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OROCOBRE LIMITED

ABN 31 112 589 910

CONSOLIDATED FINANCIAL REPORT FOR THE HALF - YEAR ENDED 31 DECEMBER 2012

OROCOBRE LIMITED
ABN 31 112 589 910

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2012.

Directors

The following persons were Directors of the company during the half year and at the date of this report except as otherwise noted:

J. D. Callaway (Chairman)	C. Pratt
R. P. Seville	F. O. de Roa
J. W. Gibson	F. Nicholson
R. Hubbard (Appointed 30 November 2012)	N. Stuart (Retired 30 November 2012)

Review & Results of Operations

The group's operating profit for the half year, after applicable income tax was \$99,264,617 (2011: \$1,432,582 loss). Exploration and evaluation expenditure during the period totalled \$8,920,228 (2011: \$8,699,355).

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

Prior to the transaction the Group owned a 100% interest in the Olaroz Project.

The Olaroz Project Joint Venture is operated through Sales de Jujuy S.A. ("SDJ SA") a subsidiary of Sales de Jujuy PTE, a Singaporean company that both Orocobre and TTC respectively, are shareholders in directly and indirectly. The effective Olaroz Project equity interest are Orocobre 66.5%, TTC 25.0% and Jujuy Energia y Minería Sociedad del Estado ("JEMSE") 8.5%.

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

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

SALAR DE OLAROS LITHIUM-POTASH PROJECT

The Olaroz Project is located in the Puna region of Jujuy Province in northern Argentina approximately 230 kilometres northwest of the capital city of Jujuy at an altitude of 3900 metres above sea level, and is the Company's flagship project. During the six month period major advances were made for the project and the project is now under construction.

On 17 October, 2012 the Company announced a major development for the project. Following positive investment decisions by the board of directors of both Orocobre and TTC, it was announced that the companies had executed the definitive Shareholders Agreement for a joint venture to develop

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the Olaroz Project. (Refer ASX/TSX announcement on 17 October 2012). This followed approval of the Olaroz Project by the Government of the Province of Jujuy and grant of the mining leases in early July.

Subsequently, on 6 December, 2012 the Company announced that with joint venture partner TTC, the companies had executed the loan documentation for the Olaroz project financing. As had been previously announced, the project financing will be provided by Mizuho Corporate Bank Ltd ("Mizuho") with a maximum facility amount of approximately US\$192 million as detailed below:

Parameters	Values
Maximum Facility	US\$191.9 million
Equity by Sales de Jujuy	US\$82.8 million
Maximum Debt : Equity Ratio	70% : 30%
Construction Cost	US\$229.1 million including contingency
Primary Debt Facility	US\$146.3 million
Additional facilities	US\$45.6 million
Term	10 years
Grace Period	2 years
Dividend Payments	Borrower may pay dividends bi-annually after meeting debt service obligations to Mizuho

After completion of construction and after satisfying operating performance tests, Japan Oil ,Gas and Metals National Corporation ("JOGMEC") will provide guarantees for a maximum 82% of the project debt to a maximum of US\$158 million.

The overall cost of the debt funding including JOGMEC guarantee is expected to be approximately 4.5% of the drawn amount and will be fixed for the term of the loan at the time of drawing on the debt facility. (Refer ASX/TSX announcement on 6 December 2012)

The detailed engineering phase of the Olaroz Project was also completed, resulting in two noteworthy changes to the scope of the project. Firstly, the design capacity of the operation has been increased to 17,500 tonnes per annum ("tpa") of lithium carbonate from 16,400 tpa provided for in the Feasibility Study. With changes to the flow sheet, expected potash recovery has also been increased to approximately 20,000 tpa compared to 10,000 tpa in the Feasibility Study. Potash credits and capital costs are not currently included in the first phase of the project development and are subject to a later investment decision.

Secondly, following completion of detailed engineering, the capital cost estimate was revised to US\$229 million from US\$207 million in the Feasibility Study. The revised estimate included US\$22 million of contingency funds and US\$16m of expenditure already made to that point in time.

Salar de Olaroz Construction Update

Construction of the Olaroz lithium project officially began on 21 November, 2012. Progress has been swift due in a large part to the preparation and planning that took place in the preceding year. Sinclair Knight Merz, with the assistance of INFA, a well-respected Argentine engineering group, completed detailed engineering for all areas of the operation, including brine extraction, transport and evaporation, the lithium carbonate plant and key areas of the re-purification and micronizing circuits. The procurement process was also well advanced with all main suppliers identified and with many construction and supply contracts at an advanced stage of negotiation or ready for awarding by the construction commencement date.

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The project implementation is through the EPCM (Engineering, Procurement and Construction Management) method with a high proportion of local involvement through construction and supply contracts and local employment. The unique community and shared value policy continues as a key success factor, training local people with supervision by high quality experienced professionals. (For further detail refer ASX/TSX announcement on 31 January 2013 Quarterly Report of Operations.)

SOUTH AMERICAN SALARS JOINT VENTURE (Orocobre 85%)

In July 2008 South American Salars SA was established to focus on the exploration and exploitation of minerals found in salars in South America separate from the Company's development of the Olaroz Project. The Company owns 85% of South American Salars SA. The TTC Agreement does not include the projects held by South American Salars SA.

South American Salars SA holds approximately 300,000 hectares of properties in 14 areas. These include Salar de Cangrejillo/Salines Grandes, Guayatoyoc and Salar de Cauchari.

Salar de Salinas Grandes Potassium-Lithium Project (85%)

The Salinas Grandes Project is located approximately 70 kilometres east – southeast of Olaroz in the Puna region of the Provinces of Jujuy and Salta, Argentina, and Guayatoyoc.

Resource Estimate

The Salinas Grandes Project has an inferred resource to an average of approximately 13m of 56.5 million cubic metres of brine at 795 milligrams per litre lithium and 9,550 milligrams per litre potassium, which is equivalent to 239,200 tonnes of lithium carbonate and 1.03 million tonnes of potash (potassium chloride) based on 5.32 tonnes of lithium carbonate being equivalent to one tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium.

During the period, long-term pumping tests both from bores and trenches were undertaken in a number of locations within the shallow resource. The results are currently being analysed and will be reported shortly. Provided that adequate pumping rates can be sustained over time, with stable and economic lithium and potassium grades, the Company anticipates undertaking further drilling and a preliminary economic assessment for the project in the future.

Salar de Cauchari Project (85%)

On 22 October 2012, the Company announced the maiden resource estimate at the Cauchari lithium-potash properties ("Cauchari") in Jujuy Province, Argentina. Cauchari is located approximately 20km south of the Company's flagship Olaroz Project.

Following drilling in 2011, independent hydrogeologist, Murray Brooker, estimated an inferred resource in two adjoining areas of the salar, with a total 230 million cubic metres of brine at average grades of 380 mg/L lithium and 3700 mg/L potassium. The depth of the resource is to 50m in one area and 150m in the other. This is equivalent to 470,000 tonnes of lithium carbonate and 1.6 million tonnes of potash (potassium chloride) based on 5.32 tonnes of lithium carbonate being equivalent to one tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium. Murray Brooker also estimated a significant exploration target beneath the resource. (For further detail refer ASX/TSX announcement on 31 January 2013 Quarterly Report of Operations.)

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The Company considers that most likely way Cauchari could be developed would be as an incremental brine supply for the Olaroz project or via sharing Olaroz infrastructure or facilities .

Borax Argentina

On 21 August 2012, the Company acquired the long established Argentine boron minerals and refined chemicals producer, Borax Argentina, from Rio Tinto plc entities.

Borax Argentina has been in operation for over 50 years, and operates three open pit mines in Tincalayu, Sijes, and Porvenir, concentration plants in Tincalayu, Sijes and Porvenir (currently unused), and refinery facilities in Campo Quijano. Additionally, the deposits at Diablillos and Ratones are essentially undeveloped. The refinery operations currently produce a variety of boron chemical products, including boric acid, borax decahydrate, borax pentahydrate, anhydrous borax and boroglas from concentrates and ulexite minerals carted from the mines and concentrators. In addition, the mine and concentrator at Sijes produce mineral concentrates for direct sale.

There are historical estimates on the mineralisation at these mines and at the two undeveloped deposits which will form the basis for developing plans for the business. (For further detail refer ASX/TSX announcement on 21 August 2012 Borax Acquisition and 31 January 2013 Quarterly Report of Operations.)

CORPORATE

Institutional Capital Raise & Shareholder Purchase Plan

On 5 November, 2012, the Company announced the completion of a placement of 12.35 million ordinary shares to institutional investors at an issue price of A\$1.70 per share, raising A\$20 million net proceeds. The issue price represented an 8.0% discount to the ASX closing price prior to the Company entering into a trading halt on 1 November, 2012. The non-underwritten placement was significantly oversubscribed, with participating institutional investors from Australia, Hong Kong, the United Kingdom and the United States. The offering investment dealer syndicate was led by Canaccord Genuity (Australia) Ltd., and also included Cormark Securities Inc. (who acted as a lead Canadian Manager), and Patersons Securities Ltd. A subsequent Shareholder Purchase Plan ("SPP") at the same issue price as the institutional placement, raised A\$3.7 million for 2.2 million shares issued.

Some of the proceeds of capital raisings have been used to fund Orocobre's part of the equity contribution for the construction of the Olaroz lithium project. The remaining amounts will be used to fund Borax Argentina initiatives and general corporate purposes, including working capital.

New Appointment to Board of Directors

On 30 November, 2012 Mr. Robert Hubbard was appointed to the Company's Board of Directors replacing Mr. Neil Stuart who retired from the Board following the 2012 Annual Meeting of Shareholders.

Mr. Hubbard brings a wealth of experience and pertinent knowledge to the Orocobre Board. He will be retiring in March 2013 from PricewaterhouseCoopers ("PwC"), having served for over 20 years as a partner at the firm. During his time as a PwC partner, he served as auditor for some of Australia's largest companies and acted as head of the advisory and assurance practices of PwC Brisbane. In addition to his general Orocobre Board duties, Robert will also chair the Company's Audit Committee.

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DIRECTORS' REPORT

New Executive Appointments

Post 31 December 2012, Mr. Neil Kaplan and Mr. David Hall were appointed to the positions of Chief Financial Officer and Business Development Manager respectively.

Neil Kaplan brings a wealth of knowledge to the Company with over 20 years of experience in managerial and finance positions obtained on four different continents. Neil's experience in the resources sector was obtained working in executive financial roles for Glencore International and formerly listed Coalcorp Mining, both based in Colombia.

David Hall has extensive business management, market development, marketing and logistics experience in domestic and international chemical and industrial minerals markets across a wide range of products and geographies. David served for 19 years with ICI Australia and Orica Australia in a number of roles in both Brisbane and Melbourne and more recently two years with Queensland Magnesia.

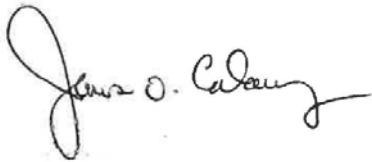
Subsequent Events

No material matters or circumstances have arisen since balance date.

Auditor's Independence Declaration

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

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



J D Calaway
Chairman



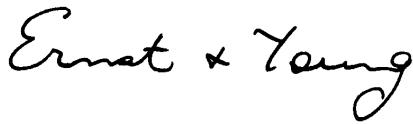
R P Seville
Managing Director

Signed: 14 February 2013
Brisbane, Queensland

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Auditor's Independence Declaration to the Directors of Orocobre Limited

In relation to our review of the financial report of Orocobre Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Mark Hayward
Partner
14 February 2013

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 31 December 2012

	Note	Consolidated Group	
		31 December 2012 \$	31 December 2011 \$
Sale of goods	2	7,529,077	-
Cost of goods sold		(6,868,768)	-
Gross profit		660,309	-
Other revenue	2	871,050	1,011,046
Gain on creation of joint venture	2	101,963,338	-
Corporate & administrative expenses		(2,234,636)	(1,318,538)
Employee benefits expenses		(2,199,290)	(683,606)
Occupancy costs		(103,426)	(82,795)
Capitalised exploration & evaluation expenditure written off		-	(148,019)
Share of net profits of joint venture		(335,628)	-
Foreign currency gain/(loss)		546,304	(210,670)
Profit/(Loss) before income tax		99,168,021	(1,432,582)
Income tax benefit		96,596	-
Profit/(Loss) for the year		99,264,617	(1,432,582)
Other comprehensive income/(loss) <i>(Items that may be reclassified subsequently to profit and loss)</i>			
Transfers to income statement on creation of joint venture	7	5,077,490	-
Translation gain/(loss) on foreign controlled entities		(1,902,764)	54,597
Net gain/(loss) on revaluation of financial assets		(59,938)	(146,786)
Other comprehensive income/(loss) for the period, net of tax		3,114,788	(92,189)
Total comprehensive income / (loss) for the period		102,379,405	(1,524,771)
Profit (Loss) attributable to:			
Members of the parent entity		99,321,231	(1,383,708)
Non-controlling interest		(56,614)	(48,874)
		99,264,617	(1,432,582)
Total comprehensive income/ (loss) attributable to:			
Members of the parent entity		102,436,019	(1,475,897)
Non-controlling interest		(56,614)	(48,874)
		102,379,405	(1,524,771)
Basic earnings per share (cents per share)	9	93.01	(1.34)
Diluted earnings per share (cents per share)	9	92.87	(1.34)

The accompanying notes form part of these financial statements.

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	31 December 2012 \$	30 June 2012 \$
CURRENT ASSETS			
Cash and cash equivalents		38,992,310	16,480,515
Trade and other receivables	3	7,134,925	284,655
Inventory	4	9,063,959	-
Other		51,249	61,655
Total Current Assets		55,242,443	16,826,825
NON-CURRENT ASSETS			
Financial assets		36,696	96,634
Property, plant and equipment	5	5,186,875	779,421
Exploration and evaluation asset	6	13,132,423	43,720,233
Investment in joint venture	7	114,914,254	-
Inventory	4	306,781	-
Trade and other receivables	3	16,438,175	2,928,963
Total Non-Current Assets		150,015,204	47,525,251
TOTAL ASSETS		205,257,647	64,352,076
CURRENT LIABILITIES			
Trade and other payables	11	10,016,843	6,121,186
Total Current Liabilities		10,016,843	6,121,186
NON-CURRENT LIABILITIES			
Trade and other payables	11	2,164,570	-
Provision for rehabilitation	11	8,448,546	-
Total Non-Current Liabilities		10,613,116	-
TOTAL LIABILITIES		20,629,959	6,121,186
NET ASSETS		184,627,688	58,230,890
EQUITY			
Issued Capital	8	99,714,686	76,029,387
Reserves		(3,352,265)	(6,799,147)
Retained profits/(accumulated losses)		88,170,461	(11,150,770)
Parent interest		184,532,882	58,079,470
Non controlling interest		94,806	151,420
TOTAL EQUITY		184,627,688	58,230,890

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2012

	Consolidated Group	
Note	31 December 2012	31 December 2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(8,435,762)	(2,024,419)
Interest received	204,072	897,649
Receipts from customers	7,947,473	-
Other income	365,461	110,235
Net cash provided by (used in) operating activities	81,244	(1,016,535)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capitalised exploration expenditure	(7,080,811)	(8,699,355)
Payment for subsidiary net of cash	(4,422,416)	-
Purchase of property, plant and equipment	-	(511,895)
Proceeds from sale of property plant and equipment	-	27,031
Proceeds on creation of joint venture	17,694,480	-
Net cash provided by (used in) investing activities	6,191,253	(9,184,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	23,685,299	56,876
Funds provided under joint venture agreement	(4,329,213)	-
Loan to joint venture partner	(2,961,000)	-
Net cash provided by (used in) financing activities	16,395,086	56,876
Net increase in cash held	22,667,583	(10,143,878)
Cash and cash equivalents at beginning of year	16,480,515	37,678,205
Effect of exchange rates on cash holdings in foreign currencies	(155,788)	166,263
Cash at end of year	38,992,310	27,700,590

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2012

	Note	Share Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Financial Assets Reserve	Non controlling Interests	Total
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011		75,960,637	(8,320,743)	475,526	(5,580,973)	(38,929)	315,981	62,811,499
Loss attributable to members of the company		-	(1,383,708)	-	-	-	-	(1,383,708)
Loss attributable to non controlling interests		-	-	-	-	-	(48,874)	(48,874)
Other comprehensive income/(loss) for the year		-	-	-	54,597	(146,786)	-	(92,189)
Total comprehensive income/(loss)		-	(1,383,708)	-	54,597	(146,786)	(48,874)	(1,524,771)
Shares issued during the year		56,875	-	-	-	-	-	56,875
Options expensed during the year		-	-	119,268	-	-	-	119,268
Options exercised during the year		11,875	-	(11,875)	-	-	-	-
Balance at 31 December 2011		76,029,387	(9,704,451)	582,919	(5,526,376)	(185,715)	267,107	61,462,871
Balance at 1 July 2012		76,029,387	(11,150,770)	821,472	(7,409,217)	(211,402)	151,420	58,230,890
Profit/(loss) attributable to members of the company		-	99,321,231	-	-	-	-	99,321,231
Loss attributable to non controlling interests		-	-	-	-	-	(56,614)	(56,614)
Other comprehensive income/(loss) for the year		-	-	-	3,174,726	(59,938)	-	3,114,788
Total comprehensive income/(loss)		-	99,321,231	-	3,174,726	(59,938)	(56,614)	102,379,405
Shares issued during the year	8	24,735,189	-	-	-	-	-	24,735,189
Transaction costs		(1,049,890)	-	-	-	-	-	(1,049,890)
Options expensed during the year		-	-	332,094	-	-	-	332,094
Balance at 31 December 2012		99,714,686	88,170,461	1,153,566	(4,234,491)	(271,340)	94,806	184,627,688

The accompanying notes form part of these financial statements.

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Notes to the Consolidated Financial Statements for the half year ended 31 December 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 13 February 2013.

Orocobre Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The principal activities of the Company and its subsidiaries (the Group) are described in Note 13.

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2012 have been prepared in accordance with AASB 134 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2012.

The interim condensed consolidated financial statements for the six months ended 31 December 2012 have been prepared on a going concern basis as the Directors believe that there are no material uncertainties that lead to significant doubt the entity can continue as a going concern in the foreseeable future.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012, except for the adoption of the following as a consequence of the Borax acquisition and the TTC joint venture, noted below:

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis or by using a first-in-first-out basis and includes all costs incurred in the normal course of business including direct material and direct labour costs and an allocation of production overheads, depreciation and amortisation and other costs, based on normal production capacity, incurred in bringing each product to its present location and condition.

Net realisable value represents estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

Environmental protection, rehabilitation and closure costs

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

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Notes to the Consolidated Financial Statements for the half year ended 31 December 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Ventures

A joint venture is the contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The financial statements of the joint ventures are prepared for the same reporting period as the Group, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

A jointly controlled entity involves the establishment of a corporation, partnership or other legal entity in which the Group has an interest along with other ventures. The Group recognises its interest in jointly controlled entities using the equity accounting method. Under the equity method of accounting, the investment in the jointly controlled entity is recognised on the balance sheet on the date of acquisition at its fair value. The carrying amount is adjusted by the Group's share of the post acquisition profit or loss and any dividends received from the joint venture. Where there has been a change recognised in the equity of the joint venture, the Group recognises its share of such changes in equity.

New standards and amendments

New standards and amendments to standards mandatory for the first time for the financial year beginning 1 July 2012 have been adopted. The adoption of these standards had no material financial impact on the current period or any prior period and is not likely to affect future periods.

AASB 101 Presentation of Financial Statements: AASB 101 established a new requirement for entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not. The adoption of AASB 101 had no effect on the financial position or performance of the Group.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods and have not yet been applied in the financial report. The Directors believe that these new or amended Standards and Interpretations do not have any material financial effect on the financial statements presented.

OROCOBRE LIMITED and CONTROLLED ENTITIES

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**Notes to the Consolidated Financial Statements
for the half year ended 31 December 2012**

NOTE 2: RESULT FOR THE PERIOD

	Half year ended 31 December 2012	Half year ended 31 December 2011
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Sale of goods	7,529,077	-
Interest - related parties	54,964	-
Interest received from other persons	218,674	898,833
Other revenue	597,412	110,235
Gain on sale of property, plant & equipment	-	1,978
Gain on creation of joint venture (see Note 7)	101,963,338	-
	<u>110,363,465</u>	<u>1,011,046</u>
Depreciation of plant and equipment	336,044	66,255

NOTE 3: TRADE AND OTHER RECEIVABLES

	31 December 2012	30 June 2012
Current:		
Trade receivables	4,843,259	17,528
Related party receivables	-	267,127
Other receivables	2,291,666	-
	<u>7,134,925</u>	<u>284,655</u>
Non Current:		
Other receivable	793,338	2,928,963
Receivable from joint venture	10,447,458	-
Receivable from joint venture partners	5,197,379	-
	<u>16,438,175</u>	<u>2,928,963</u>

Trade and other receivables

There are no balances within trade and other receivables that are impaired and past due. It is expected these balances will be received when due. Impaired assets are provided for in full. There are no balances with terms that have been renegotiated but which would otherwise be past due or impaired. The amounts are non-interest bearing and generally on 90 days terms. No collateral is held over receivables.

Credit Risk – Trade and other receivables

Included in other receivables is \$2,345,805 (2012: \$2,928,963) being VAT recoveries due from the Argentine revenue authority. This amount represents a significant concentration of credit risk to the Group. On a geographical basis the Group has total receivables of A\$7,578,089 (2012: A\$3,103,006) denominated in Argentine pesos, which represents a significant concentration of credit risk to the Group.

Receivables from joint venture and joint venture partners

Receivables from joint venture and joint venture partners relates to amounts receivable in respect of the Olaroz project (see Note 7). All amounts are denominated in USD and \$10,447,458 is interest bearing. The receivables will be recovered once the Olaroz project is operational (see Note 15)

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**Notes to the Consolidated Financial Statements
for the half year ended 31 December 2012**

NOTE 4: INVENTORY	31 December 2012	30 June 2012
Current:		
Inventory	9,063,959	-
	9,063,959	-
Non Current:		
Inventory	306,781	-
	306,781	-

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

NOTE 5: PLANT AND EQUIPMENT	31 December 2012	30 June 2012
Plant and equipment	\$	\$
At cost	5,702,397	1,000,698
Accumulated depreciation	(515,522)	(221,277)
	5,186,875	779,421

Plant and equipment	31 December 2012	30 June 2012
	\$	\$
Reconciliation of the carrying amounts for property, plant and		
Balance at the beginning of year	779,421	340,088
Additions - business combinations	5,404,780	646,059
Disposals - creation of joint venture (see Note 7)	(415,991)	(34,904)
Depreciation expense	(336,044)	(125,279)
Foreign currency translation movement	(245,291)	(46,543)
	5,186,875	779,421

NOTE 6: EXPLORATION AND EVALUATION ASSET	31 December 2012	30 June 2012
	\$	\$
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - at cost	13,132,423	43,720,233
Movement in exploration and evaluation asset:		
Opening balance - at cost	43,720,233	27,249,892
Capitalised exploration expenditure	8,920,228	18,966,205
Exploration expenditure written-off - current year	-	(756,014)
Decrease on creation of joint venture (see Note 7)	(36,394,036)	-
Foreign currency translation movement	(3,114,002)	(1,739,850)
	13,132,423	43,720,233

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

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**Notes to the Consolidated Financial Statements
for the half year ended 31 December 2012**

NOTE 7: INVESTMENT IN JOINT VENTURE

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

Prior to the transaction the Group owned a 100% interest in the Olaroz lithium project. Net assets held at the date of the transaction were \$37,510,000 with the majority being exploration and evaluation assets. Subsequent to the transaction the Olaroz lithium project is owned 66.5% by the Group, 25.0% by TTC and 8.5% by Jujuy Energia y Minería Sociedad del Estado ("JEMSE") (the mining investment company owned by the provincial Government of Jujuy, Argentina). At the completion of the transaction the net assets previously recorded were written off and replaced by an investment in the joint venture of \$115,249,882 and loans receivable from the joint venture of \$31,149,000.

The Group has recorded the investment in the joint venture at fair value and has recorded a non cash and non taxable profit of \$101,963,338 as a result of the transaction (including the recycling of amounts previously recorded in the foreign currency translation reserve of \$5,077,490 and discounting of other loans of \$1,853,000). The investment in the joint venture will be accounted for using the equity method of accounting.

Construction of the project will be majority funded by a debt facility provided by Mizuho Corporate Bank Limited (with a maximum facility limit of US\$192 million). During the construction period TTC will provide a guarantee for its portion of the debt and also a joint guarantee with the Group for the Group's portion (together 100% of the debt). After completion of construction and after satisfying operating performance tests, the Japanese Government's Japanese Oil, Gas and Metal National Corporation ("JOGMEC") will provide a guarantee for a maximum of 82% of the project debt (to a maximum of US\$158 million). The remaining 18% of the debt will be guaranteed by TTC who will provide a guarantee for its portion of the debt and also a joint guarantee with the Group for the Group's portion (13%).

NOTE 8: ISSUED CAPITAL

	31 December 2012	30 June 2012
	\$	\$
Fully paid ordinary shares	99,714,686	76,029,387
Ordinary shares	No.	No.
Balance at the beginning of the reporting period	103,195,029	103,063,894
Shares issued during the period:		
Previous financial year	-	131,135
13 November 2012 - Australian placement at \$1.70	12,352,941	-
30 November 2012 - Australian placement at \$1.70	2,197,170	-
Balance at reporting date	117,745,140	103,195,029
	31 December 2012	30 June 2012
	No.	No.
Options		
Unlisted Share Options	1,885,000	1,485,000
Balance at the beginning of the reporting period	1,485,000	960,000
Options issued during the period	400,000	650,000
Options exercised during the period	-	(125,000)
Balance at reporting date	1,885,000	1,485,000

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**Notes to the Consolidated Financial Statements
for the half year ended 31 December 2012**

NOTE 9: EARNINGS PER SHARE

	Half year ended 31 December 2012	Half year ended 31 December 2011
	\$	\$
Basic earnings per share (cents)	93.01	(1.34)
Diluted earnings per share (cents)	92.87	(1.34)
Net profit/(loss) after tax used in the calculation of basic and diluted earnings per share	99,321,231	(1,383,708)

Options to acquire ordinary shares in the parent entity are the only securities considered as potential ordinary shares in determination of diluted EPS.

NOTE 10: COMMITMENTS

	31 December 2012	30 June 2012
	\$	\$
Not later than 1 year		
- exploration commitments (1)	343,154	826,953
- operating leases (2)	123,336	123,335
- contracts (3)	100,627	323,739
- equity contribution (4)	21,601,768	-
	22,168,885	1,274,027
Later than 1 year but not later than 5 years		
- exploration commitments (1)	969,067	1,451,184
- operating leases (2)	196,213	257,881
- contracts (3)	197,530	314,232
	1,362,810	2,023,297

- (1) The economic entity must meet minimum expenditure commitments in relation to option agreements over exploration tenements and to maintain those tenements in good standing.

The commitments exist at balance sheet date but have not been brought to account. If the relevant mineral tenement is relinquished the expenditure commitment also ceases.

- (2) The lease commitment relates to a non-cancellable lease with a 2 year, 6 month term remaining at 31 December 2012. Rent is payable monthly in advance.
- (3) The group has contractual commitments to the Provincial Government of Jujuy and its mining company (JEMSE).
- (4) The group has also committed to pay US\$22.43m to the newly created joint venture entity. This amount was paid on 31 January 2013.

NOTE 11: TRADE & OTHER PAYABLES

	31 December 2012	30 June 2012
	\$	\$
CURRENT:		
Unsecured liabilities:		
Sundry payables and accrued expenses	8,779,507	1,624,613
Joint venture contributions received	-	4,397,280
Short term employee benefits	1,219,185	87,293
Payable to related entities	18,151	12,000
	10,016,843	6,121,186

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**Notes to the Consolidated Financial Statements
for the half year ended 31 December 2012**

NOTE 11: TRADE & OTHER PAYABLES (continued)

NON-CURRENT:	31 December 2012	30 June 2012
	\$	\$
Unsecured liabilities:		
Sundry payables and accrued expenses	2,164,570	-
Provision for rehabilitation	8,448,546	-
	<u>10,613,116</u>	<u>-</u>

NOTE 12: BUSINESS COMBINATIONS

On 21 August 2012 the Group purchased 100% of the Argentine boron minerals and refined chemicals producer, Borax Argentina S.A. (Borax), from Rio Tinto PLC entities. The Group purchased Borax as it provides a well established regional operating presence, & experience and management skills which will compliment existing operations in Argentina. The consideration paid for the sale was US\$5.5m and US\$1.0m payable for 3 years on each anniversary of the acquisition.

The provisional fair values of the identifiable asset and liabilities acquired were as follows:

	Fair value recognised on acquisition
	\$
Assets:	
Property, plant & equipment	5,404,780
Cash and cash equivalents	823,423
Trade and other receivables	8,935,217
Inventories	8,392,036
Other assets	643,110
	<u>24,198,566</u>
Liabilities:	
Trade payables	(6,062,427)
Provision for employee entitlements	(1,858,475)
Provision for rehabilitation	(8,183,267)
	<u>(16,104,169)</u>
Total identifiable net assets at fair value	<u>8,094,397</u>
Purchase consideration transferred	
Cash	5,245,839
Instalments payable	2,848,558
	<u>8,094,397</u>

From the date of acquisition, Borax has contributed \$8,078,906 of revenue and a reduction of \$1,188,015 to the net profit before tax of the Group.

If the combination had taken place at the beginning of the year revenue from continuing operations for the Group would have been \$10,501,364 and the profit from the continuing operations for the Group would have been \$99,088,243.

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**Notes to the Consolidated Financial Statements
for the half year ended 31 December 2012**

NOTE 13: SEGMENT REPORTING

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

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

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

Segment Information

	Orocobre Ltd		Olaroz project		South American Salars		Borax		Eliminations		Total Entity	
	Half Year ended 31		Half Year ended 31		Half Year ended 31		Half Year ended 31		Half Year ended 31		Half Year ended 31	
	December		December		December		December		December		December	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
External revenue	298,602	960,512	-	-	22,619	50,534	8,078,906	-	-	-	8,400,127	1,011,046
Intersegment revenue	217,369	265,301	-	-	-	-	-	-	(217,369)	(265,301)	-	-
Total segment revenue	515,971	1,225,813	-	-	22,619	50,534	8,078,906	-	(217,369)	(265,301)	8,400,127	1,011,046
Segment profit/(loss)	100,345,497	247,159	477,259	(1,353,920)	(377,420)	(325,821)	(1,180,719)	-	-	-	99,264,617	(1,432,582)
	December	June	December	June	December	June	December	June	December	June	December	June
	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Segment assets	79,122,174	72,132,569	114,914,254	22,329,036	26,768,265	26,835,180	30,997,187	-	(46,544,233)	(56,944,709)	205,257,647	64,352,076
LIABILITIES												
Segment liabilities	808,322	5,454,833	-	22,473,134	27,354,865	25,749,968	29,225,309	-	(36,758,537)	(47,556,749)	20,629,959	6,121,186

Segment accounting policies

During the period the reportable segments of the Group changed primarily as a result of the acquisition of Borax (previously there was one reportable segment being mineral exploration). Refer Note 12. Segment accounting policies are consistent with those adopted in the annual financial statements of the Group.

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OROCOBRE LIMITED and CONTROLLED ENTITIES

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Notes to the Consolidated Financial Statements for the half year ended 31 December 2012

NOTE 14: CONTINGENT ITEMS

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

NOTE 15: RELATED PARTY TRANSACTIONS

The Group undertakes transactions with related parties in the normal course of business. In the current period, arrangements with related parties continue to be in place, generally consistent with those reported in the 30 June 2012 annual financial report, except for transactions with the newly created joint venture (see Note 7). At 31 December 2012, \$10,447,458 is recorded as a receivable from the joint venture entity, and \$5,197,379 is recorded as recoverable from a joint venture partner. The loan to the joint venture entity is interest bearing at LIBOR +1% per annum and will be repaid during the period the joint venture is operational and after satisfaction of the minimum requirements of the project finance facility. The loan to a joint venture partner is non-interest bearing and will be repaid when the joint venture pays dividends at 33.3% of dividends distribution to the joint venture partner.

NOTE 15: EVENTS AFTER BALANCE SHEET DATE

No material matters or circumstances have arisen since balance date.

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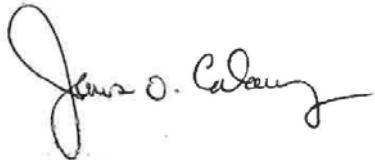
DIRECTORS' DECLARATION

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

In the opinion of the directors:

1. The attached financial statements and notes for the half year ended 31 December 2012 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors:



J D Calaway
Chairman



R P Seville
Managing Director

Dated this: 14th day of February 2013

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To the shareholders of Orocobre Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying 31 December 2012 financial report of Orocobre Limited, which comprises the interim consolidated statement of financial position as at 31 December 2012, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the period.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Orocobre Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

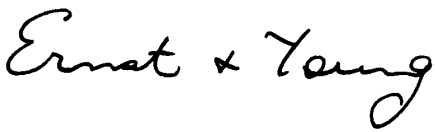
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Mark Hayward
Partner
Brisbane
14 February 2013

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