2018 ANNUAL REPORT

OROCOBRE

Contents

Highlights
2017-2018

Orocobre Limited

Fully funded multiple growth options

Olaroz Stage 2, Lithium Hydroxide + Cauchari JV

A$361 million

funding completed
including a 15% placement to TTC valued at US$284.1 million

US$317 million

cash balance
available as of end FY18

Olaroz Lithium Facility

Record EBITDAIX of

US$94.6 million

up 33%

Average price received of

US$12,578

per tonne, up 29%

Gross Cash Margin of 67%, delivering

US$8,384

per tonne, up 39%

2yr

Second full year of production totalling

12,470 tonnes

up 5%

Record yearly revenue

US$148.9 million

up 24%

US$40 million

Stage 2 expansion early works program underway with new ponds, roads and camp infrastructure

Borax Argentina S.A.

Record production

at both Tincalayu and the Boric Acid plant at Campo Quijano

Plant & equipment

written down to nil value recognising financial performance

An expansion study to evaluate

potential expansion

of the Tincalayu refined borates operation is currently underway

Cauchari Joint Venture

A study was completed by Advantage Lithium in accordance with Canadian standards and

the project has advanced

to Feasibility Study level investigations which are expected to be completed in June quarter 2019

+6-fold increase

of the inferred resource to 3 Mt Lithium Carbonate Equivalent (LCE) at Cauchari

Phase III drilling

has commenced to upgrade the inferred resource and measured and indicated resources for the Feasibility Study

Significant potential for additional

resource expansion

at depth

Letter
from the Chair

Dear Fellow Shareholder,

I am pleased to report that the 2018 financial year (FY18) has been another watershed year in Orocobre's vision to become a leading and sustainable global supplier of high grade, high value lithium chemicals.

The end of FY18 saw Orocobre in a strong financial, strategic and operational position. Sales de Jujuy S.A. (SDJ), the operator of the Olaroz Lithium Facility (Olaroz), increased total sales revenue by 24% to US$148.9 million (on a 100% basis) from production of 12,470 tonnes of lithium carbonate.

For the full financial year, Orocobre recorded a statutory net profit after tax from continuing operations of US$1.9 million (FY17: US$4.6 million) which was impacted by non-cash foreign currency losses, asset impairment write-downs and additional deferred tax expense resulting from changes to tax law in Argentina.

Our balance sheet is strong with available cash of US$316.7 million and net cash of US$229 million after deducting Orocobre's share of project debt. Our operations continue to generate strong operating cashflow ensuring we are funded to achieve all our growth plans. Market fundamentals for lithium chemicals also remain strong.

In January 2018 we welcomed Toyota Tsusho Corporation (TTC) to our register as a 15% shareholder when we conducted a strategic placement and rights issue which raised US$284.1 million (updated from US$282.4 million due to FX effect).

This capital raising placed Orocobre on a sound financial footing and ensures that subject to Board and joint venture partner approvals the Stage 2 Olaroz expansion and Naraha Lithium Hydroxide Plant are both fully funded.

Orocobre continues to expand its operational capabilities at Olaroz, leveraging lessons learned through its first two years of commercial production. Following the adverse weather conditions during FY18 which resulted in production shortfalls, we are developing methods to better manage and mitigate climate impacts on our operations. These will be incorporated into Stage 2 design to optimise future production.

Olaroz finished the year on a high with production for the June quarter the second highest on record at 3,596 tonnes of lithium carbonate.

We have an exciting few years ahead of us as we deliver our growth projects with TTC who have proven to be an excellent joint venture partner and who share our vision for Olaroz and approach to sustainability. Early works have already commenced on the 25,000 tonnes per annum (tpa) Stage 2 expansion of Olaroz with new ponds, roads and camp infrastructure. In addition, plans are well advanced for the 10,000 tpa Naraha Lithium Hydroxide Plant to be built in Japan.

> "The end of FY18 saw Orocobre in a strong financial, strategic and operational position.

These two projects will not only significantly increase the scale of our business but also diversify our product range to ensure we are well placed to benefit from future lithium battery market growth.

The strategy to pass the parallel development of the Cauchari Joint Venture Project to Advantage Lithium has been well rewarded. An updated resource estimate for the project was released during the June quarter detailing a +6-fold increase of the inferred resource to 3.0 Mt Lithium Carbonate Equivalent. The updated resource covers a significantly larger brine resource area of 92.6 km^2 and extends to greater depths, with potential for additional resource expansion. The brine has excellent chemistry for processing with a Mg/Li ratio of 2.5, which is very similar to the Olaroz operation. A Preliminary Economic Assessment has been released and a Feasibility Study is expected to be completed by early 2019. Orocobre maintains an effective 46% interest in the project through the joint venture and its shareholding in Advantage Lithium.

While Borax Argentina S.A. (Borax) improved its performance in FY18, low product prices throughout the year and the poor Brazilian economic environment continued to affect the financial results. In recognition of this we have taken the decision to write-down the value of plant and equipment at Borax to nil. To enable continuous improvement despite these external pressures, Borax maintains its focus on customer and product development and improved operational performance.

The safety and well-being of our staff remains our number one priority. As of 30 June 2018 the Borax Sijes mine reported 1,021 days of operation without a Lost Time Injury, a major milestone for Borax. Both SDJ and Borax continued to strengthen employee safety with thorough risk assessment and training courses helping to reinforce the importance of our robust safety culture.

Effective environmental, social and governance performance is integral to the sustainability of our operations and the success of Orocobre. Our goals and achievements in this area were set out in our inaugural Sustainability Report in 2017. In 2018 both SDJ and Borax gained recertification for their Integrated Quality, Environment, Health and Safety Management System (ISO9001/ISO14001/OHSAS18001), a testament to our commitment to protecting the wellbeing of our people, production processes and the environment.

I am also pleased to report that in 2018 we joined the United Nations Global Compact, which we believe will complement our existing involvement with the activities of the World Business Council for Sustainable Development in Argentina (CEADS). Involvement with the Global Compact reinforces our focus and commitment to best practice with regards to anti-corruption, environment, human rights, and labour practices. This also supports the alignment of our activities with the broader UN Sustainable Development Goals.

With expansion activities at Olaroz generating additional opportunities for direct and indirect employment, this past year has heralded significant growth and development opportunities for our local communities. Orocobre now employs over 285 people from the local communities (52% of our total workforce, 43% of our SDJ workforce), with an additional 250 people employed indirectly through our local contractors and suppliers. We are continuing to deliver support and development programs across our local communities in accordance with the five pillars of our shared value strategy: education, empowerment, transparency, natural resources and production, and health. We look forward to sharing greater detail of these programs in the 2018 Sustainability Report.

Orocobre is the only ASX listed company producing high grade, high value lithium chemicals for the growing global battery and technical markets. We continue to progress our growth and expansion strategies to fully leverage our low-cost, high-margin lithium chemical operations.

I would like to express my appreciation to the management team and staff in both Australia and in Argentina, our joint venture partners, TTC and the Jujuy Government, and my colleagues on the board. I reserve my final thanks to our shareholders for your patience and support on the Orocobre journey. We look forward to keeping you updated in 2019.

Robert Hubbard
Chair of the Orocobre Board
August 2018

Orocobre at a glance

Orocobre is a dynamic global lithium chemicals supplier and an established producer of boron.

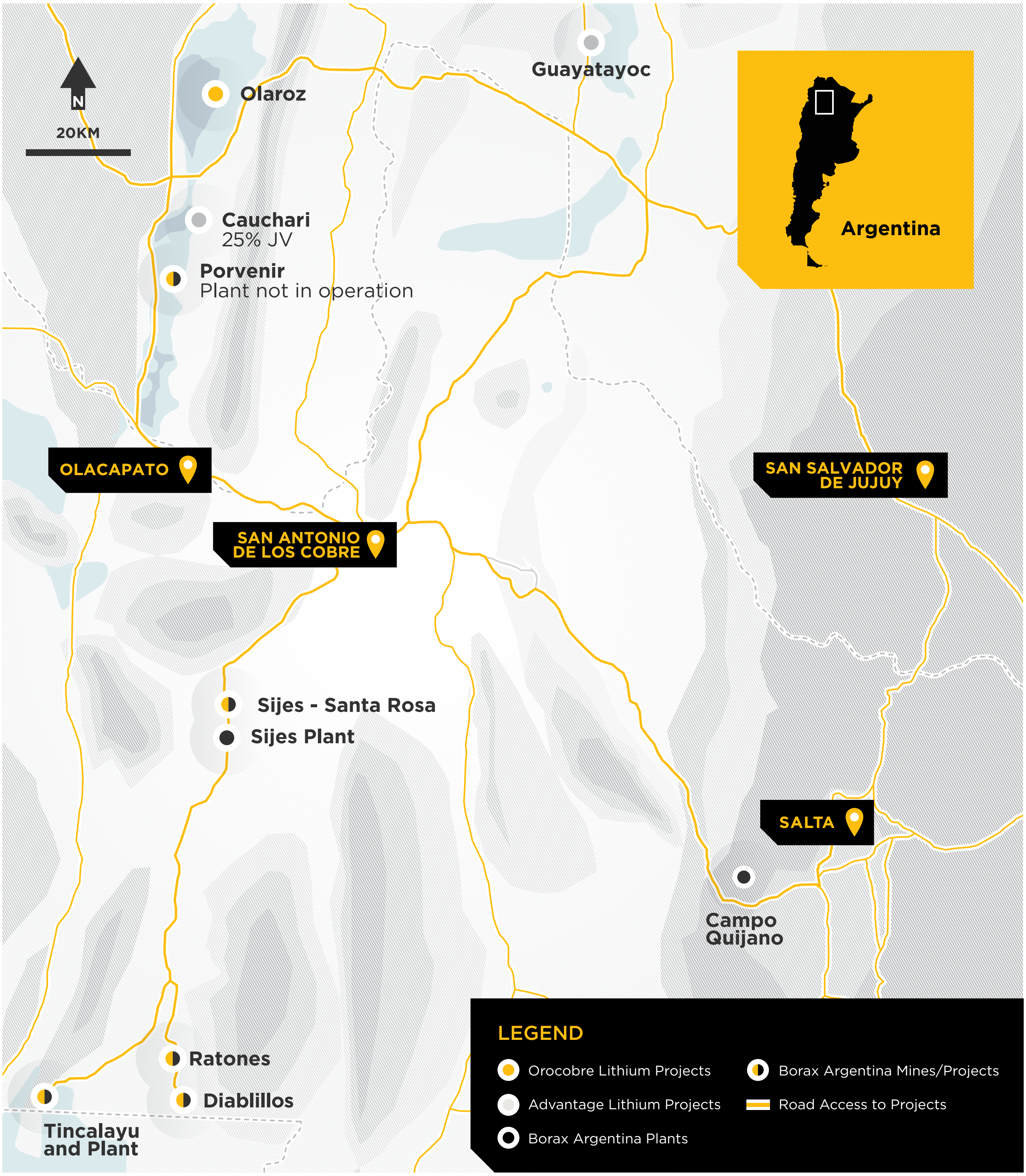
The key assets of Orocobre Limited (the Company or the Group) are the Olaroz Lithium Facility, the boron mines and processing facilities of Borax Argentina S.A., the Cauchari Lithium Project Joint Venture and our 33.5% investment in Advantage Lithium. All of our operations are located in northern Argentina.

The Company's lithium assets at Olaroz are owned and held by Argentine company, Sales de Jujuy S.A. (SDJ) (ORE 66.5%) and contain those properties associated with the Olaroz Lithium Facility. Orocobre's partners in SDJ are Toyota Tsusho Corporation (TTC) (25%) and Jujuy Energia y Minera Sociedad del Estado (JEMSE) (8.5%).

The Company holds a 25% interest in the Cauchari Lithium Project Joint Venture with Advantage Lithium Corp (TSXV:AAL). On July 2, 2018 the Cauchari Joint Venture inferred resource was officially upgraded with the release of a NI43-101 Technical Report. The report increased the inferred resource's size 6-fold, to 3.02 million tonnes of Lithium Carbonate Equivalent (LCE).

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

Where we are


N
20KM
Olaroz
Guayatayoc
Argentina
Cauchari
25% JV
Porvenir
Plant not in operation
OLACAPATO
SAN SALVADOR
DE JUJUY
SAN ANTONIO
DE LOS COBRE
Sijes - Santa Rosa
Sijes Plant
SALTA
Campo
Quijano
Ratones
Diablillos
Tincalayu
and Plant
LEGEND
Orocobre Lithium Projects
Advantage Lithium Projects
Borax Argentina Plants
Borax Argentina Mines/Projects
Road Access to Projects

Corporate Strategy

Our Corporate Strategy is centred on six strategic priorities and a corresponding set of objectives. The priority areas are mutually dependent and no objective can be achieved in isolation. 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

1 Meet growing demand through sustainable development

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

2 Create long-term value for shareholders

- Maximise the long-term value of the project through staged expansions and prudent financing and investment
- Develop and maintain strong, strategic partnerships
- Consider interests of all stakeholders

3 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 in our communities

Sustainability Focus Areas

1 Value chain

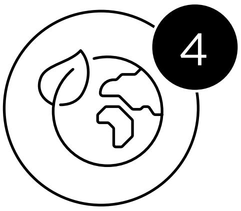
- Quality assurance
- Supply chain management

2 Long-term outlook

- Active risk management
- Stakeholder relations

3 Communities

- Community empowerment
- Community investment
- Human rights



Optimise environmental outcomes

- Optimise lithium recovery through the system overall
- Promote natural resource efficiency and productivity
- Ensure responsible land use and rehabilitation

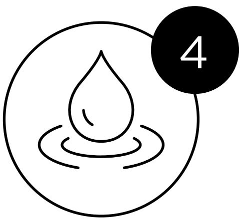
Develop our people and capability

- 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 operational excellence through continuous improvement

Prioritise safety

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

↓



Environment

- Impact of climate
- Energy and emissions
- Water management and quality
- Waste management
- Biodiversity

↓

People and capability

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

↓

Culture

- Culture management
- Health and safety
- Reporting, analysis and action

Sustainability

Respecting and prioritising people and environment, Orocobre produces minerals that enable the global transition to a clean energy future, while socially and economically empowering communities in the regions where we operate.

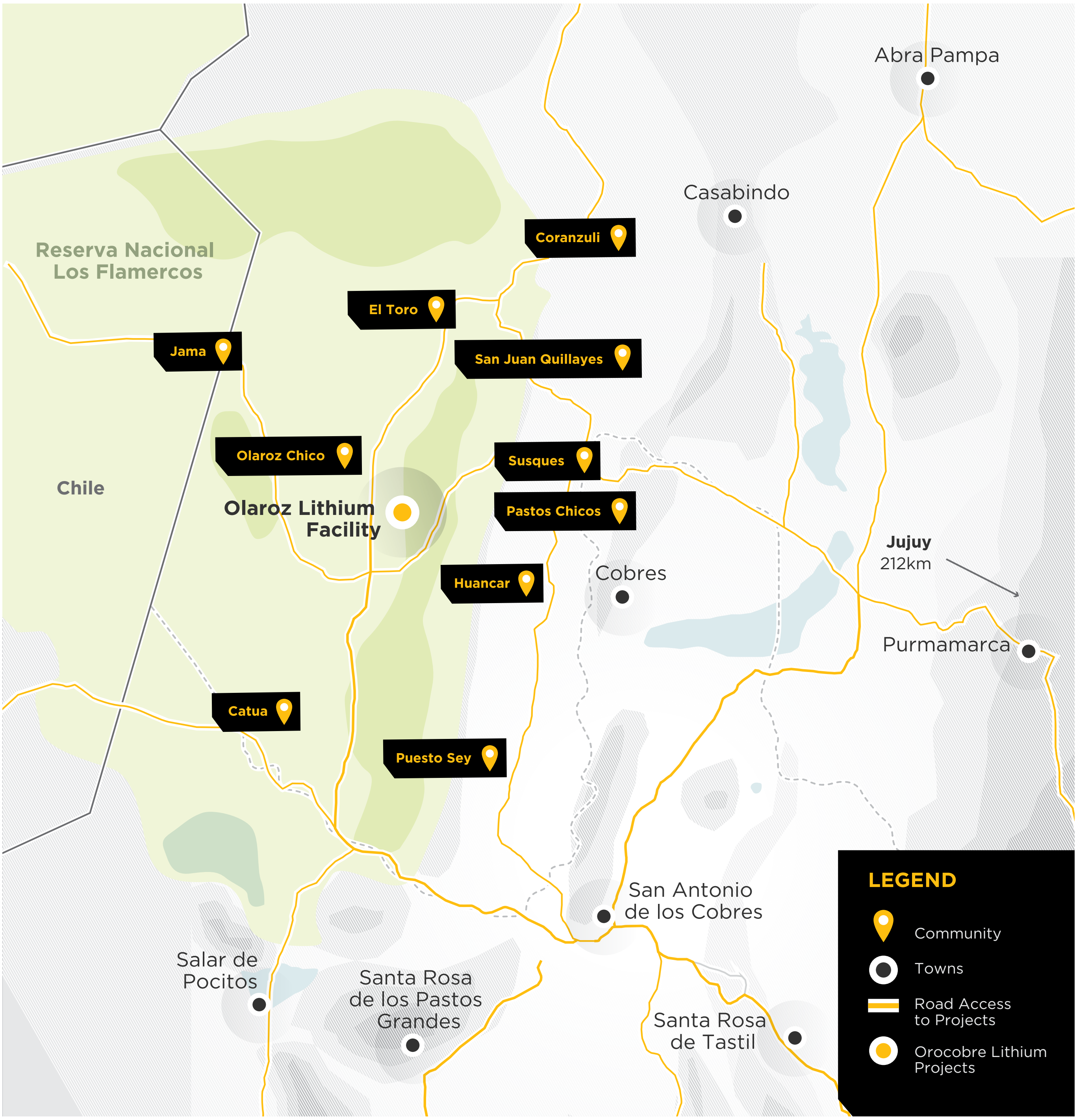
We have been delivering collaborative social and environmental programs in our local communities for years, and have a deep respect for the people and the land around our operations.

Our pursuit of best practice operations ensures a strong focus on social and environmental performance. We are proud of the achievements we have made to date, but we acknowledge there is always opportunity to improve and we are committed to that process.

In our corporate sustainability report we provide detailed information about our engagement with communities, our relationship with the environment, our management of natural resources, our responsiveness to our customers, and the development, support and safety of our people, suppliers and communities.

As a signatory to the UN Global Compact we respect and support the 10 principles across Environment, Labour, Human Rights and Anti-Corruption and are committed to monitoring, managing and communicating our contribution to society and to the UN Sustainable Development Goals (UN SDGs) over the years ahead.

Our Communities



Operating
& Financial Review

Performance
Overview

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

The Olaroz Joint Venture is operated through SDJ a 91.5% owned subsidiary of Sales de Jujuy Pte Ltd (SDJ PTE), a Singaporean company in which both Orocobre (72.68%) and TTC (27.32%) are shareholders 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%. See page 20 for a diagram of the joint venture.

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 was recognised on the balance sheet at fair value. This carrying amount was then adjusted for subsequent equity investments and the Company's share of profit or loss of the joint venture.

> Orocobre is the only ASX listed company producing high grade, high value lithium chemicals for the growing global battery and technical markets.

Summary of results for the year ended 30 June 2018 (US$)

	Group results		SDJ PTE (100%)	
	2018	2017	**2018**	2017
Summary of results for the year ended 30 June 2018	**US $'000**	US $'000	**US $'000**	US $'000
Revenue[1]	**17,379**	17,199	**148,896**	120,065
EBITDAIX[2]	**(9,432)**	(8,306)	**94,580**	71,173
Less depreciation & amortisation	**(1,782)**	(1,743)	**(8,772)**	(8,760)
EBITIX[3]	**(11,214)**	(10,049)	**85,808**	62,413
Plus interest/(expense)	**4,358**	1,789	**(12,984)**	(10,588)
EBTIX[4]	**(6,856)**	(8,260)	**72,824**	51,825
Less impairment	**(8,046)**	(8,105)	**-**	-
Less foreign currency (losses)/gains	**(2,936)**	625	**(10,057)**	(867)
Add share of profit of joint ventures, net of tax*	**19,758**	21,480	**-**	-
Segment profit for the year from continuing operations before tax	**1,920**	5,740	**62,767**	50,958
Income tax	**-**	(1,108)	**(31,935)**	(18,655)
Total profit for the year from continuing operations after tax	**1,920**	4,632	**30,832**	32,303
Total profit for the year from discontinued operations	**-**	14,784	**-**	-
Net profit after tax	**1,920**	19,416	**30,832**	32,303
Share of profit of joint venture (66.5%)*	**19,758**	21,480	**-**	-
Cash and cash equivalent[5]	**316,690**	51,632	**19,465**	4,091
Net assets	**502,104**	218,020	**140,994**	95,147
Net cash/(Net debt)	**315,953**	50,682	**(206,477)**	(261,894)
Gearing (net cash to equity)	**(159%)**	(23%)	**146%**	275%
Cashflow from/(used in) operating activities	**(13,974)**	(6,413)	**71,165**	56,490
Lithium carbonate produced	**-**	-	**12,470**	11,862
Lithium carbonate sold	**-**	-	**11,837**	12,296
Realised lithium carbonate price	**-**	-	**12,578**	9,763
Gross cash margin lithium	**-**	-	**8,384**	6,053
Cash operating costs lithium carbonate	**-**	-	**4,194**	3,710

*The Olaroz project (Sales de Jujuy Pte Ltd) or (SDJ PTE) is equity accounted for in the Group results therefore presented as a separate item in the Income Statement.
[1] Revenue includes revenue from continuing operations
[2] 'EBITDAIX is 'Earnings before interest, tax, depreciation and amortisation, impairment, and foreign currency gains/(losses)'
[3] 'EBITIX is 'Earnings before interest, tax, impairment and foreign currency gains/(losses)'
[4] 'EBTIX is 'Earnings before tax, impairment and foreign currency gains/(losses)'
[5] Cash and cash equivalents exclude "other financial assets" of US$17.1M as at 30 June 2018 which is restricted cash guaranteeing project financing.
These measures are non-IFRS financial information and have not been subject to audit by the Company's external auditor.

Group Profit Overview

The Group produced a net profit from continuing operations after tax of US$1.9 million (2017: US$4.6 million).

The Group's net profit was adversely impacted by an impairment write-down of Borax assets of US$8 million (2017: US$8.1 million), US$1 million of Merger & Acquisition expenses and share of net losses of associates of US$1.5 million (Advantage Lithium).

Share of net gains from the joint venture of US$19.8 million (2017: US$21.5 million) includes foreign exchange losses of US$10.1 million (2017: US$0.9 million) due to the impact of the Argentinean Peso (ARS) devaluation.

The events mentioned above affected the overall performance of the Group's net profit from continuing operations.

The net assets of the Orocobre Group increased to US$502.1 million as at 30 June 2018 (2017: US$218 million), including cash balances of US$316.7 million (2017: US$51.6 million). The main reasons for the increase in net assets are the strategic placement to TTC and the retail entitlement offer for a total of US$284.1 million net of transaction costs as explained in the following section.

Group exploration and evaluation expenditure for the year totalled US$6.5 million (2017: US$0.5 million).

Capital Raising

The 2018 Financial Year saw Orocobre Limited successfully raise over A$361 million of capital to fund the expansion of the Olaroz Lithium Project Stage 2 and construction of a lithium hydroxide plant in Japan. A 15% strategic placement to TTC completed in Q3 raised A$281.6 million, with a further A$79.3 million being raised from a retail entitlement offer.

The placement to TTC was completed at an issue price of A$7.50 per share, a 17% premium to the 30 day VWAP. The retail entitlement offer was made at A$6.55 per share.

This capital raising has provided Orocobre with an appropriate level of cash liquidity as the Company undertakes the Stage 2 expansion and the Naraha Lithium Hydroxide plant project.

SDJ PTE Performance

SDJ PTE produced net profit after tax of US$30.8 million (2017: US$32.3 million).

Revenues of US$148.9 million (2017: US$120.1 million) were achieved on sales of 11,837 tonnes of lithium carbonate (2017: 12,296) at an average price of US$12,578/tonne (2017: US$9,763).

EBITDAIX of US$94.6 million (2017: US$71.2 million) and profit margins of 67% (2017: 57%) were mainly as a result of price improvements year on year of 29%.

Foreign currency losses for the period were US$10.1 million (2017: US$0.9 million), mainly generated by the effect of a 73% devaluation of the ARS on the Value Added Tax receivables balance which is peso based.

Income tax expense of US$31.9 million (2017: US$18.7 million) was also affected by ARS devaluation and by new tax legislation effective from January 2018.

Assets
Overview

Olaroz Lithium Facility
(66.5%)

Second full year of production...

A low cost, high margin brine based lithium carbonate producer

Sustained market prices of more than US$12,500/tonne lithium carbonate equivalent and an average Gross Cash Margin of 67% in FY18

5%

Increase in production for FY18 from FY17

World class brine resource capable of supporting multiple phases of expansion

High growth industry, with improving fundamentals

Approaching final investment decision (FID) to more than double capacity to 42,500 tpa lithium carbonate at Olaroz with a 10,000 tpa lithium hydroxide plant at Naraha in Japan

~21%

Demand Growth 2017-2022 @ ~21% CAGR

Plant optimisation expected to decrease operating cash costs

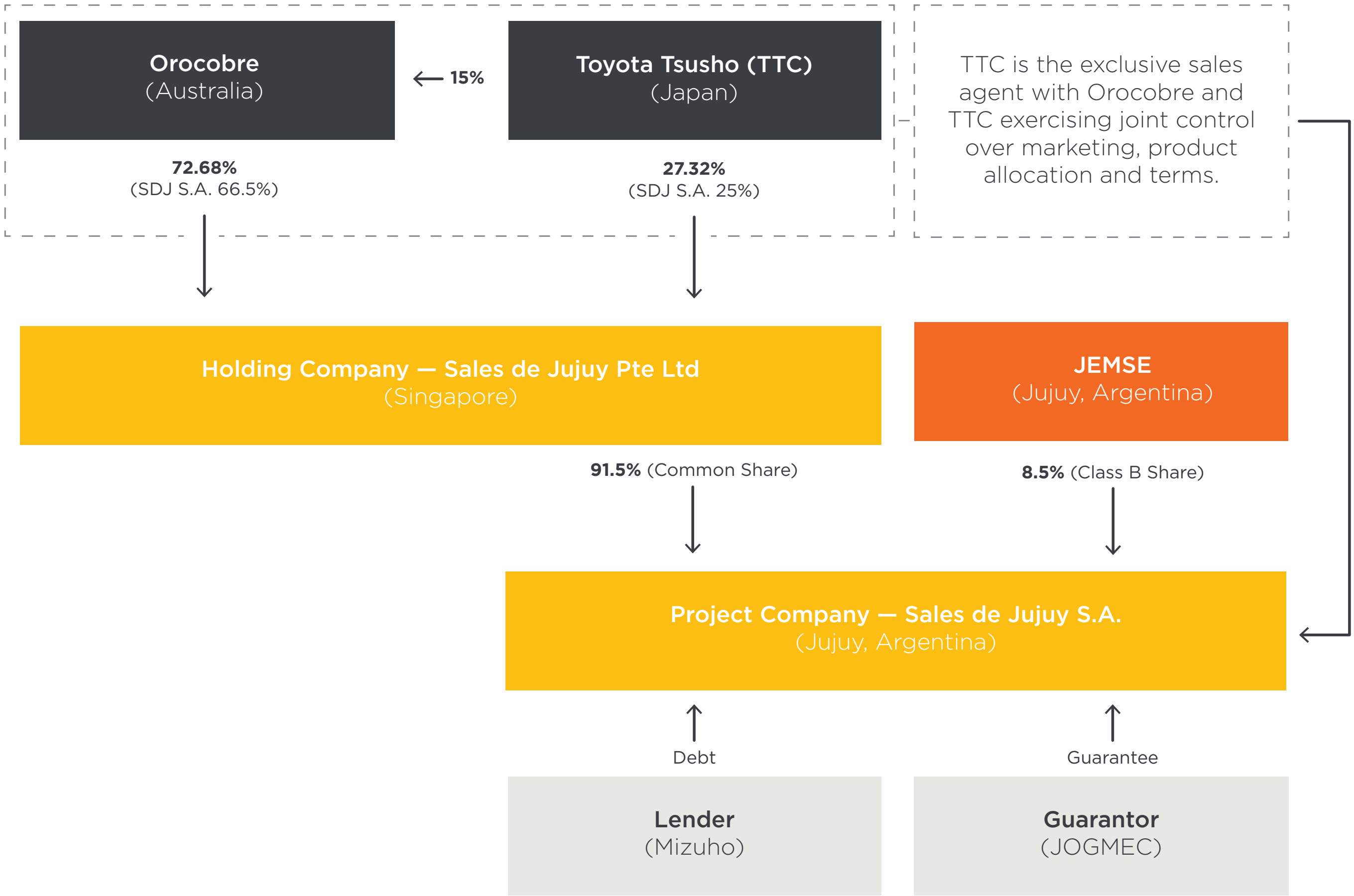
The Olaroz Lithium Facility (Olaroz) is located in the Jujuy Province of northern Argentina, approximately 230 kilometres northwest of the capital city of Jujuy. The operations are at an altitude of 3,900 metres above sea level and produce lithium carbonate. Olaroz is unique as it incorporates a large-scale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

The 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 continued to increase throughout FY18 reflecting the continued growth in the world's appetite for electric vehicles (EV) and both residential and commercial grade Energy Storage Systems (ESS). The wholesale adoption of EV technology, further battery capacity expansions and growing government investment supporting EV uptake and ESS development are helping drive this unprecedented growth in lithium demand.

During the first quarter of FY18 cumulative production at Olaroz reached 20,000 tonnes of lithium carbonate since operations commenced in 2015. This milestone is testament to the efforts of the operational team at Olaroz who have constructed, commissioned and operated the first new large scale lithium production facility in 20 years. These development and operating skills provide an ongoing competitive advantage for Orocobre as the Company progresses the multi-phase development of Olaroz.

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) and JEMSE, a mining investment company owned by the provincial government of Jujuy, Argentina. SDJ PTE is a Singaporean company that is the joint venture vehicle for Orocobre and TTC.



*TTC – 15% equity holding in Orocobre

Throughout the year the focus has remained on pond management both from the perspective of inter-pond brine transfer, operational controls and monitoring. The pond system is operating in a stable manner subject to the seasonal variations in weather and the impact of abnormal events.

Production for FY18 increased to 12,470 tonnes, a 5% increase as operations continued to improve over the previous year. Operations continued to be impacted by low evaporation rates related to the severe winter weather conditions at the end of the previous financial year. Production was affected by low evaporation rates in Q3 FY18, caused by reduced solar radiation from cloudy conditions and above normal rainfall.

The February mean evaporation rate was the lowest recorded since 2011 and less than half that of February 2017 resulting in lower than expected brine concentrations at the beginning of March.

Disciplined pond operating practices throughout Q3 allowed production to recover significantly in Q4 FY18, delivering the second highest quarterly production achieved to date.

A design and upgrade for an improved transfer and pumping network, requiring the installation of six new pumps, remote monitoring network and additional water cleaning lines for a revised capital cost of US$2.7 million was successfully completed in Q2 FY18.

The primary processing plant continues to achieve consistently strong performance and Orocobre continues to actively manage the business to produce the best possible economic outcome while considering long-term strategic objectives.

Strong contract pricing has been achieved throughout the year for both prime and purified products and the joint venture maintains a strategy to offer a mix of short and long-term contracts to develop a sustainable customer base for the future.

The identification and development of key customers across a range of geographies and market segments is a core objective with particular attention given to the development of long-term relationships in high growth market segments such as the battery sector.

Sales revenue for FY18 increased to US$148.9 million, a 24% increase on the prior year with higher production volumes and higher average prices despite slightly lower sales volumes which were down 3.7% on a like for like basis due to timing of shipments. EBITDAIX was US$94.6 million versus FY17 of US$71.2 million. Cost of goods sold as a percentage of sales increased by 13% when compared to last year due to the pond issues experienced at the start of the year.

Highly Competitive Industry Position

The Company is one of the world's lowest cost producers. Olaroz produces lithium carbonate at an average operating cash cost of US$4,194/tonne in FY18, well below the cost of producing lithium from the conversion of hard rock sourced spodumene.

Ongoing process optimisation and improvements in recoveries, reagent usage and logistics will result in lower operating cash costs.

Product Specifications

Olaroz continues to sell purified and primary lithium carbonate to a diverse customer base of more than 70 customers in Asia, Europe and North America.

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

Salt Harvesting

During Q3 FY18 the first cycle of salt harvesting commenced from the harvestable ponds, the final eight ponds in the pond system. This process occurs approximately every three years and involves the removal of the majority of salt (mainly halite and sylvite) which has precipitated through the evaporative process.

This process involves the sequential draining of the ponds prior to removal of the majority of the contained salts. The drainage and salt harvesting process is forecast to take approximately eight months. At the end of Q4 FY18 three of the final eight harvest ponds had been cleared of harvestable salts. Construction of a salt stock pile area has commenced to the west of the existing harvest ponds where the mined salts will be stored.

Although evaporative area is lost during this process, the recovery of stored brine from the salts through the drainage process and the addition of three new harvest ponds fully compensated for the impact of a reduced evaporation area.

Expansion Plans

The Stage 2 Expansion of Olaroz became fully funded with a combination of cash and proposed debt arrangements in Q3 FY18. The final investment decision remains subject to Orocobre and TTC board approvals, although work has commenced on several long lead projects as noted below.

Revised Scope of Stage 2 Expansion

In Q2 FY18 Orocobre announced the increase of Stage 2 Expansion to 25,000 tpa (total 42,500 tpa) from the previously announced 17,500 tpa. Engineering studies for the enlarged Stage 2 were completed during the same quarter.

The increased Stage 2 uses a simplified design including a primary lithium carbonate circuit but excluding a purification circuit. The planned product mix for the Olaroz Lithium facility will be 17,500 tpa purified lithium carbonate (>99.5%) from the existing purification circuit and 25,000 tpa Prime grade lithium carbonate (avg. 99.0%) of which 10,000 tpa will be used as feedstock for the planned Lithium Hydroxide Plant in Naraha, Japan.

This expansion plan will result in capital expenditure of approximately US$285 million including a US$25 million contingency and retains the lower risk of implementation as the project is based around a simple duplication of bores, ponds and primary circuit of Stage 1 at Olaroz.

The capital cost intensity of the 25,000 tpa expansion increased from the previous 17,500 tpa principally due to the increased accuracy with the engineering study compared to the previous scoping level, additional redundancy in the design, increases in indirect costs and inflationary pressures. However, this capital remains extremely competitive when compared with greenfield developments.

Multinational engineering firm GHD continues to undertake engineering design and procurement activities for the Olaroz Stage 2 Expansion.

All necessary permits have been granted for process water, brine extraction, additional bores, new pond and plant construction from the Jujuy Provincial Government for the expansion. By the end of FY18 the Orocobre and TTC Joint Venture had committed to a US$40 million early works program to be funded out of operating cashflow. This capital forms part of the overall US$285 million total capital program for Stage 2. This first phase of the early works activities included the construction of new roads, vegetation clearing and construction of new evaporation ponds, the expansion of existing site infrastructure including a new sewage treatment plant and camp accommodation.

Lithium Hydroxide Plant

Update on Progress

Throughout FY18 Orocobre and TTC progressed plans for a 10,000 tpa Lithium Hydroxide Plant to be built in Naraha, Japan. The proposed location is well situated near potential customers and reduces the risks of caking and degradation of product when lithium hydroxide is transported/exposed to humidity and atmospheric air.

The proposed treatment process at the Naraha Lithium Hydroxide Plant will utilise primary grade lithium carbonate sourced from Olaroz together with locally sourced Japanese lime. Test work has demonstrated that a very high-quality, battery grade, lithium hydroxide can be produced.

Contract negotiations continued during H2 FY18 to determine which engineering firm would be awarded the engineering, procurement and construction contract. The selection criteria for the engineering contractor include turn-key commissioning and personnel training with process, product quality and performance guarantees. These contract negotiations are expected to be completed in Q1 FY19.

Negotiations are continuing with TTC regarding the commercial arrangements of the joint venture structure. Staffing and management of the construction phase are also being determined. Financing arrangements have advanced with a term sheet being provided from Japanese banks. Subsidies of US$27 million have been secured from the Japanese Government.

Following extensive studies and the customisation of plant design, the capital expenditure for the Naraha Lithium Hydroxide Plant is expected to be approximately US$60-70 million (100% basis, pre-subsidies).

Operating costs (excluding lithium carbonate feedstock) for the Naraha Lithium Hydroxide Plant are forecast to be approximately US$1,500/tonne.

A FID remains subject to Orocobre and TTC Board approvals.

> "Test work has demonstrated that a very high-quality, battery grade, lithium hydroxide can be produced.

The Lithium Market

The lithium market experienced strong demand during FY18 encouraged by upward revisions to key forward indicators including EV plans of car manufacturers, further battery capacity expansions and growing government investment supporting EV uptake and ESS development.

This sentiment was reflected by seaborne import prices of key customer markets including Japan, South Korea, Europe and China, which continued to trend upward throughout the year due to robust demand for contracted tonnage.

The market had forecast a prompt supply response given announced production targets of Australian hard rock projects, ongoing shipping of direct shipping ore (DSO) and widespread conversion capacity expansions announced with short construction and commissioning time lines. But despite growing exports of Australian material, the downstream processing bottleneck persisted for some time as Chinese conversion plants underestimated the time required to construct and commission capacity with new, unfamiliar feedstock.

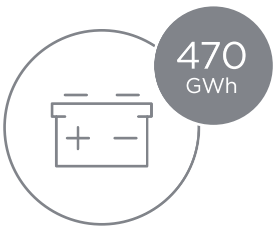
There were reports of growing stockpiles of both concentrate and DSO throughout the supply chain at ports, warehouses and conversion plants challenged by limited technical knowledge, inefficient plants and lower grade feedstock compared with the benchmark 6% Li20 grade concentrate set by Greenbushes' Talison hard rock operation. As of the end of CY17 approximately 24 kt LCE spodumene concentrate and almost 70 kt LCE DSO was stockpiled in China with most conversion plants operating below 70% capacity.

Given only ~5% of Chinese imports of 'non-Greenbushes' material was at or above 6% during Q1 CY18, several new hard rock producers announced ongoing efforts to improve grade during H1 CY18 via supplementary plant and equipment.

Furthermore, the leading DSO supplier announced plans to progressively decrease supply for the remainder of the year. This decision comes after 12 months of market speculation regarding the technical and economic viability of DSO.

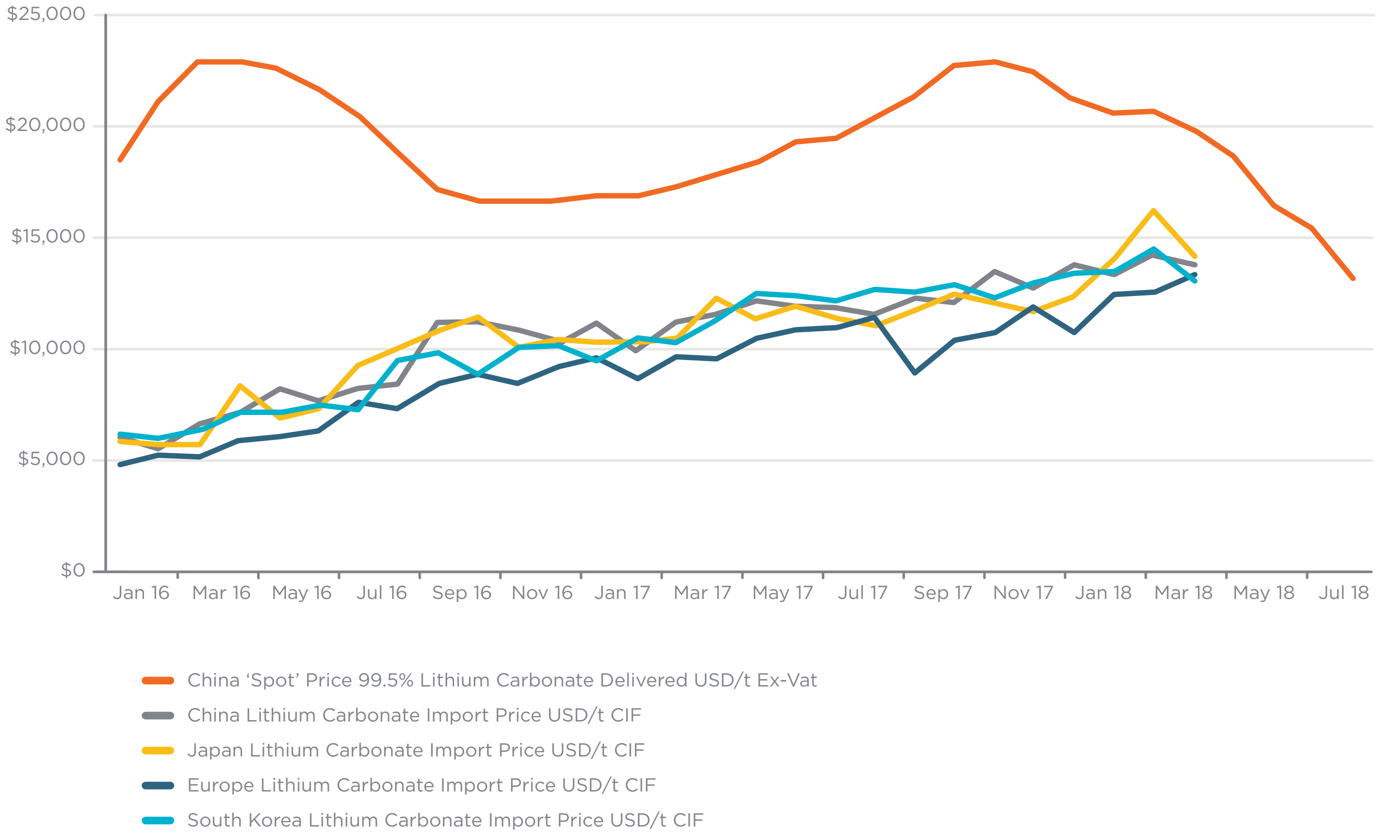
The market had forecast improved supply conditions with expansions expected

Lithium carbonate equivalent (LCE) spodumene concentrate stockpiled as of CY17



Growth from 115 GWh in 2017 to 470 GWh in 2025 for battery manufacturing

Lithium Carbonate Import Prices of Key Markets CIF (USD/t) & Chinese Lithium Carbonate 'Spot' Price Delivered Ex-VAT (USD/t)



Source: Chinese Spot Pricing – Asian Metals; Import Prices – GTIS. Note: May to August 2018 import prices were unavailable at the time of drafting.

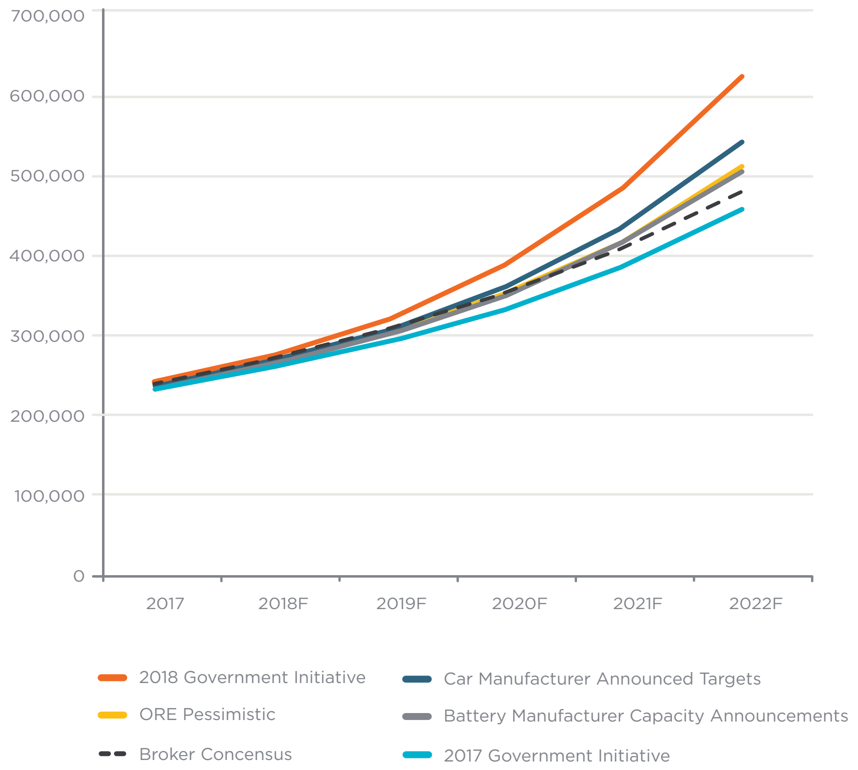
The supply effect of converted new Australian material is reported to be increased industrial or technical grade product with little change in availability of battery grade lithium carbonate and hydroxide. Additionally, reports emerged of increased production from brine operations and lepidolite and spodumene converters. This new supply of largely non-battery specification material created some excess inventory pressuring spot prices in China. A change to the EV subsidy policy has also impacted spot market prices as many cathode and battery manufacturers are required to adjust operations and retool to meet the new requirements favouring higher nickel format batteries rather than the previous cobalt-dominant format.

The revised EV policy which came into effect early June 2018 after a transition period from February 2018, supports improvements to battery technology through higher valued subsidies available to larger batteries with increased energy density and longer range.

The results achieved by the Company to date for contracted business indicate continued strength in the contract market for high quality lithium carbonate chemicals.

The differing sentiment between the contract and spot markets is supported by the convergence in the two indicative prices. It is the Company's view that the recent softening in China's spot price does not represent underlying long-term market dynamics. Long established producers SQM and Albemarle attest

Lithium Demand LCE tpa



2018 Government Initiative:
Global EV30@30 campaign launched in December 2017 by a consortium of Governments with a goal to achieve 30% EV penetration by 2030.

Car Manufacturer Targets:
The International Energy Agency quantified all public announcements by car manufacturers regarding EV sales, % share of fleet & model targets to find the total EV sales sits between the 2017 and 2018 Government mandates.

Battery Capacity:
Projected lithium requirements on the basis of battery capacity projects announced.

Government Mandates:
EV sales calculated on the basis of Government mandates.

Source: Battery Capacity Announcements – Benchmark Minerals 2018; Govt Target EV30@30, Govt Mandates, Car Manufacturer Targets – International Environmental Agency EV Outlook 2018.

Methodology Note for Car Manufacturer Targets: Mid-point of lower & upper range of EV targets.

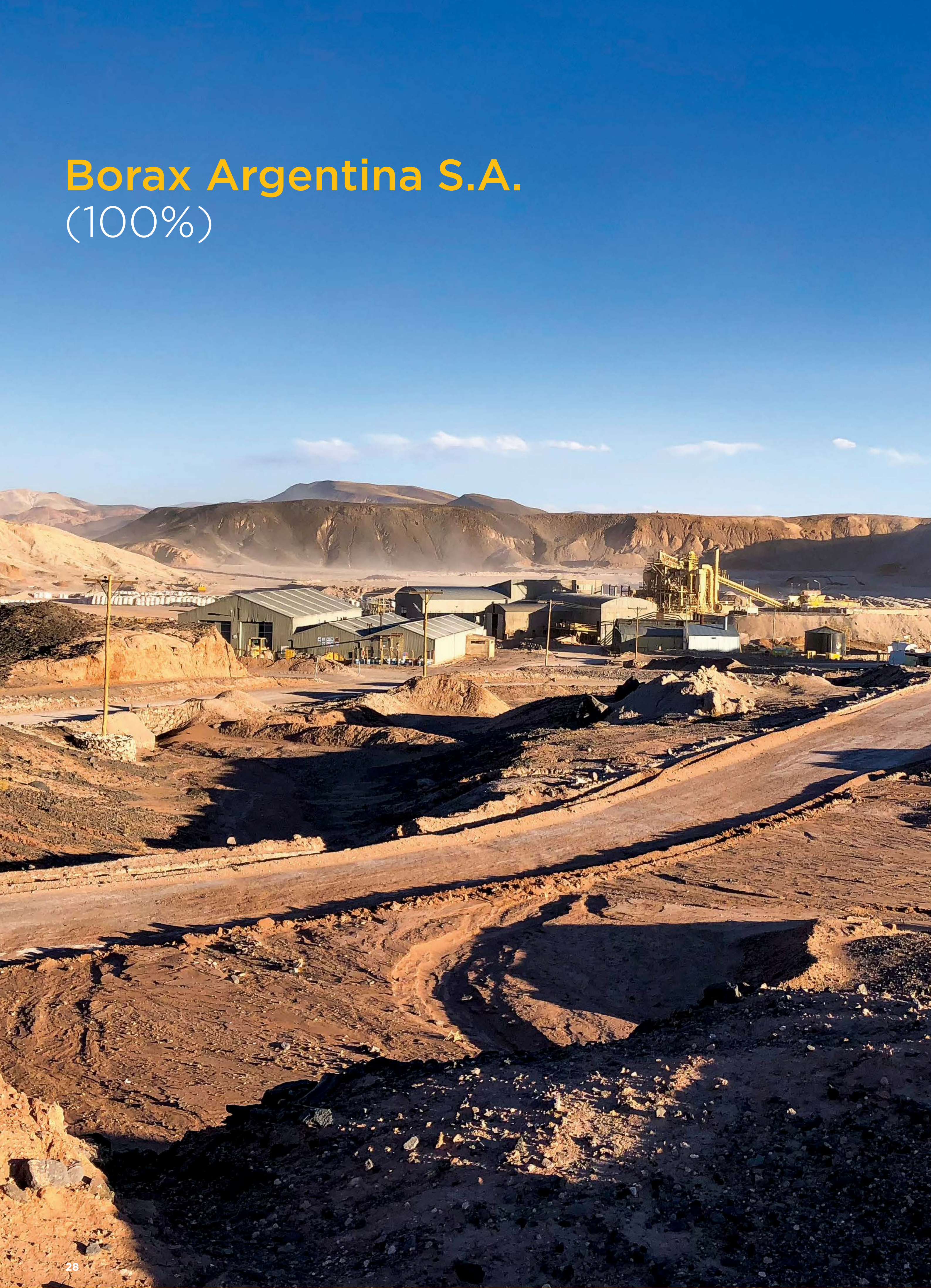
to strong demand growth rates of 20% and 18% CAGR to 2025 respectively, based on their customers' long-term order books.

This view is echoed downstream by the battery supply chain with continued investment in additional capacity buoyed by car manufacturer targets. Battery manufacturing capacity is expected to more than quadruple, growing from 115 GWh in 2017 to 470 GWh in 2025 although continued expansion beyond this is likely (Benchmark Minerals, 2018).

The Company expects that further expansion announcements will occur given both car manufacturer and Government targets exceed the current battery manufacturing capacity plans.

As downstream cathode and battery manufacturers progress expansions to manufacturing facilities largely in line with expected timelines, it has become increasingly apparent that a deficit of lithium carbonate and hydroxide is likely to persist due to slower-than-expected ramp-up of new supply. Significant technical improvements are required to lift lithium carbonate output and unlock persisting bottlenecks particularly in the conversion of spodumene concentrate to lithium compounds given future supply relies heavily on this source. On this basis, it is the Company's view that the market will continue to experience robust demand growth particularly for battery-grade carbonate and hydroxide with some periods of lumpiness or variability to be expected in supply and demand as the market grows.

Borax Argentina S.A.
(100%)



Plant & Equipment written down to nil value recognising financial performance

GDP growth in Latin America is projected to be 1.8% in 2018 rising to 2.5% in 2019

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

Borax products 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 to produce 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 with hydroboracite also supplied 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, smelting fluxes and a number of other 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
June 2018	**36,553**

*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.

Operations

Borax is on a path of restructuring and transformation to becoming a sustainable operational and financial business unit. There has been focus on key areas including production cost efficiency and optimisation, developing business with higher value, more profitable products and the development of products with sound value propositions for customers and attractive and sustainable financial metrics.

During H1 FY18 production rates increased with record production achieved at both Tincalayu and the Boric Acid plant at Campo Quijano.

The strategy of shifting to a product mix that will drive higher average pricing, improved margins and reducing unit costs at full production rates has demonstrated traction with steadily improving sales results achieved during the last quarter of the year.

Sales revenue, which is US$ denominated/pegged, increased by 1% from the prior year. EBITDAIX (excluding asset sales) improved to breakeven versus a FY17 loss of US$1.7 million.

Operating Environment

A substantial portion of Borax's costs are ARS based (~60%). For the financial year devaluation of the ARS against the US$ was ~73% versus inflation of ~30.0% thereby helping US$ costs to be lower for ARS denominated expenses. The effect of such devaluation was only seen towards the end of FY18 when the peso devalued substantially.

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 ARS denominated assets such as recoverable VAT devalues in terms of US$. Whilst a book forex loss is incurred on assets, a book forex gain is achieved on ARS liabilities.

Impairment of Assets

As a result of the impairment assessment of Borax, the carrying value of its Plant and Equipment was written down to nil. For the year ended 30 June 2018, this resulted in a total impairment charge amounting to US$8 million.

Production Performance

The focus for Borax 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.

Refined Borates Expansion Study

An expansion study to evaluate a potential expansion of the Tincalayu refined borates operation from its current production capacity of 30,000 tpa to 100,000-120,000 tpa borax decahydrate equivalent and a 40,000 tpa boric acid plant is currently under review.

It is anticipated that the potential expansion will significantly increase efficiencies in the production of refined borates at Tincalayu and contribute to providing a step change improvement in unit costs.

Approvals were received in the first quarter for a new gas pipeline to supply the expanded plant.

Market & Customers

Borax 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 Borax 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 prices continue to be subdued. GDP growth in Latin America is projected to be 1.8% in 2018 rising to 2.5% in 2019. These conditions underline the importance of product innovation and generating creative customer and market solutions in order to create value.

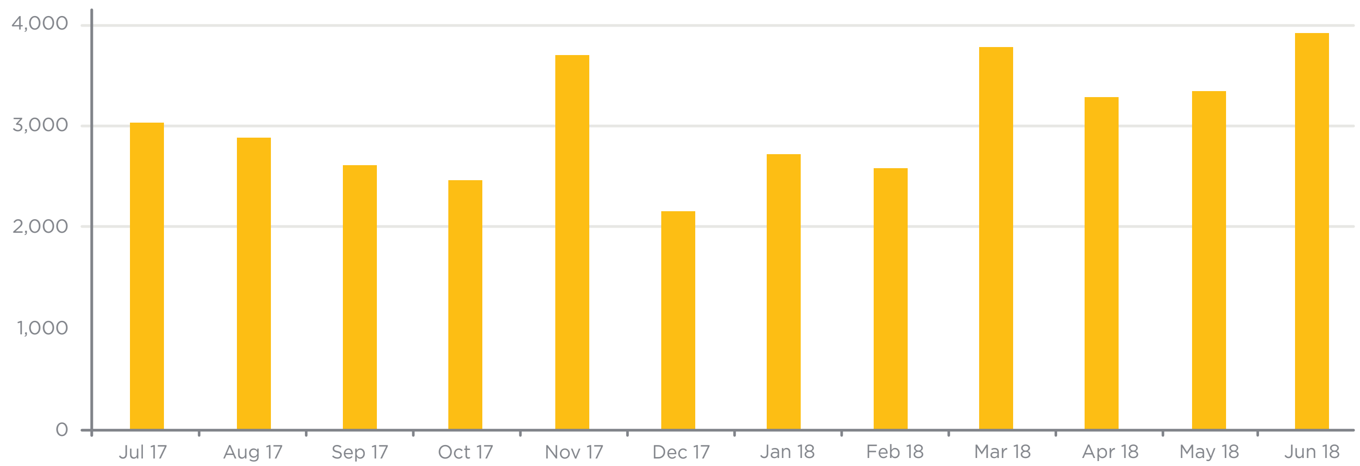
Operations in FY18 have continued to focus on maintaining healthy stock levels with all finished product inventory levels being maintained above the minimum threshold.

Sales volumes in the first quarter were 8,543 tonnes of combined product, a reduction from the previous quarter following the strategic exit of a loss making, high volume mineral product line for the Agricultural market in Brazil. A decision was made to exit this business as it was no longer commercially attractive.

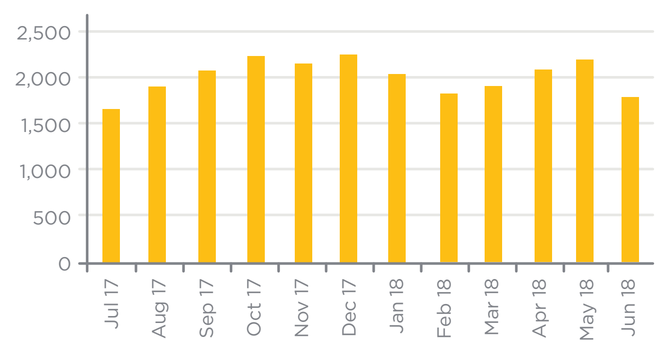
Sales then began to steadily improve in H2 FY18 when the recent product and market development projects began to gain traction. Sales volume in Q4 FY18 was up 16.6% on Q3 FY18. Sales revenue has improved markedly in the last four months of FY18 to be ~12% above the corresponding period last year and ~30% above the monthly average compared to the first eight months of FY18. The focus on production cost efficiency and optimisation, developing business with higher value, more profitable products and the development of products with sound value propositions for customers and attractive and sustainable financial metrics has begun to deliver results and this momentum has been carried over into FY19.

The positive seasonal influence of the Brazil agriculture market will be of significance in H2 CY18. The Brazil agriculture sector has significantly outperformed when compared to GDP growth over the past year.

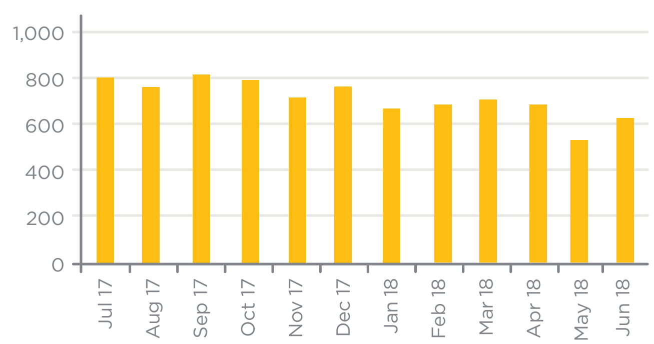
Sales Volume (tonnes)



Tincalayu Production (tonnes)



Boric Acid Production (tonnes)



The Borates
Market

The global borates market is over 2 million tonnes of B_2O_3 equivalent per year with the key traditional industries being glass, ceramics, agriculture and detergents.

Key demand drivers in the borates market are growth in urbanisation (global housing market), energy and food supply. Market growth is expected to be in the 2-5% per annum range over the next few years dependent upon the market segment, geography and global GDP growth profiles.

There are two major producers of boron in the global market accounting for approximately 80% of the market share, Rio Tinto Borates in the US holds ~30% market share and ETi MADEN of Turkey with greater than 50% market share.

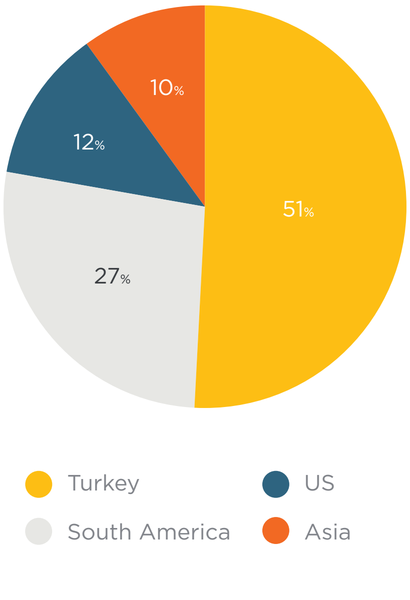
Glass manufacturing is a key market for borates accounting for greater than 50% of global consumption, predominantly comprised of fibreglass (both insulation and electronics) and borosilicate glasses where it is used for strength and resistance to thermal shock.

Borates are also used extensively in the ceramics industry in the manufacture of frits, a ceramic composition that is fused in a special fusing oven, quenched to form a glass, and then granulated. Frits form an important part of the batches used in compounding enamels and ceramic glazes.

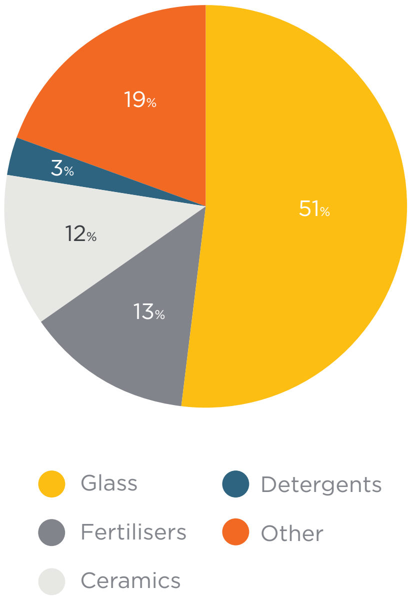
Agricultural markets account for a significant share (~15%) of the total global consumption. Borates are an essential, non-substitutable micronutrient which help in the transfer of water and nutrition within plants. They are essential for cell division (creation of new plant cells) and promotes reproductive growth (for fruit and seed development and pollination).

Asia continues to maintain its position as the largest regional consumer of borates accounting for greater than 50% of total global consumption.

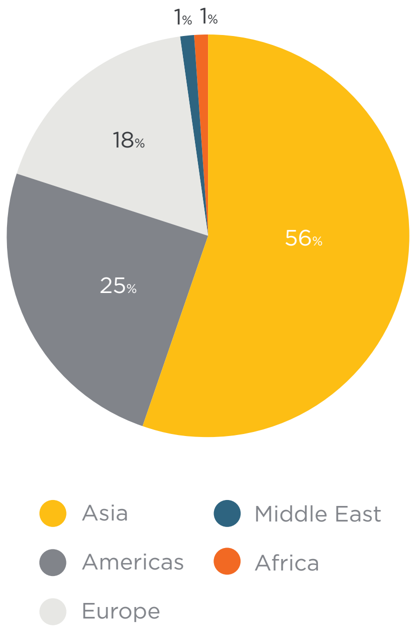
Borates Production by Region



Borates Consumption by Industry



Borates Consumption by Region



Source: Eti Maden, 2016

Advantage Lithium
& Cauchari JV

Advantage Lithium Corp (TSXV:AAL) manages a 85,543 hectare portfolio of high quality assets in Argentina, including the Cauchari Joint Venture, in which Orocobre holds a 25% interest and a 100% interest in five other lithium properties.

Orocobre now holds approximately 33.5% of Advantage Lithium Corp (Advantage) common shares following the Company's C$5 million participation in a subscription agreement as part of a private placement offered by Advantage in July 2018 to raise C$12 million gross through the issuance of 15,585,000 common shares at an issue price of C$0.77 per share.

Operational Update

FY18 was a highly productive year for Advantage as they continued their focus on extensive drilling and testing at the flagship Cauchari Project. The objective of work at Cauchari in FY18 was to rapidly advance the property through exploration and towards development.

On 2 July 2018 Advantage released a NI43-101 Technical Report on the resource upgrade of the Cauchari Lithium Project in Jujuy, Argentina. The report, prepared by FloSolutions S.A.C., increased the inferred resource to a volume of approximately 1,200 million cubic metres of brine at average grades of 450 mg/l lithium and 4,028 mg/l potassium for 3.02 Mt of LCE and was the basis for a study Advantage subsequently released in accordance with Canadian 43-101 standards to the TSXV in Q1 FY19.

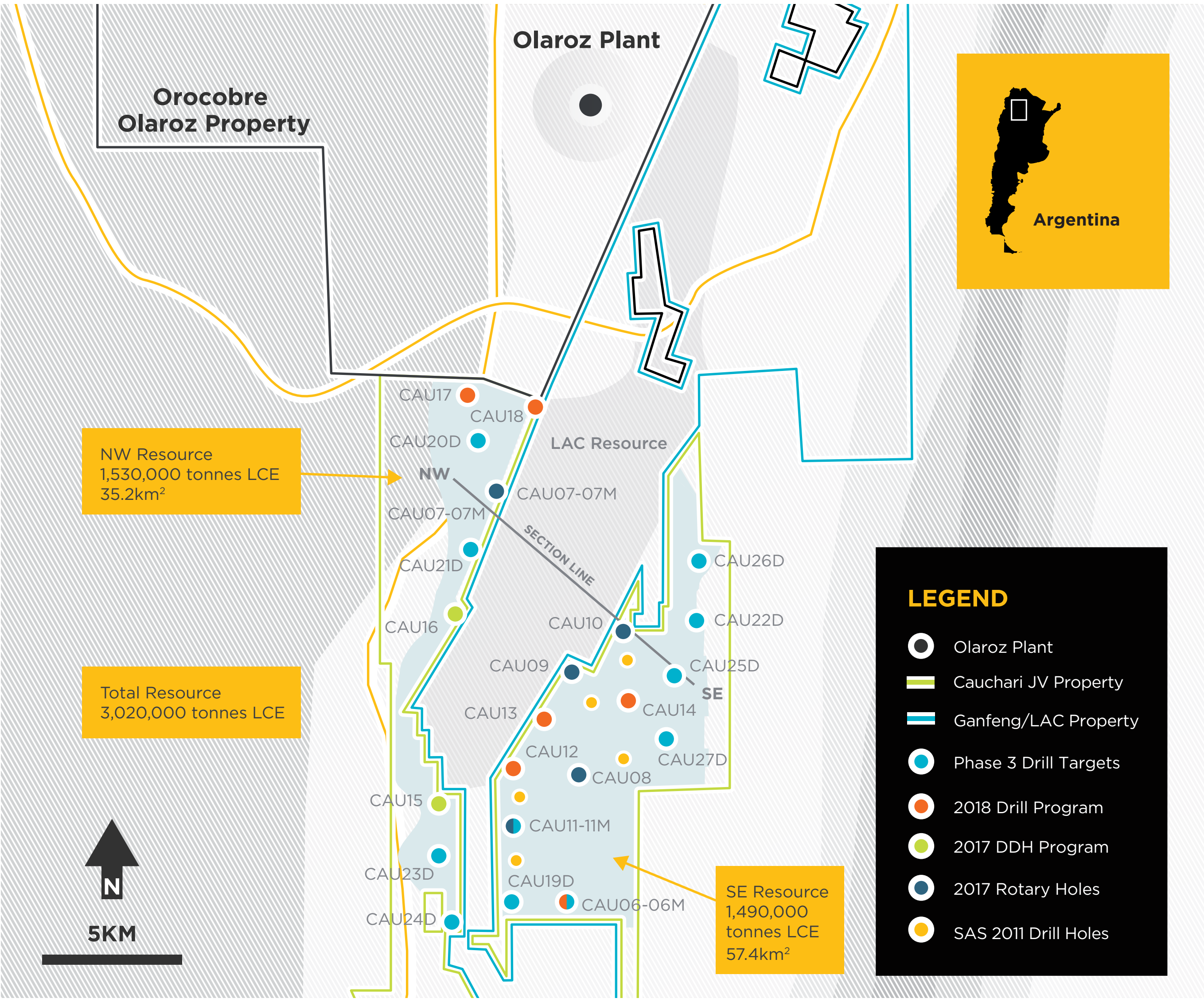
Further resource definition drilling is currently underway at the Cauchari project site supported by a new drill rig (large diameter drilling capacity to beyond 600m). This program will include additional diamond holes in the NW and SE Sectors and is designed to provide combined borehole density data required to upgrade the current Inferred Resources to the Indicated and Measured categories. Drilling undertaken at depths greater than 450m will also aim to further define resources in the deep sand units and the base of the Cauchari salar basin.

Advantage is fully funded through to the completion of a Feasibility Study in the June quarter of 2019.

Hold ~33.5% of Advantage Lithium Corp common shares

Advantage is fully funded to complete a definitive Feasibility Study

Cauchari 2018 Resource Outlines – Phase II & Historical Drill Holes (June 27, 2018)



Health, Safety & Commmunity

Health & Safety

Orocobre fosters a “zero harm” approach when it comes to the safety of our employees and project contractors.

We are committed to reducing workplace risks and incidents, and consistently review our management and reporting systems to enhance the safety of our operations.

The improvement in our safety statistics over the last year is testament to our focus and commitment to safety. The Total Recordable Injury Frequency Rates (TRIFR) for Borax and SDJ are presented on the following page.

The TRIFR has improved across both operations, which is a strong endorsement of the Company’s commitment to continuous improvement. For SDJ, which has now completed its second full year of commercial production, this is also a strong indication of the operation’s increasing maturity.

As we increase construction and commissioning activities at SDJ with the Stage 2 expansion, our key focus will be on reinforcing safety management, reporting and engagement initiatives to ensure our TRIFR remains low.

As of 30 June 2018 the Borax Sijes mine had achieved more than 1,020 days without a Lost Time Injury (LTI), in the same period Tincalayu had recorded more than 430 days without an LTI and Campo Quijano had achieved more than 113 days without an LTI.

SDJ and Borax have both achieved ISO accreditation recertification for ISO 9001 Quality Management Systems and ISO 14001 Environmental Management. Both subsidiary companies continue to comply with the OHSAS 18001 Occupational Health and Safety Standard.

In addition, a detailed safety audit was conducted at SDJ to gain an in-depth understanding of the opportunities to strengthen their safety performance. This included employee safety training to reinforce the importance of risk management and workplace safety, and a review of systems facilitating risk assessments and incident reporting.

Community

The five pillars of our Shared Value program focus on Education, Empowerment, Transparency, Natural Resources and Production, and Health.

Orocobre runs a wide range of initiatives to empower and support our local communities, suppliers, and personnel in Argentina.

Central to these initiatives are formal primary, secondary and tertiary education opportunities to enhance the skills and capabilities of our local communities and employees. We also offer entrepreneurship workshops and supplier training to enhance the capacity and capability of local suppliers.

Our approach to engaging local communities in the design and monitoring of our social and environmental programs is also core to our Shared Value activities.

The Company continues to conduct year-round health care programs for employees and members of the local community that provide a variety of dentistry, ophthalmology, cardiology and paediatric services.

Multi-stakeholder approaches to promote local health and wellbeing are also being explored through engagement with government and civil society.

As a signatory to the UN Global Compact, Orocobre is committed to contributing to the achievement of the Sustainable Development Goals through targeted community initiatives, responsible operations and the enabling of a low-carbon future.

Further information about our Health, Safety and Community performance, including our contribution to the UN SDGs, is available in our annual Sustainability Report via the Company website www.orocobre.com.

> “The company continues to conduct year-round health care programs for employees and members of the local community.

	Employee TRIFR		Contractor TRIFR	
	FY18	FY17	**FY18**	FY17
Borax	**2.7**	6.1	**0.0**	3.9
SDJ	**3.3**	3.9	**3.5**	3.5

* Restatement of previous years' safety data following adoption of the International Council of Mining and Metals' definition of TRIFR which does not include First Aid Injuries (FAIs). Borax previously included FAIs in TRIFR calculations.

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 summarised on the following pages.

Executive Leadership Team

Company Directors

Robert Hubbard
BA (Hons), FCA
Non-Executive Chair

Robert was appointed a Director in November 2012 and appointed Chair of the Orocobre Board 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 and Chairman of Primary Health Care Limited.

Robert is Chair of the Related Party Committee and 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)
- Primary Health Care Limited (December 2014 – Present)
- Central Petroleum Limited (December 2013 – May 2018)

Richard P. Seville
BSc (Hons) Mining Geology, MEngSc Rock Engineering, MAusIMM, ARSM
Managing Director & Chief Executive Officer

Richard joined the Board of Orocobre as Managing Director in April 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 35 years' experience in exploration, development and production, and nearly 25 years in the corporate field as a Director involved in resource development funding through both debt and equity with companies listed on ASX, TSX and AIM.

Richard has managed Orocobre's growth from an explorer to become a successful producer of lithium carbonate at the Olaroz project, the first new major producer from brine in 20 years.

Richard was instrumental in negotiating the Toyota Tsusho Joint Venture in 2010 and has been key to the management of the relationship since.

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 Geology and a Master of Engineering Science in Rock Engineering.

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

- Elementos Limited (Nov 2013 – Oct 2015)
- Advantage Lithium (Feb 2017 – Present)

Company Directors

Federico Nicholson
LLB
Non-Executive Director

Federico was appointed a 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 Agricola Santa Rosa for 19 years, 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 14 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 a member of the Company's Remuneration Committee.

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

Fernando Oris de Roa
MPA, Harvard Kennedy School of Government
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.

In January 2018 Fernando was appointed Argentina's ambassador to the United States of America by President Mauricio Macri.

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

Company Directors

Courtney Pratt

Non-Executive 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.

Courtney is currently Chair of the Remuneration Committee and a member of the Related Party Committee.

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

John W. Gibson, Jr.

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 is currently Chairman, Energy Technology for Tudor, Pickering, Holt & Company – an energy focused investment and merchant bank headquartered in Houston, Texas.

John was previously the Chief Executive Officer of Tervita Corporation, a major Canadian environmental and oil field services company. 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, including President of Halliburton's Energy Services Group. John serves on the Boards of Directors of Blue Spark Energy Inc. and I-Pulse Inc. He is a member of the University of Houston Energy Advisory Committee, visiting committee of the University of Texas Bureau of Economic Geology, and the national board of KickStart Kids.

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.

John is a member of the Audit 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 Director's and CPA Australia.

Leanne is a Senior Marketing Executive with Inenco Industrial Services, a Non-Executive Director for the Australian Meat Processor Corporation and is a member of the NSW Council for Women's Economic Opportunity.

Leanne is Chair of the Audit Committee and a member of the Related Party Committee.

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

Masaharu Katayama
BA (ME)
Non-Executive Director

Masaharu was appointed a Director in April 2018 following the strategic placement of Orocobre shares to Toyota Tsusho Corporation (TTC), under the terms of which TTC is entitled to appoint a representative to the Orocobre Board of Directors (see ASX announcement 16 January 2018).

Masaharu's experience includes risk management, resource development and marketing strategy development with exposure to a variety of industries throughout India, Canada, Morocco, France, Vietnam and Japan.

Masaharu holds a Bachelor of Mechanical Engineering from Kobe University. He has been working for TTC since 1995 and is currently General Manager of Resource Development.

Masaharu 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 & Joint Company Secretary

Neil was appointed Chief Financial Officer in January 2013 and Company Secretary in July 2013. Neil is a Chartered Accountant and brings a wealth of knowledge to the Company with over 25 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 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 & Joint Company Secretary

Rick joined Orocobre in January 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.

Directors' interests as at 30 June 2018 and Performance Rights

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

Directors	Shares	Performance Rights
Richard P. Seville	5,371,973	560,870
Federico Nicholson	121,500	-
Fernando Oris de Roa	100,000	-
Robert Hubbard	70,293	-
Courtney Pratt	59,651	-
John W. Gibson	37,900	-
Leanne Heywood	14,050	-

“

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

Unissued Shares

As at 30 June 2018 there were 2,017,638 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 PR outstanding and to Additional Information for further details on the unissued ordinary shares under PR and the corresponding lapse dates. 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 100,000 options and 429,488 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 11 Board meetings. The Board and Committee meetings attended by each Director were:

	Board		Audit Committee		Remuneration Committee		Related Party Committee	
Directors	**Meetings**	**Attendance**	**Meetings**	**Attendance**	**Meetings**	**Attendance**	**Meetings**	**Attendance**
Richard Seville	11	11	–	–	–	–	–	–
John Gibson	11	11	4	2	–	–	–	–
Courtney Pratt	11	10	–	–	2	2	2	2
Fernando Oris de Roa	11	10	3	2	–	–	–	–
Federico Nicholson	11	10	–	–	2	2	–	–
Masaharu Katayama[1]	2	2	1	1	–	–	–	–
Robert Hubbard	11	10	–	–	2	2	2	2
Leanne Heywood	11	11	4	4	–	–	2	2

Committee Membership

At the date of this report the Company has an Audit Committee, a Remuneration Committee, and a Related Party Committee. When Masaharu Katayama joined the Audit Committee in April 2018 Fernando Oris de Roa stepped down. Members are as follows:

Audit Committee	Remuneration Committee	Related Party Committee
L. Heywood [(C)]	C. Pratt [(C)]	R. Hubbard [(C)]
J. Gibson	R. Hubbard	L. Heywood
M. Katayama	F. Nicholson	C. Pratt

[(c)] Designated the Chair of the committee

[1] Orocobre Limited appointed Masaharu Katayama to the Board of Directors on 12 April 2018 following the strategic placement of Orocobre shares to TTC (ASX announcement 16 January 2018), under the terms of which TTC is entitled to appoint a representative to the Orocobre Board of Directors.

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 exploration, development and production of lithium at the Company's flagship Olaroz Lithium Facility and the operation of Borax.

Operating & Financial Review

The operations, financial position, business strategies and prospects for future financial years of the consolidated entity are detailed in the Operating and Financial Review section of this Annual Report, on pages 15 to 37, and in the Financial Report section, on pages 69 to 127.

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 other than as detailed in Note 27 of the financial statements.

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 continuing development and improvement of good operating practices at the Olaroz Lithium Facility, the optimisation of plant performance and the associated production rate ramp up; production of product within the required specification at the Olaroz Lithium Facility, the achievement of the design production rate for lithium carbonate, the brine grade, the expected operating costs and recoveries at the Olaroz Lithium Facility and the comparison of these costs to global operating costs, the ongoing working relationship between Sales de Jujuy S.A. and the Province of Jujuy (JEMSE), and the meeting of all relevant banking covenants in respect to the operation of the Olaroz Lithium Facility. With respect to Borax 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 applicable to all of Orocobre's operations 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 ARS and risks associated with adverse weather patterns and consequent potential negative impacts on production rates. 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 on page 152.

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 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 Dangerous Residues Regulation.

The applicable authority in Jujuy is the Provincial Department of Mining and Energy Resources (Dirección Provincial de Mineria 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 FY12. Borax is already accredited under ISO 9001 and ISO 14001 plus SALTA ECOSELLO regarding environmental management.

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.

Rounding of Amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the instrument applies.

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.

Remuneration Report
Letter from the Chair

Dear Shareholder,

We are writing this letter to provide introductory comments to this year's remuneration report. Needless to say, we were pleased with the 96% 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.

Executive Key Management Personnel (Executive KMPs) should receive total remuneration at approximately the median level for similar sized companies in comparable businesses.

Masaharu Katayama was appointed to the Board in April 2018. There were no other changes to our Executive KMP group.

Remuneration outcomes and changes

During the year, Mercer Consulting was re-appointed as remuneration consultant to our board. On the basis of their review of KMP remuneration, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Corporate Development Manager (CDM) and Chief Operating Officer (COO) received increases in fixed remuneration of 7%, 6%, 9% and 12% respectively, to bring their fixed remuneration in line with our philosophy.

We have also reviewed the at risk variable compensation of the KMPs by reducing the STI as a percentage of TFR while increasing in the same proportion the LTI. The objective of shifting to a higher LTI is to further align Orocobre's executive team with shareholders' interests and incentivise staff retention.

We continue to be committed to communicating KMP and Non-Executive Director remuneration arrangements in a simple, clear and transparent manner.

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 Group 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 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.

Courtney Pratt

Courtney Pratt
Non-Executive Director
Chair of the Orocobre
Remuneration Committee

Remuneration Report (audited)

This Remuneration Report outlines the overall remuneration strategy, framework and practices adopted by the Company. It has been audited in accordance with Section 308(C) of the Corporations Act 2001.

In addition to the statutory requirements, additional sections summarising remuneration for the year ended 30 June 2018 have been included where appropriate.

At the most recent Annual General Meeting held on 24 November 2017, 96% of votes cast at the meeting were in favour of the adoption of the Remuneration Report.

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

A. Directors and Executives

B. Role of the Remuneration Committee

C. Remuneration Framework

D. Relationship of Incentives to Orocobre's Operating and Financial Performance

E. Take Home Pay (non-IFRS)

F. Service Agreements

G. Details of Remuneration

H. Share-Based Compensation Issued to the Non-Executive Directors and Executive KMPs

I. Shareholdings of Executive KMPs

Remuneration information for Executive KMPs is reported in US Dollars (US$) (consistent with the remainder of the report) although the contractual arrangements are in Australian Dollars (A$).

A. Directors & Executives

In addition to the Non-Executive Directors, Executive KMPs 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 2018. Executive KMPs of the Company for the financial year ended 30 June 2018 are as follows:

Name	Position	
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 Chair	Appointed Chair July 2016 (Director November 2012)
Leanne Heywood	Non-Executive Director	Appointed September 2016
Masaharu Katayama	Non-Executive Director	Appointed April 2018
Neil Kaplan	Chief Financial Officer/ Joint Company Secretary	Employed January 2013
Rick Anthon	Corporate Development Manager/ Joint Company Secretary	Employed January 2015
Dr Alex Losada	Chief Operating Officer	Employed May 2016

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 Non-Executive Chair. 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.

The Remuneration Committee's role and interaction with the Board, internal and external advisors, is determined by its Charter:

The Board reviews, applies judgment and, as appropriate, approves the Remuneration Committee's recommendations.

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

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

For each annual remuneration review cycle, the Remuneration Committee considers whether to appoint a remuneration consultant and, if so, their scope of work. During the year the remuneration consultant Mercer Consulting (Australia) Pty Ltd was re-appointed. Remuneration recommendations and other related remuneration advice were provided by Mercer to the Remuneration Committee, including market benchmarking.

The Board and Mercer are satisfied that the advice received from Mercer is free from undue influence from the Executive KMPs to whom the remuneration recommendations apply. Mercer was paid a total of US$10,080 (A$13,000) (2017: US$25,637 / A$34,000) for remuneration related services.

C. Remuneration Framework

Remuneration for the Executive KMPs 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 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. 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, 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.

Non-Executive Directors

The maximum aggregate remuneration of Non-Executive Directors is determined by the shareholders at a general meeting. The current aggregate fee pool is A$850,000 (US$659,120) (2017: A$600,000 / US$452,420)[1] which was established and approved at the 2017 AGM.

The Non-Executive Chair fee and Non-Executive Directors fees were increased by 25%[2]. The previous increase occurred 3 years ago on 1 January 2015. The total fees paid are within the current aggregate fee pool as detailed above. The increases reflect the growing complexity and size of Orocobre's activities. They were based on external benchmarking by Mercer of listed companies with similar market capitalisation, complexity and stage of development as Orocobre.

From March to October 2017, Fernando Oris de Roa, a Director, provided an expanded role encompassing specific tasks in Argentina as advised by the CEO. For such role, he was paid US$27,934. Other Non-Executive Directors are paid a base fee only. No separate Committee fees are paid.

Non-Executive Directors receive reimbursement for any costs incurred directly related to Orocobre business on an approved basis.

Annualised fees (including Superannuation) for the relevant periods were as follows:

	30 June 2018 [1,2]		30 June 2017 [1,2]	
	US$	**A$**	US$	A$
Position – Non-Executive Directors				
Chair	**145,394**	**187,500**	113,105	150,000
Other Non-Executive Directors	**77,543**	**100,000**	60,236	80,000

[1]Average exchange rates as at date of payment used for the conversion from A$ to US$ are as follows:
July 2017 – June 2018 – 1 US$: 1.2896 A$
July 2016 – June 2017 – 1 US$: 1.3262 A$

[2] Increases were effective from 1 January 2018

Remuneration Report
(audited)

Managing Director and Other Executive KMPs

Orocobre intends to provide an appropriate mix of remuneration components balanced between fixed and 'at risk' components. During the financial year, the Remuneration Committee commenced a review of the balance of short-term incentives (STIs) and long-term incentives (LTIs) to appropriately motivate its Executive 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 Executive KMP reward and growth in shareholder value and hence greater balance to the LTI component.

The planned remuneration and composition can be illustrated as follows:

	Fixed Remuneration [1]		STI [2]		LTI	
Position	**2018**	2017	**2018**	2017	**2018**	2017
CEO/Managing Director (CEO)	**41%**	41%	**11%**	31%	**48%**	28%
Other Executives						
Chief Financial Officer (CFO)	**47%**	54%	**5%**	17%	**48%**	29%
Corporate Development Manager (CDM)	**47%**	54%	**5%**	17%	**48%**	29%
Chief Operating Officer (COO)	**47%**	55%	**5%**	18%	**48%**	27%

	Fixed Remuneration [1]		STI [2]		LTI	
Position	**2018 US$**	2017 US$	**2018 US$**	2017 US$	**2018 US$**	2017 US$
CEO/Managing Director (CEO)	**521,480**	490,122	**134,732**	367,592	**604,839**	335,700
Other Executives						
Chief Financial Officer (CFO)	**322,106**	298,767	**33,115**	91,327	**331,149**	160,609
Corporate Development Manager (CDM)	**284,332**	262,036	**29,719**	79,196	**297,185**	142,512
Chief Operating Officer (COO)	**308,846**	259,039	**32,690**	84,829	**326,904**	154,940

[1] Salary increases effective 1 January 2018. For FY18 Executive KMPs were paid 50% of CY17 and 50% of CY18 from the above fixed remuneration.

[2] Excluding discretionary additional bonus described within STIs section C.

Average exchange rates used for the conversion from A$ to US$ are as follows:
July 2017 – June 2018 – 1 US$: 1.2896 A$
July 2016 – June 2017 – 1 US$: 1.3262 A$

Fixed remuneration (summary of contracts)

The Remuneration Committee approved increases to fixed remuneration during the year, as shown below, to reflect the growing complexity and size of Orocobre's activities. These increases were based on external benchmarking by Mercer of listed companies with similar market capitalisation, complexity and stage of development to Orocobre. In considering the extent of the increases the Committee has placed most attention on the current complexity of Orocobre, its development objectives and the demands placed upon the executive team. The Committee appreciates that whilst market capitalisation is one factor, lithium price expectations are a major driver of this and this is outside of management's control. Consequently, share price growth has been a secondary factor in deriving fixed remuneration.

		Fixed Remuneration			
		30 June 2018		30 June 2017	
Name/Position	% Increase in A$[1]	US$[2]	A$	US$[2]	A$
Richard Seville (CEO)	7%	538,927	695,000	490,122	650,000
Neil Kaplan (CFO)	6%	331,149	427,050	304,422	403,725
Rick Anthon (CDM)	9%	297,185	383,250	263,987	350,099
Dr Alex Losada (COO)	12%	326,904	421,575	282,763	375,000

[1] Salary increases were effective from 1 January 2018.

[2] Average exchange rates for the conversion from A$ to US$ are as follows:
July 2017 – June 2018 – 1 US$: 1.2896 A$
July 2016 – June 2017 – 1 US$: 1.3262 A$

Remuneration Report (audited)

Short-term incentives

The cash STI component of executive incentives was reduced in proportion to the increase in the LTI component in 2018. For all Executive KMPs the maximum pool available for STI is $230,256 excluding the special bonus paid following the successful completion of the TTC strategic placement. Consequently, the drivers of the STI now more substantively reflect individual goals of Executive KMPs integral to achieving the strategic corporate objectives of Orocobre and its annual business plan and budget. By way of examples individual goals include items such as successful implementation of technology projects, specific business improvement and business growth initiatives, efficient management of related party shareholder interests and stakeholder relationships. Individual executive goals are defined and measurable. The award of STIs based on achievement of these individual goals is also viewed in the context of the overall operating and financial performance of Orocobre. Performance against the annual business plan and budget has been considered in three broad areas of annual production, unit cost and sustainability goals in relation to safety, environment and social performance.

Whilst in 2018 the production and cost goals were not achieved, partly due to the adverse weather conditions suffered in early 2018, operations moved to a more stable footing with enhanced systems maturity improved operational expertise and understanding. Sustainability goals, a key management focus, where largely reached as the Company continued to build a consistent culture of sustainability. The Company in now considered a lithium industry leader in this area. Significant progress was also made on expansion projects including the proposed Stage 2 expansion and the Naraha Lithium Hydroxide plant which will lay the foundation for ongoing near and medium-term production and revenue growth.

The following percentage of STI targets have been awarded for 2018:

		STI Opportunity		STI Accrued/Paid	Achieved	Forfeited
Name/Position	**FY**	**US$[1,2]**	**% of FR**	**US$[1,2,3]**	**%**	**%**
Richard Seville (CEO)	**2018**	**134,732**	**25%**	**36,913**	**27%**	**73%**
	2017	367,592	75%	113,105	31%	69%
Neil Kaplan (CFO)	**2018**	**33,115**	**10%**	**15,121**	**46%**	**54%**
	2017	91,327	30%	60,323	66%	34%
Rick Anthon (CDM)	**2018**	**29,719**	**10%**	**13,570**	**46%**	**54%**
	2017	79,196	30%	60,323	76%	24%
Dr Alex Losada (COO)	**2018**	**32,690**	**10%**	**14,927**	**46%**	**54%**
	2017	84,829	30%	60,323	71%	29%

[1] Average exchange rates for the conversion from A$ to US$ are as follows:
July 2017 – June 2018 – 1 US$: 1.2896 A$
July 2016 – June 2017 – 1 US$: 1.3262 A$

[2] Based on salary including Superannuation contributions.

[3] Exclude discretionary bonus described over page.

Discretionary additional bonus

In addition to the STI presented on the previous page, the Executive KMPs mentioned below were allocated a one-off bonus as a result of the successful strategic placement to Toyota Tsusho Corporation. These amounts have been included in the STI disclosure in section G.

	2018	
Name/Position	**US$[1]**	**A$**
Richard Seville (CEO)	**86,310**	**109,500**
Neil Kaplan (CFO)	**51,785**	**65,700**
Rick Anthon (CDM)	**103,570**	**131,400**

[1] Average exchange rates as at date of payment used for the conversion from A$ to US$ are as follows:
February 2018 – 1 US$: 1.2687 A$

Remuneration Report
(audited)

Long-term incentives

For FY18, 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 24 November 2017. There are no options outstanding at 30 June 2018.

The objective of the grant of Performance Rights (PR) is to provide an incentive to Executive KMPs which promotes both the long-term performance and growth of the Company and encourages the retention of the Company's executives and the attraction of new executives to the Company.

The remuneration table in Section H provide details of LTI grants to Executive KMPs. The tables also detail the vesting periods and lapsing of Performance Rights.

The following table summarises the key features of the Performance Rights issued to the Executive KMPs for the year ended 30 June 2018.

Performance Rights	
Description	It is a contemporary risk equity long-term incentive plan which allows the Company to provide Performance Rights to eligible and invited employees, subject to the terms of the plan. PR are 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, if any.
Grant date	The Rights were granted on 24 November 2017 and 2 March 2018.
Performance period/ Exercise price	There is a 3-year vesting period. The vesting date for the Performance Rights is the later of 31 August 2020 or date of release of the Company's financial results for the 2020 financial year. Vesting of the 2018 Performance Rights are subject to the matrix of outcomes. The shares acquired on vesting of Performance Rights, if any, will be at no cost to the Executive KMPs as long as they meet the conditions. Whether the Company settles Rights from a new issue or by on-market purchase will usually be determined by the Board, at the time of vesting and exercise.
Retesting	Performance conditions will be tested at the vesting date and if the performance conditions have not been met, the Rights will lapse.
Forfeited	Unless the Board otherwise determines, the Rights 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).
Dividends	Performance Rights are not entitled to dividends nor other distributions. Shares acquired on vesting and exercise of Performance Rights will be ordinary securities and entitled to dividends, if any. No dividends apply before vesting and exercise.
Restrictions	Participants cannot secure, mortgage or create a lien in respect of their interests in PROP. All Executive KMPs 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.
Change of control	In the event of a takeover or change of control, any unvested Performance Rights will vest immediately.
Dilution	The issue of shares under the 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.

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

TSR Hurdle: Absolute (50% of LTI Grant)		FY 2018 results	TSR Hurdle: Relative (50% of LTI Grant)		FY 2018 results
TSR performance over the Measurement Period and subject to meeting the following compound annual rate thresholds:			TSR performance over the Measurement Period relative to the constituent companies of the ASX300 Resources Index subject to the following thresholds:		
Target return per annum	**% Vesting**	**% Achieved 2015 PR[1]**	**Target percentile**	**% Vesting**	**% Achieved 2015 PR**
Greater than 12.5%	100%	Starting at 2.72 Adding 12.5% Year 1: 3.06 Year 2: 3.44 Year 3: 3.87	Greater than 75th	100%	Per Independent Third Party calculation, 70th percentile was achieved.
Greater than 10.0%	75%		Equal to or greater than 50th	50%	
Greater than 7.5%	50%		Less than 50th	0%	
Less than 7.5%	0%				
Interpolated vesting on a straight line where the return per annum is between 7.5% and 12.5%.		**Achieved: 3.86 or 99%**	Interpolated vesting on a straight line between the 50th and 75th percentile.		**Achieved: 90%**

[1] The starting position for the Absolute TSR Hurdle is the VWAP of the shares for the 5 day period immediately following the release of the Annual Report:
FY 2016 – 1.6726
FY 2017 – 3.7500

Long-term equity incentive grants to selected key executives, including Executive KMPs, are considered on an annual basis. They are subject to a three-year performance period. The value granted of LTI grants are calculated on a set percentage of fixed remuneration.

Position	FY	Number of PR granted[1]	Face value[2] A$	Face value[3] US$	Fair Value of LTI Granted during the year[4] US$	Value as a % of FR
Richard Seville (CEO)	**2018**	**197,769**	**780,000**	**604,839**	**756,996**	**120%[5]**
	2017	118,721	445,204	335,700	262,726	75%
Neil Kaplan (CFO)	**2018**	**108,278**	**427,050**	**331,149**	**386,317**	**100%**
	2017	56,800	213,000	160,609	53,188	60%
Rick Anthon (CDM)	**2018**	**97,173**	**383,250**	**297,185**	**346,697**	**100%**
	2017	50,400	189,000	142,512	47,195	60%
Dr Alex Losada (COO)	**2018**	**106,890**	**421,575**	**326,904**	**381,365**	**100%**
	2017	54,795	205,481	154,940	51,310	60%

[1] The 2018 number of rights granted is equal to the LTI value divided by the Company's 5 day VWAP of the Company's Shares of A$3.944 for the period ended 7 September 2017.

[2] Face value represents the LTI amount achieved used to calculate the number of PR's granted.

[3] Converted at the same average rate consistent with other tables.

[4] The value at grant date calculated in accordance with AASB 2 Share-based Payment of awards granted during the year as part of remuneration. More information is available in section H.

[5] R Seville's LTI was calculated as a percentage of FY17 Fixed Remuneration.

Remuneration Report
(audited)

D. 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 FY18, besides the strategic corporate objectives and the annual business plan and budget, the individual goals, as detailed under Short-term incentives on page 54, are also viewed in the context of the overall operating and financial performance of Orocobre. Performance against the annual business plan and budget has been considered in three broad areas of annual production, unit cost and sustainability goals in relation to safety, environment, and social performance.

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

	Fixed remuneration		At risk – STI [1]		At risk – LTI		Total	
Name	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	%	%	**%**	%	**%**	%	**%**	%
CEO/Managing Director								
Richard Seville (CEO)	**57%**	61%	**4%**	13%	**39%**	26%	**100%**	100%
Other executive KMP								
Neil Kaplan (CFO)	**65%**	67%	**3%**	12%	**32%**	21%	**100%**	100%
Rick Anthon (CDM)	**62%**	63%	**3%**	14%	**35%**	23%	**100%**	100%
Dr Alex Losada (COO)	**70%**	79%	**3%**	17%	**27%**	4%	**100%**	100%

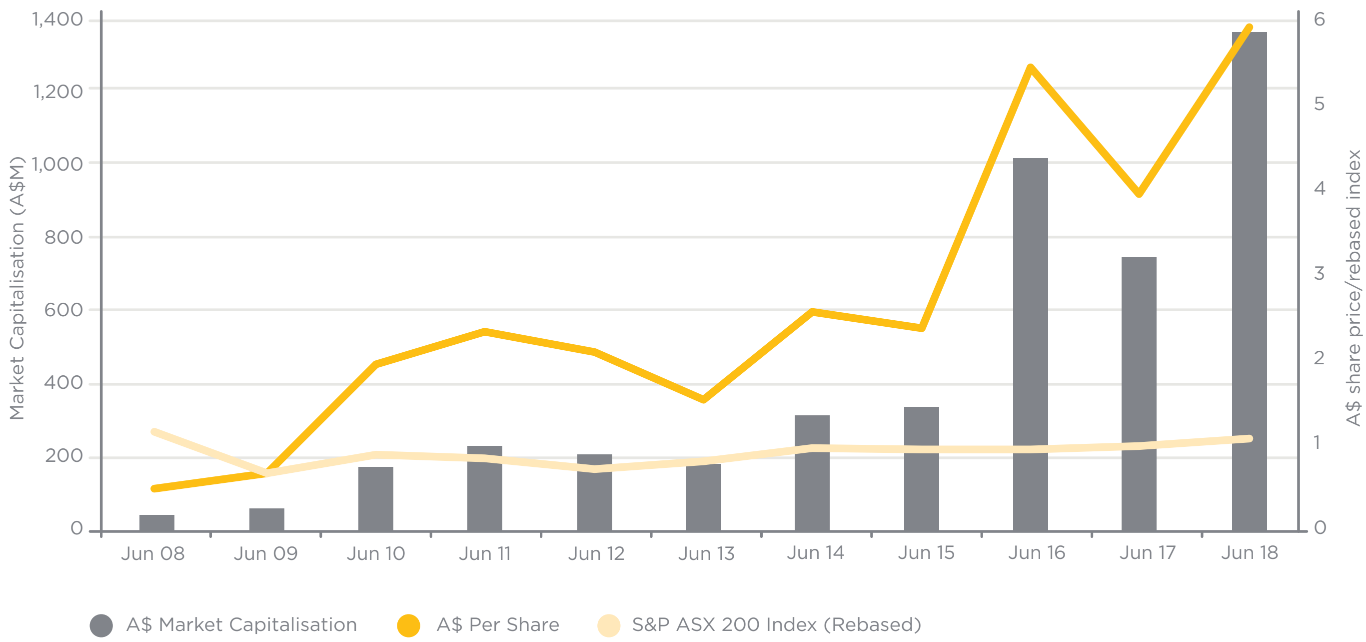
[1] Excluding the discretionary additional bonus described in section C

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 increased by 140% and share price has increased by 49% in comparison to the prior year in A$ terms.

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

Year	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17	**30-Jun-18**
A$ per share	$2.26	$2.10	$4.79	$3.47	**$5.17**
US$ market capitalisation (‘000)	$280.94	$244.85	$746.49	$561.91	**$1,348.00**
Basic Earnings/Loss Per Share (EPS) (US cents)*	$(4.03)	$(0.59)	$(11.91)	$9.19	**$0.83**
US$ profit/(loss) (‘000)	$(5,093)	$(845)	$(21,913)	$19,439	**$1,920**
S&P ASX 200	5,396	5,459	5,233	5,722	**6,195**

* 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.



Remuneration Report
(audited)

E. Take Home Pay (non-IFRS)

The table below has not been prepared in accordance with accounting standards but has been provided to ensure shareholders are able to clearly understand the remuneration outcomes for Executive KMP. Executive remuneration outcomes, which are prepared in accordance with the accounting standards, are provided in Section G.

The remuneration outcomes identified in the table were paid/payable in relation to FY18 and are linked to the Company performance described in Section D. The actual STI is dependent on Orocobre and individual performance as described in Section C.

The actual vesting of the LTI is dependent on Orocobre's performance and the outcomes are further described in Section H.

	Fixed Remuneration[1]	STI[2]	LTI Vested[3]	Actual FY18 Remuneration outcome
	US$	US$	US$	US$
Richard Seville (CEO)	521,490	123,222	479,587	1,124,299
Neil Kaplan (CFO)	322,132	66,906	225,274	614,312
Rick Anthon (CDM)	284,302	117,141	221,753	623,196
Dr Alex Losada (COO)	308,769	14,927	-	323,696

[1] Fixed Remuneration comprises base salary and Superannuation contributions.

[2] The amount relates to the discretionary additional bonus paid in February 2018, and the FY18 STI which will be paid in September 2018.

[3] Represents Rights issued during the 2015 financial year that have vested under the LTI Plan during the 2018 financial year. The value of the Rights has been determined based on the share price at the close of business on the vesting date of A$4.362.

F. Service Agreements

Remuneration and other key terms of employment for the CEO and other Executive KMPs 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/Position	Term of Agreement	Notice Period by either Party	Termination Benefit
Richard Seville (CEO)	Open	6 months	12 months fixed remuneration
Neil Kaplan (CFO)	Open	6 months	6 months fixed remuneration
Rick Anthon (CDM)	Open	6 months	6 months fixed remuneration
Dr Alex Losada (COO)	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.

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.

G. Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP is as follows:

		Short-Term Employee Benefits				Post-Employment Benefits	Long-Term Employee Benefits	Equity Settled Options	
Name		Directors' Fees/Base Salary US$	Annual Leave movement US$	Short-Term Incentive[1] US$	Non-monetary Benefits US$	Super-annuation US$	Long service leave US$	Share-based Payments[2] US$	Total Remuneration US$
Non-Executive Directors									
James Calaway (Resigned 19 July 2016)	**2018**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2017	9,975	-	-	-	-	-	-	9,975
Courtney Pratt	**2018**	**69,053**	**-**	**-**	**-**	**-**	**-**	**-**	**69,053**
	2017	60,257	-	-	-	-	-	-	60,257
John Gibson	**2018**	**69,053**	**-**	**-**	**-**	**-**	**-**	**-**	**69,053**
	2017	60,257	-	-	-	-	-	-	60,257
Fernando Oris de Roa	**2018**	**84,987**	**-**	**-**	**-**	**-**	**-**	**-**	**84,987**
	2017	72,257	-	-	-	-	-	-	72,257
Federico Nicholson	**2018**	**69,053**	**-**	**-**	**-**	**-**	**-**	**-**	**69,053**
	2017	60,257	-	-	-	-	-	-	60,257
Masaharu Katayama	**2018**	**16,219**	**-**	**-**	**-**	**-**	**-**	**-**	**16,219**
	2017	-	-	-	-	-	-	-	-
Robert Hubbard	**2018**	**118,241**	**-**	**-**	**-**	**11,233**	**-**	**-**	**129,474**
	2017	100,723	-	-	-	9,569	-	-	110,292
Leanne Heywood	**2018**	**63,062**	**-**	**-**	**-**	**5,991**	**-**	**-**	**69,053**
	2017	42,248	-	-	-	4,847	-	-	47,095
Total Non-Executive Directors	**2018**	**489,668**	**-**	**-**	**-**	**17,224**	**-**	**-**	**506,892**
	2017	405,974	-	-	-	14,416	-	-	420,390
CEO/Managing Director									
Richard Seville (CEO)	**2018**	**501,972**	**15,154**	**123,222**	**1,933**	**19,518**	**19,267**	**379,566**	**1,060,632**
	2017	469,268	12,060	113,105	3,949	26,440	10,834	230,446	866,102
Other Executive KMP									
Neil Kaplan (CFO)	**2018**	**302,661**	**(6,973)**	**66,906**	**2,918**	**19,471**	**8,847**	**161,373**	**555,203**
	2017	279,655	-	60,323	3,091	22,680	7,621	101,954	475,324
Rick Anthon (CDM)	**2018**	**264,798**	**7,312**	**117,141**	**2,879**	**19,504**	**7,767**	**171,588**	**590,989**
	2017	239,336	(6,486)	60,323	3,348	23,376	5,963	101,798	427,658
Dr Alex Losada (COO)	**2018**	**289,282**	**4,599**	**14,927**	**889**	**19,487**	**7,929**	**123,106**	**460,219**
	2017	243,779	20,862	60,323	794	23,159	6,421	14,051	369,389
Total Managing Director & Other Exec. KMP	**2018**	**1,358,714**	**20,092**	**322,196**	**8,619**	**77,979**	**43,810**	**835,633**	**2,667,043**
	2017	1,232,038	26,436	294,074	11,182	95,655	30,839	448,249	2,138,473

‡ The average exchange rates used for the conversion from A$ to US$ are as follows:
July 2017 – June 2018 – 1 USD: 1.2896 AUD
July 2016 – June 2017 – 1 USD: 1.3262 AUD

[1] For the breakdown of the Short-Term Incentives, please see Section C for details.

[2] The value for Long-Term Incentives presented in the table above is calculated in accordance with AASB 2 Share Based Payment and represents instruments granted under the LTI equity plans that have been expensed during the current year. The fair values of LTIs have been calculated by an independent third party.

Remuneration Report
(audited)

H. Share-based compensation issues to the Non-Executive Directors and Executive KMPs

The table below highlights the movement in Rights for the Executive KMP in 2018.

				Movement during the year				
	Grant Date	Vesting Date	Balance at 1 July 2017	Rights granted[3]	Rights exercised[1]	Rights lapsed	Balance at 30 June 2018	Unvested[4] As at 30 June 2018
Richard Seville (CEO)	21/11/14	31/08/17	150,039	-	(141,787)	(8,252)	-	-
	06/11/15	31/08/18	244,380	-	-	-	244,380	244,380
	23/11/16	31/08/19	118,721	-	-	-	118,721	118,721
	24/11/17	31/08/20	-	197,769	-	-	197,769	197,769
	Total Number		513,140	197,769	(141,787)	(8,252)	**560,870**	**560,870**
	Total value US$[2]		698,211	756,996	(198,534)	(12,610)	**1,208,730**	**1,208,730**
Neil Kaplan (CFO)	21/01/15	31/08/17	70,477	-	(66,601)	(3,876)	-	-
	06/11/15	31/08/18	114,791	-	-	-	114,791	114,791
	31/03/17	31/08/19	56,800	-	-	-	56,800	56,800
	02/03/18	31/08/20	-	108,278	-	-	108,278	108,278
	Total Number		242,068	108,278	(66,601)	(3,876)	**279,869**	**279,869**
	Total value US$[2]		258,062	386,317	(93,967)	(5,993)	**523,330**	**523,330**
Rick Anthon (CDM)	21/01/15	31/08/17	69,376	-	(65,560)	(3,816)	-	-
	06/11/15	31/08/18	188,330	-	-	-	188,330	188,330
	31/03/17	31/08/19	50,400	-	-	-	50,400	50,400
	02/03/18	31/08/20	-	97,173	-	-	97,173	97,173
	Total Number		308,106	97,173	(65,560)	(3,816)	**335,903**	**335,903**
	Total value US$[2]		319,710	346,697	(92,498)	(5,899)	**546,262**	**546,262**
Dr Alex Losada (COO)	31/03/17	31/08/19	54,795	-	-	-	54,795	54,795
	02/03/18	31/08/20	-	106,890	-	-	106,890	106,890
	Total Number		54,795	106,890	-	-	**161,685**	**161,685**
	Total value US$[2]		51,630	381,365	-	-	**413,021**	**413,021**

[1] Rights exercised during the current financial year at a nil exercise price.

[2] Total value in US$ is based on grant date fair 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.

[3] The fair values of long-term incentives have been calculated by an independent third-party valuer.

[4] All Rights become exercisable upon the vesting date. There are no vested and exercisable rights as at 30 June 2018.

The table below summarises the details of the grants and assumptions that were used in determining the fair value of Rights on the grant date. A Monte Carlo Simulation is used to value the Performance Rights.

Input Variable					**Performance Rights**					
Grant Date	6/11/15	6/11/15	23/11/16	23/11/16	31/03/17	31/03/17	24/11/17	24/11/17	2/03/18	2/03/18
Vesting Date	31/08/18	31/08/18	31/08/19	31/08/19	31/08/19	31/08/19	31/08/20	31/08/20	31/08/20	31/08/20
Expiry Date	30/09/18	30/09/18	30/09/19	30/09/19	30/09/19	30/09/19	30/09/20	30/09/20	30/09/20	30/09/20
Exercise Price (A$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share Price (Date terms agreed) (A$)	1.79	1.79	4.27	4.27	2.78	2.78	6.20	6.20	5.88	5.88
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%	47%	47%	47%	47%	47%	47%	47%	47%
Expected Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected Risk Free Rate	1.97%	1.97%	1.85%	1.85%	1.82%	1.82%	1.87%	1.87%	2.01%	2.01%
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) (A$)	1.08	1.37	2.64	3.15	1.03	1.42	5.31	4.73	4.85	4.35

Remuneration Report
(audited)

I. Shareholdings of Executive KMP

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. The Company does not have a formal policy requiring executives to own shares. However, the Directors regularly monitor investor expectations in this regard.

	Opening Balance 1-Jul-17	Rights Converted	Acquired /(Sold)	Closing Balance 30-Jun-18
Richard P. Seville	5,191,829	141,787	38,357	**5,371,973**
John W. Gibson	37,900	-	-	**37,900**
Courtney Pratt	56,810	-	2,841	**59,651**
Fernando Oris de Roa	100,000	-	-	**100,000**
Federico Nicholson	100,000	-	21,500	**121,500**
Robert Hubbard	52,183	-	18,110	**70,293**
Leanne Heywood	-	-	14,050	**14,050**
Neil Kaplan	199,423	66,601	13,303	**279,327**
Rick Anthon	730,444	65,560	29,004	**825,008**
Dr Alex Losada	3,540	-	177	**3,717**
Total	**6,472,129**	**273,948**	**137,342**	**6,883,419**

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

Robert Hubbard
Chairman

R P. Seville
Managing Director

Signed: 28th day of August 2018

Building a better working world

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

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

Auditor's Independence Declaration to the Directors of Orocobre Limited

As lead auditor for the audit of Orocobre Limited for the financial year ended 30 June 2018, 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

Ernst & Young

DMcKenzie

Kellie McKenzie
Partner
28 August 2018

Corporate Governance Statements

The Company's Corporate Governance Statements are summarised below. All of these documents can be viewed publicly on the Company's website www.orocobre.com.

Related Party Committee Charter

Orocobre's Related Party Committee Charter defines the purpose, authority and responsibility of the Orocobre Related Party Committee.

Sustainability Report 2017

The Orocobre Sustainability Report seeks to reflect the Company's ongoing commitment to the local communities in which Orocobre operates, the environment and responsible management of natural resources and the safety of our people, suppliers and communities.

Extractive Sector Transparency Measures Act Report

The Government of Canada has proclaimed into force the Extractive Sector Transparency Measures Act (the Act). The Act requires entities engaged in the commercial development of oil, gas and minerals to disclose payments made to all levels of government, both in Canada and internationally.

Corporate Governance Statement

The Company's Corporate Governance Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council's "Corporate Governance Principles and Recommendations, 3rd Edition".

Corporate Code of Conduct

Orocobre's Code of Conduct sets out the standard which the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

Process for Performance Evaluation

The Chair in conjunction with the Lead Independent Director evaluates the performance of the Board by way of ongoing review with reference to the composition of the Board and its suitability to carry out the Company's objectives. The Chair reports back to the Board as to its performance at least annually.

Communications with Investors

The Company is committed to (subject to commercial and confidentiality constraints) providing transparent, timely and accurate communications with all shareholders and encouraging their participation at general meetings.

Audit and Risk Management Committee Charter

The Audit and Risk Management Committee Charter sets out the role, responsibilities, composition, authority and membership requirements of the Committee.

Corporate Ethics Policy

To assist Directors in discharging their duty to the Company in compliance with the relevant laws to which they are subject, the Company has adopted a Corporate Ethics Policy.

Disclosure Policy

Orocobre Limited is listed on the Australian Securities Exchange (ASX) and Toronto Stock Exchange (TSX) and must comply with the Corporations Act, the ASX Listing Rules and the Toronto Stock Exchange Rule Book and Policies.

Orocobre Constitution

The Orocobre Constitution specifies rules that govern the activities of the Company, its Directors and shareholders.

Remuneration Committee Charter

The Orocobre Remuneration Committee Charter sets out the role, responsibilities, composition, authority and membership requirements of the Remuneration Committee.

Diversity Policy

The Company respects and values the competitive advantage of diversity (which includes but is not limited to gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity), and the benefit of its integration throughout the Company in order to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's goals.

Trading Policy

The Orocobre Trading Policy is intended to ensure that persons who are discharging managerial responsibilities including but not limited to Directors, do not abuse, and do not place themselves under suspicion of abusing Inside Information that they may be thought to have, especially in periods leading up to an announcement of the Company.

Orocobre Limited Board Charter

Orocobre's Board Charter sets out the main principles adopted by the Board of Directors of the Company to implement and maintain a culture of good corporate governance both internally and in its dealings with outsiders. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Financial Report

for the year ended 30 June 2018

Contents

Consolidated statement
of profit or loss
for the year ended 30 June 2018

	Note	2018 US $'000	2017 US $'000
Revenue	1	**17,379**	17,199
Cost of sales		**(14,204)**	(15,873)
Gross profit		**3,175**	1,326
Other income		**389**	240
Corporate expenses	2a	**(8,843)**	(5,431)
Administrative expenses	2b	**(5,056)**	(4,441)
Depreciation expense	9	**(1,782)**	(1,743)
Impairment of assets	3	**(8,046)**	(8,105)
Gain on sale of assets	10	**2,435**	-
Share of net gains of joint ventures	11	**19,758**	21,480
Share of net losses of associates	20	**(1,532)**	-
Foreign currency gain/(loss)	2c	**(2,936)**	625
Profit/(loss) before interest and income tax		**(2,438)**	3,951
Finance income	2d	**5,147**	3,603
Finance costs	2e	**(789)**	(1,814)
Profit before income tax		**1,920**	5,740
Income tax expense	5	**-**	(1,108)
Profit for the year from continuing operations		**1,920**	4,632
Profit for the year from discontinued operation	4	**-**	14,784
Profit for the year		**1,920**	19,416
Profit for the year attributable to:			
Owners of the parent entity		**1,920**	19,439
Non-controlling interests		**-**	(23)
		1,920	19,416
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents per share)	6	**0.83**	9.19
Diluted earnings per share (cents per share)	6	**0.83**	9.17
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents per share)	6	**0.83**	2.20
Diluted earnings per share (cents per share)	6	**0.83**	2.19

These statements should be read in conjunction with the accompanying notes

Consolidated statement of comprehensive income

for the year ended 30 June 2018

	Note	2018 US $'000	2017 US $'000
Profit for the year		**1,920**	19,416
Other comprehensive income/(loss)			
(Items that may be reclassified subsequently to profit or loss)			
Translation losses on foreign operations		**(5,089)**	(1,587)
Net gain on revaluation of derivatives	14b	**1,732**	1,473
Other comprehensive loss for the year, net of tax		**(3,357)**	(114)
Total comprehensive income/(loss) for the year, net of tax		**(1,437)**	19,302
Total comprehensive income/(loss) attributable to:			
Owners of the parent entity		**(1,437)**	19,341
Non-controlling interests		**-**	(39)
		(1,437)	19,302

These statements should be read in conjunction with the accompanying notes

Consolidated statement of financial position

as at 30 June 2018

	Note	2018 US $'000	2017 US $'000
Current assets			
Cash and cash equivalents	15	**316,690**	51,632
Trade and other receivables	7	**52,449**	23,710
Inventory	8	**6,506**	6,436
Other financial assets	16a	**–**	9,792
Total current assets		**375,645**	91,570
Non-current assets			
Trade and other receivables	7	**34,240**	58,464
Inventory	8	**700**	434
Property, plant and equipment	9	**73**	9,064
Exploration, evaluation and development assets	10	**7,428**	1,449
Investment in joint ventures	11	**84,778**	57,686
Investment in associates	20	**19,954**	21,476
Total non-current assets		**147,173**	148,573
Total assets		**522,818**	240,143
Current liabilities			
Trade and other payables	12	**7,457**	9,307
Loans and borrowings	15	**737**	877
Provisions	13	**630**	412
Total current liabilities		**8,824**	10,596
Non-current liabilities			
Trade and other payables	12	**559**	551
Loans and borrowings	15	**–**	73
Provisions	13	**11,331**	10,903
Total non-current liabilities		**11,890**	11,527
Total liabilities		**20,714**	22,123
Net assets		**502,104**	218,020
Equity			
Issued capital	14a	**527,364**	243,184
Reserves	14b	**(106,923)**	(104,907)
Retained earnings		**81,663**	79,743
Total equity		**502,104**	218,020

These statements should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity

for the year ended 30 June 2018

	Note	Issued capital US $'000	Retained earnings US $'000	Reserves US $'000	Non-controlling interests US $'000	Total US $'000
Balance as at 1 July 2016		242,248	60,304	(111,813)	(1,312)	189,427
Profit/(loss) for the year		–	19,439	–	(23)	19,416
Other comprehensive loss for the year	14b	–	–	(98)	(16)	(114)
Total comprehensive profit/(loss)		–	19,439	(98)	(39)	19,302
Shares issued during the year	14a	936	–	–	–	936
Share-based payments		–	–	704	–	704
Decrease in wealth tax		–	–	15	–	15
Disposal of subsidiary		–	–	6,285	1,351	7,636
Balance as at 30 June 2017		243,184	79,743	(104,907)	–	218,020
Balance as at 1 July 2017		**243,184**	**79,743**	**(104,907)**	**–**	**218,020**
Profit for the year		**–**	**1,920**	**–**	**–**	**1,920**
Other comprehensive loss for the year	14b	**–**	**–**	**(3,357)**	**–**	**(3,357)**
Total comprehensive profit/(loss)		**–**	**1,920**	**(3,357)**	**–**	**(1,437)**
Shares issued during the year	14a	**284,180**	–	**–**	**–**	**284,180**
Share-based payments		**–**	**–**	**1,341**	**–**	**1,341**
Balance as at 30 June 2018		**527,364**	**81,663**	**(106,923)**	**–**	**502,104**

These statements should be read in conjunction with the accompanying notes

Consolidated statement of cash flows

for the year ended 30 June 2018

	Note	2018 US $'000	2017 US $'000
Cash flows from operating activities			
Receipts from customers		**14,313**	16,763
Payments to suppliers and employees		**(28,901)**	(24,834)
Interest received		**1,304**	2,196
Interest paid	2e	**(690)**	(762)
Other cash receipts		**-**	224
Net cash used in operating activities	22	**(13,974)**	(6,413)
Cash flows from investing activities			
Payments for exploration, evaluation and development expenditure	10	**(6,499)**	(454)
Proceeds from sale of assets, net of transaction costs		**3,325**	3,751
Purchase of property, plant and equipment	9	**(1,609)**	(3,431)
Proceeds from sale of property, plant and equipment		**-**	16
Investment in associates		**(10)**	-
Investment in joint ventures	11	**(8,258)**	(1,004)
Net cash used in investing activities		**(13,051)**	(1,122)
Cash flows from financing activities			
Release of standby letters of credit on behalf of joint ventures	16a	**9,792**	23,939
Proceeds from issue of shares	14a	**287,009**	936
Transaction costs on issuance of shares		**(2,829)**	-
Proceeds from borrowings		**750**	460
Repayment of borrowings		**(967)**	(1,135)
Loan to joint venture partners		**(1,046)**	-
Loan to joint ventures		**(484)**	(123)
Net cash provided by financing activities		**292,225**	24,077
Net increase in cash and cash equivalents		**265,200**	16,542
Cash and cash equivalents, net of overdrafts, at the beginning of year		**51,627**	35,058
Effect of exchange rates on cash holdings in foreign currencies		**(146)**	27
Cash and cash equivalents, net of overdrafts, at the end of year	15	**316,681**	51,627

These statements should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

About this report

Orocobre Limited is a company limited by shares, incorporated in Australia and is a for-profit entity for the purposes of preparing the financial statements. The financial statements are for the consolidated entity consisting of Orocobre Limited (the 'Company' or the 'Parent') and its subsidiaries and together are referred to as the 'Group' or 'Orocobre'.

The registered office and principal place of business is: Level 1, 349 Coronation Drive, Milton, Queensland 4064, Australia. The financial statements were authorised for issue on 28 August 2018 by the Directors of the Company.

The financial statements are general purpose financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)
- Have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value
- Are presented in US Dollars, with all amounts in the financial report being rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 to the nearest thousand Dollars, unless otherwise indicated
- Where necessary, comparative information has been restated to conform with changes in presentation in the current year
- Adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2017, and
- Equity account for associates and joint ventures listed in Notes 11 and 20.

Significant and other accounting policies that summarise the measurement basis used and that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements and in Note 25.

Significant judgements and estimates

The Group has identified a number of critical accounting policies under which significant judgements, estimates and assumptions are made. Actual results may differ for these estimates under different assumptions and conditions. This may materially affect financial results and the carrying amount of assets and liabilities to be reported in the next and future periods. Additional information relating to these critical accounting policies is embedded within the following notes:

Note	Critical accounting policy
3	Impairment
5	Deferred taxation
8	Inventory
13	Provision for rehabilitation
18	Share-based payments

Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted, processed and sold from the Group's properties under current and foreseeable economic conditions. The Group determines, and reports ore reserves under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the JORC Code).

The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets, property, plant and equipment, the carrying amount of assets depreciated on a units of production basis, provision for site restoration and the recognition of deferred tax assets, including tax losses.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore or brine bodies to be determined by analysing geological data. This process may require complex and difficult geological judgements to interpret the data. Additional information on the Group's reserves and resources can be viewed on page 128. This information is unaudited and does not form part of these Financial Statements.

Reserve impact on financial reporting

Estimates of reserves may change from period-to-period as the economic assumptions used to estimate reserves change and additional geological data is generated during the course of operations. Changes in reserves may affect the Group's financial results and financial position in a number of ways, including:

- asset carrying values may be affected due to changes in estimated future production levels,
- depreciation, depletion and amortisation charged in the statement of profit or loss may change where such charges are determined on the units of production basis, or where the useful economic lives of assets change,
- decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities,
- the carrying amount of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Foreign currency translation

The functional currency of the entities within the Group is USD, with exception of Borax Argentina S.A. (ARS), and Advantage Lithium Corp. (CAD). In preparation of the financial statements the following exchange rates have been used to translate from the functional currency of each entity to the presentational currency of the Group:

Spot Rates	**30 June 2018**	30 June 2017	Movement (%)
ARS -> USD 1	**28.8500**	16.6300	(73.48%)
ARS -> AUD 1	**21.3230**	12.7913	(66.70%)
AUD -> USD 1	**1.3530**	1.3001	(4.07%)
CAD -> USD 1	**1.3220**	-	-

Average Rates (12 months)	**30 June 2018**	30 June 2017	Movement (%)
ARS -> USD 1	**19.4817**	15.4492	(26.10%)
ARS -> AUD 1	**15.0774**	11.6505	(29.41%)
AUD -> USD 1	**1.2903**	1.3262	2.71%
CAD -> USD 1	**1.2694**	-	-

Note 1: Segment reporting

The Group operates primarily in Argentina. The Group's primary focus is on exploration for and development of lithium deposits. The Group also includes the operations of Borax. The Group has three reportable segments, being Corporate, the Olaroz project and Borax.

In determining operating segments, the Group has had regard to the information and reports the Chief Operating Decision maker (COD) uses to make strategic decisions regarding resources. The Chief Executive Officer (CEO) is considered to be the COD and is empowered by the Board of Directors to allocate resources and assess the performance of the Group. The COD 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, 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. The following tables present revenue and profit information for the Group's operating segments:

For the year ended 30 June 2018

	Corporate	Olaroz [i] Note 11	Borax	Elimination - Olaroz [i]	Add back equity accounting of Olaroz [i]	Elimination - other	Total Group
	US $'000	US $'000	US $'000	US $'000	US $'000	US $'000	US $'000
Revenue	–	148,896	17,379	(148,896)	-	-	17,379
EBITDAIX[1]	(11,913)	94,580	2,481	(94,580)	-	-	(9,432)
Less depreciation & amortisation	(33)	(8,772)	(1,749)	8,772	-	-	(1,782)
EBITIX[2]	(11,946)	85,808	732	(85,808)	-	-	(11,214)
Plus interest	7,688	(12,984)	(674)	12,984	-	(2,656)	4,358
EBTIX[3]	(4,258)	72,824	58	(72,824)	-	(2,656)	(6,856)
Less impairment	-	-	(8,046)	-	-	-	(8,046)
Less foreign currency losses	(1,680)	(10,057)	(1,256)	10,057	-	-	(2,936)
Add share of profit of joint ventures, net of tax	-	-	-	-	19,758	-	19,758
Segment profit/(loss) for the year from continuing operations before tax	(5,938)	62,767	(9,244)	(62,767)	19,758	(2,656)	1,920
Income tax	–	(31,935)	-	31,935	-	-	-
Total profit/(loss) for the year from continuing operations after tax	(5,938)	30,832	(9,244)	(30,832)	19,758	(2,656)	1,920

[i] The Olaroz project represents the results of the joint venture at 100% as this reflects how the COD reviews the results. As the joint venture is equity accounted for, it is eliminated from the Group results and replaced by the equity accounted interest to reconcile with the revenue and profit information reported on the statement of profit or loss.

[1] EBITDAIX – Segment earnings before interest, taxes, depreciation, amortisation, impairment, and foreign currency gains/(losses). Included within Borax EBITDAIX is US$1,900 gain on sale of assets (Note 10).

[2] EBITIX – Segment earnings before interest, taxes, impairment, and foreign currency gains/(losses)

[3] EBTIX – Segment earnings before taxes, impairment, and foreign currency gains/(losses)

Note 1: Segment reporting (continued)

For the year ended 30 June 2017

	Corporate	Olaroz [i] Note 11	Borax	Elimination - Olaroz [i]	Add back equity accounting of Olaroz [i]	Elimination - other	Total Group
	US $'000	US $'000	US $'000	US $'000	US $'000	US $'000	US $'000
Revenue	–	120,065	17,199	(120,065)	–	–	17,199
EBITDAIX[1]	(6,655)	71,173	(1,651)	(71,173)	–	–	(8,306)
Less depreciation & amortisation	(30)	(8,760)	(1,713)	8,760	–	–	(1,743)
EBITIX[2]	(6,685)	62,413	(3,364)	(62,413)	–	–	(10,049)
Less interest	4,317	(10,588)	(1,180)	10,588	–	(1,348)	1,789
EBTIX[3]	(2,368)	51,825	(4,544)	(51,825)	–	(1,348)	(8,260)
Less impairment	–	–	(8,105)	–	–	–	(8,105)
Add foreign currency gains/(losses)	232	(867)	472	867	–	(79)	625
Add share of profit of joint ventures, net of tax	–	–	–	–	21,480	–	21,480
Segment profit/(loss) for the year from continuing operations before tax	(2,136)	50,958	(12,177)	(50,958)	21,480	(1,427)	5,740
Income tax	–	(18,655)	(1,108)	18,655	–	–	(1,108)
Total profit/(loss) for the year from continuing operations after tax	(2,136)	32,303	(13,285)	(32,303)	21,480	(1,427)	4,632

The following tables present assets and liabilities of the Group's operating segments:

For the year ended 30 June 2018

	Note	Corporate	Olaroz [i] Note 11	Borax	Elimination - Olaroz [i]	Elimination - other	Total Group
	Note	**US $'000**	**US $'000**	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Assets							
Segment assets		**507,926**	**489,971**	**16,482**	**(489,971)**	**(1,590)**	**522,818**
Liabilities							
Segment liabilities		**4,820**	**348,978**	**17,484**	**(348,978)**	**(1,590)**	**20,714**
Other disclosures							
Investment in joint ventures	11	**84,778**	**-**	**-**	**-**	**-**	**84,778**
Investment in associates	20	**19,954**	**-**	**-**	**-**	**-**	**19,954**
Capital and development expenditure	9,10	**(6,525)**	**-**	**(1,583)**	**-**	**-**	**(8,108)**

[i] The Olaroz project represents the assets and liabilities of the joint venture at 100% as this reflects how the COD reviews them. As the joint venture is equity accounted for, it is eliminated from the Group results and replaced by the equity accounted interest to reconcile with the assets and liabilities reported on the statement of financial position.

Note 1: Segment reporting (continued)

For the year ended 30 June 2017

	Note	Corporate	Olaroz [i] Note 11	Borax	Elimination - Olaroz [i]	Elimination - other	Total Group
		US $'000	US $'000	US $'000	US $'000	US $'000	US $'000
Assets							
Segment assets		244,230	431,504	30,848	(431,504)	(34,935)	240,143
Liabilities							
Segment liabilities		1,683	336,356	43,495	(336,356)	(23,055)	22,123
Other disclosures							
Investment in joint ventures	11	57,686	–	–	–	–	57,686
Investment in associates	20	21,476	–	–	–	–	21,476
Capital and development expenditure	9,10	(454)	–	(3,431)	–	–	(3,885)

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

Geographic information

	2018	2017
	US $'000	US $'000
Revenue from external customers		
Argentina	**17,379**	17,199
Total revenue	**17,379**	17,199
Segment non-current assets		
Australia	**59,807**	79,183
Argentina	**87,366**	69,390
Total	**147,173**	148,573

The revenue information above is based on the location of production.

Revenue accounting policy

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, and volume rates.

Revenue from the sale of products 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.

Note 2: Expenses, finance income and finance costs

	2018	2017
	US $'000	US $'000
2a) Corporate expenses		
Employee benefit expenses	**(3,777)**	(2,588)
Legal and consulting fees [i]	**(1,810)**	(552)
Share-based payments	**(1,236)**	(602)
Other costs	**(2,020)**	(1,689)
Total corporate expenses	**(8,843)**	(5,431)

[i] Legal and consulting fees includes US$727,000 of costs relating to the strategic placement in February 2018.

	2018	2017
2b) Administrative expenses		
Employee benefit expenses	**(2,901)**	(2,572)
Local taxes	**(143)**	(294)
Other costs	**(2,012)**	(1,575)
Total administrative expenses	**(5,056)**	(4,441)

Administrative expenses relate to Borax Argentina S.A.

	2018	2017
2c) Foreign currency gain/(loss)		
Total foreign currency gain/(loss)	**(2,936)**	625

Foreign currency amounts relate to AUD denominated balances in corporate entities and USD/ARS fluctuations in Borax S.A.

	2018	2017
2d) Finance income		
Interest income on loans receivable [i]	**2,066**	1,365
Interest income from short term deposits	**3,081**	2,238
Total finance income	**5,147**	3,603

[i] Interest income on loans receivable is non-cash and will be recovered on ultimate repayment of the loans (Note 24).

	2018	2017
2e) Finance costs		
Interest expense on loans and borrowings	**(690)**	(762)
Change in fair value of financial assets and liabilities	**(99)**	(1,052)
Total finance costs	**(789)**	(1,814)

Recognition and measurement

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 profit or loss.

Note 3: Impairment of assets

	Note	2018 US $'000	2017 US $'000
Impairment of assets during the year:			
Specific doubtful debts provision [i)]	7	**(1,889)**	(678)
Inventory write downs and reduction to net realisable value [ii)]		**-**	(1,506)
Impairment of property, plant and equipment [iii)]	9	**(6,157)**	(5,921)
Total		**(8,046)**	(8,105)

[i)] During the current and prior financial year, the Group recognised provision for impairment loss of Borax Argentina's trade receivables. This impairment has been recognised due to deterioration of market conditions in South America with two sizeable customers experiencing difficulties sustaining ongoing trade activities. This resulted in one of these customers applying for bankruptcy protection and the other significantly reducing their level of production.

[ii)] Borax Argentina's inventory was reviewed in 2017 with certain product lines removed and overall volumes to be reduced other than in the normal course of business. Consequently, inventory was impaired.

[iii)] During the current and prior financial year, the Group 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 due to lower boron prices, reduction in production levels and other market factors.

Carrying value of Borax cash-generating unit ("CGU") (after eliminating intercompany transactions) post impairment write down is as follows:

	2018 US $'000	2017 US $'000
Trade and other receivables	**7,050**	8,509
Inventories	**7,206**	6,870
Plant and equipment	**-**	9,064
Accounts payable	**(5,258)**	(8,993)
Rehabilitation provision	**(10,133)**	(9,553)
Net carrying value	**(1,135)**	5,897

The recoverable amount used in the impairment test is based on a value in use methodology applying the Board approved budget and a pre-tax discount rate of 10%. Following the impairment, the residual carrying value of the plant and equipment as at 30 June 2018 is nil (2017: US$9,064,000).

In the prior period 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 prior period).

Note 3: Impairment of assets (continued)

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 CGUs 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 impairment, Orocobre have applied value in use models. 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.

Significant judgements and estimates

The Group considers annually whether there have 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. The recoverable amounts of cash-generating units have been determined based on value in use calculations or fair value less cost of disposal. These calculations require the use of assumptions and estimates.

Note 4: Discontinued operation

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 Orocobre 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 3-year period, and 3 properties at Olaroz. With SASM being classified as discontinued operations, the South American Salars segment is no longer presented in the segment note. A profit from discontinued operation of US$14,783,988 was recorded during the financial year ended 30 June 2017.

Additional information on the discontinued operation can be viewed in Note 4 of the 2017 Financial Statements.

Note 5: Income tax

The major components of income tax expense are:

	2018 US $'000	2017 US $'000
Deferred tax		
Relating to origination and reversal of temporary differences	–	1,108
Income tax expense reported in the statement of profit or loss	**–**	1,108

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate is as follows:

	2018 US $'000	2017 US $'000
Profit from continuing operations before income tax expense	**1,920**	5,740
Profit from discontinued operation before income tax expense	**–**	14,784
Profit before income tax	**1,920**	20,524
Tax expense at Australian tax rate of 30% (2017: 30%)	**576**	6,157
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	**403**	134
Gain on sale of assets	**(154)**	–
Share of loss of associates	**460**	–
Share of profit of joint ventures	**(5,130)**	(7,518)
Other	**(447)**	361
Gain on sale of subsidiary, net of transaction costs	**–**	(4,400)
Derecognition of deferred tax balances	**–**	6,886
Tax losses and temporary differences for the year not recognised	**4,283**	–
Differences in tax rates (foreign subsidiaries)	**(462)**	(675)
Foreign exchange	**471**	163
Income tax expense	**–**	1,108

The Group is in a tax loss position and therefore income tax expense was not recognised during the period. Expenses incurred during the year relates to the derecognition of the deferred tax asset (DTA) following from the Borax impairment. The Group has tax losses which arose in Australia of US$33,000,000 (2017: US$28,000,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has tax losses which arose in Argentina of US$3,560,126 (ARS 102,709,641) (2017: US$ 6,176,166 / ARS 102,709,641) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Note 5: Income tax expense (continued)

Recognition and measurement

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 profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred 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 items are recognised in correlation to the underlying transaction.

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.

Deferred income tax assets and 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 deductible/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.

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

Note 6: Earnings per share

Basic earnings per share (EPS) 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:

	2018	2017
	US $'000	US $'000
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	**1,920**	4,632
Discontinued operation	**–**	14,784
Profit for the financial year	**1,920**	19,416
Exclude non-controlling interests	**–**	23
Net profit used in the calculation of basic and dilutive EPS	**1,920**	19,439

	2018	2017
	No.	No.
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	**232,323,176**	211,521,642
Weighted average number of options and performance rights outstanding	**1,728,580**	1,806,258
Weighted average number of ordinary shares outstanding during the periodused in the calculation of dilutive EPS	**234,051,756**	213,327,900

Note 7: Trade and other receivables

	2018 US $'000	2017 US $'000
Current		
Trade receivables (net of provision)	**3,828**	5,120
Deferred consideration receivable [i]	**968**	957
Receivable from joint ventures	**44,724**	15,960
Other receivables	**2,682**	1,174
VAT tax credits [ii]	**247**	499
Total current	**52,449**	23,710
Non-current		
Trade receivables	**-**	715
Deferred consideration receivable [i]	**875**	1,744
Receivable from joint ventures	**23,495**	47,924
Receivable from joint venture partners	**7,815**	6,580
Other receivables	**954**	10
VAT tax credits [ii]	**1,101**	1,491
Total non-current	**34,240**	58,464

[i] Includes US$1,842,514 (2017: US$2,700,449) deferred consideration to be received from the sale of SASM Pty Ltd (Note 4).

[ii] The Group has a total of US$1,348,268 (2017: US$1,990,178) of VAT recoveries due from the Argentine revenue authority.

Credit risk — trade and other receivables

Following a detailed review of trade receivables:

- a provision of US$1,889,000 (2017: US$678,000) was recognised during the year
- customers in receivership with an outstanding balance of US$660,000 (2017: US$254,000) were written off as uncollectible.

As such, US$1,653,000 (2017: US$424,000) pertaining to slow paying customers, encountering difficult economic situations has been provided.

It is expected all other balances will be received when due. The carrying value of receivables approximate fair value.

	2018 US $'000	2017 US $'000
Balance at the beginning of year	**424**	-
Provision for impairment recognised during the year	**1,889**	678
Receivables written off during the year as uncollectable	**(660)**	(254)
Balance at end of year	**1,653**	424

Receivables from joint ventures and joint venture partners

Receivables from joint ventures and joint venture partners relate to amounts receivable in respect of the Olaroz project (see Note 11). All amounts are denominated in US$ and US$68,218,804 (2017: US$63,884,534) is interest bearing. The receivables will be recovered from cashflows from the Olaroz project (see Note 24).

Recognition and measurement

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

Note 8: Inventories

	2018 US $'000	2017 US $'000
Current		
Finished products	**2,408**	903
Work in progress	**3,726**	5,247
Materials and spare parts	**372**	286
Total current	**6,506**	6,436
Non-current		
Materials and spare parts	**700**	434
Total non-current	**700**	434

Recognition and measurement

The Company states inventories at the lower of cost and net realisable value. The cost price of finished products and work in progress includes the direct cost of materials and, when applicable, labour 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.

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

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

Significant judgements and estimates

Net realisable value

The computation of net realisable value for work in progress and finished products involves significant judgements and estimates in relation to timing and cost of processing, commodity prices, foreign exchange rates, recoveries and the timing of sale of the products. A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying value of inventory.

Note 9: Property, plant and equipment

	Land and buildings	Plant and equipment	Total
	US $'000	US $'000	US $'000
At cost	4,855	15,016	19,871
Accumulated depreciation	(2,941)	(1,945)	(4,886)
Accumulated impairment	–	(5,921)	(5,921)
Total as at 30 June 2017	1,914	7,150	9,064
At cost	**4,518**	**11,267**	**15,785**
Accumulated depreciation	**(1,288)**	**(2,347)**	**(3,635)**
Accumulated impairment	**(3,157)**	**(8,920)**	**(12,077)**
Total as at 30 June 2018	**73**	**–**	**73**

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

		2018	2017
	Note	US $'000	US $'000
Balance at the beginning of year		**9,064**	14,977
Additions – cash		**1,609**	3,431
Additions – non-cash		**1,111**	1,040
Impairment	3	**(6,157)**	(5,921)
Disposals		**(374)**	–
Depreciation expense – continuing operations		**(1,782)**	(1,743)
Depreciation expense – discontinued operations		**–**	(4)
Foreign currency translation movement		**(3,398)**	(2,716)
Balance at the end of year		**73**	9,064

Recognition and measurement

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. Cost includes expenditure directly attributable to the acquisition and commissioning of the plant and equipment.

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

- Buildings and infrastructure: 20 to 30 years, and
- Plant and equipment: 5 to 10 years.

Borax Argentina S.A. 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 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.

Note 10: Exploration, evaluation and development assets

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

	2018	2017
	US $'000	US $'000
Movement in exploration and evaluation assets – at cost:		
Balance at beginning of year	**1,449**	6,168
Capitalised exploration expenditure	**6,499**	454
Additions – non-cash	**-**	78
Decrease on disposal of assets [i]	**(520)**	-
Decrease on disposal of subsidiary	**-**	(5,392)
Foreign currency translation movement	**-**	141
Balance at the end of year	**7,428**	1,449

	2018
	US $'000
Gain on sale of Diablillos tenements [i]	**2,152**
Gain on sale of Lithium X shares [ii]	**283**
	2,435

[i] On 5 October 2017, the Group executed an agreement with Lithium X Energy Corp ("Lithium X") in respect of tenure held at Salar de Diablillos. Lithium X acquired the tenements for consideration of US$1,000,000 cash and 650,000 common shares, and also taking responsibility for the rehabilitation previously recorded as a provision US$630,388 (see note 13b for further details on the provision).

[ii] In March 2018, Orocobre sold its share in Lithium X for a consideration of US$1,324,770.

Cauchari Project

On March 28, 2017, Advantage Lithium Corp. ("AAL") acquired an initial 50% interest in the Cauchari Project. The Company increased its interest to 75% in the project by spending a further US$5,000,000 in exploration. All subsequent costs incurred have been funded by AAL and Orocobre based on their respective interests. Orocobre retains a 1% gross revenue royalty on the Cauchari Project and has a right of first refusal on brine production. Contributions made by Orocobre into the Cauchari Project during the year ended 30 June 2018 amount to US$1,280,250.

Recognition and measurement

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 or sale. 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 to profit or loss in the period when the new information becomes available.

Note 11: Investment in joint ventures

	2018 US $'000	2017 US $'000
Balance at the beginning of year	**57,686**	35,061
Profit from equity accounted investment in joint ventures	**19,758**	21,480
Additional investment in joint ventures	**8,258**	1,004
Other comprehensive income	**1,732**	1,489
Elimination of unrealised intercompany transactions	**(2,656)**	(1,348)
Balance at the end of year	**84,778**	57,686

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. The effective equity interest in the Olaroz Lithium Facility Joint Venture is Orocobre 66.5%, Toyota Tsusho (TTC) 25% and JEMSE 8.5%.

Recognition and measurement

The Group's investments in its joint ventures are accounted for using the equity method. 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 as outlined in Note 19.

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

The statement of profit or loss reflects the Group's share of the results of operations of the 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 joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

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

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

Note 11: Investment in joint ventures (continued)

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.

Statement of profit or loss

		2018	2017
	Note	US $'000	US $'000
Revenue		**148,896**	120,065
Cost of sales		**(40,432)**	(36,825)
Gross profit		**108,464**	83,240
Administrative expenses		**(13,884)**	(12,067)
Depreciation	11c	**(8,772)**	(8,760)
Foreign currency loss		**(10,057)**	(867)
Profit before interest and income tax		**75,751**	61,546
Finance income		**1,163**	4,031
Finance costs		**(14,147)**	(14,619)
Profit before income tax		**62,767**	50,958
Income tax expense	11d	**(31,935)**	(18,655)
Profit for the year		**30,832**	32,303
Profit for the year attributable to:			
Sales de Jujuy Pte Ltd		**27,185**	29,554
Non-controlling interest of Sales de Jujuy S.A. (8.5% ownership)		**3,647**	2,749
		30,832	32,303
Group's share of profit for the year		**19,758**	21,480
Share of the joint venture's other comprehensive income:			
Net gain on revaluation of derivative		**1,732**	1,473
Share of total other comprehensive income for the year		**1,732**	1,473
Share of total comprehensive income for the year		**21,490**	22,953

Note 11: Investment in joint ventures (continued)

Statement of Financial Position

	Note	2018 US $'000	2017 US $'000
Current assets			
Cash and cash equivalents	11e	**19,465**	4,091
Trade and other receivables		**11,102**	11,071
VAT receivable	11a	**10,768**	18,491
Inventory	11b	**31,509**	22,365
Prepayments		**7,257**	3,838
Total current assets		**80,101**	59,856
Non-current assets			
Trade and other receivables		**1,042**	676
Inventory	11b	**34,598**	19,723
Prepayments		**105**	272
Property, plant and equipment	11c	**339,661**	333,682
Intangible assets		**17,293**	17,293
Financial assets	11e	**17,171**	-
Total non-current assets		**409,870**	371,646
Total assets		**489,971**	431,502
Current liabilities			
Trade and other payables		**27,245**	22,034
Loans & borrowings	11e	**59,528**	59,460
Related party loans	11e	**49,667**	15,222
Derivatives	11f	**1,266**	1,886
Total current liabilities		**137,706**	98,602
Non-current liabilities			
Trade and other payables		**1,464**	917
Loans & borrowings	11e	**109,805**	132,746
Related party loans	11e	**24,113**	58,557
Deferred tax liabilities	11d	**60,584**	26,801
Derivatives	11f	**4,256**	8,256
Provisions		**11,049**	10,476
Total non-current liabilities		**211,271**	237,753
Total liabilities		**348,977**	336,355
Net assets		**140,994**	95,147
Equity			
Equity attributable to Sales de Jujuy Pte Ltd		**132,455**	91,523
Non-controlling interests of Sales de Jujuy S.A. (8.5% ownership)		**8,539**	3,624
Total equity[1]		**140,994**	95,147
Equity attributable to Sales de Jujuy Pte Ltd		**132,455**	91,523
Elimination of unrealised intercompany transactions		**(15,809)**	(12,153)
Carrying amount [i)]		**116,646**	79,370
Proportion of the Group's ownership		**72.68%**	72.68%
Carrying amount of the investment		**84,778**	57,686

[1] Sales de Jujuy Pte Ltd cannot distribute profits until it obtains the consent from the two joint venture partners.

Note 11: Investment in joint ventures (continued)

	2018 US $'000	2017 US $'000
i) Reconciliation to carrying amount		
Balance of net assets at the beginning of year	**79,370**	48,240
Capital investment	**11,364**	1,381
Profit for the period	**27,185**	29,554
Other comprehensive income	**2,383**	2,048
Elimination of unrealised intercompany transactions	**(3,656)**	(1,853)
Carrying amount of net assets at the end of year	**116,646**	79,370

11a) VAT receivable

	2018 US $'000	2017 US $'000
Current		
VAT receivable	**10,768**	18,491
Total current	**10,768**	18,491

VAT is charged on goods and services (including capital goods) at rates between 10.5% and 27.0%, with 21.0% being the standard charge. VAT is claimed back based on 21.0% of FOB export sales.

VAT receivable is retained in ARS. Due to the devaluation of the ARS to USD during the financial year, the foreign exchange loss resulted in a reduction of the USD value of the VAT receivable by US$8,708,891 (2017: US$1,792,823).

11b) Inventory

	2018 US $'000	2017 US $'000
Current		
Lithium carbonate – finished product	**5,343**	3,886
Lithium in brine – work in progress	**12,304**	11,972
Raw materials and spare parts	**13,862**	6,507
Total current	**31,509**	22,365
Non-current		
Lithium in brine – work in progress	**34,598**	19,723
Total non-current	**34,598**	19,723

Brine inventory costs

Brine inventory costs consist largely of lime, energy, maintenance, labour and depreciation. Fixed and variable production overhead costs are allocated to brine inventory based on the proportion of services rendered. Brine production costs are transferred to lithium carbonate production at average cost per tonne based on brine flow transferred to the processing plant. Brine not utilised in the production process and recovered from the plant is returned to the ponds to be reprocessed in the future. The carrying value of inventory is reviewed on annual basis to assess whether there are indicators that its carrying value is higher than its recoverable amount. Any excess in carrying value is recognised as cost of sales during the period.

See Note 8 for further details on the Group's accounting policy on inventory.

Note 11: Investment in joint ventures (continued)

11c) Property, plant and equipment

	Under construction	Plant & equipment	Total
	US $'000	US $'000	US $'000
At cost	10,306	343,892	354,198
Accumulated depreciation	–	(20,516)	(20,516)
Total as at 30 June 2017	10,306	323,376	333,682
At cost	**19,920**	**352,316**	**372,236**
Accumulated depreciation	**–**	**(32,575)**	**(32,575)**
Total as at 30 June 2018	**19,920**	**319,741**	**339,661**

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

	2018	2017
	US $'000	US $'000
Balance at the beginning of year	**333,682**	331,473
Additions – cash	**17,659**	12,596
Additions – non-cash	**1,024**	–
Depreciation transferred to Inventory	**(3,932)**	(1,627)
Depreciation expense	**(8,772)**	(8,760)
Balance at the end of year	**339,661**	333,682

Recognition and measurement

Depreciation of property, plant and equipment

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

- Building & infrastructure: 25 to 40 years
- Plant and equipment: 5 to 25 years.

See Note 9 for further details on the Group's accounting policy on property, plant and equipment.

Note 11: Investment in joint ventures (continued)

11d) Income tax

	2018	2017
	US $'000	US $'000
Deferred tax expense	31,935	18,655
Income tax expense	**31,935**	18,655

A reconciliation between tax expense and the product of accounting profit multiplied by Argentina's domestic tax rate is as follows:

	2018	2017
	US $'000	US $'000
Profit before income tax	**62,767**	50,958
Tax expense at Argentinian tax rate of 35% (2017: 35%)	**21,968**	17,835
Exchange differences	3,514	-
Change in income tax rates	(4,075)	-
Withholding tax on net assets held in Argentina (13%)	13,060	820
Other	(2,532)	-
Income tax expense	**31,935**	18,655

Deferred tax

	2018	2017
	US $'000	US $'000
Deferred tax assets		
Carry forward tax losses[i]	47,941	77,651
Financial liabilities	1,533	3,461
Accounts payable	3,652	3,161
Other non-financial liabilities	497	820
Total deferred tax assets	**53,623**	85,093
Deferred tax liabilities		
Property, plant and equipment	(93,253)	(108,190)
Inventories	(7,818)	(3,548)
Other financial assets	(76)	(156)
Withholding tax on net assets held in Argentina	(13,060)	-
Total deferred tax liabilities	**(114,207)**	(111,894)
Net deferred tax liabilities	**(60,584)**	(26,801)

[i] The Company has tax losses which arose in Argentina of US$159,802,217 / ARS 4,610,293,946 (2017: US$221,858,773 / ARS 3,689,511,401) that are available indefinitely for offsetting against future taxable profits.

Note 11: Investment in joint ventures (continued)

11e) Net debt

	2018	2017
	US $'000	US $'000
Loans and borrowings – current [i]	**59,528**	59,460
Related party loans – current [ii]	**49,667**	15,222
Total current debt	**109,195**	74,682
Loans and borrowings – non-current [i]	**109,805**	132,746
Related party loans – non-current [ii]	**24,113**	58,557
Total non-current debt	**133,918**	191,303
Total debt	**243,113**	265,985
Cash and cash equivalents	**(19,465)**	(4,091)
Financial assets – non-current	**(17,171)**	-
Net debt	**206,477**	261,894

The non-current financial assets are long term cash deposits funded by shareholders to partially secure borrowings from the Joint Venture. These deposits are non-interest bearing and are generally held until the borrowings have been repaid. The carrying value approximates fair value.

i) Loan and borrowings

			2018	2017
	Interest rate	**Maturity**	**US $'000**	US $'000
Current				
Project loan	LIBOR + 0.80%	2018-2019	**23,028**	22,260
Working capital facility	3.5%	2018	**36,500**	37,200
Total current			**59,528**	59,460
Non-current				
Project loan	LIBOR + 0.80%	2019-2024	**109,805**	132,746
Total non-current			**109,805**	132,746

The total Project loan facility is US$191.9m. Sales de Jujuy Pte Ltd has provided security in favour of Mizuho Bank over the shares it owns in Sales de Jujuy S.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.

Note 11: Investment in joint ventures (continued)

ii) Related party loans

	2018 US $'000	2017 US $'000
Current		
Orocobre Ltd	**37,250**	12,500
Toyota Tsusho Corporation	**12,417**	2,722
Total current	**49,667**	15,222
Non-current		
Orocobre Ltd	**22,590**	47,340
Toyota Tsusho Corporation	**1,523**	11,217
Total non-current	**24,113**	58,557

Loan repayable to Orocobre

- Loan component 1 – (Principal US$18,112,734) (2017: US$18,112,734) is interest bearing at LIBOR + 1.00% per annum and will be repaid during the period the Group is operational and after satisfaction of the minimum requirements of the project finance facility.
- Loan component 2 – (Principal US$34,250,000) (2017: US$34,250,000) is interest bearing at LIBOR + 5.00% per annum and will be repaid in twelve consecutive monthly and equal instalments from September 2018.
- Loan component 3 – (Principal US$726,800) (2017: US$726,800) is interest bearing at LIBOR + 0.75% per annum and will be repaid in full before 24 July 2028.
- Loan component 4 – (Principal US$6,750,000) (2017: US$6,750,000) is interest bearing at LIBOR + 5.00% per annum and will be repaid in twelve consecutive monthly and equal instalments from March 2019.

Loan repayable to Toyota Tsusho Corporation

- Loan component 1 – (Principal US$11,416,667) (2017: US$11,416,667) is interest bearing at LIBOR + 5.00% per annum and will be repaid in twelve consecutive monthly and equal instalments from September 2018.
- Loan component 2 – (Principal US$273,200) (2017: US$273,200) is interest bearing at LIBOR + 0.75% per annum and will be repaid in full before 24 July 2028.
- Loan component 3 – (Principal US$2,250,000) (2017: US$2,250,000) is interest bearing at LIBOR + 5.00% per annum and will be repaid in twelve consecutive monthly and equal instalments from March 2019.

11f) Derivatives

	2018 US $'000	2017 US $'000
Current		
Derivatives	**1,266**	1,886
Total current	**1,266**	1,886
Non-current		
Derivatives	**4,256**	8,256
Total non-current	**4,256**	8,256

During FY2016 a swap was entered into by Sales de Jujuy S.A. in order to manage interest rate exposure on the project debt, which bears interest at LIBOR + 0.8%. The swap has been designated in a hedge relationship, and hedge accounting has been adopted.

Note 11: Investment in joint ventures (continued)

The interest rate swap receives floating interest equal to LIBOR, pays a fixed rate of interest of between 0.601% p.a. and 4.896% p.a., and matures on 10 September 2024.

Swaps currently in place cover 100% of the variable loan principal outstanding and are timed to expire as each loan repayment falls due. The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged interest expense is recognised. There was no hedge ineffectiveness in the current year.

The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (Level 2).

Recognition and measurement

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 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.

For 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 the statement of profit or loss 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.

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.

11g) Commitments

	2018	2017
	US $'000	US $'000
Not later than 1 year		
Exploration commitments i)	**381**	144
Operating leases	**114**	114
Contracts ii)	**27,031**	10,252
Total	**27,526**	10,510
Later than 1 year but not later than 5 years		
Exploration commitments i)	**250**	250
Operating leases	**304**	428
Contracts ii)	**38,424**	40,377
Total	**38,978**	41,055
Later than 5 years		
Exploration commitments i)	**-**	100
Contracts ii)	**2,726**	6,292
Total	**2,726**	6,392

i) The JV 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.

ii) The Group has contractual commitments regarding purchasing agreements for consumables and energy at its operations.

Note 12: Trade and other payables

	2018 US $'000	2017 US $'000
Current		
Trade payables and accrued expenses	**7,457**	9,307
Total current	**7,457**	9,307
Non-current		
Trade payables and accrued expenses	**559**	551
Total non-current	**559**	551

The amounts are unsecured and non-interest bearing and generally on 30 to 60 day terms. The carrying amounts approximate fair value.

Note 13: Provisions

	Note	2018 US $'000	2017 US $'000
Current			
Employee benefits	13a	**630**	412
Total current		**630**	412
Non-current			
Employee benefits	13a	**1,087**	1,172
Provision for rehabilitation	13b	**10,133**	9,553
Other provisions		**111**	178
Total non-current		**11,331**	10,903

13a) Employee benefits

	2018 US $'000	2017 US $'000
Annual leave	**261**	185
Long service leave	**222**	-
Borax Argentina S.A. defined benefit pension plan [i]	**1,225**	1,300
Former employee termination costs	**9**	99
Total	**1,717**	1,584

[i] 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.

Note 13: Provisions (continued)

13b) Rehabilitation provision

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

	2018	2017
	US $'000	US $'000
Balance at the beginning of year	**9,553**	9,458
Arising during the year	**1,111**	1,040
Disposed during the year	**(630)**	-
Foreign currency translation	**-**	(945)
Unwinding of discount	**99**	-
Balance at the end of year	**10,133**	9,553

The Group has recognised a provision for rehabilitation obligations associated with Borax Argentina S.A.'s operations.

Recognition and measurement

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 profit or loss, net of any reimbursement.

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.

Note 13: Provisions (continued)

Environmental protection, rehabilitation and closure costs

Provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the 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.

Significant judgements and estimates

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.

Note 14: Equity and reserves

14a) Issued capital

	2018	2017	**2018**	2017
	No. shares	No. shares	**US $'000**	US $'000
Fully paid ordinary shares	**260,710,716**	210,520,500	**527,364**	243,184

Reconciliation of the movement in ordinary share capital is set out below:

	2018	2017	**2018**	2017
	No. shares	No. shares	**US $'000**	US $'000
Balance at the beginning of year	**210,520,500**	209,479,867	**243,184**	242,248
Options and performance rights exercised [i]	**529,488**	1,040,633	**113**	936
Shares issued, net of transactions costs [ii]	**49,660,728**	–	**284,067**	–
Balance at the end of year	**260,710,716**	210,520,500	**527,364**	243,184

[i] Represents performance rights and options exercised under the Company's share-based payments plans and executive service agreements. Refer to Note 18 for share-based payments.

[ii] Transaction costs (net of tax) for the Shares issued during the year were US$2,828,672.

Recognition and measurement

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.

Note 14: Equity and reserves (continued)

14b) Reserves

	Share-based payments	Interest rate swap hedge	Foreign currency translation	Other	Total
	US $'000	US $'000	US $'000	US $'000	US $'000
Balance as at 1 July 2016	3,225	(5,222)	(109,635)	(181)	(111,813)
Translation losses on foreign operations	-	-	(1,571)	-	(1,571)
Fair value taken to equity	-	1,473	-	-	1,473
Other comprehensive income/(loss)	-	1,473	(1,571)	-	(98)
Share-based payments	704	-	-	-	704
Decrease in wealth tax	-	-	-	15	15
Disposal of subsidiary	-	-	6,285	-	6,285
Balance as at 30 June 2017	3,929	(3,749)	(104,921)	(166)	(104,907)

	Share-based payments	**Interest rate swap hedge**	**Foreign currency translation**	**Other**	**Total**
	US $'000	**US $'000**	**US $'000**	**US $'000**	**US $'000**
Balance as at 1 July 2017	**3,929**	**(3,749)**	**(104,921)**	**(166)**	**(104,907)**
Translation losses on foreign operations	**-**	**-**	**(5,089)**	**-**	**(5,089)**
Fair value taken to equity	**-**	**1,732**	**-**	**-**	**1,732**
Other comprehensive income/(loss)	**-**	**1,732**	**(5,089)**	**-**	**(3,357)**
Share-based payments	**1,341**	**-**	**-**	**-**	**1,341**
Balance as at 30 June 2018	**5,270**	**(2,017)**	**(110,010)**	**(166)**	**(106,923)**

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve represents the fair value of share-based remuneration provided to employees.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries with a functional currency other than USD, and the Group's share of equity accounted foreign currency translation reserves of the joint venture. Equity of the Parent entity is translated at historical rates of exchange prevailing on the date of each transaction.

Interest rate swap hedge reserve

The interest rate swap 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 interest rate swap hedge reserves.

Note 15: Net debt

	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
	US $'000	US $'000	US $'000	US $'000
Loans and borrowings				
Working capital facility	728	-	872	73
Bank overdraft	9	-	5	-
Total Loans and borrowings	**737**	**-**	877	73
Cash and cash equivalents				
Cash at bank and on hand	8,066		3,459	
Short term deposits	308,624		48,173	
Total cash and cash equivalents	**316,690**		51,632	
Net cash	**315,953**		50,682	

The effective interest rate on USD denominated short term deposits was 1.57% p.a. (2017: 0.77% p.a.). Short term deposits held at 30 June 2018 relate to project financing, rental and other security deposits. Deposits relating to cash held had an average maturity of 91 days (2017: 76 days).

Cash and short-term deposits are disclosed in the cash flow statement, net of bank overdrafts.

	2018	2017
	US $'000	US $'000
Total cash and cash equivalents	316,690	51,632
Bank overdrafts	(9)	(5)
Total cash and cash equivalents, net of overdrafts	**316,681**	51,627

Loans and borrowings

The working capital facility is USD denominated and has been drawn down under a 6 month bank facility. It accrues interest at the rate of 4.2% 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).

Bank overdrafts

The bank overdraft with Patagonia Bank is ARS denominated and has an indefinite term. The overdraft facility accrues interest at the rate of 30.00% p.a.

Recognition and measurement

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.

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 profit or loss.

Note 16: 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.

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:

	2018	2017
	US $'000	US $'000
Cash and cash equivalents	**316,690**	51,632
Receivables	**68,219**	63,884
Standby letters of credit (SBLC)	**-**	9,792
	384,909	125,308
Effect on profit and equity as a result of a:		
1% +/- reasonably possible change in interest rates	**2,694**	877

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.

Note 16: Financial risk management (continued)

Undiscounted contractual maturities of financial liabilities:

	Within 12 months	1 to 5 years	Over 5 years	Total
	US $'000	US $'000	US $'000	US $'000
Payables	**7,457**	**559**	**-**	**8,016**
Loans and borrowings	**737**	**-**	**-**	**737**
Total as at 30 June 2018	**8,194**	**559**	**-**	**8,753**
Payables	9,307	551	-	9,858
Loans and borrowings	877	73	-	950
Total as at 30 June 2017	10,184	624	-	10,808

Foreign currency risk

The group is exposed to fluctuations in AUD and ARS arising from the purchase of goods and services, and loans and receivables. 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 AUD and ARS 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.

	2018	2017
	US $'000	US $'000
Australian Dollar cash and cash equivalents	**13,866**	498
Australian Dollar receivables	**25**	136
	13,891	634
United States Dollar receivables (Borax SA only)	**3,828**	5,198
	3,828	5,198
Effect on profit as a result of a:		
10% +/- reasonably possible change in United States Dollar (vs ARS)	**268**	364
10% +/- reasonably possible change in the Australian Dollar	**972**	44
Effect on equity as a result of a:		
10% +/- reasonably possible change in United States Dollar (vs ARS)	**268**	364
10% +/- reasonably possible change in the Australian Dollar	**972**	44

Note 16: Financial risk management (continued)

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 counterparties. Only banks and financial institutions with an 'A' rating are utilised.

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, VAT tax credits, receivables from joint venture (Note 7), and Standby Letters of Credit (SBLC's) (Note 16a).

Trading commodity price risk

The Group's prospects and share price will be influenced by the price obtained for the commodities that it produces and those that it targets in its exploration programs, namely lithium chemicals, boron chemicals 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 chemicals and mineral products. In relation to boron chemicals 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 chemicals and mineral products are used in applications such as ceramic and glass manufacturing, insulation and fertiliser manufacturing. 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.

Note 16: Financial risk management (continued)

Trading commodity price sensitivity

The following table shows the effect of changes in commodity prices:

	2018	2017
	US $'000	US $'000
Effect on profit as a result of a:		
10% +/- reasonably possible change in boron chemicals	**268**	333

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 shareholder value.

The Group manages its capital structure and adjusts 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 financial year. The change in the gearing ratio in the current year reflects the increase in cash as a result of the TTC placement and entitlement offer during the year.

		2018	2017
	Note	US $'000	US $'000
Trade and other payables	12	**8,016**	9,858
Loans and borrowings	15	**737**	950
Less: cash and short-term deposits	15	**(316,690)**	(51,632)
Net cash		**(307,937)**	(40,824)
Equity		**502,104**	218,020
Capital and net cash		**194,167**	177,196
Gearing ratio		**(159%)**	(23%)

Note 16: Financial risk management (continued)

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).

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and 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:

16a) Financial assets

	Note	2018 US $'000	2017 US $'000
Cash and cash equivalents		**316,690**	51,632
Financial assets at amortised cost (loans and receivables):			
Trade and other receivables – current	7	**52,449**	23,710
Trade and other receivables – non-current	7	**34,240**	58,464
Standby letters of credit [i)]		**-**	9,792
Total financial assets		**403,379**	143,598

i) The USD SBLC's were short term deposits used as security for borrowings by the joint venture which were phased out during the year ended 30 June 2018. Such deposits earned rates of between 1.03% p.a and 1.93% p.a. and were generally held for a term of 3 months at a time. Such SBLC's were provided due to a working capital requirement for Sales de Jujuy S.A. which arose principally due to delays in the production start-up. The carrying value approximates fair value.

Recognition and measurement

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

The Group initially recognises financial assets on the trade date at which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination.

Note 16: Financial risk management (continued)

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.

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.

16b) Financial liabilities

	Note	2018 US $'000	2017 US $'000
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables – current	12	**7,457**	9,307
Trade and other payables – non-current	12	**559**	551
Loans and borrowings – current	15	**737**	877
Loans and borrowings – non-current	15	**-**	73
Total financial liabilities		**8,753**	10,808

Recognition and measurement

Non-derivative liabilities

The Group initially recognises financial assets and non-financial assets and liabilities on the date when they originate. Other financial liabilities are initially recognised on the trade date. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Note 17: Key management personnel

Compensation of Key Management Personnel of the Group:

	2018	2017
	US$	US$
Short-term employee benefits	**1,709,621**	1,563,730
Post-employment benefits	**77,979**	95,655
Other long-term benefits	**43,810**	30,839
Share-based payments	**835,633**	448,249
Total compensation	**2,667,043**	2,138,473

Transactions with Directors and Key Management Personnel

There were no Key Management Personnel (KMP) related party transactions during the year.

Detailed disclosures on compensation for Key Management Personnel are set out in the Remuneration Report included in the Directors' Report.

Note 18: Share-based payments

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.

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.

Performance Rights (PR's) awarded under the PROP 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.

TSR performance condition (absolute, 50%)	**Proportion of PROP 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 PROP 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.

Note 18: Share-based payments (continued)

Movements in the year are:

Grant date	Vesting date	Expiry date	Exercise price (A$)	2017 No.	Granted No.	Exercised No.	Forfeited / lapsed No.	2018 No.
3 Jun 2013	1 Jun 2016	31 May 2018	1.50	100,000	–	(100,000)	–	–
Total options				**100,000**	**–**	**(100,000)**	**–**	**–**
21 Nov 2014	31 Aug 2017	30 Sep 2017	–	150,039	–	(141,787)	(8,252)	–
21 Jan 2015	31 Aug 2017	30 Sep 2017	–	306,551	–	(287,701)	(18,850)	–
6 Nov 2015	31 Aug 2018	30 Sep 2018	–	632,698	–	–	–	632,698
29 Jan 2016	31 Aug 2018	30 Sep 2018	–	170,269	–	–	(45,718)	124,551
23 Nov 2016	31 Aug 2019	30 Sep 2019	–	118,721	–	–	–	118,721
31 Mar 2017	31 Aug 2019	30 Sep 2019	–	367,995	1,101	–	(32,670)	336,426
24 Nov 2017	31 Aug 2020	30 Sep 2020	–	–	197,769	–	–	197,769
2 Mar 2018	31 Aug 2020	30 Sep 2020	–	–	634,443	–	(26,970)	607,473
Total performance rights				**1,746,273**	**833,313**	**(429,488)**	**(132,460)**	**2,017,638**
Total options and performance rights				**1,846,273**	**833,313**	**(529,488)**	**(132,460)**	**2,017,638**
Weighted average exercise price (A$)				0.081	–	0.280	–	–

	2017 Opening	Vested	Exercised	2018 Closing
Total vested and exercisable (No.)	100,000	429,488	(529,488)	–
Weighted average exercise price (A$)	1.500	–	0.280	–

During the year, 833,313 PR's were granted pursuant to the Company's PROP for nil consideration. PR's are exercisable at A$0.00 each with 1,101 vesting on 31 August 2019, and 832,212 vesting on 31 August 2020.

All PR's granted are over ordinary shares, which confer a right of one ordinary share per PR. The PR's hold no voting or dividend rights. At the end of the financial year there are 1,338,327 PR's on issue to KMP (2017: 1,118,109).

At the date of issue, the weighted average share price of options and PR's granted in the current year was A$5.95 (2017: A$3.14). The options and PR's outstanding at 30 June 2018 had a weighted average exercise price of A$0.00 (2017: A$0.08) and a weighted average remaining contractual life of 1.28 years (2017: 1.25 years).

The weighted average fair value of options and PR's granted during the year was A$4.69 (2017: A$1.63).

Note 18: Share-based payments (continued)

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

Year of issue	2016 - PROP	2016 - PROP	2016 - PROP	2016 - PROP
Grant date	6/11/2015	6/11/2015	29/01/2016	29/01/2016
Number issued	316,348	316,350	85,132	85,137
Fair value at grant date (A$)	1.08	1.37	1.48	1.89
Share price (A$)	1.79	1.79	2.50	2.50
Exercise price (A$)	-	-	-	-
Expected volatility	50.00%	50.00%	50.00%	50.00%
Option life	3 years	3 years	3 years	3 years
Expected dividends	nil	nil	nil	nil
Risk-free interest rate	1.97%	1.97%	1.88%	1.88%

Year of issue	2017 - PROP	2017 - PROP	2017 - PROP	2017 - PROP
Grant date	23/11/2016	23/11/2016	31/03/2017	31/03/2017
Number issued	59,361	59,360	184,548	184,548
Fair value at grant date (A$)	3.15	2.64	1.42	1.03
Share price (A$)	4.27	4.27	2.78	2.78
Exercise price (A$)	-	-	-	-
Expected volatility	47.00%	47.00%	47.00%	47.00%
Option life	3 years	3 years	3 years	3 years
Expected dividends	nil	nil	nil	nil
Risk-free interest rate	1.85%	1.85%	1.82%	1.82%

Year of issue	2018 - PROP	2018 - PROP	2018 - PROP	2018 - PROP
Grant date	24/11/2017	24/11/2017	2/03/2018	2/03/2018
Number issued	98,885	98,884	317,222	317,221
Fair value at grant date (A$)	5.31	4.73	4.85	4.35
Share price (A$)	6.20	6.20	5.88	5.88
Exercise price (A$)	-	-	-	-
Expected volatility	47.00%	47.00%	47.00%	47.00%
Option life	3 years	3 years	3 years	3 years
Expected dividends	nil	nil	nil	nil
Risk-free interest rate	1.87%	1.87%	2.01%	2.01%

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

Note 18: Share-based payments (continued)

The total expense arising from share-based payment transactions recognised during the period as part of employee benefit expense was US$1,341,000 (2017: US$704,014). Of this amount, US$104,797 (2017: US$94,808) was recharged to SDJ SA.

Recognition and measurement

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. 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 profit or loss, 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.

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 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 payments transaction or is otherwise beneficial to the employees 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).

Significant judgements and estimates

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.

Note 19: Information relating to subsidiaries

The consolidated financial statements of the Group include:

Entity Name	Country of incorporation & principal place of business	% equity interest held by the Group 2018	2017
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**	85.00
Olaroz Lithium S.A.	Argentina	**100.00**	-
El Trigal S.A.	Argentina	**100.00**	-

Note 19: Information relating to subsidiaries (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2018.

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.

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.

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.

Note 20: Investment in associates

Reconciliation of the movement in investment in associates is set out below:

	2018	2017
	US $'000	US $'000
Balance at the beginning of year	**21,476**	–
Acquisition during the year	**10**	21,476
Loss from equity accounted investment in associates	**(1,532)**	–
Balance at the end of year	**19,954**	21,476

The Group had a 34.3% interest in Advantage Lithium Corp. ("AAL"), a lithium explorer and developer and a publicly listed company on the Toronto Stock Exchange. The following tables illustrate the summarised financial information of the Group's investment in AAL.

	2018
	US $'000
Statement of profit or loss	
Corporate expenses	**(4,636)**
Depreciation	**(10)**
Foreign currency gain	**29**
Loss before interest	**(4,617)**
Finance income	**150**
Loss for the year	**(4,467)**
Group's share of loss for the year	**(1,532)**

	2018
	US $'000
Statement of financial position[1]	
Current assets	**8,445**
Non-current assets	**34,657**
Total assets	**43,102**
Current liabilities	**398**
Total liabilities	**398**
Contributed equity	**53,808**
Reserves	**4,657**
Accumulated losses	**(15,761)**
Total equity	**42,704**

[1] The statement of financial position is based on AAL's translated balance sheet as at 30 April 2018.

Note 20: Investment in associates (continued)

On 28 March 2017, Orocobre Ltd received 46,325,000 shares worth CAD $0.62 from AAL as part of the disposal of South American Salar Minerals Pty Ltd (See Note 4 for additional information). 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 2018 the share price of AAL was CA$0.81. (2017: CA$0.38). The principal place of business of AAL is in Vancouver, Canada.

The associate requires it's Parent's consent to distribute its profits. The Parent does not foresee giving such consent at reporting date.

See Note 11 for the Group's accounting policy on Investment in joint ventures and associates.

Note 21: Parent entity information

The following information relates to the parent entity. The ultimate parent entity within the Group is Orocobre Limited.

The individual financial statements for the parent entity show the following aggregate amounts below:

	2018	2017
	US $'000	US $'000
Current assets	**363,342**	87,130
Non-current assets	**185,757**	213,854
Total assets	**549,099**	300,984
Current liabilities	**2,814**	1,250
Non-current liabilities	**2,007**	433
Total liabilities	**4,821**	1,683
Contributed equity	**527,364**	243,184
Reserves	**(43,281)**	(44,622)
Accumulated profits	**60,195**	100,739
Total equity	**544,278**	299,301
Profit/(loss) for the year	**(40,544)**	10,403
Total comprehensive profit/(loss) for the year	**(40,544)**	10,403

Orocobre Limited had no contingent liabilities at year end. As set out in Note 26 the Company has an operating lease commitment for US$58,140 (2017: US$177,511).

The loss for the period includes impairment of the investment in Borax Argentina S.A. of $36,323,962.

The parent entity has several employees. A portion of the costs associated with these employees are borne by a subsidiary of the parent entity and are not included in the above disclosures.

Recognition and measurement

The financial information for the parent entity, Orocobre Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Orocobre Limited.

Note 22: Reconciliation of profit for the year to net cash used in operating activities

	2018	2017
	US $'000	US $'000
Profit after income tax from continuing operations	**1,920**	4,632
Profit after income tax from discontinued operation	**-**	14,784
Profit after income tax	**1,920**	19,416
Adjustments for:		
Non-cash employee benefits expense	**1,341**	460
Depreciation of property, plant and equipment	**1,782**	1,747
Gain on sale of assets	**(2,435)**	(16)
Gain on disposal of subsidiary (non-cash)	**-**	(11,069)
Loss on disposal of assets	**374**	-
Share of net gains of joint ventures	**(19,758)**	(21,480)
Share of net losses of associates	**1,532**	-
Impairment loss	**8,046**	8,105
Unwinding of discount on rehab provision	**99**	-
Fair value adjustment of loans receivable	**-**	625
Non-cash finance income	**(3,843)**	(1,413)
Non-cash finance costs	**-**	427
Unrealised foreign exchange gain	**145**	896
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	**(3,339)**	(2,212)
(Decrease)/increase in payables	**432**	(982)
(Decrease)/increase in provisions	**66**	(3)
(Decrease)/increase in provisions - taxation	**-**	1,108
(Increase)/decrease in inventory	**(336)**	(2,022)
Net cash used in operating activities	**(13,974)**	(6,413)

Note 23: Auditors' remuneration

The auditor of Orocobre Limited is Ernst & Young.

	2018	2017
	US$	US$
Audit and review of financial statements (Ernst & Young)		
- Australia	**89,546**	92,202
- Argentina	**56,171**	67,764
Total auditors' remuneration	**145,717**	159,966

Note 24: Related party disclosures

The following table provides the total amount of transactions with related parties for the relevant financial year:

	Note	2018 US$	2017 US$
Amounts owed by joint ventures			
Current			
Loans and borrowings recoverable from joint ventures	24a	**37,250,000**	12,500,000
Interest recoverable from joint ventures	24a	**7,135,183**	3,460,492
Other recoverable from joint ventures		**339,000**	-
Total current		**44,724,183**	15,960,492
Non-current			
Loans and borrowings recoverable from joint ventures	24a	**22,589,535**	47,339,534
Interest recoverable from joint ventures	24a	**905,086**	584,492
Loans and borrowings recoverable from joint venture partners	24b	**7,815,471**	6,580,000
Total non-current		**31,310,092**	54,504,026
Sales to joint venture associates [1]	24c	**148,896,000**	-
Amounts owed by joint venture associates [1]			
Current			
Loans and borrowings recoverable from joint venture associates		**12,416,667**	-
Interest recoverable from joint venture associates		**4,043,304**	-
Total current	24c	**16,459,971**	-
Non-current			
Loans and borrowings recoverable from joint venture associates		**1,523,200**	-
Interest recoverable from joint venture associates		**23,526**	-
Total non-current	24c	**1,546,726**	-

[1] No comparative is provided for the joint venture associate as it wasn't a related party in 2017. See Note 24c for further details.

24a) Loans and borrowings recoverable from joint ventures

See Note 11e for the breakdown of loans and borrowings recoverable from the joint venture.

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

24b) Loans and borrowings recoverable from joint venture partners

The loan to the joint venture partner is non-interest bearing and will be repaid when the joint venture pays dividends, at 33.3% of dividend distributions to the joint venture partner.

Note 24: Related party disclosures (continued)

24c) Amounts recoverable from joint venture associates

In January 2018, Toyota Tsusho Corporation ('TTC') purchased 15% of Orocobre Limited shares. It also owns 27.32% of Sales de Jujuy Pte Ltd, the key joint venture company of the Group with Orocobre who owns 72.68% (Note 11). TTC is considered to have significant influence over Orocobre.

TTC is the exclusive sales agent for 100% of the production of Sales de Jujuy S.A., a subsidiary of the joint venture company, in exchange for commission. As agent, TTC provides services to the Group including: identifying and pursuing prospective customers, negotiating product sales and sales terms on behalf of the Group; maintaining liaison and communication with customers; marketing the products and securing the maximum volume of orders from the customers at the most favourable terms and conditions.

TTC finances SDJ S.A. to the extent of reducing sales payment terms below 30 days, in exchange for a payment of interest using a rate of LIBOR + 2.0% over the applicable period upon request by SDJ S.A. It also provides shareholder loans to the joint venture as described in Note 11.

In 2018, TTC, through its subsidiaries, purchased 100% of the product of Sales de Jujuy S.A. and on sold such product to end users.

Note 25: Summary of other significant accounting policies

Other significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

A. 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, and
- 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.

B. 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.

Note 25: Summary of other significant accounting policies (continued)

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.

C. New and amended standards adopted by the Group

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

D. New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out on the following page.

Note 25: Summary of other significant accounting policies (continued)

Title of standard	Nature of change	Impact	Mandatory application date
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services, and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	The Group does not believe that there will be a material financial impact to either the statement of profit or loss or the statement of financial position once this accounting standard is adopted aside for the potential for some slight timing differences to arise on the recognition of sales in Borax. This will be assessed based on actual sales in Borax with any difference impacting the following months revenue. Additional disclosures will be required for revenues for Borax Argentina S.A. although these are not anticipated to be onerous. Specifically, it is expected that revenues will be required to be reported at a slightly more granular level (via grouping of product types) and similarly by destination (grouping by region and/or customer). Management are currently assessing the most practical and appropriate presentation to ensure compliance under the new standard.	Mandatory for financial years commencing on or after 1 January 2018, and available for early adoption. Expected date of adoption by the Group: 1 July 2018 for FY19.
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The Group does not believe that there will be a material financial impact to either the statement of profit or loss or the statement of financial position once this accounting standard is adopted. There may be some classification and measurement differences on transition for some financial assets held by the Group from amortised costs to fair value. Whilst our assessment is ongoing, we do not believe there will be material impacts on the basis that for impacted financial assets there is no material difference between fair value and amortised cost.	Mandatory for financial years commencing on or after 1 January 2018, and available for early adoption. Expected date of adoption by the Group: 1 July 2018 for FY19.
AASB 16 Leases	AASB 16 was issued in February 2016. It will result in almost all leases for lessees being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.	The Group will perform its assessment of adopting this standard in the coming year.	Mandatory for financial years commencing on or after 1 January 2019, and available for early adoption. Expected date of adoption by the Group: 1 July 2019 for FY20.

Note 26: Commitments

	2018	2017
	US $'000	US $'000
Not later than 1 year		
Exploration commitments i)	**9**	46
Operating leases ii)	**58**	119
Contracts iii)	**1,254**	1,166
Total	**1,321**	1,331
Later than 1 year but not later than 5 years		
Operating leases ii)	**-**	59
Total	**-**	59

i) 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.

ii) The operating leases commitment includes a non-cancellable lease on the office premises, with a 1 year term remaining at the end of the financial year (2018: US$58,140 / 2017: US$177,511). Rent is payable monthly in advance.

iii) The Group has contractual commitments regarding purchasing agreements for consumables and energy at its operations.

The joint venture commitments have been disclosed in Note 11.

Note 27: Subsequent events

The Company announced on 27 July 2018 that it would participate in an AAL private placement. AAL raised CA$12m gross at an issue price of CA$0.77/share of which the Company invested CA$5m resulting in a 33.5% shareholding of the common shares of AAL.

Cumulative inflation rates in Argentina have exceed 100% at the date of this report. As such, it can be concluded that Argentina's economy is hyperinflationary from 1 July 2018. Orocobre will account for its ARS functional currency entities as hyperinflationary beginning 1 July 2018.

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 2018 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 2018 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 2018.

Robert Hubbard
Chairman

R P Seville
Managing Director

Dated this: 28th day of August 2018

Building a better working world

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

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

Independent auditor's report to the members of Orocobre Limited

Report on the 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 2018, the consolidated statement of profit or loss, 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 2018 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.

EY
Building a better working world

Impairment assessment of property, plant and equipment

Why significant	How our audit addressed the key audit matter
Australian Accounting Standards, require the Group to assess at each reporting date whether there is any indication that an asset or cash generating unit ("CGU") may be impaired. If any such indication exists, the recoverable amount of the asset or CGU must be determined. Impairment indicators were present at 30 June 2018 in respect of the Borax Argentina CGU and impairment testing was undertaken. The principal indicators of impairment were lower boron prices, reduction in production levels and other market factors. The impairment testing process is complex and judgmental and is based on assumptions and estimates that are affected by expected future performance and market conditions. At 30 June 2018, the consolidated entity has recognised an impairment expense of $8.0 million pertaining to the Borax Argentina CGU. Details of the group's impairment testing are set out in Note 3 of the financial report.	We evaluated the impairment assessment performed by the Group with reference to forecast financial performance and market conditions. We evaluated key assumptions including forecast sales revenue, operating and capital expenditure, discount rates, and tested the mathematical accuracy of the valuation model. We recalculated the recoverable amount and noted that this was below the carrying value. We recalculated the impairment charge recognised. We considered other market based data which supported the recoverable amount determined. We evaluated the adequacy of the Group's financial report disclosures.

Accounting for investments in joint ventures

Why significant	How our audit addressed the key audit matter
The Group has a 72.68% interest in Sales de Jujuy Pte Ltd which in turn owns 91.5% of Sales de Jujuy S.A. who is the owner and operator of the Olaroz lithium project. The Group has determined that the investment is a joint venture and applies the equity method of accounting. There is inherent risk in applying 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 joint ventures is included in Note 11 of the financial report.	We determined the scope of audit work required to be undertaken by the auditors of the joint venture in Argentina for the purposes of the audit of the Group. We considered the results of the audit and the conclusions the joint venture auditor reported to us. We reviewed the documentation supporting audit procedures performed in areas we selected as most relevant for the Group audit. We assessed the accounting policies of the joint venture for consistency with the Group's policies, and assessed the accounting for transactions between the joint venture and the Group. We evaluated 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.

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 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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, 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 the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Orocobre Limited for the year ended 30 June 2018, 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.

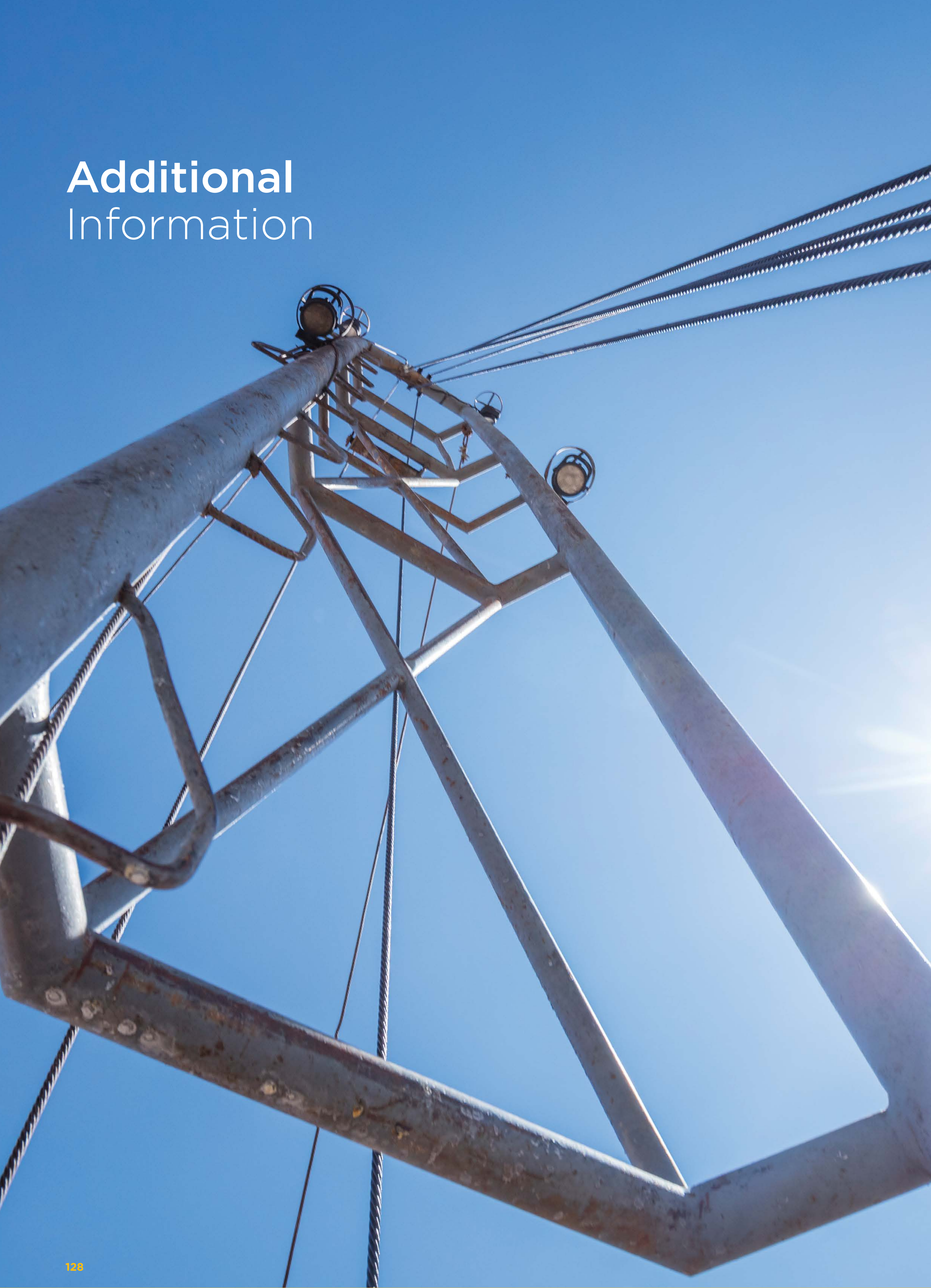
Ernst & Young

Ernst & Young

K McKenzie

Kellie McKenzie
Partner
Brisbane
28 August 2018

Additional Information



Resources
& Reserves

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 LCE 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.

					Concentration			Tonnes of contained metal		
Resource category	Area (km^2)	Thickness (m)	Mean specific yield %	Brine volume Cubic kms	Lithium mg/L	Potassium mg/L	Boron mg/L	Lithium million tonnes	Potassium million tonnes	Boron million tonnes
Measured resource	93	54	8.5%	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 Stage 1 operations, 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	5,400	10.9	20.8	1,200	2.4
Lower Assumption Estimate											
80	126	6%	605	500	0.3	1.6	4,000	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 Olaroz Salar may be over 600m deep with potential for further Exploration Targets to be developed beneath the current 323m.

Deeper drilling will be undertaken during the Stage 2 development to further evaluate the exploration target and to assist longer term development planning.

Cauchari Project (Orocobre 25%: AAL 75% & Operator)

Based on the results of the 2017/2018 drilling programme, the resource at Cauchari has been increased. Independent consultants FloSolutions S.A.C. advised there is now an Inferred Resource of 1,200 million cubic metres of brine at 450 mg/l lithium and 4,028 mg/l potassium. This is equivalent to 3.0 Mt LCE (based on 5.32 tonnes of lithium carbonate is equivalent to 1 tonne of lithium) and 9.5 Mt of potassium chloride (based on 1 tonne potassium chloride is equivalent to 1.91 tonnes of potassium). The resource estimate includes both the NW and SE Sectors. This is an expansion of six times the previous estimate of 0.47 Mt of Lithium Carbonate Equivalent. The average grade of the entire resource has increased to 450 mg/l Li and 4,028 mg/l K. Locally higher grades were encountered in the NW Sector in areas such as production hole CAU07 (601 mg/l during 48 hour pumping test) and in the Deep Sand unit in CAU11 (515 mg/l during 48 hour pumping test). The results of the estimation are summarized in Table 1 below.

The brine resource is calculated over the NW and SE Sectors of the Cauchari project and covers an area of 92.6 km². The brine resource in the NW Sector extends from the brine level below the Archibarca fan to a depth of up to 300 m. The brine resources in the SE Sector extend from the phreatic brine level to a constant depth of 300 m and continue locally as a separate resource volume in the Deep Sand unit between approximately 400 m and 480 m depth (as defined by Deep Sand drilling intercepts in holes CAU11, CAU12 and CAU13). None of the boreholes completed to date have intercepted bedrock (basement) and the resource remains open at depth. A significant exploration target has been defined below the current inferred resources as further discussed below (Table 3).

Table 1: Cauchari Project Lithium and Potassium Resource Estimate; May 22, 2018

Inferred Resources (lithium cut-off concentration: 300 mg/l)

Parameter	NW Sector		SE Sector		Total	
Resource area (km²)	35.2		57.4		92.6	
Aquifer volume (km³)	6.5		13.9		20.4	
Mean specific yield (Sy)	9%		4%		6%	
Element	**Li**	**K**	**Li**	**K**	**Li**	**K**
Mean concentration (mg/l)	465	3,920	443	4,078	450	4,028
Mean grade (g/m³)	44	373	20	184	28	244
Total Resource (tonnes)	288,000	2,420,000	280,000	2,560,000	568,000	4,980,000
Lithium Carbonate (tonnes)	**1,530,000**		**1,490,000**		**3,020,000**	
Potash (tonnes)	**4,600,000**		**4,900,000**		**9,500,000**	

NOTES

1. JORC definitions were followed for mineral resources
2. The Competent Person for this Mineral Resource estimate is Frits Reidel, CPG
3. A lithium cut-off concentration of 300 mg/L has been applied to the resource estimate
4. Lithium is converted to lithium carbonate (Li2CO3) with a conversion factor of 5.32
5. Potassium is converted to potash with a conversion factor of 1.91
6. Numbers may not add due to rounding.

Results of the brine chemistry analysis carried out to date indicate that the Cauchari brine is similar in composition to the brine in the adjacent Olaroz Salar from which Orocobre is successfully producing lithium carbonate using conventional lithium processing technology. Table 2 provides a summary of the Cauchari brine characteristics. The lower average lithium concentration of the total inferred resource compared to that of drill holes such as CAU07, CAU11 (and other results released during the Phase II drilling program) reflects the presence of lower concentration brine near surface in the SE Sector such as around holes CAU12, 13 and 14. The brine characteristics and hydraulic characteristics in the upper SE Sector are distinct from those in the NW Sector and the Deep Sand unit. Pumping tests from the NW Sector and Deep Sand have produced excellent flows with lithium concentration >500 mg/l lithium, as reported by the company on the 7th of February and 6th of March 2018. There is a reasonable prospect that the Cauchari brine from these areas could be successfully processed using similar technology to the Olaroz plant.

Table 2: Cauchari brine chemistry characteristics

Samples Ratio	NW Sector & Deep Sand	Upper SE Sector
Mg/Li	2.7	2.5
SO4/Li	29.4	69.6

Resource Estimation Methodology

The updated lithium resource estimate for the Cauchari Project is based on the results of seven diamond holes and five rotary holes drilled during the Phase II campaign in 2017/2018 and results of four diamond drill holes of the Phase I campaign in 2011. Figure 1 shows a location map of the boreholes completed during the 2011 and 2017/2018 drilling campaigns. Brine sample collection during the 2017/2018 program consisted of bailed and packer samples in the diamond holes, and packer and pumped samples in the rotary holes. A total of 449 brine samples (including 164 QA/QC samples) were analyzed by Norlabs (Jujuy, Argentina) as the primary laboratory and by Alex Steward Assayers (Mendoza, Argentina) and the University of Antofagasta (Chile) as secondary QA/QC laboratories. Additional brine QA/QC analyses were carried out on centrifuged samples collected by Corelabs in Houston, TX.

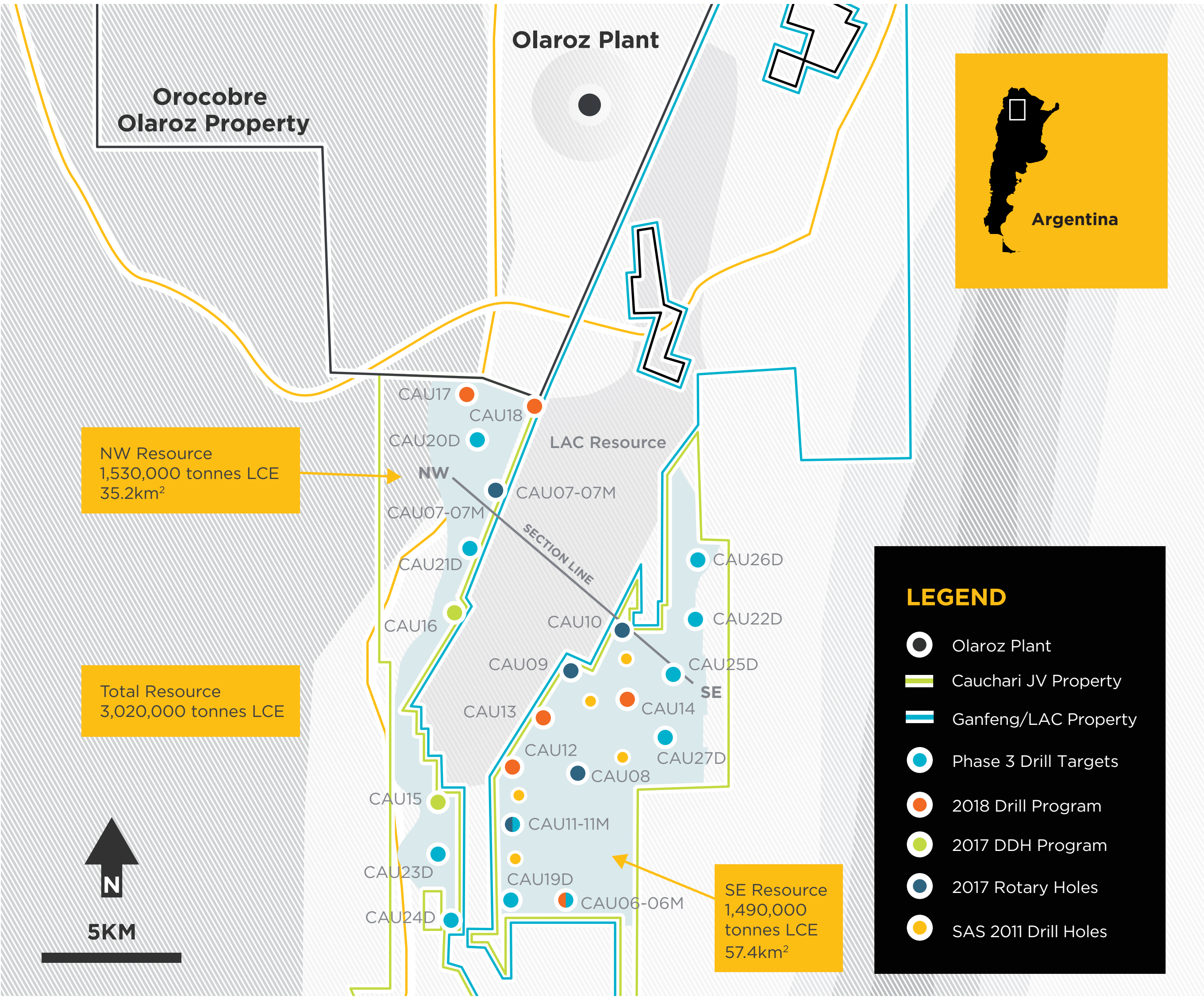


Figure 1 – Cauchari 2018 Resource Outlines – Phase II & Historical Drill Holes (June 27, 2018)

HQ core was retrieved during the diamond core drilling from which some 172 primary undisturbed samples were prepared for laboratory drainable porosity and other physical parameter determinations by Geo Systems Analysis (GSA) in Tucson, AZ. Laboratory QA/QC porosity analyses are being undertaken by Corelabs.

The lithium resource was estimated using SGEMs software with ordinary Kriging and applying a 300 mg/l lithium concentration cut-off. The resource estimate was prepared in accordance with the guidelines of National Instrument 43-101 and uses best practice methods specific to brine resources, including a reliance on core drilling and sampling methods that yield depth-specific chemistry and drainable porosity measurements. The resource estimation was completed by independent qualified person Mr. Frits Reidel of Santiago based hydrogeology firm FloSolutions with extensive experience in the estimation of lithium brine resources in Argentina.

Cauchari Exploration Target Upper & Lower Assumption Case Estimates

The geological exploration target is estimated to range between 1,430,000 and 3,000,000 t LCE, primarily in the SE Sector beneath the current inferred resource area in the Deep Sand unit to a depth of 600 m. Table 3 provides the details of the geological exploration target. The upper and lower ranges of the exploration target were bounded by two times the standard deviation around the calculated average lithium concentration of the overlying inferred resources. The Deep Sand unit in the SE Sector was intersected below 360 m in CAU11, CAU12 and CAU13.

A preliminary 48 hour pumping test in CAU11 at a pumping rate of 19 l/s indicated that the Deep Sand unit has excellent hydraulic characteristics. The geology of the Cauchari basin suggests there is good potential to convert brine within the exploration target to resources. Similar sand units have been intersected in the neighbouring Olaroz project.

Table 3: Cauchari Resource Exploration Target – Lower Range Assumption Case Estimates (May 2018)

Parameter	NW Sector		SE Sector		Total	
Resource area (km^2)	35.2		57.4		92.6	
Aquifer volume (km^3)	2.6		12.8		15.4	
Mean specific yield (Sy)	11%		5%		6%	
Brine volume (km^3)	0.3		0.6		0.9	
Element	**Li**	**K**	**Li**	**K**	**Li**	**K**
Mean concentration (mg/l)	281	2,320	281	2,320	281	2,320
Mean grade (g/m^3)	31	258	15	122	23	190
Total Resource (tonnes)	80,000	670,000	190,000	1,550,000	270,000	2,220,000
Lithium Carbonate (tonnes)	**430,000**		**1,000,000**		**1,430,000**	
Potash (tonnes)	**1,300,000**		**2,900,000**		**4,200,000**	

A lithium cut-off concentration of 300mg/L has been applied to the resources estimate.
Numbers may not add due to rounding.

Cauchari Resource Exploration Target – Upper Range Assumption Case Estimates (May 2018)

Parameter	NW Sector		SE Sector		Total	
Resource area (km^2)	35.2		57.4		92.6	
Aquifer volume (km^3)	2.6		12.8		15.4	
Mean specific yield (Sy)	11%		5%		6%	
Brine volume (km^3)	0.3		0.6		0.9	
Element	**Li**	**K**	**Li**	**K**	**Li**	**K**
Mean concentration (mg/l)	594	5,735	594	5,735	594	5,735
Mean grade (g/m^3)	66	638	31	301	49	473
Total Resource (tonnes)	170,000	1,650,000	400,000	3,840,000	570,000	5,490,000
Lithium Carbonate (tonnes)	**900,000**		**2,100,000**		**3,000,000**	
Potash (tonnes)	**3,100,000**		**7,300,000**		**10,400,000**	

A lithium cut-off concentration of 300mg/L has been applied to the resources estimate.
Numbers may not add due to rounding.

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 exploration target is where, based on the available geological evidence, there is the possibility of defining a mineral resource. Importantly the exploration target is not to be considered a resource or reserve. It must be stressed the exploration target is based on a series of assumptions and future drilling is required to determine the brine grade and formation drainable porosity values to establish whether a resource can be defined.

Table 4: Cauchari Project – Drillhole Locations

Exploration Hole Number	Sector	Total Depth (m)	Depth Installed Well (m)	Assay Interval (m)	Lithium (mg/l avg)	Potassium (mg/l avg)	Drilling Method	Coordinates Gauss Kruger Argentine* Zone 3 Posgar		Elevation Mean Sea Level (m)	Azimuth	Dip
								Easting	Northing			
CAU07	NW	343.00	329	135-343	601	4,853	Rotary	3421200	7383987	3,964	0	-90
CAU08	SE	400.00	400	50-400	517	5,319	Rotary	3423938	7374503	3,941	0	-90
CAU09	SE	400.00	400	60-400	662	6,137	Rotary	3423778	7377785	3,940	0	-90
CAU10	SE	429.00	340	50-340	682	6,516	Rotary	3425532	7379306	3,940	0	-90
CAU11	SE	480.00	478	50-476	515	4,577	Rotary	3421752	7372571	3,941	0	-90
CAU12	SE	413.00	207	25-169	305	3,048	Diamond	3421708	7374690	3,941	0	-90
CAU13	SE	449.00	252	39-281	435	4,088	Diamond	3422774	7376298	3,940	0	-90
CAU14	SE	598.00	455	tbc	tbc	tbc	Diamond	3425670	7377021	3,942	0	-90
CAU15	NW	240.50	210	102-234.5	407	3,196	Diamond	3419292	7373396	3,941	0	-90
CAU16	NW	321.50	255	14-298	436	3,608	Diamond	3419925	7379892	3,941	0	-90
CAU17	NW	237.50	238	178-203	571	4,488	Diamond	3419965	7387431	3,991	0	-90
CAU18	NW	359.00	359	165-320	476	3,775	Diamond	3422571	7386977	3,964	0	-90

* Gauss Kruger Zone 3, using the POSGAR Datum. Locations confirmed by surveyor.

Phase III Drilling & Further Resource Expansion

The Phase III resource definition drilling program is currently underway at the Cauchari project site. The Phase III program will include additional diamond holes in the NW and SE Sectors to upgrade the resource classification by Q2 CY19 to support the Project's Definitive Feasibility Study. The Phase III drilling program is designed to provide a combined borehole density sufficient to upgrade the current inferred resources to the Indicated and Measured categories. The Phase III drilling is also aimed at further defining resources in the Deep Sand unit.

Borax Argentina S.A.

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.

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% B2O3	Tonnes B2O3
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% B2O3	Tonnes B2O3
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 30 Ktpa			Expanded Production 100 Ktpa		
	Cut-Off	Tonnes (Mt)	Soluble B203 (%)	Cut-Off	Tonnes (Mt)	Soluble B203 (%)
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
Maximum DCF 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 S.A. Resources

Mine/Project	Material	Historical Estimate	Tonnes	Grade % B203	Tonnes B203
Current Soft Rock Mines					
Sijes – Hydroboracite	Hydroboracite	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

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

Properties

Borax 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, Nextview New Energy Lion Hong Kong Ltd 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 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 /Ganfeng	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.
Nextview New Energy Lion Hong Kong Ltd *	Diablillos	698.35	14-Jan-10	Royalty	N/A	1.0% NSR Revenue Based Royalty	-	-
Nextview New Energy Lion Hong Kong Ltd *	Centenario and Ratones	630	14-Jan-10	Royalty	N/A	1.0%	Indefinite	-
Nextview New Energy Lion Hong Kong Ltd *	Los Ratones	600	14-Jan-10	Royalty	N/A	1.0%	Indefinite	-
Lithea Inc.	Pozuelos	2,488	14-Jan-10	Purchase	N/A	1.0%	Indefinite	Royalty can be purchased by Lithea for $1,000,000. Borax Argentina S.A. has the right to mine borates.
Advantage Lithium	Cauchari	27,771	24-Nov-16	Royalty	N/A	1.0% Gross Royalty on Production	-	-
LSC Lithium	Salinas Grandes	32,727	6-Jun-17	Royalty	N/A	2.0% Mine Mouth Royalty	-	-

*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.

Schedule
of Tenements

Project Area: Olaroz

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
1842-S-12	2988.17		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
25-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	66.5%	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	1104.47		Argentina
963-R-2004	1194.84		Argentina
964-R-2008	799.84		Argentina
945-R-2008	428.08		Argentina

Project Area: Cauchari

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
2055-R-2014	495.4	South American Salars S.A. **(SAS SA)** is the holder of all Cauchari tenements. Pursuant to the terms of the Cauchari Joint Venture SAS SA is owned as to 75% by Advantage Lithium Corporation and as to 25% by La Frontera S.A. Orocobre holds 85% of La Frontera SA	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

Project Area: Salinas Grandes

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
184-Z-1996	300	LSC Lithium Inc owns the Salina Grandes Project properties. La Frontera Minerals S.A. (Orocobre 85%) holds a 2% Mine Mouth Royalty over production from Salinas Grandes	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
1104	100		Argentina
13699	100		Argentina
18808	100		Argentina
266	100		Argentina
18183	2778		Argentina
12790	100		Argentina
19891	100		Argentina
62	100		Argentina
17681	400		Argentina
8170	300		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

Project Area: Salinas Grandes (continued)

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
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: Tincalayu

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
1271	300	100% Borax Argentina S.A. (BRX SA) Galaxy Lithium SA holds an usufruct to extract brines from 1215, 5596, 13848, and 17335	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

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
8587	799	100% Borax Argentina S.A. (BRX SA)	Argentina
11800	488		Argentina
11801	400		Argentina
11802	3399		Argentina
14121	10		Argentina
5786	200		Argentina

Project Area: Cauchari (Exar)

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
394	300	100% Borax Argentina S.A. (BRX SA) Exar SA holds a usufruct over all tenements for the extraction of 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
221	100		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

Project Area: Diablillos

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
1175	100	100% Potasio y Litio de Argentina S.A. **(PLASA)** is the holder of all Diablillos tenure. Borax holds an usufruct for the extraction of borates from the Diablillos tenements Orocobre Lithium S.A. (Orocobre 100%) holds a 1% net revenue royalty overall production by PLASA from the tenements.	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

Shareholder
& ASX Information

The following additional information is required by the Australian Securities Exchange Limited (ASX) and is not disclosed elsewhere in this report.

Shareholder Information

The following information is provided as at 31 July 2018.

Distribution of Shareholders

Range of Units Snapshot Fully Paid Ordinary Shares (Total) as of 31 Jul 2018 | Composition: CA, ORD

Range	Total Holders	Units	% of Issued Capital
1 – 100	594	27,066	0.01
101 – 1,000	3,214	1,785,841	0.68
1,001 – 10,000	4,958	17,307,510	6.64
10,001 – 100,000	859	20,987,621	8.05
100,001 – 500,000	66	13,722,289	5.26
500,001 – 1,000,000	8	6,311,522	2.42
1,000,001 – 9,999,999,999	18	200,568,867	76.93
Rounding			0.01
Total	**9,717**	**260,710,716**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $4.62 per unit	109	631	30,923

The following table details the 20 largest individual shareholder accounts as of 15 August 2018.

20 Largest Holder Accounts – Ordinary Shares

Top Holders Snapshot – Ungrouped Fully Paid Ordinary Shares (Total) as of 15 Aug 2018 | Composition: CA, ORD

Rank	Name	Units	% of Units
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	53,994,709	20.71
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	44,355,408	17.01
3.	TOYOTA TSUSHO CORPORATION	39,106,607	15.00
4.	CITICORP NOMINEES PTY LIMITED	12,215,768	4.69
5.	CANADIAN REGISTER CONTROL	10,469,473	4.02
6.	NATIONAL NOMINEES LIMITED	6,005,191	2.30
7.	RICHARD SEVILLE & ASSOCIATES PTY LTD <THE SEVILLE SUPER FUND A/C>	4,997,000	1.92
8.	LITHIUM INVESTORS LLC	4,555,772	1.75
9.	BNP PARIBAS NOMS PTY LTD <DRP>	3,421,435	1.31
10.	MR DENIS GRENVILLE HINTON + MRS ROSLYN SUSANNA HINTON	3,042,281	1.17
11.	BNP PARIBAS NOMS (NZ) LTD <DRP>	2,700,884	1.04
12.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,435,017	0.93
13.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,223,772	0.85
14.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,864,892	0.72
15.	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	1,826,643	0.70
16.	FAIRGROUND PTY LTD	1,677,227	0.64
17.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,618,271	0.62
18.	MR ROBERT BRUCE WOODLAND + MRS ERIKA WOODLAND <R WOODLAND EXHIBIT S/F A/C>	1,562,000	0.60
19.	AUST EXECUTOR TRUSTEES LTD <CHARITABLE FOUNDATION>	1,093,398	0.42
20.	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	1,015,406	0.39
Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)		**200,181,154**	**76.78**
Total Remaining Holders Balance		**60,529,562**	**23.22**

NOTE: Shareholders may have several accounts which could affect their overall gross holdings.

Substantial Shareholders

The following are substantial shareholder accounts listed in the Company's register as of 15 August 2018.

Rank	Shareholder Name	Number of shares held	% of Total Capital
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	53,994,709	20.71
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	44,355,408	17.01
3.	TOYOTA TSUSHO CORPORATION	39,106,607	15.00

Securities on Issue

The following securities were on issue as at 28 August 2018.

Number	Class
260,710,716	Ordinary (ORE)
757,249	ASX Code OREAS–Performance Rights exercisable at $0.00, 30 days after the later of 31 August 2018 or the date of release of the Company's financial results for FY2018.
455,147	ASX Code OREAS–Performance Rights exercisable at $0.00, 30 days after the later of 31 August 2019 or the date of release of the Company's financial results for FY2019.
805,242	ASX Code OREAS–Performance Rights exercisable at $0.00, 30 days after the later of 31 August 2020 or the date of release of the Company's financial results for FY2020.

The following unlisted options were exercised in accordance with the terms of their grant.

ASX Code	Expiry Date	Exercise Date	Exercise Price	Number of Performance Rights
OREAU	31-May-18	8-Dec-17	$1.50	100,000

The following unlisted Performance Rights were exercised in accordance with the terms of their grant.

ASX Code	Expiry Date	Exercise Date	Exercise Price	Number of Performance Rights
OREAS	30-Sep-17	21-Sep-17	$0.00	315,573
OREAS	30-Sep-17	26-Sep-17	$0.00	113,915

The following unlisted Performance Rights lapsed in accordance with the terms of their grant.

ASX Code	Expiry Date	Lapse Date	Exercise Price	Number of Performance Rights
OREAS	30-Sep-17	21-Sep-17	$0.00	8,252
OREAS	30-Sep-17	26-Sep-17	$0.00	18,850
OREAS	30-Sep-18	FY 2018	$0.00	45,718
OREAS	30-Sep-19	FY 2018	$0.00	32,670
OREAS	30-Sep-20	FY 2018	$0.00	26,970

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands. There are no voting rights attached to the Performance Rights, but voting as detailed above will attach to the ordinary shares issued when the Performance Rights are exercised.

Registers of Securities are held at the following addresses

Computershare Investor Services Pty Limited
Level 1, 200 Mary Street
Brisbane QLD 4000, Australia

Computershare Investor Services Inc
100 University Avenue, 8th Floor
Toronto ON M5J 2Y1, Canada

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited, other than those classified as restricted securities and detailed below. Ordinary shares of the Company are also listed on the Toronto Stock Exchange (TSX).

Restricted Securities

The Company currently has no restricted securities.

Use of Cash & Convertible Assets

During the period from admission to the official list of the Australian Stock Exchange to 30 June 2018, the Company has used cash and assets readily convertible to cash in a manner consistent with its business activities. The Company is involved in mineral exploration, development and production in Argentina.

Technical Information, Competent Persons' & 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.

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. However, it is noted that in addition to the original resource the company has defined an exploration target detailed in the announcement dated 23 October 2014, "Olaroz Project Large Exploration Target Defined Beneath Current Resource" that immediately underlies the resource. 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 for the resource estimate.

This information in regard to the Olaroz Project, with the exception of the information pertaining to the defined exploration target in 2014, 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 exploration target defined underlying the resource at Olaroz was defined 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 exploration target is defined as 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 exist to the north and the south of the defined exploration target. 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 information in this report that relates to exploration reporting at the Cauchari JV project has been prepared by Mr Frits Reidel. Frits Reidel is a Certified Professional Geologist and member of the American Institute of Professional Geologists. Frits Reidel is General Manager and Principal with FloSolutions Chile and is independent of Orocobre. Frits 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 in NI 43-101. Frits Reidel consents to the inclusion in this report of this information in the form and context in which it appears. The resource information in relation to the Cauchari JV project between Orocobre and Advantage Lithium is extracted from the report entitled NI43-101 Technical Report Lithium and Potassium Resources Cauchari Project, dated 27 June 2018. The report is available to view on the Company website www.orocobre.com.

The information in this report that relates to resources at the Borax 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 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 in this report 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 31 December 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 www.orocobre.com.

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.

Corporate Directory

Directors

Mr Robert Hubbard
(Non-Executive Chair)

Mr Richard P. Seville
(Managing Director & CEO)

Mr Federico Nicholson
(Non-Executive Director)

Mr Fernando Oris de Roa
(Non-Executive Director)

Mr Courtney Pratt
(Non-Executive Director)

Mr John W. Gibson, Jr.
(Non-Executive Director)

Ms Leanne Heywood
(Non-Executive Director)

Mr Masaharu Katayama
(Non-Executive Director)

Secretaries

Mr Neil Kaplan

Mr Rick Anthon

Registered Office

Level 1, 349 Coronation Drive
Milton, Queensland 4064 Australia

Phone: (+617) 3871 3985
Fax: (+617) 3720 8988
Email: mail@orocobre.com
Website: www.orocobre.com

ACN

112 589 910

Auditors

Ernst & Young Australia
Level 51, 111 Eagle Street
Brisbane, Queensland 4000
Australia

Legal Advisers

Saravia Frias Cornejo Abogados
Rivadavia 378 (A4400BTH)
Salta Argentina

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

Jones Day
Riverside Centre
Level 31, 123 Eagle Street
Brisbane City, Queensland 4000
Australia

Share Registries

Computershare Investor Services Pty Limited
Level 1, 200 Mary Street
Brisbane QLD 4000
Australia

Computershare Investor Services Inc
100 University Avenue, 8th Floor
Toronto ON, M5J 2Y1
Canada

orocobre.com