



ANNUAL
REPORT



Orocobre at a Glance

Orocobre is a dynamic global lithium chemicals supplier and an established producer of boron.

The key assets of Orocobre are a 66.5% interest in Olaroz, 100% of the Cauchari Lithium Project, a 75% economic interest in the Naraha Lithium Hydroxide Plant and 100% of Borax.

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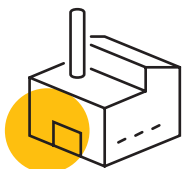
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Highlights and Challenges

2019-2020

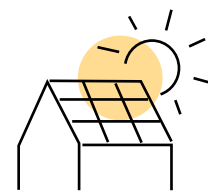
FY20 was a challenging time with COVID-19 and the lithium price down 47% year on year resulting in a net loss of US\$67.1 million after US\$44.8 million of impairment and foreign exchange losses. Despite the external headwinds there were significant achievements.

Orocobre Limited



COVID-19 Bio-security protocol

Successful and rapid deployment



Doubled JORC resource

at Olaroz/Cauchari with the acquisition of Advantage Lithium

Borax Argentina S.A.



Costs remain at record lows

Olaroz Lithium Facility



Declining Costs

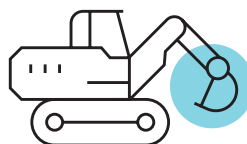
22% reduction in costs from the start of FY20 to the end of FY20



Production down only 5% YoY

despite COVID-19 shutdowns and very weak lithium market

Growth Projects



Olaroz Stage 2 Expansion

40% complete



Naraha Lithium Hydroxide project

70% complete



Letter from the Chairman and CEO

COVID-19 has changed the world in ways that no one could have predicted. At Orocobre, we have been adapting how we do business while supporting our communities and people.

From the start, we established a committee to coordinate our response and future actions. We also liaised closely with local authorities while maintaining open and transparent communication with our employees, suppliers and communities despite it not being possible to meet face to face and limited communication connectivity in some areas.

Regular meetings of the management team worked to implement a comprehensive bio-security protocol, change rosters, reduce staffing and adapt operating practices to minimise the risk of COVID-19 infection. So far, we have been relatively successful but are under no illusion that COVID-19 will continue to affect how we operate and our markets for some time to come. Initial restrictions resulted in operations at Olaroz and Borax being suspended for 21 days and 6 days respectively after which limited operations resumed reducing the financial impact.

In addition to around 5,000 new cases of COVID-19 per day and nearly 6,000 deaths, Argentina continues to encounter material economic challenges as the restructuring of its national debt progresses. The Argentine economy is experiencing negative GDP, growing unemployment and surging inflation prompted by the 66% devaluation of the Peso during the year.

Last year we defined three areas of focus; safety, productivity and quality. This year we have worked to put that vision into practice by focusing on the things we can control. Our safety performance has continued to improve as we establish a safety-first culture with a central safety committee and strengthened safety team. The Group LTIFR for FY20 reduced to 2.5 from 3.0 in FY19 while Olaroz experienced a lost time injury (LTI) free period of 160 days during the year. At Borax, Tincalayu achieved 813 days without an LTI and Campo Quijano achieved 456 days.

Throughout the year, lithium market conditions have remained difficult with persistent oversupply and weak prices. In the second half of the year, COVID-19 made the situation worse with lithium supply remaining resilient while battery and electric vehicle (EV) manufacturing was reduced. In response to these external factors we reduced our production rates and brought forward planned maintenance activities. Weak pricing has been the major factor in the disappointing financial performance of the group with revenue declining year on year by US\$67.5 million to US\$77.1 million and a net loss of US\$67.1 million being reported after impairment and foreign currency losses of US\$44.8 million.

The overall long-term market dynamic remains very positive as EV's have been incorporated into several governments' fiscal stimuli. Commitments to EV's have been reaffirmed with a plethora of new incentives, regulation and subsidies to promote low carbon technology. For example, Germany now provides up to 9,000 Euros for purchasing an EV while France, the United Kingdom and other European countries are all implementing specific programs to support the manufacture and use of EV and hybrid vehicles. Other countries including China are also encouraging clean energy/transport solutions.

Advances in productivity at Olaroz have been overshadowed by COVID-19 restrictions but we achieved improved operating metrics such as brine feed grade, recoveries and reagent usage. A strong focus on fixed costs, minimising the use of contractors and eliminating non-essential spend contributed to a 22% reduction in unit cost of sales from Q1 FY20 to Q4 FY20.

Quality improvements are being reflected in better process reliability, the introduction of Kaizen/Toyota Production System concepts, reduced unplanned maintenance events, increasing proportion of purified production and the improving confidence customers have in our products as they sign new contracts for multi-year supply. These improvements in quality resulted in all customer deliveries in FY20 being within required specifications.

The memorandum of understanding signed with Prime Planet and Energy Systems (**PPES**) after year end cements our position as a leading lithium chemical producer and sets a clear agenda for our business as we grow to meet the needs of PPES and other customers. PPES is a battery manufacturing joint venture between Toyota Motor Company and Panasonic. Approximately 30,000 tonnes of the lithium carbonate equivalent (**LCE**) will be sourced from Olaroz, effectively underwriting the Olaroz Stage 2 expansion.

Our growth initiatives continue to progress with the Olaroz Stage 2 expansion now reaching 40% completion and the Naraha Lithium Hydroxide Project achieving 70% completion by year end. The Olaroz expansion works have slowed significantly due to COVID-19 restrictions and regrettably this will mean a delay in completion. Improved project engineering has driven an unavoidable 10% increase in the current estimate of the capital cost and whilst unfortunate, this should ultimately improve the delivery of this significant project that underpins our relationship with PPES and other customers.

Growth has also been achieved with the acquisition of Advantage Lithium during the year which has effectively doubled our JORC resource base. The Cauchari resource sits adjacent to the southern boundary of Olaroz and provides options for both future development beyond the current Stage 2 expansion and more effective basin management.

Our FY19 sustainability report was released during the year along with an upgrade to the sustainability section of our website. This continues our commitment to building a long-term sustainable business on the foundations of effective Environment, Social and Governance (**ESG**) management.

We encourage you to review the remuneration report where we explain why we believe it fair, and in the best interests of shareholders that short-term incentives be paid despite the disappointing financial performance this year. We have also adopted a formal gender diversity target for the Board of a minimum two female directors or 30% of the Board.

We would like to acknowledge our employees, management team and Board colleagues as this has been a year where everyone has gone the extra mile. We would also like to thank the communities with whom we operate every day, our joint venture partner and governments in Argentina who have supported us during these extraordinary times. Finally, we would like to thank our shareholders for their belief in our business.



Robert Hubbard
Chairman
August 2020



Martín Pérez de Solay
Managing Director and CEO
August 2020

Sustainability, Health and Safety

Sustainability Overview

As a signatory of the UN Global Compact, and in accordance with the UN Sustainable Development Goals, Orocobre seeks to promote the global transition to a low-carbon future, optimise operational performance with respect for people and the environment, and improve the quality of life for local communities.

Orocobre's Sustainability Strategy is based on the understanding that the Company can only grow within the limits set by society and the environment, ensuring stakeholder relationships and respect for local and global environmental issues are factored into the management of the Company's products, operations and communities.

Responsible Product

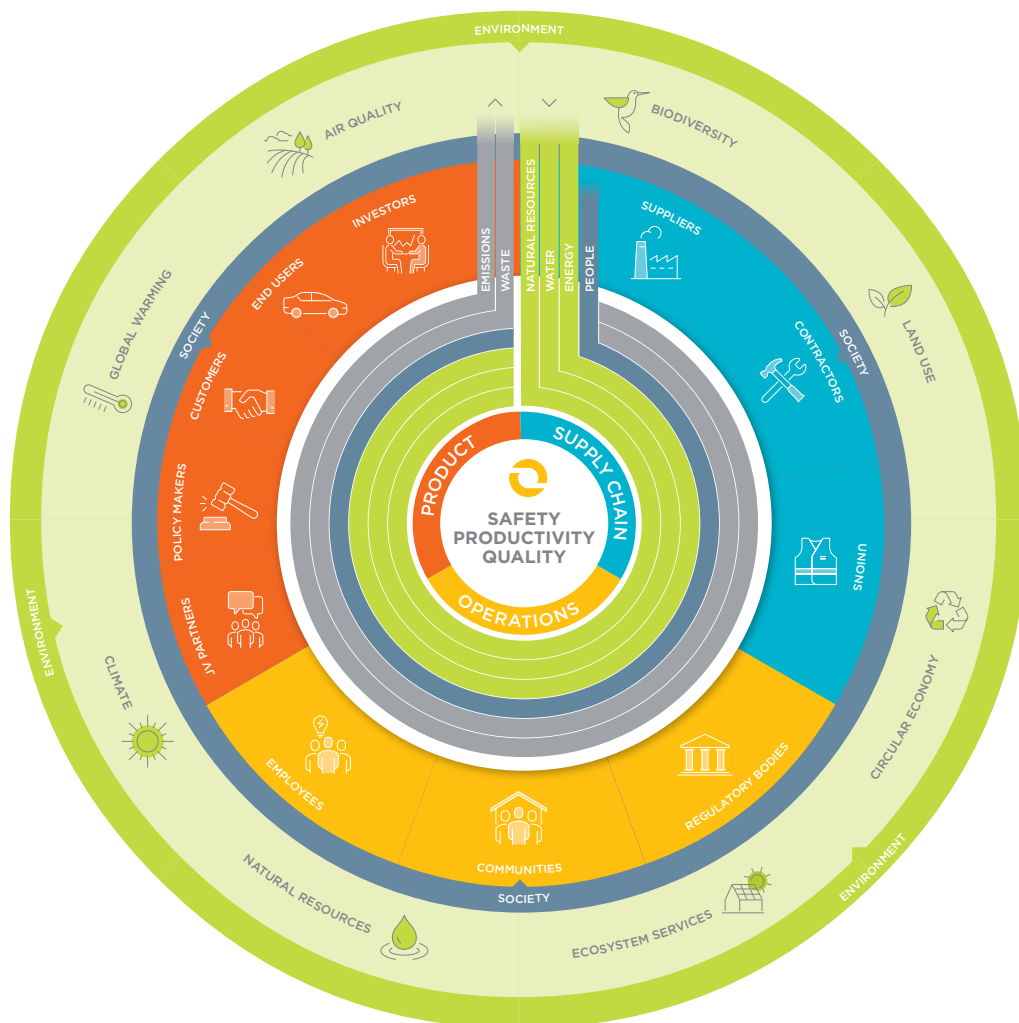
To be the supplier of choice for quality chemicals that promote the global transition to a low-carbon economy.

Sustainable Operations

To maintain the highest levels of safety, efficiency, and resilience and the lowest operating costs in the industry.

Thriving Communities

To cultivate thriving, resilient communities that are autonomous and self-sustaining.



Detailed disclosures regarding Orocobre's Sustainability Strategy and Performance, including Material Issues, Performance Data, Case Studies and Management Approach Disclosures for all Orocobre's Sustainability Focus areas are available at www.orocobre.com/corporate-responsibility/sustainability-report/

The Matrix below indicates the Material Issues identified based on topics of greatest importance to the Company and its Stakeholders during the 2020 financial year, and these will be disclosed in depth in our FY20 Sustainability Report, to be released later in 2020.



Health and Safety

The health and safety of our employees and contractors remains a priority focus for Orocobre. At SDJ, despite significantly increased activity with the expansion and contractors on site both TRIFR and LTIFR showed significant improvements. However, the occurrence of a number of incidents at Borax operations in the last quarter of the year caused a deterioration in safety statistics which will require a renewed focus in FY21. Key Health and Safety Indicators across our operations in FY20 are provided below.

	SDJ			Borax			Group
	Employees	Contractors	Total	Employees	Contractors	Total	Total
	LTIFR			LTIFR			LTIFR
FY20	0	3.1	1.9	3.6	14	4.4	2.5
FY19	3.3	3.3	3.3	2.5	0	2.3	3.0
FY18	2.9	2	2.5	1.4	0	1.2	2.0
	TRIFR			TRIFR			TRIFR
FY20	1.8	3.8	3	8.3	14	8.8	4.5
FY19	3.3	3.3	3.3	3.8	0	3.4	3.3
FY18	2.9	2	2.5	2.7	0	2.4	2.5

Detailed information about Orocobre's management of Health and Safety can be found in our Health and Safety Management Approach Disclosure. This will be updated as part of our FY20 Sustainability Report process, providing greater detail on Borax's management practices and performance in the reporting period.

Climate Risk

Orocobre has identified a series of Climate-related risks and opportunities across our operations and value chain which have been evaluated and integrated into the Enterprise Risk Register. Complete disclosure of our Climate Risks and progress in alignment with the Task Force for Climate Related Disclosures are provided in our Climate Management Approach Disclosure. This will be updated when we release our FY20 Sustainability Report to reflect activities over the past financial year and provide a detailed Task Force on Climate-related Financial Disclosures (TCFD) Disclosure Roadmap for the coming 3 years as we refine our climate risk management and disclosure practices.

Operating and Financial Review

Financial Overview

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

Olaroz is operated through SDJ, a 91.5% owned subsidiary of Sales de Jujuy Pte Ltd (**SDJ PTE**), a Singaporean company owned by Orocobre (72.68%) and TTC (27.32%). The effective Olaroz equity interest is Orocobre 66.5%, TTC 25.0% and JEMSE 8.5%.

Until 31 December 2018, the Company recognised its interest in the SDJ PTE joint venture as an equity accounted investment. Under the equity method of accounting, Orocobre's interest in the joint venture was initially recognised on the balance sheet at fair value. This carrying amount was then adjusted for subsequent equity investments and Orocobre's share of profit or loss of the joint venture. Following amendments to agreements between the SDJ PTE shareholders, SDJ PTE is now a subsidiary of Orocobre. Segment earnings were consolidated in the Group financial results from 1 January 2019 and as such FY20 is the first full year of consolidated results.

Group Profit Overview

The Group produced a net loss after tax of US\$67.1 million (2019: Profit of US\$54.6 million). The net loss after tax includes US\$67.1 million of non-cash charges of which impairment is US\$33.1 million, foreign exchange net losses is US\$11.7 million, and depreciation is US\$13.9 million. Finance net costs during the year were US\$12.9 million including US\$4.9 million of non-cash charges. Group EBITDAIX was loss US\$3.9 million inclusive of US\$3.1 million of restructuring costs, care and maintenance, and other COVID-19 related costs.

The net assets of the Group decreased to US\$690.5 million as at 30 June 2020 (2019: US\$734.7 million), including cash balances of US\$171.8 million (2019: US\$279.8 million).

The main reasons for the decrease in net assets is due to the net loss for the year of US\$67.1 million.

Group exploration and evaluation expenditure for the year totalled US\$4.6 million (2019: US\$6 million).

Advantage Lithium Acquisition

In April shareholders of Advantage Lithium Corp. (**TSX Venture: AAL**) (**OTCQX: AVLIF**), approved a statutory plan of arrangement under the Business Corporations Act (British Columbia) (**the Arrangement**) which allowed Orocobre to acquire 100% of the issued and outstanding shares of Advantage that it did not already own.

Under the terms of the Arrangement, Advantage shareholders received 0.142 Orocobre shares per Advantage share. Orocobre issued approximately 15.1 million shares and the total issued capital of Orocobre increased by 5.8%.

The valuation of Advantage, based on the exchange ratio of 0.142 shares, triggered a non-cash loss on fair value of associates of approximately US\$10.3 million recognised by Orocobre on its investment in Advantage for the shares that it already owned. The loss is included in the Orocobre 2020 financial results.

This transaction allows Orocobre to continue to develop the Olaroz/Cauchari basin in a cost-effective manner that will optimise extraction of the resource to the benefit of shareholders, local communities, the Provincial and National governments of Argentina and other stakeholders.

The Acquisition of AAL increased Orocobre's resource base by 4.8 million tonnes (Mt) of Measured and Indicated Resources and 1.5 Mt of Inferred Resources (expressed as lithium carbonate equivalent) at Cauchari, as detailed in the [Orocobre ASX Release dated 7 March 2019](#). Combined JORC at Olaroz and Cauchari now total 11.2 Mt of lithium carbonate equivalent Measured and Indicated Resources and 1.5 Mt of Inferred Resources.

The development of the Cauchari resource will be considered within future plans for the Olaroz Lithium Facility.

Summary of results for the year ended 30 June 2020

	Group results	
	2020	2019 ⁴
Summary of results for the year ended 30 June 2020	US\$'M	US\$'M
Revenue	77.1	144.6
EBITDAIX ¹	(3.9)	54.1
Depreciation and amortisation	(13.9)	(12.0)
EBITIX ²	(17.8)	42.1
Interest	(12.9)	(6.8)
EBTIX ³	(30.7)	35.3
Gain on business combination	-	30.7
Other business combination costs	-	(5.0)
Foreign currency gains/(losses)	(11.7)	(12.9)
Impairment	(33.1)	(0.6)
Share of losses of associates	(1.5)	(1.5)
Profit/(loss) for the year before tax	(77.0)	46.0
Income tax benefit/(expense)	9.9	19.5
Profit/(loss) for the year after tax	(67.1)	65.4
Profit attributable to		
Owners of the parent entity	(52.0)	54.6
Non-controlling interest	(15.1)	10.8
Profit/(loss) for the year after tax	(67.1)	65.4

	Group results	
	2020	2019
Other financial metrics	US\$000's	US\$000's
Cash and cash equivalent	171,836	279,798
Net assets	690,574	734,696

	Unit of measurement	Olaroz (100%)	
		2020	2019
Key operational results			
Lithium carbonate produced	tonnes	11,922	12,605
Lithium carbonate sold	tonnes	10,514	12,080
Realised lithium carbonate price	US\$/tonne	5,520	10,322
Gross cash margin lithium	US\$/tonne	1,148	6,020
Cash operating costs lithium carbonate	US\$/tonne	4,372	4,302

¹ 'EBITDAIX' is 'Earnings before interest, tax, depreciation and amortisation, impairment, foreign currency gains/(losses), share of associate losses, share of profit of joint ventures, gain and other costs on business combination'.

² 'EBITIX' is 'Earnings before interest, tax, impairment, foreign currency gains/(losses), share of associate losses, share of profit of joint ventures, gain and other costs on business combination'.

³ 'EBTIX' is 'Earnings before tax, impairment, foreign currency gains/(losses), share of associate losses, share of profit of joint ventures, gain and other costs on business combination'.

⁴ FY 2019 Proforma includes SDJ as 100% comparable with FY20

These measures are non-IFRS financial information and have not been subject to audit by the Company's external auditor.

Assets

Overview

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Since operations commenced in 2015 Olaroz has produced over 55,000 tonnes of lithium carbonate.



Olaroz Lithium Facility

The Olaroz Lithium Facility (**Olaroz**) is the newest brine based global lithium carbonate producer in over twenty years. After seven years of planning, developing, construction and commissioning, the first sale of lithium carbonate from the Olaroz Lithium Facility occurred in late April 2015.

Olaroz hosts a JORC/NI43-101 compliant, high quality, low-cost, long life resource. The measured and indicated resource of 6.4 Mt LCE is capable of sustaining current continuous production for 40-plus years.

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.

Olaroz is supported by favourable conditions in terms of both the operating environment and local infrastructure. Very limited rainfall combined with dry, windy conditions enhances the brine-evaporation process. Olaroz is also serviced by gas pipelines, electricity that is generated on site and paved highways. Three major seaports, Buenos Aires in Argentina and Antofagasta and Iquique in Chile are serviced by international carriers and are easily accessible by road and/or rail.

Consumer electronics, specialty glasses, ceramics, lubricants and greases provide significant underlying demand, but it is the comprehensive adoption of both electric vehicles (EV) by global auto manufacturers and commercial grade Energy Storage Systems (ESS) that will continue to drive unprecedented growth in lithium demand over the coming decades.

Since operations commenced in 2015 Olaroz has produced over 55,000 tonnes of lithium carbonate and this rate of production is expected to increase rapidly with the current construction of Olaroz Stage 2 which will see total production capacity designed for approximately 42,000 tonnes per year. Strong development and operating skills provide an on-going competitive advantage for Orocobre which is essential as the Company manages the impact of COVID-19 on our people, communities, operating procedures and markets.

COVID-19

Operations at Olaroz ceased on 20 March 2020 as a result of the Argentine Government's enactment of Decree of Necessity and Urgency (DNU) #297/20 related to COVID-19 and reinforced pursuant Decree #520/2020. Subsequently, production recommenced at Olaroz on 9 April 2020 following the specific declaration of Orocobre operations as "essential" activities.

During April general production, distribution and marketing recommenced with a reduced workforce. Operations continued throughout May and June with the lower workforce and restricted volumes of brine processed through the plant.

Expansion activities also recommenced during April but with a limited workforce and other restrictions that were still in place at the end of the financial year.

Detailed bio-security protocols continue to be enforced at our operations in accordance with established national and provincial regulations and best practice approaches within the industry.

An emergency committee comprising both Sales de Jujuy and Borax Argentina continues to coordinate operations, enforce the application of the bio-security protocol and review and update it as circumstances change. The committee analyses possible scenarios in order to plan and enable the company to prepare for changing circumstances and works in close coordination with local health authorities.

Subsequent to the end of the year, new infections of COVID-19 were recorded at nearby operations and in some local communities. This reinforced the need to maintain strict adherence to the procedures and personnel rosters that had been established.

Daily monitoring of workforce health continues throughout established 14 day rosters that apply to all personnel and include those employees who would normally reside in local communities. Isolation procedures have been developed should personnel become unwell and plans are in place if COVID-19 infections are identified at site. Such an occurrence would likely see the site evacuated of most personnel to allow thorough sanitisation and then re-establishment of operations with a new roster of personnel.

Olaroz Structure

The Olaroz Lithium Facility is a joint venture between Orocobre (66.5%), Toyota Tsusho Corporation (**TTC**), (25%) and a mining investment company owned by the provincial Government of Jujuy, Jujuy Energia y Minería Sociedad del Estado (**JEMSE**), (8.5%).

Pursuant to the Master Sales Agency Agreement TTC has the sole and exclusive rights to market and sell all lithium products from the Olaroz Lithium Facility. The high level strategy associated with the marketing of product is determined by the Joint Marketing Committee, comprising representatives of both Orocobre and TTC. Execution and delivery of the agreed strategy is then undertaken by TTC utilising their existing sales and logistics networks.

Olaroz Update

The operational strategy for Olaroz during FY20 remained focussed on safety, productivity and quality. At the start of FY21, operations continue to be affected by COVID-19 and it is not clear at the time of publication of this report what the impact will be over the duration of the current financial year.

Safety

During the FY20 year, the central safety committee and five subcommittees (training, operational discipline, audit, risk management and incident investigation) continued to make good progress establishing improved 'operating discipline', via specialised operator training programs and more frequent risk assessments.

Work was also completed consolidating Intelix as the central safety management database. Process hazard identification and control reporting have been established, as well the implementation of a Management of Change (MOC) process — a systematic approach to safely manage modifications to production processes.

Significant progress was made with the reporting of safety observations after employees completed training aimed at increasing their awareness and understanding of near miss incidents. The 'root cause' investigation process for incidents involving injuries or incidents with high potential for injury is now more robust and is being applied consistently to all reportable events.

From early February, awareness programs were conducted with employees and contractors on signs, symptoms and recommendations to minimise risk of exposure to the COVID-19 virus and prevent contagion.

The Company has continued to focus on the implementation of the SICOP contractor management system. SICOP serves as a centralised control system which provides real-time visibility of contractor certifications, compliance and performance in accordance with established standards and regulations. The safety team is also developing a Contractor Safety Management standard to pre-qualify contractors and evaluate their performance with a strong focus on procedure compliance and safety practices.

Lagging indicators and key leading indicators have been identified and defined to measure and improve safety and environmental performance.

Quality

Starting in FY19, improving the lithium concentration of brine feedstock — "brine quality" — has been a key focus for the operating team. Pleasingly, lithium concentrations have continued to improve month after month when compared with comparative periods in prior years. Improved and more stable brine concentration has multiple benefits including higher lithium recoveries, lower cost of production and increased product quality and consistency.

Major maintenance projects were completed in August 2019 and then again in February 2020 which included refurbishing the two major reactor vessels within the process plant. This work has been pivotal in minimising metallic particle contamination that was also addressed with additional magnetic separators. When combined these activities have all contributed to an improvement in product quality and consistency which is instrumental in attracting new, and retaining existing customers.

Plant stability and reliability has improved resulting in a decrease of unplanned maintenance events and repair turnaround time. Plant yield and lithium recovery have also improved.

Kaizen activities have been implemented in coordination with a Toyota team by applying the TPS concept (Toyota Production System). Kaizen is a highly successful continuous improvement process utilised in the Japanese manufacturing industry. While it is still early in the implementation process, results have been positive with a noticeable change in the mindset of our operational personnel.

Productivity and Sales

Sales revenue for FY20 was US\$58.0 million, a 53% decrease on the prior year with 5% lower production volumes and 47% lower average prices resulting from market softness and aggressive competitor pricing. Sales volumes decreased 13% in FY20 impacted by lithium market conditions and COVID-19 shutdowns of the cathode, battery and auto manufacturing industries. The pandemic has delivered accelerated investment by some jurisdictions into electric transportation which should have medium to long-term benefits, but it remains unclear when this will be reflected in lithium chemical prices.

EBITDAIX for FY20 was US\$5.7 million versus US\$60.9 million in FY19 with lower sales volumes and significantly lower sales prices, and US\$2.0 million of restructuring and COVID-19 related costs. Cash cost per tonne in FY20 increased by approximately 1.6% when compared to the previous year due to decreased export incentive and a warranty provision related to packaging costs.

Olaroz has continued to develop a mix of short and long-term contracts with diversity of both geography and market segments. Throughout most of FY20 the business has been exposed to the convertor industry and it is expected that the customer base will continue to improve with more arrangements such as those announced with XTC and B&M (21 January 2020). Long term contracts are expected to make up approximately 50% of FY21 sales.

Highly Competitive Industry Position

Olaroz produced lithium carbonate at an average operating cash cost of US\$4,372/t in FY20.

Total cost of sales in the June quarter FY20 was the lowest for three years and remains at recent lows despite reduced sales and production volumes demonstrating the significant focus and reduction of fixed costs within the operating business. The improvement in fixed costs is largely due to a reduction in contractors and consultants use, lower contracted energy price and site related services resulting from improved commercial agreements and the elimination of all non-essential spend.

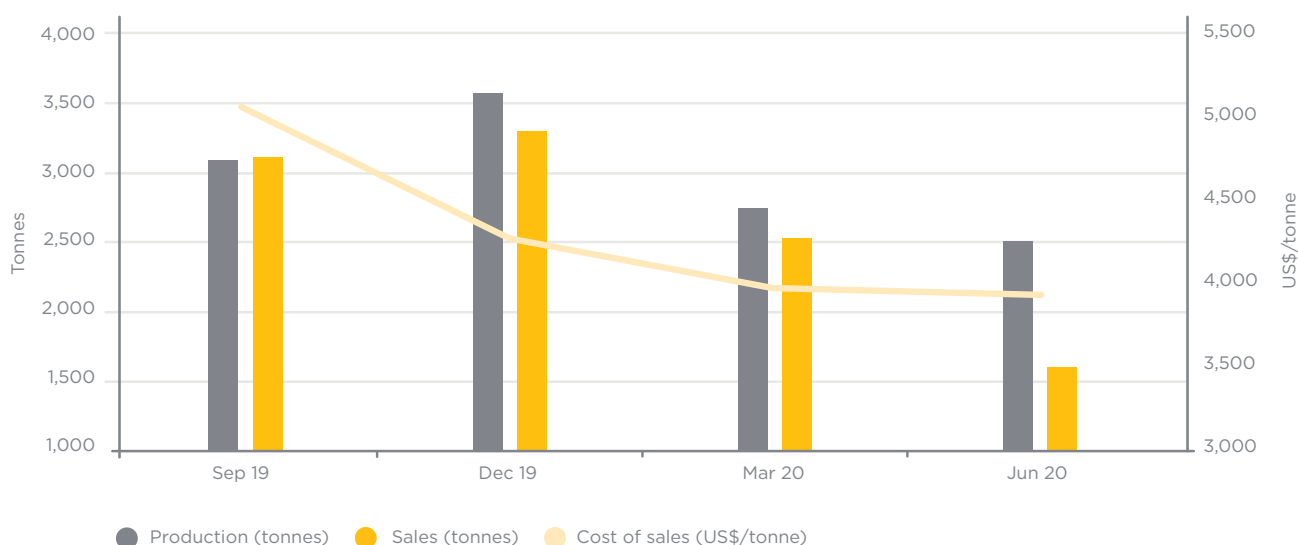
Ongoing process optimisation of recovery, reagent usage and logistics aim to further improve the cost structure of the business. Fixed cost reductions have been achieved over the year with a focus on reducing the use of contractors and eliminating non-essential spend.

Product Specifications

Olaroz sells primary and micronised and non micronised purified lithium carbonate to a diverse customer base in Asia, Europe and North America.

The main markets for primary grade product are the ceramic, chemical and glass markets, with purified grade typically sold to cathode manufacturers for use in the production of batteries.

Fixed cost reduction keeps total costs low



Stage 2 Expansion

Olaroz Stage 2 expansion has been designed to deliver an additional 25,000 tonnes per year of primary grade lithium carbonate production capacity. Approximately 9,500 tonnes of this new production is expected to be utilised as feedstock for the Naraha Lithium Hydroxide Plant.

A significant review of the expansion project has determined that total capital expenditure will be approximately US\$330 million (including contingency, excluding working capital and VAT). Key areas of cost escalation are more robust technology related to the carbonation process, management of impurities in the soda ash system and improved flexibility in the liming process. As at 30 June, approximately US\$139 million has been spent on the first phase of activities achieving a construction completion rate of 40%.

Agreement has been reached with Toyota Tsusho Corporation (**TTC**) whereby up to US\$60 million from the US\$135 million that was previously required to be reserved as a cash backing for the Stage 2 Mizuho loan can be used for Olaroz Stage 1. If required, these funds will be used for Olaroz related costs, scheduled debt repayments and to provide additional funding contingency due to the uncertain impact of COVID-19 restrictions.

The remaining US\$75 million of the reserved funds plus any of the unused US\$60 million, will remain reserved as cash backing for the Stage 2 Mizuho loan. These funds will be available for Orocobre's share of the US\$35 million Stage 2 capital cost increase detailed above, any further Stage 2 cost overruns, VAT and working capital. If capital expenditure exceeds US\$330 million, Orocobre will be required to solely fund this overrun by way of shareholder loans.

Expansion operations ceased on 20 March due to COVID-19 restrictions and only recommenced on 29 April with a reduced workforce. Amongst other matters Olaroz camp capacity is severely limited due to social distancing and Bio-security Protocol measures resulting in further delays to Stage 2 completion while these restrictions continue.

Naraha Lithium Hydroxide Plant

The Naraha Plant, the first of its kind to be built in Japan, is designed to convert industrial grade lithium carbonate feedstock into purified battery grade lithium hydroxide. Feedstock for the 10,000 tonne per annum (tpa) Naraha Plant will be sourced from the Olaroz Lithium Facility's Stage 2 Expansion that will produce industrial grade (>99.0% Li_2CO_3) lithium carbonate.

Since construction commenced at the Naraha Plant there have been no LTIs recorded.

As at 30 June, approximately US\$40 million has been spent on engineering, civil works, electrical, instrumentation, fabrication and procurement at the Naraha Plant following utilisation of pre-payments to Veolia. Site operations have continued throughout the period, however equipment deliveries from overseas are expected to be delayed due to COVID-19 which is likely to impact the final project completion by approximately two months.

Veolia, a global leader in optimised resource management has been contracted to deliver the project's EPC contract.

Sales of lithium hydroxide will be managed by TTC as exclusive sales agent under a similar joint marketing arrangement to that operating for lithium carbonate from Olaroz. Most of the production is expected to be delivered to the Japanese battery industry.





The Lithium Market

Sales

In November 2018, Orocobre and Toyota Tsusho Corporation (**TTC**) formed a Joint Marketing Committee (**JMC**). Pursuant to the Master Sales Agency Agreement TTC has the sole and exclusive rights to market and sell all Lithium products from the Olaroz Lithium Facility. The high level strategy associated with the marketing of product is determined by the Joint Marketing Committee, comprising representatives of both Orocobre and TTC. Execution and delivery of the agreed strategy is then undertaken by TTC utilising their existing sales and logistics networks.

In January 2020, Orocobre announced contracts with two large, top tier Chinese Cathode manufacturers to supply micronised and unmicronised battery grade lithium carbonate, both with supply terms of three years. A pricing formula with a floor and cap was agreed between the parties using Price Reporting Agencies (PRAs) indicators that best reflected the customer's geography, market conditions and product quality supplied. Given the growth in PRAs and current market uncertainty, pricing that has market-linked formulas and/or export/import statistics have grown in popularity amongst the industry as a means of ensuring pricing delivered under long-term contracts is reflective of current market conditions and fair for both parties.

The outbreak of COVID-19 early in CY20 and its continued spread around the world has slowed the progress of negotiations and may delay the commencement of supply to some of these contracts. Nonetheless, approximately 50% of forecasted FY21 production from Olaroz is expected to be delivered against long-term contracts. The previously mentioned delays in contract commencement suggests that FY22 will be a strong year with year-on-year growth in the proportion of product sold by long-term contracts. The JMC is working closely with operations to ensure inventories are managed to meet all contract obligations.

Markets

The lithium market remained under pressure during FY20 with oversupply and aggressive pricing being compounded by the outbreak of the COVID-19 pandemic. Lithium prices in the China domestic and seaborne markets were comparable at the start of FY20 reflecting growing Chinese exports during the latter part of FY19, pressuring seaborne prices down. After being somewhat displaced from supplying ex-China customers, certain South American producers recommenced lithium carbonate exports to China competing directly with Australian spodumene producers for sales to conversion plants. This increased competition resulted in some initial reductions in exports of independent Australian spodumene to China and further declines in the China lithium carbonate spot price.

Seaborne prices on the other hand, were supported by an acceleration in European electric vehicle (**EV**) sales reflecting the European Union's earlier confirmation that the carbon emissions threshold would be dropped from 120g/km to 95g/km per vehicle effective in 2020. From September 2019 through to February 2020, the European EV market rallied achieving consistent month-on-month growth. As a result, there was notable destocking during this time as supply chains of car manufacturers experienced strong growth in Europe, specifically Tesla, VW Group, Renault, and BMW. Positive signals of an improvement in Chinese demand also began to emerge in late CY2019. Tesla opened the Shanghai Gigafactory in November 2019, and later announced a China-centric EV model. The United States and Chinese Governments also announced a Phase 1 trade deal, defusing an 18-month period of tensions between the two countries. In January 2020, the Chinese Government also decided to extend the EV subsidy program to 2022.

However, the outbreak and spread of COVID-19 in China dampened any chance of improved demand. During the early stages, the pandemic largely appeared contained to China. Shipments to ex-China customers continued at this time although uncontracted volumes were often sold at lower prices reflecting Chinese customers absence and a need for suppliers to manage building inventory. As the pandemic breached the borders of China, the supply chain ground to a standstill. Car manufacturers in Europe and the US were the



first to shut down operations or switch to producing necessary medical devices and masks, resulting in a wave of closures, or reduced operating rates upstream at battery and cathode manufacturers elsewhere. The pace at which downstream operations re-commenced and ramped up battery and EV production varied throughout the industry depending on inventory levels, customer order backlogs, and logistical contracts.

By the June 2020 quarter, it became apparent that any destocking which had occurred late CY2019 had been offset by COVID-19 related impacts. Weak global demand and build of product inventory saw increasingly aggressive sales behaviour by some spodumene and lithium chemical producers seeking to maintain cash flow, minimise unit costs and/or grow market share at the expense of price. Supply from some South American brine producers to the Chinese market accelerated forcing further reductions in exports of certain Australian hard rock producers.

Throughout FY20, widespread delays to lithium expansion projects were announced reflecting market conditions, limitations on project workforce availability and lower plant and equipment availability. The prolonged, subdued market conditions have resulted in project delays which will support the potential medium to long-term improvements on industry pricing and structure. This will be further reinforced by the extended development times of new brine production and hard rock conversion capacity.

From a demand perspective, near-term improvements rest heavily on the European EV market. It has become increasingly apparent that the European Union and member states will use 'green' industries like EV's as a platform for economic recovery post-COVID-19. The 'Green Recovery Plan' allocates 20 billion Euros to projects that would provide some form of environmental benefit such as lowered carbon emissions. Additionally, four of the largest car markets in Europe namely Germany, France, Italy and Spain, have increased EV subsidies by up to 50% from July 2020.

On a global basis the lithium market has suffered a setback due to COVID-19, however the medium to long term outlook remains exceedingly positive and continues to be further reinforced with increasing government regulation and funding.

Borax Argentina S.A.

(100%)

Borax has continued their ongoing strategy to focus predominantly on Southern Cone markets.

Borax Argentina S.A. has operated in the Salta-Jujuy region for over 50 years and its operations include two open pit mines, concentrators, refining capacity and significant land holdings. The mining operations are located in Tincalayu and Sijes. The main processing site and office are located at Campo Quijano, Salta.

Borax products are divided into three groups; minerals, refined products and boric acid. The minerals historically produced by Borax are ulexite, colemanite and hydroboracite.

The refined products are comprised of 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, smelting fluxes and a number of other specialty applications.

Ulexite has traditionally been used as a feedstock to produce boric acid, however hydroboracite is now the primary feedstock allowing for a lower cost of production and a product with a lower chloride content. Hydroboracite and colemanite are supplied into the ceramic market with hydroboracite also supplied into agricultural and oil and gas markets.

Combined Product Sales Volume Year on Year*

Financial Year	Combined Product Sales (tonnes)
June 2016	35,482
June 2017	41,777
June 2018	36,553
June 2019	44,947
June 2020	44,062

*Combined product sales volumes include borax chemicals, boric acid and boron minerals

Operations

Borax operations were temporarily suspended at the end of March due to COVID-19 restrictions, however by mid-April operations were able to recommence in a limited manner after being declared “Essential Services” by the government of Argentina due to the nature and use of products within the industrial and agricultural sectors.

During the year the focus has remained on making Borax an operationally and financially sustainable business unit. Work has continued from previous years on key areas that can impact on the business which include production cost efficiency and optimisation, and sales. Financial performance has improved materially through an emphasis on business with higher value, more profitable products and the development of products with sound value propositions for customers that have attractive and sustainable financial metrics. Unfortunately, this has resulted in Borax having to withdraw some products from select export markets although every effort was made to offer customers alternative higher value products.

Production rates across the operations have been in line with expectations although sales decreased by 2% when compared to FY19 which benefited from the inclusion of 2,312 tonnes of low value minerals sales. Excluding low value mineral sales, volumes were up 3.3%.

Sales revenue, which is US\$ denominated, decreased by 4.6% from the prior year due to lower average sales prices compared to FY19 and lower sales volumes.

The EBITDAIX loss of US\$1.2 million remained disappointing and further options are being considered to improve operating performance.

Following a review of the fair value of property, plant and equipment, exploration assets and capitalised mine waste removal an impairment of US\$1.9 million has been recognised in FY20 results against the value of Borax assets.

Borax has continued an ongoing strategy to focus predominantly on Southern Cone¹ markets. This strategy is driven by the location of Borax, the projected market growth profile of South American markets and the value proposition to customers. Restrictions in the movement of products and services during COVID-19 restrictions has further reinforced to our customers the value of local suppliers and as such our marketing strategy will aim to leverage that as much as possible during the coming year.

Borax continues to operate in a very challenging market and economic environment at the bottom of the price cycle. In FY21, we intend to continue this journey and undertake additional restructuring activities to further enhance the viability of the business.

Operating Environment

Business development activities were focussed on maximising sales to specific markets with higher prices and margins. This process benefited from the profile of Borax as a reliable supplier with a strong portfolio of products. Many customers of Borax operate in essential industries such as health and agriculture and are less affected by current COVID-19 related restrictions.

Customers

Borax remains the only South American based boron producer with a wide range of refined products and relatively unique mineral products.

The business continues to provide customers with secure supply of locally manufactured, high-quality boron products and is well positioned to provide value to businesses in South America and to the operations of these companies and other key customers offshore.

¹ The Southern Cone is a geographic and cultural region composed of the southernmost areas of South America, south of and around the Tropic of Capricorn.

Directors' Report

Company Directors

The Company's Directors have significant public company management experience, together with a strong background in exploration, project development, operations management, financial markets, accounting and finance. Their experience covers many industry sectors within Australia and internationally.



Robert Hubbard
BA (Hons), FCA
Non-Executive Chairman

Robert was appointed a Director in November 2012 and appointed Chairman in July 2016. Robert is also a Non-Executive Director of Bendigo and Adelaide Bank Limited and Chairman of Healius Limited.

Robert 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.

Robert is Chair of the Related Party Committee and a member of the People and Governance Committee. He is also a member of the Sustainability committee.

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

- Bendigo and Adelaide Bank Limited (Apr 2013 – Present)
- Healius Limited (December 2014 – Present)
- Central Petroleum Limited (December 2013 – May 2018)

Company Directors



Martín Pérez de Solay
(I.ENG)
Managing Director & Chief Executive Officer

Martín was appointed to the Orocobre Limited Board as Managing Director on 18 January 2019. At the same time, Martín formally commenced his duties as Chief Executive.

Martín has a career spanning engineering, operational improvement, banking, finance and executive management. Prior to joining Orocobre Limited, Martín was the President and CEO of Petroleos Sudamericanos, an oil and gas producer operating in Argentina and Colombia.

Prior to 2011, Martín was CFO and Head of Corporate Development of GeoPark and spent a decade in the institutional, corporate and restructuring activities of Citigroup.

Martín is a qualified industrial engineer from the Instituto Tecnológico de Buenos Aires and has completed management programmes at the Kennedy School of Government, Harvard and Austral University, Argentina.

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



Richard Seville
BSc (Hons) Mining Geology,
MEngSc Rock Engineering,
MAusIMM, ARSM
Non-Executive Director

Richard is a mining geologist and geotechnical engineer with over 25 years as either Managing Director or Executive Director of various ASX, TSX or AIM listed companies.

After 12 years as Managing Director of Orocobre, Richard took a position as a Non-Executive Director.

He is a graduate of Imperial College London and James Cook University in North Queensland and holds a Bachelor of Science degree with Honours in Mining Geology and a Master of Engineering Science in Rock Engineering.

Richard is Chair of the Sustainability Committee and a member of the Related Party Committee.

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

- Agrimin Limited – Chairman (August 2019 – Present)
- Oz Minerals (November 2019 – Present)



Federico Nicholson
LLB
Non-Executive Director

Federico was appointed a Director in September 2010. Federico has been a member of the Board of Ledesma, a diversified Argentine agro-industrial producer since 1991 until September 2018, also serving as Executive Director until June 2014.

Federico has a long and prestigious career in Argentine industry and is currently President and main shareholder of La Payana SA, a company that produces cattle, grains and pigs in the Province of Buenos Aires.

Federico is a lawyer graduated from the National University of Buenos Aires.

Federico is a member of the People and Governance Committee, the Related Party Committee and the Sustainability Committee.

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

Company Directors



Fernando Oris de Roa

MPA, Harvard Kennedy School of Government

Non-Executive Director

Fernando was appointed a Director in June 2010. Fernando 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.

As Chief Executive of S.A. San Miguel, Fernando was widely credited with turning the company into the largest and most profitable lemon products company in the world. Fernando was Chief Executive and significant shareholder of Avex S.A. from

2004 to 2012. He holds a Master of Public Administration from The Kennedy School of Government at Harvard University.

Fernando was appointed as Ambassador of Argentina to the United States serving during 2018 and 2019. Fernando is the Chair of the People and Governance Committee and a member of the Audit Committee and the Related Party Committee.

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



John W. Gibson, Jr.

BSc Geology, MSc Geology

Non-Executive Director

John was appointed a Director in March 2010. John is a recognized leader in the technology, environmental, and energy sectors with more than 30 years of global energy experience.

He currently serves as Chairman and CEO of Flotek Industries (NYSE: FTK). Immediately prior he served as Chairman, Energy Technology for Tudor, Pickering, Holt & Company. John has also held a number of roles as Chief Executive Officer in companies servicing the oil and gas industry.

John 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.

John is a member of the Audit Committee, the Related Party Committee and the Sustainability Committee.

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



Leanne Heywood

BBUS MBA CPA AICD

Non-Executive Director

Leanne was appointed a Director in September 2016. Leanne is an executive and leader with over 25 years corporate experience in the mining sector, including 10 years with Rio Tinto. Her experience includes strategic marketing, business finance and compliance and she has led organisational restructures, disposals and acquisitions. Leanne holds a Bachelor of Business (Accounting) from Charles Sturt University and an MBA from the Melbourne Business School, University of Melbourne. She is a member of the Australian

Institute of Company Director's and CPA Australia.

Leanne is Chair of the Audit Committee, a member of the Related Party Committee and People and Governance Committee.

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

- Midway Limited (March 2019 – Present)
- Quickstep Holdings Limited (February 2019 – Present)

Company Directors



Masaharu Katayama

BA (ME)

Non-Executive Director

Masaharu was appointed a Director in April 2018 following the strategic placement of Orocobre Limited shares to Toyota Tsusho Corporation (TTC), under the terms of which TTC is entitled to appoint a representative to the Orocobre Limited Board of Directors (see [ASX announcement 16 January 2018](#)).

Masaharu's experience includes risk management, resource development and marketing strategy development with

exposure to a variety of industries throughout India, Canada, Morocco, France, Vietnam and Japan.

Masaharu holds a Bachelor of Mechanical Engineering from Kobe University. He has been working for TTC since 2005 and is currently COO for Metal Resources SBU Metal Division.

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

Company Secretaries



Neil Kaplan

BAcc, CA

**Chief Financial Officer
& Joint Company Secretary**

Neil joined Orocobre Limited and was appointed Chief Financial Officer in January 2013 and Company Secretary in July 2013. Neil is a Chartered Accountant and brings a wealth of knowledge to the Company with over 25 years of experience in managerial and finance positions obtained on four different continents.

Neil's experience in the resources sector was attained working in executive financial roles for Glencore and formerly TSX listed

company Coalcorp Mining, both based in Colombia. Neil holds a Bachelor of Accountancy degree from the University of the Witwatersrand in South Africa and is a member of both the Chartered Accountants Australia & New Zealand (CA ANZ) and South African Institute of Chartered Accountants (SAICA).



Rick Anthon

BA LLB

**Corporate Development
Manager, General Counsel
& Joint Company Secretary**

Rick joined Orocobre Limited in 2015. Rick is a lawyer with over 30 years' experience in both corporate and commercial law practicing exclusively in the resource sector. He has worked both as a Director and adviser to numerous resource companies and has extensive project planning, acquisition and development, capital raising and corporate governance skills.

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 12 formal Board meetings and an addition five update meetings related to COVID-19. The Board and Committee meetings attended by each Director were:

Directors	Board		Audit Committee		People and Governance Committee		Related Party Committee		Sustainability Committee	
	Meetings	Attendance	Meetings	Attendance	Meetings	Attendance	Meetings	Attendance	Meetings	Attendance
Martín Pérez de Solay	12	12	-	-	-	-	-	-	-	-
Richard Seville	12	12	-	-	-	-	6	6	2	2
John Gibson	12	12	7	7	-	-	6	5	2	2
Fernando Oris de Roa	12	12	7	6	-	-	6	6	-	-
Federico Nicholson	12	12	-	-	3	3	6	6	2	2
Masaharu Katayama	12	11	-	-	-	-	-	-	-	-
Robert Hubbard	12	12	-	-	3	3	6	6	2	2
Leanne Heywood	12	12	7	7	3	3	6	6	-	-

Committee Membership

At the date of this report the Company has an Audit Committee, a People and Governance Committee, and a Related Party Committee. Members are as follows:

Audit Committee	People and Governance Committee	Related Party Committee	Sustainability Committee
Leanne Heywood (c)	Robert Hubbard (c)	Robert Hubbard (c)	Richard Seville (c)
Fernando Oris de Roa	Federico Nicholson	Richard Seville	Federico Nicholson
John Gibson	Leanne Heywood	John Gibson	John Gibson
	Fernando Oris de Roa (c)	Fernando Oris de Roa	Robert Hubbard
		Federico Nicholson	
		Leanne Heywood	

(c) Designated the Chair of the committee.

Dividends

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

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 officers of the Company against liabilities arising as a result of work performed in their capacity as Director, secretary or officers 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 the exploration, development and production of lithium at the Company's flagship Olaroz Lithium Facility and the operation of Borax.

Operating & Financial Review

The operations, financial position, business strategies and prospects for future financial years of the consolidated entity are detailed in the Operating and Financial Review section of this Annual Report, on pages 10 to 21, and in the Financial Report section, on pages 53 to 104.

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.

Significant Events after Balance Sheet Date

On 27 August 2020, Orocobre entered into a non-binding MOU with the Prime Planet Energy & Solutions ("PPES") joint venture for a sizable long term supply contract. Under the MOU it is anticipated Olaroz will supply PPES with 3.0kt LCE in the CY21 increasing to 30.0kt LCE in CY25. The MOU is expected to reduce Orocobre's exposure to spot prices and improve its customer mix.

Other than the above matter, there were no significant events after balance date.

Likely Developments & Expected Results

Refer to the Operating and Financial Review for information on likely developments and future prospects of the Group.

Risk Management

The Orocobre Risk Management Framework has been formulated for the purposes of:

- Defining the scope of risk management activities;
- Providing a prioritised approach by focusing on material risks and their controls;
- Establishing roles and responsibilities in relation to risk management;
- Articulating the processes involved to create risk management consistency; and
- Providing relevant guidance and tools relating to risk.

The framework is based on the principles of the ISO 31000 Standard for Risk Management which contributes to ensuring that risk and assurance activities are continually adding value to the business activities of Orocobre and supporting the delivery of projects.

The Orocobre Chief Financial Officer acts as the custodian of Risk Management and carries out an annual review of this framework with the CEO and Management, in conjunction with other relevant stakeholders, to ensure that all components are still appropriate, in line with industry practice, and improvement opportunities are reviewed. Independent assurance, if required, may be provided by external audit as instructed by the Board. Based on any review undertaken, the Risk Management Framework will be updated to incorporate any reasonable recommendations.

The Risk Management Framework applies to Orocobre's entire business, including all operations and internal functions, outsourced and contracted services, Orocobre projects including its role in Joint Ventures, its own projects and one-off activities.

This review focusses on risks that are 'material' as defined by the Orocobre risk management framework. The principles, methodology and processes can be applied to risks that do not meet the criteria set for 'material'. Whilst not mandated, managers are encouraged to apply the framework beyond material risks.

It should be noted that Orocobre has established a number of other policies relating to risk, their control and mitigation which should be considered in conjunction with this framework. A number of these policies are published in the 'Corporate Governance' section of the company's external website.

Materiality

The Board defines the term 'materiality' recognising that financial measures are not the only criteria used but includes in its determination non-financial criteria that are important to the achievement of Corporate objectives such as health, safety and environmental impacts, and the reputation of Orocobre.

To this extent the Board's determination of 'material' has recognised the different stakeholders in Orocobre and their expectation of the business. This has been factored into the process of setting relevant risk ratings and establishing an escalation threshold.

As an entity listed on the Australian Securities Exchange (ASX), Orocobre also takes into consideration the specific requirements under relevant listing rules, particularly with regard to assisting the Board, CEO and Management with discharging obligations under Principles 4 and 7 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

The determination of a risk being considered 'material' sets the scope for all risk management activities — analysis, control, assurance and reporting — for Orocobre. Specifically, materiality criteria determine —

- Which risks need to be included in a respective risk register;
- Where management oversight is required;
- When the risk needs to be reported and to whom; and,
- At what management level in the organisation risk acceptance has to occur.

In this sense risk 'materiality' should be confused with or be viewed as a statement of Orocobre's risk tolerance or acceptance.

Risk Tolerance

The concept of risk tolerance arises in deciding whether or not a risk is acceptable to Orocobre. Where it is determined that a risk reported to a particular management level is not acceptable, then consideration will be given to further risk mitigation. This may be achieved by risk reduction measures, risk transfer or risk avoidance (or a combination of the three). Ultimately the level of risk retention by Orocobre is subject to a conscious and informed decision-making process.

The Board's risk tolerance utilises the Materiality definition. This means that in practice every 'material' risk has to be referred to the Audit and Risk Committee for its review and acceptance. The Audit and Risk Committee assumes delegated authority on behalf of the Board to review and accept 'material' risks reported to it by the CEO and Management.

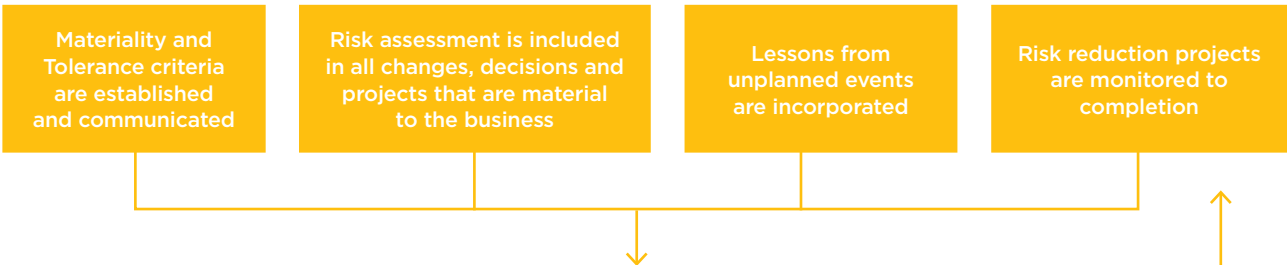
In many areas of Orocobre's operations, laws and regulations state the tolerable level of residual risk (e.g. to the safety of individuals and/or communities). Where such a regulatory requirement exists, it becomes the criterion of maximum tolerable risk level for that particular risk.

Application of the Framework

The keys steps in the effective application of the risk management framework are set out in the following diagram:

STANDARD 1 Risk Management Leadership and Accountability

Adequately trained resources are available to support effective risk management.



STANDARD 2 Risk Identification and Assessment



STANDARD 3 Risk Control



STANDARD 4 Risk Management Monitoring



Risk	Description	Mitigation
Operational Risks		
Event on site – operational or natural disaster	Damage or destruction of plant or other physical assets.	Preventative maintenance programmes covering plant and all installations are established. Specific maintenance regimes are set for all gas related processes. Critical spares are kept on site and Engineering representatives undertake site inspections and auditing. Appropriate insurance is in place. Crisis management planning and training is undertaken by each site.
COVID-19	Disruption to business from COVID-19. Global pandemic causes widespread disruption to operations, logistics and markets.	Management committees were enacted to allow a rapid and flexible response to issues as they arose. A strict Bio-security Protocol was enacted to allow a progressive return to normal operations. Board briefings/meetings increased to allow more effective monitoring and action on issues as they arise. Site operations were modified to allow on-going production, albeit at a reduced level and adjusted to market conditions. Administrative/corporate personnel work from home to allow continuity of function without exposure to infection.
Operations fail to meet required targets	Failure of plants to achieve performance targets such as production volumes or product quality.	Olaroz has undertaken a significant program of pond expansion and modification of pond operations to ensure improved consistency of feed to the plant and increased production capacity. Work continues on process stability and efficiency with dedicated resources. Product quality and consistency continues to improve with more consistent brine feedstock. Dedicated quality control resources have been engaged.
Adverse weather	Series of short-term/sudden events or longer-term weather patterns having an adverse impact on production in terms of cost and/or quality of product.	At Olaroz pond management practices have been modified to reduce the impact of dilution with rain and low evaporation events. Pond capacity is being increased with the addition of Stage 2 ponds. Additional reagent storage has been established. At Borax, stockpiles of finished and intermediate products reduce weather impacts.
Delivery of Stage 2 expansion	Project execution failing to deliver Stage 2 within time & budget and to set performance targets.	Performance warranties with key contractors will be established for major equipment. Owners team will monitor EPCM contract delivery, contingencies have been established. Supervision has been increased to ensure an effective interface between Stage 1 & 2. Cost control mechanisms are in place to ensure competitive tendering for project packages.
Delivery of LiOH plant	Project execution failing to deliver LiOH Plant within time & budget and to set performance targets (e.g. quality, quantity or pricing).	TTC manage the delivery of this project with input from Orocobre technical personnel. Strong governance and reporting practices have been established. A Technical oversight committee of Orocobre and TTC personnel is in place. Performance guarantees are in place with Veolia, the primary construction contractor.
Resource performance	Actual resource performance in terms of quality and quantity deviates from modelled and assumed parameters for mine lifecycle.	Resources are assessed in accordance with JORC requirements. Further drilling will enhance understanding of the deposit and allow more accurate assessment of resource size and quality for on-going and increased production. High quality hydrogeological resources are in place.
Viability of Borax or operational issue becoming material	Inability to achieve and maintain the viability of Borax's operations and performance.	There has been significant focus on costs and efficiencies at Borax over a number of years leading to record low unit cost of production, however a significant restructuring will be undertaken to improve the viability of the business during FY21. The product offering has been enhanced and refocused to ensure maximum profitability. Assessment of operations has determined no material issues are likely to exist at Borax sites. Remediation plans are in place to reduce the footprint of major Borax sites. Stability of ponds and waste piles has been re-assessed as part of the exercise performed last year.
Strategic/Financial Risks		
Inability to attract a skilled local workforce or loss of key management personnel	Failure to attract and retain adequate technical, operational and plant management skills in local workforce impacting on performance or the loss of key management personnel creating gaps in knowledge, experience or relationships.	Priority is given to management of relationships with unions, communities and local government. The company is committed to fair remuneration and a safe workplace with good work/life balance. Gender diversity and talent management remain a focus. Key management are provided retention incentives via the LTI program, non-poaching agreements are established with neighbouring companies.

Risk	Description	Mitigation
Exchange rate/ currency control risk	Adverse fluctuation of US\$ versus Argentinian Peso versus basis for forecasting/risk of repatriation of shareholder loans and dividends.	A bit over half of Olaroz costs and 100% of revenue are US\$ based providing a natural hedge. Inflation within Argentina and devaluation of the Peso tend to cancel each other out over time. Currency controls limit some currency mitigating factors and may in the future limit the ability to repatriate shareholder loans and/or dividends from SDJ.
Joint venture alignment	Joint Venture effectiveness compromised by goals of ORE and TTC (as substantial shareholder and Joint Venture partner) becoming materially misaligned.	TTC have a director on the Orocobre Board and a number of personnel with the Olaroz operations to ensure strong communication of requirements. In addition, joint venture board meetings ensure alignment of strategy.
Fraud, corruption or misconduct	Actual or alleged fraudulent or corrupt actions involving company assets. Contravention of Orocobre Code of Conduct creating reputational and other issues.	Group wide policies address Anti-corruption and Fraud, plus a Code of Conduct defines required business standards and ethics for the entire workforce. Contravention of these policies can result in disciplinary action or dismissal. Internal audit program and resource to be implemented. A Whistle-blower policy and process has been established which requires notifications to be investigated and reported to the Audit Committee.
Supply chain disruption	Providers of critical services to operations (including export) being disrupted e.g. by industrial action.	Key dependencies have been identified and stockpiles of materials established where appropriate. Alternative suppliers and supply routes have been identified (and at times — utilised).
Optimisation of assets	Inability to progress Olaroz beyond Stage 2.	Key property acquisitions such as Advantage Lithium have been completed. Appropriate permits and agreements with communities and government are maintained. Agreements are in place with neighbours to allow development of the Olaroz resource. Resource definition work will further enhance the understanding and potential for development.
Intellectual property or contractual risk	Loss of or failure to protect commercially sensitive information or loss of value through deficient legal analysis of contracts.	IT specialists have been engaged to provide digital security. External audits and penetration testing is undertaken periodically. Further work is underway to develop enterprise wide technology solutions. Legal review before contract or agreements execution policy assures Company's rights protection.
Failure to meet Continuous Disclosure obligations	A market sensitive issue is not disclosed in a timely manner.	Potential disclosure issues are monitored by the joint Company Secretaries and the Chief Investor Relations Officer. The Board considers disclosure at the end of each meeting. Regular management meetings allow free flow of information within the team to ensure timely preparation and disclosure of market sensitive information.
Demand for electric vehicles or the substitution of lithium	Demand for electric vehicles doesn't materialise as predicted or lithium is replaced as the optimal component of battery cells.	The company undertakes continuous monitoring and research into alternative technologies and to date there is no indication of a viable and cost-effective alternative to lithium batteries. EV demand is expected to continue to grow through regulation and the financial support of progressive global governments.
Sustainability, Safety, Environmental Risks		
On site health and safety	Orocobre's actions or in-actions put the safety of staff, contractors or authorised members of the public at risk.	Intelex & SICOP systems have been implemented. Root Cause Investigations are undertaken for recordable and high potential events to avoid recurrence. External inspection (regulator) and some specific audits (e.g. facilities or equipment) are undertaken as necessary. H&S Risk Committees have been implemented along with process safety risk assessments and Management of Change.
Climate change risk	Orocobre operations experience adverse (or positive) impacts due to climate change (either direct or indirect).	Orocobre is undertaking its first climate risk assessment which will help determine actions necessary to adapt the business to climate change. Areas being considered are operations, supply chain, communities, products and markets, and resource efficiency. Further information can be found in the Sustainability Report and Climate Management Approach Disclosure on the company's website.
Human rights/ modern slavery	Orocobre operations are exposed to human rights or modern slavery through its supply chain.	A human rights assessment is being conducted in two phases. The first phase assesses contextual issues and is now complete. The second stage will consider salient issues based on detailed evaluation of risks and opportunities to leverage existing programs.

Risk	Description	Mitigation
Regulatory/Political Risks		
Government and community relations	Actual or perceived concerns affect Orocobre's 'social licence' to operate which is challenged by national or local government or community members.	Existing government relationships have been built over many years of interaction. Community relationships are supported by the company's Shared Value program and on-going engagement by the company's Community team. The company follows a policy of employing and purchasing locally where possible and provides material capacity building functions for local communities.
Political risk in Argentina	Changes in the Argentinian political, regulatory or fiscal framework impacting on Orocobre.	Continuous engagement between key management/directors and government at National and Provincial levels actively mitigate this risk. Ongoing engagement will ensure these relationships continue. JEMSE as the local partner of Sales de Jujuy has been effective in engaging with government on key issues.
Mining properties	Loss of title to mining properties due to unfulfillment of Mining Code obligations: canon payment, filing and compliance of minimum required investment plan.	An internal program has been established to ensure compliance with required permits and obligations. Periodic reviews are conducted by management.
Lithium markets		
Ineffective marketing of product	Lack of recourse and experience of marketing personnel creating suboptimal marketing outcomes.	Orocobre has established joint marketing rights with TTC for Olaroz production and has a dedicated resource working in TTC offices. Orocobre conducts strategic marketing research to better focus marketing and product innovation efforts. Significant efforts are being undertaken to broaden the customer base and lengthen average contract life. Product qualification with new customers is on-going.
Product price risk	Adverse fluctuation of Lithium price in the market versus basis for forecasting.	A focus on multi-year contracts and a mix of pricing mechanisms will diffuse product price risk. Increased customer mix will help with different geographies, industries etc. This strategy continues to be implemented.
Sustainability opportunities		
Further financial support of a low carbon economy	Access to private and public and private funds to assist with R&D, production upgrades, and investment in low carbon / water technologies.	
Deployment of renewable energy, energy storage and EVs leading to increased demand for Orocobre's lithium products	<p>Resulting from:</p> <ul style="list-style-type: none"> • A ramp up in political ambition to meet the goals of the Paris Agreement • Delivery of existing policies and current rates of technological innovation • Renewable energy and battery storage decreasing costs and increasing grid penetration • Increasing penetration of electric vehicles supported by policy-driven low carbon transition and achieved cost parity with fossil fuelled vehicles. 	
Changes in precipitation patterns and extreme variability in weather patterns leading to increased evaporation at Olaroz	Increased evaporation driven by climate change may potentially increase the productivity of the evaporation process and contribute to increased production.	

Environmental Regulation & Performance

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

Section 41 and 124 of National Constitution, Mining Code Law No. 1919 as amended by Environmental Protection Law for Mining Activity Federal No. 24.585, and General Environmental Law No. 25.675 and National Hazardous Waste Law are applicable to mining activity within all of Argentina.

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, Law No. 7017 of Waters Code of Salta Province and its regulatory decree No. 1502/00, 2299/03, among others, Provincial Law No 7141 of the Mining Procedure Code. The applicable authority in Salta is the Mining Secretary of the Province of Salta and the 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, Decree No. 6002 Dangerous Residues Regulation, Decree 5772-P-2010, Provincial Environmental Law No. 5063. The applicable authority in Jujuy is the Provincial Department of Mining and Energy Resources (Dirección Provincial de Minería y Recursos Energéticos).

There have been no reportable environmental events under the regulations in Jujuy or Salta due to the Company's activities. There were two minor non-reportable issues at Olaroz, with no material or enduring environmental impact; these are a 500-litre fuel spill by a supplier and a vehicle collision with a vicuña at Olaroz Operations. At Sijes facilities plant, there was a fuel leak of 100 litres related to the overflow of a generator fuel tank. Remediation actions were undertaken, and the generated hazardous waste sent to final disposal with an authorized operator as reported to the authorities.

Within its' operations in Argentina, the Company has instituted ISO 31000, Risk Management. This complements ISO 9001, Quality Assurance, ISO 14001 Environmental Management and OHSAS 18001 Occupational Health and Safety Management System was implemented in FY12. Borax is accredited under ISO 9001 and ISO 14001 plus SALTA ECOSELLO regarding environmental management.

Non-Audit Services

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

Rounding of Amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the instrument applies.

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.

Verification of Reports

Orocobre undertakes internal verification of all reporting and announcements other than financial reporting that is verified by the Company's auditors. The internal verification process involved a review of all relevant reports or announcements by the executive management team and where appropriate the Board of Directors. This process ensures that all information released in the public domain is accurate and correct.

Internal Audit

The Company does not have a formal internal audit function, however many of the responsibilities of internal audit are undertaken by Orocobre corporate staff under the supervision of relevant managers. The Audit Committee review activities undertaken by the Company and Whistle-blower referrals and investigations.

Remuneration Report

Letter from the Chair

Dear Shareholder,

Welcome to this year's remuneration report. We were pleased with shareholder support for last year's report with nearly 94% of votes cast at the Annual General Meeting (**AGM**) in favour. We have applied our remuneration philosophy, plans and practices consistently again and hope that we will have equally strong support at the AGM this year.

The Board continues to be strongly committed to a remuneration philosophy, policies and practices that are fair, competitive, effective and responsible and to their transparent and clear communication. We also believe in the need to design bespoke remuneration structures for Orocobre aligned with Argentine market practices and are motivational to management, ensuring retention of talent and alignment to investor objectives.

In FY20 Orocobre instituted significant changes to its operating and management model following the Board's decision in FY19 to appoint our Argentina resident Managing Director, Martín Pérez de Solay. Martín moved quickly to recruit a highly capable Argentina resident management team completing this process in FY20.

The executive and operational management team is now Argentina centric which is more than appropriate given the location of our resources and assets, the value of this decision has been clearly demonstrated in recent times. The restructure of the management team also resulted in a reassessment of the executive Key Management Personnel (**KMP**) which is now limited to our Managing Director/Chief Executive Officer and Chief Financial Officer.

The external landscape has changed significantly for everyone since our last remuneration report with COVID-19 affecting almost everyone, everywhere. In addition, Orocobre has been contending with an ongoing weak lithium market which has significantly impacted its financial performance. Collectively with the Argentina fiscal and economic situation being characterised by rampant inflation and continued currency devaluation this has presented the Orocobre team with the greatest challenges in its short history. Despite this environment significant progress has been made in our focus areas of Safety, Quality, Productivity and Growth, examples of which are:

Safety	Swift implementation and monitoring of the Orocobre Bio-security Protocols to preserve our capacity to operate.	✓
	Group LTIFR reduced to 2.5 in FY20 from 3.0 in FY19.	✓
Quality	Improved Olaroz operational stability with higher brine feed grades and lithium recovery and improved product quality indicators.	✓
	Decreased unplanned maintenance events and lower repair turnaround time.	✓
Productivity	22% decrease in Olaroz operating costs from Q1 FY20 to Q4 FY20, and corporate costs by 24% excluding restructuring costs.	✓
	Continual improvement in product quality evidenced by new multi-year contracts and decreased spot market sales planned for FY21.	✓
Growth	Olaroz Stage 2 expansion now 40% complete.	✓
	Naraha Lithium Hydroxide Project is 70% complete.	✓

In FY20, the People and Governance Committee devoted considerable time to the appropriate level of Short Term Incentive (**STI**) awards. There are three components to the STI considerations:

1. As flagged in the FY19 Remuneration Report the STI for the Managing Director and CEO was assessed on the first anniversary of his appointment, being January 2020;
2. The period in FY20 up to the adverse impact of COVID-19 on the operational and financial performance of the Group.

For both these assessments the Committee considered that target KPIs had been substantially met.

3. The period post COVID-19 which demanded a fundamental change of focus to the health, safety and wellbeing of our employees and communities.

In this period industry leading bio-security protocols were introduced to maintain operations and the confidence of our communities and hence minimise the financial costs of COVID-19 and ongoing low lithium prices. Management also continued to achieve the agreed goals associated with Safety, Quality and Productivity in this period.

The Board considered fully the disappointing earnings outcome and share price performance before making these awards. Consequently, STI awards were reduced by 20% from target achievement and this year will be paid in performance rights vesting on 1 July 2021. In this way we have endeavoured to balance the goals of shareholder alignment with our desire to retain this highly motivated management team over the next crucial few years, when the continued improvements in operating performance and the successful completion of our growth projects remain our primary goals and the most effective method of increasing shareholder returns.

Environmental, Social and Governance (ESG) matters have moved from the niche to the mainstream over recent years and this year we published our third Sustainability Report. We are now well placed to further build on the Safety targets in the current STI with other key ESG targets and goals drawn from our Sustainability Report into our ever-evolving governance and remuneration practices for FY21.

In September 2019 the Board received the recommendation of its first third party governance review. One of its recommendations related to our Board Committee structure and so we have broadened the role of the Remuneration Committee to that of a People and Governance Committee. We believe that the expanded scope and responsibilities of this committee are more appropriate for a contemporary corporate landscape and the roles of our people and the broader Orocobre team in delivering on our strategic goals. Fernando Oris de Roa has assumed the role of Chairman of the People and Governance Committee from August 2020 recognising the establishment of the executive team in Argentina and the new operating environment imposed by COVID-19.



Fernando Oris de Roa and Robert Hubbard
Chairman, People & Governance Committee

Remuneration Report

(audited)

This Remuneration Report outlines the overall remuneration strategy, framework and practices adopted by the Company. It has been audited in accordance with Section 308(C) of the Corporations Act 2001.

In addition to the statutory requirements, additional sections summarising remuneration for the year ended 30 June 2020 have been included where appropriate.

At the most recent Annual General Meeting held on 22 November 2019, 93.91% of votes cast at the meeting were in favour of the adoption of the Remuneration Report. In addition, all resolutions related to the remuneration of our Managing Director were passed resoundingly.

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

- A. Directors and Executives
- B. Role of the People & Governance Committee
- C. Remuneration Framework

D. Relationship of incentives to Orocobre's Operating and Financial Performance

E. Take home pay

F. Service agreements

G. Details of Remuneration

H. Share-based compensation issued to the Non-Executive Directors and Executive KMPs

I. Shareholdings of KMPs

Remuneration information for KMPs is reported in US Dollars (US\$) (consistent with the remainder of the report) although the contractual arrangements are in Australian Dollars (AU\$) for KMPs other than the MD/CEO whose contractual arrangement is in US Dollars (US\$).

A. Directors and Executives

In addition to the Non-Executive Directors, Executive KMPs are members of the leadership team who have the authority and responsibility for planning, directing and controlling the activities of Orocobre, directly or indirectly, during the year ended 30 June 2020. Since FY19, Alex Losada (formerly Chief Operating Officer) has left the company and Rick Anthon's role has been redefined such that he is no longer considered a KMP.

KMPs of the Company for the financial year ended 30 June 2020 are as follows:

Name	Position	
Robert Hubbard	Non-Executive Chairman	Appointed Chairman July 2016 (Director November 2012)
Martin Perez de Solay	Managing Director & Chief Executive Officer (MD/CEO)	Appointed January 2019 and Employed November 2018
Richard Seville	Non-Executive Director	Appointed January 2019
John Gibson	Non-Executive Director	Appointed March 2010
Fernando Oris de Roa	Non-Executive Director	Appointed June 2010
Federico Nicholson	Non-Executive Director	Appointed September 2010
Leanne Heywood	Non-Executive Director	Appointed September 2016
Masaharu Katayama	Non-Executive Director	Appointed April 2018
Neil Kaplan	Chief Financial Officer (CFO)/Joint Company Secretary	Employed January 2013

B. Role of the People & Governance Committee

During FY20 the role of the Remuneration Committee was redefined and expanded to now be the People and Governance Committee. The People & Governance Committee is comprised of Independent Non-Executive Directors. The membership of the committee for FY20 comprised Robert Hubbard — Committee Chair, Leanne Heywood and Federico Nicholson. Since year end Fernando Oris de Roa has joined the Committee and has assumed the role of Chairman. This is a response to a more Argentina centric executive team and the new operating environment imposed by COVID-19. We believe that the expanded scope and responsibilities of this committee are aligned with the prioritisation of talent as a strategic asset for our organisation.

The People & Governance Committee's role and interaction with the Board, internal and external advisors, is determined by its [Charter](#) and in reference to the [Orocobre Remuneration Policy](#).

The People & Governance Committee operates under the delegated authority of the Board. The Board reviews, applies judgment and, as appropriate, approves the People and Governance Committee's recommendations. The People and Governance 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 matters relevant to remuneration and performance measurement:

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

For each annual remuneration review cycle, the People and Governance Committee considers whether to appoint a remuneration consultant and, if so, their scope of work. No consultant was engaged in FY20.

In FY19 Mercer were paid a total of US\$8,992 / AU\$12,500 for remuneration related services.

The Committee is responsible for reviewing aspects of people management including:

- Organisational health including corporate culture, values, compliance with the Code of Conduct, performance measurement and management;
- Executive talent review and succession planning;
- Diversity, including gender, cultural and cognitive diversity at Board, Executive Management, Management and general workforce levels;
- Matters referred to the Committee by other Committees of the Board and related to people management issues;
- Monitoring of key performance indicators.

The Committee is also responsible for corporate governance matters referred to it by the Board with specific reference to:

- Board and committee performance evaluation;
- Recommendations on election and re-election of Directors;
- Board succession planning and recruitment;
- Assessment of independence of Directors;
- Evaluation of Board and committee composition including skills, tenure and diversity; and
- Engagement of consultants for the purposes of the above aspects of people management.

C. Remuneration Framework

Remuneration is determined in accordance with the Orocobre [Remuneration Policy](#) which provides that the People and Governance Committee will ensure that the remuneration practices:

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

Under section 4, the Policy 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 Group's short and long-term performance objectives.

Remuneration Report

(audited)

The People and Governance Committee has once again undertaken an evaluation of its remuneration practices to ensure it remains contemporary and meets the objectives set out above and 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, different time zones and in a complex operating environment. This approach has been no more relevant than this year which has been unique in all our corporate experience. The Committee has necessarily responded in the application of the Orocobre remuneration practices. Examples of the demands placed on management and the Board have been:

1. Operating in Argentina's Stage 4 lockdowns since March 20 requiring self-isolation and remote working whilst maintaining and implementing the Orocobre Bio-security Protocols and continuous communication with authorities and communities. Despite these constraints, maintaining forward momentum on safety performance, Stage 2 Expansion, reductions in costs and improving operating performance;
2. Responding to the fiscal and economic challenges being experienced by Argentina characterised by strict foreign currency controls, severe devaluation and rampant inflation;
3. Falling lithium prices in an oversupplied market adversely impacting new entrants such as Orocobre.

In applying our philosophy this year, we have considered many variables including:

- The remuneration paid by the Group's peers (by reference to industry, market capitalisation and relevant geographic location), although we consider contemporary benchmarks are less reliable in volatile times and more bespoke approaches are required;
- The Group's performance over the relevant period acknowledging those aspects within management control and those exogenous to our operations;
- How to link remuneration to successful implementation of the Group's strategy, including the targets which need to be achieved to implement that strategy and the changes to those targets arising from COVID-19 and in particular the health and wellbeing of our employees and communities;

- Internal relativities and differentiation of pay based on performance;
- The demands placed on certain executives to work considerable periods of time in lock down, operating remotely and the extraordinary time outside normal working hours;
- The size, scale, location and complexity of the operations of the Group;
- Competition for talent in Argentina with the expansion, construction and development of other lithium brine projects in Argentina and a major development approaching completion in the adjacent Salar.

Non-Executive Directors

The maximum aggregate remuneration of Non-Executive Directors is determined by the shareholders at a general meeting. The current aggregate fee pool is AU\$850,000 (US\$571,948) (2019: AU\$850,000 (US\$607,704)) which was established and approved at the 2017 AGM.

Non-Executive Director fees last increased in January 2018 and despite being lower than many peer companies no increase is anticipated until Orocobre's financial performance warrants such an increase.

Non-Executive Directors receive reimbursement for any costs incurred directly related to Orocobre business on an approved basis.

The Non-Executive Directors do not participate in the Performance Rights and Option Plan (**PROP**) in accordance with ASX Corporate Governance guidelines.

A Non-Executive Director Share Rights Plan (NED SRP) was approved at the 2019 AGM. The NED SRP was introduced to support Non-Executive Directors build their shareholdings in the Company and as a means of enhancing the alignment of interests between Non-Executive Directors and shareholders generally. The current Non-Executive Directors generally have shareholdings commensurate with their fees and tenure. As of 30 June 2020, the NED SRP has yet to be formally implemented by the Board, however it remains our preferred mechanism for directors to accumulate shares and attract future directors.

See the FY19 Notice of Annual General Meeting Resolution 8 for more details on the NED SRP.

Annualised fees (including Superannuation) have remained at the levels below since 1 July 2017:

	30 June 2020		30 June 2019	
	US\$	AU\$	US\$	AU\$
Position — Non-Executive Directors				
Chairman	126,165	187,500	134,052	187,500
Other Non-Executive Directors	67,288	100,000	71,495	100,000

Average exchange rates as at date of payment used for the conversion from AU\$ to US\$ are as follows:

July 2019 — June 2020 — 1 US\$: 1.4862 AU\$

July 2018 — June 2019 — 1 US\$: 1.3987 AU\$

Managing Director and Other Executive KMPs

Orocobre intends to provide an appropriate mix of remuneration components balanced between fixed and 'at risk' components. During FY19, the People and Governance Committee commenced a review of the balance of short-term incentives and long-term incentives (LTI's) to appropriately motivate its Executive KMPs and align their interests with key short-term goals set by the incoming Managing Director/CEO. This review concluded that with current strategic priorities and competition for skills by peer companies the STI component of remuneration should be increased from 20% in FY19 to 30% for FY20.

The planned remuneration and composition can be illustrated as follows:

Name/Position	Fixed Remuneration ¹		STI		LTI	
	2020	2019	2020	2019	2020	2019
Managing Director/CEO						
Martín Pérez de Solay (CEO)	46%	50%	24%	18%	30%	32%
Other Executives						
Neil Kaplan (CFO)	44%	45%	12%	9%	44%	46%

Name/Position	Fixed Remuneration ¹		STI		LTI	
	2020	2019	2020	2019	2020	2019
Managing Director/CEO						
Martín Pérez de Solay (CEO)	700,000	700,000	375,000	250,000	450,000	450,000
Other Executives						
Neil Kaplan (CFO)	316,088	317,096	89,683	65,775	316,088	328,875

Average exchange rates as at date of payment used for the conversion from AU\$ to US\$ are as follows:

July 2019 — June 2020 — 1 US\$: 1.4862 AU\$

July 2018 — June 2019 — 1 US\$: 1.3987 AU\$

¹ Salary increases effective 1 January 2019. For FY 2019 Executive KMP's were paid 50% of 2018 and 50% of 2019 from the above fixed remuneration. From 1 July 2019, Executive KMP salary increases were aligned with the financial year.

Fixed remuneration (summary of contracts)

There have been no increases in KMP fixed remuneration during FY20. The increase disclosed for the CFO reflects the increase approved in FY19 commencing 1 July 2019 and was based on independent benchmarking.

Remuneration Report

(audited)

Short term incentives

For all Executive KMPs the maximum STI in FY20 was US\$464,683 or a maximum of 54% pro rata (CEO) and 30% (KMP) of base salary. In general, the STI was increased to 30% in FY20 for the CFO and other executives and management not considered KMP. This increase more substantively reflects the strategic corporate objectives of Orocobre and the transformational projects that are underway within the business for the next few years. The complexity of the business is increasing and this will bring additional challenges and responsibilities for management which initially will be reflected in the increased STI. The advantage to the company is that management are incentivised to deliver key growth projects, but these increases are not locked into fixed remuneration. The People and Governance Committee is of the view that when these projects are successfully delivered and the value is reflected in the business, then fixed remuneration should be reassessed.

Individual goals are also included in the assessment of the STI and include items such as safety, successful implementation of the Olaroz expansion, delivery of the Naraha lithium hydroxide project, specific sales and marketing improvements and business growth initiatives, efficient management of related party shareholders' interests and stakeholder relationships. Individuals executive goals are defined and measurable. The award of STIs based on achievement of these individual goals is also viewed in the context of the overall operating and financial performance of Orocobre. Performance against the annual business plan and budget have been considered in the controllable areas of production, quality, unit cost and sustainability goals in relation to safety, environment and social performance.

Specific goals and commentary for FY 20 were as follows:

	Pre-COVID-19	Post-COVID-19
Safety	Employed dedicated corporate health and Safety Manager reporting to the COO as evidenced in improved safety performance at SDJ despite increased expansion construction activity.	Successful, rapid deployment of COVID-19 Bio-security Protocols with no evidence of virus infection on any site. Achieved a continued improvement in SDJ safety, however, additional focus is now required on Borax following deterioration of safety statistics in the second half of the year.
Quality	Strengthened the Quality procedures and team as evidenced in the reduction of customer claims.	All product produced and sold during the period met customer chemical quality specifications, however a few packaging integrity claims were recorded which were rapidly resolved by the team.
Productivity	During the period we achieved better plant stability at Olaroz enabling improved plant recovery rates and handling of the brine inventory that resulted in lower production costs. Strong focus on costs with 22% reduction from Q1 FY20 to Q4 FY20. Also, corporate costs were reduced by 24% from FY19 (excluding restructuring costs).	Production was down only 5% from previous year, despite COVID-19 shutdowns and a weak lithium market that required operation of the plant at lower rates to match demand. Brine production and pond management were fully operational throughout the year despite COVID-19 restrictions. Logistics across Provincial and National borders were successfully resolved and the majority of customer shipments were fulfilled.
Growth	Olaroz construction reached 40% completion and the Naraha LiOH plant reached 70% completion. A review of engineering and the capital expenditure estimate for the Olaroz expansion were undertaken resulting in updated guidance, however due to current COVID-19 restrictions the timing of completion remains uncertain.	Goals for FY20 were also reconsidered in the second half of the year due to the changing operating environment and need for focus on the significant risk to operations should there be COVID-19 transmission on site. The development and implementation of the Orocobre Bio-security Protocols has generally been successful to date allowing continued operations at Olaroz and Borax, significantly reducing the financial implications of COVID-19 and preserving shareholder value.

CEO and Managing Director STI

As reported in the FY19 Remuneration Report the CEO STI was deferred for consideration until the one year anniversary of appointment. Consequently, the CEO STI target set out below represents 1.5 years target or US\$375,000. The Board considered the CEO STI in two tranches:

1. In January 2020, being the one year anniversary of appointment as Managing Director. An award of 80% of the annual target amounting to US \$200,000 to be paid in cash, was made based on achievement of the following KPIs:

	Max Target	Achievement %
Safety	20%	18%
Productivity and cost reduction	20%	15%
Quality	20%	17%
Growth initiatives — Stage 2 Expansion and Naraha	20%	12%
Transition (stakeholder engagement, management capability, culture, values and communication)	10%	8%
Qualitative (decisiveness, engaging for impact, agile and adaptive, delivering reliability)	10%	10%
Total	100%	80%

2. For the period from February to 30 June 2020 the target KPI's were 75% achieved:

	Max Target	Achievement %
Safety and COVID-19 Bio-security protocol implementation and safety	30%	25%
Production and unit cost reduction	30%	25%
Long term sales contracts	20%	12.5%
Strategic Growth initiatives - Expansion & Naraha LIOH	20%	12.5%
Total	100%	75%

CFO STI

The CFO's STI KPIs for the FY20 achieved a target of 85%:

	Max Target	Achievement %
Growth projects — Olaroz Expansion and Naraha — negotiation, completion of finance documents and maintenance of facilities	20%	20%
Corporate costs — define a corporate cost reduction strategy with targeted savings	20%	20%
Lithium sales and marketing — define a plan to achieve >50% of sales in contracts > 1yr	20%	15%
Planning and cost control - improve the existing planning process	20%	15%
Reducing unit cost of production	20%	15%
Total	100%	85%

Remuneration Report

(audited)

STI FY 20 Summary

For FY20 the STI targets set by the Board were substantially met. Given the reported loss for the year and the flat share price performance the Board exercised its discretion to:

1. Reduce the value of the STI awards for KMPs and other management by 20%, and
2. Change payment terms from cash to performance rights vesting on 1 July 2021. Key terms of the deferred STI performance rights are as follows:
 - Performance Rights would be issued at a VWAP of the 5 days following the issue of the annual report for FY20;
 - Such person would need to be an employee on 1 July 2021;
 - Shares when issued are transferred to an employee's account;
 - Taxes, if applicable, to be withheld by the Company upon vesting;
 - An effected employee leaving due to the Company's decision during FY21, excluding Just Cause, such Performance Rights would convert to shares and would vest immediately upon the employee leaving or such amount would be paid in cash;
 - For the CEO/MD such Performance Rights will be put before the shareholders at the AGM for approval and if not approved will be payable in cash.

Position	FY	STI Opportunity		STI Accrued /Paid		%	
		US\$ ^{1,2}	% of FR	US\$ ^{1,2}	Achieved	Forfeited	
Martín Pérez de Solay (CEO) ³	2020	375,000	54%	275,000	73%	27%	
	2019	158,219	36%	-	0%	0%	
Neil Kaplan (CFO)	2020	89,683	30%	60,984	68%	32%	
	2019	65,775	20%	52,620	80%	20%	

¹ Average exchange rates as at date of payment used for the conversion from AU\$ to US\$ are as follows:

July 2019 – June 2020 – 1 US\$: 1.4862 AU\$

July 2018 – June 2019 – 1 US\$: 1.3987 AU\$

² FY19 STIs are based on salary including Superannuation contributions

³ The CEO, Martín Pérez de Solay's FY19 STI was assessed on the first anniversary of assuming the role of Managing Director.

STI FY 21

The STI in FY21 will incorporate similar goals and KPIs to FY20 in relation to the ongoing focus on Safety, Quality Productivity, and Growth. Achievement of these KPIs will represent 60% of the target STI award. The balance of the STI will be based on achieving corporate goals such as profit and cash flow performance and achievement of the goals set out in the FY19 Sustainability Report.

Long term incentives

For FY20, the Company provided the LTI to Executive KMPs, and the MD/CEO whose LTI needed to be approved at a General Meeting through the PROP. This plan was approved by shareholders at the 2019 Annual General Meeting. There are no options outstanding at 30 June 2020.

The LTI is subject to the terms and conditions of the approved Orocobre PROP. These are available on the Orocobre website at [Performance Rights and Option Plan](#).

The objective of the grant of PRs is to provide an incentive to Executive KMPs which promotes both the long-term performance and growth of the Group and encourages the retention of the Company's executives and the attraction of new executives to the Company.

The remuneration tables in Section H provide details of LTI grants to executive KMPs. The tables also detail the vesting periods and lapsing of PR.

The following table summarises the key features of the Performance Rights issued to the executive KMPs for the year ended 30 June 2020.

Performance Rights

Description	It is a contemporary risk equity long term incentive plan which allows the Company to provide Performance Rights to eligible and invited employees, subject to the terms of the plan. PR are 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, if any.
Grant date	The Rights were granted on 11 March 2020 for the 2020 financial year.
Performance Period/ Exercise Price	There is a 3-year vesting period which commenced on 31 August 2019. The vesting date for the performance rights is the later of 31 August 2022 or date of release of the Group's financial results for the 2022 financial year. Vesting of the 2020 Performance Rights are subject to the matrix of outcomes. 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. Whether the Company settles Rights from a new issue or by on-market purchase will usually be determined by the Board, at the time of vesting and exercise.
Retesting	Performance conditions will be tested at the vesting date and if the performance conditions have not been met, the Rights will lapse.
Forfeited	Unless the Board otherwise determines, the Rights will lapse on the earlier of: <ol style="list-style-type: none"> 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).
Dividends	Performance Rights are not entitled to dividends or other distributions. Shares acquired on vesting and exercise of Performance Rights will be ordinary securities and entitled to dividends, if any. No dividends apply before vesting and exercise.
Restrictions	Participants cannot secure, mortgage or create a lien in respect of their interests in the PROP. All executive KMPs 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.
Change of Control	A Change of Control occurs when the Board advises Participants that one or more persons acting in concert have acquired, or are likely to imminently acquire "control" of the Company, as defined in section 50AA of the Corporations Act. In the event of a change of control of Company, the Board has discretion to determine that vesting of all or some of the Rights and Options should be accelerated. If a change of control occurs before the Board has exercised its discretion, a pro rata portion of the Rights and Options will vest, calculated based on the portion of the relevant performance period that has elapsed up to the change of control, and the Board retains a discretion to determine if the remaining Rights and Options will vest or lapse.
Dilution	The issue of shares under the 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 12 months pursuant to any other employee share scheme operated by the Company, a maximum of 15% of the total issued capital of the Group at the time of the grant, excluding unregulated offers. Offers made, that rely on Listing Rule 7.1 (effective from November 2019) will not exceed 15% of shares on issue as a result of any offers made during the previous three year period.

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

TSR Hurdle: Absolute (50% of LTI Grant)			TSR Hurdle: Relative (50% of LTI Grant)		
TSR performance over the Measurement Period and subject to meeting the following compound annual rate thresholds:			TSR performance over the Measurement Period relative to the constituent companies of the ASX300 Resources Index subject to the following thresholds:		
Target return per annum	% Vesting	% Achieved 2017 PR ¹	Target percentile	% Vesting	% Achieved 2017 PR
Greater than 12.5%	100%	2017 starting share price is A\$3.75. 30 June 2020 closing share price is A\$2.45	Greater than 75th	100%	Per Independent Third-Party calculation, 7.5th percentile was achieved
Greater than 10.0%	75%		Equal to or greater than 50th	50%	
At least 7.5%	50%		Less than 50th	0%	
Less than 7.5%	0%				
2017 Performance Rights absolute share price return per annum is -13.2%.		Achieved: 0%	Interpolated vesting on a straight line between the 50th and 75th percentile.		Achieved: 0%

¹ The starting position for the Absolute TSR Hurdle is the VWAP of the shares for the 5 day period immediately following the release of the Annual Report:
FY18 — 3.944
FY19 — 4.280

Remuneration Report

(audited)

Long term equity incentive grants to selected key executives, including executive KMPs, are considered on an annual basis. They are subject to a three-year performance period. The value of LTI grants is calculated on a set percentage of fixed remuneration.

Name/Position	FY	Number of PR granted ¹	Face value ²		Fair Value of LTI Granted during the year ⁴
			AU\$	US\$	US\$
Martín Pérez de Solay (CEO) ⁵	2020	360,337	1,337,535	900,000	297,760
	2019	-	-	-	-
Neil Kaplan (CFO)	2020	199,490	469,754	316,088	189,928
	2019	107,477	460,000	328,875	108,241

¹ The 2020 number of rights granted is equal to the LTI value divided by the Company's 5 day VWAP of the Company's Shares of AU\$2.35 for the 5 day VWAP immediately following the release of the 2019 results.

² Face value represents the LTI amount achieved used to calculate the number of PR's granted.

³ Converted at the same average rate consistent with other tables

⁴ The value at grant date calculated in accordance with AASB 2 Share-based Payment of awards granted during the year as part of remuneration. More information is available in section H.

⁵ In FY19 Martín Pérez de Solay was entitled to 87,524 PRs at a VWAP of AU\$4.52 based on closing price of the Company's Shares at 12 November 2019. The PRs were not granted as they required shareholder's approval at the AGM in November 2019. The PRs granted in FY20 represent the PRs approved by shareholders at the 2019 AGM in relation to both FY19 and FY20 remuneration.

MD/CEO Commencement and Retention Right incentive

In FY19, subject to the terms of the employment agreement the MD/CEO was offered Commencement and Retention Rights (CRR) partly in recognition of incentives forgone. Tranche 1 – US\$250,000 of PR vesting and based on the share price on the first anniversary of employment with Orocobre. Tranche 2 – US\$250,000 of PR vesting and based on the share price on the second anniversary of employment with Orocobre.

In the first two years of employment unvested CRR's will vest in full in the event of a change of control, or in the event of redundancy, loss of employment due to death and disability, or termination by Orocobre other than for cause.

On 12 November 2019, the first anniversary of employment, 132,818 Ordinary Shares were issued from Tranche 1 based on the share price of US\$1.882.

Name/Position	FY	Number of PR granted ¹	Face value		Fair Value of LTI Granted during the year
			US\$	US\$	US\$
Martín Pérez de Solay (CEO)	2020	132,818	250,000	250,000	
	2019	-	-	-	-

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. More information is available in section H.

D. Relationship of incentives to Orocobre's Operating and Financial Performance

The fundamental aim of Orocobre is to create value for shareholders by establishing operations that produce high quality products from relatively low capital and low operating cost operations. The Group 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 FY20, individual goals are also viewed in the context of the overall operating and financial performance of Orocobre. Performance against the annual business plan and budget has been considered in the broad areas of Safety, Productivity, Quality and Growth.

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

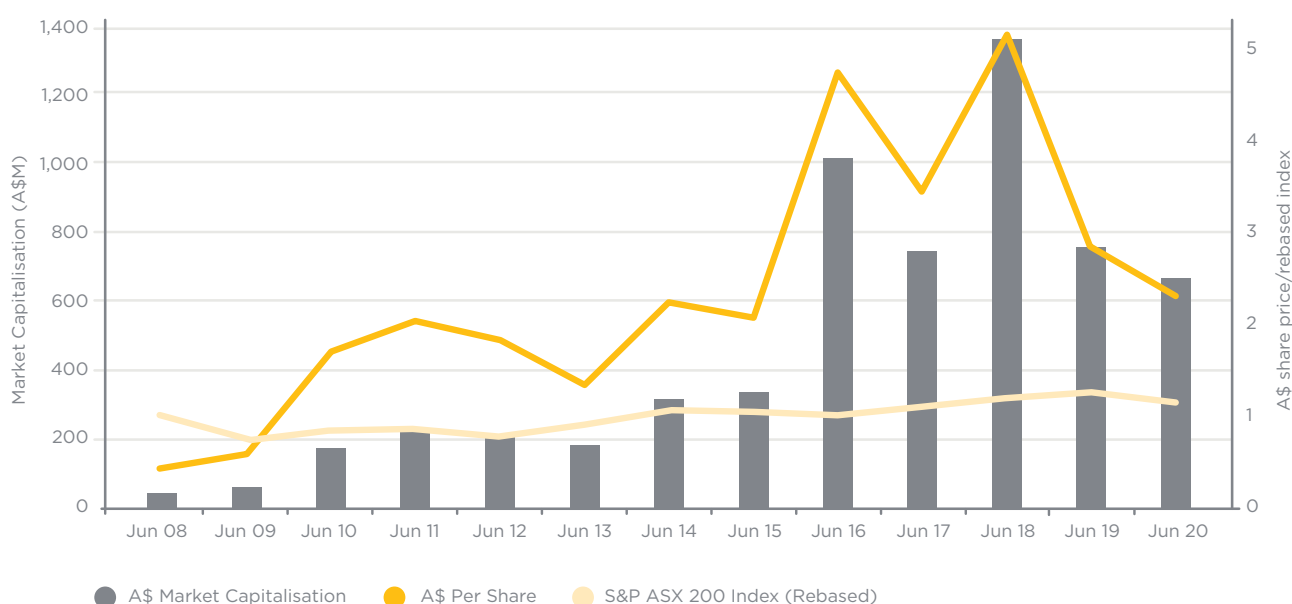
Name/Position	Fixed remuneration		At risk – STI		Fixed – LTI ¹		At risk – LTI		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
CEO/Managing Director	%	%	%	%	%	%	%	%	%	%
Martín Pérez de Solay (CEO)	47%	100%	18%	0%	29%	0%	6%	0%	100%	100%
Other executive KMP										
Neil Kaplan (CFO)	57%	60%	10%	9%	0%	0%	33%	31%	100%	100%

¹ The Fixed LTI remuneration relates to the CRR Incentive issue

Year	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020
A\$ per share	\$2.10	\$4.79	\$3.47	\$5.17	\$2.82	\$2.31
US\$ market capitalisation ('000)	\$244.85	\$746.49	\$561.91	\$1,348.00	\$516.40	\$439.90
Basic Earnings / Loss Per Share (EPS) (US cents)*	\$(0.59)	\$(11.91)	\$9.19	\$0.83	\$20.90	\$19.64
US\$ profit/(loss) ('000)	\$(845)	\$(21,913)	\$19,439	\$1,920	\$54,586	\$(67,159)
S&P ASX 200	5459	5233	5722	6195	6619	5898

The graph below shows the complete historical movement in the share price and market capitalisation against the evolution of the ASX 200 Index.

Orocobre Limited Historical Share Price, Market Capitalisation and S&P ASX 200 Index (Rebased):



Remuneration Report

(audited)

E. Take home pay (non-IFRS)

The table below has not been prepared in accordance with accounting standards but has been provided to ensure shareholders are able to clearly understand the remuneration outcomes for Executive KMP. Executive remuneration outcomes, which are prepared in accordance with the accounting standards, are provided in Section G.

The remuneration outcomes identified in the table were paid/payable in relation to FY20, and are linked to the Group performance described in Section D. The actual STI is dependent on Orocobre and individual performance as described in Section C.

The actual vesting of the LTI is dependent on Orocobre's performance and the outcomes are further described in Section H.

	Fixed Remuneration ¹	STI ²	LTI Vested ³	Actual FY2020 Remuneration outcome
	US\$	US\$	US\$	US\$
Martín Pérez de Solay (CEO)	700,000	275,000	250,000	1,225,000
Neil Kaplan (CFO)	316,088	60,984	-	377,072

¹ Fixed Remuneration comprises base salary and Superannuation contributions.

² FY20 STI which will be paid in September 2020.

³ Represents Tranche 1 of Martin's CRR issued and vested during the 2020 financial year.

F. Service Agreements

Remuneration and other key terms of employment for the CEO and other executive KMPs 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/Position	Term of Agreement	Notice Period by either Party	Termination Benefit
Martin Perez de Solay (CEO)	Open	9 months	9 months fixed remuneration
Neil Kaplan (CFO)	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 and no incentives are eligible to vest when termination arises due to breach of agreement, serious misconduct, criminal offence or negligence.

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.

G. Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP is as follows:

Name		Directors' Fees/Base Salary	Short-Term Employee Benefits			Post-Employment Benefits	Long-Term Employee Benefits	Equity Settled Options	Total Remuneration
			Annual Leave Movement	Short Term Incentive ¹	Non-monetary Benefits	Super-annuation	Long Service Leave	Share-based Payments ²	
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Non-Executive Directors									
Richard Seville	2020	61,046	-	-	-	5,775	-	-	66,821
	2019	14,251	-	-	-	-	-	-	14,251
Courtney Pratt (Resigned Nov 2018)	2020	-	-	-	-	-	-	-	-
	2019	28,896	-	-	-	-	-	-	28,896
John Gibson	2020	66,821	-	-	-	-	-	-	66,821
	2019	70,665	-	-	-	-	-	-	70,665
Fernando Oris de Roa	2020	66,821	-	-	-	-	-	-	66,821
	2019	70,665	-	-	-	-	-	-	70,665
Federico Nicholson	2020	66,821	-	-	-	-	-	-	66,821
	2019	70,665	-	-	-	-	-	-	70,665
Masaharu Katayama (Appointed 12 April 2018)	2020	66,821	-	-	-	-	-	-	66,821
	2019	70,665	-	-	-	-	-	-	70,665
Robert Hubbard	2020	105,096	-	-	-	14,060	-	-	119,156
	2019	132,496	-	-	-	-	-	-	132,496
Leanne Heywood	2020	61,046	-	-	-	5,775	-	-	66,821
	2019	64,389	-	-	-	6,275	-	-	70,664
Total Non-Executive Directors	2020	494,472	-	-	-	25,610	-	-	520,082
	2019	522,692	-	-	-	6,275	-	-	528,967
CEO/Managing Director									
Martín Pérez de Solay (CEO)	2020	700,000	30,563	275,000	-	-	(7,655)	546,967	1,544,875
	2019	445,269	35,523	-	-	-	7,655	-	488,447
Richard Seville ³ (CEO) (Resigned Jan 2019)	2020	-	-	-	-	-	-	-	-
	2019	382,500	9,370	34,717	1,292	18,126	-	65,842	511,847
Other Executive KMP									
Neil Kaplan (CFO)	2020	298,944	12,944	60,984	12,406	17,144	6,201	204,496	613,119
	2019	300,331	(4,054)	52,620	2,202	18,053	9,249	172,478	550,879
Rick Anthon (CDM) (Role redefined 1 Jul 2019)	2020	-	-	-	-	-	-	-	-
	2019	261,413	7,741	45,185	1,056	18,025	6,152	157,706	497,278
Dr Alex Losada (COO) (Role redefined 1 Jul 2019)	2020	-	-	-	-	-	-	-	-
	2019	284,770	3,181	24,112	764	18,051	5,742	162,071	498,691
Total Managing Director & Other Exec. KMP	2020	998,944	43,507	335,984	12,406	17,144	(1,454)	751,463	2,157,994
	2019	1,674,283	51,761	156,634	5,314	72,255	28,798	558,097	2,547,142

Average exchange rates as at date of payment used for the conversion from AU\$ to US\$ are as follows:

July 2019 – June 2020 – 1 US\$: 1.4862 AU\$

July 2018 – June 2019 – 1 US\$: 1.3987 AU\$

¹ For the breakdown of the Short-Term Incentives, please see Section C for details.

² The value for Equity Settled Options presented in the table above is calculated in accordance with AASB 2 Share Based Payment and represents instruments granted under the LTI equity plans that have been expensed during the current year. The fair values of LTI's have been calculated by an independent third party.

³ Richard Seville's salary for FY19 excludes US\$69,949 of long services leave, paid upon resignation.

Remuneration Report

(audited)

H. Share-based Compensation Issues to the Executive KMPs

The table below highlights the movement in Rights for the Executive KMP in 2020.

Movement during the year								
	Grant Date	Vesting Date	Balance at 1 July 2019	Rights Granted ³	Rights Exercised ¹	Rights Lapsed	Balance at 30 June 2020	Unvested As at 30 June 2020 ⁴
Martín Pérez de Solay (CEO)	22/11/2019	31/08/2021	-	87,524	-	-	87,524	87,524
	16/12/2019	16/12/2019	-	132,818	(132,818)	-	-	-
	11/03/2020	31/08/2022	-	272,813	-	-	272,813	272,813
	Total Number		-	493,155	(132,818)	-	360,337	360,337
	Total Value US\$^{2,3}		-	547,760	(250,000)	-	327,499	327,499
Neil Kaplan (CFO)	31/03/2017	31/08/2019	56,800	-	-	(56,800)	-	-
	2/03/2018	31/08/2020	108,278	-	-	-	108,278	108,278
	11/06/2019	31/08/2021	107,477	-	-	-	107,477	107,477
	11/03/2020	31/08/2022	-	199,490	-	-	199,490	199,490
	Total Number		272,555	199,490	-	(56,800)	415,245	415,245
	Total Value US\$^{2,3}		508,153	189,928	-	(46,745)	648,038	648,038

¹ Rights exercised during the current financial year at a nil exercise price.

² Total value in US\$ is based on grant date fair 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.

³ The fair values of long term incentives have been calculated by an independent third-party valuer.

⁴ All Rights become exercisable upon the vesting date. There are no vested and exercisable rights as at 30 June 2020.

The table below summarises the details of the grants and assumptions that were used in determining the fair value of Rights on the grant date. A Monte Carlo Simulation is used to value the Performance Rights.

Input Variable								
Grant Date	2/03/18	2/03/18	11/06/19	11/06/19	22/11/19	22/11/19	11/03/20	11/03/20
Vesting Date	31/08/20	31/08/20	31/08/21	31/08/21	31/08/21	31/08/21	31/08/22	31/08/22
Expiry Date	30/09/20	30/09/20	30/09/21	30/09/21	30/09/21	30/09/21	30/09/22	30/09/22
Exercise Price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Share Price (Date terms agreed)	\$5.88	\$5.88	\$3.23	\$3.23	\$2.56	\$2.56	\$2.26	\$2.26
Expected Life (Days)	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095
Expected Volatility	47%	47%	47%	47%	48%	48%	49%	49%
Expected Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%
Expected Risk Free Rate	2.01%	2.01%	1.06%	1.06%	0.77%	0.77%	0.41%	0.41%
Performance Conditions	Market (TSR Absolute)	Market (TSR Relative)	Market (TSR Absolute)	Market (TSR Relative)	Market (TSR Absolute)	Market (TSR Relative)	Market (TSR Absolute)	Market (TSR Relative)
Fair Value (Average)	\$4.85	\$4.35	\$1.78	\$1.14	\$0.83	\$0.45	\$1.75	\$1.15

I. Shareholdings of KMP

Minimum shareholding guidelines

The Board has no approved minimum shareholding guidelines for Non-Executive Directors at the date of this Report. However, Non-Executive Directors have generally appropriate shareholdings and the Board will continue to review investor expectations in relation to this matter. At the 2019 AGM the shareholders approved a formal Plan requiring Non-Executive Directors to own a minimum number of shares. This Plan has yet to be formally adopted by the Board. The Directors regularly monitor investor expectations in this regard.

	Opening Balance 1 July 2019	Rights Converted	Acquired/(Sold)	Closing Balance 30 June 2020
Martín Pérez de Solay	20,000	132,818	-	152,818
Richard Seville	5,742,609	-	(200,000)	5,542,609
John Gibson	37,900	-	-	37,900
Fernando Oris de Roa	100,000	-	-	100,000
Federico Nicholson	121,500	-	-	121,500
Robert Hubbard	75,293	-	25,000	100,293
Leanne Heywood	14,050	-	5,000	19,050
Masaharu Katayama	-	-	-	-
Neil Kaplan	385,279	-	-	385,279
Total	6,496,631	132,818	(170,000)	6,459,449



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working world**

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Auditor's Independence Declaration to the Directors of Orocobre Limited

As lead auditor for the audit of the financial report of Orocobre Limited for the financial year ended 30 June 2020, 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

Andrew Carrick
Partner
28 August 2020

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Corporate Governance Statements

The Company's Corporate Governance Statements are summarised below. All of these documents can be downloaded via the Company's website: www.orocobre.com.

Corporate Governance Statement

The Company's Corporate Governance Statement is structured with reference to ASX Limited (ASX) Corporate Governance Council's "Corporate Governance Principles and Recommendations, 4th Edition".

Corporate Code of Conduct

Orocobre's Code of Conduct sets out the standard which the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

Disclosure Policy

Orocobre is listed on the ASX and Toronto Stock Exchange (TSX) and must comply with the Corporations Act, the ASX Listing Rules and the TSX Rule Book and Policies.

Trading Policy

The purpose of this Policy is to prevent insider trading in Orocobre Limited securities by informing employees of the prohibitions on them and parties related to them when dealing in Orocobre Limited securities and those of other related or potentially related companies.

Corporate Remuneration Policy

The purpose of this policy is to provide a framework for Executive Management and the People & Governance Committee when formulating and structuring management, employee and Director remuneration.

Diversity and Inclusion Policy

The Policy reflects and codifies the Company's value and respect for the competitive advantage of diversity (which includes but is not limited to gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity), and the benefit of its integration throughout the Company.

Board Conflict of Interest Policy

The policy sets out expectations and requirements for the Board of Directors regarding disclosure of interests, presence during discussion and voting, material information and outside commitments.

Anti-Bribery and Corruption Policy

Honesty, integrity and fairness are considered integral to way Orocobre operates. Conduct associated with bribery and corruption is inconsistent with these values. Orocobre is committed to operating in a manner consistent with the laws of the jurisdictions in which its businesses operate, including laws relating to bribery and corruption.

Whistleblower Policy

Orocobre is committed to ensuring that its employees and business partners can raise concerns regarding bribery, corruption or other 'Improper Conduct' without being subjected to victimisation, harassment or discriminatory treatment, and to have such concerns properly investigated.

Sustainable Development Policy

The Sustainable Development Policy records Orocobre's commitment to the achievement of the UN Global Compact's Sustainable Development Goals relevant to the Company's operations and the regular reporting on the Company's programs and progress.

Human Rights Policy

Orocobre is a signatory to the UN Global Compact and adheres to the UN Guiding Principles on Business and Human Rights. The policy acknowledges the responsibility to respect human rights and sets out methodologies to achieve positive human rights outcomes.

Environmental Policy

Orocobre is committed to ensuring the ongoing vitality of the local environment and the integrity of the ecosystems in which it operates. Orocobre operates in compliance with local and national environmental legislation and employs robust environmental management practices to ensure minimal impact on the local environment.

Landholder Engagement Policy

Orocobre has adopted the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (Performance Standard 5: Land Acquisition and Involuntary Resettlement) and World Bank Group's policy on Involuntary Resettlement as the basis for dealing with landholders affected by its operations.

Community Policy

Orocobre operates in north-west Argentina and acknowledges the importance of local community involvement and empowerment in the creation of long-term shared value. The Community Policy seeks to reflect the Company's ongoing commitment to the local communities through our activities and interactions.

Health and Safety Policy

In this policy we encourage and support all employees to achieve our "zero incident-zero harm" objective, by building their awareness and capability of core safety behaviours and incorporating necessary actions into their work plans to ensure the safety of themselves and others in the workplace.

Orocobre Limited Board Charter

Orocobre's Board Charter sets out the main principles adopted by the Board of Directors of the Company to implement and maintain a culture of good corporate governance both internally and in its dealings with outsiders. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Audit and Risk Management Committee Charter

The Audit and Risk Management Committee Charter sets out the role, responsibilities, composition, authority and membership requirements of the Committee.

People and Governance Committee Charter

The Orocobre Remuneration Committee Charter sets out the role, responsibilities, composition, authority and membership requirements of the People and Governance Committee.

Related Party Committee Charter

Orocobre's Related Party Committee Charter defines the purpose, authority and responsibility of the Orocobre Related Party Committee.

Sustainability Committee Charter

Orocobre's Related Party Committee Charter defines the purpose, authority and responsibility of the Orocobre Sustainability Committee.

Financial Report

Consolidated statement of profit or loss for the year ended 30 June 2020

		2020	2019
	Note	US\$'000	US\$'000
Revenue from contracts with customers	1	77,079	81,149
Cost of sales		(53,726)	(43,800)
Gross profit		23,353	37,349
Other income		15	75
Corporate and administrative expenses	2a	(21,274)	(16,815)
Selling expenses	2b	(5,996)	(7,962)
Depreciation and amortisation expense	8,9,30	(13,883)	(7,630)
Gain on business combination	18	-	30,741
Impairment of assets	3	(33,139)	(637)
Share of net gains of joint ventures	11	-	24,752
Share of net losses of associates	22	(1,507)	(1,544)
Foreign currency loss	2c	(11,678)	(6,078)
Profit/(loss) before interest and income tax		(64,109)	52,251
Finance income	2d	6,769	11,220
Finance costs	2e	(19,670)	(7,173)
Profit/(loss) before income tax		(77,010)	56,298
Income tax (expense)/benefit	4a	9,851	(1,712)
Profit/(loss) for the year		(67,159)	54,586
Profit/(loss) for the year attributable to:			
Owners of the parent entity		(51,991)	54,616
Non-controlling interests		(15,168)	(30)
Profit/(loss) for the year		(67,159)	54,586
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents per share)	5	(19.64)	20.90
Diluted earnings per share (cents per share)	5	(19.64)	20.79
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents per share)	5	(19.64)	20.90
Diluted earnings per share (cents per share)	5	(19.64)	20.79

These statements should be read in conjunction with the accompanying notes

Consolidated statement of comprehensive income

for the year ended 30 June 2020

		2020	2019
	Note	US\$'000	US\$'000
Profit/(loss) for the period		(67,159)	54,586
Other comprehensive profit/(loss)			
<i>(Items that may be reclassified subsequently to profit or loss)</i>			
Translation gains on foreign operations - subsidiaries	14b	1,044	1,059
Translation gains on foreign operations - associates	14b,22b	-	240
Net (losses) on revaluation of hedged derivatives		(1,019)	(2,223)
Movement in reserves from business combination	18	-	74,588
Gain/(losses) on revaluation of financial assets - associates	22a	31	(456)
Other comprehensive profit/(loss) for the year, net of tax		56	73,208
Total comprehensive profit/(loss) for the year, net of tax		(67,103)	127,794
Total comprehensive profit/(loss) attributable to:			
Owners of the parent entity		(51,681)	128,235
Non-controlling interests		(15,422)	(441)
Total comprehensive profit/(loss) for the year, net of tax		(67,103)	127,794

These statements should be read in conjunction with the accompanying notes

Consolidated statement of financial position

as at 30 June 2020

		2020	2019
	Note	US\$'000	US\$'000
Current assets			
Cash and cash equivalents	15	171,836	279,798
Trade and other receivables	6	16,403	22,510
Inventory	7	30,336	45,620
Prepayments	6	8,321	14,946
Total current assets		226,896	362,874
Non-current assets			
Other receivables	6	18,424	13,194
Inventory	7	42,009	34,537
Other financial assets	15	17,171	17,171
Property, plant and equipment	8	762,008	643,730
Right of use asset	30	27,494	-
Intangible assets	9	897	920
Exploration, evaluation and development assets	10	44,762	11,833
Investment in associates	22	6,000	28,779
Total non-current assets		918,765	750,164
Total assets		1,145,661	1,113,038
Current liabilities			
Trade and other payables	12	36,956	31,506
Derivative financial instruments	16	2,899	1,797
Loans and borrowings	15	62,397	76,695
Provisions	13	710	923
Lease liabilities	30	2,654	-
Total current liabilities		105,616	110,921
Non-current liabilities			
Other payables	12	5,396	1,919
Derivative financial instruments	16	5,461	5,658
Loans and borrowings	15	157,613	103,387
Deferred tax liability	4c	118,995	129,121
Provisions	13	33,355	27,336
Lease liabilities	30	28,651	-
Total non-current liabilities		349,471	267,421
Total liabilities		455,087	378,342
Net assets		690,574	734,696
Equity			
Issued capital	14a	548,462	527,716
Reserves	14b	(16,608)	(32,176)
Retained earnings		70,505	136,279
Equity attributable to the owners of Orocobre		602,359	631,819
Equity attributable to non-controlling interests		88,215	102,877
Total equity		690,574	734,696

These statements should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity

for the year ended 30 June 2020

		Issued capital	Retained earnings	Reserves	Total	Non- controlling interests	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2018		527,364	81,663	(106,923)	502,104	-	502,104
Business combination	18	-	-	-	-	103,340	103,340
Profit/(loss) for the year		-	54,616	-	54,616	(30)	54,586
Other comprehensive profit/(loss) for the year		-	-	73,619	73,619	(411)	73,208
Total comprehensive profit/(loss)		-	54,616	73,619	128,235	(441)	127,794
Shares issued during the year	14a	352	-	-	352	11	363
Share-based payments	14b	-	-	1,082	1,082	-	1,082
Other movements		-	-	46	46	(33)	13
Balance as at 30 June 2019		527,716	136,279	(32,176)	631,819	102,877	734,696
Balance as at 1 July 2019		527,716	136,279	(32,176)	631,819	102,877	734,696
Profit/(loss) for the year		-	(51,991)	-	(51,991)	(15,168)	(67,159)
Other comprehensive profit/(loss) for the year	14b	-	-	310	310	(254)	56
Total comprehensive profit/(loss)		-	(51,991)	310	(51,681)	(15,422)	(67,103)
Shares issued during the year	14a	136	-	-	136	-	136
Acquisition of an associate	22	20,610	-	-	20,610	-	20,610
Share-based payments	14b	-	-	1,477	1,477	-	1,477
Transfer of retained earnings to legal & discretionary reserve	14b	-	(13,356)	13,356	-	-	-
Realisation of OCI to retained earnings	14b	-	(427)	427	-	-	-
Other movements		-	-	(2)	(2)	760	758
Balance as at 30 June 2020		548,462	70,505	(16,608)	602,359	88,215	690,574

These statements should be read in conjunction with the accompanying notes

Consolidated statement of cash flows

for the year ended 30 June 2020

		2020	2019
	Note	US\$'000	US\$'000
Cash flows from operating activities			
Receipts from customers		80,924	82,676
Payments to suppliers and employees		(90,575)	(76,699)
Interest received		6,238	8,189
Interest paid		(12,777)	(5,678)
Net cash generated from/(used in) operating activities	24	(16,190)	8,488
Cash flows from investing activities			
Cash inflow from business combination	18	-	29,867
Net payments for exploration, evaluation and development expenditure	10	(4,623)	(5,985)
Proceeds from sale of assets, net of transaction costs		914	1,000
Purchase of property, plant and equipment	8	(126,555)	(35,580)
Investment in associates	22	(1,178)	(10,605)
Net cash used in investing activities		(131,442)	(21,303)
Cash flows from financing activities			
Proceeds from issue of shares	14a	136	352
Principal portion of lease liabilities	30	(2,287)	-
Proceeds from borrowings		97,577	9,250
Repayment of borrowings		(56,351)	(12,199)
Loan to joint ventures		-	(21,000)
Net cash (used in)/provided by financing activities		39,075	(23,597)
Net (decrease)/increase in cash and cash equivalents		(108,557)	(36,412)
Cash and cash equivalents, net of overdrafts, at the beginning of the period		279,798	316,681
Effect of exchange rates on cash holdings in foreign currencies		595	(471)
Cash and cash equivalents, net of overdrafts, at the end of the period	15	171,836	279,798

These statements should be read in conjunction with the accompanying notes

Notes to the consolidated financial statements

for the year ended 30 June 2020

About this report

Orocobre Limited is a company limited by shares, incorporated in Australia and is a for-profit entity for the purposes of preparing the financial statements. The financial statements are for the consolidated entity consisting of Orocobre Limited (the 'Company' or the 'Parent') and its subsidiaries and together are referred to as the 'Group' or 'Orocobre'.

The registered office and principal place of business is: Level 35, 71 Eagle Street, Brisbane, Queensland 4000, Australia. The financial statements were authorised for issue on 28 August 2020 by the Directors of the Company.

The financial statements are general purpose financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB),
- Have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value,
- Are presented in US Dollars, with all amounts in the financial report being rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 to the nearest thousand Dollars, unless otherwise indicated,
- Where necessary, comparative information has been restated to conform with changes in presentation in the current year,
- Adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2019, and
- Equity accounting for joint ventures and associates listed in Notes 11 and 22.

Significant and other accounting policies that summarise the measurement basis used and that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements and in Note 27.

Significant judgements and estimates

The Group has identified a number of critical accounting policies under which significant judgements, estimates and assumptions are made. Actual results may differ for these estimates under different assumptions and conditions. This may materially affect financial results and the carrying amount of assets and liabilities to be reported in the next and future periods. Additional information relating to these critical accounting policies is embedded within the following notes:

Note	Critical accounting policy
3	Impairment
4	Deferred Taxation
7	Inventory
13	Provision for rehabilitation
19	Share-based payments
30	Leases

Resource estimates

Resources are estimates of the amount of product that can be economically and legally extracted, processed and sold from the Group's properties under current and foreseeable economic conditions. The Group determines, and reports ore resources under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the JORC Code).

The determination of ore resources includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore resources impact the assessment of recoverability of exploration and evaluation assets, property, plant and equipment, the carrying amount of assets depreciated on a units of production basis, provision for site restoration and the recognition of deferred tax assets, including tax losses.

Estimating the quantity and/or grade of resources requires the size, shape and depth of ore or brine bodies to be determined by analysing geological data. This process requires complex and difficult geological judgements to interpret the data. Additional information on the Group's reserves and resources can be viewed on page 105. This information is unaudited and does not form part of these Financial Statements.

Notes to the consolidated financial statements

for the year ended 30 June 2020

About this report (continued)

Resources impact on financial reporting

Estimates of resources may change from period to period as the economic assumptions used to estimate resource change and additional geological data is generated during the course of operations. Changes in resources may affect the Group's financial results and financial position in a number of ways, including:

- asset carrying values may be affected due to changes in estimated future production levels,
- depreciation, depletion and amortisation charged in the statement of profit or loss may change where such charges are determined on the units of production basis, or where the useful economic lives of assets change,
- decommissioning, site restoration and environmental provisions may change where changes in estimated resources affect expectations about the timing or cost of these activities,
- the carrying amount of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Foreign currency translation

The functional currency of the entities within the Group is USD, with exception of Borax Argentina S.A. (ARS), Advantage Lithium Corp. (CAD) and Toyotsu Lithium Corporation (YEN). In preparation of the financial statements the following exchange rates have been used to translate from the functional currency of each entity to the presentational currency of the Group:

	30 June 2020	30 June 2019	Movement (%)
Spot Rates			
ARS -> USD 1	70.4600	42.4630	(65.93%)
CAD -> USD 1	1.3678	1.3100	(4.41%)
YEN -> USD 1	107.7380	107.7142	(0.02%)
Average Rates			
ARS -> USD 1	59.7215	38.0037	(57.15%)
CAD -> USD 1	1.3421	1.3100	(2.45%)
YEN -> USD 1	108.1312	108.0724	(0.05%)

Argentina's economy is hyperinflationary from 1 July 2018, and as such Orocobre accounts for its ARS functional currency entities as hyperinflationary effective from this date. As most financial assets and liabilities of its ARS functional currency entities are denominated in USD, and the Group's functional currency is USD, there is no material impact on the consolidated financial statements of the Group.

Note 1: Segment reporting and revenue

The Group operates primarily in Argentina. The Group's primary focus is on operation of the lithium business and development of lithium deposits. The Group also includes the operations of Borax. The Group has four reportable segments, being Corporate, Borax, the Olaroz project and Cauchari.

In determining operating segments, the Group has had regard to the information and reports the Chief Operating Decision maker (COD) uses to make strategic decisions regarding resources. The Chief Executive Officer (CEO) is considered to be the COD and is empowered by the Board of Directors to allocate resources and assess the performance of the Group. The COD 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, 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.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 1: Segment reporting and revenue (continued)

The following tables present revenue and profit information for the Group's operating segments:

For the year ended 30 June 2020

	Corporate US\$'000	Borax US\$'000	Olaroz US\$'000	Cauchari ⁴ US\$'000	Total underlying US\$'000	Eliminations on consolidation US\$'000	Total Group US\$'000
Revenue	-	19,037	58,042	-	77,079	-	77,079
EBITDAIX ¹	(8,245)	(1,234)	5,654	(54)	(3,879)	(23)	(3,902)
Less depreciation & amortisation ¹⁾	(490)	(131)	(13,255)	(7)	(13,883)	-	(13,883)
EBITIX ²	(8,735)	(1,365)	(7,601)	(61)	(17,762)	(23)	(17,785)
Less interest income/(costs) ¹⁾	16,224	(368)	(22,793)	-	(6,937)	(5,964)	(12,901)
EBTIX ³	7,489	(1,733)	(30,394)	(61)	(24,699)	(5,987)	(30,686)
Less impairment	(15,475)	(1,947)	(17,931)	-	(35,353)	2,214	(33,139)
Foreign currency (losses)/gains	(1,309)	(3,508)	(6,829)	(54)	(11,700)	22	(11,678)
Add share of loss of associates, net of tax	(1,507)	-	-	-	(1,507)	-	(1,507)
Segment profit for the year before tax	(10,802)	(7,188)	(55,154)	(115)	(73,259)	(3,751)	(77,010)
Income tax expense	-	-	9,851	-	9,851	-	9,851
Total loss for the year	(10,802)	(7,188)	(45,303)	(115)	(63,408)	(3,751)	(67,159)

i) The depreciation and amortisation and interest costs during the current year are not comparable to the prior year due to the new leasing standard AASB 16. This is offset with operating lease costs recognised in the prior year but not the current year. See note 30 for more information.

1 EBITDAIX - Segment earnings before interest, taxes, depreciation, amortisation, impairment, and foreign currency gains/(losses).

2 EBITIX - Segment earnings before interest, taxes, impairment, and foreign currency gains/(losses)

3 EBTIX - Segment earnings before taxes, impairment, and foreign currency gains/(losses)

4 Up to 17 April 2020, Cauchari was part of the corporate segment. Following asset acquisition (Note 29) it is now shown as a separate segment.

For the year ended 30 June 2019

	Corporate US\$'000	Borax US\$'000	Olaroz US\$'000	Total Underlying US\$'000	Elimination & equity accounting add back ¹⁾ US\$'000	Total Group US\$'000
Revenue	-	19,945	124,684	144,629	(63,480)	81,149
EBITDAIX ¹	(6,999)	231	60,880	54,112	(36,478)	17,634
Less depreciation & amortisation	(85)	(117)	(11,770)	(11,972)	4,342	(7,630)
EBITIX ²	(7,084)	114	49,110	42,140	(32,136)	10,004
Less interest	11,448	111	(18,390)	(6,831)	10,878	4,047
EBTIX ³	4,364	225	30,720	35,309	(21,258)	14,051
Less impairment	(157)	(480)	-	(637)	-	(637)
Add foreign currency gains/(losses)	(851)	(3,043)	(9,012)	(12,906)	6,828	(6,078)
Add share of loss of associates, net of tax	(1,544)	-	-	(1,544)	-	(1,544)
Add share of profit of joint ventures, net of tax	-	-	-	-	24,752	24,752
Segment profit for the year before tax	1,812	(3,298)	21,708	20,222	10,322	30,544
Income tax	-	-	19,455	19,455	(21,167)	(1,712)
Total profit for the year pre business combination	1,812	(3,298)	41,163	39,677	(10,845)	28,832
Gain on business combination	30,741	-	-	30,741	-	30,741
Other business combination costs	-	-	(4,987)	(4,987)	-	(4,987)
Total profit for the year	32,553	(3,298)	36,176	65,431	(10,845)	54,586

i) The Olaroz project represents the results of the Sales de Jujuy S.A. at 100% as this reflects how the COD reviews the results. As at 1 January 2019, the Olaroz segment was consolidated in the Group's results.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 1: Segment reporting and revenue (continued)

The following tables present assets and liabilities of the Group's operating segments:

For the year ended 30 June 2020

	Note	Corporate US\$'000	Borax US\$'000	Olaroz US\$'000	Cauchari US\$'000	Elimination on consolidation US\$'000	Total Group US\$'000
Assets							
Segment assets		551,366	13,964	932,049	36,865	(388,583)	1,145,661
Liabilities							
Segment liabilities		(11,401)	(17,129)	(660,610)	(4,560)	238,613	(455,087)
Other disclosures							
Investment in associates	22	6,000	-	-	-	-	6,000
Capital and development expenditure	8,9,10	526	1,993	128,555	104	-	131,178

For the year ended 30 June 2019

	Note	Corporate US\$'000	Borax US\$'000	Olaroz ⁱ⁾ US\$'000	Elimination & elimination of Olaroz US\$'000	Total Group US\$'000
Assets						
Segment assets		424,618	18,481	802,983	(133,044)	1,113,038
Liabilities						
Segment liabilities		(10,288)	(15,876)	(485,222)	133,044	(378,342)
Other disclosures						
Investment in associates	22	28,779	-	-	-	28,779
Capital and development expenditure	8,9,10	7,294	1,166	34,419	-	42,879

i) The Olaroz project represents the asset and liabilities of the company at 100% as this reflects how the COD reviews them. From 1 January 2019, the Olaroz project has been consolidated.

Revenue accounting policy

Revenue is measured at the fair value of the consideration received or receivable, including returns and allowances, trade discounts and volume rebates. Revenue is recognized when control of goods passes from the seller to the buyer dictated by the Incoterms specified in the sales contract, this is the point the performance obligations have been completed.

The group's customers are non-government customers with short term contracts. The Group does not have contract assets or contract liabilities arising from contracts with customers, other than trade receivables (see note 6). The Group does not have long term contracts to provide products to customers in future periods. Revenue is recognised on a as invoiced basis; and is measured at the fair value of the consideration received or receivable, including returns and allowances, trade discounts and volume rebates. There were US \$1,200,000 of revenues with provisional pricing recognised in the year ended 30 June 2020.

In financial year 2020, a customer with a credit rating of A contributes 75% of the Group's total revenue (2019: 76%).

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 1: Segment reporting and revenue (continued)

Disaggregation of the Group's revenue from contracts with customers

For the year ended 30 June 2020

		Olaroz US\$'000	Borax US\$'000	Total US\$'000
Type of goods	Timing of recognition			
Lithium Carbonate	A point in time	58,042	-	58,042
Borax	A point in time	-	7,616	7,616
Borax Acid	A point in time	-	5,713	5,713
Hydroboracite	A point in time	-	4,517	4,517
Other	A point in time	-	1,191	1,191
Total revenue from contracts with customers		58,042	19,037	77,079
Geographical markets				
Asia		34,311	2,477	36,788
Europe		19,474	288	19,762
South America		-	14,385	14,385
North America		4,257	518	4,775
Other		-	1,369	1,369
Total revenue from contracts with customers		58,042	19,037	77,079

For the year ended 30 June 2019

		Olaroz *	Borax	Total
		US\$'000	US\$'000	US\$'000
Type of goods	Timing of recognition			
Lithium Carbonate	A point in time	61,204	-	61,204
Borax	A point in time	-	8,994	8,994
Borax Acid	A point in time	-	5,596	5,596
Hydroboracite	A point in time	-	3,834	3,834
Other	A point in time	-	1,521	1,521
Total revenue from contracts with customers		61,204	19,945	81,149
Geographical Markets				
Asia		40,826	2,113	42,939
Europe		17,393	179	17,572
South America		-	16,735	16,735
North America		2,985	-	2,985
Other		-	918	918
Total revenue from contracts with customers		61,204	19,945	81,149

* For the year end 30 June 2019, the revenue recognised by the group relating to the Olaroz segment is for the period 1 January 2019 - 30 June 2019. This is the period for which the entity was consolidated in the Group's results. For the period 1 July 2018 -31 December 2018, Olaroz was equity accounted for and therefore no revenue from contracts with customers was recognised by the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 2: Expenses, finance income and finance costs

		2020	2019
	Note	US\$'000	US\$'000
2a) Corporate & Administrative expenses			
Employee benefit expenses		(9,324)	(7,299)
Legal and consulting fees		(2,181)	(1,763)
Share-based payments		(1,477)	(950)
Travel		(930)	(1,810)
Insurance		(1,397)	(839)
Office & communication costs		(1,493)	(1,612)
Listing & investor relations costs		(448)	(563)
Bank Fees		(777)	(679)
Restructuring costs ⁱ⁾		(3,112)	-
Other costs		(135)	(1,300)
Total corporate and administrative expenses		(21,274)	(16,815)

i) During the year ended 30 June 2020 the group incurred in US\$3.1 million resulting from restructuring costs of US\$1,022,000 and fixed costs of US\$2,091,000 which were not allocated to the cost of inventories due to the reduction of production volumes resulting from COVID-19. Included in such costs there were employee benefit expenses of US\$2,134,000.

2b) Selling costs			
Export duties		(3,636)	(5,597)
Mining royalty		(356)	(665)
Dispatching & logistics		(2,004)	(1,700)
Total selling costs		(5,996)	(7,962)

2c) Foreign currency gain/(loss)			
Total foreign currency loss ⁱ⁾		(11,678)	(6,078)

i) Foreign currency losses relate to AUD denominated balances in the corporate entities and ARS balances in Borax Argentina SA and SDJ SA when converting to USD.

2d) Finance income			
Interest income on loans receivable from joint venture ⁱ⁾	26a	-	2,590
Interest income from short term deposits		5,603	7,707
Changes in value of financial assets and liabilities		1,166	923
Total finance income		6,769	11,220

i) Interest income on loans receivable is non-cash and will be recovered on repayment of the loans. This amount relates to interest from the SDJ JV in the period 1 July 2018 - 31 December 2018 when the entity was equity accounted for and interest was not eliminated on consolidation.

2e) Finance costs			
Interest expense on external loans and borrowings and other finance costs amortised		(13,600)	(4,776)
Interest expense on loans and borrowings from related parties ⁱ⁾		(1,875)	(523)
Interest expense on lease liabilities		(2,170)	-
Other finance costs related to related party loans		(1,494)	(936)
Change in fair value of financial assets and liabilities		-	(776)
Unwinding of the rehabilitation provision	13	(530)	(162)
Total finance costs		(19,670)	(7,173)

i) The interest expense to the related party is non-cash and will be paid on repayment of the loans (Note 26). US\$ 1,947,574 (2019: US\$ 672,000) of the interest expense has been capitalised to PPE (note 8).

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 2: Expenses, finance income and finance costs (continued)

Recognition and measurement

Interest income

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

Note 3: Impairment of assets

		2020	2019
	Note	US\$'000	US\$'000
Impairment of assets during the year:			
Expected credit losses		(26)	(48)
Inventory write downs and reduction to net realisable value ⁱ⁾		(18,101)	(188)
Impairment of exploration and evaluation ⁱⁱ⁾	10	(3,093)	(401)
Impairment of property, plant and equipment ⁱⁱⁱ⁾	8	(1,590)	-
Loss on fair value of associates ^{iv)}	22	(10,329)	-
Total		(33,139)	(637)

i) Inventory (finished goods & brine inventory) was reviewed in 2020 with certain products identified with higher carrying values than their expected realisable value.

ii) A review of exploration and evaluation was completed in 2020, which lead to the impairment of an area of interest as the expenditure was unlikely to be recovered.

iii) During the prior financial year, the Group recognised an impairment loss of Borax Argentina's property, plant, and equipment as a result of its annual impairment testing. This impairment has been recognised due to lower boron prices, reduction in production levels and other market factors.

iv) Impairment of investment in associates relates to the remeasurement of Advantage Lithium based on the valuation of the acquisition of the entity in April 2020.

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 Units (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.

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.

Significant judgements and estimates

The Group considers annually whether there have been any indicators of impairment and then tests whether non-current assets, including investments in associates, joint ventures and property, plant and equipment, have suffered any impairment. If there are any indicators of impairment, the recoverable amounts of CGU's have been determined based on value in use calculations or fair value less cost of disposal. These calculations require the use of assumptions and estimates.

Key assumptions used for Olaroz impairment test

The recoverable amount of Olaroz CGU has been determined using fair value less cost of disposal (FVLCD). In applying the FVLCD approach, the recoverable amount of Olaroz was determined by estimating future cash flows discounted to their present value using a post-tax rate of 11.5% with prudent risk premium specific to the CGU. The estimated recoverable amount from these calculations has been checked to external market data and views.

The cash flows are based on management's most recent budgets and forecasts and include cash flow forecast over a 40-year period. Such cash flows include estimated production, revenues, and profits from expanded operation incorporating Olaroz Stage 2, and a disposal value has been attributed to the unutilised resources at the end of the 40-year period based on latest lithium market transactions.

The material assumptions in the discounted cash flow model to which Olaroz is most sensitive to are forecast selling price, and the post-tax discount rate used. The FVLCD of Olaroz at 30 June 2020 supports its carrying value. However, this is sensitive to changes in key assumptions. Movements in key assumptions which would result in a significant reduction in the recoverable amount of Olaroz CGU are:

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 3: Impairment of assets (continued)

- Average long-term sales price for lithium carbonate reduced by US\$100 per tonne resulting in a reduction of the recoverable amount of US \$18,000,000.
- Discount rate increase by 0.5% would result in a reduction of the recoverable amount by US \$44,000,000.

Note 4: Income tax

	2020 US\$'000	2019 US\$'000
4a) Income tax expense		
Current income tax (expense)/benefit	-	-
Deferred tax (expense)/benefit	9,851	(1,712)
Total income tax (expense)/benefit	9,851	(1,712)
Deferred income tax (expense)/benefit included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	18,557	(156)
Increase/(decrease) in deferred tax liabilities	(8,706)	(1,556)
	9,851	(1,712)
4b) Deferred tax assets		
Carry forward tax losses	24,448	11,902
Financial liabilities	12,626	8,074
Accounts payable	300	160
Other non-financial liabilities	2,956	1,362
Total deferred tax assets	40,330	21,498
Set-off of deferred tax liabilities pursuant to set-off provisions	(40,330)	(21,498)
Net deferred tax assets	-	-
4c) Deferred tax liabilities		
Property, plant and equipment	(154,220)	(143,352)
Inventories	(5,044)	(7,007)
Other financial assets	(61)	(260)
Total deferred tax liabilities	(159,325)	(150,619)
Set-off of deferred tax liabilities pursuant to set-off provisions	40,330	21,498
Net deferred tax liabilities	(118,995)	(129,121)
4d) Numerical reconciliation of income tax expense to prima facie tax payable		
	2020 US\$'000	2019 US\$'000
Profit/(loss) before income tax expense	(77,010)	56,298
Tax expense at Australian tax rate of 30% (2019: 30%)	23,103	(16,889)
Tax effect of amounts which are (not deductible)/taxable in calculating taxable income:		
Share-based payments	(431)	(285)
Share of loss of associates	(452)	(417)
Fair value loss on associate	(3,099)	-
Share of profit of joint ventures	-	7,379
Gain related to business combination	-	9,583
Other	(495)	(1,243)
Tax losses for the year not recognised	(2,575)	365
Differences in tax rates (foreign subsidiaries)	948	1,109
Foreign exchange and fx of hyperinflation	(7,148)	(1,314)
Income tax expense	9,851	(1,712)
4e) Tax benefit relating to items of other comprehensive income		
Interest swap hedge	210	210

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 4: Income tax (continued)

The Group is in a tax loss position and therefore current income tax expense was not recognised during the period. Deferred income tax expenses incurred during the year relate to the derecognition of the deferred tax asset (DTA) following from the Borax impairment.

The Group has tax losses which arose in Australia of US \$29,000,000 (2019: US \$33,000,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has recognised tax losses which arose in Argentina of US \$50,463,177 (ARS 3,555,635,3454) (2019: US \$47,609,573 / ARS 2,021,645,292) that are available for offsetting against future taxable profits of the companies in which the losses arose. The Group also has ARS 3,334,788,866 (US \$47,328,823) of tax losses which expire in FY25.

Recognition and measurement

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 profit or loss. 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 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 items are recognised in correlation to the underlying transaction.

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.

Deferred income tax assets and 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 deductible/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.

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 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.

Note 5: Earnings per share

Basic earnings per share (EPS) 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.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 5: Earnings per share (continued)

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

	2020	2019
	US\$'000	US\$'000
Profit attributable to ordinary equity holders of the parent:		
Profit for the financial year	(67,159)	54,586
Exclude non-controlling interests	15,168	30
Net profit used in the calculation of basic and dilutive EPS	(51,991)	54,616
	2020	2019
	No.	No.
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	264,664,646	261,355,053
Weighted average number of options and performance rights outstanding ⁱ⁾	-	1,393,589
Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive EPS	264,664,646	262,748,642

i) 1,718,879 weighted average PR's outstanding for FY20 that may be issued in the future and potentially dilute the earnings per share that have not been considered in the calculation due to anti-dilutive effect.

Note 6: Trade and other receivables

	2020	2019
	US\$'000	US\$'000
Current trade and other receivables		
Net trade receivables	1,102	4,946
Deferred consideration receivable	-	914
Interest receivable	659	1,294
Other receivables	1,627	989
VAT tax credits & other tax receivable ⁱ⁾	13,015	14,367
Total current trade and other receivables	16,403	22,510
Current prepayments		
Prepayments to suppliers	5,668	12,281
Prepayments to tax authorities	2,653	2,665
Total current prepayments	8,321	14,946
Non-current other receivables		
Receivable from a related party	6,969	8,174
Other receivables	1,485	1,530
VAT tax credits ⁱ⁾	9,970	3,490
Total non-current other receivables	18,424	13,194

i) The Group has a total of US\$17,802,367 (2019: US\$16,213,374) of current and non-current VAT recoveries due from the Argentine revenue authority. The Group records VAT at fair value due to the hyperinflationary economy in Argentina and the highly devaluing local currency.

Recognition and Measurement

Trade receivables generally have credit terms ranging from 15 to 30 days. They are presented as current assets unless collection is not expected for more than 12 months after reporting date. The Group applies the simplified approach to providing expected credit losses as prescribed by AASB 9. Trade receivables have not had a significant increase in credit risk since they were originated.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 7: Inventories

	2020	2019
	US\$'000	US\$'000
Current		
Work in progress	4,804	19,363
Finished products	8,321	10,056
Materials and spare parts	17,211	16,201
Total current	30,336	45,620
Non-current		
Work in progress	41,029	33,640
Materials and spare parts	980	897
Total non-current	42,009	34,537

Inventory was reviewed in 2020 with certain finished products and brine inventories identified with higher carrying values than their expected realisable value. As a result, US\$18.1m of losses were recognised as an impairment (Note 3).

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. Cost is determined primarily on the basis of average costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The cost of raw materials and consumable stores is the purchase price. The cost of partly-processed and saleable products is generally the cost of production, including:

- Labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of brine.
- The depreciation of mining properties and leases and of property, plant and equipment used in the extraction and processing of brine and production of lithium carbonate
- Production overheads

Brine inventory quantities are assessed primarily through surveys and assays. If the brine will not be processed within 12 months after the balance sheet date, it is included within non-current assets.

Significant judgments and estimates

Certain estimates, including expected brine recoveries and work in progress volumes, are calculated by engineers using available industry, engineering and scientific data. Estimates used are periodically reassessed by the Group taking into account technical analysis and historical performance. Changes in estimates are adjusted for on a prospective basis.

On assessment of the realisable value loss, the key estimates included the forecast sales price for 2021, the amount of cost left to incur on work in progress and the forecast sales volume for 2021.

Note 8: Property, plant and equipment

	Land & buildings	Plant & equipment	Mine properties	Deferred stripping	Work in progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At cost	4,703	399,686	247,338	138	54,544	706,409
Accumulated depreciation	(1,256)	(48,409)	(937)	-	-	(50,602)
Accumulated impairment	(3,157)	(8,920)	-	-	-	(12,077)
Total as at 30 June 2019	290	342,357	246,401	138	54,544	643,730
At cost	7,914	430,542	247,322	138	162,639	848,555
Accumulated depreciation	(4,321)	(66,260)	(2,243)	-	-	(72,824)
Accumulated impairment	(3,191)	(10,266)	-	(138)	(128)	(13,723)
Total as at 30 June 2020	402	354,016	245,079	-	162,511	762,008

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 8: Property, plant and equipment (continued)

Reconciliation of the carrying amounts for property, plant and equipment is set out below:

		2020	2019
	Note	US\$'000	US\$'000
Balance at the beginning of year		643,730	73
Additions - cash		126,555	35,580
Additions - business combination	18	-	612,185
Movement in rehabilitation provision	13b	5,449	3,977
Impairment	3	(1,590)	-
Depreciation expense		(12,285)	(7,630)
Depreciation capitalised to inventory		(9,937)	(1,246)
Capitalised interest		10,046	672
Capitalised share-based payments		40	33
Foreign currency translation movement		-	86
Balance at the end of year		762,008	643,730

Recognition and measurement

Tangible property, plant and equipment assets are stated at acquisition cost, net of the related accumulated depreciation, amortisation and impairment losses. Cost includes expenditure directly attributable to the acquisition and commissioning of the asset. Land is not depreciated. Costs attributable to assets under construction are only capitalised when it is probable that future economic benefits associated with the asset will flow to the Group and the costs can be measured reliably.

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use. The useful lives used for the depreciation and amortisation of assets are presented below:

- Buildings and infrastructure: 20 to 30 years
- Plant: 5 to 30 years
- Mining Extraction Equipment: Units of Production
- Mine Properties: Units of Production

The depreciation and amortisation rates are reviewed annually and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 9: Intangible assets

	2020	2019
	US\$'000	US\$'000
Software		
At cost	1,196	1,040
Accumulated amortisation	(299)	(120)
Total as at 30 June 2020	897	920

	2020	2019
	US\$'000	US\$'000
Balance at the beginning of the year	920	-
Additions	156	1,006
Amortisation expense	(179)	(86)
Balance at the end of year	897	920

Recognition and measurement

Intangible assets are stated at acquisition cost, net of the related accumulated amortisation and impairment losses that they might have experienced. Cost includes expenditure directly attributable to the acquisition and commissioning the asset.

The useful lives used for the amortisation of assets are 3 to 5 years.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 10: Exploration, evaluation and development assets

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

	2020 US\$'000	2019 US\$'000
Movement in exploration and evaluation assets - at cost:		
Balance at beginning of year	11,833	7,428
Capitalised exploration expenditure	4,623	7,299
Additions - asset acquisition	31,399	-
Refund by an associate	-	(1,314)
Other	-	(1,199)
Transfer from investment in associates	-	20
Impairment	(3,093)	(401)
Balance at the end of year	44,762	11,833

Recognition and measurement

Exploration and evaluation 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 or sale. 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 to profit or loss in the period when the new information becomes available.

Note 11: Investment in joint venture

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. The effective equity interest in the Olaroz Lithium Facility Joint Venture is Orocobre 66.5%, Toyota Tsusho (TTC) 25% and JEMSE 8.5%. On 1 January 2019, Orocobre gained control of Sales de Jujuy Pte Ltd, following the signing of new agreements with Toyotsu Lithium Pte Ltd (TLP) a subsidiary of Toyota Tsusho Corporation (TTC). Sales de Jujuy Pte Ltd is consolidated by virtue of Orocobre's contractual rights which permit it to exercise control over certain policies and activities of Sales de Jujuy Pte Ltd. Sales de Jujuy Pte Ltd ceased being equity accounted and became part of the consolidated group as at 1 January 2019. Refer to Note 18 for details on the business combination.

The tables below provide summarised financial information for the joint venture for the period up to 31 December 2018. 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.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 11: Investment in joint venture (continued)

	2019
	US\$'000
Revenue	63,480
Cost of sales	(17,911)
Gross profit	45,569
Administrative expenses	(9,091)
Depreciation	(4,342)
Foreign currency loss	(6,828)
Profit before interest and income tax	25,308
Net finance costs	(10,878)
Profit before income tax	14,430
Income tax benefit/(expense)	21,167
Profit for the period	35,597
Profit for the period attributable to:	
Sales de Jujuy Pte. Ltd	34,055
Non-controlling interest of Sales de Jujuy S.A. (8.5% ownership)	1,542
	35,597
Group's share of profit for the period	24,752
Share of the joint venture's other comprehensive income:	
Net gain/(loss) on revaluation of derivative	(214)
Share of total other comprehensive income/(loss) for the period	(214)
Share of total comprehensive income for the period	24,538

1 The statement of profit and loss for the financial year ended 30 June 2019 reflects the 6 months ending 31 December 2018 where Sales de Jujuy Pte Ltd was equity accounted for.

Refer to Note 21 for the Statement of Profit and Loss and Statement of Financial Position of Sales de Jujuy Pte Ltd as a subsidiary of the Group.

Note 12: Trade and other payables

		2020	2019
	Note	US\$'000	US\$'000
Current			
Trade payables and accrued expenses ⁱ⁾		29,229	26,014
Interest payable		2,449	1,718
Interest payable to a related party	26	5,279	3,774
Total current		36,956	31,506
Non-current			
Other payables and accrued expenses		2,547	1,388
Interest payable to a related party	26	2,849	531
Total non-current		5,396	1,919

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

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 13: Provisions

		2020	2019
	Note	US\$'000	US\$'000
Current			
Employee benefits	13a	710	894
Other provisions		-	28
Total current		710	923
Non-current			
Employee benefits	13a	726	804
Provision for rehabilitation	13b	32,496	26,503
Other provisions		133	29
Total non-current		33,355	27,336

13a) Employee benefits

		2020	2019
		US\$'000	US\$'000
Annual leave		442	575
Long service leave		130	181
Borax Argentina S.A. defined benefit pension plan ⁱ⁾		864	942
Total		1,436	1,698

i) Borax Argentina S.A. had a defined benefit pension plan in Argentina. During the 2015 financial year such plan was discontinued. The remaining liability reflects the obligation with respect to former employees.

13b) Rehabilitation provision

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

		2020	2019
	Note	US\$'000	US\$'000
Balance at the beginning of year		26,503	10,133
Additions		4,419	12,231
Changes in assumptions	8	1,030	3,977
Foreign currency translation movement		14	-
Unwinding of the rehabilitation provision		530	162
Balance at the end of year		32,496	26,503

The Group has recognised a provision for rehabilitation obligations associated with Borax Argentina S.A.'s and Sales de Jujuy S.A.'s operations.

Recognition and measurement

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

Employee benefits

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.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 13: Provisions (continued)

Long service leave

The Group recognises a liability for long service leave for Australian employees 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.

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 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.

Significant judgements and estimates

The Group has recognised a provision for rehabilitation obligations associated with Borax Argentina S.A.'s and Sales de Jujuy S.A.'s operations. In determining the present 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.

Note 14: Equity and reserves

Reconciliation of the movement in ordinary share capital is set out below:

14a) Issued capital

		2020	2019	2020	2019
	Note	No. shares	No. shares	US\$'000	US\$'000
Balance at the beginning of year		261,678,074	260,710,716	527,716	527,364
Performance rights exercised ⁱ⁾	19	232,818	844,015	-	-
Shares issued, net of transactions costs ⁱⁱ⁾		15,181,435	123,343	20,746	352
Balance at the end of year		277,092,327	261,678,074	548,462	527,716

i) Represents performance rights and options exercised under the Company's share-based payments plans and executive service agreements. Refer to Note 19 for share-based payments.

ii) Includes US\$20.61m related to the acquisition of associate (Note 22). Transaction costs (net of tax) for the Shares issued during the year were nil. 2019: nil.

During the year the authorised share capital was increased by the following:

- US\$135,486 by issue of 66,686 ordinary shares at AU\$3.10 each
- US\$20,610,394 by issue of 15,114,749 ordinary shares at AU\$2.20 each

Recognition and measurement

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.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 14: Equity and reserves (continued)

14b) Reserves

	Note	Share-based payments US\$'000	Cashflow hedge US\$'000	Foreign currency translation US\$'000	Other US\$'000	Total US\$'000
Balance as at 1 July 2018		5,270	(2,017)	(110,010)	(166)	(106,923)
Translation losses on foreign operations		-	-	1,299	-	1,299
Cashflow hedge through OCI		-	(1,812)	-	-	(1,812)
Share of associate OCI	22a	-	-	-	(456)	(456)
Business combination	18	-	2,231	72,215	142	74,588
Other comprehensive income/(loss)		-	419	73,514	(314)	73,619
Share-based payments		1,082	-	-	-	1,082
Other movements		-	-	-	46	46
Balance as at 30 June 2019		6,352	(1,598)	(36,496)	(434)	(32,176)
Balance as at 1 July 2019		6,352	(1,598)	(36,496)	(434)	(32,176)
Translation losses on foreign operations		-	-	1,043	-	1,043
Cashflow hedge through OCI		-	(764)	-	-	(764)
Share of associate OCI	22a	-	-	-	31	31
Other comprehensive income/(loss)		-	(764)	1,043	31	310
Share-based payments		1,477	-	-	-	1,477
Transfer of retained earnings to legal & discretionary reserve ⁱ⁾		-	-	-	13,356	13,356
Realisation of OCI to retained earnings		-	-	-	427	427
Other movements		-	-	-	(2)	(2)
Balance as at 30 June 2020		7,829	(2,362)	(35,453)	13,378	(16,608)

i) The transfer of retained earnings to the legal and discretionary reserve was completed in accordance local Argentine corporate law and approved at the SDJ SA AGM.

A legal reserve must be created of not less than 5% of the realised and liquid profits from the income statement for the year until reaching 20% of the capital of the entity. As at period end the balance was US\$991,000 including NCI and US\$659,000 excluding NCI which was transferred from retained earnings. A discretionary reserve was also created as dividends were not paid. During the period an amount of US\$19,092,000 including NCI and US\$12,697,000 excluding NCI was transferred from retained earnings. The amount of the discretionary reserve as at 30 June 2020 is US\$18,837,000 including NCI and US\$12,527,000 excluding NCI.

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve represents the fair value of share-based remuneration provided to employees.

Foreign currency translation reserve

The foreign currency translation reserve (FCTR) records exchange differences arising on translation of foreign controlled subsidiaries and investments in associates with a functional currency other than USD. Equity of the Parent entity is translated at historical rates of exchange prevailing on the date of each transaction.

Cashflow hedge reserve

The cashflow hedge reserve records the revaluation of derivative financial instruments that are designated cashflow hedges and are recognised under other comprehensive income. Amounts are recognised in the income statement when the associated hedge transactions affect the income statement.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 15: Net cash

			2020	2019
	Interest rate	Maturity	US\$'000	US\$'000
Current				
Loans & borrowings - project loan A)	LIBOR + 0.80%	2021	20,725	23,028
Loans & borrowings - working capital facility B)	8 - 43%	2021	28,005	40,000
Related party loans C)			13,667	13,667
Total current			62,397	76,695
Non-current				
Loans & borrowings - project loan A)	LIBOR + 0.80% - 0.94%	2022-2029	112,798	86,864
Related party loans C)			44,815	16,523
Total non-current			157,613	103,387
Total debt			220,010	180,082
Cash at bank and on hand			(30,776)	(52,772)
Short term deposits D)			(141,060)	(227,026)
Total cash and cash equivalents			(171,836)	(279,798)
Financial assets - non-current E)			(17,171)	(17,171)
Net cash			31,003	(116,887)
Equity			690,574	734,696
Capital and net cash			721,577	617,809
Gearing ratio			4%	(19%)

A) The total project loan facility for stage 1 is US\$191.9 million. SDJ PTE has provided security in favour of Mizuho Bank over the shares it owns in SDJ SA. The total project loan facility for stage 2 is US\$180 million. US\$48 million has been drawn as at 30 June 2020. The interest rate for stage 2 is LIBOR + 0.94% until March 2021 being the end of the commitment period and an average fixed rate of 2.612% per annum until expiry in March 2029. Repayments commence in September 2022.

The carrying amounts of the loans and borrowings approximate fair value less transaction costs. Fair value has been determined using a discounted cash flow valuation technique based on contractual and expected cashflows and current market interest rates.

B) There are 3 working capital facilities of which 2 are denominated in ARS. Total value of the ARS facilities is ARS\$1.5 million (US\$21.3 million) of which the average rate of borrowing is 40% per annum for a period of 60 days. The US\$ facility is for US\$6.5 million has a borrowing rate of 8% per annum for a period of 90 days. As at 30 June 2019, the US \$40 million facility was US\$ denominated with a rate of 4.75-5% maturing in 2020 which was repaid in the period. The facilities continued to be rolled as required.

C) Loan repayable to a related parties - TTC & associated entities
Current borrowings owing to related parties is US\$13.7 million. US\$11.4 million is interest bearing at 10% per annum and is payable on demand. US\$2.25 million is interest bearing at LIBOR +5% and is payable on demand.

Non-current borrowings owing to related parties is US\$44.8 million. US\$33 million is interest bearing at LIBOR + 5% per annum and will be repaid in full before March 2030. US\$11.5 million is interest bearing at LIBOR + 6% per annum and will be repaid in full before March 2030. US\$273,200 is interest bearing at LIBOR + 0.75% per annum and will be repaid in full before July 2028.

D) The effective interest rate on USD denominated short term deposits was 1.62% p.a. (2019: 2.60% p.a.). Short term deposits held at 30 June 2020 relate to project financing, rental and other security deposits. Short term deposits can be readily converted to cash with notice to the relevant financial institution with no substantial penalty.

Cash and short-term deposits are disclosed in the cash flow statement, net of bank overdrafts. An amount of US\$11.1 million and US\$36 million have been set aside as reserves to provide cash backing for guarantees provided by TTC for the Naraha debt facility and the Stage 2 debt facility, respectively. In agreement with TTC, US\$135 million of cash is to be reserved to support pre completion guarantees provided by TTC in relation to the Stage 2 Loan Facility of US\$180 million. Amounts are reserved as the debt facilities are drawn down. Of the maximum reserve funds of US\$135 million up to US\$60 million can be used to fund Stage 1 activities. The remaining US\$75 million of the reserved funds plus any of the unused US\$60 million can be used to fund cost overruns, Value Added Tax and working capital spend. All funds held in reserve accounts are controlled by Orocobre. The requirement to maintain reserve accounts will cease once TTC is no longer required to provide pre completion guarantees.

E) The non-current financial assets are long term cash deposits funded by shareholders to partially secure borrowings of the Group. These deposits are non-interest bearing and are generally held until the borrowings have been repaid. The carrying value approximates fair value.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 15: Net cash (continued)

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).

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 shareholder value.

The Group manages its capital structure and adjusts 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 financial year. The change in the gearing ratio in the current year reflects the consolidation of Sales de Jujuy Pte Ltd and therefore the increase in net assets.

Recognition and measurement

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.

Loans and borrowings

Borrowings are initially recognised at fair value net of transaction costs. Interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

Borrowing costs which are directly attributable to the construction of a qualifying asset are capitalised during the period of time that is required to complete the asset for its intended use. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the specific debt relating to the asset 4.78% (2019: 6.21%).

Note 16: Derivative financial liabilities

	2020	2019
	US\$'000	US\$'000
Current		
Derivatives - interest rate swap ⁱ⁾	2,899	1,797
Total current	2,899	1,797
Non-current		
Derivatives - interest rate swap ⁱ⁾	5,461	5,658
Total non-current	5,461	5,658

i) Derivatives - designated as hedging instruments

During the financial year 2016 a swap was entered into by Sales de Jujuy S.A. in order to manage interest rate exposure on the project debt which bears interest rate at LIBOR +0.8%. The swap has been designated in a hedge relationship and hedge accounting has been adopted.

The interest rate swap receives floating interest equal to LIBOR, pays a fixed rate of interest of between 0.601% p.a. and 4.896% p.a., and matures on 10 September 2024.

The fair value of the interest rate swap is calculated as the present value of the estimated future cash flows based on observable yield curves (Level 2).

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 16: Derivative financial liabilities (continued)

Recognition and measurement

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of the cashflows of recognised assets and liabilities, and highly probable forecast transactions (cashflow hedges).

At inception, the Group documents the relationship between hedging instruments and hedged items, the risk management objective and the strategy for undertaking various hedge transactions.

The Group, at inception and on an ongoing basis, documents its assessment of whether the derivatives used in hedging transactions have been, and will continue to be, highly effective in offsetting future cashflows of hedged items. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

The fair values of derivative financial instruments used for hedging purposes are disclosed in this section. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cashflow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income, and accumulated in reserves in equity limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. Ineffectiveness may arise where the timing of the transaction changes from what was originally estimated, or differences arise between credit risk inherent within the hedged item and the hedging instrument. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for at the time of the hedge relationship rebalancing.

Note 17: Financial risk management

The Group's financial instruments comprise deposits with banks, financial assets, amounts receivable and payable, interest-bearing liabilities, financial liabilities, and financial derivatives.

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

Risk management policies

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.

a) Market risk

Market risk is the risk adverse movements in foreign exchange and or interest rates will affect the Group's financial performance or the value of its holdings of financial instruments. The objective of risk management is to manage the market risks inherent in the business to protect the profitability and return on assets.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 17: Financial risk management (continued)

i) 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 reasonably possible changes in market interest rates arises in relation to the Group's cash and debt balances. This risk is managed through the renewal of the hedge portion of risk stage 1 use of interest rate swaps and fixed term deposits. At reporting date, the Group has net exposure of US \$10,147,650 (2019: US \$12,593,000) to interest rate risk.

During the year, the net realised loss arising from interest rate hedging activities for the Group was US \$1,065,264 (2019: US \$521,400) as a result of market interest rates closing lower than the average hedged rate. The total realised loss represents the effective portion of the hedge which have been recognised in interest expense.

Interest rate sensitivity

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

	2020	2019
	US\$'000	US\$'000
Effect on profit after tax and equity as a result of a:		
1% +/- reasonably possible change in interest rates	1,203	1,874

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment. The debt repayments to a related party are either fixed interest or the interest is being capitalised as part of the expansion project, refer to note 15.

ii) Foreign currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk arising from currency exposures to Australian Dollar (AUD) and Argentinian Peso (ARS), arising from the purchase of goods and services and receivables. 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 AUD and ARS 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.

	2020	2019
	US\$'000	US\$'000
Effect on profit after tax and equity as a result of a:		
50% +/- reasonably possible change in United States dollar (vs ARS)	(369)	(1,503)
10% +/- reasonably possible change in United States dollar (vs AUD)	(109)	(309)

iii) Market role commodity price risk

Orocobre's lithium and boron chemicals are sold into global markets. The market prices of lithium and boron are key drivers of the Group's capacity to generate cashflow.

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, but not limited to, 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 can also be 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 also affected by the market forces and market price cycles of boron chemicals and mineral products. In relation to boron chemicals and mineral products the market price is determined largely by the market supply and demand balance which is influenced heavily by the rate of GDP growth. There are two significant manufacturers

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 17: Financial risk management (continued)

of boron chemicals and minerals in the global market, so the supply side is relatively consolidated. Boron chemicals and mineral products are used in applications such as ceramic and glass manufacturing, insulation and fertiliser manufacturing. 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 typically agreed in USD or USD equivalent prices and forward contracts are agreed for periods of 3-12 months.

iv) Effects of hedge accounting on the consolidated balance sheet and consolidated profit and loss

The impact of hedging instruments designated in hedging relationships on the consolidated balance sheet of the Group is as follows.

	Notional amount		Carrying amount assets/(liability) (Note 16)		Change in fair value used for measuring ineffectiveness	
	2020	2019	2020	2019	2020	2019
Cash Flow Hedges						
Interest Rate Risk	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Interest Rate Swaps	77,605	97,750	(8,360)	(7,455)	(905)	(1,161)

The impact of hedged items designated in hedging relationships on the consolidated balance sheet is as follows:

	Cashflow hedge reserve		Change in fair value used for measuring ineffectiveness	
	2020	2019	2020	2019
Cash Flow Hedge (before tax)	US\$'000	US\$'000	US\$'000	US\$'000
Forecast floating interest payments	(2,362)	(1,598)	(905)	(1,161)

US \$1,019,654 hedging (loss) in relation to interest rate swaps was recognised in the comprehensive income statement. Material ineffectiveness related to cashflow hedges was not recognised.

b) 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.

	Within 12 months	1 to 5 years	Over 5 years	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Payables	36,956	5,396	-	42,352
Loans and borrowings	68,348	72,352	53,808	194,508
Lease liabilities	5,122	27,990	17,477	50,589
Derivatives - Interest Rate Swap	2,903	5,490	-	8,393
Total as at 30 June 2020	113,329	111,228	71,285	295,842
Payables	31,506	1,919	-	33,425
Loans and borrowings	87,943	83,926	34,759	206,628
Derivatives - Interest Rate Swap	1,815	5,799	120	7,734
Total as at 30 June 2019	121,264	91,644	34,879	247,787

c) 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.

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.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 17: Financial risk management (continued)

Customer credit risk is managed by each business unit subject to the Group's procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly reviewed. An impairment analysis is performed at each reporting date by assessing the expected credit loss customers with outstanding balances. The provision rates are based on historic experience, customer profile and economic conditions. Generally, trade receivables are written-off if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 6. The Group does not hold collateral as security. As at 30 June 2020, the group had provisions of US \$340,780 (2019: US \$492,000) for expected credit loss.

Credit risk on cash transactions and derivative contracts is managed through the Board approval. The Group's net exposures and the credit ratings of its counterparties are regularly confirmed.

d) Fair values

The fair value of cash, cash equivalents and non-interest bearing financial assets and liabilities approximates their carrying value due to their short maturity. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Group measures and recognises interest rate swaps at fair value on a recurring basis.

The fair value of interest rate swaps has been determined as the net present value of contracted cashflows. These values have been adjusted to reflect the credit risk of the Group and relevant counterparties, depending on whether the instrument is a financial asset or a financial liability. The existing exposure method, which discounts estimated future cash flows to present value using credit adjusted discount factors.

The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to Orocobre for similar financial instruments. For the period ended 30 June 2020 the borrowing rates were determined to be between 2.4% to 55%, depending on the type of borrowing (2019: 2.4% to 6.9%).

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).

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and loans to and from subsidiaries, related parties and external banks. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets		Carrying Amount		Fair Value	
		2020	2019	2020	2019
	Note	US\$'000	US\$'000	US\$'000	US\$'000
Cash and cash equivalents	15	171,836	279,798	171,836	279,798
Financial assets - non-current	15	17,171	17,171	17,171	17,171
Financial assets at amortised cost:					
Trade and other receivables - current	6	16,403	22,510	16,403	22,510
Trade and other receivables - non-current	6	18,424	13,194	18,424	13,194
Total financial assets		223,834	332,673	223,834	332,673

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 17: Financial risk management (continued)

Financial liabilities	Note	Carrying Amount		Fair Value	
		2020	2019	2020	2019
		US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables - current	12	36,956	31,506	36,956	31,506
Trade and other payables - non-current	12	5,396	1,919	5,396	1,919
Loans and borrowings - current	15	62,397	76,695	62,397	76,695
Loans and borrowings - non-current	15	157,613	103,387	157,613	101,482
Financial liabilities at fair value:					
Derivatives - Interest Rate Swap	16	8,360	7,455	8,360	7,455
Total financial liabilities		270,722	220,962	270,722	219,057

Changes in liabilities arising from financing activities

	Note	1 July 2019	Additional leases	Cashflow	Change in fair value	Other	30 June 2020
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities							
Current							
Loans and borrowings	15	76,695	-	(56,351)	-	42,251	62,595
Lease liabilities	30	601	4,340	(2,287)	-	-	2,654
Derivatives	16	1,797	-	-	1,102	-	2,899
Non-current							
Loans and borrowings	15	103,387	-	97,577	-	(43,177)	157,787
Lease liabilities	30	1,378	25,159	-	-	2,114	28,651
Derivatives	16	5,658	-	-	(197)	-	5,461
Total financial liabilities		189,516	29,499	38,939	905	1,188	260,047

	Note	1 July 2018	Business Combination	Cashflow	Change in fair value	Other	30 June 2019
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities							
Current							
Loans and borrowings	15	737	76,695	(12,208)	-	11,471	76,695
Derivatives	16	-	1,687	-	110	-	1,797
Non-current							
Loans and borrowings	15	-	105,608	9,250	-	(11,471)	103,387
Derivatives	16	-	4,607	-	1,051	-	5,658
Total financial liabilities		737	188,597	(2,958)	1,161	-	187,537

Note 18: Business combination

On 1 January 2019, Orocobre gained control of Sales de Jujuy Pte Ltd, following the signing of a new shareholders agreement with Toyotsu Lithium Pte Ltd (TLP) a subsidiary of Toyota Tsusho Corporation (TTC). Sales de Jujuy Pte Ltd is consolidated by virtue of Orocobre's contractual rights which permit it to exercise control over certain policies and activities of Sales de Jujuy Pte Ltd. No direct equity interest was acquired under the agreement and the existing equity arrangements were not changed as a result of the agreement. Sales de Jujuy Pte Ltd is owned 72.68% per cent by Orocobre and 27.32% by TLP. Signing of the agreement did not affect TLP's economic interest in Sales de Jujuy Pte Ltd. There was no purchase consideration.

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. The effective equity interest in the Olaroz Lithium Facility Joint Venture is Orocobre 66.5%, Toyota Tsusho Corporation (TTC) 25% and JEMSE 8.5%.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 18: Business combination (continued)

At 1 January 2019, 100 per cent of SDJ PTE's identifiable assets and liabilities were recognised in the statement of financial position at fair values estimated with the assistance of an independent third-party valuer. No goodwill was recognised. The transaction generated a non-cash gain of US \$30.7 million.

The fair values of the identifiable assets and liabilities of SDJ PTE were as follows:

	2019 US\$'000
Cash & cash equivalents	29,867
Trade & other receivables	31,014
Inventory	71,146
Property plant and equipment	612,185
Intangibles	1,006
Financial asset	17,171
Total assets	762,389
Trade & other payables	(32,983)
Loans & borrowings	(263,622)
Derivative	(6,294)
Deferred tax liability	(127,619)
Rehabilitation provision	(12,231)
Other provisions	(456)
Total liabilities	(443,205)
Net assets	319,184
Non-controlling interests @ 33.5%	(103,340)
Net assets attributable to ORE	215,844
Reconciliation of gain recognised on acquisition	
Fair value attributable to ORE	215,844
Amount allocated to investment	(109,316)
Reserves recognised in OCI	(74,588)
Other	(1,199)
Gain on consolidation	30,741

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 19: Share-based payments

Options and performance rights

Performance Rights & Option Plan (PROP)

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

Performance Rights (PR's) awarded under the PROP vest over a period of 3 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 PROP which vest ²
If TSR falls below 7.5% return per annum	None of the performance rights vest
If TSR lies between 7.5% and 10% return per annum	50% of the performance rights vest
If TSR lies between 10% and 12.5% return per annum	75% of the performance rights vest
If TSR lies at or above the 12.5% return per annum	100% the performance rights vest
TSR performance condition (relative, 50%) ¹	Proportion of PROP which vest ²
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

¹ TSR performance condition over the measurement period relative to the constituent companies of the ASX 300 Resources Index subject to the following thresholds.

² Interpolated vesting on a straight line

Movements in the year are:

Grant Date	Vesting date	Expiry date	Exercise price (AU\$)	2019 No.	Granted No.	Exercised No.	Forfeited/lapsed No.	2020 No.
31 Mar 2017	31 Aug 2019	30 Sep 2019	-	329,037	-	-	(329,037)	-
2 Mar 2018	31 Aug 2020	30 Sep 2020	-	603,140	-	(52,043)	(156,886)	394,211
11 June 2019	31 Aug 2021	30 Sep 2021	-	727,722	-	(47,957)	(129,293)	550,472
22 Nov 2019	31 Aug 2021	30 Sep 2021	-	-	87,524	-	-	87,524
16 Dec 2019	16 Dec 2019	-	-	-	132,818	(132,818)	-	-
11 Mar 2020	31 Aug 2022	30 Sep 2022	-	-	1,385,273	-	-	1,385,273
Total performance rights				1,659,899	1,605,615	(232,818)	(615,216)	2,417,480

During the year, 132,818 and 87,524 PRs vesting 16 December 2019 and 31 August 2021 were granted to the newly appointed CEO. This resulted in the balance of 132,818 exercising PR's. Refer to the remuneration report for full details.

1,385,273 PRs were granted in June 2020 pursuant to the Company's PROP for nil consideration. PRs are exercisable at AU \$0.00 each with 1,385,273 vesting on 31 August 2022, subject to the above thresholds.

All PR's granted are over ordinary shares, which confer a right of one ordinary share per PR. The PR's hold no voting or dividend rights. At the end of the financial year there are 775,582 PRs on issue to KMP (2019: 772,602).

At the date of issue, the weighted average share price of PRs granted in the current year was AU \$2.32 (2019: AU \$3.23). The options and PRs outstanding at 30 June 2020 had a weighted average exercise price of AU \$0.00 (2019: AU \$0.00) and a weighted average remaining contractual life of 1.66 years (2019: 1.41 years).

The weighted average fair value of options and PRs granted during the year was AU \$1.25 (2019: AU \$1.46).

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 19: Share-based payments (continued)

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

Year of issue	2018 - PROP	2018 - PROP	2019 - PROP	2019 - PROP
Grant date	2/03/2018	2/03/2018	11/06/2019	11/06/2019
Number issued	317,222	317,221	363,861	363,861
Fair value at grant date (AU\$)	4.85	4.35	1.78	1.14
Share price (AU\$)	5.88	5.88	3.23	3.23
Exercise price (AU\$)	-	-	-	-
Expected volatility	47.00%	47.00%	47.00%	47.00%
Option life	3 years	3 years	3 years	3 years
Expected dividends	nil	nil	nil	nil
Risk-free interest rate	2.01%	2.01%	1.06%	1.06%

Year of issue	2019 - PROP	2019 - PROP	2020 - PROP	2020 - PROP
Grant date	22/11/2019	22/11/2019	11/03/2020	11/03/2020
Number issued	43,762	43,762	692,637	692,636
Fair value at grant date (AU \$)	0.83	0.45	1.75	1.15
Share price (AU \$)	2.56	2.56	2.26	2.26
Exercise price (AU \$)	-	-	-	-
Expected volatility	48.00%	48.00%	49.00%	49.00%
Option life	3 years	3 years	3 years	3 years
Expected dividends	nil	nil	nil	nil
Risk-free interest rate	0.77%	0.77%	0.41%	0.41%

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

The total expense arising from share-based payment transactions recognised during the period as part of employee benefit expense was US \$1,476,818 (2019: US \$1,081,973). During FY19 US \$132,295 of this amount was recharged to Sales de Jujuy S.A. in the first half of the year. US \$40,000 (2019:US \$33,000) was capitalised to property, plant and equipment (Note 8).

Recognition and measurement

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. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss, expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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 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 payments transaction or is otherwise beneficial to the employees 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 5).

Significant judgements and estimates

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 assumptions made.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 20: Information relating to subsidiaries

The consolidated financial statements of the Group include:

Entity Name	Country of incorporation & principal place of business	% equity interest held by the Group	
		2020	2019
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
Sales De Jujuy Pte Ltd	Singapore	72.68	72.68
Sales De Jujuy S.A.	Argentina	66.50	66.50
Orocobre Brasil Representacoes E Assessoria Comercial LTDA	Brazil	100.00	100.00
La Frontera S.A.	Argentina	85.00	85.00
Olaroz Lithium S.A.	Argentina	100.00	100.00
El Trigal S.A.	Argentina	100.00	100.00
Los Andes Compania Minera S.A.	Argentina	100.00	100.00
Advantage Lithium Corp.	Canada	100.00	33.30
Advantage Lithium S.A. (wholly owned subsidiary of Advantage Lithium Corp.)	Argentina	100.00	-
South American Salar Minerals Pty Ltd	Australia	100.00	-
South American Salar S.A.	Argentina	100.00	-

Orocobre completed the acquisition of 100% of the issued and outstanding shares of AAL that it did not already own during the year ended 30 June 2020. Such transaction resulted in Orocobre increasing its % equity interest held by the Group to 100% in Advantage Lithium Corp., Advantage Lithium S.A., South American Salar Minerals Pty Ltd, and South American Salar S.A.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2020.

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.

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.

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.

Note 21: Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below. The group has an interest of 72.68% in Sales de Jujuy Pte Ltd and 66.5% in Sales de Jujuy S.A.

	2020	2019
	US\$'000	US\$'000
Accumulated balances of material non-controlling interest	101,332	102,877
Total comprehensive income	(254)	(441)

The summarised financial information of the subsidiaries is provided below. This information is based on amounts before inter-company eliminations and include fair value from the business combination.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 21: Material partly owned subsidiaries (continued)

Summarised statement of profit and loss for the year ended 30 June 2020

	2020	2019
	US\$'000	US\$'000
Revenue	58,042	61,204
Cost of sales	(39,916)	(30,538)
Gross profit	18,126	30,666
Corporate and administrative costs	(9,307)	(5,778)
Selling costs	(3,165)	(5,403)
Net finance costs	(22,793)	(8,294)
Depreciation	(13,255)	(7,428)
Impairment of assets	(17,931)	-
Foreign exchange	(6,829)	(2,184)
Profit before income tax	(55,154)	1,579
Income tax expense	9,851	(1,712)
Profit for the year from continuing operations	(45,303)	(133)
Other comprehensive income	762	(1,226)
Total comprehensive income	(44,541)	(1,359)
Attributable to non-controlling interests	(254)	(441)

Summarised statement of financial position as at 30 June 2020

	2020	2019
	US\$'000	US\$'000
Current assets	65,366	100,673
Non-current assets	866,683	701,773
Total assets	932,049	802,446
Current liabilities	158,722	158,212
Non-current liabilities	501,888	326,472
Total liabilities	660,610	484,684
Net assets	271,439	317,762
Total equity	271,439	317,762
Attributable to:		
Equity holders of the parent	170,107	214,885
Non-controlling interest	101,332	102,877
	271,439	317,762

Note 22: Investment in associates

Entity Name	Country of incorporation & principal place of business	% equity interest held by the Group	
		2020	2019
Advantage Lithium Limited (AAL)	Canada & Argentina	100.00	33.30
Toyotsu Lithium Corporation (TLC)	Japan	75.00	75.00

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 22: Investment in associates (continued)

Reconciliation of the movement in investment in associates is set out below:

	AAL		TLC		Total	
	2020	2019	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at the beginning of year	21,972	19,954	6,807	-	28,779	19,954
Purchase of shares - paid in cash	1,178	3,883	-	6,722	1,178	10,605
Loss from equity accounted investment in associates	(704)	(1,389)	(803)	(155)	(1,507)	(1,544)
Fair value of asset through OCI	31	(456)	-	-	31	(456)
Foreign currency translation reserve	(4)	-	(4)	240	(8)	240
Loss on fair value of associates	(10,329)	-	-	-	(10,329)	-
Foreign currency loss on impairment	(1,169)	-	-	-	(1,169)	-
Purchase of shares - paid with equity	20,610	-	-	-	20,610	-
Transfer to asset acquisition (Note 29)	(31,584)	(20)	-	-	(31,584)	(20)
Balance at the end of year	-	21,972	6,000	6,807	6,000	28,779

a) Advantage Lithium Corp

On 17 April 2020, Orocobre completed the acquisition of 100% of the issued and outstanding shares of AAL that it did not already own. At such date Orocobre remeasured the carrying value of its investment in Advantage Lithium and ceased to be an associate as it became a wholly owned subsidiary. The remeasurement of the investment at transaction date was calculated with the valuation from the Plan of Arrangement between Orocobre and Advantage Lithium which resulted in a loss of fair value of associate of US\$10,329,000.

The following tables illustrate the summarised financial information of AAL.

Statement of profit & loss¹

	2020	2019
	US\$'000	US\$'000
Corporate expenses	(2,198)	(3,523)
Depreciation	(8)	(59)
Foreign currency gain/(loss)	175	(671)
Loss before interest	(2,031)	(4,253)
Finance income	-	83
Loss for the year	(2,031)	(4,170)
Other comprehensive gain/(loss)	89	(1,368)
Total comprehensive loss	(1,942)	(5,538)
Orocobre's share of the loss for the year	(704)	(1,389)
Orocobre's share of other comprehensive loss	31	(456)
Orocobre's share of total comprehensive loss	(673)	(1,845)

¹ The statement of profit and loss is based on AAL's profit and loss for the period 1 May 2019 - 15 April 2020, and 1 May 2018 - 30 April 2019.

	2020	2019
	US\$'000	US\$'000
Current assets	386	2,248
Non-current assets	48,042	46,650
Total assets	48,428	48,898
Current liabilities	145	771
Total liabilities	145	771
Net assets	48,283	48,127
Contributed equity	63,995	63,995
Reserves	2,046	3,401
Accumulated losses	(17,758)	(19,269)
Total equity	48,283	48,127

² The statement of financial position is based on AAL's translated statement as at 15 April 2020 and 30 April 2019.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 22: Investment in associates (continued)

b) Toyota Lithium Corp

On 12th April 2019, the Group invested in Toyotsu Lithium Corporation (TLC) with Toyota Tsusho Corporation (TTC). The Group has an economic interest of 75% and TTC 25%. TLC will construct the Naraha Lithium Hydroxide Plant which will be located in Japan. Feedstock for the plant will be sourced from the Olaroz Lithium Facility's Stage 2 expansion that will produce primary grade lithium carbonate. The Group has invested capital of JPY 750 million (US \$6.7 million) into TLC.

TLC has been accounted for as an associate due to the fact that Orocobre does not have control of TLC, but has significant influence. This is evidenced by Orocobre having 2 of the 5 board members whilst decisions are made by a majority. The functional currency of TLC is Japanese YEN, therefore it will generate an FCTR on translation to US dollars. A translation difference of US \$235,081 (FY19: US \$239,511) was recognised in the current year. See Note 27 for the Group's accounting policy on Investment in joint ventures and associates. No dividends have been received from the associate.

The following tables illustrate the summarised information of the Group's Investment in TLC.

Statement of profit and loss¹

	2020	2019
	US\$'000	US\$'000
Corporate expenses	(1,070)	(201)
Loss before income tax	(1,070)	(201)
Income tax expense	-	(6)
Loss for the period	(1,070)	(207)
Other comprehensive loss	-	-
Total comprehensive loss	(1,070)	(207)
Orocobre's share of the loss for the year	(803)	(155)
Orocobre's share of other comprehensive loss	-	-
Orocobre's share of total comprehensive loss	(803)	(155)

¹ The FY19 statement of financial profit and loss is based on Toyotsu Lithium Corporation for the period 11 April – 30 June 2019

Statement of financial position

	2020	2019
	US\$'000	US\$'000
Current assets	24,358	30,508
Non-current assets	40,362	35,218
Total assets	64,720	65,726
Current liabilities	101	19
Non-current liabilities	56,619	56,631
Total liabilities	56,720	56,650
Net assets	8,000	9,076
Contributed equity	8,964	8,964
Reserves	313	319
Accumulated losses	(1,277)	(207)
Total equity	8,000	9,076

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 23: Parent entity information

The following information relates to the parent entity. The ultimate parent entity within the Group is Orocobre Limited.

The individual financial statements for the parent entity show the following aggregate amounts below:

	2020	2019
	US \$000's	US \$000's
Current assets	224,959	308,242
Non-current assets	334,159	242,180
Total assets	559,118	550,422
Current liabilities	4,131	3,272
Non-current liabilities	1,477	1,578
Total liabilities	5,608	4,850
Net assets	553,510	545,572
Contributed equity	527,851	527,716
Reserves	(39,769)	(41,246)
Accumulated profits	65,427	59,102
Total equity	553,509	545,572
Profit/(loss) for the year	6,326	(140)
Total comprehensive profit/(loss) for the year	6,326	(140)

Orocobre Limited had no contingent liabilities at year end. As set out in Note 30 the Company has an operating lease commitment for US \$495,489 (2019: US \$753,465).

The loss for the period includes impairment of loans receivable from Borax Holdings 1&2 of US \$2,713,753 (FY19: US \$2,318,704).

The parent entity has several employees. A portion of the costs associated with these employees are borne by a subsidiary of the parent entity and are not included in the above disclosures.

Recognition and measurement

The financial information for the parent entity, Orocobre Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Orocobre Limited.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 24: Reconciliation of profit for the year to net cash generated from operating activities

	2020	2019
	US\$'000	US\$'000
Profit after income tax	(67,159)	54,586
Adjustments for:		
Gain on business combination	-	(30,741)
Non-cash employee benefits expense	1,477	1,049
Depreciation	13,883	7,630
Share of net gains of joint ventures	-	(24,752)
Share of net losses of associates	1,507	1,544
Impairment loss	33,140	637
Unwinding of discount on rehab provision	530	162
Non-cash finance income	-	(4,806)
Non-cash finance costs	2,241	3,170
Unrealised foreign exchange	2,193	1,008
Deferred tax	(9,851)	1,712
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	877	1,764
(Decrease)/increase in payables	8,827	(442)
(Decrease)/increase in provisions	(191)	(528)
(Increase)/decrease in prepayments	6,625	(2,758)
(Increase)/decrease in inventory	(10,289)	(747)
Net cash generated from operating activities	(16,190)	8,488

Note 25: Auditors Remuneration

The auditor of Orocobre Limited is Ernst & Young.

	2020	2019
	US\$'000	US\$'000
Audit and review of financial statements (Ernst & Young)		
- Australia	149,576	180,655
- Argentina	101,289	93,052
Total auditors' remuneration	250,865	273,707

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 26: Related party disclosures

26a) Transactions with related parties and outstanding balances

The following table provides the total amount of transactions with related parties for the relevant financial year.

Transactions impacting the statement of profit & loss

		2020	2019
	Note	US\$	US\$
Sales to a related party	1	58,042,421	61,204,024
Sales to a related party through a joint venture	1	-	63,479,802
Interest income from joint venture	2	-	2,589,710
Interest expense to a related party (gross of any capitalisation)	2	(3,822,867)	(1,195,138)

Transactions impacting the statement of financial position

		2020	2019
	Note	US\$	US
Trade receivable from a related party			
Current	6	230,520	651,248
Non-current	6	-	-
Amount recoverable from a related party			
Current	6	-	-
Non-current	6	6,968,987	8,174,275
Loans payable to a related party			
Current	15	13,666,666	13,666,667
Non-current	15	44,814,867	16,523,200
Interest payable to a related party			
Current	12	5,278,562	3,773,815
Non-current	12	2,849,581	531,461

Key Management Personnel

Compensation of Key Management Personnel of the Group:

	2020	2019
	US\$	US\$
Short-term employee benefits	1,390,841	1,887,992
Post-employment benefits	17,144	72,255
Other long-term benefits	(1,454)	28,798
Share-based payments	751,463	558,097
Total compensation	2,157,994	2,547,142

Transactions with Directors and Key Management Personnel

There were no Key Management Personnel (KMP) related party transactions during the year. Detailed disclosures on compensation for Key Management Personnel are set out in the Remuneration Report included in the Directors' Report.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 27: Summary of significant accounting policies

Other significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

a) 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, and
- 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.

b) 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.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 27: Summary of significant accounting policies (continued)

c) Joint ventures and associates

The Group's investments in its joint ventures are accounted for using the equity method. 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 as outlined in Note 20.

Under the equity method, the investment in a joint venture and associate is initially recognised at cost. The carrying amount of the investment is carried at cost plus the share in net assets. Goodwill relating to the joint venture and associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture and associate. 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 or associate, 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 and associate are eliminated to the extent of the interest in the associate or joint venture.

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

The financial statements of the joint venture are prepared for the same reporting period as the Group. The financial statements of the associates are not aligned with group and the necessary disclosure are noted in note 22. Adjustments are made to bring the accounting policies in line with those of the Group.

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.

d) New and amended standards and interpretations adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year. New accounting standards effective during the year are detailed below.

AASB 16 – Leases

AASB 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC -15 Operating Leases – Incentives and SIC - 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model. The Group adopted the standard on 1 July 2019. The Group adopted AASB 16 using the modified retrospective approach whereby the impact is assessed at date of transition.

e) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 27: Summary of significant accounting policies (continued)

Title of Standard	Nature of Change	Impact
AASB 17 Insurance Contracts	<p>In May 2017, the AASB issued AASB 17 Insurance Contracts (AASB 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The overall objective of AASB 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in AASB 4, which are largely based on grandfathering previous local accounting policies, AASB 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of AASB 17 is the general model, supplemented by:</p> <ul style="list-style-type: none"> • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts 	The Group does not believe there will be a material financial impact to either the statement of profit or loss or the statement of financial position.
AASB 3 Definition of a Business	In October 2018, the AASB issued amendments to the definition of a business in AASB 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.	The Group adopted AASB 3 amendments when accounting for the change of control of AAL. See Note 29.
AASB 101 & AASB 108 Definition of Material	In October 2018, the AASB issued amendments to AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Note 28: Commitments

	2020 US\$'000	2019 US\$'000
Not later than 1 year		
Exploration commitments ⁱ⁾	31	132
Operating leases ⁱⁱ⁾	-	817
Contracts - Property plant & equipment ⁱⁱⁱ⁾	91,685	39,061
Contracts - Operating ⁱⁱⁱ⁾	8,071	14,704
Total	99,787	54,714
Later than 1 year but not later than 5 years		
Exploration commitments ⁱ⁾	-	200
Operating leases ⁱⁱ⁾	-	1,157
Contracts - Operating ⁱⁱⁱ⁾	16,107	32,213
Total	16,107	33,570
Later than 5 years		
Contracts - Operating ⁱⁱⁱ⁾	-	-
Total	-	-

i) The Group must meet minimum expenditure commitments in relation to option agreements over exploration tenements and to maintain those tenements in good standing. The commitments exist at balance sheet date but have not been brought to account. If the relevant mineral tenement is relinquished the expenditure commitment also ceases.

ii) In the prior year, the operating leases commitment included non-cancellable leases for varying office premises and houses.

iii) The Group has contractual commitments regarding purchase agreements for consumables and energy at its operations.

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 29: Asset Acquisition

On 17 April 2020, Orocobre completed the acquisition of 100% of the issued and outstanding shares of Advantage Lithium that it did not already own. Under the terms of the Arrangement, Advantage Lithium shareholders received 0.142 Orocobre shares per Advantage Lithium share. Orocobre issued approximately 15.1 million shares. After considering the details of the transaction such event was accounted as an asset acquisition.

Orocobre recognised the acquisition as an asset acquisition as opposed to a business combination based. In arriving to such conclusion, Orocobre considered the asset concentration test confirming that the fair value of the gross assets acquired is concentrated in a single identifiable asset; Cauchari's mining properties.

The fair values of the identifiable assets and liabilities of Advantage Lithium were as follows:

	2020
	US\$'000
Asset acquisition at fair value	31,399

Initial recognition exemption in AASB 112 Income Taxes is applied so no deferred tax assets and liabilities arise if the tax base is different from the accounting base.

Note 30: Leases

The adoption of AASB 16 resulted in all non-cancellable leases except for short term and low value items being recognised on the balance sheet. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals have been recognised at commencement date. The lease liabilities are recognised on initial adoption by present valuing the future lease payments at the incremental borrowing rate (IBR) and the right of use assets are recognised at initial adoption by including the lease liability plus and prepaid/accrued rent. The new standard replaces the Group's operating lease expense with an interest and depreciation expense. The IBR applied by the Group ranges from 5% - 58.10% depending on the location and nature of the asset.

The Group also applied the available practical expedients wherein it Relied on its assessment of whether leases are onerous immediately before the date of initial application.

The Group has used the practical expedient of combining lease and associated non-lease components as a single lease component.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019:

	2019
	US\$'000
Opening Operating lease commitments	1,974
Discounted using the lessee's incremental borrowing rate at the date initial application	(418)
(Less): Short-term leases recognised on a straight-line basis as an expense	(172)
Add/(less): adjustments as a result of different treatment of extension and termination options	587
Add/(less): adjustments relating to changes in the index rate and other items	8
Lease liability recognised as at 1 July 2019	1,979
Of which are:	
Current lease liabilities	601
Non-current lease liabilities	1,378
Total lease liabilities as at 1 July 2019	1,979

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 30: Leases (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the current period:

	Property	Plant and machinery	Motor vehicles	Other equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At cost	1,878	28,558	90	11	30,537
Accumulated depreciation	(498)	(2,501)	(42)	(2)	(3,043)
Total as at 30 June 2020	1,380	26,057	48	9	27,494

	2020
	US\$'000
Balance at the beginning of the year	1,979
Additions	28,558
Depreciation expense	(1,419)
Depreciation capitalised to inventory	(1,624)
Balance at the end of the year	27,494

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the current period:

	2020
	US\$'000
Balance at the beginning of the year	1,979
Additions ⁱ⁾	28,558
Accretion of interest - expense	2,170
Accretion of interest - capitalised to PP&E	941
Lease payments	(2,287)
Other	(56)
Balance at the end of the year	31,305

i) Lease additions includes a newly signed contract for electricity at SDJ. The previous signed contract was less than 2 months from completion and hence not included in the opening balances.

Presented below is a maturity analysis of future lease payments:

	2020
	US\$'000
Not later than 1 year	2,654
Later than 1 year and not later than 5 years	28,651
Later than 5 years	-
Total as at 30 June 2020	31,305

The change in the accounting policy affected the following items in the balance sheet as at 1 July 2019.

Property, plant and equipment – Right of use asset – increase of US\$1,979,000
 Lease liabilities – increase of US\$1,979,000
 The net impact on retained earnings was nil.

The overall impact on the loss for the period as a result of the change in accounting policy was an increase of US\$2,000,000, with US\$1,400,000 and US\$2,200,000 recognised as an expense for depreciation and interest respectively. This was offset with operating leases costs not recognised of US\$1,600,000.

The impact on the segment disclosures as a result of the adopting AASB 16 from 1 July 2019, segment EBITDAIX improved due to the change in policy which moved operating lease costs from EBITDAIX to below in depreciation and interest. The overall EBITDAIX improved by US\$1,600,000.

The Group has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, lease contracts for which the underlying asset is of low value and elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease. During the period the Group

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 30: Leases (continued)

has entered into a new electricity contract for the supply of electricity as SDJ. This contract was assessed using AASB 16 and a right of use asset and liability was booked upon execution of US\$26,641,000.

Accounting for the Group's leasing activities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group recognises right of use assets at the commencement date of the lease, the date the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Note 31: Subsequent Events

On 27 August 2020, Orocobre entered into a non-binding MOU with the Prime Planet Energy & Solutions ('PPES') joint venture for a sizable long term supply contract. Under the MOU it is anticipated Olaroz will supply PPES with 3.0kt LCE in the CY21 increasing to 30.0kt LCE in CY25. The MOU is expected to reduce Orocobre's exposure to spot prices and improve its customer mix.

Other than the above matter, there were no significant events after balance date.

Director's 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 2020 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 2020 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 2020.

Robert Hubbard
Chairman

Martín Pérez de Solay
Managing Director

Dated this: 28th day of August 2020



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working world**

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Independent Auditor's Report to the Members of Orocobre Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orocobre Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying amount of non-current assets

Why significant

At 30 June 2020, the Group had non-current assets in respect of its Olaroz and Borax segments of \$797.5 million and \$1.9 million respectively (prior to any impairment charges being recognised).

Australian Accounting Standards require the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, an entity shall estimate the recoverable amount of the asset or cash generating unit to which it relates.

The Group operates in an industry with exposure to fluctuations in commodity prices, foreign exchange rates, discount rate and resource estimation, which impacts the Group's forecast revenues, operating cash flows and the resulting recoverable amount of its non-current assets. The volatility of these key valuation inputs has also been affected by economic uncertainty resulting from the COVID-19 pandemic.

Impairment assessments involve forecasts in these areas, all of which are highly judgmental and ultimately impact on the recoverable amount of non-current assets. Accordingly, this was considered a key audit matter.

The Group has performed an impairment indicator assessment, concluding indicators were present as a result of a market capitalisation deficiency at 30 June 2020 and a decline in global lithium prices. As a result of indicators being present, the Group performed impairment testing and assessed the recoverable amount of its Olaroz and Borax cash generating units ("CGUs"). This testing resulted in an impairment charge of \$1.6 million in respect of Borax's non-current assets.

Disclosure regarding this matter can be found in Note 3 to the financial report.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed the Group's definition of cash generating units in accordance with Australian Accounting Standards.
- Assessed the appropriateness and completeness of the Group's consideration of potential impairment indicators.
- Considered the relationship between asset carrying values and the Group's market capitalisation.
- Assessed the Group's decision to impair the carrying amount of Borax's non-current assets and the adequacy of the impairment charge recognised.
- Evaluated the modelling methodology use by the Group to measure Olaroz's recoverable amount with reference to Australian Accounting Standards and with normal industry practice.
- Recalculated the carrying amount of the Olaroz CGU to evaluate whether it was prepared on a comparable basis with the cash flows in impairment model.
- In conjunction with our valuation specialists:
 - ▶ Tested the mathematical accuracy of the impairment model;
 - ▶ Compared key forecast assumptions such as commodity prices and discount rates to external observable market data; and
 - ▶ Considered if operating and capital cost assumptions included within impairment model are acceptable based on current performance, historical actuals and future capital expansion.
- Compared the resources recovered in the impairment model to the Group's published resource statement. We also assessed the qualifications, competence and objectivity of the Group's internal experts used to estimate Olaroz's resource.
- Discussed with operational management the performance of the underlying assets and any indication of underperformance, obsolescence, significant future capital requirements or physical damage to assets.
- Assessed the adequacy of the Group's disclosures included in the financial report in accordance with Australian Accounting Standards.

Acquisition Accounting for Advantage Lithium Corporation

Why significant

On 17 April 2020, the Group completed the acquisition of 100% of the common shares of Advantage Lithium Corporation ("AAL") under a Plan of Arrangement (the "Plan"). Under the Plan, AAL shareholders received 0.142 Orocobre shares for each common share in AAL.

Prior to acquiring the outstanding shares in AAL, the Group held approximately 33.3% of the common shares in AAL. Because of its shareholding and representation on AAL's Board, the Group determined AAL was an associate and applied the equity method of accounting up to 17 April 2020.

On obtaining control of AAL, Australian Accounting Standards require the Group to cease equity method accounting and fair value its existing shares in AAL. The fair valuation of the Group's existing shares resulted in the recognition of a cumulative impairment charge of \$10.3 million for the year ended 30 June 2020.

AAL's predominant asset is its 75% interest in the Cauchari exploration joint operation, which is adjacent to the Group's existing Sales de Jujuy operation in the Cauchari-Olaroz basin. Based on the nature of the acquisition, the Group determined acquisition of AAL represented an asset acquisition, as opposed to a business combination, under Australian Accounting Standards.

As an asset acquisition, the transaction is accounted for as a share-based payment transaction, with the assets and liabilities recognised at fair value as at the date of acquisition. The acquisition date fair values of the acquired assets and liabilities was measured by the Group with reference to:

- The fair value of the Group's interest in AAL immediately prior to acquisition; and
- The fair value of the acquired common shares in AAL, determined with reference to the market price of the Company's shares on 17 April 2020.

How our audit addressed the key audit matter

We performed the following procedures:

- Read the Plan of Arrangement between the Group and AAL.
- Considered the recorded acquisition date and the date achievement of control over the acquired business interests was obtained.
- Recalculated the fair value of the Group's existing interest in AAL shares immediately prior to obtaining control and the resulting impairment charge for the period.
- Evaluated the Group's assessment the transaction was an asset acquisition as opposed to business combination for consistency with the requirement of Australian Accounting Standards, noting the concentration of value in a single asset, being the Cauchari exploration joint operation and the absence of outputs from the operation due to its stage of evaluation.
- Evaluated the Group's measurement of the fair value of assets and liabilities as at the date of acquisition for consistency with the share-based payment requirements of Australian Accounting Standards.
- Tested on a sample basis, the appropriateness of directly attributed transaction cost incurred.
- Agreed the fair value of working capital balances acquired, to bank statements, invoices and the underlying books and records of AAL.
- Assessed the adequacy of the Group's disclosures included in the financial report in accordance with Australian Accounting Standards.

Why significant

This was considered to be a key audit matter due to:

- The size of the acquisition and the significance of the impairment charge recognised on the cessation of equity accounting;
- The judgment involved in the assessment of the transaction as an asset acquisition versus a business combination; and
- The judgment involved in measuring the fair values of assets and liabilities acquired.

Details of the Group's acquisition of AAL is disclosed in note 29 to the financial report.

How our audit addressed the key audit matter

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other



matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 36 to 49 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Orocobre Limited for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

Ernst & Young

Andrew Carrick
Partner
Brisbane
28 August 2020

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Resources & Reserves

Combined Resources

Resources owned by the company have now increased to a total of 11.2 Mt of lithium carbonate equivalent (LCE) in Measured and Indicated Resources and 1.5 Mt of Inferred resources, as a result of the Advantage Lithium acquisition. These are summarised in Table 1, with details of the resource estimates provided in the following tables.

Table 1: Olaroz and Cauchari Resource Summary

Olaroz Project Lithium Carbonate Equivalent (LCE)*	
Measured	1.40
Indicated	5.00
Total M&I Olaroz	6.40
Cauchari Project Lithium Carbonate Equivalent (LCE) ^	
Measured	1.85
Indicated	2.95
Total M&I Cauchari	4.8
Inferred	1.5
Total M&I Olaroz+Cauchari	11.20

*^ Details of the individual Olaroz and Cauchari resource estimates are provided in the tables below. These have different grades, cut off values and Competent Persons.

Table 2: Olaroz 2011 Resource Estimate

Resource category	Area (km ²)	Thickness (m)	Mean specific yield %	Brine volume km ³	Concentration			Tonnes of contained metal		
					Lithium mg/l	Potassium mg/l	Boron mg/l	Lithium million tonnes	Potassium million tonnes	Boron million tonnes
Measured resource	93	54	8.5%	0.42	632	4,930	927	0.27	2.08	0.39
Indicated resource	93	143	10.0%	1.33	708	6,030	1,100	0.94	8.02	1.46
Measured & indicated resource	93	197	9.6%	1.75	690	5,730	1,050	1.21	10.1	1.85

Olaroz Resource Estimate

In 2011, the Company defined a M&I 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 equivalent (LCE) 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 (Table 2).

Details of the Olaroz M&I Resources are given in the table below. The resource was estimated under the JORC 2004 reporting guidelines, prior to the introduction of the current JORC 2012 reporting rules. However, there is no material difference with the resource, with the exception of depletion by production, which commenced in 2014.

Olaroz Defined Exploration Target

As part of the bore field development during Stage 1 operations, five production bores have been drilled, or extended, beyond the resource depth of 197 m, with the deepest being to 450 m. All these holes intersected significant thicknesses of sandy sequences beneath the 197 m deep resource (announcement 23 October 2014).

These results are highly significant as this sandy sequence is interpreted to extend laterally beneath much of the defined brine resource.

The sand unit could hold significant volumes of lithium- bearing brine which could be added to the resource base by future deeper 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 200 m.

The exploration target described below is between 1.6 and 7.5 million tonnes of LCE, located between 197 m and 323 m depth, based on the first two deeper production bores in the west of the Olaroz properties (Table 3).

Additional exploration targets have been identified to the north and the 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 Olaroz Salar may be over 600 m deep with potential for further Exploration Targets to be developed beneath the current target to 323 m.

Deeper drilling will be undertaken during the Stage 2 Expansion to further evaluate the exploration target and prepare an updated resource including deeper drilling to assist longer term development planning.

Table 3: Olaroz Deeper Exploration Target

Area km ²	Thickness m (to 323 m depth)	Mean specific yield %	Brine volume million m ³	Li mg/l	Contained Li million metric tonnes	Lithium carbonate million metric tonnes	K mg/l	Contained K million metric tonnes	Potash million metric tonnes	B mg/l	Boron million metric tonnes
Upper Assumption Estimate											
80	126	20%	2,000	700	1.4	7.5	5400	10.9	20.8	1,200	2.4
Lower Assumption Estimate											
80	126	6%	605	500	0.3	1.6	4000	2.4	4.6	900	0.5

Olaroz Reserve Estimate

There is currently no mineral reserve defined for the Olaroz Project. An initial evaluation of pumping

performance in the salar to date was completed using numerical (groundwater) modelling software. This work established the data requirements for the company to develop a new groundwater model to develop a reserve estimate with the results of deeper drilling.

The new groundwater model will be optimised to simulate the results of long-term brine extraction from the salar. This model will be developed on the updated lithium mineral resources, which will include new resources expected to be defined below the depth of the current resources (based on information from the

five pumping wells installed below 200 m depth and drilling conducted to date for the expansion project). Government mandated COVID-19 controls in Argentina and expenditure reduction related to the weak lithium market and pricing have resulted in a delay to updating the project reserves.

Prediction of brine extraction through the life of the project, using the new groundwater model and based on observations of pumping from 2013 to 2020, will allow definition of a long-term production schedule and a mineral reserve of lithium in brine which can be extracted by long-term pumping operations.

Cauchari Project (Orocobre 100%: acquired through the acquisition of Advantage Lithium)

Orocobre acquired the Cauchari Project immediately south of Olaroz in 2020, following the completion of a statutory plan of arrangement with Advantage Lithium. The Cauchari project has similar brine characteristics to Olaroz (although lower grade) and provides additional optionality for the company with regards to project expansion when lithium demand has increased in the future.

The 2018 Phase III drilling program and subsequent 30 day constant rate pumping tests more than doubled the resource at Cauchari from the previous estimate released on 24 May 2018 ([see ASX announcement 7 March 2019](#)).

Independent consultants FloSolutions SpA.(now Atacama Water) advised the resource volume has increased to 1.9 km³ of brine at an average concentration of 476 mg/l lithium equivalent for 4.8 Mt of LCE in the Measured & Indicated (M&I) categories. The Inferred Resource estimate increased to 0.6 km³ of brine at an average grade of 473 mg/l lithium equivalent for 1.5 Mt of LCE. The resource estimate includes both the NW and SE Sectors of the project. The resources have been broken into six different geological units which are classified between Measured, Indicated and Inferred resources, with the classification reflecting differences in the level of available sample information.

The key areas of the resource for future brine production are the Archibarca Fan (NW Sector, immediately south of Olaroz) and the SE Sector of the Project.

The Archibarca Fan resource consists of 1.0 Mt of LCE as Measured Resources at 564 mg/l lithium. The M&I Resources in the SE Sector, mostly contained in the Clay and Halite units, amount to approximately 2.3 Mt of LCE at 481 mg/l lithium. The extraction characteristics of the Archibarca Fan and SE Sector have been confirmed by the 30 day pumping tests in each area following the Phase III drilling program in 2018.

The brine resource is calculated over the NW and SE properties of the Cauchari Project and covers an area of 117.7 km². The brine resource in the west extends from the brine level below the surficial gravels to a depth of over 400 m and is classified as Measured in the north in the Archibarca area and Indicated further south in the West Fan, with small volumes of Inferred resources in these areas. The M&I Resources in the SE Sector extend from the phreatic brine level to a constant depth of 400 m.

in the Halite and Clay units. Indicated Resources in the Deep Sand unit extend to 500 m depth. Below these depths the resource is classified as Inferred, reaching a depth of up to 619 m. The Deep Sand unit remains open at depth. None of the drill holes completed to date have intercepted bedrock (basement) and the resource remains open at depth. The updated resource estimate is presented in Table 4.

Table 4: Cauchari Project Lithium Resource Estimate; April 2019

	Measured (M)	Indicated (I)	M+I	Inferred
Aquifer volume (km ³)	9.7	20.9	30.7	10.7
Mean specific yield	6%	6%	6%	6%
Brine volume (km ³)	0.6	1.2	1.9	0.6
Li mean grade (g/m ³)	35	26	29	27
Li mean concentration (mg/l)	527	452	476	473
Resource (tonnes)	345,000	550,000	900,000	290,000
Lithium Carbonate Equivalent	1,850,000	2,950,000	4,800,000	1,500,000

Notes:

1. JORC and CIM definitions were followed for mineral resources.
2. The Qualified Person for this Mineral Resource estimate is Murray Brooker, RPGeo, MAIG.
3. Lithium is converted to lithium carbonate (Li₂CO₃) with a conversion factor of 5.32.
4. Numbers may not add due to rounding.

Results of the brine chemistry analysis carried out as part of the updated resource estimate confirmed the Cauchari brine is similar in composition to the brine in the adjacent Olaroz Salar from which Orocobre successfully produces lithium carbonate using conventional lithium processing technology. There is a reasonable prospect that the Cauchari brine could be successfully processed using technology similar to Olaroz. A summary of the Cauchari brine characteristics can be found in Table 5.

Table 5: Cauchari Brine Chemistry Characteristics; 7 March, 2019

Samples Ratio	Archibarca Fan	Clay	East Fan	Halite	Deep Sand	West Fan
Mg/Li	2.3	2.5	1.6	2.7	2.5	3.2
SO ₄ /Li	26.2	39.7	88.7	44.3	38.1	38.4

Resource Estimation Methodology

The updated lithium resource estimate for the Cauchari Project is based on the results of 26 diamond holes and five rotary holes drilled between 2011 and the end of 2018. Figure 1 shows a location map of the drill holes completed during the 2011 and 2017/8 drilling campaigns and Figure 2 shows a cutaway diagram of the resource area and concentrations. Brine sample collection consisted of bailed and packer samples in the diamond holes, and packer and pumped samples in the rotary holes. More than 2,000 brine samples (including more than 300 QA/ QC samples) were analysed by Norlabs (Jujuy, Argentina) as the primary laboratory and by Alex Steward Assayers (Mendoza, Argentina) and the University of Antofagasta (Chile) as secondary QA/QC laboratories. Brine was also extracted from diamond cores (centrifuge methodology) in an independent laboratory in the USA and analysed in the Norlabs laboratory in Argentina to further verify and validate brine chemistry results.

HQ core was retrieved during the diamond core drilling from which more than 300 primary undisturbed samples were prepared for laboratory drainable porosity and other physical parameter determinations by Geo Systems Analysis (GSA) in Tucson, AZ. Laboratory QA/QC porosity analyses were undertaken by the DBS&A Laboratory, Core Laboratories and the British Geological Survey.

The lithium resource was estimated using SGEMs software applying ordinary kriging. The resource estimate was prepared in accordance with the guidelines of JORC and Canadian National Instrument 43-101 and uses best practice methods specific to brine resources, including a reliance on core drilling and sampling methods that yield depth-specific chemistry and drainable porosity measurements. The resource estimation was completed by independent qualified person Mr. Frits Reidel of Santiago based hydrogeology firm FloSolutions SpA (now Atacama Water). with extensive experience in the estimation of lithium brine resources in Argentina. Competent Person (CP) Mr. Murray Brooker reviewed advances during the drilling programs and during the resource estimation.

Figure 1: Cauchari 2019 Resource Outlines — Location of Cauchari Properties, Drill Holes & Resource Area

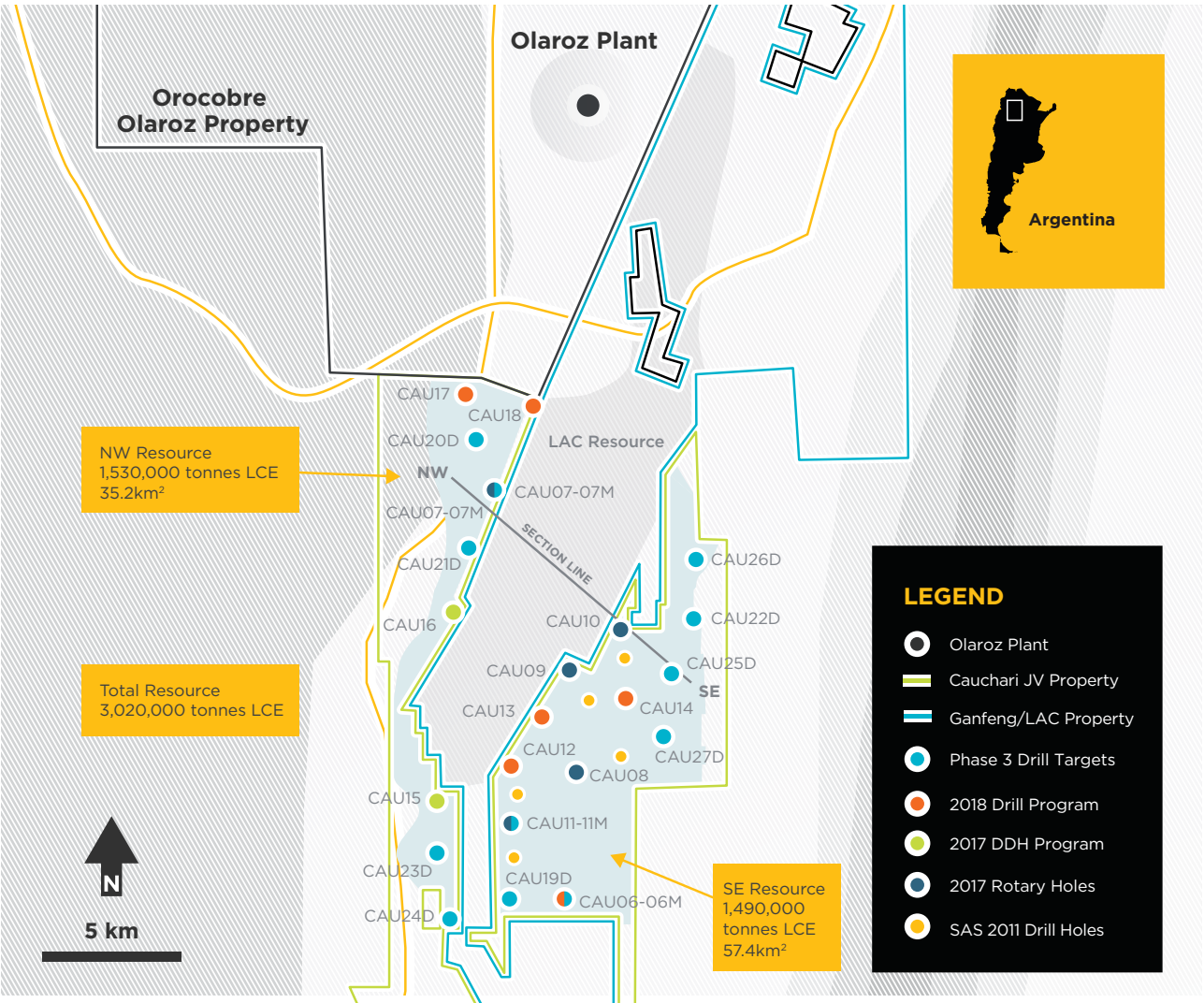
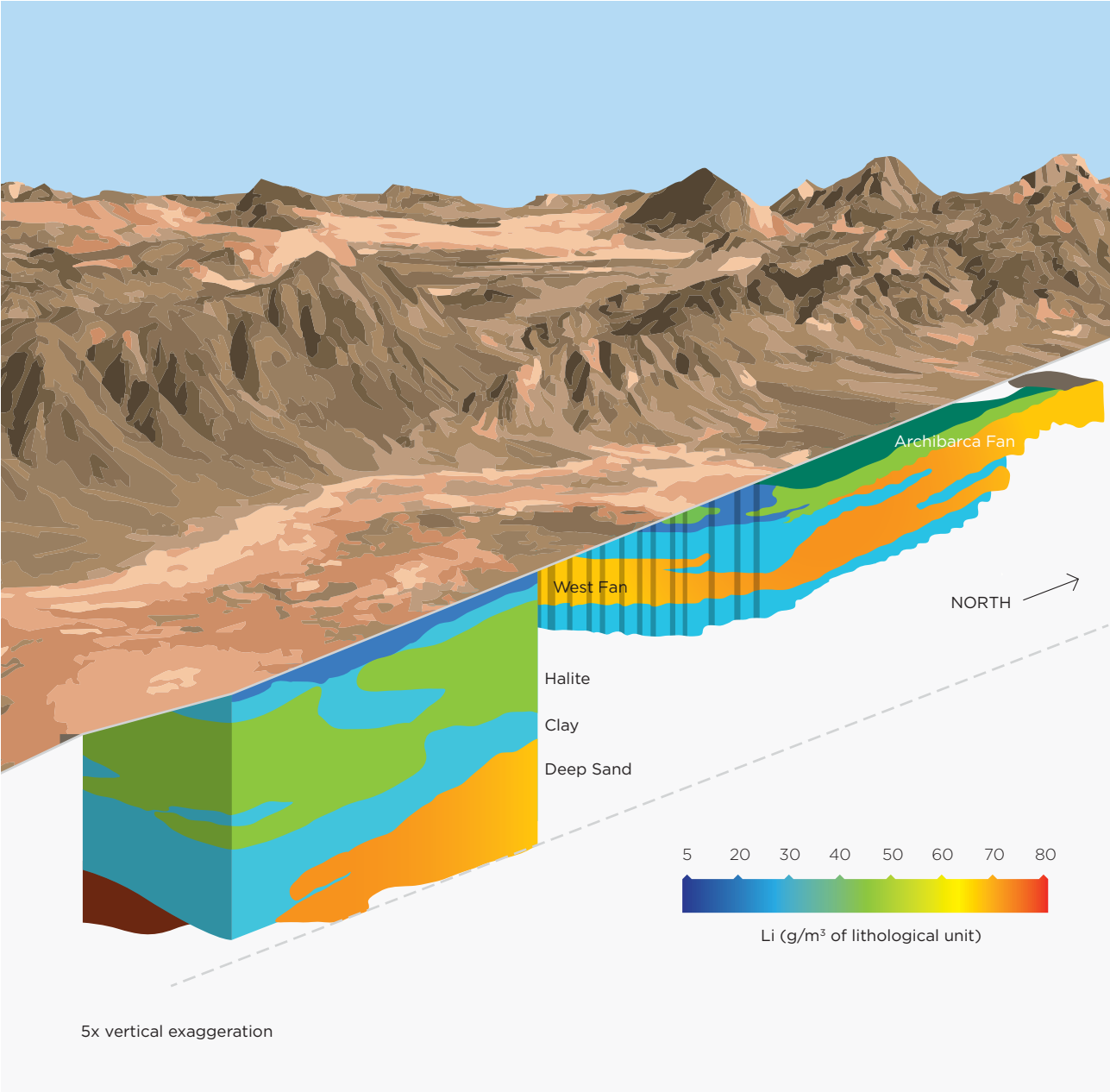


Figure 2: Resource Model looking northwest through the SE Sector & the Archibarca area (serrated pattern represents resource blocks along the property boundary)



Borax Argentina S.A.

JORC Compliance Program

Following the upgrading of the Porvenir historical estimate to a JORC compliant M&I Resource in 2014, the Tincalayu resource upgrade was completed in FY15.

Resources

Porvenir Resource Estimate Summary

An M&I Resource of 2.3 million tonnes at 20.4% B₂O₃ is estimated at the current 16% mining cut-off grade.

The resource extends to a maximum depth of 2.9 m and is easily exploited by low cost strip mining. An M&I Resource of 6.9 million tonnes of 14.9% B₂O₃ is estimated at a 9% B₂O₃ mining cut-off grade with the predominant mineral being ulexite.

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. Murray 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 (see [ASX announcement 29 April 2014](#)).

The Company is not aware of any information or data that materially affects the information included in the original market announcement and that 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 the 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. The Porvenir project is currently not in production and resources have not been adjusted for mining depletion since they were estimated.

Table 6: April 2014 Update of the Porvenir Resource Estimate

Classification	Cut-Off Grade	Tonnes	Grade% B ₂ O ₃	Tonnes B ₂ O ₃
Measured	9%	4,907,877	14.5	710,672
Indicated	9%	1,942,433	16.0	310,517
Measured & Indicated	9%	6,850,000	14.9	1,020,000
Classification	Cut-Off Grade	Tonnes	Grade% B ₂ O ₃	Tonnes B ₂ O ₃
Measured	16%	1,474,341	20.0	295,117
Indicated	16%	804,595	21.0	168,776
Measured & Indicated	16%	2,278,937	20.4	463,992

Tincalayu Resource Estimate Summary

An Indicated resource of 5.1 million tonnes at 14.7% B₂O₃ and Inferred resource of 1.4 million tonnes at 11% B₂O₃ at a marginal cut-off of 5.6% B₂O₃ for in-pit maximum DCF resources. This increases to an Indicated resource 6.8 million tons of 13.8 % B₂O₃ and 11 million tonnes of Inferred resource at 9.3% B₂O₃, at a marginal cut-off grade of 2.8% B₂O₃. The predominant mineral is tincal.

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. Murray 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 (see [ASX announcement 18 November 2014](#)).

The Company is not aware of any information or data that materially affects the information included in the original market announcement and that 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 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, with the exception of ongoing depletion due to mining.

Table 7: 2014 Tincalayu Resource Estimate & Cut-Off Grades

	Current Production 30Ktpa			Expanded Production 100Ktpa		
	Cut-Off	Tonnes (Mt)	Soluble B ₂ O ₃ (%)	Cut-Off	Tonnes (Mt)	Soluble B ₂ O 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
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

Historical Borax Argentina S.A. Resources — Not reported under the JORC Code

Mine/Project	Material	Historical Estimate	Tonnes	Grade % B ₂ O ₃	Tonnes B ₂ O ₃
Current Soft Rock Mines					
Sijes — Hydroboracite	Hydroboracite	Measured	3,099,998	22.8	706,800
Sijes — Colemanite	Colemanite	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

Footnotes

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 are considered to be historical resources (see [ASX announcement 21 August 2012](#)).

A qualified person did not do sufficient work to classify these historical estimates as current mineral resources or mineral reserves, and the Company did not treat the historical estimates as current mineral resources or mineral reserves. It is uncertain whether following evaluation and/or further exploration 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.

The only new information that impacts on these historical estimates is the exploitation of material at Sijes from 2012-2020 which has reduced the historical estimate of Hydroboracite to 2,595,431 tonnes at a grade of 23.31% and Colemanite 171,471 tonnes at a grade of 18.30%. This material mined from 2012-2020 is not accounted for as depletion in the figures above.

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

Sijes

- July 1998; Borax; Environmental and Operational Studies, Phase 1, Initial Geotechnical Appraisal; Knight Piesold Limited, England. Includes a Historical estimates Chapter;
- July 1998; Borax; Environmental and operational Studies, Phase 2; Geotechnical Appraisal; Knight Piesold Limited, England;
- May 1999; Borax; Hydroboracite Project, Raul Gutierrez Solis; August 1999, Borax; Sijes, Monte Amarillo 2 Mine.

Historical Estimation, Mine Design & Planning Report. Knight Piesold Limited, England.

Ratones

- The project was acquired by Borax circa 1987. The previous owners had conducted an estimate of contained mineralised material. This has not been validated by Borax, who consider the status of this material to be of the indicated category.

Properties

Borax 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, Nextview New Energy Lion Hong Kong Ltd at Diablillos, and POSCO at Sal de Vida. As one of the conditions to extract brines, these companies are required to make payments to Borax 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*	Remaining Payments	Royalty Payable on Brine Extraction	Period of Usufruct	Comments
Lithium Americas Corporation/SQM	Cauchari	4,130	19 May 2011	Usufruct	\$5,200,000	None	18 May 2041	\$200,000 per annum payable until 18 May 2041 irrespective of production.
Nextview New Energy Lion Hong Kong Ltd*	Diablillos	698.35	14 Jan 2010	Royalty	N/A	1% NSR Revenue Based Royalty		-
Nextview New Energy Lion Hong Kong Ltd*	Centenario and Ratones	630	14 Jan 2010	Royalty	N/A	1.0%	Indefinite	-
Nextview New Energy Lion Hong Kong Ltd*	Los Ratones	600	14 Jan 2010	Royalty	N/A	1.0%	Indefinite	-
Pluspetrol Resources Corporation B.V	Pozuelos	2,488	14 Jan 2010	Purchase	N/A	1.0%	Indefinite	Royalty can be purchased by Pluspetrol for \$1,000,000. Borax Argentina S.A. has the right to mine borates.
Advantage Lithium	Cauchari	27,771	24 Nov 2016	Royalty	N/A	1.0% Gros Royalty on Production		
Pluspetrol Resources Corporation B.V	Salinas Grandes	32,727	6 June 2017	Royalty	N/A	2% Mine Mouth Royalty		

*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.

Schedule of Tenements

Project Area: Olaroz

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
1842-S-12	2988.19	66.5%	Argentina
131-I-1986	99.92		Argentina
39-M-1998	98.4		Argentina
112-G-04	100		Argentina
117-A-44	100		Argentina
114-V-44	100		Argentina
40-M-1998	100		Argentina
29-M-1996	100		Argentina
126-T-44	100		Argentina
393-B-44	100		Argentina
112-D-44	299.94		Argentina
125-S-44	100		Argentina
319-T-2005	1473.97		Argentina
147-L-2003	1933.80		Argentina
943-R-2008	563.79		Argentina
1136-R-2009	1198.48		Argentina
1137-R-2009	1199.34		Argentina
944-R-2008	432.05		Argentina
1134-R-2009	895.61		Argentina
1135-R-2009	1098.86		Argentina
963-R-2008	1194.84		Argentina
964-R-2008	805.06		Argentina
056-L-1991	300		Argentina
1274-O-2009	5972		Argentina
945-R-2008	1493.93		Argentina
520-L-2006	1896.52		Argentina
521-L-2006	2048		Argentina
522-L-2006	2000		Argentina
725-L-2007	2940.43		Argentina
726-L-2007	2889.84		Argentina
728-L-2007	3182.51		Argentina
530-L-2006	6130.3		Argentina
727-L-2007	3117.10		Argentina
724-L-2007	3342.19		Argentina

Project Area: Cauchari

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
2055-R-2014	495.38	<p>South American Salars S.A. (SAS SA) is the holder of all Cauchari tenements.</p> <p>Pursuant to the terms of the Cauchari Joint Venture (i) SAS SA is owned as to 75% by Orocobre and as to 25% by La Frontera S.A. and (ii) there is 1% royalty of Cauchari tenements in favour of La Frontera S.A.</p> <p>Orocobre holds 85% of La Frontera SA.</p>	Argentina
2054-R-2014	445.74		Argentina
2059-R-2014	912.71		Argentina
2058-R-2014	1770.01		Argentina
2053-R-2014	1997.09		Argentina
1155-P-2009	1500		Argentina
968-R-2008	1028.73		Argentina
1081-P-2008	1245.21		Argentina
1119-P-2009	2493.07		Argentina
1082-P-2008	1468.87		Argentina
1101-P-2008	2483.9		Argentina
966-R-2008	117.70		Argentina
965-R-2008	1344.97		Argentina
951-R-2008	797.12		Argentina
1083-P-2008	1144.29		Argentina
1118-P-2009	2395.69		Argentina
1130-P-2009	1261.75		Argentina
952-R-2008	487.58		Argentina
1084-P-2008	1526.79		Argentina
1156-P-2009	54.52		Argentina
1086-P-2008	1716.63		Argentina
1085-P-2008	1922.63		Argentina

Project Area: Salinas Grandes

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
184-Z-1996	299.99	LSC Lithium Inc owns the Salina Grandes Project properties. La Frontera Minerals S.A. (Orocobre 85%) holds a 2% Mine Mouth Royalty over production from Salinas Grandes.	Argentina
817-I-2007	1142.54		Argentina
604-T-2006	499.99		Argentina
788-M-2007	1172.92		Argentina
183-Z-2004	499.98		Argentina
184-D-1990	99.99		Argentina
19391	2411.97		Argentina
18199	500		Argentina
67	100		Argentina
18834	495.82		Argentina
17734	200		Argentina
60	100		Argentina
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
8170	300		Argentina
18481	97.04		Argentina
1112	100		Argentina
13487	100		Argentina
14329	100		Argentina
57	100		Argentina
68	100		Argentina
17538	95.43		Argentina
14589	100		Argentina
18924	300		Argentina
18925	99.94		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	2490.07		Argentina
19744	2499.97		Argentina
19766	1000		Argentina
48	100		Argentina

Project Area: Salinas Grandes (continued)

203	100	LSC Lithium Inc owns the Salina Grandes Project properties. La Frontera Minerals S.A. (Orocobre 85%) holds a 2% Mine Mouth Royalty over production from Salinas Grandes.	Argentina
204	100		Argentina
54	100		Argentina
63	100		Argentina
50	100		Argentina
1105	100		Argentina
65	100		Argentina
70	100		Argentina
206	100		Argentina
86	300		Argentina
17744	500		Argentina
18533	97.03		Argentina
17580	100		Argentina

Project Area: Salar del Hombre Muerto — Tincalayu

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
1271	300	100% Borax Argentina S.A. (BRX SA). Galaxy Lithium SA holds an usufruct to extract brines from 1215, 5596, 13848, 1495 and 17335.	Argentina
1215	300		Argentina
1495	200		Argentina
7772	471		Argentina
5596	300		Argentina
5435	300		Argentina
8529	900		Argentina
13572	647		Argentina
13848	100		Argentina
17335	274.32		Argentina

Project Area: Salar Santa Rosa de los Pastos Grandes — Sijes

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
8587	799	100% Borax Argentina S.A. (BRX SA).	Argentina
11800	488		Argentina
11801	400		Argentina
11802	3399		Argentina
14121	10		Argentina
5786	200		Argentina
14801 B (Demasia Sijes)	18		Argentina
20605 (Mina Rio Sijes)	100		Argentina

Project Area: Salar de Cauchari

Tenement Number	Area (Hectares)	Oro cobre Interest	Location of Tenements
394 B	300	100% Borax Argentina S.A. (BRX SA).	Argentina
336 C	100		Argentina
347 C	100		Argentina
354 C	160		Argentina
340 C	100		Argentina
444 P	100		Argentina
353 C	300		Argentina
350 C	100		Argentina
89 N	100		Argentina
345 C	100		Argentina
344 C	100		Argentina
343 C	100		Argentina
352 C	100		Argentina
351 C	100		Argentina
365 V	100		Argentina
122 D	100		Argentina
221 S	100		Argentina
190 R	100		Argentina
116 D	100		Argentina
117 D	300		Argentina
389 B	100		Argentina
206 B	24		Argentina
402 B	119		Argentina
195 S	100		Argentina
220 S	100		Argentina
259 M	100		Argentina
43 E	100		Argentina
341 C	100		Argentina
42 D	100		Argentina
438 G	100		Argentina
160 T	100		Argentina
378 C	100		Argentina
339-C	100		Argentina
377-C	100		Argentina
191-R	100		Argentina

Project Area: Salar de Diablillos

Tenement Number	Area (Hectares)	Orocobre Interest	Location of Tenements
1175	100	<p>100% Potasio y Litio de Argentina S.A. (PLASA) is the holder of all Diablillos tenure.</p> <p>Borax holds an usufruct for the extraction of borates from the Diablillos tenements.</p> <p>Orocobre Lithium S.A. (Orocobre 100%) holds a 1% net revenue royalty overall production by PLASA from the tenements.</p>	Argentina
1176	100		Argentina
1164	100		Argentina
1172	100		Argentina
1165	100		
1166	100		Argentina
1179	100		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

Shareholder and ASX Information



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

The following information is provided as at 11 August 2020.

Distribution of Shareholders

Range of Units Snapshot Fully Paid Ordinary Shares (Total) as at 11 August 2020 | Composition: CA, ORD

Range	Total Holders	Units	% Units
1 - 1,000	4,149	1,948,850	0.70
1,001 - 5,000	4,302	11,249,249	4.06
5,001 - 10,000	1,218	9,262,839	3.34
10,001 - 100,000	974	24,974,131	9.01
100,001 Over	90	229,657,258	82.88
Rounding			0.01
Total	10,733	277,092,327	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 3.1600 per unit	159	828	60,546

20 Largest Holder Accounts — Ordinary Shares

Rank	Name	Units	% Units
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	75,556,275	27.27
2	TOYOTA TSUSHO CORPORATION	39,296,636	14.18
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	34,383,756	12.41
4	CANADIAN REGISTER CONTROL\C	20,605,395	7.44
5	CITICORP NOMINEES PTY LIMITED	12,246,968	4.42
6	NATIONAL NOMINEES LIMITED	6,100,059	2.20
7	LITHIUM INVESTORS LLC	4,555,772	1.64
8	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,310,055	1.56
9	BNP PARIBAS NOMS (NZ) LTD <DRP>	3,633,231	1.31
10	MR DENIS GRENVILLE HINTON + MRS ROSLYN SUSANNA HINTON	3,042,281	1.10
11	BNP PARIBAS NOMS PTY LTD <DRP>	2,601,124	0.94
12	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,731,278	0.62
13	FAIRGROUND PTY LTD	1,612,227	0.58
14	MR ROBERT BRUCE WOODLAND + MRS ERIKA WOODLAND <R WOODLAND EXHIBIT S/F A/C>	1,525,500	0.55
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,088,910	0.39
16	NAMBIA PTY LTD <THE ANTHON FAMILY S/F A/C>	756,170	0.27
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	695,197	0.25
18	MR DENIS GRENVILLE HINTON + MRS ROSLYN SUSANNA HINTON <HINTON FAMILY SUPER A/C>	649,006	0.23
19	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	643,109	0.23
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	570,128	0.21

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

Substantial Shareholders

The following are substantial shareholder accounts listed in the Company's register as at 11 August 2020.

Rank	Shareholder Name	Number of Shares Held	% of Total Capital
1	Toyota Tsusho Corporation	39,296,636	14.18
2	Svenska Handelsbanken AB Publ	13,458,654	5.14
3	AustralianSuper Pty Ltd	13,885,709	5.01

Securities on Issue

The following securities were on issue as at 30 June 2020.

Number	Class
277,092,327	Ordinary (ORE)
394,211	ASX Code OREAS—Performance Rights exercisable at \$0.00, 30 days after the later of 31 August 2020 or the date of release of the Company's financial results for FY20.
637,996	ASX Code OREAS—Performance Rights exercisable at \$0.00, 30 days after the later of 31 August 2021 or the date of release of the Company's financial results for FY21.
1,385,273	ASX Code OREAS—Performance Rights exercisable at \$0.00, 30 days after the later of 31 August 2022 or the date of release of the Company's financial results for FY22.

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

ASX Code	Expiry Date	Exercise Date	Exercise Price	Number of Performance Rights
OREAS	21-Nov-21	16-Dec-19	\$0.00	132,818
OREAS	30-Sep-20	24-Jan-20	\$0.00	52,043
OREAS	30-Sep-21	24-Jan-20	\$0.00	47,957

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-19	10-Sep-19	\$0.00	329,037
OREAS	30-Sep-21	FY20	\$0.00	208,929
OREAS	30-Sep-22	FY20	\$0.00	177,250

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 Performance Rights but voting as detailed above will attach to the ordinary shares issued when the Performance Rights are exercised.

Registers of Securities are held at the following addresses

Computershare Investor Services Pty Limited

Level 1 - 200 Mary Street
Brisbane, Queensland 4000 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 the ASX Limited. Ordinary shares of the Company are also listed on the Toronto Stock Exchange (TSX).

Technical Information, Competent Persons' & Qualified Persons' Statements

The resource model and brine resource estimate on the Salar de Olaroz was undertaken by Mr. John Houston, an independent consultant employed by John Houston Consulting, who is a Chartered Geologist and a Fellow of the Geological Society of London. Mr. 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 Lithium Facility was prepared by Mr. Houston and Mr. 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 May 13, 2011 (the "Olaroz Report") under NI 43-101 in respect of the Feasibility Study, and each of Messrs. Mr. Houston and Mr. 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 Institute of Mining and Metallurgy and is consulting mineral processing engineer with approximately forty 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.

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. However, it is noted that in addition to the original resource the company has defined an exploration target detailed in the announcement dated 23 October 2014, "Olaroz Project Large Exploration Target Defined Beneath Current Resource" that immediately underlies the resource. 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 for the resource estimate.

This information in regard to the Olaroz Lithium Facility, with the exception of the information pertaining to the defined exploration target in 2014, 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 exploration target defined underlying the resource at Olaroz was defined by Mr. Murray Brooker, an independent consultant employed by Hydrominex Geoscience Pty Ltd. Mr. 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 exploration target is defined as between 1.6 and 7.5 million tonnes of lithium carbonate equivalent between 197m and 323m depth. The basin is potentially 600m deep and additional targets exist to the north and the south of the defined exploration target. 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 information in this report that relates to exploration reporting at the Cauchari project has been prepared by Mr. Frits Reidel. Mr. Reidel is a Certified Professional Geologist and member of the American Institute of Professional Geologists. Mr. Reidel is General Manager and Principal with FloSolutions and is independent of Orocobre. Mr. Reidel 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 in NI 43-101. Mr. Reidel consents to the inclusion in this announcement of this information in the form and context in which it appears. The resource information in relation to Cauchari is extracted from the report entitled NI43-101 Technical Report Cauchari JV Project — Updated Mineral Resource Estimate, dated 19 April 2019. The report is available to view on the Company website www.orocobre.com.

The information in this report that relates to resources at the Borax Tincalayu and Porvenir sites has been prepared by Mr. Murray Brooker. Mr. 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. 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 in this report pertaining to Tincalayu 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 Tincalayu Borax Mine”, dated 31 December 2014. The information in this report pertaining to Porvenir is extracted from the report entitled Amended Announcement to Porvenir Historical Estimate Upgraded to JORC Compliant Resource (see ASX announcement 29 April 2014). Reports for both these projects are 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 www.orocobre.com.

Caution Regarding Forward Looking Information

Reports published by the Company contain “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information may include, but not be 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, production and other milestones for the Olaroz Lithium Project, the Olaroz Lithium Project’s future financial and operating performance including production, rates of return, operating costs, capital costs and cash flows, potential operating synergies, other matters related to the development of Olaroz and Cauchari, the performance of the borax plant at Tincalayu, including without limitation the plant’s estimated production rate, financial data, the estimates of mineral resources or mineralisation grade at the Tincalayu mine, the economic viability of such mineral resources or mineralisation, mine life and operating costs at the Tincalayu mine, the projected production rates associated with the borax plant.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk that further funding may be required, but unavailable, for the ongoing development of the Company’s projects; the possibility that required concessions may not be obtained, or may be obtained only on terms and conditions that are materially worse than anticipated; changes in government taxes, levies, 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 Lithium Facility ; 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; positive or negative impacts of climate change; general risks associated with the operation of the borax plant; a decrease in the price for borax resulting from, among other things, decreased demand for borax or an increased supply of borax or substitutes.

Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- Public health crises, epidemics, and pandemics such as the COVID-19 pandemic
- The extent of the impact of the COVID-19 pandemic, including the duration, spread, severity, and any recurrence of the COVID-19 pandemic, the duration and scope of related government orders and restrictions, the impact on our employees, and the extent of the impact of the COVID-19 pandemic on overall demand for lithium, borates or other products and services provided by the Company
- Local, regional, national, and international economic conditions that have deteriorated as a result of the COVID-19 pandemic, including the risks of a global recession or a recession in one or more of our key markets, the impact that these economic conditions may have on us and our customers, and our assessment of that impact
- The impact of the COVID-19 pandemic on our suppliers, including disruptions and inefficiencies in the supply chain

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.

Corporate Directory

Directors

Mr. Robert Hubbard
(Non-Executive Chairman)

Mr. Martín Pérez de Solay
(Managing Director)

Mr. Richard Seville
(Non-Executive Director)

Mr. John Gibson, Jr.
(Non-Executive Director)

Mr. Fernando Oris de Roa
(Non-Executive Director)

Mr. Federico Nicholson
(Non-Executive Director)

Ms. Leanne Heywood
(Non-Executive Director)

Mr. Masaharu Katayama
(Non-Executive Director)

Secretaries

Mr. Neil Kaplan

Mr. Rick Anthon

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