ABN 31 112 589 910

OROCOBRE LIMITED

ABN 31 112 589 910

CONSOLIDATED FINANCIAL REPORT FOR THE HALF - YEAR ENDED 31 DECEMBER 2011

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 2011.

Directors

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

J. D. Callaway	C. Pratt
R. P. Seville	F. O. de Roa
N. F. Stuart	F. Nicholson
J. W. Gibson	

Review of Operations

The group's operating loss for the half year, after applicable income tax was $1,432,582 (2010: $1,488,962). Exploration and evaluation expenditure during the period totalled $8,699,355 (2010: $11,526,116).

SALAR DE OLAROZ LITHIUM-POTASH PROJECT (Orocobre 100%)

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. The Company holds rights to properties (or to applications for properties) at the Olaroz Project covering approximately 63,000 hectares, of which approximately 21,000 hectares is prospective salt crust and salar margins.

Detailed surface sampling was commenced in 2008 and confirmed the presence of a large exploration target for lithium and potash. In 2009, the Company developed an initial resource estimate for the Olaroz Project. In 2010, the Company announced the involvement of Toyota Tsusho in the project through a funding contribution towards the Olaroz Feasibility Study. In 2011, the Company substantially increased and upgraded the resource estimate. This followed completion of a comprehensive resource definition drilling programme undertaken throughout 2010. Following the resource estimate, the Company completed a definitive Feasibility Study in early 2011.

During the period, the Company awarded the Olaroz Project's detailed engineering contract to Sinclair Knight Merz ("SKM"). A project engineering team has been assembled, with work focusing on detailed engineering, procurement and planning to expedite project development once financing and governmental approvals have been concluded. Subject to Jujuy Government and financing approvals, construction is expected to commence in the second quarter of calendar 2012.

After the end of the period, the Company reported the results of continuing hydrogeological investigations including a pumping test. Located in the area of the proposed extraction well field the test onsistently produced brine with a lithium concentration of 875±10 mg/L over 3 months at a flow rate of 14 L/s and a drawdown in the bore of 44 m. Interpretation of the data suggested that preferential flow to be taking place to the well from specific geological units where the permeability and grade are higher. The flow rate was limited by the capacity of the pump, not by the well or aquifer, so that under production conditions average well flow rates may be expected to be significantly better than the design 15 L/s.

The results from the long term pumping test, together with the data on aquifer geometry, permeability, porosity, groundwater pressures, brine compositions, as well as the water balance incorporating rainfall and surface water inputs and evaporation outputs, obtained during the earlier drilling and testing phase, are being used by company consultant Dr Noel Merrick to build and calibrate a 3D finite difference model of fluid flow and solute transport that incorporates the known variation in fluid density across the salar. The model has been using the well known and validated USGS Modflow-Surfact version 4, which is at the cutting-edge for this task. Dr Noel Merrick is a former Associate Professor at the National Centre for Groundwater Management at the University of Technology in Sydney,

The preliminary results from the model indicate that the cone of depression resulting from the wellfield pumping will be limited in extent and the grade will decline only slowly over the project life, and well within the capacity of the solar ponds to ensure a consistent feed to the plant. The model will be used to forecast and control production throughout the project life as well as to investigate potential production increases.

Toyota Tsusho Agreement and Financing

Since completion of the Olaroz Feasibility Study, the Company has been actively engaged in finalising arrangements with its strategic partner, Toyota Tsusho Corporation ("TTC"), Japanese state-owned Japan Oil, Gas and Metals National Corporation ("JOGMEC") and Mizuho Corporate Bank Ltd ("Mizuho").

As part of these activities, the Company and Toyota Tsusho Corporation have mandated Mizuho Corporate Bank Ltd as lead arranger for the debt component of the project development. This is expected to be for 60% of the capital cost which was estimated in the feasibility study at US$207 million. The facility is planned to be guaranteed by JOGMEC.

The company completed management negotiations with Toyota Tsusho Corporation regarding the terms of its investment and for the project financing arrangements together with associated shareholders' and marketing agreements. The process now moves onto the drafting of definitive agreements and finalization of financing and subsequent investment approval process for both companies. Funding is contingent on the completion of all definitive agreements, Mizuho and JOGMEC's approval of project loans and guarantees respectively, the finalization of bank loan documents and final investment approval by Toyota Tsusho Corporation and Orocobre.

Orocobre aims to complete project financing agreements by the end of the first quarter 2012 and construction to commence in the second quarter of 2012 subject to receiving final Jujuy provincial government approval.

Jujuy Government Approvals Process

In December 2011, the new administration of Governor Eduardo Fellner assumed control of the provincial government following general elections. Gabriel Romamosky has been appointed Production Minister and is responsible for the function of the Committee of Experts and approval. With these changes now in place the Company enters what is expected to be the final phase of approval for the project with Jujuy Government.

The Company is not aware of any opposition to the Olaroz Project being lodged with the Minister of Production or the Committee of Experts. While it is difficult to predict the exact timing, the Company continues to pursue project approval within a timeframe that correlates with the completion of key financing agreements.

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 Toyota Tsusho 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

During the period, the Company completed an initial drilling program at the Salinas Grandes Project. The drilling program indicated the presence of two brine bodies with good grades and significant exploration potential. The first is a continuous shallow brine body from surface to approximately 20m. It occurs over an extensive area of approximately 170 square kilometres, of which approximately 110 square kilometres are located within Orocobre's properties.

Drilling results in the shallow brine body returned average values of 741mg/l lithium and 10,000mg/l potassium which represents a significant exploration target. Drilling showed that brackish water underlies this shallow brine body through much of the salar. A deeper brine body, extending from 50 to 80m depth, occurs over approximately 17 square kilometres in the centre of the salar, of which 13 square kilometres are in the Company's properties.

Brine chemistry exhibits favourable ratios of magnesium-to-lithium and potassium-to-lithium, combined with very low levels of sulphate. These chemical characteristics are well suited for conventional processing techniques that provide high recovery rates at low operating costs. The low sulphate levels indicate that there is high potash recovery potential from this resource, estimated at eight tonnes of potash per tonne of lithium carbonate production.

The Company's current focus is to complete an analysis of the resource estimate and to establish an understanding of the brine extractability through pumping tests. A shallow auger drilling program comprising 47 wells, to better define the near surface brine body was completed subsequent to the end of the reporting period. The results are currently being analysed.

Salar de Cauchari Project

South American Salars holds rights to over 30,000 hectares of properties at the Cauchari Project. Although the Company does not anticipate developing a separate lithium-potash processing facility at the Cauchari Project, the Company believes that there is potential to create considerable value by using Cauchari brines at its planned Olaroz Project processing facilities.

Interpretation of the Company's geological and geophysical survey information at the Cauchari Project, combined with publicly released information from Lithium Americas Corp. regarding the extensive testing of its leases, has encouraged Orocobre that there is a potential for the highest grade part of the brine body delineated by Lithium Americas Corp to extend onto South American Salar's Cauchari properties.

During the period, the Company completed a drilling programme of 6 holes, comprising 5 diamond and one rotary hole, drilled vertically to depths between 46.5 and 249 m. Preliminary results confirm the Company's previous expectations.

Porosity data is being collected from the diamond drill cores by the British Geological Survey sedimentological laboratories. An estimate of the project resource will be undertaken when the remaining chemical analyses and specific yield porosity determinations are received.

CORPORATE

During the period, the Company appointed Mr. Bruce Rose as Vice President, Corporate Development. In this role, Mr. Rose will have overall responsibility for Orocobre's corporate development initiatives and communications with a particular emphasis on investor relations. He is based in Vancouver, British Columbia.

During the period, the National Government of Argentina announced via decree that export revenues from mining projects must be repatriated to Argentina and converted to Argentine currency prior to being distributed either locally or overseas. The payment for goods and supplies from overseas and the distribution of dividends will then require the Argentine currency to be converted to the foreign currency of the transmittal. This overturns the previous benefits provided by Argentina to oil and mining companies, in 2002 and 2003-04 respectively, that exempted them from the currency repatriation laws that apply to all other primary producers in the country.

A preliminary analysis of the decree by our legal counsel in Argentina indicates that it does not change the current regulations that allow, subject to the Argentinean central bank rules, the unlimited purchase and transfer of foreign currency to offshore destinations in consideration for the purchase of equipment or supplies, debt repayment or dividend payments.

The Company will continue to monitor and assess any other implications on the financial and operational aspects of the Company that may arise from the new regulations.

Subsequent Events

No material matters or circumstances have arisen since balance date.

Auditor's Independence Declaration

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

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

J D Calaway
Chairman

R P Seville
Managing Director

Signed: 14 February 2011
Brisbane, Queensland

Hayes Knight
Accountants, Advisers & Auditors

Hayes Knight Audit (QLD) Pty Ltd
ABN 49 115 261 722
Registered Audit Company 299289
Level 19, 127 Creek Street, Brisbane QLD 4000
GPO Box 1189 Brisbane QLD 4001
T: +61 7 3229 2022 **F:** +61 7 3229 3277
E: email@hayesknightqld.com.au
www.hayesknight.com.au

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

To the Directors of Orocobre Ltd

As lead auditor for the review of Orocobre Limited for the half year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Hayes Knight Audit (Qld) Pty Ltd.

Hayes Knight Audit (Qld) Pty Ltd

AM Robertson.

A M Robertson
Director

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

Date: 14 February 2012

OROCOBRE LIMITED
ABN 31 112 589 910

STATEMENT OF COMPREHENSIVE INCOME
for the half-year ended 31 December 2011

	Note	Half-year ended 31 December 2011 $	31 December 2010 $
Revenue	2	1,011,046	397,374
Less expenses:			
Corporate & administrative expenses		(1,318,538)	(1,456,880)
Employee benefit expenses		(683,606)	(473,930)
Occupancy costs		(82,795)	(75,629)
Exploration & evaluation expenditure expensed		(148,019)	-
Foreign currency gain/(loss)		(210,670)	120,103
Loss before income tax expense		(1,432,582)	(1,488,962)
Income tax expense		-	-
Loss for the period		(1,432,582)	(1,488,962)
Other Comprehensive income			
Translation of foreign controlled entities		54,597	(2,615,310)
Net gain on revaluation of financial assets		(146,786)	225,000
Other Comprehensive income for the period, net of tax		(92,189)	(2,390,310)
Total comprehensive income (loss) for the period		(1,524,771)	(3,879,272)
Loss attributable to:			
Members of the parent entity		(1,383,708)	(1,440,397)
Non-controlling interest		(48,874)	(48,565)
		(1,432,582)	(1,488,962)
Total Comprehensive income (loss) attributable to:			
Members of the parent entity		(1,475,897)	(3,830,707)
Non-Controlling interest		(48,874)	(48,565)
		(1,524,771)	(3,879,272)
Basic earnings per share (cents per share)	6	(1.34)	(1.63)
Diluted earnings per share (cents per share)	6	(1.34)	(1.63)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements.

OROCOBRE LIMITED
ABN 31 112 589 910

STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Note	31 December 2011 $	30 June 2011 $
CURRENT ASSETS			
Cash and cash equivalents		27,700,590	37,678,205
Trade and other receivables		263,213	311,264
Inventory		37,039	-
Other		122,725	119,673
Total Current Assets		28,123,567	38,109,142
NON-CURRENT ASSETS			
Financial assets	3	122,321	269,107
Property, plant and equipment		753,535	340,088
Exploration and evaluation asset	4	35,844,337	27,249,892
Other receivables		2,754,080	2,146,973
Total Non-Current Assets		39,474,273	30,006,060
TOTAL ASSETS		67,597,840	68,115,202
CURRENT LIABILITIES			
Trade and other payables	8	6,134,968	5,303,703
Total Current Liabilities		6,134,968	5,303,703
TOTAL LIABILITIES		6,134,968	5,303,703
NET ASSETS		61,462,872	62,811,499
EQUITY			
Issued Capital	5	76,029,388	75,960,637
Reserves		(5,129,172)	(5,144,376)
Accumulated losses		(9,704,451)	(8,320,743)
Parent interest		61,195,765	62,495,518
Non-controlling interest		267,107	315,981
TOTAL EQUITY		61,462,872	62,811,499

The accompanying notes form part of these financial statements.

OROCOBRE LIMITED

ABN 31 112 589 910

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2011

	Note	Share Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Financial Assets Reserve	Non-controlling Interests	Total
		$	$	$	$	$	$	$
Balance at 1 July 2010		40,954,552	(6,530,887)	31,502	(453,828)	(120,000)	370,298	34,251,637
Loss attributable to members of the company		-	(1,440,397)	-	-	-	-	(1,440,397)
Loss attributable to non-controlling interests		-	-	-	-	-	-	(48,565)
Other comprehensive income for the period		-	-	-	(2,615,310)	225,000	-	(2,390,310)
Total comprehensive income (loss)		-	(1,440,397)	-	(2,615,310)	225,000	(48,565)	(3,879,272)
Shares issued during the period	5	179,721	-	-	-	-	-	179,721
Options expensed during the period	5	-	-	214,003	-	-	-	214,003
Options exercised during the period	5	4,961	-	(4,961)	-	-	-	-
Balance at 31 December 2010		41,139,234	(7,971,284)	240,544	(3,069,138)	105,000	321,733	30,766,089
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)
Other comprehensive income for the period		-	-	-	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 period	5	56,876	-	-	-	-	-	56,876
Options expensed during the period	5	-	-	119,268	-	-	-	119,268
Options exercised during the period	5	11,875	-	(11,875)	-	-	-	-
Balance at 31 December 2011		76,029,388	(9,704,451)	582,919	(5,526,376)	(185,715)	267,107	61,462,872

The accompanying notes form part of these financial statements.

OROCOBRE LIMITED
ABN 31 112 589 910

STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2011

	Note	Half-year ended 31 December 2011 $	31 December 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,024,419)	(1,323,262)
Interest received		897,649	314,748
Other income		110,235	82,626
Net cash provided by (used in) operating activities		(1,016,535)	(925,888)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capitalised exploration expenditure	4	(8,699,355)	(11,374,520)
Purchase of property, plant and equipment		(511,895)	(270,492)
Proceeds from sale of property, plant and equipment		27,031	-
Net cash provided by (used in) investing activities		(9,184,219)	(11,645,012)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	5	56,876	28,125
Funds provided under joint venture agreement		-	67,106
Net cash provided by (used in) financing activities		56,876	95,231
Net increase in cash held		(10,143,878)	(12,475,669)
Cash and cash equivalents at beginning of period		37,678,205	24,482,793
Effect of exchange rates on cash holdings in foreign currencies		166,263	72,399
Cash at end of year		27,700,590	12,079,523

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose interim financial statements for the half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Orocobre Ltd and its controlled entities (referred to as the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgements

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2011 annual report except in relation to the following matter:

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

For the half-year reporting period to 31 December 2011, a number of new and revised accounting standard requirements became mandatory for the first time, some of which are relevant to the Group. A discussion of these new and revised requirements and their impact on the Group is provided below.

AASB 124: Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following.

- the definition of a related party is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
- the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
- entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
- the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
- the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.
- A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a material impact on the financial statements of the Group.

AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- AASB 7 is amended to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- AASB 101 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- AASB 134 is amended by adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and interpretations.

Application of the amendments in AASB 2010–4 did not have a material impact on the financial statements of the Group.

AASB 1054: Australian Additional Disclosures and AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and interpretations 2, 112 & 113].

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

Application of AASB 1054 did not have a significant impact on the financial statements of the company.

NOTE 2: RESULT FOR THE PERIOD	**Half year ended**	
	31 Dec 2011	**31 Dec 2010**
	$	**$**
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Interest received from other persons	898,833	314,748
Other revenue	110,235	82,626
Gain on sale of plant & equipment	1,978	-
Depreciation of plant and equipment	66,255	54,677
Exploration expenditure expensed	-	3,428

NOTE 3: FINANCIAL ASSETS	**31 December 2011**	**30 June 2011**
	$	**$**
Available for sale financial assets		
Non-current - Shares in listed entity at fair value	122,321	269,107

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

NOTE 4: EXPLORATION AND EVALUATION ASSET	31 December 2011 $	30 June 2011 $
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase - at cost	35,844,337	27,249,892
Movement in exploration and evaluation asset:		
Opening balance - at cost	27,249,892	15,376,489
Capitalised exploration expenditure	8,699,355	16,208,604
Foreign currency translation movement	(104,910)	(4,335,201)
Carrying amount at the end of period	35,844,337	27,249,892

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

NOTE 5: ISSUED CAPITAL

Fully paid ordinary shares		76,029,388	75,960,637
Ordinary shares		**No.**	**No.**
Balance at the beginning of the reporting period		103,063,894	91,036,426
Shares issued during the period:			
Previous financial year		-	12,027,468
29 July 2011	(a)	125,000	-
15 August 2011	(b)	6,135	-
Balance at reporting date		103,195,029	103,063,894

(a) Issued at 37.5 cents each on exercise of options.

(b) Issued as at settlement of option payments on tenements

	No.	No.
Options		
Unlisted Share Options	1,485,000	960,000
Balance at the beginning of the reporting period	960,000	525,000
Options issued during the period	650,000	835,000
Options exercised during the period	(125,000)	(325,000)
Options lapsed during the period	-	(75,000)
Balance at reporting date	1,485,000	960,000

NOTE 6: EARNINGS PER SHARE	Half year ended 31 Dec 2011 $	Half year ended 31 Dec 2010 $
Basic earnings per share (cents)	(1.34)	(1.63)
Diluted earnings per share (cents)	(1.34)	(1.63)
Net profit/(loss) after tax used in the calculation of basic and diluted earnings per share	(1,432,582)	(1,488,962)

NOTE 6: EARNINGS PER SHARE (continued)

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

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

NOTE 7: COMMITMENTS

Not later than 1 year	**31 December 2011**	**30 June 2011**
- exploration commitments (1)	2,966,350	2,025,787
- operating leases (2)	43,606	99,279
- contracts (3)	3,434,683	5,100,000
Total commitment	6,444,639	7,225,066
Later than 1 year but not later than 5 years		
- exploration commitments (1)	2,081,310	2,355,495
Total commitment	2,081,310	2,355,495

(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 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 5 month term remaining. Rent is payable monthly in advance.

(3) The Company has entered into a contract with Sinclair Knight Merz (Chile) LTDA (SKM) for the provision of detailed engineering services in relation to the Olaroz Project. As at 31/12/2011 there are contractual commitments of approximately $3.2 million.

South American Salars SA has entered into a contract with YPF SA for the supply of a gas oil tank valued at US$ 37,000 to be paid over 12 monthly instalments. Approximately A$22,477 remains outstanding as at 31/12/2011.

South American Salars SA has a diamond drilling contract with Falcon Drilling Argentina for 1,000 metres of vertical holes. As at 31/12/2011 300 metres remains committed to be completed, with an approximate value of A$212,206.

NOTE 8: TRADE & OTHER PAYABLES	**31 December 2011**	**30 June 2011**
	$	**$**
CURRENT:		
Unsecured liabilities:		
Sundry payables and accrued expenses	1,628,786	1,023,590
Joint venture contributions received (a)	4,410,684	4,198,545
Short term employee benefits	64,346	66,237
Payable to related entities	31,152	15,331
	6,134,968	5,303,703

(a) In January 2010, the parent entity entered into an agreement to establish a joint venture with Toyota Tsusho Corporation (“TTC”), a Toyota Group company to develop the Olaroz Lithium-Potash Project in Argentina. Under the agreement TTC agreed to US$4,500,000 to fund the completion of the Definitive Feasibility Study and other associated pre-development activities. Subject to the finalising of the terms of a joint venture operating agreement TTC may acquire a 25 percent equity interest in the joint venture at a cost based on the NPV estimated from the Definitive Feasibility Study. Contributions

NOTE 8: TRADE & OTHER PAYABLES (continued)

received to date comprise the US$4.5 million, and may be applied as consideration for TTC's equity interest in the joint venture directly or in the parent entity.

The movement in the current period primarily reflects exchange loss.

NOTE 9: CONTINGENT ITEMS

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

NOTE 10: RELATED PARTY TRANSACTIONS

The company undertakes transactions with related parties in the normal course of business. In the current period, arrangements with related parties continue to be in place, generally consistent with those reported in the 30 June 2011 annual financial report.

NOTE 11: EVENTS AFTER BALANCE SHEET DATE

No material matters or circumstances have arisen since balance date.

NOTE 12: SEGMENT REPORTING

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

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

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

Geographical Information	**Australia Half Year ended 31 December**		**Argentina Half Year ended 31 December**		**Economic Entity Half Year ended 31 December**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
REVENUE	**$**	**$**	**$**	**$**	**$**	**$**
Segment revenue	958,534	397,374	52,512	-	1,011,046	397,374
	December	**June**	**December**	**June**	**December**	**June**
	2011	**2011**	**2011**	**2011**	**2011**	**2010**
ASSETS	**$**	**$**	**$**	**$**	**$**	**$**
CURRENT ASSETS	27,391,068	37,599,155	732,499	509,987	28,123,567	38,109,142
NON-CURRENT ASSETS						
Financial Assets	122,321	269,107	-	-	122,321	269,107
Property, Plant & Equipment	75,394	61,470	678,141	278,618	753,535	340,088
Exploration & Evaluation Assets	-	-	35,844,337	27,249,892	35,844,337	27,249,892
Other	-	-	2,754,080	2,146,973	2,754,080	2,146,973
TOTAL ASSETS	27,588,783	37,929,732	40,009,057	30,185,470	67,597,840	68,115,202
TOTAL LIABILITIES	5,336,524	4,692,499	798,444	611,204	6,134,968	5,303,703

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

OROCOBRE LIMITED
ABN 31 112 589 910

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

J D Calaway
Chairman

R P Seville
Managing Director

Dated this: 14th day of February 2011

Hayes Knight
Accountants, Advisers & Auditors

Hayes Knight Audit (QLD) Pty Ltd
ABN 49 115 261 722
Registered Audit Company 299289
Level 19, 127 Creek Street, Brisbane QLD 4000
GPO Box 1189 Brisbane QLD 4001
T: +61 7 3229 2022 F: +61 7 3229 3277
E: email@hayesknightqld.com.au
www.hayesknight.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OROCOBRE LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Orocobre Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410: Review of Interim and Other Financial Reports 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 Orocobre Limited's financial position as at 31 December 2011 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, 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 review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OROCOBRE LIMITED (CONTINUED)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Orocobre Limited as attached to the director's report, has not changed as at the time of this auditor's review report.

Conclusion

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

(i) giving a true and fair view of Orocobre Limited's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Hayes Knight Audit (Qld) Pty Ltd.

Hayes Knight Audit (Qld) Pty Limited

A M Robertson
Director

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

Date: 14 February 2012