

OROCOBRE LIMITED

ABN 31 112 589 910

**CONSOLIDATED FINANCIAL REPORT
FOR THE HALF - YEAR ENDED
31 DECEMBER 2008**

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 2008.

Directors

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

N. F. Stuart	P.A. Crawford
R. P. Seville	J. Tan
D. C. O'Neill	

Review of Operations

The group's operating loss for the half year, after applicable income tax was \$487,830 (2007: \$319,987). Exploration and evaluation expenditure during the period totalled \$1,168,219 (2007: \$208,701).

Olaroz Lithium - Potash Project

During the period, the company's first drilling programme was completed at the Olaroz Lithium-Potash project in the Jujuy province in north-west Argentina. The objectives of the programme were to provide information on sub-surface geology; to sample solutions at depth to determine lithium and potassium grades; and provide information on the hydrogeological properties of the salt lake through pump testing and other test work.

By the end of the period, composite brine samples had been collected from the nine cased holes and three drawdown tests had been completed.

Work to date has shown the geology to be a recent sedimentary sequence composed of inter-bedded sands, clays and halite units beneath the current halite crust. Drilling has also shown the salt lake to be at least 200m deep, the depth of the deepest drill hole.

Larger scale batch processing test work has continued at facilities both at Olaroz and in Salta. The programme is nearly completion and will provide the process flow sheet and mass balance data for the scoping study currently being advanced.

With the completion of the geological interpretation and brine sampling from specific depths, it is expected that there will be sufficient information to allow a resource estimate to be completed. The batch process test work is near completion and once done, work on the cost and engineering aspects of the scoping study can be completed.

It is expected that both resource estimate and scoping study will be completed by April 2009. A key part of the scoping study will be to scope the work required to complete a feasibility study.

Subsequent Events

Since the end of reporting period, the Group withdrew from an agreement to acquire 100% of two cateos (exploration license) and one minas (mining lease) making up the "Marayes Gold Project" in San Juan Province of Argentina. Amounts previously capitalised in respect of this project have been written-off at balance date.

In January 2009, the parent entity issued 165,000 new shares at an issue price of 23 cents each in part payment of an option payment due in relation to the Salar Olaroz project tenements.

In February 2009, the Company entered into a joint venture arrangement focussing on the exploration and exploitation of minerals found in salars (salt lakes) in South America.

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

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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.



N F Stuart
Executive Chairman



R P Seville
Managing Director

Signed: 13 March 2009
Brisbane, Queensland

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**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 2008 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: 13 March 2009

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CONDENSED CONSOLIDATED INCOME STATEMENT
for the half-year ended 31 December 2008

	Note	Half- year ended 31 December 2008 \$	Half- year ended 31 December 2007 \$
Revenue	2	169,192	27,378
Less expenses:			
Corporate & administrative expenses		(213,966)	(339,294)
Employee benefit expenses		(197,754)	-
Occupancy costs		(26,905)	-
Exploration & evaluation expenditure written-off - current period		(151,099)	-
Exploration & evaluation expenditure written-off - deferred prior years		(67,298)	(8,071)
Loss before income tax expense		(487,830)	(319,987)
Income tax expense		-	-
Loss for the period		(487,830)	(319,987)
Loss attributable to members of the parent entity		(487,830)	(319,987)
Earnings per Share			
Basic earnings per share (cents per share)	5	(0.94)	(1.01)
Diluted earnings per share (cents per share)		(0.92)	(1.01)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		3,650,795	5,241,828
Trade and other receivables		189,654	110,975
Other		14,146	6,977
Total Current Assets		3,854,595	5,359,780
NON-CURRENT ASSETS			
Property, plant and equipment		102,752	38,105
Exploration and evaluation asset	3	2,011,301	853,077
Total Non-Current Assets		2,114,053	891,182
TOTAL ASSETS		5,968,648	6,250,962
CURRENT LIABILITIES			
Trade and other payables		131,455	107,011
Total Current Liabilities		131,455	107,011
TOTAL LIABILITIES		131,455	107,011
NET ASSETS		5,837,193	6,143,951
EQUITY			
Issued Capital	4	6,717,977	6,695,577
Reserves		315,346	156,674
Accumulated losses		(1,196,130)	(708,300)
TOTAL EQUITY		5,837,193	6,143,951

The accompanying notes form part of these financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2008

	Share Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2007	877,155	(273,750)	-	313	603,718
Shares issued during the period	6,325,000	-	-	-	6,325,000
Transaction costs	(504,543)	-	-	-	(504,543)
Loss attributable to members of the company	-	(319,987)	-	-	(319,987)
Options issued during the period	-	-	114,610	-	114,610
Translation of foreign controlled entities	-	-	-	(11,714)	(11,714)
Balance at 31 December 2007	<u>6,697,612</u>	<u>(593,737)</u>	<u>114,610</u>	<u>(11,401)</u>	<u>6,207,084</u>
Balance at 1 July 2008	6,695,577	(708,300)	182,460	(25,786)	6,143,951
Shares issued during the period	22,400	-	-	-	22,400
Transaction costs	-	-	-	-	-
Share based payment - employee share option expense	-	-	80,642	-	80,642
Translation of foreign controlled entities	-	-	-	78,030	78,030
Loss attributable to members of entity	-	(487,830)	-	-	(487,830)
Balance at 31 December 2008	<u>6,717,977</u>	<u>(1,196,130)</u>	<u>263,102</u>	<u>52,244</u>	<u>5,837,193</u>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the half-year ended 31 December 2008**

	31 December 2008 \$	31 December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(543,432)	(160,550)
Interest received	169,192	27,378
Net cash provided by (used in) operating activities	(374,240)	(133,172)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(1,168,219)	(208,701)
Purchase of property, plant and equipment	(58,576)	-
Net cash provided by (used in) investing activities	(1,226,795)	(208,701)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	6,325,000
Costs associated with share issue	-	(412,252)
Net cash provided by (used in) financing activities	-	5,912,748
Net increase in cash held	(1,601,035)	5,570,875
Cash at beginning of year	5,241,828	498,491
Effect of exchange rates on cash holdings in foreign currencies	10,002	(982)
Cash at end of year	3,650,795	6,068,384

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements for the half year ended 31 December 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include full disclosures 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 2008, together with any public announcements made by Orocobre Limited during the interim reporting period in accordance with the continuous disclosure obligations of the Corporations Act 2001.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period as disclosed in the 30 June 2008 annual report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The interim financial report was approved by the Board of Directors on 13 March 2009.

NOTE 2: PROFIT FOR THE PERIOD

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

	Half year ended 31 Dec 2008	Half year ended 31 Dec 2007
	\$	\$
Interest received from other persons	169,192	27,378
Depreciation of plant and equipment	123	-
Write-off of exploration expenditure	218,397	8,071

NOTE 3: EXPLORATION AND EVALUATION ASSET

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

	31 December 2008	30 June 2008
	\$	\$
Exploration and evaluation phase - at cost	2,011,301	853,077

Movement in exploration and evaluation asset:

Opening balance - at cost	853,077	184,639
Capitalised exploration expenditure	1,168,219	689,248
Written off from abandoned areas of interest	(67,298)	-
Foreign currency translation movement	57,303	(20,810)
Carrying amount at the end of year	2,011,301	853,077

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.

During the period, South American Salar Minerals Pty Ltd was incorporated as a wholly owned subsidiary of Orocobre Limited. This company will be involved in a joint venture arrangement with Argentina interests focussing on the exploration and exploitation of minerals found in salars (salt lakes) in South America. The company was dormant at balance date.

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Notes to the Financial Statements for the half year ended 31 December 2008

	31 December 2008	30 June 2008
NOTE 4: ISSUED CAPITAL	\$	\$
Fully paid ordinary shares	6,717,977	6,695,577
Ordinary shares	No.	No.
Balance at the beginning of the reporting period	52,119,187	25,869,187
Shares issued during the period:		
Previous financial year	-	26,250,000
20 August 2008 (a)	67,000	-
Balance at reporting date	52,186,187	52,119,187
(a) Comprises 46,000 shares issued at \$0.35 each & 21,000 issued at \$0.30 each as consideration for services acquired and exploration costs.		
Options		
Unlisted Share Options	9,025,000	8,000,000
Balance at the beginning of the reporting period	8,000,000	-
Options issued during the period:		
Previous financial year	-	8,000,000
20 August 2008 (b)	1,025,000	-
Balance at reporting date	9,025,000	8,000,000
(b) Issued for nil consideration, exercisable at \$0.375 each, expiring 31 July 2011.		
NOTE 5: EARNINGS PER SHARE	Half year ended 31 Dec 2008	Half year ended 31 Dec 2007
	cents	cents
Basic earnings per share (cents)	(0.94)	(1.01)
Diluted earnings per share (cents)	(0.92)	(1.01)
Net profit/(loss) after tax used in the calculation of basic and diluted earnings per share	(487,830)	(319,987)
Options are considered potential ordinary shares. The average market price of ordinary shares during the half-year ended 31 December 2008 exceeded the exercise price of 8,000,000 of the options on issue. Accordingly, these options were considered dilutive for the current reporting period and were included in the determination of diluted earnings per share for the period.		
NOTE 6: COMMITMENTS	31 December 2008	30 June 2008
	\$	\$
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.		
Not later than 1 year	338,365	416,450
Later than 1 year but not later than 5 years	728,788	1,327,434
Total commitment	1,067,153	1,743,884

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Notes to the Financial Statements for the half year ended 31 December 2008

NOTE 7: CONTINGENT LIABILITIES

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

NOTE 8: 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 2008 annual financial report.

NOTE 9: EVENTS AFTER BALANCE SHEET DATE

Since the end of reporting period, the Group withdrew from an agreement to acquire 100% of two cateos (exploration licences) and one minas (mining lease) making up the "Marayes Gold Project" in San Juan Province of Argentina. Amounts previously capitalised in respect of this project have been written-off at balance date.

In January 2009, the parent entity issued 165,000 new shares at an issue price of 23 cents each in part payment of an option payment due in relation to the Salar Olaroz project tenements.

In February 2009, the Company entered into a joint venture arrangement focussing on the exploration and exploitation of minerals found in salars (salt lakes) in South America.

There have been no other significant events since balance date.

NOTE 10: SEGMENT REPORTING

The company operates internationally, in the mineral exploration industry. The exploration focus is on Argentina.

Primary Reporting: Geographical Segments

	Australia		Argentina		Economic Entity	
	Half Year ended 31 December		Half Year ended 31 December		Half Year ended 31 December	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
REVENUE						
Segment revenue	169,192	27,378	-	-	169,192	27,378
Total revenue					169,192	27,378
RESULT						
Segment result	(259,240)	(281,898)	(228,590)	(38,089)	(487,830)	(319,987)
Loss before income tax expense					(487,830)	(319,987)
Income tax expense					-	-
Loss after income tax expense					(487,830)	(319,987)

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The attached financial statements and notes:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2008 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.



N F Stuart
Executive Chairman



R P Seville
Managing Director

Dated this: 13th day of March 2009

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

We have reviewed the accompanying half-year financial report of Orocobre Limited and Controlled Entities (the consolidated entity), which comprises the consolidated balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

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 2008 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 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 13 March 2009, 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 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

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

Date: 13 March 2009