



Ochre Group Holdings Limited

ABN 69 008 877 745

**INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED 31
DECEMBER 2015**

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OCHRE GROUP HOLDINGS LIMITED - ABN 69 008 877 745
and Controlled Entities

DIRECTORY

Registered Office	Level 10 2 Bligh Street SYDNEY NSW 2000
Directors	Nathan Featherby (Executive Chairman) Shane Pentony (Non-executive Director) Andrew Bray (Non-executive Director)
Company Secretary	Vaz Hovanessian
Auditors	Crowe Horwath Sydney Chartered Accountants Level 15 1 O'Connell St Sydney NSW 2000
Solicitors	Steinepreis Paganin Level 4 The Read Building 16 Milligan St Perth WA 6000
Share Registry	Security Transfer Registrars Pty Ltd PO Box 535 Applecross WA 6953 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Securities Exchange Listing	The Company is listed on the Australian Securities Exchange under Code OGH

DIRECTORS' REPORT

The Directors present their report together with the financial statements on the consolidated entity consisting of Ochre Group Holdings Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2015.

DIRECTORS

The names of the directors in office throughout the six months and up to the date of this report are:

Executive Chairman
Nathan Featherby

Non-executive Directors
Shane Pentony
Andrew Bray

PREPARATION OF INTERIM FINANCIAL REPORT

The financial statements and notes thereto have been prepared in accordance with Australian Accounting Standards, AASB 134 "Interim Financial Reporting".

PRINCIPAL ACTIVITIES

The Company operates as an Exploration and Mining company focusing on Exploration and Mining for Iron Ore in the Pilbara.

DIVIDENDS

The Directors do not recommend payment of a dividend and no dividend has been paid during the half-year.

REVIEW OF OPERATIONS

The company recorded a loss during the half-year of \$4,444,220 (2014: \$4,393,966 loss). The loss was at the same levels as last year mainly due to the impairment of financial assets held as available for sale and impairment amount in receivable for the sale of Wonmunna asset.

DIRECTORS' REPORT (CONT.)

SHARES RECONCILIATION

At the AGM of the company, the shareholders approved the issue of 1,358,959 shares in total to Mr Nathan Featherby, Mr Shane Pentony and Mr Andrew Bray in lieu of directors and consultancy fees.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Ochre Group Holdings Limited on page 23 forms part of the Directors' Report for the six months ended 31 December 2015.

SUBSEQUENT EVENTS

On 2 December 2015, the Company advised the market that its timetable for any buy-back has been delayed pending approval from shareholders. The Board has not set a date for a General Meeting of Shareholders.

No other matter or circumstances have arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial periods.

Signed in accordance with a resolution of the Board of Directors



Nathan Featherby
Executive Chairman

15 March 2016

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Nathan Featherby
Executive Chairman

15 March 2016

OCHRE GROUP HOLDINGS LIMITED - ABN 69 008 877 745
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT
AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	Note	31 December 2015 \$	31 December 2014 \$
Interest income		225,697	512,755
Corporate and financial advisory fees		459,546	
Other income		823	107,956
Gain on sale of investments		-	90,287
Total revenue from continuing operations		686,066	710,998
Directors fees		(42,000)	(54,000)
Share based payments		-	(87,500)
General & administrative expenses		(139,873)	(617,363)
Impairment of receivables		(2,122,245)	-
Depreciation		(1,084)	(1,084)
Finance costs		(1,603)	(5,935)
Impairment of financial assets		(2,823,481)	(3,748,966)
Total expenses from ordinary activities		(5,130,286)	(4,514,848)
(Loss)/profit before income tax expense from continuing operations		(4,444,220)	(3,803,850)
Income tax expense		-	-
Net (loss)/profit from continuing operations		(4,444,220)	(3,803,850)
Loss from discontinuing operations			
Loss on sale of tenements		-	(487,521)
Exploration costs		-	(102,595)
Total loss from discontinuing operations		(4,444,220)	(590,116)
Total loss for the period attributable to owners		(4,444,220)	(4,393,966)
Other Comprehensive Income			
Net change in fair value of available for sale financial assets		16,633	11,730
Total comprehensive income / (loss) for the period attributable to owners		(4,427,587)	(4,382,236)
(Loss)/profit for the half-year is attributable to:			
Owners of Ochre Group Holdings Limited		(4,427,587)	(4,382,236)
		(4,427,587)	(4,382,236)
Basic loss per share (cents)		(0.1442)	(0.0640)
Diluted loss per share (cents)		(0.1442)	(0.0640)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 31 DECEMBER 2015**

	Note	31 December 2015 \$	30 June 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents		2,481	2,484
Interest receivable	5	1,338,150	-
Trade and other receivables		10,473	23,490
Other asset		254,546	-
Financial assets held for trade		90,821	366,431
Total current assets		1,696,471	392,405
Non-current assets			
Other Receivables	5	6,275,812	9,510,510
Financial assets		581,053	2,780,183
Property, plant & equipment		814	1,898
Total non-current assets		6,857,679	12,292,591
TOTAL ASSETS		8,554,150	12,684,996
LIABILITIES			
Current liabilities			
Trade and other payables		791,486	606,739
Borrowings		1,052,644	1,019,144
Total current liabilities		1,844,130	1,625,883
TOTAL LIABILITIES		1,844,130	1,625,883
NET ASSETS		6,710,020	11,059,113
EQUITY			
Contributed equity		97,976,260	97,881,133
Reserves		-	16,633
Accumulated losses		(91,266,240)	(86,838,653)
TOTAL EQUITY		6,710,020	11,059,113

**CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY FOR THE SIX MONTHS
ENDED 31 DECEMBER 2015**

	Share capital Ordinary	Financial Assets Reserve	Option Reserve	Accumulate d losses	Total
	\$	\$	\$	\$	\$
Balance at 1.7.2014	97,886,725	88,028	337,476	(76,961,581)	21,350,648
Transactions with owners, in their capacity as owners					
Issue of shares to director	87,500	-	-	-	87,500
Share buyback	(92,630)	-	-	-	(92,630)
Other					
Transfer financial assets reserve	-	(83,125)	-	83,125	-
Transfer share option reserve	-	-	(337,476)	337,476	-
Loss for the period	-	-	-	(4,393,966)	(4,393,966)
Other comprehensive income	-	11,730	-	-	11,730
Total comprehensive income for the period	-	11,730	-	(4,393,966)	(4,382,236)
Balance at 31.12.2014	97,881,595	16,633	-	(80,934,946)	16,963,282
Balance at 1.7.2015	97,881,133	16,633	-	(86,838,653)	11,059,113
Transactions with owners, in their capacity as owners					
Issue of shares to directors	95,127	-	-	-	95,127
Other					
Transfer financial assets reserve	-	-	-	-	-
Transfer share option reserve	-	-	-	-	-
Loss for the period	-	-	-	(4,444,220)	(4,444,220)
Other comprehensive income	-	(16,633)	-	16,633	-
Total comprehensive income for the period	-	-	-	(4,427,587)	(4,444,220)
Balance at 31.12.2015	97,976,260	-	-	(91,266,240)	6,710,020

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Receipts from customers	471,299	-
Payments to suppliers and stamp duty	(87,458)	(2,706,260)
Payments for exploration and development expenditure		-
Interest received		6,252
Interest paid	(1,602)	(5,935)
Net cash provided by / (used in) operating activities	382,239	(2,705,943)
Net cash used in investing activities		
Proceeds from sale of equity investments	-	466,180
Proceeds from sale/(payments for) physical assets	-	2,074,000
Payment for equity investments	(348,742)	(373,957)
Loans obtained from/(repaid to) other entities	(33,500)	632,788
Net cash provided by / (used in) investing activities	(382,242)	2,799,011
Cash flows from financing activities		
Buyback of unmarketable parcels	-	(92,992)
Others	-	362
Net cash inflow / (outflow) from financing activities	-	(92,630)
Net (decrease) / increase in cash and cash equivalents	(3)	438
Cash at beginning of the financial period	2,484	304,355
Cash and cash equivalents at end of the period	2,481	304,793

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These General Purpose consolidated interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Ochre Group Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

b) Principles of Consolidation

A controlled entity is any entity over which Ochre Group Holdings Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

These financial statements are presented in Australian dollars which is the company's functional and presentation currency.

c) Critical Accounting Estimates and Significant Judgements Used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2015 annual report, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

d) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards that are not yet mandatory have not been early adopted.

e) Going concern

The directors believe that the going concern basis is appropriate for the preparation and presentation of the financial statements, notwithstanding continued operating losses resulting substantially from impairment provisions, and net current liabilities. The Company has sufficient cash or liquid assets to continue to operate for the foreseeable future and is also confident of being able to raise additional funds through any one or a combination of share placement, rights issue or debt facility.

The Directors have prepared a forecast for the foreseeable future reflecting the above mentioned expectations and their effect on the Company. The achievement of the forecast is largely dependent upon the following matters, the outcomes of which are uncertain:

- The ability of the Company to sell in a timely manner the liquid investments it holds and at the estimated values and to achieve the estimated fees from corporate advisory services;
- Available facility from one director;
- The ability of the Company to raise equity funds via share placements or rights issues and/or debt to fund such expenditure or acquisition; and
- Loan payable to director will not be called upon to the detriment of the company.

In the unlikely event most or every matter referred to above results in a negative outcome, then the going concern basis may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report. No allowance for such circumstances has been made in the Financial Report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f) Financial assets - Receivables

Financial assets that are a receivable are initially recognised at fair value and then amortised cost. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been received.

The movement in carrying value is being recognised through the profit and loss statement.

g) Other Assets - Artwork

The company acquired a piece of Art work titled SIDNEY NOLAN 1917-1992 Ned Kelly and Mountain 1974 synthetic polymer paint on canvas, from Sotheby's Australia for the price of \$280,000 (GST inclusive). The purpose of acquiring the artwork was for marketing purposes and resale at a profit at a future date which is expected to be within 12 months.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

NOTE 2 - SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The products sold and/or services provided by the segment;
- The type or class of customer for the products or service;
- The distribution method; and
- External regulatory requirements.

Types of services by segment

Exploration Mining

Mining exploration through parent company.

Share trading & investments

Trading and investing in ASX listed entities or up-coming floats.

Corporate

A segment that handles corporate and administrative matters.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

NOTE 2 - SEGMENT REPORTING (CONT.)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, as the chief decision maker, are in accordance with accounting policies and are consistent to those adopted in the annual financial statements of the Company.

Inter-segment transactions

Corporate charges are allocated to reporting segments based on an assessment of the overall proportion of work generated by that segment. The chief executive officer believes this is representative of likely head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements. All inter-segment transactions are eliminated on consolidation for the Group's financial statements.

Segment assets

All segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct provisions.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

NOTE 2 - SEGMENT REPORTING (CONT.)

Segment performance

31 December 2015	Share Trading & Investments \$	Exploration \$	Corporate \$	TOTAL \$
Revenue from external parties				
Corporate and financial advisory	-	-	459,546	459,546
Interest income	-	-	225,697	225,697
Other income	-	-	823	823
Total segment revenue	-	-	686,066	686,066

Reconciliation of segment revenue to group revenue

Inter-segment elimination				-
Total group revenue				686,066
Segment net profit/(loss) before tax	(2,283,482)	-	(1,620,738)	(4,444,220)

Reconciliation of segment result to group net profit/(loss) before tax

Inter-segment elimination				-
Net profit/(loss) before tax				(4,444,220)

Other segment information

Depreciation expense			1,084	1,084
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

NOTE 2 - SEGMENT REPORTING (CONT.)

Segment performance

31 December 2014	Share Trading & Investments \$	Exploration \$	Corporate \$	TOTAL \$
Revenue from external parties				
Interest revenue	-	-	512,755	512,755
Other income	-	-	107,956	107,956
Gain on disposal of investments	90,287	-	-	90,287
Total segment revenue	90,287	-	620,711	710,998

Reconciliation of segment revenue to group revenue

Inter-segment elimination				-
Total group revenue				710,998
Segment net profit/(loss) before tax	(3,658,679)	(590,116)	(145,171)	(4,393,966)

Reconciliation of segment result to group net profit/(loss) before tax

Inter-segment elimination				-
Net profit/(loss) before tax				(4,393,966)

Other segment information

Depreciation expense	-	-	1,084	1,084
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Segment assets

As at 31 December 2015	Share Trading & Investments \$	Exploration \$	Corporate \$	TOTAL \$
Segment assets	671,874	-	7,882,276	8,554,150

Segment asset increases for the period

*Reconciliation of segment assets to
group assets*

Inter-segment eliminations				
Total group assets				8,554,150

Acquisitions				-
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

NOTE 2 - SEGMENT REPORTING (CONT.)

Segment assets

As at 30 June 2015	Share Trading & Investments \$	Exploration \$	Corporate \$	TOTAL \$
Segment assets	3,146,614	-	7,533,744	12,680,358
<i>Segment asset increases for the period</i>				
Acquisitions	-	-	-	-
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment eliminations				-
Total group assets				12,680,358

Segment liabilities

As at 31 December 2015	Share Trading & Investments \$	Exploration \$	Corporate \$	TOTAL \$
Segment liabilities	67,663	62,384	1,714,083	1,844,130
Inter-segment eliminations				-
Total group liabilities				1,844,130

Segment liabilities

As at 30 June 2015	Share Trading & Investments \$	Exploration \$	Corporate \$	TOTAL \$
Segment liabilities	67,663	80,795	1,477,425	1,625,883
<i>Reconciliation of segment liabilities to group liabilities</i>				
Inter-segment eliminations				-
Total group liabilities				1,625,883

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

NOTE 3 - EQUITY SECURITIES ISSUES

Issues of ordinary shares during the half year	Half year		Half year	
	2015	2014	31 December 2015	31 December 2014
	No. of Shares	No. of Shares	\$	\$
Opening balance	30,584,348	598,268,307	97,881,133	97,886,725
Issue of shares (a)	1,358,959		95,127	
Buy back of unmarketable parcel shares	-	(4,082,972)	-	(92,630)
Capital reconstruction (1:20)	-	(564,475,987)	-	-
Issue of shares	-	875,000	-	87,500
Movements during the year	1,358,959	(567,683,959)	95,127	(5,130)
Closing balance at 31 December	31,943,307	30,584,348	97,976,260	97,881,595

a) 1,358,959 shares issued to directors in lieu of directors and consultancy fees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

NOTE 4 – FAIR VALUE MEASUREMENTS

The group measures and recognises the following assets at fair value on a recurring basis:

- Available-for-sale financial assets.
- Financial assets at fair value through profit or loss (FVTPL)

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Recognised fair value measurements

The following table presents the group's assets and liabilities measured and recognised at fair value at 31 December 2015. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new rules.

As at 31 December 2015

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Financial assets – available for sale:				
- Listed investments	581,053	-	-	581,053
TOTAL	581,053	-	-	581,053
Financial Assets – FVTPL:				
- Listed investments	90,821	-	-	90,821
TOTAL	90,821	-	-	90,821

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

NOTE 4 – FAIR VALUE MEASUREMENTS (CONT.)

As at 30 June 2015

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Financial assets – available for sale:				
- Listed investments	2,780,183	-	-	2,780,183
TOTAL	2,780,183	-	-	2,780,183
Financial Assets – FVTPL:				
- <i>Listed investments</i>	366,431	-	-	366,431
TOTAL	366,431	-	-	366,431

NOTE 5 – TRADE AND OTHER RECEIVABLES

	31 December 2015 \$	30 June 2015 \$
Interest Receivable – Ascot Resources Limited (AZQ)	1,338,150	-
Receivables – Ascot Resources Limited (AZQ)	6,275,812	9,510,510
	7,613,962	9,510,510

Reconciliation of movements:

Opening net book amount (Asset held for sale)	9,510,510	22,055,989
Less: Transfer to financial assets (Issue of 50,000,000 AZQ shares at 20 cents each)	-	(10,000,000)
Less: Loss on sale	-	(487,521)
Less: Impairment of Receivables	(2,122,245)	(1,390,411)
Less: Cash received for part payment of stamp duty	-	(2,000,000)
Add: Interest capitalized	225,697	1,112,453
Add: Legal costs	-	220,000
Closing net book amount	7,613,962	9,510,510

The receivable is represented by two balances. The first balance is interest of 5.88% which is capitalised for the first two years, and then is payable monthly in areas. Thus the first repayment is due no later than 23 September 2016. The second is the deferred settlement of \$19,500,000 from the sale of the Wonmunna asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER**

NOTE 5 – TRADE AND OTHER RECEIVABLES (CONT.)

The key assumptions for the deferred interest are:

- a) Repayment in September 2016
- b) Ascots will have the ability to repay the interest receivable through the new shareholder in Ascot funding the Company. The new shareholder is Resource Capital Funds V L.P., a mining focused private equity firm with a stated capital base of \$2.04B funding.
- c) Per the agreement with Ascot the interest payable can be converted to shares at the discretion of Ascot Resources Limited. Given Ascot shares are now delisted and as per an independent experts report the preferred value of shares in Ascot are at \$0.0004, the company believes that in the absence of any change to the agreement or the current circumstances of Ascot, the receivable would be collected in cash rather than converted to shares.
- d) Discount rate of 17.55%.

The key assumptions for the deferred settlement are:

- a) Repayment is 5 years from the first sale of iron ore.
- b) Estimates start date for production is when the iron ore price is AUD80. The current iron ore price at the date of this report is US\$55.5, with an exchange rate of USD0.7496 giving AUD74.04
- c) The Group has estimated that the iron ore price will be A\$80 within two years, with a one year uptake for production. This is effectively three years from reporting date.
- d) Discount rate of 30%, an increase from 18% at June factoring in that Ascot Resources Limited delisted in the year.
- e) no value for the 1.0% gross revenue royalty payable from 12 months after first shipment of ore has been factored in given measurability is limited.
- f) Whilst Ascots latest financial statements 30 June 2015 had an audit opinion with an emphasis of matter on going concern, management have assessed that the ability to repay the interest receivable is through the new shareholder in Ascot funding the Company. The new shareholder is Resource Capital Funds V L.P., a mining focused private equity firm with a stated capital base of \$2.04B funding. The ability for Ascot to repay is contingent on a loan or cash injection from RCF or the conversion of the receivables to shares in Ascot Resources Limited.
- g) Per the agreement with Ascot the loan can be converted to shares at the discretion of Ochre Group Holdings Limited and only if the Ascot shares are trading above a certain value. Given Ascot shares are now delisted and as per an independent experts report the preferred value of shares in Ascot are at \$0.0004, the company believes that in the absence of any change to the agreement or the current circumstances of Ascot, the receivable would be collected in cash rather than converted to shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER**

NOTE 5 – TRADE AND OTHER RECEIVABLES (CONT.)

If the discount rate was to change to 25% or 35% the impact would be an increase in the receivable of \$1,391,026 or decrease of \$1,038,165. If it took another year to go into production the receivable would become \$7,122,000, a reduction of \$491,000.

NOTE 6 RELATED PARTY TRANSACTIONS

The following are the significant related party transactions during the period, or at period year end.

The Group owes to Nathan Featherby (a director) \$1,073,005 (30 June 2015: \$1,085,223). The loan is interest free and repayable on demand.

The Group acquired shares in Silver Mine Limited with a value of \$225,000. Silver Mine Limited has a common director with the Group, being Nathan Featherby. Revenue received for the period from Silver Mines Limited was \$459,546.

The Group has shares in Ascot Resources Limited with a value of \$20,610 and total loan receivable of \$7,613,962. Ascot resources Limited has a common director being Nathan Featherby.

NOTE 7 - CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities or capital commitments as at 31 December 2015.

NOTE 8 - EVENTS SUBSEQUENT TO BALANCE DATE

On 2 December 2015, the Company advised the market that its timetable for any buy-back has been delayed pending approval from shareholders. The Board has not set a date for a General Meeting of Shareholders.

No other matter or circumstances have arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial periods.

The Board of Directors
Ochre Group Holdings Limited
Level 10, 2 Bligh Street
SYDNEY NSW 2000

Dear Board Members

OCHRE GROUP HOLDINGS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Ochre Group Holdings Limited.

As lead audit principal for the review of the consolidated financial statements of Ochre Group Holdings Limited for the period ended 31 December 2015, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL

Partner

Dated this 15th day of March 2016.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OCHRE GROUP HOLDING LIMITED

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Ochre Group Holding Limited which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of Profit and Loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Ochre Group Holding Limited and its controlled entities (the consolidated entity). The consolidated entity comprises both Ochre Group Holding Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Ochre Group Holding Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ochre Group Holding Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter regarding Going Concern

Without qualifying our opinion, we draw attention to Note 1 'Going Concern' in the financial report. As a result of the matters described in Note 1 there is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern

Matters Relating to Electronic Publication of the Audited Financial Report

This review report relates to the financial report of Ochre Group Holding Limited for the half-year ended 31 December 2015 included on the website of Ochre Group Holding Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

**LEAH RUSSELL
PARTNER**

Dated this 15th day of March 2016