OROCOBRE

ANNUAL REPORT 2016

Orocobre is building a substantial Argentine based industrial chemicals company through its portfolio of lithium, potash and boron assets.

In partnership with Toyota Tsusho Corporation and JEMSE, Orocobre has built and is now operating the world's first commercial, brine-based lithium operation constructed in 20 years, with a Stage One design production rate of 17,500tpa lithium carbonate for sale to industrial, technical and battery markets. The Company is evaluating an expansion of operations to a total of 35,000–42,500 tonnes lithium carbonate equivalent production.

The Company also owns Borax Argentina S.A., a well-established boron chemical and mineral producer with extensive operations and a 50 year production history.

Orocobre is dual listed on the Australian Securities Exchange (ASX: ORE) and the Toronto Stock Exchange (TSX: ORL) and is included in the S&P/ASX 200 Index.

2015–2016
HIGHLIGHTS

SALAR DE OLAROZ LITHIUM FACILITY

Operations have been operating cash flow positive since January 2016

Operations profitable

Costs already in second quartile of global production, significant optimisation opportunities remain

Sales de Jujuy lithium carbonate brand firmly established in the global lithium market

Expansion studies underway for total production of 35,000–42,500 tonnes per annum (tpa)

Excellent market fundamentals for lithium with strong demand growth, tight supply and rising prices

BORAX ARGENTINA S.A.

Borax is once again operating at a cash flow positive state despite difficult market conditions. This has been achieved with improved operating and sales practices

The focus is on production maximisation, building inventory and providing customers with a sound value proposition

Tincalayu plant upgrade completed on time and materially on budget in April 2016 and now operating near capacity

Study underway to expand production from 30,000 tpa to 100,000–120,000 tpa borax decahydrate equivalent at Tincalayu

CORPORATE HIGHLIGHTS

Strong balance sheet with available cash of US$35.8 million

Company transitioned from explorer to producer

New Chairman and key appointments to management team

Strong register with circa 70% institutional ownership

“EXCELLENT MARKET FUNDAMENTALS FOR LITHIUM WITH STRONG DEMAND GROWTH, TIGHT SUPPLY AND RISING PRICES”

LITHIUM
AND THE MARKET

Prices remain high

Existing producers are at, or near, capacity

New operations take time to bring into production

Lithium supply is tight

Strong demand growth

OLAROZ LITHIUM NOW SUPPLYING THE GLOBAL LITHIUM MARKET

FROM OUR HOME TO OUR OFFICE, **LITHIUM:**

BUILDS
- Glass
- Ceramics

DRIVES
- Cars
- Buses
- Drones
- Bikes
- Forklifts

POWERS
- Phones
- Laptops
- Power tools
- Grid storage

20%

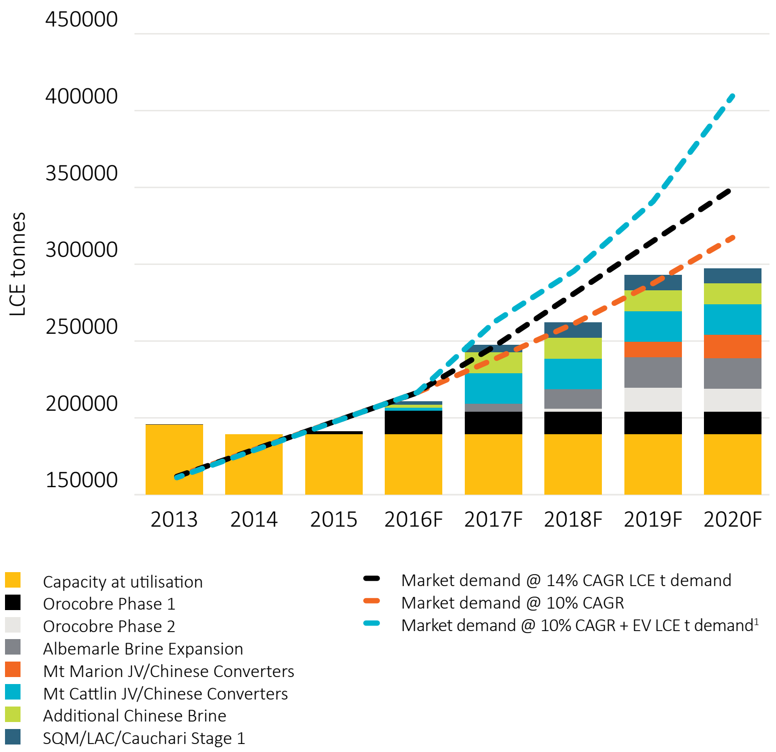
market growth in the battery sector

Tesla, BYD, Foxconn, Boston Power and Panasonic are all planning to expand or build large scale battery plants

10%

overall market growth

UNDERSUPPLY OF LITHIUM CARBONATE



30%

increase to supply (LCE t) is required to meet forecast 2020 demand

The Olaroz expansion forms an important part of the supply response

SUPPLY DEMAND RISKS	2017	2018	2019	2020
Strong ramp up required from hard rock projects, new converters and Chinese brine	✓	✓		
Future hard rock projects require new converter capacity		✓	✓	
Ramp up risk with new projects/expansions		✓	✓	✓

Supply notes:
Rest of the world 85% utilisation, China 60% utilisation, Talison's capacity considered in line with Chinese converter plant limitations and Europe industrial market, reducing supply to third party converters and impact of new entrants. Assumed 10% mineral conversion loss.
Sources: Company websites and Orocobre estimates.

Demand notes:
1. LCE Demand forecast assumes 1kg per kWH; 50 kWH per EV unit sold.

Source: EV Sales Forecasts (optimistic view) – Lux Research July 2015.

BORON
AND THE MARKET

REFINED BORATES MARKET

4.5%

overall CAGR from 2013 to 2018

Growth driven by:

Agriculture in the Americas and Asia	6%
Borosilicate Glass in China	4%

As the market continues to improve, Insulation Fiber Glass in the North American housing market will also stimulate growth

MINERAL BORATES MARKET

4%

overall CAGR from 2013 to 2018

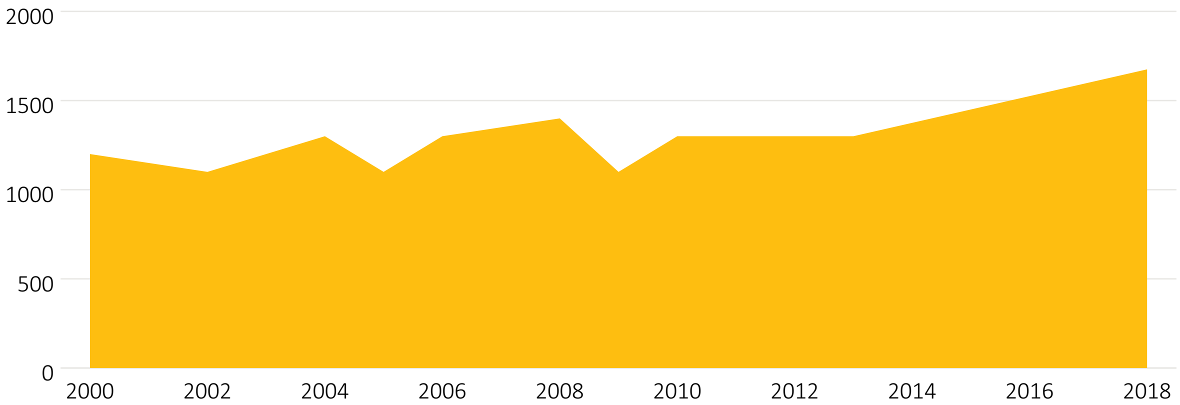
Growth driven by:

Agriculture	6%
Insulation fibre glass	4%
Frits and ceramics	4%

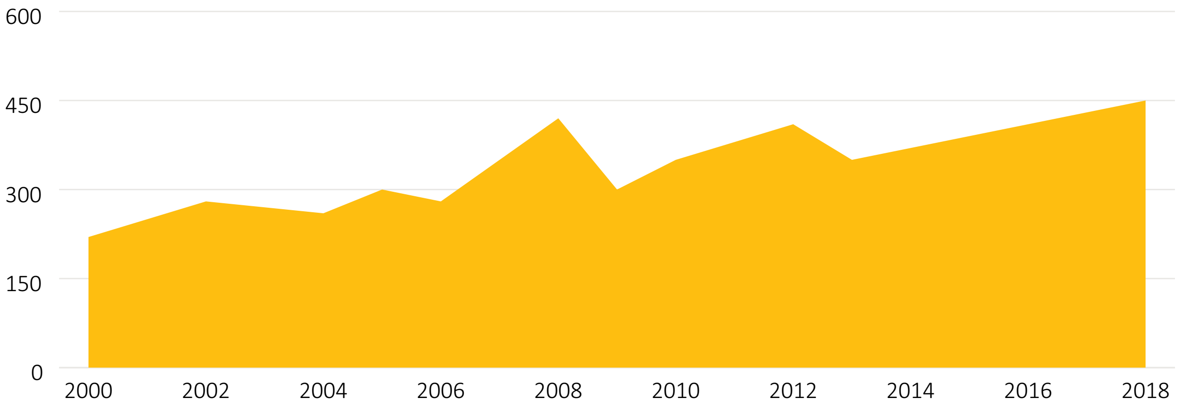
Minerals used in Asia for conversion to refined products and in North/South America directly in end-uses

Fracking application is developing in North America based on ulexite

GLOBAL REFINED BORATES DEMAND (B_2O_3 KT)



GLOBAL MINERAL BORATES DEMAND (B_2O_3 KT)



Sources: Company Information, Roskill, USGS, UNCommTrade

SHARED VALUE

Orocobre´s Shared Value program forms a key part of the Company's management strategy and is based on five fundamental pillars. These are: Education, Health, Production, Transparency and Empowerment. This is reflected in various relationships the Company maintains with employees, business partners, local communities and government and regulatory authorities.

Sales de Jujuy S.A. and Borax Argentina S.A. are both certified for ISO 9001 Quality Control and ISO 14001 Environmental Management, with each company also operating on the ISO 31000 Risk Management System. Sales de Jujuy is accredited for OHSAS 18001 Occupational Health and Safety Management and has received accreditation for the European REACH management system. The Company has commenced a program to report against Social Responsibility guide ISO 26000 and will expand this to report against key indicators commonly required by institutions such as the Australian Council of Superannuation Investors. The review will also be guided by the United Nations Principles for Responsible Investment (UNPRI).

Orocobre aims to sustainably develop the Company's assets in a responsible and committed manner, compatible with the local communities in which we operate. In order to achieve our goals of sustainability, the Company abides by a number of policy measures which promote mutual benefits for our Company and the local communities. Additionally, the local operating companies in Argentina run regular programs in the areas of education, health, employment, business development and environmental conservation which promote community engagement and participation.

EDUCATION

Orocobre improves educational outcomes for employees and local communities by strengthening the capability and offering of universities and schools through collaboration and participation in program development. The Company also encourages new initiatives and programs while promoting innovation and the entrepreneurial spirit within our communities.

Key enabling programs include the delivery of improved educational infrastructure such as internet service, cable telephone and radio communications (VHF). Another program is the "Junior Achievement" program which provides supplementary, education-enriching classes to young school-aged children as well as donations of schooling materials to assist pupils and teachers.

Orocobre's adult education programs, which aim to improve education completion rates within the local community, continued to run during the financial year. Personnel from both the Olaroz Lithium Facility and Borax Argentina S.A. who have not completed their formal education are invited to enrol in the free program run by the Company in conjunction with qualified teaching staff, community representatives and corporate volunteers. The program is operated at various education levels and, once completed, provides formal recognition for completion of study.

BUSINESS DEVELOPMENT

The Company continues to work with the local communities and organisations to run courses which teach entrepreneurial skills and sustainable business practices.

Key services provided by local suppliers include cleaning and laundry, food and catering, transport and logistics, and accommodation for contractors and employees. The Company promotes programs that encourage local tourism and fair distribution of economic benefits throughout the community.

Tourism training was conducted jointly with the Ministry of Tourism of the Province of Jujuy. Attendees and areas addressed included the local Visitor Service, Food Culture, Visitor Circuit Design, Preservation of Archaeological Heritage and Hospitality Management within local communities.

The Company's promise to continuously deliver mutually beneficial relationships with the local communities was boosted this year with the creation of the Community Interpretation Centre in Olaroz. The centre offers visitors local food, crafts, internet access, information about the flora and fauna of the area and tips for those visiting other communities.

COMMUNITY RELATIONSHIPS

Orocobre aims to improve the quality of life for the local population and empower communities, individuals and institutions. This is achieved through enhancing their workplace skills and experience, education and health in order to drive regional development and joint progression.

The community is supported through workshops and training programs that provide financial literacy and support to indigenous communities. This aids in the management of an increasing flow of money and business opportunities within the community. Leadership training in community organisations and indigenous governments supports planning efforts and more effective distribution of economic and social benefits within the community. The programs also support individuals and local organisations who may be unfamiliar with working in larger commercial enterprises.

EDUCATION
HEALTH
PRODUCTION
TRANSPARENCY
EMPOWERMENT

LABOUR EXCHANGE

During construction the Company developed a Labour Exchange in collaboration with the communities of Susques (Jujuy) to maximise and share the benefits during construction to the 10 local communities in the Olaroz basin. This programme was intended to proportionately distribute the labour available in local communities among the local suppliers. This assessed the needs of these communities and current skill sets in order to implement appropriate training courses. This program will be reintroduced in the potential expansion of Olaroz. 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 fosters a "zero harm" approach when it comes to the safety of our employees and project contractors. Orocobre's Argentina based projects operate an internally developed OH&S management system which incorporates the accredited ISO system principles and local cultural and legal aspects. Orocobre's goal regarding the safety of our operations is to continuously improve the reporting of, and reduction in workplace risks and incidents.

The Company has also been active in the area of preventive health, jointly with local hospitals and through a focus on five key areas: basic sanitation, poverty and social programs, environment, food and nutrition, and education.

The "Programa de Prevencion en Salud" (Preventive Health Program) offers local towns and villages paediatric, ophthalmology, dentistry, audiology and nutrition services not previously available. The program is also run internally within Orocobre's Argentina operations. During the period the health care program saw 290 cases handled relating to dental care, 141 cases handled relating to cardiology, and 71 cases relating to ophthalmology.

The Company also provides preventative health education programs such as the "Calidad de Vida" (Quality of Life) program. During the year the company facilitated 65 talks which promote the prevention and treatment of alcohol and substance addiction.

VOLUNTEERING

The Company offers a variety of volunteering opportunities for Orocobre Group personnel. The volunteering opportunities range from accompanying tutors and doctors in the health, community and schooling education programs to ad hoc participation in sporting, religious or community events.

The corporate volunteer program conducted during the year encouraged participation in activities for improvement in communities (painting schools, maintenance of electrical network or communications, business advisory communities, health plan), special activities such as community events and Children's Day and participation in meetings and educational programs such as tutoring and mentoring.

ENVIRONMENT

Environmental monitoring programs are regularly conducted with the contribution of local suppliers and are open to community participation. In schools, Orocobre Group Companies provide workshops on environmental care, treatment of waste and its reprocessing. The Company has supported a waste recycling program in Olaroz which collected 3,229 kg of recyclable material from the local community.

The Company promotes the sustainability of ecosystems through the implementation of clean technologies and practices. We continue to develop and promote training and educational programs, encouraging local participation.

There have been no reportable environmental events under the regulations in Jujuy or Salta due to the Company's activities. Further detail is available in the Directors Report under Environmental Regulation and Performance.

CHAIRMAN'S LETTER

DEAR SHAREHOLDERS

Orocobre has made major steps forward in the last year on its journey to become a world leading lithium and chemicals company. To achieve this goal your Board and management team are focussed on creating a company that:

- Delivers on the promise of Olaroz and exploits its full potential to not only meet the demands of the growing lithium market but make lasting positive change to the communities within which we operate
- Expands Borax Argentina S.A. to be a meaningful contributor to Orocobre's financial results and future value
- Employs the principals of shared value through the pillars of education, health, sustainability and employment to maintain our license to operate with our local communities so we are respected as an intrinsic element of the Jujuy province and the broader Argentine economy
- Continues to invest in our people and their culture of integrity, transparency, problem solving, commitment and sustainability.

The Annual Report is a valuable scorecard and I am pleased to report that we finished the year in a strong position with many substantive achievements. Through sheer hard work and innovation, our team has brought to market the first new lithium brine production in over 20 years. With the knowledge and know how we have accumulated, we are confident we can expand Olaroz production capacity to a possible 42,500 tonnes with commissioning in 2018. Such achievements are far from straightforward and the many new observers of the lithium market should reflect on this when looking at new sources of supply.

Our borax business responded to tough market conditions in South America by implementing significant operating and structural improvements, restoring margin in the second half, but more importantly developing a pathway to grow and expand our operations and realise the undeniable value of the resources. Pricing for borax products appears to be at the low point in the cycle. With our production expansion plans, we are confident that we are well positioned when economic conditions and market prices recover.

Much has been written about the emerging lithium market, some informed, much not. Orocobre developed its view of the market some time ago and remains confident that the fundamentals for lithium demand remain strong, underpinned by growing demand for electric vehicles, power storage and mobile devices. We estimate that supply will not be so readily available and that the supply response will be slower and more expensive than anticipated. This augurs well for existing producers such as Orocobre.

However, the year has not been without its challenges and I would like to thank our shareholders who have supported us through the capital raising process that allowed us to debottleneck our Olaroz operations and continue to ramp up production. We will work hard over the next few years to repay the confidence shareholders have placed in us and achieve our goal of being a world leading lithium and chemicals company. In particular, the next few years should see the Olaroz Lithium Facility repay loans and bank guarantees to Orocobre. These funds will support Orocobre in achieving its growth aspirations and pursue the opportunities that buoyant markets always provide.

We are planning the next stages of growth for our company with confidence and the experience of operating in Argentina. This knowledge is not easily gained and distinguishes Orocobre. The Macri Administration has laid the groundwork for the economic revival of Argentina through a number of reforms including floating the Peso, reduction of export duties and import restrictions, and the removal of capital transfer restrictions. For Orocobre, this has made our operations more competitive and should expedite the delivery and lower the cost of our planned expansion.

We are proud of the contribution we make to the communities in which we operate through our philosophy of shared value. Our businesses in Argentina employ over 400 people directly and we further support our communities by purchasing locally and employing local contractors and services. We are confident that we create sustainable operations through how we act in the areas of health, safety, environmental management and social inclusiveness. However, we recognise we can improve our communication of these activities. To rectify this, we have commenced a project to overhaul our reporting on these areas over the next 12 months.

James Calaway retired as Chairman of Orocobre in July. Orocobre's achievements are a team effort but a team that has benefited from the vision, passion and leadership that James brought to his role as Chairman. We will miss James around the boardroom table but wish him well for the future. James can take great pride in leaving Orocobre well positioned for the future.

In closing, I would like to thank my fellow Board members for their enduring commitment, management for their tenacity in delivery, employees for striving for excellence every day and most importantly our shareholders for their ongoing support and belief in our vision.

Robert Hubbard
Chairman
September 2016

“WE ARE PLANNING THE NEXT STAGES OF GROWTH FOR OUR COMPANY WITH CONFIDENCE”

REVIEW OF RESULTS

GROUP FINANCIAL PERFORMANCE

To assist readers to better understand the financial results of Orocobre, the financial information in this Operating and Financial Review includes non-IFRS financial information. The financial information has been translated to US dollars using average exchange rates for the relevant period.

Summary of results for the year ended 30 June 2016

	YEAR ENDED 30 JUNE 2016 US$	YEAR ENDED 30 JUNE 2015 US$
Revenue[1]	18,562,916	21,199,020
EBITDAX[2]	(7,809,149)	(7,778,832)
Less depreciation and amortisation	(1,705,246)	(1,359,639)
EBITX[3]	(9,514,395)	(9,138,471)
Less interest	474,501	(996,666)
EBTX[4]	(9,039,894)	(10,135,137)
Less foreign currency gains/losses	(2,552,260)	8,654,541
Less share of fx loss of Joint Venture	(18,284,359)	(149,063)
Group profit/(loss) before tax	**(22,592,662)**	**(1,670,082)**
Income tax expense	634,438	800,485
Net profit/(loss) after tax	**(21,958,224)**	**(869,597)**

1. Revenue includes revenue from operations and all other income.
2. 'EBITDAX is 'Earnings before interest, tax, depreciation and amortisation, and foreign exchange gains (losses)'.
3. 'EBITX is 'Earnings before interest, tax, and foreign exchange gains (losses)'.
4. 'EBTX is 'Earnings before tax and foreign exchange gains (losses)'.

The Group incurred a net loss after tax of US$22 million (30 June 2015: US$0.9 million loss), which was almost entirely composed of a non-cash foreign exchange loss of US$20.9 million and US$1.6 million related to the arbitration with Rio Tinto Minerals, now completed.

As a result of the large devaluation of the Argentine Peso during the year ended 30 June 2016, the Group's results were dominated by the impact of foreign exchange translation. Including the foreign exchange loss from its share of the Olaroz operations (SDJ PTE) the results of the Group were significantly impacted by an exchange loss of US$20.8 million (30 June 2015: US$8.5 million gain on exchange).

Borax Argentina S.A. like for like sales volumes were up 4% after adjusting for the absence of low value tincal ore in the current year sales but total revenue was down 20% on the previous corresponding period.

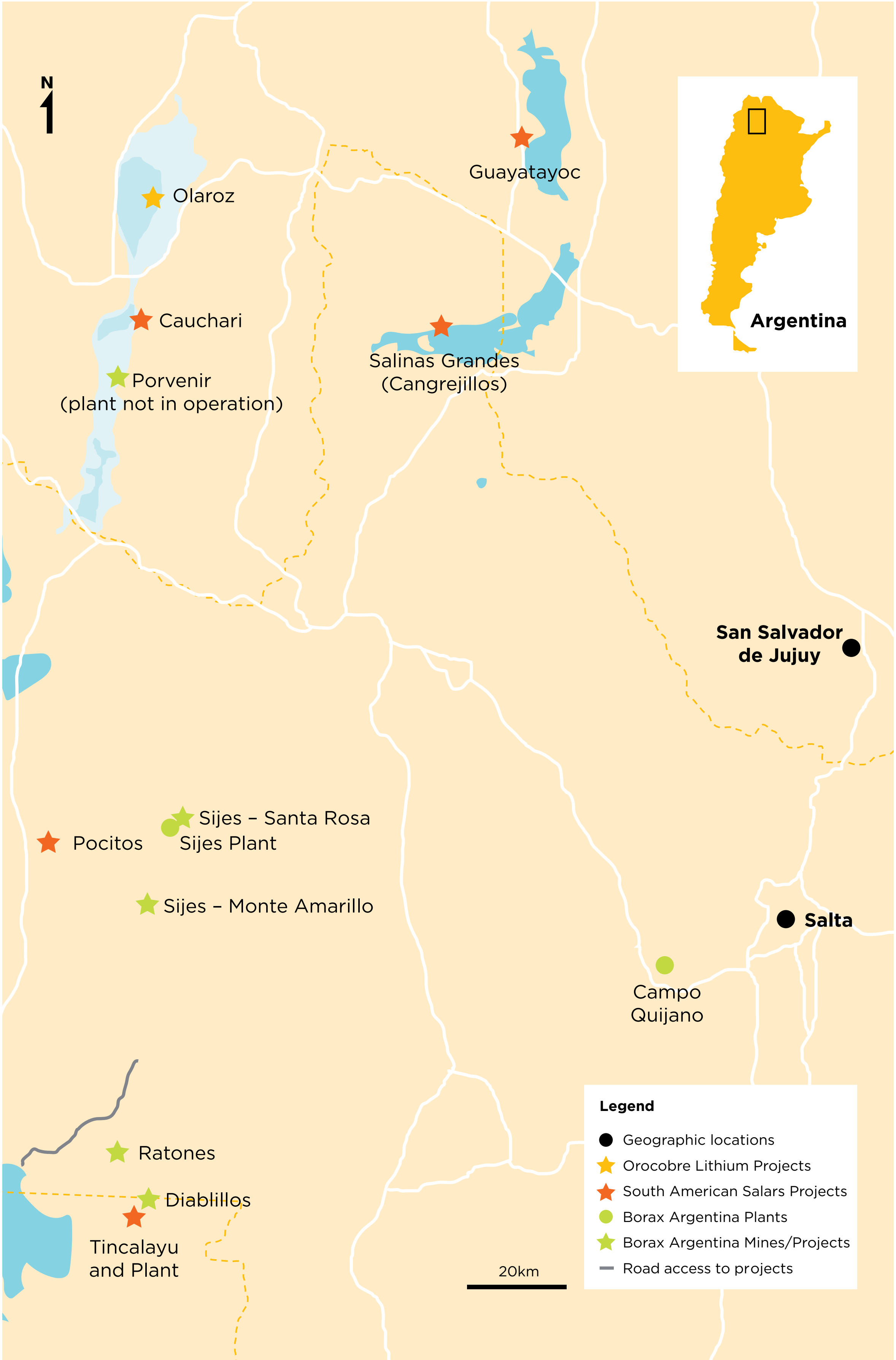
REVIEW OF OPERATIONS

The Company's key assets are the Olaroz Lithium Facility, the boron mines and processing facilities of Borax Argentina S.A. and a portfolio of brine exploration projects. They are all located in northern Argentina.

The Company's brine assets can be split into two groups. The first group of properties is owned and held by 66.5% (effective) Argentine operating company, Sales de Jujuy S.A ("SDJ") and contain those properties associated with the Olaroz Lithium Facility. Orocobre's partners in SDJ are Toyota Tsusho Corporation ("TTC") (25%) and "JEMSE" (8.5%).

The second group of brine assets is owned by South American Salars S.A (85% owned by the Company), 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.


N
Olaroz
Guayatayoc
Cauchari
Salinas Grandes
(Cangrejillos)
Porvenir
(plant not in operation)
Argentina
San Salvador
de Jujuy
Sijes – Santa Rosa
Sijes Plant
Pocitos
Sijes – Monte Amarillo
Salta
Campo
Quijano
Ratones
Diablillos
Tincalayu
and Plant
20km
Legend
Geographic locations
Orocobre Lithium Projects
South American Salars Projects
Borax Argentina Plants
Borax Argentina Mines/Projects
Road access to projects

OLAROZ LITHIUM FACILITY (66.5%)

A YEAR OF ACHIEVEMENT

The newest, low cost lithium carbonate producer

High growth, high margin business

Demand growth @ 10% CAGR

Sustained high market prices

Large long life resource

Expansion studies underway

Plant optimisation expected to decrease operating cash costs from approximately US$3500/t to <US$2500/t

The Olaroz Lithium Facility is located in Jujuy Province in northern Argentina, approximately 230 kilometres northwest of the capital city of Jujuy. The operations are at an altitude of 3,900 metres above sea level and produce lithium carbonate from the Salar de Olaroz brine resource.

The 17,500 tonne design capacity plant has been operating since early 2015 and produces a range of highly sought after lithium carbonate products that are sold into global markets. Demand for our products continues to increase as the world's consumers require high quality lithium batteries in applications that vary from the mobile phone to state of the art high performance electric vehicles and grid power storage applications at residential and commercial scale.

The first sale of lithium carbonate from the Olaroz Lithium Facility occurred in late April 2015 and volumes have been increasing since that time. The production profile has shown consistent quarter on quarter improvement.

Now production from the plant is nearing nameplate capacity, the focus will turn to operational optimisation. This will see a renewed focus on reagent usage, operational process and recovery to achieve improvements in the cost of production.

Small scale capital projects will be considered on the basis of cost versus return and to improve redundancy in operating systems.

HIGHLY COMPETITIVE INDUSTRY POSITION

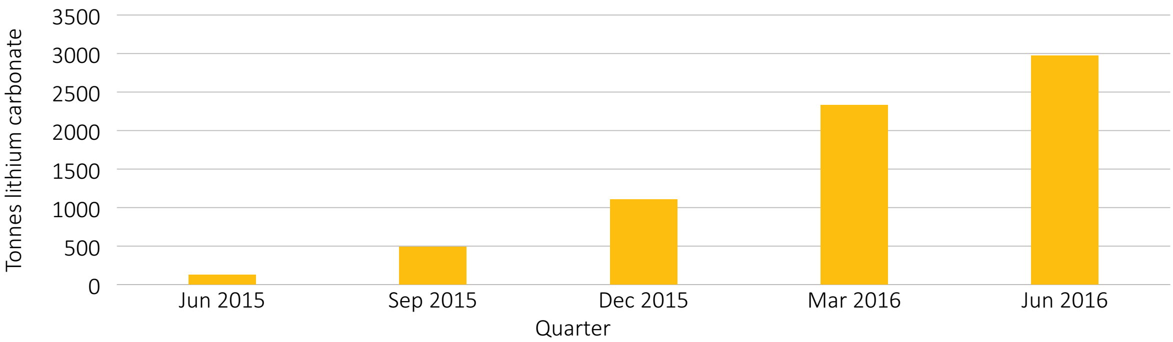
The Olaroz Lithium Facility is currently producing lithium carbonate at an operating cash cost of approximately US$3500/t which places the operations in the second lowest cost quartile relative to other producers.

Further process optimisation improvements on recovery, reagent usage and logistics is targeted to see the operating cash cost reduce to <US$2,500/t.

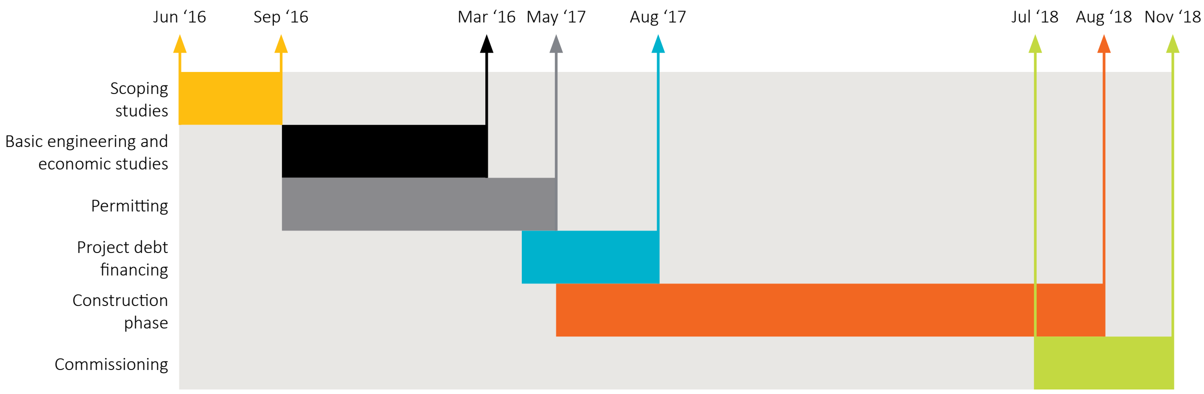
EXPANSION PLANS

Scoping studies into the expansion of production at Olaroz from 17,500 tonnes per annum to 35,000–42,500

OLAROZ PRODUCTION



OLAROZ PROJECT EXPANSION TIMELINE



tonnes per annum are nearly complete. Options being considered range from duplication of existing production facilities to a degree of scale up with possible lithium hydroxide production. Any expansion of this site will be significantly lower risk than a greenfield development due to the recent experience in the construction, commissioning and debottlenecking of the existing operations and the presence of existing infrastructure. Financing of the expansion is expected to be achieved through operating cash flow from the current operation and project debt, most likely from existing financiers.

MOU FOR DEVELOPMENT OF LITHIUM HYDROXIDE PLANT

In November 2015 the Company signed a Memorandum of Understanding (MOU) with Bateman Advanced Technologies (BAT) a subsidiary of Tenova S.p.A., a worldwide supplier of advanced technologies, products and engineering services to review their proprietary technology for the production of lithium salts including lithium hydroxide directly from brines.

During the year, BAT has been operating its Mini Pilot Plant, located at their premises in Israel, with the objective of better refining the design parameters of a pilot plant to potentially be located at an Orocobre site. Tenova-Bateman finished the continuous run of the lithium solvent extraction test, which has been evaluated. During April 2016 the scrubbing and stripping test was undertaken. In parallel, membrane test work was undertaken in order to optimise operation parameters. The electrolysis of the lithium sulphate solution obtained from the LiSXTM process was then completed.

A report including test work results and order of magnitude OPEX and CAPEX was delivered in July and we are assessing the results and currently in discussions with BAT in relation to the test results and the next steps.

PRODUCTS

Olaroz sells to multiple customers in multiple markets with three grades of product from the Olaroz Lithium Facility, a battery market product, a technical market product and industrial grade. The lower grade “in process” material which was previously recovered from the tanks post absorption in relatively minor volumes and sold to downstream chemical manufacturing customers is no longer being produced as of June, following the final improvements to CO_2 injection and diffusor design.

The main markets for technical grade product are the ceramic and glass markets, with battery grade typically sold to cathode manufacturers and industrial grade typically sold to ceramic and chemical manufacturing customers for the manufacture of lithium hydroxide and other chemicals.

BRINE INVENTORY

The end of the year brine inventory level was 38,200 tonnes of lithium carbonate equivalent (LCE). This is an increase from the 30,000 tonnes of LCE reported last year.

MARKET CONDITIONS

Prices up more than 60% over the year

The lithium market has experienced a very buoyant year. Tightness of supply has seen prices increase from below US$6,000/tonne on a delivered basis at the beginning of the financial year to more than double this figure for newly agreed contracts in the September 2016 quarter. The weighted average price expectation for the September and December quarters on an FOB Chile basis is approximately US$10,000 per tonne (net of commissions and logistics costs) as previously advised, dependent upon the mix of orders dispatched. There are a number of back orders to be filled at lower than current quarter price levels and these will not be fully dispatched until the December quarter. These back orders are the result of a slower than anticipated ramp up versus the view held when the supply contracts were agreed. As a show of good faith, it was necessary to honour the originally agreed price with customers when the delivery dates were revised.

Price revision has been largely on a quarterly basis and subject to the production performance of the Olaroz Lithium Facility. Longer term arrangements with customers will be discussed in the near future with the expectation being for some longer term commitments in respect to volume with price reviews on a quarterly or half yearly basis.

SUPPLY/DEMAND

Supply shortages of spodumene concentrate to conversion plants and high demand from EV manufacturers in China precipitated the rapid increase in market price during the second half of the financial year. The Chinese government has identified some aggressive targets for the number of EV units (both cars and buses) to be produced by 2020. This is expected to continue to drive demand into 2017 and beyond with the new and expanded battery factories announced by Tesla, Foxconn, Samsung, LG, BYD and others supporting the anticipated buoyant future growth profile of the battery market. The increased participation of mainstream brands in the EV sector, the growing focus on grid power storage at a commercial and residential scale and the continued growth in the demand for mobile devices, particularly in emerging markets, continues to contribute to a very positive outlook for the lithium ion battery sector.

Average industry utilisation levels of conversion plants in China have remained below 60% of nameplate capacity for varied reasons including feedstock quality/recovery rates, conversion plant age and operational efficiency.

Capacity additions to downstream processing have responded to these factors resulting in modest expansion. However, this new conversion capacity is unlikely to match the pace of forecast increases in spodumene concentrate supply from Australian hard rock projects.

There is a lead time involved in the supply side response regardless of whether it is a brine operation or a hard rock operation being considered as there is a requirement for the mines and/or plants to be permitted, financed, constructed, commissioned, debottlenecked and optimised.

Lithium ion battery costs continue to reduce, driven largely by improvements in manufacturing processes. Given the unique electrochemical properties of lithium and its relatively low contribution to total battery cost (<3%) the future of lithium ion batteries as a long term viable battery technology appears to be very favourable.

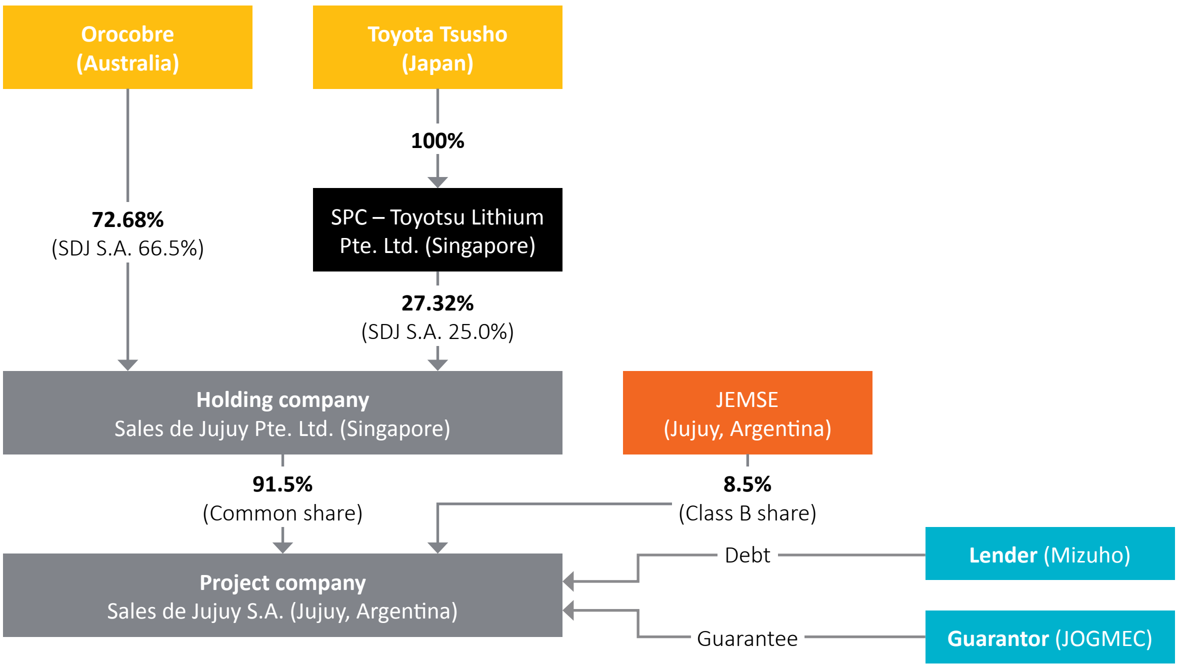
PRODUCTION ENHANCEMENTS

The operations achieved operating cash cost breakeven in January 2016 and have continued to deliver improved operating and financial performance since that time. Key to delivering these improvements has been a well-documented production enhancement program involving the improvement of heating and cooling systems with the installation of additional boiler capacity and heat exchangers and the use of incoming brine as a cooling fluid. Centrifuges were installed in place of polishing filters in order to improve liquid/solid separation and reduce crystal loads in the plant. Settling ponds and flocculants were introduced to reduce crystal loading of the concentrated brine pond prior to feed into the lithium carbonate plant and allow a clarified brine to be fed to the heat exchanger plates reducing the incidence of crystal formation. Changes to the CO_2 injection points and modifications to diffusor design have resulted in the elimination of "in process" material (i.e. lithium solids precipitating post absorption stage). The purification circuit currently has a capacity of 40tpd, with the limiting factor being the throughput rate of the thickener. The addition of a cyclone bank prior to the thickener will allow the design throughput rate to be achieved. This is expected to be completed by November. The cost of these rectifications was approximately US$10m.

The projects outlined above have resulted in the primary circuit of the plant operating in a very stable manner at rates above design capacity. When complete, the cyclone bank project will deliver additional capacity and flexibility to the purification circuit.

JOINT VENTURE STRUCTURE

The Olaroz Lithium Facility Joint Venture is managed 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 equity interest in the Olaroz Lithium Facility Joint Venture is Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.



BORAX ARGENTINA S.A. (100%)

A YEAR OF IMPROVEMENT

EBITDAX positive in H2 FY16 at the bottom of the price cycle

Production optimisation projects resulting in decreased costs per unit

Focus on maximising production

Significant long life assets

Expansion studies underway

↑ 4%

Like for like sales tonnes up

↑ $1.353

Improvement in EBITDAX (US$)

↓ 24%

Cost of goods sold

↑ ARS:USD

Improved exchange rate drives financial improvement due to 60% of costs in ARS

Borax Argentina S.A. has operated in the Salta-Jujuy region for over 50 years and its operations include three open pit mines, concentrators, refining capacity, and significant land holdings. The mining operations are located in Tincalayu, Porvenir and Sijes.

Borax Argentina S.A. products can be divided into three groups: minerals, refined products and boric acid. The minerals historically produced are ulexite, colemanite and hydroboracite. Ulexite has traditionally been used as a feedstock for the production of boric acid until this past year when hydroboracite was introduced as the primary feedstock, allowing for a lower cost of production and a product with a lower chloride content to be produced. Hydroboracite and colemanite are supplied into the ceramic market and more recently hydroboracite into agricultural and oil and gas markets. The refined products comprise borax decahydrate, borax pentahydrate 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.

COMBINED PRODUCT SALES VOLUME YEAR ON YEAR*

FINANCIAL YEAR	COMBINED PRODUCT SALES (TONNES)
June 2014	40,098
June 2015	34,091
June 2016	35,482

* Combined product sales volumes include borax chemicals, boric acid and boron minerals and do not include sales of tincal ore of 4,021 tonnes in September 2014 quarter, 4,225 tonnes in the December 2014 quarter and 2,061 tonnes in the June 2015 quarter, for a total of 10,307 tonnes.

VOLUMES UP, COSTS DOWN

Sales volume was up 4% on last year on a like for like basis, excluding the sales of low priced tincal ore sold in FY15. Sales revenue, which is US$ denominated or US$ pegged, reduced 20% on a US$ basis from the prior year due to the absence of the low value tincal ore sales from FY15 and some change in sales mix due to the increased sales of mineral products in place of the higher value refined products. EBITDAX was a loss of US$773,799 versus an FY15 loss of US$2,126,380. Cost of goods sold reduced 24% when compared to last year and administration expenses increased by 26% due to higher non cash costs related to depreciation from new projects, and the impact of discounting to present value Argentine peso denominated financial assets.

Borax Argentina S.A. was EBITDAX positive in H2 FY2016, demonstrating that the business has managed to deliver locally generated improvements in a very challenging market and economic environment at the bottom of the price cycle.

A substantial portion of Borax Argentina S.A.'s costs are Argentine based (~60%) and hence the devaluation of the average ARS rate against the US$ during FY2016 of 39% only flowed through to some extent given the offsetting impact of inflation. The average (opening and closing rate of each month divided by two and then all summed and divided by 12)rate for FY16 is AR11.98:US$1 (FY15: ARS8.59:US$1) .

A devaluing ARS benefits Borax Argentina S.A. as ARS costs become cheaper in US$, and US$ sales revenues translate to more ARS. A downside of a devaluing ARS is that recoverable VAT reduces in US$ terms.

DECAHYDRATE PLANT RELOCATION AND EXPANSION

The relocation of the Tincalayu borax decahydrate plant was completed in July 2014. The Tincalayu plant has more recently been operating at >80 tonnes per day of borax decahydrate and building inventory of borax decahydrate and pentahydrate.

The focus in recent times has been on manufacturing efficiency and to this end the refined borax operations have been progressively relocated to the mine site at Tincalayu, first with the borax decahydrate plant and in this last financial year the relocation of the pentahydrate plant and optimisation of the decahydrate operations to increase capacity by 30tpd to a maximum of 100tpd of decahydrate equivalent. The boric acid plant has also been part of plant optimisation activities with a targeted increase of 6 tpd and the use of hydroboracite feed in place of ulexite, which lowers the cost of production and also produces a low chloride finished product. The plant modernisation and improvement program is now fundamentally complete and the focus now is on maximising production to achieve the lowest possible production cost per unit through these new plant efficiencies. This activity, although necessary has been disruptive and has prevented the business from producing to its full potential.

These manufacturing improvements will now allow the operation to perform more efficiently with a positive impact on operating costs, thus improving competitiveness of the products produced. The focus remains on continuing to reduce operating costs through incremental efficiencies and this drive for continuous improvement is now firmly embedded in the business.

REFINED BORATES EXPANSION STUDY

An expansion study commenced in Q2 CY2016 to evaluate a potential expansion of the Tincalayu refined borates operation from its current production capacity of 30,000tpa to 100,000–120,000tpa. It is anticipated that the potential expansion will further enhance efficiencies in the production of refined borates at Tincalayu and contribute to improved manufacturing unit costs. This study will consolidate the work already undertaken on a new gas pipeline for which permitting is underway.

MARKET CONDITIONS

Borax Argentina S.A. is the only South American based boron producer with a wide range of refined products and relatively unique mineral products. The value proposition to customers is that it is a local high quality manufacturer and supplier of boron products well positioned to provide value, particularly in the form of security of supply to businesses both large and small, not only in South America but also to the operations of these companies based internationally and other key customers and markets located offshore.

In recent times market conditions have been challenging, which has provided significant motivation to achieve cost reductions and efficiencies in production. This has driven the business to become sustainable at the low end of the market price cycle and to seriously assess its value proposition to customers and define its place in the market. The focus this current financial year (FY17) is to improve production rates following the optimisation projects, build suitable inventory levels, improve response times and delivery performance and reinforce Borax Argentina S.A.'s value proposition as the producer integral to customers' security of supply strategies. Recent uncertainty in the political environment of other producing nations reinforces the importance of Borax Argentina S.A. in the global supply chain of boron products.

Borax Argentina S.A. has also been pursuing an ongoing geographic and product diversification strategy in order to better insulate the business from localised economic and market cycles. In addition to its traditional markets in South America, the Company now has a geographic and market diverse range of customers internationally. Borax Argentina S.A. sales contracts are denominated in, or pegged to, the US$.

The borates market recorded steady growth at levels equal to or above GDP growth in key demand markets. Increased demand from the Americas for agricultural applications continued, while Africa and India showed improved adoption using borates as a micronutrient to increase crop productivity. Heightened demand for refined borates products and boric acid reflected increasing consumption in agriculture applications and within chemical feedstocks.

Asia maintained its position as the largest consumer of borates, accounting for an estimated 60% of total global demand. The strong relationship between urbanisation and demand for borates means China's development has had a very noticeable impact on the market. With urbanisation comes an increasing middle class population and demand for fundamental items that use borosilicate glass (BSG) and textile fibreglass (TFG) such as ceramics, liquid crystal display (LCD) televisions and electrical appliances. Innovation in technology should ensure continued growth in end-use demand as well as shorter life-cycles of individual devices or applications.

Emerging end-use sectors included the oilseed industry in Southeast Asia and Indonesia, and fracking in the Americas. The recovering US market could stimulate the fracking industry where it is a more established and widespread practice. Fracking restrictions in other geographies, such as Europe, continues to limit the potential uptake of borates for this purpose.

Key borates producers Rio Tinto Minerals and ETI responded to growing market demand for refined products and BSG, resulting in a balanced market during FY16. Supply from these majors, supplemented by improved output from Borax Argentina S.A.'s successful debottlenecking, suggests the market is likely to maintain a healthy rate of growth with positive signs from new end-use markets.

Continued market growth at approximately GDP rates or above is expected, driven by innovation in Asia's BSG industry and fracking in the Americas, as well as increasing and more widespread consumption of borates in agricultural applications.

HEALTH, SAFETY AND COMMUNITY

Sales de Jujuy and Borax Argentina S.A. have both achieved ISO accreditation for ISO 31000 Risk Management, ISO 9001 Quality Control and ISO 14001 Environmental Management. Both subsidiary companies have also implemented the OHSAS 18001 Occupational Health and Safety Management System.

The Company fosters a "zero harm" approach when it comes to the safety of our employees and project contractors. Orocobre's goal regarding the safety of our operations is to continuously improve the reporting of and reduction in workplace risks and incidents. The safety statistics for Borax Argentina S.A. and Sales de Jujuy employees and contractors are presented in the table below (TRIFR = Total Recordable Injury Frequency Rate).

The trend of TRIFR from year to year demonstrated improvement from 2014 to 2015 but has regressed in the last year. Although the TRIFR has not improved, it is important to recognise that the nature of activity has changed over the last three years from construction to commissioning to early operations and production. Although the nature of the incidents is relatively minor (minor cuts, bruises and abrasions) it remains a key focus of the Company to significantly reduce the number of incidents and improve the TRIFR performance.

Within Argentina, the Company operates a wide range of programs aimed at improving the health and education of our personnel and that of 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 and 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 primary, high school and speciality levels.

	FY16 EMPLOYEE TRIFR	FY15 EMPLOYEE TRIFR	FY14 EMPLOYEE TRIFR	FY16 CONTRACTOR TRIFR	FY15 CONTRACTOR TRIFR	FY14 CONTRACTOR TRIFR
Borax Argentina S.A.	10.2	7.4	14.2	7.0	7.4	16.5
Sales de Jujuy	14.5	10.1	24.6	22	3.7	33.3

EXPLORATION AND RESOURCES

OLAROZ RESOURCE ESTIMATE

In 2011, the Company defined 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 overleaf.

OLAROZ DEFINED EXPLORATION TARGET

As part of the bore field development during construction, five production bores have been drilled, or extended, beyond the resource with the deepest being to 450m. All the holes have intersected thick sand sequences beneath the 197m deep resource. These results are highly significant as this thick sand sequence has been shown to extend laterally beneath much of the defined brine resource. Sands of this type have free draining porosity of between 20% and 25% based on previous test work and the sand unit could hold significant volumes of lithium-bearing brine which could be added to the resource base by future drilling. In addition, due to the thickness of the sand, any production bore drilled into this unit will be high yielding compared to bores only in the top 200m.

The exploration target described overleaf is between 1.6 and 7.5 million tonnes of lithium carbonate equivalent, located between 197m and 323m depth, based on the first two deeper production bores.

Additional exploration targets have been identified to the north and south of the defined target area. It must be stressed that an exploration target is not a mineral resource. The potential quantity and grade of the exploration target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in the volume where the exploration target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume. Re-interpretation of the geophysical surveys has indicated the Salar may be over 600m deep with potential for further exploration targets to be developed beneath the current 323m.

It is anticipated that additional drilling would be conducted in FY2017, to further evaluate the exploration target, bring it into resource category and assist longer term development planning.

OLAROZ MEASURED AND INDICATED RESOURCES

RESOURCE CATEGORY	AREA km²	THICKNESS METRES	MEAN SPECIFIC YIELD %	BRINE VOLUME CUBIC KM
Measured Resource	93	54	8.5%	0.42
Indicated Resource	93	143	10.0%	1.33
Measured and Indicated Resource	93	197	9.6%	1.75

OLAROZ DEFINED EXPLORATION TARGET

AREA km²	THICKNESS METRES (TO 323M DEPTH)	MEAN SPECIFIC YIELD %	BRINE VOLUME MILLION M³
Upper assumption estimate			
80	126	20%	2,000
Lower assumption estimate			
80	126	6%	605

CAUCHARI PROJECT (OROCOBRE 85%)

The Company plans to conduct further drilling at the Cauchari Lithium-Potash Project in the current financial year. The Environmental Impact Study is awaiting approval by government. The Company has no other activity to report in relation to Cauchari in the past financial year. 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 overleaf.

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), previously 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.

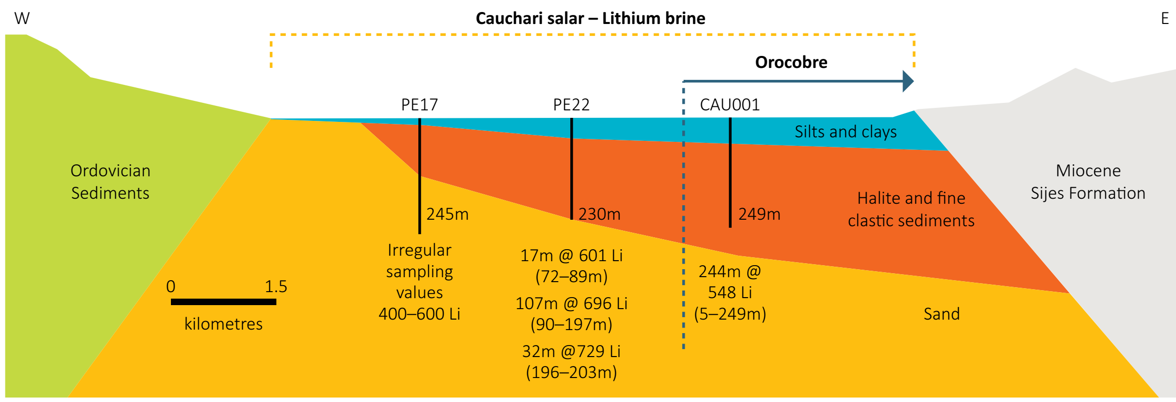
Whilst a lower grade than Olaroz, the brine chemistry is similar to that at Olaroz, with an attractive low Mg/Li ratio (2.8) and high K/Li ratio (10). Initial evaluation of the process route suggests the brine could be processed in an expanded Olaroz plant. Cauchari is located approximately 20km south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

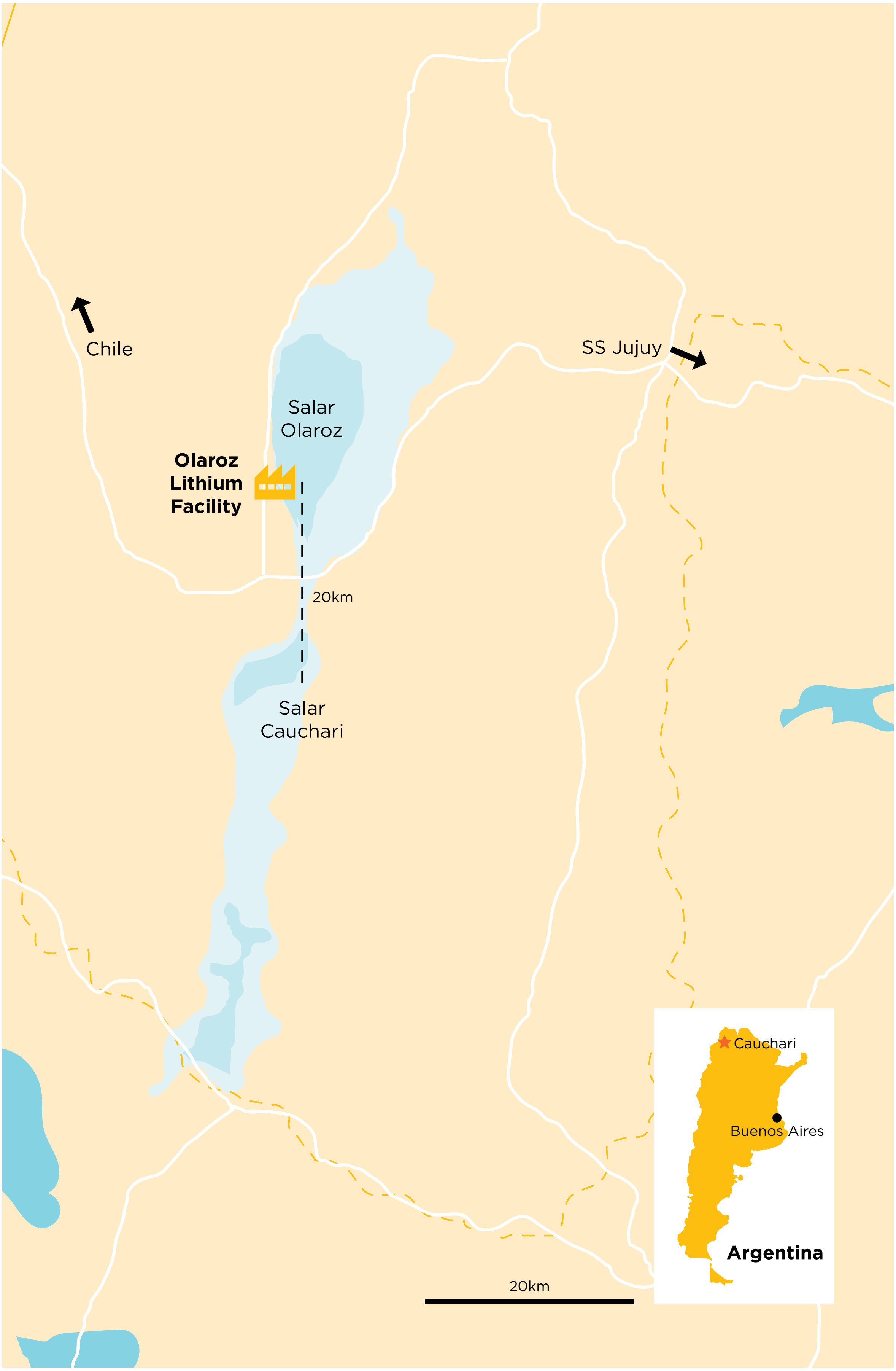
Considering the similarities between the Cauchari and Olaroz projects and their close proximity, there are compelling synergies between the projects, including the expected use of shared infrastructure and processing plants and the likelihood that any future development of the Cauchari brine would use 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.

This information in regard to Cauchari was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

	CONCENTRATION			TONNES OF CONTAINED METAL		
	LITHIUM mg/L	POTASSIUM mg/L	BORON mg/L	LITHIUM MILLION TONNES	POTASSIUM MILLION TONNES	BORON MILLION TONNES
	632	4,930	927	0.27	2.08	0.39
	708	6,030	1,100	0.94	8.02	1.46
	690	5,730	1,050	1.21	10.10	1.85

	LITHIUM mg/L	CONTAINED LiTHIUM MILLION TONNES	LITHIUM CARBONATE METRIC TONNES	POTASSIUM mg/L	CONTAINED POTASSIUM MILLION TONNES	POTASH MILLION TONNES	BORON mg/L	BORON MILLION TONNES
	700	1.4	7.5	5,400	10.9	20.8	1,200	2.4
	500	0.3	1.6	4,000	2.4	4.6	900	0.5




Chile
SS Jujuy
Salar
Olaroz
Olaroz
Lithium
Facility
20km
Salar
Cauchari
Cauchari
Buenos Aires
Argentina
20km

SALINAS GRANDES POTASSIUM-LITHIUM PROJECT (OROCOBRE 85%)

The Company has no new activity to report in the last financial year in relation to Salinas Grandes.

Salinas Grandes is located 70 kilometres southeast of the Olaroz Lithium Facility in Salta province. Through South American Salars S.A., Orocobre holds an 85% interest in the project. The proximity of Salinas Grandes to the Olaroz Facility 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.

This information in regard to Salinas Grandes was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

	BRINE BODY PARAMETERS				AVERAGE RESOURCE CONCENTRATIONS			TONNES CONTAINED METAL		
RESOURCE CATEGORY	AREA KM^2	AVERAGE THICKNESS M	MEAN SPECIFIC YIELD %	BRINE VOLUME MILLION M^3	Li mg/L	K mg/L	B mg/L	Li	B	K
Inferred Resource	116.2	13.3	4.1	56.5	795	9,547	283	44,960	539,850	12,100

PORVENIR RESOURCE ESTIMATE SUMMARY

A measured and indicated resource of 2.3 million tonnes at 20.4% B_2O_3 is estimated at the current 16% mining cut- off grade. The resource extends to a maximum depth of 2.9m and is easily exploited by low cost strip mining. A measured and indicated resource of 6.9 million tonnes of 14.9% B_2O_3 is estimated at a 9% B_2O_3 mining cut off grade.

The resource estimate was prepared by Murray Brooker, an independent consultant employed by Hydrominex Geoscience Pty Ltd. Murray Brooker is a geologist and hydrogeologist and is a Member of the Australian Institute of Geoscientists. Mr Brooker 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. He is also a "Qualified Person" as defined by Canadian Securities Administrators' National Instrument 43-101. The information is extracted from the report entitled Amended Announcement to Porvenir Historical Estimate Upgraded to JORC Compliant Resource, 29 April, 2014 and is available to view on the Company website www.orocobre.com.

The Company is not aware of any information or data that materially affects the information included in the original market announcement, and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. A previous announcement was made on 21 August 2012 regarding the superseded historical resource at Porvenir, which is the subject of re-estimation. 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 August 2012 continues to apply and has not materially changed.

CLASSIFICATION	CUT-OFF GRADE	TONNES	GRADE % B_2O_3	TONNES B_2O_3
Measured	9%	4,907,877	14.5	710,6672
Indicated	9%	1,942,433	16.0	310,517
Measured and Indicated	**9%**	**6,850,000**	**14.9**	**1,020,000**
Measured	16%	1,474,341	20.0	295,117
Indicated	16%	804,595	21.0	168,776
Measured and Indicated	**16%**	**2,278,937**	**20.4**	**463,992**

TINCALAYU RESOURCE ESTIMATE SUMMARY

An Indicated and Inferred resource of 6.5 million tonnes at 13.9% B_2O_3 at the a marginal cut-off of 5.6% B_2O_3, which increases to 17.8 million tons of 11.0 % B_2O_3, at a marginal cut-off grade of 2.8 % B_2O_3.

The resource estimate was prepared by Murray Brooker, an independent consultant employed by Hydrominex Geoscience Pty Ltd. Murray Brooker is a geologist and hydrogeologist and is a Member of the Australian Institute of Geoscientists. Mr Brooker 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. He is also a "Qualified Person" as defined by Canadian Securities Administrators' National Instrument 43-101. The information is extracted from the report entitled Tincalayu Historical Estimate Upgraded to JORC Compliant Resource, 18 November 2014 and is available to view on the Company website at www.orocobre.com.

The Company is not aware of any information or data that materially affects the information included in the original market announcement, and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. A previous announcement was made on 21 Augst 2012 regarding the superseded historical resource at Tincalayu, which is the subject of re-estimation. 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 August 2012 continues to apply and has not materially changed.

	CURRENT PRODUCTION 30 Ktpa			EXPANDED PRODUCTION 100 Ktpa		
	CUT-OFF	TONNES (Mt)	SOLUBLE B_2O_3 (%)	CUT-OFF	TONNES (Mt)	SOLUBLE B_2O_3 (%)
Global resource (not limited to a pit shell) – with marginal cut-off						
Indicated	5.6	6.9	13.9	2.8	6.9	13.8
Inferred	5.6	9.9	10.2	2.8	13.8	8.5
Indicated and inferred	**5.6**	**16.8**	**11.7**	**2.8**	**20.7**	**10.3**
Maximum DCF in-pit resource – with marginal cut-off						
Indicated	5.6	5.1	14.7	2.8	6.8	13.8
Inferred	5.6	1.4	11.0	2.8	11.0	9.3
Indicated and inferred	**5.6**	**6.5**	**13.9**	**2.8**	**17.8**	**11.0**

HISTORICAL BORAX ARGENTINA S.A. RESOURCES

The historical estimate at Diablillos is not being restated as the raised phreatic surface caused by third party drilling may affect the ability to mine some of this mineralisation.

The historical estimates are in equivalent categories to those used by the JORC and CIM reporting codes. However, these estimates did not satisfy either current JORC or CIM/NI 43-101 requirements for the reporting of resources and were considered to be historical resources (see Orocobre ASX/TSX announcement August 2012).

A qualified person did not do sufficient work to classify the historical estimates as current mineral resources or mineral reserves. It is uncertain whether following evaluation and/or further exploration of any of the historical estimates will ever be able to be reported as current estimates in accordance with the JORC code or NI 43-101.

There is no new information that impacts on these historical estimates. Note that material mined in 2012–2014 is not accounted for as depletion in the figures below, with approximately 35,000 tonnes at Sijes the estimated annual production of mineralised material at the time this information was originally released in 2012.

Relevant reports from which the below summary of historical estimates is drawn include the following:

Sijes

- July 1998: Borax Argentina S.A.: Environmental and Operational Studies, Phase 1, Initial Geotechnical Appraisal, Knight Piesold Limited, England. Includes a historical estimates chapter
- July 1998: Borax Argentina S.A.: Environmental and Operational Studies, Phase 2, Initial Geotechnical Appraisal, Knight Piesold Limited, England
- May 1999: Borax Argentina S.A.: Hydroboracite Project, Raul Gutierrez Solis, August 1999; Borax Argentina S.A.: Sijes, Monte Amarillo 2 Mine. Historical Estimation, Mine Design and Planning Report, Knight Piesold Limited, England.

Ratones

- The project was acquired by Borax Argentina S.A. circa 1987. The previous owners had conducted an estimate of contained mineralised material. This has not been validated by Borax Argentina S.A., which considers the status of this material to be of the Indicated category.

MINE/PROJECT	MATERIAL	HISTORICAL ESTIMATE	TONNES	GRADE % B_2O_3	TONNES B_2O_3
Current soft-rock mines					
Sijes – hydroboracite	Hydroboracite	Measured	3,099,998	22.8	706,800
Sijes – Colemenite	Colemenite	Inferred	200,000	20.0	40,000
Total and average			**3,299,998**	**22.6**	**746,800**
Undeveloped ulexite deposits in salt lake sediments					
Ratones	Ulexite	Indicated	364,663	18.0	65,639

PROPERTIES

Borax Argentina S.A. 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, Lithium X (TSX-V:LIX)/Aberdeen (TSX:AAB) JV at Diablillos, and Galaxy Resources Ltd (ASX:GXY) at Sal de Vida. As one of the conditions to extract brines, these companies are required to make payments to Borax Argentina S.A. either as fixed annual payments or a royalty related to production. The terms of these agreements are detailed below.

COMPANY	PROJECT AFFECTED	AREA OF PROPERTIES (HECTARES)	DATE OF CONTRACT	TYPE OF CONTRACT[1]	REMAINING PAYMENTS	ROYALTY PAYABLE ON BRINE EXTRACTION	PERIOD OF USUFRUCT	COMMENTS
Lithium Americas Corporation	Cauchari	4,130	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 24 years and 9 months, at which time the brine rights revert to Borax Argentina S.A.
Lithium X/ Aberdeen JV[2]	Diablillos	2,700	14-Jan-10	Usufruct	None	1.5%	40yrs plus 40yrs	Royalty can be purchased by Rodinia at any time for $1,500,000
Lithium X/ Aberdeen JV[2]	Centenario and Ratones	630	14-Jan-10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Rodina for $1,000,000
Lithium X/ Aberdeen JV[2]	Los Ratones	600	14-Jan-10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Rodina for $1,000,000. Borax Argentina S.A. has the right to mine borates
Galaxy Resources	Sal de Vida	1,100	6-Jan-10	Exploration and Usufruct	None	1.0%	Indefinite	Royalty can be purchased by Galaxy for $1,000,000
Lithea Inc.	Pozuelos	2,488	14-Jan-10	Purchase	None	1.0%	Indefinite	Royalty can be purchased by Lithea for $1,000,000. Borax Argentina S.A. has the right to mine borates

1. 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.
2. Usufruct held by PLASA a subsidiary of the Lithium X/Aberdeen Int'l JV, (formerly a subsidiary of Rodinia).

DIRECTORS' REPORT

The Company's Directors have significant public company management experience, together with a strong background in mineral exploration, project development, operations management, 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 summarised on the following pages.

ROBERT HUBBARD

BA (Hons), FCA

Non-Executive Chairman

Mr Hubbard was appointed a Director in November 2012 and appointed Chairman of the Board of Directors of Orocobre in July 2016 following the resignation of Mr Calaway. Mr Hubbard was a partner at PricewaterhouseCoopers for over 20 years until 2013. During his time as a PwC partner, he served as auditor and adviser 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.

Mr Hubbard also serves as a Non-Executive Director in various community and commercial focussed organisations. He is currently a Director of JK Tech Pty Ltd and Council member of the University of the Sunshine Coast. Mr Hubbard is a Non-Executive Director of Bendigo and Adelaide Bank Limited, Primary Health Care Limited and Chairman of Central Petroleum Limited. Mr Hubbard is currently a member of the Remuneration Committee and the Audit Committee. He was formerly the Chairman of the 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)
- Primary Health Care Limited (December 2014–Present

JAMES CALAWAY

BA (Econ), MA (PP&E)

Former Non-Executive Chairman (retired July 2016)

Mr Calaway was appointed a Director in May 2009 and served as Chairman since that time until his retirement from the Board in July 2016. Mr Calaway is a respected businessman 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 alternative energy development. Mr Calaway currently serves as Chairman of the Board of Distributed Power Partners, a leader in clustered distributed solar power development, and has served as a Director on several other U.S. corporate boards.

Mr Calaway is active in the Houston community, recently serving as the Chairman of the Board of the Centre for Houston's Future, and the Chairman of the Houston Independent School District Foundation, among others.

Mr Calaway is a graduate of the University of Texas and the University of Oxford. He was formerly 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. Mr Seville was appointed Managing Director of Orocobre in May 2007 and has led the company since.

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

- Leyshon Resources Ltd (Feb 2007–Present)
- Elementos Limited (Nov 2013–Oct 2015)

JOHN W. GIBSON, JR.

BSc (Geology), MSc (Geology)

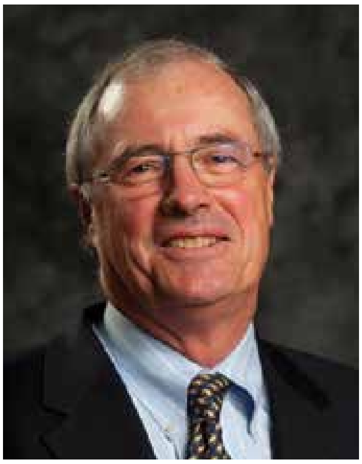
Non-Executive Director

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 was previously the 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 currently Chairman of the Audit Committee.

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



COURTNEY PRATT

Non-Executive Director/ 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 served 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 a board member of MD Financial Holdings and Chairman of CMA Holdings, the physician services arm of the Canadian Medical Association. Mr Pratt was awarded the Order of Canada in January 1999. He is currently Chairman of the Remuneration Committee.

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

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 within Argentina and has a reputation for upholding integrity and social responsibility in his business practices. In 1970, Mr Oris de Roa began his career with large trading company Continental Grain, working in the USA, Spain, Switzerland, Brazil and Argentina and eventually rising through the ranks to be responsible for all of Latin America. As Chief Executive of S.A. San Miguel, Mr Oris de Roa was widely credited with turning the company into the largest and most profitable 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 a 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.

During 2015, Mr Oris de Roa led the turnaround of the largest fruit exporter in Argentina, Expofrut S.A. (apples, pears and grapes), implementing a new business model and redesigning the organisation accordingly. Mr Oris de Roa is currently the Undersecretary of Investment, Government of the City of Buenos Aires.

Mr Oris de Roa is a member of the Audit Committee.

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

Company Secretaries

FEDERICO NICHOLSON

BA LLB

Non-Executive Director

Mr Nicholson was appointed Director in September 2010. He has been a member of the Board of Ledesma, a diversified Argentine agro-industrial producer since 1991, also serving as Executive Director until June 2014.

He is currently Chairman of CEADS (Consejo Empresario Argentino para el Desarrollo Sustentable), an Argentinian local division of WBCSD (World Business Council for Sustainable Development), and president of La Payana S.A. Additional positions held during Mr Nicholson's career include President of Argentine North Regional Center and President of Chacra Experimental Agricola Santa Rosa for 19 years respectively, Vice President of the Argentine Pulp and Paper Association, Deputy Secretary of the Food Industries Association, and Vice President of the Argentine Corn Starch and Syrups Chamber, Vice President of the Argentine Industrial Union (UIA) for 14 consecutive years (1999–2013), and President of the National Industrial Movement.

Mr Nicholson has been a Board member of various sports organisations, including Mar del Plata Golf Club among others, where he was the president from 2002 to 2009.

Since graduating from the University of Buenos Aires with a Law qualification, Mr Nicholson has continued his association with the institution as a member of the Remuneration Committee. Mr Nicholson is a member of the Company's Remuneration Committee.

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

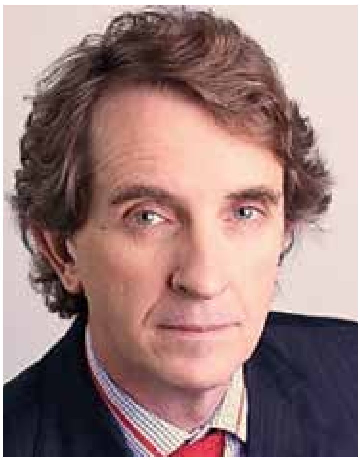
NEIL KAPLAN

BAcc, CA

Chief Financial Officer and Joint Company Secretary

Mr Kaplan was appointed Chief Financial Officer in January 2013 and Company Secretary in 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 achieved 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).



RICK ANTHON

BA LLB FAIM MAICD

Corporate Development Manager and Joint Company Secretary

Mr Anthon was appointed Joint Company Secretary in March 2015. Mr Anthon is a lawyer with over 30 years' experience in both corporate and commercial law. Mr Anthon also has extensive experience in the resource sector, as a Director of a number of resource companies and as legal adviser, including project acquisition and development, capital raising and corporate governance.

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	8,841,563	150,000
R.P. Seville	5,076,500	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	22,183	-

PERFORMANCE RIGHTS AND OPTIONS

Further detail on Performance Rights and Options is available in the Remuneration Report.

EMPLOYEE	YEAR GRANTED	PERFORMANCE RIGHTS	OPTIONS
RP Seville	FY2014*	160,658	-
RP Seville	FY2015	150,039	-
RP Seville	FY2016	244,380	-
Total		**555,077**	**-**

* Such grant took place in FY2015, however related to FY2014.

UNISSUED SHARES

As at 30 June 2016 there were 850,000 unissued ordinary shares relating to options and 1,832,624 unissued ordinary shares relating to performance rights. During the year, 162,816 unissued ordinary shares under performance rights and 701,092 options have lapsed in accordance with the terms of their grant. 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 and the corresponding lapse dates. Option and performance rights 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 exercised 350,000 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 11 Board meetings. The Board and Committee meetings attended by each Director were as shown below.

	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
DIRECTORS	MEETINGS	ATTENDANCE	MEETINGS	ATTENDANCE	MEETINGS	ATTENDANCE
James Calaway	11	11	-	-	2	2
Richard Seville	11	11	-	-	-	-
John Gibson	11	11	2	2	-	-
Courtney Pratt	11	11	-	-	2	2
Fernando Oris de Roa	11	10	2	2	-	-
Federico Nicholson	11	9	-	-	2	2
Robert Hubbard	11	11	2	2	-	-

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
J. Gibson (c)	C. Pratt (c)
R. Hubbard	R. Hubbard
F. Oris de Roa	F. Nicholson

(c) Designated the Chairman of the committee

Mr Hubbard was previously the Chairman of the Audit Committee prior to being appointed Chairman of the Board. He is now a member of the Audit Committee and the Remuneration Committee. John Gibson has assumed the role of Chairman of the Audit 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 production ramp up of the Company's flagship Olaroz Lithium Facility and the operation of Borax Argentina S.A.

OPERATING AND FINANCIAL REVIEW

The Group's profit/(loss) for the year, after applicable share of net losses of Joint Venture, income tax and non-controlling interests was (US$21,912,971) (2015:(US$844,411)). Group exploration and evaluation expenditure for the year totalled US$248,077 (2015: US$313,446). The Olaroz Joint Venture is operated through SDJ SA, a 91.5% owned subsidiary of SDJ PTE, a Singaporean company that both Orocobre (72.68%) and TTC (27.32%) are shareholders in directly and indirectly respectively. The effective Olaroz Lithium Facility 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 Group's financial statements. However, financial statements of the Joint Venture SDJ PTE have been included in Note 13 of the Group's consolidated statements.

The Group changed its presentation currency from Australian dollars (AUD) to United States dollars (USD) in the current financial year. These changes will reduce the impact of movements in exchange rates on reported results and provide shareholders with a more accurate reflection of the Group's and its Joint Venture's underlying performance, given a large majority of its revenues are generated in USD.

FINANCIAL POSITION

The net assets of the Orocobre group increased to US$189,426,989 (2015: US$163,053,571) during the year to 30 June 2016, including cash balances of US$35,835,332 (2015: US$7,257,329). The main reasons for the increase in net assets are due to capital raising which took part during the year partially offset by the loss of translation resulted by the devaluation of the Argentine Peso and Australian Dollar against the US Dollar (please see the Company's foreign currency translation policy as detailed in Note 1 "Summary of Significant Accounting Policies").

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.

ARBITRATION

The Company previously 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. Rio Tinto PLC referred the matter to arbitration. Arbitration proceedings have now concluded and the arbitrator has ruled in favour of Rio Tinto Minerals ("RTM") which has resulted in RTM's legal costs of US$0.9M having to be borne by Orocobre. Such legal fees were paid post balance sheet date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The main area of the Company's activity is the ramp up of production at the Olaroz Lithium Facility. The debottlenecking program was materially completed in January 2016, the same month operating cash cost breakeven was achieved. A cyclone bank will be installed by November 2016 which will allow the thickener, the last step in the purification circuit, to achieve the required throughput. The focus remains on continuing to develop good operating practice in order to achieve the production objectives. Minor capital will be spent to improve redundancy in the circuits and improve stability, recovery and overall performance. The development of the strategy for the next stage of expansion of production at Olaroz is underway, with the scoping study due for completion in September 2016. The Company has a number of organic growth opportunities to consider in addition to expansion of production at Olaroz. These include the production of lithium hydroxide and the extraction of boron and potash from the brine at Olaroz. The Company is currently reviewing the proprietary technology of Bateman Advanced Technologies (BAT), a subsidiary of Tenova S.p.A. for the production of lithium salts including lithium hydroxide directly from brines.

At Borax Argentina S.A., during the year the borax pentahydrate plant was relocated to Tincalayu and decahydrate production capacity was increased by 30tpd. A modest expansion of the boric acid plant by 6tpd was also completed. Local financing was procured for both of these projects.

During the coming year the focus will be on maximising production in order to achieve a lower operating cost per unit for the production of refined borates at Tincalayu and at the boric acid plant. Production optimisation projects are also underway at the Sijes mineral operations.

The Company has been conducting a program in Borax Argentina S.A. to bring the historical estimates into line with JORC compliance. The program was completed at Porvenir in FY2014 and at Tincalayu in FY2015.Studies have commenced into a significant production expansion to a production capacity of 100,000–120,000 tpa at Tincalayu based on the new resource.

The Company is also cognisant of continuing to be aware of growth opportunities outside of organic growth opportunities such as acquisition and Joint Venture opportunities.

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 ongoing development of good operating practice, optimisation of plant performance and the associated production ramp up and production of product within the required specification at the Olaroz Lithium Facility and the timing thereof; the achievement of the design production rate for lithium carbonate, the expected brine grade and the expected operating costs and recoveries at the Olaroz Lithium Facility and the comparison of such costs to expected global operating costs; the ongoing working relationship between Orocobre and the Province of Jujuy (JEMSE), TTC and Mizuho Bank; and the meeting of relevant banking covenants in respect to the operation of the Olaroz Lithium Facility. With respect to Borax Argentina S.A. the risks associated with the business are the weaknesses in the Company's traditional markets and strong competition from other producers in these markets, challenges in developing new markets, and the implementation of unit cost reduction measures, local inflation and production. Other risks include Argentina sovereign risk both at a national and provincial level, changes in government regulations, policies or legislation, fluctuations or decreases in product prices and currency, the impact of inflation on local costs, the ongoing impact of devaluation of the AR$, 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 review of operational results for SDJ and Borax Argentina S.A. and continued discussions with JV partners and the government of Argentina. Within its operations in Argentina, the Company has instituted ISO 31000, Risk Management, to act comprehensively on all its areas of activity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company has operations in two provinces in Argentina, Jujuy and Salta. In Salta there are Provincial and National environmental regulations: Provincial Constitution (art. 30, 81, 82 y 83), Environmental Protection Provincial Law No. 7070 and Provincial Decree No 3097/00 and 1587/03 among others, Law No. 7017 of Waters Code of Salta

Province and its regulatory decree, 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 S.A. by the local operating subsidiary of Rodinia Lithium Ltd, Potasio y Litio de Argentina ("PLASA"). PLASA is currently owned by Lithium-X and Aberdeen International Limited. PLASA has been fined by the Salta government as a result of its activities at Diablillos. A stop work order was also issued against PLASA. PLASA 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 S.A. is already accredited under ISO 9001.

NON-AUDIT SERVICES

The Group's auditor, Ernst & Young, provided the following non-audit services for Orocobre Limited.

	2016	2015
Due diligence services	US$20,708	Nil

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The nature and scope of the non-audit services provided means that auditor independence was not compromised.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is contained within this report.

CORPORATE GOVERNANCE STATEMENTS

The Company's Corporate Governance Statement is available to view publicly on the Company's website at www.orocobre.com.

REMUNERATION REPORT

CHAIRMAN'S LETTER

Dear Shareholder,

We are writing this letter to provide some introductory comments to this year's report. We were pleased with the 98.5% yes vote for last year's report and that we have your continuing support for our remuneration philosophy, plans and practices.

We continue with a philosophy that our Key Management Personnel and our Non-Executive Directors should be remunerated at the median level of our analysis for relatively sized companies in similar businesses. We have changed our KMP group this year with the addition of Alex Losada as General Manager of Operations and the removal of David Hall for reasons related to change in his responsibilities, as explained in the report.

In keeping with our philosophy, we did provide fixed remuneration increases to our CEO and CFO during the course of the year to reflect the increasing complexity and size of our business and the demanding nature of their roles. We have also approved Short Term Incentive payments (STIP) to the CEO, CFO and General Counsel in recognition of their performance leading to the achievement of several significant objectives during the year ended 30 June 2016, as explained in the report. As you may recall, there were no STIP in FY2015. There have been no changes to Non-Executive Director compensation.

We continue to be committed to communicating KMP and Non-Executive Director remuneration arrangements in a simple, clear and transparent fashion. We consider the question and answer format to be particularly effective in this regard.

We once again assure you that the responsibility for governance and remuneration lies solely with the Board, supported by the Remuneration Committee. We have continued to be advised by Crichton & Associates during the year. The objectives of this governance approach continue 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 our shareholders and other stakeholders.

The 2016 Remuneration Report 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 summarising remuneration for the year ended 30 June 2016 and anticipated changes for FY2017 have been included where appropriate.

The Board remains strongly committed to remuneration philosophy, policies and practices that are fair, competitive and responsible and to their transparent and clear communication. We will continue to work diligently to ensure that these standards are met.

Courtney Pratt

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

REMUNERATION REPORT (AUDITED)

The Directors of Orocobre Limited ("Orocobre" or "the Company") present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001*. This Remuneration Report outlines the overall remuneration strategy, framework and practices adopted by the Company.

KEY MANAGEMENT PERSONNEL

In addition to the Non-Executive Directors, Key Management Personnel (KMP) are members of the leadership team who had the authority and responsibility for planning, directing and controlling the activities of Orocobre, directly or indirectly, during the year ended 30 June 2016.

The executive team has changed in 2016 with the appointment of Alex Losada as General Manager of Operations on 1 May 2016. From 1 July 2015 David Hall has not been designated as a KMP. David was previously designated a KMP because of his role in corporate development and hence the general management of the company. His role has changed as it now has a majority composition of sales and marketing work for the company's products.

KMP of the Company for the financial year ended 30 June 2016 are as follows:

NAME	POSITION	PERIOD
James Calaway	Non-Executive Chairman	Full Year
Richard Seville	Managing Director & CEO	Full Year
John Gibson	Non-Executive Director	Full Year
Courtney Pratt	Non-Executive Director	Full Year
Fernando Oris de Roa	Non-Executive Director	Full Year
Federico Nicholson	Non-Executive Director	Full Year
Robert Hubbard	Non-Executive Director	Full Year
Alex Losada	General Manager of Operations	Part Year (From 1 May 2016)
Neil Kaplan	Chief Financial Office/Joint Company Secretary	Full Year
Rick Anthon	General Counsel/Joint Company Secretary	Full Year

Changes since the end of the reporting period

James Calaway resigned from the position of Non-Executive Chairman on 20 July 2016. Robert Hubbard was appointed to this position on the same date.

STRUCTURE AND FORMAT OF THIS REPORT

Remuneration information for executive KMP is reported in US Dollars (consistent with the remainder of the report, FY2015 was reported in Australian Dollars). Although the contractual arrangements are in Australian Dollars the Group's presentation currency has changed to US Dollars during the year ended 30 June 2016. See "Introduction – what's new in this report" in the Notes to the Financial Statements.

This Remuneration Report follows 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.

Orocobre's Remuneration Report is divided into the following sections:

A. REMUNERATION OVERVIEW

At Orocobre, remuneration for the KMP is determined by reviewing what is paid for similar roles in Australia. The Company's remuneration philosophy is articulated in Orocobre' s Corporate Governance Charter Section D – Remuneration Committee Charter which provides that the Remuneration Committee will in accordance with clause D4 (a) of this Charter, ensure that the remuneration policies:

1. Motivate Directors and management to pursue the long-term growth and success of the Company within an appropriate control framework; and
2. Demonstrate a clear relationship between key executive performance and remuneration.

Under clause D3 (b) paragraph (1) and (3) the Charter also states that:

1. Management should be remunerated at an appropriate balance of fixed remuneration and performance based remuneration; and
2. Any performance-based remuneration should be clearly linked to specific performance targets which are aligned to the Company's short and long-term performance objectives.

The Remuneration Committee has once again undertaken a detailed evaluation of its remuneration practices to ensure it remains contemporary and meets the objectives set out above. The Committee engaged the services of Crichton & Associates Pty Ltd during the year ended 30 June 2016. Their engagement was limited to a remuneration benchmark assessment of the Board and five (5) executive KMP, a brief review of the 2016 Remuneration Report and a valuation of Share Based Payments (SBP).

A summary of the outcomes of such advice is as follows:

1. Non-Executive Directors do **not** participate in any incentive programs including the LTI program.
2. Non-Executive Director fees were **not** increased.

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 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 demands placed on certain executives to work considerable periods of time overseas and outside normal working hours;
f. The size, scale, location and complexity of the operations of the Company; and
g. Market developments and changes in remuneration practices.

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. Since James Calaway's departure on 20 July 2016, Robert Hubbard has been appointed to the Remuneration Committee. The Remuneration Committee's role and interaction with the Board, internal and external advisors, is further illustrated below:

Remuneration Committee charter

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 and quantum 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 Remuneration Consultant 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.

The following table provides information regarding some of the remuneration advice and policies followed during the financial year.

Remuneration consultant

QUESTION	RESPONSE
Did a remuneration consultant provide a remuneration recommendation in relation to any of the KMP for the financial year?	Yes, Ian Crichton, remuneration consultant, with Crichton & Associates Pty Ltd (Crichton), provided remuneration recommendations and remuneration related advice to the Remuneration Committee, including in relation to: the 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 (Crichton & Associates Pty Ltd is an Australian proprietary company experienced in Board and executive remuneration).
What was the remuneration consultant paid by the Company for remuneration related services?	Crichton was paid a total of US$7,600.

QUESTION	RESPONSE
Did the remuneration consultant provide any other advice to the Company?	Yes, Crichton provided other advice to the Company. Crichton was paid US$15,322 for other services. These services related to the provision of Valuation of LTI's granted during the year, and reporting advice.
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 Crichton and the CEO. • The Company has implemented a procedure requiring the Remuneration Committee to have direct contact with Crichton for procuring advice relating to KMP remuneration. The procedure contained a process whereby the Remuneration Committee is responsible for the engagement, formally and in writing, of any remuneration consultant, the provision of information to the remuneration consultant, and the direct communication of remuneration recommendations, in writing. • 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 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 KMP. 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. MOST RECENT AGM REMUNERATION REPORT VOTING

At the most recent Annual General Meeting held on 6 November 2015, 98.58% of votes cast at the meeting were in favour of the adoption of the Remuneration Report.

D. NON-EXECUTIVE DIRECTOR 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. The current aggregate fee pool is A$600,000 (US$444,125) which was established and approved at the 2012 AGM.

There were no changes made to the Non-Executives remuneration during the financial year and the total fees paid are within the current aggregate fee pool as detailed above. Fees to Non-Executive Directors retain a conservative bias and continue to be positioned at the ~25th percentile level identified in the peer benchmarking exercise.

In addition to his Non-Executive Director remuneration, the former Chairman was paid a fee per annum for the performance of special functional duties additional to the normal scope of a Non-Executive Chairman. Details of additional duties are shown below.

Other Non-Executive Directors are paid a base fee only. No separate committee fees are paid.

Non-Executive Directors do not participate in any short or long term incentive schemes 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 2015 TO 30 JUNE 2016[1]	FROM 1 JULY 2014 TO 30 JUNE 2015[1]
Position – Non-Executive Directors		
Chairman	US$109,212	US$124,828
Other Non-Executive Directors	US$58,246	US$66,575
Additional Fees		
Chairman	US$72,808[2]	US$83,219[2]

1. Average exchange rates used for the conversion from A$ to US$ are as follows:
   July 2015–June 2016 – 1 USD : 1.3735 AUD
   July 2014–June 2015 – 1 USD : 1.2017 AUD
2. The additional fees paid to the former Chairman would be considered unusual for a Chairman under normal corporate governance. However the Board considered 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 was historically warranted. The additional fee was to compensate Mr James Calaway for his time, skills and expertise in undertaking a range of tasks on behalf of Orocobre, including:
   i. 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.
   ii. Mr Calaway has also provided leadership on a number of possible corporate development opportunities which have arisen from the North American business sector.

   These tasks were in addition to Mr Calaway's responsibilities as Chairman. During the financial year, Orocobre has grown the capability of its management team and achieved a number of immediate milestones such as leading the Olaroz Lithium Facility into production and consolidating the restructure of its Borax operations. Mr Calaway resigned from the Board on 19 July 2016 and was succeeded by Robert Hubbard. Given the growing capability of the management team, the additional responsibilities and associated fees as mentioned above are not paid to Mr Hubbard, the current Chairman.

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

Non-Executive Director remuneration

QUESTION	RESPONSE
Has there been an increase in the fees paid to Non-Executive Directors considered since 2015?	No. There has been no change to the fees in FY2016.
How does the Company determine the appropriate level of fees?	The Company obtained external advice from a remuneration consultant, Crichton and Associates, in relation to Non-Executive Director fees. The Board considered the fees paid by selected relevant comparator companies in determining Non-Executive Director fees. This is then correlated with the skills, expertise and time commitment of each Director to ensure it is appropriate.
Why is the Chairman's fee more than the base fee for Non-Executive Directors?	The Chairman's fee also incorporates a component for duties which are considered more onerous than a Non-Executive Director. The responsibilities and time commitments of the other Non-Executive Directors are less onerous than those of the Chairman.
Are the Non-Executive Directors entitled to participate in Orocobre's equity incentive schemes or paid any termination/retirement benefits?	No. The Board is aware that the provision of equity incentives is contrary to the ASX Corporate Governance guidelines. The Non-Executive Directors were not entitled to any short term incentives, long term incentives, equity based remuneration or termination/retirement benefits in FY2016. The Non-Executive Directors do not participate in such schemes.
Were the Special Functional Duties fees paid to the Chairman included as part of the aggregate fee pool for Non-Executive Directors?	No. The additional special function fees paid in accordance with the Company's constitution have been considered as "special exertion" fees under the definition of ASX Listing Rule 10.17 and are excluded from the aggregate fee pool.

QUESTION	RESPONSE
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 to 11, the former Chairman and certain Directors were granted options for no consideration so as to better align the interests of the Company and these Directors by providing an incentive to them to remain with the Company and increase Shareholder value. All Options issued have vested and will expire on 30 November 2016 unless exercised. 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 FY2017?	An external benchmarking report will be undertaken in FY2017 and Director fees considered in light of the growing size and complexity of the Group.
Is Superannuation included in Non-Executive Director fees?	Yes. Statutory superannuation is paid to the Australian resident Non-Executive Director and included in total fees paid up to the statutory maximum.
What other benefits are provided to Non-Executive Directors?	Non-Executive Directors receive reimbursement for any costs incurred directly related to Orocobre business on an approved basis.

Minimum shareholding guidelines

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

E. MANAGING DIRECTOR AND OTHER EXECUTIVE KMP REMUNERATION

Objective

As indicated in the following table regarding KMP remuneration objectives, Orocobre's objective in structuring its remuneration for executive KMP 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:

1. Fixed Remuneration (FR);
2. Short Term Incentive (STI); and
3. Long Term Incentive (LTI).

The amount and relative proportion of FR (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 Crichton and Associates as its independent external remuneration consultant.

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 geographies	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 75th 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)

TTR is intended to be positioned in the median to 75th percentile compared to relevant market benchmark comparisons. First 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 FY2016 and proposed for FY2017 can be illustrated as follows:

Current remuneration mix – FY2016

POSITION	FR	STI	LTI
CEO/Managing Director	42%	29%	29%
Other executives			
Chief Financial Officer	55%	15%	30%
General Manager of Operations	100%	0%	0%
General Counsel	49%	7%	44%

Proposed remuneration mix – FY2017

POSITION	POTENTIAL VALUE		
	FR	STI	LTI
CEO/Managing Director	Positioned at median market value	75% of Salary	75% of Salary
General Counsel		30% of Salary	60% of Salary
Chief Financial Officer		30% of Salary	60% of Salary
General Manager of Operations		30% of Salary	60% of Salary

The remuneration mix will be assessed each year to ensure an appropriate weighting between fixed and variable 'at risk' elements and to ensure executive KMP remuneration is aligned to Orocobre's short, medium and long term objectives.

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

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.

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

Changes in Fixed Remuneration for executive KMP during the year

The Managing Director and Chief Financial Officer received an increase of 8.9% and 10.9% in their Total Fixed Remuneration to US$481,136 (A$650,000) and US$287,752 (A$388,725) to reflect the growth and increasing complexity of the Company. Based on Crichton & Associates' independent external remuneration benchmark assessment, the prior year's fixed remuneration was below the median of comparable company CEOs and CFOs. No fixed remuneration increase was provided to any other executive KMP.

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. STI looks to reward exceptional performance and hence stretch targets are set to achieve maximum STI.
When is the STI paid?	The STI is calculated based on a financial year and the resulting value of the STI will be paid in September 2016 to all eligible participants who satisfied specific performance measures and hurdles set for FY2016 following the assessment process.

QUESTION	RESPONSE
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 claw-back provisions?	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 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 FY2016?	The STI performance hurdles (and weighting %) for FY2016 are set out in the table below for the applicable KMP. • Chief Executive Officer/Managing Director – Richard Seville • Chief Financial Officer/Joint Company Secretary – Neil Kaplan • General Counsel/Joint Company Secretary– Rick Anthon Mr Alex Losada was not eligible for an STI in FY2016.
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 the table below.

STI PERFORMANCE CONDITIONS	WEIGHTING %		
	RICHARD SEVILLE	NEIL KAPLAN	RICK ANTHON
OLAROZ – Achieve a defined OPEX unit cost for the period Jan'16 to Jun'16	22.5%	17.5%	35%
OLAROZ – Produce a defined number of tonnes of Lithium Carbonate during FY2015	22.5%	17.5%	35%
Borax Argentina S.A. – EBITDA	10%	7.5%	15%
Borax Argentina S.A. – Optimisation Project	10%	7.5%	15%
Discretionary[1]	35%	50%	-
Total	**100%**	**100%**	**100%**

1. The relatively high discretionary component is due to the highly dynamic nature of the business and performance expectations at this stage of the Company's development.

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 FY2016, 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. The Managing Director's LTI grant was approved at a General Meeting of shareholders held on 6 November 2015.

The remuneration table in section H provides details of LTI grants to executive KMPs. The tables also detail the vesting periods and lapses under the PROP. The following table summarises the key features of the LTI issued to the executive KMPs for the year ended 30 June 2016.

Performance Rights and Option Plan

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, if any.
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 the retention of executives?	An objective of offering equity incentives under the PROP is to assist in the reward, 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. There is a three year vesting period.
What are the principal terms of the issue made under the PROP in 2016?	Under the PROP in 2016 the KMPs were invited to apply for Performance Rights. The rights were granted on 6 November 2016. The vesting date for the performance rights is the later of 31 August 2018 or date of release of the Company's financial results for the 2017/2018 financial year. Vesting of the 2016 Performance Rights is subject to the matrix of outcomes as set out in section F – Long Term Incentives. The shares acquired on vesting of Performance Rights, if any, will be at no cost to the KMPs 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 a 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 are 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?	Yes, the issue of shares under PROP can have a small dilutionary impact. Currently, the number of Performance Rights or Options granted under this Plan must not exceed, when aggregated with any shares issued during the previous five 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. Offers made that rely on Class Order 14/1000 (effective from October 2014) will not exceed 5% of shares on issue as a result of any offers made during the previous three year period.

QUESTION	RESPONSE
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 usually be determined by the Board, at the time of vesting and exercise.
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 Minimum 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.

F. 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 FY2016, it should be noted that Orocobre's share price fluctuated over the course of FY16. It ended the year at A$4.79 (US$3.56) per share and the 52 week daily closing share price ranged from A$1.33 (US$1) to A$5.04 (US$3.67) per share.

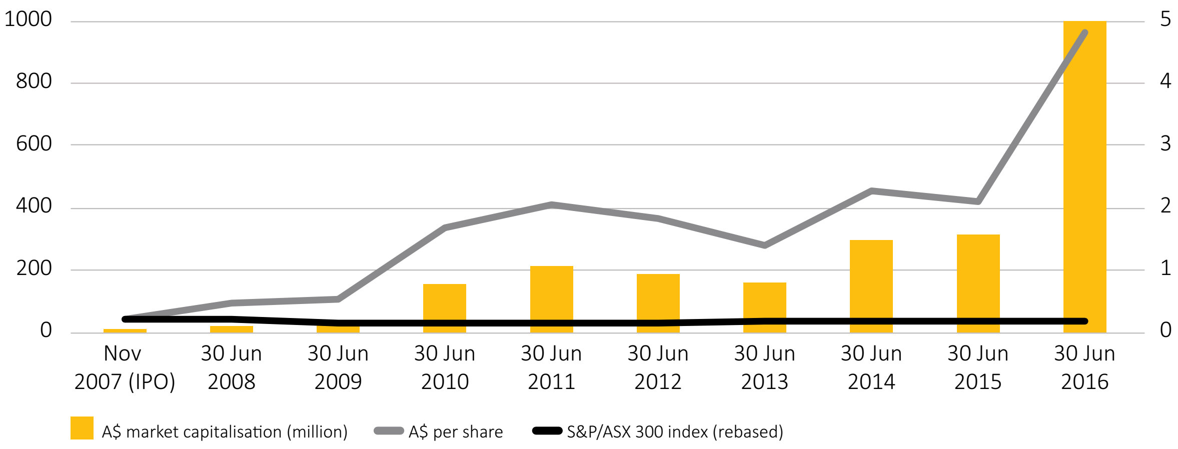
The Share Price/EPS Performance table below shows the performance for the Company as measured by its share price and market capitalisation over the last ten financial years. The graph below shows the complete historical movement in the share price and market capitalisation against the evolution of the ASX 300 Index. Over the past 12 months the market capitalisation has increased by 216% and share price has increased by 128% in comparison to the prior year in Australian Dollar terms. A capital raising was completed in February/March 2016 with the issue of 40,476,190 ordinary shares at an issue price of A$2.10.

Share price/EPS performance

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	30 JUN 15	30 JUN 16
A$ per share	$0.25	$0.46	$0.59	$1.70	$2.06	$1.85	$1.39	$2.26	$2.10	$4.79
US$ market capitalisation ('000)	11.49	18.50	31.92	131.47	227.57	195.56	149.47	280.94	244.85	746.49
Basic Earnings/ Loss Per Share (EPS) (US cents)*	N/A	$(0.95)	$(2.09)	$(4.90)	$(1.86)	$(2.83)	$84.45	$(4.03)	(0.59)	(11.92)
US$ profit/ (loss) ('000)	N/A	$(399)	$(1,111)	$(3,673)	$(1,769)	$(2,920)	$94,775	$(5,093)	$(845)	$(21,913)
S&P ASX 300	6486	5219	3949	4293	4608	4084	4759	5339	5401	5195

* 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.

Orocobre historical share price, market capitalisation and S&P/ASX 300 index (rebased)



Relationship of executive KMP remuneration and performance

FY2016 performance and impact on remuneration

The Group's performance in FY2016 was strong with several key milestones being achieved:

- Orocobre's share price started the year at AU$2.10 and finished the year at AU$4.79, achieving a total growth of 128%.
- The production ramp up process at Olaroz Lithium Facility was well advanced by the end of the financial year.
- Sales prices for lithium products steadily increased during the year by 100% FOB net of commissions and logistic costs.
- Operating cash costs at the Olaroz Lithium Facility of ~US$3,500/t were achieved by 30 June 2016.
- The relocation and construction of Borax Argentina S.A.'s chemical plant from Campo Quijano to Tincalayu Mine was finalised during FY2016. The ramp up in production from the relocated plant was slower than expected which reduced saleable Borax product inventories and associated sales.
- A range of specific objectives and strategies was achieved individually by the CEO, CFO, and GC

As a result of the strong performance of the Group reflected by the growth in the share price, the Board awarded the KMPs short-term incentives in the range of 19% to 52% of fixed remuneration (see "Basis of assessment performance – FY2016" below for performance conditions satisfied).

The relationship between their "at risk" remuneration and Orocobre's performance can be explained as follows:

Short Term Incentives

POSITION	FY	STI OPPORTUNITY US$		STI ACCRUED/ PAID	ACHIEVED	FORFEITED
Seville (CEO)	2016	$297,602	(75% of salary)	$56,465	19%	81%
	2015	$340,157	(75% of salary)	$0	0%	100%
Kaplan (CFO)	2016	$69,895	(30% of salary)	$50,601	72%	28%
	2015	$79,890	(30% of salary	$0	0%	100%
Anthon (GC)	2016	$34,402	(15% of salary)	$6,558	19%	81%
	2015	$39,321	(30% of salary)*	$0	0%	100%
Losada (GMO)	2016	$0	$0	$0	0%	100%
	2015	N/A	N/A	N/A	N/A	N/A

* STI opportunities represent six month period due to employment commencing 1 January 2015.

Basis of assessment of performance – FY2016

- Olaroz – achieve an OPEX unit cost of US$2,900/t for the period January to June 2016 (CEO, CFO, GC);
- Olaroz – achieve completion test (CEO, CFO, GC);
- Borax Argentina S.A. – results achieved against EBITDA FY16 (CEO, CFO, GC);
- Borax Argentina S.A. – completion of optimisation projects (CEO, CFO, GC); and
- Achievement of specific objectives and strategies set by the Board (CEO, CFO, GC).

Basis of assessment of performance – FY2015

- Olaroz – achieve an OPEX unit cost of US$2,700/t for the period January to June 2015 (CEO, CFO, BDM, GC);
- Olaroz – produce 7,500 metric tonnes of lithium carbonate during FY 2015 (CEO, CFO, BDM, GC);
- Borax Argentina S.A. – results achieved against EBITDA FY15 (CEO, CFO, BDM, GC); and
- Achievement of specific objectives and strategies set by the Board (CEO, CFO, BDM, GC).

Changes in Short Term Incentives for executive KMP

During the year the Chief Financial Officer was allocated a one-off bonus of US$14,805 (A$20,000) as a result of various financial and other successful initiatives achieved during the year including restructuring the local Argentine Peso debt with USD debt.

The General Counsel's "at risk" remuneration mix changed during the year to better align the incentives with the key objectives of the role. As a result of this, his Short Term Incentive was reduced to a maximum of 15% of fixed remuneration (30% previously), and his Long Term Incentive was increased to a maximum of 100% of fixed remuneration (60% previously).

Long Term Incentives

Long term equity incentive grants to selected key executives, including executive KMP, are considered on an annual basis. The value granted of LTI grants is calculated on a set percentage of FR (excluding superannuation).

POSITION	FY	VALUE GRANTED OF LTI DURING THE YEAR[1] US$	MAXIMUM LTI AS A % OF FR	VALUE AS A % OF FR
Seville (CEO)	2016	$222,467	75%	47%
	2015	$512,647[2]	75%	62%
Kaplan (CFO)	2016	$104,498	60%	38%
	2015	$96,504	60%	32%
Anthon (GC)	2016	$171,443	100%[3]	67%
	2015	$94,997	60%	69%[4]
Losada (GMO)	2016	-	0%	0%[5]
	2015	-	-	-

1. The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of awards granted during the year as part of remuneration.
2. LTI granted to the CEO was for a two year period (FY2014 and FY2015). The LTI granted for FY2014 was not approved until the November 2014 AGM and allocated in FY2015 along with the FY2015 LTI.
3. In addition to his ongoing responsibilities of legal counsel, Mr Anthon has been tasked with corporate development. Given the long term objectives of this role to align incentives to objectives, the Long Term Incentive was increased to a maximum of 100% of fixed remuneration in FY2016.
4. The value of FR for the GC is for a six month period during FY2015.
5. The value of FR for the GMO is zero as he joined the Group at the end of FY2016.

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)	21/11/14	Performance Right	$0.00	160,658	31/8/16	(1)
Seville (CEO)	21/1/15	Performance Right	$0.00	150,039	31/8/17	(2)
Seville (CEO)	25/1/16	Performance Right	$0.00	244,380	31/8/18	(2)
Kaplan (CFO)	30/4/14	Performance Right	$0.00	197,080	31/8/16	(1)
Kaplan (CFO)	21/1/15	Performance Right	$0.00	70,477	31/8/17	(2)
Kaplan (CFO)	25/1/16	Performance Right	$0.00	114,791	31/8/18	(2)
Anthon (GC)	21/1/15	Performance Right	$0.00	69,376	31/8/17	(2)
Anthon (GC)	25/1/16	Performance Right	$0.00	188,330	31/8/18	(2)

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

1. 8.33% – Olaroz construction cost results achieved against defined thresholds;
   8.33% – Olaroz operating cost results achieved against defined thresholds;
   8.34% – Olaroz design production rates achieved against defined thresholds;
   25% – Borax Argentina S.A. results achieved against EBITA for FY2016; and
   50% – ORE TSR outperformance relative to the ASX 300 Resources Index.

2.

TSR HURDLE: ABSOLUTE (50% OF LTI GRANT) Company TSR performance over the Measurement Period and subject to meeting the following compound annual rate thresholds.	
Greater than 12.5% return per annum	100% vesting
Greater than 10.0% return per annum	75% vesting
At least 7.5% return per annum	50% vesting
Less than 7.5% return per annum	0% vesting
Interpolated vesting on a straight line where the return per annum is between 7.5% and 12.5%.	

TSR HURDLE: RELATIVE (50% OF LTI GRANT) Company TSR performance over the Measurement Period relative to the constituent companies of the ASX300 Resources Index subject to the following thresholds.	
Greater than 75th percentile	100% vesting
Equal to or greater than 50th percentile	50% vesting
Less than 50th percentile	0% vesting
Interpolated vesting on a straight line between the 50th and 75th percentile.	

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.

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

G. SERVICE AGREEMENTS

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

NAME AND TITLE	TERM OF AGREEMENT	NOTICE PERIOD BY EITHER PARTY	TERMINATION BENEFIT
Richard Seville CEO/Managing Director	Open	6 months	12 months fixed remuneration
Neil Kaplan Chief Financial Officer	Open	6 months	6 months fixed remuneration
Alex Losada General Manager of Operations	Open	6 months	6 months fixed remuneration
Rick Anthon General Counsel	Open	6 months	6 months fixed remuneration

Terms of agreement and associated benefits were agreed at the time the executive KMP commenced with Orocobre or upon promotion. Termination benefits are voided when termination arises due to breach of agreement, serious misconduct, criminal offence or negligence.

H. DETAILS OF REMUNERATION

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

		SHORT-TERM EMPLOYEE BENEFITS		
NAME		DIRECTORS FEES/ BASE SALARY US$	SHORT TERM INCENTIVE[1] US$	RETIREMENT BENEFITS/ SUPERANNUATION US$
Non-Executive Directors				
James Calaway	2016	182,020	-	-
	2015	208,047	-	-
Courtney Pratt	2016	58,246	-	-
	2015	66,575	-	-
John Gibson	2016	58,246	-	-
	2015	66,575	-	-
Fernando Oris de Roa	2016	58,246	-	-
	2015	66,575	-	-
Federico Nicholson	2016	58,246	-	-
	2015	66,575	-	-
Robert Hubbard	2016	53,193	-	5,053
	2015	54,433	-	5,776
Total Non-Executive Directors	**2016**	**468,197**	**-**	**5,053**
	2015	**528,780**	**-**	**5,776**
CEO/Managing Director				
Richard Seville	2016	414,490	56,465	25,483
	2015	475,087	-	21,543
Other Executive KPM				
Neil Kaplan	2016	247,228	50,601	21,842
	2015	270,836	-	20,763
David Hall (Role redefined 1 July 2015)	2016	-	-	-
	2015	199,725	-	18,974
Rick Anthon (Appointed 1 January 2015)	2016	229,344	6,558	21,788
	2015	131,070	-	7,816
Alex Losada (Appointed 1 May 2016)	2016	34,584	-	3,285
	2015	-	-	-
Total Managing Director and other executive	**2016**	**925,646**	**113,624**	**72,398**
	2015	**1,076,718**	**-**	**69,096**

* Due to the average exchange rates used for conversion, the USD translated remuneration appears lower in FY 2016 compared to FY 2015. The average exchange rates used for the conversion from A$ to US$ are as follows:

July 2015 – June 2016 - 1 USD : 1.3735 AUD
July 2014 – June 2015 – 1 USD : 1.2017 AUD

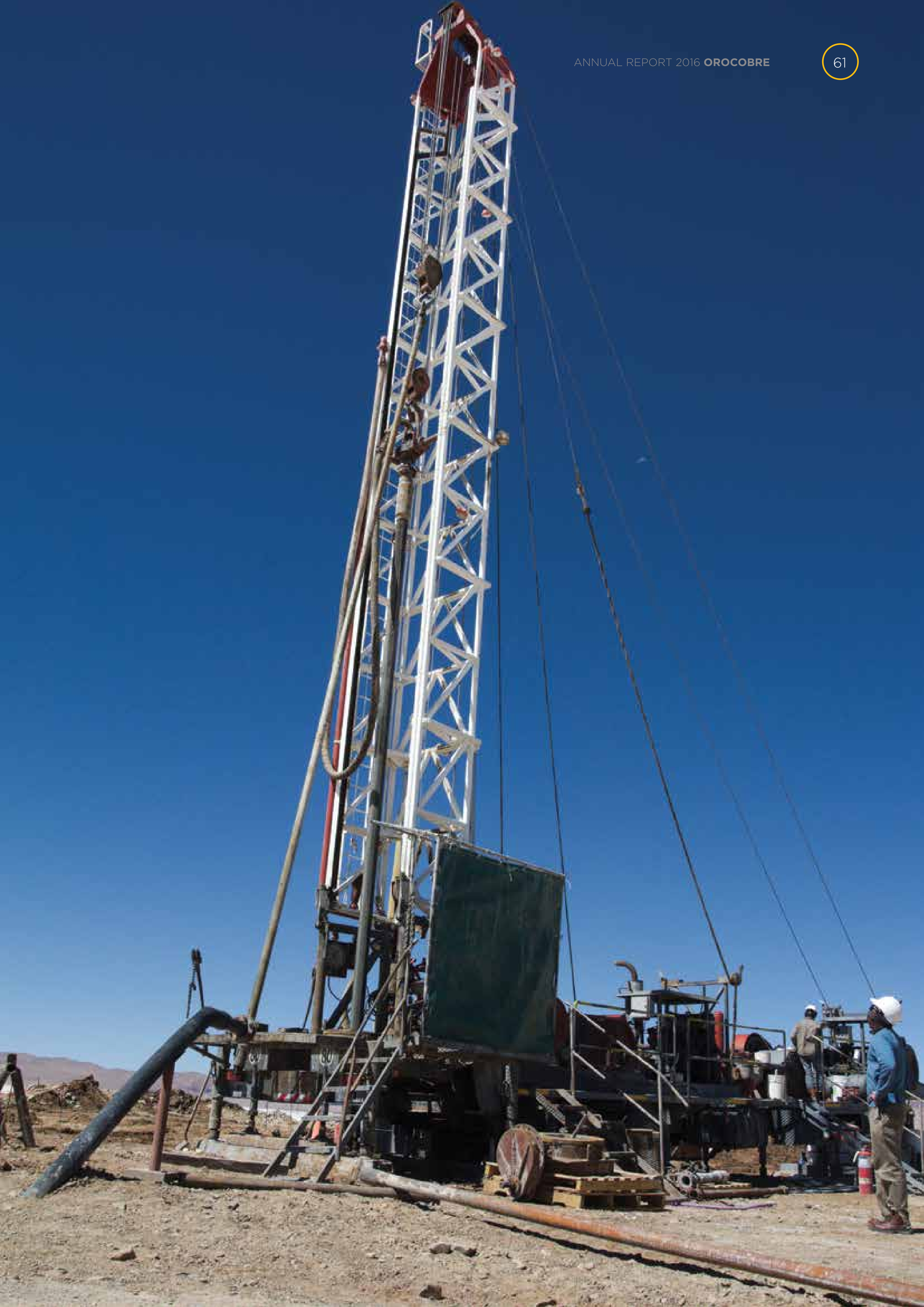
* The CEO and CFO received an increase in base salary effective January 2016 to reflect the growth and increasing complexity of the Company. This increase was only proposed by the Board after careful consideration, including external independent assessment and in recognition of the increasing complexity of the role. The uplift brings the CEO and CFO's fixed remuneration in line with approximately the median of the market and takes into account the success of the incumbent CEO and CFO in their roles, the broader and deeper workload required as a result of moving through very exacting transitions in a complex geographical environment and the Company now in production at Olaroz. The Board believes the revised level of remuneration for the CEO and CFOs is both fair and reasonable, all things being considered.

SUB-TOTAL	NON-CASH BENEFITS ACCRUED		
CASH BENEFITS RECEIVED US$	ANNUAL LEAVE/LSL/ TERMINATION BENEFITS[2] US$	LONG TERM INCENTIVES[3] US$	TOTAL REMUNERATION US$
182,020	-	-	182,020
208,047	-	-	208,047
58,246	-	-	58,246
66,575	-	-	66,575
58,246	-	-	58,246
66,575	-	-	66,575
58,246	-	-	58,246
66,575	-	-	66,575
58,246	-	-	58,246
66,575	-	-	66,575
58,246	-	-	58,246
60,209	-	-	60,209
473,250	**-**	**-**	**473,250**
534,556	**-**	**-**	**534,556**
496,438	28,665	237,487	762,590
496,630	12,220	364,576	873,426
319,671	8,534	176,441	504,646
291,599	11,272	162,879	465,750
-	-	-	-
218,699	4,613	107,379	330,691
257,690	3,640	76,715	338,045
138,886	-	28,521	167,407
37,869	2,742	-	40,611
-	-	-	-
1,111,668	**43,581**	**490,643**	**1,645,892**
1,145,814	**28,105**	**663,355**	**1,837,274**

1. The STI for FY2015 was nil, based on STI KPIs not being met.
2. Annual leave/LSL represent the net movement in amounts provided for annual leave during the year ended 30 June 2016. LSL is the net movement in amounts recorded for LSL when they become applicable.
3. The value for Long Term Incentives presented in the tables above is calculated in accordance with AASB 2 *Share Based Payment* 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.

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

NAME	FIXED REMUNERATION 2016 %	2015 %	AT RISK – STI 2016 %	2015 %	AT RISK – LTI 2016 %	2015 %	TOTAL 2016 %	2015 %
Non-Executive Directors								
James Calaway	100%	100%	-	-	-	-	100%	100%
John Gibson	100%	100%	-	-	-	-	100%	100%
Courtney Pratt	100%	100%	-	-	-	-	100%	100%
Fernando Oris de Roa	100%	100%	-	-	-	-	100%	100%
Federico Nicholson	100%	100%	-	-	-	-	100%	100%
Rob Hubbard	100%	100%	-	-	-	-	100%	100%
CEO/Managing Director								
Richard Seville	61%	58%	8%	-	31%	42%	100%	100%
Other executive KMP								
Neil Kaplan	55%	65%	10%	-	35%	35%	100%	100%
Rick Anthon	75%	83%	2%	-	23%	17%	100%	100%
David Hall	-	67%	-	-	-	33%	-	100%
Alex Losada	-	-	-	-	-	-	-	-



I. SHARE-BASED COMPENSATION ISSUES TO THE NON-EXECUTIVE DIRECTORS AND EXECUTIVE KMP

The table below highlights the movement in Rights (including Options) for the Non-Executive Directors and executive KMP[1] in 2016.

			MOVEMENT DURING THE YEAR	
	GRANT DATE[2]	TYPE	BALANCE AT 1 JULY 2015	RIGHTS GRANTED[4]
James Calaway	30 Nov 2011	Options	150,000	-
Total number			150,000	
Total value US$[3]			$87,532	
John Gibson	30 Nov 2011	Options	100,000	-
Total number			100,000	
Total value US$[3]			$58,355	
Courtney Pratt	30 Nov 2011	Options	100,000	-
Total number			100,000	
Total value US$[3]			$58,355	
Fernando Oris de Roa	30 Nov 2011	Options	100,000	-
Total number			100,000	
Total value US$[3]			$58,355	
Federico Nicholson	30 Nov 2011	Options	100,000	-
Total number			100,000	
Total value US$[3]			$58,355	
Richard Seville	21 Mar 2013	Options	301,092	-
	21 Mar 2013	Performance Rights	140,792	-
	23 Jan 2015	Performance Rights	160,658	-
	30 Jan 2015	Performance Rights	150,039	-
	6 Nov 2016	Performance Rights	-	244,380
Total number			732,581	244,380
Total value US$[3]			$672,162	$222,467
Neil Kaplan	30 Apr 2014	Performance Rights	197,080	-
	30 Jan 2015	Performance Rights	70,477	-
	6 Nov 2016	Performance Rights	-	114,791
Total number			267,557	114,791
Total value US$[3]			$351,605	$104,498
Rick Anthon	30 Jan 2015	Performance Rights	69,376	-
	6 Nov 2016	Performance Rights	-	188,330
Total number			69,376	188,330
Total value US$[3]			$86,542	$171,443

1. Section 300(1) of the *Corporations Act 2001* (Cth) requires additional disclosure for the KMP executives which is detailed in the following table - Shareholdings of Key Management Personnel.
2. Options granted on 30 November 2011 expire on 30 November 2016 and have an exercise price of AU$2.03.
3. Total value in US$ is based on Grant value, not current Market value. 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 exchange rate at the date of grant.
4. The fair values of long term incentives have been calculated by Crichton & Associates, an independent third party valuer.

			AS AT 30 JUNE 2016		
RIGHTS EXERCISED[5,6]	RIGHTS LAPSED[7]	BALANCE AT 30 JUNE 2016	VESTED AND EXERCISABLE	UNVESTED	LOAN AMOUNT US$
-	-	150,000	150,000	-	Nil
		150,000	150,000		
		$84,733	$84,733		
-	-	100,000	100,000	-	Nil
		100,000	100,000		
		$56,489	$56,489		
-	-	100,000	100,000	-	Nil
		100,000	100,000		
		$56,489	$56,489		
-	-	100,000	100,000	-	Nil
		100,000	100,000		
		$56,489	$56,489		
-	-	100,000	100,000	-	Nil
		100,000	100,000		
		$56,489	$56,489		
-	301,092	-	-	-	Nil
	140,792	-		-	Nil
	-	160,658		160,658	Nil
	-	150,039		150,039	Nil
	-	244,380		150,039	Nil
	441,884	555,077		555,077	
	$217,986	$718,719		$718,719	
-	-	197,080	-	197,080	Nil
		70,477		70,477	Nil
		114,791		114,791	Nil
		382,348		382,348	
		$478,113		$478,113	
-	-	69,376	-	69,376	Nil
		188,330		188,330	Nil
		257,706		257,706	
		$263,402		$263,402	

5. No amounts are unpaid on any shares issued on the exercise of Options.
6. 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 exchange rate at the date of exercise.
7. 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.

The table below summarises the details of the grants and assumptions that were used in determining the fair value of Options and Rights on the grant date.

INPUT VARIABLE	OPTIONS	PERFORMANCE RIGHTS	PERFORMANCE RIGHTS
Issue date	30 Apr 2014	30 Apr 2014	30 Apr 2014
Vesting date	11 Oct 2016	31 Aug 2016	31 Aug 2016
Valuation model	Binomial Approximation	Binomial Approximation	Monte Carlo Simulation
Exercise price	$2.53	$0.00	$0.00
Share price (date terms agreed)	$2.23	$2.23	$2.23
Expected life (days)	1,250	854	854
Expected volatility	50%	50%	50%
Expected dividend yield	0%	0%	0%
Expected risk free rate	2.84%	2.84%	2.84%
Performance conditions	Non-market	Non-market	Market
Fair value (average)	$0.77	$2.23	$1.59

INPUT VARIABLE	PERFORMANCE RIGHTS	PERFORMANCE RIGHTS
Issue date	31 Aug 2014	31 Aug 2014
Vesting date	31 Aug 2017	31 Aug 2017
Valuation model	Monte Carlo Simulation	Monte Carlo Simulation
Exercise price	$0.00	$0.00
Share price (date terms agreed)	$2.74	$2.74
Expected life (days)	1,095	1,095
Expected volatility	50%	50%
Expected dividend yield	0%	0%
Expected risk free rate	2.09%	2.09%
Performance conditions	Market (TSR absolute)	Market (TSR relative)
Fair value (average)	1.59	1.98

PERFORMANCE RIGHTS	PERFORMANCE RIGHTS	PERFORMANCE RIGHTS	PERFORMANCE RIGHTS
31 Aug 2013	31 Aug 2013	31 Aug 2014	31 Aug 2014
31 Aug 2016	31 Aug 2016	31 Aug 2017	31 Aug 2017
Binomial Approximation	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
$0.00	$0.00	$0.00	$0.00
$2.67	$2.67	$2.67	$2.67
1,095	1,095	1,095	1,095
50%	50%	50%	50%
0%	0%	0%	0%
2.50%	2.50%	2.53%	2.53%
Non-market	Market	Market (TSR absolute)	Market (TSR relative)
$2.67	$2.33	$1.58	$1.95

PERFORMANCE RIGHTS	PERFORMANCE RIGHTS	PERFORMANCE RIGHTS	PERFORMANCE RIGHTS
31 Aug 2015	31 Aug 2015	31 Aug 2015	31 Aug 2015
31 Aug 2018	31 Aug 2018	31 Aug 2018	31 Aug 2018
Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
$0.00	$0.00	$0.00	$0.00
$1.79	$1.79	$2.50	$2.50
1,095	1,095	1,095	1,095
50%	50%	50%	50%
0%	0%	0%	0%
1.97%	1.97%	1.88%	1.88%
Market (TSR absolute)	Market (TSR relative)	Market (TSR absolute)	Market (TSR relative)
1.08	1.37	1.48	1.89

Shareholdings of Key Management Personnel

	OPENING BALANCE 1 JULY 2015	OPTIONS CONVERTED	COMPENSATION	ACQUIRED/ (SOLD)	CLOSING BALANCE 30 JUNE 2016
James D. Calaway	8,841,563	-	-	-	8,841,563
Richard P. Seville	5,076,500	-	-	-	5,076,500
John W. Gibson	25,000	-	-	-	25,000
Courtney Pratt	-	-	-	-	-
Fernando Oris de Roa	-	-	-	-	-
Federico Nicholson	-	-	-	-	-
Robert Hubbard	22,183	-	-	-	22,183
Neil Kaplan	25,883	-	-	25,000	50,883
Rick Anthon	702,527	-	-	24,617	727,144
Total	**14,693,656**	**-**	**-**	**55,500**	**14,749,156**

*Includes shares held directly, indirectly, and beneficially by KMP.

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

Robert Hubbard
Chairman

Richard P Seville
Managing Director

Signed: 19 September 2016

Building a better working world

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Auditor's Independence Declaration to the Directors of Orocobre Limited

As lead auditor for the audit of Orocobre Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Orocobre Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Kellie McKenzie

Kellie McKenzie
Partner
19 September 2016

CONSOLIDATED **FINANCIAL STATEMENTS**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2016

	NOTE	CONSOLIDATED GROUP 30 JUNE 2016 US$	30 JUNE 2015 US$
Sale of goods		15,526,762	19,400,154
Cost of goods sold		(14,527,116)	(19,091,914)
Gross profit		**999,646**	**308,240**
Other income	2a	3,036,154	1,798,866
Corporate expenses	2b	(6,609,601)	(5,778,578)
Administrative expenses	2c	(6,940,594)	(5,466,999)
Finance income	2d	3,294,786	1,072,559
Finance costs	2e	(2,820,285)	(2,069,225)
Share of net losses of Joint Venture	13	(11,000,508)	(189,486)
Foreign currency loss	2f	(2,552,260)	8,654,541
Loss before income tax		**(22,592,662)**	**(1,670,082)**
Income tax benefit	3	634,438	800,485
Loss for the year		**(21,958,224)**	**(869,597)**
Other comprehensive loss (items that may be reclassified subsequently to profit and loss)			
Translation loss on foreign operations		(35,444,872)	(20,332,818)
Net loss on revaluation of derivative	18	(715,942)	(2,533,122)
Other comprehensive loss for the year, net of tax		**(36,160,814)**	**(22,865,940)**
Total comprehensive loss for the period		**(58,119,038)**	**(23,735,537)**
Loss attributable to:			
Members of the parent entity		(21,912,971)	(844,411)
Non-controlling interest		(45,253)	(25,186)
		(21,958,224)	**(869,597)**
Total comprehensive loss attributable to:			
Members of the parent entity		(57,869,753)	(23,805,403)
Non-controlling interest		(249,285)	69,866
		(58,119,038)	**(23,735,537)**
Basic earnings/(loss) per share (cents per share)	4	(11.92)	(0.59)
Diluted earnings/(loss) per share (cents per share)	4	(11.92)	(0.59)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF

FINANCIAL POSITION

AS AT 30 JUNE 2016

		CONSOLIDATED GROUP		
	NOTE	30 JUNE 2016 US$	30 JUNE 2015 US$	1 JULY 2014 US$
Current assets				
Cash and cash equivalents	6	35,835,332	7,257,329	24,761,073
Trade and other receivables	7	7,715,483	7,329,587	6,955,168
Inventory	8	6,493,836	8,516,330	5,191,109
Other		15,964	12,828	473,357
Total current assets		**50,060,615**	**23,116,074**	**37,380,707**
Non-current assets				
Financial assets	9	36,685,683	37,524,760	23,030
Property, plant and equipment	10	14,976,848	13,150,577	12,580,999
Exploration, evaluation and development asset	11	6,167,681	8,571,652	9,475,586
Investment in Joint Ventures	13	35,061,038	77,493,510	89,247,175
Inventory	8	594,622	116,019	300,244
Deferred tax asset	3	2,081,576	2,088,009	1,380,956
Trade and other receivables	7	70,199,473	31,731,524	26,208,779
Total non-current assets		**165,766,921**	**170,676,051**	**139,216,769**
Total assets		**215,827,536**	**193,792,125**	**176,597,476**
Current liabilities				
Trade and other payables	14	10,112,569	13,865,618	8,360,925
Loans and borrowings	9	2,026,955	2,088,208	1,282,296
Employee benefit liabilities	16	585,983	872,532	478,219
Total current liabilities		**12,725,507**	**16,826,358**	**10,121,440**
Non-current liabilities				
Trade and other payables	14	726,877	1,135,807	2,727,061
Loans and borrowings	9	1,044,437	612,770	1,272,832
Employee benefit liabilities	16	1,272,151	1,565,572	589,749
Deferred tax liability	3	973,502	1,177,388	2,031,724
Provisions	15	9,658,073	9,420,659	9,292,529
Total non-current liabilities		**13,675,040**	**13,912,196**	**15,913,895**
Total liabilities		**26,400,547**	**30,738,554**	**26,035,335**
Net assets		**189,426,989**	**163,053,571**	**150,562,141**
Equity				
Issued capital	17	242,248,318	158,459,067	123,007,267
Reserves	18	(111,792,955)	(76,539,378)	(54,353,553)
Retained profits		60,283,436	82,196,407	83,040,818
Parent interest		**190,738,799**	**164,116,096**	**151,694,532**
Non-controlling interest		(1,311,810)	(1,062,525)	(1,132,391)
Total equity		**189,426,989**	**163,053,571**	**150,562,141**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF

CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2016

	ISSUED CAPITAL US$	RETAINED PROFITS/ (ACCUMULATED LOSSES) US$	OPTION RESERVE US$
	Note 17		Note 18
Balance at 1 July 2014	**123,007,267**	**83,040,818**	**1,721,753**
Loss for the period	-	(844,411)	-
Other comprehensive loss for the period	-	-	-
Total comprehensive loss	**-**	**(844,411)**	**-**
Shares issued during the year	38,250,154	-	-
Transaction costs, net of tax	(2,798,354)	-	-
Options expensed during the period	-	-	899,553
Increase in wealth tax	-	-	-
Balance at 30 June 2015	**158,459,067**	**82,196,407**	**2,621,306**
Loss for the period	-	(21,912,971)	-
Other comprehensive loss for the period	-	-	-
Total comprehensive loss	**-**	**(21,912,971)**	**-**
Shares issued during the period	86,101,840	-	-
Transaction costs, net of tax	(2,312,589)	-	-
Options expensed during the period and other movements	-	-	604,062
Decrease in wealth tax	-	-	-
Balance at 30 June 2016	**242,248,318**	**60,283,436**	**3,225,368**

The accompanying notes form part of these financial statements.

FOREIGN CURRENCY TRANSLATION RESERVE US$	CASH FLOW HEDGE RESERVE US$	OTHER RESERVES US$	NON CONTROLLING INTERESTS US$	TOTAL US$
Note 18	Note 18	Note 18		
(53,946,280)	**(1,973,411)**	**(155,615)**	**(1,132,391)**	**150,562,141**
-	-	-	(25,186)	(869,597)
(20,427,870)	(2,533,122)	-	95,052	(22,865,940)
(20,427,870)	**(2,533,122)**	**-**	**69,866**	**(23,735,537)**
-	-	-	-	38,250,154
-	-	-	-	(2,798,354)
-	-	-	-	899,553
-	-	(124,386)	-	(124,386)
(74,374,150)	**(4,506,533)**	**(280,001)**	**(1,062,525)**	**163,053,571**
-	-	-	(45,253)	(21,958,224)
(35,240,840)	(715,942)	-	(204,032)	(36,160,814)
(35,240,840)	**(715,942)**	**-**	**(249,285)**	**(58,119,038)**
-	-	-	-	86,101,840
-	-	-	-	(2,312,589)
-	-	-	-	604,062
-	-	99,143	-	99,143
(109,614,990)	**(5,222,475)**	**(180,858)**	**(1,311,810)**	**189,426,989**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2016

	NOTE	CONSOLIDATED GROUP 30 JUNE 2016 US$	30 JUNE 2015 US$
Cash flows from operating activities			
Receipts from customers		13,008,891	16,091,760
Payments to suppliers and employees		(22,897,010)	(25,784,541)
Interest received		2,024,656	287,818
Interest paid		(2,216,358)	(1,361,173)
Other cash receipts		4,197,938	2,975,341
Net cash used in operating activities	**6**	**(5,881,883)**	**(7,790,795)**
Cash flows from investing activities			
Payments for exploration expenditure	11	(248,077)	(313,446)
Payment for subsidiary net of cash (acquired in 2012)		(1,691,441)	-
Purchase of property, plant and equipment	10	(3,544,026)	(2,120,105)
Proceeds from sale of property plant and equipment	2a	105,785	160,330
Investment in Joint Venture		(4,192,727)	(923,171)
Net cash used in investing activities		**(9,570,486)**	**(3,196,392)**
Cash flows from financing activities			
Proceeds from standby letters of credit (SBLCs) on behalf of Joint Venture		250,000	(38,009,079)
Proceeds from issue of shares net of transaction costs		82,472,407	38,156,483
Net proceeds from borrowings		1,722,555	(716,440)
Loan to Joint Venture		(38,081,765)	(4,373,299)
Net cash provided by financing activities		**46,363,197**	**(4,942,335)**
Net increase in cash held		30,910,828	(15,929,522)
Cash and cash equivalents at beginning of year		5,695,429	24,231,195
Effect of exchange rates on cash holdings in foreign currencies		(1,548,591)	(2,606,244)
Cash at end of year	**6**	**35,057,666**	**5,695,429**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2016

INTRODUCTION – WHAT'S NEW IN THIS REPORT

Change in presentation currency

The Group changed its presentation currency from Australian dollars (AUD) to United States dollars (USD) in the current financial year. The financial report for the year ended 30 June 2016 is the first full year financial report with results in USD. These changes will reduce the impact of movements in exchange rates on reported results and provide shareholders with a more accurate reflection of the Group's and its Joint Venture's underlying performance, given a large majority of its revenues are generated in USD.

Statutory financial information included in the financial report for the year ended 30 June 2015, previously reported in Australian dollars has been retrospectively restated into USD using the procedures outlined below:

- Assets and liabilities denominated in non-USD currencies were translated into USD at the closing rates of exchange on the relevant balance sheet date;
- Non-USD income and expenditure were translated at the average rates of exchange prevailing for the relevant period; and
- Reserves were translated at the historical rates of exchange prevailing on the date of each transaction.

Foreign currency translation

The Group's consolidated financial statements are presented in USD, which is the Parent's presentation 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 on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount 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).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into the presentation currency USD 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 month of the financial year. Equity and reserves are translated at the historical rates of exchange prevailing on the date of each transaction. The exchange differences arising on translation for consolidation purposes are recognised in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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.

In preparation of the financial statements the following exchange rates have been used to translate from the functional currency of each entity to the reporting currency of the Group:

BUSINESS	FUNCTIONAL CURRENCY
Orocobre Limited	AUD
Sales de Jujuy Pte Ltd	USD
Sales de Jujuy S.A.	USD
South American Salar Minerals Pty Ltd	AUD
South American Salar S.A.	ARS
Borax Argentina Holding No 1 Pty Ltd	AUD
Borax Argentina Holding No 2 Pty Ltd	AUD
Borax Argentina S.A.	ARS
Orocobre Brasil	USD

SPOT RATES	30 JUNE 2016	30 JUNE 2015	MOVEMENT (%)
Peso -> USD 1	15.0400	9.0880	(65.49%)
Peso -> AUD 1	11.1936	6.9872	(60.20%)
AUD -> USD 1	1.3436	1.3007	(3.30%)

AVERAGE RATES (12 MONTHS)	30 JUNE 2016	30 JUNE 2015	MOVEMENT (%)
Peso -> USD 1	11.9825	8.5995	(39.34%)
Peso -> AUD 1	8.7432	7.1799	(21.77%)
AUD -> USD 1	1.3735	1.2017	(14.30%)

Joint Venture

Change from construction to production at Olaroz

Whilst Olaroz continued its ramp up towards achieving nameplate capacity at 30 June 2016, the Lithium Facility has reached steady state production and commercial sales volumes during the second half of the financial year. Sales de Jujuy SA ("SDJ") has moved into production from an accounting and reporting perspective from 1 May 2016.

From such date:

- Revenue is recognised in the income statement;
- Depreciation of fixed assets will commence; and
- Capitalisation of costs, including interest, ceases and ongoing operating costs are expensed.

Change in functional currency

Functional currency of the Joint Venture has been largely aligned to the currency in which the entity is geographically located during the "construction period". As a result, appreciation/ devaluation between currencies has historically had a significant impact on the overall net assets of the Group when translating SDJ's assets and liabilities into Sales de Jujuy PTE ("PTE") USD presentational currency and the Group's previous AUD presentation currency.

The beginning of the stabilisation of the Argentine Economy, and Olaroz moving into the production phase with USD denominated sales has been a primary trigger to change SDJ's functional currency from Argentine Peso (Peso) to USD.

Based on the above triggers, and in line with the move to "production" SDJ has adopted a USD functional currency from 1 May 2016.

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

The separate financial statements of the parent entity, Orocobre Limited, have been presented within this financial report in Note 26.

The financial statements were authorised for issue on 19 September 2016 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 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 statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business. The Company continually monitors its cash flow requirements to ensure that sufficient funds are available to fund its activities.

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

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 2016. 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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and 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(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- 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 consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Australian Accounting Standard. 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.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Tax consolidation legislation

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.

Goods and Services Tax (GST)

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

- When the GST incurred on a sale or a purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, 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. Commitments and contingencies are disclosed net of the amount of GST (or VAT) recoverable from, or payable to, the taxation authority.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

The Company states inventories for the lower of cost and net realisable value. The cost price of finished products and products in progress includes the direct cost of materials and, when applicable, labour costs, indirect costs incurred to transform raw materials into finished products, and general expenses incurred in carrying inventories to their current location and conditions. The method used to determine the cost of inventories is weighted average cost.

Commercial discounts, rebates obtained, and other similar entries are deducted in the determination of the acquisition price.

The net realisable value represents the estimate of the sales price, less all finishing estimated costs and costs which will be incurred in commercialisation, sales, and distribution processes.

The Company conducts an evaluation of the net realisable value of inventories at the end of each year, recording an estimate with a charge to income when these are overstated. When a situation arises whereby the circumstances, which previously caused the rebate to cease to exist, or when there is clear evidence of an increase in the net realisable value due to a change in the economic circumstances or prices of main raw materials, the estimate made previously is modified.

The valuation of obsolete, impaired or slow-moving products relates to their net estimated, net realisable value.

Raw materials, supplies and materials are recorded at the lower of acquisition cost or market value. Acquisition cost is calculated according to the average price method.

Property, plant and equipment

Tangible property, plant and equipment assets are stated at acquisition cost, net of the related accumulated depreciation, amortisation and impairment losses that they might have experienced.

In addition to the price paid for the acquisition of tangible property, plant and equipment, the Company has considered the following concepts as part of the acquisition cost, as applicable:

1. Accrued interest expenses during the construction period which are directly attributable to the acquisition, construction or production of qualifying assets, which are those that require a substantial period prior to being ready for use. The interest rate used is that related to the project's specific financing or, should this not exist, the average financing rate of the investor company
2. The future costs that the Company will have to experience, related to the closure of its facilities at the end of their useful life, are included at the present value of disbursements expected to be required to settle the obligation.

Extension, modernisation or improvement costs that represent an increase in productivity, ability or efficiency or an extension of the useful lives of property, plant and equipment are capitalised as a higher cost of the related assets. All the remaining maintenance, preservation and repair expenses are charged to expense as incurred.

The replacement of full assets, which increase the asset's useful life or its economic capacity, are recorded as a higher value of property, plant and equipment with the related derecognition of replaced or renewed elements.

Gains or losses which are generated from the sale or disposal of property, plant and equipment are recognised as income (or loss) in the period, and calculated as the difference between the asset's sales value and its net carrying value.

Costs derived from daily maintenance of property, plant and equipment are recognised when 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 15) for further information about the recognised decommissioning provision.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated through the straight-line distribution of cost over the estimated technical useful life of the asset which is the period in which the Company expects to use the asset. When components of one item of property, plant and equipment have different useful lives, they are recorded as separate assets. Useful lives are reviewed on an annual basis.

The useful lives used for the depreciation and amortisation of assets included in property, plant and equipment are presented below.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement of comprehensive income 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 using a units of production method.

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 Joint Ventures

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 Joint Venture is accounted for using the equity method.

Under the equity method, the investment in 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 Joint Venture since the acquisition date. Goodwill relating to the Joint Venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the results of operations of the 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 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 Joint Venture are eliminated to the extent of the interest in the Joint Venture.

The aggregate of the Group's share of profit or loss of a Joint Venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the Joint Venture.

The financial statements of the 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 Joint Venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the 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 a Joint Venture' in the statement of comprehensive income.

Upon loss of 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 Joint Venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions with non-controlling interests

Non-controlling interests are recorded in the consolidated statement of financial position within equity separate from equity attributable to the owners of the Parent.

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the Group's normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Group's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

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 subsequently measured 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement of comprehensive income.

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 Effective Interest Rate (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 comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income 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 comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 identified 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 EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive income. Interest income (recorded as finance income on the statement of comprehensive income) 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 comprehensive income.

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.

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 comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

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.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of 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 and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, financial guarantee contracts, and derivative financial instruments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 incurred for the purpose of repurchasing 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 comprehensive income.

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 comprehensive income.

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 comprehensive income.

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.

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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 commitment
- 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 it 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 in offsetting the exposure to changes in the hedged item'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 comprehensive income 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 until the forecast transaction occurs or the foreign currency firm commitment is met.

In the current period and prior periods, the Group had no direct derivative financial instrument, but recorded its share of the Joint Venture's cash flow hedge revaluation through other comprehensive income.

Fair value measurement

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 at fair value 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 in which case the asset is allocated to its appropriate CGU. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU 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 post-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 comprehensive income 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 comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Cash and cash equivalents

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, which are subject to an insignificant risk of changes in value.

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 as they are considered an integral part of the Group's cash management.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2b). 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 comprehensive income 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 2b).

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 risks and rewards of ownership shift from seller to buyer as dictated by the Incoterms specified in the sales contract. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, and volume rates.

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 comprehensive income.

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 comprehensive income net of any reimbursement.

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 statement of financial position 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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Based on past experience, the Group does not expect the full amount of annual leave classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts. 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 Group recognises a liability for long service leave 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 the applicable corporate bond 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 of the lease. The arrangement is, or contains, a lease if 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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date 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 comprehensive income.

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 comprehensive income 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 US dollars, which is the Parent's presentation 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 on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount 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).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into US 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 month of the financial year. The exchange differences arising on translation for consolidation purposes 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.

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.

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.

Carrying value of non-current assets subject to impairment testing

The Group considers annually whether there have been any indicators of impairment and then tests whether non-current assets, including investments in Joint Ventures and property, plant and equipment, have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

been determined based on value in use calculations or fair value less costs to sell. These calculations require the use of assumptions. Refer to Notes 10 and 13 for more details on the carrying amounts of non-current assets subject to impairment testing.

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.

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 22.

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 2016 was US$9,458,020 (2015: US$9,366,427).

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. New accounting standards effective during the year had no impact on the Group.

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 ended 30 June 2016, outlined as follows:

AASB 9 *Financial Instruments* (Application date of standard 1 January 2018; Application date of Group 1 July 2018)

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The Group does not expect any significant impact from adopting these changes when they become applicable.

The main changes are described below.

Financial assets

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; and (2) the characteristics of the contractual cash flows.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Financial liabilities

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. The Group does not carry any financial liabiities designated at FVPL.

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

Impairment

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting

Amendments to AASB 9 (December 2009 and 2010 editions and AASB 2013-9) issued December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

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

Amendments to AASB 116 and AASB 138 *Clarification of Acceptable Methods of Depreciation and Amortisation* (Application date of standard 1 January 2016; Application date of Group 1 July 2016)

AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets* 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.

These amendments clarify 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 Group does not anticipate any impact resulting from this clarification.

AASB 15 *Revenue from Contracts with Customers* (Application date of standard 1 January 2018; Application date of Group 1 July 2018)

AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts,* AASB 118 *Revenue* and related Interpretations (AASB Interpretation 13 *Customer Loyalty Programmes,* AASB Interpretation 15 *Agreements for the Construction of Real Estate,* AASB Interpretation 18 *Transfers of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Aquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

Whilst analysis is ongoing the Group does not expect that there will be a material financial impact to either the statement of comprehensive income or the statement of financial position once this accounting standard is adopted.

AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its associate or Joint Venture* (Application date of standard 1 January 2018; Application date of Group 1 July 2018)

AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2011), in dealing with the sale or contribution of assets between an investor and its associate or Joint Venture. The amendments require:

a. a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and

b. a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

AASB 2014-10 also makes an editorial correction to AASB 10.

AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.

The Group has not yet assessed the impact of AASB 2014-10, and it has not yet decided whether to adopt AASB 2014-10 early.

AASB 16 *Leases* (Application date of standard 1 January 2019; Application date of Group 1 July 2019)

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for lessees.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 *Revenue from Contracts with Customers,* has been applied, or is applied at the same date as AASB 16. The Group has not yet assessed the impact of AASB 16, and it has not yet decided whether to adopt AASB 16 early.

AASB 2 *(Amendments) Classification and Measurement of Share-based Payment Transactions* (Amendments to IFRS 2) (Application date of standard 1 January 2018; Application date of Group 1 July 2018)

This standard amends AASB 2 *Share-based Payment,* clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Group does not believe that there will be a material financial impact on either the statement of comprehensive income or the statement of financial position once this accounting standard is adopted. There are no cash settled share-based payment transactions within the Group.

There are no other standards that are not issued, 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.

NOTE 2: RESULT FOR THE PERIOD

	2016 US$	2015 US$
2a) Other income		
Property rental agreements	202,703	200,276
Recovery from Joint Venture	1,059,742	-
Income from bonds sold[1]	1,637,530	1,393,029
Export credit income	30,394	45,231
Net gain on disposal of property, plant and equipment	105,785	160,330
Total other income	**3,036,154**	**1,798,866**

1. Income from bonds sold relates to profits from the purchase and sale of US Dollar bonds on the Argentinean bond market.

	2016 US$	2015 US$
2b) Corporate expenses[1]		
Employee benefit expenses	(2,175,253)	(2,046,102)
Legal and consulting fees[2]	(1,904,541)	(907,648)
Share-based payment expense	(746,892)	(874,178)
Other costs[3]	(1,782,915)	(1,950,650)
Total corporate expenses	**(6,609,601)**	**(5,778,578)**

1. Corporate expenditure relates to Brisbane Corporate.
2. Legal and consulting fees includes US$1,656,236 (2015: US$424,837) of Rio Tinto Minerals (RTM) legal costs for the financial period (see Note 14 for more detail).
3. Other costs includes US$390,000 to Tenova Bateman for the Memorandum of Understanding (MOU) for the financial period.

	2016 US$	2015 US$
2c) Administrative expenses[1]		
Employee benefit expenses	(2,381,688)	(2,833,344)
Depreciation	(1,693,420)	(1,343,899)
Local taxes	(534,244)	(222,487)
Other costs	(2,331,242)	(1,067,269)
Total administrative expenses	**(6,940,594)**	**(5,466,999)**

1. Administrative expenditure relates to Borax Argentina S.A. and South American Salars S.A.

	2016 US$	2015 US$
2d) Finance income		
Interest income on loans receivable[1]	1,337,926	784,741
Interest income from short term deposits	378,786	287,818
Other interest income	1,578,074	-
Total finance income	**3,294,786**	**1,072,559**

1. Interest income on loans receivable is non-cash and will be recovered in accordance with the principal repayment schedule of the loans (see Note 19).

	2016 US$	2015 US$
2e) Finance costs		
Interest on loans and borrowings	(2,820,285)	(2,069,225)
Total finance costs	**(2,820,285)**	**(2,069,225)**

	2016 US$	2015 US$
2f) Foreign currency gain/(loss)		
Foreign currency gain – cash[1]	1,107,849	4,011,631
Foreign currency loss – non-cash[2]	(3,660,109)	4,642,910
Total foreign currency gain/(loss)	**(2,552,260)**	**8,654,541**

1. Fluctuations in USD currency held in Cash and Cash Equivalents (Note 6), and Standby Letters of Credit (Note 9).
2. Fluctuations in USD denominated payables (Note 14), and receivables from Joint Venture and Joint Venture partners (Note 19).

NOTE 3: INCOME TAX EXPENSE

The major components of income tax benefit for the years ended 30 June 2016 and 2015 are:

	2016 US$	2015 US$
Income tax expense/(benefit)		
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(634,438)	(1,157,972)
Relating to prior year	-	357,487
Income tax benefit reported in the statement of comprehensive income	**(634,438)**	**(800,485)**

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 30 June 2016 and 2015 is as follows:

	2016 US$	2015 US$
Gain/(Loss) from continuing operations before income tax expense	(22,592,662)	(1,670,082)
Tax expenses/(Benefit) at Australian tax rate of 30% (2015: 30%)	**(6,777,799)**	**(501,025)**
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
• Share-based payments	147,442	283,423
• Other	253,556	(344,137)
• Share of loss of Joint Venture	3,850,178	66,320
Derecognition of deferred tax balances current year	2,550,730	(441,305)
Differences in tax rates (foreign subsidiaries)	(698,745)	(221,248)
Foreign exchange	40,200	-
Relating to prior year	-	357,487
Income tax benefit	**(634,438)**	**(800,485)**
Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
Payable and accruals	70,018	18,981
Employee benefits	367,302	263,815
Inventory	11,894	68,282
Other debtors	23,849	4,746
Interest	764,658	335,665
Tax losses	843,855	1,396,520
Share issue costs (P&L)	-	9,081
Share issue costs (Equity)	1,310,106	1,093,896
Set off of deferred tax liabilities pursuant to set off provisions	(1,310,106)	(1,102,977)
	2,081,576	**2,088,009**
Deferred tax liabilities		
PPE	(620,013)	(823,422)
Receivables	(353,489)	(353,966)
	(973,502)	**(1,177,388)**

NOTE 3: INCOME TAX EXPENSE (CONTINUED)

	2016 US$	2015 US$
Movements		
Opening balance	910,621	(650,301)
Foreign exchange impact	(436,985)	-
Credited/(charged) to equity (current year)	-	415,268
Credited/(charged) to the statement of comprehensive income	634,438	1,145,654
Closing balance	**1,108,074**	**910,621**

The Group has tax losses which arose in Australia of US$17,605,617 (2015: US$15,201,597) 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. Prior period EPS calculation was adjusted for comparable purposes taking into consideration an equivalent discount to the shares issued under Rights Issue.

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:

	2016 US$	2015 US$
Profit/(Loss) for the financial year	(21,958,224)	(869,597)
Exclude non-controlling interest	45,253	25,186
Net Profit/(Loss) used in the calculation of basic and dilutive EPS	**(21,912,971)**	**(844,411)**

	NUMBER	NUMBER
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS	183,819,546	139,061,945

As the Group incurred a loss in the current and prior years, potential ordinary shares – being options to acquire ordinary shares (2016: 2,128,302; 2015: 1,788,878) are considered non-dilutive.

There are no 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.

NOTE 5: AUDITORS' REMUNERATION

The auditor of Orocobre Limited is Ernst & Young.

	2016 US$	2015 US$
Ernst & Young Australia		
Audit and review of financial statements	58,585	73,987
Ernst & Young Argentina		
Audit and review of financial statements	40,022	55,818
Total auditors' remuneration	**98,607**	**129,805**

During the period US$20,708 was paid in non-audit services.

NOTE 6: CASH AND CASH EQUIVALENTS

	2016 US$	2015 US$
Cash at bank and on hand	3,763,328	7,186,317
Short term deposits	32,072,004	71,012
	35,835,332	**7,257,329**

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 0.57% (2015: 2.94%). Short term deposits held at 30 June 2016 relate to rental and other security deposits. Deposits relating to cash held had an average maturity of 90 days.

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

	2016 US$	2015 US$
Cash at bank and on hand	3,763,328	7,186,317
Short term deposits	32,072,004	71,012
Total accessible cash and short-term deposits	**35,835,332**	**7,257,329**
Bank overdrafts (see Note 9)	(777,666)	(1,561,900)
Total cash and cash equivalents	**35,057,666**	**5,695,429**
Reconciliation of cash flow from operations with loss after income tax		
Profit/(loss) from ordinary activities after income tax	(21,958,224)	(869,597)
Adjustments for:		
Non-cash employee benefits expense	2,119,010	2,389,435
Depreciation of property, plant and equipment	1,705,246	1,359,639
Gain on sale of assets	(105,785)	(160,330)
Share of loss of Joint Venture	11,000,508	189,486
Fair value adjustment of loans and financial assets	-	880,033
Non-cash finance income	(1,340,744)	(784,740)
Unrealised foreign exchange gain	2,552,260	(8,670,158)
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	2,135,130	(3,265,043)
(Decrease)/Increase in payables	435,174	5,416,108
(Decrease)/Increase in provisions	23,061	37,458
(Decrease)/Increase in provisions – taxation	(632,106)	(800,485)
(Increase)/Decrease in inventory	(1,808,355)	(3,942,440)
(Increase)/Decrease in prepayments	(7,058)	429,839
Cash flows from operations	**(5,881,883)**	**(7,790,795)**

NOTE 7: TRADE AND OTHER RECEIVABLES

	2016 US$	2015 US$
Current		
Trade receivables	4,221,860	4,936,575
Related party receivables	2,556,142	83,267
Other receivables	757,162	1,468,075
VAT tax credits	180,319	841,670
	7,715,483	**7,329,587**
Non-current		
Trade receivables	1,094,318	1,115,398
Receivable from Joint Venture	61,447,448	23,047,881
Receivable from Joint Venture partners	6,382,515	5,661,346
VAT tax credits	1,275,192	1,906,899
	70,199,473	**31,731,524**

Trade and other receivables

During the financial year, US$25,429 (2015: US$nil) in trade receivables was impaired. It is expected all remaining 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 120 days terms. No collateral is held over receivables. The carrying value of receivables approximate fair value. Current related party receivable of US$2,556,142 is expected to be collected over 120 days from balance sheet date.

Credit risk — trade and other receivables

The Group has a total of US$1,455,511 (2015: US$2,748,569) of VAT recoveries due from the Argentine revenue authority. On a geographical basis the Group has total receivables of US$7,476,067 (2015: US$10,156,064) 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 13). All amounts are denominated in USD and US$61,447,448 (2015: US$23,047,881) is interest bearing. The receivables will be recovered from cashflows from the Olaroz project (see Note 19).

The carrying values of the receivables from Joint Venture and Joint Venture partners approximate fair values.

VAT recovery

VAT is charged on services and goods (including capital) goods at rates between 10.5% and 27%, with 21% being the standard charge. VAT is generally recouped against VAT on local sales, if any, and/or up to 21% of export sales. VAT has been paid on capex and expenses to date and is currently recouped by Borax Argentina S.A. as a percentage of local and export sales.

NOTE 8: INVENTORY

	2016 US$	2015 US$
Current		
Inventory	6,493,836	8,516,330
	6,493,836	**8,516,330**
Non-current		
Inventory	594,622	116,019
	594,622	**116,019**

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: FINANCIAL INSTRUMENTS

	2016 US$	2015 US$
Financial assets		
Non-current – HSBC USD standby letters of credit	36,676,279	37,515,356
Non-current – Shares in listed entity	9,404	9,404
	36,685,683	**37,524,760**

The USD Standby Letters of Credit (SBLCs) are short term deposits relating to the Company issuing SBLCs on behalf of the Joint Venture company Sales de Jujuy S.A.. Such deposits earn rates of between 0.40% and 0.66% and are generally held for a term of six months at a time. Such SBLCs have been provided due to a working capital requirement for Sales de Jujuy S.A. which has arisen principally due to delays in the production start up. The carrying value approximates fair value.

	2016 US$	2015 US$
Financial liabilities		
Interest bearing loans and borrowings		
Current		
Loans and other financing	1,249,289	526,308
Bank overdrafts	777,666	1,561,900
	2,026,955	**2,088,208**
Non-current		
Loans and other financing	1,044,437	612,770
	1,044,437	**612,770**

Loans and other financing

HSBC Argentina loan component 1 has been drawn down under a four year bank facility and accrues interest at the rate of 15.25%. At 30 June 2016, the loan is repayable within 12 months and is secured by guarantee.

HSBC Argentina loan component 2 has been drawn down under a three year bank facility. It accrues interest at the rate of 19%. At 30 June 2016, the loan is repayable within 25 months and is secured by a mortgage on land and buildings owned by Borax Argentina S.A. in Campo Quijano, Salta, Argentina (value of land and buildings US$3,846,698).

NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)

Bank overdrafts

The bank overdrafts are Peso denominated, and have an indefinite term. The overdraft facilities accrue interest at rates between 36.27% and 41%.

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).

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	PLANT AND EQUIPMENT	TOTAL
Property, plant and equipment			
At cost	10,470,533	5,294,111	15,764,644
Accumulated depreciation	(881,094)	(1,732,973)	(2,614,067)
Total at 30 June 2015	**9,589,439**	**3,561,138**	**13,150,577**
At cost	12,301,633	5,791,230	18,092,863
Accumulated depreciation	(1,686,405)	(1,429,610)	(3,116,015)
Total at 30 June 2016	**10,615,228**	**4,361,620**	**14,976,848**

	2016 US$	2015 US$
Property, plant and equipment		
Reconciliation of the carrying amounts for property, plant and equipment is set out below:		
Balance at the beginning of year	13,150,577	10,274,888
Additions – cash	3,544,026	2,120,105
Additions – non-cash	6,917,805	1,034,793
Depreciation expense	(1,705,246)	(1,359,639)
Foreign currency translation movement	(6,930,314)	1,080,430
Carrying amount at the end of year	**14,976,848**	**13,150,577**

Significant additions were made at Borax Argentina S.A.

Impairment

Significant property, plant and equipment balances relate to the Borax operations. The recoverable amount of the Borax operations has been determined on a fair value less cost of disposals basis. Fair value less cost of disposal has been determined using a discounted cash flow methodology, and has been cross checked to external market data and views. The cash flows used are based on management's most recent budgets and forecasts and include cash flow forecasts for the remaining mine lives based on current reserves. No value has been attributed to increases in reserves or significant expansion opportunities.

The material assumptions to which the Borax operation are most sensitive are sales tonnes, selling price, cost assumptions and the discount rate used (9.5% post tax in the current period).

In determining there is no impairment of the Borax operations at 30 June 2016 management has forecast an improved performance in coming years with tonnage sold expected to increase based on optimisation work undertaken and ongoing from FY 2016.

NOTE 11: EXPLORATION, EVALUATION AND DEVELOPMENT ASSET

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

	2016 US$	2015 US$
Exploration and evaluation phase – at cost	**6,167,681**	**8,571,652**
Movement in exploration and evaluation asset		
Opening balance – at cost	8,571,652	7,738,701
Capitalised exploration expenditure	248,077	313,446
Foreign currency translation movement	(2,652,048)	519,505
Carrying amount at the end of year	**6,167,681**	**8,571,652**

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

NOTE 12: 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	
		2016	2015
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
Orocobre Brasil Representacoes E Assessoria Comercial LTDA[1]	Brazil	100.00	100.00

1. Orocobre Brasil Representacoes E Assessoria Comercial was formed during the previous financial year with the intention to be used as an importer/exporter and/or an agent of boron related products. To date the company has not yet transacted.

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.

NOTE 13: INVESTMENT IN JOINT VENTURE

	2016 US$	2015 US$
Investment in Joint Venture	35,061,038	77,493,510

Interest in Joint Venture

The tables on the following page 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.

NOTE 13: INVESTMENT IN JOINT VENTURE (CONTINUED)

Statement of financial position

	2016 US$	2015 US$	2014 US$
Current assets			
Cash and cash equivalents	832,778	1,383,354	673,042
Trade and other receivables	2,063,165	642,184	129,458
VAT receivable	17,656,817	7,699,382	121,792
Inventory	18,143,776	15,057,994	-
Prepayments	3,513,818	3,936,818	18,350,000
Total current assets	**42,210,354**	**28,719,732**	**19,274,292**
Non-current assets			
Property, plant and equipment	331,472,895	371,736,807	293,645,667
Intangible assets	17,293,138	27,115,670	30,299,669
Trade and other receivables	422,465	449,275	549,330
VAT receivable	10,378,795	19,633,267	10,855,829
Inventory	9,376,416	9,329,349	-
Deferred tax assets	10,918,703	-	-
Prepayments	1,658,238	1,912,303	2,496,362
Total non-current assets[1]	**381,520,650**	**430,176,671**	**337,846,857**
Current liabilities			
Trade and other payables	(8,031,737)	(18,388,305)	(20,438,138)
Loans and borrowings	(71,579,187)	(63,348,605)	(609,432)
Related party payable	(2,575,189)	(83,218)	(1,492,972)
Derivative	(1,664,040)	(1,250,197)	(752,516)
Provisions	(7,474,708)	(12,594,066)	-
Total current liabilities	**(91,324,861)**	**(95,664,391)**	**(23,293,058)**
Non-current liabilities			
Trade and other payables	(724,269)	-	-
Loans and borrowings	(154,951,750)	(175,489,073)	(135,450,464)
Related party loans	(75,932,585)	(25,041,776)	(18,157,160)
Deferred tax liabilities	(17,293,196)	(27,115,761)	(30,299,771)
Derivative	(14,049,918)	(8,175,739)	(4,864,342)
Provisions	(10,351,809)	(10,251,661)	(10,151,937)
Total non-current liabilities	**(273,303,527)**	**(246,074,010)**	**(198,923,674)**
Joint Venture's non-controlling interest	(5,047,900)	(9,958,176)	(11,484,605)
Equity	54,054,716	107,199,826	123,419,812
Elimination of unrealised intercompany transactions	(5,814,432)	(576,945)	(625,130)
Carrying amount	**48,240,284**	**106,622,881**	**122,794,682**
Proportion of the Group's ownership	72.68%	72.68%	72.68%
Carrying amount of the investment	**35,061,038**	**77,493,510**	**89,247,175**

1. The major components of non-current assets are shown in the table on the following page.

NOTE 13: INVESTMENT IN JOINT VENTURE (CONTINUED)

	2016 US$	2015 US$
Property, plant and equipment		
Fair value uplift on creation of Joint Venture	53,473,587	84,721,734
Inventory	9,376,416	9,329,349
Plant and equipment	278,110,457	287,814,732
Other assets		
Recoverable VAT	10,378,795	19,633,267
Deferred tax assets	10,918,703	-
Other assets	1,969,555	1,561,919
Total tangible assets	**364,227,513**	**403,061,001**
Intangible assets		
Goodwill	17,293,137	27,115,670
Total non-current assets	**381,520,650**	**430,176,671**

VAT is charged on services and goods (including capital) at rates between 10.5% and 27%, with 21% being the standard charge. VAT is claimed back based on 21% of export sales and can also be recouped against VAT on local sales, if any. Hence the recovery of VAT, that has been paid on capex and expenses to date, is a slow and extended process. However, due to lithium market price conditions, VAT related to Sales de Jujuy SA is forecast to be fully recovered in the next 24 months.

	2016 US$	2015 US$
Reconciliation to carrying amounts		
Opening net assets 1 July	106,622,881	122,794,682
Capital investment	5,768,750	1,286,250
Profit/(loss) for the period	(15,135,537)	(265,232)
Other comprehensive income	(43,778,323)	(17,241,004)
Elimination of unrealised intercompany transactions	(5,237,487)	48,185
Closing net assets	**48,240,284**	**106,622,881**
Group's share in %	72.68%	72.68%
Group's share in US$	35,061,038	77,493,510
Carrying amount	**35,061,038**	**77,493,510**

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 up to 1 May 2016. The functional currency of the subsidiary was previously Argentine Pesos, which reduced in value by comparison to the Australian dollar by approximately 57% between July 2015 and April 2016. As a consequence, the carrying value of the Group's investment in the Joint Venture has been reduced by US$31,203,953, 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 Group's accounting policy.

NOTE 13: INVESTMENT IN JOINT VENTURE (CONTINUED)

	2016 US$	2015 US$
Summarised revenue and profit information		
Revenue	15,370,515	215,710
EBITDAX[1]	7,795,166	(60,071)
Less depreciation and amortisation	(716,104)	(830)
EBITX[2]	7,079,062	(60,901)
Less Interest	(1,831,026)	125
EBTX[3]	5,248,036	(60,776)
Less foreign currency gains/(losses)	(27,495,276)	(224,155)
Profit/(loss) before tax	**(22,247,240)**	**(284,931)**
Income tax benefit/(expense)	5,707,249	-
Profit/(loss) for the year from continuing operations	**(16,539,991)**	**(284,931)**
Income attributable to Joint Venture's non-controlling interest	(1,404,454)	(19,699)
Profit/(loss) for the year from continuing operations	**(15,135,537)**	**(265,232)**
Group's share of profit/(loss) for the year	**(11,000,508)**	**(189,486)**
Share of the Joint Venture's other comprehensive income:		
Translation gain/(loss) on foreign operations	(31,203,953)	6,963,107
Net gain/(loss) on revaluation of derivative	(715,942)	(2,533,122)
Share of total other comprehensive income for the year from continuing operations	**(31,919,895)**	**4,429,985**
Share of total comprehensive income for the year from continuing operations	**(42,920,403)**	**4,240,499**

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

1. EBITDAX – Segment earnings before Interest, taxes, depreciation, amortisation, and foreign currency gains/(losses)
2. EBITX – Segment earnings before Interest, taxes, and foreign currency gains/(losses)
3. EBTX–- Segment earnings before taxes and foreign currency gains/(losses)

The costs capitalised into the Project's equipment and infrastructure assets include borrowing costs incurred for the purpose of developing these as intended by the Company up to 30 April 2016.

As the entity had an ARS functional currency up to 30 April, 2016, the signficant devaluation of the ARS to USD in excess of the interest rates differential resulted in a non-cash foreign exchange loss in the income statement of US$27.35m. In line with AASB 123 any foreign exchange gain or loss is to be recognised in the profit or loss unless they are regarded as adjustments to interest costs, in which case they can be capitalised as borrowing costs in accordance with AASB 123.

The Group's share of the Joint Venture's operational commitments which are funded through the operation's financing:

	2016 US$	2015 US$
Operating commitments (see Note 20)	39,080,035	760,319

NOTE 14: TRADE AND OTHER PAYABLES

	2016 US$	2015 US$
Current		
Unsecured liabilities:		
Trade payables and accrued expenses	10,112,569	12,241,590
Subsidiary and associate instalments payable[1]	-	1,624,028
	10,112,569	**13,865,618**
Non-current		
Unsecured liabilities:		
Trade payables and accrued expenses	726,877	1,135,807
	726,877	**1,135,807**

1. An arbitration hearing of the claims by Borax Argentina S.A. against Rio Tinto Minerals Development Limited (RTM) was concluded in December 2015. Borax Argentina S.A. was seeking damages, together with interest and legal costs from RTM in respect of the alleged failure by RTM to fully disclose a number of liabilities or potential libilities of Borax Argentina S.A. at the time of the sale. During the year the Company paid the balance of purchase moneys of US$1,629,013 for the shares in Borax Argentina S.A. to RTM pursuant to orders made in the course of arbitration. The arbitrator has dismissed the Company's claim against RTM which has resulted in the Company being liable to pay RTM's legal costs. These legal fees were paid post balance date (US$910,037).

NOTE 15: PROVISIONS

	2016 US$	2015 US$
Non-current		
Provision for rehabilitation	9,458,020	9,366,427
Other provisions	200,053	54,232
	9,658,073	**9,420,659**

Rehabilitation provision

The Group has recognised a provision for rehabilitation obligations associated with Borax Argentina S.A.'s operations. The rehabilitation is expected to commence in 2043.

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

	2016 US$	2015 US$
Balance at the beginning of year	9,366,427	7,572,156
Arising during the year	4,739,627	1,034,793
Foreign currency translation	(4,648,034)	759,478
Carrying amount at the end of the year	**9,458,020**	**9,366,427**

NOTE 16: EMPLOYEE BENEFIT LIABILITY

	2016 US$	2015 US$
Current		
Annual leave	138,606	186,152
Borax Argentina S.A. defined benefit pension plan[1]	138,360	85,830
Former employee termination costs	309,017	600,550
	585,983	**872,532**
Non-current		
Borax Argentina S.A. defined benefit pension plan[1]	1,204,049	1,152,782
Former employee termination costs	68,102	412,790
	1,272,151	**1,565,572**

1. The Group had a defined benefit pension plan in Argentina. During the previous financial year, the Group decided to discontinue this plan. The remaining liability reflects the obligation with respect to former employees.

NOTE 17: ISSUED CAPITAL

	2016 US$	2015 US$
Fully paid ordinary shares	242,248,318	158,459,067

	NUMBER	NUMBER
Ordinary shares		
Balance at the beginning of the reporting year	151,653,677	132,041,911
Shares issued during the year:		
Previous financial year	-	19,611,766
6 July 2015 – Australian placement at $1.90 (US$1.44)	17,000,000	-
30 November 2015 – Options exercised at $1.50 (US$1.08)	100,000	-
6 January 2016 – Options exercised at $1.50 (US$1.07)	250,000	-
1 February 2016 – Australian placement at $2.10 (US$1.49)	25,350,551	-
4 March 2016 – Australian placement at $2.10 (US$1.53)	15,125,639	-
Balance at the end of the reporting year	**209,479,867**	**151,653,677**
Options		
Unlisted Share Options and Performance Rights	2,682,619	3,101,765
Balance at the beginning of the reporting year	3,101,765	2,562,493
Options and rights issued during the year (see Note 22)	802,967	639,272
Options and rights exercised during the year (see Note 22)	(350,000)	-
Options and rights lapsed during the year (see Note 22)	(872,113)	(100,000)
Balance at the end of the reporting year	**2,682,619**	**3,101,765**

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 22).

NOTE 18: RESERVES

	2016 US$	2015 US$
Foreign currency translation reserve		
Controlled subsidiaries	(6,626,403)	(3,768,176)
Foreign Joint Venture (Group's share)	(55,390,378)	(24,186,425)
USD translation of Parent entity[1]	(47,598,209)	(46,419,549)
	(109,614,990)	**(74,374,150)**

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

1. Equity of the Parent entity translated at historical rates of exchange prevailing on the date of each transaction.

	2016 US$	2015 US$
Options reserve	3,225,368	2,621,306

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

Cash flow hedge reserve	(5,222,475)	(4,506,533)

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.

Other reserves	(180,858)	(280,001)

The wealth tax reserve represents the allowable reduction to net wealth taxes due to the Joint Venture. This represents the Group's share of equity accounted wealth tax reserves.

Total reserves	**(111,792,954)**	**(76,539,378)**

NOTE 19: 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 2016 and 2015, refer to Note 7.

	2016 US$	2015 US$
Joint Venture in which the Parent is a venturer		
Sales de Jujuy PTE LTD		
Exploration costs reimbursed – Joint Venture	1,059,742	-
Amounts owed by Joint Venture	2,556,142	83,267
Transactions with Joint Venture		
Recoverable from the Joint Venture entity[1]	61,447,448	23,047,881
Recoverable from the Joint Venture partner[2]	6,382,515	5,661,346

1. The loan to the Joint Venture entity consists of 4 loan components:

   Loan component 1 (Principal US$18,112,734) 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 net present value of the loan receivable at 30 June 2016 is US$18,052,581 (2015: US$17,192,935).

NOTE 19: RELATED PARTY DISCLOSURES (CONTINUED)

Loan component 2 (Principal US$34,250,000) (2015: US$5,100,000) is interest bearing at LIBOR + 5% per annum and will be repaid in 12 consecutive monthly and equal instalments beginning 20 March 2018.

Loan component 3 (Principal US$726,800) is interest bearing at LIBOR + 0.75% per annum and will be repaid in full before 24 July 2028.

Loan component 4 (Principal US$6,750,000) (2015: Nil) is interest bearing at LIBOR + 5% per annum and will be repaid in 12 consecutive monthly and equal instalments beginning March 20, 2019.

Note: each loan component can be repaid earlier than the stated timeframe.

2. 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.

	2016 US$	2015 US$
Compensation of Key Management Personnel of the Group		
Short-term employee benefits	1,039,270	1,076,718
Post-employment benefits	72,398	69,096
Other long-term benefits	43,581	28,105
Share-based payments	490,643	663,355
Total compensation	**1,645,892**	**1,837,274**

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 AU$	2016 NUMBER OUTSTANDING	2016 NUMBER OUTSTANDING
30/11/2011	Options	30/11/2016	$2.03	550,000	550,000
21/03/2013	Options	30/09/2015	$2.20	-	301,092
21/03/2013	P. Rights	30/09/2015	-	-	140,792
30/04/2014	P. Rights	30/09/2016	-	197,080	197,080
21/11/2014	P. Rights	30/09/2016	-	160,658	160,658
21/01/2015	P. Rights	30/09/2017	-	289,892	289,892
06/11/2015	P. Rights	30/09/2018	-	547,501	-
				1,745,131	**1,639,514**

Details of options provided as compensation for Key Management Personnel are also set out in Section H of the Remuneration Report included in the Directors' Report.

Terms and conditions of grants made during the period are disclosed in Note 22.

Other related parties of the group

The Group's contractual commitments to the Joint Venture regarding project development is set out in Note 20.

NOTE 20: COMMITMENTS

	2016 US$	2015 US$
Not later than 1 year		
Exploration commitments[1]	131,190	54,195
Operating leases[2]	111,218	111,007
Contracts[3]	5,939,614	2,663,908
	6,182,022	**2,829,110**
Later than 1 year but not later than 5 years		
Exploration commitments[1]	-	216,780
Operating leases[2]	173,656	294,286
Contracts[3]	23,384,429	465,500
	23,558,085	**976,566**
Later than 5 years		
Contracts[3]	10,889,395	-
	10,889,395	**-**

1. The Group must meet minimum expenditure commitments in relation to option agreements over exploration tenements and 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 on the office premises, with a 2 year 6 month term remaining at 30 June 2016. Rent is payable monthly in advance.
3. The Group and its Joint Venture have contractual commitments regarding purchasing agreements for consumables and energy at its operations.

NOTE 21: CONTINGENT ITEMS

The Parent has provided the following guarantee at 30 June 2016:

- 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 (Outstanding 2016: AR$5.5m, US$0.4m; 2015: AR$10.4m, US$1.1m). This loan was granted to Borax Argentina S.A. on 25 June 2013.
- Refer to Note 13 for additional guarantees provided by the Group.

NOTE 22: SHARE BASED PAYMENTS

	2016 US$	2015 US$
Expense arising from equity-settled share based payment transactions	812,401	899,553

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

Options and performance rights

Employee and Officer Share Option Plan (EOSOP)

Under the Employee and 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 AU$2.03 expiring 30 September 2015,
- 550,000 with an exercise price AU$1.50 expiring 30 November 2016,

NOTE 22: SHARE BASED PAYMENTS (CONTINUED)

- 350,000 with an exercise price AU$1.50 expiring 31 July 2017;
- 200,000 with an exercise price AU$1.50 expiring 31 May 2018; and
- 100,000 with an exercise price AU$2.53 expiring 1 October 2017.

During the year, 400,000 of these options lapsed, and 350,000 were exercised at $1.50.

Performance Rights and Option Plan (PROP)

Under the Performance Rights and 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 1,501,765 share options and performance rights on issue at the start of the year:

- 301,092 options with an exercise price AU$2.20 expiring 30 September 2015,
- 140,792 performance rights with an exercise price AU$0.00 expiring 30 September 2015,
- 420,609 performance rights with an exercise price AU$0.00 expiring 30 September 2016,
- 160,658 performance rights with an exercise price AU$0.00 expiring 30 September 2016, and
- 478,614 performance rights with an exercise price AU$0.00 expiring 30 September 2017.

During the year, 301,092 options and 162,816 performance rights lapsed.

i. Performance Rights and Option Plan (PROP) – 21 January 2015, 6 November 2015 and 29 January 2016

PROP performance rights vest over a period of three years and are subject to the following Total Shareholder Return (TSR) Outperformance Conditions, and continuous service until the vesting date.

TSR PERFORMANCE CONDITION (ABSOLUTE, 50%)	PROPORTION OF OPTIONS WHICH VEST
If TSR falls below 7.5% return per annum	None of the Options vest
If TSR lies between 7.5% and 10% return per annum	50% of the Options vest
If TSR lies between 10% and 12.5% return per annum	75% of the Options vest
If TSR lies at or above the 12.5% return per annum	100% the Options vest
TSR PERFORMANCE CONDITION (RELATIVE, 50%)	**PROPORTION OF OPTIONS WHICH VEST**
Greater than 75th percentile	100% of the Options vest
Equal to or greater than 50th percentile	50% of the Options vest
Less than 50th percentile	None of the Options vest

During the year, 802,967 performance rights (PRs) were granted pursuant to the Company's Performance Rights and Option Plan for nil consideration. Performance rights are exercisable at AU$0.00 each with 802,967 vesting on 30 September 2018.

ii. Performance Rights and Option Plan (PROP) – 21 November 2014

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

HURDLE CONDITIONS	NUMBER OF PERFORMANCE RIGHTS WHICH MAY VEST
Olaroz: Construction Cost Hurdle – Achieve construction costs (excluding finance charges, marketing and Brisbane charges)	13,388
Olaroz: Operating Cost Hurdle – Achieve operating costs (excluding general and administration expenses) in the 2016 financial year	13,388
Olaroz: Production Rate Hurdle – Achieve design production rates in the 2016 financial year	13,388
Borax Argentina S.A.: EBITDA Hurdle – EBITDA performance for the 2016 financial year (excluding Orocobre Ltd flow through)	40,165
External Measure: TSR Outperformance – TSR outperformance relative to component companies of the ASX 300 Resources Index	80,329
	160,658

NOTE 22: SHARE BASED PAYMENTS (CONTINUED)

iii. Performance Rights and Option Plan (PROP) – 30 April 2014

PROP options over shares vest over a period of 3.5 years and are subject to continuous service from the date of grant until the first exercise date.

PROP performance rights vest over a period of 2.4 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 WHICH MAY VEST
Olaroz: Construction Cost Hurdle – Achieve construction costs (excluding finance charges, marketing and Brisbane charges)	35,048
Olaroz: Operating Cost Hurdle – Achieve operating costs (excluding general and administration expenses) in the 2016 financial year	35,050
Olaroz: Production Rate Hurdle – Achieve design production rates in the 2016 financial year	35,052
Borax Argentina S.A.: 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	210,306
	420,609

iv. 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.

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 and performance rights granted are over ordinary shares, which confer a right of one ordinary share per option or performance right. The options and performance rights hold no voting or dividend rights. At the end of the financial year there are 1,745,131 options and performance rights on issue to Key Management Personnel (2015: 1,639,514).

NOTE 22: SHARE BASED PAYMENTS (CONTINUED)

Movements in the year are:

	2016		2015	
	NUMBER OF OPTIONS AND PRs	WEIGHTED AVERAGE EXERCISE PRICE AU$	NUMBER OF OPTIONS AND PRs	WEIGHTED AVERAGE EXERCISE PRICE AU$
Outstanding at the beginning of the year	3,101,765	1.089	2,562,493	1.377
Granted	802,967	-	639,272	-
Forfeited	(872,113)	1.707	(100,000)	1.500
Exercised	(350,000)	1.500	-	-
Outstanding at year-end	**2,682,619**	**0.512**	**3,101,765**	**1.089**
Exercisable at year-end	**825,000**	**1.594**	**1,437,500**	**1.683**

At the date of issue, the weighted average share price of options and performance rights granted in the current year was AU$1.941. The options and performance rights outstanding at 30 June 2016 had a weighted average exercise price of AU$0.512 and a weighted average remaining contractual life of 1.21 years.

The weighted average fair value of options and performance rights granted during the year was AU$1.32 (2015: AU$1.96).

The fair value of options and performance rights granted is deemed to represent the value of the employee services received over the vesting period. The fair value of equity settled options and performance rights is estimated at the date of grant using either a Binomial Option Valuation model or Monte Carlo Simulation with the following inputs:

YEAR OF ISSUE	2013 – PROP	2013 – PROP	2014 – EOSOP	2014 – PROP	2014 – PROP
Grant date	21/11/2014	21/11/2014	30/04/2014	30/04/2014	30/04/2014
Number Issued	80,329	80,329	100,000	210,302	210,307
Fair value at grant date (AU$)	$2.33	$2.67	$0.77	$2.23	$1.59
Share price (AU$)	$2.67	$2.67	$2.23	$2.23	$2.23
Exercise price (AU$)	-	-	$2.53	-	-
Expected volatility	50%	50%	50%	50%	50%
Option life	3 years	3 years	3.25 years	2.25 years	2.25 years
Expected dividends	nil	nil	nil	nil	nil
Risk-free interest rate	2.50%	2.50%	2.84%	2.84%	2.84%

YEAR OF ISSUE	2014 – PROP	2014 – PROP	2014 – PROP	2014 – PROP
Grant date	21/01/2015	21/01/2015	21/11/2014	21/11/2014
Number Issued	153,272	153,279	75,019	75,020
Fair value at grant date (AU$)	$1.98	$1.59	$1.95	$1.58
Share price (AU$)	$2.74	$2.74	$2.67	$2.67
Exercise price (AU$)	-	-	-	-
Expected volatility	50.00%	50%	50%	50%
Option life	3 years	3 years	3 years	3 years
Expected dividends	nil	nil	nil	nil
Risk-free interest rate	2.09%	2.09%	2.53%	2.53%

NOTE 22: SHARE BASED PAYMENTS (CONTINUED)

YEAR OF ISSUE	2015 – PROP	2015 – PROP	2015 – PROP	2015 – PROP
Grant date	6/11/2015	6/11/2015	29/01/2016	29/01/2016
Number Issued	316,348	316,350	85,132	85,137
Fair value at grant date (AU$)	$1.08	$1.37	$1.48	$1.89
Share price (AU$)	$1.79	$1.79	$2.50	$2.50
Exercise price (AU$)	-	-	-	-
Expected volatility	50%	50%	50%	50%
Option life	3 years	3 years	3 years	3 years
Expected dividends	nil	nil	nil	nil
Risk-free interest rate	1.97%	1.97%	1.88%	1.88%

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

NOTE 23: 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 Group 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 $9,404. An increase or decrease of 10% on the ASX market index could have an impact of approximately $940 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.

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate sensitivity

With all other variables held constant, the Group's profit after tax and equity are affected through the impact on floating and/or fluctuating interest rates on cash and receivables as follows:

	2016 US$	2015 US$
Cash and cash equivalents	35,835,332	7,257,329
Receivables	61,447,448	23,047,881
Standby Letters of Credit	36,676,279	37,515,356
	133,959,059	**67,820,566**
Effect on profit and equity as a result of a:		
1% +/- reasonably possible change in interest	937,713	474,744

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

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 (through cash and cash equivalents and available borrowing facilities) to meet liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by funding activities from equity sources and revenue, and continuously monitors actual and forecast cash flows and matches the maturity profiles of financial assets and liabilities.

Contractual maturities of financial liabilities

	WITHIN 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Year ended 30 June 2016				
Payables	10,112,569	726,877	-	10,839,446
Loans and borrowings	2,404,266	1,487,410	-	3,891,676
	12,516,835	**2,214,287**	**-**	**14,731,122**
Year ended 30 June 2015				
Payables	13,865,618	1,135,807	-	15,001,425
Loans and borrowings	2,284,074	686,299	-	2,970,373
	16,149,692	**1,822,106**	**-**	**17,971,798**

Foreign currency risk

The group is exposed to fluctuations in the US dollar arising from the purchase of goods and services, and loans and receivables in the parent entity and its subsidiaries functional currency (Australian dollar and Argentine peso). 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 Australian dollar and Argentine peso exchange rates relative to the US dollar, 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.

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

	2016 US$	2015 US$
United States Dollar cash and cash equivalents	1,447,888	12,362,732
United States Dollar receivables	73,146,141	28,709,227
United States Dollar financial assets	36,676,279	37,515,356
United States Dollar payables	-	(1,624,028)
	111,270,308	**76,963,287**
Effect on profit as a result of a:		
10% +/- Reasonably possible change in United States Dollar	7,788,922	5,387,430
Effect on equity as a result of a:		
10% +/- Reasonably possible change in United States Dollar	7,788,922	5,387,430

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 and short term deposits (Note 6), VAT tax credits, non current receivables (Note 7), and SBLCs (Note 9).

Commodity price risk

The Group's prospects and share price will be influenced by the price obtained from time to time for the commodities that it produces and those that it targets in its exploration programs, namely lithium chemicals, boron chemical and mineral products and, to a lesser extent, other minerals.

The prices of lithium chemicals 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 lithium chemicals 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 lithium and other 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 production, development and exploration activities, as well as its ability to fund its future activities. All sales contracts are agreed in USD or USD equivalent prices and forward contracts are agreed for periods of 3–12 months.

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 Company's own assets so input cost risk is managed through control of costs 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.

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

Trading commodity price sensitivity

The following table shows the effect of price changes in boron chemicals on Trade Debtors at 30 June 2016.

	2016 US$	2015 US$
Effect on profit as a result of a:		
10% +/- Reasonably possible change in boron chemicals	274,421	320,877

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 2016 and 2015. 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.

	2016 US$	2015 US$
Trade and other payables (Note 14)	10,839,446	15,001,425
Loans and borrowings (Note 9)	3,071,392	2,700,978
Less: cash and short-term deposits (Note 6)	(35,835,332)	(7,257,329)
Net cash	(21,924,494)	10,445,074
Equity	190,738,799	164,116,096
Capital and net cash	**168,814,305**	**174,561,170**
Gearing ratio	-13%	6%

b. Fair values

No financial assets or liabilities are readily traded on organised markets in a standardised form, other than shares in listed entities.

The aggregate 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 shares in listed entities comprise listed investments for which a Level 1 fair value hierarchy has been applied (quoted price in an active market).

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, and Joint Ventures.

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 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

	NOTE	2016 US$	2015 US$
Financial assets			
Cash and cash equivalents	**6**	**35,835,332**	**7,257,329**
Financial assets at amortised cost (loans and receivables):			
Current trade and other receivables	7	7,715,483	7,329,587
Non-current trade and other receivables	7	70,199,473	31,731,524
Non-current standby letters of credit	9	36,676,279	37,515,356
Shares in listed entities at fair value (available for sale financial asset):			
Listed investments	9	9,404	9,404
Total financial assets		**150,435,971**	**83,843,200**
Financial liabilities			
Financial liabilities at amortised cost:			
Current trade and other payables	14	10,112,569	13,865,618
Non-current trade and other payables	14	726,877	1,135,807
Current loans and borrowings	9	2,026,955	2,088,208
Non-current loans and borrowings	9	1,044,437	612,770
Total financial liabilities		**13,910,838**	**17,702,403**

NOTE 24: 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 Group has four reportable segments, being Corporate, the Olaroz project, South American Salars and Borax.

In determining operating segments, the Group 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 Group. The CEO assesses and reviews the business using the operating 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 2016 and 2015 respectively.

NOTE 24: SEGMENT REPORTING (CONTINUED)

YEAR ENDED 30 JUNE 2016	CORPORATE US$	OLAROZ PROJECT US$	SOUTH AMERICAN SALARS US$	BORAX ARGENTINA S.A. US$	ELIMINATIONS US$	TOTAL ENTITY US$
Revenue and other income	-	10,221,392	38,467	18,903,919	(10,600,862)	18,562,916
EBITDAX[1]	**(6,683,370)**	**5,329,745**	**(58,569)**	**(773,799)**	**(5,623,156)**	**(7,809,149)**
Less depreciation a amortisation	(11,826)	(476,209)	(19,493)	(1,673,927)	476,209	(1,705,246)
EBITX[2]	**(6,695,196)**	**4,853,536**	**(78,062)**	**(2,447,726)**	**(5,146,947)**	**(9,514,395)**
Less Interest	3,412,850	(1,217,632)	(199,475)	(1,318,453)	(202,789)	474,501
EBTX[3]	**(3,282,346)**	**3,635,904**	**(277,537)**	**(3,766,179)**	**(5,349,736)**	**(9,039,894)**
Less foreign currency gains/ (losses)	(58,720)	-	(24,150)	(2,456,768)	(12,622)	(2,552,260)
Less share of fx loss of Joint Venture	-	(18,284,359)	-	-	-	(18,284,359)
Segment profit/ (loss) before tax	**(3,341,066)**	**(14,648,455)**	**(301,687)**	**(6,222,947)**	**1,921,493**	**(22,592,662)**

Inter-segment interest of US$1,921,493 is eliminated on consolidation.

YEAR ENDED 30 JUNE 2015	OROCOBRE LTD US$	OLAROZ PROJECT US$	SOUTH AMERICAN SALARS US$	BORAX US$	ELIMINATIONS US$	TOTAL ENTITY US$
Revenue and other income	-	-	133,579	21,065,441	-	21,199,020
EBITDAX[1]	**(6,611,614)**	**(39,955)**	**93,236**	**(2,126,380)**	**905,881**	**(7,778,832)**
Less depreciation a amortisation	(15,740)	(552)	(41,207)	(1,302,692)	552	(1,359,639)
EBITX[2]	**(6,627,354)**	**(40,507)**	**52,029**	**(3,429,072)**	**906,433**	**(9,138,471)**
Less Interest	278,671	84	(197,997)	(1,112,358)	34,934	(996,666)
EBTX[3]	**(6,348,683)**	**(40,423)**	**(145,968)**	**(4,541,430)**	**941,367**	**(10,135,137)**
Less foreign currency gains/ (losses)	9,072,999	-	(21,938)	(380,906)	(15,614)	8,654,541
Less share of fx loss of Joint Venture	-	(149,063)	-	-	-	(149,063)
Segment profit/ (loss) before tax	**2,724,316**	**(189,486)**	**(167,906)**	**(4,922,336)**	**885,330**	**(1,670,082)**

Inter-segment interest of US$885,330 is eliminated on consolidation.

1. EBITDAX – Segment earnings before interest, taxes, depreciation, amortisation, and foreign currency gains/(losses)
2. EBITX – Segment earnings before interest, taxes, and foreign currency gains/(losses)
3. EBTX –- Segment earnings before taxes and foreign currency gains/(losses)

NOTE 24: SEGMENT REPORTING (CONTINUED)

The following tables present segment assets and liabilities of the Group's operating segments as at 30 June 2016 and 2015:

AS AT 30 JUNE 2016	CORPORATE US$	OLAROZ PROJECT US$	SOUTH AMERICAN SALARS US$	BORAX US$	ELIMINATIONS US$	TOTAL ENTITY US$
Assets						
Segment assets	177,741,574	35,061,038	4,749,316	43,130,465	(44,854,857)	215,827,536
Liabilities						
Segment liabilities	808,388	433,005	11,670,222	54,638,991	(41,150,059)	26,400,547
Other disclosures						
Investment in a JV (Note 13)	-	35,061,038	-	-	-	35,061,038
Capital expenditure (Notes 10 and 11)	-	-	(248,077)	(3,544,026)	-	(3,792,103)

AS AT 30 JUNE 2015	CORPORATE US$	OLAROZ PROJECT US$	SOUTH AMERICAN SALARS US$	BORAX US$	ELIMINATIONS US$	TOTAL ENTITY US$
Assets						
Segment assets	102,711,671	77,493,510	7,209,965	33,778,091	(27,401,112)	193,792,125
Liabilities						
Segment liabilities	1,959,289	449,275	11,426,277	40,599,620	(23,695,907)	30,738,554
Other disclosures						
Investment in a JV (Note 13)	-	77,493,510	-	-	-	77,493,510
Capital expenditure (Notes 10 and 11)	-	-	(313,446)	(2,120,105)	-	(2,433,551)

Segment accounting policies

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

NOTE 24: SEGMENT REPORTING (CONTINUED)

	2016 US$	2015 US$
Reconciliation of profit		
Segment profit before tax	(22,592,662)	(1,670,082)
Group profit before tax	**(22,592,662)**	**(1,670,082)**
Reconciliation of assets		
Segment operating assets	306,585,778	251,885,944
Inter-segment loans (eliminations)	(66,664,129)	(39,660,739)
Inter-segment investments (eliminations)	(24,094,113)	(18,433,080)
Group operating assets	**215,827,536**	**193,792,125**
Reconciliation of liabilities		
Segment operating liabilities	93,064,676	70,399,292
Inter-segment loans (eliminations)	(66,664,129)	(39,660,738)
Group operating liabilities	**26,400,547**	**30,738,554**
Geographic information		
Revenues from external customers		
Australia	-	-
Argentina	18,562,916	21,199,020
Total revenue	**18,562,916**	**21,199,020**

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

	2016 US$	2015 US$
Segment assets		
Australia	177,741,574	102,711,671
Argentina	38,085,962	91,080,454
Total assets	**215,827,536**	**193,792,125**
Segment liabilities		
Australia	808,388	1,959,289
Argentina	25,592,159	28,779,265
Total liabilities	**26,400,547**	**30,738,554**

NOTE 25: EVENTS AFTER THE REPORTING PERIOD

Following the arbitration proceedings against Rio Tinto Minerals (RTM), the arbitrator has ruled in favour of RTM which has resulted in RTM's legal costs of US$910,037 having to be borne by Orocobre. Such legal fees were paid post balance sheet date.

NOTE 26: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Orocobre Limited at 30 June 2016. 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.

	2016 US$	2015 US$
Current assets	45,125,733	12,693,867
Non-current assets	244,327,443	197,536,571
Total assets	**289,453,176**	**210,230,438**
Current liabilities	808,388	1,959,289
Non-current liabilities	433,005	449,275
Total liabilities	**1,241,393**	**2,408,564**
Contributed equity	242,248,318	158,459,067
Reserves	(44,372,841)	(43,798,243)
Accumulated profits/(losses)	90,336,306	93,161,050
Total equity	**288,211,783**	**207,821,874**
Profit/(loss) for the year	(2,824,744)	(5,146,350)
Total comprehensive profit/(loss) for the year	**(2,824,744)**	**(5,146,350)**

Orocobre Limited entered into a guarantee, in the previous financial year, in relation to a loan for its subsidiary, Borax S.A. (see Note 21). The Company had no contingent liabilities at year end. As set out in Note 20 the Company has an operating lease commitment for US$284,874 (2015: US$405,293).

NOTE 27: COMPANY DETAILS

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

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 2016 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 2016 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 2016.

Robert Hubbard
Chairman

Richard P Seville
Managing Director

Dated this: 19th day of September 2016

Building a better working world

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Independent auditor's report to the members of Orocobre Limited

We have audited the accompanying financial report of Orocobre Limited, which comprises the consolidated statement of financial positon as at 30 June 2016, 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 Note 1, 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 judgement, 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 2016 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.

Building a better working world

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

K McKenzie

Kellie McKenzie
Partner
Brisbane
19 September 2016

ASX ADDITIONAL INFORMATION

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

SHAREHOLDER DETAILS

The following information is provided as at 1 September, 2016.

Distribution of shareholders

CATEGORY NUMBER (SIZE OF HOLDING)	NUMBER OF HOLDERS
1–1,000	1,642
1,001–5,000	1,978
5,001–10,000	642
10,001–100,000	614
100,001 and over	79
Total	**4,955**

The number of shareholdings held in less than marketable parcels is 311.

The following details the 20 largest individual shareholder accounts as of 1 September 2016.

20 largest holder accounts – ordinary shares

RANK	SHAREHOLDER NAME	NUMBER OF SHARES HELD	% OF TOTAL CAPITAL
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	38,567,379	18.411%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,248,556	17.781%
3	NATIONAL NOMINEES LIMITED	15,101,562	7.209%
4	CITICORP NOMINEES PTY LIMITED	13,568,289	6.477%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	9,816,131	4.686%
6	LITHIUM INVESTORS LLC	7,774,063	3.711%
7	BNP PARIBAS NOMS PTY LTD <DRP>	6,699,096	3.198%
8	RICHARD SEVILLE & ASSOCIATES PTY LTD <THE SEVILLE SUPER FUND A/C>	4,871,500	2.326%
9	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,082,326	1.471%
10	MR DENNIS GRENVILLE HINTON & MRS ROSLYN SUSANNA HINTON	2,658,457	1.269%
11	FAIRGROUND PTY LTD	2,437,227	1.163%
12	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL >	2,187,000	1.044%
13	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,705,463	0.814%
14	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,692,973	0.808%
15	MR ROBERT BRUCE WOODLAND & MRS ERIKA WOODLAND <R WOODLAND EXHIBIT S/F A/C>	1,617,000	0.772%

RANK	SHAREHOLDER NAME	NUMBER OF SHARES HELD	% OF TOTAL CAPITAL
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,517,193	0.724%
17	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	1,467,328	0.700%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	1,186,055	0.566%
19	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,089,373	0.520%
20	AVANTEOS INVESTMENTS LIMITED <5715676 PARK A/C>	1,080,000	0.516%
Total Top 20		**155,366,971**	**74.168%**

Note: Shareholders may have several accounts which could affect their overall gross holdings.

The following are substantial shareholder accounts listed in the Company's register on 1 September, 2016.

Substantial shareholders

RANK	SHAREHOLDER NAME	NUMBER OF SHARES HELD	% OF TOTAL CAPITAL
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	38,567,379	18.411%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,248,556	17.781%
3	NATIONAL NOMINEES LIMITED	15,101,562	7.209%
4	CITICORP NOMINEES PTY LIMITED	13,568,289	6.477%

Note: Shareholders may have several accounts which could affect their overall gross holdings.

The following securities were on issue as at 13 September, 2016.

SECURITIES ON ISSUE

NUMBER	CLASS
209,479,867	Ordinary (ORE)
550,000	ASX Code OREAI – Options exercisable at $ 1.50 on or before 30 November 2016
200,000	ASX Code OREAU – Options exercisable at $1.50 on or before 31 May 2018
100,000	ASX Code OREAW – Options exercisable at $2.53. Expiry Date 1 October 2017
581,267	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 result s for FY2016
456,590	ASX Code OREAS–Performance Rights exercisable at $0.00, 30 days after the later of 31 August 2017 or the date of release of the Company's financial results for FY2017
794,762	ASX Code OREAS–Performance Rights exercisable at $0.00, 30 days after the later of 31 August 2018 or the date of release of the Company's financial results for FY2018

The following unlisted options were exercised in accordance with the terms of their grant.

ASX CODE	EXPIRY DATE	EXERCISE DATE	EXERCISE PRICE	NUMBER OF OPTIONS
OREAO	31-Jul-17	30-Nov-15	$1.50	100,000
OREAO	31-Jul-17	6-Jan-16	$1.50	250,000

The following unlisted options lapsed in accordance with the terms of their grant.

ASX CODE	EXPIRY DATE	LAPSE DATE	EXERCISE PRICE	NUMBER OF OPTIONS
OREAK	30-Sep-15	1-Oct-15	$2.03	400,000
OREAQ	30-Sep-15	1-Oct-15	$2.20	301,092

The following unlisted performance rights lapsed in accordance with the terms of their grant.

ASX CODE	EXPIRY DATE	LAPSE DATE	EXERCISE PRICE	NUMBER OF PERFORMANCE RIGHTS
OREAS	30-Sep-15	1-Oct-15	$0.00	140,792
OREAS	30-Sep-17	7-Dec-15	$0.00	22,024

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.

REGISTERS OF SECURITIES ARE HELD AT THE FOLLOWING ADDRESSES

Computershare Investor Services Pty Limited
117 Victoria Street
West End QLD 4101
Australia

Computershare Investor Services Inc
100 University Avenue, 8th Floor
Toronto ON M5J 2Y1
Canada

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.

RESTRICTED SECURITIES

The Company currently has no restricted securities.

USE OF CASH AND CONVERTIBLE ASSETS

During the period from admission to the official list of the Australian Stock Exchange to 30 June 2016, 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.

SCHEDULE OF TENEMENTS

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	2048	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	6130	66.5%	Argentina
943-R-2008	563.98	66.5%	Argentina
1136-R-2009	1199.34	66.5%	Argentina
1137-R-2009	1205	66.5%	Argentina
944-R-2008	432.3	66.5%	Argentina
1134-R-2009	895.70	66.5%	Argentina
1135-R-2009	1.104,47	66.5%	Argentina
963-R-2004	1194.84	66.5%	Argentina

TENEMENT NUMBER	AREA (HECTARES)	OROCOBRE INTEREST	LOCATION OF TENEMENTS
964-R-2008	799.84	66.5%	Argentina
945-R-2008	428.08	66.5%	Argentina
Cauchari			
259-R-2004	495.4	85%	Argentina
260-R-2004	444.26	85%	Argentina
948-R-2008	885.10	85%	Argentina
949-R-2008	1770.01	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
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
1085 P 2008	1197.90	85%	Argentina
Jujuy			
184-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	1162,89	85%	Argentina
788-M-2007	1162	85%	Argentina
183-Z-2004	494	85%	Argentina
184-D-1990	100	85%	Argentina

TENEMENT NUMBER	AREA (HECTARES)	OROCOBRE INTEREST	LOCATION OF TENEMENTS
Salta			
19391	2411.97	85%	Argentina
18199	500	85%	Argentina
67	100	85%	Argentina
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	1000	85% T	Argentina

TENEMENT NUMBER	AREA (HECTARES)	OROCOBRE INTEREST	LOCATION OF TENEMENTS
48	100	85% (Borax has the usufruct)	Argentina
203	100	85% (Borax has the usufruct)	Argentina
204	100	85% (Borax has the usufruct)	Argentina
54	100	85% (Borax has the usufruct)	Argentina
63	100	85% (Ramón Nuñes has the usufruct ober sodium chloride for 40 years)	Argentina
50	100	100%	Argentina
1105	100	100%	Argentina
65	100	85% (Ramón Nuñes has the usufruct ober sodium chloride for 40 years)	Argentina
70	100	85% (Ramón Nuñes has the usufruct ober sodium chloride for 40 years)	Argentina
206	100	85% (Borax has the usufruct)	Argentina
86	300	85%	Argentina
17744	500	85%	Argentina
18533	97.03	85%	Argentina
17580	100	85%	Argentina
Diablillos			
1190	99.65	85% (Colorado SA has an usufruct for 40 years: i) over the solid borates and ii) over the gold, copper, silver and molybdenum)	Argentina
18009	99	85% (Colorado SA has an usufruct for 40 years: i) over the solid borates and ii) over the gold, copper, silver and molybdenum)	Argentina
18010	200	85% (Colorado SA has an usufruct for 40 years: i) over the solid borates and ii) over the gold, copper, silver and molybdenum)	Argentina
1187	99.7	85%(Colorado SA has an usufruct for 40 years: i) over the solid borates and ii) over the gold, copper, silver and molybdenum)	Argentina
1189	100	85% (Colorado SA has an usufruct for 40 years: i) over the solid borates and ii) over the gold, copper, silver and molybdenum)	Argentina
1177	100	85% (Colorado SA has an usufruct for 40 years: i) over the solid borates and ii) over the gold, copper, silver and molybdenum)	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
Sijes			
8587	799	100%	Argentina
11800	488	100%	Argentina

TENEMENT NUMBER	AREA (HECTARES)	OROCOBRE INTEREST	LOCATION OF TENEMENTS
11801	400	100%	Argentina
11802	3399	100%	Argentina
14801	8	100%	Argentina
14121	10	100%	Argentina
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	Eramine sudamerica S.A. (Borax has usufruct over the borates)	Argentina
3843	300	Eramine sudamerica 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 brines)	Argentina
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

TENEMENT NUMBER	AREA (HECTARES)	OROCOBRE INTEREST	LOCATION OF TENEMENTS
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
Diablillos – Diablillos Group – File No. 11.691			
1175	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1176	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1164	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1172	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1165	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	
1166	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1179	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1180	200	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1182	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1195	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1206	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1168	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1163	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1167	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1170	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1174	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1171	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
7021	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1181	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
12653	200	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1173	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1169	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
1178	100	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina
12652	200	100% (Potasio y Litio de Argentina S.A. has an usufruct on the brines)	Argentina

1. Technical information, Competent Persons' and Qualified Persons' Statements

The resource model and brine resource estimate on the Salar de Olaroz was undertaken by John Houston, an independent consultant employed by John Houston Consulting 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.

The Feasibility Study on the Olaroz project was prepared by John Houston and Michael Gunn, an independent consultant employed by Gunn Metals, 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 13 May 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 Gunn is a Member of the Australian Insititute of Mining and Metallurgy and is a consulting mineral processing engineer with approximately 40 years' experience.

The information relating to the Olaroz project is extracted from the report entitled "NI 43-101 "Technical Report – Salar de Olaroz Lithium-Potash Project, Argentina", dated 13 May 2011 and can be viewed at www.orocobre.com. Apart from the defined exploration target detailed in this announcement, the Company is not aware of any information or data that materially affects the information included in the original market announcement. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

This information in regard to the Olaroz Project with the exception of the information pertaining to the defined exploration target was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The resource estimate in regard to the defined exploration target at Olaroz was prepared by Murray Brooker, an independent consultant employed by Hydrominex Geoscience Pty Ltd . 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 by Canadian Securities Administrators' National Instrument 43-101. The exploration target is between 1.6 and 7.5 million tonnes of lithium carbonate equivalent between 197m and 323m depth. The basin is potentially 600m deep and there are additional targets to the north and south of the exploration target area. It must be stressed that an exploration target is not a mineral resource. The potential quantity and grade of the exploration target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in the volume where the Exploration Target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume.

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, an independent consultant employed by Hydrominex Geoscience Pty Ltd is a geologist and hydrogeologist and 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 by Canadian Securities Administrators' National Instrument 43-101.

Mr Peter Ehren, an independent consultant employed by Process and Environmental Consultancy 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 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 16 April 2012. This report was reviewed and updated to include a statement of Peter Ehren's responsibilities on 12 August 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 23 August 2013. Mr Ehren is also a "Qualified Person" as defined in NI43-101.

The resource information in relation to Salinas Grandes and Cauchari is extracted from the report entitled NI 43-101 Technical Report on the Salinas Grandes Project dated 16 April 2012, amended 12 August 2013 and NI43-101 Technical Report on the Cauchari Project dated 30 April 2010. Both reports are available to view on the Company website www.orocobre.com.

This information in regard to Salinas Grandes and Cauchari was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to resources at the Borax Argentina S.A. Tincalayu site has been prepared by Mr Murray Brooker. Murray Brooker, an independent consultant

employed by Hydrominex Geoscience Pty Ltd 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 by Canadian Securities Administrators' National Instrument 43-101. The information is extracted from the announcement titled Tincalayu Upgraded to JORC Compliant Resource, dated 18 November 2014 and the NI-43-101 Report titled "Technical Report on the Tincalcyu Borax Mine", dated 31 December 2014, both available to view on the Company website www.orocobre.com.

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.

An announcement was made on the 21 August 2012 regarding the superseded historical resource at Tincalayu. 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 on 21 August 2012 continues to apply and has not materially changed.

Additional information relating to the Company's projects is available on the Company's website.

2. 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 realisation 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; the meeting of banking covenants contained in project finance documentation for the Olaroz project; 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; and 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, and 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; and 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 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.

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(Non-Executive Chairman)

Mr Richard Seville
(Managing Director)

Mr John Gibson
(Non-Executive Director)

Mr Courtney Pratt
(Non-Executive Director)

Mr Fernando Oris de Roa
(Non-Executive Director)

Mr Federico Nicholson
(Non-Executive Director)

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(Non-Executive Director)

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