodically; and
- assessing the effectiveness of the risk management framework.

Within its' operations in Argentina, the Company instituted ISO 31000 standard related to risk management within this current year, to act comprehensively on all its areas of activity. This compliments ISO 9001, Quality Assurance, ISO 14001 Environmental Management and BS OHSAS 18001 Occupational Health and Safety Management System previously instituted.

Management meets regularly to discuss material business risks and the management of those risks. Management reports to the Board on risk management on a regular basis, including advising of any material changes in the Company's risk profile.

7.2 Report on risk management and internal control system

The Board is responsible for setting the risk philosophy and risk appetite for the Company and approving the overall risk management and internal control system.

Presently, the full Board carries out the functions of a risk management committee as the Board's view is that a separate committee to manage the risk management functions is not warranted by the Company at this time.

The Board reviews the management of material business risks and the adequacy of the risk management and internal control framework on a regular basis. Management has reported to the Board on the effectiveness of the management of material business risks. A significant improvement in internal control systems is currently being achieved with the implementation of SAP systems in both the Sales de Jujuy S.A. and Borax Argentina S.A businesses. The implementation of SAP at Sales de Jujuy S.A. is complete with Borax Argentina S.A. due to be completed by the end of the 2013 calendar year.

7.3 Attestation by Chief executive officer (or equivalent) and chief financial officer (or equivalent)

- The Managing Director/CEO, and the Chief Financial Officer, have given written confirmation to the board that: the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control ; and
- the Company's risk management and internal control system is operating effectively in all material respects in relation to financial reporting risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Establishment of a remuneration committee.

The Board has established a Remuneration Committee that assumes responsibilities in relation to remuneration matters such as remuneration, recruitment, retention and termination policies and procedures, senior executives' remuneration and incentives, superannuation arrangement and the setting of the remuneration framework for Directors.

The Chairman of the Committee is Mr Courtney Pratt and the other members of the Committee are Mr James Calaway and Mr Federico Nicholson. Mr Fernando Oris de Roa was a member of the Remuneration Committee in addition to his role as a member of the Audit Committee until December 2012. At this time Mr Fernando Oris de Roa resigned as a member of the Remuneration Committee and Mr Federico Nicholson was appointed to the Remuneration Committee effective 1 January 2013. Details of the members of the Remuneration Committee and their attendance at Committee Meetings are set out in the Directors' Report.

The Company is committed to remunerating its executive Directors, non-executive Directors and future executives in a manner that is market-competitive, consistent with best practice and supporting the interests of shareholders.

Details of the Company's remuneration policy are provided in the accompanying Directors' Report and Financial Statements.

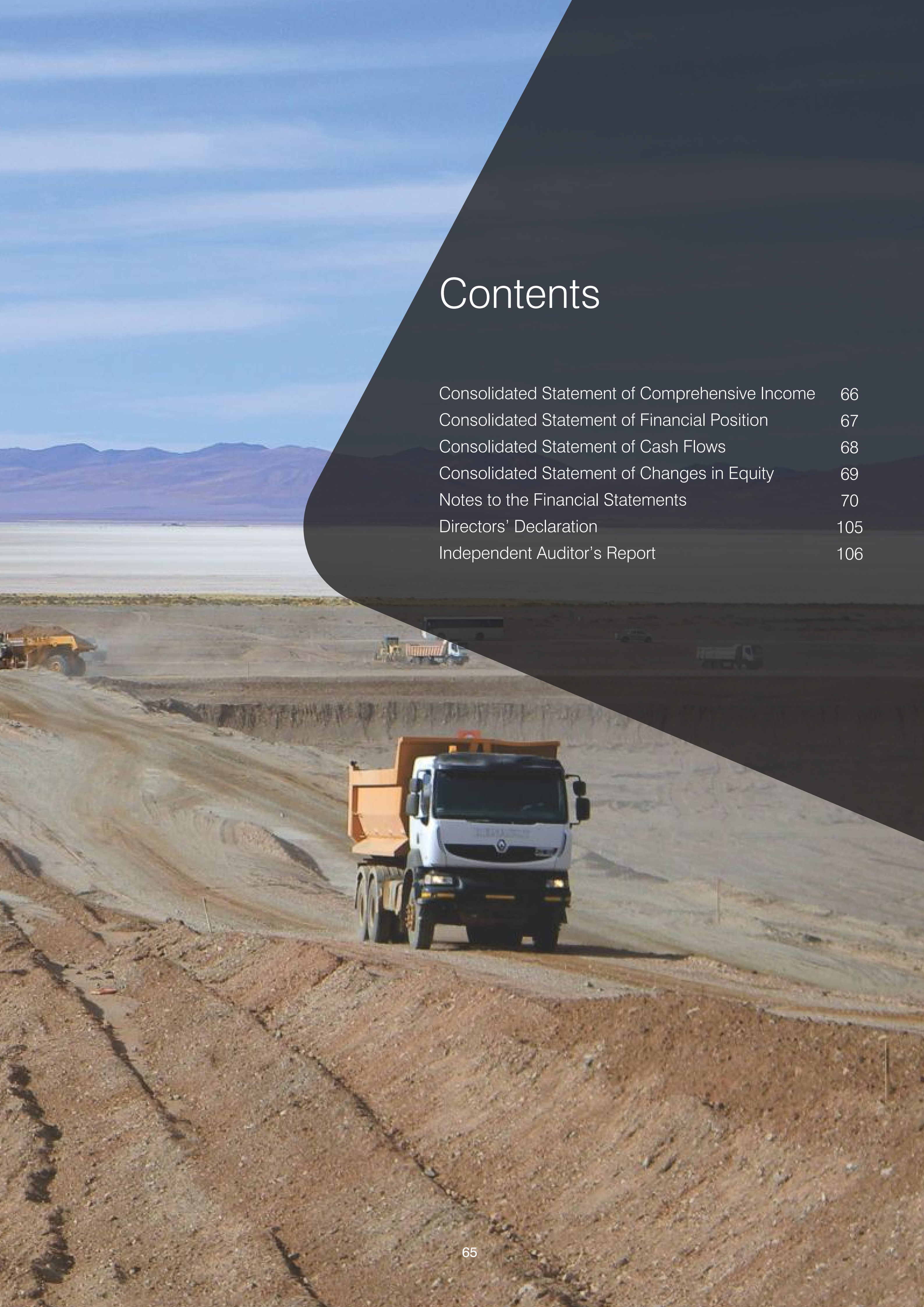
8.2 Structure of non-executive and executive Director remuneration

The Company clearly distinguishes the form of remuneration for non-executive Directors and executives. Non-executive Director fees are not linked to company performance however, components of executive remuneration are clearly linked to the achievement of company goals.

Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. Non-executive Directors' are remunerated by way of fees, in the form of cash, non-cash benefits, or superannuation contributions. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting and are not linked to the performance of the Company. At present, this maximum aggregate amount is $600,000. No other form of retirement benefit is paid.

Details of the members of the Remuneration Committee and their attendance at Committee Meetings are set out in the Directors' Report. Details of the Company's remuneration policy are outlined in the Remuneration Report section of the Directors' Report, along with the names of the Directors, their qualifications and experience and the term of office held by each Director.

FINANCIAL REPORT 2013



Contents

Consolidated Statement of Comprehensive Income	66
Consolidated Statement of Financial Position	67
Consolidated Statement of Cash Flows	68
Consolidated Statement of Changes in Equity	69
Notes to the Financial Statements	70
Directors’ Declaration	105
Independent Auditor’s Report	106

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2013

	Note	Consolidated Group 30 June 2013 $	30 June 2012 $
Sale of goods	2	17,654,532	-
Cost of goods sold		(17,108,952)	-
Gross profit/(loss)		545,580	-
Other revenue	2	2,668,393	1,602,946
Gain on creation of joint venture	2,14	101,963,338	-
Corporate & administrative expenses		(9,157,460)	(3,659,496)
Other expenses		(2,534,761)	(756,014)
Share of net profits/(losses) of joint venture	14	(294,588)	-
Foreign currency gain/(loss)	3	3,602,282	(182,024)
Profit/(Loss) before income tax		96,792,784	(2,994,588)
Income tax expense	4	(1,243,740)	-
Profit/(Loss) for the year		95,549,044	(2,994,588)
Other comprehensive income /(loss)			
(Items that may be reclassified subsequently to profit and loss)			
Transfers to income statement on creation of joint venture		5,077,490	-
Translation gain/(loss) on foreign controlled entities		(1,065,993)	(1,828,244)
Net gain/(loss) on revaluation of financial assets		211,402	(172,473)
Other comprehensive income/(loss) for the period, net of tax		4,222,899	(2,000,717)
Total comprehensive income / (loss) for the period		99,771,943	(4,995,305)
Profit/(Loss) attributable to:			
Members of the parent entity		95,684,677	(2,830,028)
Non-controlling interest		(135,633)	(164,560)
		95,549,044	(2,994,588)
Total comprehensive income/ (loss) attributable to:			
Members of the parent entity		99,907,576	(4,830,745)
Non-controlling interest		(135,633)	(164,560)
		99,771,943	(4,995,305)
Basic earnings per share (cents per share)	5	85.26	(2.74)
Diluted earnings per share (cents per share)	5	85.18	(2.74)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Note	Consolidated Group 30 June 2013 $	30 June 2012 $
CURRENT ASSETS			
Cash and cash equivalents	7	10,609,081	16,480,515
Trade and other receivables	8	5,766,953	284,655
Inventory	9	8,045,656	-
Other	10	768,101	61,655
Total Current Assets		25,189,791	16,826,825
NON-CURRENT ASSETS			
Financial assets	11	12,233	96,634
Property, plant and equipment	12	8,795,831	779,421
Exploration and evaluation asset	13	13,692,541	43,720,233
Investment in joint venture	14	137,973,705	-
Inventory	9	83,922	-
Deferred tax asset	4	2,079,682	-
Trade and other receivables	8	26,602,735	2,928,963
Total Non-Current Assets		189,240,649	47,525,251
TOTAL ASSETS		214,430,440	64,352,076
CURRENT LIABILITIES			
Trade and other payables	15	8,307,738	6,033,893
Loans & borrowings	16	914,494	-
Provisions	17	1,451,286	87,293
Total Current Liabilities		10,673,518	6,121,186
NON-CURRENT LIABILITIES			
Trade and other payables	15	3,180,927	-
Loans & borrowings	16	2,743,483	-
Deferred tax liability	4	2,857,977	-
Provisions	17	10,766,376	-
Total Non-Current Liabilities		19,548,763	-
TOTAL LIABILITIES		30,222,281	6,121,186
NET ASSETS		184,208,159	58,230,890
EQUITY			
Issued Capital	19	101,712,005	76,029,387
Reserves	20	(2,053,540)	(6,799,147)
Retained profits/(accumulated losses)		84,533,907	(11,150,770)
Parent interest		184,192,372	58,079,470
Non controlling interest		15,787	151,420
TOTAL EQUITY		184,208,159	58,230,890

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2013

	Note	Consolidated Group 30 June 2013 $	30 June 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		18,458,831	-
Payments to suppliers and employees		(21,654,560)	(4,123,164)
Interest received		454,182	1,448,556
Other income		1,565,118	143,578
Net cash provided by/(used in) operating activities	21	(1,176,429)	(2,531,030)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capitalised exploration expenditure	13	(7,650,575)	(18,200,189)
Payment for subsidiary net of cash	18	(4,422,416)	-
Purchase of property, plant and equipment	12	(2,136,852)	(646,059)
Proceeds from sale of property plant and equipment		41,303	46,033
Proceeds on creation of joint venture		17,694,480	-
Investment in joint venture		(21,645,339)	-
Net cash provided by/(used in) investing activities		(18,119,399)	(18,800,215)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	19	23,589,491	46,875
Funds provided under joint venture agreement		(4,329,213)	-
Proceeds from borrowings	16	3,657,977	-
Loan to joint venture		(9,339,949)	-
Net cash provided by/(used in) financing activities		13,578,306	46,875
Net increase/(decrease) in cash held		(5,717,522)	(21,284,370)
Cash and cash equivalents at beginning of year		16,480,515	37,678,205
Effect of exchange rates on cash holdings in foreign currencies		(153,912)	86,680
Cash at end of year		10,609,081	16,480,515

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

	Share Capital	Accumulated Profits/ (Losses)	Option Reserve	Foreign Currency Translation Reserve	Financial Assets Reserve	Non controlling Interests	Total
	$	$	$	$	$	$	$
Balance at 1 July 2011	75,960,637	(8,320,743)	475,526	(5,580,973)	(38,929)	315,981	62,811,499
Loss attributable to members of the company	-	(2,830,027)	-	-	-	-	(2,830,027)
Loss attributable to non controlling interests	-	-	-	-	-	(164,561)	(164,561)
Other comprehensive income/(loss) for the year	-	-	-	(1,828,244)	(172,473)	-	(2,000,717)
Total comprehensive income/(loss)	-	(2,830,027)	-	(1,828,244)	(172,473)	(164,561)	(4,995,305)
Shares issued during the year	56,875	-	-	-	-	-	56,875
Options expensed during the year	-	-	357,821	-	-	-	357,821
Options exercised during the year	11,875	-	(11,875)	-	-	-	-
Balance at 30 June 2012	76,029,387	(11,150,770)	821,472	(7,409,217)	(211,402)	151,420	58,230,890
Profit/(loss) attributable to members of the company	-	95,684,677	-	-	-	-	95,684,677
Loss attributable to non controlling interests	-	-	-	-	-	(135,633)	(135,633)
Other comprehensive income/(loss) for the year	-	-	-	4,011,497	211,402	-	4,222,899
Total comprehensive income/(loss)	-	95,684,677	-	4,011,497	211,402	(135,633)	99,771,943
Shares issued during the year	24,711,716	-	-	-	-	-	24,711,716
Transaction costs (Note 19)	970,902	-	-	-	-	-	970,902
Options expensed during the year	-	-	522,708	-	-	-	522,708
Balance at 30 June 2013	101,712,005	84,533,907	1,344,180	(3,397,720)	-	15,787	184,208,159

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Orocobre Limited and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, Orocobre Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 30 September 2013 by the directors of the company.

The nature of the operations and principal activities of the Group are described in the directors' report.

NOTE 1: Summary of Significant Accounting Policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, other authoritive pronouncements of the Australian Accounting Standards Board (AASB) and the Australian Corporations Act 2001. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

For the year ended 30 June 2013 and going forward, the group has voluntarily changed the presentation of the consolidated income statement from nature to function. Since the inclusion of the Borax business, the group determined the disclosure of the function of items provided more relevant information to the financial statement users.

The adjustment is shown in the consolidated income statement and the comparative amounts in the prior period have been adjusted to show the function of the expense. The amount of expenses recorded in each period presented has not changed. Only the presentation has changed.

- Revenue has been reclassified as other revenue ($1,602,946)
- Employee benefits expenses has been reclassified as corporate and administrative expenses ($2,169,030)
- Occupancy costs has been reclassified as corporate and administrative expenses ($169,253)
- Capitalised exploration and evaluation expenditure written off has been reclassified as other expenses ($756,014)

Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of Orocobre Limited and its subsidiaries and special purposes entities (as outlined in Note 22) as at and for the period ended 30 June each year (the Group). Interests in joint ventures are equity accounted and are not part of the consolidated Group (see Joint Ventures Note 1 below).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operation.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries and special purpose entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Orocobre Limited are accounted for at cost in the financial statements of the Parent less any impairment charges.

NOTE 1: Summary of Significant Accounting Policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see Business Combinations Note 1 below).

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit disposal of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the Parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

NOTE 1: Summary of Significant Accounting Policies (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTE 1: Summary of Significant Accounting Policies (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Refer to critical accounting estimates and judgements (Note 1) and provisions (Note 17) for further information about the recorded decommissioning provision.

Property, plant and equipment transferred from customers is initially measured at the fair value at the date on which control is obtained.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:
- Buildings: 20 to 30 years
- Plant and equipment: 5 to 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expendtiure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

NOTE 1: Summary of Significant Accounting Policies (continued)

Environmental protection, rehabilitation and closure costs

Provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the balance sheet date. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is included in interest expense. At the time of establishing the provision, a corresponding asset is capitalised, where it gives rise to a future benefit, and depreciated over future production from the operations to which it relates. The provision is reviewed on an annual basis for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate and the adjusted cost of the asset is depreciated prospectively.

Joint Ventures

The Group's investment in a joint venture, an entity in which the Group has joint control, is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the joint venture. When there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The Group's share of profit or loss of the joint venture is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of losses of joint venture' in the income statement.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Financial Instruments

Initial recognition and measurement
Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

NOTE 1: Summary of Significant Accounting Policies (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under AASB 139 are satisfied. The Group has not designated any financial assets at fair value through profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit and loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Available-for-sale financial investments
Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

NOTE 1: Summary of Significant Accounting Policies (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised
- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available for sale financial investments
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

NOTE 1: Summary of Significant Accounting Policies (continued)

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

NOTE 1: Summary of Significant Accounting Policies (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:
- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 11.

Impairment of Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill
Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTE 1: Summary of Significant Accounting Policies (continued)

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Issued Capital

Ordinary shares are classified as equity. Transaction costs arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (Note 3).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where nonvesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 5).

Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding goods and services tax (GST). The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods
Sales revenue is recognised at the point where responsibility shifts from seller to buyer as dictated by the Incoterms specified in the sales contract.

Interest income
For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in other income in the income statement.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or overseas, VAT), except where the amount of GST incurred is not recoverable from the relevant taxation authority.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included with other receivables or payables in the statement of financial position.

NOTE 1: Summary of Significant Accounting Policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the relevant taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave
The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee
Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straightline basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Earnings per Share (EPS)

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTE 1: Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Critical Accounting Estimates and Judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The group makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration and evaluation assets, whereby exploration and evaluation expenditure is capitalised in certain circumstances, primarily where activities in the area of interest have not yet reached a stage which permits reasonable assessment of economically recoverable reserves. Otherwise expenditure is expensed.

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Provision for rehabilitation
As part of the identification and measurement of assets and liabilities for the acquisition of Borax Argentina S.A. in 2012, the Group has recognised a provision for rehabilitation obligations associated with a factory owned by Borax Argentina S.A.. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The carrying amount of the provision as at 30 June 2013 was $10,051,530 (2012: $Nil).

NOTE 1: Summary of Significant Accounting Policies (continued)

Comparative Figures and Financial Period

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

- AASB 2011-9 Amendments to Australian Accounting Standards -Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (Application date of standard 1 July 2012; Application date of group 1 July 2012)
This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2013, outlined below:

- AASB 10 Consolidated Financial Statements (Application date of standard 1 January 2013; Application date of group 1 July 2013)
AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.

The Directors have considered this standard and note the changes will not have a material impact on the Group's financial statements.

- AASB 11 Joint Arrangements (Application date of standard 1 January 2013; Application date of group 1 July 2013)
AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities - Non-monetary Contributions by Ventures.

AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.

The Directors have considered this standard and note the changes will not have a material impact on the Group's financial statements.

- AASB 12 Disclosure of Interests in Other Entities (Application date of standard 1 January 2013; Application date of group 1 July
AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.

The Directors have considered this standard and note the changes will not have a material impact on the Group's financial statements.

- AASB 13 Fair value measurement (Application date of standard 1 January 2013; Application date of group 1 July 2013)
AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

NOTE 1: Summary of Significant Accounting Policies (continued)

Consequential amendments were also made to other standards via AASB 2011-8.

The Directors have considered this standard and note the changes will not have a material impact on the Group's financial statements.

- AASB 119 Employee Benefits (Application date of standard 1 January 2013; Application date of group 1 July 2013)
The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets.

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

Consequential amendments were also made to other standards via AASB 2011-10.

The Directors have considered this standard and note the changes will not have a material impact on the Group's financial statements.

- Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine (Application date of standard 1 January 2013; Application date of group 1 July 2013)
This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset".

The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.

Consequential amendments were also made to other standards via AASB 2011-12.

The Directors have considered this standard and note the changes will not have a material impact on the Group's financial statements.

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (Application date of standard 1 July 2013; Application date of group 1 July 2013)
This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The Directors have considered this standard and note the changes will not have a material impact on the Group's financial statements.

	Consolidated Group 2013 $	Consolidated Group 2012 $
NOTE 2: Result for the Period		
The following revenue and expense items are relevant in explaining the financial performance for the period:		
Sale of goods	17,654,532	-
Interest - related parties	331,018	-
Interest - other persons	415,657	1,449,720
Other revenue	1,495,911	143,578
Unwind of discount on loans receivable	384,504	-
Gain on sale of plant & equipment	41,303	9,648
Total other revenue	2,668,393	1,602,946
Gain on creation of joint venture (see Note 14)	101,963,338	-
NOTE 3: Profit/(Loss) for the Year		
Included in expenses are the following items:		
Capitalised exploration & evaluation expenditure written-off	499,747	756,014
Depreciation & amortisation	720,671	125,279
Rental expense on operating lease	140,454	112,760
Foreign currency translation losses/(gains)	(3,602,282)	182,024
Employee benefits expense comprises:		
Short term benefits	4,674,097	4,434,142
Contributions to defined contribution plans	87,438	64,237
Share based payments	522,708	357,821
Less capitalised as exploration expenditure	(1,619,124)	(2,687,170)
	3,665,119	2,169,030
NOTE 4: Income Tax Expense		
The major components of income tax expense for the years ended 30 June 2013 and 2012 are:		
Income Tax Expense/(Benefit)		
Current income tax:		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	107,951	-
Relating to prior year	1,080,331	-
Foreign exchange on DTL acquired	55,458	
Income tax expense reported in the income statement	1,243,740	-
A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 30 June 2013 and 2012 is as follows:		
Gain/(Loss) from continuing operations before income tax expense	96,792,784	-
Tax expenses / (Benefit) at Australian tax rate of 30% (2012: 30%)	29,037,835	-
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Share - based payments	71,753	-
- Entertainment expense	235	-
- Disposal of JV	(30,832,868)	-
- Other	83,773	-
Unrecognised Tax losses current year	2,350,132	-
Differences in tax rates (foreign subsidiaries)	(602,909)	-
Foreign exchange on DTL acquired	55,458	
Relating to prior year	1,080,331	-
Income tax expense	1,243,740	-

	Consolidated Group 2013 $	2012 $
NOTE 4: Income Tax Expense (continued)		
Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
Payable and accruals	556,203	-
Employee benefits	35,632	-
Investments	88,741	
Deferred exploration expenditures	149,924	-
Inventory	85,913	-
Other debtors	386,576	-
Share issue costs (P&L)	28,089	-
Share issue costs (Equity)	748,604	-
	2,079,682	-
Deferred tax liabilities		
PPE	(1,814,747)	-
Receivables	(333,589)	-
Prepayments	(268)	-
Unrealised foreign exchanges	(709,373)	-
	(2,857,977)	-
Movements:		
Opening Balance	-	-
Under/(over) provision in prior years (P&L)	(1,080,332)	-
Under/(over) provision in prior years (Equity)	1,772,858	-
Credited/(charged) to the Equity (Current year)	343,742	-
Credited/(charged) to the income statement (At acquisition & PPA)	(1,706,612)	-
Credited/(charged) to the income statement	(107,951)	-
Closing Balance	(778,295)	-

The Group has tax losses of $19,246,464 (2012: $15,000,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

NOTE 5: Earnings Per Share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2013	2012
Profit/(Loss) for the financial year	95,549,044	(2,994,588)
Exclude non-controlling interest	135,633	164,560
Net Profit/(Loss) used in the calculation of basic and dilutive EPS	95,684,677	(2,830,028)
	No.	**No.**
Weighted average number of ordinary shares outstanding	112,221,395	103,184,354
Weighted average number of options outstanding	110,418	-
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive EPS	112,331,813	103,184,354

There are 701,092 share options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

	Consolidated Group	
	2013	2012
	$	$
NOTE 6: Auditors' Remuneration		
Remuneration of the auditor of the consolidated group for:		
- auditing or reviewing the financial report	162,352	169,103
- other assurance services	18,300	17,392
	180,652	186,495

NOTE 7: Cash and Cash Equivalents

	2013	2012
Cash at bank and on hand	5,429,940	2,063,596
Short term deposits	5,179,141	14,416,919
	10,609,081	16,480,515

Cash at the end of the financial year as shown in the statement of cash flows is the same amount as shown in the statement of financial position.

Included in cash at bank are balances drawn down from the HSBC Loan (see Note 16). These cash funds are designated for the specific purpose of the relocation of the Tincalayu project.

The effective interest rate on short term deposits was 4.01% (2012: 5.3%). Deposits have an average maturity of 89 days.

NOTE 8: Trade and Other Receivables

	2013	2012
Current:		
Trade receivables	4,129,401	-
Related party receivables	229,582	17,528
Other receivables	516,910	267,127
VAT tax credits	891,060	-
	5,766,953	284,655
Non Current:		
Trade receivables	1,578,422	-
Related party receivables	340,977	-
Receivable from joint venture	17,861,344	-
Receivable from joint venture partners	6,054,178	-
VAT tax credits	767,814	2,928,963
	26,602,735	2,928,963

Trade and other receivables

As at 30 June 2013, no trade receivables were impaired. It is expected all balances will be received when due. There are no balances with terms that have been renegotiated but which would otherwise be past due or impaired. The amounts are non-interest bearing and generally on 90 days terms. No collateral is held over receivables.

Credit Risk — Trade and Other Receivables

Included in other receivables is $1,658,874 (2012: $2,928,963) being VAT recoveries due from the Argentine revenue authority. This amount represents a significant concentration of credit risk to the Group. On a geographical basis the Group has total receivables of A$8,752,240 (2012: A$3,103,006) denominated in Argentine pesos, which represents a significant concentration of credit risk to the Group.

Receivables from joint venture and joint venture partners

Receivables from joint venture and joint venture partners relates to amounts receivable in respect of the Olaroz project (see Note 14). All amounts are denominated in USD and $17,861,344 is interest bearing. The receivables will be recovered once the Olaroz project is operational (see Note 22).

	Consolidated Group 2013 $	Consolidated Group 2012 $
NOTE 9: Inventory		
Current:		
Inventory	8,045,656	-
	8,045,656	-
Non Current:		
Inventory	83,922	-
	83,922	-

Current inventories relate to borates and related products. Non current inventory relates to consumables and spare parts.

NOTE 10: Other Assets

	2013 $	2012 $
Current:		
Prepayments	768,101	61,655

NOTE 11: Financial Assets

Available for sale financial assets (at fair value)

	2013 $	2012 $
Non-current - Shares in listed entity	12,233	96,634

Impairment on available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Based on these criteria, the Company identified an impairment of $295,804 on available-for-sale investment - quoted equity securities. The impairment on available-for-sale financial investments is recognised within other expenses in the income statement.

NOTE 12: Property, Plant and Equipment

	Land & buildings	Work In Progress	Plant & equipment	Total
Plant and equipment				
At cost	-	-	1,000,698	1,000,698
Accumulated depreciation	-	-	(221,277)	(221,277)
Total at 30 June 2012	-	-	779,421	779,421
At cost	3,361,652	603,262	5,751,279	9,716,193
Accumulated depreciation	(41,766)	-	(878,596)	(920,362)
Total at 30 June 2013	3,319,886	603,262	4,872,683	8,795,831

Plant and equipment
Reconciliation of the carrying amounts for property, plant and equipment is set out below:

	2013	2012
Balance at the beginning of year	779,421	340,088
Additions - business combinations	6,665,052	-
Additions	2,136,852	646,059
Disposals - creation of joint venture	(415,991)	(34,904)
Depreciation expense	(720,671)	(125,279)
Foreign currency translation movement	351,168	(46,543)
Carrying amount at the end of year	8,795,831	779,421

	Consolidated Group 2013 $	Consolidated Group 2012 $
NOTE 13: Exploration, Evaluation and Development Asset		
Exploration, evaluation and development expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - at cost	13,692,541	43,720,233
Movement in exploration and evaluation asset:		
Opening balance - at cost	43,720,233	27,249,892
Capitalised exploration expenditure	7,650,575	18,966,205
Decrease on creation of joint venture	(36,543,116)	-
Capitalised exploration expenditure written-off	(499,747)	(756,014)
Foreign currency translation movement	(635,404)	(1,739,850)
Carrying amount at the end of year	13,692,541	43,720,233

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and development of projects or alternatively through the sale of the areas of interest.

Capitalised exploration expenditure written off relates to the write off of accumulated costs with regards to projects which have been abandoned in the current financial year.

During the 2012 financial year, capitalised exploration expenditure included $10,000 settled by way of share issue (Note 26).

NOTE 14: Investment in Joint Venture

During the period the Group executed an agreement with Toyota Tsusho Corporation ("TTC") for a joint venture to develop the Olaroz lithium project located in the Province of Jujuy, northern Argentina.

Prior to the transaction the Group owned a 100% interest in the Olaroz lithium project. Net assets held at the date of the transaction were $37,510,000 with the majority being exploration and evaluation assets. Subsequent to the transaction the Olaroz lithium project is owned 66.5% by the Group, 25.0% by TTC and 8.5% by Jujuy Energia y Mineria Sociedad del Estado ('JEMSE') (the mining investment company owned by the provincial Government of Jujuy, Argentina). At the completion of the transaction the net assets previously recorded were written off and replaced by an investment in the joint venture of $115,249,882 and loans receivable from the joint venture of $17,861,344.

The Group has recorded the investment of $137,973,705 in the joint venture at fair value and has recorded a non cash and non taxable profit of $101,963,338 as a result of the transaction (including the recycling of amounts previously recorded in the foreign currency translation reserve of $5,077,490 and discounting of other loans of $1,654,301). The investment in the joint venture will be accounted for using the equity method of accounting.

Construction of the project will be majority funded by a debt facility provided by Mizuho Corporate Bank Limited (with a maximum facility limit of US$192 million). During the construction period TTC will provide a guarantee for its portion of the debt and also a joint guarantee with the Group for the Group's portion (together 100% of the debt). After completion of construction and after satisfying operating performance tests, the Japanese Government's Japanese Oil, Gas and Metal National Corporation ("JOGMEC") will provide a guarantee for a maximum of 82% of the project debt (to a maximum of US$158 million). The remaining 18% of the debt will be guaranteed by TTC who will provide a guarantee for its portion of the debt and also a joint guarantee with the Group for the Group's portion (13%). To further secure the debt facility Sales de Jujuy Pte. Ltd has provided security in favour of Mizuho Corporate Bank over the shares it owns in Sales de Jujuy S.A.

Each of TTC and Orocobre have granted cross charges on standard terms in favour of the other over their respective shareholding in Sales de Jujuy Pte. Ltd to better secure their respective performances of their obligations under the Sales de Jujuy Pte. Ltd joint venture agreement.

Interest in jointly controlled entities

The Group's share of the assets and liabilities as at 30 June 2013 and income and expenses of the jointly controlled entity for the year ended 30 June 2013, which is accounted for using the equity method in the consolidated financial statements, is as follows:

	2013 $	2012 $
Share of the joint venture's statement of financial position:		
Current Assets	12,740,847	-
Non-Current Assets	224,766,289	-
Current Liabilities	(15,113,487)	-
Non-Current Liabilities	(55,020,126)	-
Joint venture's non-controlling interest	(15,755,383)	-
Equity	151,618,140	**-**

	Consolidated Group 2013 $	Consolidated Group 2012 $
NOTE 14: Investment in Joint Venture (continued)		
Share of the joint venture's revenue and profit:		
Other Revenue	280,777	-
Corporate & administrative expenses	(1,172,366)	-
Foreign currency gain/(loss)	569,634	-
Profit before tax	(321,955)	-
Income tax expense	-	-
Profit/(loss) for the year from continuing operations	(321,955)	-
Income attributable to joint venture's non-controlling interest	(27,367)	-
Share of profit/(loss) for the year from continuing operations	(294,588)	-

The Group's share of project development commitments which are funded through project financing:

Operating commitments	53,352,364	-

NOTE 15: Trade and other Payables

	2013 $	2012 $
Current:		
Unsecured liabilities:		
Trade payables and accrued expenses	7,213,090	1,624,613
Joint venture contributions received	-	4,397,280
Subsidiary instalments payable	1,094,648	-
Payable to related entities	-	12,000
	8,307,738	6,033,893
Non-Current:		
Unsecured liabilities:		
Trade payables and accrued expenses	1,405,477	-
Subsidiary instalments payable	1,775,450	-
	3,180,927	-

NOTE 16: Loans and Borrowings

	2013 $	2012 $
Current:		
ARS 18,000,000 HSBC Loan (15.25% Simple Interest)	914,494	-
Non-Current:		
ARS 18,000,000 HSBC Loan (15.25% Simple Interest)	2,743,483	-
	3,657,977	-

This loan has been drawn down under a four year bank facility (HSBC). The loan is repayable within 48 months and is secured by guarantee (see note 24).

NOTE 17: Provisions

	2013 $	2012 $
Current:		
Short term employee benefits	1,451,286	87,293
	1,451,286	87,293
Non-Current:		
Provision for rehabilitation	10,051,530	-
Other provisions	714,846	-
	10,766,376	-

Short term employee benefits

Short term employee benefits comprise of annual and long service leave entitlements for Orocobre Ltd employees ($118,773), and leave entitlements and pension benefit obligations for Borax S.A. employees ($1,332,298).

	Consolidated Group	
	2013	2012
	$	$

NOTE 17: Provisions (continued)

Rehabilitation provision

The Group has recognised a provision for rehabilitation obligations associated with the factory owned by Borax S.A.

Reconciliation of the carrying amount for provision for rehabilitation is set out below:

	2013	2012
Balance at the beginning of year	-	-
Additions - business combinations	7,098,223	-
Arising during the year	2,953,307	-
Carrying amount at the end of the year	10,051,530	-

Other provisions

The Group has recognised a provision for a legal claim raised by a contractor regarding a workplace injury, in which Borax S.A. is one of the defendants.

Reconciliation of the carrying amount for other provisions is set out below:

	2013	2012
Balance at the beginning of year	-	-
Additions - business combinations	-	-
Arising during the year	714,846	-
Carrying amount at the end of the year	714,846	-

NOTE 18: Business Combinations

On 21 August 2012 the Group purchased 100% of the Argentine boron minerals and refined chemicals producer, Borax Argentina S.A. (Borax), from Rio Tinto PLC entities. The Group purchased Borax as it provides a well established regional operating presence, & experience and management skills which will compliment existing operations in Argentina. The consideration paid for the sale was US$5.5m and US$1.0m payable for 2 years on each anniversary of the acquisition, and a final payment of $629k on the third anniversary of the acquisition.

The fair values of the identifiable asset and liabilities acquired were as follows:	Fair value recognised on acquisition $
Assets:	
Property, plant & equipment	6,665,052
Cash and cash equivalents	823,423
Trade and other receivables	7,657,139
Inventories	7,802,570
Prepayments and other assets	1,512,523
	24,460,707
Liabilities:	
Trade and other payables	(6,091,432)
Deferred tax liability	(544,629)
Provision for employee entitlements and other	(3,006,261)
Provision for rehabilitation	(7,098,223)
	(16,740,545)
Total identifiable net assets at fair value	7,720,162
Purchase consideration transferred	
Cash	5,245,839
Instalments payable	2,474,323
	7,720,162

The net assets recognised in the 31 December 2012 financial statements were based on a provisional assessment of fair value while the Group sought an independent valuation for the land and buildings owned by Borax. The valuation had not been completed by the date the 2012 interim financial statements were approved for issue by management.

In June 2013 the valuation was completed and the acquisition date fair value of the property, plant and equpment was $6,665,052, an increase of $1,260,272 over the provisional value. The increased depreciation charge on the buildings from the acquisition date to 30 June 2013 was not material.

	Consolidated Group	
	2013	2012
	$	$

NOTE 18: Business Combinations (continued)

Overall, total assets have increased by $262,141, as a result of minor amendments on valuation. Total liabilities have decreased by $636,376 as a result of minor amendments on valuation. As a result, there was an increase in the deferred tax liability of $544,629.

The change to the consideration payable since the provisional acquisition note in the 2012 interim financial statements is due to a working capital adjustment as agreed between the parties at acquisition date of $374,235 that was made subsequent to the date of acquisition.

From the date of acquisition, Borax has contributed $17,654,532 of revenue and a reduction of $3,417,044 to the net profit before tax of the Group.

If the combination had taken place at the beginning of the financial year revenue from continuing operations for the Group would have been $20,979,724 and the profit from the continuing operations for the Group would have been $94,986,949.

NOTE 19: Issued Capital	$	$
Fully paid ordinary shares	101,712,005	76,029,387
Ordinary shares	**No.**	**No.**
Balance at the beginning of the reporting year	103,195,029	103,063,894
Shares issued during the year:		
Previous financial year	-	131,135
13 November 2012 - Australian placement at $1.70	12,352,941	-
30 November 2012 - Australian placement at $1.70	2,197,170	-
Balance at the end of the reporting year	117,745,140	103,195,029

Options	**No.**	**No.**
Unlisted Share Options	1,885,000	1,485,000
Balance at the beginning of the reporting year	1,485,000	960,000
Options issued during the year (see note 26)	1,041,884	650,000
Options exercised during the year (see note 26)	-	(125,000)
Options lapsed during the year (see note 26)	(485,000)	-
Balance at the end of the reporting year	2,041,884	1,485,000

Share option schemes

The Group has one share option scheme under which options to subscribe for the Group's shares have been granted to certain executives and senior employees (Note 26).

Transaction costs		
Costs incurred in current year	(1,145,698)	-
Less tax effect - current year	343,742	-
- previously not recognised	1,772,858	-
	970,902	-

NOTE 20: Reserves

Foreign currency translation reserve:	(3,397,720)
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.	
Options reserve:	1,344,180
The options reserve records items recognised as expenses on valuation of employee share options.	
Total reserves	(2,053,540)

	Consolidated Group 2013 $	2012 $
NOTE 21: Cash Flow Information		
Reconciliation of Cash Flow from Operations with Loss after Income Tax:		
Profit/(loss) from ordinary activities before income tax	96,792,784	(2,994,588)
Non-cash flows in loss from ordinary activities:		
Options expense	522,708	357,821
Depreciation of property, plant and equipment	720,671	125,279
Gain on sale of assets	(101,963,338)	(9,648)
Share of profit in an associate	294,588	-
Capitalised exploration expenditure written-off	(648,714)	-
Fair value adjustment of loans and financial assets	211,402	-
Unwind of discount on loans receivable	(1,373,073)	-
Unrealised foreign exchange gain	(3,602,282)	182,024
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(213,282)	(913,702)
(Decrease)/Increase in payables	10,276,067	667,791
(Increase)/Decrease in inventory	(552,276)	-
(Increase)/Decrease in prepayments	(1,641,684)	53,993
Cash flows from operations	(1,176,429)	(2,531,030)

Non-cash Financing and Investing Activities

Share Issues:

During the previous year 6,135 shares were issued, representing $10,000 under a mineral tenement acquisition agreement.

NOTE 22: Related Party Transactions

The consolidated financial statements of the Group include:

Name	Country of incorporation	% equity interest	
Sales de Jujuy S.A.	Argentina	-	100.00
Sales de Jujuy Pte Ltd	Singapore	72.68	-
South American Salar Minerals Pty Ltd	Australia	85.00	85.00
South American Salar S.A. (wholly owned subsidiary of South American Salar Minerals Pty Ltd)	Argentina	100.00	100.00
Borax Argentina Holding No 1 Pty Ltd	Australia	100.00	-
Borax Argentina Holding No 2 Pty Ltd	Australia	100.00	-
Borax Argentina S.A.	Argentina	100.00	-

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. For information regarding outstanding balances at 30 June 2013 and 2012, refer to Notes 8 and 22:

	2013	2012
Joint venture in which the Parent is a venturer:		
Sales de Jujuy PTE LTD		
Exploration costs reimbursed - joint venture	17,881,984	-
Amounts owed by Joint Venture	18,048,848	-

Transactions with Joint Venture

At 30 June 2013, $17,861,344 is recorded as a receivable from the joint venture entity, and $6,054,178 is recorded as recoverable from a joint venture partner. The loan to the joint venture entity is interest bearing at LIBOR +1% per annum and will be repaid during the period the joint venture is operational and after satisfaction of the minimum requirements of the project finance facility. The loan to a joint venture partner is non-interest bearing and will be repaid when the joint venture pays dividends at 33.3% of dividends distribution to the joint venture partner.

	2013	2012
Key Management Personnel of the group:		
Cambridge Business Coporate services		
Purchases from KMP	116,100	144,075
Amounts owed to KMP	-	6,800

	Consolidated Group 2013 $	Consolidated Group 2012 $
NOTE 22: Related Party Transactions (continued)		
Lithium Investors LLC		
Purchases from KMP	44,473	121,079
Amounts owed to KMP	-	5,200

Transactions with Key Management Personnel

Key Management Personnel compensation and equity interests are detailed in Note 25.

During the year, the parent entity engaged Cambridge Business & Corporate Services, an entity controlled by Mr Crawford, company secretary of the parent entity, to provide accounting, company secretarial, and other services to the parent entity.

During the year, the parent entity engaged Lithium Investors LLC, an entity associated with Mr Calaway, a director of the parent entity, to provide technical services to the parent entity.

Related parties of the group:

	2013 $	2012 $
Elementos Limited		
Sales to related parties:	480	48,934
Amounts owed by related parties:	-	-
OGL Resources Limited		
Sales to related parties:	13,512	11,457
Purchases from related parties:	(4,154)	-
Amounts owed by related parties:	11,263	4,578
DiamonEx Limited		
Sales to related parties:	349	496
Amounts owed by related parties:	894	496
Coronation Resources Limited		
Sales to related parties:	27,638	25,970
Amounts owed by related parties:	29,920	2,282

Elementos Limited, listed on the ASX, is a related party of the Group as Mr Calaway is a director of that company, and Mr Crawford is a company secretary.

During the year, the company was party to a cost reimbursement agreement for services provided to OGL Resources Limited, Elementos Limited, DiamonEx Limited and Coronation Resources Limited. Mr Crawford is a director of Coronation Resources and DiamonEx Limited.

The parent entity's shareholding in the controlled entities is detailed in Note 31. The company also provides finance to its controlled entities.

NOTE 23: Commitments

	2013 $	2012 $
Not later than 1 year		
- exploration commitments (1)	1,023,222	826,953
- operating leases (2)	127,035	123,335
- contracts (3)	209,998	323,739
	1,360,255	1,274,027
Later than 1 year but not later than 5 years		
- exploration commitments (1)	15,278	1,451,184
- operating leases (2)	265,618	257,881
- contracts (3)	6,820	314,232
	287,716	2,023,297

(1) The economic entity must meet minimum expenditure commitments in relation to option agreements over exploration tenements and to maintain those tenements in good standing.
The commitments exist at balance sheet date but have not been brought to account. If the relevant mineral tenement is relinquished the expenditure commitment also ceases.

(2) The lease commitment relates to a non-cancellable lease with a 2 year term remaining at 30 June 2013. Rent is payable monthly in advance.

(3) The group has contractual commitments to the Provincial Government of Jujuy and its mining company (JEMSE).

NOTE 24: Contingent Items

The group has provided the following guarantee at 30 June 2013:

- Guarantee of 100% of the loan made under Loan Communication A5380 of the Central Bank of Argentina from HSBC Bank Argentina S.A. up to the loan amount of AR$18m (30 June: A$3.65m). This loan was granted to Borax Argentina S.A. on 25 June 2013.

NOTE 25: Key Management Personnel Compensation & Equity

(a) The names of key management personnel of the entity at any time during the financial year were:

Richard P. Seville	Director - Executive
James D. Calaway	Director - Non-Executive Chairman
Neil F. Stuart	Director - Non-Executive (retired 30 November 2012)
John W. Gibson	Director - Non-Executive
Courtney Pratt	Director - Non-Executive
Fernando Oris de Roa	Director - Non-Executive
Federico Nicolson	Director - Non-Executive
Robert Hubbard	Director - Non-Executive (effective from 30 November 2012)
Paul A Crawford	Company Secretary
Neil Kaplan	Chief Financial Officer (effective from 7 January 2013)
David Hall	Business Development Manager (effective from 7 January 2013)

(b) Key Management Personnel Compensation

	2013 $	2012 $
Short-term employee benefits	1,509,812	987,395
Post-employment benefits	48,567	29,925
Other long-term benefits	-	-
Share-based payments	199,448	169,148
	1,757,827	1,186,468

Detailed disclosures on compensation for key management personnel are set out in the Remuneration Report included in the Directors' Report.

(c) Number of shares held by key management

2013	No. Opening Balance	No. Options Converted	No. Compensation	No. Purchased / (Sold)	No. Balance 30 June 2013
Directors:					
James D. Calaway	8,574,000	-	-	-	8,574,000
Neil F. Stuart (as at retirement 30 November 2012)	5,642,996	-	-	42,647	5,685,643
Richard P. Seville	4,821,500	-	-	105,000	4,926,500
John W. Gibson	25,000	-	-	-	25,000
Courtney Pratt	-	-	-	-	-
Fernando Oris de Roa	-	-	-	-	-
Federico Nicholson	-	-	-	-	-
Robert Hubbard	-	-	-	-	-
Other:					
Paul A. Crawford	2,570,999	-	-	(352,700)	2,218,299
Neil Kaplan	-	-	-	20,000	20,000
David Hall	-	-	-	-	-
Total	21,634,495	-	-	(185,053)	21,449,442

NOTE 25: Key Management Personnel Compensation & Equity (continued)

2012	Opening Balance	Options Converted	Compensation	Purchased / (Sold)	Balance 30 June 2012
Directors:					
James D. Calaway	8,200,000	-	-	374,000	8,574,000
Neil F. Stuart	5,622,996	-	-	20,000	5,642,996
Richard P. Seville	4,821,500	-	-	-	4,821,500
John W. Gibson	25,000	-	-	-	25,000
Courtney Pratt	-	-	-	-	-
Fernando Oris de Roa	-	-	-	-	-
Federico Nicholson	-	-	-	-	-
Other:					
Paul A. Crawford	2,703,687	-	-	(132,688)	2,570,999
Total	21,373,183	-	-	261,312	21,634,495

(i) Represents shares held directly or indirectly. The company does not issue shares as a form of remuneration.

(d) Number of options held by Key Management Personnel (i)

Options held by key management personel during the current financial year were:

2013		Opening Balance	Converted	Compensation	Purchased / (Sold)	Balance 30 June 2013
Directors:						
James D. Calaway	1	150,000	-	-	-	150,000
Neil F. Stuart (retired)	2	100,000	-	-	-	100,000
Richard P. Seville	3	-	-	441,884	-	441,884
John W. Gibson	4	100,000	-	-	-	100,000
Courtney Pratt	5	100,000	-	-	-	100,000
Federico Nicholson	6	100,000	-	-		100,000
Fernando Oris de Roa	7	100,000	-	-	-	100,000
Robert Hubbard		-	-	-	-	-
Other:						
Paul A. Crawford		-	-	-	-	-
Neil Kaplan		-	-	-	-	-
David Hall		-	-	-	-	-
Total		650,000	-	441,884	-	1,091,884

1,2,4,5,6,7 - 50% vested and exercisable, 50% not yet vested
3 - 100% Vest 31/8/2015

2012	Opening Balance	Converted	Compensation	Purchased / (Sold)	Balance 30 June 2012
Directors:					
James D. Calaway	-	-	150,000	-	150,000
Neil F. Stuart	-	-	100,000	-	100,000
Richard P. Seville	-	-	-	-	-
John W. Gibson	-	-	100,000	-	100,000
Courtney Pratt	-	-	100,000	-	100,000
Federico Nicholson	-		100,000		100,000
Fernando Oris de Roa	-	-	100,000	-	100,000
Other:					
Paul A. Crawford	-	-	-	-	-
Total	-	-	650,000	-	650,000

(i) Represents options held directly or indirectly.

Details of options provided as compensation for key management personnel are set out in the Remuneration Report included in the Directors' Report.

Terms and conditions of grants made during the period are disclosed in Note 26.

NOTE 26: Share Based Payments	2013	2012
	$	$
Expense arising from equity-settled share based payment transactions	522,708	985,000

This relates to equity-settled share based payments in the form of grants of options under the Employee & Officer Share Option Plan and grants of options and performance rights under the Performance Rights & Option Plan. See Note 26 a) and Note 26 b) for more details.

(a) Options

Employee & Officer Share Option Plan (EOSOP)

Under the Employee & Officer Share Option Plan (EOSOP), awards are made to executives and other key talent who have an impact on the Group's performance. EOSOP awards are delivered in the form of options over shares which vest over varying periods subject to the employee remaining in service.

The parent entity had 1,485,000 share options on issue at the start of the year, 435,000 with an exercise price $2.03 expiring 30 June 2013, 400,000 with an exercise price $2.03 expiring 30 June 2015, and 650,000 with an exercise price $1.50 expiring 30 November 2016.

During the year, 435,000 of these options were forfeited.

During the year 600,000 share options were granted pursuant to the company's Employee & Officer Share Option Plan for nil consideration. Options are exercisable at $1.50 each with 400,000 expiring on 3 July 2017, and 200,000 expiring on 31 May 2018. 50,000 options with expiry date of 3 July 2017 were forfeited during 2013.

Performance Rights & Option Plan (PROP)

Under the Performance Rights & Option Plan (PROP), awards are made to executives who have an impact on the Group's performance, and are delivered in the form of options and rights.

PROP options over shares vest over a period of 2.5 years and are subject to the following TSR Outperformance Conditions, and continuous service until the vesting date.

TSR Performance Condition	Proportion of Options which vest
If ORE TSR falls below the 50th percentile	None of the Performance Rights vest
If ORE TSR is at the 50th percentile	50% of the Performance Rights vest
If ORE TSR lies between the 50th and 75th percentiles	The proportion of Performance Rights that vest increases linearly from 50% and 100%
If ORE TSR lies at or above the 75th percentile	100% the Performance Rights vest

During the year 301,092 share options were granted pursuant to the company's Performance Rights and Option Plan for nil consideration. Options are exercisable at $2.20 each with 301,092 expiring on 30 September 2015.

PROP performance rights vest over a period of 2.5 years and are subject to the following Milestone Conditions, and continuous service until the vesting date.

Milestone Conditions	Number of Performance Rights which may vest
Complete construction of the Olaroz Project within 10% of the Development Budget as set out in the Shareholder's Agreement Achieve satisfaction of the completed tests for the Olaroz Project, as specified in Banking Agreements with Mizuho Banking Corporation	105,594
Achieve audited Net Profit after Tax of A$5M or more in the 2015 financial year	35,198
	140,792

During the year 140,792 performance rights (P.R.'s) were granted pursuant to the company's Performance Rights and Option Plan for nil consideration. Performance rights are exercisable at $0.00 each with 140,792 expiring on 30 September 2015.

All options granted are over ordinary shares, which confer a right of one ordinary share per option. The options hold no voting or dividend rights. At the end of the financial year there are 1,091,884 options on issue to key management personnel (2012: 650,000).

NOTE 26: Share Based Payments (continued)

Movements in the year are:

	2013		2012	
	Number of Options & P.R.'s No	Weighted Average Exercise Price $	Number of Options No	Weighted Average Exercise Price $
Outstanding at the beginning of the year	1,485,000	1.798	960,000	1.815
Granted	1,041,884	1.500	650,000	1.500
Forfeited	(485,000)	1.975	-	-
Exercised	-	-	(125,000)	0.375
Outstanding at year-end	2,041,884	1.604	1,485,000	1.798
Exercisable at year-end	787,500	1.702	635,000	2.030

At the date of exercise, the weighted average share price was $1.613. The options outstanding at 30 June 2013 had a weighted average exercise price of $1.702 and a weighted average remaining contractual life of 3.15 years.

The weighted average fair value of options granted during the year was $0.734 (2012: $0.759).

The fair value of performance rights and options granted is deemed to represent the value of the employee services received over the vesting period. The fair value of equity settled options is estimated at the date of grant using a binomial option valuation model with the following inputs:

Financial year of Issue	2013	2012	2012	2011
Number Issued	400,000	325,000	325,000	400,000
Fair value at grant date	$ 0.85	$ 0.73	$ 0.79	$ 0.88
Share price	$ 1.65	$ 1.46	$ 1.46	$ 2.17
Exercise price	$ 1.50	$ 1.50	$ 1.50	$ 2.03
Expected volatility	70.00%	75.00%	75.00%	75.00%
Option life	5.0 years	4.0 years	3.0 years	4.0 years
Expected dividends	nil	nil	nil	nil
Risk-free interest rate	2.60%	3.20%	3.20%	4.70%

Financial year of Issue	2013	2013	2013
Number Issued	200,000	140,792	301,092
Fair value at grant date	$ 0.69	$ 1.36	$ 0.34
Share price	$ 1.49	$ 1.36	$ 1.36
Exercise price	$ 1.50	$ -	$ 2.20
Expected volatility	65.00%	60.00%	60.00%
Option life	5.0 years	2.5 years	2.5 years
Expected dividends	nil	nil	nil
Risk-free interest rate	2.70%	3.03%	3.03%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

(b) Shares

During the previous year 6,135 shares were issued to third parties as equity-settled share based payments in the form of share grants for the acquisition of exploration assets. The weighted average value of these shares, determined by reference to market price was $1.63. An amount of $10,000 was included in capitalised exploration expenditure for the previous year, in relation to this share based payment.

NOTE 27: Financial Risk Management

(a) Financial Risk Management

The group’s financial instruments comprise deposits with banks, financial assets, amounts receivable and payable.

The main purpose of these financial instruments is to provide finance for group operations.

NOTE 27: Financial Risk Management (continued)

Risk Management Policies

A finance committee consisting of key management of the group meet on a regular basis to analyse exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. Management is responsible for developing and monitoring the risk management policies and reports to the Board.

Financial Risks

The main risks the economic entity is exposed to through its financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. There is a minor exposure to price risk through the financial assets. These risks are managed through monitoring of forecast cashflows, interest rates, economic conditions and ensuring adequate funds are available.

Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the reporting date, the exposure to listed equity securities at fair value was $12,232. An increase or decrease of 10% on the ASX market index could have an impact of approximately $1,223 on the profit attributable to the Group, depending on whether the variance is significant or prolonged.

Interest Rate Risk

The group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of reasonable possible changes in market interest rates arises in relation to the group's bank balances.

This risk is managed through the use of variable rate term deposits.

Interest Rate Sensitivity

With all other variables held constant, the Group's profit after tax is affected through the impact on floating rate borrowings as follows:

	2013	**2012**
Cash & cash equivalents	10,609,081	16,480,515
Receivables	23,915,522	284,655
	34,524,603	16,765,170
Effect on equity as a result of a:		
1% +/- reasonably possible change in interest	345,246	167,652

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity Risk

Liquidity risk is the risk that the group will not be able meet its financial obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity to meet liabilities when due, without incurring unacceptable losses or risking damage to the group's reputation.

The group's activities are funded from equity sources and revenue.

Financial instrument composition and maturity analysis:

Year ended 30 June 2013	**Within 12 months**	**1 to 5 Years**	**Over 5 years**	**Total**
- cash & cash equivalents	10,609,081	-	-	10,609,081
- receivables	5,766,953	16,604,619	17,711,545	40,083,117
- shares in listed entity	-	-	12,233	12,233
- payables	(9,534,959)	(6,862,590)	-	(16,397,548)
	6,841,076	9,742,030	17,723,778	34,306,883

Year ended 30 June 2012	**Within 12 months**	**1 to 5 Years**	**Over 5 years**	**Total**
- cash & cash equivalents	16,480,515	-	-	16,480,515
- receivables	284,655	2,928,963	-	3,213,618
- shares in listed entity	-	-	96,634	96,634
- payables	(6,033,893)	-	-	(6,033,893)
	10,731,277	2,928,963	96,634	13,756,874

NOTE 27: Financial Risk Management (continued)

Foreign Currency Risk
The group is exposed to fluctuations in the Argentinean Peso and United States Dollar arising from the purchase of goods and services in currencies other than the group's measurement currency. The Group does not currently undertake any hedging of foreign currency items.

Foreign Currency Sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in the Argentinean Peso, US Dollar and Canadian Dollar exchange rates, with all other variables held constant. The impact on the Group's profit after tax and equity is due to changes in the fair value of monetary assets and liabilities.

	2013	**2012**
Argentine Peso cash & cash equivalents	-	2,875,270
United States Dollar cash & cash equivalents	865	4,283,320
Canadian Dollar cash & cash equivalents	-	3,700
	865	7,162,290
Effect on profit as a result of a:		
10% +/- Reasonably possible change in Argentine Peso	-	287,527
10% +/- Reasonably possible change in United States Dollar	87	428,332
10% +/- Reasonably possible change in Canadian Dollar	-	370
Effect on equity as a result of a:		
10% +/- Reasonably possible change in Argentine Peso	-	287,527
10% +/- Reasonably possible change in United States Dollar	87	428,332
10% +/- Reasonably possible change in Canadian Dollar	-	370

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk is managed and reviewed regularly by the finance committee. It arises from exposures to certain financial instruments and deposits with financial institutions. The finance committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties. Only banks and financial institutions with an 'A' rating are utilised.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the group, other than bank balances (Note 7) and the non current receivable (Note 8).

Commodity Price Risk
The Company's prospects and share price will be influenced by the price obtained from time to time for the commodities targeted in its exploration programs, namely lithium chemicals and potash and, to a lesser extent, other minerals. The prices of such commodities have fluctuated widely in recent years and are affected by factors beyond the control of the Company including, but not limited to, the relationship between global supply and demand for such minerals which may be affected by, among other things, development and commercial acceptance of lithium based applications and technologies and/or the introduction of new technologies that may not be based on lithium, forward selling by producers, the cost of production, new mine developments and mine closures, advances in various production technologies for such minerals and general global economic conditions. The prices of such commodities are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand issues, including those resulting from the current global financial crises. Also, major lithium producers may attempt to sell lithium products at artificially low prices in order to drive new entrants out of the market. These factors may have an adverse affect on the Company's exploration and any subsequent development and production activities, as well as its ability to fund its future activities.

NOTE 27: Financial Risk Management (continued)

The Group is affected by the market forces and market price cycles of boron chemical and mineral products. In relation to boron chemical and mineral products the market price is determined largely by the market supply and demand balance. There are two significant manufacturers of boron chemicals and minerals in the global market so the supply side is relatively consolidated. Boron chemical and mineral products are used in applications such as ceramic and glass manufacture, insulation and fertiliser manufacture. Although there is a cyclic profile in these markets they are considered steady growth markets linked strongly to urbanisation and food production so volatility is not considered high. In terms of inputs, the major input is ore mined from the companies own assets so input cost risk is managed through control of cost inputs such as diesel fuel, labour and gas via forward contracts. All sales contracts are agreed in USD or USD equivalent prices and forward contracts are agreed for periods of 3-12 months.

Trading Commodity Price Sensitivity

The following table shows the effect of price changes in boron chemcials.

Effect on profit as a result of a:	**2013**	**2012**
10% +/- Reasonably possible change in Boron chemicals	1,765,453	-

Capital management

Capital includes equity attributable to the equity holders of the Parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise the shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2013 and 2012.

Trade and other payables (Note 15)	11,488,665	6,033,893
Less: cash and short-term deposits (Note 7)	(10,609,081)	(16,480,515)
Net debt	879,584	(10,446,622)
Fully paid ordinary shares (Note 19)	101,712,005	76,029,387
Equity	184,192,372	58,079,470
Total capital	285,904,377	134,108,857
Capital and net debt	286,783,961	123,662,235

(b) Net Fair Values

No financial assets or liabilities are readily traded on organised markets in a standardised form, other than available for sale financial assets .

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and notes to the financial statements. Fair values are materially in line with carrying values. The available for sale assets comprise listed investments for which a level 1 fair value hierarchy has been applied (quoted price in an active market).

(c) Financial Assets

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and derivatives.

NOTE 27: Financial Risk Management (continued)

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
Financial assets			
Cash and cash equivalents	7	10,609,081	16,480,515
Financial assets at amortised cost:			
– current trade and other receivables	8	5,766,953	284,655
– non-current trade and other receivables	8	26,602,735	2,928,963
Available-for-sale financial assets:			
– at fair value:			
- listed investments	11	12,233	96,634
Total financial assets		42,991,002	19,790,767
Financial liabilities			
Financial liabilities at amortised cost:			
– current trade and other payables	15	8,307,738	6,121,186
– non-current trade and other payables	15	3,180,927	-
Total financial liabilities		11,488,665	6,121,186

NOTE 28: Segment Reporting

The Group operates primarily in Argentina in the mining industry. The Group's primary focus is on exploration for and development of lithium, potash and salar mineral deposits. The Group also inlcudes the operating Borax mine.

The economic entity has four reportable segments, being Orocobre Ltd, the Olaroz project, South American Salars and Borax.

In determining operating segments, the entity has had regard to the information and reports the chief operating decision maker uses to make strategic decisions regarding resources. The Chief Executive Officer (CEO) is considered to be the chief operating decision maker and is empowered by the Board of Directors to allocate resources and assess the performance of the economic entity. The CEO assesses and reviews the business using the reportable segments below. Segment performance is evaluated based on the performance criterial parameters agreed for each segment. These include, but are not limited to: financial performance, exploration activity, mine yield, production volumes and cost controls.

Segment Information

	Orocobre Ltd Year ended 30 June		**Olaroz project Year ended 30 June**		**South American Salars Year ended 30 June**		**Borax Year ended 30 June**		**Eliminations Year ended 30 June**		**Total Entity Year ended 30 June**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
REVENUE	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
External revenue	1,169,537	1,535,827	-	-	39,097	67,119	19,114,291	-	-	-	20,322,925	1,602,946
Intersegment revenue	435,891	439,836	-	-	-	-	-	-	(435,891)	(439,836)	-	-
Total segment revenue	1,605,428	1,975,663	-	-	39,097	67,119	19,114,291	-	(435,891)	(439,836)	20,322,925	1,602,946
RESULTS												
Interest income	1,053,022	1,889,556	-	-	-	-	-	-	(435,891)	(439,836)	617,131	1,449,720
Interest expense	(2)	(1,164)	(91,123)	(266,356)	(215,224)	(173,480)	(326,627)	-	435,891	439,836	(197,085)	(1,164)
Depreciation & amortisation	(29,092)	(32,165)	(1,180)	(8,498)	(87,716)	(84,616)	(602,683)	-	-	-	(720,671)	(125,279)
Share of profit of an associate (Note 14)	-	-	(294,588)	-	-	-	-	-	-	-	(294,588)	-
Gain on creation of JV	101,963,338	-	-	-	-	-	-	-	-	-	101,963,338	-
Options expense	(522,708)	(357,821)	-	-	-	-	-	-	-	-	(522,708)	(357,821)
Impairment on AFS financial assets (Note 11)	(295,804)	-	-	-	-	-	-	-	-	-	(295,804)	-
Unrealised FX gain	3,436,266	603,065	287,080	(764,364)	(29,583)	(20,725)	(91,481)	-	-	-	3,602,282	(182,024)
Segment profit/(loss)	99,687,769	(1,093,122)	518,299	(804,412)	(904,205)	(1,097,054)	(3,752,819)	-	-	-	95,549,044	(2,994,588)
ASSETS												
Segment assets	56,778,438	72,132,569	137,973,705	22,329,036	29,531,894	26,835,180	39,391,466	-	(49,245,063)	(56,944,709)	214,430,440	64,352,076
LIABILITIES												
Segment liabilities	1,149,892	5,454,833	-	22,473,134	28,220,916	25,749,968	39,979,419	-	(39,127,946)	(47,556,749)	30,222,281	6,121,186
OTHER DISCLOSURES												
Investment in an associate	138,268,293	-	(294,588)	-	-	-	-	-	-	-	137,973,705	-
Capital Expenditure	(1,886,283)	(7,273,661)	(4,897,106)	(7,767,228)	(867,186)	(3,159,300)	-	-	-	-	(7,650,575)	(18,200,189)

NOTE 28: Segment Reporting (continued)

Segment accounting policies

During the period the reportable segments of the Group changed primarily as a result of the acquisition of Borax (previously there was one reportable segment being mineral exploration). Refer Note 18. Segment accounting policies are consistent with those adopted in the annual financial statements of the Group.

Reconciliation of profit	**2013**	**2012**
Segment profit	95,549,044	(2,994,588)
Group profit	95,549,044	(2,994,588)
Reconciliation of assets		
Segment operating assets	261,595,821	121,296,785
Deferred tax assets	2,079,682	-
Inter-segment loans (eliminations)	(39,127,946)	(47,556,749)
Inter-segment investments (eliminations)	(10,117,117)	(9,387,960)
Group operating assets	214,430,440	64,352,076
Reconciliation of liabilities		
Segment operating liabilities	66,492,250	53,677,935
Deferred tax liabilities	2,857,977	-
Inter-segment loans (eliminations)	(39,127,946)	(47,556,749)
Group operating liabilities	30,222,281	6,121,186
Geographic Information		
Segment Revenue		
Australia	1,208,634	1,535,827
Argentina	19,114,291	67,119
Total revenue	20,322,925	1,602,946
Segement Assets		
Australia	171,593,793	16,374,727
Argentina	42,836,647	47,977,349
Total assets	214,430,440	64,352,076
Segement Liabilities		
Australia	4,019,990	5,454,833
Argentina	26,202,291	666,353
Total liabilities	30,222,281	6,121,186

NOTE 29: Subsequent Events

Subsequent to years end, TTC and Orocobre have been working together with Mizuho Corporate Bank and JOGMEC to make minor amendments to the finance documents for the Olaroz Project so they comply with certain detailed aspects of Argentine foreign currency regulations regarding accounts management so as to allow the project debt repayments to be made directly from export proceeds in the future. The revised documentation has been finalised and approved in principal by all parties. It is anticipated that the amended finance documents will be executed shortly with initial loan drawdown to occur in November 2013.

In the interim, and to ensure that the Olaroz project construction remained on schedule TTC arranged for Sumitomo Mitsui Bank to provide standby letters of credit, in order for SDJ SA to secure local Argentinian funding of US$50m equivalent. This funding has allowed the project construction to continue on schedule and will be repaid out of the proceeds of the initial drawdown from the Mizuho Corporate Bank Facility.

NOTE 30: Parent Entity Information

The following information relates to the parent entity, Orocobre Limited at 30 June 2013. This information has been prepared in accordance with Accounting Standards using consistent accounting policies as presented in Note 1. The information is extracted from the books and records of the parent.

NOTE 30: Parent Entity Information (continued)

	2013	2012
Current assets	6,537,014	16,217,886
Non-current assets	187,441,447	55,914,683
Total assets	193,978,461	72,132,569
Current liabilities	360,637	5,454,833
Non-current liabilities	-	-
Total liabilities	360,637	5,454,833
Contributed equity	101,735,478	76,029,387
Reserves	1,344,180	610,070
Accumulated losses	90,817,181	(9,961,721)
Total equity	193,896,839	66,677,736
Profit/(loss) for the year	100,778,901	(1,093,122)
Other comprehensive income	211,402	(172,473)
Total comprehensive profit/(loss) for the year	100,990,303	(1,265,595)

Orocobre Limited has entered into a guarantee, in the current financial year, in relation to a loan for its subsidiary, Borax S.A. (see Note 24). The company had no contingent liabilities at year end. As set out in Note 23 the Company has an operating lease commitment for $392,653 (2012: $381,216).

NOTE 31: Controlled Entities

Sales de Jujuy SA, incorporated in Argentina. The parent entity holds 66.5% of the ordinary shares of the entity. The company was incorporated in November 2006 and undertakes exploration activity in Argentina. The company changed its name from Orocobre SA in 2010. During the period the Group executed an agreement with Toyota Tsusho Corporation ("TTC") for a joint venture to develop the Olaroz lithium project located in the Province of Jujuy, northern Argentina. Subsequent to the transaction the Olaroz lithium project is owned 66.5% by the Group, 25.0% by TTC and 8.5% by Jujuy Energia y Mineria Sociedad del Estado ("JEMSE") (the mining investment company owned by the provincial Government of Jujuy, Argentina).

Under the terms of a Joint Venture Agreement between TTC and the company, the Olaroz lithium project will be operated as an incorporated joint venture through a Singaporean holding company, Sales de Jujuy Pte Ltd. Both TTC and the company will contribute project equity of US$82.8 million, equating to approximately 30% of maximum project funding if the project financing facility is fully drawn. Sales de Jujuy Pte Ltd is owned 72.68% by the company and 27.32% by Toyota Lithium PTE Ltd a Singaporean registered company 100% owned by TTC. The board of the holding company will be responsible for the Project’s delivery.

Existing management in the Argentine operating company, Sales de Jujuy SA., will operate the Olaroz Project according to set authorization limits and will report to the Chairman of the joint venture company. The company has entered into a service arrangement with Sales de Jujuy S.A. Since 1st November 2012 being the creation of the joint venture company between the Company and TTC, the Company has recognised its interest in the joint venture as an equity accounted investment.

South American Salar Minerals Pty Ltd, incorporated in Australia. The parent entity holds 85% of the ordinary shares of the entity. The company was incorporated and acquired in November 2008 and undertakes exploration activity in Argentina.

South American Salar SA, incorporated in Argentina. South American Salar Minerals Pty Ltd holds 100% of the ordinary shares of the entity. The company was incorporated and acquired in December 2008 and undertakes exploration activity in Argentina.

During the financial year two wholly owned subsidiary companies (Borax Argentina Holding No 1 Pty Ltd & Borax Argentina Holding No 2 Pty Ltd)were incorporated in Australia. These companies were established as vehicles to hold investments of Orocobre in Borax Argentina S.A.. On 21 August 2012 the Group purchased 100% of the Argentine boron minerals and refined chemicals producer, Borax Argentina S.A. (Borax), from Rio Tinto PLC entities. The Group purchased Borax as it provides a well established regional operating presence, & experience and management skills which will compliment existing operations in Argentina. The consideration paid for the sale was US$5.5m and US$1.0m payable for 2 years on each anniversary of the acquisition, and a final payment of $629k on the third anniversary of the acquisition.

NOTE 32: Company Details

The registered office and principal place of business is: Level 1, 349 Coronation Drive Milton, Queensland, 4064, Australia.

Directors' Declaration

In accordance with a resolution of the directors of Orocobre Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of Orocobre Limited for the financial year ended 30 June 2013 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2013.

James D Calaway Chairman	Richard P Seville Managing Director

Dated this: 30th day of September 2013

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent auditor's report to the members of Orocobre Limited

Report on the financial report

We have audited the accompanying financial report of Orocobre Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Orocobre Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Orocobre Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

M J Hayward

Mark Hayward
Partner
Brisbane
30 September 2013

ADDITIONAL INFORMATION

Following is additional information required by the Australian Securities Exchange Limited and not disclosed elsewhere in this report.

1. Shareholding:

The following information is provided as at 17 September, 2013.

Distribution of Shareholders

Category Number (Size of Holding)	Number of Holders
1 - 1,000	934
1,001 - 5,000	1486
5,001 - 10,000	596
10,001 - 100,000	621
100,001 - and over	97
Total	**3734**

The number of shareholdings held in less than marketable parcels is 151.

Twenty Largest Holders - Ordinary Shares

	Shareholder Name	No. of Shares Held	% of Total Capital
1	HSBC Custody Nominees	11,018,270	9.4%
2	National Nominees Limited	9,582,707	8.1%
3	Lithium Investors LLC	8,574,000	7.3%
4	Canadian Register	8,262,177	7.0%
5	J P Morgan Nominees Australia	6,494,795	5.5%
6	Richard Seville & Associates	4,926,500	4.2%
7	Fairground Pty Ltd / Mr Neil Stuart	4,720,811	4.0%
8	Mr Dennis Grenville Hinton & Mrs Roslyn Susanna Hinton	3,836,462	3.3%
9	JP Morgan Nominees Australia (Cash Inc A/c)	3,737,443	3.2%
10	Citicorp Nominees Pty Limited	2,356,439	2.0%
11	Mr Paul Anthony Crawford & Mrs Robyn Lynelle Crawford	2,016,199	1.7%
12	Mr Robert Bruce Woodland & Mrs Erika Woodland	1,667,611	1.4%
13	Mr John Gordon Park & Mrs Shirley Patricia Park	1,515,000	1.3%
14	HSBC Custody Nominees GSCO ECA	1,464,134	1.2%
15	Merrill Lynch (Australia)	1,442,500	1.2%
16	HSBC Custody Nominees <Nt Comnwlth Super Corp A/C>	1,136,247	1.0%
17	BNP Paribas Noms Pty Ltd	1,081,321	0.9%
18	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,012,199	0.9%
19	UBS Nominees Pty Ltd	760,516	0.6%
20	RBC Investor Services Australia Nominees Pty Limited	718,664	0.6%
	Total Top 20	**76,323,995**	**64.8%**

Following are substantial shareholders listed in the company's register on 17 September, 2013.

	Shareholder Name	No. of Shares Held	% of Total Capital
1	HSBC Custody Nominees	11,018,270	9.4%
2	National Nominees Limited	9,582,707	8.1%
3	Lithium Investors LLC	8,574,000	7.3%
4	Canadian Register	8,262,177	7.0%
5	J P Morgan Nominees Australia	6,494,795	5.5%

The following securities were on issue as at 17 September, 2013.

Number	Class
117,745,140	Ordinary (ORE)
400,000	ASX Code OREAK – Options exercisable at $2.03 on or before 30 June 2015
650,000	ASX Code OREAI – Options exercisable at $1.50 on or before 30 November 2016
350,000	ASX Code OREAO – Options exercisable at $1.50 on or before 3 July 2017
301,092	ASX Code to be allocated – Options exercisable at $2.20, 30 days after the later of 31 August 2015 or the date of release of the Company's financial results for the 2014/2015 financial year
140,792	ASX Code to be allocated – Performance Rights exercisable at $0.00, 30 days after the later of 31 August 2015 or the date of release of the Company's financial results for the 2014/2015 financial year
200,000	Options exercisable at $1.50 on or before 31 May 2018

The following unlisted options have lapsed in accordance with the terms of their grant.

ASX Code	Expiry Date	Exercise Price	No. of Options
OREAM	30 June, 2013	$2.03	435,000
OREAO	31 July, 2017	$1.50	50,000

Voting Rights:

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

There are no voting rights attached to the Options, but voting rights as detailed above will attach to the ordinary shares issued when the Options are exercised.

2. Registers of securities are held at the following addresses:

Boardroom Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000
Australia

Equity Financial Trust Company
200 University Avenue
Suite 400
Toronto ON M5H4H1
Canada

3. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited, other than those classified as restricted securities and detailed below.

4. Restricted Securities

The company currently has no restricted securities:

5. Use of Cash and Convertible Assets

During the period from admission to the official list of the Australian Stock Exchange to 30 June 2013, the company has used cash and assets readily convertible to cash in a manner consistent with its business activities. The company is involved in mineral exploration and development in Argentina.

6. Schedule of tenements

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Olaroz –Jujuy	1842-S-12	2988.19	66.5%	Argentina
	1274-P-2009	5972	66.5%	Argentina
	131-I-1986	100	66.5%	Argentina
	039-M-1998	98.4	66.5%	Argentina
	112-S-04	100	66.5%	Argentina
	117-A-44	100	66.5%	Argentina
	114-S-44	100	66.5%	Argentina
	40-M-1998	100	66.5%	Argentina
	029-M-1996	100	66.5%	Argentina
	126-T-44	100	66.5%	Argentina
	393-M-44	98.4	66.5%	Argentina
	112-D-44	299,94	66.5%	Argentina
	125-S-44	100	66.5%	Argentina
	319-T-2005	1473.97	66.5%	Argentina
	056-L-1991	300	Nil - earning	Argentina
	519-L-2006	2000	Nil - earning	Argentina
	520-L-2006	1896.52	Nil - earning	Argentina
	521-L-2006	2000	Nil - earning	Argentina
	522-L-2006	2000	Nil - earning	Argentina
	147-L-2003	1927.92	Nil - earning	Argentina
	724-L-2007	3336.19	Nil - earning	Argentina
	725-L-2007	2940.11	Nil - earning	Argentina
	726-L-2007	2889.98	Nil - earning	Argentina
	727-L-2007	3117.26	Nil - earning	Argentina
	728-L-2007	3182.35	Nil - earning	Argentina
	503-L-2006	6200	Nil - earning	Argentina
	943-R-2008	563.98	66.5%	Argentina
	1136-R-2009	1199.34	66.5%	Argentina
	1137-R-2009	1195.97	66.5%	Argentina
	944-R-2008	432.3	66.5%	Argentina
	1134-R-2009	895.70	66.5%	Argentina
	1135-R-2009	1098.64	66.5%	Argentina
	963-R-2004	1194.84	66.5%	Argentina
	964-R-2008	799.84	66.5%	Argentina
	945-R-2008	1493.97	66.5%	Argentina
Cauchari - Jujuy	259-R-2004	494.4	85%	Argentina
	260-R-2004	444.26	85%	Argentina
	948-R-2008	887.56	85%	Argentina
	949-R-2008	1770.51	85%	Argentina
	950-R-2004	1997.09	85%	Argentina
	1155-P-2009	1500	85%	Argentina
	968 R 2008	703.44	85%	Argentina

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	1081 P 2008	1995	85%	Argentina
	1.119-P-2009	2493.07	85%	Argentina
	1082 P 2008	1468	85%	Argentina
	1101 P 2008	2483.9	85%	Argentina
	966 R 2008	117.91	85%	Argentina
	1085 P 2008	773.9	85%	Argentina
	965 R 2008	1345	85%	Argentina
	951-R-2008	795	85%	Argentina
	1083 P 2008	1445.68	85%	Argentina
	1.118-P-2009	2395.70	85%	Argentina
	1130-P-2009	1239.96	85%	Argentina
	952-R-2008	487.58	85%	Argentina
	1084 P 2008	1526.78	85%	Argentina
	1156-P-2009	66.17	85%	Argentina
	1086 P 2008	1716.63	85%	Argentina
Other Properties - Jujuy	148-Z-1996	300	85%	Argentina
	817-I-2007	1142.55	85%	Argentina
	1098 P 2008	645.26	85%	Argentina
	1099 P 2008	1393.48	85%	Argentina
	1120 P-2009	2499	85%	Argentina
	1.125 -P-2009	2429.25	85%	Argentina
	1.121-P-2009	2222	85%	Argentina
	1.122 -P-2009	2498.48	85%	Argentina
	1.123 -P-2009	1250.58	85%	Argentina
	1124-P-2009	2499	85%	Argentina
	1129_P- 2009	2300	85%	Argentina
	604-T-2006	500	85%	Argentina
	788-M-2007	1162	85%	Argentina
	183-Z-2004	494	85%	Argentina
	1177-P-2009	100	85%	Argentina
	184-D-1990	100	85%	Argentina
Salinas Grandes - Salta	21063	2998.34	85%	Argentina
	21064	2072.26	85%	Argentina
	21065	2495.77	85%	Argentina
	21066	2346.93	85%	Argentina
	21012	3000	85%	Argentina
	21013	3000	85%	Argentina
	21014	2996	85%	Argentina
	20002	3826	85%	Argentina
	21477	2992.39	85%	Argentina
	21478	2988.64	85%	Argentina
	21479	2682.89	85%	Argentina
	19391	2411.97	85%	Argentina
	18199	500	85%	Argentina
	67	100	85%	Argentina
	19792	528	85%	Argentina
	19793	97	85%	Argentina
	19794	134	85%	Argentina
	19795	154	85%	Argentina
	18834	495.82	85%	Argentina
	60	100	85%	Argentina
	1110	100	Nil-earning	Argentina
	1104	100	85%	Argentina
	13699	100	85%	Argentina
	18808	100	85%	Argentina
	266/1903	100	85%	Argentina
	18183	2778	85%	Argentina
	12970	100	85%	Argentina
	19891	100	85%	Argentina
	62	100	85%	Argentina
	17681	400	85%	Argentina

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	44	100	Nil-earning	Argentina
	8170	300	85%	Argentina
	1107	100	Nil-earning	Argentina
	18481	97.04	85%	Argentina
	1112	100	85%	Argentina
	13487	100	85%	Argentina
	14329	100	85%	Argentina
	57	100	85%	Argentina
	68	100	85%	Argentina
	17538	95.43	85%	Argentina
	14589	100	85%	Argentina
	18924	300	85%	Argentina
	18925	99.94	85%	Argentina
	19206	869	85%	Argentina
	11577	100	85%	Argentina
	11578	100	85%	Argentina
	11579	100	85%	Argentina
	11580	100	85%	Argentina
	1111	100	85%	Argentina
	18833	270	85%	Argentina
	17321	186	85%	Argentina
	53	100	85%	Argentina
	19742	2490.07	85%	Argentina
	19744	2499.97	85%	Argentina
	19745	2498.97	85%	Argentina
	19746	2647.97	85%	Argentina
	19766	2488.09	85%	Argentina
	19767	2983.39	85%	Argentina
	19768	2987.09	85%	Argentina
	19980	1123.39	85%	Argentina
	48	100	85%	Argentina
	203	100	85%	Argentina
	204	100	85%	Argentina
	54	100	85%	Argentina
	63	100	85%	Argentina
	50	100	85%	Argentina
	1105	100	85%	Argentina
	65	100	85%	Argentina
	70	100	85%	Argentina
	206	100	85%	Argentina
	86	300	85%	Argentina
	17744	500	85%	Argentina
	18533	97.03	85%	Argentina
	17580	100	85%	Argentina
	265	99	85%	
Diablillos - Salta				
	1190	99.65	100%	Argentina
	18009	99	100%	Argentina
	18010	200	100%	Argentina
	1187	99.7	100%	Argentina
	1189	100	100%	Argentina
	1177	100	100%	Argentina
Tincalayu - Salta				
	1271	300	100%	Argentina
	1215	300	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
	1495	200	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
	7772	471	100%	Argentina
	5596	300	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
	5435	300	100%	Argentina
	8529	900	100%	Argentina
	13572	647	100%	Argentina

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	13848 (Diana)	100	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
	17335 (Valerio)	274,32	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
Diablillos - Salta				
	11691	2700	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
Sijes - Salta				
	8587	799	100%	Argentina
	11800	488	100%	Argentina
	11801	400	100%	Argentina
	11802	3399	100%	Argentina
	14801	8	100%	Argentina
	14121	10	100%	Argentina
	5786	200	100%	Argentina
Pozuelos - Salta				
	1208	194	Lithea Inc (Borax has usufruct over the borates)	Argentina
	5569	300	Lithea Inc (Borax has usufruct over the borates)	Argentina
	4959	200	Lithea Inc (Borax has usufruct over the borates)	Argentina
	13171	200	Lithea Inc (Borax has usufruct over the borates)	Argentina
	13172	200	Lithea Inc (Borax has usufruct over the borates)	Argentina
Ratones - Salta				
	62066	300	Potasio y Litio Argentina S.A. (Borax has usufruct over the borates)	Argentina
	3843	300	Potasio y Litio Argentina S.A. (Borax has usufruct over the borates)	Argentina
Porvenir (Cauchari) – Salta				
	394	300	100% (Exar has the usufruct over the brines)	Argentina
	336	100	100% (Exar has the usufruct over the brines)	Argentina
	347	100	100% (Exar has the usufruct over the brines)	Argentina
	354	160	100% (Exar has the usufruct over the brines)	Argentina
	340	100	100% (Exar has the usufruct over the brines)	Argentina
	444	100	100% (Exar has the usufruct over the brines)	Argentina
	353	300	100% (Exar has the usufruct over the brines)	Argentina
	350	100	100% (Exar has the usufruct over the brines)	Argentina
	89	100	100% (Exar has the usufruct over the brines)	Argentina
	345	100	100% (Exar has the usufruct over the brines)	Argentina
	344	100	100% (Exar has the usufruct over the brines)	Argentina
	343	100	100% (Exar has the usufruct over the brines)	Argentina

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	352	100	100% (Exar has the usufruct over the brines)	Argentina
	351	100	100% (Exar has the usufruct over the brines)	Argentina
	365	100	100% (Exar has the usufruct over the brines)	Argentina
	122	100	100% (Exar has the usufruct over the brines)	Argentina
	221	100	100% (Exar has the usufruct over the brines)	Argentina
	190	100	100% (Exar has the usufruct over the brines)	Argentina
	116	100	100% (Exar has the usufruct over the brines)	Argentina
	117	300	100% (Exar has the usufruct over the brines)	Argentina
	389	100	100% (Exar has the usufruct over the brines)	Argentina
	306	24	100% (Exar has the usufruct over the brines)	Argentina
	402	119	100% (Exar has the usufruct over the brines)	Argentina
	195	100	100% (Exar has the usufruct over the brines)	Argentina
	220	100	100% (Exar has the usufruct over the brines)	Argentina
	259	100	100% (Exar has the usufruct over the brines)	Argentina
	43	100	100% (Exar has the usufruct over the brines)	Argentina
	341	100	100% (Exar has the usufruct over the brines)	Argentina
	42	100	100% (Exar has the usufruct over the brines)	Argentina
	438	100	100% (Exar has the usufruct over the brines)	Argentina
	160	100	100% (Exar has the usufruct over the brines)	Argentina
	378	100	100% (Exar has the usufruct over the brines)	Argentina
	339-C	100	100% (Exar has the usufruct over the brines)	Argentina
	377-C	100	100% (Exar has the usufruct over the brines)	Argentina
	191-R	100	100% (Exar has the usufruct over the brines)	Argentina

Technical Information, Competent Persons' and Qualifies Persons' Statements

The resource estimation of the Salar de Olaroz stated in this report was undertaken by John Houston who is a Chartered Geologist and a Fellow of the Geological Society of London. John Houston 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 by Canadian Securities Administrators' National Instrument 43-101("NI 43-101").

The Feasibility Study on the Olaroz project was prepared by Mr. Houston (Consulting Processing Engineer) and Peter Ehren (Consulting Processing Engineer), together with Sinclair Knight Merz and the Orocobre technical group. Mr. Houston and Mr. Gunn prepared the technical report entitled "Technical Report – Salar de Olaroz Lithium-Potash Project, Argentina" dated May 30, 2011 (the "Olaroz Report") under NI 43-101 in respect of the Feasibility Study, and each of Messrs. Houston and Gunn was a Qualified Person under NI 43-101, and independent of the company, at the date such report was prepared. . Mr Peter Ehren is a Member of the Australasian Institute of Mining and Metallurgy and Chartered Professional and is a consulting mineral processing engineer with significant experience in lithium brine deposits. Mr Gunn is a Member of the Australian Insititute of Mining and Metallurgy and is consulting mineral processing engineer with approximately forty years experience.

The technical information relating to Salinas Grandes and Cauchari has been prepared by Murray Brooker in conjunction with Mr Peter Ehren regarding Salinas Grandes. 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. Mr Peter Ehren is a Member of the Australasian Institute of Mining and Metallurgy and Chartered Professional and is a consulting mineral processing engineer with significant experience in lithium brine deposits. He has acted as a consultant on the company's Olaroz and Cauchari lithium projects as well as consulting extensively for other clients. Mr Ehren is responsible for the mineral processing and metallurgical testing statements in section 15 of the Technical Report on the Salinas Grandes Lithium Project effective April 16th 2012. This report was reviewed and updated to include a statement of Peter Ehren's responsibilities on August 12th 2013 as a result of a review by the Ontario Securities Commission and refiled on www.sedar.com with an accompanying media release over the Canadian disclosure network on August 23rd 2013. 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 report contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include, but is not limited to, the results of the Olaroz feasibility study, the estimation and realization of mineral resources at the Company's projects, the viability, recoverability and processing of such resources, costs and timing of development of the Olaroz project, the forecasts relating to the lithium and potash markets provided by Roskill in the Olaroz feasibility study, timing and receipt of approvals for the Company's projects, consents and permits under applicable legislation, adequacy of financial resources, production and other milestones for the Olaroz project, the Olaroz project's future financial and operating performance including production, rates of return, operating costs, capital costs and cash flows, , potential operating synergies between the Salinas Grandes project and the Olaroz project, and other matters related to the development of the Olaroz project and the Salinas Grandes project.

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 that further funding may be required, but unavailable, for the ongoing development of the Company's projects; changes in government regulations, policies or legislation; fluctuations or decreases in commodity prices; the possibility that required permits or approvals may not be obtained; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; general risks associated with the feasibility of the Company's projects; risks associated with construction and development of the Olaroz project; unexpected capital or operating cost increases; and the uncertainty of meeting anticipated program milestones at the Company's projects.

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 Company's ability to carry on its exploration and development activities, the timely receipt of required approvals, the prices of lithium and potash, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. 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.

CORPORATE DIRECTORY

Directors

Non-Executive Chairman
James D. Calaway

Managing Director & CEO
Richard Seville

Non-Executive Directors
John W. Gibson
Federico Nicholson
Fernando Oris De Roa
Courtney Pratt
Robert Hubbard

Company Secretary

Neil Kaplan

Company

OROCOBRE LIMITED
ACN 112 589 910

Registered Office
Level 1, 349 Coronation Drive
Milton QLD 4064
AUSTRALIA

Principal Office
Level 1, 349 Coronation Drive
Milton QLD 4064
AUSTRALIA

Postal Address
PO Box 1946
Milton QLD 4064

Telephone: +61 7 3871 3985
Facsimile: +61 7 3720 8988
Email: mail@orocobre.com

Auditors

ERNST & YOUNG
111 Eagle Street
Brisbane QLD 4000
AUSTRALIA

Legal Advisors

Hemming + Hart Lawyers
Level 5, 307 Queen Street
Brisbane QLD 4000
AUSTRALIA

McCarthy Tetrault LLP
Suite 5300 TD Bank Tower
Toronto Dominion Centre
66 Wellington Street West
TORONTO ON M5K1E6
CANADA

Saravia Frias Cornejo Abogados
Rivadavia 378
(A4400BTH)
SALTA
ARGENTINA

Share Registries

BOARDROOM PTY LIMITED
Level 7, 207 Kent Street
Sydney NSW 2000
AUSTRALIA

EQUITY FINANCIAL TRUST COMPANY
200 University Avenuet
Suite 400
Toronto ON M5H4H1
CANADA

www.orocobre.com

OROCOBRE LIMITED

Level 1, 349 Coronation Drive
Milton QLD 4064
AUSTRALIA

Telephone: +61 7 3871 3985
Facsimile: +61 7 3720 8988
Email: mail@orocobre.com