

2017

ANNUAL REPORT



OROCOBRE

Ten Years in the Making



Contents

4

Highlights 2016-2017

14

Chairman's Letter

74

Consolidated Financial Statements

6

Lithium & the Market

16

Review of Results

131

Directors' Declaration

8

Borates & the Market

17

Review of Operations

137

Schedule of Tenements

10

Corporate Strategy

39

Directors' Report

146

Corporate Directory

12

Sustainability

47

Remuneration Report

Highlights

2016-2017

Orocobre delivers record full year profit and strengthens growth plans

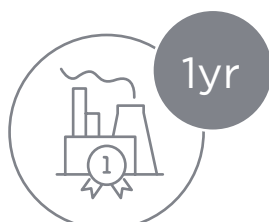
Maiden full year net profit after tax of

US\$**19.4M**

(including benefits of asset sales and Borax impairment)



Orocobre Group Highlights



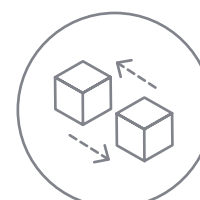
First full financial year in commercial production at Olaroz Lithium Facility



Reported profit of

US\$19.4 million

impacted by impairment of Borax Argentina of US\$8.1 million, and sale of assets of US\$14.8 million (FY16: loss of US\$22 million)



Sale of exploration assets to Advantage Lithium Corp (TSV: AAL)

In exchange for 35% of the issued shares in AAL and 2,550,000 warrants exercisable at C\$1 (AAL trading at C\$0.38 at 30 June 2017)



Sale of exploration tenure at Salinas Grandes to LSC Lithium Ltd for

US\$4 million with a further **US\$3 million** to be paid

in three annual tranches and acquisition of three properties adjacent to Olaroz covering approximately 3,821 hectares



Strong balance sheet with net debt of **US\$65.3 million**



11.8kt

Driven by record production of

11,862 tonnes

of lithium carbonate



Available group cash of

US\$51.6million



Growth plans progressing for

Olaroz Phase 2

+
lithium hydroxide plant

Olaroz Lithium Facility Highlights*



72%

Increase in total production of lithium carbonate.

Total production of 11,862 tonnes



Total sales revenue of

US\$120 million

Up from US\$15 million (2 months) in FY16



EBITDAIX^ of

US\$71.2 million

Up from US\$7.8 million (2 months) in FY16



Sales of **12,296 tonnes** of lithium carbonate at an average price received of

US\$9,763/tonne



62%

Reinforced position as one of the lowest cost producers with gross operating margins of 62%.

With lithium production costs at US\$3,710/tonne



Significant improvement in safety performance.

TRIFR** down from 14.5 to 3.9.

*Olaroz 100% basis. **TRIFR - Total Recordable Injury Frequency Rate. ^EBITDAIX: Earnings before interest, taxes, depreciation, amortisation, impairment and foreign exchange between gains / (losses)

Lithium & the Market

The lithium market recorded its' second consecutive year of strong growth in FY17 providing support for lithium carbonate contract prices at or above ~US\$10,000 per tonne FOB. New projects scheduled to commence supply in H1'FY17 were delayed to H2'FY17 and grew production at lower than anticipated rates, creating an increasingly tight market as demand grew to approximately 12% CAGR*.

Recent project starts brought to light the technical and operational challenges involved in bringing new supply to market. It also highlighted a funding shortfall faced by many near-term projects and the need for continued investment to ramp up projects to meet accelerating demand from 2017 to 2025. As a result, a number of new partnerships and alliances were formed to fulfil capital requirements.

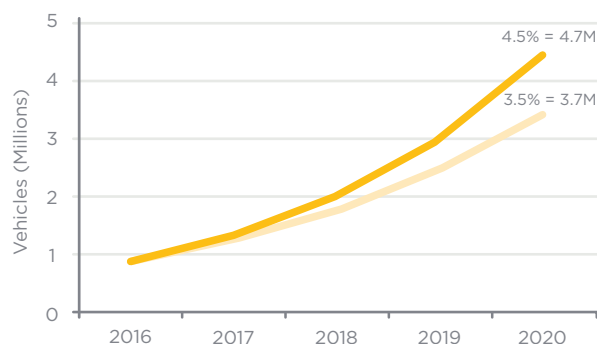
Existing producers of lithium carbonate and hydroxide in the Ex-China market operated above ~70% utilisation rates during FY17 despite some supply challenges. Orocobre's

production and shipments were impacted by severe snow storms in the June quarter limiting access to soda ash, a key reagent and slowing logistics between the mine and the ports. FMC acknowledged weather had resulted in production variability at their Argentinian operations in the recent June 2017 Quarter Conference Call but hadn't impacted the total June quarter volume results for the Company's lithium operations. In March 2017, Albemarle partially closed their Chilean operations for two days following a storm and heavy rainfall.

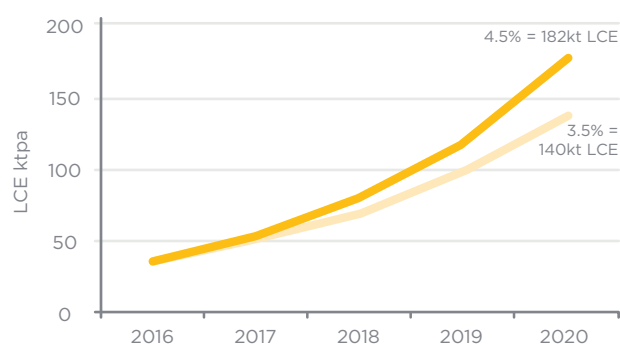
Demand growth in 2017 was driven by the battery sector, particularly

electric vehicles (EV) with global EV penetration expected to finish CY17 at ~1.4%, up from 1% in 2016. While a 0.4% change may seem insignificant, the total represents approximately 1.4 million EV's requiring over 50kt lithium carbonate equivalent (LCE). At the current rate of growth, the Company forecasts global EV penetration will reach approximately 3.5% by 2020 which will require 140kt of LCE. We have identified this as our 'base' demand case. The market has a range of different views varying from 2% up to ~8% EV penetration. Forecasts for EV penetration rates are trending upward.

EV Sales Units (Millions) with different EV Penetration rates



Lithium Demand (LCE ktpa) with different EV Penetration rates



*CAGR - Compound Annual Growth Rate



Demand growth in 2017 was driven by the battery sector, particularly electric vehicles.

The future growth of the EV battery market is supported by:

- Decreasing battery costs — decreasing from ~US\$350/kwh in 2015 (Lux Research) and currently estimated to be between US\$130 and US\$150/kwh for the majority of vehicle manufacturers (Benchmark Minerals);
- Improving battery performance — bigger batteries and declining lithium consumption per kwh; and

Government incentives and subsidies for manufacturers and EV owners mandating over 13 million EV's and demand for almost 500ktpa LCE from 2017 to 2020. Participating countries include China, India, France, UK, USA, German, Japan, Netherlands, Norway, Demark, South Korea, Ireland and

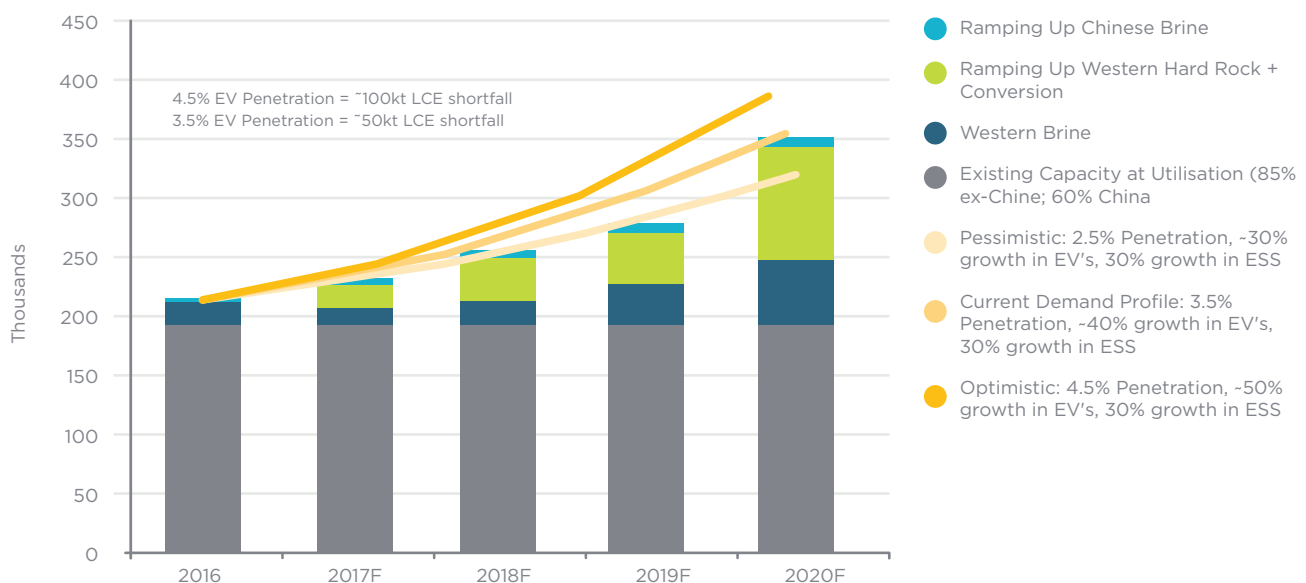
Spain (International Energy Agency Global Outlook 2016).

In addition to EV demand, the end-segment Stationary Energy Storage Systems (ESS) has emerged as a secondary growth driver which is expected to accelerate after 2020. Currently 99% of installed capacity is provided by hydro-electricity, while the remaining 1% is provided by compressed air (0.4%), sodium sulphur (0.3%), li-ion (0.1%), lead acid (0.07%), nickel-cadmium (>0.02%), flywheel (>0.01%) and redox-flow (>0.01%) (World Energy Council, 2015). It's expected that Li-ion battery use in ESS will grow as the technology advances along the experience curve, particularly as capital costs are already the lowest alongside compressed air (World Energy Council, 2015).

The Company forecasts the current growth rate in ESS of between 25-30% p.a. to reach 40% by 2020 and accelerated quickly to 2025.

Steady demand in line with GDP growth is forecast from the glass & ceramics, and grease markets, as well as other (non EV or ESS) rechargeable battery end-uses including portable electronics and power tools. This baseload, in addition to strong EV and building ESS demand, is expected to shift market demand to at least 14-15% CAGR by 2020. Supply from new projects is expected to continue to fall short of expectations due to unforeseen ramp-up challenges. The Company expects this to be the case for new projects in the near term between 2017 and 2020 resulting in continued tight conditions.

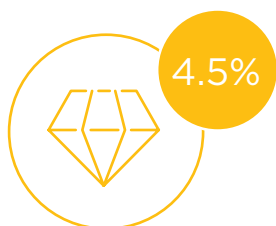
Orocobre View of Lithium Supply and Demand LCE tpa



Borates & the Market

The borates market has recorded steady growth in line with GDP growth in 2017. Similar to recent years, refined borates achieved growth rates slightly higher than borates minerals at 4.5% CAGR versus 4% respectively. Major producers ETI and Rio Tinto marginally lifted production at operations in Turkey and North America which maintained pressure on market prices particularly for refined products.





Growth of refined borates



Growth of borate minerals



Asia remains largest consumer of borates with ~50% total global demand

Asia maintained its position as the largest consumer of borates accounting for around ~50% of total global demand despite a marginal softening compared with recent high growth years. The glass and ceramics market provided strong global growth as manufacturers adapted to different needs of the construction market through product innovation. End-use markets of this material included Asia Pacific, and also North America driven by recovery in the housing market.

Agricultural applications sustained strong demand, specifically from the America's and increasingly Africa and India, as technical improvements in micronutrients and chemical feedstocks used to improve crop productivity encouraged greater adoption. In terms of emerging segments, the oilseed industry in Southeast Asia and Indonesia showed continued promise as did some recovery in the US fracking market. There are positive signs of recovery in key South American markets,

particularly Brazil, where improvement in the agriculture market is expected to be closely followed by an improvement in the industrial market moving into 2018.

Based on the historical price cycle performance, market prices are due to demonstrate recovery however, this will be influenced by market conditions in key South American countries, world GDP performance, rates of urbanisation and the pricing behaviour of market leaders.



The glass and ceramics market provided strong global growth.

Corporate Strategy

Our Corporate Strategy is centred on six key priorities and 21 strategic objectives. The priority areas are mutually dependent and no objective can be achieved in isolation. As such, ongoing focus and commitment to each and every component of this strategy is critical to our success. Orocobre's Sustainability Focus Areas, directly aligned to our Strategic Priorities and Objectives, were defined as part of a broader materiality process and enable us to more effectively manage, measure, monitor and communicate our sustainability performance.

Corporate Strategic priorities and objectives



Meet growing demand through sustainable development

- Grow supply in a sustainable, enduring way
- Deliver quality product that meets client-specific requirements
- Ensure an ethical and responsible supply chain



Optimise returns for shareholders

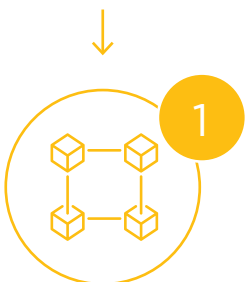
- Maximise the value of the Olaroz resource through adopting prudent financing with an appropriate balance of debt and equity
- Develop and maintain strong, strategic partnerships
- Consider interests of all stakeholders



Ensure long and lasting benefits to communities

- Drive community empowerment and integration
- Invest in and deliver collective and individual benefits to our communities
- Improve the quality of life of our communities

Sustainability focus areas



Value chain

- Risk management
- Quality assurance
- Supply chain management



Shareholders

- Financial performance
- Stakeholder relations



Communities

- Community empowerment
- Community investment
- Human rights



Optimise environmental outcomes

- Optimise the extraction of our world class resource
- Lower emissions and energy intensity of operations
- Minimise process water use
- Minimise impact on groundwater
- Rehabilitate the land to original form



Develop our people and capability

- Commit to personal and professional development
- Inspire, value and retain our people
- Be at the forefront of innovation and technology
- Share knowledge and collaborate across departments
- Drive world class organisational performance through continuous improvement



Prioritise safety

- Continuously improve safety performance
- Embed a safety focussed workforce culture



Environment

- Climate strategy
- Energy and emissions
- Water management and quality
- Waste management
- Biodiversity



People and capability

- Training and development
- Satisfaction and retention
- Innovation
- Collaboration
- Continuous improvement



Culture

- Health and safety
- Culture management

Sustainability

Orocobre is committed to sustainable and responsible development and has well developed programs that have been in operation for a number of years.

We have been delivering collaborative social and environmental programs in our local communities for years, and have a deep respect for the people and the land around our operations.

Equally, our pursuit of best practice operations has required a strong focus on social and environmental performance, and we are proud of the achievements we have made to date.

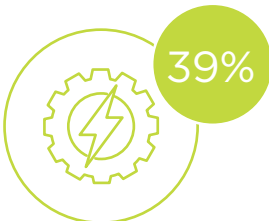
We will be increasing the reporting of our operational and community-based sustainability initiatives in coming years to more effectively monitor, manage and communicate our contribution to society; our relationship with the environment and management of natural resources; our responsiveness to our customers; and the development, support and safety of our people, suppliers, and communities.



Environment



Reduction in emissions intensity
(1/5 less emissions per tonne produced)



Reduction in energy intensity
(2/5 less energy consumed per tonne produced)



Reduction in water intensity
(1/4 less industrial water consumed per tonne produced)

People and Capability



Of workforce from local communities
(up from 37% in FY16)



Of workforce are women
(up from 14% in FY16)

Value chain



Of all work contracted since 2013 has been to
local businesses

Chairman's Letter



Dear Fellow Shareholder,

This has been another year of significant progress as we report our maiden operating profit and firmly establish our position as a global lithium carbonate supplier.

Our focus is underpinned by our commitment to our shareholders — to optimise the value of your investment by maximising the opportunity from our existing and prospective resources. We do this while ensuring the long term interests and wellbeing of all our stakeholders are protected and enhanced giving particular focus to the communities in which we operate.

In 2017, we have worked to create a company that:

- Delivers on the potential of the Olaroz resource and exploits its full potential to not only meet the demands of the growing lithium market but make lasting positive change to the communities in which we operate;
- Employs the principals of Shared Value through the pillars of education, health, production, transparency and empowerment and through this maintains our license to operate with our local communities so we are respected as an intrinsic element of the Jujuy province and the broader Argentine economy; and
- Continues to invest in the capability of our people, developing genuine intellectual capital and emphasising a culture of integrity, transparency, problem solving, commitment and sustainability.

I am pleased to report that we finished the 2017 financial year in a strong financial, strategic and operational position. Sales de Jujuy SA, the operator of Olaroz, produced 11,862 tonnes of lithium carbonate over the course of the year, which was up 72% on the prior twelve months, cementing our position as the first major producer of lithium carbonate to emerge globally in the last 20 years. The Olaroz operations generated total sales revenue of US\$120 million (on a 100% basis) and Orocobre recorded a net profit after tax of US\$19.4 million. Orocobre has a strong balance sheet with net attributable debt at 30 June 2017 reduced to US\$65.3 million from US\$84.7 million at 30 June 2016.

It was disappointing to downgrade our production expectations during the year, primarily due to pond management issues and inventory distribution. The effect of this will continue into the early part of this financial year. However, we expect production to increase significantly in the December quarter resulting from increased evaporation rates through Spring and early Summer and the increase in inventory in the harvest ponds. We continue to learn and develop our operating practices at Olaroz and by comparison to other lithium facilities we remain pleased with the overall ramp up process. We continue to investigate and plan for expansion and once we have achieved sustainable production levels at Olaroz we have the capability to take advantage of the tightening market by doubling production capacity relatively quickly.



I am pleased to report that we finished the 2017 financial year in a strong financial, strategic and operational position.

Our Borax operations provided valuable operating experience in Argentina prior to commencement of operations at Olaroz. The Borax financial performance has continued to underperform primarily due to challenging market conditions in Brazil and global production volumes depressing prices. As a result, we have recorded a non-cash impairment against the Borax assets, reducing our net investment in Borax to US\$5.9 million. The Tincalayu Expansion Feasibility Study is near completion and this should provide a pathway to improved performance at Borax. However, Orocobre's core business remains the development and growth of its lithium assets.

The close of our transaction with Advantage Lithium in March strengthens our relationship with a well-funded partner and allows us to remain focused on development of the Olaroz Lithium Facility. The sale resulted in a non-cash gain of US\$14.8 million.

At a corporate level, Orocobre has a sound financial footing with a strong cash position. The Group has available cash of US\$51.6 million as at the end of June 2017. This follows the release of Standby Letters of Credit (SBLCs) of \$US 24.3 million (ORE's share) back to the Company during the financial year. In addition, the completion of the sale of exploration tenure at Salinas Grandes to LSC Lithium Limited (TSXV:LSC) released US\$4 million to the Group with a further US\$3 million to be paid in three annual tranches.

Across all our operations safety remains our number one priority and we continue to undertake frequent

reviews to ensure improvement. By the end of September, the Olaroz site had reported >300 days of operation without a lost time injury which is a major milestone for the company. Our Tincalayu and Sijes sites have been recognised for exemplary standards in waste management and Borax Argentina has an outstanding performance record in environmental compliance in the Salta region.

We are proud of the contribution we make to the communities in which we operate through our philosophy of shared value. Our businesses in Argentina employ over 550 people directly and we further support our communities by purchasing locally and employing local contractors and services. Sales de Jujuy was recognised by a forum hosted by Banco Interamericano de Desarrollo (BID) for our Shared Value program during the year. BID is the main source of financing for development in Latin America and its areas of focus include three development challenges — social inclusion and equity, productivity and innovation and economic integration.

We continue to do all we can to respect the environment in which we operate and consider how our operations are impacting both the ecosystem and local community and adapt them as necessary.

We continue to improve on all aspects of our community engagement, including better communications with our stakeholders. To this end we have made significant progress in 2017 on a ESG (environmental, social, governance) project which will see us deliver our inaugural Sustainability Report in November. This report

provides significant transparency on our operations and sets out goals for the future.

Orocobre completed the financial year in a strong position with a quality brine resource at Olaroz and strongly recognised as a quality producer of lithium carbonate to customers eager for sources of new supply. We have a clear growth strategy, well developed expansion plans, highly supportive joint venture partners and community stakeholders, and sufficient cash resources that will not require us to call on funding from our shareholders. The lithium market remains in deficit and in the early stages of its development. We believe we need to remain flexible to new opportunities as the market matures and are well positioned to grow sustainable shareholder value over the medium term.

I would like to thank my fellow Board members for their contributions and commitment, the management team for their leadership and unyielding focus on delivering for our shareholders, all our employees for striving for excellence every day and most importantly you, our shareholders for your ongoing support. We look forward to keeping you updated in 2018.

Robert Hubbard
Chairman
October 2017

Review of Results

Group financial performance

To assist readers to better understand the financial results of Orocobre (the Company or the Group), the financial information in this Operating and Financial Review includes non-IFRS unaudited financial information.

Summary of results for the year ended 30 June 2017 (US\$)

	Year Ended 30 June 2017 US \$	Year Ended 30 June 2016 US \$
Revenue and other income ¹	17,439,410	18,524,449
EBITDAIX ²	(8,306,318)	(7,750,580)
Less Depreciation & Amortisation	(1,743,249)	(1,685,753)
EBITIX ³	(10,049,567)	(9,436,333)
Less Interest	1,788,828	474,501
EBTIX ⁴	(8,260,739)	(8,961,832)
Less Impairment	(8,104,583)	-
Less Foreign currency gains/(losses)	625,033	(2,528,110)
Less share of profit / (loss) of joint venture	21,479,881	(11,000,508)
Group profit/(loss) before tax from continuing operations	5,739,592	(22,490,450)
Income tax expense	(1,108,074)	634,438
Net profit/(loss) after tax from continuing operations	4,631,518	(21,856,012)
Net profit/(loss) after tax from discontinued operations	14,783,988	(78,062)
Net profit/(loss) after tax	19,415,506	(21,934,074)

¹ Revenue includes revenue and all other income from continuing operations

² 'EBITDAIX' is 'Earnings before interest, tax, depreciation and amortisation, impairment, and foreign exchange between gains / (losses)'

³ 'EBITIX' is 'Earnings before interest, tax, impairment and foreign exchange between gains / (losses)'

⁴ 'EBTIX' is 'Earnings before tax, impairment and foreign exchange between gains / (losses)'

The Group produced a net profit after tax of US \$19.4 million (30 June 2016: US \$22 million loss), based on a full 12 months production at Olaroz operations, augmented with profits from the sale of South American Salar Minerals Pty Ltd.

Borax total sales revenue, excluding other income, was up 11% on the previous corresponding period following a sustained effort to lift production volumes.

Review of Operations

The Group's key assets are the Olaroz Lithium Facility, the boron mines and processing facilities of Borax Argentina. They are all located in northern Argentina.

The Company's key properties are owned and held by Argentine operating company (ORE 66.5%), Sales de Jujuy S.A ("SDJ") and contain those properties associated with the Olaroz Lithium Facility. Orocobre's partners in SDJ are Toyota Tsusho Corporation ("TTC") (25%) and "JEMSE" (8.5%).

During the year Orocobre divested other brine assets in Salta and Jujuy provinces and as part of the transaction with LSC Lithium acquired 3,821 Ha of additional properties at Olaroz which are expected to be incorporated into the Joint Venture in due course.

The Company's boron mineral assets are held through its 100% owned subsidiary, Borax Argentina S.A.



Our Project

Locations



Olaroz Lithium Facility

(66.5%)

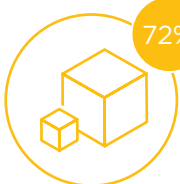
Our first full year of production...



A low cost, high margin brine based lithium carbonate producer



Sustained market prices of >US\$10,000/t lithium carbonate equivalent (LCE) at end of FY17



Increase in production for FY17 from FY16



Large long-life world class resource capable of supporting multiple phases of expansion



High growth industry, with improving fundamentals



Next phase studies underway to double capacity to 35,000 tpa with a 10,000 tpa lithium hydroxide plant (to be built in Japan)



Demand Growth @ 14-15% CAGR by 2020.



Plant optimisation expected to decrease operating cash costs

The Olaroz Lithium Facility is located in Jujuy Province in northern Argentina, approximately 230 kilometres northwest of the capital city of Jujuy. The operations are at an altitude of 3,900 metres above sea level and produce lithium carbonate from the Salar de Olaroz brine resource. The plant at Olaroz is unique as it incorporates a large-scale purification circuit with the potential to produce battery grade lithium carbonate on site.

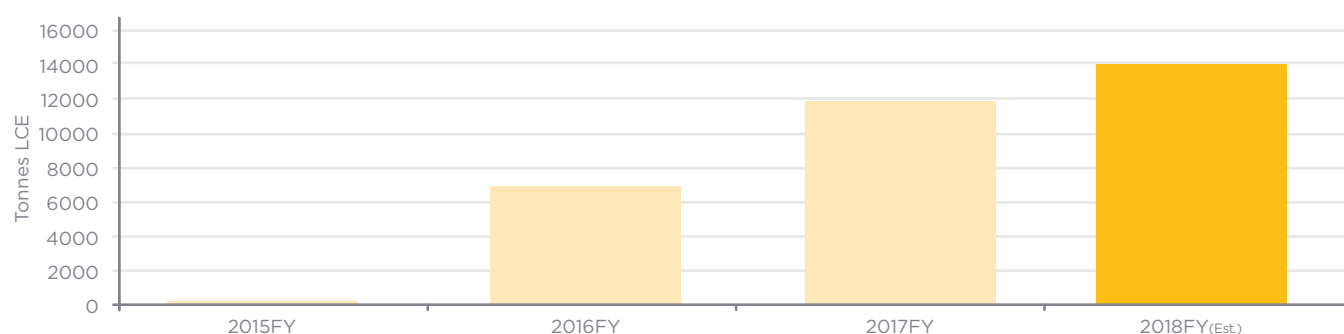
The 17,500 tonnes per year design capacity plant has been operating

since early 2015 and produces a range of highly sought-after lithium carbonate products that are sold into global markets. Demand for our products continues to increase as the world's consumers require high quality lithium batteries in applications that are increasingly dominated by state of the art high performance electric vehicles and grid power storage applications at residential and commercial scale. Consumer electronics continue to provide significant underlying demand but it is the wholesale adoption of electric vehicle (EV) technology by global

auto manufacturers that will drive unprecedented growth in lithium demand over the next decade.

The first sale of lithium carbonate from the Olaroz Lithium Facility occurred in April 2015 and volumes had been consistently increasing until a pond management issue was identified in February 2017. This resulted in production being feedstock constrained over the 2017 winter period, though production volumes are expected to lift significantly from the December 2017 quarter onwards.

Lithium Carbonate Production (Yearly)



Prior to the pond issue, ramp up in the plant had progressed so that the primary circuit runs consistently with a maximum achieved throughput of 66 tonnes per day (tpd), some 35% above design rate of 48 tpd. The purification circuit achieved a maximum throughput rate of 43 tpd and runs consistently at 35-40 tpd (73-83% of nameplate). Hydrocyclones fitted early in the 2017 calendar year are expected to allow the purification circuit to achieve nameplate capacity of approximately 48 tonnes per day.

Evaporation rates will increase during Spring 2017 when pond grades and plant production are forecast to increase. This will then allow the focus to turn to operational optimisation. Key areas for improvement are reagent usage, operational process, and recovery to achieve improvements in the cost of production.

As with any business, small scale capital projects will be considered on the basis of cost versus return and to improve redundancy in operating systems.

Sales volume was up 72% on last year on a like for like basis. Sales revenue for the full first year, which is US\$ denominated, increased to US\$120 million from the prior year (FY16 for 2 months US\$15 million) with higher sales volumes and higher average prices than in FY16. EBITDAIX was US\$71 million versus FY16 of US\$7.8 million. Cost of goods sold as a percentage of sales decreased by 8% when compared to last year with the benefit of production ramp up through the year ended 30 June 2017.

Highly competitive industry position

The Olaroz Lithium Facility produced lithium carbonate at an operating cash cost of US\$3,710/t in FY17 which even in ramp up places the operation as one of the world's lowest cost producers and well below the cost of producing lithium from conversion of hard rock sourced spodumene.

Further process optimisation improvements on recovery, reagent

usage and logistics are targeted to see the operating cash cost reduce further.

Product Specifications

Olaroz sells purified and primary lithium carbonate to a diverse mix of customers in South-East Asia, Europe and North America with operations in the battery, glass, ceramics and chemical compounding industries.

The main markets for primary grade product are the ceramic, chemical and glass markets, with purified grade typically sold to cathode manufacturers.

Brine Inventory

Following a review of results from work that has been completed on the bathymetric survey and other investigations, the end of year brine inventory level was revised to 44,000 tonnes of lithium carbonate equivalent (LCE). This reflects greater confidence in production modelling.



Lithium hydroxide currently sells at a significant premium compared to lithium carbonate.

Expansion plans

The Phase 2 expansion investment decision remains dependent on achieving Phase 1 design production rates and the expansion being funded without further equity capital (i.e. funded by project finance and Phase 1 operating cashflow).

Revised Scope of Phase 2 Expansion Studies

On 15 December 2016, Orocobre announced the results of scoping studies into the expansion of Olaroz and the proposed doubling of production at a cost of US\$190 million including US\$25 million contingency. Subsequently, these plans have been simplified to remove the purification circuit from the incremental production. The resultant product mix is 17,500 tonnes per annum purified lithium carbonate (>99.5%) from the existing purification circuit, and 17,500 tonnes per annum Primary Grade lithium carbonate (avg. 99.0%), of which ~9,000 tonne per annum will be used to feed the planned 10,000 tonnes per annum lithium hydroxide plant.

This simplified strategy results in lower capital expenditure of approximately US\$160 million including a US\$25 million contingency and lower implementation risk as the project is based around a simple duplication of the bores, ponds and primary circuit of Phase 1 at Olaroz. It should be noted that the full cost of the pond system contained within the total capital expenditure estimate for Phase 2 is US\$75 million.

Orocobre has appointed GHD for the basic engineering and the process to obtain necessary permits and

approvals for Phase 2 continues to run concurrently with engineering and design. Selection of mechanical equipment such as centrifuges, filters and reactors has commenced. Test work is continuing to allow further optimisation of design and process beyond that already identified from commissioning and operation of Phase 1.

The expansion studies are not managed by the SDJ operating team but by consultants and a dedicated study manager.

Lithium Hydroxide Plant

Update on Progress

Olaroz primary grade lithium carbonate has been used as feedstock for testing of process design to produce lithium hydroxide by two specialised engineering firms. The test work demonstrated that a very high quality lithium hydroxide for the battery industry could be produced from Olaroz lithium carbonate using a customised process. The test work has also highlighted opportunities to reduce lithium losses during conversion from carbonate to hydroxide.

Lithium hydroxide currently sells at a significant premium compared to lithium carbonate.

Contract negotiations are continuing with the two firms to determine the preferred contractor. The selection criteria for choice of engineering contractor includes turn-key commissioning and personnel training with process, product quality and performance guarantees.

Capital and operating costs, and a project timeline for the lithium hydroxide plant will be advised by the engineering firms during the September quarter. The current preferred location for the plant is in Japan.

The project remains subject to joint venture approvals, Board approval and finalisation of financing and permitting, and construction. Orocobre does not anticipate the need to raise equity capital for this project.

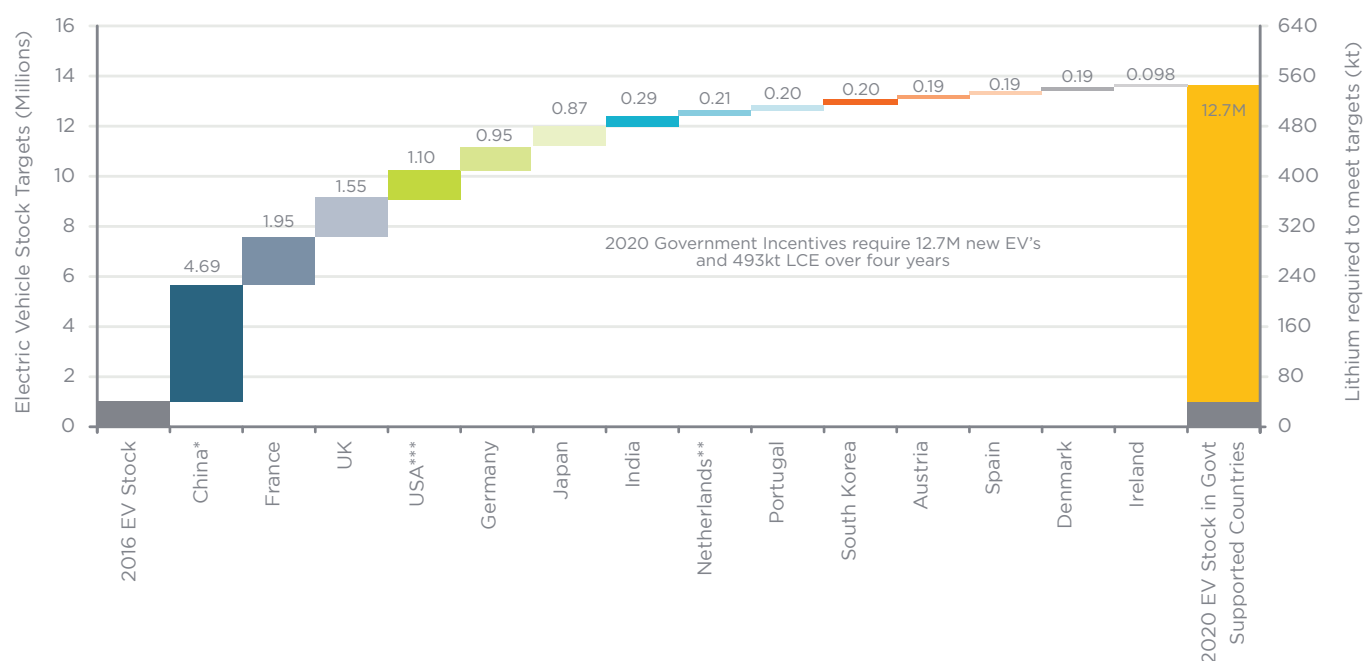
Market Conditions

Lithium market

Contract prices for lithium carbonate remain above US\$10,000/t after doubling in 2016. Market growth rates have lifted from 10% p.a. to over 12% p.a. and are expected to exceed 15% by 2020. The key driver for demand growth has also shifted — the adoption of lithium-ion battery in personal electronics such as laptops, tablets and phones which drove the first demand surge has reached the mature phase of the product life cycle (in developed economies at least). However, a more significant growth catalyst in terms of potential lithium consumption has emerged, being world-wide adoption of EV's encouraged by government incentives and infrastructure, falling costs of battery packs, improved performance of rechargeable batteries and a greater range of EV models to suit end-consumer needs.

Orocobre is considering lithium hydroxide production as demand increases with the use of high nickel cathode format batteries.

Demand Growth Driven by Government Incentives



In 2016, EV penetration was approaching 1% worldwide. Several European countries however were ahead of the adoption curve including Norway and the Netherlands having achieved EV penetration of 25% and 10% respectively due to early introduction of government incentives beginning in 1996 (“Global EV Outlook 2016”, OECD/International Energy Agency). Twenty years later countries with much higher car ownership and fleet numbers have begun to implement similar incentives and develop charging infrastructure. As of 2016 14 countries participating in EV incentive programs had announced targets that would require 12.7 million new EVs between 2016 and 2020 and approximately 493,000 tonnes of LCE.

The rechargeable battery manufacturing industry has signalled confidence in the industry with worldwide manufacturing capacity set to quadruple from ~75 GWh currently to over 305 GWh by 2020 (Benchmark Minerals). The vast majority of large scale car manufacturers currently have, or will soon release, an EV model encouraged by growing consumer demand, government manufacturer incentives and decreasing li-ion battery pack costs, which have fallen from US\$600/kwh in 2012 to ~US\$150/kwh just five years later (Lux Research, 2016). Installed battery manufacturing capacity was estimated to be operating above 90% utilisation in 2016 (Roskill, 2017) therefore additional battery capacity is required to ensure continued EV growth at or above the current rate of 40% p.a.

While there is much divergence between forecasts of EV penetration rates the general consensus is growth rates will reach at least 45% by 2020 resulting in EV penetration of approximately 4.5%. Similarly, forecast lithium demand from the energy storage systems (ESS) segment varies widely as growth of between 20% to 25% p.a. has been recorded in the past three years (Roskill). It is Orocobre’s view that ESS development will continue and exceed 30% p.a. growth by 2020 as renewable energy targets are more likely to be achieved when renewable energy sources are combined with ESS as exemplified by the South Australian government’s plan to install a 100 MW battery storage system. EV and ESS together with healthy baseload demand in line with GDP growth, will require at least 350ktpa of LCE production by 2020.



These robust demand dynamics have compounded concern regarding a significant lithium carbonate supply shortage given the current market tightness. Slower than expected project ramp ups have moderated supply expectations as the industry has become aware of the challenges involved in ramping up lithium projects given scarce industry experience and highly technical 'bespoke' operations with unique and sometimes unpredictable challenges. As the risks involved in raw material operations, processing, supply security and financing become more apparent, strategic partnerships have become

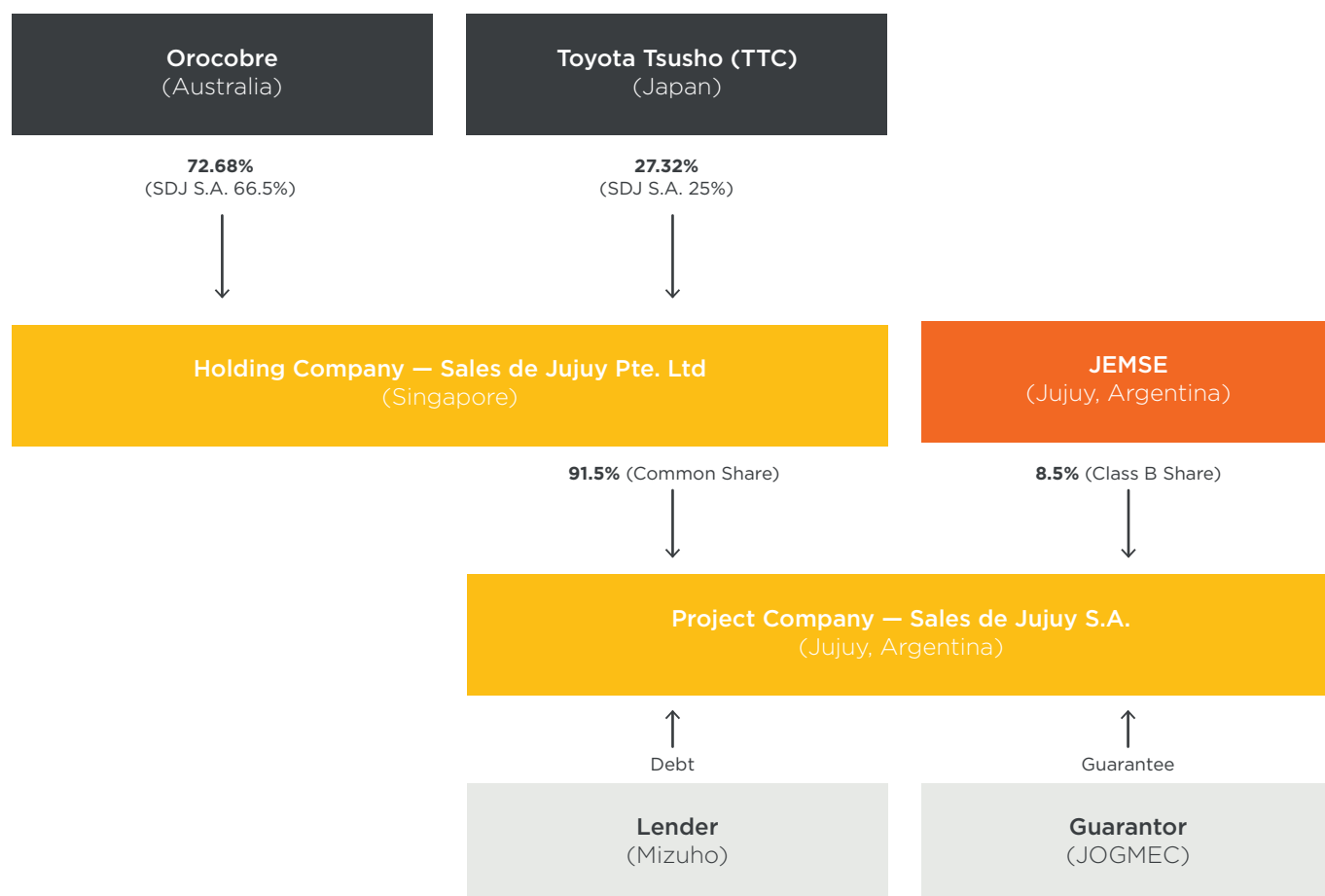
a necessity. Vertical integration and/or strong partnerships are particularly important for hard rock operations given the additional capital required for spodumene mining, processing and conversion as well as the broad technical skills required to produce lithium carbonate or hydroxide.

The recent funding arrangements of hard rock projects demonstrates that funding of new lithium production remains challenging, high cost and an impediment to new production.

Given growth is not expected to slow in the foreseeable future vertical integration is likely to continue. There is significant potential for greater involvement and investment in lithium projects from downstream participants including battery and EV manufacturers, however widespread understanding of capital intensity, project ramp-up challenges and supply chain lead times (from lithium production to consumption in end-use segments) is required to encourage the necessary investment.

Joint Venture Structure

The Olaroz Lithium Facility Joint Venture is managed through the operating company, SDJ. The shareholders are Sales de Jujuy Pte Ltd (“SDJ PTE”), a Singaporean company that is the joint venture vehicle for Orocobre and TTC and JEMSE, the mining investment company owned by the provincial government of Jujuy, Argentina. The effective equity interest in the Olaroz Lithium Facility Joint Venture is Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.



Borax Argentina

(100%)



Focus on maximising production and delivering higher volumes



Costs have been higher than expected, margins have been lower



Asset value has been impaired by US\$ 8.1m to reflect current operating environment



Significant long-life assets



Expansion studies underway

Borax Argentina has operated in the Salta-Jujuy region for over 50 years and its operations, include three open pit mines, concentrators, refining capacity and significant land holdings. The mining operations are located in Tincalayu, Porvenir and Sijes.

The products produced by Borax Argentina can be divided into three groups being: minerals, refined products and boric acid. The minerals

historically produced are ulexite, colemanite and hydroboracite. Ulexite has traditionally been used as a feedstock for the production of boric acid, however hydroboracite is now the primary feedstock allowing for a lower cost of production and a product with a lower chloride content to be produced. Hydroboracite and colemanite are supplied into the ceramic market and more recently

hydroboracite into agricultural and oil and gas markets. The refined products are comprised of borax decahydrate, borax pentahydrate 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.

Combined Product Sales Volume Year on Year*

Financial Year	Combined Product Sales (tonnes)
June 2014	40,098
June 2015	34,091
June 2016	35,482
June 2017	41,777

*Combined product sales volumes include borax chemicals, boric acid and boron minerals and does not include sales of tincal ore of 4,021 tonnes in September 2014 quarter, 4,225 tonnes in the December 2014 quarter and 2,061 tonnes in the June 2015 quarter, for a total of 10,307 tonnes.



Sales volume was up 18% on last year on a like for like basis.

Operations

The focus in FY17 for Borax Argentina was to increase production rates, build suitable inventory levels, improve response times and delivery performance, and reinforce Borax's value proposition as the producer integral to a customer's security of supply strategy with a primary focus on South American markets.

Operating conditions during the last quarter of the year were particularly challenging due to severe weather that saw heavy snowfall.

At Tincalayu, snow and freezing weather significantly affected mining and the transport of water resulting in processing operations being suspended for a cumulative 10 day period and the loss of approximately 700 tonnes of decahydrate equivalent production. The Sijes operations were less affected with approximately 200 tonnes of lost concentrate production and delays in the export of product.

Sales volume was up 18% on last year on a like for like basis. Sales revenue, which is US\$ denominated/ pegged, increased by 11% from the prior year due to higher sales volumes but lower average prices than in FY16. EBITDAIX was a loss of US \$1,651,097 versus FY16 loss of US \$773,799.

Borax Argentina was EBITDAX positive in H1 FY2017 demonstrating that the business can deliver locally generated improvements in a very challenging market and economic environment at the bottom of the price cycle. However, results deteriorated in the second half of the year with production impacted by severe weather impacts.

A substantial portion of Borax's costs are Argentine (ARS) Peso based (~65%). For the financial year devaluation of the ARS\$ against the US\$ was 10.8% versus inflation of 21.8%. This resulted in 11% higher than expected US\$ costs for ARS denominated expenses.

A devaluing ARS benefits Borax as ARS costs become cheaper in US\$, and US\$ sales revenues translate to more ARS. A downside of a devaluing ARS is that recoverable VAT reduces in US\$ terms.

Impairment of assets

As a result of the impairment assessment of Borax Argentina, the carrying values of its net assets have been written down to their recoverable amount, being their fair value less costs of disposal. For the year ended 30 June 2017, this resulted in a total impairment charge amounting to US\$8,104,583.

Environment

The economic environment in Argentina has proved difficult in the past financial year due to inflation impacts not being completely offset by currency devaluation resulting in cost pressure. This is symptomatic of the economic transition period being experienced due to the economic reforms implemented by the new Macri administration. These economic reforms, although positive in nature, have created a short term disconnect between the relationship of inflation and currency devaluation resulting in higher peso denominated costs making it more difficult to achieve production unit cost reductions.

Production Performance

The focus for Borax Argentina has continued to be on improving manufacturing efficiency and achieving reductions in the unit cost of production. Despite the economic environment hurdles over the past year the business has demonstrated a track record of consistently reducing the unit cost of production across the Tincalayu, Campo Quijano boric acid plant and Sijes operations.

The Tincalayu operation produces refined sodium borate products of borax decahydrate and borax pentahydrate. During the year the operation had some production process challenges and was negatively impacted by adverse weather conditions during the recent winter period.

The boric acid plant has recently been producing at an average production of 27 tpd with maximum production rates of 33 tpd achieved. Production costs have also been reduced significantly with the previous introduction of hydroboracite as the main feedstock last year and plant augmentation that occurred during the year.

Production at Sijes has been reprofiled with a focus on higher-specification, higher value products that are sold predominantly into the ceramics and agriculture markets. The tailings from these products is used as feed for the boric acid plant assisting in lowering the unit cost of production of boric acid.



Refined Borates Expansion Study

An expansion study continues to evaluate a potential expansion of the Tincalayu refined borates operation from its current production capacity of 30,000tpa to 100-120,000tpa borax decahydrate equivalent and a 40,000 tpa boric acid plant. It is anticipated that the potential expansion will further enhance efficiencies in the production of refined borates at Tincalayu and contribute to improved manufacturing unit costs. This study will consolidate the work already undertaken on a new gas pipeline for which permitting is underway.

Market & Customers

Borax Argentina is the only South American based boron producer with a wide range of refined products and relatively unique mineral products.

The value proposition to customers is that it is a local high-quality manufacturer and supplier of boron products well positioned to provide value particularly in the form of security of supply to businesses predominantly in South America and to the operations of these companies and other key customers offshore.

Market conditions have continued to be challenging which has provided significant motivation to achieve cost reductions and efficiencies in production. Although the business has been successful in consistently driving down production costs, the rate of reduction has not kept pace with the deterioration in market prices.

However, the business remains focused on developing the key elements of a robust and successful business. In line with these goals, over the past year delivery performance has improved markedly to recently achieve 99%

delivered to promise. Appropriate inventory levels are being achieved in order to support this level of delivery performance and Borax Argentina's value proposition to customers.

There are positive signs of recovery in key South American markets, particularly Brazil, where improvement in the agriculture market is expected to be closely followed by an improvement in the industrial market moving into 2018.

Based on historical price cycle performance, market prices are due to demonstrate recovery however, this will be influenced by market conditions in key South American countries, world GDP performance, rates of urbanisation and the pricing behaviour of market leaders. Borax Argentina sales contracts are denominated in, or pegged to, the US\$.

Health Safety and Community

The Company fosters a “zero harm” approach when it comes to the safety of our employees and project contractors. Orocobre’s goal regarding the safety of our operations is to continuously improve the reporting of and reduction in workplace risks and incidents. The safety statistics for Borax Argentina and Sales de Jujuy employees and contractors is presented in the table below (TRIFR = Total Recordable Injury Frequency Rate).

The trend of TRIFR has demonstrated improvement from 2016 to 2017 for employees and contractors at SDJ. Pleasingly the TRIFR has shown the most improvement at SDJ where the nature of activity has changed over the last three years from construction and commissioning to early operations and now routine production. This is a

strong endorsement of the continuing process improvement and maturity of the operations. It remains a key focus of the Company to significantly reduce the number of incidents and improve the TRIFR performance.

The Company operates a wide range of programs in Argentina aimed at fostering the entrepreneurial skills of local businesses and improving the health and education of our personnel and that of the local communities. The Company has also undertaken a number of campaigns which focus on creating awareness for the prevention and early-detection of conditions such as breast cancer and substance dependency. The Company has been actively involved in community initiatives which focus on improving the formal education graduation rate at primary, high school and speciality

levels. Additionally, health care programs are conducted year-round that provide dentistry, ophthalmology, cardiology and paediatric services for both our employees and the local community.

Sales de Jujuy and Borax Argentina have both achieved ISO accreditation for ISO 31000 Risk Management, and re-accreditation for ISO 9001 Quality Control and ISO 14001 Environmental Management. Both subsidiary companies have also implemented the OHSAS 18001 Occupational Health and Safety Management System.

	FY17 Employee TRIFR	FY16 Employee TRIFR	FY15 Employee TRIFR	FY17 Contractor TRIFR	FY16 Contractor TRIFR	FY15 Contractor TRIFR
Borax Argentina	9.6	10.2	7.4	8.3	7.0	7.4
Sales de Jujuy	3.9	14.5	10.1	3.5	22	3.7

Exploration & Resources

Olaroz Resource Estimate

In 2011, the Company defined 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.

Resource category	Area (km ²)	Thickness (m)	Mean specific yield %	Brine volume Cubic kms	Concentration			Tonnes of contained metal		
					Lithium mg/L	Potassium mg/L	Boron mg/L	Lithium million tonnes	Potassium million tonnes	Boron million tonnes
Measured resource	93	54	8.5%	0.42	632	4,930	927	0.27	2.08	0.39
Indicated resource	93	143	10.0%	1.33	708	6,030	1,100	0.94	8.02	1.46
Measured and indicated resource	93	197	9.6%	1.75	690	5,730	1,050	1.21	10.0	1.85

Olaroz Defined Exploration Target

As part of the bore field development during construction, five production bores have been drilled, or extended, beyond the resource with the deepest being to 450m. All the holes have intersected thick sand sequences beneath the 197m deep resource. These results are highly significant as this thick sand sequence has been shown to extend laterally beneath

much of the defined brine resource. Sands of this type have free draining porosity of between 20% and 25% based on previous test work and the sand unit could hold significant volumes of lithium-bearing brine which could be added to the resource base by future drilling. In addition, due to the thickness of the sand, any production bore drilled into this unit

will be high yielding compared to bores only in the top 200m.

The exploration target described below is between 1.6 and 7.5 million tonnes of lithium carbonate equivalent, located between 197m and 323m depth, based on the first two deeper production bores.

Area km ²	Thickness m (to 323m depth)	Mean specific yield %	Brine volume million m ³	Li mg/l	Contained Li million metric tonnes	Lithium carbonate metric tonnes	K mg/l	Contained K million metric tonnes	Potash million metric tonnes	B mg/l	Boron million metric tonnes
Upper Assumption Estimate											
80	126	20%	2,000	700	1.4	7.5	5400	10.9	20.8	1,200	2.4
Lower Assumption Estimate											
80	126	6%	605	500	0.3	1.6	4000	2.4	4.6	900	0.5

Additional exploration targets have been identified to the north and the south of the defined target area. It must be stressed that an Exploration Target is not a Mineral Resource. The potential quantity and grade of the Exploration Target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in the volume where the Exploration Target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume. Re-interpretation of the geophysical surveys has indicated the Salar may be over 600m deep with potential for further Exploration Targets to be developed beneath the current 323m.

Deeper drilling will be conducted to further evaluate the exploration target and to assist longer term development planning.

Advantage Lithium

During the March quarter 2017, Orocobre completed the sale of a suite of exploration assets to Advantage Lithium Corp (TSV:AAL). AAL is well funded having raised CDN \$20,000,000 capital in February 2017. Orocobre holds 46,325,000 (35%) of the issued shares of AAL and 2,550,000 warrants exercisable at CDN \$1.

Orocobre retains a 42.5% interest (50% less 8.5% minority interest) and a 1% gross royalty in the Cauchari Project, and AAL has the right to increase its interest to a total of 75% by the expenditure of US\$5,000,000 or production of a Feasibility Study. AAL also took a 100% interest in five

other lithium properties that were previously held by Orocobre totalling 85,543 Hectares.

The AAL technical team is led by Callum Grant. Callum is an engineer with broad experience from exploration to production focusing on South America and in particular, Argentina.

The flagship Cauchari Property has an existing inferred resource of 470,000 tonnes of Lithium Carbonate Equivalent and a large exploration target to be tested with a 17 hole drill program. Drilling commenced in May 2017 with the successful casing of Hole CAU07, the first of the five-hole Phase One program located in the North-West block of the Cauchari property. The drill program is on budget with work including initial sampling and geophysical profiling which will provide key information on target zones through the salt lake sedimentary sequence.

The objective of work at Cauchari is to rapidly advance the property through exploration and towards development by 2018/2019. A diamond drill program to complement the rotary program will be conducted over the December half year. The overall objective for 2017 remains an updated resource estimate combining both NW and SE blocks of Cauchari, moving into a Scoping Study in early 2018. More advanced technical and engineering studies will continue through 2018 and into 2019 leading to a bankable Feasibility Study with the required environmental permits for the development phase.

Salinas Grandes

Orocobre completed an agreement for the sale of exploration tenure at Salinas Grandes to LSC Lithium Limited (TSXV:LSC) in June 2017.

Pursuant to the Orocobre-LSC Agreement, LSC acquired mining properties located at Salinas Grandes in Salta and Jujuy provinces, Argentina ("Salinas Grandes Tenements"), which were held by Orocobre.

As consideration for the sale of the Salinas Grandes Tenements, LSC:

- Paid Orocobre US\$4 million;
- Transferred to Orocobre three properties located at Olaroz ("Olaroz Tenements") adjacent to current project properties covering approximately 3,821 hectares, thus strengthening Orocobre's position at its flagship project; and
- Granted Orocobre a 2% royalty on the brine concentrate produced from Salinas Grandes Tenements, calculated on the same basis as the royalties paid by Sales de Jujuy at the Olaroz Lithium Facility to the Jujuy Provincial Government.

LSC will pay a further US\$3 million (US\$2.7m on a discounted basis) payable by way of three annual tranches of US\$1 million in June 2018, June 2019 and June 2020.

Cauchari Project (Orocobre 50%, moving to 25%: AAL 50%, moving to 75%)

As described Orocobre retains a 50% interest in the Cauchari Project and AAL has the right to increase its interest to a total of 75% by the expenditure of US\$5,000,000 or production of a Feasibility Study. 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

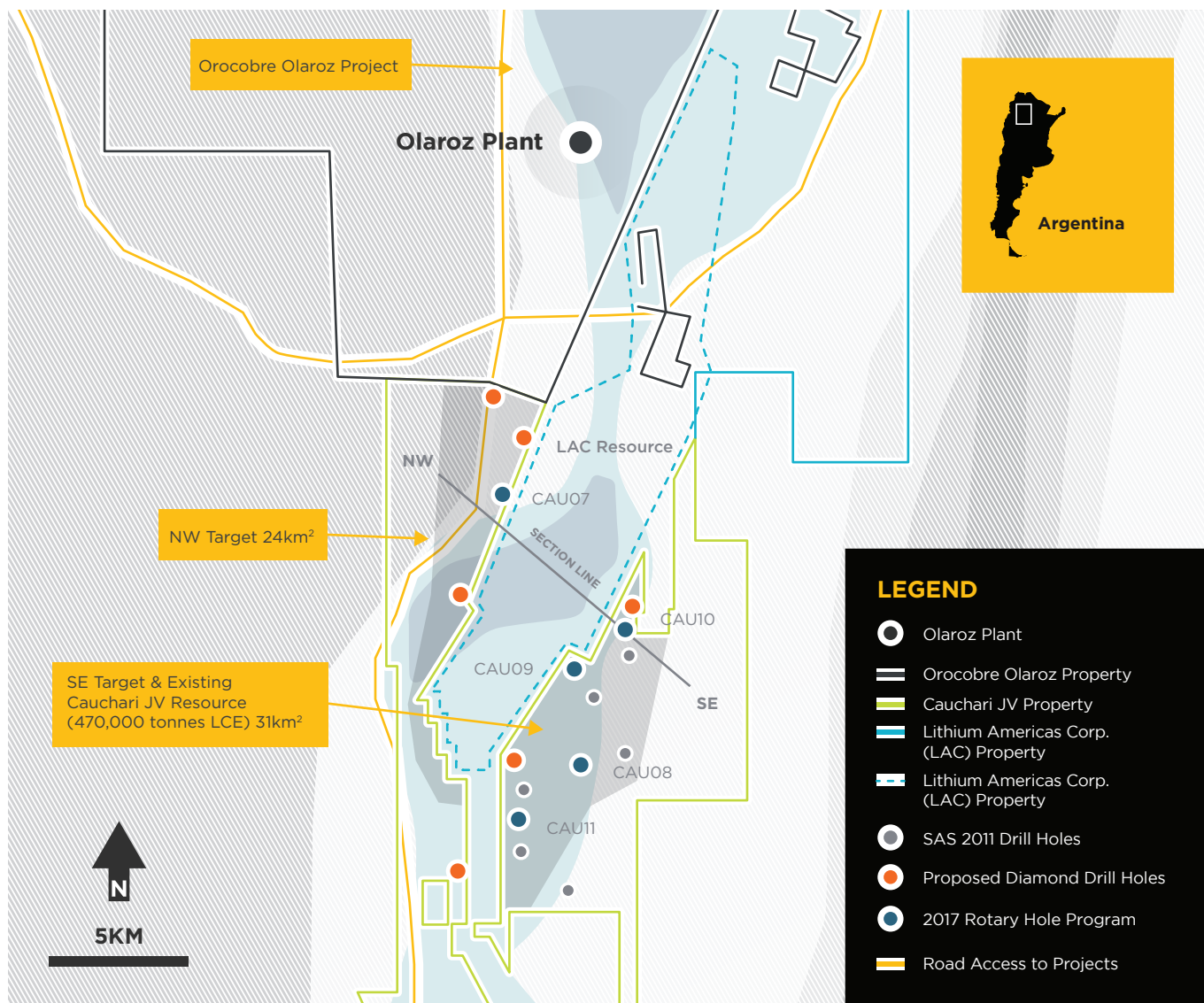
on 5.32 tonnes of lithium carbonate being equivalent to one tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium. Details are given in the table below.

The maiden resource is based on five diamond holes in the 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), previously drilled to a 464m depth and therefore future Orocobre drilling could substantially increase the maiden resource.

Inferred Resource Area	Brine Body Parameters				Average Resource Concentrations			Tonnes Contained		
	Area km ²	Average thickness m	Mean specific yield %	Brine volume million m ³	Lithium mg/l	Potassium mg/l	Boron mg/l	Lithium	Potassium	Boron
North 170m deep	19.69	170	6.1%	204.5	399	3,833	547	81,497	783,829	111,901
South 50m deep	11.35	50	4.6%	26	264	2,502	421	6,851	64,932	10,916
Combined	31.05	-	-	230.4	383	2,683	533	88,348	848,761	122,817

Location of the Cauchari drill holes. The black line marks the section line shown over page

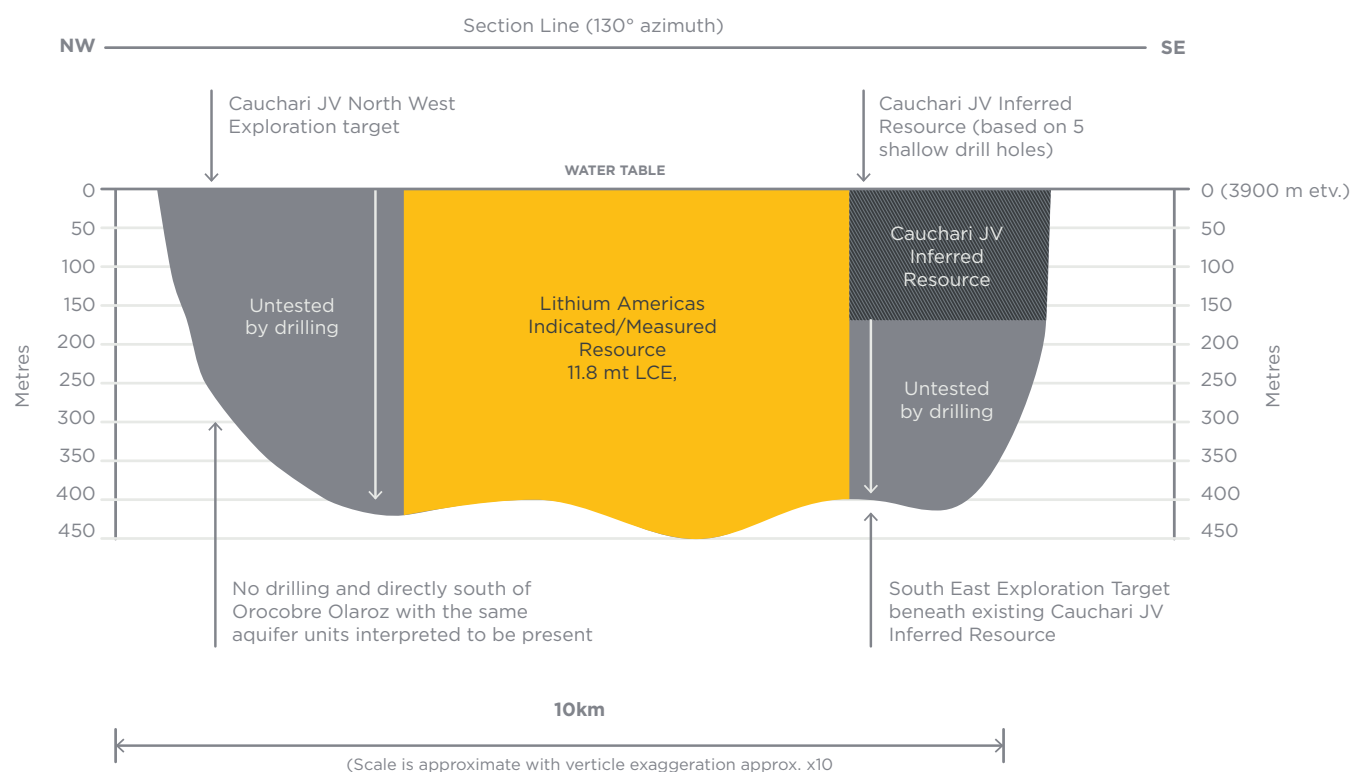


A revised exploration target has been defined at Cauchari of between 5.6 million tonnes and 0.25 million tonnes of LCE and 19 million tonnes to 0.9 million tonnes of potash (KCl) has been estimated beneath the resource to 350 metres deep in the eastern

properties and to 450 metres deep in the western properties. It must be stressed that an exploration target is not a mineral resource. The potential quantity and grade of the exploration target is conceptual in nature, and there has been insufficient exploration

to define a Mineral Resource in the volume where the Exploration Target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume.

Schematic cross section looking to the northeast and showing the NW and SE target areas immediately adjacent to the large Lithium Americas Corp. lithium resource



'NI 43-101 Technical Report - Updated Feasibility Study - March 2017

Whilst a 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 is located approximately 20kms south of the Olaroz Lithium Facility.

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 brine would use the Olaroz facilities at a relatively low incremental capital cost.

This information in regard to the Inferred Resource at Cauchari was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Cauchari Exploration Target Upper and Lower Assumption Case Estimates

The Exploration Target in the Eastern Area underlies the resource and in the Western Area is separate to and *does not* include the resource.

Upper Assumption Estimate — Eastern Area									
Area Km ²	Thickness M (To 350 M Depth)	Mean Specific Yield %	Brine Volume Million M ³	Li Concentration Mg/L	Contained Li Metric Tonnes	Lithium Carbonate Metric Tonnes	K Concentration Mg/L	Contained K Metric Tonnes	Potash (KCl) Metric Tonnes
Northern									
19.69	180	13%	460.7	537	250,000	1,300,000	5350	2,500,000	4,700,000
Southern									
11.35	300	13%	442.7	537	240,000	1,300,000	5350	2,400,000	4,500,000
Upper Assumption Total					490,000	2,600,000		4,800,000	9,200,000
Lower Assumption Estimate — Eastern Area									
Area Km ²	Thickness M (to 350 M N, 270 M S)	Mean Specific Yield %	Brine Volume Million M ³	Li Concentration Mg/L	Contained Li Metric Tonnes	Lithium Carbonate Metric Tonnes	K Concentration Mg/L	Contained K Metric Tonnes	Potash (KCl) Metric Tonnes
Northern									
19.69	180	2%	31.5	260	18,000	100,000	2500	180,000	340,000
Southern									
11.35	220	2%	18.2	260	10,000	50,000	2500	100,000	180,000
Lower Assumption Total					28,000	150,000		270,000	520,000
Upper Assumption Estimate — Western Area									
Area Km ²	Thickness M (To 450/350 M Depth)	Mean Specific Yield %	Brine Volume Million M ³	Li Concentration Mg/L	Contained Li Metric Tonnes	Lithium Carbonate Metric Tonnes	K Concentration Mg/L	Contained K Metric Tonnes	Potash (KCl) Metric Tonnes
Northern — 150m of Barren Gravel Assumed Above Brine									
22.00	300	13%	858.0	600	510,000	2,700,000	5350	4,600,000	8,800,000
Southern — 50m of Barren Assumed Above Brine									
2.40	300	13%	93.6	600	60,000	300,000	5350	500,000	1,000,000
Upper Assumption Total					570,000	3,000,000		5,100,000	9,800,000
Lower Assumption Estimate — Western Area									
Area Km ²	Thickness M (To 300 M N, 250 M S)	Mean Specific Yield %	Brine Volume Million M ³	Li Concentration Mg/L	Contained Li Metric Tonnes	Lithium Carbonate Metric Tonnes	K Concentration Mg/L	Contained K Metric Tonnes	Potash (KCl) Metric Tonnes
Northern — 150m of Barren Gravel Assumed Above Brine									
22.00	150	2%	66.0	260	18,000	90,000	2500	170,000	310,000
Southern — 50m of Barren Assumed Above Brine									
2.40	200	2%	9.6	260	2,000	10,000	2500	20,000	50,000
Lower Assumption Total					20,000	100,000		190,000	360,000
Upper Assumption Estimate — Combined Eastern And Western Area									
					1,060,000	5,600,000		9,900,000	19,000,000
Lower Assumption Estimate — Combined Eastern And Western Area									
					48,000	250,000		460,000	880,000

Borax Argentina

JORC Compliance Program

Following the upgrading of the Porvenir historical estimate to a JORC compliant Measured and Indicated resource in 2014, the Tincalayu resource upgrade was completed in FY15. The program is continuing with the Sijes deposit. The Diablillos “historical estimate” will not be upgraded as the majority has been flooded by the artisanal bores caused by Rodinia Lithium’s drilling programs.

Resources

Porvenir Resource Estimate Summary

A measured and indicated resource of 2.3 million tonnes at 20.4% B₂O₃ is estimated at the current 16% mining cut-off grade. The resource extends to a maximum depth of 2.9m and is easily exploited by low cost strip mining. A measured and indicated resource of 6.9 million tonnes of 14.9% B₂O₃ is estimated at a 9% B₂O₃ mining cut-off grade.

The resource estimate was prepared by Murray Brooker, an independent consultant employed by Hydrominex Geoscience Pty Ltd. 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 2012 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. The information is extracted from the report entitled Amended Announcement to Porvenir Historical Estimate Upgraded to JORC Compliant Resource, 29 April, 2014 and is available to view on the Company website www.orocobre.com.

The Company is not aware of any information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market

announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement. A previous announcement was made on the 21/08/12 regarding the superseded historical resource at Porvenir, which is the subject of re-estimation. The company is not in possession of any new information or data relating to historical estimates that materially impacts on the reliability of the estimates or the company’s ability to verify the historical estimates as mineral resources, in accordance with the JORC Code. The supporting information provided in the initial market announcement of 21/08/12 continues to apply and has not materially changed.

Classification	Cut-Off Grade	Tonnes	Grade% B ₂ O ₃	Tonnes B ₂ O ₃
Measured	9%	4,907,877	14.5	710,672
Indicated	9%	1,942,433	16.0	310,517
Measured & Indicated	9%	6,850,000	14.9	1,020,000

Classification	Cut-Off Grade	Tonnes	Grade% B ₂ O ₃	Tonnes B ₂ O ₃
Measured	16%	1,474,341	20.0	295,117
Indicated	16%	804,595	21.0	168,776
Measured & Indicated*	16%	2,278,937	20.4	463,992

Tincalayu Resource Estimate Summary

An Indicated and Inferred resource of 6.5 million tonnes at 13.9% B₂O₃ at a marginal cut-off of 5.6% B₂O₃, which increases to 17.8 million tons of 11.0 % B₂O₃, at a marginal cut-off grade of 2.8 % B₂O₃.

The resource estimate was prepared by Murray Brooker, an independent consultant employed by Hydrominex Geoscience Pty Ltd. 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 2012 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. The information is extracted from the report entitled Tincalayu Historical Estimate Upgraded to JORC Compliant Resource, 18 November 2014 and is available to view on the Company website www.orocobre.com.

The Company is not aware of any information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form

and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. A previous announcement was made on the 21/08/12 regarding the superseded historical resource at Tincalayu, which is the subject of re-estimation. The company is not in possession of any new information or data relating to historical estimates that materially impacts on the reliability of the estimates or the company's ability to verify the historical estimates as mineral resources, in accordance with the JORC Code. The supporting information provided in the initial market announcement of 21/08/12 continues to apply and has not materially changed.

	Current Production 30Ktpa			Expanded Production 100Ktpa		
	Cut-Off	Tonnes (Mt)	Soluble B ₂ O ₃ (%)	Cut-Off	Tonnes (Mt)	Soluble B ₂ O ₃ (%)
Global Resource (Not Limited to a Pit Shell) – with Marginal Cut-Off						
Indicated	5.6	6.9	13.9	2.8	6.9	13.8
Inferred	5.6	9.9	10.2	2.8	13.8	8.5
Indicated + Inferred	5.6	16.8	11.7	2.8	20.7	10.3
MaximumDcf In-Pit Resource – with Marginal Cut-Off						
Indicated	5.6	5.1	14.7	2.8	6.8	13.8
Inferred	5.6	1.4	11.0	2.8	11.0	9.3
Indicated + Inferred	5.6	6.5	13.9	2.8	17.8	11.0

Historical Borax Argentina Resources

Mine/Project	Material	Historical Estimate	Tonnes	Grade % B2O3	Tonnes B2O3
Current Soft Rock Mines					
Sijes - Hydroboracite	Hidroboracite	Measured	3,099,998	22.8	706,800
Sijes - Colemanite	Colemanite	Inferred	200,000	20.0	40,000
Total and Average			3,299,998	22.6	746,800
Undeveloped Ulexite Deposits in Salt Lake Sediments					
Ratones	Ulexite	Indicated	364,663	18.0	65,639

The historical estimate at Diablillos is not being re-stated as the raised phreatic surface caused by 3rd party drilling may affect the ability to mine some of this mineralisation.

Footnotes: The historical estimates are in equivalent categories to those used by the JORC and CIM reporting codes. However, these estimates did not satisfy either current JORC or CIM/NI 43-101 requirements for the reporting of resources and were considered to be historical resources (see Orocobre ASX/TSX announcement August, 2012).

A qualified person did not do sufficient work to classify the historical estimates as current mineral resources or mineral reserves, and the Company did not treat the historical estimates as current mineral resources or mineral reserves. It is uncertain whether following evaluation and/or further exploration any of the historical estimates will ever be able to be reported as current estimates in accordance with the JORC code or NI 43-101.

There is no new information that impacts on these historical estimates. Note that material mined in 2012-2014 is not accounted for as depletion in the figures above, with approximately 35,000 tonnes at Sijes the estimated annual production of mineralised material at the time this information was originally released in 2012.

Relevant reports from which the above summary of historical estimates is drawn include the following:

Sijes

- July 1998; Borax Argentina S.A.; Environmental and Operational Studies, Phase 1, Initial Geotechnical Appraisal; Knight Piesold Limited, England. Includes a Historical estimates Chapter;
- July 1998; Borax Argentina S.A.; Environmental and operational Studies, Phase 2; Geotechnical Appraisal; Knight Piesold Limited, England;

- May 1999; Borax Argentina S.A.; Hidroboracite Project, Raul Gutierrez Solis; August 1999, Borax Argentina S.A.; Sijes, Monte Amarillo 2 Mine. Historical Estimation, Mine Design & Planning Report. Knight Piesold Limited, England.

Ratones

- The project was acquired by Borax Argentina circa 1987. The previous owners had conducted an estimate of contained mineralised material. This has not been validated by Borax Argentina, who consider the status of this material to be of the indicated category.

Properties

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,

LithiumX (TSX-V:LIX)/Aberdeen (TSX:AAB) JV at Diablillos, and Galaxy Resources Ltd (ASX:GXY) at Sal de Vida. 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.

Company	Project Affected	Area of Properties (hectares)	Date of Contract	Type of Contract*	Remaining Payments	Royalty Payable on Brine Extraction	Period of Usufruct	Comments
Lithium Americas Corporation/ SQM	Cauchari	4,130	19-May-11	Usufruct	\$5,400,000	None	18-May-41	\$200,000 per annum payable until 18 May 2041 irrespective of production. Remaining period of 23 years and 9 months, at which time the brine rights revert to Borax Argentina.
LithiumX / Aberdeen JV**	Diablillos	2,700	14-Jan-10	3yr exploration right and option to usufruct	None	n/a		-
LithiumX / Aberdeen JV**	Diablillos	2,700	14-Jan-10	Usufruct	None	1.5%	40yrs plus 40yrs	Royalty can be purchased by Rodina at any time for \$1,500,000.
LithiumX / Aberdeen JV**	Centenario and Ratones	630	14-Jan-10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Rodina for \$1,000,000.
LithiumX / Aberdeen JV**	Los Ratones	600	14-Jan-10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Rodina for \$1,000,000. Borax Argentina has the right to mine borates.
Galaxy Resources	Sal de Vida	1,100	6-Jan-10	Exploration and Usufruct	None	1.0%	Indefinite	Royalty can be purchased by Galaxy for \$1,000,000.
Lithea Inc.	Pozuelos	2,488	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.

** Usufruct held by PLASA a subsidiary of the LithiumX/Aberdeen Int'l JV, (formerly a subsidiary of Rodina)

Directors' Report

The Company's directors have significant public company management experience, together with a strong background in mineral exploration, project development, operations management, financial markets, accounting and finance. Their experience covers many resource sectors within Australia and internationally. The names and qualifications of the Directors in office during or since the financial year are summarized on the following pages.





Company Directors

Robert Hubbard

BA (Hons), FCA, MAICD

Non-Executive Chairman

Robert was appointed a Director in November 2012 and appointed Chairman in July 2016. Robert was a partner at PricewaterhouseCoopers for over 20 years until 2013. During his time as a PwC partner, he served as auditor and adviser for some of Australia's largest resource companies with activities throughout Australia, Papua New Guinea, West Africa and South America.

Robert is a non-executive Director of Bendigo and Adelaide Bank Limited, Primary Health Care Limited and Chairman of Central Petroleum Limited. Robert is currently a member of the Remuneration Committee.

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

- Bendigo and Adelaide Bank Ltd (Apr 2013 – Present)
- Central Petroleum Limited (Dec 2013 – Present)
- Primary Health Care Limited (December 2014 – Present)

Richard P. Seville

BSc (Hons) Mining Geology, MEngSc Rock Engineering, MAusIMM, ARSM

Managing Director and Chief Executive Officer

Richard joined the Board of Orocobre as Managing Director in 2007, when it was an unlisted Argentinian explorer, chaired by Neil Stuart. Neil and Richard took Orocobre through to listing on the ASX in December 2007.

Richard is a mining geologist and geotechnical engineer and has over 30 years' experience in exploration, development and production, and over 20 years in the corporate field as a Director involved in resource development funding.

Richard has managed Orocobre's growth from an explorer in Argentina to become a successful producer of lithium carbonate at the Olaroz project and he was instrumental in negotiating the Toyota Tsusho Joint Venture in 2010.

He is a graduate of Imperial College London and James Cook University in North Queensland and holds a Bachelor of Science Degree with Honours in Mining and Geology and a Master of Engineering Science. Richard is also a director of Leyshon Resources.

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

- Leyshon Resources Ltd (delisted 2017)
- Elementos Limited (Nov 2013 – Oct 2015)
- Advantage Lithium (Feb 2017 – present)

John W. Gibson

BSc Geology, MSc Geology

Non-Executive Director

John was appointed a Director in March 2010. John, is a recognised leader in the energy technology and services industry with more than 25 years of global energy experience.

John was the Chief Executive Officer of Tervita Corporation, a major Canadian environmental and oil field services company, until December 2016. Prior to joining Tervita John 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. He was a member of the Houston Baptist University Board of Trustees for 9 years.

John serves on the Board of Directors of Tervita, Blue Spark Energy Inc., and I-Pulse Inc and is a member of the University of Houston Energy Advisory Committee. He is currently a Senior Advisor to Tudor, Pickering, Holt and Co, a Houston based Investment and Merchant Bank focussed on the energy sector.

John 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 Chairman of the Audit Committee.

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



Courtney Pratt

Non-Executive Director/ Independent Director

Courtney was appointed a Director in March 2010. Courtney 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.

Courtney has previously served 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. Courtney served as Chairman and Chief Executive Officer of the Toronto Region Research Alliance to March 2010.

He is also a board member of MD Financial Holdings and Chairman of CMA Holdings, the physician services arm of the Canadian Medical Association.

Courtney was awarded the Order of Canada in January 1999. He is currently Chairman of the Remuneration Committee.

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



Fernando Oris de Roa

MPA

Non-Executive Director

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

Fernando 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.

During 2015, Fernando led the turnaround of the largest fruit exporter in Argentina, Expofrut S.A. (apples, pears and grapes) implementing a new business model and redesigning the organization accordingly.

Fernando is a member of the Audit Committee.

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



Federico Nicholson

LLB

Non-Executive Director

Federico was appointed Director in September 2010.

Federico has been a member of the Board of Ledesma, a diversified Argentine agro-industrial producer since 1991, also serving as Executive Director until June 2014.

He is currently Chairman of CEADS (Consejo Empresario Argentino para el Desarrollo Sustentable), an Argentinian local division of WBCSD (World Business Council for Sustainable Development), and president of La Payana S.A.

Additional positions held throughout his career include President of Argentine North Regional Center and President of Chacra Experimental Agrícola Santa Rosa for 19 years respectively, Vice President of the Argentine Pulp and Paper Association, Deputy Secretary of the Food Industries Association, and Vice President of the Argentine Corn Starch and Syrups Chamber, Vice President of the Argentine Industrial Union (UIA) for fourteen consecutive years (1999-2013), and President of the National Industrial Movement.

Federico has been a Board member of various sports organisations, including Mar del Plata Golf Club among others, where he was the president from 2002 to 2009. Since graduating from the University of Buenos Aires with a Law qualification, Federico has continued his association with the institution. Federico is also a member of the Company's Remuneration Committee.

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



Company Directors

Leanne Heywood

BBUS MBA CPA AICD

Non-Executive Director

Leanne was appointed a director in September 2016. Leanne is an executive and leader with over 25 years corporate experience in the mining sector, including 10 years with Rio Tinto. Her experience includes strategic marketing, business finance and compliance and she has led organisational restructures, disposals and acquisitions.

Additionally, she has had significant experience in complex cross-cultural negotiations and international customer and stakeholder relationship management (including governments, communities and investment partners). Leanne holds a Bachelor of Business (Accounting) from Charles Sturt University and an MBA from the Melbourne Business School, University of Melbourne. She is a member of the Australian Institute of Company Directors and CPA Australia.

Leanne is a senior marketing executive with Inenco Industrial Services and is member of the NSW Council for Women's Economic Opportunity.

Leanne is a member of the Audit Committee.

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

Company Secretaries

Neil Kaplan

BAcc, CA

Chief Financial Officer and Joint Company Secretary

Neil was appointed Chief Financial Officer on 7 January 2013 and Company Secretary on 1 July 2013. Neil is a Chartered Accountant and brings a wealth of knowledge to the Company with over 20 years of experience in managerial and finance positions obtained on four different continents.

Neil's experience in the resources sector was achieved working in executive financial roles for Glencore International and formerly TSX listed company Coalcorp Mining, both based in Colombia. Neil holds a Bachelor of Accountancy degree from the University of the Witwatersrand in South Africa and is a member of both the Institute of Chartered Accountants in Australia (ICAA) and South African Institute of Chartered Accountants (SAICA).

Rick Anthon

BA LLB

Corporate Development Manager, General Counsel and Joint Company Secretary

Rick joined Orocobre in 2015. Rick is a lawyer with over 30 years' experience in both corporate and commercial law practicing exclusively in the resource sector. He has worked both as a director and adviser to numerous resource companies and has extensive project planning, acquisition and development, capital raising and corporate governance skills.

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
Richard P. Seville	5,191,829	See below
John W. Gibson	37,900	-
Courtney Pratt	56,810	-
Fernando Oris de Roa	100,000	-
Federico Nicholson	100,000	-
Robert Hubbard	52,183	-
Leanne Heywood	-	-

Performance Rights and Options

Employee	Year Granted	Performance Rights	Options
R. P. Seville	FY 2015	150,039	-
R. P. Seville	FY 2016	244,380	-
R. P. Seville	FY 2017	118,721	-

Unissued Shares

As at 30 June 2017 there were 100,000 unissued ordinary shares relating to options and 1,746,273 unissued ordinary shares relating to performance rights (PR). Since the end of the financial year, there have been no unissued ordinary shares under performance rights or options that have lapsed in accordance with the terms of their grant.

Refer to the Remuneration Report for further details of the options outstanding and to Additional Information for further details on the unissued ordinary shares under options and the corresponding lapse dates. 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 and Performance Rights

During the financial year, employees and executives exercised 750,000 options and 290,631 performance rights.

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 14 Board meetings. The Board and Committee meetings attended by each Director were:

Directors	Board		Audit Committee		Remuneration Committee	
	Meetings	Attendance	Meetings	Attendance	Meetings	Attendance
Richard Seville	14	14	-	-	-	-
John Gibson	14	14	5	5	-	-
Courtney Pratt	14	14	-	-	3	-
Fernando Oris de Roa	14	11	5	3	-	-
Federico Nicholson	14	13	-	-	3	3
Robert Hubbard	14	14	2	2	3	3
Leanne Heywood	12	12	3	2	-	-
James Calaway	1	1	-	-	-	-

Committee Membership

At the date of this report the Company has an Audit Committee and a Remuneration Committee. Members are as follows:

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

(c) Designated the Chariman of the committee.

Mr Hubbard was previously the Chairman of the Audit Committee prior to being appointed Chairman of the Board. He is now a member of the Remuneration Committee. John Gibson has assumed the role of Chairman of the Audit Committee, and Leanne Heywood is now a member of the Audit 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.

Indemnification of auditors

The Company's auditor is Ernst & Young. The Company has agreed with Ernst & Young, as part of its terms of engagement, to indemnify Ernst & Young against certain liabilities to third parties arising from the audit engagement. The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young.

During the financial year, the Company has not paid any premium in respect to any insurance for Ernst & Young or a body corporate related to Ernst & Young and there were no officers of the Company who were former partners or directors of Ernst & Young, whilst Ernst & Young conducted audits of the Company.

Principal Activities

The principal activities of the Group during the year were the production ramp up of the Company's flagship Olaroz Lithium Facility and the operation of Borax Argentina SA.

Operating and Financial Review

The Group's profit/(loss) for the year, after applicable share of net losses of joint venture, income tax and non-controlling interests was US \$19,438,572 (2016: (US \$21,892,443)). Group exploration and evaluation expenditure for the year totalled US \$454,339 (2016: US \$248,077). The Olaroz Joint Venture is operated through SDJ SA a 91.5% owned subsidiary of SDJ PTE, a Singaporean company that both Orocobre (72.68%) and TTC (27.32%) are shareholders in directly and indirectly respectively. The effective Olaroz Lithium Facility equity interest is Orocobre 66.5%, TTC 25.0% and Jujuy Energia y Minera 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, the Company has recognised its interest in the joint venture as an equity accounted investment. 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 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 Group's financial statements. However, financial statements of the joint venture SDJ PTE have been included in **note 15** of the Group's consolidated statements.

The Parent entity changed its functional currency from Australian dollars (AUD) to United States dollars (USD) in the 2017 financial year. These changes reduced the impact of movements in exchange rates on reported results and provide shareholders with a more accurate reflection of the Group's and its Joint Venture's underlying performance, given a large majority of its revenues are generated in USD.

Financial Position

The net assets of the Orocobre group increased to US \$218,019,941 (2016: US \$189,426,989) during the year to 30 June 2017, including cash balances of US \$51,631,577 (2016: US \$35,835,332). The main reasons for the increase in net assets is due to the total comprehensive income for the year of US\$19,415,506 and net cash increase of US\$16,541,970.

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

There were no significant events after Balance Sheet Date.

Likely Developments and Expected Results

Refer to the Operating and Financial Review for information on likely developments and future prospects of the Group.

Risk Management

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 ongoing development of good operating practice, optimisation of plant performance and the associated production ramp up and production of product within the required specification at the Olaroz Lithium Facility and the timing thereof; the achievement of the design production rate for lithium carbonate, the expected brine grade and the expected operating costs and recoveries at the Olaroz Lithium Facility and the comparison of such costs to expected global operating costs, the ongoing working relationship between Orocobre and the Province of Jujuy (JEMSE), TTC and Mizuho Bank and the meeting of relevant banking covenants in respect to the operation of the Olaroz Lithium Facility. With respect to Borax Argentina the risks associated with the business are the weaknesses in the Company's traditional markets and strong competition from other producers in these markets, challenges

in developing new markets, and the implementation of unit cost reduction measures, local inflation and production. Other risks include Argentina sovereign risk both at a national and provincial level, changes in government regulations, policies or legislation, fluctuations or decreases in product prices and currency, the impact of inflation on local costs, the ongoing impact of devaluation of the AR\$, risks associated with weather patterns and the impact on production rate. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Please also refer to the Caution Regarding Forward Looking Information statement.

The Company has in place risk management policies and systems to mitigate these risks wherever possible, including monitoring ongoing exploration results, monthly review of operational results for SDJ and 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 there are Provincial and National environmental regulations: Provincial Constitution (art. 30, 81, 82 y 83), Environmental Protection Provincial Law No. 7070 and Provincial Decree No 3097/00 and 1587/03 among others, Law No. 7017 of Waters Code of Salta Province and its

regulatory decree, Provincial Law No 7141 of the Mining Procedure Code, National Constitution (art 41 and 124 among others), General National Environmental Law No. 25.675 and National Law 1919 and 24.585. The applicable authority in Salta is the Mining Secretary of the Province of Salta and the Environmental Secretary of the Province of Salta.

In Jujuy there are both provincial and national environmental regulations: Provincial Constitution (art.22), Water Code of Jujuy, Law 3820 Wildlife Reserve of Fauna & Flora, Law 6002 Dangerous Residues Regulation, Decree 5772-P-2010, Provincial Environmental Law No. 5063, National Constitution (art 41), General National Environmental Law No. 25.675, National Law 24.585 and National Law 24.051 Dangerous Residues Regulation.

The applicable authority in Jujuy is the Provincial Department of Mining and Energy Resources (Dirección Provincial de Minería y Recursos Energeticos) and the Provincial Department of Environmental Quality (Dirección Provincial de Calidad Ambiental).

There have been no reportable environmental events under the regulations in Jujuy or Salta due to the Company's activities.

Within its' operations in Argentina, the Company has instituted ISO 31000, Risk Management. This complements ISO 9001, Quality Assurance, ISO 14001 Environmental Management and 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, 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 contained within this report.

Corporate Governance Statements

The Company's Corporate Governance Statement is available to view publicly on the Company's website at www.orocobre.com.

Remuneration Report

Chairman's Letter

Dear Shareholder,

We are writing this letter to provide introductory comments to this year's report. Needless to say, we were very pleased with the 99% yes vote for last year's report. We hope that this year's report will elicit equally strong support for our remuneration philosophy, plans and practices.

We continue with a philosophy that our Key Management Personnel (KMP's) and our Non-Executive Directors should receive total remuneration at approximately the median level for similar sized companies in comparable businesses.

We have had some important changes to the board of directors in the past year. James Calaway resigned as Non-Executive Chairman in July of 2016. Robert Hubbard was appointed to that role on the same date as Mr. Calaway's resignation. Leanne Heywood joined our board as a Non-Executive Director in September, 2016. There were no changes to our KMP group.

During the year, Mercer Consulting was appointed as remuneration consultant to our board, replacing Crichton and Associates. On the basis of their review of KMP remuneration, the COO, CFO and GC received increases in fixed remuneration of 20%, 4% and 2% respectively, to bring their fixed remuneration in line with our philosophy. The remaining KMP's did not receive an increase in TFR. We have also awarded short-term incentive ("STI") payments to each of the KMP's in recognition of their achievements with respect to specific objectives. Details are provided in the report.

There have been no changes to Non-Executive Director compensation this financial year.

We continue to be committed to communicating KMP and Non-Executive Director remuneration arrangements in a simple, clear and transparent manner. We consider the question and answer format to be particularly effective in this respect.

We once again assure you that the responsibility for governance and remuneration rests solely with the board, supported by the Remuneration committee. The objectives of this governance approach continue to ensure that the practices and processes of the company are sound and are driven by our guiding principles to deliver a world class, low cost industrial minerals and chemicals company for the benefit of our shareholders and other stakeholders.

The 2017 Remuneration Report follows this letter. This 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 requirements, sections summarizing remuneration for the year ended June 30, 2017 and anticipated changes for



FY 2018 have been included where appropriate. Specifically for FY 18 we will further move our incentive plans to greater alignment with increases in shareholder value through the LTI programme with a corresponding reduction in the allocation to STI cash payments.

The board continues to be strongly committed to remuneration philosophy, policies and practices that are fair, competitive, effective and responsible and to their transparent and clear communication. We will continue to work diligently to ensure that these standards are met.

A handwritten signature in black ink, reading "Courtney Pratt". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Courtney Pratt

Non-Executive Director
Chairman, Remuneration Committee/
Independent Director

Remuneration Report

(audited)

The Directors of Orocobre Limited (“Orocobre or the Company”) present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001. This Remuneration Report outlines the overall remuneration strategy, framework and practices adopted by the Company.

Key management personnel

In addition to the Non-Executive Directors, KMP's are members of the leadership team who have the authority and responsibility for planning, directing and controlling the activities of Orocobre, directly or indirectly, during the year ended 30 June 2017.

The board of directors has changed in 2017, with the resignation of James Calaway from the position of non-executive chairman on 19 July 2016. Robert Hubbard was appointed to this position on the same date. Leanne Heywood was also appointed as a Non-Executive Director on 19 September 2016.

KMP of the Company for the financial year ended 30 June 2017 are as follows:

Name	Position	
James Calaway	Non-Executive Chairman	Appointed May 2009 – Ceased July 2016
Richard Seville	Managing Director & CEO	Appointed April 2007
John Gibson	Non-Executive Director	Appointed March 2010
Courtney Pratt	Non-Executive Director	Appointed March 2010
Fernando Oris de Roa	Non-Executive Director	Appointed June 2010
Federico Nicholson	Non-Executive Director	Appointed September 2010
Robert Hubbard	Non-Executive Chairman	Appointed Chairman July 2016 (Appointed Director November 2012)
Leanne Heywood	Non-Executive Director	Appointed September 2016
Dr Alex Losada	Chief Operating Officer	Employed May 2016
Neil Kaplan	Chief Financial Officer/ Joint Company Secretary	Employed January 2013
Rick Anthon	General Counsel / Joint Company Secretary	Employed January 2015

Structure and format of this report

Remuneration information for executive KMP is reported in US Dollars (consistent with the remainder of the report). Although the contractual arrangements are in Australian Dollars the Group's presentation currency is US Dollars.

This Remuneration Report follows a “question and answer” format. This provides a mechanism by which the Company can answer questions which have been asked previously by shareholders and other stakeholders.

Orocobre's Remuneration Report is divided into the following sections:

- A. Remuneration overview
- B. Role of the Remuneration Committee
- C. Most recent AGM Remuneration Report voting
- D. Non-Executive Director Remuneration
- E. Managing Director and Other executive KMP remuneration
- F. Relationship of incentives to Orocobre's Operating and Financial Performance
- G. Service Agreements
- H. Details of Remuneration
- I. Share-Based Compensation Issues to the Non-Executive Directors and Executive KMP

A. Remuneration overview

At Orocobre, remuneration for the KMP is determined by reviewing what is paid for similar roles in Australia and internationally for a company that has operations in South America in order to provide a holistic view of Orocobre's market for executive's talent. The Company's remuneration philosophy is articulated in Orocobre's Corporate Governance Charter Section D — Remuneration Committee Charter which provides that the Remuneration Committee will in accordance with clause D4 (a) of this Charter, ensure that the remuneration policies:

- 1. Motivate Directors and Management to pursue the long-term growth and success of the Company within an appropriate control framework; and
- 2. Demonstrate a clear relationship between key executive performance and remuneration.

Under clause D3 (b) paragraph (1) and (3) the Charter also states that:

- 1. Management should be remunerated at an appropriate balance of fixed remuneration and performance based remuneration; and
- 2. Any performance based remuneration should be clearly linked to specific performance targets which are aligned to the Company's short and long-term performance objectives.

The Remuneration Committee has once again undertaken a detailed evaluation of its remuneration practices to ensure it remains contemporary and meets the objectives set out above. The Committee engaged the services of Mercer Consulting (Australia) Pty Ltd (Mercer) during the year ended 30 June 2017. Their engagement was limited to a remuneration benchmark assessment of the Board and four (4) executive KMP and a review of the 2016 Remuneration Report and consideration of the contemporary relevance of the Orocobre STI and LTI plans.

A summary of the outcomes of such advice is as follows:

- 1. Increases to specific KMP's were approved as detailed in this report.
- 2. Non-executive Director fees were not increased.

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, significantly different time zones and in a complex operating environment.

In implementing this philosophy, Orocobre needs to consider many variables, including:

- 1. The remuneration paid by the Company's peers (by reference to industry, market capitalisation and relevant geographic location);
- 2. The Company's performance over the relevant period;
- 3. 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;
- 4. Internal relativities and differentiation of pay based on performance;
- 5. The demands placed on certain executives to work considerable periods of time overseas and outside normal working hours;
- 6. The size, scale, location and complexity of the operations of the Company; and
- 7. Market developments and changes in remuneration practices.

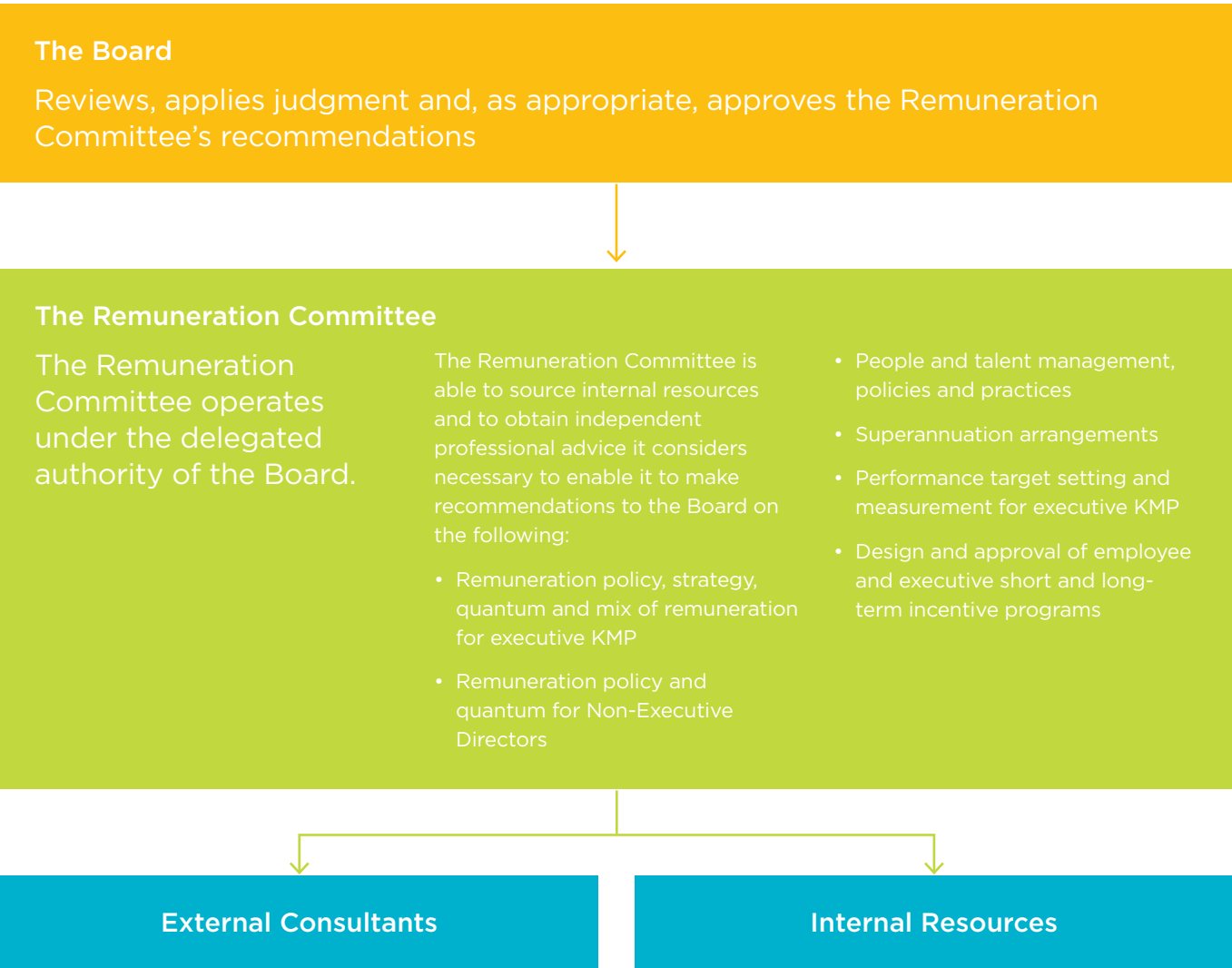
Remuneration Report

(audited)

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 Robert Hubbard and Mr Federico Nicholson as detailed in the Directors’ Report. Since James Calaway’s departure on 19 July 2016, Robert Hubbard has been appointed to the Remuneration Committee. The Remuneration Committee’s role and interaction with the Board, internal and external advisors, is further illustrated below:

Remuneration Committee Charter



For each annual remuneration review cycle, the Remuneration Committee considers whether to appoint a remuneration consultant and, if so, their scope of work. The Remuneration Consultant 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. During the year a new remuneration consultant Mercer Consulting

(Australia) Pty Ltd was appointed in place of Crichton & Associates Pty Ltd (Crichton).

The following table provides information regarding some of the remuneration advice and policies followed during the financial year.

Remuneration Consultant

Question	Response
Did a remuneration consultant provide a remuneration recommendation in relation to any of the KMP for the financial year?	<p>Yes, Mercer provided remuneration recommendations and remuneration related advice to the Remuneration Committee, including in relation to: the benchmarking against the Company's peers and the maximum aggregate fee pool for Non-Executive Directors.</p> <p>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 (Mercer Consulting (Australia) Pty Ltd is an Australian proprietary company experienced in Board and Executive remuneration).</p>
What was the remuneration consultant paid by the Company for remuneration related services?	Mercer was paid a total of US\$25,637 for remuneration consulting services.
Did the remuneration consultant provide any other advice to the Company?	Mercer was paid a total of US\$5,881 for reporting advice.
What arrangements did the Company make to ensure that the making of the remuneration recommendation would be free from undue influence by the KMP?	<p>The Company made the following arrangements:</p> <ul style="list-style-type: none"> • The recommendations are solely made by the Remuneration Committee with limited liaison between Mercer and the CEO. • The Company has implemented a procedure requiring the Remuneration Committee to have direct contact with Mercer for procuring advice relating to KMP remuneration. The procedure contained a process whereby the Remuneration Committee is responsible for the engagement, formally and in writing, of any remuneration consultants, the provision of information to the remuneration consultant, and the direct communication of remuneration recommendations, in writing. • 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 satisfied?	<p>Yes, the Board is satisfied. The reasons are as follows:</p> <ul style="list-style-type: none"> • 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 KMP. 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.

Remuneration Report

(audited)

C. Most recent AGM Remuneration Report voting

At the most recent Annual General Meeting held on 23 November 2016, 99.05% of votes cast at the meeting were in favour of the adoption of the Remuneration Report.

D. Non-Executive Director 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.

The current aggregate fee pool is A\$600,000 (US\$461,500) which was established and approved at the 2012 AGM. A resolution will be put to the 2017 AGM to increase the pool to A\$850,000 (US\$653,850).

There have been no changes to the Non-Executive Directors and the total fees paid are within the current aggregate fee pool as detailed above. Fees to Non-Executive Directors retain a conservative bias and continue to be positioned between the 25th percentile level and median of all companies identified in the peer benchmarking exercise.

In addition to his Non- Executive Director remuneration the former Chairman was paid a fee per annum for the performance of special functional duties additional to the normal scope of a Non-Executive Chairman. No such fees are paid to the current Chairman.

From 1 March 2017 Fernando Oris de Roa, a director, was given an expanded role encompassing specific tasks in Argentina as advised by the CEO. For such role, he will be paid US\$48,000 per annum.

Other Non-Executive Directors are paid a base fee only. No separate Committee fees are paid.

Non-Executive Directors do not participate in any short or long-term incentive schemes 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 2016 to 30 June 2017 ¹	From 1 July 2015 to 30 June 2016 ¹
Position — Non-Executive Directors		
Chairman	US\$113,105	US\$109,212
Other Non-Executive Directors	US\$60,257	US\$58,246
Additional Fees		
Chairman	N/A	US\$72,808 ²
Non-Executive Director (F Oris de Roa)	US\$48,000 ³	N/A

¹ Average exchange rates as at date of payment used for the conversion from A\$ to US\$ are as follows:

July 2016 – June 2017 – 1 USD: 1.3281 AUD

July 2015 – June 2016 – 1 USD: 1.3735 AUD

² The additional fees paid to the former Chairman were to compensate Mr. James Calaway for undertaking a range of tasks on behalf of Orocobre. These tasks were in addition to Mr Calaway's responsibilities as Chairman. Mr Calaway resigned from the Board on 19 July 2016 and was succeeded by Robert Hubbard. Given the growing capability of the management team, the additional responsibilities and associated fees as mentioned above are not paid to Mr Hubbard, the current Chairman.

³ The additional fees paid to the Non-Executive Director are to compensate Mr Oris de Roa for his time, skills and expertise in undertaking a range of tasks on behalf of Orocobre. These tasks are in addition to Mr Oris de Roa's responsibilities as Non-Executive Director.

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

Non-Executive Director Remuneration

Question	Response
Has there been an increase in the fees paid to Non-Executive Directors?	No. There has been no change to the fees since FY 2014.
How does the Company determine the appropriate level of fees?	The Company obtained external advice from a remuneration consultant, Mercer, in relation to Non-Executive Director fees. The Board considered the fees paid by selected relevant comparator companies in determining Non-Executive Director fees. This is the correlated with the skills, expertise and time commitment of each Director to ensure it is appropriate.
Are the Non-Executive Directors entitled to participate in Orocobre's equity incentive schemes or paid any termination benefits?	No. The Board is aware that the provision of equity incentives is contrary to the ASX Corporate Governance guidelines. The Non-Executive Directors were not entitled to any short-term incentives, long term incentives, equity based remuneration or termination benefits in FY2017. The Non-Executive Directors do not participate in such schemes.
Have the Non-Executive Directors been paid any incentive or equity based payments or termination benefits?	In accordance with the shareholder approved 2011 AGM Resolutions 6 to 11 the former Chairman and certain Directors were granted options for no consideration so as to better align the interests of the Company and these directors by providing an incentive to them to remain with the Company and increase Shareholder value. All Options issued have been exercised in FY2017. The Non-Executive Directors have not since participated in any further issues and were not entitled to any short-term incentives, long term incentives, equity based remuneration or termination benefits.
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 by the CEO and the Remuneration Committee. Fernando Oris de Roa is the only director who receives an additional fee of US\$48,000 per annum for additional services rendered to the Company.
Are Non-Executive Directors' fees going to increase in FY2018?	An external benchmarking report will be undertaken in FY2018 and Director fees considered in light of the growing size and complexity of the Group. A resolution to increase the fee pool will be put to shareholders at the AGM.
Is Superannuation included in Non-Executive Director fees?	Yes. Statutory superannuation is paid to the Australian resident Non-Executive Directors and included in total fees paid up to the statutory maximum.
What other benefits are provided to Non-Executive Directors?	Non-Executive Directors receive reimbursement for any costs incurred directly related to Orocobre business on an approved basis.

Minimum shareholding guidelines

The Board has no approved minimum shareholding guidelines for Non-Executive Directors at the date of this Report. However, generally Non-Executive Directors have appropriate shareholdings and the Board will continue to review investor expectations in relation to this matter.

Remuneration Report

(audited)

E. Managing Director and Other Executive KMP Remuneration

Objective

As indicated in the following table regarding KMP remuneration objectives, Orocobre's objective in structuring its remuneration for executive KMP 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:

1. Fixed Remuneration (FR);
2. Short Term Incentive (STI); and
3. Long Term Incentive (LTI).

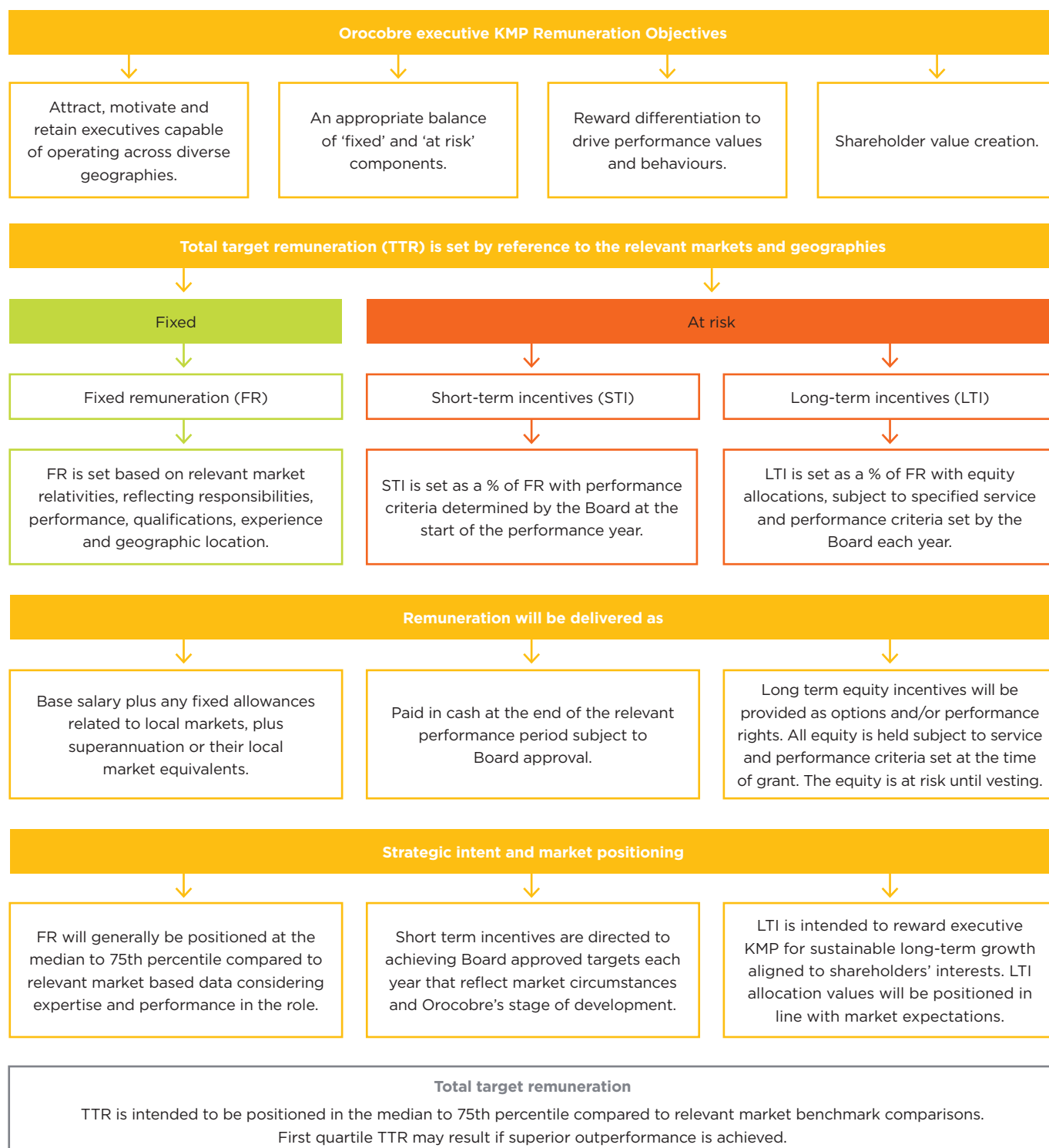
The amount and relative proportion of Fixed Remuneration (which includes superannuation contributions), STI and LTI is established for each executive following consideration by the

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 Mercer as its independent external remuneration consultant.

Objectives

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



Remuneration Report

(audited)

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 for Orocobre executive KMP in FY2017 and proposed for FY2018 can be illustrated as follows:

Current Remuneration Mix — FY2017

Position	FR	STI	LTI
CEO / Managing Director	39%	32%	29%
Other Executives			
Chief Financial Officer	52%	17%	31%
Chief Operating Officer	52%	17%	31%
General Counsel	52%	17%	31%

Proposed Remuneration Mix — FY2018

In 2017 the Remuneration Committee commenced a review of the balance of STI and LTI to appropriately motivate its KMPs and align their interests more closely with shareholders. This review considered the opportunities available to Orocobre, the state of the lithium market, the retention benefits of LTI plans and was supported by comparative benchmarking by Mercer. Overall the Non-Executive Directors believe shareholders would benefit from greater alignment between KMP reward and growth in shareholder value and hence greater balance to the LTI component. Orocobre will advise shareholders when this review is completed and its implications for KMP incentive structures.

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

Fixed Remuneration (FR)

At Orocobre, the purpose of Fixed Remuneration is to provide a base level of remuneration which is market competitive and appropriate. Fixed Remuneration is inclusive of superannuation.

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

Changes in Fixed Remuneration for executive KMP during the year

The executive KMP received the following increase in their Total Fixed Remuneration to reflect the growth and increasing complexity of the Company. Based on Mercer's independent external remuneration benchmark assessment, the fixed remuneration was adjusted as follows. No fixed remuneration increase was provided to the CEO.

Position	% Increase	Fixed Remuneration			
		FY 2017		FY 2016	
		US\$	A\$	US\$	A\$
Seville (CEO)	0%	\$490,122	\$650,000	\$473,250	\$650,000
Kaplan (CFO)	4%	\$304,422	\$403,725	\$283,022	\$388,725
Anthon (GC)	2%	\$263,987	\$350,099	\$251,132	\$344,925
Losada (COO)	20%	\$282,763	\$375,000	\$227,215	\$312,075

¹ Average exchange rates as at date of payment used for the conversion from A\$ to US\$ are as follows:

July 2016 – June 2017 – 1 USD: 1.3281 AUD

July 2015 – June 2016 – 1 USD: 1.3735 AUD

The COO and CFO received increases of 20% and 4% respectively in order to bring their fixed remuneration into line with peer companies in the 50th -75th percentile based on Mercer's benchmarking report. The COO increase followed completion of an initial 6 months probationary period consistent with the employment agreement. The GC received a CPI increase.

Remuneration Report

(audited)

Short Term Incentives (STI)

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. STI looks to reward exceptional performance and hence stretch targets are set to achieve maximum STI.
When is the STI paid?	The STI is calculated based on a financial year and the resulting value of the STI will be paid in September 2017 to all eligible participants who satisfied specific performance measures and hurdles set for FY2017 following the assessment process.
How does the Company’s STI structure support achievement of the Company’s strategy?	The STI strengthens the link between pay and short term 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. The extent to which those targets are achieved determines the amount of STI paid.
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 FY2017?	The STI performance hurdles (and weighting %) for FY2017 are set out in the table below for the applicable KMP. <ul style="list-style-type: none"> • Chief Executive Officer/Managing Director — Richard Seville • Chief Financial Officer / Joint Company Secretary — Neil Kaplan • General Counsel / Joint Company Secretary — Rick Anthon • Chief Operating Officer — Dr Alex Losada
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 below.

STI Performance Conditions	Weighting %			
	Richard Seville	Neil Kaplan	Rick Anthon	Dr Alex Losada
OLAROS — Produce a defined number of tonnes of Lithium Carbonate during FY2017	18%	15%	15%	15%
OLAROS — Achieve a defined quality % of Lithium Carbonate within specification	18%	15%	15%	15%
OLAROS — Achieve a defined all-inclusive FOB Operating Cost during FY2017	18%	15%	15%	15%
BORAX Argentina — Achieve positive EBITDA for FY2017	18%	15%	15%	15%
Sustainability (Safety, Community, Environment, Permits)	18%	15%	15%	15%
Discretionary ¹	10%	25%	25%	25%
Total	100%	100%	100%	100%

¹ The discretionary component is due to the highly dynamic nature of the business and performance expectations at this stage of the Company's development.

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;
- aligns KMP and shareholder interests;
- encourages the retention of the Company's executives, and
- the attraction of new executives and/or officers to the group.

For FY2017, the Company provided the LTI to executive KMPs through the Performance Rights and Option Plan (PROP). This plan was approved by shareholders at the 2012 Annual General Meeting. The Managing Director's LTI grant was approved at a General Meeting of shareholders held on 23rd November 2016.

The remuneration table in section H provide details of LTI grants to executive KMPs. The tables also detail the vesting periods and lapses under the PROP. The following table summarises the key features of the LTI issued to the executive KMPs for the year ended 30 June 2017.

Remuneration Report

(audited)

Performance Rights and Option Plan

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, if any.
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. There is a 3 year vesting period.
What are the principal terms of the issue made under the PROP in 2016?	Under the PROP in 2017 the KMP's were invited to apply for Performance Rights. The rights were granted on 23 rd November 2016. The vesting date for the performance rights is the later of 31 August 2019 or date of release of the company's financial results for the 2018/2019 financial year. Vesting of the 2017 Performance Rights are subject to the matrix of outcomes as set out in section F — Long Term Incentives. The shares acquired on vesting of Performance Rights, if any, will be at no cost to the KMP's as long as they meet the conditions.
Can performance conditions be retested?	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.
Can participants secure or mortgage Rights or Options under PROP?	No. Participants cannot secure, mortgage or create a lien in respect of their interests in PROP.
Does the executive obtain the benefit of dividends paid on shares issued under the PROP?	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.
In what circumstances would the PROP entitlements be forfeited?	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 are 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).
What happens to LTI entitlements upon a change of control in the Company?	In the event of a takeover or change of control, any unvested Performance Rights will vest immediately.

Question	Response
Do shares issued under the PROP dilute existing shareholders' equity?	Yes, the issue of shares under PROP can have a small dilutionary impact. Currently, the number of Performance Rights or Options granted under this Plan must not exceed, when aggregated with any shares issued during the previous 5 years pursuant to any other employee share scheme operated by the Company, a maximum of 5% of the total issued capital of the Company at the time of the grant, excluding unregulated offers. Offers made that rely on Class Order 14/1000 (effective from October 2014) will not exceed 5% of shares on issue as a result of any offers made during the previous 3 year period.
Are the shares issued on exercise of Options or Rights under the PROP bought on market?	Whether the Company settles Options or Rights from a new issue or by on-market purchase will usually be determined by the Board, at the time of vesting and exercise.
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 Minimum Share Ownership Guidelines?	The Company does not have a formal policy requiring executives to own shares. However, the Directors regularly monitor investor expectations in this regard.
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.

F. 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 low 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 FY2017, it should be noted that Orocobre's share price fluctuated. It ended the year at A\$3.47 (US\$2.67) per share and the 52 week daily closing share price ranged from A\$2.69 (US\$2.04) to A\$4.95 (US\$3.76) per share.

The Share Price / EPS Performance table below shows the performance for the Company as measured by its share price and market capitalisation over the last ten financial years. The graph below shows the complete historical movement in the share price and market capitalisation against the evolution of the ASX 200 Index. Over the past 12 months the market capitalisation has decreased by 25% and share price has decreased by 28% in comparison to the prior year in Australian Dollar terms.

Remuneration Report

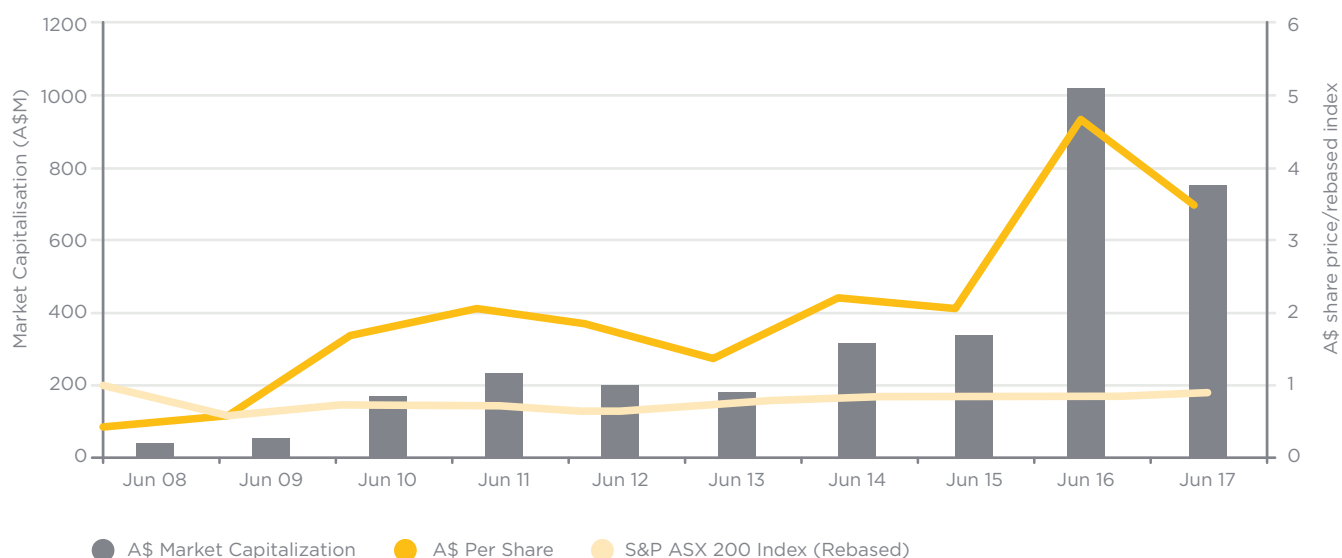
(audited)

Share Price / EPS Performance

Year	30-Jun-13	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17
A\$ per share	\$1.39	\$2.26	\$2.10	\$4.79	\$3.47
US\$ market capitalisation ('000)	\$149.47	\$280.94	\$244.85	\$746.49	\$561.91
Basic Earnings / Loss Per Share (EPS) (US cents)*	\$84.45	\$(4.03)	\$(0.59)	\$(11.91)	\$9.25
US\$ profit/(loss) ('000)	\$94,775	\$(5,093)	\$(845)	\$(21,913)	\$19,439
S&P ASX 200	4803	5396	5459	5233	5722

* 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

Orocobre Limited Historical Share Price, Market Capitalization and S&P ASX 200 Index (Rebased)



Relationship of executive KMP remuneration and performance

FY2017 performance and impact on remuneration.

The Group's performance in FY2017 reflected its inaugural operating profit with several key milestones being achieved:

- Orocobre's share price started the year at A\$4.74 and finished the year at A\$3.47
- FY17 production of 11,862 tonnes of lithium carbonate, up 72% year on year (YoY)

- Sales prices for Lithium products steadily increased during the year by >30% FOB net of commissions and logistic costs
- The profitable divestment of exploration assets was completed in FY17
- Operating cash costs at the Olaroz Lithium Facility of -US\$3,600/t were generally maintained.
- An inaugural operating profit of US \$71.2m was achieved.

As a result of the milestones achieved during FY17, the Board awarded

the KMP's short-term incentives in the range of 20% to 23% of fixed remuneration (see "Basis of assessment performance — FY2017" below for performance conditions satisfied).

The relationship between their "at risk" remuneration and Orocobre's performance is set out below. Target STIs were not achieved due to production at Olaroz being below expectations and Borax incurring a loss. However, other key goals in cost control, quality, sustainability and personal objectives were generally achieved.

Short Term Incentives

Position	FY	STI Opportunity		STI Accrued/ Paid	%	
		US\$	% of FR		Achieved	Forfeited
Seville (CEO)	2017	\$367,592	75%	\$113,105	31%	69%
	2016	\$297,602	75%	\$56,465	19%	81%
Kaplan (CFO)	2017	\$91,327	30%	\$60,323	66%	34%
	2016	\$69,895	30%	\$50,601	72%	28%
Anthon (GC)	2017	\$79,196	30%	\$60,323	76%	24%
	2016	\$34,402	15%	\$6,558	19%	81%
Losada (COO)	2017	\$84,829	30%	\$60,323	71%	29%
	2016	\$0	0%	\$0	0%	100%

Basis of assessment of performance — FY2017

- Olaroz — Produce a defined number of tonnes of Lithium Carbonate during FY2017 (CEO, CFO, GC, COO);
- Olaroz — Achieve a defined quality % of Lithium Carbonate within specification (CEO, CFO, GC, COO);
- Olaroz — Achieve a defined all-inclusive FOB Operating Cost during FY2017 (CEO, CFO, GC, COO);
- Borax Argentina — Results achieved against EBITDA FY2017 (CEO, CFO, GC, COO);
- Sustainability — Safety, Community, Environment, Permits (CEO, CFO, GC, COO); and
- Achievement of specific objectives and strategies set by the Board (CEO, CFO, GC, COO).

Remuneration Report

(audited)

Basis of assessment of performance — FY2016

- Olaroz — Achieve an OPEX unit cost of US\$2,900/t for the period January to June 2016 (CEO, CFO, GC);
- Olaroz — Achieve completion test (CEO, CFO, GC);
- Borax Argentina — Results achieved against EBITDA FY16 (CEO, CFO, GC);
- Borax Argentina — Completion of Optimisation Projects (CEO, CFO, GC); and
- Achievement of specific objectives and strategies set by the Board (CEO, CFO, GC).

Long Term Incentives

Long term equity incentive grants to selected key executives, including executive KMP, are considered on an annual basis. The value granted of LTI grants are calculated on a set percentage of FR (excluding superannuation). The number of rights granted is equal to the target LTI value divided by the company share price at date of grant.

Position	FY	Fair Value of LTI Granted		
		During the Year ¹ US \$	Maximum LTI as a % of FR	Value as a % of FR
Seville (CEO)	2017	\$259,160	75%	49%
	2016	\$222,467	75%	47%
Kaplan (CFO)	2017	\$52,466	60%	16%
	2016	\$104,498	60%	38%
Anthon (GC)	2017	\$46,554	60%	17%
	2016	\$171,443	100%	67%
Losada (COO)	2017	\$50,614	60%	18%
	2016	\$0	0%	0%

¹ The value at grant date calculated in accordance with AASB 2 Share-based Payment of awards granted during the year as part of remuneration

LTI grants outstanding at the date of this report to executive KMP are summarised as follows:

Position	Date of Grant	Type	Exercise Price	Number	First Available Date	Performance Conditions
Seville (CEO)	21/1/15	Performance Right	\$0.00	150,039	31/8/17	(1)
Seville (CEO)	6/11/15	Performance Right	\$0.00	244,380	31/8/18	(1)
Seville (CEO)	23/11/16	Performance Right	\$0.00	118,721	31/8/19	(1)
Kaplan (CFO)	21/1/15	Performance Right	\$0.00	70,477	31/8/17	(1)
Kaplan (CFO)	6/11/15	Performance Right	\$0.00	114,791	31/8/18	(1)
Kaplan (CFO)	31/3/17	Performance Right	\$0.00	56,800	31/8/19	(1)
Anthon (GC)	21/1/15	Performance Right	\$0.00	69,376	31/8/17	(1)
Anthon (GC)	6/11/15	Performance Right	\$0.00	188,330	31/8/18	(1)
Anthon (GC)	31/3/17	Performance Right	\$0.00	50,400	31/8/19	(1)
Losada (COO)	31/3/17	Performance Right	\$0.00	54,795	31/8/19	(1)

The performance conditions applicable to each grant are summarised as follows:

TSR Hurdle: Absolute (50% of LTI Grant)

TSR performance over the Measurement Period and subject to meeting the following compound annual rate thresholds.

Greater than 12.5% return per annum	100% Vesting
Greater than 10.0% return per annum	75% Vesting
At least 7.5% return per annum	50% Vesting
Less than 7.5% return per annum	0% Vesting

Interpolated vesting on a straight line where the return per annum is between 7.5% and 12.5%.

TSR Hurdle: Relative (50% of LTI Grant)

TSR performance over the Measurement Period relative to the constituent companies of the ASX300 Resources Index subject to the following thresholds.

Greater than 75 th percentile	100% Vesting
Equal to or greater than 50 th percentile	50% Vesting
Less than 50 th percentile	0% Vesting

Interpolated vesting on a straight line between the 50th and 75th percentile.

LTI and Company performance

During the financial year the following LTI grants vested:

Position	ASX Code	Expiry Date	Exercise / Lapse		Number of Performance Rights	Status
			Date	Exercise Price		
Seville (CEO)	OREAS	30/9/16	18/10/16	\$0.00	80,329	Exercised
	OREAS	30/9/16	18/10/16	\$0.00	80,329	Lapsed
Kaplan (CFO)	OREAS	30/9/16	18/10/16	\$0.00	98,540	Exercised
	OREAS	30/9/16	18/10/16	\$0.00	98,540	Lapsed

At the date of this report no other LTI grants have yet vested. All grants remain subject to demanding service and performance conditions set down and which are in-line with contemporary market standards.

Achievement against the targets set will be independently assessed at the first available date to determine the vesting percentages, if any.

Remuneration Report

(audited)

G. Service Agreements

Remuneration and other key terms of employment for the CEO and other executive KMP are formalised in a service agreement. 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, CEO/Managing Director	Open	6 months	12 months fixed remuneration
Neil Kaplan, Chief Financial Officer	Open	6 months	6 months fixed remuneration
Dr Alex Losada, Chief Operating Officer	Open	6 months	6 months fixed remuneration
Rick Anthon, General Counsel	Open	6 months	6 months fixed remuneration

Terms of agreement and associated benefits were agreed at the time the executive KMP commenced with Orocobre or upon promotion. Termination Benefits are voided and no incentives are eligible to vest when termination arises due to breach of agreement, serious misconduct, criminal offence or negligence.



H. Details of Remuneration

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

		Short-Term Employee Benefits			Sub-Total	Non-Cash Benefits Accrued		
		Directors' Fees/Base Salary	Short Term Incentive	Retirement Benefits/ Superannuation	Cash Benefits Received	Annual Leave/LSL/ Termination Benefits¹	Long Term Incentives²	Total Remuneration
		US \$	US \$	US \$	US \$	US \$	US \$	US \$
Name								
Non-Executive Directors								
James Calaway (Resigned 19 July 2016)	2017	9,975	-	-	9,975	-	-	9,975
	2016	182,020	-	-	182,020	-	-	182,020
Courtney Pratt	2017	60,257	-	-	60,257	-	-	60,257
	2016	58,246	-	-	58,246	-	-	58,246
John Gibson	2017	60,257	-	-	60,257	-	-	60,257
	2016	58,246	-	-	58,246	-	-	58,246
Fernando Oris de Roa	2017	72,257	-	-	72,257	-	-	72,257
	2016	58,246	-	-	58,246	-	-	58,246
Federico Nicholson	2017	60,257	-	-	60,257	-	-	60,257
	2016	58,246	-	-	58,246	-	-	58,246
Robert Hubbard	2017	100,723	-	9,569	110,292	-	-	110,292
	2016	53,193	-	5,053	58,246	-	-	58,246
Leanne Heywood (Appointed 19 September 2016)	2017	42,248	-	4,847	47,095	-	-	47,095
	2016	-	-	-	-	-	-	-
Total Non- Executive Directors	2017	405,974	-	14,416	420,390	-	-	420,390
	2016	468,197	-	5,053	473,250	-	-	473,250
CEO/Managing Director								
Richard Seville	2017	469,268	184,635	26,440	680,343	34,440	230,446	945,229
	2016	414,490	56,465	25,483	496,438	28,665	237,487	762,590
Other Executive KMP								
Neil Kaplan	2017	279,655	44,168	22,680	346,503	21,404	101,954	469,861
	2016	247,228	50,601	21,842	319,671	8,534	176,441	504,646
Rick Anthon	2017	239,336	39,191	23,376	301,903	18,550	101,798	422,251
	2016	229,344	6,558	21,788	257,690	3,640	76,715	338,045
Alex Losada (Appointed 1 May 2016)	2017	243,779	42,608	23,159	309,546	20,862	14,051	344,459
	2016	34,584	-	3,285	37,869	2,742	-	40,611
Total Managing Director & Other Exec. KMP	2017	1,232,038	310,602	95,655	1,638,295	95,256	448,249	2,181,800
	2016	925,646	113,624	72,398	1,111,668	43,581	490,643	1,645,892

Remuneration Report

(audited)

Notes to previous tables:

‡ The average exchange rates used as at date of payment for the conversion from A\$ to US\$ are as follows:

July 2016 – June 2017 – 1 USD: 1.3281 AUD

July 2015 – June 2016 – 1 USD: 1.3735 AUD

‡ The COO, CFO and GC received an increase in base salary effective January 2017 in order to bring their fixed remuneration into line with peer companies in the 50th–75th percentile based on Mercer's benchmarking report. The Board believes the revised level of remuneration for the KMP is both fair and reasonable, all things being considered.

Annual leave/LSL represent the net movement in amounts provided for annual leave during the year ended 30 June 2017. LSL is the net movement in amounts recorded for LSL when they become applicable.

The value for Long Term Incentives presented in the tables above is calculated in accordance with AASB 2 Share Based Payment and represents securities issued under the LTI equity plans that have been expensed during the current year. The fair values of long term incentives have been calculated by an independent third party.

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

	Fixed remuneration		At risk — STI		At risk — LTI		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Name	%	%	%	%	%	%	%	%
Non-executive Directors								
James Calaway	100%	100%	-	-	-	-	100%	100%
John Gibson	100%	100%	-	-	-	-	100%	100%
Courtney Pratt	100%	100%	-	-	-	-	100%	100%
Fernando Oris de Roa	100%	100%	-	-	-	-	100%	100%
Federico Nicholson	100%	100%	-	-	-	-	100%	100%
Robert Hubbard	100%	100%	-	-	-	-	100%	100%
Leanne Heywood	100%	-	-	-	-	-	100%	-
CEO/Managing Director								
Richard Seville	65%	61%	7%	8%	28%	31%	100%	100%
Other executive KMP								
Neil Kaplan	70%	55%	8%	10%	22%	35%	100%	100%
Rick Anthon	72%	75%	2%	2%	26%	23%	100%	100%
Alex Losada	95%	100%	-	-	5%	-	100%	100%

I. Share-Based Compensation Issues to the Non-Executive Directors and Executive KMP

The table below highlights the movement in Rights (including Options) for the Non-Executive Directors and executive KMP¹ in 2017.

	Movement During the Year								At 30 June 2017	
	Grant Date ²	Vesting Date	Type	Balance at 1 July 2016	Rights Granted ⁴	Rights Exercised ^{5,6}	Rights Lapsed ⁷	Balance at 30 June 2017	Vested & Exercisable ⁹	Unvested
James Calaway ⁸	30/11/2011	1/12/2012	Options	150,000	-	150,000	-	-	-	-
	Total number			150,000		150,000				
	Total value US\$³			\$84,733		\$85,134				
John Gibson	30/11/2011	1/12/2012	Options	100,000	-	100,000	-	-	-	-
	Total number			100,000		100,000				
	Total value US\$³			\$56,489		\$57,785				
Courtney Pratt	30/11/2011	1/12/2012	Options	100,000	-	100,000	-	-	-	-
	Total number			100,000		100,000				
	Total value US\$³			\$56,489		\$57,785				
Fernando Oris de Roa	30/11/2011	1/12/2012	Options	100,000	-	100,000	-	-	-	-
	Total number			100,000		100,000				
	Total value US\$³			\$56,489		\$57,785				
Federico Nicholson	30/11/2011	1/12/2012	Options	100,000	-	100,000	-	-	-	-
	Total number			100,000		100,000				
	Total value US\$³			\$56,489		\$57,785				
Richard Seville	21/11/2014	31/08/2016	Performance Rights	160,658	-	80,329	80,329	-	-	-
	21/11/2014	31/08/2017	Performance Rights	150,039	-	-	-	150,039	-	150,039
	6/11/2015	31/08/2018	Performance Rights	244,380	-	-	-	244,380	-	244,380
	23/11/2016	31/08/2019	Performance Rights	-	118,721	-	-	118,721	-	118,721
	Total number			555,077	118,721	80,329	80,329	513,140		513,140
	Total value US\$³			\$718,719	\$262,726	\$154,052	\$154,052	\$698,211		\$698,211
Neil Kaplan	30/04/2014	31/08/2016	Performance Rights	197,080	-	98,540	98,540	-	-	-
	21/01/2015	31/08/2017	Performance Rights	70,477	-	-	-	70,477	-	70,477
	6/11/2015	31/08/2018	Performance Rights	114,791	-	-	-	114,791	-	114,791
	31/03/2017	31/08/2019	Performance Rights	-	56,800	-	-	56,800	-	56,800
	Total number			382,348	56,800	98,540	98,540	242,068		242,068
	Total value US\$³			\$478,113	\$53,188	\$144,401	\$144,401	\$258,062		\$258,062

Remuneration Report

(audited)

Movement During the Year									At 30 June 2017	
	Grant Date ²	Vesting Date	Type	Balance at 1 July 2016	Rights Granted ⁴	Rights Exercised ^{5,6}	Rights Lapsed ⁷	Balance at 30 June 2017	Vested & Exercisable ⁹	Unvested
Rick Anthon	21/01/2015	31/08/2017	Performance Rights	69,376	-	-	-	69,376	-	69,376
	6/11/2015	31/08/2018	Performance Rights	188,330	-	-	-	188,330	-	188,330
	31/03/2017	31/08/2019	Performance Rights	-	50,400	-	-	50,400	-	50,400
	Total number			257,706	50,400	-	-	308,106	-	308,106
	Total value US\$³			\$263,402	\$47,195	-	-	\$319,710	-	\$319,710
Alex Losada	31/03/2017	31/08/2019	Performance Rights	-	54,795	-	-	54,795	-	54,795
	Total number			-	54,795	-	-	54,795	-	54,795
	Total value US\$³			-	\$51,310	-	-	\$51,630	-	\$51,630

¹ Section 300(1) of the Corporations Act 2001 (Cth) requires additional disclosure for the KMP executives which is detailed in the following table — Shareholdings of Key Management Personnel.

² Options granted on 30 November 2011 were exercised during the current financial year at an exercise price of A\$1.50.

³ Total value in US\$ is based on Grant value, not current Market value. 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 exchange rate at the date of grant.

⁴ The fair values of long term incentives have been calculated by Mercer, an independent third-party valuer.

⁵ No amounts are unpaid on any shares issued on the exercise of Options.

⁶ 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 exchange rate at the date of exercise.

⁷ 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.

⁸ James Calaway resigned on 19 July 2016. The board approved him exercising his vested options after his resignation and before the options lapsed given his service to the Company.

⁹ All options become exercisable upon the vesting date.

The table below summarises the details of the grants and assumptions that were used in determining the fair value of Options and Rights on the grant date.

Input Variable		Performance Rights								
Grant Date	31 Aug 2014	31 Aug 2014	31 Aug 2014	31 Aug 2014	6 Nov 2015	6 Nov 2015	23 Nov 2016	23 Nov 2016	31 Mar 2017	31 Mar 2017
Vesting Date	31 Aug 2017	31 Aug 2017	31 Aug 2017	31 Aug 2017	31 Aug 2018	31 Aug 2018	31 Aug 2019	31 Aug 2019	31 Aug 2019	31 Aug 2019
Expiry Date	30 Sep 2017	30 Sep 2017	30 Sep 2017	30 Sep 2017	30 Sep 2018	30 Sep 2018	30 Sep 2019	30 Sep 2019	30 Sep 2019	30 Sep 2019
Valuation Model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
Exercise Price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Share Price (Date terms agreed)	\$2.67	\$2.67	\$2.74	\$2.74	\$1.79	\$1.79	\$4.27	\$4.27	\$2.78	\$2.78
Expected Life (Days)	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095
Expected Volatility	50%	50%	50%	50%	50%	50%	47%	47%	47%	47%
Expected Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected Risk Free Rate	2.53%	2.53%	2.09%	2.09%	1.97%	1.97%	1.85%	1.85%	1.82%	1.82%
Performance Conditions	Market (TSR Absolute)	Market (TSR Relative)	Market (TSR Absolute)	Market (TSR Relative)	Market (TSR Absolute)	Market (TSR Relative)	Market (TSR Absolute)	Market (TSR Relative)	Market (TSR Absolute)	Market (TSR Relative)
Fair Value (Average)	\$1.58	\$1.95	\$1.59	\$1.98	\$1.08	\$1.37	\$2.64	\$3.15	\$1.03	\$1.42

Remuneration Report

(audited)

Shareholdings of Key Management Personnel

	Opening Balance 1-Jul-16	Options Converted	Compensation	Acquired/(Sold)	Closing Balance 30-Jun-17
Richard P. Seville	5,076,500	80,329	-	35,000	5,191,829
John W. Gibson	25,000	100,000	-	-87,100	37,900
Courtney Pratt	-	100,000	-	-43,190	56,810
Fernando Oris de Roa	-	100,000	-	-	100,000
Federico Nicholson	-	100,000	-	-	100,000
Robert Hubbard	22,183	-	-	30,000	52,183
Leanne Heywood	-	-	-	-	-
Neil Kaplan	50,883	98,540	-	50,000	199,423
Rick Anthon	727,144	-	-	3,300	730,444
Alex Losada	-	-	-	3,540	3,540
Total	5,901,710	578,869	-	-8,450	6,472,129

*Includes shares held directly, indirectly, and beneficially by KMP

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



Robert Hubbard
Chairman



Richard P. Seville
Managing Director

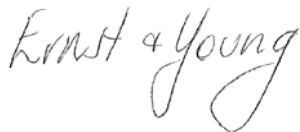
Signed: 31st August 2017

Auditor's Independence Declaration to the Directors of Orocobre Limited

As lead auditor for the audit of Orocobre Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Orocobre Limited and the entities it controlled during the financial year.



Ernst & Young



Kellie McKenzie
Partner
31 August 2017

Consolidated Financial Statements



Consolidated Statement of Comprehensive Income

for the period ended 30 June 2017

	Note	Consolidated Group	
		30 June 2017 US \$	30 June 2016 US \$
Sale of goods		17,199,487	15,526,762
Cost of goods sold		(15,873,441)	(14,527,116)
Gross profit / (loss)		1,326,046	999,646
Other income	2a	239,923	2,997,687
Corporate expenses	2b	(5,461,578)	(6,493,072)
Administrative expenses	2c	(6,153,958)	(6,940,594)
Finance income	2d	3,602,761	3,294,786
Finance costs	2e	(1,813,933)	(2,820,285)
Impairment loss	3	(8,104,583)	-
Share of net gains / (losses) of joint venture	14	21,479,881	(11,000,508)
Foreign currency gain / (loss)	2f	625,033	(2,528,110)
Profit / (loss) before income tax		5,739,592	(22,490,450)
Income tax benefit / (expense)	5	(1,108,074)	634,438
Profit / (loss) for the year from continuing operations		4,631,518	(21,856,012)
Profit / (loss) for the year from discontinued operations	4	14,783,988	(78,062)
Profit / (loss) for the year		19,415,506	(21,934,074)
<i>Other comprehensive income / (loss) (Items that may be reclassified subsequently to profit and loss)</i>			
Translation loss on foreign operations		(1,586,640)	(35,469,022)
Net gain / (loss) on revaluation of derivative	20	1,473,551	(715,942)
Other comprehensive income / (loss) for the year, net of tax		(113,089)	(36,184,964)
Total comprehensive income / (loss) for the period		19,302,417	(58,119,038)
Profit / (loss) attributable to:			
Members of the parent entity		19,438,572	(21,892,443)
Non-controlling interest		(23,066)	(41,631)
		19,415,506	(21,934,074)
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		19,341,435	(57,869,753)
Non-controlling interest		(39,018)	(249,285)
		19,302,417	(58,119,038)
Earnings per share for profit / (loss) attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share (cents per share)	6	9.25	(11.91)
Diluted earnings/(loss) per share (cents per share)	6	9.17	(11.91)
Earnings per share for profit / (loss) from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share (cents per share)	6	2.20	(11.89)
Diluted earnings/(loss) per share (cents per share)	6	2.19	(11.89)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2017

	Note	Consolidated Group	
		30 June 2017	30 June 2016
		US \$	US \$
Current Assets			
Cash and cash equivalents	8	51,631,577	35,835,332
Financial assets	11	9,791,838	-
Trade and other receivables	9	24,333,812	7,715,483
Inventory	10	6,435,864	6,493,836
Other		31,437	15,964
Total Current Assets		92,224,528	50,060,615
Non-Current Assets			
Financial assets	11	9,404	36,685,683
Property, plant and equipment	12	9,064,041	14,976,848
Exploration, evaluation and development asset	13	1,448,973	6,167,681
Investment in associate and joint ventures	15	79,162,415	35,061,038
Inventory	10	433,961	594,622
Deferred tax asset	5	-	2,081,576
Trade and other receivables	9	57,799,709	70,199,473
Total Non-Current Assets		147,918,503	165,766,921
Total Assets		240,143,031	215,827,536
Current Liabilities			
Trade and other payables	16	9,306,876	10,112,569
Loans and borrowings	11	877,225	2,026,955
Employee benefit liabilities	18	412,412	585,983
Total Current Liabilities		10,596,513	12,725,507
Non-Current Liabilities			
Trade and other payables	16	551,111	726,877
Loans and borrowings	11	72,660	1,044,437
Employee benefit liabilities	18	1,171,974	1,272,151
Deferred tax liability	5	-	973,502
Provisions	17	9,730,832	9,658,073
Total Non-Current Liabilities		11,526,577	13,675,040
Total Liabilities		22,123,090	26,400,547
Net Assets		218,019,941	189,426,989
Equity			
Issued capital	19	243,183,905	242,248,318
Reserves	20	(105,859,751)	(111,813,483)
Retained profits		80,695,787	60,303,964
Parent interest		218,019,941	190,738,799
Non controlling interest		-	(1,311,810)
Total Equity		218,019,941	189,426,989

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the period ended 30 June 2017

	Issued Capital	Retained Profits/ (Accumulated Losses)	Option Reserve	Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Other Reserves	Non controlling Interests	Total
	Note 19		Note 20	Note 20	Note 20	Note 20		
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
Balance at 1 July 2015	158,459,067	82,196,407	2,621,306	(74,374,150)	(4,506,533)	(280,001)	(1,062,525)	163,053,571
Loss for the period	-	(21,892,443)	-	-	-	-	(41,631)	(21,934,074)
Other comprehensive loss for the period	-	-	-	(35,261,368)	(715,942)	-	(207,654)	(36,184,964)
Total comprehensive loss	-	(21,892,443)	-	(35,261,368)	(715,942)	-	(249,285)	(58,119,038)
Shares issued during the year	86,101,840	-	-	-	-	-	-	86,101,840
Transaction costs, net of tax	(2,312,589)	-	-	-	-	-	-	(2,312,589)
Options expensed during the period and other movements	-	-	604,062	-	-	-	-	604,062
Increase in wealth tax	-	-	-	-	-	99,143	-	99,143
Balance at 30 June 2016	242,248,318	60,303,964	3,225,368	(109,635,518)	(5,222,475)	(180,858)	(1,311,810)	189,426,989
Profit for the period	-	19,438,572	-	-	-	-	(23,066)	19,415,506
Other comprehensive loss for the period	-	-	-	(1,570,688)	1,473,551	-	(15,952)	(113,089)
Total comprehensive loss	-	19,438,572	-	(1,570,688)	1,473,551	-	(39,018)	19,302,417
Shares issued during the period	935,587	-	-	-	-	-	-	935,587
Options expensed during the period and other movements	-	953,251	(249,237)	-	-	-	-	704,014
Decrease in wealth tax	-	-	-	-	-	15,120	-	15,120
Disposal of subsidiary	-	-	-	6,284,986	-	-	1,350,828	7,635,814
Balance at 30 June 2017	243,183,905	80,695,787	2,976,131	(104,921,220)	(3,748,924)	(165,738)	-	218,019,941

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the period ended 30 June 2017

	Note	Consolidated Group	
		30 June 2017	30 June 2016
		US \$	US \$
Cash flows from operation activities			
Receipts from customers		16,763,434	13,008,891
Payments to suppliers and employees		(24,834,308)	(22,897,010)
Interest received		2,195,814	2,024,656
Interest paid	2e	(761,694)	(2,216,358)
Other cash receipts		224,148	4,197,938
Net cash used in operating activities	8	(6,412,606)	(5,881,883)
Cash flows from investing activities			
Payments for exploration and development expenditure	13	(454,339)	(248,077)
Payment for subsidiary net of cash (acquired in 2012)		-	(1,691,441)
Proceeds from sale of asset net of cash	4	3,750,689	-
Purchase of property, plant and equipment	12	(3,430,723)	(3,544,026)
Proceeds from sale of property plant and equipment	2a	15,775	105,785
Investment in joint venture		(1,003,566)	(4,192,727)
Net cash used in investing activities		(1,122,164)	(9,570,486)
Cash flows from financing activities			
Release of standby letters of credit (SBLC's) on behalf of joint venture		23,939,065	250,000
Proceeds from issue of shares net of transaction costs		935,587	82,472,407
Proceeds from borrowings		460,483	1,722,555
Repayment of borrowings		(1,135,145)	-
Loan to joint venture		(123,250)	(38,081,765)
Net cash provided by financing activities		24,076,740	46,363,197
Net increase in cash held		16,541,970	30,910,828
Cash and cash equivalents at beginning of year		35,057,666	5,695,429
Effect of exchange rates on cash holdings in foreign currencies		26,634	(1,548,591)
Cash at end of year	8	51,626,270	35,057,666

The accompanying notes form part of these financial statements.

for the period ended 30 June 2017

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 1: Summary of Significant Accounting Policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative 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. Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business. The Company continually monitors its cash flow requirements to ensure that sufficient funds are available to fund its activities.

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

Compliance with IFRS

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

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 Australian Accounting Standard. 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 interests, and any previous interest held, 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 Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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 circumstances 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 statement of comprehensive income. 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.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 1: Summary of Significant Accounting Policies (continued)

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.

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.

Tax consolidation legislation

Orocobre Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2005.

The head entity, Orocobre Limited and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group.

In addition to its own current and deferred tax amounts, Orocobre Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as contribution to (or distribution from) wholly-owned tax consolidated entities.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or overseas, Value-Added Tax (VAT)), except:

- When the GST incurred on a sale or a purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST (or VAT) recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing or financing activities, which is recoverable from, or payable to, the

taxation authority is classified as part of operating cash flows.

Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income. Additional disclosures are provided in Note 4. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Inventories

The Company states inventories for the lower of cost and net realisable value. The cost price of finished products and products in progress includes the direct cost of materials and, when applicable, labor costs, indirect costs incurred to transform raw materials into finished products, and general expenses incurred in carrying inventories to their current location and conditions. The method used to determine the cost of

inventories is weighted average cost.

Commercial discounts, rebates obtained, and other similar entries are deducted in the determination of the acquisition price.

The net realisable value represents the estimate of the sales price, less all finishing estimated costs and costs which will be incurred in commercialisation, sales, and distribution processes.

The Company conducts an evaluation of the net realisable value of inventories at the end of each year, recording an estimate with a charge to income when these are overstated. When a situation arises whereby the circumstances, which previously caused the rebate to cease to exist, or when there is clear evidence of an increase in the net realisable value due to a change in the economic circumstances or prices of main raw materials, the estimate made previously is modified.

The valuation of obsolete, impaired or slow-moving products relates to their net estimated, net realisable value.

Raw materials, supplies and materials are recorded at the lower of acquisition cost or market value. Acquisition cost is calculated according to the average price method.

Property, Plant and Equipment

Tangible property, plant and equipment assets are stated at acquisition cost, net of the related accumulated depreciation, amortisation and impairment losses that they might have experienced.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 1: Summary of Significant Accounting Policies (continued)

In addition to the price paid for the acquisition of tangible property, plant and equipment, the Company has considered the following concepts as part of the acquisition cost, as applicable:

1. Accrued interest expenses during the construction period which are directly attributable to the acquisition, construction or production of qualifying assets, which are those that require a substantial period prior to being ready for use. The interest rate used is that related to the project's specific financing or, should this not exist, the average financing rate of the investor company.
2. The future costs that the Group will have to experience, related to the closure of its facilities at the end of their useful life, are included at the present value of disbursements expected to be required to settle the obligation.

Extension, modernisation or improvement costs that represent an increase in productivity, ability or efficiency or an extension of the useful lives of property, plant and equipment are capitalised as a higher cost of the related assets. All the remaining maintenance, preservation and repair expenses are charged to expense as incurred.

The replacement of full assets, which increase the asset's useful life or its economic capacity, are recorded as a higher value of property, plant and equipment with the related derecognition of replaced or renewed elements.

Gains or losses which are generated from the sale or disposal of property, plant and equipment are recognised as income (or loss) in the period, and calculated as the difference between the asset's sales value and its net carrying value.

Costs derived from daily maintenance of property, plant and equipment are recognised when 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 recognised decommissioning provision.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated through the straight-line distribution of cost over the estimated technical useful life of the asset which is the period in which the Company expects to use the asset. When components of one item of property, plant and equipment have different useful lives, they are recorded as separate assets. Useful lives are reviewed on an annual basis.

The Group uses the units of production basis when depreciating specific assets which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically

recoverable reserves of the mine property at which it is located.

The useful lives used for the depreciation and amortisation of assets included in property, plant and equipment are presented below.

- 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 statement of comprehensive income 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 Expenditure

Exploration and evaluation 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 using a units of production method.

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 expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture and associates are accounted for using the equity method.

Under the equity method, the investment in a joint venture or an associate 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 or associate since the acquisition date. Goodwill relating to the joint venture or associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or 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 associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate or joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents

profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the joint venture or associate 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 its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or 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 associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate or joint venture' in the statement of comprehensive income.

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

Transactions with non-controlling interests

Non-controlling interests are recorded in the consolidated statement of financial position within equity separate from equity attributable to the owners of the Parent.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 1: Summary of Significant Accounting Policies (continued)

Current versus Non-Current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in the Group's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current. A liability is current when:

- It is expected to be settled in the Group's normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Financial Instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, 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.

All financial assets are recognised initially at fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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.

The Group has not designated any financial assets at fair value through profit or loss. 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 statement of comprehensive income.

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 through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit and loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

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 effective interest rate (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 statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and cost of sales 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 statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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 pay.

ii) 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. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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 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

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 1: Summary of Significant Accounting Policies (continued)

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.

The amount of any impairment loss identified 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 EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive income. Interest income (recorded as finance income on the statement of comprehensive 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. 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 statement of comprehensive income.

Available for sale (AFS) financial investments

For AFS 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 AFS, 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 statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

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.

In the case of debt instruments classified as AFS, the 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 statement of comprehensive income.

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 statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and

borrowings, including bank overdrafts, 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 incurred for the purpose of repurchasing 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 statement of comprehensive income.

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 statement of comprehensive income.

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 statement of comprehensive income.

iv) 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.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges: when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 1: Summary of Significant Accounting Policies (continued)

- Cash flow hedges: when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective

portion is recognised immediately in profit or loss in the statement of comprehensive income as other operating expenses.

The Group uses interest rate swaps as hedges of its exposure to interest rate risk in forecast transactions. The ineffective portion relating to interest rate swap contracts is recognised in finance costs.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

In the current period and prior periods, the Group had no direct derivative financial instrument, but recorded its share of the joint venture's cash flow hedge revaluation through other comprehensive income.

Fair Value Measurement

The Group measures certain financial instruments, such as derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies are analysed by the audit committee.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of Non-Financial 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 of disposal 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 in which case the asset is allocated to its appropriate CGU. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU 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 post-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 of disposal, 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 budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

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 statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above,

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 1: Summary of Significant Accounting Policies (continued)

net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

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.

Share Based Payments — Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost 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 in employee benefits expense (Note 2b). 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 statement of comprehensive income 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 2b).

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 the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

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 6).

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

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership shifts from seller to buyer as dictated by the Incoterms specified in the sales contract. Revenue from the sale of goods is measured at the fair value of the consideration received

or receivable, net of returns and allowances, trade discounts, and volume rates.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, 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 finance income in the statement of comprehensive income.

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 statement of comprehensive income net of any reimbursement.

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 statement of financial position date. The provision is discounted using a current market-based pre-tax discount rate that reflects the time value of money and risk specific to the liability. 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.

Employee benefits

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. Based on past experience, the Group does not expect the full amount of annual leave classified as current liabilities to be settled within the next 12 months. However, these

amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts. 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 Group recognises a liability for long service leave 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 the applicable corporate bond 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 of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date 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 statement of comprehensive income.

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 statement of comprehensive income on a straight-line 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.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 1: Summary of Significant Accounting Policies (continued)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 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.

Foreign Currency Translation

The Group's consolidated financial statements are presented in US dollars, which is the Parent's presentation 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 on disposal of a foreign operation, the

gain or loss that is reclassified to profit or loss reflects the amount 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 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).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into US dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rate for each month of the financial year. The exchange differences arising on translation for consolidation purposes 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.

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.

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.

Carrying value of non-current assets subject to impairment testing

The Group considers annually whether there has been any indicators of impairment and then tests whether non-current assets, including investments in joint ventures and property, plant and equipment, have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value in use calculations or fair value less costs to sell. These calculations require the use of assumptions. Refer to Notes 12 and 15 for more details on the carrying amounts of non-current assets subject to impairment testing.

Exploration, evaluation and development expenditures

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. Such costs are written off when the amounts are not expected to be recovered through the successful development of the area, or through sale. The assessment of whether successful development will occur, or the amount to be recovered in a sales transaction, involves the use of judgements and estimates.

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. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23.

Provision for rehabilitation

The Group has recognised a provision for rehabilitation obligations associated with Borax Argentina S.A.'s operations. In determining the present 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 2017 was US \$9,552,600 (2016: US \$9,458,020).

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 and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. New accounting standards effective during the year had no impact on the Group.

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 ended 30 June 2017, outlined as follows:

AASB 9 Financial Instruments (Application date of standard 1 January 2018; Application date of Group 1 July 2018)

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, equity instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. The Group does not expect any significant impact from adopting these changes when they become applicable.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 1: Summary of Significant Accounting Policies (continued)

The main changes are described below.

Financial assets

- a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Financial liabilities

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. The Group does not carry any financial liabilities designated at FVPL.

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that

gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

Impairment

AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge Accounting

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

The Group does not believe that there will be a material financial impact to either the statement of comprehensive income or the statement of financial position once this accounting standard is adopted. The new standard introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

AASB 15 Revenue from Contracts with Customers (Application date of standard 1 January 2018; Application date of Group 1 July 2018)

AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue and related Interpretations* (AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

Management is currently assessing the effects of applying the new standard. At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months.

AASB 2014-10 Amendments to Australian Accounting Standards — Sale or Contribution of Assets between an Investor and its associate or Joint Venture (Application date of standard 1 January 2018; Application date of Group 1 July 2018)

AASB 2014-10 amends AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets

between an investor and its associate or joint venture. The amendments require:

- a. a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and
- b. a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

AASB 2014-10 also makes an editorial correction to AASB 10.

AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. IASB has deferred the effective date indefinitely.

The Group has not yet assessed the impact of AASB 2014-10, and it has not yet decided whether to adopt AASB 2014-10 early.

AASB 16 Leases (Application date of standard 1 January 2019; Application date of Group 1 July 2019)

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional

periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

- AASB 16 contains disclosure requirements for lessees.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16. The standard will affect primarily the accounting for the Group's contracts. As at the reporting date, the Group has non-cancellable contract commitments of US \$39,284,413 (see Note 22). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. At this stage,

the Group does not intend to adopt AASB 16 before its effective date.

AASB 2 (Amendments) Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) (Application date of standard 1 January 2018; Application date of Group 1 July 2018)

This standard amends to AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide the requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Group does not believe that there will be a material financial impact to either the statement of comprehensive income or the statement of financial position once this accounting standard is adopted. There are no cash settled share-based payment transactions within the Group.

There are no other standards that are not issued, not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 2: Result for the Period

	Consolidated Group	
	2017 US \$	2016 US \$
2a) Other income		
Property rental agreements	224,148	202,703
Recovery from Joint Venture	-	1,059,742
Income from bonds sold	-	1,599,063
Export credit income	-	30,394
Net gain on disposal of property, plant and equipment	15,775	105,785
Total other income	239,923	2,997,687
2b) Corporate expenses		
Employee benefit expenses	(2,588,320)	(1,957,195)
Legal and consulting fees ¹	(551,709)	(2,384,182)
Share-based payment expense	(602,489)	(746,892)
Other costs	(1,719,060)	(1,404,803)
Total corporate expenses	(5,461,578)	(6,493,072)
Corporate expenditure relates to Brisbane Corporate.		
(1) Legal and consulting fees includes US \$nil (2016: US\$1,656,236) of Rio Tinto Minerals (RTM) legal costs for the financial period.		
2c) Administrative expenses		
Employee benefit expenses	(2,572,497)	(2,381,688)
Depreciation	(1,712,842)	(1,693,420)
Local taxes	(293,677)	(534,244)
Other costs	(1,574,942)	(2,331,242)
Total administrative expenses	(6,153,958)	(6,940,594)
Administrative expenditure relates to Borax Argentina S.A. and South American Salars S.A.		
2d) Finance income		
Interest income on loans receivable ¹	1,365,264	1,337,926
Interest income from short term deposits	2,237,497	1,956,860
Total finance income	3,602,761	3,294,786
(1) Interest income on loans receivable is non-cash and will be recovered on ultimate repayment of the loans (see Note 21).		
2e) Finance costs		
Interest on loans and borrowings	(761,694)	(1,851,741)
Changes in fair value of financial assets and liabilities	(1,052,239)	(968,544)
Total finance costs	(1,813,933)	(2,820,285)
2f) Foreign currency gain/(loss)		
Foreign currency gain — cash ¹	288,014	1,127,434
Foreign currency gain / (loss) — non-cash ²	337,019	(3,655,544)
Total foreign currency gain / (loss)	625,033	(2,528,110)

¹ Fluctuations in ARS currency held in Cash and Cash Equivalents (Note 8)

² Fluctuations in ARS denominated payables (Note 16), and receivables (Note 9)

NOTE 3: Significant items

The following significant items impact profit / (loss) before income tax from continuing operations

	30 June 2017 US \$
Significant items included in Profit from discontinued operations (Note 4)	
Gain on sale of subsidiary net of transaction costs	14,783,988
Impairment loss	
Specific doubtful debts provision (Note 9)	(678,000)
Inventory write downs and reduction to net realisable value ¹	(1,506,000)
Impairment of property, plant and equipment (Note 12) ²	(5,920,583)
Total significant items	6,679,405

¹ Borax Argentina's inventory has been reviewed with certain product lines removed and overall volumes to be reduced other than in the normal course of business. Consequently inventory has been impaired.

² The Group has recognised an impairment loss of Borax Argentina's property, plant, and equipment as a result of its annual impairment testing. This impairment has been recognised as a result of lower boron prices, reduction in production levels, and other market factors. Refer to Note 12 for further details.

NOTE 4: Discontinued Operation

Description

On 28 March 2017, the Group divested a number of lithium brine exploration projects which were held through their 85% interest in South American Salar Minerals Pty Ltd ("SASM"). Advantage Lithium Corp. ("AAL") issued 46,325,000 common shares to Orocobre Ltd in consideration for the acquisition of the exploration projects, and has retained 42.5% interest (50% less 8.5% minority interest) and a 1% gross royalty in the Cauchari Project. On 4 June 2017, the Salinas Grandes Project was sold to LSC Lithium Corporation in consideration of cash, a promissory note payable over a three year period, and 3 properties at Olaroz. With SASM being classified as discontinued operations, the South American Salars segment is no longer present in the segment note.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2016 and the period 1 July 2016 to 28 March 2017.

Notes to the Financial Statements

for the period ended 30 June 2017

Note 4: Discontinued Operation (continued)

	9 months ended 28 March 2017 US \$	12 months ended 30 June 2016 US \$
Revenue	-	38,467
Operating expenses	(35,997)	(116,529)
Profit / (loss) before income tax from a discontinued operation	(35,997)	(78,062)
Income tax expense / (benefit)	-	-
Profit / (loss) after income tax from a discontinued operation	(35,997)	(78,062)
Gain on sale, net of transaction costs before income tax	14,819,985	-
Income tax expense / (benefit)	-	-
Gain on sale, net of transaction costs after income tax	14,819,985	-
Profit / (loss) from discontinued operation	14,783,988	(78,062)
Net cash flow from operating activities	(58,802)	(48,784)
Net cash flow from investing activities (includes exploration costs, and proceeds from disposal of US \$3.8m net of transaction costs)	3,516,046	(248,077)
Net increase / (decrease) in cash generated by SASM	3,457,244	(296,861)
Earnings per share		
Basic, profit / (loss) for the year from discontinued operations per share (cents per share)	7.05	(0.02)
Diluted, profit / (loss) for the year from discontinued operations per share (cents per share)	6.99	(0.02)

Details of the sale of SASM Pty Ltd

	28 March 2017 US \$
Fair value of consideration received or receivable:	
Cash received (net of transaction costs of US \$249,311)	3,750,689
Promisory Notes	2,700,449
Initial carrying value of investment in associate (AAL) (see Note 15)	21,465,994
Properties	77,600
Total Disposal Consideration	27,994,732
Foreign currency translation reserve reclassified to profit / (loss)	(6,284,986)
Carrying value of assets sold	(5,538,933)
Non-controlling interest de-recognised	(1,350,828)
Gain on sale, net of transaction costs before income tax	14,819,985
Income tax expense	-
Gain on sale, net of transaction costs after income tax	14,819,985

Note 4: Discontinued Operation (continued)

The carrying value of assets and liabilities as at the date of sale (28 March 2017) were:

	28 March 2017 US \$
Assets	
Trade and other receivables	210,803
Property, plant and equipment	283
Exploration, evaluation and development asset	5,391,915
Total Assets	5,603,001
Liabilities	
Trade and other payables	(64,068)
Total liabilities	(64,068)
Net Assets	5,538,933

NOTE 5: Income Tax Expense

The major components of income tax benefit for the years ended 30 June 2017 and 2016 are:

	Consolidated Group	
	2017	2016
	US \$	US \$
Income Tax Expense / (Benefit)		
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	1,108,074	(634,438)
Relating to prior year	-	-
Income tax benefit reported in the statement of comprehensive income	1,108,074	(634,438)
A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 30 June 2017 and 2016 is as follows:		
Gain/(Loss) from continuing operations before income tax expense	5,739,592	(22,490,450)
Profit/(loss) before tax from a discontinued operation	14,783,988	(78,062)
Accounting profit / (loss) before income tax	20,523,580	(22,568,512)
Tax expenses / (benefit) at Australian tax rate of 30% (2016: 30%)	6,157,074	(6,770,554)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
• Share based payments	133,949	147,442
• Other	361,227	253,556
• Share of (profit) / loss of joint venture	(7,517,958)	3,850,178
Gain on sale of subsidiary net of transaction costs	(4,399,863)	-
Derecognition of deferred tax balances current year	6,885,821	2,550,730
Differences in tax rates (foreign subsidiaries)	(674,913)	(698,745)
Foreign exchange	162,737	32,955
Income tax benefit	1,108,074	(634,438)

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 5: Income Tax Expense (continued)

Deferred tax

Deferred tax relates to the following:

	Consolidated Group	
	2017 US \$	2016 US \$
Deferred tax assets		
Payable and accruals	-	70,018
Employee benefits	-	367,302
Inventory	-	11,894
Other debtors	-	23,849
Interest	-	764,658
Tax losses	-	843,855
Share issue costs (Equity)	890,986	1,310,106
Set off of deferred tax liabilities pursuant to set off provisions	(890,986)	(1,310,106)
	-	2,081,576
Deferred tax liabilities		
Property, Plant and Equipment	-	(620,013)
Receivables	-	(353,489)
	-	(973,502)
Movements		
Opening Balance	1,108,074	910,621
Foreign exchange impact	-	(436,985)
Derecognition of deferred tax assets ¹	(1,108,074)	-
Credited / (charged) to the statement of comprehensive income	-	634,438
Closing Balance	-	1,108,074

The Group has tax losses which arose in Australia of US\$22,874,904 (2016: US\$17,605,617) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

¹ The recovery of the deferred tax asset previously recognised for the Borax Argentina S.A. operation for US \$5,977,716 was deemed unlikely, as there are insufficient estimated future taxable profits against which it could be utilised. As a result, it was derecognised.

NOTE 6: 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 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:

	Consolidated Group	
	2017 US \$	2016 US \$
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	4,631,518	(21,856,012)
Discontinued operations	14,783,988	(78,062)
Profit/(Loss) for the financial year	19,415,506	(21,934,074)
Exclude non-controlling interest	23,066	41,631
Net Profit/(Loss) used in the calculation of basic and dilutive EPS	19,438,572	(21,892,443)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	210,112,090	183,819,546
Weighted average number of options outstanding	1,806,258	2,128,302
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive EPS¹	211,918,348	185,947,848

¹ As the Group incurred a loss in the prior year, potential ordinary shares — being options to acquire ordinary shares (2017: nil; 2016: 2,128,302) were considered non-dilutive.

There are no 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.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTE 7: Auditors' Remuneration

The auditor of Orocobre Limited is Ernst & Young.

	Consolidated Group	
	2017 US \$	2016 US \$
Ernst & Young Australia — audit and review of financial statements	92,202	58,585
Ernst & Young Argentina — audit and review of financial statements	67,764	40,022
Total auditors' remuneration	159,966	98,607

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 8: Cash and Cash Equivalents

	Consolidated Group	
	2017 US \$	2016 US \$
Cash at bank and on hand	3,459,214	3,763,328
Short term deposits	48,172,363	32,072,004
	51,631,577	35,835,332

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.

The effective interest rate on US \$ denominated short term deposits was 0.77% p.a. (2016: 0.57% p.a.). Short term deposits held at 30 June 2017 relate to rental and other security deposits. Deposits relating to cash held had an average maturity of 76 days (2016: 90 days).

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following at 30 June:

	Consolidated Group	
	2017 US \$	2016 US \$
Cash at bank and on hand	3,459,214	3,763,328
Short term deposits	48,172,363	32,072,004
Total accessible cash and short-term deposits	51,631,577	35,835,332
Bank overdrafts (see Note 11)	(5,307)	(777,666)
Total cash and cash equivalents	51,626,270	35,057,666

Reconciliation of Cash Flow from Operations with Loss after Income Tax:

Profit / (loss) from ordinary activities after income tax from continuing operations	4,631,518	(21,856,012)
Profit / (loss) from ordinary activities after income tax from discontinued operations	14,783,988	(78,062)
Profit after tax	19,415,506	(21,934,074)
Adjustments for:		
Non-cash employee benefits expense	459,591	2,119,010
Depreciation of property, plant and equipment	1,747,046	1,705,246
Gain on sale of assets	(15,775)	(105,785)
Gain on disposal of subsidiary (non-cash)	(11,069,296)	-
Share of (gain) / loss of joint venture	(21,479,881)	11,000,508
Impairment loss	8,104,583	-
Fair value adjustment of loans receivable	624,782	-
Non-cash finance income	(1,412,669)	(1,340,744)
Non-cash finance costs	427,457	-
Unrealised foreign exchange gain	896,474	2,528,110

NOTE 8: Cash and Cash Equivalents (continued)

	Consolidated Group	
	2017 US \$	2016 US \$
Changes in operating assets and liabilities:		
(Increase) / Decrease in receivables	(2,196,116)	2,135,130
(Decrease) / Increase in payables	(981,459)	435,174
(Decrease) / Increase in provisions	(3,010)	23,061
(Decrease) / Increase in provisions — taxation	1,108,074	(632,106)
(Increase) / Decrease in inventory	(2,021,790)	(1,808,355)
(Increase) / Decrease in prepayments	(16,123)	(7,058)
Cash flows from operations	(6,412,606)	(5,881,883)

NOTE 9: Trade and Other Receivables

	Consolidated Group	
	2017 US \$	2016 US \$
Current		
Trade receivables	5,120,057	4,221,860
Related party receivables	-	2,556,142
Receivable from joint venture	16,615,040	-
Other receivables ¹	2,099,835	757,162
VAT tax credits	498,880	180,319
	24,333,812	7,715,483
Non Current		
Trade receivables	714,935	1,094,318
Receivable from joint venture	47,269,476	61,447,448
Receivable from joint venture partners	6,580,491	6,382,515
Other receivables ¹	1,743,509	-
VAT tax credits	1,491,298	1,275,192
	57,799,709	70,199,473

¹ Included in other receivables is US \$2,700,449 deferred consideration to be received from the sale of SASM Pty Ltd (see Note 4 for more information).

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 9: Trade and Other Receivables (continued)

Trade and other receivables

Following a detailed review of trade receivables a provision of US \$678,000 was recognised during the year ended 30 June 2017. Such amount is detailed as follows: A customer in receivership with an outstanding balance of US \$254,000. Slow paying customers, encountering difficult economic situations, for which US \$424,000 has been provided. It is expected all other balances will be received when due. The carrying value of receivables approximate fair value.

	Consolidated Group	
	2017 US \$	2016 US \$
Balance at the beginning of the year	-	-
Provision for impairment recognised during the year	678,000	-
Receivables written off during the year as uncollectible	(254,000)	-
Carrying amount at the year end	424,000	-

Credit Risk — Trade and Other Receivables

The Group has a total of US \$1,990,178 (2016: US \$1,455,511) of VAT recoveries due from the Argentine revenue authority.

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 15). All amounts are denominated in US\$ and US \$63,884,516 (2016: US \$61,447,448) is interest bearing. The receivables will be recovered from cashflows from the Olaroz project (see Note 21).

The carrying values of the receivables from joint venture and joint venture partners approximate fair values.

NOTE 10: Inventory

	Consolidated Group	
	2017 US \$	2016 US \$
Current		
Inventory	6,435,864	6,493,836
	6,435,864	6,493,836
Non Current		
Inventory	433,961	594,622
	433,961	594,622

Total inventories are carried at the lower of cost and net realisable value. Current inventories relate to borates and related products. Non current inventory relates to consumables and spare parts.

NOTE 11: Financial Instruments

Financial Assets

	Consolidated Group	
	2017 US \$	2016 US \$
Current — HSBC USD Standby Letters of Credit	9,791,838	-
Non-current — HSBC USD Standby Letters of Credit	-	36,676,279
Non-current — Shares in listed entity	9,404	9,404
	9,801,242	36,685,683

The USD Standby Letters of Credit (SBLC's) are short term deposits used as security for borrowings by the joint venture. Such deposits earn rates of between 0.49% p.a. and 1.02% p.a. and are generally held for a term of three or six months at a time. Such SBLC's have been provided due to a working capital requirement for Sales de Jujuy S.A. which has arisen principally due to delays in the production start up. The carrying value approximates fair value.

Financial Liabilities

Interest bearing loans and borrowings

	Consolidated Group	
	2017 US \$	2016 US \$
Current		
Loans & other financing	871,918	1,249,289
Bank overdrafts	5,307	777,666
	877,225	2,026,955
Non Current		
Loans & other financing	72,660	1,044,437
	72,660	1,044,437

Loans & other financing

The HSBC Argentina loan is Peso denominated, and has been drawn down under a three year bank facility. It accrues interest at the rate of 19% p.a.. At 30 June 2017, the loan is repayable within 13 months and is secured by a mortgage on land and buildings owned by Borax Argentina in Campo Quijano, Salta, Argentina (value of land and buildings US\$3,478,914).

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 11: Financial Instruments (continued)

Bank overdrafts

The bank overdraft with Patagonia Bank is Peso denominated, and has an indefinite term. The overdraft facility accrue interest at rate of 30% p.a..

The carrying amounts of the loans and borrowings approximate fair value. Fair value has been determined using a discounted cash flow valuation technique based on contractual and expected cash flows and current market interest rates (Level 2).

In November 2016 Borax Argentina S.A. converted its Peso denominated bank overdraft held with HSBC with accruing interest rates of 40% p.a. into a US \$0.5m pre-export sales financing facility. The pre-export facility has a 6 month term and accrues interest at a rate of 2.5% p.a..

NOTE 12: Property, Plant and Equipment

	Consolidated Group		
	Land & buildings US \$	Plant & equipment US \$	Total US \$
At cost	12,301,633	5,791,230	18,092,863
Accumulated depreciation	(1,686,405)	(1,429,610)	(3,116,015)
Total at 30 June 2016	10,615,228	4,361,620	14,976,848
At cost	4,854,684	9,095,807	13,950,491
Accumulated depreciation	(2,940,988)	(1,945,462)	(4,886,450)
Total at 30 June 2017	1,913,696	7,150,345	9,064,041

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

	Consolidated Group	
	2017 US \$	2016 US \$
Balance at the beginning of year	14,976,848	13,150,577
Additions — cash	3,430,723	3,544,026
Additions — non-cash	1,040,433	6,917,805
Disposals of a subsidiary (see Note 4)	(283)	-
Impairment	(5,920,583)	-
Depreciation expense	(1,747,046)	(1,705,246)
Foreign currency translation movement	(2,716,051)	(6,930,314)
Carrying amount at the end of year	9,064,041	14,976,848

Significant additions were made at Borax Argentina S.A..

NOTE 12: Property, Plant and Equipment (continued)

Impairment

(a) Impairment charge

The carrying value of Borax assets have been written down to their recoverable amount being the fair value less cost of disposal which have a higher recoverable amount than its Value in Use. The continued deterioration in trading conditions in the South American and offshore markets has resulted in lower market prices for borates and has led to Borax experiencing profitability challenges. Subsequently, an impairment write down of US \$5,920,583 was recognised in the carrying value of its property, plant, and equipment.

This impairment charge has been included within the impairment loss line item in the statement of comprehensive income. Carrying value of Borax segment (after eliminating intercompanies) at 30 June 2017 (and 30 June 2016) post impairment write down is as follows:

	Consolidated Group	
	2017 US \$	2016 US \$
Trade and other receivables	8,508,933	8,727,014
Inventories	6,869,825	7,088,458
Plant and Equipment	9,064,041	14,976,848
Net deferred tax asset	-	1,108,074
Accounts payable	(8,993,407)	(8,293,828)
Rehabilitation provision	(9,552,600)	(9,458,020)
Net carrying value	5,896,792	14,148,546

(b) Key assumptions used for fair value less cost of disposal

In applying the fair value less cost of disposal, the recoverability of the carrying value of Borax was assessed using market based valuation techniques (Level 3 in the fair value hierarchy) such as discontinued cash flow analysis based on management's best estimate of the risk adjusted future earnings performance over its remaining mine lives based on current reserves and its expansion opportunity at Tincalayu. The estimated recoverable amount from these calculations has been cross checked to external market data and views.

(c) Sensitivities

The material assumptions in the discounted cash flow model to which the Borax operation is most sensitive to are sales tonnes, selling price, cost assumptions and the discount rate used (10.5% post tax in the current period). Any adverse significant movement in these assumptions would result in further write downs to the value of Borax's property, plant, and equipment and/or inventories.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 13: Exploration, Evaluation and Development Asset

Exploration, evaluation and development expenditure carried forward in respect of areas of interest are:

	Consolidated Group	
	2017 US \$	2016 US \$
Exploration and evaluation phase — at cost	1,448,973	6,167,681
Movement in exploration and evaluation asset:		
Opening balance — at cost	6,167,681	8,571,652
Capitalised exploration expenditure	454,339	248,077
Addition — non-cash	77,600	-
Decrease on disposal of subsidiary (see Note 4)	(5,391,915)	-
Foreign currency translation movement	141,268	(2,652,048)
Carrying amount at the end of year	1,448,973	6,167,681

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.

NOTE 14: Information Relating to Subsidiaries

Name	Country of Incorporation & Principal Place of Business	% Equity Interest held by the Group	
		2017	2016
South American Salar Minerals Pty Ltd	Australia	-	85.00
South American Salar S.A. (wholly owned subsidiary of South American Salar Minerals Pty Ltd)	Argentina	-	85.00
Borax Argentina Holding No 1 Pty Ltd	Australia	100.00	100.00
Borax Argentina Holding No 2 Pty Ltd	Australia	100.00	100.00
Borax Argentina S.A.	Argentina	100.00	100.00
Orocobre Brasil Representacoes E Assessoria Comercial LTDA	Brazil	100.00	100.00
La Frontera S.A.	Argentina	85.00	-

Joint venture in which the Group is a venturer

The Group has a 72.68% interest in Sales de Jujuy Pte Ltd. The country of incorporation is Singapore and the principal place of business is Singapore. Sales de Jujuy Pte Ltd owns 91.5% of Sales de Jujuy S.A., the owner and operator of the Olaroz lithium project.

NOTE 15: Investment in Associate and Joint Venture

	Consolidated Group	
	2017 US \$	2016 US \$
Investment in Joint Venture	57,686,421	35,061,038
Investment in Associates ¹	21,475,994	-
	79,162,415	35,061,038

¹ On 28 March 2017, Orocobre Ltd received 46,325,000 shares worth CDN \$0.62 from Advantage Lithium as part of the disposal of South American Salar Minerals Pty Ltd (See Note 4 for additional information). The shareholding in AAL is shown at its fair value on the date of acquisition (its cost) and represents approximately 35% of outstanding shares as of the date of the transaction. Orocobre has appointed 2 directors to the Board of AAL and has entered into a separate arrangement to develop Cauchari with AAL. AAL's key assets relate to those purchased from Orocobre (see Note 4), has no significant liabilities and at 30 June 2017 the share price of AAL was CDN \$0.38. The principal place of business of AAL is in Vancouver, Canada.

Interest in Joint Venture

The tables below provide summarised financial information for the Joint Venture of the group. The information disclosed reflects the amount presented in the financial statements of the Joint Venture and not Orocobre Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 15: Investment in Associate and Joint Venture (continued)

Statement of financial position	Consolidated Group	
	2017 US \$	2016 US \$
Current assets		
Cash and cash equivalents	4,091,489	832,778
Trade and other receivables	11,070,873	2,063,165
VAT receivable	18,491,100	17,656,817
Inventory	22,365,133	18,143,776
Prepayments	3,838,081	3,513,818
Total current assets	59,856,676	42,210,354
Non-current assets		
Property, plant and equipment	333,682,434	331,472,895
Intangible assets	17,293,138	17,293,138
Trade and other receivables	676,057	422,465
VAT receivable	-	10,378,795
Inventory	19,723,284	9,376,416
Deferred tax assets	-	10,918,703
Prepayments	272,079	1,658,238
Total non-current assets	371,646,992	381,520,650
Current liabilities		
Trade and other payables	(10,296,711)	(12,167,042)
Loans & borrowings	(60,228,000)	(70,019,071)
Related party loans	(20,668,777)	-
Derivative	(1,885,730)	(1,664,040)
Provisions	(7,839,699)	(7,474,708)
Total current liabilities	(100,918,917)	(91,324,861)
Non-current liabilities		
Trade and other payables	(4,183,220)	(2,191,195)
Loans & borrowings	(132,602,900)	(155,630,900)
Related party loans	(53,117,732)	(73,786,509)
Deferred tax liabilities	(26,801,488)	(17,293,196)
Derivative	(8,255,636)	(14,049,918)
Provisions	(10,476,017)	(10,351,809)
Total non-current liabilities	(235,436,993)	(273,303,527)
Joint venture's non-controlling interest	(8,109,940)	(5,047,900)
Equity	87,037,818	54,054,716
Elimination of unrealised intercompany transactions	(7,667,398)	(5,814,432)
Carrying amount	79,370,420	48,240,284
Proportion of the Group's ownership	72.68%	72.68%
Carrying amount of the investment	57,686,421	35,061,038

VAT is charged on services and goods (including capital goods) at rates between 10.5% and 27%, with 21% being the standard charge. VAT is claimed back based on 21% of FOB export sales and can also be recouped against VAT on local sales, if any.

NOTE 15: Investment in Associate and Joint Venture (continued)

	Consolidated Group	
	2017 US \$	2016 US \$
Reconciliation to carrying amounts		
Opening net assets 1 July	48,240,284	106,622,881
Capital Investment	1,380,800	5,768,750
Profit / (loss) for the period	29,554,046	(15,135,537)
Other comprehensive income / (loss)	2,048,256	(43,778,323)
Elimination of unrealised intercompany transactions	(1,852,966)	(5,237,487)
Closing net assets	79,370,420	48,240,284
Group's share in %	72.68%	72.68%
Group's share in US \$	57,686,421	35,061,038
Carrying amount	57,686,421	35,061,038
Summarised revenue and profit information		
Revenue	120,064,797	15,370,515
EBITDAX*	71,173,208	7,795,166
Less Depreciation & Amortisation	(8,760,113)	(716,104)
EBITX**	62,413,095	7,079,062
Less Interest	(10,587,720)	(1,831,026)
EBTX***	51,825,375	5,248,036
Less Foreign currency gains / (losses)	(867,470)	(27,495,276)
Profit / (loss) before tax	50,957,905	(22,247,240)
Income tax benefit / (expense)	(18,655,344)	5,707,249
Profit / (loss) for the year from continuing operations	32,302,561	(16,539,991)
Income / (loss) attributable to joint venture's non-controlling interest	2,748,515	(1,404,454)
Profit / (loss) for the year from continuing operations	29,554,046	(15,135,537)
Group's share of profit / (loss) for the year	21,479,881	(11,000,508)
Share of the joint venture's other comprehensive income / (loss):		
Translation gain / (loss) on foreign operations ¹	-	(31,203,952)
Net gain / (loss) on revaluation of derivative	1,473,551	(715,942)
Share of total other comprehensive income / (loss) for the year from continuing operations	1,473,551	(31,919,894)
Share of total comprehensive income / (loss) for the year from continuing operations	22,953,432	(42,920,402)
Sales de Jujuy PTE LTD cannot distribute profits until it obtains the consent from the two venture partners.		
*, **, *** EBITDAX, EBITX, and EBTX are non-IFRS financial performance measures and are defined in Note 25.		
The costs capitalised into the Project's equipment and infrastructure assets includes borrowing costs incurred for the purpose of developing these as intended by the company up to 30 April 2016.		
¹ As the entity had an ARS functional currency up to 30 April, 2016, the significant devaluation of the ARS to USD in excess of the interest rates differential resulted in a non-cash foreign exchange loss in the income statement of US\$27.35m. In line with AASB 123 any foreign exchange gain or loss to be recognised in the profit or loss unless they are regarded as adjustments to interest costs, in which case they can be capitalised as borrowing costs in accordance with AASB 123.		
The Group's share of the Joint Venture's operational commitments which are funded through the operation's financing:		
Operating commitments (see Note 22)	38,541,044	39,080,035

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 16: Trade and other Payables

	Consolidated Group	
	2017 US \$	2016 US \$
Current		
<i>Unsecured liabilities:</i>		
Trade payables and accrued expenses	9,306,876	10,112,569
	9,306,876	10,112,569
The amounts are non-interest bearing and generally on 30 to 60 day terms. The carrying amounts approximate fair value.		
Non-Current		
<i>Unsecured liabilities:</i>		
Trade payables and accrued expenses	551,111	726,877
	551,111	726,877

NOTE 17: Provisions

	Consolidated Group	
	2017 US \$	2016 US \$
Non-Current:		
Provision for rehabilitation	9,552,600	9,458,020
Other provisions	178,232	200,053
	9,730,832	9,658,073

Rehabilitation provision

The Group has recognised a provision for rehabilitation obligations associated with Borax Argentina S.A.'s operations. The rehabilitation is expected to commence in 2043.

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

	Consolidated Group	
	2017 US \$	2016 US \$
Balance at the beginning of year	9,458,020	9,366,427
Arising during the year	1,040,433	4,739,627
Foreign currency translation	(945,853)	(4,648,034)
Carrying amount at the end of the year	9,552,600	9,458,020

NOTE 18: Employee Benefit Liability

	Consolidated Group	
	2017 US \$	2016 US \$
Current		
Annual leave	185,485	138,606
Borax Argentina S.A. defined benefit pension plan ¹	138,360	138,360
Former employee termination costs	88,567	309,017
	412,412	585,983
Non-Current		
Borax Argentina S.A. defined benefit pension plan ¹	1,162,059	1,204,049
Former employee termination costs	9,915	68,102
	1,171,974	1,272,151

¹ The Group had a defined benefit pension plan in Argentina. During the 2015 financial year, the Group decided to discontinue this plan. The remaining liability reflects the obligation with respect to former employees.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 19: Issued Capital

	Consolidated Group	
	2017 US \$	2016 US \$
Fully paid ordinary shares	243,183,905	242,248,318
Ordinary shares	No.	No.
Balance at the beginning of the reporting year	209,479,867	151,653,677
Shares issued during the year:		
Previous financial year	-	57,826,190
18 October 2016 — Performance Rights exercised at \$0.00 (US\$0.00)	290,633	-
31 October 2016 — Options exercised at \$1.50 (US\$1.14)	400,000	-
17 November 2016 — Options exercised at \$1.50 (US\$1.12)	150,000	-
16 February 2017 — Options exercised at \$1.50 (US\$1.16)	100,000	-
22 February 2017 — Options exercised at \$2.53 (US\$1.95)	100,000	-
Balance at the end of the reporting year	210,520,500	209,479,867
Options	No.	No.
Unlisted Share Options and Performance Rights	1,846,273	2,682,619
Balance at the beginning of the reporting year	2,682,619	3,101,765
Options and rights issued during the year (see Note 23)	494,921	802,967
Options and rights exercised during the year (see Note 23)	(1,040,631)	(350,000)
Options and rights lapsed during the year (see Note 23)	(290,636)	(872,113)
Balance at the end of the reporting year	1,846,273	2,682,619

Share option and performance right schemes

The Group has two share schemes under which options and performance rights to subscribe for the Group's shares have been granted to certain executives and senior employees (Note 23).

NOTE 20: Reserves

	Consolidated Group	
	2017 US \$	2016 US \$
Foreign currency translation reserve		
Controlled subsidiaries	(1,932,633)	(6,646,931)
Foreign joint venture (Group's share)	(55,390,378)	(55,390,378)
USD translation of Parent entity ¹	(47,598,209)	(47,598,209)
	(104,921,220)	(109,635,518)
The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries with a functional currency other than US dollars, and the Group's share of equity accounted foreign currency translation reserves of the joint venture.		
¹ Equity of the Parent entity is translated at historical rates of exchange prevailing on the date of each transaction.		
Options reserve	2,976,131	3,225,368
The options reserve records items recognised as expenses on valuation of employee share options.		
Cash flow hedge reserve	(3,748,924)	(5,222,475)
The cash flow hedge reserve records the revaluation of derivative financial instruments in the joint venture that qualify for hedge accounting. This represents the Group's share of equity accounted cash flow hedge reserves.		
Other reserves	(165,738)	(180,858)
The wealth tax reserve represents the allowable reduction to net wealth taxes due to the joint venture. This represents the Group's share of equity accounted wealth tax reserves.		
Total reserves	(105,859,751)	(111,813,483)

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 21: Related Party Disclosures

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 2017 and 2016, refer to Note 9:

	Consolidated Group	
	2017 US \$	2016 US \$
Joint venture in which the Parent is a venturer: Sales de Jujuy PTE LTD		
Exploration costs reimbursed — joint venture	-	1,059,742
Amounts owed by Joint Venture	-	2,556,142
Amounts owed by Joint Venture		
Recoverable from the joint venture entity ¹	63,884,516	61,447,448
Recoverable from the joint venture partner ²	6,580,491	6,382,515

¹ The loan to the joint venture entity consists of 4 loan components:

Loan component 1 (Principal US \$18,112,734) 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 fair value of the loan receivable at 30 June 2017 is US \$18,052,581 (2016: US \$18,052,581).

Loan component 2 (Principal US \$34,250,000) (2016: US \$34,250,000) is interest bearing at LIBOR + 5% per annum and will be repaid in twelve consecutive monthly and equal instalments beginning March 20, 2018.

Loan component 3 (Principal US \$726,800) is interest bearing at LIBOR + .75% per annum and will be repaid in full before July 24, 2028.

Loan component 4 (Principal US \$6,750,000) (2016: US \$6,750,000) is interest bearing at LIBOR + 5% per annum and will be repaid in twelve consecutive monthly and equal instalments beginning March 20, 2019.

Note — each loan component can be repaid earlier than the stated timeframe.

² 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.

The carrying amounts of the loans and borrowings approximate fair value. Fair value has been determined using a discounted cash flow valuation technique based on contractual and expected cash flows and current market interest rates (Level 2).

	Consolidated Group	
	2017 US \$	2016 US \$
Compensation of Key Management Personnel of the Group		
Short-term employee benefits	1,542,640	1,039,270
Post-employment benefits	95,655	72,398
Other long-term benefits	95,256	43,581
Share-based payments	448,249	490,643
Total compensation	2,181,800	1,645,892

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

NOTE 21: Related Party Disclosures (continued)

Interests held by Key Management Personnel under the Share Option and Performance Right Plans

Share options and performance rights held by key management personnel under the Share Option and Performance Right Plans to purchase ordinary shares have the following expiry dates and exercise prices:

Grant Date		Expiry Date	Exercise Price AU \$	2017	2016
				Number outstanding	Number outstanding
30/11/2011	Options	30/11/2016	1.50	-	550,000
30/04/2014	P. Rights	30/09/2016	-	-	197,080
21/11/2014	P. Rights	30/09/2016	-	-	160,658
21/01/2015	P. Rights	30/09/2017	-	289,892	289,892
06/11/2015	P. Rights	30/09/2018	-	547,501	547,501
23/11/2016	P. Rights	30/09/2019	-	118,721	-
31/03/2017	P. Rights	30/09/2019	-	161,995	-
				1,118,109	1,745,131

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

Terms and conditions of grants made during the period are disclosed in Note 23.

Other related parties of the group:

The Group's contractual commitments to the joint venture regarding project development is set out in Note 22.

NOTE 22: Commitments

	Consolidated Group	
	2017	2016
	US \$	US \$
Not later than 1 year		
Exploration commitments ¹	109,216	131,190
Operating leases ²	194,775	111,218
contracts ³	8,016,703	5,939,614
	8,320,694	6,182,022
Later than 1 year but not later than 5 years		
Exploration commitments ¹	-	-
Operating leases ²	342,834	173,656
Contracts ³	27,016,720	23,384,429
	27,359,554	23,558,085
Later than 5 years		
Contracts ³	4,250,990	10,889,395
	4,250,990	10,889,395

¹ The Group 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 operating leases commitment includes a non-cancellable lease on the office premises, with a 1 year 6 month term remaining at 30 June 2017. Rent is payable monthly in advance.

³ The Group and its Joint Venture have contractual commitments regarding purchasing agreements for consumables and energy at its operations.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 23: Share Based Payments

	Consolidated Group	
	2017 US \$	2016 US \$
Expense arising from equity-settled share based payment transactions	704,014	812,401

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.

Options and Performance Rights

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 850,000 share options on issue at the start of the year:

- 550,000 with an exercise price AU \$1.50 expiring 30 November 2016,
- 100,000 with an exercise price AU \$2.53 expiring 1 October 2017, and
- 200,000 with an exercise price AU \$1.50 expiring 31 May 2018.

During the year, 650,000 of these options were exercised at AU \$1.50, and 100,000 were exercised at \$2.53.

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.

The parent entity had 1,804,824 share options and performance rights on issue at the start of the year:

- 420,609 performance rights with an exercise price AU \$0.00 expiring 30 September 2016,
- 160,658 performance rights with an exercise price AU \$0.00 expiring 30 September 2016,
- 456,590 performance rights with an exercise price AU \$0.00 expiring 30 September 2017, and
- 802,967 performance rights with an exercise price AU \$0.00 expiring 30 September 2018.

During the year, 290,631 of these performance rights were exercised at AU\$0.00, and 290,636 performance rights lapsed.

i) Performance Rights & Option Plan (PROP) — 21 January 2015, 6 November 2015, 29 January 2016, 23 November 2016, and 31 March 2017

PROP performance rights vest over a period of 3 years and are subject to the following Total Shareholder Return (TSR) Outperformance Conditions, and continuous service until the vesting date.

NOTE 23: Share Based Payments (continued)

TSR Performance Condition (Absolute, 50%)	Proportion of Options which vest
If TSR falls below 7.5% return per annum	None of the Options vest
If TSR lies between 7.5% and 10% return per annum	50% of the Options vest
If TSR lies between 10% and 12.5% return per annum	75% of the Options vest
If TSR lies at or above the 12.5% return per annum	100% the Options vest
TSR Performance Condition (Relative, 50%) ¹	Proportion of Options which vest
Greater than 75th percentile	100% of the Options vest
Equal to or greater than 50th percentile	50% of the Options vest
Less than 50th percentile	None of the Options vest

¹ TSR performance condition over the measurement period relative to the constituent companies of the ASX 300 Resources Index subject to the following thresholds.

During the year, 494,921 performance right's (P.R.'s) were granted pursuant to the company's Performance Rights and Option Plan for nil consideration. Performance rights are exercisable at AU \$0.00 each with 486,716 vesting on 31 August 2019, and 8,205 vesting on 31 August 2018.

All options and performance rights granted are over ordinary shares, which confer a right of one ordinary share per option or performance right. The options and performance rights hold no voting or dividend rights. At the end of the financial year there are 1,118,109 options and performance rights on issue to key management personnel (2016: 1,745,131).

	2017		2016	
	Number of Options & P.R.'s	Weighted Average Exercise Price	Number of Options & P.R.'s	Weighted Average Exercise Price
	No	AU \$	No	AU \$
Movements in the year are:				
Outstanding at the beginning of the year	2,682,619	0.512	3,101,765	1.089
Granted	494,921	-	802,967	-
Forfeited	(290,636)	-	(872,113)	1.707
Exercised	(1,040,631)	1.180	(350,000)	1.500
Outstanding at year-end	1,846,273	0.081	2,682,619	0.512
Exercisable at year-end	100,000	1.500	825,000	1.594

At the date of issue, the weighted average share price of options and performance rights granted in the current year was AU \$3.143. The options and performance rights outstanding at 30 June 2017 had a weighted average exercise price of AU \$0.081 and a weighted average remaining contractual life of 1.25 years.

The weighted average fair value of options and performance rights granted during the year was AU \$1.63 (2016: AU \$1.32).

The fair value of options and performance rights granted is deemed to represent the value of the employee services received over the vesting period. The fair value of equity settled options and performance rights are estimated at the date of grant using either a Binomial Option Valuation model or Monte Carlo Simulation with the following inputs:

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 23: Share Based Payments (continued)

Year of Issue	2014 — PROP	2014 — PROP	2014 — PROP	2014 — PROP	2015 — PROP	2015 — PROP
Grant date	21/01/2015	21/01/2015	21/11/2014	21/11/2014	6/11/2015	6/11/2015
Number Issued	153,272	153,279	75,019	75,020	316,348	316,350
Fair value at grant date (AU \$)	\$1.98	\$1.59	\$1.95	\$1.58	\$1.08	\$1.37
Share price (AU \$)	\$2.74	\$2.74	\$2.67	\$2.67	\$1.79	\$1.79
Exercise price (AU \$)	-	-	-	-	-	-
Expected volatility	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Option life	3 years	3 years	3 years	3 years	3 years	3 years
Expected dividends	nil	nil	nil	nil	nil	nil
Risk-free interest rate	2.09%	2.09%	2.53%	2.53%	1.97%	1.97%
Year of Issue	2015 — PROP	2015 — PROP	2016 — PROP	2016 — PROP	2016 — PROP	2016 — PROP
Grant date	29/01/2016	29/01/2016	23/11/2016	23/11/2016	31/03/2017	31/03/2017
Number Issued	85,132	85,137	59,361	59,360	184,548	184,548
Fair value at grant date (AU \$)	\$1.48	\$1.89	\$3.15	\$2.64	\$1.42	\$1.03
Share price (AU \$)	\$2.50	\$2.50	\$4.27	\$4.27	\$2.78	\$2.78
Exercise price (AU \$)	-	-	-	-	-	-
Expected volatility	50.00%	50.00%	47.00%	47.00%	47.00%	47.00%
Option life	3 years	3 years	3 years	3 years	3 years	3 years
Expected dividends	nil	nil	nil	nil	nil	nil
Risk-free interest rate	1.88%	1.88%	1.85%	1.85%	1.82%	1.82%

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

NOTE 24: Financial Risk Management

(a) Financial Risk Management

The Group's financial instruments comprise deposits with banks, financial assets, amounts receivable and payable, and interest bearing liabilities.

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

Risk Management Policies

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 Group 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.

NOTE 23: Share Based Payments (continued)

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 \$9,404. An increase or decrease of 10% on the ASX market index could have an impact of approximately \$940 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 reasonably 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 and equity are affected through the impact of floating and/or fluctuating interest rates on cash and receivables as follows:

	Consolidated Group	
	2017 US \$	2016 US \$
Cash & cash equivalents	51,631,577	35,835,332
Receivables	63,884,516	61,447,448
Standby Letters of Credit	9,791,838	36,676,279
	125,307,931	133,959,059
Effect on profit and equity as a result of a 1% +/- reasonably possible change in interest	877,156	937,713

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 (through cash and cash equivalents and available borrowing facilities) to meet liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by funding activities from equity sources and revenue, and continuously monitors actual and forecast cash flows and matches the maturity profiles of financial assets and liabilities.

Undiscounted contractual maturities of financial liabilities:

Year ended 30 June 2017	Within 12 months	1 to 5 Years	Over 5 years	Total
payables	9,306,876	551,111	-	9,857,987
loans and borrowings	1,156,926	193,580	-	1,350,506
	10,463,802	744,691	-	11,208,493
Year ended 30 June 2016	Within 12 months	1 to 5 Years	Over 5 years	Total
payables	10,112,569	726,877	-	10,839,446
loans and borrowings	2,404,266	1,487,410	-	3,891,676
	12,516,835	2,214,287	-	14,731,122

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 24: Financial Risk Management (continued)

Foreign Currency Risk

The group is exposed to fluctuations in the Australian Dollar arising from the purchase of goods and services, and loans and receivables in the parent entity and its subsidiaries functional currency (US dollar). 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 Australian dollar exchange rates relative to the US dollar, 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.

	Consolidated Group	
	2017 US \$	2016 US \$
Australian Dollar cash & cash equivalents	497,844	-
Australian Dollar receivables	135,752	-
	633,596	-
United States Dollar cash & cash equivalents	-	35,325,031
United States Dollar receivables	-	73,146,141
United States Dollar financial assets	-	36,676,279
	-	145,147,451
Effect on profit as a result of a:		
10% +/- Reasonably possible change in United States Dollar	-	10,160,322
10% +/- Reasonably possible change in Australian Dollar	44,352	-
Effect on equity as a result of a:		
10% +/- Reasonably possible change in United States Dollar	-	10,160,322
10% +/- Reasonably possible change in Australian Dollar	44,352	-

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 key management. It arises from exposures to certain financial instruments and deposits with financial institutions. Key management monitor 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 and short term deposits (Note 8), VAT tax credits, receivables from joint venture (Note 9), and SBLC's (Note 11).

NOTE 24: Financial Risk Management (continued)

Commodity Price Risk

The Group's prospects and share price will be influenced by the price obtained from time to time for the commodities that it produces and those that it targets in its exploration programs, namely lithium chemicals, boron chemical and mineral products and, to a lesser extent, other minerals.

The prices of lithium chemicals have fluctuated widely in recent years and are affected by factors beyond the control of the Group including, but not limited to, the relationship between global supply and demand for lithium chemicals which may be affected by, but not limited to, 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 lithium and other commodities can also be affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand issues. 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 effect on the Group's production, development and exploration activities, as well as its ability to fund its future activities. All sales contracts are agreed in USD or USD equivalent prices and forward contracts are agreed for periods of 3-12 months.

The Group is also 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 which is influenced heavily by the rate of GDP growth. 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 company's own assets so input cost risk is managed through control of costs such as diesel fuel, labour and gas via forward contracts. All sales contracts are typically 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 chemicals at 30 June 2017.

	Consolidated Group	
	2017	2016
	US \$	US \$
Effect on profit as a result of a 10% +/- Reasonably possible change in Boron chemicals	332,804	274,421

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 2017 and 2016. The change in the gearing ratio in the current year reflects the increase in cash as a result of the release of SBLC's during the year.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 24: Financial Risk Management (continued)

	Consolidated Group	
	2017 US \$	2016 US \$
Trade and other payables (Note 16)	9,857,987	10,839,446
Loans and borrowings (Note 11)	949,885	3,071,392
Less: cash and short-term deposits (Note 8)	(51,631,577)	(35,835,332)
Net cash	(40,823,705)	(21,924,494)
Equity	218,019,941	190,738,799
Capital and net cash	177,196,236	168,814,305
Gearing ratio	(23%)	(13%)

(b) Fair Values

No financial assets or liabilities are readily traded on organised markets in a standardised form, other than shares in listed entities.

The aggregate 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 shares in listed entities 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, and joint ventures.

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	
		2017 US \$	2016 US \$
Financial assets			
Cash and cash equivalents	8	51,631,577	35,835,332
Financial assets at amortised cost (loans and receivables):			
• current trade and other receivables	9	24,333,812	7,715,483
• non-current trade and other receivables	9	57,799,709	70,199,473
• current standby letters of credit	11	9,791,838	-
• non-current standby letters of credit	11	-	36,676,279
Shares in listed entities at fair value (available for sale financial asset):			
• listed investments	11	9,404	9,404
Total financial assets		143,566,340	150,435,971

NOTE 24: Financial Risk Management (continued)

	Note	Consolidated Group	
		2017 US \$	2016 US \$
Financial liabilities at amortised cost:			
• current trade and other payables	16	9,306,876	10,112,569
• non-current trade and other payables	16	551,111	726,877
• current loans and borrowings	11	877,225	2,026,955
• non-current loans and borrowings	11	72,660	1,044,437
Total financial liabilities		10,807,872	13,910,838

NOTE 25: 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 and potash deposits. The Group also includes the operations of Borax.

The Group has three reportable segments, being Corporate, the Olaroz project and Borax. During the financial year, the segment South American Salars was disposed of (see Note 4 for further information).

In determining operating segments, the Group 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 Group. The CEO assesses and reviews the business using the operating segments below. Segment performance is evaluated based on the performance criteria parameters agreed for each segment. These include, but are not limited to: financial performance, exploration activity, mine yield, production volumes and cost controls.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment Information

The following tables present revenue and profit information about the Group's operating segments for the year ended 30 June 2017 and 2016 respectively.

	Corporate	Olaroz project	Borax	Eliminations	Total Entity
Year ended 30 June 2017	US \$	US \$	US \$	US \$	US \$
Revenue and other income	-	79,843,090	17,439,410	(79,843,090)	17,439,410
EBITDAIX*	(6,674,797)	48,197,178	(1,651,097)	(48,177,602)	(8,306,318)
Less Depreciation & Amortisation	(30,407)	(5,825,475)	(1,712,842)	5,825,475	(1,743,249)
EBITIX**	(6,705,204)	42,371,703	(3,363,939)	(42,352,127)	(10,049,567)
Less Interest	4,373,546	(7,040,833)	(1,180,329)	5,636,444	1,788,828
EBTIX***	(2,331,658)	35,330,870	(4,544,268)	(36,715,683)	(8,260,739)
Less Impairment	-	-	(8,104,583)	-	(8,104,583)
Add Foreign currency gains / (losses)	232,434	-	472,301	(79,702)	625,033
Add share of profit of joint venture	-	21,479,881	-	-	21,479,881
Segment profit / (loss) before tax	(2,099,224)	21,479,881	(12,176,550)	(1,464,515)	5,739,592

Inter-segment interest of \$5,636,444 is eliminated on consolidation.

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 25: Segment Reporting (continued)

	Corporate	Olaroz project	Borax	Eliminations	Total Entity
Year ended 30 June 2016	US \$	US \$	US \$	US \$	US \$
Revenue and other income	-	10,221,392	18,903,919	(10,600,862)	18,524,449
EBITDAIX*	(6,683,370)	5,329,745	(773,799)	(5,623,156)	(7,750,580)
Less Depreciation & Amortisation	(11,826)	(476,209)	(1,673,927)	476,209	(1,685,753)
EBITIX**	(6,695,196)	4,853,536	(2,447,726)	(5,146,947)	(9,436,333)
Less Interest	3,412,850	(1,217,632)	(1,318,453)	(402,264)	474,501
EBTIX***	(3,282,346)	3,635,904	(3,766,179)	(5,549,211)	(8,961,832)
Less Impairment	-	-	-	-	-
Less Foreign currency gains / (losses)	(58,720)	-	(2,456,768)	(12,622)	(2,528,110)
Less share of loss of joint venture	-	(11,000,508)	-	-	(11,000,508)
Segment profit / (loss) before tax	(3,341,066)	(11,000,508)	(6,222,947)	(1,925,929)	(22,490,450)

Inter-segment interest of \$1,925,929 is eliminated on consolidation.

*EBITDAIX — Segment earnings before Interest, taxes, depreciation, amortisation, impairment, and foreign currency gains / (losses)

**EBITIX — Segment earnings before Interest, taxes, impairment, and foreign currency gains / (losses)

***EBTIX — Segment earnings before taxes, impairment, and foreign currency gains / (losses)

The following tables present segment assets and liabilities of the Group's operating segments as at 30 June 2017 and 2016:

	Corporate	Olaroz project	Borax	Eliminations	Total Entity
Year ended 30 June 2017	US \$	US \$	US \$	US \$	US \$
Assets					
Segment assets	188,269,182	57,686,421	31,165,497	(36,978,069)	240,143,031
Liabilities					
Segment liabilities	1,250,309	432,607	57,405,955	(36,965,781)	22,123,090
Other disclosures					
Investment in a JV (Note 15)	-	57,686,421	-	-	57,686,421
Investment in an associate (Note 15)	21,475,994	-	-	-	21,475,994
Capital Expenditure (Note 12 & Note 13)	-	(454,339)	(3,430,723)	-	(3,885,062)

	Corporate	Olaroz project	South American Salars	Borax	Eliminations	Total Entity
Year ended 30 June 2016	US \$	US \$	US \$	US \$	US \$	US \$
Assets						
Segment assets	177,741,574	35,061,038	4,749,316	43,130,465	(44,854,857)	215,827,536
Liabilities						
Segment liabilities	808,388	433,005	11,670,222	54,638,991	(41,150,059)	26,400,547
Other disclosures						
Investment in a JV (Note 15)	-	35,061,038	-	-	-	35,061,038
Capital Expenditure (Note 12 & Note 13)	-	-	(248,077)	(3,544,026)	-	(3,792,103)

NOTE 25: Segment Reporting (continued)

Segment accounting policies

Segment accounting policies are consistent with those adopted in the annual financial statements of the Group.

	Consolidated Group	
	2017	2016
	US \$	US \$
Reconciliation of profit		
Segment profit before tax	5,739,592	(22,490,450)
Group profit before tax	5,739,592	(22,490,450)
Reconciliation of assets		
Segment operating assets	312,121,318	306,585,778
Inter-segment loans (eliminations)	(60,020,622)	(66,664,129)
Inter-segment investments (eliminations)	(11,957,665)	(24,094,113)
Group operating assets	240,143,031	215,827,536
Reconciliation of liabilities		
Segment operating liabilities	82,143,712	93,064,676
Inter-segment loans (eliminations)	(60,020,622)	(66,664,129)
Group operating liabilities	22,123,090	26,400,547
Geographic Information		
Revenues from external customers		
Australia	-	-
Argentina	17,439,410	18,524,449
Total revenue	17,439,410	18,524,449
The revenue information above is based on the locations of the origin of the sale.		
Segment Assets		
Australia	188,269,182	177,741,574
Argentina	51,873,849	38,085,962
Total assets	240,143,031	215,827,536
Segment Liabilities		
Australia	1,250,309	808,388
Argentina	20,872,781	25,592,159
Total liabilities	22,123,090	26,400,547

Notes to the Financial Statements

for the period ended 30 June 2017

NOTE 26: Parent Entity Information

The following information relates to the parent entity, Orocobre Limited at 30 June 2017. 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.

	Consolidated Group	
	2017 US \$	2016 US \$
Current assets	87,130,026	45,125,733
Non-current assets	213,854,214	244,327,443
Total assets	300,984,240	289,453,176
Current liabilities	1,250,309	808,388
Non-current liabilities	432,607	433,005
Total liabilities	1,682,916	1,241,393
Contributed equity	243,183,905	242,248,318
Reserves	(44,622,078)	(44,372,841)
Accumulated profits/(losses)	100,739,497	90,336,306
Total equity	299,301,324	288,211,783
Profit/(loss) for the year	10,403,191	(2,824,744)
Total comprehensive profit/(loss) for the year	10,403,191	(2,824,744)

Orocobre Limited had no contingent liabilities at year end. As set out in Note 22 the Company has an operating lease commitment for US \$177,511 (2016: US \$284,874).

NOTE 27: 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 2017 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 2017 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 2017.

Robert Hubbard
Chairman

Richard P. Seville
Managing Director

Dated this: 31st day of August 2017

Independent auditor's report to the members of Orocobre Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orocobre Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Impairment assessment of property, plant and equipment

Why significant

The 30 June 2017 consolidated statement of financial position includes property, plant and equipment of \$9 million. In accordance with Australian Accounting Standard - AASB136 *Impairment of assets* the Group performed impairment testing of this balance as impairment indicators were identified. An impairment of \$5.9 million was recorded as a result of this testing relating to the Borax operations.

The determination of the recoverable amount of the assets is judgemental and is based on future cash flows to be derived from the Group's operations. These cash flows are estimated based on key assumptions including those relating to forecast sales volumes and prices, costs of production, capital expenditure, and discount rates.

Details of the Group's property, plant and equipment and related impairment testing are included in Note 12 to the financial report.

How our audit addressed the key audit matter

We evaluated the impairment assessment performed by the Group.

We involved our valuation specialists in our assessment of the recoverable amount and checked this was below the carrying value and whether the impairment expense recorded by the Group was calculated correctly. We evaluated key assumptions including forecast sales revenue, operating and capital expenditure, discount rates, and checked the valuation model mechanics. Our work also included consideration of other market based data which supported the recoverable amount determined.

We evaluated the adequacy of the Group's disclosures.

Accounting for interests in joint ventures

Why significant

The Group equity accounts its investment in the Olaroz project. There is inherent risk around this equity accounting as the accounting policies in the joint venture must be assessed for consistency with the Group's accounting policies, intercompany balances must be eliminated and foreign currency movements must be appropriately accounted for given the underlying operations are based in Argentina.

Details of the Group's investment in this joint venture are outlined in Note 15 to the financial report.

The investment in the Olaroz project is audited by a component team.

How our audit addressed the key audit matter

We, as the Group audit team, sent instructions to the component team as to the significant audit areas to be covered, including the relevant risks and the information to be reported to the Group audit team. The Group audit team approved the component materiality, having regard to the mix of size and risk profile of the Group.

The component team provided written confirmation to the Group audit team confirming the work performed and the results of that work as well as key documents supporting significant findings and observations.

Our audit procedures included assessing the accounting policies of the joint venture for consistency with the Group's policies, and assessing the accounting for intercompany transactions.

We checked the gain and equity movements of the joint venture recorded by the Group and the calculation of foreign currency movements.

We evaluated the adequacy of the Group's disclosures included in the financial report.

Disposal of subsidiary

Why significant

The Group recorded a gain of \$14.8 million on the divestment of the consolidated group of South American Salars Minerals Pty Ltd during the period. South American Salars Minerals Pty Ltd has

How our audit addressed the key audit matter

We assessed the treatment and disclosure for this divestment by evaluating underlying share sales agreements, bank statements and the consideration received.

been disclosed as a discontinued operation in the financial report.

This is a key audit matter because of the significance of the gain to the profit in the year.

The disclosures on the results from discontinued operations are included in the summary of significant accounting policies and in Note 4.

We assessed the adequacy of the financial report disclosures in respect of the discontinued operations.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 56 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Orocobre Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities



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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'K McKenzie'.

Kellie McKenzie
Partner
Brisbane
31 August 2017

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Schedule of Tenements

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Project Area: Olaroz			
1842-S-12	2988.17	66.5%	Argentina
1274-P-2009	5972		Argentina
131-I-1986	100		Argentina
039-M-1998	98.4		Argentina
112-S-04	100		Argentina
117-A-44	100		Argentina
114-S-44	100		Argentina
40-M-1998	100		Argentina
029-M-1996	100		Argentina
126-T-44	100		Argentina
393-M-44	98.4		Argentina
112-D-44	299.94		Argentina
125-S-44	100		Argentina
319-T-2005	1473.97		Argentina
056-L-1991	300		Argentina
519-L-2006	2000		Argentina
520-L-2006	1896.52		Argentina
521-L-2006	2048		Argentina
522-L-2006	2000		Argentina
147-L-2003	1927.92		Argentina
724-L-2007	3336.19		Argentina
725-L-2007	2940.11		Argentina
726-L-2007	2889.98		Argentina
727-L-2007	3117.26		Argentina
728-L-2007	3182.35		Argentina
503-L-2006	6130		Argentina
943-R-2008	563.98		Argentina
1136-R-2009	1199.34		Argentina
1137-R-2009	1205		Argentina
944-R-2008	432.3		Argentina
1134-R-2009	895.70		Argentina
1135-R-2009	1.104,47		Argentina
963-R-2004	1194.84		Argentina
964-R-2008	799.84		Argentina
945-R-2008	428.08		Argentina

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Project Area: Cauchari			
58-B-2002	1.900	<p>Advantage Lithium Corp is the holder of all Cauchari tenements. Orocobre subsidiary La Frontera SA holds a 50% beneficial Joint Venture interest in the Cauchari tenements and a 1% gross revenue royalty</p>	Argentina
401-A-2005	94		Argentina
72-S-2002	1822		Argentina
2055-R-2014	495.4		Argentina
2054-R-2014	444.26		Argentina
2059-R-2014	885.10		Argentina
2058-R-2014	1770.01		Argentina
2053-R-2014	1997.09		Argentina
1155-P-2009	1500		Argentina
968 R 2008	703.34		Argentina
1081 P 2008	1995		Argentina
1.119-P-2009	2493.07		Argentina
1082 P 2008	1468		Argentina
1101 P 2008	2483.9		Argentina
966 R 2008	117.37		Argentina
965 R 2008	1345		Argentina
951-R-2008	795		Argentina
1083 P 2008	1445.68		Argentina
1.118-P-2009	2395.70		Argentina
1130-P-2009	1239.96		Argentina
952-R-2008	487.58		Argentina
1084 P 2008	1526.78		Argentina
1156-P-2009	66.17		Argentina
1086 P 2008	1716.63		Argentina
1085 P 2008	1197.90		Argentina

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Project Area: Salinas Grandes			
184-Z-1996	300	LSC Lithium Inc owns the Salina Grandes Project properties. La Frontera Minerals S.A. has a 2% Mine Mouth Royalty	Argentina
817-I-2007	1142.55		Argentina
604-T-2006	1162,89		Argentina
788-M-2007	1162		Argentina
183-Z-2004	494		Argentina
184-D-1990	100		Argentina
19391	2411.97		Argentina
18199	500		Argentina
67	100		Argentina
18834	495.82		Argentina
17734	200		Argentina
60	100		Argentina
1110	100		Argentina
1104	100		Argentina
13699	100		Argentina
18808	100		Argentina
266	100		Argentina
18183	2778		Argentina
129790	100		Argentina
19891	100		Argentina
62	100		Argentina
17681	400		Argentina
44	100		Argentina
8170	300		Argentina
1107	100		Argentina
18481	97.04		Argentina
1112	100		Argentina
13487	100		Argentina
14329	100		Argentina
57	100		Argentina
68	100		Argentina
17538	95.43		Argentina
14589	100		Argentina
18924	300		Argentina
18925	99.94		Argentina
19206	869		Argentina

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Project Area: Salinas Grandes (continued)			
11577	100	LSC Lithium Inc owns the Salina Grandes Project properties. La Frontera Minerals S.A. has a 2% Mine Mouth Royalty	Argentina
11578	100		Argentina
11579	100		Argentina
11580	100		Argentina
1111	100		Argentina
18833	270		Argentina
17321	186		Argentina
53	100		Argentina
19742	2490.07		Argentina
19744	2499.97		Argentina
19766	1000		Argentina
48	100		Argentina
203	100		Argentina
204	100		Argentina
54	100		Argentina
63	100		Argentina
50	100		Argentina
1105	100		Argentina
65	100		Argentina
70	100		Argentina
206	100		Argentina
86	300		Argentina
17744	500		Argentina
18533	97.03		Argentina
17580	100		Argentina
Project Area: Diablillos			
1190	99.65	85% (South American Salars SA)	Argentina
18009	99		Argentina
18010	200		Argentina
1187	99.7		Argentina
1189	100		Argentina
1177	100		Argentina

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Project Area: Tincalayu			
1271	300	100% (Borax Argentina SA)	Argentina
1215	300		Argentina
1495	200		Argentina
7772	471		Argentina
5596	300		Argentina
5435	300		Argentina
8529	900		Argentina
13572	647		Argentina
13848 (Diana)	100		Argentina
17335 (Valerio)	274,32		Argentina
Project Area: Sijes			
8587	799	100% (Borax Argentina SA)	Argentina
11800	488		Argentina
11801	400		Argentina
11802	3399		Argentina
14801	8		Argentina
14121	10		Argentina
5786	200		Argentina
Project Area: Cauchari			
394	300	100% (Borax Argentina SA — Exar SA has the usufruct over the brines)	Argentina
336	100		Argentina
347	100		Argentina
354	160		Argentina
340	100		Argentina
444	100		Argentina
353	300		Argentina
350	100		Argentina
89	100		Argentina
345	100		Argentina
344	100		Argentina
343	100		Argentina
352	100		Argentina
351	100		Argentina
365	100		Argentina
122	100		Argentina

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Project Area: Cauchari (continued)			
221	100	100% (Borax Argentina SA — Exar SA has the usufruct over the brines)	Argentina
190	100		Argentina
116	100		Argentina
117	300		Argentina
389	100		Argentina
306	24		Argentina
402	119		Argentina
195	100		Argentina
220	100		Argentina
259	100		Argentina
43	100		Argentina
341	100		Argentina
42	100		Argentina
438	100		Argentina
160	100		Argentina
378	100		Argentina
339-C	100		Argentina
377-C	100		Argentina
191-R	100		Argentina

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Project Area: Diablillos Diablillos Group – File No. 11.691			
1175	100	100% Borax Argentina SA (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1176	100		Argentina
1164	100		Argentina
1172	100		Argentina
1165	100		Argentina
1166	100		Argentina
1179	100		Argentina
1180	200		Argentina
1182	100		Argentina
1195	100		Argentina
1206	100		Argentina
1168	100		Argentina
1163	100		Argentina
1167	100		Argentina
1170	100		Argentina
1174	100		Argentina
1171	100		Argentina
7021	100		Argentina
1181	100		Argentina
12653	200		Argentina
1173	100		Argentina
1169	100		Argentina
1178	100		Argentina
12652	200		Argentina

Technical Information, Competent Persons' and Qualified Persons' Statements

The resource model and brine resource estimate on the Salar de Olaroz was undertaken by John Houston, an independent consultant employed by John Houston Consulting 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.

The Feasibility Study on the Olaroz project was prepared by John Houston and Michael Gunn an independent consultant employed by Gunn Metals, 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 13, 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 Gunn is a Member of the Australian Institute of Mining and Metallurgy and is consulting mineral processing engineer with approximately forty years' experience.

The information relating to the Olaroz project is extracted from the report entitled "NI 43-101 Technical Report – Salar de Olaroz Lithium-Potash Project, Argentina", dated 13 May 2011 and can be viewed at www.orocobre.com. Apart from the defined exploration target detailed in this announcement, the Company is not aware of any information or data that materially affects the information included in the original market announcement. All material assumptions and technical

parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

This information in regard to the Olaroz Project with the exception of the information pertaining to the defined exploration target was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The resource estimate in regard to the defined exploration target at Olaroz was prepared by Murray Brooker, an independent consultant employed by Hydrominex Geoscience Pty Ltd. 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 by Canadian Securities Administrators' National Instrument 43-101. The exploration target is between 1.6 and 7.5 million tonnes of lithium carbonate equivalent between 197m and 323m depth. The basin is potentially 600m deep and additional targets to the north and the south of the exploration target area. It must be stressed that an exploration target is not a mineral resource. The potential quantity and grade of the exploration target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in the volume where the Exploration Target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume.

The technical information relating to Cauchari has been prepared by Murray Brooker in conjunction. Murray Brooker,

an independent consultant employed by Hydrominex Geoscience Pty Ltd is a geologist and hydrogeologist and 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 by Canadian Securities Administrators' National Instrument 43-101.

The resource information in relation to Cauchari is extracted from the report entitled NI43-101 Technical Report on the Cauchari Project dated 30 April 2010. The report is available to view on the Company website www.orocobre.com.

This information in regard to Cauchari was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to resources at the Borax Argentina Tincalayu site has been prepared by Mr Murray Brooker. Murray Brooker, an independent consultant employed by Hydrominex Geoscience Pty Ltd 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 by Canadian Securities Administrators' National Instrument 43-101. The information is extracted from the announcement titled Tincalayu Upgraded to JORC Compliant Resource, dated 18 November 2014 and the NI-43-101 Report titled "Technical Report on the Tincalayu Borax Mine", dated December 31st 2014, both available to view on the Company website www.orocobre.com.

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. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

An announcement was made on the 21 August 2012 regarding the superseded historical resource at Tincalayu. The Company is not in possession of any new information or data relating to historical estimates that materially impacts on the reliability of the estimates or the company's ability to verify the historical estimates as mineral resources, in accordance with the JORC Code. The supporting information provided in the initial market announcement on 21 August 2012 continues to apply and has not materially changed.

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 realisation 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, potash and borate markets including market price whether stated or implied, demand and other information and trends relating to

any market tax, royalty and duty rates., timing and receipt of approvals for the Company's projects, consents and permits under applicable legislation, adequacy of financial resources, the meeting of banking covenants contained in project finance documentation for the Olaroz project, 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 Company's projects and the Olaroz project, other matters related to the development of the Olaroz and Cauchari, the performance of the relocated borax plant, including without limitation the plant's estimated production rate, financial data, the estimates of mineral resources or mineralisation grade at the Tincalayu mine, the economic viability of such mineral resources or mineralisation, mine life and operating costs at the Tincalayu mine, the projected production rates associated with the borax plant.

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; the possibility that required concessions may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; 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; fluctuations or decreases in commodity prices 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; risks associated with weather patterns and impact on production rate and the uncertainty of meeting anticipated program milestones at the Company's projects; general risks associated with the operation of the borax plant; a decrease in the price for borax resulting from, among other things, decreased demand for borax or an increased supply of borax or substitutes.

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 potash and borates, 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.

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(Non-Executive Chairman)

Mr Richard Seville
(Managing Director)

Mr John Gibson
(Non-Executive Director)

Mr Courtney Pratt
(Non-Executive Director)

Mr Fernando Oris de Roa
(Non-Executive Director)

Mr Federico Nicholson
(Non-Executive Director)

Ms. Leanne Heywood
(Non-Executive Director)

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