Orocobre Limited
ABN 31 112 589 910

CONSOLIDATED FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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CONTENTS

CORPORATE INFORMATION

DIRECTORS

Non-Executive Chairman
Robert Hubbard

Managing Director & CEO
Richard Seville

Non-Executive Directors
John W. Gibson
Federico Nicholson
Fernando Oris de Roa
Courtney Pratt
Leanne Heywood

Joint Company Secretary
Rick Anthon
Neil Kaplan

COMPANY

Orocobre Limited
ACN 112 589 910

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Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2017.

DIRECTOR'S REPORT

The following persons were Directors of the Company during the half year and at the date of this report except as otherwise noted:

- R. Hubbard (Chairman)
- R. P. Seville
- J. W. Gibson
- L. Heywood
- C. Pratt
- F. Oris de Roa
- F. Nicholson

REVIEW & RESULTS OF OPERATIONS

Group financial performance
To assist readers to better understand the comparable financial results of Orocobre, the financial information in this Operating and Financial Review includes non-IFRS financial information.

Summary of results for the half-year ended 31 December 2017
The Group incurred a net profit after tax of US$8.2 million (31 December 2016: US$7.4 million profit), which included its share of net gains/(losses) of the joint venture of US$13.1 million (31 December 2016: US$9.7 million profit), and its share of net gains/(losses) of the associate of (US$1.1 million) (31 December 2016: nil).

	Half-year ended 31 December 2017 (US$)	Half-year ended 31 December 2016 (US$)
Revenue and other income[1]	**10,206,402**	**8,599,488**
EBITDAIX[2]	**(2,877,790)**	**(3,350,290)**
Less Depreciation & Amortisation	(800,176)	(624,854)
EBITIX[3]	**(3,677,966)**	**(3,975,144)**
Add net Finance income	997,293	1,389,737
EBTIX[4]	**(2,680,673)**	**(2,585,407)**
Less Foreign currency gains/(losses)	743,623	(127,887)
Add Share of net gains of joint venture[5]	13,118,240	9,712,855
Less Share of net losses of associates[6]	(1,134,351)	-
Less provision for doubtful debts	(1,889,422)	-
Group profit/(loss) before tax	**8,157,417**	**6,999,561**
Income tax benefit	-	370,238
Net profit/(loss) after tax	**8,157,417**	**7,369,799**

1. Revenue includes revenue from Borax Argentina operations only and all other income
2. EBITDAIX - Group earnings before Interest, taxes, depreciation, amortisation, impairment and foreign currency gains/(losses)
3. EBITIX - Group earnings before Interest, taxes, impairment and foreign currency gains/(losses)
4. EBTIX - Group earnings before taxes, impairment and foreign currency gains/(losses)
5. Share of net gains of joint venture. Sales de Jujuy ("SDJ") net financial results are equity accounted for in the Group's statement of comprehensive income. Refer to page 6 for SDJ's financial results summary.
6. Share of net losses of associates. Advantage Lithium Corp. ("AAL") net financial results are equity accounted for in the Group's statement of comprehensive income.

The Group's share of net gains of the SDJ Joint Venture was partially offset by corporate expenses of US$3.4 million, a net loss on Borax Argentina of (US$1.5 million), and its share of net gains/(losses) of the associate of (US$1.1 million) resulting in a Group profit before tax of US$8.2 million (31 December 2016: US$7.4 million profit).

Revenues of US$10.2 million were up from US$8.6 million mainly due to the profit on sale of the Diablillos tenement to Lithium X Corp ("Lithium X") for US$2.2m.

Sales attributable to Borax Argentina in US$ were down by US$0.6 million or 6% compared to the previous corresponding period ("pcp") due to sustained downward pressure on market prices and lower sales volumes. Gross profit decreased by US$0.4 million from pcp. Gross profit margin of 10% (31 December 2016: 15%) was achieved.

EBITDAIX of (US$2.9 million) represents a reduced loss of US$0.5 million or 14% compared to pcp. The reduction in loss of EBITDAIX was driven, in particular, by factors including:

- Gross profit of US$0.8 million was down by US$0.4 million from pcp gross profit of US$1.2 million due to reduced sales.
- Other income of US$2.3 million was up by US$2.2 million from pcp US$0.1 million due to sale of Diablillos mining tenement.
- Borax's administrative expenses of US3.4 million were up by US$0.8 million compared to the pcp mainly due to a high inflationary period of 11.8% in Argentina compared to the half year average devaluation of 4.7% of the Argentine peso. Whilst the Peso devalued a further 6% at the end of December, this event did not offset the increased costs in local currency during the period.

Net interest income (finance income)
Net finance income of US$1.0 million (31 December 2016: US$1.4 million income) was down by US$0.4 million primarily due to lower yield received in short term investments converted from Argentine Peso to US$ during the period.

Depreciation and amortisation expense
Depreciation and amortisation expense increased by US$0.2 million or 29% compared to the pcp due to the higher production volumes in Borax Argentina.

Foreign currency gains
Foreign currency variances resulted in a gain of US$0.7 million during the half year compared to a loss of US$0.1 million in pcp. This was mostly driven by the remeasurement of US$ assets held by Borax Argentina into Argentine Peso at 31 December 2017 as it's the subsidiary's functional currency.

Share of gains (losses) in joint venture
SDJ reported net profits during the period of US$20.7 million (Orocobre's share US$13.1 million) which increased by 42% compared to the pcp net profit of US$14.6 million (Orocobre's share US$9.7 million).

Refer to page 6 of this report for further information on the joint venture's financial and operational results.

Income Tax Benefit
The income tax benefit for the half year was nil (income tax benefit of US$0.4 million in the pcp). Deferred taxes related to tax losses at Group level were not recognised on the basis that these are not considered recoverable at the balance sheet date.

OLAROZ LITHIUM PROJECT (OROCOBRE 66.5%)

The Olaroz Project Joint Venture is operated through SDJ a subsidiary of Sales de Jujuy Pte Ltd, a Singaporean company that both Orocobre and Toyota Tsusho Corporation (TTC) respectively, are shareholders in directly and indirectly. The effective Olaroz Project equity interest is Orocobre 66.5%, TTC 25.0% and Jujuy Energia y Mineria Sociedad del Estado ("JEMSE'') 8.5%. The above holdings exclude any look through ownership of the 15% holding that TTC has in Orocobre.

The joint venture between the Company and TTC was created on 17 October 2012 and the accounting consequences reflected in the 30 June 2013 financial statements. Since that date Orocobre has recognised its interest in the joint venture (**JV**) as an equity accounted investment. Please refer to Note 10 in the financial report for further detail on this item.

The Olaroz Lithium Project is located in the Puna region of Jujuy Province in northern Argentina approximately 230 kilometres northwest of the capital city of Jujuy at an altitude of approximately 3900 metres above sea level. The project is the first large scale "green fields" lithium brine development in approximately twenty years and was designed to have a nominal capacity of 17,500 tonnes per annum ("**tpa**") of lithium carbonate. This capacity accounts for approximately 8% of the current global lithium market, the company forecasts demand growth of at least 14% CAGR to 2020.

In the half year period July-December 2017, 6,072 tonnes of lithium carbonate were produced. Sales revenue was US$63.1 million on sales of 5,532 tonnes.

Cash operating costs for the half year were US$4,336/tonne (excluding royalties and head office costs) and the average price received was US$11,415/tonne, resulting in gross cash margins increasing to US$7,079/tonne from US$5,660/tonne in the previous corresponding period.

Over the December half the focus remained on pond management both from the perspective of inter-pond brine transfer, operational controls and monitoring. The design and upgrade for the improved transfer and pumping system required the installation of new pumps, remote monitoring systems and additional water cleaning lines for a revised capital cost of US$2.7 million. The system is operating in a stable manner subject to the seasonal variations in weather and the impact of abnormal events such as occurred early in the half.

The processing plant continues to achieve consistently strong performance with every month during the half achieving sequentially higher production volumes as the pond performance and grades improved. Orocobre continues to actively manage the business to produce the best possible economic outcome while considering long term strategic objectives. The optimisation of operating cashflow takes into account the significant profit margin that is currently available in the primary market and the ability to operate the primary circuit (industrial product) at higher production rates. Strategically, the identification and development of key customers across a range of geographies and market segments is a core objective with particular attention given to the development of long term strategic relationships in high growth market segments such as the battery sector.

Strong contract pricing has been achieved thus far for both industrial and battery/technical market product to be delivered during 2018 with 2H FY18 pricing expected to be 25% higher than 1H FY18. The company expects June quarter contract prices to be higher than those in the March quarter due to the rollover of some 2017 contracts into 2018.

The Company maintains a strategy to offer a mix of short- and long-term contracts to develop a sustainable customer base for the future. Approximately 25% of contracts are now of 6-12 months duration with the 12 month contracts generally being subject to six monthly price reviews.

Joint Venture Reporting

The following statements detail the SDJ PTE Profit and Loss and Balance Sheet at 100%.

SDJ PTE Summarised Statement of Profit or loss	Half-year ended 31 December 2017 (US$)	Half-year ended 31 December 2016 (US$)
Revenue and other income	**63,149,037**	**60,531,306**
EBITDAX	**37,201,964**	**35,373,039**
Less Depreciation & Amortisation	(3,649,202)	(4,033,649)
EBITX	**33,552,762**	**31,339,390**
Less Finance costs	(6,202,439)	(7,661,817)
EBTX	**27,350,323**	**23,677,573**
Less Foreign currency gains/(losses)	(1,197,705)	(1,226,210)
Profit/(loss) before tax	**26,152,618**	**22,451,363**
Income tax benefit	(5,418,936)	(7,842,424)
Net profit/(loss) after tax	**20,733,682**	**14,608,939**

SDJ PTE SUMMARY BALANCE SHEET	31 December 2017 (US$)	30 June 2017 (US$)
Cash and cash equivalents	16,051,918	4,091,489
Trade and Other Receivables	9,278,236	11,746,930
Goodwill	17,293,138	17,293,138
Inventories	55,610,717	42,088,417
Property, plant & equipment	334,458,521	333,682,434
VAT Receivable	15,826,545	18,491,100
Other Assets (Prepayments)	4,882,119	4,110,160
Total assets	**453,401,194**	**431,503,668**
Current loans and borrowings	66,862,361	61,103,527
Trade and Other Payables	5,520,167	6,824,134
Deferred Tax Liability	33,191,812	26,801,488
Related party loans	82,589,764	80,423,348
Non-Current loans and borrowings	121,276,016	132,746,331
Derivative	8,427,903	10,141,366
Provisions	19,144,972	18,315,716
Total liabilities	**337,012,995**	**336,355,910**
Equity	**116,388,199**	**95,147,758**

PHASE 2 EXPANSION AT OLAROZ

The Phase 2 expansion of Olaroz is now underwritten by the recently announced equity and proposed debt funding arrangements. Final investment decision remains subject to Orocobre and JV Board approvals.

Revised Scope of Phase 2 Expansion
Based on forecast strong demand growth, the Joint Venture Partners have concluded that expansion should increase to 25,000 tonnes per annum (total 42,500 tonnes per annum) from the previously proposed 17,500 tonnes per annum. Basic engineering studies were completed during the half and detailed engineering has started.

The increased expansion plans retain the simplified design to remove the purification circuit from the incremental production with the proposed development of a lithium hydroxide plant in Japan. The resultant product mix is 17,500 tonnes per annum purified lithium carbonate (>99.5%) from the existing purification circuit and 25,000 tonnes per annum Prime grade lithium carbonate (avg. 99.0%) which will provide feedstock for the planned lithium hydroxide plant.

This revised strategy results in capital expenditure of approximately US$271 million including a US$25 million contingency and retains the lower risk of implementation as the project is based around a simple duplication of bores, ponds and primary circuit of Phase 1 at Olaroz. The capital cost intensity of the 25,000tpa expansion has increased from the previous 17,500tpa principally due to the increased accuracy with the engineering study compared to the previous scoping level, additional redundancy in the design, increase in indirect costs and inflationary pressures. However, this capital remains extremely competitive when compared with other greenfield developments.

Multinational engineering firm, GHD continues to oversee engineering design studies for the Olaroz Phase 2 expansion.

All key permits have been received from the Jujuy Provincial Government for the Phase 2 expansion.

Plant layout and pond design have been finalised and soil tests have been completed over the new pond area. Flowsheets, mass balance and equipment list and design criteria have also been completed. Preliminary design for the road, pump stations, piping and electricity lines to new extraction bore holes are being finalised. Long lead time activities such as bore drilling, road construction and the construction camp will commence during the March quarter.

Key project milestones include:

Milestone	Timing
Final investment decision	**Mid 2018**
Drilling of wells	**2018**
Construction of ponds	**2H 2018 – 1H 2019**
Construction of lithium carbonate plant	**2H 2018 – 2H 2019**
Plant commissioning	**2H 2019**

LITHIUM HYDROXIDE PLANT

Update on Progress
Orocobre and TTC Olaroz are well advanced with plans for a proposed 10,000 tonne per annum lithium hydroxide plant to be built in Fukushima Province, Japan. The proposed location is well situated near potential customers which eliminates common issues with caking and degradation of lithium hydroxide quality that can occur over time.

The Japanese government is actively supporting development in areas of Fukushima that were not directly affected by the 2011 tsunami and subsequent nuclear power plant issues. As such, submissions were made in September to Japanese National and Provincial governments for development permits and subsidies for capital costs. Indicative approval has been received for a construction subsidy valued at approximately US$27 million.

Following extensive studies and customisation of design, capital expenditure for the lithium hydroxide plant is now expected to be approximately US$60-70 million (100% basis, pre-subsidies). This is higher than previously expected due to changes in scope, (e.g. inclusion of a calciner to recycle the CaCO3 produced and in the future a CO2 gas capture and recycle system) inclusion of additional equipment and higher construction labour costs. Additional cost increases have occurred with competition from construction of facilities for the 2020 Tokyo Olympics affecting items such as the cost of rental equipment used to build the plant (e.g. cranes, generators etc).

Orocobre equity contribution after subsidies and proposed Japanese bank debt funding is expected to be approximately US$6 million.

Operating costs (excluding lithium carbonate feedstock) for the lithium hydroxide plant have decreased significantly to approximately US$1,500/tonne from US$2,500/tonne delivering a very favourable investment case.

Primary production from the Olaroz lithium carbonate and locally sourced Japanese lime have been used as feedstock for testing of process design to produce lithium hydroxide. The test work demonstrated that a very high-quality, battery grade, lithium hydroxide could be produced from Olaroz lithium carbonate using a customised process. The test work has also highlighted opportunities to reduce lithium losses during conversion from carbonate to hydroxide.

Contract negotiations are nearly finalised with two engineering firms in order to determine the preferred contractor. The selection criteria for choice of engineering contractor includes turn-key commissioning, personnel training with process, product quality and performance guarantees.

Discussions with TTC are well advanced to determine the optimal joint venture structure for ownership and operation of the hydroxide facility, however it is expected that the financial benefits will be similar to the existing SDJ PTE joint venture between Orocobre and TTC.

Subject to joint venture and Orocobre Board approvals and finalisation of financing and permitting, construction is likely to commence in mid-2018, with commissioning in late 2019.

BORAX ARGENTINA (OROCOBRE 100%)

Borax Argentina has a fifty-year production history producing borax chemicals, boric acid and boron minerals. The production currently comes from the principal mines at Tincalayu and Sijes with mines and concentrators and a chemicals plant at Campo Quijano producing boric acid and anhydrous products.

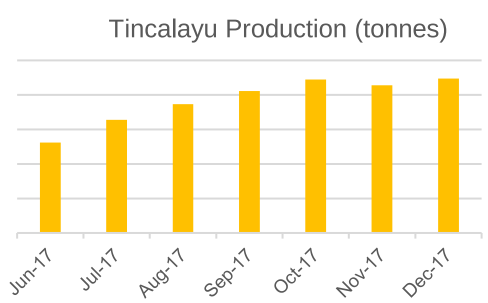
Sales for the half year were US$7,920,269 (2016 US$8,470,561) and a net (loss) of (US$1,484,989) (31 December 2016:(US$1,305,120)) was incurred. Operating cash flow was also impacted by a build up in inventory as production performance improved, delays in accounts receivable recoveries and soft prices associated with weak economic conditions in Brazil.

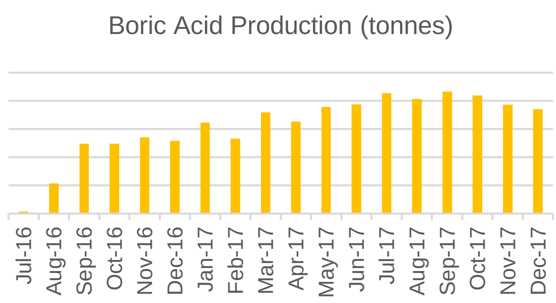
A total of 16,884 tonnes of combined products were sold during the half year. This is a decrease of 18% on the pcp following the strategic exit of a loss making, high volume mineral product line for the Agricultural market in Brazil. A decision was made to exit this business as it was no longer commercially attractive. Borax has been managing out of this supply arrangement during the half and a project is well underway to develop a new product that delivers improved value to customers and the business.

The segment result includes an impairment of US$1.9 million for bad debts which was off-set by a profit of US$2.1m on the Diablillos transaction.

Production and Commercial

During the half production rates of refined products continued to increase month on month with record production achieved at Tincalayu and the Boric Acid plant at Campo Quijano. Costs per unit are expected to decrease as these production efficiency benefits are realised.





Combined product sales volume by quarter*:

Previous Year Quarters		Recent Quarters	
March 2016	8,006	March 2017	9,672
June 2016	9,274	June 2017	11,398
September 2016	11,940	September 2017	8,543
December 2016	8,767	December 2017	8,341

TINCALAYU EXPANSION STUDY

A study commenced in Q2 CY16 to evaluate a potential expansion of the Tincalayu refined borates operation from its current production capacity of 30,000 to 100,000 - 120,000 tonnes per annum and an integrated 40,000 tonne boric acid plant.

It is anticipated that the potential expansion will significantly increase efficiencies in the production of refined borates at Tincalayu and contribute to providing a step change improvement in unit costs. Approvals have been received for a new gas pipeline to supply the expanded plant and initial cost estimates are under review.

The study is mostly complete with the various components undergoing internal review.

ADVANTAGE LITHIUM

As previously announced, Orocobre completed the sale of a suite of exploration assets to Advantage Lithium Corp (TSV:AAL) in the March 2017 quarter. AAL remains well funded having C$13.5 million capital at 31 October 2017. Orocobre holds 46,325,000 (34%) of the issued shares of AAL and 2,550,000 warrants exercisable at C$1.

Orocobre retained a 50% interest in the Cauchari Project of Jujuy province in NW Argentina and AAL had the right to increase its interest to a total of 75% by the expenditure of US$5,000,000 or production of a Feasibility Study. At 31 December 2017 AAL had spent US$5,000,000 and has subsequently increased its stake in Cauchari to 75%. AAL also took a 100% interest in five other lithium properties that were previously held by Orocobre totaling 85,543 hectares.

The Cauchari project is located 20 kilometres south of Olaroz and adjacent to the development project of Lithium Americas Corp and SQM. The newly created Joint Venture between Orocobre and Advantage Lithium will benefit from its proximity to the Olaroz Lithium Facility and from the Joint Venture's ability to access the experience of Orocobre in lithium project development.

As detailed in the 24 November 2016 ASX/TSX announcement headed "*Orocobre partners with Advantage Lithium – Technical Details of Cauchari Flagship Lithium Asset*" the Cauchari project hosts a near-surface, inferred resource containing approximately 470,000 tonnes lithium carbonate equivalent (LCE) (230 million cubic meters of brine at average grades of 380 mg/L lithium). Lying beneath the inferred resource is a large exploration target of between 0.25 million tonnes and 5.6 million tonnes of lithium carbonate equivalent based on a range of porosity and grade possibilities to between 220 metres and 450 metres depth.

The objective of work programs at Cauchari is to rapidly advance the property through exploration and towards development by 2018/2019. A diamond and rotary drilling program is well advanced with the overall objective to provide an updated resource estimate combining both NW and SE blocks of the core area and commencement of a Scoping Study in early 2018. More advanced technical and engineering studies will continue through 2018 and into 2019.

Orocobre will retain a 1% gross royalty on production from the Cauchari properties and will have rights of first refusal on future brine production.

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.

SUBSEQUENT EVENTS

On 16 January, 2018 Orocobre announced a significant strategic funding initiative of A$361 million (US$287 million) to accelerate an increased Phase 2 expansion at the Olaroz lithium facility in Argentina of 25,000 tonnes per annum.

The capital raising comprised of a A$282million (US$224 million) strategic placement ("Strategic Placement") to Toyota Tsusho priced at an attractive c.17% premium to Orocobre's 30 day volume weighted average price ("VWAP") and an underwritten c.A$79 million (US$63 million) 1 for 20 accelerated renounceable entitlement offer with retail rights trading on the ASX ("Entitlement Offer").

Signing of funding agreement - Richard Seville and Masaharu Katayama (General Manager Toyota Tsusho)

OUTLOOK

Olaroz Lithium Facility and Lithium Markets

The lithium market remained tight during the December half as existing supply bottlenecks remained. Supply from brine operations recovered in the December quarter after weather-related disruptions impacting South American operations in the March and September 2017 quarters. Albemarle's La Negra project reported production growth in H2 CY2017 while our own Olaroz operations continued to ramp up. SQM and FMC volumes were similar to 2016 in total tonnes but with a greater share of lithium hydroxide versus carbonate as a response to battery cathode customers shift toward high nickel cathodes Nickel Manganese Cobalt (NMC) and Nickel Cobalt Aluminium Oxide (NCA) chemistries.

Market expectations that increased volume of spodumene concentrate and direct shipping ore (DSO) would result in increased volumes of lithium carbonate and lithium hydroxide were not realised due to a lack of conversion capacity and conversion efficiency in China. Despite widespread announcements of conversion plant expansions in China, very little new capacity was added to the market in 2017 due to extended commissioning periods due in part to production lines adjusting to new/different feedstock. Albemarle and FMC both reported higher hydroxide production from their Chinese processing facilities, although this added no new total supply of lithium units to the market of significance as both companies used their own lithium carbonate as feedstock.

Production guidance for Olaroz during FY2018 is maintained at approximately 14,000 tonnes of lithium carbonate production. The weighted average price achieved in the second half of the fiscal year is expected to be 25% higher than the weighted average price achieved in the first half of the fiscal year.

Borax Argentina S.A.

The Borax business has achieved a number of marketing advances including signing off a supply agreement with a large corporate customer for the next 12 months at a price premium to market, acceptance by a number of industrial customers of a new mineral product with orders pending and anticipated new orders for a new mineral product for the agriculture market in Brazil.

Production continues to perform well and inventory levels have increased in anticipation of the conversion of new sales in CY2018. There are signs of economic recovery in Argentina and Brazil in particular and also early signals of improvement in market prices.

Market conditions however still remain challenging as evidenced recently by two sizeable customers, one in Argentina and one in Brazil experiencing difficulties in sustaining ongoing trading activities resulting in one of these customers applying for Chapter 11 bankruptcy protection and the other significantly reducing their level of production. These circumstances are impacting negatively on Borax Argentina's sales and have resulted in an increase of the bad and doubtful debts provision in this report.

RISKS

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 and the associated production ramp up as well as meeting product specification requirements at the Olaroz Lithium Facility, the achievement of the design production rate for lithium carbonate particularly as it relates to production of purified product, the effective management of brine ponds and brine inventory, variances in expected brine grade and the expected operating costs, the obtaining and maintenance of all necessary approvals for existing operations and expansions, the negative effect on production of adverse weather or climatic events such as unseasonal or unusually large rainfall or snowfall, controlling of production cost including the costs of significant inputs such as lime and soda ash, unforeseen litigation, materially incorrect resource estimation, the failure to maintain good community and workforce relations and the failure to maintain industry standard health and safety regimes, the ongoing working relationship between Orocobre, TTC and the Province of Jujuy (JEMSE), TTC and Mizuho Bank and the meeting of banking covenants contained in project finance documentation.

With respect to Borax Argentina 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, the implementation of unit cost reduction measures and the achievement of design production rates at production facilities.

Other risks include the concentration of the Company's assets in Argentina and the resultant sovereign risk, changes in government regulations, policies or legislation, fluctuations or decreases in product prices and currency, the impact of inflation on local costs, the impact of devaluation of the ARS and risks associated with weather patterns and their impact on production rate.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

R. Hubbard
Chairman

Signed: 23 February 2018
Brisbane, Queensland

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Auditor's independence declaration to the Directors of Orocobre Limited

As lead auditor for the review of Orocobre Limited for the half-year ended 31 December 2017, 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 review*;* and

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

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

Ernst & Young

Ernst & Young

K McKenzie

Kellie McKenzie
Partner
23 February 2018

Orocobre Limited
ABN 31 112 589 910

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED

31 December 2017

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2017

	Note	Consolidated Group 31 December 2017 US $	31 December 2016 US $
Sale of goods		7,920,269	8,470,561
Cost of goods sold		(7,094,725)	(7,237,943)
Gross profit / (loss)		825,544	1,232,618
Other income	2a	2,286,133	128,927
Corporate expenses	2b	(3,386,690)	(2,697,317)
Administrative expenses	2c	(3,402,953)	(2,639,372)
Finance income	2d	1,654,148	1,961,520
Finance costs	2e	(656,855)	(571,783)
Provision for doubtful debts	6	(1,889,422)	-
Share of net gains / (losses) of joint venture	10	13,118,240	9,712,855
Share of net gains / (losses) of associate	10	(1,134,351)	-
Foreign currency gain / (loss)	2f	743,623	(127,887)
Profit / (loss) before income tax		8,157,417	6,999,561
Income tax benefit / (expense)	4	-	370,238
Profit / (loss) for the year		8,157,417	7,369,799
Other comprehensive income / (loss)			
(Items that may be reclassified subsequently to profit and loss)			
Translation loss on foreign operations		(1,127,076)	(376,706)
Net gain / (loss) on revaluation of derivative	10	337,006	1,603,500
Net gain/(loss) on revaluation of financial assets		200,173	-
Other comprehensive income / (loss) for the year, net of tax		(589,897)	1,226,794
Total comprehensive income / (loss) for the period		7,567,520	8,596,593
Profit / (loss) attributable to:			
Members of the parent entity		8,157,417	7,384,769
Non-controlling interest		-	(14,970)
		8,157,417	7,369,799
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		7,567,520	8,648,247
Non-controlling interest		-	(51,654)
		7,567,520	8,596,593
Earnings per share for profit / (loss) attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share (cents per share)	12	3.87	3.52
Diluted earnings/(loss) per share (cents per share)	12	3.85	3.50

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

	Note	Consolidated Group 31 December 2017 US $	30 June 2017 US $
CURRENT ASSETS			
Cash and cash equivalents	5	50,532,590	51,631,577
Financial assets	8	3,615,251	9,791,838
Trade and other receivables	6	22,288,474	24,365,249
Inventory	7	10,023,049	6,435,864
Total Current Assets		86,459,364	92,224,528
NON-CURRENT ASSETS			
Financial assets	8	9,404	9,404
Property, plant and equipment	9	9,502,552	9,064,041
Exploration, evaluation and development asset		2,633,639	1,448,973
Investment in associate and joint ventures	10	90,476,920	79,162,415
Inventory	7	593,958	433,961
Trade and other receivables	6	59,159,070	57,799,709
Total Non-Current Assets		162,375,543	147,918,503
TOTAL ASSETS		248,834,907	240,143,031
CURRENT LIABILITIES			
Trade and other payables	14	9,794,738	9,306,876
Loans and borrowings	8	523,356	877,225
Employee benefit liabilities		325,164	412,412
Total Current Liabilities		10,643,258	10,596,513
NON-CURRENT LIABILITIES			
Trade and other payables	14	645,341	551,111
Loans and borrowings	8	-	72,660
Employee benefit liabilities		956,540	1,171,974
Provisions		10,252,941	9,730,832
Total Non-Current Liabilities		11,854,822	11,526,577
TOTAL LIABILITIES		22,498,080	22,123,090
NET ASSETS		226,336,827	218,019,941
EQUITY			
Issued capital	11	243,296,586	243,183,905
Reserves		(106,468,610)	(105,859,751)
Retained profits		89,508,851	80,695,787
Parent interest		226,336,827	218,019,941
TOTAL EQUITY		226,336,827	218,019,941

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2017

	Issued Capital	Retained Profits/ (Accumulated Losses)	Option Reserve	Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Other Reserves	Non controlling Interests	Total
	Note 11							
	US $	US $	US $	US $	US $	US $	US $	US $
Balance at 1 July 2016	242,248,318	60,303,964	3,225,368	(109,635,518)	(5,222,475)	(180,858)	(1,311,810)	189,426,989
Profit for the period	-	7,384,769	-	-	-	-	(14,970)	7,369,799
Other comprehensive income for the period	-	-	-	(340,022)	1,603,500	-	(36,684)	1,226,794
Total comprehensive income	-	7,384,769	-	(340,022)	1,603,500	-	(51,654)	8,596,593
Shares issued during the year	625,305	-	-	-	-	-	-	625,305
Options expensed during the period and other movements	-	840,650	(435,338)	-	-	-	-	405,312
Increase in wealth tax	-	-	-	-	-	15,120	-	15,120
Balance at 31 December 2016	242,873,623	68,529,383	2,790,030	(109,975,540)	(3,618,975)	(165,738)	(1,363,464)	199,069,319
Balance at 1 July 2017	243,183,905	80,695,787	2,976,131	(104,921,220)	(3,748,924)	(165,738)	-	218,019,941
Profit for the period	-	8,157,417	-	-	-	-	-	8,157,417
Other comprehensive loss for the period	-	-	-	(1,127,076)	337,006	200,173	-	(589,897)
Total comprehensive loss	-	8,157,417	-	(1,127,076)	337,006	200,173	-	7,567,520
Shares issued during the period	112,681	-	-	-	-	-	-	112,681
Options expensed during the period and other movements	-	655,647	(18,962)	-	-	-	-	636,685
Balance at 31 December 2017	243,296,586	89,508,851	2,957,169	(106,048,296)	(3,411,918)	34,435	-	226,336,827

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 31 December 2017

	Note	Consolidated Group 31 December 2017 US $	31 December 2016 US $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,900,368	6,958,654
Payments to suppliers and employees		(14,325,483)	(10,893,846)
Interest received		294,762	1,256,354
Interest and finance costs paid		(656,855)	(571,783)
Other cash receipts		134,078	485,902
Net cash used in operating activities		(6,653,130)	(2,764,719)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and development expenditure		(1,617,527)	(137,736)
Purchase of property, plant and equipment	9	(705,161)	(1,686,427)
Proceeds from sale of exploration and development assets		1,000,000	-
Proceeds from sale of property plant and equipment		-	15,775
Investment in joint venture		-	(367,617)
Net cash used in investing activities		(1,322,688)	(2,176,005)
CASH FLOWS FROM FINANCING ACTIVITIES			
Release of standby letters of credit (SBLC's) on behalf of joint venture		7,405,682	-
Proceeds from issue of shares net of transaction costs		112,680	625,305
Proceeds from borrowings		750,000	460,483
Repayment of borrowings		(1,370,434)	(566,206)
Loan to joint venture		-	(55,524)
Net cash provided by financing activities		6,897,928	464,058
Net decrease in cash held		(1,077,890)	(4,476,666)
Cash and cash equivalents at beginning of year		51,626,270	35,057,667
Effect of exchange rates on cash holdings in foreign currencies		(20,798)	20,228
Cash at end of year	5	50,527,582	30,601,229

The accompanying notes form part of these financial statements.

INTRODUCTION - WHAT'S NEW IN THIS REPORT

Change in functional currency for Australian entities

The Group changed its functional currency for the Australian corporate entities from Australian dollars (AUD) to United States dollars (USD) during the financial year ended 30 June 2017.

The Australian corporate entities for the Group are holding companies for the investments held in South America. From 1 July 2016 most liquid assets held at the Australian corporate entity was denominated in USD. The objectives of these entities include the development of assets, corporate activity and financing transactions which are predominantly in USD. In addition to the corporate activity, Sales de Jujuy SA changed its functional currency from Argentine Peso to USD on 1 May 2016 as it moved to commercial production and began to generate net cash inflows in USD. Orocobre's investment and intercompany transactions with Sales de Jujuy SA represents approximately 65% of the Group's net assets and its equity accounted share of net gains the most significant item in the Group's net profit. Consequently, Orocobre concluded that this required the change in functional currency during the financial year ended 30 June 2017.

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

Business	Functional Currency
Orocobre Limited	USD
Sales de Jujuy Pte Ltd	USD
Sales de Jujuy S.A.	USD
Borax Argentina Holding No 1 Pty Ltd	USD
Borax Argentina Holding No 2 Pty Ltd	USD
Borax Argentina S.A.	ARS
Orocobre Brasil	USD

Spot Rates	31 December 2017	30 June 2017	Movement (%)
ARS -> USD 1	18.6490	16.6300	(12.14%)
ARS -> AUD 1	14.5457	12.7913	(13.72%)
AUD -> USD 1	1.2821	1.3001	1.38%
Average Rates (6 months)	**31 December 2017**	**31 December 2016**	**Movement (%)**
ARS -> USD 1	17.4150	15.2036	(14.55%)
ARS -> AUD 1	13.5664	11.4631	(18.35%)
AUD -> USD 1	1.2842	1.3263	3.18%

NOTE 1: Summary of Significant Accounting Policies

Corporate information

Orocobre Limited (the Company) is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The principal activities of the Company and its subsidiaries (the Group) are the production and development of industrial chemicals in Argentina.

The interim consolidated financial statements of the Group for the six months ended 31 December 2017 were authorised for issue, in accordance with a resolution of the directors, on 23 February 2018.

Basis of preparation

The interim consolidated financial statements for the six months ended 31 December 2017 have been prepared in accordance with AASB 134 Interim Financial Reporting. The statements are at historical cost basis and are in USD. The half year has been treated as a discrete reporting period.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements. It is recommended that the half year financial statements be read in conjunction with the Group's annual report for the year ended 30 June 2017 and considered together with any public announcements made by the Group during the half year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017. New standards and amendments to standards mandatory for the first time for the financial year beginning 1 July 2017 have been adopted. The adoption of these standards had no material impact on the current period nor any prior period and is not likely to affect future periods.

NOTE 2: Result for the Period

	Half-year ended 31 December 2017 US $	Half-year ended 31 December 2016 US $
2a) Other income		
Property rental agreements	103,276	113,152
Export credit income	30,802	-
Net gain on disposal of property plant and equipment	-	15,775
Net gain on sale of exploration and development asset	2,152,055	-
Total other income	2,286,133	128,927
2b) Corporate expenses:		
Employee benefit expenses	(1,209,994)	(1,314,974)
Legal and consulting fees	(592,026)	(362,706)
Share-based payment expense	(560,007)	(363,232)
Research and development	(75,774)	-
Other costs	(948,889)	(656,405)
Total corporate expenses	(3,386,690)	(2,697,317)

Corporate expenditure relates to Brisbane Corporate.

2c) Administrative expenses:		
Employee benefit expenses	(1,724,300)	(1,495,228)
Depreciation	(783,631)	(609,350)
Local taxes	(48,911)	(140,726)
Other costs	(846,111)	(394,068)
Total administrative expenses	(3,402,953)	(2,639,372)

Administrative expenditure relates to Borax Argentina S.A..

NOTE 2: Result for the Period (continued)

	Half-year ended 31 December 2017 US $	Half-year ended 31 December 2016 US $
2d) Finance income:		
Interest income on loans receivable (1)	1,286,303	701,059
Interest income from short term deposits	367,845	1,260,461
Total finance income	1,654,148	1,961,520

(1) Interest income on loans receivable is non-cash and will be recovered on ultimate repayment of the loans.

2e) Finance costs:		
Interest on loans and borrowings	(656,855)	(571,783)
Total finance costs	(656,855)	(571,783)
2f) Foreign currency gain/(loss)		
Foreign currency gain / (loss) - cash (1)	388,576	(160,722)
Foreign currency gain - non-cash (2)	355,047	32,835
Total foreign currency gain / (loss)	743,623	(127,887)

(1) Fluctuations in ARS currency held in Cash and Cash Equivalents (Note 5).
(2) Fluctuations in ARS denominated payables (Note 14), and receivables (Note 6).

NOTE 3: Significant items

The following significant items impact profit / (loss) before income tax from continuing operations:

	31 December 2017 US $
Significant items included in Other Income	
Gain on sale of exploration and development asset	2,152,055

On 5 October 2017, the Group executed an agreement with Lithium X Energy Corp ("Lithium X") in respect of tenure held at Salar de Diablillos. Lithium X acquired the tenements for consideration of US $1m cash, and 650,000 common shares.

Impairment loss	
Specific doubtful debts provision (Note 6)	(1,889,422)
Total Significant items	262,633

NOTE 4: Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim consolidated statement of comprehensive income are:

Income Taxes	Half-year ended 31 December 2017 US $	Half-year ended 31 December 2016 US $
Current income tax expense / (benefit)	-	(370,238)
Income tax expense/(benefit) recognised in the statement of comprehensive income	-	(370,238)

NOTE 5: Cash and cash equivalents

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	31 December 2017 US $	30 June 2017 US $
Cash at bank and in hand	1,557,186	3,459,213
Short term deposits	48,975,404	48,172,364
Total accessible cash and short-term deposits	50,532,590	51,631,577
Bank overdraft (see Note 8)	(5,008)	(5,307)
Total cash and cash equivalents	50,527,582	51,626,270

NOTE 6: Trade and Other Receivables

	31 December 2017 US $	30 June 2017 US $
Current:		
Trade receivables	2,726,106	5,120,057
Receivable from joint venture	16,615,040	16,615,040
Related party receivables	120,895	-
Other receivables (1)	1,902,810	2,131,272
VAT tax credits	923,623	498,880
	22,288,474	24,365,249
Non Current:		
Trade receivables	618,777	714,935
Receivable from joint venture	49,028,982	47,269,476
Receivable from joint venture partners	6,742,997	6,580,491
Other receivables (1)	1,802,731	1,743,509
VAT tax credits	965,583	1,491,298
	59,159,070	57,799,709

(1) Included in other receivables (current and non-current) is US $2,792,171 deferred consideration to be received from the sale of Salinas Grandes.

NOTE 6: Trade and Other Receivables (continued)

Trade receivables

Market conditions in South America have further deteriorated during the half-year period ended 31 December 2017, as evidenced by two sizeable Borax Argentina S.A. customers experiencing difficulties in sustaining ongoing trading activities. This resulted in one of these customers applying for bankruptcy protection and the other significantly reducing their level of production.

Following a detailed review of trade receivables a provision of US $1,889,422 was recognised during the half-year ended 31 December 2017.

	31 December 2017 US $	30 June 2017 US $
Balance at the beginning of the year	424,000	-
Provision for impairment recognised during the year	1,889,422	678,000
Receivables written off during the year as uncollectible	(660,374)	(254,000)
Carrying amount at the year end	1,653,048	424,000

Credit Risk — Trade and other receivables

Included in trade and other receivables is $1,889,206 (30 June: $1,990,178) being VAT recoveries due from the Argentine revenue authority.

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 10). All amounts are denominated in US$ and US $65,644,022 (30 June: US $63,884,516) is interest bearing. The receivables will be recovered from cashflows from the Olaroz project.

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

NOTE 7: Inventory

	31 December 2017 US $	30 June 2017 US $
Current:		
Inventory	10,023,049	6,435,864
	10,023,049	6,435,864
Non Current:		
Inventory	593,958	433,961
	593,958	433,961

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 8: Financial Instruments

Financial Assets	31 December 2017 US $	30 June 2017 US $
Current:		
Standby Letters of Credit	2,373,411	9,791,838
Shares in listed entity	1,241,840	-
	3,615,251	9,791,838
Non Current:		
Shares in listed entity	9,404	9,404
	9,404	9,404

The USD Standby Letters of Credit (SBLC's) are short term deposits relating to the Company issuing SBLC's on behalf of the joint venture company Sales de Jujuy S.A.. Such deposits earn rates of between 1.02% and 1.27% and are generally held for a term of three months at a time. The carrying value approximates fair value.

On 5 October 2017, Orocobre Ltd received 650,000 shares worth CDN $2.00 from Lithium X Energy Corp ('Lithium X') as part of the sale of the exploration project Diablillos. The shareholding in Lithium X is treated as an available-for-sale instrument and shown at fair value as at 31 December 2017 (CDN $2.40) (US $1,241,840). Remeasurement gains or losses are recognised in other comprehensive income.

Financial Liabilities

Interest bearing loans and borrowings

Current:		
Loans & other financing	518,348	871,918
Bank overdrafts	5,008	5,307
	523,356	877,225
Non Current:		
Loans & other financing	-	72,660
	-	72,660

Loans and other financing

HSBC Argentina loan is Peso denominated, has been drawn down under a three year bank facility. It accrues interest at the rate of 19% p.a.. At 31 December 2017, the loan is repayable within 7 months and is secured by a mortgage on land and buildings owned by Borax Argentina in Campo Quijano, Salta, Argentina (value of land and buildings US $3,102,276).

Bank overdrafts

The bank overdraft is Peso denominated and has an indefinite term. The overdraft facility accrues interest at a rate of 30% p.a..

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).

In November 2017 Borax Argentina S.A. extended pre-export sales financing facilities with Patagonia Bank (US $300,000), and HSBC (US $450,000). The pre-export facilities have a 6 month term and accrue interest at a rate of 3% and 3.7% per annum respectively.

NOTE 9: Property, Plant and Equipment

Plant and equipment	Land & buildings US $	Plant & equipment US $	Total US $
At cost	4,854,684	9,095,807	13,950,491
Accumulated depreciation	(2,940,988)	(1,945,462)	(4,886,450)
Total at 30 June 2017	1,913,696	7,150,345	9,064,041
At cost	6,733,593	7,912,050	14,645,643
Accumulated depreciation	(2,762,920)	(2,380,171)	(5,143,091)
Total at 31 December 2017	3,970,673	5,531,879	9,502,552

Plant and equipment	31 December 2017 US $	30 June 2017 US $
Reconciliation of the carrying amounts for property, plant and equipment is set out below:		
Balance at the beginning of year	9,064,041	14,976,848
Additions - cash	705,161	3,430,723
Additions - non-cash (1)	1,270,605	1,040,433
Disposal of a subsidiary	-	(283)
Impairment	-	(5,920,583)
Depreciation expense	(800,176)	(1,747,046)
Foreign currency translation movement	(737,079)	(2,716,051)
Carrying amount at the end of period	9,502,552	9,064,041

(1) Additions - non-cash relate to increases to the rehabilitation provision at Borax Argentina S.A..

NOTE 10: Investment in Associate and Joint Venture	31 December 2017 US $	30 June 2017 US $
Investment in Joint Venture	70,125,277	57,686,421
Investment in Associates	20,351,643	21,475,994
	90,476,920	79,162,415

Interest in associates

Orocobre Ltd owns 46,325,000 shares held in Advantage Lithium as part of the disposal of South American Salar Minerals Pty Ltd (See Note 4 from the June 2017 Financial Report for additional information). The shareholding in AAL is shown at its fair value on the date of acquisition (CDN $0.62) and represents approximately 30% of outstanding shares as of the date of the transaction. AAL's share price was CDN $1.20 at 31 December 2017. The Group's share of losses for the half-year is US $1,134,351.

Included in Investment in Associates is US $20,331,643 shareholding in AAL.

Interest in joint venture

The tables below provide summarised financial information for the Joint Venture of the group. The information disclosed reflects the amounts 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.

Statement of financial position	31 December 2017 US $	30 June 2017 US $
Current assets		
Cash and cash equivalents	16,051,918	4,091,489
Trade and other receivables	8,242,125	11,070,873
VAT receivable	15,459,786	18,491,100
Inventory - Work in progress	23,988,233	18,479,146
Inventory - Raw materials and finished goods	4,417,319	3,885,987
Prepayments	4,845,480	3,838,081
Total current assets	73,004,861	59,856,676
Non-current assets		
Property, plant and equipment	334,458,521	333,682,434
Intangible assets	17,293,138	17,293,138
Trade and other receivables	1,036,111	676,057
VAT receivable	366,759	-
Inventory	27,205,165	19,723,284
Prepayments	36,639	272,079
Total non-current assets	380,396,333	371,646,992

NOTE 10: Investment in Associate and Joint Venture (continued)	31 December 2017 US $	30 June 2017 US $
Current liabilities		
Trade and other payables	(4,875,368)	(6,714,952)
Loans & borrowings	(66,862,361)	(61,103,527)
Related party payable	(45,321,073)	(23,375,009)
Derivative	(1,462,765)	(1,885,730)
Provisions	(8,637,069)	(7,839,699)
Total current liabilities	(127,158,636)	(100,918,917)
Non-current liabilities		
Trade and other payables	(644,799)	(109,182)
Loans & borrowings	(121,276,016)	(132,746,331)
Related party loans	(37,268,691)	(57,048,339)
Deferred tax liabilities	(33,191,812)	(26,801,488)
Derivative	(6,965,138)	(8,255,636)
Provisions	(10,507,903)	(10,476,017)
Total non-current liabilities	(209,854,359)	(235,436,993)
Joint venture's non-controlling interest	(10,837,385)	(8,109,940)
Equity	105,550,814	87,037,818
Elimination of unrealised intercompany transactions	(9,065,843)	(7,667,398)
Carrying amount	96,484,971	79,370,420
Proportion of the Group's ownership	72.68%	72.68%
Carrying amount of the investment	70,125,277	57,686,421

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 claimed back based on 21% of FOB export sales and can also be recouped against VAT on local sales, if any.

Reconciliation to carrying amounts	31 December 2017 US $	30 June 2017 US $
Opening net assets 1 July	79,370,420	48,240,284
Capital Investment	-	1,380,800
Profit / (loss) for the period	18,049,312	29,554,046
Other comprehensive income / (loss)	463,684	2,048,256
Elimination of unrealised intercompany transactions	(1,398,445)	(1,852,966)
Closing net assets	96,484,971	79,370,420
Group's share in %	72.68%	72.68%
Group's share in US $	70,125,277	57,686,421
Carrying amount	70,125,277	57,686,421

Summarised statement of profit or loss	Half-year ended 31 December 2017 US $	Half-year ended 31 December 2016 US $
Revenue	63,149,037	60,531,306
EBITDAX*	37,201,964	35,373,039
Less Depreciation & Amortisation	(3,649,202)	(4,033,649)
EBITX**	33,552,762	31,339,390
Less Finance Costs	(6,202,439)	(7,661,817)
EBTX***	27,350,323	23,677,573
Less Foreign currency gains/(losses)	(1,197,705)	(1,226,210)
Profit/(loss) before tax	26,152,618	22,451,363
Income tax benefit/(expense)	(5,418,936)	(7,842,424)
Profit/(loss) for the year from continuing operations	20,733,682	14,608,939
Income attributable to joint venture's non-controlling interest	2,684,370	1,245,077
Profit/(loss) for the year from continuing operations	18,049,312	13,363,862
Group's share of profit/(loss) for the year	13,118,240	9,712,855
Share of the joint venture's other comprehensive income:		
Net gain/(loss) on revaluation of derivative	337,006	1,603,500
Share of total other comprehensive income for the year from continuing operations	337,006	1,603,500
Share of total comprehensive income for the year from continuing operations	13,455,246	11,316,355

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

*,**,***, EBITDAX, EBITX, and EBTX are non-IFRS financial performance measures and are defined in Note 15.

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

Operating commitments	3,311,874	3,045,428

NOTE 11: Issued Capital	31 December 2017 US $	30 June 2017 US $
Fully paid ordinary shares	243,296,586	243,183,905

NOTE 11: Issued Capital (continued)	**31 December 2017**	**30 June 2017**
Ordinary shares	**No.**	**No.**
Balance at the beginning of the reporting period	210,520,500	209,479,867
Shares issued during the period:		
Previous financial year	-	1,040,633
21 September 2017 - Performance Right exercise at AU $0.00	315,573	-
26 September 2017 - Performance Right exercise at AU $0.00	113,915	-
08 December 2017 - Option exercise at AU $1.50	100,000	-
Balance at reporting date	211,049,988	210,520,500

	31 December 2017	**30 June 2017**
Options	**No.**	**No.**
Unlisted Share Options and Performance Rights	1,268,162	1,846,273
Balance at the beginning of the reporting period	1,846,273	2,682,619
Options and rights issued during the period	-	494,921
Options and rights exercised during the period	(529,489)	(1,040,631)
Options and rights lapsed during the period	(48,622)	(290,636)
Balance at reporting date	1,268,162	1,846,273

NOTE 12: Earnings/(Loss) Per Share	**Half-year ended 31 December 2017 US $**	**Half-year ended 31 December 2016 US $**
Basic earnings / (loss) per share (US cents)	3.87	3.52
Diluted earnings / (loss) per share (US cents)	3.85	3.50
Net profit/(loss) after tax used in the calculation of basic and diluted earnings/(loss) per share	8,157,417	7,384,769
	No.	**No.**
Weighted average number of ordinary shares for basic EPS	210,765,656	209,765,229
Effects of dilution from share options	1,268,162	1,435,909
Weighted average number of ordinary shares adjusted for the effect of dilution	212,033,818	211,201,139

Options and rights to acquire ordinary shares in the parent entity are the only securities considered as potential ordinary shares in determination of diluted EPS.

There are no anti dilutive options for the period ended 31 December 2017.

NOTE 13: Commitments	**31 December 2017 US $**	**30 June 2017 US $**
Not later than 1 year	11,478,942	8,016,703
Later than 1 year but not later than 5 years	30,111,934	27,016,720
Later than 5 years	2,887,842	4,250,990
	44,478,718	39,284,413

The group has contractual commitments regarding project development. See Note 10.

NOTE 14: Trade and Other Payables	**31 December 2017 US $**	**30 June 2017 US $**
CURRENT:		
Unsecured liabilities:		
Trade payables and accrued expenses	9,794,738	9,306,876
	9,794,738	9,306,876

The amounts are non-interest bearing and generally on 30 to 60 day terms. The carrying amounts approximate fair value.

NON-CURRENT:		
Unsecured liabilities:		
Trade payables and accrued expenses	645,341	551,111
	645,341	551,111

The carrying amounts approximate fair value.

NOTE 15: Segment Reporting

The Group operates primarily in Argentina in the mining industry. The Group's primary focus is on production and development of lithium and potash deposits. The Group also includes the operations of Borax.

The economic entity has three reportable segments, being Corporate, the Olaroz project, and Borax.

No operating segments have been aggregated to form the above reportable operating segments.

In determining operating segments, the entity has had regard to the information and reports the chief operating decision maker uses to make strategic decisions regarding resources. The Chief Executive Officer (CEO) is considered to be the chief operating decision maker and is empowered by the Board of Directors to allocate resources and assess the performance of the economic entity. The CEO assesses and reviews the business using the reportable segments below. Segment performance is evaluated based on the performance criterial 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.

NOTE 15: Segment Reporting (continued)

Segment Information

The following tables present revenue and profit information about the Group's operating segments (including the Group's share of the Olaroz project) for the periods ended 31 December 2017 and 2016 respectively.

Period ended 31 December 2017	Corporate [1] US $	Olaroz project US $	Borax US $	Eliminations US $	Total Entity US $
Revenue and other income	230,000	41,994,110	9,976,402	(41,994,110)	10,206,402
EBITDAIX*	(3,899,805)	25,252,929	989,553	(25,220,467)	(2,877,790)
Less Depreciation & Amortisation	(16,545)	(2,426,719)	(783,631)	2,426,719	(800,176)
EBITIX**	(3,916,350)	22,826,210	205,922	(22,793,748)	(3,677,966)
Less Interest and finance costs	2,502,798	(4,124,622)	(501,822)	3,120,939	997,293
EBTIX***	(1,413,552)	18,701,588	(295,900)	(19,672,809)	(2,680,673)
Less Impairment	-	-	(1,889,422)	-	(1,889,422)
Less Foreign currency gains/(losses)	88,459	-	700,333	(45,169)	743,623
Add share of profit/(loss) of joint venture / associates	(1,134,351)	13,118,240	-	-	11,983,889
Segment profit/(loss) before tax	(2,459,444)	13,118,240	(1,484,989)	(1,016,390)	8,157,417

Inter-segment interest of US $1,016,390 is eliminated on consolidation.

(1) The Corporate segment includes the Group's share of net gains / (losses) of the AAL associate.

Period ended 31 December 2016	Corporate US $	Olaroz project US $	South American Salars US $	Borax US $	Eliminations US $	Total Entity US $
Revenue and other income	-	40,253,318	-	8,599,488	(40,253,318)	8,599,488
EBITDAIX*	(3,279,673)	23,939,841	(22,573)	(66,628)	(23,921,257)	(3,350,290)
Less Depreciation & Amortisation	(15,504)	(2,682,377)	(3,771)	(605,579)	2,682,377	(624,854)
EBITIX**	(3,295,177)	21,257,464	(26,344)	(672,207)	(21,238,880)	(3,975,144)
Less Interest and finance costs	2,687,090	(5,095,109)	(73,459)	(302,952)	4,174,167	1,389,737
EBTIX***	(608,087)	16,162,355	(99,803)	(975,159)	(17,064,713)	(2,585,407)
Less Foreign currency gains/(losses)	249,327	-	-	(329,961)	(47,253)	(127,887)
Add share of profit of joint venture	-	9,712,855	-	-	-	9,712,855
Segment profit/(loss) before tax	(358,760)	9,712,855	(99,803)	(1,305,120)	(949,611)	6,999,561

Inter-segment interest of US $949,611 is eliminated on consolidation.

*EBITDAIX - Segment earnings before Interest, taxes, depreciation, amortisation, impairment, and foreign currency gains / (losses)
**EBITIX - Segment earnings before Interest, taxes, impairment, and foreign currency gains / (losses)
***EBTIX - Segment earnings before taxes, impairment, and foreign currency gains / (losses)

The following tables present segment assets and liabilities of the Group's operating segments as at 31 December 2017 and 30 June 2017:

As at 31 December 2017	Corporate US $	Olaroz project US $	Borax US $	Eliminations US $	Total Entity US $
ASSETS					
Segment assets	187,861,187	70,125,277	27,821,337	(36,972,894)	248,834,907
LIABILITIES					
Segment liabilities	1,026,878	432,263	57,999,545	(36,960,606)	22,498,080

As at 30 June 2017	Corporate US $	Olaroz project US $	Borax US $	Eliminations US $	Total Entity US $
ASSETS					
Segment assets	188,269,182	57,686,421	31,165,497	(36,978,069)	240,143,031
LIABILITIES					
Segment liabilities	1,250,309	432,607	57,405,955	(36,965,781)	22,123,090

NOTE 16: Events After Balance Sheet Date

In January 2018, Orocobre announced that it was undertaking a fully underwritten accelerated renounceable pro-rata entitlement offer with retail rights trading to raise approximately US $63m (AU $79m), before offer costs and expenses. Orocobre also undertook a 15% placement to strategic partner Toyota Tsusho Corporation ("TTC") for US $225m (AU $282m) (included in this amount is 6.3 million shares that remain subject to shareholder approval as at date of this report).

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

We have reviewed the accompanying half-year financial report of Orocobre Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, 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.

Ernst & Young

KMcKenzie

Kellie McKenzie
Partner
Brisbane
23 February 2018

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 half-year ended 31 December 2017 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 31 December 2017 and of its performance for the half-year ended on that date; and

      ii. complying with Accounting Standards and the Corporations Regulations 2001;

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Robert Hubbard
Chairman

R P Seville
Managing Director

Dated this: 23rd day of February 2018

SCHEDULE OF TENEMENTS

Project Area	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
Olaroz				
	1842-S-12	2988		Argentina
	1274-P-2009	5972		Argentina
	131-I-1986	100		Argentina
	039-M-1998	98		Argentina
	112-S-04	100		Argentina
	117-A-44	100		Argentina
	114-S-44	100		Argentina
	40-M-1998	100		Argentina
	029-M-1996	100		Argentina
	126-T-44	100		Argentina
	393-M-44	98		Argentina
	112-D-44	299		Argentina
	125-S-44	100		Argentina
	319-T-2005	1473		Argentina
	056-L-1991	300		Argentina
	519-L-2006	2000		Argentina
	520-L-2006	1896	66.5%	Argentina
	521-L-2006	2048		Argentina
	522-L-2006	2000		Argentina
	147-L-2003	1928		Argentina
	724-L-2007	3336		Argentina
	725-L-2007	2940		Argentina
	726-L-2007	2890		Argentina
	727-L-2007	3117		Argentina
	728-L-2007	3182		Argentina
	503-L-2006	6130		Argentina
	943-R-2008	564		Argentina
	1136-R-2009	1199		Argentina
	1137-R-2009	1205		Argentina
	944-R-2008	432		Argentina
	1134-R-2009	896		Argentina
	1135-R-2009	1104		Argentina
	963-R-2004	1195		Argentina

Project Area	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	964-R-2008	800		Argentina
	945-R-2008	428		Argentina
Cauchari				
	58-B-2002	1900	South American Salars S.A. is the holder of all Cauchari Tenements. Orocobre 85% owned subsidiary La Frontera SA holds a 25% beneficial Joint Venture interest in the Cauchari tenements and a 1% gross revenue royalty	
	401-A-2005	94		
	72-S-2002	1822		
	2055-R-2014	495		Argentina
	2054-R-2014	444		Argentina
	2059-R-2014	885		Argentina
	2058-R-2014	1770		Argentina
	2053-R-2014	1997		Argentina
	1155-P-2009	1500		Argentina
	968 R 2008	703		Argentina
	1081 P 2008	1995		Argentina
	1.119-P-2009	2493		Argentina
	1082 P 2008	1468		Argentina
	1101 P 2008	2484		Argentina
	966 R 2008	117		Argentina
	965 R 2008	1345		Argentina
	951-R-2008	795		Argentina
	1083 P 2008	1446		Argentina
	1.118-P-2009	2396		Argentina
	1130-P-2009	1240		Argentina
	952-R-2008	488		Argentina
	1084 P 2008	1527		Argentina
	1156-P-2009	66		Argentina
	1086 P 2008	1717		Argentina
	1085 P 2008	1198		Argentina
Salinas Grandes				
	184-Z-1996	300	LSC Lithium Inc owns the Salina Grandes Project properties. La Frontera Minerals S.A. has a 2% Mine Mouth Royalty	Argentina
	817-I-2007	1143		Argentina
	604-T-2006	1163		Argentina
	788-M-2007	1162		Argentina
	183-Z-2004	494		Argentina
	184-D-1990	100		Argentina
	18834	496		Argentina
	17734	200		Argentina
	60	100		Argentina
	1110	100		Argentina

Project Area	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	1104	100		Argentina
	13699	100		Argentina
	18808	100		Argentina
	266	100		Argentina
	18183	2778		Argentina
	12790	100		Argentina
	19891	100		Argentina
	62	100		Argentina
	17681	400		Argentina
	44	100		Argentina
	8170	300		Argentina
	1107	100		Argentina
	18481	97		Argentina
	1112	100		Argentina
	13487	100		Argentina
	14329	100		Argentina
	57	100		Argentina
	68	100		Argentina
	17538	95		Argentina
	14589	100		Argentina
	18924	300		Argentina
	18925	100		Argentina
	19206	869		Argentina
	11577	100		Argentina
	11578	100		Argentina
	11579	100		Argentina
	11580	100		Argentina
	1111	100		Argentina
	18833	270		Argentina
	17321	186		Argentina
	53	100		Argentina
	19742	2490		Argentina
	19744	2499		Argentina
	19766	1000		Argentina
	48	100		Argentina
	203	100		Argentina
	204	100		Argentina
	54	100		Argentina
	63	100		Argentina

Project Area	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	50	100		Argentina
	1105	100		Argentina
	65	100		Argentina
	70	100		Argentina
	206	100		Argentina
	86	300		Argentina
	17744	500		Argentina
	18533	97		Argentina
	17580	100		Argentina
Diablillos				
	1190	100	100% Potasio y Litio de Argentina S.A (Orocobre has a 1% net revenue royalty)	Argentina
	18009	99		Argentina
	18010	200		Argentina
	1187	100		Argentina
	1189	100		Argentina
	1177	100		Argentina
Tincalayu				
	1271	300	100% (Borax Argentina SA) (*Galaxy Lithium S.A. has a usufruct on brine until 2031)	Argentina
	1215*	300		Argentina
	1495*	200		Argentina
	7772	471		Argentina
	5596*	300		Argentina
	5435	300		Argentina
	8529	900		Argentina
	13572	647		Argentina
	13848 (Diana)*	100		Argentina
	17335 (Valerio)*	274		Argentina
Sijes				
	8587	799	100% (Borax Argentina SA)	Argentina
	11800	488		Argentina
	11801	400		Argentina
	11802	3399		Argentina
	14801	8		Argentina
	14121	10		Argentina
	5786	200		Argentina
Cauchari				
	394	300	100% (Borax Argentina SA – Exar SA has the usufruct	Argentina
	336	100		Argentina
	347	100		Argentina

Project Area	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	354	160	over the brines expiring 2041)	Argentina
	340	100		Argentina
	444	100		Argentina
	353	300		Argentina
	350	100		Argentina
	89	100		Argentina
	345	100		Argentina
	344	100		Argentina
	343	100		Argentina
	352	100		Argentina
	351	100		Argentina
	365	100		Argentina
	122	100		Argentina
	221	100		Argentina
	190	100		Argentina
	116	100		Argentina
	117	300		Argentina
	389	100		Argentina
	306	24		Argentina
	402	119		Argentina
	195	100		Argentina
	220	100		Argentina
	259	100		Argentina
	43	100		Argentina
	341	100		Argentina
	42	100		Argentina
	438	100		Argentina
	160	100		Argentina
	378	100		Argentina
	339-C	100		Argentina
	377-C	100		Argentina
	191-R	100		Argentina
Diablillos				
Diablillos Group – File No. 11.691	1175	100		Argentina
	1176	100		Argentina
	1164	100		Argentina
	1172	100		Argentina
	1165	100	100% Potasio y Litio de Argentina S.A	
	1166	100		Argentina

Project Area	Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
	1179	100	(Borax Argentina S.A. has a usufruct on the borates and Orocobre has a 1% net revenue royalty)	Argentina
	1180	200		Argentina
	1182	100		Argentina
	1195	100		Argentina
	1206	100		Argentina
	1168	100		Argentina
	1163	100		Argentina
	1167	100		Argentina
	1170	100		Argentina
	1174	100		Argentina
	1171	100		Argentina
	7021	100		Argentina
	1181	100		Argentina
	12653	200		Argentina
	1173	100		Argentina
	1169	100		Argentina
	1178	100		Argentina
	12652	200		Argentina