OROCOBRE
LIMITED
ABN 31 112 589 910

# OROCOBRE LIMITED

**ABN 31 112 589 910**

## CONSOLIDATED FINANCIAL REPORT
## FOR THE HALF - YEAR ENDED
## 31 DECEMBER 2009

OROCOBRE LIMITED ABN 31 112 589 910. **Level 1, 349 Coronation Drive, Milton, QLD 4064**
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## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2009.

**Directors**

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

| | | |
|---|---|---|
| J. D. Callaway | J. Tan | P.A. Crawford (Resigned 31 Jul 2009) |
| N. F. Stuart | J. W. Gibson (Appointed 1 March 2010) | |
| R. P. Seville | D. C. O'Neill (Resigned 7 December 2009) | |

**Review of Operations**

The group's operating loss for the half year, after applicable income tax was $1,619,606 (2008: $487,830). Exploration and evaluation expenditure during the period totalled $5,176,884 (2008: $1,319,318).

Olaroz Lithium/Potash Project

During the half-year, the company's activity focused on advancing the definitive feasibility study which is due for completion in 3rd quarter 2010. Activities undertaken include drilling for hydro-geological test work purposes and surface geophysical surveys. In addition, evaporation and processing testwork was undertaken in laboratory and at Olaroz.

The EIS advanced using local Buenos Aires based consultants, Ambiantal S.A.

Joint Venture with Toyota Tsusho

Soon after end of the period, agreement was reached with Toyota Group Company, Toyota Tsusho Corporation ("TTC"), to establish a joint venture to develop the Olaroz Lithium-Potash Project.

The agreement sets outs the terms under which the parties will develop the Olaroz project. In the current feasibility study phase, TTC will provide US$ 4.5million to fund the completion of the feasibility study and other associated pre-development activities.

Subject to the finalising the terms of a joint venture operating agreement on completion of the definitive feasibility study, TTC will acquire a 25 percent equity interest in the joint venture at a cost based on the NPV estimated from the feasibility study. In addition, TTC will be responsible for securing a Japanese government-guaranteed low-cost debt facility for at least 60 percent of the Project's development costs.

Orocobre will retain a 75 percent interest in the Olaroz project after construction, and will operate the joint venture.

Property Acquisitions

During the period, the Company entered into a number of contracts to purchase a number of mineral properties at and around the Olaroz project. The acquisitions nearly triple, to 21,000 hectares, the area of salar nucleus and prospective salar margins held by the company. These areas, particularly the salar nucleus, are prospective for sub-surface lithium and potassium brines.

South American Salars Minerals

At 31 December, the company has increased its ownership interest in joint venture company South American Salar Minerals Pty Ltd to 85%, by funding ongoing tenement acquisitions and exploration activity.

This has resulted in the discovery of very high grade lithium-potassium brines at the Company's Salar de Salinas Grandes properties and the discovery of a high quality potassium target at the Company's Laguna de Guayatoyoc property. These discoveries represent a significant expansion of the Company's lithium-potash project pipeline.

Capital Raising

In December 2009, the Company completed a placement of 5.68m shares to institutional investors at an issue price of A$1.10, to raise A$6,250,000.

In addition, current and former Directors collectively exercised 7,000,000 unlisted options at a cost of A$1,750,000.

Demerger

In the half-year commencing 1 January 2010, Orocobre intends to undertake and "in specie" distribution of 20 million Elementos shares to Orocobre shareholders subject to receipt of rollover relief from the Australian Tax Office and shareholder approval.

During the half-year the Company incorporated a wholly owned subsidiary, Elementos Limited. In a series of transactions the Company assigned to the Elementos group the rights to the Santo Domingo exploration tenements.

Elementos Listed on the Australian Securities Exchange on 23 December 2009, at which time the Company held 21,000,001 shares in Elementos.

In the half-year commencing 1 January 2010 the Company intends to undertake a return of capital through a pro-rata, in specie distribution of these Elementos shares to eligible Orocobre shareholder. That transaction is subject to shareholder approval, which will be considered at a general meeting scheduled for 23 March 2010.

**Subsequent Events**

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 will provide US$4.5million 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.

Since the end of the period, the parent entity has issued 1,250,000 new shares in the company pursuant to the exercise of unlisted options.

Since the end of the period, group companies have entered into a number of acquisition agreements with parties in relation to lithium, potash and other salar mineral exploration tenements in Argentina.

On 1 March 2010, Mr. John W. Gibson was appointed as a Non-Executive Director of the parent entity.

On 9 March 2010, the company announced that it had entered into an agreement with Cormark Securities Inc. and CIBC World Markets Inc., on behalf of a syndicate of Canadian investment dealers, to undertake a private placement to raise gross proceeds of approximately C$20 million (AUD$ 21.4 million). In connection with the offering, the company will be required to make an application to list the ordinary shares of the company on the Toronto Stock Exchange.

On 23 March 2010, the company will hold a general meeting of shareholders to approve it undertaking a capital reduction and in-specie distribution of 20,000,001 of its Elementos shares to shareholders. The distribution will be on a prorata basis by way of an equal share capital reduction. Refer to note 3 for background to the transaction.

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

## DIRECTORS' REPORT

**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 | R P Seville |
| Chairman | Managing Director |

Signed: 16 March 2010
Brisbane, Queensland

**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 2009 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: 16th day of March 2010

Hayes Knight Audit
chartered accountants

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Registered Audit Company 299289

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

## To the Directors of Orocobre Limited

I declare that, to the best of my knowledge and belief, in relation to our review of the financial report of Orocobre Limited for the half-year ended 31 December 2009 there have been:

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

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

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 16 March 2010

## OROCOBRE LIMITED
**ABN 31 112 589 910**

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
**for the half-year ended 31 December 2009**

| | Note | Half- year ended 31 December 2009 $ | Half- year ended 31 December 2008 $ |
|---|---|---|---|
| Revenue | 2 | 59,104 | 169,192 |
| Less expenses: | | | |
| Corporate & administrative expenses | | (1,594,756) | (213,966) |
| Employee benefit expenses | | (509,693) | (197,754) |
| Occupancy costs | | (63,351) | (26,905) |
| Exploration & evaluation expenditure expensed | | (44,773) | (151,099) |
| Capitalised exploration & evaluation expenditure written-off | | - | (67,298) |
| Recovery of de-merger costs | 2 | 500,000 | - |
| **Loss before income tax expense** | | (1,653,469) | (487,830) |
| Income tax expense | | - | - |
| **Loss for the period from continuing operations** | | (1,653,469) | (487,830) |
| Profit from discontinued operations | 2 | 33,863 | - |
| **Loss for the period** | | (1,619,606) | (487,830) |
| **Other comprehensive income** | | | |
| Translation of foreign controlled entities | | (256,740) | (78,030) |
| Net gain on revaluation of financial assets | | 4,000,000 | - |
| Income tax relating to components of other comprehensive income | | - | - |
| **Other comprehensive income for the period net of tax** | | 3,743,260 | (78,030) |
| **Total comprehensive loss for the period** | | 2,123,654 | (565,860) |
| Loss attributable to: | | | |
| Members of the parent entity | | (1,598,541) | (487,830) |
| Non-controlling interest | | (21,065) | - |
| | | (1,619,606) | (487,830) |
| Total comprehensive income attributable to: | | | |
| Members of the parent entity | | 2,144,719 | (565,860) |
| Non-controlling interest | | (21,065) | - |
| | | 2,123,654 | (565,860) |
| **Earnings per Share** | | | |
| Basic earnings per share (cents per share) | 6 | (2.37) | (0.94) |
| Diluted earnings per share (cents per share) | 6 | (2.37) | (0.92) |
| Dividends per share (cents per share) | | - | - |

The accompanying notes form part of these financial statements.

# OROCOBRE LIMITED

**ABN 31 112 589 910**

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As at 31 December 2009**

| | Note | 31 December 2009 $ | 30 June 2009 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 7,992,465 | 6,924,207 |
| Trade and other receivables | | 260,778 | 47,765 |
| Financial assets | 3 | 5,000,000 | - |
| Other | | 31,460 | 47,305 |
| **Total Current Assets** | | 13,284,703 | 7,019,277 |
| **NON-CURRENT ASSETS** | | | |
| Financial assets | 3 | 250,000 | - |
| Property, plant and equipment | | 138,152 | 77,268 |
| Exploration and evaluation asset | 4 | 7,422,338 | 3,419,127 |
| **Total Non-Current Assets** | | 7,810,490 | 3,496,395 |
| **TOTAL ASSETS** | | 21,095,193 | 10,515,672 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 771,927 | 266,569 |
| **Total Current Liabilities** | | 771,927 | 266,569 |
| **TOTAL LIABILITIES** | | 771,927 | 266,569 |
| **NET ASSETS** | | 20,323,266 | 10,249,103 |
| **EQUITY** | | | |
| Issued Capital | 5 | 20,169,662 | 12,055,613 |
| Reserves | | 3,558,811 | (20,909) |
| Accumulated losses | | (3,792,828) | (2,194,287) |
| Parent Entity Interest | | 19,935,645 | 9,840,417 |
| Non-Controlling Interest | | 387,621 | 408,686 |
| **TOTAL EQUITY** | | 20,323,266 | 10,249,103 |

The accompanying notes form part of these financial statements.

# OROCOBRE LIMITED

**ABN 31 112 589 910**

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
**for the half year ended 31 December 2009**

| | Note | Share Capital | Accumulated Losses | Option Reserve | Foreign Currency Translation Reserve | Financial Assets Reserve | Minority Equity Interests | Total |
|---|---|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 1 July 2008** | | 6,695,577 | (708,300) | 182,460 | (25,786) | - | - | 6,143,951 |
| Loss attributable to members of the parent entity | | - | (487,830) | - | - | - | - | (487,830) |
| Other comprehensive income for the period | | - | - | - | 78,030 | - | - | 78,030 |
| Total comprehensive loss | | - | (487,830) | - | 78,030 | - | - | (409,800) |
| Shares issued during the period | | 22,400 | - | - | - | - | - | 22,400 |
| Transaction costs | | - | - | | | | | - |
| Share based payment - employee share option expense | | - | - | 80,642 | - | - | - | 80,642 |
| **Balance at 31 December 2008** | | 6,717,977 | (1,196,130) | 263,102 | 52,244 | - | - | 5,837,193 |
| **Balance at 1 July 2009** | | 12,055,613 | (2,194,287) | 340,037 | (360,946) | - | 408,686 | 10,249,103 |
| Loss attributable to members of the parent entity | | - | (1,598,541) | - | 76,990 | - | - | (1,521,551) |
| Loss attributable to non-controlling interests | | - | - | - | - | - | (21,065) | (21,065) |
| Other comprehensive income for the period | | - | - | - | (256,740) | 4,000,000 | - | 3,743,260 |
| Total comprehensive loss | | - | (1,598,541) | - | (179,750) | 4,000,000 | (21,065) | 2,200,644 |
| Shares issued during the period | 5 | 8,000,000 | - | - | - | - | - | 8,000,000 |
| Transaction costs | 5 | (343,751) | - | - | - | - | - | (343,751) |
| Share based payment - employee share option expense | | - | - | 217,270 | - | - | - | 217,270 |
| Options exercised during the period | | 457,800 | - | (457,800) | - | - | - | - |
| **Balance at 31 December 2009** | | 20,169,662 | (3,792,828) | 99,507 | (540,696) | 4,000,000 | 387,621 | 20,323,266 |

The accompanying notes form part of these financial statements.

# OROCOBRE LIMITED

ABN 31 112 589 910

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

**for the half-year ended 31 December 2009**

| | Half-year ended 31 December 2009 $ | Half-year ended 31 December 2008 $ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Payments to suppliers and employees | (1,693,064) | (543,432) |
| Interest received | 59,104 | 169,192 |
| Recovery of de-merger costs | 250,000 | - |
| **Net cash provided by (used in) operating activities** | (1,383,960) | (374,240) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Exploration expenditure | (5,132,111) | (1,168,219) |
| Purchase of property, plant and equipment | (113,672) | (58,576) |
| **Net cash provided by (used in) investing activities** | (5,245,783) | (1,226,795) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of shares | 8,000,000 | - |
| Costs associated with share issue | (343,751) | - |
| **Net cash provided by (used in) financing activities** | 7,656,249 | - |
| **Net increase in cash held** | 1,026,506 | (1,601,035) |
| **Cash at beginning of period** | 6,924,207 | 5,241,828 |
| Effect of exchange rates on cash holdings in foreign currencies | 41,752 | 10,002 |
| **Cash at end of period** | 7,992,465 | 3,650,795 |

The accompanying notes form part of these financial statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Orocobre Limited as at 30 June 2009, together with public announcements made by Orocobre Limited during the interim reporting period in accordance with its continuous disclosure obligations.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period as disclosed in the 30 June 2009 annual report, except for new and revised Accounting Standards as set out in Note 12.

## NOTE 2: RESULT FOR THE PERIOD

| | | Half year ended 31 Dec 2009 $ | Half year ended 31 Dec 2008 $ |
|---|---|---|---|
| The following revenue and expense items are relevant in explaining the financial performance for the interim period: | | | |
| Interest received from other persons | | 59,104 | 169,192 |
| Recovery of de-merger costs (note 3(a)) | | 500,000 | - |
| Depreciation of plant and equipment | | 32,424 | 123 |
| Exploration expenditure expensed | | 44,773 | 218,397 |
| Profit on disposal of discontinued operation | (a) | 33,863 | - |

(a) As set out in note 3 (a), the economic entity disposed of its Santo Domingo exploration tenements. These tenements represented all of the consolidated entity's gold/copper exploration tenements, and have been treated as a discontinued operation in these financial statements.

This profit has been calculated as the difference between the consideration received, and the carrying value of the tenements plus the transfer of $76,990 from foreign currency translation reserve (the amount of the reserve which relates to the tenements disposed).

## NOTE 3: FINANCIAL ASSETS

| | | | |
|---|---|---|---|
| **Available for sale financial assets** | (a) | | |
| Current - Shares in listed entity, held for distribution to owners | | 5,000,000 | - |
| Non-current - Shares in listed entity | | 250,000 | - |

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

Elementos listed on the Australian Securities Exchange on 23 December 2009, at which time Orocobre's shareholding in Elementos (21,000,001 shares) reduced to 38.9% of that company.

## NOTE 3: FINANCIAL ASSETS (continued)

Subsequent to balance date Orocobre intends to make a pro-rata in specie distribution of 20,000,001 Elementos shares to all the holders of Orocobre ordinary shares. That transaction is subject to a resolution of shareholders at a general meeting scheduled for 23 March 2010.

A further aspect of this transaction is that the company has sought Australian Taxation Office relief for the tax effects of the planned in specie distribution. These financial statements have been prepared with the assumption that relief is granted.

These financial statements have been prepared on the basis that the in specie distribution is highly probable. Consequently the 38.9% Orocobre shareholding in Elementos is shown at balance date as an available for sale financial asset (and not equity accounted). Furthermore, the 20,000,001 Elementos shares subject to the in specie distribution have been shown as a current asset. The balance of the Elementos shareholding is shown as a non-current asset.

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 2009 $ | 30 June 2009 $ |
|---|---|---|
| Exploration and evaluation expenditure carried forward in respect of areas of interest are: | | |
| Exploration and evaluation phase - at cost | 7,422,338 | 3,419,127 |
| **Movement in exploration and evaluation asset:** | | |
| Opening balance - at cost | 3,419,127 | 853,077 |
| Capitalised exploration expenditure | 5,132,111 | 3,282,514 |
| Sale of exploration tenements | (889,147) | - |
| Written off from abandoned areas of interest | - | (407,074) |
| Foreign currency translation movement | (239,753) | (309,390) |
| Carrying amount at the end of year | 7,422,338 | 3,419,127 |

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

| | | 31 December 2009 $ | 30 June 2009 $ |
|---|---|---|---|
| Fully paid ordinary shares | | 20,169,662 | 12,055,613 |
| **Ordinary shares** | | **No.** | **No.** |
| Balance at the beginning of the reporting period | | 66,795,085 | 52,119,187 |
| Shares issued during the period: | | | |
| Previous financial year | | - | 14,675,898 |
| 9 December 2009 | (a) | 7,000,000 | - |
| 11 December 2009 | (b) | 5,681,818 | - |
| Balance at reporting date | | 79,476,903 | 66,795,085 |

(a) Issued at 25 cents each on exercise of options.

(b) Issued at $1.10 pursuant to a private placement of shares.

| NOTE 5: ISSUED CAPITAL (continued) | 31 December 2009 No. | 30 June 2009 No. |
|---|---|---|
| **Options** | | |
| **Unlisted Share Options** | 1,775,000 | 8,000,000 |
| Balance at the beginning of the reporting period | 8,775,000 | 8,000,000 |
| Options issued during the period | - | 775,000 |
| Options exercised during the period | (7,000,000) | - |
| **Balance at reporting date** | 1,775,000 | 8,775,000 |

| NOTE 6: EARNINGS PER SHARE | Half year ended 31 Dec 2009 cents | Half year ended 31 Dec 2008 cents |
|---|---|---|
| Basic earnings per share (cents) | (2.37) | (0.94) |
| Diluted earnings per share (cents) | (2.37) | (0.92) |
| Net profit/(loss) after tax used in the calculation of basic and diluted earnings per share | (1,619,606) | (487,830) |

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 in the current year 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**

**Exploration Commitments**

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

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

| | 31 December 2009 $ | 30 June 2009 $ |
|---|---|---|
| Not later than 1 year | 1,428,528 | 273,452 |
| Later than 1 year but not later than 5 years | 6,036,758 | 1,955,472 |
| Total commitment | 7,465,286 | 2,228,924 |

Since balance date the economic entity has acquired further tenements and entered into further exploration arrangements which will increase the amount of expenditure commitments.

## NOTE 8: CONTINGENT ITEMS

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

As set out in Note 3, the parent entity re-charged to the Elementos group various costs totalling $500,000. Further amounts may be recoverable and discussions will be held with Elementos to finalise this matter. No estimate of any further recovery can be made at this time.

## NOTE 9: 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, consistent with those reported in the 30 June 2009 annual financial report.

In addition to those transactions are the following:

(a) As set out in Note 3, the Elementos group of companies was established and a series of transactions were entered into with that group.

(b) Directors exercised 7,000,000 share options, being all of their option holdings (Note 5(a)).

(c) The economic entity increased its interest in the subsidiary South American Salar Minerals Pty Ltd to 85% in the period.

## NOTE 10: EVENTS AFTER BALANCE SHEET DATE

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 will provide US$4.5million 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.

Since the end of the period, the parent entity has issued 1,250,000 new shares in the company pursuant to the exercise of unlisted options.

Since the end of the period, group companies have entered into a number of acquisition agreements with parties in relation to lithium, potash and other salar mineral exploration tenements in Argentina.

On 1 March 2010, Mr. John W. Gibson was appointed as a Non-Executive Director of the parent entity.

On 9 March 2010, the company announced that it had entered into an agreement with Cormark Securities Inc. and CIBC World Markets Inc., on behalf of a syndicate of Canadian investment dealers, to undertake a private placement to raise gross proceeds of approximately C$20 million (AUD$ 21.4 million). In connection with the offering, the company will be required to make an application to list the ordinary shares of the company on the Toronto Stock Exchange.

On 23 March 2010, the company will hold a general meeting of shareholders to approve it undertaking a capital reduction and in-specie distribution of 20,000,001 of its Elementos shares to shareholders. The distribution will be on a prorata basis by way of an equal share capital reduction. Refer to note 3 for additional information.

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

## NOTE 11: SEGMENT REPORTING

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

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

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

**Geographical Information**

| | Australia Half Year ended 31 December | | Argentina Half Year ended 31 December | | Economic Entity Half Year ended 31 December | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| **REVENUE** | $ | $ | $ | $ | $ | $ |
| Segment revenue | 59,104 | 169,192 | - | - | 59,104 | 169,192 |
| | December 2009 | June 2009 | December 2009 | June 2009 | December 2009 | June 2009 |
| **ASSETS** | $ | $ | $ | $ | $ | $ |
| Segment assets | 13,315,852 | 6,871,145 | 7,779,341 | 3,644,527 | 21,095,193 | 10,515,672 |

## NOTE 12: ACCOUNTING STANDARDS NOT PREVIOUSLY APPLIED

The economic entity has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

The replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of "other comprehensive income". In this regard such items are no longer reflected as equity movements in the statement of changes in equity;

The adoption of the single statement approach to the presentation of the statement of comprehensive income; &

Other financial statements are renamed in accordance with the Standard;

Operating Segments (AASB 8)

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the company's chief operating decision maker which is the Chief Executive Officer. As a result of adoption of this revised standard, the Board has determined that the economic entity operates as a single segment in the mineral expolration industry.

Hayes Knight Audit
chartered accountants

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Registered Audit Company 299289

## Independent auditor's review report to the members of Orocobre Limited

We have reviewed the accompanying interim financial report of Orocobre Limited and Controlled Entities (the consolidated entity), which comprises the condensed consolidated statement of financial position as at 31 December 2009 and the condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year-ended on that date, the accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at 31 December 2009 or from time to time during the financial period.

***Directors' Responsibility for the Half-year Financial Report***

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***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 an Interim 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 2009 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 the half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

***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 on 16 March 2010, would be in the same terms if provided to the directors as at the date of this auditor's review report.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Hayes Knight Audit (Qld) Pty Ltd

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Director

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Date: 16 March 2010