ANNUAL REPORT 2014

OROCOBRE LIMITED

PROFILE

Orocobre is building a substantial industrial chemicals and minerals company through the construction and operation of its portfolio of lithium, potash and boron projects in the Puna region of northern Argentina.

Operating on the principles of sustainability, shared value and supported by strong local and international partnerships, Orocobre is well positioned to become a significant long-term supplier which can meet the growing demands of the global industrial chemicals and minerals markets.

Orocobre is dual listed on the Australian Securities Exchange (ASX:ORE) and on the Toronto Stock Exchange (TSX:ORL) and is included in the S&P/ASX 300 Index.

CONTENTS

2013-2014 HIGHLIGHTS

Salar de Olaroz
Lithium-Potash Project

- **First pumping** of brine from northern borefield and evaporation pond filling commenced in August 2013.
- Brine inventories are being built with the **brine pumping rate currently at 10%** more than the steady state requirement.
- **Construction** of the project is **nearing completion**
- **Commissioning** of associated circuits of the primary lithium carbonate plant commenced at the end of August 2014 with the commissioning of other circuits through the plant progressively occurring as construction is completed.

  The **lithium carbonate plant** is expected to be **operational** during November with first product to customers by the end of the year.

Borax Argentina S.A.

- Completed the year **on budget** with a positive NPAT from a 5.7% improvement in sales volume and A$4.6m improvement in EBITDA over the previous year.
- Completed the **relocation of the borax decahydrate chemical plant** from Campo Quijano to Tincalayu mine site within budget. A finance facility of AR$18m was established to fund the relocation.
- The **Porvenir mine was upgraded** from a historical estimate to a JORC compliant resource of 6.9 million tonnes of 14.9 % B2O3, at a cut-off grade of 9 % B2O3.
- **Pre-feasibility study** for the construction of a 25,000tpa boric acid plant at Olacapato was completed.

Corporate

- **Sylvia Rodriguez**, Shared Value Manager of Orocobre Group was **recognised for her professional work** in mining by the Buenos Aires Stock Exchange in September 2013.
- **Sales de Jujuy** was presented in November 2013 with the Tacita De Plata (Silver Cup) Award, granted by Inversiones Empresas y Negocios (Investments, Companies and Business), for **outstanding achievement** in corporate social responsibility.
- **Orocobre was recognised** with an award granted by Argentina Mining in September 2014 for Outstanding Corporate Socially Responsibility activities in the local communities.

LITHIUM

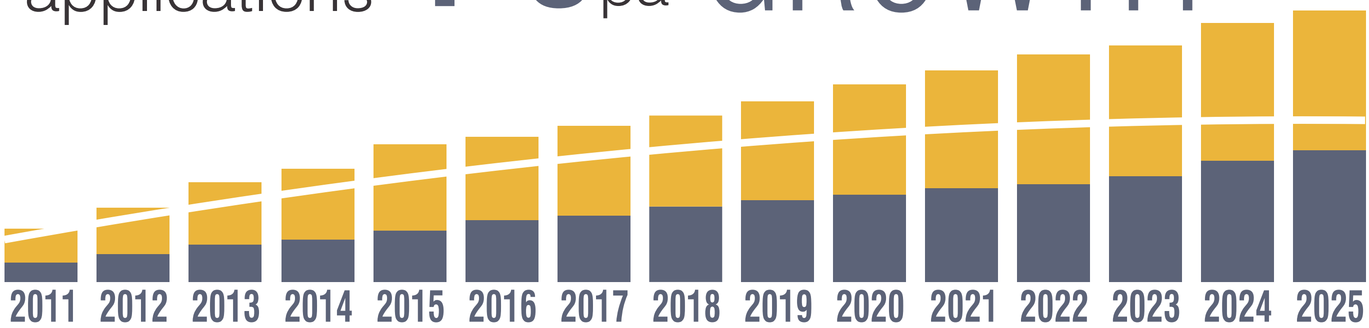
Growth of lithium carbonate by industry & market experts is **predicted** at **10**% pa

The long term potential of the lithium marke

AND THE MARKET

battery market **20**% pa GROWTH

other applications **4-5**% pa GROWTH



2011
Obama declares **1** million electric vehicles on the road by **2015** DOE target - decreasing dependence on oil with biofuels

2012
Smartphone sales reached **680.7** m units

2013
52 commercially available electric vehicle models to choose from. (Currently 60 models available - Sep. 2014)

2014
First commercial sales of Tesla Model S into China with Government support expected to underpin success

2015
Toyota's hybrid Prius expected to be transitioned to Li-ion batteries from NiMH

2016
China targets 30% of government vehicle purchases since 2014 to be electric vehicles

2017
Tesla's gigafactory to begin large scale commercial production of electric vehicles

2018
Global Li-ion battery market expected to reach $**24.2** billion by 2018

2020
Tesla's first gigafactory expected to produce **500,000** electric vehicles to satisfy growing demand for greener transportation

2025
Global construction is estimated to grow by **70**% to $**15** trillion by 2025

et is supported by strong:

Political policy

Economic benifits

Environmental conscientiousness

Urban & technological developments

Boron - Borate -

Boron is part of **everyday** life for **everyone**

with a variety of market uses **GROWING** on average **4-6**% pa

EVERYTHING

from what we **eat** to where we **live** **RELIES ON** quality supply of **boron** products

Borate Minerals

Global Market B2O3 equivalent - 803kt global trade in 2013

Ceramics
Agriculture

Borax

Global Market B2O3 equivalent - 1,578kt global trade in 2013

Glass
Fluxes
Ceramics
Fertilisers
Fibreglass

Boric Acid

Global Market B2O3 equivalent - 825kt global trade in 2013

Glass
Fluxes
Ceramics
Fertilisers
Wood preservatives

Borax


ENERGY EFFICIENCY
Insulation
URBANISATION
Glass & Ceramics
AGRICULTURE
Fertiliser

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

It is with great pleasure that I can report on the events of this year which have firmly reinforced the value of Orocobre as a growing and sustainable industrial chemicals and minerals company.

It is with great pleasure that I can report on the events of this year which have firmly reinforced the value of Orocobre as a growing and sustainable industrial chemicals and minerals company.

Those who have been following Orocobre's journey will no doubt agree on what a truly remarkable year this has been for the Company. The events that have unfolded in the development of Olaroz, the first "green-field" lithium brine project of its kind in twenty years, have been a true testament to the determination, dedication and drive of the project teams in Australia, Japan and Argentina. Additional to Olaroz's success to date has been the turnaround story of Borax Argentina, Orocobre's 100% owned borates business, which this year has established itself as a profitable division in Orocobre's corporate portfolio and shows great promise for the future.

This year, our Olaroz lithium project really began to come together. It is now nearing completion and forecast to be in line with the original budget of $229m. We must acknowledge and appreciate the hours of dedicated hard work and physical undertaking throughout the year that were responsible for taking a vision and turning that vision into a reality. Now, we are in the final stages of construction, the lithium carbonate plant is at the start of the commissioning phase and we are looking forward to our first dispatch of high purity lithium carbonate to customers later this year.

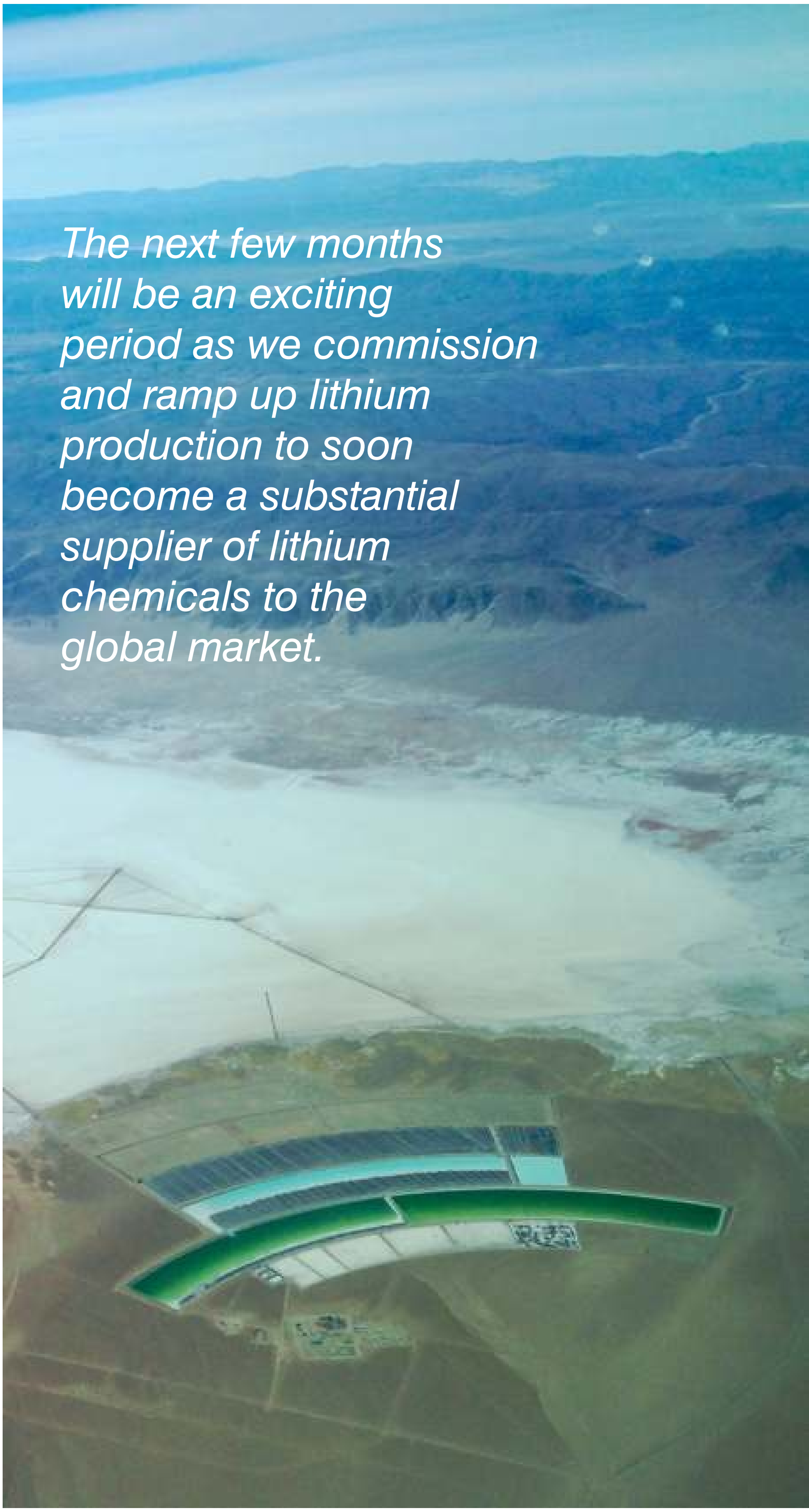
Borax Argentina also had an eventful year with the relocation of the borax chemical plant to the Tincalayu mine. This is now ramping up to full production. In addition, the process of upgrading the historical estimates to JORC compliant resources advanced with a resource estimate for Porvenir and the pre-feasibility study on the construction of a boric acid plant at Olacapato was completed. Borax Argentina is now well positioned to grow and become an important part of the Orocobre strategy.

Our community and shared value policy continues to be a key success factor in our projects. This has been acknowledged by the company receiving the Argentina Mining award in 2014 for work in CSR. The next few months will be an exciting period as we commission and ramp up lithium production to soon become a substantial supplier of lithium chemicals to the global market. With strong international demand forecast for both the lithium and the borates markets over the next decade, we recognise the opportunity to capitalise on the immediate market conditions as well as continuing to invest to satisfy the future growth markets of tomorrow. Based on our long-life, low-cost and expandable resources linked with favourable market conditions for our products we are on track to delivering our promises of meeting this year's objectives and continuing the growth of Orocobre Limited towards its goal of being a substantial industrial chemicals and minerals company.

As we continue to look to the future of our business with bright prospects and collective strength I would like to acknowledge my fellow Directors for their contribution to the Company over the past year. I would also like to express my appreciation for the Executive Management team, who have worked tirelessly to ensure we achieved our objectives. And lastly, I would like to thank you, our shareholders, for your continued support and engagement with the Company.

My Best Regards,

James Calaway
Chairman



CHIEF EXECUTIVE OFFICER'S REPORT

This year has been a significant year for Orocobre Limited. Our flagship Salar de Olaroz Lithium project is nearing completion and is forecast to be on budget. Borax Argentina achieved a positive NPAT for the year and improved EDITDA by A$4.6m on the previous year while also undertaking projects related to operational improvement and resource upgrades.

The sustainable corporate practices of the strong local management teams and the additional strength of strategic partnerships combined to ensure that key objectives were achieved.

The last twelve months have delivered significant progress in the development of the Olaroz project. In August last year, we pumped our first brine into pond 4B, effectively commencing the process for the production of lithium carbonate. Since that time we have completed the remaining infrastructure on site, including the camp, roads, gas, electricity, water and waste supply. Approximately 4 million square metres of evaporation ponds have been constructed and brine stocks are now being built up at about 10% more than required long term pumping rates. At the time of writing, the remaining area of outstanding activity for project completion is the lithium carbonate plant which is currently in its final stage of construction and first stages of the commissioning program. The three main areas of commissioning are the production of primary lithium carbonate, the purification circuit and the micronizing and drying circuit. We expect to supply our first lithium carbonate to customers by the end of the year. The success of the project to date is largely due to the shared value policy and the engagement of local stakeholders who are now firmly our partners. The Olaroz project is recognised as providing a significant long term economically and environmentally sustainable benefit to the community.

This year the company has made significant progress on setting a new course for Borax Argentina enhancing its position as an important part of Orocobre's industrial chemicals and minerals asset portfolio. Since becoming part of the Orocobre family Borax Argentina has embarked on a number of initiatives aimed at both increasing sales and to improve the efficiencies in all aspects of the operations. This past year, Borax Argentina achieved its budget, a clear indication that the efficiency improvements are already reaping a reward. In addition, we invested a small but important amount of capital expenditure on the relocation of the borax decahydrate chemical plant from Campo Quijano to Tincalayu mine site, in an effort to improve mining yield and reduce costs. The project was funded entirely by an AR$18million loan and operating cash flow. As part of the process of understanding our assets and their potential better, we have upgraded the Porvenir historical estimate to a JORC compliant resource and undertaken a prefeasibility study into building a 25,000tpa boric acid plant. We are in the process of upgrading the geological interpretation and re-estimation of the other Borax Argentina deposits and considering the priorities for investment into additional production capacity and down-stream product development.

Strategy and Growth

At Olaroz, our immediate focus is to complete construction and commissioning at the earliest opportunity and within budget. This is closely followed by the aim to ensure the plant can achieve its nameplate instantaneous production rate and product is successfully delivered to customers on time and within specification. Production ramp up is expected to take approximately 12 months. The strategy for growth is to consider 1) expand production at Olaroz in line with the projected growth profile of the lithium market, 2) investigate the potential for new products such as lithium hydroxide and 3) to extract other chemicals from the brine such as boron and potassium.

At Borax Argentina our strategy is based on developing new markets, increasing production and at the same time decreasing unit costs. In particular we see potential in sodium borate refined chemicals from Tincalayu where Borax Argentina is the only producer in South America and hydroboracite minerals from Sijes which is one of only two production sources worldwide. Our objective is to establish Borax Argentina as a sustainable and growing enterprise making a material contribution to Orocobre's bottom line. Once we have completed the resource upgrade process at Tincalyu and advanced the geological appraisal process at Sijes, we will be in a position to prioritise our expansion options.

Health Safety Environment and Community

Orocobre is committed to achieving the highest standards with respect to the safety and health of our employees, the environment in which we operate and the communities in which we live and work. During the year Borax Argentina had its accreditation under, ISO 9001 Quality Control, OSHAS 18001 Occupational Health and Safety, and

ISO 14001 Environmental Management standards renewed and Sales de Jujuy advanced through its accreditation process which is expected to be completed in October. Both Borax Argentina and Sales de Jujuy apply ISO 31000 Risk Management to all areas of operations (ISO 31000 cannot be accredited). Additionally, as part of the strategies for Sales de Jujuy the environmental monitoring programmes are undertaken in conjunction with the local community and the provincial government. During the year, progress occurred in bringing past monitoring practices at Borax Argentina in line with the new standards being set at Sales de Jujuy. There were no reportable environmental events during the year.

The safety statistics for Borax Argentina and Sales de Jujuy for employees and contractors are presented in the table below:

	Employee TRIFR	Contractor TRIFR
Borax Argentina	14.2	16.6
Sales de Jujuy	24.6	33.3

Whilst these performances are better than the general industrial performance in northern Argentina, we are aiming for much better as our company transitions into a stable and operating company with maturing systems. It is our objective to have a TRIFR for all areas of our business of less than 10 by FY16. There were no serious injuries in FY14.

Within Argentina, the Company continues to operate a wide range of programs aimed at improving the health and education of our personnel and the local communities as well as fostering the entrepreneurial skills of local businesses. Year-round health care programs are conducted that provide dentistry, ophthalmology, cardiology and paediatric services for both our employees and the local community. Additionally, the Company has undertaken a number of campaigns which focus on creating awareness for the prevention or early-detection of conditions such as breast cancer and substance dependency. The Company has also been actively involved in community initiatives which focus on improving the formal education graduation rate at both primary and high school level. In September 2014, Argentina Mining awarded Orocobre the prize for the best work in CSR.

Partnerships

Orocobre is supported by our valuable partnerships with Toyota Tsusho Corporation ("TTC"), Japan Oil Gas and Metals National Corporation ("JOGMEC"), Mizuho Corporate Bank, the Jujuy Provincial Government Mining Company ("JEMSE") and the local people and local businesses who provide service for our projects. I would like to acknowledge the importance of our partners who contribute to our success and thank them all for their ongoing support and involvement.

Market Outlook

This year, Orocobre has invested a considerable amount of time evaluating and mapping the lithium and borates markets. The global markets associated with both of these product groups are forecast to achieve solid growth in the short and long term.

When looking specifically at lithium carbonate, industry and independent market experts are predicting overall growth rates of around 10% p.a. with the battery sector alone expected to experience compound-annual-growth-rates in excess of 20% p.a. More traditional applications for lithium carbonate such as in glass and ceramics are also forecast to grow at rates greater than GDP.

In the case of boron, the major market segments are diverse, ranging from urbanisation related uses in the manufacture of glass and ceramics, energy efficiency in the manufacture of insulation to agriculture for use in direct applications and the manufacturing of compound fertiliser. Despite the market diversity they all share the common growth drivers stemming from an increase in population and political and societal pressures for environmental sustainability. The agriculture market, which is applicable to both borates and potash historically has a relatively low but consistent percentage growth rate of a very large market. This growth is projected to continue to be driven by world population growth. The borate market is showing signs of recovery from the cyclical market trough, so the outlook for borate volumes and values is positive. The focus in the Company has been on acknowledging and managing the cyclical elements while focusing on identifying and implementing the structural improvements to take advantage of improving market conditions when they occur.

Advancements in technology and an ever growing world population have driven an increased focus on cleaner and more sustainable practices. Companies such as Tesla are developing and producing electric vehicles with zero emissions. Political influence is starting to become palpable with large nations such as China and the United States taking decisive measures to reduce pollution. These include offering financial incentives to consumers who purchase greener product alternatives and implementing legislation aimed at reducing the countries carbon emissions.

Due to the projected market demand growth in the lithium ion battery sector for portable devices, electric vehicles and grid power storage and the rarity of low cost, high quality, expandable, long life lithium brine projects such as Olaroz, the market is becoming increasingly aware of the inherent value of a brine project such as Olaroz.

Acknowledgements

I would like to give my appreciation to all of Orocobre's employees, contractors, service providers and project partners whose hard work has contributed to the Company achieving the progress it has to date. In particular I would like to thank my executive team, both in Argentina and Australia, who have provided the leadership in sometimes challenging circumstances. I also wish to thank my fellow Directors for their support and guidance throughout the year. Thank you finally to our shareholders for your continued confidence and support.

Best Regards,

Richard Seville
CEO & Managing Director

REVIEW OF **OPERATIONS**

Orocobre is in the final stages of construction and commissioning of the first large scale "green fields" lithium brine project in approximately 20 years

Operations **Overview**

Orocobre has interests in a portfolio of large brine exploration groupings in Argentina and mines and processing plants for boron minerals.

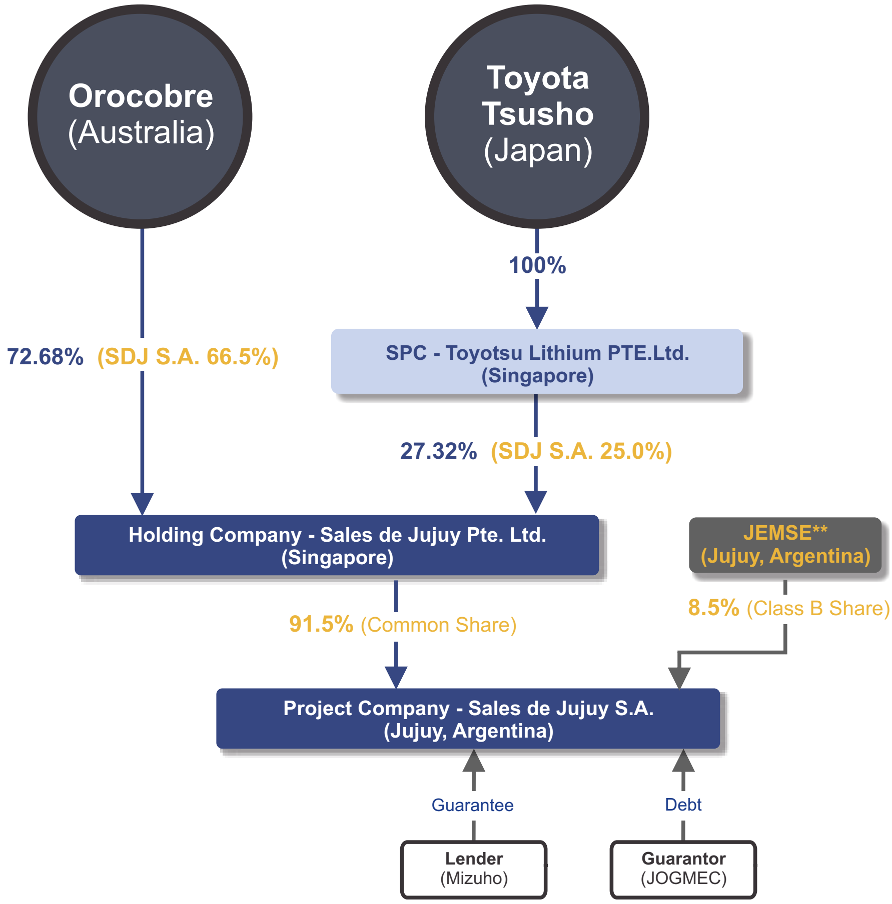
The company's brine assets can be split into two groups. The first group of properties is held by 66.5% (effective) owned Argentine operating company, Sales de Jujuy S.A ("SDJ") and contain those properties associated with its flagship Salar de Olaroz Lithium-Potash Project. Orocobre's partners in SDJ are TTC (25%) and JEMSE (8.5%). The ownership structure is explained in the following description of the Olaroz Project. The second group of brine assets is held by 85% (effective) owned South American Salar S.A which has properties in a number of salt lakes in Salta and Jujuy provinces including the Salar de Cauchari lithium-potash project and Salar de Salinas Grandes potash-lithium project. The company's boron mineral assets are held through its 100% owned subsidiary, Borax Argentina S.A.

Olaroz Lithium Project

Orocobre 66.5%

The Olaroz Project is located in the Puna region of Jujuy Province of northern Argentina approximately 230 kilometres northwest of the capital city of Jujuy at an altitude of 3,900 metres above sea level.

Together with partners, TTC and JEMSE, Orocobre is in the final stages of construction of the first large scale "green fields" lithium brine project in approximately 20 years. It has a design capacity of 17,500tpa of battery grade lithium carbonate. The lithium carbonate production plant is currently in the early stages of commissioning and the first sales of lithium carbonate are expected to be delivered to customers later in the year. The Olaroz Project Joint Venture is operated through the operating company, SDJ. The shareholders are Sales de Jujuy Pte Ltd ("SDJ PTE", a Singaporean company that is the joint venture vehicle for Orocobre and TTC) and JEMSE, the mining investment company owned by the provincial government of Jujuy, Argentina. The effective Olaroz project equity interest is Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.



Project Scope

During the detailed design phase the nominal production capacity was increased to 17,500 tonnes per annum of lithium carbonate from 16,400 in the Feasibility Study. In addition, there is an option to produce approximately 20,000tpa of potash subject to a later investment decision and potentially boron chemicals from the brine. The capital cost for the project is US$229m and it is forecast that the project will be completed on budget.

Toyota Tsusho Corporation Equity and Project Financing

In October 2012, the Joint Venture Agreement between Orocobre Limited and Toyota Tsusho Corporation ("TTC") to finance and build the flagship Olaroz lithium project was signed. The companies executed the finance documentation for the Olaroz lithium project in December 2012.

Under the terms of the Joint Venture Agreement, TTC and Orocobre have contributed project equity of US$82.8 million (inclusive of JEMSE contribution), equating to approximately 30% of maximum project funding if the project financing facility is fully drawn. TTC's investment in the project was approximately US$55 million net of adjustments made to take into account financing support arrangements to be provided by TTC to Orocobre prior to completion of construction. Orocobre has funded JEMSE through an interest free loan for its capital contribution and will be re-paid with one-third of the anticipated dividend stream to JEMSE. With these equity contributions now complete TTC has a 25% indirect interest in the Olaroz project, JEMSE 8.5% and Orocobre 66.5%.

TTC, as part of its obligations under the January 2010 agreement also arranged project debt funding for the Olaroz Project. The finance documents were executed in December 2012 and provide a maximum facility of US$191.9 million incorporating a primary debt facility of US$146.3 million and additional facilities of US$45.6 million. The term is 10 years with a 2 year grace period on principal repayments and the borrower may pay dividends bi-annually after meeting debt service provisions to Mizuho Corporate Bank Ltd. Upon completion, JOGMEC will provide guarantees for 82.4% of the outstanding debt. As of 30 June 2014 the Company had drawn down $137m of project debt funding.

Terms of the Shareholder Agreement

The joint venture with TTC is being operated as an incorporated joint venture through the Singaporean holding company, SDJ PTE. The board of the holding company will be responsible for the Project's delivery. Both parties can appoint three board members with Orocobre appointing the Chairman. Voting on normal matters is according to equity shareholding interest. The agreement also provides for certain matters which are "Reserved Matters" and require more than 80% of the vote, or TTC approval, whilst there is a liability under any guarantee. The agreement includes various mechanisms for budget approvals, budget variations and for deadlock. The agreement also provides the parties with pre-emptive rights on each other's interests in the event of a sale.

Existing management in the Argentine operating company, SDJ, operates the Olaroz Project according to set authorisation limits and reports regularly to the joint venture company's Chairman. In addition, Orocobre has entered into a service arrangement with SDJ.

TTC acts as exclusive agent to market the lithium carbonate production from this stage of the development for a period of 10 years.

Olaroz Resource Estimate

In 2011, the Company announced a measured and indicated resource of 1,752 million cubic metres of brine at 690 mg/L Lithium, 5,730 mg/L Potassium and 1,050 mg/L Boron at the Olaroz Project, which is equivalent to 6.4 million tonnes of lithium carbonate and 19.3 million tonnes of potash (potassium chloride) based on 5.32 tonnes of lithium carbonate being equivalent to 1 tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium.

Details of the measured and indicated resources are given in the table below.

As part of the bore field development during construction, one bore was drilled to 304m, the deepest hole to date by the company in Olaroz. Resource drilling was previously only carried out to a maximum depth of 200m, with the resource only extending to a depth of 197m below surface. This hole intersected a continuous sand plus halite aquifer from 255 m to the end of the hole at 304m. Pumping tests have confirmed good hydrogeological properties and a high brine grade, averaging 770 mg/l Lithium during the pump testing. The significance of this previously unknown thick sand sequence is that it may extend laterally beneath much of the defined brine resource and contain a significant additional, and not yet estimated, volume of lithium-bearing brine. The complete vertical thickness is currently unknown as the hole ended in sand at 304m. Previous geophysical surveys conducted by Orocobre have suggested the Olaroz salar deposits may extend to 600m deep.

Project Progress

Construction of the Olaroz lithium project officially began on 21 November, 2012. 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 project implementation has been through an EPCM (Engineering, Procurement and Construction Management) approach with a high proportion of local involvement through construction and supply contracts and local employment. The community and shared value policy has been and continues to be a key success factor.

At the time of writing, the first stages of the lithium carbonate plant commissioning program had commenced and it is expected that the first lithium carbonate will be delivered to customers later in the year.

The journey over the past year has included some significant milestones including the commissioning of the first production wells and first brine pumping and filling of pond 4B in August last year, 4 weeks ahead of schedule.

Commissioning of the liming plant began in December and the plant achieved full automatic operation in early February. The gas branch line was completed in April and installation of gas generation equipment for the production of electricity began in May with the commencement of the installation of the internal network. The commissioning and start-up of the gas

	Brine Body Parameters				Concentration			Tonnes of Contained Metal		
Resource Category	**Area** km^2	**Thickness** metres	**Mean specific yield** %	**Brine volume** cubic kms	**Lithium** mg/L	**Potassium** mg/L	**Boron** mg/L	**Lithium** Million Tonnes	**Potassium** Million Tonnes	**Boron** Million Tonnes
Measured Resource	93	54	8.5%	0.42	632	4930	927	0.27	2.08	0.39
Indicated Resource	93	143	10.0%	1.33	708	6030	1100	0.94	8.02	1.46
Measured and Indicated Resource	**93**	**197**	**9.6%**	**1.75**	**690**	**5730**	**1050**	**1.21**	**10.10**	**1.85**

generation plant occurred in July. The construction of the lithium carbonate plant was not without its challenges, requiring liaison with the provincial and national governments to facilitate the timely approval of import licenses for major equipment and persistent windy weather conditions (wind gusts up to 100 km/hr) necessitating the increasing of personnel numbers and the implementation of a night shift. The successful management of these types of challenges minimized the delays and has to date allowed the project to remain materially on schedule.

The funds for the project to date have been drawn down in USD as required by the operating company SDJ, the project company in Argentina and held in US$ until needed. This has allowed the Company to limit the funds held in $AR and successfully manage the impact of inflation and $AR currency devaluation. The sales contracts for lithium carbonate ex-Olaroz will also be denominated in USD.

The successful journey to date in the construction of the Olaroz Project is a testament to the strong local management team, the cooperation of government at provincial and national level and the community and shared value policy.

Cauchari Project

Orocobre 85%

The Cauchari Lithium-Potash Project has an inferred resource estimated to contain approximately 470,000 tonnes of lithium carbonate equivalent and 1.6 million tonnes of potash 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.

Details are given in the table below.

The maiden resource is based on five diamond holes in Orocobre's eastern Cauchari properties and is only to an average depth of 170m in the northern resource area and 50m in the southern resource area.

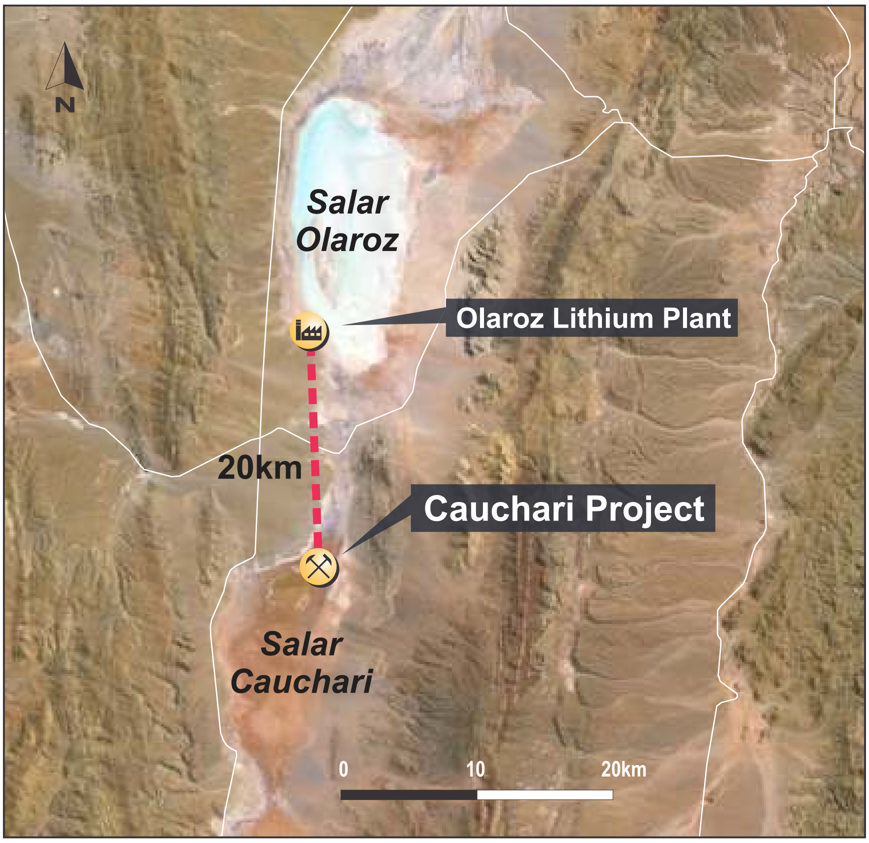
Lithium and potassium mineralisation was encountered to the base of drilling at 249m in hole CAU001D. An adjacent property owner, Lithium Americas Corp (TSX:LAC), drilled to a 464m depth and therefore future Orocobre drilling could substantially increase the maiden resource.

An exploration target of between 0.2 million and 2.6 million tonnes of lithium carbonate equivalent and 0.5 million and 9.2 million tonnes of potash has been estimated beneath the maiden resource based on a range of porosity and grade possibilities to between 220m and 350m depth.

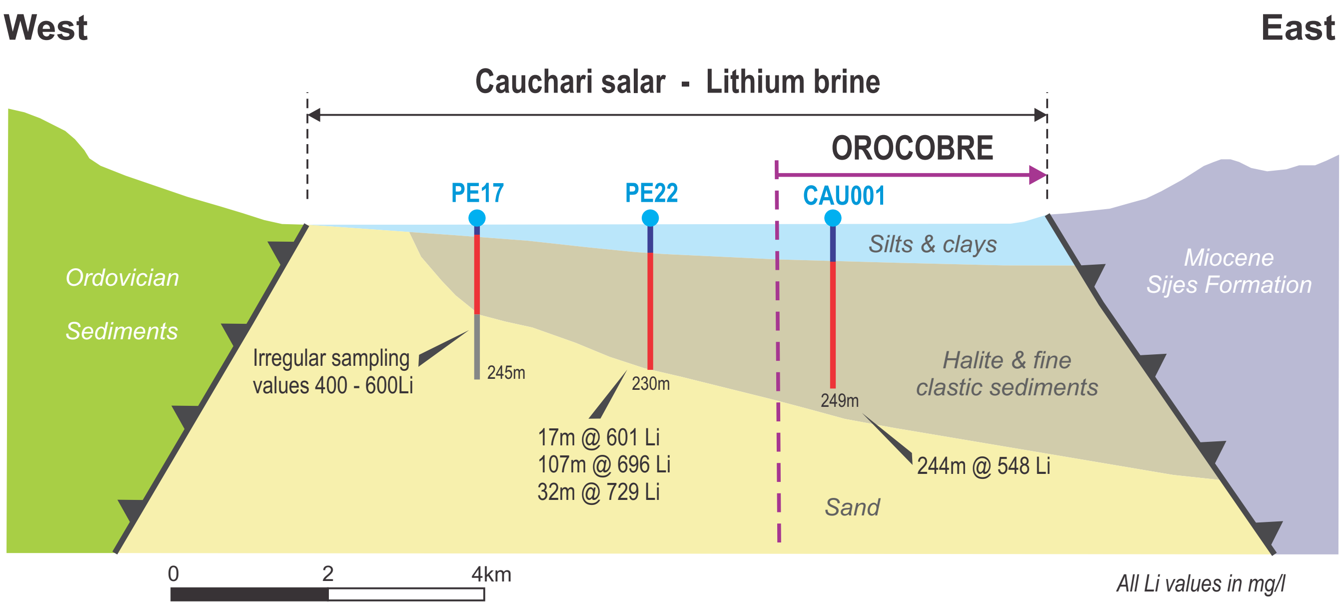
Whilst a lower grade than Olaroz, the brine chemistry is similar to that at Olaroz, with an attractive low Mg/Li ratio (2.8) and high K/Li ratio (10). Initial evaluation of the process route suggests the brine could be processed in an expanded Olaroz plant. Cauchari lies approximately 20 kms south of the planned Olaroz processing plant.

Considering the similarities between the Cauchari and Olaroz projects and their close proximity, there are compelling synergies between the projects, including the expected use of shared infrastructure and processing plants and the likelihood that any future development of the Cauchari brines would use the Olaroz facilities at a relatively low incremental capital cost. Consequently, the company considers the Cauchari project and its brine body to be part of the larger Olaroz project.

	Brine Body Parameters				Average Resource Concentrations			Tonnes of Contained Metal		
Inferred Resource Area	**Area** km^2	**Average Thickness** metres	**Mean specific yield** %	**Brine volume** million cubic m^3	**Lithium** mg/L	**Potassium** mg/L	**Boron** mg/L	**Lithium** Tonnes	**Potassium** Tonnes	**Boron** Tonnes
North 170m deep	19.69	170	6.1%	204.5	399	3833	547	81,497	783,829	111,901
South 15m deep	11.35	50	4.6%	26.0	264	2502	421	6,851	64,932	10,916
Combined	31.04	-	-	230.4	383	3683	533	88,348	848,761	122,817


N
Salar
Olaroz
Olaroz Lithium Plant
20km
Cauchari Project
Salar
Cauchari
0
10
20km


Salta
Mendoza
BUENOS AIRES
A R G E N T I N A
0
500km


West
East
Cauchari salar - Lithium brine
OROCOBRE
PE17
PE22
CAU001
Silts & clays
Ordovician
Sediments
Miocene
Sijes Formation
Irregular sampling
values 400 - 600Li
245m
230m
249m
Halite & fine
clastic sediments
17m @ 601 Li
107m @ 696 Li
32m @ 729 Li
244m @ 548 Li
Sand
0
2
4km
All Li values in mg/l

... the lithium carbonate plant commissioning programme is in progress and we expect to deliver our first lithium carbonate to customers by the end of the year.

Salinas Grandes Potassium-Lithium Project

Orocobre 85%

Salinas Grandes is located 70 kilometres southeast of the Olaroz project. Through South American Salar SA, Orocobre holds an 85% interest in the project.

The project is located in Salta province. The proximity of Salinas Grandes to the Olaroz project provides potential operating synergies, including the option to process concentrated Salinas Grandes lithium brine at an expanded lithium carbonate plant at Olaroz.

Salinas Grandes has an inferred resource, to a depth of 13.3m, estimated to contain 56.5 million cubic metres of brine at 795 mg/L lithium and 9,550 mg/L 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 1 tonne of lithium and 1.91 tonnes of potash being equivalent to one tonne of potassium.

Details are provided in the table below.

The shallow brine body has attractive grades and chemistry with a low magnesium to lithium ratio of 2.5, a high potassium to lithium ratio of 12.5 and a low sulphate to lithium ratio of 5.8 in the central area of drilling, rising to 10.6. Test work since late 2010 suggests high recoveries of both potassium and lithium could be expected using a simple, low operating cost, process route. Laboratory scale testing has produced potassium (82-89% KCl), prior to washing to obtain +95% KCl.

The low sulphate levels of the Salinas Grandes brine indicate that potash recovery would be high as a co-product of lithium carbonate production with potentially eight tonnes of potash produced for each tonne of lithium carbonate.
The work completed at Salinas Grandes to date confirms the potential that brine can be extracted from the shallow resources at potentially commercial rates and with stable grades that could allow for modest annual production of potassium and lithium to augment the Olaroz project.

	Brine Body Parameters				Concentration			Tonnes of Contained Metal		
Resource Category	Area km^2	Thickness metres	Mean specific yield %	Brine volume cubic kms	Lithium mg/L	Potassium mg/L	Boron mg/L	Lithium Tonnes	Potassium Tonnes	Boron Tonnes
Inferred Resource	116.2	13.3	4.1%	56.5	795	9,547	283	44,960	539,850	12,100

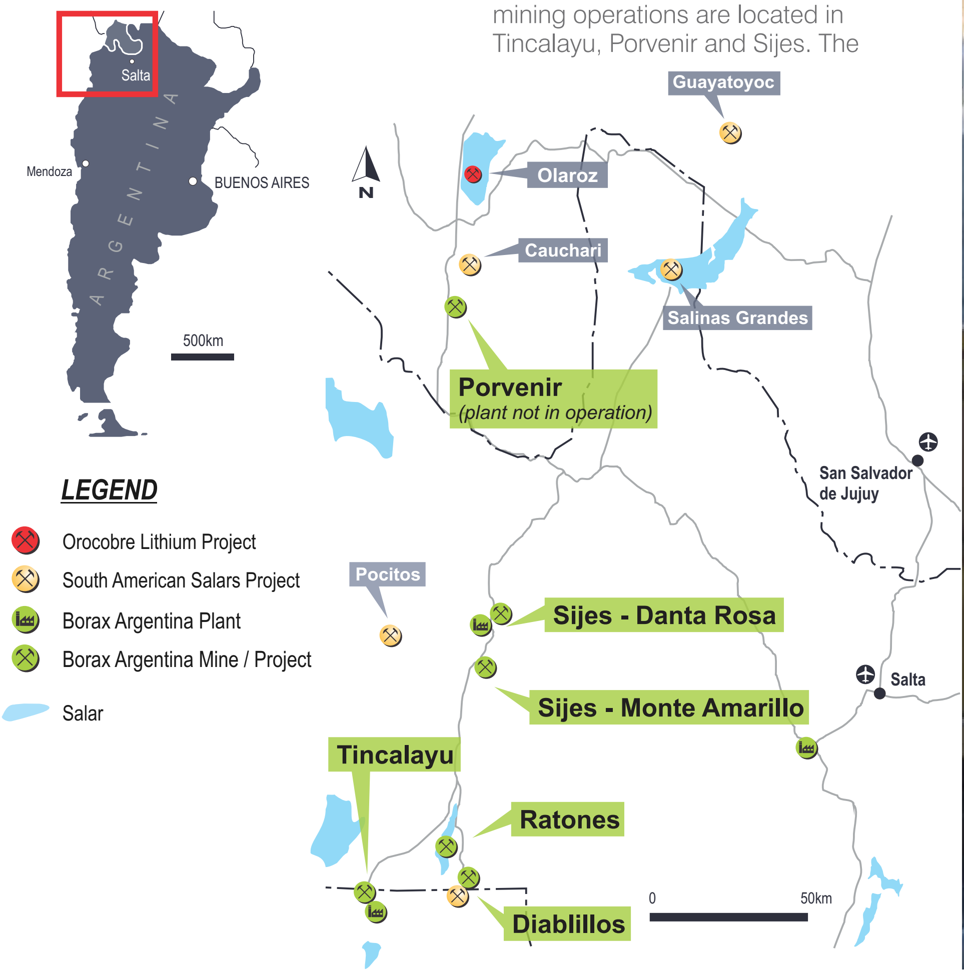
Borax Argentina

Orocobre 100%

Borax Argentina has operated in the Salta-Jujuy region for over 50 years and is well established as a reliable supplier of refined boron chemicals and minerals to the industrial and agricultural sectors in Brazil, Argentina and Chile.

Orocobre considers that Borax Argentina has promising organic growth prospects given its large asset base, strong production infrastructure and local community support. The healthy long-term market outlook for boron related minerals is a strategic fit with the objective of being a substantial industrial chemicals and industrial minerals company.

Borax Argentina's operations, including three open pit mines, concentrators, refining capacity and significant land holdings, solidifies Orocobre's presence and operational experience in northern Argentina. The mining operations are located in Tincalayu, Porvenir and Sijes. The



company announced the upgrade of a historical estimate to a Measured and Indicated Resource for the Porvenir borate deposit in Jujuy Province, Argentina in April. Work is advanced for Tincalayu and Diablillos deposits and once completed the focus will move onto the hydroboracite deposit at Sijes.

Tthe products produced by Borax Argentina can be divided into three groups being minerals, refined products and boric acid. The minerals produced are ulexite, colemanite and hydroboracite. Ulexite is used predominantly as a feedstock for the production of boric acid, whereas colemanite is supplied predominantly into the ceramic market. Hydroboracite is a mineral almost unique to Sijes and possesses some performance characteristics that make it attractive for use in certain applications in the ceramic, agriculture and oil and gas markets. The refined products comprise borax pentahydrate, borax decahydrate and borax anhydrous. These refined products have applications in a wide range of markets from agriculture, ceramics, glass, insulation fibreglass, textile fibreglass, gold assay and smelting fluxes, wood protection and a number of specialty applications. The production of boric acid is achieved through the acidification of ulexite using sulphuric acid. The quality of the ulexite ore lends itself to the production of high quality, high purity products.

Combined Product Sales Volume Year on Year

Financial Year	Combined Product Sales (tonnes)
June 2013	37,912
June 2014	40,098

Note: Combined product sales volumes include refined products (borax chemicals), boric acid and boron minerals

Borax Argentina SA experienced a record sales quarter in the December 2013 quarter, recorded a 5.7% growth in sales volume compared to the previous year in challenging market conditions and achieved an EBITDA year on year improvement of A$4.6m. The March and June quarters were constrained due to the need to manage stock during the borax plant relocation program. In addition to its traditional markets the company now has customers in USA, Australia, New Zealand, UK, Colombia, Spain and Egypt. Borax Argentina sales contracts are denominated in, or pegged to, the USD.

Initiatives

Borax Decahydrate Plant Relocation

The relocation of the borax decahydrate plant from Campo Quijano to the Tincalayu mine was completed with production commencing on 5 July 2014. The relocated plant will have a capacity of 100tpd of borax decahydrate and the project has been completed within the original budget of US$3.7m.

As a result of the borax plant relocation significant benefits are expected to be achieved over time in both the reduction of operating unit costs and an increase in overall mineral recovery from the mine. Previously, run-of-mine ore at 17% B2O3 was concentrated at Tincalayu using dry magnetic separation at about 60% recovery to produce a 21% B2O3 grade, which was then transported 350 kms to Campo Quijano for further production into borax chemicals. Relocating the borax plant to the Tincalayu mine site allows for the direct processing of run-of-mine ore at a 15% B2O3 head grade without the need for magnetic separation and associated mineral losses plus it improves transport efficiency and cost by carting a 37% B2O3 refined product rather than the 21% B2O3 grade concentrate.

The Company considers this project an important development which should position the Borax Argentina business well for the future by lowering average production costs.

JORC Compliance Programme

The upgrading of the Porvenir historical estimate is the first step in a program to upgrade the Borax Argentina historical estimates to JORC compliance. The upgrading of the Tincalayu and Diablillos resources are near completion and will be followed by studies at Sijes.

The Porvenir resource is located in the Cauchari salar, within 39 mining leases and presented below at the current mine cut-off grade of 16% B2O3. A cut-off grade of 9% B2O3 is a value appropriate to processing the mineralisation at a possible new boric acid plant at Olacapato. The resource is estimated to a maximum depth of 2.9m.

The majority of the ulexite is hosted within a sand matrix, which is easily separated from the ulexite by screening after drying. The screened ulexite from this mining operation is then available for processing into Boric acid.

Classifiction	Cut-off Grade	Tonnes	Grade B203	Tonnes B203
Measured Resource	16%	1,474,341	20.0%	295,117
Indicated Resource	16%	804,595	21.0%	168,776
Measured and Indicated Resource	**16%**	**2,278,937**	**20.4%**	**463,992**

Classifiction	Cut-off Grade	Tonnes	Grade B203	Tonnes B203
Measured Resource	9%	4,907,877	14.5%	710,672
Indicated Resource	9%	1,942,433	16.0%	310,517
Measured and Indicated Resource	9%	**6,850,000**	**14.9%**	**1,020,000**

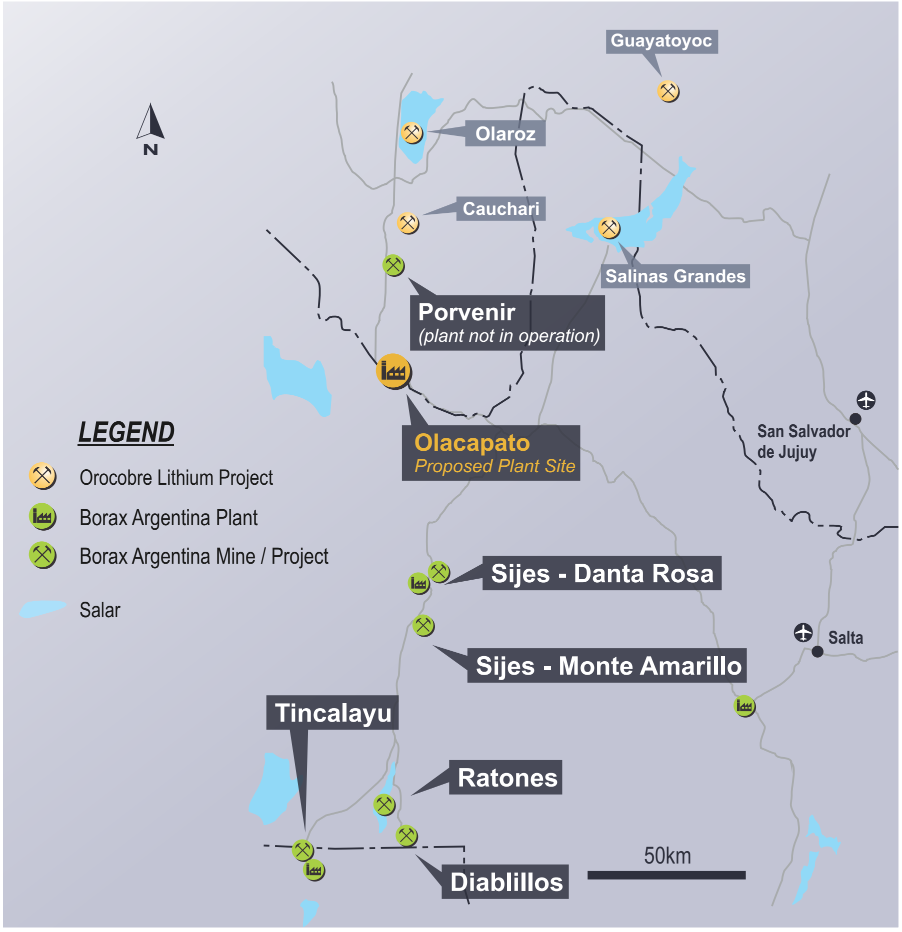
Boric Acid Plant PFS

The Company completed the boric acid plant pre-feasibility study (PFS) during the year for a plant that would be located at Olacapato and utilise feedstock from the Porvenir mine. The next step in advancing this project will be determined post commissioning and achievement of steady state production at the Olaroz lithium carbonate plant and completion of the Tincalayu resource upgrade.

A summary of the PFS is set out in the following table:

The Project has strong fundamentals with a healthy after tax internal rate of return of 24% based on a project life of 20 years underpinned by a resource base of 1.02 million tonnes B2O3.

Production Rate	25,000,tpa Boric Acid
Capital Cost	US$ 18.2 million plus $2.6m in working capital and commissioning costs.
Payback	4.9 years
Cash Operating Cost at 25,000tpa	484 US$/ton
After Tax NPV (10%)	$17.7 million
After Tax IRR %	24%
Modelled Project Life	20 years
Measured and Indicated Resources	1.02 Million tonnes B2O3



Properties

Borax Argentina also owns the tenure on all or parts of the lithium projects being progressed by other lithium exploration companies, including Lithium Americas Corporation Ltd. (TSX:LAC) at Salar de Cauchari, Rodinia Lithium Ltd. (TSX-V: RM) at Diablillos, and Galaxy Resources Ltd (ASX:GXY) at Sal de Vida, (formerly Lithium One's project). As one of the conditions to extract brines, these companies are required to make payments to Borax Argentina either as fixed annual payments or a royalty related to production. The terms of these agreements are detailed below.

Company	Project Affected	Areas of Properties (hectares)	Date of Contract	Type of Contract	Remaining Payments	Royalty Payable on brine extraction	Period of Usufruct* (end of date term)	Comments
Lithium Americas Corporation	Cauchari	4130	19 May 11	Usufruct	$5,400,000	None	18 May 41	$200,000 per annum payable until 18 May 2041 irrespective of production. Remaining period of 26 years and 9 months, at which time the brine rights revert to Borax Argentina..
Rodinia Lithium	Diablilos	2700	14 Jan 10	3yr Exploration right & option	None	n/a		
Rodinia Lithium	Diablilos	2700	14 Jan 10	Usufruct	None	1.5%	40yrs plus 40yrs	Royalty can be purchased at any time for $1,500,000
Rodinia Lithium	Centenario & Ratones	630	14 Jan 10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Rodinia for $1,000,000
Rodinia Lithium	Los Ratones	600	14 Jan 10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Rodinia for $1,000,000. Borax Argentina has the right to mine borates.
Galaxy Resources/ Lithium One	Sal de Vida	1100	6 Jan 10	Exploration & Usufruct	None	1.0%	Indefinite	Royalty can be purchased by Galaxy for $1,000,000
Lithea Inc	Pozuelos	2488	14 Jan 10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Lithea for $1,000,000. Borax Argentina has the right to mine borates.

**Usufruct – legal right afforded to a person or party that confers the temporary right to use and derive income or benefit from someone else's property.*

The healthy long-term market outlook for boron related minerals is a strategic fit with the objective of being a substantial industrial chemicals and industrial minerals company.

SOCIAL RESPONSIBILITY AND COMMUNITY RELATIONS

Orocobre´s Corporate Social Responsibility forms part of the Company's management strategy through all Group companies. This is reflected in various relationships the Company maintains with employees, business partners, local communities and government and regulatory authorities.

The aim is to sustainably develop the Company's assets in a responsible and committed manner, compatible with local community development and best environmental practice. The Company's shared value policy aims to ensure maximum participation and cooperation with the local businesses, engineering firms, contractors and the local communities. The programs implemented in the areas of education, health, employment, business development and environment are essential to ensuring a sustainable future for the local communities. Orocobre's corporate responsibility have earned various government and private awards with the most recent in September 2014 when Orocobre was recognised by the committee of Argentina Mining for being an "Outstanding Corporate Socially Responsible Mining Company". Orocobre also earned the "Tacita De Plata (Silver Cup) Award" in November 2013, granted by Inversiones Empresas y Negocios (Investments, Companies and Business) for outstanding companies throughout 2013.

Community Relationships

The Company has developed relationships with local communities based upon 5 fundamental pillars: Education, Health, Production, Transparency and Empowerment. It aims to improve the quality of life of the people and their skills to be able to participate in regional development opportunities.

Education

During the year the Company initiated a number of programs aimed at improving primary and secondary education completion rates within the local communities. Personnel from both the Olaroz project and Borax Argentina mining camps who had previously not completed their formal education were invited to participate in free training programs run by the Company in conjunction with qualified teaching staff, community representatives and corporate volunteers. This program received an outstanding 70% participation rate with ages of participants ranging from 18 to 60 years of age. The program is run at various education levels and, once completed, provides formal recognition for completion of secondary level study. Participants of this program are already beginning to graduate with formal recognition.

The Company also worked throughout the year with other non-government organisations to run workshops and training programs with the local communities and schools. One such program is the "Junior Achievement" program which provides supplementary, education-enriching classes to young school-aged children as well as providing donations of schooling materials to assist children and teachers.

Business Development

This year, the Company has worked in partnership with various non-government organisations such as the Endeavour Foundation, to run courses for local community members to teach entrepreneurial skills and sustainable business practices.

Additional indirect business development has also occurred within the local community through the establishment of assistant amenities to the Olaroz Project, these include the canteen service, mining services, laundry, bakery, transportation and accommodation.

Labour Exchange

The Company has developed a Labour Exchange in collaboration with the communities of Susques (Jujuy). This programme is intended to proportionately distribute the labour available in local communities among the local suppliers. This assesses the needs of these communities and current skill sets in order to implement appropriate training courses. Additionally, the Company works with COPRETI ("La Comisión Provincial para la Erradicación del Trabajo Infantil") to promote awareness and undertake actions to prevent the use of child labour in the region.

Health

The Company has also been active in the area of preventive health, jointly with the "Beñen Hospital" in Susques (Jujuy Province) and the Hospital of San Antonio de los Cobres, Salta Province. The "Programa de Prevencion en Salud" (Prevention Program in Health) offers local towns and villages' paediatric, ophthalmology, dentistry, audiology and nutrition services previously not available. The program is also run internally within Orocobre's Argentina operations with this year 100% of employees participating in the program and 79% of Borax Argentina employees and 69% of SDJ SA employees receiving some degree of medical treatment.

In schools, the Company provides workshops on environmental care, treatment of waste and its reprocessing. The Company also provides preventative health education programs such as the "Calidad de Vida" (Quality of Life) program which promotes the prevention and treatment of alcohol and substance addiction.

Volunteering

The Company also offers a variety of volunteering opportunities for Orocobre Group personnel to participate. The volunteering opportunities range from accompanying tutors and doctors in the health, community and schooling education programs as well as ad hoc participation in sporting, religious or community events. This year numerous Orocobre Group staff joined local parents, teachers and town officials to re-paint the "Olaroz Chico" school.

Environment

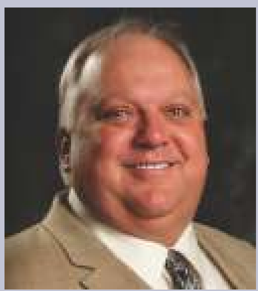
The Company conducts an environmental monitoring program with the participation of local suppliers and is open to Jujuy community participation.

DIRECTORS' REPORT

Your Directors present their report and financial statements of the Group, being the Company and its controlled entities for the financial year ended 30 June, 2014. Directors have been in office since the start of the financial year to the date of this report unless indicated otherwise.

James D. Calaway
Non-Executive Chairman

Richard P. Seville
Managing Director & CEO



John W. Gibson, Jr.
Non-Executive Director

Courtney Pratt
Non-Executive Director

Federico Nicholson
Non-Executive Director

Fernando Oris de Roa
Non-Executive Director

Robert Hubbard
Non-Executive Director

Directors Report

The Company's directors have significant public company management experience, together with a strong background in mineral exploration and management, project development, financial markets, accounting and finance. Their experience covers many resource sectors within Australia and internationally. The names and qualifications of the Directors in office during or since the financial year are summarized below:

James D. Calaway BA (Econ), MA (PP&E)
Non-Executive Chairman
Mr. Calaway was appointed a Director in May 2009. Mr. Calaway is a respected business and civic leader in Houston, Texas. He has considerable experience and success in building young companies into successful commercial enterprises. Mr. Calaway and his family have played major roles in the development of both public and private companies in the United States, including companies engaged in oil and gas exploration and production and commercial wind-farm development. Mr. Calaway currently serves as Chairman of the Board of Distributed Power Partners, Inc. and until December 2013 when the company was sold to an NYSE company, served as the Chairman of the Board of Datacert, Inc., the global leader in legal operations management. Mr. Calaway is a graduate of the University of Texas and University of Oxford. He is a member of the Remuneration Committee.
Directorships held in other ASX listed companies in the last three years:
Elementos Limited (Jan 2011 – Oct 2013)

Richard P. Seville BSc (Hons) Mining Geology, MEngSc Rock Engineering, MAusIMM, ARSM
Managing Director and Chief Executive Officer
Mr. Seville was appointed a Director in April 2007. Mr. Seville is a mining geologist and geotechnical engineer with over 30 years' minerals sector experience covering exploration, mine development and mine operations. He has had significant corporate experience, having had many years in the role of Operations Director and/or CEO in ASX/AIM listed mining companies. Mr. Seville is a graduate of the Royal School of Mines, Imperial College and James Cook University North Queensland.
Directorships held in other ASX listed companies in the last three years:
Leyshon Resources Ltd (Feb 2007 - Present)
Elementos Ltd (Nov 2013 - Present)

John W. Gibson BSc Geology, MSc Geology
Non-Executive Director
Mr. Gibson was appointed a Director in March 2010. Mr. Gibson, is a recognised leader in the energy technology and services industry with more than 25 years of global energy experience. Mr. Gibson currently serves as the President and Chief Executive Officer of Tervita Corporation, a major Canadian environmental and oil field services company.
Prior to joining Tervita, Mr. Gibson served as Chief Executive Officer of an enterprise software solutions company serving oil and gas industry clients and has held senior positions with the Halliburton Group of Companies, most recently as President of Halliburton's Energy Services Group. Mr. Gibson serves on the Boards of Directors for Tervita, Blue Spark Energy Inc., and I-Pulse Inc. He is a member of the University of Houston Energy Advisory Committee, and Houston Baptist University Board of Trustees.
Mr. Gibson holds a Bachelor of Science from Auburn University and a Master of Science from the University of Houston and is a member of several professional societies. He is a member of the Audit Committee.
Directorships held in other ASX listed companies in the last three years: Nil

Courtney Pratt
Non-Executive Director/Lead Independent Director
Mr. Pratt was appointed a Director in March 2010. Mr. Pratt has enjoyed a 40-year career at the helm of some of Canada's top industrial businesses, particularly in the energy, minerals, and mining sectors. From 2004 to 2006, he was President and CEO of Stelco, a major Canadian steel producer, guiding it through a court supervised restructuring, and then served as Stelco's Chairman until the company's sale to the US Steel Corporation in 2007. Earlier, Mr. Pratt serves as the President and CEO of Toronto Hydro, North America's largest municipally owned electricity distributor. He also served as President and subsequently as Chairman of Noranda Inc., a global diversified natural resource company headquartered in Toronto. In this capacity he served as a Director of Noranda Minerals Inc., Falconbridge Ltd., Battle Mountain Gold Company, Noranda Forest Inc., (Chairman), Norcen Energy Resources Limited and Canadian Hunter Exploration Limited. Mr. Pratt served as Chairman and Chief Executive Officer of the Toronto Region Research Alliance to March 2010. He is also Chairman of Knightsbridge Human Capital and a Director of Moosehead Breweries Limited, 407 International Inc. and CMA Holdings, the physician services arm of the Canadian Medical Association. Mr. Pratt was awarded the Order of Canada in January 1999. He is Lead Independent Director, Chairman of the Remuneration Committee and was previously a member of the Audit Committee.
Directorships held in other ASX listed companies in the last three years: Nil

Directors Report

Fernando Oris de Roa MPA

Non-Executive Director

Mr. Oris de Roa was appointed a Director in June 2010. Mr. Oris de Roa is a highly successful business leader with a history of developing and operating large enterprises in Argentina and with a reputation for integrity and social responsibility in his business life. Mr. Oris de Roa began his 23 year career with large trading company Continental Grain in 1970, working in USA, Spain, Switzerland, Brazil and Argentina and rose through the ranks to be responsible for all of Latin America. As Chief Executive, he is widely credited with turning S.A. San Miguel into the largest and most profitable lemon and lemon products company in the world. The process of restructuring included listing S.A. San Miguel on the Buenos Aires Stock Exchange in 1997. Mr. Oris de Roa was Chief Executive and significant shareholder of Avex S.A from 2004 to 2012. He has also held the role of Director of Patagonia Gold Ltd. He holds a Masters of Public Administration from The Kennedy School of Government at Harvard University. He is a member of the Audit Committee and was previously a member of the Remuneration Committee.

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

Federico Nicholson LLB

Non-Executive Director

Mr. Nicholson was appointed Director in September, 2010. From 1991 until June 2014 Mr. Nicholson served as Executive Director and is presently a member of the board for Ledesma S.A.A.I. (Ledesma), a diversified Argentine agro-industrial producer of sugar, alcohol, bioethanol, paper, notebooks, corn syrups and starches, fruits, juices, livestock and grains.
Mr. Nicholson was Vice President of the Argentine Industrial Union (UIA), the country's leading business advocacy group, for fourteen consecutive years (1999-2013) and currently serves as President of the Argentine North Regional Sugar Centre. Mr. Nicholson also occupies the position of First Vice President of CEADS (Consejo Empresario Argentino para el Desarrollo Sustentable) an Argentinian local division of WBCSD (World Business Council for Sustainable Development). Mr. Nicholson is also a member of the board for several other Argentina based companies. Additional positions held during his career include, Vice President of the Argentine Pulp and Paper Association, Deputy Secretary of the Food Industries Association, President of the National Industrial Movement and Vice President of the Argentine Corn Starch and Syrups Chamber.
Mr. Nicholson is a law graduate from the University of Buenos Aires, Argentina. He is a member of the Remuneration Committee.

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

Robert Hubbard BA (Hons), FCA, MAICD

Non-Executive Director

Mr. Hubbard was appointed a Director in November 2012. Mr. Hubbard served for over 20 years as a partner at PricewaterhouseCoopers. During his time as a PwC partner, he served as auditor for some of Australia's largest resource companies with activities throughout Australia, Papua New Guinea, West Africa and South America. His experience has covered a range of commodities including base metals, gold, oil and gas and thermal and metallurgical coal. As an adviser, Mr. Hubbard also provided accounting and due diligence services for acquisitions, divestments, capital raisings and public takeovers. Mr. Hubbard also serves as a non-executive Director in various community and commercial focused organisations. He is currently Chairman of Opera Queensland, a Director of JK Tech Pty Ltd and Council member of the University of the Sunshine Coast. Mr. Hubbard is also a non-executive Director of Bendigo and Adelaide Bank Ltd and Central Petroleum Limited. Mr. Hubbard chairs the Company's Audit Committee.

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

Bendigo and Adelaide Bank Ltd (Apr 2013 - Present)
Central Petroleum Limited (Dec 2013 - Present)

Company Secretary

Neil Kaplan BAcc, CPA.

Chief Financial Officer and Company Secretary

Mr. Kaplan was appointed Chief Financial Officer on 7 January 2013 and Company Secretary on 1 July 2013. Mr. Kaplan is a Chartered Accountant and brings a wealth of knowledge to the Company with over 20 years of experience in managerial and finance positions obtained on four different continents. Mr. Kaplan's experience in the resources sector was obtained working in executive financial roles for Glencore International and formerly TSX listed company Coalcorp Mining, both based in Colombia. Mr. Kaplan holds a Bachelor of Accountancy degree from the University of the Witwatersrand in South Africa and is a member of both the Institute of Chartered Accountants in Australia (ICAA) and South African Institute of Chartered Accountants (SAICA).

Directors Report

Dividends

No dividend has been proposed or paid since the start of the year.

Shares and Share Options

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

Directors	Shares	Options
J. Calaway	8,574,000	150,000
R.P. Seville	4,976,500	See below
J.W. Gibson	25,000	100,000
C. Pratt	-	100,000
F. Oris de Roa	-	100,000
F. Nicholson	-	100,000
R. Hubbard	-	-

Performance Rights and Options

Employee	Performance Rights	Options
RP Seville	140,792	301,092

Unissued Shares

As at 30 June 2014 there were 2,001,092 unissued ordinary shares under options and 561,401 unissued ordinary shares under performance rights (PR). Since the end of the financial year, 100,000 unissued ordinary shares under options lapsed on 9 July 2014 in accordance with the terms of their grant to bring the total unissued ordinary shares under options to 1,901,092 as of 1 September 2014.

Refer to the Remuneration Report for further details of the options outstanding and to Additional Information for further details on the unissued ordinary shares under options that have lapsed since 30 June 2014. Option and PR holders do not have any right, by virtue of the instrument, to participate in any share issue of the Company or any related body corporate.

Shares Issued as a Result of the Exercise of Options

During the financial year, employees and executives have not exercised any options.

Directors

The Directors of the Company at any time during or since the end of the financial year are listed below. During the year there were 13 Board meetings. The Board and Committee meetings attended by each Director were:

Directors	Board		Audit Committee		Remuneration Committee	
	Meetings	Attendance	Meetings	Attendance	Meetings	Attendance
James Calaway	13	13	-	-	4	4
Richard Seville	13	13	-	-	-	-
John Gibson	13	11	3	3	-	-
Courtney Pratt	13	12	-	-	4	4
Fernando Oris de Roa	13	12	3	2	-	-
Federico Nicholson	13	10	-	-	4	4
Robert Hubbard	13	13	3	3	-	-

Directors Report

Committee Membership

At the date of this report the Company has an Audit Committee and a Remuneration Committee. Members are as follows:

Audit Committee	Remuneration Committee
R. Hubbard (c)	C. Pratt (c)
J. Gibson	J. Calaway
F. Oris de Roa	F. Nicholson

(c) Designed the Chairman of the committee

Indemnification of Officers

During the financial year the Company paid an insurance premium in respect of a contract insuring the Company's past, present and future Directors, secretary or officer of the Company against liabilities arising as a result of work performed in their capacity as Director, secretary or officer of the Company. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of Directors and officers liability insurance contracts as such disclosure is prohibited under the terms of the contract. The Company Constitution also contains an indemnity provision in favour of each Director, Company Secretary and executive officers (or former officers) against liability incurred in this capacity, to the extent permitted by law.

Indemnification of auditors

The company's auditor is Ernst & Young. The company has agreed with Ernst & Young, as part of its terms of engagement, to indemnify Ernst & Young against certain liabilities to third parties arising from the audit engagement. The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young.

During the financial year, the company has not paid any premium in respect to any insurance for Ernst & Young or a body corporate related to Ernst & Young and there were no officers of the company who were former partners or directors of Ernst & Young, whilst Ernst & Young conducted audits of the company.

Principal Activities

The principal activities of the Group during the year were in the construction of the company's flagship Olaroz Lithium Project and the operation of Borax Argentina SA.

Operating and Financial Review

The group's operating loss/(profit) for the year, after applicable income tax and non-controlling interests was $5,459,041 (2013:($95,684,677)). Group exploration and evaluation expenditure for the year totalled $386,025 (2013:$ 7,650,575). The Olaroz Joint Venture is operated through Sales de Jujuy S.A. ("SDJ SA") a 91.5% owned subsidiary of Sales de Jujuy Pte Ltd ("SDJ PTE"), a Singaporean company that both Orocobre (72.68%) and TTC (27.32%) are shareholders in directly and indirectly respectively. The effective Olaroz Project equity interest is Orocobre 66.5%, TTC 25.0% and Jujuy Energia y Minera Sociedad del Estado ("JEMSE") 8.5%. A diagram of the joint venture is contained in the Review of Operations.

Since the creation of the joint venture between the Company and TTC, the Company has recognised its interest in the joint venture as an equity accounted investment. Under the equity method of accounting, Orocobre's interest in the joint venture is recognised on the balance sheet at fair value. This carrying amount is then adjusted for subsequent equity investments, the Company's share of 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.

Financial Position

The net assets of the Orocobre group decreased to $159,586,253 (2013:$184,208,159) during the year to 30 June 2014, including cash balances of $26,302,392 (2013:$10,609,081). The main reason for the decrease in net assets is due to the book value of assets in Argentina being accounted for in Argentine pesos and these values then being converted to Australian dollars (please see the Company's foreign currency translation policy as detailed in Note 1 "Summary of Significant Accounting Policies"). The Argentine peso reduced in value to the Australian dollar by 57% in the financial year thus affecting the carrying value of the asset. This has no cash flow impact.

Significant Changes in the State of Affairs

Other than matters mentioned in this report, there were no significant changes in the state of affairs of the Company during the financial year.

Directors Report

Significant Events after Balance Sheet Date

Subsequent to the balance date the Company advised Rio Tinto Minerals (“RTM”) that it considered RTM to be in breach of certain warranties provided by RTM to the Company pursuant to the Share Purchase Agreement for the acquisition of the shares of Borax Argentina SA. The quantum of any damages that the Company may have suffered has not been quantified and no legal proceedings between the Company and RTM have been commenced. As a result of the alleged breach of warranties by RTM the Company declined to make a payment to RTM of USD1M due to be paid on 21 August 2014.

Likely Developments and Expected Results

Likely developments in and expected results of the operations of the Company are discussed generally in the Review of Operations. The main area of the Company’s activity is the completion of construction, commissioning and production at the Olaroz Lithium Project. The lithium carbonate plant commissioning process is underway and first sales of lithium carbonate are expected in late 2014. The main focus at Olaroz in the immediate term will be ensuring product produced meets the required specification and the ramp up of production of lithium carbonate to nameplate capacity.

The relocation of the Borax Argentina refining plant to the Tincalayu mine has been completed. The immediate focus is to ramp up production and ultimately to develop the business in order to allow the plant to run at the full daily capacity of 100tpd.

The Company has been conducting a program in Borax Argentina to bring the historical estimates into line with JORC compliance. The program was completed at Porvenir in April; Tincalayu and Diablillos are in progress and then the focus will turn to Sijes. The significance of this program is that the upgrading of resources from historical estimates to JORC compliant resources and the development of an understanding of the overall geological setting, allows the Company to rank the growth options for the Company as well as allowing the reporting of studies such as the pre-feasibility study on the construction of a 25,000tpa boric acid plant at Olacapato which would use ulexite from Porvenir as a feedstock. Completion of the upgrade of Tincalyu to a JORC compliant measured and indicated resource should provide the opportunity to conduct a prefeasibility study on the expansion of the borax plant at Tincalayu.

Following commissioning and achieving steady state production at the Olaroz lithium carbonate plant, the development of the strategy for the next stage of expansion will be considered. The Company has a number of organic growth opportunities to consider in addition to expansion of production at Olaroz. These include the extraction of boron and potash from the brine at Olaroz and the production of lithium hydroxide. All of these potential organic growth opportunities need to be assessed and prioritised in order to deliver the best strategic outcome for the Company and to maximise the return to shareholders.

The Company is also cognisant of continuing to be aware of growth opportunities outside of organic growth opportunities. The cyclical nature of markets creates opportunities for acquisition and joint venture arrangements when asset values and capital availability are in the low point of the cycle.

Risk Management

Orocobre’s business faces certain risks that could affect the success of the strategies and the outlook for future financial years. These include but are not limited to the completion of construction, commissioning and production of product within the required specification at the Olaroz Lithium Project and the timing thereof, the construction cost relative to the estimated capital cost, the design production rate for lithium carbonate, potash and borates, the expected brine grade and the expected operating costs at the Olaroz Project and Borax Argentina and the comparison of such costs to expected global operating costs, the drawdown of finance and the ongoing working relationship between Orocobre and the Province of Jujuy (JEMSE), TTC and Mizuho Corporate Bank. Other risks include Argentina sovereign risk, changes in government regulations, policies or legislation, fluctuations or decreases in product prices and currency, risks associated with weather patterns and the impact on production rate. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Please also refer to the Caution Regarding Forward Looking Information statement.

The Company has in place risk management policies and systems to mitigate these risks wherever possible, including monitoring ongoing exploration results, monthly construction progress against timeframes and cost, monthly review of operational results for Borax Argentina SA and continued discussions with JV partners and the government of Argentina. Within its’ operations in Argentina, the Company has instituted ISO 31000, Risk Management.

Environmental Regulation and Performance

The Company has operations in two provinces in Argentina, Jujuy and Salta.

In Salta, the applicable legislation is Provincial Constitution (art.30), Environmental Protection Provincial Law No. 7070 and Provincial Decree No 3097/00 and 1587/03, Provincial Law No 7141 of the Mining Procedure Code, National Constitution (art

41), General National Environmental Law No. 25.675 and National Law 24.585. The applicable authority in Salta is the Mining Secretary of the Province of Salta and Environmental Secretary of the Province of Salta.

In Jujuy there are both provincial and national environmental regulations: Provincial Constitution (art.22), Water Code of Jujuy, Law 3820 Wildlife Reserve of Fauna & Flora, Law 6002 Dangerous Residues Regulation, Decree 5772-P-2010,Provincial Environmental Law No. 5063, National Constitution (art 41), General National Environmental Law No. 25.675, National Law 24.585 and National Law 24.051 Dangerous Residues Regulation.

The applicable authority in Jujuy is the Provincial Department of Mining and Energy Resources (Dirección Provincial de Mineria y Recursos Energeticos) and the Provincial Department of Environmental Quality (Dirección Provincial de Calidad Ambiental).
There have been no reportable environmental events under the regulations in Jujuy or Salta due to the Company's activities. However, surface water has accumulated at Diablillos from the flow of brine from drill holes which were drilled prior to the purchase of Borax Argentina by the local operating subsidiary of Rodinia Lithium Ltd. Rodinia's subsidiary has received a fine from the Salta government for non-remediation and has advised the Company that it is attending to remediation of the drill holes.

Within its' operations in Argentina, the Company has instituted ISO 31000, Risk Management. This complements ISO 9001, Quality Assurance, ISO 14001 Environmental Management BS OHSAS 18001 Occupational Health and Safety Management System which had already been implemented in FY2012. Borax Argentina is already accredited under ISO 9001.

Non-audit Services

The Group's auditor, Ernst & Young, did not undertake any non-audit services for Orocobre Limited during the current or prior year.

Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 59 of the report.

Directors Report

Remuneration Report – Chairman's Letter

Dear Shareholder,

We are writing this letter to provide some introductory comments to this year's report. We did the same last year to acknowledge the dissatisfaction of shareholders with our 2012 Remuneration Report. We said in that letter that we had heard the shareholders' message very clearly and treated it with the utmost seriousness. The 99% yes vote on last year's report indicated to us that our work had addressed your concerns, and we thank you for that support.

However, we also know that delivering an effective remuneration strategy for KMP's and Non-executive Directors requires continuing work and vigilance, particularly with a fast growing and ever more complex organisation. With this in mind, the Remuneration Committee engaged our remuneration advisors, CRA Plan Managers Pty Ltd, to undertake a competitive review of the total compensation for these groups in FY14. The results of that review are outlined in the report below. We have made the remuneration adjustments necessary to bring both of those groups to the median level of our competitive analysis for our sized company so as to both provide appropriate reward and incentive and to ensure retention of the best talent available for our company. Given the progress that the company has made on all fronts and its current size, the Committee believes that this is the appropriate strategy for our company at this time. This strategy is the same as that which was followed in FY13.

In the interest of corporate transparency, we have retained and in fact strengthened our commitment to communicating KMP and Non-executive Director remuneration arrangements in a simple, clear and transparent fashion. We hope that you will agree that we have once again met that standard.

Orocobre's approach to remuneration remains founded on a desire to provide competitive rewards that motivate executives and employees to deliver superior results in a complex operating environment. We assure you that the responsibility for governance in remuneration lies with the Board supported by the Remuneration Committee. The objectives of this governance are to ensure that the practices and processes of the company are sound and are driven by our guiding principles to deliver a world class, low cost industrial minerals and chemicals company for the benefit of all our shareholders and other key stakeholders.

The Remuneration Report to shareholders for 2014 follows this letter. The report forms part of the Directors' Report and has been audited in accordance with Section 308(C) of the Corporations Act 2001. In addition to the statutory requirements, sections summarizing remuneration for the financial year ended June 30, 2014 and anticipated changes for the financial year ending June 30, 2015 have been included where appropriate.

The Board is committed to ensuring that the company's remuneration policies and practices are fair, competitive and responsible and that we communicate these remuneration arrangements with full transparency and clarity. We are also aware that KMP and Non-executive Director practices are continually evolving and therefore our practices remain under constant review.

Courtney Pratt
Non-Executive Director
Chairman, Remuneration Committee/
Lead Independent Director

Remuneration Report (Audited)

This Remuneration Report outlines the overall remuneration strategy, framework and practices adopted by Orocobre Limited. It has been prepared in accordance with section 300A of the Corporations Act 2001. Details of remuneration are disclosed for Non-executive Directors (Board) and for executive Key Management Personnel (KMP). In addition to the Non-executive Directors, the executive KMP had the authority and responsibility for planning, directing and controlling the activities of Orocobre Limited, directly or indirectly, during the year ended 30 June 2014.

The remuneration report is set out under the following main headings:

- A Remuneration overview
- B Role of the Remuneration Committee
- C Non-executive Directors' Remuneration
- D Managing Director and other executive KMP remuneration
- E Relationship of incentives to Orocobre operating and financial performance
- F Service agreements
- G Details of remuneration
- H Share-based compensation issues to the Managing Director and other executives
- I Additional information

The format of this Remuneration Report is consistent with the format first adopted for year ended June 2013. In particular:

- A "question and answer" format. This provides a mechanism by which the Company can answer questions which have been asked previously by shareholders and other stakeholders.
- Remuneration information for executive KMP is reported in A$.
- The current executive KMP remain the same for FY14 as per FY13.
  - Richard Seville – CEO / Managing Director
  - Neil Kaplan – CFO / Company Secretary
  - David Hall – Business Development Manager
- The Non-executive Directors also remain the same for FY14 are;
  - James Calaway – Board Chairman and Remuneration Committee Member
  - John Gibson - Audit Committee Member
  - Courtney Pratt –Remuneration Committee Chairman
  - Fernando Oris de Roa – Audit Committee Member
  - Federico Nicholson – Remuneration Committee Member
  - Robert Hubbard –Audit Committee Chairman

A. Remuneration Overview

Orocobre's remuneration philosophy is articulated in Orocobre's Remuneration Committee Charter which provides that the Remuneration Committee will in accordance with clause 3.1.3(a) of this Charter, ensure that the remuneration policies:

- motivate executives to pursue the long-term growth and success of Orocobre;
- demonstrate a clear relationship between performance and remuneration;
- involve an appropriate balance between fixed and incentive remuneration; and
- relate the short and long- term performance objectives to Orocobre's circumstances and goals.

The Remuneration Committee undertook a detailed evaluation of its remuneration practices during FY13 and engaged the services of CRA Plan Managers Pty Limited (CRA) to advise on all aspects of Board and executive KMP remuneration, including equity incentive strategies. This continued to be the case during FY14.

Key initiatives included:

- an independent assessment and evaluation of the FY13 Remuneration Report;
- an independent benchmarking review of Board and KMP remuneration; and
- The design of the STI and LTI plans for FY 2014 for the KMP's.

Following this comprehensive review process a number of changes have been adopted this year. A summary of these changes are as follows:

1. Appropriate performance conditions were adopted as an integral component of all executive KMP LTI;
2. A minimum three (3) years service vesting condition was confirmed for executive KMP LTI;
3. STI awards for executive KMP were moved to a financial year basis from a previous calendar year basis. Therefore the next assessment will be for an 18 month period effective January 2013 to June 2014 to bring into line with the financial year;
4. Based on the decision by the board to align all STI and LTI's to be now accessed on a financial year rather than a calendar year, no STI's were paid to the KMP in FY14 for the 2013 financial year performances. The STI's are yet to be assessed for the KMP performances during the financial year ended June 2014 for the 18 month period;
5. Non-executive Directors will not participate in any incentive programs including the LTI program;
6. Non-executive Director fees were increased in FY14; and
7. The key performance indicators (KPI) applied to the KMP's STI and LTI's have been disclosed.

Orocobre endeavours to adopt a fair and equitable approach to all remuneration decisions, mindful of the complexities of retaining and motivating an experienced team operating across diverse geographies in a complex operating environment. In implementing this philosophy, Orocobre needs to consider many variables, including:

(a) the remuneration paid by the Company's peers (by reference to industry, market capitalisation and where relevant geographic location);
(b) the Company's performance over the relevant period;
(c) how to link remuneration to successful implementation of the Company's strategy, including the annual targets which need to be achieved to implement that strategy;
(d) internal relativities and differentiation of pay based on performance;
(e) the size, scale, location and complexity of the operations of the Company; and
(f) market developments and changes in remuneration practices.

Based on the above variables, in FY14 the company undertook a comprehensive review of the remuneration levels for directors and KMPs.

B. Role of the Remuneration Committee

In accordance with best practice, the Remuneration Committee is comprised of Non-executive Directors of which a majority are independent. It is chaired by an Independent Non-Executive Director other than the Chairman. The membership of the committee is comprised of Mr Courtney Pratt – Committee Chair, Mr James Calaway and Mr Federico Nicholson as detailed in the Directors' Report. The Remuneration Committee's role and interaction with the Board, internal and external advisors, are further illustrated below:

Table 1

The Board

Reviews, applies judgment and, as appropriate, approves the Remuneration Committee's recommendations

The Remuneration Committee

The Remuneration Committee operates under the delegated authority of the Board.

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

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

External Consultants

Internal Resources

For each annual remuneration review cycle, the Remuneration Committee considers whether to appoint a remuneration consultant and, if so, their scope of work. The table below provides details with respect to the remuneration consultant who provided remuneration recommendations and other remuneration related advice in relation to the remuneration outcomes set out in this Remuneration Report.

Question	Response
Did a remuneration consultant provide a remuneration recommendation in relation to any of the KMP for the financial year?	Ian Crichton, remuneration consultant, with CRA Plan Managers Pty Limited (CRA) provided remuneration recommendations and remuneration related advice to the Remuneration Committee, including in relation to: the structure of remuneration packages, the proportion of different components of remuneration, benchmarking against the Company's peers, the maximum aggregate fee pool for Non-Executive Directors, valuation of long term incentives and advice on market trends relating to remuneration practices. . The Remuneration Consultant has advised that there was no undue influence from any Committee Member or executive KMP on any of their work during the year.
What was the remuneration consultant paid by the Company for remuneration related services?	CRA was paid a total of A$24,403.
Did the remuneration consultant provide any other advice to the Company?	Yes, CRA provided other advice to the Company.
What was the remuneration consultant paid by the Company for other advice (not related to remuneration)?	CRA was paid A$22,620 and Boardroom was paid $71,463 for other services. These services related to the provision of • Maintenance of Plan Register • Hosting of Orocobre Performance Rights and Options Plan data on CRA database • Preparation of work files for external audit and tax returns • Institutional shareholder advice Share registry services (Boardroom Pty Limited) for shares listed on the ASX(CRA and Boardroom are wholly owned sunsidiaries of Boardroom Limited, a Singaporean Company listed on SGX)
What arrangements did the Company make to ensure that the making of the remuneration recommendation would be free from undue influence by the KMP?	The Company made the following arrangements: • The recommendations are solely made by the Remuneration Committee with limited liaison between CRA and the CEO. • The Company has implemented a procedure requiring the Remuneration Committee to have direct contact with CRA for procuring advice relating to KMP remuneration. The procedure contained a process whereby the Remuneration Committee is responsible for the engagement of any remuneration consultants, the provision of information to the remuneration consultant, and the communication of remuneration recommendations. • The remuneration consultant agreed to adhere to the protocol procedures and was required to advise the Remuneration Committee whether or not it had been subjected to undue influence.
Is the Board satisfied that the remuneration recommendation was free from any such undue influence? What are the reasons for the Board being so satisfied?	Yes, the Board is satisfied. The reasons are as follows: • The protocol with respect to the procurement of remuneration related advice was adhered to, including with respect to engagement of the remuneration consultant, the provision of information to the remuneration consultant and the communication of remuneration recommendations. • The Remuneration Committee consulted on several occasions with the remuneration consultant in the absence of the executive KMPs. There were no concerns raised by the remuneration consultant with respect to any undue influence being exerted by the executive KMP. • The Remuneration Committee did not observe any evidence that undue influence had been applied.

C. Non-Executive Director's Remuneration

Objective

The objective is to set remuneration at a level which attracts and retains Non-executive Directors of the requisite expertise and experience at a cost acceptable to shareholders.

Structure

The maximum aggregate remuneration of Non-executive Directors is determined by the shareholders at a general meeting. At the 2012 Annual General Meeting (AGM), shareholders approved an increase to the maximum aggregate fee pool from A$400,000 to A$600,000. FY14 saw an increase in the fee structure for the Non-executive Directors following a benchmarking exercise against peers, and Mid. Cap. Resource companies listed on the ASX.

Effective 1st January 2014 the board, based on benchmark data provided by CRA, approved an increase in Chairman, Non-executive Directors, Managing Director and Chief Executive Officer (CEO) and Chief Financial Officer (CFO) fees and salaries. The Chairman fee increased from A$75,000pa. to A$150,000pa. The Non-executive Directors increased from A$40,000pa. to A$80,000pa. These increases are within the current aggregate fee pool as detailed above. The CEO and CFO increases are detailed in Section D of this report. All increases moved fees and salaries to the 50th percentile level identified in the peer benchmarking exercise.

In addition to his Director remuneration the Chairman is paid a fee per annum for the performance of special functional duties additional to the normal scope of a Non-executive Chairman. These duties include corporate development and investor relations services, particularly in North America where the Company is listed and has substantial shareholder and analyst coverage. This fee has been decreased from A$125,000 to A$100,000 and the additional variable component of $1,300 per day for additional work on behalf of and at the request of the CEO has been removed. The change became effective 1st January 2014. Details of additional duties are shown below.

Other Non-executive Directors are paid a base fee only.

In FY13 the Board decided that in future Non-executive Directors would not participate in any short or long term incentive schemes, including the LTI, of the Company.

On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment which details remuneration arrangements.

Fees

Annualised fees for the relevant periods were as follows:

	From 1 July 2013 to 30 June 2014	From 1 July 2012 to 30 June 2013
Position – Non-executive Directors		
Chairman	A$112,500	A$75,000
Other Non-executive Directors	A$60,000	A$40,000
Committee fees		
Committee Chairman	A$NIL	A$NIL
Committee member	A$NIL	A$NIL
Additional Fees		
Chairman Additional Services Fee	A$112,500[1] A$NIL	A$125,000 A$5,200

[1] The additional fees paid to the Chairman would be considered unusual for a Chairman under normal corporate governance. However the Board considers that, at this stage of development of the company and taking into account the geographical spread of the company's activities, the complex nature of its business and the challenging political environment in which its operations occur, a more active involvement of the Chairman is warranted. The additional fee is to compensate Mr James Calaway for his time, skills and expertise in undertaking a range of tasks on behalf of Orocobre, including:

1. In the previous year, Mr. Calaway was actively involved with the management team in the process of obtaining the approvals and agreements in Argentina which allowed the Olaroz project to proceed. Since then, Mr Calaway

continues to be the principal relationship for the Company with a number of key government officials within Argentina building on the strong relationships developed in the prior year.

2. Due to the fact that the company is dual listed in Canada and Australia, Mr. Calaway has been the primary Investor relations person supporting the North American markets. Mr. Calaway's extensive knowledge of the Company and his proximity to North American markets has allowed the Managing Director to spend considerably less time and expense to support the company's dual listing while having a principal interface (Mr. Calaway) with this important market.
3. Mr Calaway also has provided leadership on a number of possible corporate development opportunities which have arisen from the North American business sector.

These tasks are in addition to Mr Calaway's responsibilities as Chairman. During the last year, the executive management team has developed, and the Company has advanced in the construction of the Olaroz Project and in its Borax operations, Mr. Calaway has increasingly focused on the growing demands of Chairmanship, corporate development and investor relations in North America. The change to the structure of Mr Calaway's remuneration reflects these changes.
The total remuneration paid to each Non-executive Director for the year ended 30 June 2014 is detailed in section G of this report.

The table below provides further information in relation to fees paid to Non-executive Directors and other relevant issues.

Question	Response
Why was the maximum aggregate fee pool increased from A$400,000 to A$600,000	The aggregate fee pool was first established at the August 2007 AGM at a value of A$200,000. This was reviewed and increased to A$400,000 at the November 2010 AGM. Since then, the Company has graduated into the S&P/ASX 300 Index, expanded in South America through the acquisition of Borax Argentina SA, commenced joint venture partnership with Toyota Tsusho and continued to advance a number of existing projects in South America. The previous fee pool limit of A$400,000 left no room for an increase in Non-executive Director fees or for the appointment of additional directors based on existing fees.
Has there been an increase in the fees paid to Non-executive Directors considered since the increase to $600,000?	Yes, there has been an increase in Non-executive Director fees in FY14. Following a benchmark exercise against peer companies based on work performed by CRA it was determined that Non-executive Director's fees were below market and hence needed to be increased.
How does the Company determine the appropriate level of fees?	The Company obtained external advice from a remuneration consultant, CRA Plan Managers Pty Ltd, in relation to Non-executive Director fees. The Board considered the fees paid by selected relevant comparative group companies In determining Non-executive Director fees. The decision was made to increase fees to the median level of comparative companies.
Why is the Chairman's fee more than the base fee for Non-executive Directors?	The Chairman's fee also incorporates duties which are considered more onerous than a Non-executive Director. The time commitments of the other Non-executive Directors are substantially less than those of the Chairman.
Are the Non-executive Directors paid any incentive or equity based payments or termination/ retirement benefits?	The Non-executive Directors were not entitled to any short term incentives, long term incentives, equity based remuneration or termination/retirement benefits in FY 2014. The Non-executive Directors do not participate in such schemes.
Have the Non-executive Directors been paid any incentive or equity based payments or termination/ retirement benefits?	In accordance with the shareholder approved 2011 AGM Resolutions 6 to11 the Non-executive Chairman and Directors were granted options for no consideration so as to better align the interests of the Company and directors by providing an incentive to them to remain with the Company and increase Shareholder value. The Non-executive Directors have not since participated in any further issues and were not entitled to any short term incentives, long term incentives, equity based remuneration or termination/retirement benefits.
If Non-executive Directors are paid additional fees, how are these additional fees calculated?	From time to time, Non-executive Directors may be requested to provide additional services. In any such case, these additional fees are paid to the Non-executive Director in accordance with the expected additional days deemed necessary to perform these services and only after approval by the CEO and the Remuneration Committee.
Are Non-executive Directors' fees going to increase in FY	No. There are no plans to increase the Director's fees during this year.

2015?	
Is Superannuation included in Non-executive Director fees?	Statutory superannuation is paid to Australian resident Non-executive Directors and included in total fees paid.
Are Non-executive Directors entitled to participate in Orocobre's equity incentive schemes?	The Board is aware that the provision of equity incentives is contrary to the ASX Corporate Governance guidelines. Accordingly, offers of equity incentives to Non-executive Directors are not contemplated by your Board. If circumstances change and equity incentives were considered necessary then approval would be sought from shareholders at the time.
What other benefits are provided to Non-executive Directors?	Non-executive Directors receive reimbursement for any costs incurred directly related to Orocobre business.

Minimum shareholding guidelines

The Board has no approved minimum shareholding guidelines for Non-executive Directors at the date of this Report.

D. Managing Director and Other Executive KMP Remuneration

Objective

As indicated in Table 1, Orocobre's objective in structuring its remuneration for executive KMPs is to cultivate a performance based culture where competitive remuneration, benefits and rewards are aligned with Orocobre's objectives and where merit forms the basis of performance based pay and promotion. In addition, Orocobre seeks to attract, engage and retain high-calibre employees to meet the Company's current and future business needs.

Structure

Remuneration consists of the following key elements:

(i) Fixed Remuneration (FR);
(ii) Short Term Incentive (STI); and
(iii) Long Term Incentive (LTI).

The amount and relative proportion of Fixed Remuneration (which includes superannuation contributions), STI and LTI is established for each executive following consideration by the Remuneration Committee of market levels of remuneration for comparable executive roles and the internal relativities between executive roles.

For the annual remuneration review which resulted in the outcomes detailed in this remuneration report, the Remuneration Committee received expert advice from its external remuneration consultant, CRA Plan Managers Pty Ltd.

Objectives

Orocobre's executive KMP remuneration objectives and their interactions can be illustrated as follows:

Orocobre executive KMP Remuneration Objectives

- Attract, motivate and retain executives capable of operating across diverse
- An appropriate balance of 'fixed' and 'at risk' components
- Reward differentiation to drive performance, values and behaviours
- Shareholder value creation

Total target remuneration (TTR) is set by reference to the relevant markets and geographies

Fixed	At risk	
Fixed remuneration (FR)	Short-term incentives (STI)	Long-term incentives (LTI)
FR is set based on relevant market relativities, reflecting responsibilities, performance, qualifications, experience and geographic location	STI is set as a % of FR with performance criteria determined by the Board at the start of the performance year	LTI is set as a % of FR with equity allocations, subject to specified service and performance criteria set by the Board each year
Remuneration will be delivered as:		
Base salary plus any fixed allowances related to local markets, plus superannuation or their local market equivalents	Paid in cash at the end of the relevant performance period subject to Board approval.	Long term equity incentives will be provided as options and/or performance rights. All equity is held subject to service and performance criteria set at the time of grant. The equity is at risk until vesting.
Strategic intent and market positioning		
FR will generally be positioned at the median to 62.5th percentile compared to relevant market based data considering expertise and performance in the role	Short term incentives are directed to achieving Board approved targets each year that reflect market circumstances and Orocobre's stage of development.	LTI is intended to reward executive KMP for sustainable long-term growth aligned to shareholders' interests. LTI allocation values will be positioned in line with market expectations

Total target remuneration

TTR is intended to be positioned in the 3rd quartile compared to relevant market benchmark comparisons. 4th quartile TTR may result if superior outperformance is achieved.

Remuneration Mix

As set out in the remuneration objectives above Orocobre intends to provide an appropriate mix of remuneration components balanced between fixed and 'at risk' components. The broad remuneration composition mix for Orocobre executive KMP in FY14 and proposed for FY15 can be illustrated as follows:

Current Remuneration Mix – FY14

Position	FR	STI	LTI
Managing Director and CEO	63%	23%	14% (1)
Other Executives • Chief Financial Officer	74%	20%	6%
• Business Development Manager	74%	21%	5%

(1) 14% represents the amount determined under the Accounting Standards (AIFRS-2) and will include prior year LTI awarded expensed in FY14. Managing Director's FY14 LTIs are yet to be approved.

Proposed Remuneration Mix – FY15

Position	FR	STI	LTI
Managing Director and CEO	50-80%	10-25%	10-25%
Other Executives	50-80%	10-25%	0-15%

The remuneration mix will be assessed each year to ensure an appropriate weighting between fixed and variable elements and to ensure executive KMP remuneration is aligned to Orocobre's short, medium and long term objectives. Executives appointed in 2013 participated in the incentive schemes for the first time in FY14.

An explanation of the individual elements of executive KMP remuneration is as follows:

(i) Fixed Remuneration (FR)

At Orocobre, the purpose of Fixed Remuneration is to provide a base level of remuneration which is market competitive and appropriate. Fixed Remuneration is inclusive of superannuation. Executive KMP are given the opportunity to receive their Fixed Remuneration as either base salary (if based overseas) or base salary and superannuation.

Fixed Remuneration is reviewed annually. Any adjustments to the Fixed Remuneration for the Managing Director and executive KMP must be approved by the Board which considers the recommendations of the Remuneration Committee.

(ii) Short Term Incentives (STI)

Question	Response
What is the STI?	The STI is the annual cash component of the "at-risk" reward opportunity, based predominantly on a mix of Company, operational and individual targets. The purpose is to link the achievement of the Company's annual targets with the remuneration received by the responsible executive KMP.
When is the STI grant paid?	The FY14 STI is calculated based on a financial year and the resulting value of the STI will be paid in October 2014 to all eligible participants who satisfied specific performance measures and hurdles set for financial year 2014 following the assessment process.
How does the Company's STI structure support achievement of the Company's strategy?	The STI strengthens the link between pay and performance. Annual targets are established by reference to the Company's strategy of: growth through discovery, acquisition and development, operations that meet performance targets, optimisation of shareholder value and adherence to core values.
How are the performance conditions determined?	At the beginning of each financial year, a number of critical tasks linked to the Company's strategy, including financial and non-financial measures of performance, are identified. The extent to which those targets are achieved determines the amount of STI paid.
Is a portion of STI deferred? Has the Board considered proposing	No. At this stage, the Board does not consider it appropriate to defer a portion of the STI. This is because key performance indicators are largely objective. However, the

claw-back provisions?	matter is considered on an annual basis. For similar reasons, the Board has thus far considered it unnecessary to include any claw-back arrangements.
What were the performance conditions under the STI for executive KMP in Financial year 2014?	The STI performance hurdles (and weighting %) for FY14 are set out in the table below for the applicable KMP. • Managing Director/Chief Executive Officer – Richard Seville • Chief Financial Officer / Company Secretary – Neil Kaplan • Business Development Manager – David Hall
How are actual results measured against the performance hurdles?	For each performance hurdle the Remuneration Committee assesses the actual performance against the set targets and allocates the achieved percentage. Further information is provided in table 2 below.

Table 2

STI Performance Conditions	Weighting %		
	Richard Seville	Neil Kaplan	David Hall
Construction of Olaroz Project	30%	20%	25%
Commercial Production of Lithium Carbonate	20%	-	10%
Borax Argentina EBITDA	15%	10%	10%
Borax Argentina Plant Relocation	10%	10%	10%
Borax Argentina Oil/Gas Market	-	-	20%
SDJ/Borax SAP Implementation	-	10%	-
Discretionary[1]	25%	50%	25%
	100%	100%	100%

[1] The discretionary conditions incorporate an assessment of progress towards the achievement of a number of sub-conditions that work towards greater development and maintenance of the operations of Orocobre Limited.

(iii) Long Term Incentives (LTI)

The LTI is the equity component of the at-risk reward opportunity of total remuneration. The objective of the LTI is:

- to provide an incentive to executive KMPs which promotes both the long term performance and growth of the Company;
- encourages the retention of the Company's executives ,and
- the attraction of new executives and/or officers to the group.

For FY14, the Company provided the LTI to executive KMPs through the Performance Rights and Option Plan (PROP). This plan was approved by shareholders at the 2012 Annual General Meeting.

In FY14 the executive KMP participated in the PROP. The Managing Director has not yet received a LTI grant for FY14. The Managing Director's LTI approval is subject to shareholder approval at the next AGM.

Table 7 in section H provide details of LTI grants to executive KMPs. The tables also detail the vesting periods and lapses under the PROP. Table 3 below summarises the key features of the LTI issued to the executive KMPs for the year ended 30 June 2014.

Question	Response
What is the PROP?	Introduced in November 2012, the PROP is a contemporary equity incentive plan which allows the Company to provide either performance rights or options to eligible and invited employees, subject to the terms of the plan. PROP is supported by the Orocobre Employee Share Scheme Trust which has been established to facilitate and manage the issue or acquisition of shares on the settlement of vested rights or options. The 2014 issue of performance rights shares to the Managing Director are yet to be assessed and approved by the shareholders at the 2014 Annual General Meeting.
How does the PROP align the interests of shareholders and executives?	The PROP links rewards for executives to the Company's strategy which drives the creation of long term shareholder wealth – the greater the performance of the Company, the greater the return to the executives; and vesting of shares only occurs with the successful completion of performance requirements and time based conditions as determined by the Board.
How does the PROP support	An objective of offering equity incentives under the PROP is to assist in the reward,

the retention of executives?	retention and motivation of eligible and invited key executives. If an executive resigns they would forfeit the benefit of those unvested rewards unless the Board determines otherwise.
What are the principal terms of the issue made under the PROP in 2014?	Under the PROP in 2014 the KMP's were invited to apply for Performance Rights. The rights were granted on 30 April 2014. The vesting date for the performance rights is the later of 31 August 2016 or date of release of the company's financial results for the 2015/2016 financial year. Vesting of the April 2014 performance rights are subject to the matrix of outcomes as set out in the tables below. The shares coming out of performance rights will be issued at no cost to the KMP's as long as they meet the conditions.
Can performance conditions be retested?	No. Performance conditions will be tested at the vesting date and if the performance conditions have not been met, the options and/or rights will lapse.
Can participants secure or mortgage rights or options under PROP?	No. Participants cannot secure, mortgage or create lien in respect of their interests in PROP.
Does the executive obtain the benefit of dividends paid on shares issued under the PROP?	No. Options and performance rights are not entitled to dividends or other distributions. Shares acquired on vesting and exercise of performance rights or options will be ordinary securities and entitled to dividends, if any. No dividends apply before vesting and exercise.
In what circumstances would the PROP entitlements be forfeited?	Unless the Board otherwise determines, the rights and options will lapse on the earlier of; 1. The cessation of the employment of the participant. 2. The vesting conditions are not achieved or incapable of being achieved by the participant. 3. The Board determines that the vesting conditions have not been met prior to the expiry date. 4. The expiry date (last exercise date)
What happens to LTI entitlements upon a change of control in the Company?	In the event of a takeover or change of control, any unvested performance rights will vest immediately.
Do shares issued under the PROP dilute existing shareholders' equity?	The issue of shares can have a small dilutionary impact upon other shareholders. The number of Performance Rights or Options granted under this Plan must not exceed when aggregated with any shares issued during the previous 5 years pursuant to any other employee share scheme operated by the Company, a maximum of 5% of the total issued capital of the Company at the time of the grant, excluding unregulated offers.
Are the shares issued on exercise of options or rights under the PROP bought on market?	Whether the Company settles options or rights from a new issue or by on-market purchase will be determined by the Board, at the time.
What other rights does the holder of the shares have?	Subject to the conditions and restrictions attaching to the shares, acquired on vesting and exercise of rights and options, the holder of the shares has the same rights as any other holder of ordinary shares. This includes voting rights, a right to dividends, dividend reinvestment, bonus shares, rights issues and notice of meetings.
Does the Company have Executive Share Ownership Guidelines?	The Company does not have a formal policy requiring executives to own shares.
Can executive KMP hedge to ensure that they obtain a benefit from unvested LTI's?	No. All executive KMP have been advised that under section 206J of the Corporations Act it is an offence for them to hedge unvested grants made under the PROP.

E. Relationship of Incentives To Orocobre's Operating and Financial Performance

The fundamental aim of Orocobre is to create benefit for shareholders by establishing operations that produce high quality products from relatively low capital and low operating cost operations. The Company is equally committed to achieving excellence in sustainability practices ensuring the safety, health and wellbeing of its employees, and responsibly managing the impacts to the communities and the environment within which it operates. Accordingly, remuneration is linked to sustainability performance at all levels of the organisation to reinforce sustainability as a core value.

In terms of Orocobre's performance over the course of FY14, the following should be noted:

- Orocobre's share price fluctuated over the course of FY14, ending the year at A$2.26 per share and the 52 week closing share price ranged from A$1.35 to A$2.55 per share.
- Construction of the Olaroz project under a joint venture agreement of Orocobre, Toyota Tsusho Corporation (TTC) and Jujuy Energia y Mineria Sociedad del Estado (JEMSE) continued throughout FY14. This project is forecast to be completed on budget.
- The relocation and construction of Borax Argentina's chemical plant from Campo Quijano to Tincalayu Mine was also executed during FY14.

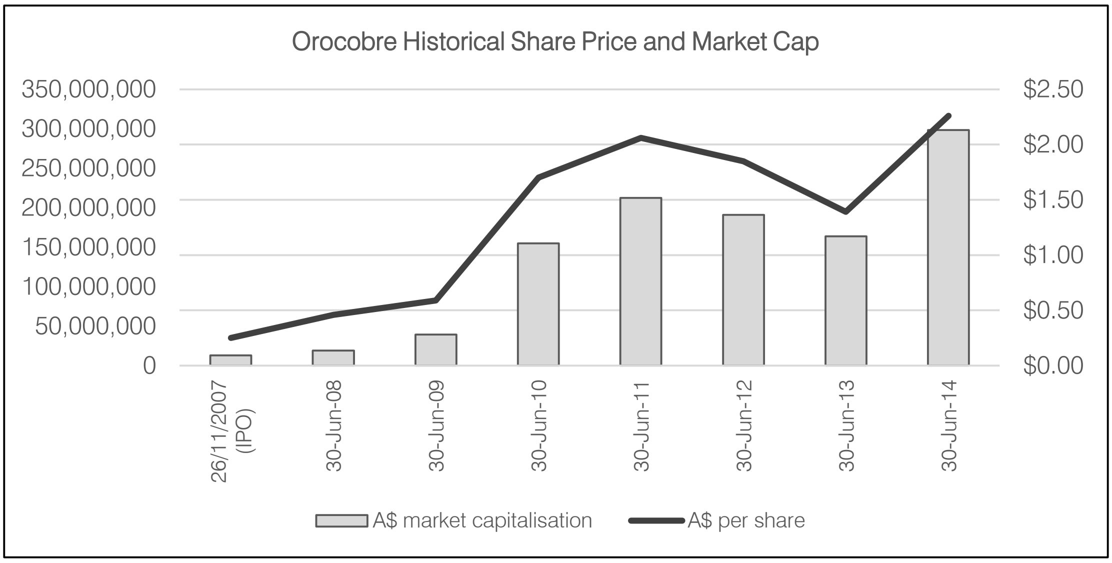
Table 4 below shows the performance for the Company as measured by its share price and market capitalisation over the last eight financial years. The graph below shows the complete historical movement in the share price and market capitalisation. Over the past 12 months the Company has achieved the status of an ASX 300 company, the market capitalisation has increased by 82% and closing share price by 63% in comparison to the prior year. The progress and achievements of the Company through complex transitions and in a complex geographical environment has led to increased remuneration for the Board and certain KMP. The Company has taken a conservative approach to remuneration and has increased the Board and certain KMP to reflect the midpoint of similar market capitalised companies. Such evaluation was performed by CRA.

Table 4

Year	26-Nov-07 IPO	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14
A$ per share	$0.25	$0.46	$0.59	$1.70	$2.06	$1.85	$1.39	$2.26
A$ market capitalisation	13,029,797	19,230,290	39,409,100	154,761,924	212,291,021	190,910,804	163,665,745	298,414,719
Basic Earnings/Loss Per Share (EPS) (A cents)*	N/A	$(1.04)	$(2.80)	$(5.56)	$(1.88)	$(2.74)	$85.26	$(4.32)
A$ profit/(loss) ('000)	N/A	$(435)	$(1,486)	$(4,164)	$(1,790)	$(2,830)	$95,685	$(5,459)
S&P ASX 300	6486	5219	3949	4293	4608	4084	4759	5339

* Basic EPS is calculated as net profit / (Loss) after tax and non-controlling interests (statutory profit / (loss)) divided by the weighted average number of ordinary shares

Directors Report



Relationship of executive KMP remuneration and performance

The Managing Director, Mr Richard Seville, the Chief Financial Officer, Mr Neil Kaplan and the Business Development Manager, Mr David Hall are the executive KMP who are to receive performance based remuneration for FY14. The relationship between their 'at risk' remuneration and Orocobre's performance can be explained as follows:

Short Term Incentives

Position	STI Opportunity	STI Accrued	% Achievement
Seville (CEO)	$348,814 (75% of FR)	$199,125[1]	57%
Kaplan (CFO)	$138,000* (30% of FR)	$96,600[2]	70%
Hall (BDM)	$108,000* (30% of FR)	$72,900[2]	67%

[1] Amount estimated (as STI KPI's still to be assessed) and accrued for FY14 which represents a 12 month period

[2] Amount estimated (as STI KPI's still to be assessed) and accrued for FY14 which represents an 18 month period

* STI Opportunities represent 18month period

Basis of assessment of performance

- Olaroz Construction - Results achieved against budgeted threshold of US$229.4m (excluding finance, marketing and Brisbane charges (CEO, CFO, BDM);
- Olaroz Production – Results achieved against target of first processing of brine through plant to produce primary lithium carbonate (CEO, BDM);
- Borax Argentina – Results achieved against EBITDA FY14(CEO, CFO, BDM);
- Borax Argentina – Results achieved based on successful relocation of the plant on time and on budget (CEO, CFO, BDM);
- SDJ/Borax ERP – Results achieved based on successful implementation of SAP on time and on budget (CFO only);
- Borax Argentina – Results achieved on the development of specific marketing initiatives (BDM only); and
- Achievement of specific objectives and strategies set by the Board (CEO, CFO, BDM).

Long Term Incentives

Long term equity incentives grants to selected key executives, including executive KMP, are considered on an annual basis. LTI grants outstanding at the date of this report to executive KMP are summarised as follows:

Position	Date of Grant	Type	Exercise Price	Number	First Available Date	Performance Conditions
Seville (CEO)	21/3/13	Option	$2.20	301,092	31/8/15	(1)
Seville (CEO)	21/3/13	Right	$0.00	140,792	31/8/15	(2)
Kaplan (CFO)	30/4/14	Right	$0.00	197,080	31/8/16	(3)
Hall (BDM)	30/4/14	Right	$0.00	131,387	31/8/16	(3)

LTI and company performance
At the date of this report none of the LTI grants have yet vested. All grants remain subject to demanding service and performance conditions set down and which are in-line with contemporary market standards.

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

(1) ORE TSR outperformance relative to the S&P/ASX 300 Index;
(2) 75% - Complete construction of Olaroz Project within 10% of Development Budget and achieve satisfactory completion tests in accordance with Banking Agreements, and
25% - Achieve Group NPAT of $5M or more in FY15;
(3) 50% - ORE TSR outperformance relative to the S&P/ASX 300 Resources Index, and
50% - Achievement of specific cost, production and earnings hurdles for Olaroz and Borax projects.

Likely achievement against the targets set will be independently assessed at the first available dates to determine the vesting percentages, if any.

The amounts included in the remuneration tables reflect the assessed 'fair value' of these equity LTI expensed over the relevant service period determined in accordance with AIFRS-2.

F. Service Agreements

Remuneration and other key terms of employment for the Managing Director and other executive KMP are formalised in a service agreement. Table 8 below provides a high level overview of conditions relating to the term of the contract, the notice period to terminate and the termination benefit.

Table 5

Name and Title	Term of Agreement	Notice Period by Either Party	Termination Benefit
Richard Seville, Managing Director and Chief Executive Officer	Open	3 months	12 months fixed remuneration
Neil Kaplan, Chief Financial Officer	Open	3 months	3 months fixed remuneration
David Hall, Business Development Manager	Open	1 month	1 month fixed remuneration

Terms of agreement and associated benefits were agreed at the time the executive KMP commenced with Orocobre or upon promotion.

G. Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP stated in A$ is as follows:

Name		Short-term employee benefits			Sub-total		Non-cash benefits accrued		
		Directors' Fees / Base Salary A$ (1)	Short Term Incentive A$ (1)	Retirement benefits / Superannu -ation A$ (1)	Cash benefits received A$ (1)	Annual leave / Termination benefits A$ (1)/(2)	Equity Settled Options A$ (1)	Long Term Incentives A$ (1)/(3)	Total Remuneration A$ (1)
Non-Executive Directors									
James Calaway	**2014**	**225,000**	**-**	**-**	**225,000**	**-**	**12,386**	**-**	**237,386**
	2013	205,200	-	-	205,200	-	40,173	-	245,373
Courtney Pratt	**2014**	**60,000**	**-**	**-**	**60,000**	**-**	**8,258**	**-**	**68,258**
	2013	40,000	-	-	40,000	-	26,782	-	66,782
John Gibson	**2014**	**60,000**	**-**	**-**	**60,000**	**-**	**8,258**	**-**	**68,258**
	2013	40,000	-	-	40,000	-	26,782	-	66,782

Fernando Oris de Roa 2014	60,000	-	-	60,000	-	8,258	-	68,258
2013	40,000	-	-	40,000	-	26,782	-	66,782
Federico Nicholson 2014	60,000	-	-	60,000	-	8,258	-	68,258
2013	40,000	-	-	40,000	-	26,782	-	66,782
Robert Hubbard 2014 (Appointed 30 Nov'2012)	60,000	-	-(5)	60,000	-	-	-	60,000
2013	23,333	-	-(5)	23,333	-	-	-	23,333
Neil Stuart 2014 (Retired 30 Nov'2012)	-	-	-	-	-	-	-	-
2013	16,667	-	-	16,667	-	18,692	-	35,359
Total Non-Executive Directors 2014	525,000	-	-	525,000	-	45,418	-	570,418
2013	405,200 (iv)	-	-	405,200	-	165,993	-	571,193

Name	Short-term employee benefits			Sub-total		Non-cash benefits accrued		
	Directors' Fees / Base Salary A$ (1)	Short Term Incentive A$ (1)	Retirement benefits / Superannu-ation A$ (1)	Cash benefits received A$ (1)	Annual leave / Termination benefits A$ (1)/(2)	Equity Settled Options A$ (1)	Long Term Incentives A$ (1)/(3)	Total Remuneration A$ (1)
Managing Director								
Richard Seville 2014	465,085	199,125	18,346	682,556	63,923	-	119,716	866,195
2013	347,650	328,000	22,950	698,600	2,622	-	33,455	734,677
Other executive KMP								
Paul Crawford (4) 2014	-	-	-	-	-	-	-	-
2013	116,100	-	-	116,100	-	-	-	116,100
Neil Kaplan 2014 (Appointed 7 Jan 2013)	313,683	96,600	24,992	435,275	14,213	-	26,892	476,380
2013	145,161	-	13,065	158,226	10,015	-	-	168,241
David Hall 2014 (Appointed 7 Jan 2013)	240,000	72,900	22,200	335,100	2,774	-	17,928	355,802
2013	146,129	-	10,452	156,581	8,935	-	-	165,516
Total other executive KMP 2014	1,018,768	368,625	65,538	1,452,931	80,910	-	164,536	1,698,377
2013	1,160,240	328,000	46,467	1,534,707	21,572	165,993	33,455	1,755,727

Notes to previous tables:

‡ The Managing Director received an increase of 60.3% in base salary to $545,000 effective January 2014 to reflect the growth and increasing complexity of the Company. This increase is substantial and was only proposed by the Board after careful consideration, including external independent assessment. The Managing Director's base salary was previously $340,000 and had changed little for several years. It was revealed on review to be in the bottom quartile of comparable resource company CEO's. The FY14 uplift brings fixed remuneration in line with the market and takes into account the success of the incumbent CEO in the role, the broader and ''deeper'' workload required as a result of moving through very exacting transitions in a complex geographical environment and the Company now being on the cusp of production at Olaroz. The Board believes the revised level of remuneration for the Managing Director reflects a fair level based on the abovementioned points. Based on independent assessment the Managing Director's Fixed Annual Remuneration (FAR) is now positioned at or about the 50th percentile of comparable CEO's and is reasonable.

1) Payments to the Non-executive Directors, the Managing Director and other senior executives are paid in Australian dollars. The Company has followed a conservative remuneration strategy, especially whilst in the development stage, and such increases are due to the complex transitions and challenges the Board and KMP have overcome in reaching the cusp of production, whilst ensuring such levels of remuneration are based on the midpoint of comparative companies as per

the external remuneration study.
The Directors and KMP base salaries FY 2014 and related superannuation and annual leave benefits reflect the half year impact of this change in base salaries effective 1st January 2014.

2) Annual leave and termination benefits represent amounts provided for long service leave and termination entitlements during the year ended 30 June 2014. Termination benefits are those referred to under Section F Service Agreements of this Remuneration Report. Termination benefits are payable when an executive KMP leaves the employment of the Company (other than for gross misconduct) are included in the table.

3) The value for Long Term Incentives presented in the tables above is calculated in accordance with AASB 2 Share Based Payments and represents securities issued under the LTI equity plans that have been expensed during the current year. The fair values of long term incentives have been calculated by an independent third party.

4) Paul Crawford was paid through a company "Cambridge Business & Corporate Services" as the Company Secretary. Mr Crawford resigned as Company Secretary as at 1 July 2013 and Mr Neil Kaplan was appointed as his replacement as of this date.

5) The Non-executive Director fees paid to Robert Hubbard have been adjusted by $5,550 for FY14 and $2,100 for FY13 as a result of an overpayment. These amounts have been committed to be repaid by Mr Hubbard within the first quarter of FY15.

Table 6 below shows the proportion of the total actual remuneration that is linked to performance and the proportion that is fixed:

Table 6

Name	Fixed remuneration		At risk - STI		At risk - LTI		Total	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %	2014 $	2013 $
Non-executive Directors								
James Calaway	95%	84%	0%	0%	5%	16%	100.00%	100.00%
John Gibson	88%	60%	0%	0%	12%	40%	100.00%	100.00%
Courtney Pratt	88%	60%	0%	0%	12%	40%	100.00%	100.00%
Fernando Oris de Roa	88%	60%	0%	0%	12%	40%	100.00%	100.00%
Federico Nicholson	88%	60%	0%	0%	12%	40%	100.00%	100.00%
Rob Hubbard	100%	100%	0%	0%	0%	0%	100.00%	100.00%
Managing Director								
Richard Seville	63%	50%	23%	45%	14%	5%	100.00%	100.00%
Other executive KMP								
Neil Kaplan	74%	100%	20%	0%	6%	0%	100.00%	100.00%
David Hall	74%	100%	21%	0%	5%	0%	100.00%	100.00%

H. Share-Based Compensation Issues to the Non-Executive Directors and Executive KMP

The table7 below highlights the movement in rights for the Non-executive Directors and executive KMP in 2014.

Table 7

	Movement during the year							As at 30 June 2014		
	Grant Date	Type	Balance at 1 July 2013	Rights granted (ii)/(v)	Rights exercised (i)/(iii)	Rights lapsed (iv)	Balance at 30 June 2014	Vested and Exercisable	Unvested	Loan Amount $A
James Calaway	30/11/11	Options	150,000	-	-	-	150,000	150,000	-	Nil
Total number			150,000				150,000	150,000		
Total value			$113,850				$113,850	$113,850		
John Gibson	30/11/11	Options	100,000	-	-	-	100,000	100,000	-	Nil
Total number			100,000				100,000	100,000		
Total value			$75,900				$75,900	$75,900		
Courtney Pratt	30/11/11	Options	100,000	-	-	-	100,000	100,000	-	Nil
Total number			100,000				100,000	100,000		
Total value			$75,900				$75,900	$75,900		
Fernando Oris de Roa	30/11/11	Options	100,000	-	-	-	100,000	100,000	-	Nil
Total number			100,000				100,000	100,000		
Total value			$75,900				$75,900	$75,900		
Federico Nicholson	30/11/11	Options	100,000	-	-	-	100,000	100,000	-	Nil
Total number			100,000				100,000	100,000		
Total value			$75,900				$75,900	$75,900		
Richard Seville	21/03/13 21/03/13	Options Performance Rights	301,092 140,792	- -	- -	- -	301,092 140,792	- -	301,092 140,792	Nil Nil
Total number			441,884				441,884		441,884	
Total value			$292,893(v)				$292,893		$292,893	
Neil Kaplan	30/04/14	Performance Rights	Nil	197,080	-	-	197,080		197,080	Nil
Total number			Nil	197,080			197,080		197,080	
Total value			Nil	$376,482 (v)			$376,482		$376,482	
David Hall	30/04/14	Performance Rights	Nil	131,387	-	-	131,387		131,387	Nil
Total			Nil	131,387			131,387		131,387	

number										
Total value			Nil	$250,988 (v)			$250,988		$250,988	

*Section 300(1) of the Corporations Act 2001 (Cth) requires additional disclosure for the KMPexecutives which is detailed in Table 9.

(i) No amounts are unpaid on any shares issued on the exercise of options.
(ii) The value at grant date reflects the fair value of the right multiplied by the number of rights granted during the period converted using the rate at the date of grant.
(iii) The value at exercise date of the securities that were granted as part of remuneration and were exercised during the year, being the value of the share at the date of exercise less the exercise price and less the fair value of the right at grant date multiplied by the number of rights exercised converted using the rate at the date of exercise.
(iv) The value at lapse date of the securities that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied.
(v) The fair values of long term incentives have been calculated by CRA, an independent third party. This table below summarises the details of the grants and assumptions that were used in determining the fair value of PROP, options and rights on the grant date.

Table 8

Input Variable	21/3/13 (Options)	21/3/13 (Performance Rights)	30/4/14 (Performance Rights)
Valuation Model	Monte Carlo Simulation	Binomial Approximation	Monte Carlo Simulation/Binomial Approximation
Exercise Price	$2.20	$0.00	$0.00
Share Price	$1.36	$1.36	$2.23
Expected Life (Days)	893	893	854
Expected Volatility	60%	60%	50%
Expected Dividend Yield	0%	0%	0%
Expected Risk Free Rate	3.03%	3.03%	2.84%
Performance Conditions	Market	Non-Market	Market and Non-Market
Fair Value (Average)	$0.3365	$1.36	$1.91

Table 9

Shareholdings of Key Management Personnel

	Opening Balance 1/07/2013	Options Converted	Compensation	Purchased/Sold	Closing Balance 30/06/2014
James D. Calaway	8,574,000	-	-	-	8,574,000
Richard P. Seville	4,926,500	-	-	50,000	4,976,500
John W. Gibson	25,000	-	-	-	25,000
Courtney Pratt	-	-	-	-	-
Fernando Oris de Roa	-	-	-	-	-
Federico Nicholson	-	-	-	-	-
Robert Hubbard	-	-	-	-	-
Neil Kaplan	20,000	-	-	-	20,000
David Hall	-	-	-	-	-
Total	13,545,500	-	-	50,000	13,595,500

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

James D Calaway
Chairman

Richard P Seville
Managing Director

Signed: 26th September 2014

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Auditor's independence declaration to the Directors of Orocobre Limited

In relation to our audit of the financial report of Orocobre Limited for the financial year ended 30 June 2014, 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

Ernst & Young

K McKenzie

Kellie McKenzie
Partner
Brisbane
26 September 2014

Corporate Governance Statements

ASX Best Practice Recommendations

The table below contains a list of each of the ASX Best Practice Recommendations and whether the Company was in compliance with the recommendations at the end of the year. Where the Company considers that it is divergent from these recommendations, or that it is not practical to comply, there is an explanation of the Company's reasons set out below the table:

		Complied
1.1	The entity has established the functions reserved to the board and those delegated to senior executives.	✔
1.2	The entity has disclosed its process for evaluating the performance of senior executives.	✔
1.3	The entity has provided the information indicated in guide to reporting on Principle 1.	✔
2.1	A majority of the Board should be independent directors.	✔
2.2	The chair should be an independent director.	✘
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	✔
2.4	The Board has established a nomination committee.	✘
2.5	The entity has disclosed the process for evaluating the performance of the board, its committees and individual directors.	✔
2.6	The entity has provided the information indicated in guide to reporting on principle 2.	✔
3.1	The entity has established a code of conduct and disclosed the code or a summary of the code.	✔
3.2	The entity has established a policy concerning diversity and disclosed the policy or a summary of that policy. The policy includes requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	✘
3.3	The entity has disclosed in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	✘
3.4	The entity has disclosed in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	✔
3.5	The entity has provided the information indicated in the guide to reporting on Principle 3.	✔
4.1	The board has established an audit committee.	✔
4.2	The audit committee has been structured so that it: ➤consists of only non-executive directors ➤consists of a majority of independent directors ➤is chaired by an independent chair, who is not chair of the board ➤has at least three members.	✔
4.3	The audit committee has a formal charter.	✔
4.4	The entity has provided the information indicated in the guide to reporting on Principle 4.	✔
5.1	The entity has establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	✔
5.2	The entity has provided the information indicated in the guide to reporting on Principle 5.	✔
6.1	The entity has a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclosed the policy or a summary of the policy.	✔
6.2	The entity has provided the information indicated in the guide to reporting Principle 6.	✔
7.1	The entity has established policies for the oversight and management of material business risks and disclosed a summary of those policies.	✔
7.2	The board requires management to design and implement risk management and internal control systems to manage the entity's material business risks and report to it on whether those risks are being managed effectively. The Board has disclosed that management has reported to it as to the effectiveness of the company's management of its material business risk.	✔
7.3	The board has disclosed whether it has received assurances from the CEO (or equivalent) and the CFO (or equivalent) that the declaration provided in accordance with S.925A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✔
7.4	The entity has provided the information indicated in the guide to reporting on Principle 7.	✔
8.1	The Board has established a remuneration committee.	✔

8.2	The remuneration committee is structured so that it: ➤consists of a majority of independent directors ➤is chaired by an independent chair ➤has at least three members.	✔
8.3	The entity clearly distinguishes the structure of non-executive directors remuneration from that of executive directors and senior executives.	✔
8.4	The entity has provided the information indicated in the guide to reporting on Principle 8.	✔

This Corporate Governance Statement outlines the key principles and practices of Orocobre Limited ("Orocobre" or the "Company"), which represents its system of governance. The Company's Board is committed to implementing best practice corporate governance procedures and has adopted ASX's Corporate Governance Principles and Recommendations as released by the ASX Corporate Governance Council (the "Principles") as the basis for its corporate governance policies. In viewing this Statement, shareholders are reminded that the Company is transitioning from a "junior explorer" into an operating company committed to developing its governance principles and practices to support that rapid growth while maintaining a lean and efficient corporate management structure appropriate for its stage in development. The Company advises that where its practices are not entirely consistent with the ASX Principles this is because the Board considers some of the recommendations are not applicable to the Company's size and the nature of its current operations. However, the Board and management of the Company are committed to the progressive implementation of the Principles, appropriate to each stage of the Company's development. A summary of compliance with the Principles are provided below.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Lay Solid foundations for management and oversight

The Board's role is to govern the Company and to ensure that it represents effectively the interests of all shareholders. In governing the Company, the Directors must act in the best interests of the Company as a whole. The Managing Director and executive management, manage the day to day activities of the Company in accordance with the directions and delegations of the Board whilst the Board oversees the activities of the Managing Director and executive management in carrying out these delegated duties. In carrying out its governance role, the main task of the Board is to drive the performance of the Company consistent with its values and articulated procedures and practices. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose these functions.

The Company has developed a Board Charter, which documents the respective roles and responsibilities of the Board and senior executives. In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

To assist the Board in fulfilling its duties and responsibilities, the following Committees have been established:

a) Audit Committee, which is responsible for monitoring and advising the Board on the Company's internal and external audit, risk management and regulatory compliance policies and procedures;

b) Remuneration Committee, which is responsible for overseeing the remuneration policies and practices of the Company, advising the Board on the composition of the Board and its Committees, reviewing the performance of the Managing Director and reviewing the performance reviews of senior executives undertaken by the Managing Director.

The Board is collectively responsible for:

- input into the development and approval of corporate strategy, including financial objectives;
- the appointment and removal of the Managing Director, Chief Financial Officer and Company Secretary;
- oversight of control and accountability systems;
- evaluating and approving the annual operating budget and business plans and holding management accountable for delivery of same;
- evaluating, approving and monitoring the progress of major capital and operating expenditure, capital management and all major corporate transactions;
- monitoring compliance with all legal and regulatory and ethical obligations;
- reviewing any risk management system (which may be a series of systems established on a per-project basis) and internal compliance and controls;
- with the assistance of the Remuneration Committee, approving remuneration policies and the employment terms for non-executive Directors, the Managing Director, and senior executives;
- with the assistance of the Remuneration Committee, establishing criteria for and monitoring performance of the Managing Director and senior executives;

- approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders;
- determining Orocobre's dividend policy, the operation of the dividend re-investment plan (if any) and the amount and timings of all dividends; and
- appointing the Chairman of Orocobre.

The Board will convene regular meetings as may otherwise be required to deal with urgent matters which might arise between scheduled meetings.

Newly appointed Directors will be provided with formal appointment letters setting out the key terms and conditions regarding their appointment. Similarly, senior executives, including the Managing Director are provided with formal job descriptions and letters of appointment clearly stating their term of office, duties, rights and responsibilities, and entitlements on termination.

1.2 Companies should disclose the process for evaluating the performance of senior executives.

Senior executive performance is reviewed against a range of quantitative and qualitative measures. Remuneration reviews also take into account length of service, particular experience of the individual concerned, overall performance of Orocobre and the individual and market practice with respect to comparable positions.

The Remuneration Committee reviews the Managing Director's performance and the Managing Director reviews other executives' performance. The results of the Managing Director's performance reviews of senior executives are reported to the Remuneration Committee for information and approval of any incentive payments. The performance of senior executives is reviewed on a formal basis annually. The Remuneration Committee's review of the Managing Director's performance and the Managing Director's review of senior executive's performance were undertaken during the year.

For more information, please refer to the Remuneration Report within the Directors Report.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Structure the board to add value

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The Board of Orocobre currently comprises seven Directors. Mr Richard Seville who is the Managing Director and Chief Executive Officer is considered an executive Director. The remaining six Directors are considered non-executive Directors. Five of these non-executive directors are independent. Further details of the Directors such as their qualifications and experience along with their terms of office are set out in the Directors' Report.

Within the cost limits appropriate for a company of Orocobre's size, the Board has been structured to provide optimum experience and oversight of the Company's operations. The Board considers that the existing Directors bring the range of skills, knowledge and experience necessary to govern the Company effectively. The Board regularly reviews the composition, skill base and effectiveness of the Board.

2.1 A majority of the board should be independent directors.

Orocobre had a majority of independent directors throughout the year. As at the date of this Annual Report, the Board consists of a majority of independent directors. The Board comprises one executive Director and six non-executive Directors. There are five non-executive Directors that are independent. The Non-Executive Chairman of the Board, Mr James Calaway, is not independent as he is the Managing Member of a Limited Liability Company with a substantial shareholding in the Company. The five non-executive Directors that are independent and meet the criteria for independence proposed by the Principles are: Mr Courtney Pratt, Mr John Gibson, Mr Oris de Roa, Mr Federico Nicholson and Mr Robert Hubbard.

While determining the independent status of Directors, the Board has considered whether the Director:

a) holds less than five percent of the voting shares of the Company (in conjunction with their associates); or is an officer of the Company, or otherwise associated directly with a shareholder of more than five percent of the voting shares of the Company;
b) has within the last three years, been employed in an executive capacity by the Company or another group member;
c) has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided. In this context, the relationship with the professional adviser or consultant shall be deemed to be material if payments from the Company exceed 10% of the Company's annual expenditure to all professionals and consultants or exceed 10% of the recipient's annual revenue for advisory or consultancy services;
d) is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer. In this context, the relationship with the supplier or customer shall be deemed to be material if annual payments to or from that supplier or customer exceed 10% of the annual consolidated gross revenue of either the Company or that supplier or customer; and
e) has a material contractual relationship with the Company or other group member other than as a Director of the Company.

Corporate Governance Statements

2.2 The chair should be an independent director
Orocobre is not compliant with this Recommendation as Mr Calaway is not an independent Director as detailed in 2.1. However, at this time in the Company's stage of development, the Board considers that the most suitable person to fulfil the role of Chairman is Mr Calaway. To manage any potential conflicts of interest, Mr Pratt has been appointed as a lead independent Director. In this capacity, Mr Pratt will lead board discussions in the event that there is a perceived conflict of interest for the Chairman, chair Board in-camera sessions and liaise with the Company's Managing Director on any matters relating to the Chairman.

2.3 The roles of chairperson and chief executive officer should not be exercised by the same person.
Orocobre is compliant with this Recommendation. The Chairman is not the Chief Executive Officer nor does he perform Chief Executive Officer functions. The Company's Managing Director, Mr Seville is the Chief Executive Officer. The Managing Director is responsible for running the affairs of the Company under delegated authority of the Board, including the implementation of the policies and strategy set by the Board. There is a clear division of responsibilities between the Chairman and the Chief Executive Officer.

2.4 The board should establish a nomination committee.
The Company does not comply with this recommendation currently because the function of the nomination committee is undertaken by the full Board. The size and nature of the Company's activities do not currently justify the establishment a separate committee at this time. The Board regularly reviews the composition, skill base and effectiveness of the Directors of the Board.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.
The Company undertook a formal performance review process of the Board and the Chair during the financial year. A third party organisation was contracted to undertake a confidential survey of Directors on board composition, dynamics and performance, performance of committees and of the Chairman. Since year's end the data has been analysed and the process completed.

Induction & Education
New Directors will undergo an induction process in which they will be given a full briefing on the Company. Where possible, this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- details of the role and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

Access to information and Independent Professional Advice
Each Director has the right of access to all Company information and to the Company's executives. Further, each Director and the Board collectively, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor at the Company's expense, up to specified limits to assist them to carry out their responsibilities. Where appropriate a copy of this advice is to be made available to all other members of the Board.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code.
The Board requires high standards of conduct and responsibility from Directors and officers. As part of its commitment to recognising the legitimate interest of stakeholders, the Company has developed a Code of Conduct to guide compliance with legal and other obligations to stakeholders, which include employees, clients, customers, government authorities, creditors and the community. Directors are required to adhere to industry standards in conduct and dealings and promote a

culture of honesty, fairness and ethical behaviour in its internal compliance policy and procedures as well as in its dealings with stakeholders.

The Company is committed to implementing this Code of Conduct. A copy of the Code is given to all relevant personnel, including Directors and each individual is accountable for such compliance.

Any breach of applicable laws, accepted ethical commercial practices or other aspects of the Code of Conduct will result in disciplinary action. Depending on the severity of the breach, such disciplinary action may include reprimand, formal warning, demotion or termination of employment/engagement (as the case may be). Disciplinary action may be taken against any manager who directly approves of such action or has knowledge of the action and does not take appropriate remedial action.

Breach of applicable laws or regulations may also result in prosecution by the appropriate authorities. The Company will not pay, directly or indirectly, any penalties imposed on any personnel as a result of a breach of law or regulation.

Personnel are expected to report any instances of suspected non-compliance and these will be investigated fairly. Individuals who report suspected non-compliance in good faith will be appropriately protected.

Company Securities Trading Policy

The Company has a Securities Trading Policy pursuant to ASX Listing Rule 12.9. According to this policy, all Directors, senior executives, employees, contractors and consultants, whilst in possession of material, non-public, market price sensitive information, are subject to three restrictions:

- they must not deal in securities where they are in possession of inside information;
- they must not cause or procure anyone else to deal in those securities; and
- they must not communicate the information to any person if they know or ought to know that the other person will use the information, directly or indirectly, for dealings in securities.

Directors, senior executives, employees, contractors and consultants are required to advise the Chairman and Company Secretary of their intentions prior to undertaking any transaction in the Company's securities. If a Director, senior executive, employee, contractor or consultant is considered to possess material, non-public, market price sensitive information, they will be precluded from making a security transaction until after the time of public release of that information.

The Company also has nominated "Trading Windows". No trading in Orocobre Securities may occur by Directors or senior executives (being direct reports to the Managing Director and those persons' direct reports) outside of nominated Trading Windows without the permission of the Chairman.

Unless the Board otherwise directs, in its absolute discretion, Trading Windows will be opened at the following times:

a) for a period of 4 weeks following the public release by Orocobre of its quarterly reports, including Appendix 4C, to the ASX (commencing on the second trading day after such release);
b) for a period of 4 weeks following the public release by Orocobre of its annual and half year results to the ASX (commencing on the second trading day after such release);
c) for a period of 4 weeks following the Orocobre Annual General Meeting (commencing on the second trading day after the AGM);
d) for a period of 2 weeks following the release of Material Non-Public Information to the ASX (commencing on the second trading day after such release); and
e) during any offer period for long as it remains open under a disclosure document (prepared in accordance with Chapter 6D of the Corporations Act and released to the ASX) issued by Orocobre offering Securities.

The Board may also, in its absolute and unfettered discretion, determine that a trading window be opened commensurate with the vesting of securities granted under any Orocobre equity based remuneration scheme.

3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.

The Diversity Policy is a commitment by the Company to actively seek to maintain a diverse workforce, to create a workplace that is fair and inclusive, applies fair and equitable employment practices and provides a working environment that will allow all employees to reach their full potential. The Company does not currently have a formal diversity policy.

3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.

The Company is of the view that any measurable statistical objectives on a diverse workforce must be fit for purpose, in line with the Company strategic objectives and ensure the Company is in compliance with all relevant legislative requirements. As at the date of this Annual Report, the Company is of the opinion that measurable objectives are not appropriate at its present stage of development, however, the Company will consider implementation of measurable objectives in future.

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board

Due to the size and scale of operations of the Company, the Board believes that a longer term gender diversity objective is more appropriate.

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As at the date of this Annual Report, 0% of the Board, 12% of employees and 33% of senior executives are women. In Australia, 43% of employees are women while in Argentina the figure is 11%. All senior executive roles performed by women are based in Argentina. These figures include the Sales de Jujuy SA employees responsible for the management of the Olaroz project as well as employees of Borax Argentina SA.

The Company will look to increase gender diversity at a Board and senior executive level in future years as the Company progresses from exploration and construction to operations/ production.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 The board should establish an audit committee.

The Board has established an Audit Committee to assist the Board. Details of the Members of the Audit Committee and their attendance at Committee Meetings are set out in Directors' Report.

4.2 The structure of the audit committee.

The Audit Committee consists of three non-executive Directors. There is a majority of independent directors on the Audit Committee and the Chairman is Mr Robert Hubbard, who is an independent non-executive Director. The other members of the Audit Committee are Mr Gibson and Mr Oris de Roa.

4.3 The audit committee has a formal charter.

The responsibilities of the Audit Committee are set out in a formal charter approved by the Board.

External auditor

After a recommendation has been made by the Audit Committee, the Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company. Candidates for the position of the external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

The Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board. The Board reviews the performance of the external auditor on an annual basis.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Policy for compliance with continuous disclosure

The Board has adopted a policy and rules to ensure the Company complies with its obligations under the ASX Listing Rule 3.1 – Continuous Disclosure. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's shares; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's shares.

Such matters are advised to the ASX immediately they are identified as being material. Upon confirmation of receipt from the ASX, the Company posts all information disclosed in accordance with this policy on its website in an area accessible by the public.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Communications policy

The Board respects the rights of its Shareholders and to facilitate the effective exercise of those rights, it has adopted a policy on communication with Shareholders and implemented a set of processes to ensure timely and effective communication with Shareholders and the wider investment community. The Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the Company's website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company and ask questions regarding the conduct of audit and about the functioning of the Company generally; and
- making it possible for shareholders to receive communication by electronic means. The Company also makes available a telephone number and email address for shareholders to make inquiries of the Company.

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PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Policies on risk oversight and management

The Company has developed a framework suitable for its current stage of development for risk management and internal compliance and control systems that cover organisational, financial, environmental, sustainability, compliance, strategic, ethical conduct, technological, financial reporting, market related and operational aspects of the Company's affairs.
The objective of this Risk Management Framework is to:

- ensure the identification of material business risks across each of the key risk areas;
- establish procedures to analyse risks within agreed parameters across the Company;
- establish procedures to monitor and manage material business risk; and
- ensure a risk framework is in place which can react should the risk profile of the business change.

Key components of the Risk Management Framework are:

- identifying and assessing all material business risks;
- managing, monitoring and wherever possible, mitigating, identified material business risks;
- reporting periodically; and
- assessing the effectiveness of the risk management framework.

Within its' operations in Argentina, the Company instituted ISO 31000 standard related to risk management in 2013, to act comprehensively on all its areas of activity. This complements ISO 9001, Quality Assurance, ISO 14001 Environmental Management and BS OHSAS 18001 Occupational Health and Safety Management System previously instituted.
Management meets regularly to discuss material business risks and the management of those risks. Management reports to the Board on risk management on a regular basis, including advising of any material changes in the Company's risk profile.

7.2 Report on risk management and internal control system

The Board is responsible for setting the risk philosophy and risk appetite for the Company and approving the overall risk management and internal control system.
Presently, the functions of a risk management committee are fulfilled by the Audit and Risk Management Committee.
The Board reviews the management of material business risks and the adequacy of the risk management and internal control framework on a regular basis. Management has reported to the Audit and Risk Management Committee and the Board on the effectiveness of the management of material business risks.

7.3 Attestation by Chief executive officer (or equivalent) and chief financial officer (or equivalent)

- The Managing Director/CEO, and the Chief Financial Officer, have given written confirmation to the board that: the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control ; and
- the Company's risk management and internal control system is operating effectively in all material respects in relation to financial reporting risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Establishment of a remuneration committee.

The Board has established a Remuneration Committee that assumes responsibilities in relation to remuneration matters such as remuneration, recruitment, retention and termination policies and procedures, senior executives' remuneration and incentives, superannuation arrangement and the setting of the remuneration framework for Directors.
The Chairman of the Committee is Mr Courtney Pratt and the other members of the Committee are Mr James Calaway and Mr Federico Nicholson. Details of the members of the Remuneration Committee and their attendance at Committee Meetings are set out in the Directors' Report.
The Company is committed to remunerating its executive Directors, non-executive Directors, Executives and future executives in a manner that is market-competitive, consistent with best practice and supporting the interests of shareholders. Details of the Company's remuneration policy are provided in the accompanying Directors' Report and Financial Statements.

8.2 Structure of non-executive and executive Director remuneration

The Company clearly distinguishes the form of remuneration for non-executive Directors and executives. Non-executive Director fees are not linked to company performance, however, components of executive remuneration are clearly linked to the achievement of company goals.
Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. Non-executive Directors' are remunerated by way of fees, in the form of cash, non-cash benefits, or superannuation contributions. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting and are not linked to the performance of the Company. At present, this maximum aggregate amount is $600,000. No other form of retirement benefit is paid to non-executive Directors.

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Details of the members of the Remuneration Committee and their attendance at Committee Meetings are set out in the Directors' Report. Details of the Company's remuneration policy are outlined in the Remuneration Report section of the Directors' Report, along with the names of the Directors, their qualifications and experience and the term of office held by each Director

FINANCIAL REPORT

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2014

	Note	Consolidated Group 30 June 2014 $	30 June 2013 $
Sale of goods		23,166,834	17,654,532
Cost of goods sold		(19,872,170)	(17,108,952)
Gross profit/(loss)		3,294,664	545,580
Other income	2a	3,601,156	1,537,214
Gain on creation of joint venture	14	-	101,963,338
Corporate & administrative expenses		(11,966,347)	(11,671,143)
Finance income	2b	1,145,781	1,131,179
Finance costs	2c	(1,029,847)	(21,078)
Share of net losses of joint venture	14	(315,162)	(294,588)
Foreign currency gain/(loss)		(410,064)	3,602,282
Profit/(Loss) before income tax		(5,679,819)	96,792,784
Income tax benefit/(expense)	3	124,305	(1,243,740)
Profit/(Loss) for the year		(5,555,514)	95,549,044
Other comprehensive income/(loss)			
(Items that may be reclassified subsequently to profit and loss)			
Transfers to income statement on creation of joint venture		-	5,077,490
Translation gain/(loss) on foreign operations		(45,309,563)	(1,065,993)
Net gain/(loss) on revaluation of derivative	21	(2,566,737)	-
Net gain/(loss) on revaluation of financial assets		-	211,402
Other comprehensive income/(loss) for the period, net of tax		(47,876,300)	4,222,899
Total comprehensive income/(loss) for the period		(53,431,814)	99,771,943
Profit/(Loss) attributable to:			
Members of the parent entity		(5,459,041)	95,684,677
Non-controlling interest		(96,473)	(135,633)
		(5,555,514)	95,549,044
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		(52,266,849)	99,907,576
Non-controlling interest		(1,164,965)	(135,633)
		(53,431,814)	99,771,943
Basic earnings per share (cents per share)	4	(4.32)	85.26
Diluted earnings per share (cents per share)	4	(4.32)	85.18

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Note	Consolidated Group 30 June 2014 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents	6	26,302,392	10,609,081
Trade and other receivables	7	7,388,112	5,766,953
Inventory	8	5,514,244	8,045,656
Other	9	502,822	768,101
Total Current Assets		39,707,570	25,189,791
NON-CURRENT ASSETS			
Financial assets	10	24,464	12,233
Property, plant and equipment	11	13,364,136	8,795,831
Exploration and evaluation asset	12	10,065,419	13,692,541
Investment in joint ventures and associates	14	94,454,572	137,973,705
Inventory	8	318,934	83,922
Deferred tax asset	3	1,466,917	2,079,682
Trade and other receivables	7	27,840,216	26,602,735
Total Non-Current Assets		147,534,658	189,240,649
TOTAL ASSETS		187,242,228	214,430,440
CURRENT LIABILITIES			
Trade and other payables	15	9,196,009	8,307,738
Loans and borrowings	16	1,362,116	914,494
Employee benefit liabilities	18	819,810	1,451,286
Total Current Liabilities		11,377,935	10,673,518
NON-CURRENT LIABILITIES			
Trade and other payables	15	2,896,815	3,180,927
Loans and borrowings	16	1,352,063	2,743,483
Deferred tax liability	3	2,158,194	2,857,977
Provisions	17	9,870,968	10,766,376
Total Non-Current Liabilities		16,278,040	19,548,763
TOTAL LIABILITIES		27,655,975	30,222,281
NET ASSETS		159,586,253	184,208,159
EQUITY			
Issued Capital	20	130,139,019	101,712,005
Reserves	21	(48,478,454)	(2,053,540)
Retained profits		79,074,866	84,533,907
Parent interest		160,735,431	184,192,372
Non controlling interest		(1,149,178)	15,787
TOTAL EQUITY		159,586,253	184,208,159

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2014

	Issued Capital	Retained Profits/ (Accumulated Losses)	Option Reserve	Foreign Currency Translation Reserve	Financial Assets Reserve	Cash Flow Hedge Reserve	Non controlling Interests	Total
	Note 20		Note 21	Note 21	Note 10	Note 21		
	$	$	$	$	$	$	$	$
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	-	95,684,677	-	-	-	-	-	95,684,677
Profit/(loss) attributable to non controlling interests	-	-	-	-	-	-	(135,633)	(135,633)
Other comprehensive income/(loss) for the year	-	-	-	4,011,497	211,402	-	-	4,222,899
Total comprehensive income/(loss)	-	95,684,677	-	4,011,497	211,402	-	(135,633)	99,771,943
Shares issued during the year	24,711,716	-	-	-	-	-	-	24,711,716
Transaction costs	970,902	-	-	-	-	-	-	970,902
Options expensed during the year	-	-	522,708	-	-	-	-	522,708
Balance at 30 June 2013	101,712,005	84,533,907	1,344,180	(3,397,720)	-	-	15,787	184,208,159
Profit/(loss) attributable to members of the company	-	(5,459,041)	-	-	-	-	-	(5,459,041)
Profit/(loss) attributable to non controlling interests	-	-	-	-	-	-	(96,473)	(96,473)
Other comprehensive income/(loss) for the year	-	-	-	(44,241,071)	-	(2,566,737)	(1,068,492)	(47,876,300)
Total comprehensive income/(loss)	-	(5,459,041)	-	(44,241,071)	-	(2,566,737)	(1,164,965)	(53,431,814)
Shares issued during the year	30,023,218	-	-	-	-	-	-	30,023,218
Transaction costs	(1,596,204)	-	-	-	-	-	-	(1,596,204)
Options expensed during the year	-	-	382,894	-	-	-	-	382,894
Balance at 30 June 2014	130,139,019	79,074,866	1,727,074	(47,638,791)	-	(2,566,737)	(1,149,178)	159,586,253

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 30 June 2014

	Note	Consolidated Group 30 June 2014 $	30 June 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		20,011,557	18,458,831
Payments to suppliers and employees		(22,589,128)	(21,654,560)
Interest received		519,229	475,260
Interest paid		(1,029,847)	(21,078)
Other income		3,193,248	1,565,118
Net cash provided by/(used in) operating activities	6	105,059	(1,176,429)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capitalised exploration expenditure	12	(386,025)	(7,650,575)
Payment for subsidiary net of cash		(1,120,699)	(4,422,416)
Purchase of property, plant and equipment	11	(6,744,627)	(2,136,852)
Proceeds from sale of property plant and equipment		147,793	41,303
Proceeds on creation of joint venture		-	17,694,480
Investment in joint venture		(472,133)	(21,645,339)
Net cash provided by/(used in) investing activities		(8,575,691)	(18,119,399)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		28,427,014	23,589,491
Funds provided under joint venture agreement		-	(4,329,213)
Payments on borrowings	16	(463,836)	3,657,977
Loan to joint venture		(2,147,001)	(9,339,949)
Net cash provided by/(used in) financing activities		25,816,177	13,578,306
Net increase/(decrease) in cash held		17,345,545	(5,717,522)
Cash and cash equivalents at beginning of year		10,609,081	16,480,515
Effect of exchange rates on cash holdings in foreign currencies		(2,215,094)	(153,912)
Cash at end of year		25,739,532	10,609,081

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Orocobre Limited and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, Orocobre Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 26 September 2013 by the directors of the company.

The nature of the operations and principal activities of the Group are described in the directors' report.

NOTE 1: Summary of Significant Accounting Policies

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritive pronouncements of the Australian Accounting Standards Board (AASB) and the Australian Corporations Act 2001. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

In preparation of the financial statements the following exchange rates have been used:

Spot Rates	30 June 2014	30 June 2013	Movement (%)
Peso -> USD 1	8.1330	5.3880	(50.95%)
Peso -> AUD 1	7.6533	4.8751	(56.99%)
AUD -> USD 1	1.0622	1.0950	2.99%
Average Rates (Last quarter)	**30 June 2014**	**30 June 2013**	**Movement (%)**
Peso -> USD 1	8.0645	5.0871	(58.53%)
Peso -> AUD 1	7.5245	5.1733	(45.45%)
AUD -> USD 1	1.0718	1.0096	(6.16%)

Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTE 1: Summary of Significant Accounting Policies (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Parent’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* , is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Taxes

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

NOTE 1: Summary of Significant Accounting Policies (continued)

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Orocobre Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2005.

The head entity, Orocobre Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Orocobre Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as contribution to (or distribution from) wholly-owned tax consolidated entities.

NOTE 1: Summary of Significant Accounting Policies (continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or overseas, VAT), except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing or financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Refer to critical accounting estimates and judgements (Note 1) and provisions (Note 17) for further information about the recorded decommissioning provision.

Property, plant and equipment transferred from customers is initially measured at the fair value at the date on which control is obtained.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

NOTE 1: Summary of Significant Accounting Policies (continued)

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate and joint venture are accounted for using the equity method.

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

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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

Current versus Non-Current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

NOTE 1: Summary of Significant Accounting Policies (continued)

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit and loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and finance income for receivables.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs.

Available for sale (AFS) financial investments
AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

NOTE 1: Summary of Significant Accounting Policies (continued)

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ”pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income on the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Available for sale (AFS) financial investments
For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

NOTE 1: Summary of Significant Accounting Policies (continued)

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ”Significant” is evaluated against the original cost of the investment and ”prolonged” against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

iii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTE 1: Summary of Significant Accounting Policies (continued)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses.

The Group uses interest rate swaps as hedges of its exposure to interest rate risk in forecast transactions. The ineffective portion relating to interest rate swap contracts is recognised in finance costs.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity income until the forecast transaction occurs or the foreign currency firm commitment is met.

Fair Value Measurement

The Group measures certain financial instruments, such as, available for sale assets and derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTE 1: Summary of Significant Accounting Policies (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies are analysed by the audit committee.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill
Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTE 1: Summary of Significant Accounting Policies (continued)

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Cash and Short Term Deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Issued Capital

Ordinary shares are classified as equity. Transaction costs arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

Share Based Payments - Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense (Note 2e). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (Note 2e).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 4).

Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding goods and services tax (GST). The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods
Revenue from the sale of goods is recognised when the significant risk and rewards of ownership shifts from seller to buyer as dictated by the Incoterms specified in the sales contract.

Interest income
For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

NOTE 1: Summary of Significant Accounting Policies (continued)

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

Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave
The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee
Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Earnings per Share (EPS)

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

NOTE 1: Summary of Significant Accounting Policies (continued)

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Foreign Currency Translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rate for each quarter of the financial year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Critical Accounting Estimates and Judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The group makes estimates and judgements in applying the accounting policies. Critical judgements in respect of accounting policies relate to exploration and evaluation assets, whereby exploration and evaluation expenditure is capitalised in certain circumstances, primarily where activities in the area of interest have not yet reached a stage which permits reasonable assessment of economically recoverable reserves. Otherwise expenditure is expensed.

Exploration, evaluation and development expenditures
Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. Such costs are written off when the amounts are not expected to be recovered through the successful development of the area, or through sale. The assessment of whether successful development will occur, or the amount to be recovered in a sales transaction, involves the use of judgements and estimates.

Income Taxes
The Group records deferred tax assets when it is probable that taxable profit will be available against which the assets can be utilised. The assessment of whether taxable profit will be available requires the use of management judgements and estimates regarding future periods.

NOTE 1: Summary of Significant Accounting Policies (continued)

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 25.

Provision for rehabilitation
As part of the identification and measurement of assets and liabilities for the acquisition of Borax Argentina S.A. in 2012, the Group has recognised a provision for rehabilitation obligations associated with Borax Argentina S.A.'s operations. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The carrying amount of the provision as at 30 June 2014 was $9,848,800 (2013: $10,051,530).

Comparative Figures and Financial Period

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013:

- AASB 10 *Consolidated Financial Statements* , AASB 127 *Separate Financial Statements*
- AASB 11 *Joint Arrangements* , AASB 128 *Investments in Associates and Joint Ventures*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits (Revised 2011)*
- Interpretation 20 *Stripping Costs*
- *Improvements to AASB's 2009-2011 Cycle*

Several other amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and impact of each new standards and amendments is described below:

- AASB 10 *Consolidated Financial Statements* and AASB 127 *Separate Financial Statements*
AASB 10 *Consolidated Financial Statements* was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities* .

The group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

- AASB 11 *Joint Arrangements* and AASB 128 *Investment in Associates and Joint Ventures*
Under AASB 11 *Joint Arrangements* , investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The group's accounting for its interests in joint ventures was not affected by the adoption of the new standard since the group had already applied the equity method in accounting for these interests.

- AASB 12 *Disclosure of Interests in Other Entities*
AASB 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in AASB 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries.The Group has no unconsolidated structured entities. AASB 12 disclosures are provided in Notes 13,14, and 19.

NOTE 1: Summary of Significant Accounting Policies (continued)

- AASB 13 *Fair Value Measurement*
AASB 13 establishes a single source of guidance under Australian Accounting Standards for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards. AASB 13 defines fair value as an exit price. As a result of the guidance in AASB 13, the Group re-assessed its policies for measuring fair values. AASB 13 also requires additional disclosures.

Application of AASB 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

- AASB 119 *Employee Benefits* (Revised 2011)
The revised AASB 119 *Employee Benefits* introduces changes in the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The impact on the Group's defined benefit plan was not material.

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. The impact of this change was not material.

- Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset".

The stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method is applied unless another method is more appropriate. This change did not have a material impact on the Group's financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2014, outlined below:

- AASB 9 *Financial Instruments* (Application date of standard 1 January 2018; Application date of group 1 July 2018)
AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below:

a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
  - The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.

NOTE 1: Summary of Significant Accounting Policies (continued)

The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:

1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures

2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time

3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018

The group has not yet assessed how its own hedging arrangements would be affected by the new rules, and it has not yet decided whether to adopt any parts of AASB 9 early.

In order to apply the new hedging rules, the group would have to adopt AASB 9 and the consequential amendments to AASB 7 and AASB 139 in their entirety.

- Amendments to IAS 16 and IAS 38***** *Clarification of Acceptable Methods of Depreciation and Amortisation* (Application date of standard 1 January 2016; Application date of group 1 July 2016)

IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The Group does not believe that there will be a material financial impact to either the statement of comprehensive income or the balance sheet once this accounting standard is adopted.

- IFRS 15 *Revenue from Contracts with Customers* (Application date of standard 1 January 2017; Application date of group 1 July 2017)

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue and related Interpretations* (IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*)

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group has not yet assessed the impact of IFRS 15, and it has not yet decided whether to adopt any parts of IFRS 15 early.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	Consolidated Group 2014 $	2013 $
NOTE 2: Other Income/Expenses and Adjustments		
2a) Other Income		
Export duty reimbursement	675,458	580,429
Property rental agreements	264,020	838,027
Salt Sales	-	39,097
Recovery from Joint Venture	1,607,122	38,358
Export credit Income	906,763	-
Net gain on disposal of property, plant and equipment	147,793	41,303
Total other income	3,601,156	1,537,214
2b) Finance Income		
Interest income on loans receivable	152,533	331,018
Interest income from short term deposits	519,229	415,657
Unwinding of discount on loans receivable	474,019	384,504
Total finance income	1,145,781	1,131,179
2c) Finance Costs		
Interest on loans and borrowings	(1,029,847)	(21,078)
2d) Depreciation, Amortisation, Foreign Exchange Differences and Costs of Inventories included in the Consolidated Statement of Profit or Loss		
Included in corporate and administrative expenses:		
Depreciation	1,344,671	720,671
Minimum lease payments recognised as an operating lease expense	130,473	140,454
2e) Employee Benefits Expense		
Included in cost of goods sold:		
Wages and salaries	4,437,915	4,928,791
Included in corporate and administrative expenses:		
Wages and salaries	5,199,294	4,674,097
Contributions to defined benefit plans	112,037	87,438
Share-based payment expense	382,894	522,708
Less capitalised as exploration expenditure	(76,502)	(1,619,124)
Total employee benefits expense	10,055,638	8,593,910

NOTE 3: Income Tax Expense

The major components of income tax expense for the years ended 30 June 2014 and 2013 are:

	2014 $	2013 $
Income Tax Expense/(Benefit)		
Current income tax:		
Current income tax charge	329,409	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(447,074)	107,951
Relating to prior year	(6,640)	1,080,331
Foreign exchange on DTL acquired	-	55,458
Income tax expense reported in the statement of profit or loss	(124,305)	1,243,740

	Consolidated Group 2014 $	Consolidated Group 2013 $

NOTE 3: Income Tax Expense (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 30 June 2014 and 2013 is as follows:

	2014 $	2013 $
Gain/(Loss) from continuing operations before income tax expense	(5,679,819)	96,792,784
Tax expenses / (Benefit) at Australian tax rate of 30% (2013: 30%)	(1,703,946)	29,037,835
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Share - based payments	51,883	71,753
- Entertainment expense	1,506	235
- Disposal of JV	-	(30,832,868)
- Other	14,083	83,773
- Equity account for associates	5,200	-
Utilisation on tax losses / tax credits in foreign countries	(372,090)	-
Unrecognised Tax losses current year	1,873,209	2,350,132
Differences in tax rates (foreign subsidiaries)	12,490	(602,909)
Foreign exchange on DTL acquired	-	55,458
Relating to prior year	(6,640)	1,080,331
Income tax expense	(124,305)	1,243,740

Deferred tax

Deferred tax relates to the following:

	2014 $	2013 $
Deferred tax assets		
Payable and accruals	1,237,117	556,203
Employee benefits	58,005	35,632
Investments	85,072	88,741
Deferred exploration expenditures	149,924	149,924
Inventory	87,577	85,913
Other debtors	557,663	386,576
Share issue costs (P&L)	19,950	28,089
Share issue costs (Equity)	747,534	748,604
Unrealised foreign exchanges	-	-
Deferred tax balances not recognised	(1,475,925)	-
	1,466,917	2,079,682
Deferred tax liabilities		
PPE	(1,824,605)	(1,814,747)
Receivables	(333,589)	(333,589)
Prepayments	(409)	(268)
Unrealised foreign exchanges	(793,384)	(709,373)
Deferred tax balances not recognised	793,793	-
	(2,158,194)	(2,857,977)
Movements:		
Opening Balance	(778,295)	-
Under/(over) provision in prior years (P&L)	(360,057)	(1,080,332)
Under/(over) provision in prior years (Equity)	-	1,772,858
Credited/(charged) to the Equity (Current year)	-	343,742
Credited/(charged) to the income statement (At acquisition & PPA)	-	(1,706,612)
Credited/(charged) to the income statement	447,075	(107,951)
Closing Balance	(691,277)	(778,295)

The Group has tax losses which arose in Australia of $19,985,399 (2013: $19,246,464) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

NOTE 4: Earnings Per Share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

		Consolidated Group	
		2014	2013
		$	$

NOTE 4: Earnings Per Share (continued)

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

		2014 $	2013 $
Profit/(Loss) for the financial year		(5,555,514)	95,549,044
Exclude non-controlling interest		96,473	135,633
Net Profit/(Loss) used in the calculation of basic and dilutive EPS		(5,459,041)	95,684,677
		No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS		126,401,541	112,221,395
Weighted average number of options outstanding		1,001,120	110,418
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive EPS	a)	127,402,661	112,331,813

a) In the current year the diluted EPS is the same as the basic EPS given the Group is in a loss position.

There are 100,000 share options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTE 5: Auditors' Remuneration

The auditor of Orocobre Limited is Ernst & Young.

Remuneration of the auditor of the consolidated group for:

	2014 $	2013 $
- auditing or reviewing the financial report	229,126	162,352
- other assurance services	-	18,300
	229,126	180,652

NOTE 6: Cash and Cash Equivalents

	2014 $	2013 $
Cash at bank and on hand	13,222,392	5,429,940
Short term deposits	13,080,000	5,179,141
	26,302,392	10,609,081

Cash at the end of the financial year as shown in the statement of cash flows is the same amount as shown in the statement of financial position.

The effective interest rate on short term deposits was 3.57% (2013: 4.01%). Deposits have an average maturity of 83 days.

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following at 30 June:

	2014 $	2013 $
Cash at bank and on hand	13,222,392	5,429,940
Short term deposits	13,080,000	5,179,141
	26,302,392	10,609,081
Bank overdrafts	(562,860)	-
Cash and cash equivalents	25,739,532	10,609,081

	Consolidated Group	
	2014	2013
	$	$
NOTE 6: Cash and Cash Equivalents (continued)		
Reconciliation of Cash Flow from Operations with Loss after Income Tax:		
Profit/(loss) from ordinary activities after income tax	(5,555,514)	96,792,784
Non-cash flows in loss from ordinary activities:		
Non-cash employee benefits expense - share based payments	382,894	522,708
Non-cash employee benefits expense	1,546,277	1,382,644
Depreciation of property, plant and equipment	1,344,671	720,671
Gain on sale of assets	(147,793)	(101,963,338)
Share of profit in an associate	315,162	294,588
Capitalised exploration expenditure written-off	-	(648,714)
Fair value adjustment of loans and financial assets	(12,231)	211,402
Finance income	(152,533)	(331,018)
Unwind of discount on loans receivable	(474,019)	(384,504)
Unrealised foreign exchange gain	410,064	(3,602,282)
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(3,375,133)	(213,282)
(Decrease)/Increase in payables	6,316,302	587,431
(Decrease)/Increase in provisions	664,778	5,626,407
(Decrease)/Increase in provisions - taxation	(124,305)	2,022,034
(Increase)/Decrease in inventory	(524,518)	(552,276)
(Increase)/Decrease in prepayments	(509,043)	(1,641,684)
Cash flows from operations	105,059	(1,176,429)

NOTE 7: Trade and Other Receivables

	2014	2013
Current:		
Trade receivables	4,314,481	4,129,401
Related party receivables	1,556,058	229,582
Other receivables	1,494,488	516,910
VAT tax credits	23,085	891,060
	7,388,112	5,766,953
Non Current:		
Trade receivables	2,318,144	1,578,422
Related party receivables	-	340,977
Receivable from joint venture	18,978,405	17,861,344
Receivable from joint venture partners	6,211,685	6,054,178
VAT tax credits	331,982	767,814
	27,840,216	26,602,735

Trade and other receivables

As at 30 June 2014, no trade receivables were impaired. It is expected all balances will be received when due. 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. The carrying value of receivables approximate fair value. Fair value has been determined using a discounted cash flow valuation technique based on contractual and expected cash flows and current market interest rates (Level 3).

Credit Risk — Trade and Other Receivables

The Group has a total of $355,067 (2013: $1,658,874) of 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 $8,388,757 (2013: $8,752,240) 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 14). All amounts are denominated in USD and A$18,978,405 is interest bearing. The receivables will be recovered once the Olaroz project is operational (see Note 22).

	Consolidated Group	
	2014	2013
	$	$

NOTE 7: Trade and Other Receivables (continued)

The carrying values of the receivables from joint venture and joint venture partners approximate fair values. Fair value has been determined using a discounted cash flow valuation technique based on contractual and expected cash flows and current market interest rates (Level 3).

NOTE 8: Inventory

	2014 $	2013 $
Current:		
Inventory	5,514,244	8,045,656
	5,514,244	8,045,656
Non Current:		
Inventory	318,934	83,922
	318,934	83,922

Total inventories are carried at the lower of cost and net realisable value. Current inventories relate to borates and related products. Non current inventory relates to consumables and spare parts.

NOTE 9: Other Assets

	2014 $	2013 $
Current:		
Prepayments	502,822	768,101

NOTE 10: Financial Assets

	2014 $	2013 $
Available for sale financial assets (at fair value)		
Non-current - Shares in listed entity	24,464	12,233

Available-for-sale financial investments

The Group has an investment in a listed equity security. The fair value of these equity shares are determined by reference to published price quotations in an active market.

Impairment on available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Based on these criteria, the Company identified an impairment during the previous year of $295,804 on available-for-sale investment - quoted equity securities. The impairment on available-for-sale financial investments is recognised within other expenses in the income statement.

NOTE 11: Property, Plant and Equipment

Plant and equipment	**Land & buildings**	**Work In Progress**	**Plant & equipment**	**Total**
At cost	3,361,652	603,262	5,751,279	9,716,193
Accumulated depreciation	(41,766)	-	(878,596)	(920,362)
Total at 30 June 2013	3,319,886	603,262	4,872,683	8,795,831
At cost	5,662,434	4,235,773	5,188,859	15,087,066
Accumulated depreciation	(779,352)	-	(943,578)	(1,722,930)
Total at 30 June 2014	4,883,082	4,235,773	4,245,281	13,364,136

Plant and equipment	**2014**	**2013**
Reconciliation of the carrying amounts for property, plant and equipment is set out below:		
Balance at the beginning of year	8,795,831	779,421
Additions - business combinations	-	6,665,052
Additions - cash	6,744,627	2,136,852
Additions - non-cash	4,116,712	-
Disposals - creation of joint venture (see Note 14)	-	(415,991)
Depreciation expense	(1,344,671)	(720,671)
Foreign currency translation movement	(4,948,363)	351,168
Carrying amount at the end of year	13,364,136	8,795,831

Significant additions were made at Borax Argentina S.A..

		Consolidated Group 2014 $	Consolidated Group 2013 $

NOTE 12: Exploration, Evaluation and Development Asset

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

	2014 $	2013 $
Exploration and evaluation phase - at cost	10,065,419	13,692,541
Movement in exploration and evaluation asset:		
Opening balance - at cost	13,692,541	43,720,233
Capitalised exploration expenditure	386,025	7,650,575
Decrease on creation of joint venture (see Note 14)	-	(36,543,116)
Capitalised exploration expenditure written-off	-	(499,747)
Foreign currency translation movement	(4,013,147)	(635,404)
Carrying amount at the end of year	10,065,419	13,692,541

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.

Capitalised exploration expenditure written off relates to the write off of accumulated costs with regards to projects which have been abandoned in the current financial year.

NOTE 13: Information Relating to Subsidiaries

The consolidated financial statements of the Group include:

Name	Country of incorporation & principal place of business	% equity interest held by the Group 2014	% equity interest held by the Group 2013
South American Salar Minerals Pty Ltd	Australia	85.00	85.00
South American Salar S.A. (wholly owned subsidiary of South American Salar Minerals Pty Ltd)	Argentina	85.00	85.00
Borax Argentina Holding No 1 Pty Ltd	Australia	100.00	100.00
Borax Argentina Holding No 2 Pty Ltd	Australia	100.00	100.00
Borax Argentina S.A.	Argentina	100.00	100.00

Joint venture in which the Group is a venturer

The Group has a 72.68% interest in Sales de Jujuy Pte Ltd. The country of incorporation is Singapore and the principal place of business is Singapore. Sales de Jujuy Pte Ltd owns 91.5% of Sales de Jujuy S.A., the owner and operator of the Olaroz lithium project.

Cash and short-term deposits held in Argentina are subject to local exchange control regulations.

NOTE 14: Investment in Joint Venture

	Note	2014 $	2013 $
Investment in Joint Venture	14	94,454,572	137,973,705

Background

During the 2013 financial year 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 Mineria 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 $17,861,344.

The Group recorded the investment in the joint venture at fair value and recorded a non cash and non taxable profit of $101,963,338 in the previous financial year 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 $1,654,301). The investment in the joint venture is accounted for using the equity method of accounting.

	Consolidated Group	
	2014	2013
	$	$

NOTE 14: Investment in Joint Venture (continued)

Construction of the project has been majority funded by a debt facility provided by Mizuho Bank Limited (with a maximum facility limit of US$192 million). During the construction period TTC has provided 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%). To further secure the debt facility Sales de Jujuy Pte. Ltd (an entity owned by the Group and TTC) has provided security in favour of Mizuho Bank over the shares it owns in Sales de Jujuy S.A. (the entity which holds the Olaroz project).

Each of TTC and Orocobre Limited have granted cross charges on standard terms in favour of the other over their respective shareholding in Sales de Jujuy Pte. Ltd to better secure their respective performances of their obligations under the Sales de Jujuy Pte. Ltd joint venture agreement.

Under the terms of the Shareholder's Agreement, decisions over the relevant activities require the unanimous consent of both parties and as a result the arrangement is considered a joint venture and is accounted for using the equity accounting method.

During the period a swap was entered into by Sales de Jujuy S.A. in order to manage interest rate exposure on the project debt. The swap has been designated in a hedge relationship, and hedge accounting has been adopted. This swap is included within the investment in joint venture above, and the financial statements record the Group's interest in the underlying hedge reserve.

The share of other comprehensive income of the Joint Venture in relation to foreign currency translation relates to the translation of the Joint Venture's subsidiary's net assets. The functional currency of the subsidiary is Pesos, which has reduced in value by comparison to the Australian dollar by approximately 57% in the year ended 30 June 2014. As a consequence the carrying value of the Groups' investment in the Joint Venture has been reduced by $40,518,418, and this reduction is equity accounted for through other comprehensive income. This is a non cash item and has been accounted for in accordance with the Groups accounting policy at Note 1.

Interest in Joint Venture

The tables below provide summarised financial information for the Joint Venture of the group. The information disclosed reflects the amount presented in the financial statements of the Joint Venture and not Orocobre Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	2014	2013
Summarised balance sheet		
Current assets, including cash and cash equivalents $714,937 (2013: $5,086,729) and prepayments $19,492,246 (2013: $9,761,682)	20,474,073	17,530,058
Non-current assets, including intangible assets $32,185,754 (2013: $56,596,675)	358,877,052	309,254,663
Current liabilities	(24,742,997)	(20,794,562)
Non-current liabilities, including long-term borrowing $163,169,348 (2013: $18,995,709) and deferred tax liabilities $32,185,863 (2013: $56,596,675)	(211,306,219)	(75,701,879)
Joint venture's non-controlling interest	(12,529,315)	(21,677,742)
Equity	130,772,594	208,610,538
Proportion of the Group's ownership	72.68%	72.68%
Carrying amount of the investment	95,045,521	151,618,140
Reconciliation to carrying amounts		
Opening net assets 1 July	208,610,538	-
Capital Investment	647,784	239,202,414
Profit/(loss) for the period	(433,630)	(405,322)
Other comprehensive income	(78,052,098)	(30,186,554)
Closing net assets	130,772,594	208,610,538
Group's share in %	72.68%	72.68%
Group's share in $	95,045,521	151,618,140
Elimination of unrealised transactions	(590,949)	-
Carrying amount	94,454,572	151,618,140

	Consolidated Group	
	2014	2013
	$	$
NOTE 14: Investment in Joint Venture (continued)		
Summarised statement of profit or loss		
Other revenue	194	301,113
Finance income, including interest income $80,459 (2013: $85,207)	80,459	85,207
Finance costs, including interest expense $5,626 (2013: $227,622)	(5,626)	(227,622)
Corporate & administrative expenses, including depreciation $1,381 (2013: $2,488)	(34,577)	(1,385,430)
Foreign currency gain/(loss)	(514,363)	783,756
Profit/(loss) before tax	(473,913)	(442,976)
Income tax expense	-	-
Profit/(loss) for the year from continuing operations	(473,913)	(442,976)
Income attributable to joint venture's non-controlling interest	(40,283)	(37,654)
Profit/(loss) for the year from continuing operations	(433,630)	(405,322)
Group's share of profit/(loss) for the year	(315,162)	(294,588)
Share of the joint venture's other comprehensive income:		
Translation gain/(loss) on foreign operations	(40,518,418)	-
Net gain/(loss) on revaluation of derivative	(2,566,737)	-
Share of total other comprehensive income for the year from continuing operations	(43,085,155)	-
Share of total comprehensive income for the year from continuing operations	(43,400,317)	(294,588)

Sales de Jujuy PTE LTD cannot distribute profits until it obtains the consent from the two venture partners.

The Group's share of project development commitments which are funded through project financing:

Operating commitments	31,399,819	53,352,364

NOTE 15: Trade and other Payables

Current:		
Unsecured liabilities:		
Trade payables and accrued expenses	8,134,029	7,213,090
Subsidiary instalments payable	1,061,980	1,094,648
	9,196,009	8,307,738
Non-Current:		
Unsecured liabilities:		
Trade payables and accrued expenses	2,231,755	1,405,477
Subsidiary instalments payable	665,060	1,775,450
	2,896,815	3,180,927

The carrying amounts approximate fair value. Fair value has been determined using a discounted cash flow valuation technique based on contractual and expected cash flows and current market interest rates (Level 3).

NOTE 16: Loans and Borrowings

Current:		
ARS 18,000,000 HSBC Loan (15.25% Simple Interest)	799,256	914,494
Bank overdraft (Patagonia Bank)	562,860	-
	1,362,116	914,494
Non-Current:		
ARS 18,000,000 HSBC Loan (15.25% Simple Interest)	1,352,063	2,743,483
	1,352,063	2,743,483

This loan has been drawn down under a four year bank facility (HSBC). At 30 June 2014, the loan is repayable within 36 months and is secured by guarantee (see note 24).

The bank overdraft is Peso denominated, has an indefinite term and accrues interest at the rate of 38%.

The carrying amounts of the loans and borrowings approximate fair value. Fair value has been determined using a discounted cash flow valuation technique based on contractual and expected cash flows and current market interest rates (Level 2).

	Consolidated Group 2014 $	Consolidated Group 2013 $
NOTE 17: Provisions		
Non-Current:		
Provision for rehabilitation	9,848,800	10,051,530
Other provisions	22,168	714,846
	9,870,968	10,766,376

Rehabilitation provision

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

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

	2014 $	2013 $
Balance at the beginning of year	10,051,530	-
Additions - business combinations	-	7,098,223
Arising during the year	4,116,712	2,590,413
Foreign currency translation	(4,319,442)	362,894
Carrying amount at the end of the year	9,848,800	10,051,530

NOTE 18: Employee Benefit Liability

Annual leave:

	2014 $	2013 $
Current:		
Annual leave	193,351	118,773
	193,351	118,773
Net employee defined benefit liability:		
Borax S.A. pension plan	626,459	1,332,513

The Group has a defined benefit pension plan in Argentina. During the current financial year, the Group decided to discontinue such plan. Current employees were offered to continue personally with the plan, or to liquidate and obtain the funds that had accumulated. The remaining balance of the pension plan relates to former employees.

NOTE 19: Business Combinations

Acquisition in 2013

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 complement existing operations in Argentina. The consideration paid for the sale to date is US$6.5m, and a total payable of US$1.6m is due over the next 2 years with instalments due on each anniversary of the acquisition. No payment was made on 21 August 2014 as a legal claim was made against Rio Tinto PLC relating to indemnities given as part of the acquisition (see note 28).

The fair values of the identifiable asset and liabilities acquired were as follows:	Fair value recognised on acquisition $
Assets:	
Property, plant & equipment	6,665,052
Cash and cash equivalents	823,423
Trade and other receivables	7,657,139
Inventories	7,802,570
Prepayments and other assets	1,512,523
	24,460,707
Liabilities:	
Trade and other payables	(6,091,432)
Deferred tax liability	(544,629)
Provision for employee entitlements and other	(3,006,261)
Provision for rehabilitation	(7,098,223)
	(16,740,545)
Total identifiable net assets at fair value	7,720,162
Purchase consideration transferred	
Cash	5,245,839
Instalments payable	2,474,323
	7,720,162

	Consolidated Group	
	2014	2013
	$	$

NOTE 19: Business Combinations (continued)

The net assets recognised in the 31 December 2012 financial statements were based on a provisional assessment of fair value while the Group sought an independent valuation for the land and buildings owned by Borax. The valuation had not been completed by the date the 2012 interim financial statements were approved for issue by management.

In June 2013 the valuation was completed and the acquisition date fair value of the property, plant and equipment was $6,665,052, an increase of $1,260,272 over the provisional value. The increased depreciation charge on the buildings from the acquisition date to 30 June 2013 was not material.

Overall, total assets have increased by $262,141, as a result of minor amendments on valuation. Total liabilities have decreased by $636,376 as a result of minor amendments on valuation. As a result, there was an increase in the deferred tax liability of $544,629.

The change to the consideration payable since the provisional acquisition note in the 2012 interim financial statements is due to a working capital adjustment as agreed between the parties at acquisition date of $374,235 that was made subsequent to the date of acquisition.

From the date of acquisition, Borax has contributed $17,654,532 of revenue and a reduction of $3,417,044 to the net profit before tax of the Group in the prior year.

In the prior year, if the combination had taken place at the beginning of the financial year revenue from continuing operations for the Group would have been $20,979,724 and the profit from the continuing operations for the Group would have been $94,986,949.

NOTE 20: Issued Capital	$	$
Fully paid ordinary shares	130,139,019	101,712,005
Ordinary shares	**No.**	**No.**
Balance at the beginning of the reporting year	117,745,140	103,195,029
Shares issued during the year:		
Previous financial year	-	14,550,111
21 November 2013 - Australian placement at $2.10	14,296,771	-
Balance at the end of the reporting year	132,041,911	117,745,140
Options	**No.**	**No.**
Unlisted Share Options and Performance Rights	2,562,493	2,041,884
Balance at the beginning of the reporting year	2,041,884	1,485,000
Options and rights issued during the year (see note 25)	520,609	1,041,884
Options and rights lapsed during the year (see note 25)	-	(485,000)
Balance at the end of the reporting year	2,562,493	2,041,884

Share option and performance right schemes

The Group has two share schemes under which options and performance rights to subscribe for the Group’s shares have been granted to certain executives and senior employees (Note 25).

Transaction costs	$	$
Costs incurred in current year	(1,596,204)	(1,145,698)
Less tax effect - current year	-	343,742
- previously not recognised	-	1,772,858
	(1,596,204)	970,902

NOTE 21: Reserves

Foreign currency translation reserve:		
Foreign controlled subsidiaries	(7,120,373)	(3,397,720)
Foreign joint venture (Group's share)	(40,518,418)	-
	(47,638,791)	(3,397,720)

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries with a functional currency other than Australian dollars, and the Group's share of equity accounted foreign currency translation reserves of the joint venture.

Options reserve:	1,727,074	1,344,180

The options reserve records items recognised as expenses on valuation of employee share options.

	Consolidated Group 2014 $	Consolidated Group 2013 $
NOTE 21: Reserves (continued)		
Cash flow hedge reserve:	(2,566,737)	-

The cash flow hedge reserve records the revaluation of derivative financial instruments in the joint venture that qualify for hedge accounting. This represents the Group's share of equity accounted cash flow hedge reserves.

	2014 $	2013 $
Total reserves	(48,478,454)	(2,053,540)

NOTE 22: Related Party Disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. For information regarding outstanding balances at 30 June 2014 and 2013, refer to Note 7:

	2014 $	2013 $
Joint venture in which the Parent is a venturer:		
Sales de Jujuy PTE LTD		
Exploration costs reimbursed - joint venture	1,607,122	17,881,984
Amounts owed by Joint Venture	1,607,122	18,048,848

Transactions with Joint Venture
At 30 June 2014, $18,978,405 is recorded as a receivable from the joint venture entity, and $6,211,685 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.

During the year, Orocobre Ltd advanced $3,954,298 to the Joint Venture entity, of which $786,906 is outstanding at year end.

	2014 $	2013 $
Key Management Personnel of the group:		
Cambridge Business Corporate services		
Purchases from KMP	5,400	116,100
Lithium Investors LLC		
Purchases from KMP	-	44,473

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Transactions with Key Management Personnel

During the prior year, the parent entity engaged Cambridge Business & Corporate Services, an entity controlled by Mr Crawford, company secretary of the parent entity, to provide accounting, company secretarial, and other services to the parent entity. As of 1 July 2013, Mr Crawford is no longer company secretary of the Company.

In the prior year, the parent entity engaged Lithium Investors LLC, an entity associated with Mr Calaway, a director of the parent entity, to provide technical services to the parent entity.

Compensation of Key Management Personnel of the Group	**2014 $**	**2013 $**
Short-term employee benefits	1,993,304	1,509,812
Post-employment benefits	71,087	48,567
Share-based payments	209,954	199,448
Total compensation	2,274,345	1,757,827

Detailed disclosures on compensation for key management personnel are set out in the Remuneration Report included in the Directors' Report.

Interests held by Key Management Personnel under the Share Option and Performance Right Plans
Share options and performance rights held by key management personnel under the Share Option and Performance Right Plans to purchase ordinary shares have the following expiry dates and exercise prices:

Issue Date		**Expiry Date**	**Exercise Price**	**2014 Number outstanding**	**2013 Number outstanding**
30/11/2011	Options	30/11/2016	$ 1.50	550,000	650,000
21/03/2013	Options	30/09/2015	$ 2.20	301,092	301,092
21/03/2013	P. Rights	30/09/2015	$ -	140,792	140,792
30/04/2014	P. Rights	30/09/2016	$ -	328,467	-
				1,320,351	1,091,884

	Consolidated Group 2014 $	Consolidated Group 2013 $

NOTE 22: Related Party Disclosures (continued)

Details of options provided as compensation for key management personnel are also set out in the Remuneration Report included in the Directors' Report.

Terms and conditions of grants made during the period are disclosed in Note 25.

Other related parties of the group:

	2014 $	2013 $
Elementos Limited		
Sales to related parties:	436	480
OGL Resources Limited		
Sales to related parties:	-	13,512
Purchases from related parties:	-	(4,154)
Amounts owed by related parties:	-	11,263
DiamonEx Limited		
Sales to related parties:	-	349
Amounts owed by related parties:	-	894
Coronation Resources Limited		
Sales to related parties:	6,327	27,638
Amounts owed by related parties:	-	29,920

Elementos Limited, listed on the ASX, is a related party of the Group as Mr Seville is a director of that company.

During the year, the company was party to a cost reimbursement agreement for services provided to Elementos Limited and Coronation Resources Limited. Mr Crawford is a director of Coronation Resources.

During the prior year, the company was party to a cost reimbursement agreement for services provided to OGL Resources Limited and DiamonEx Limited. Mr Crawford is a director of DiamonEx Limited, and Neil Stuart is a director of OGL Resources Limited.

The parent entity's shareholding in the controlled entities is detailed in Note 13. The company also provides finance to its controlled entities.

NOTE 23: Commitments

	2014 $	2013 $
Not later than 1 year		
- exploration commitments (1)	2,502	1,023,222
- operating leases (2)	122,802	127,035
- contracts (3)	31,222,740	53,562,362
	31,348,044	54,712,619
Later than 1 year but not later than 5 years		
- exploration commitments (1)	10,010	15,278
- operating leases (2)	-	265,618
- contracts (3)	164,566	6,820
	174,576	287,716

(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 1 year term remaining at 30 June 2014. Rent is payable monthly in advance.

(3) The group has contractual commitments regarding project development. See note 14.

NOTE 24: Contingent Items

The Parent has provided the following guarantee at 30 June 2014:

- Guarantee of 100% of the loan made under Loan Communication A5380 of the Central Bank of Argentina from HSBC Bank Argentina S.A. up to the loan amount of AR$18m (2014: AR$16.3m, A$2.2m; 2013: AR$18m, A$3.65m). This loan was granted to Borax Argentina S.A. on 25 June 2013.

- Refer to Note 14 for additional guarantees provided by the Group.

NOTE 25: Share Based Payments	**2014** **$**	**2013** **$**
Expense arising from equity-settled share based payment transactions	382,894	522,708

This relates to equity-settled share based payments in the form of grants of options under the Employee & Officer Share Option Plan and grants of options and performance rights under the Performance Rights & Option Plan.

Options and Performance Rights

Employee & Officer Share Option Plan (EOSOP)

Under the Employee & Officer Share Option Plan (EOSOP), awards are made to executives and other key talent who have an impact on the Group’s performance. EOSOP awards are delivered in the form of options over shares which vest over varying periods subject to the employee remaining in service.

The parent entity had 1,600,000 share options on issue at the start of the year, 400,000 with an exercise price $2.03 expiring 30 June 2015, 650,000 with an exercise price $1.50 expiring 30 November 2016, 350,000 with an exercise price $1.50 expiring 31 July 2017, and 200,000 with an exercise price $1.50 expiring 31 May 2018.

Performance Rights & Option Plan (PROP)

Under the Performance Rights & Option Plan (PROP), awards are made to executives who have an impact on the Group’s performance, and are delivered in the form of options and rights.

The parent entity had 441,884 share options on issue at the start of the year, 301,092 with an exercise price $2.20 expiring 30 September 2015, and 140,792 with an exercise price $0.00 expiring 30 September 2015.

i) Performance Rights & Option Plan (PROP) - 30 April 2014
PROP options over shares vest over a period of 2.5 years and are subject to continuous service from the date of grant until the first exercise date.

During the year 100,000 share options were granted pursuant to the company's Performance Rights and Option Plan for nil consideration. Such options are exercisable at $2.53 each and expire on 1 October 2017.

PROP performance rights vest over a period of 2.25 years and are subject to a number of various Hurdle Conditions, and continuous service from the date of grant until the first exercise date.

Hurdle Conditions	Number of Performance Rights
Olaroz: Construction Cost Hurdle - Achieve construction costs (excluding finance charges, marketing and Brisbane charges)	35,051
Olaroz: Operating Cost Hurdle - Achieve operating costs (excluding general and administration expenses) in the 2016 financial year	35,051
Olaroz: Production Rate Hurdle - Achieve design production rates in the 2016 financial year	35,051
Borax Argentina: EBITDA Hurdle - EBITDA performance for the 2016 financial year (excluding Orocobre Ltd flow through)	105,153
External Measure: TSR Outperformance - TSR outperformance relative to component companies of the ASX 300 Resources Index	210,303
	420,609

During the year 420,609 performance rights (P.R.'s) were granted pursuant to the company's Performance Rights and Option Plan for nil consideration. Performance rights are exercisable at $0.00 each with 420,609 vesting on the later of 31 August 2016 or the date of the release of the Company's financial results for the 2016 financial year assuming conditions met. Expiry date is 30 days after the vesting date.

ii) Performance Rights & Option Plan (PROP) - 21 March 2013
PROP options over shares vest over a period of 2.5 years and are subject to the following Total Shareholder Return (TSR) Outperformance Conditions, and continuous service until the vesting date.

NOTE 25: Share Based Payments (continued)

TSR Performance Condition	Proportion of Options which vest
If TSR falls below the 50th percentile	None of the Options vest
If TSR is at the 50th percentile	50% of the Options vest
If TSR lies between the 50th and 75th percentiles	The proportion of Options that vest increases linearly from 50% and 100%
If TSR lies at or above the 75th percentile	100% the Options vest

PROP performance rights vest over a period of 2.5 years and are subject to the following Milestone Conditions, and continuous service until the vesting date.

Milestone Conditions	Number of Performance Rights which may vest
Complete construction of the Olaroz Project within 10% of the Development Budget as set out in the Shareholder's Agreement Achieve satisfaction of the completed tests for the Olaroz Project, as specified in Banking Agreements with Mizuho Banking Corporation	105,594
Achieve audited Net Profit after Tax of A$5M or more in the 2015 financial year	35,198
	140,792

All options granted are over ordinary shares, which confer a right of one ordinary share per option. The options hold no voting or dividend rights. At the end of the financial year there are 1,320,351 options on issue to key management personnel (2013: 1,091,884).

Movements in the year are:	2014		2013	
	Number of Options & P.R.'s No	Weighted Average Exercise Price $	Number of Options & P.R.'s No	Weighted Average Exercise Price $
Outstanding at the beginning of the year	2,041,884	1.604	1,485,000	1.798
Granted	520,609	0.486	1,041,884	1.500
Forfeited	-	-	(485,000)	1.975
Outstanding at year-end	2,562,493	1.377	2,041,884	1.604
Exercisable at year-end	1,400,000	1.670	787,500	1.702

At the date of issue, the weighted average share price of options and performance rights granted in the current year was $2.231. The options outstanding at 30 June 2014 had a weighted average exercise price of $1.67 and a weighted average remaining contractual life of 2.21 years.

The weighted average fair value of options granted during the year was $1.69 (2013: $0.734).

The fair value of performance rights and options granted is deemed to represent the value of the employee services received over the vesting period. The fair value of equity settled options is estimated at the date of grant using a binomial option valuation model with the following inputs:

Financial year of Issue	2013 - EOSOP	2013 - EOSOP	2012 - EOSOP	2012 - EOSOP	2011 - EOSOP
Number Issued	200,000	350,000	325,000	325,000	400,000
Fair value at grant date	$ 0.69	$ 0.85	$ 0.73	$ 0.79	$ 0.88
Share price	$ 1.49	$ 1.65	$ 1.46	$ 1.46	$ 2.17
Exercise price	$ 1.50	$ 1.50	$ 1.50	$ 1.50	$ 2.03
Expected volatility	65.00%	70.00%	75.00%	75.00%	75.00%
Option life	5.0 years	5.0 years	4.0 years	3.0 years	4.0 years
Expected dividends	nil	nil	nil	nil	nil
Risk-free interest rate	2.70%	2.60%	3.20%	3.20%	4.70%

NOTE 25: Share Based Payments (continued)

Financial year of Issue	2014 - PROP	2014 - PROP	2014 - PROP	2013 - PROP	2013 - PROP
Number Issued	100,000	210,302	210,307	140,792	301,092
Fair value at grant date	$ 0.77	$ 2.23	$ 1.59	$ 1.36	$ 0.34
Share price	$ 2.23	$ 2.23	$ 2.23	$ 1.36	$ 1.36
Exercise price	$ 2.53	$ -	$ -	$ -	$ 2.20
Expected volatility	50.00%	50.00%	50.00%	60.00%	60.00%
Option life	3.25 years	2.25 years	2.25 years	2.5 years	2.5 years
Expected dividends	nil	nil	nil	nil	nil
Risk-free interest rate	2.84%	2.84%	2.84%	3.03%	3.03%

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

NOTE 26: Financial Risk Management

(a) Financial Risk Management

The group’s financial instruments comprise deposits with banks, financial assets, amounts receivable and payable, and interest bearing liabilities.

The main purpose of these financial instruments is to provide finance for group operations.

Risk Management Policies
Key management of the group meet on a regular basis to analyse exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. Management is responsible for developing and monitoring the risk management policies and reports to the Board.

Financial Risks
The main risks the economic entity is exposed to through its financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. There is a minor exposure to price risk through the financial assets. These risks are managed through monitoring of forecast cashflows, interest rates, economic conditions and ensuring adequate funds are available.

Equity price risk
The Group’s listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the reporting date, the exposure to listed equity securities at fair value was $24,464. An increase or decrease of 10% on the ASX market index could have an impact of approximately $2,446 on the profit attributable to the Group, depending on whether the variance is significant or prolonged.

Interest Rate Risk
The group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of reasonable possible changes in market interest rates arises in relation to the group's bank balances.

This risk is managed through the use of variable rate term deposits.

Interest Rate Sensitivity
With all other variables held constant, the Group’s profit after tax is affected through the impact on floating rate cash and receivables as follows:

	2014	2013
Cash & cash equivalents	26,302,392	10,609,081
Receivables	18,978,405	23,915,522
	45,280,797	34,524,603
Effect on equity as a result of a:		
1% +/- reasonably possible change in interest	316,966	345,246

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

NOTE 26: Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the group will not be able meet its financial obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity to meet liabilities when due, without incurring unacceptable losses or risking damage to the group's reputation.

The group's activities are funded from equity sources and revenue.

Contractual maturities of financial liabilities:

Year ended 30 June 2014	Within 12 months	1 to 5 Years	Over 5 years	Total
- payables	9,196,009	2,896,815	-	12,092,824
- loans and borrowings	1,753,615	1,702,455	-	3,456,070
	10,949,624	4,599,270	-	15,548,894

Year ended 30 June 2013	Within 12 months	1 to 5 Years	Over 5 years	Total
- payables	8,307,738	3,180,927	-	11,488,665
- loans and borrowings	1,227,221	3,681,663		4,908,884
	9,534,959	6,862,590	-	16,397,549

Foreign Currency Risk

The group is exposed to fluctuations in the United States Dollar arising from the purchase of goods and services, and loans and receivables in currencies other than the group's measurement currency. The Group does not currently undertake any hedging of foreign currency items.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the US Dollar exchange rates, with all other variables held constant. The impact on the Group’s profit after tax and equity is due to changes in the fair value of monetary assets and liabilities.

	2014	2013
United States Dollar cash & cash equivalents	12,362,732	865
United States Dollar receivables	18,978,405	23,915,522
	31,341,137	23,916,387
Effect on profit as a result of a:		
10% +/- Reasonably possible change in United States Dollar	2,193,880	1,674,147
Effect on equity as a result of a:		
10% +/- Reasonably possible change in United States Dollar	2,193,880	1,674,147

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk is managed and reviewed regularly by key management. It arises from exposures to certain financial instruments and deposits with financial institutions. Key management monitor credit risk by actively assessing the rating quality and liquidity of counter parties. Only banks and financial institutions with an ‘A’ rating are utilised.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the group, other than bank balances (Note 6) and the non current receivables (Note 7).

NOTE 26: Financial Risk Management (continued)

Commodity Price Risk

The Group's prospects and share price will be influenced by the price obtained from time to time for the commodities targeted in its exploration programs, namely lithium chemicals and potash and, to a lesser extent, other minerals. The prices of such commodities have fluctuated widely in recent years and are affected by factors beyond the control of the Group including, but not limited to, the relationship between global supply and demand for such minerals which may be affected by, among other things, development and commercial acceptance of lithium based applications and technologies and/or the introduction of new technologies that may not be based on lithium, forward selling by producers, the cost of production, new mine developments and mine closures, advances in various production technologies for such minerals and general global economic conditions. The prices of such commodities are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand issues. Also, major lithium producers may attempt to sell lithium products at artificially low prices in order to drive new entrants out of the market. These factors may have an adverse effect on the Group's exploration and any subsequent development and production activities, as well as its ability to fund its future activities.

The Group is affected by the market forces and market price cycles of boron chemical and mineral products. In relation to boron chemical and mineral products the market price is determined largely by the market supply and demand balance. There are two significant manufacturers of boron chemicals and minerals in the global market so the supply side is relatively consolidated. Boron chemical and mineral products are used in applications such as ceramic and glass manufacture, insulation and fertiliser manufacture. Although there is a cyclic profile in these markets they are considered steady growth markets linked strongly to urbanisation and food production so volatility is not considered high. In terms of inputs, the major input is ore mined from the companies own assets so input cost risk is managed through control of cost inputs such as diesel fuel, labour and gas via forward contracts. All sales contracts are agreed in USD or USD equivalent prices and forward contracts are agreed for periods of 3-12 months.

Trading Commodity Price Sensitivity

The following table shows the effect of price changes in boron chemicals on Trade Debtors at 30 June 2014.

Effect on profit as a result of a:	**2014**	**2013**
10% +/- Reasonably possible change in Boron chemicals	280,588	306,896

Capital management

Capital includes equity attributable to the equity holders of the Parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise the shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2014 and 2013. The change in the gearing ratio in the current year reflects the increase in cash as a result of the capital raising during the year.

Trade and other payables (Note 15)	12,092,824	11,488,665
Loans and borrowings (Note 16)	2,714,179	3,657,977
Less: cash and short-term deposits (Note 6)	(26,302,392)	(10,609,081)
Net debt	(11,495,389)	4,537,561
Fully paid ordinary shares (Note 20)	130,139,019	101,712,005
Equity	160,735,431	184,192,372
Total capital	290,874,450	285,904,377
Capital and net debt	279,379,061	290,441,938
Gearing ratio	-4%	2%

(b) Net Fair Values

No financial assets or liabilities are readily traded on organised markets in a standardised form, other than available for sale financial assets.

NOTE 26: Financial Risk Management (continued)

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and notes to the financial statements. Fair values are materially in line with carrying values. The available for sale assets comprise listed investments for which a level 1 fair value hierarchy has been applied (quoted price in an active market). For other assets, fair value has been determined using a discounted cash flow valuation technique based on contractual and expected cash flows and current market interest rates (Level 3).

(c) Financial Assets

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, joint ventures and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
Financial assets			
Cash and cash equivalents	6	26,302,392	10,609,081
Financial assets at amortised cost:			
– current trade and other receivables	7	7,388,112	5,766,953
– non-current trade and other receivables	7	27,840,216	26,602,735
Available-for-sale financial assets:			
– at fair value:			
- listed investments	10	24,464	12,233
Total financial assets		61,555,184	42,991,002
Financial liabilities			
Financial liabilities at amortised cost:			
– current trade and other payables	15	9,196,009	8,307,738
– non-current trade and other payables	15	2,896,815	3,180,927
– current loans and borrowings	16	1,362,116	914,494
– non-current loans and borrowings	16	1,352,063	2,743,483
Total financial liabilities		14,807,003	15,146,642

NOTE 27: 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 operations of Borax.

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 performance is evaluated based on the performance criteria parameters agreed for each segment. These include, but are not limited to: financial performance, exploration activity, mine yield, production volumes and cost controls.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment Information
The following tables present revenue and profit information about the Group's operating segments for the year ended 30 June 2014 and 2013 respectively.

Year ended 30 June 2014	**Corporate**	**Olaroz project**	**South American Salars**	**Borax**	**Eliminations**	**Total Entity**
REVENUE	**$**	**$**	**$**	**$**	**$**	**$**
External revenue	6,763	-	-	26,761,227	-	26,767,990
Intersegment revenue	-	-	-	-	-	-
Total segment revenue	6,763	-	-	26,761,227	-	26,767,990
RESULTS						
Interest income (Note 2b)	1,647,634	-	253,258	210,480	(965,591)	1,145,781
Interest expense (Note 2c)	-	-	(506,516)	(1,212,200)	688,869	(1,029,847)
Depreciation & amortisation (Note 2d)	(22,742)	-	(62,593)	(1,259,336)	-	(1,344,671)
Share of profit of an associate (Note 14)	-	(315,162)	-	-	-	(315,162)
Options expense (Note 25)	(382,894)	-	-	-	-	(382,894)
Impairment on AFS financial assets (Note 10)	(12,231)	-	-	-	-	(12,231)
Unrealised FX gain	(1,080,187)	-	(376,644)	1,046,767		(410,064)
Segment profit/(loss)	(5,028,820)	(315,162)	(643,144)	1,501,504	(1,069,892)	(5,555,514)

Inter-segment interest of $965,591 is eliminated on consolidation.

Year ended 30 June 2013	**Corporate**	**Olaroz project**	**South American Salars**	**Borax**	**Eliminations**	**Total Entity**
REVENUE	**$**	**$**	**$**	**$**	**$**	**$**
External revenue	1,169,537	-	39,097	19,114,291	-	20,322,925
Intersegment revenue	435,891	-	-	-	(435,891)	-
Total segment revenue	1,605,428	-	39,097	19,114,291	(435,891)	20,322,925
RESULTS						
Interest income (Note 2b)	1,437,526	-	-	129,544	(435,891)	1,131,179
Interest expense (Note 2c)	(2)	(91,123)	(215,224)	(150,620)	435,891	(21,078)
Depreciation & amortisation (Note 2d)	(29,092)	(1,180)	(87,716)	(602,683)	-	(720,671)
Share of profit of an associate (Note 14)	-	(294,588)	-	-	-	(294,588)
Gain on creation of JV	101,963,338	-	-	-	-	101,963,338
Options expense (Note 25)	(522,708)	-	-	-	-	(522,708)
Impairment on AFS financial assets (Note 10)	(295,804)	-	-	-	-	(295,804)
Unrealised FX gain	3,436,266	287,080	(29,583)	(91,481)	-	3,602,282
Segment profit/(loss)	99,687,769	518,299	(904,205)	(3,752,819)	-	95,549,044

Inter-segment interest of $435,891 is eliminated on consolidation.

NOTE 27: Segment Reporting (continued)

The following tables present segment assets and liabilities of the Group's operating segments as at 30 June 2014 and 2013:

As at 30 June 2014	Corporate $	Olaroz project $	South American Salars $	Borax $	Eliminations $	Total Entity $
ASSETS						
Segment assets	55,657,993	119,644,662	25,649,584	40,675,171	(54,385,182)	187,242,228
LIABILITIES						
Segment liabilities	1,732,936	583,760	25,763,071	39,466,049	(39,889,841)	27,655,975
OTHER DISCLOSURES						
Investment in a JV (Note 14)	-	94,454,572	-	-	-	94,454,572
Capital Expenditure (Note 11 & Note 12)	(102,082)	-	(283,943)	(6,744,627)	-	(7,130,652)

As at 30 June 2013	Corporate $	Olaroz project $	South American Salars $	Borax $	Eliminations $	Total Entity $
ASSETS						
Segment assets	56,778,438	137,973,705	29,531,894	39,391,466	(49,245,063)	214,430,440
LIABILITIES						
Segment liabilities	566,132	583,760	28,220,916	39,979,419	(39,127,946)	30,222,281
OTHER DISCLOSURES						
Investment in a JV (Note 14)	-	137,973,705	-	-	-	137,973,705
Capital Expenditure (Note 11 & Note 12)	(1,886,283)	(4,897,106)	(867,186)	(2,136,852)	-	(9,787,427)

Segment accounting policies

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

	2014	2013
Reconciliation of profit		
Segment profit	(5,555,514)	95,549,044
Group profit	(5,555,514)	95,549,044
Reconciliation of assets		
Segment operating assets	241,627,410	263,675,503
Inter-segment loans (eliminations)	(39,096,048)	(39,127,946)
Inter-segment investments (eliminations)	(15,289,134)	(10,117,117)
Group operating assets	187,242,228	214,430,440
Reconciliation of liabilities		
Segment operating liabilities	67,545,816	69,350,227
Inter-segment loans (eliminations)	(39,889,841)	(39,127,946)
Group operating liabilities	27,655,975	30,222,281

Geographic Information		
Revenues from external customers		
Australia	6,763	1,208,634
Argentina	26,761,227	19,114,291
Total revenue	26,767,990	20,322,925

The revenue information above is based on the locations of the origin of the sale.

Segment Assets		
Australia	55,657,993	56,778,438
Argentina	131,584,235	157,652,002
Total assets	187,242,228	214,430,440
Segment Liabilities		
Australia	1,732,936	566,132
Argentina	25,923,039	29,656,149
Total liabilities	27,655,975	30,222,281

NOTE 28: Events After the Reporting Period

Subsequent to the balance date the Company advised Rio Tinto PLC that it considered Rio Tinto PLC to be in breach of certain warranties provided by Rio Tinto PLC to the Company pursuant to the Share Purchase Agreement for the acquisition of the shares of Borax Argentina S.A.. The quantum of any damages that the Company may have suffered has not been quantified and no legal proceedings between the Company and Rio Tinto PLC have been commenced. As a result of the alleged breach of warranties by Rio Tinto PLC the Company declined to make a payment to Rio Tinto PLC of US$1m due to be paid on 21 August 2014.

NOTE 29: Parent Entity Information

The following information relates to the parent entity, Orocobre Limited at 30 June 2014. This information has been prepared in accordance with Accounting Standards using consistent accounting policies as presented in Note 1. The information is extracted from the books and records of the parent.

	2014	2013
Current assets	26,451,605	6,537,014
Non-current assets	193,998,406	187,441,447
Total assets	220,450,011	193,978,461
Current liabilities	1,120,643	360,637
Non-current liabilities	1,196,053	-
Total liabilities	2,316,696	360,637
Contributed equity	130,139,019	101,735,478
Reserves	1,727,074	1,344,180
Accumulated profits/(losses)	86,267,222	90,817,181
Total equity	218,133,315	193,896,839
Profit/(loss) for the year	(5,028,820)	100,778,901
Other comprehensive income	-	211,402
Total comprehensive profit/(loss) for the year	(5,028,820)	100,990,303

Orocobre Limited has entered into a guarantee, in the current financial year, in relation to a loan for its subsidiary, Borax S.A. (see Note 24). The company had no contingent liabilities at year end. As set out in Note 23 the Company has an operating lease commitment for $122,802 (2013: $392,653).

NOTE 30: Company Details

The registered office and principal place of business is: Level 1, 349 Coronation Drive, Milton, Queensland 4064, Australia.

Directors’ Declaration

Directors' Declaration

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

1. In the opinion of the directors:
   - (a) the financial statements and notes of Orocobre Limited for the financial year ended 30 June 2014 are in accordance with the *Corporations Act 2001*, including:
     (i) giving a true and fair view of the consolidated entity’s financial position as at 30 June 2014 and of its performance for the year ended on that date; and
     (ii) complying with Accounting Standards and the Corporations Regulations 2001;
   - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
   - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

James D Calaway	Richard P Seville
Chairman	Managing Director

Dated this: 26th day of September 2014

Building a better
working world

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Independent auditor's report to the members of Orocobre Limited

Report on the financial report

We have audited the accompanying financial report of Orocobre Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Opinion

In our opinion:

a. the financial report of Orocobre Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

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Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Orocobre Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

K McKenzie

Kellie McKenzie
Partner
Brisbane
26 September 2014

Additional Information

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

1. Shareholder Details

The following information is provided as at 01 September, 2014.

Distribution of Shareholders

Category Number (Size of Holding)	Number of Holders
1 – 1,000	992
1,001 – 5,000	1,531
5,001 – 10,000	565
10,001 – 100,000	556
100,001 – and over	80
Total	3,724

The number of shareholdings held in less than marketable parcels is 155.

Twenty Largest Holders – Ordinary Shares

Rank	Shareholder Name	Number of Shares Held	% of Total Capital
1	J P Morgan Nominees Australia Limited	16,514,187	12.507
2	HSBC Custody Nominees (Australia) Limited	16,220,472	12.284
3	National Nominees Limited	14,232,146	10.779
4	Lithium Investors LLC	8,200,000	6.210
5	Richard Seville & Associates Pty Ltd <The Seville Super Fund A/C>	4,871,500	3.689
6	Citicorp Cominees Pty Limited	3,247,352	2.459
7	Fairground Pty Ltd	3,051,344	2.311
8	UBS Nominees Pty Ltd	2,851,028	2.159
9	Mr Dennis Grenville Hinton & Mrs Roslyn Susanna Hinton	2,652,574	2.009
10	HSBC Custody Nominees (Australia) Limited	2,195,629	1.663
11	BNP Paribas Noms Pty Ltd <DRP>	1,788,062	1.354
12	Mr Robert Bruce Woodland & Mrs Erika Woodland <R Woodland Exhibit S/F A/C>	1,624,524	1.230
13	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,320,864	1.000
14	Merrill Lynch (Australia) Nominees Pty Limited	1,208,855	0.916
15	HSBC Custody Nominees (Australia) Limited-GSCO ECA	1,078,809	0.817
16	Mr John Gordon Park & Mrs Shirley Patricia Park <Park Super Fund A/C>	1,051,250	0.796
17	Citigroup Nominees Pty Limited	1,000,000	0.757
18	Mr Denis Grenville Hinton & Mrs Roslyn Susanna Hinton <Hinton Family Super A/C>	827,064	0.626
19	RBC Investor Services Australia Nominees Pty Limited <PISELECT>	776,183	0.588
20	Aust Executor Trustees Ltd <Charitable Foundation>	500,000	0.379
	Total Top 20	85,211,843	64.534

The following are substantial shareholders listed in the Company's register on 01 September, 2014.

Rank	Shareholder Name	Number of Shares Held	% of Total Capital
1	J P Morgan Nominees Australia Limited	16,514,187	12.507
2	HSBC Custody Nominees (Australia) Limited	16,220,472	12.284
3	National Nominees Limited	14,232,146	10.779
4	Lithium Investors LLC	8,200,000	6.210

Additional Information

The following securities were on issue as at 01 September, 2014.

Number	Class
132,041,911	Ordinary (ORE)
400,000	ASX Code OREAK – Options exercisable at $2.03 on or before 30 June 2015
550,000	ASX Code OREAI – Options exercisable at $1.50 on or before 30 November 2016
350,000	ASX Code OREAO – Options exercisable at $1.50 on or before 31 July 2017
301,092	ASX Code to be allocated – Options exercisable at $2.20, 30 days after the later of 31 August 2015 or the date of release of the Company's financial results for the 2014/2015 financial year
100,000	ASX Code OREAW – Options exercisable at $2.53. Expiry Date 1 October 2017
200,000	ASX Code OREAU – Options exercisable at $1.50 on or before 31 May 2018
140,792	ASX Code OREAS – Performance Rights exercisable at $0.00, 30 days after the later of 31 August 2015 or the date of release of the Company's financial results for the 2014/2015 financial year
420,609	ASX Code OREAS – Performance Rights exercisable at $0.00, 30 days after the later of 31 August 2016 or the date of release of the Company's financial results for the 2015/2016 financial year

The following unlisted options lapsed on 9 July 2014 in accordance with the terms of their grant.

ASX Code	Expiry Date	Exercise Price	Number of Options
OREAI	30 November, 2016	$1.50	100,000

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

2. Registers of Securities are Held at the Following Addresses:

Boardroom Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000
Australia

Equity Financial Trust Company
200 University Avenue
Suit 400
Toronto ON M5H4H1
Canada

3. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited, other than those classified as restricted securities and detailed below.

4. Restricted Securities

The company currently has no restricted securities.

5. Use of Cash and Convertible Assets

During the period from admission to the official list of the Australian Stock Exchange to 30 June 2014, the Company has used cash and assets readily convertible to cash in a manner consistent with its business activities. The Company is involved in mineral exploration and development in Argentina.

Additional Information

6. Schedule of Tenements

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Olaroz				
	1842-S-12	2988.17	66.5%	Argentina
	1274-P-2009	5972	66.5%	Argentina
	131-I-1986	100	66.5%	Argentina
	039-M-1998	98.4	66.5%	Argentina
	112-S-04	100	66.5%	Argentina
	117-A-44	100	66.5%	Argentina
	114-S-44	100	66.5%	Argentina
	40-M-1998	100	66.5%	Argentina
	029-M-1996	100	66.5%	Argentina
	126-T-44	100	66.5%	Argentina
	393-M-44	98.4	66.5%	Argentina
	112-D-44	299,94	66.5%	Argentina
	125-S-44	100	66.5%	Argentina
	319-T-2005	1473.97	66.5%	Argentina
	056-L-1991	300	66.5%	Argentina
	519-L-2006	2000	66.5%	Argentina
	520-L-2006	1896.52	66.5%	Argentina
	521-L-2006	2000	66.5%	Argentina
	522-L-2006	2000	66.5%	Argentina
	147-L-2003	1927.92	66.5%	Argentina
	724-L-2007	3336.19	66.5%	Argentina
	725-L-2007	2940.11	66.5%	Argentina
	726-L-2007	2889.98	66.5%	Argentina
	727-L-2007	3117.26	66.5%	Argentina
	728-L-2007	3182.35	66.5%	Argentina
	503-L-2006	6200	66.5%	Argentina
	943-R-2008	563.98	66.5%	Argentina
	1136-R-2009	1199.34	66.5%	Argentina
	1137-R-2009	1195.97	66.5%	Argentina
	944-R-2008	432.3	66.5%	Argentina
	1134-R-2009	895.70	66.5%	Argentina
	1135-R-2009	1098.64	66.5%	Argentina
	963-R-2004	1194.84	66.5%	Argentina
	964-R-2008	799.84	66.5%	Argentina
	945-R-2008	428.08	66.5%	Argentina
Cauchari				
	259-R-2004	494.4	85%	Argentina

Additional Information

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	260-R-2004	444.26	85%	Argentina
	948-R-2008	887.56	85%	Argentina
	949-R-2008	1770.51	85%	Argentina
	950-R-2004	1997.09	85%	Argentina
	1155-P-2009	1500	85%	Argentina
	968 R 2008	703.34	85%	Argentina
	1081 P 2008	1995	85%	Argentina
	1.119-P-2009	2493.07	85%	Argentina
	1082 P 2008	1468	85%	Argentina
	1101 P 2008	2483.9	85%	Argentina
	966 R 2008	117.37	85%	Argentina
	1085 P 2008	773.9	85%	Argentina
	965 R 2008	1345	85%	Argentina
	951-R-2008	795	85%	Argentina
	1083 P 2008	1445.68	85%	Argentina
	1.118-P-2009	2395.70	85%	Argentina
	1130-P-2009	1239.96	85%	Argentina
	952-R-2008	487.58	85%	Argentina
	1084 P 2008	1526.78	85%	Argentina
	1156-P-2009	66.17	85%	Argentina
	1086 P 2008	1716.63	85%	Argentina
Jujuy				
	148-Z-1996	300	85%	Argentina
	817-I-2007	1142.55	85%	Argentina
	1098 P 2008	645.26	85%	Argentina
	1099 P 2008	1393.48	85%	Argentina
	1120 P-2009	2499	85%	Argentina
	1.125 -P-2009	2429.25	85%	Argentina
	1.121-P-2009	2222	85%	Argentina
	1.122 -P-2009	2498.48	85%	Argentina
	1.123 -P-2009	1250.58	85%	Argentina
	1124-P-2009	2499	85%	Argentina
	1129_P- 2009	2300	85%	Argentina
	604-T-2006	500	85%	Argentina
	788-M-2007	1162	85%	Argentina
	183-Z-2004	494	85%	Argentina
	184-D-1990	100	85%	Argentina
Salta				
	19391	2411.97	85%	Argentina
	18199	500	85%	Argentina
	67	100	85%	Argentina

Additional Information

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	18834	495.82	85%	Argentina
	17734	200	85%	Argentina
	60	100	85%	Argentina
	1110	100	Nil-earning	Argentina
	1104	100	85%	Argentina
	13699	100	85%	Argentina
	18808	100	85%	Argentina
	266	100	85%	Argentina
	18183	2778	85%	Argentina
	12970	100	85%	Argentina
	19891	100	85%	Argentina
	62	100	85%	Argentina
	17681	400	85%	Argentina
	44	100	Nil-earning	Argentina
	8170	300	85%	Argentina
	1107	100	Nil-earning	Argentina
	18481	97.04	85%	Argentina
	1112	100	85%	Argentina
	13487	100	85%	Argentina
	14329	100	85%	Argentina
	57	100	85%	Argentina
	68	100	85%	Argentina
	17538	95.43	85%	Argentina
	14589	100	85%	Argentina
	18924	300	85%	Argentina
	18925	99.94	85%	Argentina
	19206	869	85%	Argentina
	11577	100	85%	Argentina
	11578	100	85%	Argentina
	11579	100	85%	Argentina
	11580	100	85%	Argentina
	1111	100	85%	Argentina
	18833	270	85%	Argentina
	17321	186	85%	Argentina
	53	100	85%	Argentina
	19742	2490.07	85% T	Argentina
	19744	2499.97	85% T	Argentina
	19766	2488.09	85% T	Argentina
	19768	2987.09	85% T	Argentina
	48	100	85%	Argentina
	203	100	85%	Argentina

Additional Information

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	204	100	85%	Argentina
	54	100	85%	Argentina
	63	100	85%	Argentina
	50	100	85%	Argentina
	1105	100	85%	Argentina
	65	100	85%	Argentina
	70	100	85%	Argentina
	206	100	85%	Argentina
	86	300	85%	Argentina
	17744	500	85%	Argentina
	18533	97.03	85%	Argentina
	17580	100	85%	Argentina
Diablillos				
	1190	99.65	100%	Argentina
	18009	99	100%	Argentina
	18010	200	100%	Argentina
	1187	99.7	100%	Argentina
	1189	100	100%	Argentina
Tincalayu				
	1271	300	100%	Argentina
	1215	300	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
	1495	200	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
	7772	471	100%	Argentina
	5596	300	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
	5435	300	100%	Argentina
	8529	900	100%	Argentina
	13572	647	100%	Argentina
	13848 (Diana)	100	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
	17335 (Valerio)	274,32	100 % (Galaxy Lithium has an usufruct on the brines)	Argentina
Diablillos				
	11691	2700	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
Sijes				
	8587	799	100%	Argentina
	11800	488	100%	Argentina
	11801	400	100%	Argentina
	11802	3399	100%	Argentina
	14801	8	100%	Argentina
	14121	10	100%	Argentina

Additional Information

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	5786	200	100%	Argentina
Pozuelos				
	1208	194	Lithea Inc (Borax has usufruct over the borates)	Argentina
	5569	300	Lithea Inc (Borax has usufruct over the borates)	Argentina
	4959	200	Lithea Inc (Borax has usufruct over the borates)	Argentina
	13171	200	Lithea Inc (Borax has usufruct over the borates)	Argentina
	13172	200	Lithea Inc (Borax has usufruct over the borates)	Argentina
Ratones				
	62066	300	Potasio y Litio Argentina S.A. (Borax has usufruct over the borates)	Argentina
	3843	300	Potasio y Litio Argentina S.A. (Borax has usufruct over the borates)	Argentina
Cauchari				
Boroquímica Group – File No. 90-B-1994	394	300	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	336	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	347	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	354	160	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	340	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	444	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	353	300	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	350	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	89	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	345	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	344	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	343	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	352	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	351	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	365	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	122	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	221	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	190	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	116	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	117	300	100% (Exar (LAC) has the usufruct over the	Argentina

Additional Information

Tenement Name	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
			brines)	
	389	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	306	24	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	402	119	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	195	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	220	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	259	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	43	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	341	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	42	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	438	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	160	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	378	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	339-C	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	377-C	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina
	191-R	100	100% (Exar (LAC) has the usufruct over the brines)	Argentina

7. Technical Information, Competent Persons' and Qualified Persons' Statements

The resource estimation of the Salar de Olaroz stated in this report was undertaken by John Houston who is a Chartered Geologist and a Fellow of the Geological Society of London. John Houston has sufficient relevant experience to qualify as a competent person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He is also a "Qualified Person" as defined by Canadian Securities Administrators' National Instrument 43-101("NI 43-101").

The Feasibility Study on the Olaroz project was prepared by Mr. Houston (Consulting Processing Engineer) and Peter Ehren (Consulting Processing Engineer), together with Sinclair Knight Merz and the Orocobre technical group. Mr. Houston and Mr. Gunn prepared the technical report entitled "Technical Report – Salar de Olaroz Lithium-Potash Project, Argentina" dated May 30, 2011 (the "Olaroz Report") under NI 43-101 in respect of the Feasibility Study, and each of Messrs. Houston and Gunn was a Qualified Person under NI 43-101, and independent of the company, at the date such report was prepared. Mr Peter Ehren is a Member of the Australasian Institute of Mining and Metallurgy and Chartered Professional and is a consulting mineral processing engineer with significant experience in lithium brine deposits. Mr Gunn is a Member of the Australian Insititute of Mining and Metallurgy and is consulting mineral processing engineer with approximately forty years' experience.
The technical information relating to Salinas Grandes and Cauchari has been prepared by Murray Brooker in conjunction with Mr Peter Ehren regarding Salinas Grandes. Murray Brooker is a geologist and hydrogeologist and is a Member of the Australian Institute of Geoscientists. Murray has sufficient relevant experience to qualify as a competent person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He is also a "Qualified Person" as defined in NI 43-101. Mr Peter Ehren is a Member of the Australasian Institute of Mining and

Metallurgy and Chartered Professional and is a consulting mineral processing engineer with significant experience in lithium brine deposits. He has acted as a consultant on the company's Olaroz and Cauchari lithium projects as well as consulting extensively for other clients. Mr Ehren is responsible for the mineral processing and metallurgical testing statements in section 15 of the Technical Report on the Salinas Grandes Lithium Project effective April 16th 2012. This report was reviewed and updated to include a statement of Peter Ehren's responsibilities on August 12th 2013 as a result of a review by the Ontario Securities Commission and refiled on www.sedar.com with an accompanying media release over the Canadian disclosure network on August 23rd 2013. Mr Ehren is also a "Qualified Person" as defined in NI43-101.

The information in this report that relates to mineralisation at Borax Argentina sites has been prepared by Mr Murray Brooker. Murray Brooker, an independent consultant to Orocobre, is a geologist and hydrogeologist and is a Member of the Australian Institute of Geoscientists. The other information in this report relating to the boric acid plant pre-feasibility study has been approved by Mr. Peter Ehren. Peter Ehren, an independent consultant to Orocobre at the date of the announcement, is also a Consulting Processing Engineer. Each of Mr. Brooker and Mr. Ehren has sufficient relevant experience to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and as a "Qualified Person" as defined in NI 43-101.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the references above and that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

A previous announcement was made on the 21/08/12 regarding the superseded historical resource at Porvenir. The company is not in possession of any new information or data relating to historical estimates that materially impacts on the reliability of the estimates or the company's ability to verify the historical estimates as mineral resources, in accordance with the JORC Code. The supporting information provided in the initial market announcement of 21/08/12 continues to apply and has not materially changed.

Additional information relating to the Company's projects is available on the Company's website.

8. Caution Regarding Forward Looking Information

This report contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include, but is not limited to, the results of the Olaroz feasibility study, the estimation and realization of mineral resources at the Company's projects, the viability, recoverability and processing of such resources, costs and timing of development of the Olaroz project, the forecasts relating to the lithium, potash and borate markets including market price whether stated or implied, demand and other information and trends relating to any market tax, royalty and duty rates., timing and receipt of approvals for the Company's projects, consents and permits under applicable legislation, adequacy of financial resources, production and other milestones for the Olaroz project, the Olaroz project's future financial and operating performance including production, rates of return, operating costs, capital costs and cash flows, potential operating synergies between the Company's projects and the Olaroz project, other matters related to the development of the Olaroz project and the Cauchari and Salinas Grandes projects, the performance of the relocated borax plant, including without limitation the plant's estimated production rate, financial data, the estimates of mineral resources or mineralisation grade at the Tincalayu mine, the economic viability of such mineral resources or mineralisation, mine life and operating costs at the Tincalayu mine, the projected production rates associated with the borax plant.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk that further funding may be required, but unavailable, for the ongoing development of the Company's projects; the possibility that required concessions may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; changes in government regulations, policies or legislation; fluctuations or decreases in commodity prices; the possibility that required permits or approvals may not be obtained; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; fluctuations or decreases in commodity prices general risks associated with the feasibility of the Company's projects; risks associated with construction and development of the Olaroz project; unexpected capital or operating cost increases; risks associated with weather patterns and impact on production rate and the uncertainty of meeting anticipated program milestones at the Company's projects; general risks associated with the operation of the borax plant; a decrease in the price for borax resulting from, among other things, decreased demand for borax or an increased supply of borax or substitutes.
The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the Company's ability to carry on its exploration and

Additional Information

development activities, the timely receipt of required approvals, the prices of lithium potash and borates, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

The successful journey to date in the construction of the Olaroz Project is a testament to the strong local management team, the cooperation of government at provincial and national level and the community and shared value policy.

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Managing Director & CEO
Richard Seville

Non-Executive Directors
John W. Gibson
Federico Nicholson
Fernando Oris De Roa
Courtney Pratt
Robert Hubbard

Company Secretary

Neil Kaplan

Company

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