

# OROCOBRE LIMITED

ABN 31 112 589 910

## CONSOLIDATED FINANCIAL REPORT FOR THE HALF - YEAR ENDED 31 DECEMBER 2010

**OROCOBRE LIMITED**  
ABN 31 112 589 910

**DIRECTORS' REPORT**

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Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2010.

**Directors**

The following persons were Directors of the company during or since the end of the half year:

J. D. Callaway	C. Pratt
R. P. Seville	F. O. de Roa
N. F. Stuart	F. Nicholson (Appointed 20 September 2010)
J. W. Gibson	

**Review of Operations**

The group's operating loss for the half year, after applicable income tax was \$1,488,962 (2009: \$1,619,606). Exploration and evaluation expenditure during the period totalled \$11,526,116 (2009: \$5,176,884).

**Olaroz Lithium/Potash Project**

During the half-year, the company continued to make considerable progress on the Definitive Feasibility Study on the Company's flagship Olaroz Lithium-Potash Project located in Jujuy Province in northern Argentina. Sinclair Knight Merz ("SKM") were appointed as engineers for this study and by the end of December approximately 80% of the engineering had been completed.

Drilling was completed for the resource evaluation drilling programme. This involved 20 core holes to 54m using sonic technology and six cored holes to 200m using modified triple tube coring techniques. Very high core recoveries have been achieved with the sonic drilling programme and the Company has placed considerable emphasis on ensuring that the data collected is of a high quality.

In the September quarter, the first lithium carbonate product was produced at the Company's process development test work facilities at the Salar de Olaroz. The process used is a modification of the "Silver Peak" method used at Clayton Valley, Nevada since the late 1960's. The focus over the December quarter was to optimise the process route to improve various purities of the product so that it can meet the high specifications required for the battery industry.

On 31 December 2010, the Company received approval from the Jujuy Provincial Government of the Environmental Impact Statement for the development and exploration of the Olaroz Project. The approval by the Provincial Director on Mines and Energy Resources was received by the Company following the recommendation by the Unit of Mining Environmental Management ("UGAMP") on the 12th November, 2010. UGAMP is a body comprised of twelve members representing various government departments, stakeholder groups and local communities. The development recommendation was fully supported by the local community of Olaroz Chico and other regional community leaders. As part of the approval, the Company must comply with various monitoring obligations, provide additional information on planned construction works as the project design is finalised, and keep the local communities informed about its activities. Subsequent to the recommendation of UGAMP, the Company also signed an access and compensation agreement with the local community of Olaroz Chico.

**OROCOBRE LIMITED**  
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**DIRECTORS' REPORT**

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South American Salars Minerals

At 31 December, the company has ownership interest in joint venture company South American Salar Minerals Pty Ltd at 85%. During the half-year period the company has funded ongoing exploration within the the properties held under this joint venture.

Drilling commenced in November 2010 on the Company's properties in the western part of Salinas Grande. The drilling was terminated soon after commencement and the rigs moved to Olaroz to substitute for another drilling rig unable to continue work. Drilling is expected to recommence later in the first quarter of calendar year 2011.

In addition a number of ponds have been constructed for evaporation test work and a meteorological station established.

**Federico Nicholson Appointed a Director**

On 20 September 2010, Mr. Federico Nicholson was appointed as a Non-Executive Director of the parent entity.

**Subsequent Events**

Capital Raising

On February 3, 2011, the Company announced that it had entered into an agreement with a syndicate of Canadian investment dealers led by Cormark Securities Inc. and Dundee Securities Limited which have agreed to purchase, on a bought deal basis, 6,250,000 Ordinary Shares at a purchase price of C\$3.20 per share, for aggregate gross proceeds of C\$20 million (the "Canadian Offering"). This offering is to be completed by way of short-form prospectus to be filed in all of the provinces of Canada (other than the Province of Quebec) and in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended. A preliminary short-form prospectus was filed by the Company in all of the provinces of Canada (other than the Province of Quebec) on February 8, 2011.

In addition, the Company has granted the underwriters an option to purchase, in whole or in part, up to an additional 937,500 Ordinary Shares (representing 15% of the base offering) at the offering price for additional aggregate gross proceeds of up to C\$3 million to cover over-allotments, if any, and for market stabilization purposes. The over-allotment option is exercisable, in whole or in part, on the closing of the Canadian Offering and at any time for a period of 30 days thereafter.

The Canadian Offering is scheduled to close on or about February 24, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange and the securities regulatory authorities.

Orocobre concurrently undertook a placement to Australian institutional and sophisticated investors who subscribed for 4,673,000 shares at a purchase price of A\$3.21 per share, for aggregate gross proceeds of approximately A\$15 million. This placement was lead managed by Patersons Securities Limited. The Ordinary Shares issued pursuant to the Australian Placement were allotted on February 11, 2011.

No other material matters or circumstances have arisen since balance date.

**OROCOBRE LIMITED**  
ABN 31 112 589 910

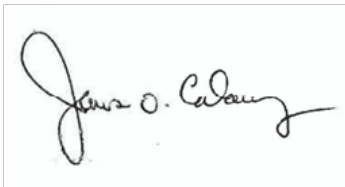
**DIRECTORS' REPORT**

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**Auditor's Independence Declaration**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included in this half year financial report.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "J D Calaway", enclosed in a thin black rectangular border.

J D Calaway  
Chairman

A handwritten signature in black ink, appearing to read "R P Seville", with a horizontal line underneath.

R P Seville  
Managing Director

Signed: 18 February 2011  
Brisbane, Queensland

**Lead Auditor's Independence Declaration**  
**Under Section 307C of the *Corporations Act 2001***

**To the Directors of Orocobre Limited**

As lead auditor for the review of Orocobre Limited for the half year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

*Hayes Knight Audit (Qld) Pty Ltd*

**Hayes Knight Audit (Qld) Pty Ltd**

*Nigel Bamford*

**N D Bamford**  
Director

Date: 18 February 2011

# OROCOBRE LIMITED

ABN 31 112 589 910

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the half-year ended 31 December 2010

	Note	Half- year ended 31 December 2010 \$	Half- year ended 31 December 2009 \$
Revenue	2	397,374	59,104
Less expenses:			
Corporate & administrative expenses		(1,456,880)	(1,455,293)
Employee benefit expenses		(473,930)	(509,693)
Occupancy costs		(75,629)	(63,351)
Exploration & evaluation expenditure expensed		-	(44,773)
Capitalised exploration & evaluation expenditure written-off		-	-
Foreign currency gain / (loss)		120,103	(139,463)
Recovery of de-merger costs	2	-	500,000
<b>Loss before income tax expense</b>		<b>(1,488,962)</b>	<b>(1,653,469)</b>
Income tax expense		-	-
<b>Loss for the period from continuing operations</b>		<b>(1,488,962)</b>	<b>(1,653,469)</b>
Profit from discontinued operations	2	-	33,863
<b>Loss for the period</b>		<b>(1,488,962)</b>	<b>(1,619,606)</b>
<b>Other comprehensive income</b>			
Translation of foreign controlled entities		(2,615,310)	(256,740)
Net gain on revaluation of financial assets		225,000	4,000,000
Income tax relating to components of other comprehensive income		-	-
<b>Other comprehensive income for the period net of tax</b>		<b>(2,390,310)</b>	<b>3,743,260</b>
<b>Total comprehensive loss for the period</b>		<b>(3,879,272)</b>	<b>2,123,654</b>
Loss attributable to:			
Members of the parent entity		(1,440,397)	(1,598,541)
Non-controlling interest		(48,565)	(21,065)
		<b>(1,488,962)</b>	<b>(1,619,606)</b>
Total comprehensive income attributable to:			
Members of the parent entity		(3,830,707)	2,144,719
Non-controlling interest		(48,565)	(21,065)
		<b>(3,879,272)</b>	<b>2,123,654</b>
<b>Earnings per Share</b>			
From continuing and discontinued operations			
Basic earnings per share (cents per share)	6	(1.63)	(2.37)
Diluted earnings per share (cents per share)	6	(1.63)	(2.37)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements.

**OROCOBRE LIMITED**

ABN 31 112 589 910

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2010

	Note	31 December 2010 \$	30 June 2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		12,079,523	24,482,793
Trade and other receivables		272,750	277,771
Prepayments		886,196	309,431
<b>Total Current Assets</b>		<b>13,238,469</b>	<b>25,069,995</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	3	355,000	130,000
Property, plant and equipment		367,914	200,938
Exploration and evaluation asset	4	24,038,085	15,376,489
<b>Total Non-Current Assets</b>		<b>24,760,999</b>	<b>15,707,427</b>
<b>TOTAL ASSETS</b>		<b>37,999,468</b>	<b>40,777,422</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	7,233,379	6,525,785
<b>Total Current Liabilities</b>		<b>7,233,379</b>	<b>6,525,785</b>
<b>TOTAL LIABILITIES</b>		<b>7,233,379</b>	<b>6,525,785</b>
<b>NET ASSETS</b>		<b>30,766,089</b>	<b>34,251,637</b>
<b>EQUITY</b>			
Issued Capital	5	41,139,234	40,954,552
Reserves		(2,723,594)	(542,326)
Accumulated losses		(7,971,284)	(6,530,887)
Parent Entity Interest		30,444,356	33,881,339
Non-Controlling Interest		321,733	370,298
<b>TOTAL EQUITY</b>		<b>30,766,089</b>	<b>34,251,637</b>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the half year ended 31 December 2010

	Share Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Financial Assets Reserve	Non- Controlling Interests	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	12,055,613	(2,194,287)	340,037	(360,946)	-	408,686	10,249,103
Loss attributable to members of the parent entity	-	(1,598,541)	-	76,990	-	-	(1,521,551)
Loss attributable to non-controlling interests	-	-	-	-	-	(21,065)	(21,065)
Other comprehensive income for the period	-	-	-	(256,740)	4,000,000	-	3,743,260
<b>Total comprehensive loss</b>	-	(1,598,541)	-	(179,750)	4,000,000	(21,065)	2,200,644
Shares issued during the period	8,000,000	-	-	-	-	-	8,000,000
Transaction costs	(343,751)	-	-	-	-	-	(343,751)
Options expensed during the period	-	-	217,270	-	-	-	217,270
Options exercised during the period	457,800	-	(457,800)	-	-	-	-
<b>Balance at 31 December 2009</b>	20,169,662	(3,792,828)	99,507	(540,696)	4,000,000	387,621	20,323,266
<b>Balance at 1 July 2010</b>	40,954,552	(6,530,887)	31,502	(453,828)	(120,000)	370,298	34,251,637
Loss attributable to members of the parent entity	-	(1,440,397)	-	-	-	-	(1,440,397)
Loss attributable to non controlling interests	-	-	-	-	-	(48,565)	(48,565)
Other comprehensive income/(loss) for the period	-	-	-	(2,615,310)	225,000	-	(2,390,310)
<b>Total comprehensive loss</b>	-	(1,440,397)	-	(2,615,310)	225,000	(48,565)	(3,879,272)
Shares issued during the period	179,721	-	-	-	-	-	179,721
Options expensed during the period	-	-	214,003	-	-	-	214,003
Options exercised during the period	4,961	-	(4,961)	-	-	-	-
<b>Balance at 31 December 2010</b>	41,139,234	(7,971,284)	240,544	(3,069,138)	105,000	321,733	30,766,089

The accompanying notes form part of these financial statements.



**OROCOBRE LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the half-year ended 31 December 2010**

	Half-year ended 31 December 2010 \$	Half-year ended 31 December 2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,323,262)	(1,693,064)
Interest received	314,748	59,104
Recovery of de-merger costs	-	250,000
Other Income	82,626	-
<b>Net cash provided by (used in) operating activities</b>	<b>(925,888)</b>	<b>(1,383,960)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration expenditure	(11,374,520)	(5,132,111)
Purchase of property, plant and equipment	(270,492)	(113,672)
<b>Net cash provided by (used in) investing activities</b>	<b>(11,645,012)</b>	<b>(5,245,783)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	28,125	8,000,000
Costs associated with share issue	-	(343,751)
Funds provided under joint venture agreement	67,106	-
<b>Net cash provided by (used in) financing activities</b>	<b>95,231</b>	<b>7,656,249</b>
<b>Net increase in cash held</b>	<b>(12,475,669)</b>	<b>1,026,506</b>
<b>Cash at beginning of period</b>	<b>24,482,793</b>	<b>6,924,207</b>
Effect of exchange rates on cash holdings in foreign currencies	72,399	41,752
<b>Cash at end of period</b>	<b>12,079,523</b>	<b>7,992,465</b>

The accompanying notes form part of these financial statements.

# OROCOBRE LIMITED

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## Notes to the Financial Statements for the half year ended 31 December 2010

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Orocobre Limited as at 30 June 2010, together with public announcements made by Orocobre Limited during the interim reporting period in accordance with its continuous disclosure obligations.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period as disclosed in the 30 June 2010 annual report.

### NOTE 2: RESULT FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	Half year ended 31 Dec 2010 \$	Half year ended 31 Dec 2009 \$
Interest received from other persons	314,748	59,104
Recovery of de-merger costs (note 3)	-	500,000
Depreciation of plant and equipment	54,677	32,424
Exploration expenditure expensed	-	44,773
Net gain on disposal of discontinued operation	-	33,863

### NOTE 3: FINANCIAL ASSETS

#### Available for sale financial assets

	31 Dec 2010 \$	30 June 2010 \$
Non-current - Shares in listed entity at fair value	355,000	130,000

During the half-year ended 31 December 2009, the parent entity incorporated a wholly owned subsidiary, Elementos Limited (and its subsidiary entities). In a series of transactions the economic entity then assigned to the Elementos group the rights to the Santo Domingo exploration tenements (for consideration of \$1,000,000 settled by issue of 20,000,000 Elementos shares), and re-charged to the Elementos group various costs totalling \$500,000 (settled by \$250,000 cash payment and issue of 1,000,000 Elementos shares).

In April 2010, Orocobre undertook a capital reduction, through a pro-rata in specie distribution of 20,000,001 Elementos Shares.

These assets are shown in the financial statements at fair value, being the listed market value at balance date. The movement in carrying value from cost is accounted for in the financial asset reserve.

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## Notes to the Financial Statements for the half year ended 31 December 2010

NOTE 4: EXPLORATION AND EVALUATION ASSET	31 December 2010	30 June 2010
	\$	\$
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - at cost	24,038,085	15,376,489
<b>Movement in exploration and evaluation asset:</b>		
Opening balance - at cost	15,376,489	3,419,127
Capitalised exploration expenditure	11,526,116	12,776,410
Sale of exploration tenements	-	(889,147)
Exploration expenditure written-off - current year	-	(34,281)
Foreign currency translation movement	(2,864,520)	104,380
Carrying amount at the end of period	24,038,085	15,376,489
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.		
	31 December 2010	30 June 2010
	\$	\$
<b>NOTE 5: ISSUED CAPITAL</b>		
Fully paid ordinary shares	41,139,234	40,954,552
<b>Ordinary shares</b>	No.	No.
Balance at the beginning of the reporting period	91,036,426	66,795,085
Shares issued during the period:		
Previous financial year	-	24,241,341
8 July 2010 (a)	20,000	
25 August 2010 (b)	5,570	
30 September 2010 (b)	65,000	
30 September 2010 (a)	55,000	
Balance at reporting date	91,181,996	91,036,426
(a) Issued at 37.5 cents each on exercise of options.		
(b) Issued as at settlement of option payments on tenements		
	31 December 2010	30 June 2010
	No.	No.
<b>Options</b>		
<b>Unlisted Share Options</b>	1,285,000	525,000
Balance at the beginning of the reporting period	525,000	8,775,000
Options issued during the period	835,000	-
Options exercised during the period	(75,000)	(8,250,000)
<b>Balance at reporting date</b>	1,285,000	525,000

# OROCOBRE LIMITED

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## Notes to the Financial Statements for the half year ended 31 December 2010

NOTE 6: EARNINGS PER SHARE	Half year ended 31 Dec 2010	Half year ended 31 Dec 2009
	\$	\$
Basic earnings per share (cents)	(1.63)	(2.37)
Diluted earnings per share (cents)	(1.63)	(2.37)
Net profit/(loss) after tax used in the calculation of basic and diluted earnings per share	(1,488,962)	(1,619,606)

Options to acquire ordinary shares in the parent entity are the only securities considered as potential ordinary shares in determination of diluted EPS. Options issued are not presently dilutive and have been excluded from the calculation of diluted EPS.

The earnings per share calculations above are the same for continuing and discontinued operations as all costs on the discontinued operations are capitalised.

NOTE 7: COMMITMENTS	31 December 2010	30 June 2010
	\$	\$
<b>Exploration Commitments</b>		
The economic entity must meet minimum expenditure commitments in relation to option agreements over exploration tenements and to maintain those tenements in good standing.		
The following commitments exist at balance date but have not been brought to account. If the relevant mineral tenement is relinquished the expenditure commitment also ceases.		
Not later than 1 year	1,612,347	2,346,828
Later than 1 year but not later than 5 years	4,014,282	5,430,392
Total commitment	5,626,629	7,777,220

### NOTE 8: TRADE & OTHER PAYABLES

#### CURRENT:

Unsecured liabilities:

Joint venture contributions received	(a)	4,359,569	5,171,370
All other trade & sundry payables		2,873,810	1,354,415
		7,233,379	6,525,785

- (a) In January 2010, the parent entity entered into an agreement to establish a joint venture with Toyota Tsusho Corporation ("TTC"), a Toyota Group company to develop the Olaroz Lithium-Potash Project in Argentina. Under the agreement TTC agreed to US\$4,500,000 to fund the completion of the Definitive Feasibility Study and other associated pre-development activities. Subject to the finalising of the terms of a joint venture operating agreement TTC may acquire a 25 percent equity interest in the joint venture at a cost based on the NPV estimated from the Definitive Feasibility Study. Contributions received to date comprise the US\$4.5 million, and may be applied as consideration for TTC's equity interest in the joint venture directly or in the parent entity.

The movement in the current period primarily reflects exchange gain.

# **OROCOBRE LIMITED**

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## **Notes to the Financial Statements for the half year ended 31 December 2010**

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### **NOTE 9: CONTINGENT ITEMS**

There were no contingent liabilities at the end of the reporting period.

### **NOTE 10: RELATED PARTY TRANSACTIONS**

The company undertakes transactions with related parties in the normal course of business. In the current period, arrangements with related parties continue to be in place, generally consistent with those reported in the 30 June 2010 annual financial report.

### **NOTE 11: EVENTS AFTER BALANCE SHEET DATE**

In February 2011 the Company announced that it has entered into an agreement with a syndicate of investment dealers led by Cormark Securities Inc. and Dundee Securities Limited and including Canaccord Genuity Inc., CIBC World Markets Inc. and Byron Securities Limited, which have agreed to purchase, on a bought deal basis, 6,250,000 ordinary shares of Orocobre at a purchase price of C\$3.20 per share, for aggregate gross proceeds of C\$20 million.

In addition, the Company has granted the underwriters an option to purchase, in whole or in part, up to an additional 937,500 shares (representing 15% of the base offering) at the offering price for additional aggregate gross proceeds of up to C\$3 million to cover over-allotments, if any, and for market stabilization purposes. The over-allotment option is exercisable, in whole or in part, on the closing of the offering and at any time for a period of 30 days thereafter.

The Company has concurrently undertaken a placement to Australian institutional and sophisticated investors who have subscribed for 4,673,000 shares at a purchase price of A\$3.21 per share, for aggregate gross proceeds of approximately A\$15 million.

No other material matters or circumstances have arisen since balance date.

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## Notes to the Financial Statements for the half year ended 31 December 2010

### NOTE 11: SEGMENT REPORTING

The economic entity operates internationally, in the mineral exploration industry. The exploration focus is on lithium, potash and salar minerals in Argentina.

The economic entity has one reportable segment, being its exploration activity.

In determining operating segments, the entity has had regard to the information and reports the chief operating decision maker uses to make strategic decisions regarding resources. The Chief Executive Officer (CEO) is considered to be the chief operating decision maker and is empowered by the Board of Directors to allocate resources and assess the performance of the economic entity. The CEO assesses and reviews the business using a total exploration activity approach.

#### Geographical Information

	Australia		Argentina		Economic Entity	
	Half Year ended 31 December		Half Year ended 31 December		Half Year ended 31 December	
	2010	2009	2010	2009	2010	2009
<b>REVENUE</b>	\$	\$	\$	\$	\$	\$
Segment revenue	397,374	59,104	-	-	397,374	59,104
	<b>December</b>	<b>June</b>	<b>December</b>	<b>June</b>	<b>December</b>	<b>June</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
<b>ASSETS</b>	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>	11,905,599	24,323,693	1,332,870	746,302	13,238,469	25,069,995
<b>NON-CURRENT ASSETS</b>						
Financial Assets	355,000	130,000	-	-	355,000	130,000
Property, Plant & Equipment	71,850	37,204	296,064	163,734	367,914	200,938
Exploration & Evaluation Assets	-	-	24,038,085	15,376,489	24,038,085	15,376,489
<b>TOTAL ASSETS</b>	<b>12,332,449</b>	<b>24,490,897</b>	<b>25,667,019</b>	<b>16,286,525</b>	<b>37,999,468</b>	<b>40,777,422</b>
<b>TOTAL LIABILITIES</b>	<b>4,688,421</b>	<b>5,832,602</b>	<b>2,544,958</b>	<b>693,183</b>	<b>7,233,379</b>	<b>6,525,785</b>

Segment accounting policies are consistent with the economic entity's policies.

**OROCOBRE LIMITED**  
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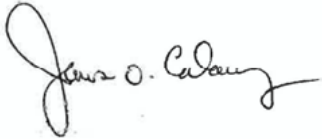
**DIRECTORS' DECLARATION**

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The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
  
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



J D Calaway  
Chairman



R P Seville  
Managing Director

Dated this: 18th day of February 2011

## **INDEPENDENT AUDITOR'S REVIEW REPORT** **To the members of Orocobre Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Orocobre Limited and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2010 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year-ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Orocobre Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## **Independent auditor's review report to the members of Orocobre Limited (continued)**

### ***Matters Relating to the Electronic Presentation of the Reviewed Financial Report***

This review report relates to the financial report of Orocobre Limited and controlled entities for the half-year ended 31 December 2010 included on the website of Orocobre Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Orocobre Limited as attached to the directors' report, would be in the same terms if given to the directors as at the time of this auditor's review report.

### ***Conclusion***

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orocobre Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Hayes Knight Audit (Qld) Pty Ltd*

**Hayes Knight Audit (Qld) Pty Ltd**

*Nigel Bamford*

**N D Bamford**

Director

Level 19, 127 Creek Street,  
Brisbane, QLD, 4000

Date: 18 February 2011