Ochre Group Holdings Limited

and its controlled entities

ANNUAL REPORT 2016

ABN 69 008 877 745

Chairman's Letter to Shareholders

Dear Shareholder,

The 2016 Financial Year has remained challenging for emerging Iron Ore developments, globally, although this has improved opportunities for those companies with access to capital, a trend that looks set to continue into 2017.

Your Company maintains a view that its current portfolio of assets have significant, unrealized value and it will continue to apply itself to ensuing that it can maintain the integrity of its capital structure, whilst taking advantage of the opportunities emerging within the natural resources sector.

I would personally like to thank the team at Ochre for its efforts in continuing to navigate the tough and trying market conditions that have presented, and remain confident of the Company's ability to position itself for significant future growth.

The Ochre family would also like to welcome Mr Saxon Ball as a Non-Executive Director and look forward to his energy and input in optimizing Ochre's current investments and generating additional opportunities to deliver further shareholder value. We further welcome Mr Trent Franklin as Company Secretary who brings substantial capabilities to Ochre particularly suited to the strategy that the Company is progressing.

Thanks for your continued support

Nathan Featherby
Executive Chairman

1st October 2016

DIRECTORS' REPORT

The Directors present their report, together with the financial statements of Ochre Group Holdings Limited ("the Group", "the Company" or "Ochre") and its controlled entities, for the financial year ended 30th June 2016.

PRINCIPAL ACTIVITY AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The 2016 financial year has remained challenging for emerging Iron Ore developments globally. Consequently, this has allowed for improved opportunities for companies with access to capital. This trend looks set to continue into 2017.

The Group has reviewed the existing package of assets and given current market conditions with respect of iron ore prices and the specific position of the companies have taken the step to impair these assets. This relates primarily to Ascot Resources Limited ("Ascot") and Gondwana Resources Limited ("GDA") (ASX: GDA). The Company has taken this step based on current market conditions however believes that with an improvement in iron ore commodity price that these assets will represent long term value for investors.

The Group will continue to apply itself to ensuring it maintains the integrity of its capital structure, whilst taking advantage of emerging opportunities within the natural resources sector.

Ochre has a strong management team which continues to navigate the tough market conditions and the Group remains confident of its ability to position itself for significant future growth. Since the financial year end, the Group welcomed Mr Saxon Ball as a non-executive director, and looks forward to his input in optimising the Group's current investments and generating additional opportunities to deliver further shareholder value. We further welcome Mr Trent Franklin as Company Secretary who brings substantial capabilities to Ochre particularly suited to the strategy that the Company is progressing.

During the financial year, the Group conducted the following significant activities:

a) The assistance to Silver Mines Limited (ASX: SVL) in its acquisition of the Bowdens Silver Project via the acquisition of Silver Investment Holdings Limited.
b) The assistance to SVL in the completion of the acquisition of the Conrad Silver Project.
c) On-going discussions with GDA in relation to its future direction and opportunities for Ochre to assist or acquire assets or royalties in relation to GDA's assets. Whilst these discussions are ongoing there has been no agreement reached in relation to any assets.
d) Deed of Amendment and Restatement entered with Ascot Resources Limited relating to the Wonmunna Project Sale and Purchase Agreement, providing a way for Ochre to continue to maintain future value within the project.

The Company's focus has been on corporate activities and trying to acquire assets or royalties that represent deep long term value for shareholders.

DIRECTORS' REPORT (CONTINUED)

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Operating Results

The consolidated loss of the consolidated group amounted to $11,542,711 for the year, (2015: $10,297,673) after providing for income tax. However, $13,407,141, of that amount represents impairment of financial assets. The above includes:

(i) The amendment of the Ascot agreement resulting in the further deferment and suspension of interest resulting in a write-off of ($10,433,962);
(ii) The impairment of value of ordinary shares held in GDA to a carrying value of zero

Review of Operations

Revenue from ordinary activities increased to $2,219,250 (2015: $1,476,868). Revenue this year included substantial interest of $1,249,942 as related to the loan receivable from Ascot Resources Ltd. This interest has been capitalised

Financial Position

The net assets of the consolidated group have decreased by $11,464,217. This decrease in net assets is largely due to the impairment of:

- $2,298,004 on the Ascot shares;
- $461,571 on the GDA shares owned;
- $9,187,872 on the Ascot Receivable.

The Group's working capital, being current assets less current liabilities, has decreased from $1,233,478 in 2015 to $1,031,034 in 2016.

The net cash inflow from operating activities for the year ended 30th June 2016 was $645,099 (2015: outflow $2,062,753).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

(i) Acquisitions and Disposals

No tenement acquisitions were made during the year, however the Company conducted the following activities:

a) Assistance to SVL in its acquisition of the Bowdens Silver Project via the acquisition of Silver Investment Holdings Limited;

b) Assistance to SVL in the completion of the acquisition of the Conrad Silver Project;

c) On-going discussions with GDA in relation to its future direction and opportunities for Ochre to assist or acquire assets or royalties in relation to GDA's assets;

d) Deed of Amendment and Restatement entered with Ascot Resources Limited relating to Wonmunna Project Sale and Purchase Agreement;

e) Acquisition of a convertible note with ATC Alloys Limited for the value of $25,000.

DIRECTORS' REPORT (CONTINUED)

(ii) **Changes to Capital**

The Company has been in suspension since 22nd April 2015, and accordingly, there have been no changes to share capital during the period, other than as approved at the 2015 AGM.

Ordinary shares	2016 Number	2016 $	2015 Number	2015 $
Movements during the year				
Balance at beginning of financial year	30,584,348	97,881,133	598,268,307	97,886,725
24/09/2014 – Buyback of unmarketable parcels 4,082,972 shares @2.28c (a)	-	-	(4,082,972)	(93,092)
08/12/2014 – Share reconstruction 20:1 (b)	-	-	(564,475,987)	-
23/12/2014 – Issue of shares @10c (c)	-	-	875,000	87,500
Share placement fees	-	-	-	-
29/12/2015 – Issue of shares in accordance with AGM resolutions 4, 5 and 6	1,358,959	95,127	-	-
Total Company movements during the year	**1,358,959**	**95,127**	**(567,683,959)**	**(5,592)**
Balance for Company at end of financial year	**31,943,307**	**97,976,260**	**30,584,348**	**97,881,133**

DIVIDENDS

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year. (2015: Nil).

EVENTS AFTER THE REPORTING PERIOD

Since the end of the financial year there have been no material or significant events other than as noted below:

a) On 13 July 2016, the Company announced it had entered an agreement with Oil Basins Limited (ASX: OBL) under which the Company would provide financing support of $400,000 and strategic assistance. On 23 August 2016 the Company announced that it had entered an agreement with OBL whereby the Company would acquire OBL's wholly owned subsidiary, Oil Basins Royalties Limited, in lieu of repayment of the abovementioned loan, subject to each party obtaining required approvals, due diligence and the execution of a sale and purchase agreement.

DIRECTORS' REPORT (CONTINUED)

b) On 23rd August 2016 it was announced that the Company had become a substantial shareholder in Clancy Exploration Limited (ASX: CLY), holding 135,000,000 representing 5.73% of CLY's issued share capital.

c) The Groups service agreement ceased with SVL. There is a potential for a $200,000 receipt subject to the final performance of agreed activities. These activities have subsequently been completed post end of year and funds received.

d) A Deed of Amendment and Variation was signed with Ascot. The impact of the agreement has been factored into Note 9.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company expects to continue its corporate activities and look for other worthwhile resource acquisitions. However, the Directors have not included any further information on the likely future acquisitions or developments or expected results of those acquisitions as they are uncertain and there are reasonable grounds to believe that such information would prejudice the interests of the Company if such information was included.

ENVIRONMENTAL ISSUES

Since becoming an exploration/mining company Ochre Group Holdings has complied with all environmental regulations and adequate rehabilitation of sites after any exploration work has been carried out. At the time of this report there are no significant environmental regulations that need to be complied with or any that may have been breached by the Company. Further, it should be noted that with the sale of Wonmunna the previous surrender of other tenements, the Company does not hold any exploration assets as at the date of this report, that could expose the Company to any environmental regulatory requirements.

DIRECTORS' REPORT (CONTINUED)

INFORMATION ON DIRECTORS

The following persons were directors of Ochre Group Holdings Limited during the financial year and up to the date of this report:

Executive Chairman
N J Featherby

Executive Chairman
N J Featherby

Non-executive Directors
S D Pentony
A Bray
S Ball (appointed 22 July 2016)

The qualifications and experience of each of the current Directors are as follows:

Name and qualifications	Experience
Nathan Featherby	Appointed as non-executive director 15 March 2011, as executive director 6 August 2012 and as Executive Chairman 17 January 2014. Mr Featherby holds a Bachelor of Commerce degree from Curtin University and most of his working career has been in stockbroking and merchant banking with a focus on small to medium mining and exploration companies. *Other current listed company directorships: Nil* *Former listed company directorships in the last 3 years* Emerald Oil & Gas NL Silver Mines Limited Comet Resources Ltd Clancy Exploration Ltd Ascot Resources Ltd (delisted)
Andrew Bray	Appointed as non-executive director on 28 May 2015. Mr Bray has a background in investment banking, corporate advisory and consulting. He is involved with a number of junior resource companies both in Australia and internationally. *Other current listed company directorships* Managing Director – Gateway Mining Limited Non-Executive Director – Mandalong Resources Limited *Former listed company directorships in the last 3 years: Nil*

DIRECTORS' REPORT (CONTINUED)

Shane Daniel Pentony	Appointed as a non-executive director on 17 January 2014. Mr Pentony is a lawyer and partner at Lavan Legal in Perth and has extensive experience in the mining industry, with most of his work focused on mining and exploration transactions and large scale civil, commercial and mining construction projects. *Other current listed company directorships: Nil* *Former listed company directorships in the last 3 years: Nil*
Saxon Ball	Appointed as a non-executive director on 22 July 2016, Mr Ball has a background in infrastructure installation services and development within the natural resources sector, and has completed studies in business development and leadership. *Other current listed company directorship: Nil* *Former listed company directorships in the last 3 year:* Silver Mines Limited

MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

	Meetings Eligible to Attend	Meetings Attended
N Featherby	6	6
S D Pentony	6	4
A Bray	6	5
S Ball	-	-

OPTIONS

At the date of this report, there are no unissued ordinary shares Ochre Group Holdings Limited under option.

INDEMNIFYING OFFICERS OR AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor, except as allowed under the constitution of the Company. However, the Company does have a Directors' & Officers' Insurance Policy with a $1.0M cover.

DIRECTORS' REPORT (CONTINUED)

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

REMUNERATION REPORT

The remuneration report, that has been audited, outlines key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* (Cth) and its regulations.

(a) Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of directors on a periodic basis by reference to relevant market conditions with the overall objective of ensuring maximum stakeholder benefit within the confines of the resources of the Company.

The Board has agreed that executive directors should receive remuneration commensurate with the risk and their endeavours in maintaining the company and to act as an incentive to maximise shareholder returns. The remuneration of non-executive directors is governed by the constitution of the Company.

(b) Directors' & Executives' Remuneration

Directors' fees

The current base remuneration was last reviewed with effect from 1 March 2011. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders.

Executive pay

The executive pay and reward framework is base pay, including superannuation (where required).

The base pay may be delivered as cash or company securities as agreed between the executive chairman and the executive. The performance incentives are reviewed periodically by the executive chairman and the Board and may be delivered as a combination of cash or company securities as agreed between the executive chairman and the executive.

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel of Ochre Group Holdings Limited are set out below. The key management personnel of Ochre Group Holdings Limited are the current directors of the company and the following executive:

Nathan Featherby	Executive Chairman
Shane Pentony	Non-Executive Director
Andrew Bray	Non-Executive Director
Saxon Ball	Non-Executive Director
Trent Franklin	Company Secretary

DIRECTORS' REPORT (CONTINUED)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Executive Directors: All directors have only a fixed component to their salary and fees.

Other key management personnel: All key management personnel have only a fixed component to their salary and fees.

No remuneration consultants were used in the year.

All remuneration during the financial year was fixed remuneration.

2016	Base Remuneration Fees	Superannuation	Shares & Options Issued (iii)	Consulting Fees	Total Remuneration
	$	$	$	$	$
Executive Chairman					
Current					
N Featherby (i)	60,000	-	65,127	-	125,127
Non-executive Director					
Current					
S D Pentony	12,000	-	10,000	-	22,000
A Bray	12,000	-	20,000	-	32,000
Executives					
Current					
T Franklin (ii)	24,000	-	-	-	24,000
Former					
V Hovanessian (iv)	90,000	-	-	-	90,000
TOTAL	**198,000**	**-**	**95,127**	**-**	**293,127**

(i) All payments referred to above in respect to Nathan Featherby were made to associated companies.

(ii) All payments referred to above in respect to Trent Franklin were paid to his associated company, Enrizen Accounting Pty Ltd and included accounting and company secretarial fees.

(iii) During the current financial year, at the AGM of the company, shareholders approved the issue of a total of 1,358,959 shares at $0.07 per ordinary share to Andrew Bray, Nathan Featherby and Shane Pentony in lieu of directors' fees.

(iv) Ceased 1st April 2016

At the 2015 AGM 99.63% (2015: 99.99%) of the votes cast supported the adoption of the remuneration report for the year ended 30 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS' REPORT (CONTINUED)

2015	Base Remuneration Fees	Superannuation	Shares & Options Issued	Consulting Fees	Total Remuneration
	$	$	$	$	$
Executive Chairman Current					
N Featherby (v)	-	-	87,500(v)	60,000(i)	147,500
Non-executive Director Current					
M Rudisill (vi)	12,000	-	-	-	12,000
S D Pentony	12,000	-	-	-	12,000
M D Reilly (vii)	6,000	-	-	-	6,000
G Featherby	6,000	-	-	-	6,000
Executives Current					
V Hovanessian (viii)	120,000	-	-	-	120,000
TOTAL	**156,000**	**-**	**87,500**	**60,000**	**303,500**

(v) All payments referred to above in respect to Nathan Featherby were made to his associated company Mancora Pty Ltd.

(vi) All payments referred to above in respect to M Rudisill were paid to his associated company, Pelagic Capital Investments.

(vii) All payments referred to above in respect to M D Reilly were paid to his associated company, Styletown Investments Pty Limited

(viii) All payments referred to above in respect to Vaz Hovanessian were paid to his associated company, Raxigi Pty Limited.

(ix) During the current financial year, at the AGM of the company, following consolidation of issued capital, the shareholders approved the issue of 875,000 shares to the Executive Chairman Mr Nathan Featherby @0.10 per share in lieu of fees and incentive payment for completing the sale of the Company's Wonmunna tenements for a consideration in excess of $30.0 Million.

(c) Service Agreements

The following key management personnel have formalised service agreements

Nathan Featherby, *Executive Chairman*

- Mr Featherby has a services agreement with the Group under which he acts as Executive Chairman of the Group for annual fees of $60,000.
- This agreement is on an ongoing basis and if Mr Featherby wishes to resign he must provide two months' notice to the Group.

DIRECTORS' REPORT (CONTINUED)

Shane Pentony, Non-Executive Director

- Mr Pentony has a services agreement with the Group under which he provides non-executive director services to the Group for non-executive director's fees of $12,000 per annum.
- The agreement is on an ongoing basis and, if Mr Pentony wishes to resign from the Company, he must provide 90 days written notice to the Group.

Saxon Ball, Non-Executive Director

- Mr Ball has a services deed by which he provides non-executive director services to the Company.
- The agreement is on an ongoing basis and, if Mr Ball wishes to resign from the Company, he must provide 90 days written notice to the Group.
- Mr Ball is not currently paid any directors' fees for the services to the Group.

Andrew Bray, Non-Executive Director

- Mr Bray is paid at an agreed rate of $1,000 per month in line with other non-executive directors of the Company. This is for the performance of non-executive director services to the Company. A service deed has been drafted, however this is yet to be formally entered by Mr Bray with the Company.

The current key management personnel have a formalised service agreement which is detailed below:

Trent Franklin, Company Secretary

- Mr Franklin provides Company Secretarial and Accounting/CFO services to the Company on behalf of associated entity, Enrizen Accounting Pty Ltd.
- Enrizen Accounting Pty Ltd is paid fees of $8,000 per month for its services.

Share Based Compensation

Issue of Shares as approved at the Annual General Meeting dated 30 November 2015:

- 930,388 shares valued at $65,127 ($0.07 per share) were issued to Nathan Featherby in lieu of director's fees.
- 142,857 shares valued at $10,000 ($0.07 per share) were issued to Shane Pentony in lieu of director's fees.
- 285,714 shares valued at $20,000 ($0.07 per share) were issued to Andrew Bray in lieu of director's fees.

Issue of Options

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016.

DIRECTORS' REPORT (CONTINUED)

(d) Directors' Interests

Directors are not required under the Company's constitution to hold any shares.

As at the date of this report, the directors and former directors of Ochre Group Holdings Limited have the following interests in shares and options issued:

	Shares Held Directly	Shares Held Indirectly	Options Held Directly	Options Held Indirectly
N Featherby (i)	-	8,395,471	-	-
S Pentony (ii)	-	175,989	-	-
A Bray (iii)	60,000	285,714	-	-
S Ball (iv)	-	311,750	-	-

(i) The indirect interest of Mr Featherby is held through the associated company Roschelle Limited.
(ii) The indirect interests of Mr Pentony is held through the associated company Alderbury Two Pty Limited.
(iii) The indirect interest of Mr Bray is held through the associated company Andrew Bray Holdings Pty Ltd.
(iv) The indirect interest of Mr Ball is held by Michelle Ball and the associated company Texas Gold Pty Ltd.

The following relates to service contract with directors and senior management:

- Rental expenses were charged by Fern Street Partners Pty Ltd, a company associated with Vaz Hovanessian, for Ochre Group Holdings' sub-tenancy of an office leased by Fern Street Partners Pty Ltd to 28/02/2015 at $1,000 per month.
- Rental expense was charged by Broad Investments Ltd, a company associated with Vaz Hovanessian, for Ochre Group Holdings' sub-tenancy of an office leased by Broad Investments Ltd from 01/03/2015 to 30/04/2015 at $1,000 per month.
- Included in the current year trade creditors balance are amounts owing to companies related to Vaz Hovanessian amounting to $1,100 (2014: $4,400.00). This amount represents rental expense payable. Further $25,100 (2014: Nil) was owed to companies related to Vaz Hovanessian towards Company Secretarial/CFO fees.
- Enrizen Lawyers Pty Ltd, a related entity to Trent Franklin, provided legal services to the Group during the reporting period.
- Enrizen Pty Ltd, a related entity to Trent Franklin, provided insurance services to the Group during the reporting period.

A loan is outstanding to Mr Featherby of $1,115,903.

The below is the sum of related party balance in trade and other payables.

	2016 $	2015 $
Nathan Featherby	103,260	106,079
S D Pentony	19,500	17,500
M D Reilly	11,000	11,000
G Featherby	6,250	6,250
T Franklin	42,899	-

DIRECTORS' REPORT (CONTINUED)

(e) Shareholdings of key management personnel

The number of shares held directly, indirectly or beneficially, by each director and former director, including their personally-related entities is as follows:

2016	Balance at the start of the year	Balance when commenced	Received as remuneration	Additions	Balance at end of employment	Balance at the end of the year
Directors						
Nathan Featherby	6,808,400	-	-	1,587,071	-	8,395,471
Shane Pentony	33,131	-	-	142,857	-	175,988
Andrew Bray	60,000	-	-	285,714	-	345,714
Other						
Trent Franklin	-	-	-	-	-	-
Vaz Hovanessian	320,893	-	-	-	(320,893)	-
Total	**7,222,424**	**-**	**-**	**2,015,642**	**(320,893)**	**8,917,173**

2015	Balance at the start of the year	Adjustment for share split	Received as remuneration	Additions	Balance at end of employment	Balance at the end of the year
Directors						
Current						
Nathan Featherby	100,368,000	5,018,400	875,000	915,000	-	6,808,400
McAndrew Rudisill	2,000,000	100,000	-	-	(100,000)	-
Shane Pentony	662,622	33,131	-	-	-	33,131
Mark Reilly	500,000	25,000	-	-	(25,000)	-
Glenn Featherby	-	-	-	-	-	-
Andrew Bray	-	-	-	60,000	-	60,000
Imants Kins	-	-	-	-	-	-
Peter Schultz	-	-	-	-	-	-
Other		-				
Vaz Hovanessian	6,417,870	320,893	-	-	-	320,893
Total	**109,948,492**	**5,176,531**	**875,000**	**975,000**	**(125,000)**	**7,222,424**

DIRECTORS' REPORT (CONTINUED)

The number of options for shares held directly, indirectly or beneficially, by each director, including their personally-related entities is as follows:

There are no options held, directly, indirectly or beneficially by any of the directors or their personally related entities for the year ending 30 June 2016.

2015	**Balance at the start of the year**	**Net changes during the year**	**Balance at the end of the year**
Director			
McAndrew Rudisill	7,500,000	(7,500,000)	-

This concludes the remuneration report which has been audited.

COMPANY SECRETARY

The company secretary is Mr Trent Franklin. Mr Franklin appointed as company secretary 1 April 2016. He holds qualifications in finance, financial planning and insurance broking, a Bachelor of Science (Geology/ Geophysics) from the University of Sydney and is a graduate of the Australian Institute of Company Directors.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company is important. For the financial year ended at 30 June 2016 there were no additional amounts paid to the auditor (Crowe Horwath - Sydney) for non-audit services.

Amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

	2016 $	**2015 $**
Crowe Horwath:		
- Audit and review of financial reports	59,000	73,900
Total remuneration for audit and non-audit services	**59,000**	**73,900**

AUDITOR'S INDEPENDENCE DECLARATION

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

This report, incorporating the remuneration report, is made in accordance with a resolution of the Directors.

Dated, 1st October, 2016

Signed for and on behalf of the Directors.

Nathan Featherby
Executive Chairman

Crowe Horwath

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International
Level 15 1 O'Connell Street
Sydney NSW 2000 Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

Board of Directors
Ochre Group Holdings Limited
Level 11,
52 Phillip 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 partner for the audit of the financial report of Ochre Group Holdings Limited for the financial year ended 30 June 2016, 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 audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Partner

1st October 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue – services		733,526	13,636
Interest revenue		1,249,942	1,118,742
Net profit on disposal of investments		-	102,258
R&D rebate		113,663	-
Other revenue		122,119	242,232
Total income from continuing operations		**2,219,250**	**1,476,868**
Directors' fees		(84,000)	(96,000)
Share based payments		-	(87,500)
General & administrative expenses		(268,134)	(826,472)
Depreciation		(1,084)	(2,168)
Finance costs – external party		(1,602)	(7,851)
Profit/(loss) on change of fair value of financial assets		(2,973,179)	(8,777,209)
Impairment losses on non-current assets		(10,433,962)	(1,390,411)
Total expenses from continuing operations		**(13,761,961)**	**(11,187,611)**
Loss before income tax from continuing operations		(11,542,711)	(9,710,743)
Income tax expense	6	-	-
Loss after income tax from continuing operations		(11,542,711)	(9,710,743)
Loss after income tax on discontinued operations	23	-	(586,930)
Loss after income tax expense for the year		**(11,542,711)**	**(10,297,673)**
Other comprehensive income for the year, net of tax		-	11,730
Total comprehensive loss for the year		**(11,542,711)**	**(10,285,943)**
Total comprehensive loss for the year attributable to:			
Continuing operations		(11,542,711)	(9,699,013)
Discontinued operations		-	(586,930)
Total comprehensive loss for the year attributable to owners		**(11,542,711)**	**(10,285,943)**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

for the year ended 30 June 2016

Earnings per share for loss attributable to the ordinary equity holders of the company

		2016	2015
Basic loss per share (cents)	8	(3.7)	(3.4)
Diluted loss per share (cents)	8	(3.7)	(3.4)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company

Basic loss per share (cents)	8	(3.7)	(3.2)
Diluted loss per share (cents)	8	(3.7)	(3.2)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Note	2016 $	2015 $
Current assets			
Cash and cash equivalents		2,074	2,484
Trade and other receivables	9	132,500	23,490
Financial assets held for trade	10	495,813	366,431
Total current assets		**630,387**	**392,405**
Non-current assets			
Other receivables	9	322,638	9,510,510
Financial assets	10	20,610	2,780,183
Artwork & equipment	11	282,682	1,898
Total non-current assets		**625,930**	**12,292,591**
Total assets		**1,256,317**	**12,684,996**
Current liabilities			
Trade and other payables	12	608,777	606,739
Borrowings	13	1,052,644	1,019,144
Total current liabilities		**1,661,421**	**1,625,883**
Total liabilities		**1,661,421**	**1,625,883**
Net assets / liabilities		**(405,104)**	**11,059,113**
Equity			
Contributed equity	14	97,976,260	97,881,133
Reserves	15	-	16,633
Accumulated losses		(98,381,364)	(86,838,653)
Total equity		**(405,104)**	**11,059,113**

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Ochre Group Holdings Limited
& controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2016

	Note	Contributed Equity	Option Reserves	Financial Asset Reserve	Accumulated losses	Total
		$	$	$	$	$
Balance at 1 July 2015	14	**97,881,133**	**-**	**16,633**	**(86,838,653)**	**11,059,113**
Comprehensive Income for Period						
Loss for the period		-	-	-	(11,542,711)	(11,542,711)
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	(11,542,711)	(11,542,711)
Transactions with owners, in their capacity as owners						
Issue of shares to director		95,127	-	-	-	95,127
Shares buyback		-	-	-	-	-
Other						
Transfer financial assets reserve		-	-	(16,633)	-	(16,633)
Balance at 30 June 2016		**97,976,260**	**-**	**-**	**(98,381,364)**	**(405,104)**

	Note	Contributed Equity	Option Reserves	Financial Asset Reserve	Accumulated losses	Total
		$	$	$	$	$
Balance at 1 July 2014		**97,886,725**	**337,476**	**88,028**	**(76,961,581)**	**21,350,648**
Comprehensive Income for Period						
Loss for the period		-	-	-	(10,297,673)	(10,297,673)
Other comprehensive income		-	-	11,730	-	11,730
Total comprehensive income for the period		-	-	11,730	(10,297,673)	(10,285,943)
Transactions with owners, in their capacity as owners						
Issue of shares to director		87,500	-	-	-	87,500
Shares buyback		(93,092)	-	-	-	(93,092)
Transfer financial assets reserve		-	-	(83,125)	83125	-
Transfer share option reserve		-	(337,476)	-	337,476	-
Balance at 30 June 2015		**97,881,133**	**-**	**16,633**	**(86,838,653)**	**11,059,113**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		913,158	287,920
Payments to suppliers		(268,059)	(1,915,764)
Interest received		-	6,289
Interest paid		(1,602)	(7,851)
Net cash (used in) operating activities	16	**645,099**	**(1,629,406)**
Cash flows from investing activities			
Payment for equity investments		(330,211)	-
Payments for exploration and evaluation expenditure		-	(99,409)
Payment for physical non-current assets		(281,798)	-
Payment for mining leases		-	-
Proceeds from disposal of physical non-current assets		-	-
Proceeds from disposal of equity investments		-	466,181
Loans obtained from/(repaid to) other entities			
Net cash (provided by) investing activities		**(612,009)**	**366,772**
Cash flows from financing activities			
Buyback of unmarketable parcels		-	(58,381)
Repayment of loans from related parties		-	(10,594)
Proceeds of loans from related parties		(33,500)	1,029,738
Proceeds of loans from other parties		-	-
Net cash provided by financing activities		**(33,500)**	**960,763**
Cash and cash equivalents increase / (decrease) in cash		(410)	(301,871)
Cash and cash equivalents at the beginning of the year		2,484	304,355
Cash and cash equivalents at the end of the year		**2,074**	**2,484**

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

These consolidated financial statements and notes represent those of Ochre Group Holdings Limited and controlled entities (the 'consolidated group' or 'group' or 'consolidated entity'). Ochre Group Holdings Limited is a company, incorporated and domiciled in Australia.

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

The financial statements were authorised for issue on 1st October 2016 by the directors of the company. There is a right to amend the financial statements after they have been issued.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASB) and the requirements of Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report is intended to provide users with an update on the latest annual financial statements of Ochre Group Holdings Limited and its controlled entities.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Australian dollars which is the Group's functional currency.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The significant accounting policies that are directly related with the numbers are included within the specific note.

b. 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, net current liabilities, net liabilities and no ongoing revenue streams, as the Directors believe that the Group has sufficient liquid assets or can access cash via loans to continue operations. The cash is managed through:

a) Tight control of Administrative Expenses
b) Director to continue providing new loans and a letter of support from the related party loan provider that the loan will not be called to the detriment of the company
c) Raising additional share capital, for which the company has a history of raising funds.

The Directors have prepared a forecast for the foreseeable future reflecting the above mentioned expectations and their effect on the Group. The forecast reflects current market prices, reduction in interest income and revenue from Silver Mines Limited.

In the unlikely event that the 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.

c. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ochre Group Holdings Limited as at 30 June 2016 and the results of its subsidiaries for the period then ended. Ochre Group Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised on an accruals basis.

Revenue is recognised for the major business activities as follows:

Services

Revenue from services is recognised in the accounting period in which the services are rendered.

All revenue is stated net of the amount of goods and services tax (GST).

e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

f. Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. New Accounting Standards and Interpretations not yet mandatory or early adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax,

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTE 3: OPERATING SEGMENTS

Identification of reportable operating segments

During the year, the consolidated entity was organised into one operating segment, being investing in shares, royalty and other financial assets that derive wealth for the group. This operating segment is based on the internal reports that are reviewed and used by the Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews operating expenses and cash position in relation to the Group as a whole. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a quarterly basis. Information is presented on a consolidated cash flow basis. Cash flow funding is treated as one pool of liquid assets noting relevant terms of any maturity or exercise of any investments for the purpose of funding exploration.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 3: OPERATING SEGMENTS (CONTINUED)

Types of products and services – The principal products and services of this operating segment are services in securing investments, capital raising, royalty assets and shares.

This year Silver Mines Limited contributed 33% of revenue. In the prior year there were three segments as there was a discontinued exploration segment. The other segments were corporate costs which are now in the one segment.

Details for last year segment are below.

Segment performance 30 June 2015	Share Trading & Investments $	Corporate $	TOTAL $
Revenue			
External sales	-	-	-
Interest revenue	-	1,118,742	1,118,742
Profit on sale of financial assets	102,258	-	102,258
Other operating revenue	-	255,868	255,868
Total segment revenue	**102,258**	**1,374,610**	**1,476,868**
Reconciliation of segment revenue to group revenue			
Inter-segment elimination			-
Total group revenue			**1,476,868**
Segment net profit/(loss) before tax	**(8,674,951)**	**(1,523,312)**	**(10,285,943)**
Reconciliation of segment result to group net profit/(loss) before tax			
Inter-segment elimination			-
Net profit/(loss) before tax			**(10,285,943)**
Other segment information			
Loss on disposal of plant and equipment	-	-	-
Interest expense	-	7,851	7,851
Depreciation expense	-	2,168	2,168
Impairment of financial assets	8,777,209	1,390,411	10,167,620

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 3: OPERATING SEGMENTS (CONTINUED)

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

Segment liabilities As at 30 June 2015	Share Trading & Investments $	Corporate $	TOTAL $
Segment liabilities	67,663	1,477,425	1,625,883
Reconciliation of segment liabilities to group liabilities			
Inter-segment eliminations			-
Total group liabilities			**1,625,883**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 4: RELATED PARTY TRANSACTIONS

Parent entity

Ochre Group Holdings Limited is the parent entity.

Subsidiaries

Interest in subsidiaries are set out in Note 19.

Loans are provided by subsidiaries to other subsidiaries. No interest is charged and there are no repayment terms.

Key management personnel

Disclosures relating to key management personnel are set out below and the remuneration report in the director's report.

(a) Directors
The names and positions held of Company key management personnel in office at any time during the financial year are:

Key management person	**Position**
Nathan Featherby	Executive Chairman
Shane Daniel Pentony	Non-Executive Director
Andrew Bray	Non-executive Director
Trent Franklin	Company Secretary / CFO
Ceased	
Vaz Hovanesian (Ceased 1 April 2016)	Company Secretary / CFO

(b) Directors' loans
Nathan Featherby has advanced to the company the following combined loans which are interest free and repayable on demand.

	2016 $	**2015 $**
Opening balance	1,085,223	-
Loan advanced	1,095,817	1,095,817
Loan repaid	(10,594)	(10,594)
Closing balance	1,115,903	1,085,223

Balance is included in Note 12 and Note 13.

NOTE 4: RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Other transactions with directors & key managed personnel

The loss from ordinary activities before income tax includes the following items that resulted from transactions with Directors or their director-related entities, all of which are made on normal commercial terms and conditions:

	2016	2015
Expense	**$**	**$**
Rental Expense (i)	-	8,000
Rental Expense (ii)	-	2,000
Legal work (iv)	500	-
Insurance services (v)	50	-

(i) Rental expense was charged by Fern Street Partners Pty Ltd, a company associated with Vaz Hovanessian, for Ochre Group Holdings' sub-tenancy of an office leased by Fern Street Partners Pty Ltd to 28/02/2015 at $1,000 per month.
(ii) Rental expense was charged by Broad Investments Ltd, a company associated with Vaz Hovanessian, for Ochre Group Holdings' sub-tenancy of an office leased by Broad Investments Ltd from 01/03/2015 to 30/04/2015 at $1,000 per month.
(iii) Included in the current year trade creditors balance are amounts owing to companies related to Vaz Hovanessian amounting to $1,100 (2014: $4,400.00). This amount represents rental expense payable. Further $25,100 (2014: Nil) was owed to companies related to Vaz Hovanessian towards Company Secretarial/CFO fees.
(iv) Enrizen Lawyers Pty Ltd, a related entity to Trent Franklin, provided legal services to the Group during the reporting period.
(v) Enrizen Pty Ltd, a related entity to Trent Franklin, provided insurance services to the Group during the reporting period.

(d) Summarised Key Management Personnel Remuneration

	2016	2015
	$	**$**
Short-term employee benefits	198,000	216,000
Share based payments	95,127	87,500
Termination benefits	-	-
Post-employment benefits	-	-
Total	**293,127**	**303,500**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 5: PARENT INFORMATION

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the Australian Accounting Standards.

STATEMENT OF FINANCIAL POSITION	**2016**	**2015**
	$	**$**
Current assets		
Cash and cash equivalents	1,148	2,267
Trade and other receivables	124,691	20,094
Financial assets held for trade	443,835	142,524
Total current assets	**569,674**	**164,885**
Non-current assets		
Financial assets	20,000	2,250,000
Receivables	322,638	9,510,510
Plant and equipment	814	1,898
Total non-current assets	**343,452**	**11,762,408**
Total assets	**913,126**	**11,927,293**
Current liabilities		
Trade and other payables	612,386	523,632
Borrowings	456,643	468,144
Total current liabilities	**1,069,029**	**991,776**
Total liabilities	**1,069,029**	**991,776**
Net assets	**(155,903)**	**10,935,517**
Equity		
Contributed equity	97,980,427	97,885,301
Accumulated losses	(98,136,330)	(86,949,784)
Total equity	**(155,903)**	**10,935,517**
STATEMENT OF COMPREHENSIVE INCOME		
Total loss after income tax	(10,904,203)	(10,614,425)
Total comprehensive loss	(10,904,203)	(10,614,425)

<u>Guarantees and Contingent Liabilities</u>
Ochre Group Holdings Limited has no guarantees, contingent liabilities or contractual commitments in relation to the company at 30 June 2016.

<u>Contractual Commitments</u>
At 30 June 2016 Ochre Group Holdings Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2015: Nil).

NOTE 5: PARENT INFORMATION (CONTINUED)

Significant Accounting Policies
The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in Note 1, except for the following:
Investment in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTE 6: INCOME TAX

	2016 $	2015 $
Income tax expense		
(a) The prima facie income tax on the result before tax is reconciled to the income tax in the financial statements as follows:		
Accounting loss before tax	(11,542,711)	(10,297,673)
Income tax benefit calculated at 30% (2015: 30%)	(3,462,813)	(3,089,302)
Non-deductible tax asset	-	26,250
	-	(26,250)
Unrecognised deferred tax asset	(3,943,301)	(3,115,552)
Utilised tax losses	(480,488)	3,115,552
Income tax / (benefit) adjusted for temporary differences	**-**	**-**
Income tax attributable to Company	**-**	**-**

(b) Estimated future income tax benefit not brought to account as assets (at 30%)		
The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not certain beyond any reasonable doubt:		
Tax losses – revenue	11,191,644	10,711,156
Tax losses – capital	1,965,430	1,965,430
Timing differences	10,104,949	6,161,648
Total estimated future income tax benefits	**22,307,274**	**18,838,234**

NOTE 6: INCOME TAX (CONTINUED)

The potential future income tax benefit will only be obtained if:

(i) the company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
(ii) the company continues to comply with the conditions for deductibility imposed by the law; and
(iii) no changes in tax legislation adversely affect the company in realising the benefit.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 7: AUDITORS' REMUNERATION

	2016 $	2015 $
Remuneration of the auditor of the Company for:		
Review of the half-year financial statements	18,000	15,000
Audit of the full year financial statements	41,000	58,900
Total Auditors' Remuneration	**59,000**	**73,900**

NOTE 8: EARNINGS PER SHARE

(a) Reconciliation of loss used in calculating earnings per share	**2016 $**	**2015 $**
Basic loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share	(11,542,711)	(10,297,673)
Diluted loss per share		
Diluted loss attributable to the ordinary equity holders of the company used in calculating diluted loss per share	(11,542,711)	(10,297,673)
Loss from continuing operations used in calculating basic and diluted loss per share	(11,542,711)	(9,699,013)
Loss from discontinued operations used in calculating basic and diluted loss per share	-	(586,930)

(b) Weighted average number of shares used as the denominator	**NUMBER**	**NUMBER**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	31,433,697	30,584,348
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	31,433,697	30,584,348

Basic earnings per share (EPS) is calculated by dividing the net profit/(loss) attributable to members of the Company, excluding any costs of servicing equity (other than ordinary shares and converting notes classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company outstanding during the financial period.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 8: EARNINGS PER SHARE (CONTINUED)

potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares.

All outstanding options were cancelled in the 2015 financial year. No share or option based payments were made in the 2016 financial year.

No securities have been issued after 30 June 2016.

NOTE 9: TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
Trade debtors	61,945	4,304
GST receivable	-	17,695
	61,945	21,999
Prepayments	70,555	1,491
Total trade and other receivables	**132,500**	**23,490**
Less: Prepayments	(70,555)	(1,491)
Total current financial assets – Note 17	**61,945**	**21,999**

	2016 $	2015 $
Non-Current		
Receivables – Ascot Resources Limited (AZQ)	322,638	9,510,510

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

NOTE 9: TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group has a financial asset receivable from Ascot Resources Limited. The receivable was recorded at fair value on acquisition and on future reporting dates measured at amortised cost, with impairment.

In the prior year the receivable was represented by two balances. The first was a balance where interest of 5.88% was capitalised for the first two years, and then became payable monthly in arears. The first repayment was due no later than 23 September 2016. The second was a deferred settlement of $19,500,000. The receivable has been renegotiated and the interest component is now not due and payable until five years from the first sale. From the 22nd July 2017 interest no longer accrues on the loan at 5.88%. Interest will start accruing from the first sale of iron-ore, until the loan is repaid.

The key assumptions for the Ascot receivable:

a) Repayment is 5 years from the first sale of iron ore.
b) Estimated start date for production is when the iron ore price is AUD80 or greater. The current iron ore price at the date of this report is US$58, with an exchange rate of USD0.7682 giving AUD75.50
c) The Group has estimated that the iron ore price will be A$80 within six to eight years, with a one year uptake for production. This is effectively eight and a half years from reporting date.
d) Discount rate of 39%, an increase from 20% at June factoring in that Ascot Resources Limited delisted in the year, and has decided to slow the pace of activity given the iron price.
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. After year end this was adjusted to 1.25%
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 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 Ascot Resources Limited having the funding to get the project operational.
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.

NOTE 9: TRADE AND OTHER RECEIVABLES (CONTINUED)

Sensitivity analysis

If the discount rate was to change to 34% or 44% the impact would be an increase in the receivable of $249,355 or decrease by $92,829. If it took another year to go into production the receivable would decrease by $16,160.

Reconciliation of movements:

	2016 $	2015 $
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	(10,437,814)	(1,390,411)
Less: Cash received for part payment of stamp duty	-	(2,000,000)
Add: Interest capitalised	1,249,942	1,112,453
Add: Legal costs	-	220,000
Closing net book amount	**322,638**	**9,510,510**

(a) Impaired receivables
As at 30 June 2016, no current receivables of the Company were impaired. (2015: Nil).

(b) Past due but not impaired
As of 30 June 2016, no trade receivables (2015: Nil) were past due and impaired.

(c) Fair value and credit risk
The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 17 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 10: INVESTMENTS

	2016 $	2015 $
Current		
Financial assets at fair value		
Shares in quoted entities – at cost	893,726	527,073
Less: Allowance for diminution in value	(397,913)	(160,642)
Shares in quoted entities at fair value	**495,813**	**366,431**
Shares in unquoted entities – at cost	664,473	664,473
Less: Allowance for diminution in value	(664,473)	(664,473)
Shares in unquoted entities at fair value	**-**	**-**
Total current – designated at fair value	**495,813**	**366,431**
Non-current		
Financial assets at fair value – available for sale		
Shares in quoted entities – at cost	10,872,887	10,872,887
Less: Allowance for diminution in value	(10,852,277)	(8,092,704)
Shares in quoted entities at fair value	**20,610**	**2,780,183**
Movements during the year		
Current		
Balance at beginning of year	366,431	1,271,736
Additions	363,815	-
Disposals	-	(187,350)
Fair value increment/(decrement)	(234,431)	(717,955)
Balance at end of year	**495,815**	**366,431**
Non-current		
Balance at beginning of year	2,780,183	642,293
Additions	-	10,373,958
Disposals	-	(188,542)
Fair value increment/(decrement)	(2,759,573)	(8,047,526)
Balance at end of year	**20,610**	**2,780,183**

NOTE 10: INVESTMENTS (CONTINUED)

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Unlisted securities

Unlisted securities are traded in inactive markets. Their fair value is determined based on the present value of net cash inflows from expected future interest or dividends and subsequent disposal of the securities.

Included in unlisted securities in both the consolidated and parent entity financial statements are shares in Auto Data Networks Inc. that are carried at Nil (2014 – Nil). It may be that these shares will have a different value in the future, however, being currently unlisted and having no determinable value they are currently carried at Nil. Ascot shares are no longer listed. They have been valued using a valuation report received during the financial year.

Investments in related parties

Refer to Note 19 for a list of the Group's subsidiaries.

Impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the fair value classified as available-for-sale.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

NOTE 10: INVESTMENTS (CONTINUED)

Available-for-sale financial assets are denominated in Australian with US currency with a value that is not significant. For an analysis of the sensitivity of available-for-sale financial assets to price and interest rate risk refer to Note 17.

Impairment of financial assets available for sale are recognised in the profit or loss 2016: loss $3,140,185 (2015: loss of $8,777,209). Any unrealised gain goes through the statement of changes and comprehensive income for available for sale assets 2016: $Nil (2015: $11,730) and unrealised gains for held for sale in Profit and Loss $146,250 (2015: Nil). The movement is based on the change in bid price or management's assessment of recovery value.

NOTE11: ART AND EQUIPMENT

	2016	2015
	$	$
Art & equipment		
At cost	290,539	8,671
Accumulated depreciation	(7,857)	(6,773)
Total art & equipment at net written down value	**282,632**	**1,898**

Depreciation in the year was $1,084 (2015: $2,168).

Art represents $281,000 of the balance. Art is recorded at cost.

NOTE 12: TRADE AND OTHER PAYABLES

	2016	2015
Current	$	$
Trade creditors	346,984	274,003
Sundry creditors and accrued expenses	261,793	332,736
	608,777	**606,739**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period.

NOTE 12: TRADE AND OTHER PAYABLES (CONTINUED)

The below is the sum of related party balance in trade and other payables.

	2016	**2015**
	$	**$**
Nathan Featherby	103,260	106,079
S D Pentony	19,500	17,500
M D Reilly	11,000	11,000
G Featherby	6,250	6,250
T Franklin	42,899	-

NOTE 13: BORROWINGS

	2016	**2015**
Current (unsecured):	**$**	**$**
Loans by third parties	40,000	40,000
Loan by related party – amortised cost	1,012,644	979,144
	1,052,644	**1,019,144**

The loans are interest free. The loans with the third party is due for repayment on demand.

The loan with the related party is due when the Group has the ability to pay. A letter of support has been received confirming that they will not call on any amounts owing until the Group has capacity to pay.

The carrying amounts represent the fair values of borrowings at balance date. Details of the Groups exposure to risks arising from current borrowings are set out in note 17.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 14: CONTRIBUTED EQUITY

	2016	2015
	$	$
3,943,307 (2015: 30,584,348) fully paid ordinary shares	97,976,260	97,881,133

Ordinary shares	**2016**		**2015**	
	Number	**$**	**Number**	**$**
Movements during the year				
Balance at beginning of financial year	30,584,348	97,881,133	598,268,307	97,886,725
24/09/2014 – Buyback of unmarketable parcels 4,082,972 shares @2.28c (a)	-	-	(4,082,972)	(93,092)
08/12/2014 – Share reconstruction 20:1 (b)	-	-	(564,475,987)	-
23/12/2014 – Issue of shares @10c (c)	-	-	875,000	87,500
30 November 2015 – Issue of shares @ 7c (d)	1,358,959	95,127	-	-
Total Company movements during the year	**1,358,959**	**95,127**	**(567,683,959)**	**(5,592)**
Balance for Company at end of financial year	**31,943,307**	**97,976,260**	**30,584,348**	**97,881,133**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 14: CONTRIBUTED EQUITY (CONTIMUED)

a) During the 2014/2015 year the parent company of the group, Ochre Group Holdings Limited, completed a buy-back of unmarketable parcels of 4,082,972 shares which were then cancelled in accordance with ASX listing rules and *Corporations Act, 2001*.

b) During the 2014/2015 year, following approval by shareholders at the AGM, the issued capital of the company was consolidated on a 20:1 basis, cancelling 564,475,987 shares.

c) At the 2014 AGM of the company, following consolidation of issued capital, the shareholders approved the issue of 875,000 shares to the Executive Chairman Mr Nathan Featherby.

d) At the 2015 AGM of the company, following consolidation of issued capital, the shareholders approved the issue of 1,358,959 shares to the directors Mr Nathan Featherby, Mr Shane Pentony and Mr Andrew Bray.

e) **Dividends**
No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year. (30 June 2015: NIL).

f) **Authorised capital**
The number of shares authorised is the same as paid ordinary shares.

g) **Par value**
The shares have no par value.

h) **Additional issue**
Since the end of the Financial Year no shares have been issued.

i) **Ordinary shares**
Fully paid ordinary shares carry one vote per share and the right to dividends.

j) **Share Options**
There were no outstanding options to subscribe for ordinary fully paid shares at balance date.

Refer to Note 20 for details of the share options outstanding at 30 June 2016 which expired in the year.

NOTE 14: CONTRIBUTED EQUITY

k) **Capital risk management**

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There have been no changes in the strategy adopted to control the capital of the Group since the prior year. The gearing ratios for the year ended 30 June 2016 and 30 June 2015 are:

	Consolidated	
	2016	**2015**
	$	**$**
Total borrowings	1,052,644	1,019,144
Less cash and cash equivalents	(2,074)	(2,484)
Net debt	1,050,570	1,016,660
Total equity	(405,104)	11,059,113
Total capital	**645,466**	**12,075,773**
Gearing ratio	259%	8.42%

NOTE15: RESERVES & ACCUMULATED LOSSES

(a) Reserves

	2016	**2015**
	$	**$**
Options reserve (i)	-	-
Financial asset reserve (ii)	-	16,633
	-	16,633

(i) Arising out of valuation of options, & shares issued under the employee share plan, to directors or their nominees. Movement in the 2014/2015 year was to retained earnings.

(ii) Arising out of sale of gain on the revaluation of available for sale financial assets. Movement related to impairment of assets required to go through the Profit and loss statement.

NOTE15: RESERVES & ACCUMULATED LOSSES (CONTINUED)

Movements

Balance at beginning of financial year	16,633	425,504
Net movements attributed to members of the parent entity	(16,633)	(408,871)
Balance at end of financial year	**-**	**16,633**

NOTE16: CASH FLOW INFORMATION

	2016 $	2015 $
Reconciliation of Cash Flow from Operations with loss after income tax		
Loss after income tax	(11,542,711)	(10,297,673)
Add / (less) non-cash items:		
Impairment of non-current assets	10,433,942	1,877,932
Impairment financial assets	2,973,179	8,777,210
Share based payments	-	87,500
Accrued interest revenue	(1,249,942)	-
Depreciation & amortisation	1,084	2,168
Add / (less) investing / financing activities:		
Net realised (gain) / loss on short-term investments	-	(102,258)
Exploration and evaluation expenditure	-	99,409
Changes in assets and liabilities during the financial year:		
Trade and other debtors	(107,519)	(129,296)
Non-current other debtors	-	-
Trade and other creditors	137,066	(2,202,120)
Net cash used in operating activities	**645,099**	**(1,629,406)**

NOTE 17: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Group's activities expose it to variety of financial risks: market risk (including interest rate risk and price risk), creditor risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange where applicable and other price risks and aging analysis for credit risk.

The consolidated entity's financial instruments consist mainly of deposits with banks and other parties, short and long-term equity investments, accounts receivable and payable, and loans to and from other parties. The consolidated entity has speculated in the trading of equity investments. No derivative financial instruments were used by the consolidated entity.

All risk management is carried out by the Executive Director in consultation with the Board of Directors.

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

		Consolidated	
		2016	**2015**
	Note	**$**	**$**
Financial assets			
Cash and cash equivalents		2,074	2,484
Other receivables			
- current	9	61,945	23,490
- non-current	9	322,638	9,510,510
Total other receivables		386,657	9,534,000
Financial assets at fair value through profit and loss:			
- held for trading	10	495,813	366,431
Available for sale financial assets at fair value:			
- listed investments	10	20,610	2,780,183
Total financial assets		**903,080**	**12,683,098**
Financial liabilities			
Trade and other payables			
- current	12	608,777	606,739
- non-current	12	-	-
Borrowings			
- current	13	1,052,644	1,019,144
Total financial liabilities		**1,661,421**	**1,625,883**

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Risk Exposures and Management

(i) Interest Rate Risk

The Group has minimal exposure to interest risk. The main receivable is fixed at 5.88%. The loans are all non-interest bearing.

(ii) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows. All liabilities are current, however one is from a director for $1,115,903 which may be negotiated in terms of timing.

(iii) Credit Risk

The maximum exposure to credit risk, at balance date, 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. There are no amounts of collateral held as security at balance date.

The Group's exposure to credit risk arises primarily from its carrying on business in the mining industry. Credit risk is managed on a group basis and reviewed regularly by directors. It arises from exposures to deposits with financial institutions and loans provided. The Group is materially exposed to a receivable from Ascot Resources Limited. Refer to note 9. The Group is not materially exposed to any overseas country.

(v) Price Risk

The group is exposed to price risk through its share investment in the equity of corporations, classified on the statement of financial position and through the statement of comprehensive income as available for sale and held for trade. Most of these investments were in ASX listed companies. The prices of lot of these shares fell significantly during the 2015-2016 financial year and had a negative impact to the value of the Company's investment accordingly.

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Risk Exposures and Management (Continued)

(v) Price Risk(cont.)

To manage its price risk arising from investments in equity securities the Group has access to market reports on various stocks and regularly liaises with it brokers to keep abreast of market fluctuations. It considers information from various sources including financial magazines, investor reports and analysts' reports and information provided by companies.

(c) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate (Per Annum)		**Fixed Interest Rate**		**Floating Interest Rate**	
	2016 %	**2015 %**	**2016 $**	**2015 $**	**2016 $**	**2015 $**
Financial assets - Current						
Cash assets	-	-	-	-	2,074	2,484
Trade & other receivables	-	-	-	-	-	-
	-	-	-	-	2,074	2,484
Financial assets – Non-Current						
Other Receivables	-	-	322,638	9,510,510	-	-
Total	**-**	**-**	322,638	9,510,510	2,074	**2,484**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

	Note	Non-interest Bearing		TOTAL	
		2016 $	**2015 $**	**2016 $**	**2015 $**
Financial assets - Current					
Cash assets		-	-	2,074	2,484
Other receivables	9	61,945	23,490	61,945	23,490
Financial assets available for sale	10	495,813	366,431	495,813	366,431
		557,758	**392,405**	**559,832**	**392,405**
Financial assets – Non-current					
Other receivables	9	-	-	332,638	9,510,510
Financial assets available for sale	10	20,610	2,780,183	20,610	2,780,183
		20,610	2,780,183	**353,248**	**12,290,693**
Financial liabilities - Current					
Trade and other payable	12	608,777	606,739	608,777	606,739
Borrowings	13	1,052,644	1,019,144	1,052,644	1,019,144
		1,661,421	**1,625,883**	**1,661,421**	**1,625,883**

Non-interest bearing from July 2016 until first sale of Iran ore.

(c) Financial instrument composition and maturity analysis
Trade, sundry payables and provisions are expected to be paid as follows:

	2016 $	2015 $
Less than 12 months	608,777	1,625,883
Over 12 months	1,052,644	-

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair Value Measurement

The financial instruments recognised as assets and liabilities at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices 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 (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2016

	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Financial assets - available for sale:				
- Listed investments	610	-	20,000	20,610
TOTAL	**610**	**-**	20,000	**20,610**
Financial Assets – FVTPL:				
- Listed investments	495,813	-	-	495,813
TOTAL	**495,813**	**-**	**-**	**495,813**

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:				
- Listed investments	366,431	-	-	366,431
TOTAL	**366,431**	**-**	**-**	**366,431**

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Financial Instruments Measured at Fair Value (continued)

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

There was one transfer from level 1 to level 3. This related to investments that delisted in the financial year.

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair value due to the short-term nature.

Valuation techniques for fair value measurement categorised within level 2 and level 3. The technique looked at sales in the past year and a valuation reports.

The only level 3 asset is the held for sale asset that was previously recorded at cost.

(f) Sensitivity Analysis

Price Risk Sensitivity
At 30 June 2016, the effect on profit and equity as a result of changes in the price risk was insignificant.

Interest Rate Risk Sensitivity Analysis
At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate risk was insignificant.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

NOTE 18: COMMITMENTS

Lease Commitments (i)
Ochre Group Holdings has a month by month lease agreement, therefore there are no operating lease commitments.

Capital Commitments
There are no capital commitments at 30 June 2016.

NOTE 19: CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name of Company	Interest held by each parent entity		
	Class of Shares	2016 %	2015 %
OCHRE GROUP HOLDINGS LIMITED			
Joffrey Pty Ltd (i)	Ordinary	100	100
Ochre Capital Management Pty Ltd (ii)	Ordinary	100	100
Ochre Industries Pty Ltd (iii)	Ordinary	100	100
Ochre Pilbara Corporation Pty Ltd (iv)	Ordinary	100	100
Winterfell Nominees Pty Ltd (iii)	Ordinary	100	100
Ochre Silver Pty Ltd (v)	Ordinary	-	-
Ochre (NZ) Ltd (vi)	-	100	-

(i) Incorporated 2 April 2013
(ii) Incorporated 28 March 2013.
(iii) Incorporated 18 February 2013.
(iv) Acquired 31 March 2013 for nil consideration (shelf company), previously Ochre Petroleum Pty Ltd.
(v) Incorporated 18 July 2016
(vi) Incorporated 23 June 2016.

Each of the above companies, except Ochre (NZ) Limited, is incorporated in Australia.

The proportion of ownership interest is equal to the proportion of voting power held.

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 20: SHARE BASED PAYMENTS
At the 2015 AGM of the company, the shareholders of the Company approved the issue of 1,358,959 shares to the Directors of the Company at the time, Mr Nathan Featherby, Mr Shane Pentony and Mr Andrew Bray, in lieu of directors fees that were accrued.

During the previous year ended 30 June 2015, the shareholders approved the issue of 875,000 shares to the Executive Chairman Mr Nathan Featherby @0.10 per share in lieu of fees and incentive payment for completing the sale of the Company's Wonmunna tenements for a consideration in excess of $30.0 Million.

In the year ended 30 June 2015, 7,500,000 options were cancelled. They had an exercise price of 20 cents. There has been no movement in options during the year.

NOTE 21: CONTINGENT LIABILITIES AND ASSETS
There were no guarantees, contingent liabilities or contractual commitments in relation to the company at 30 June 2016 (Nil for 2015).

NOTE 22: SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year the following events have occurred:

a) On 13 July 2016, the Company announced it had entered an agreement with Oil Basins Limited (ASX: OBL) under which the Company would provide financing support of $400,000 and strategic assistance. On 23 August 2016 the Company announced that it had entered an agreement with OBL whereby the Company would acquire OBL's wholly owned subsidiary, Oil Basins Royalties Limited, in lieu of repayment of the abovementioned loan, subject to each party obtaining required approvals, due diligence and the execution of a sale and purchase agreement.

b) On 23 August 2016 it was announced that the Company had become a substantial shareholder in Clancy Exploration Limited (ASX: CLY), holding 135,000,000 representing 5.73% of CLY's issued share capital.

c) The Groups service agreement ceased with SVL. There is a potential for a $200,000 receipt subject to the final performance of agreed activities. These activities have subsequently been completed post end of year and funds received.

d) A Deed of Amendment and Variation was signed with Ascot. The impact of the agreement has been factored into Note 9.

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 years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 23: DISCONTINUED OPERATIONS

Description

The below disclosures relate to the segment for exploration activities as it related to Wonmunna which was disposed and discontinued in the 30 June 2014 financial year.

Financial performance information

	Consolidated	
	2016 **$**	**2015** **$**
Revenue	-	-
Interest received	-	-
Total revenue	-	-
Impairment	-	(487,521)
Other expenses	-	(99,409)
Total expenses	-	(586,930)
	-	
Profit before income tax expense	-	(586,930)
Income tax expense	-	-
	-	
Profit after income tax expense	-	(586,930)
	-	
Profit after income tax expense from discontinued operations	-	(586,930)

Cash flow information

	Consolidated	
	2016 **$**	**2015** **$**
Net cash from operating activities	-	(99,409)
Net cash used in investing activities	-	-
Net increase in cash and cash equivalents from discontinued operations	-	(99,409)

Carrying amounts of assets and liabilities disposed

Nil Value as 30 June 2016 & 30 June 2015.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date;

(b) the financial report also complies with International Financial Reporting Standards as set out in note 1;

(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; and

(d) the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Company Secretary.

.

This declaration is made in accordance with a resolution of the directors.

Nathan Featherby
Executive Director

1st October, 2016

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International
Level 15 1 O'Connell Street
Sydney NSW 2000 Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

Ochre Group Holdings Limited and Controlled Entities

Independent Auditor's Report to the Members of Ochre Group Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Ochre Group Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statement*, that the financial statement comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion

In our opinion:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

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.

Report on Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Ochre Group Holdings Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Partner

Dated this 1st day of October 2016

AUSTRALIAN SECURITIES EXCHANGE ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 29 September 2016.

A) Distribution of equity securities

The distribution of shareholders and their shareholding was as follows:

Number held	Number of Shareholders
1 - 1,000	144
1,001 - 5,000	256
5,001 - 10,000	71
10,001 -100,000	148
100,001 and over	39
Total Number of Shareholders	**658**

436 shareholders held less than a marketable parcel at 30 September 2016.

B) Equity security holders

(i) Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Rank	Name	Number Held	% of Issued Shares
1	ROSCHELLE LTD	6,034,538	18.89%
2	CITICORP NOMINEES PTY LIMITED	4,602,688	14.41%
3	PERTH SELECT SEAFOODS PTY LTD	1,825,937	5.72%
4	TALISMAN MINING LTD	1,775,000	5.56%
5	DEL PAGGIO NOM PL	891,429	2.79%
6	BNP PARIBAS NOMINEES PTY LTD	783,757	2.45%
7	JEMAYA PTY LTD	1,510,000	2.36%
8	HEATHCOTE PTY LTD	737,143	2.31%
9	MS EMMA RADFORD	650,933	2.04%
10	JATHRO PTY LTD	600,000	1.88%
11	BT PORTFOLIO SERVICES LTD	500,000	1.57%
12	CELTIC CAPITAL PTY LTD	492,033	1.54%
13	SINO PORTFOLIO INTERNATIONAL LTD	398,670	1.25%
14	ANDREW BRAY HOLDINGS PTY LTD	285,714	0.89%
15	TEXAS GOLD PTY LTD	275,000	0.86%
16	HSBC CUSTODY NOMINEES AUST LTD	251,230	0.79%
17	MR MATTHEW SVEND HANSON	250,000	0.78%
18	MRS PAMELA HELEN HUNTLEY	250,000	0.78%
19	CEN PTY LTD	250,000	0.78%
20	LIQUIPURE AUSTRALIA PTY LTD	236,009	0.74%
	Total Top 20 Shareholders	**22,600,081**	**68.39%**

AUSTRALIAN SECURITIES EXCHANGE ADDITIONAL INFORMATION (Continued)

(ii) Unquoted equity securities

There are no unquoted equity securities currently issued.

C) Voting Rights

Ordinary shares
In accordance with the Constitution of the Company, on a show of hands, every shareholder present in person or by proxy, attorney or representative has one vote and on a poll, every shareholder present in person or by proxy, attorney or representative has:

- in respect of fully paid shares, one vote for every share held; and
- in respect of partly paid shares, such number of votes as bears the same proportion to the total number of such shares held as the amount of the paid up issue price bears to the total price.

Options
Options have no voting rights.

DIRECTORY

Directors	Nathan Featherby Shane Pentony Andrew Bray Saxon Ball
Company Secretary	Trent Franklin
Registered Office	Level 11 52 Phillip Street SYDNEY NSW 2000 Telephone: (02) 8316 3996 Facsimile: (02) 8316 3999
Auditors	Crowe Horwath - Sydney Chartered Accountants Level 15 1 O'Connell St Sydney NSW 2000
Solicitors	Marque Lawyers Pty Ltd Level 4 343 George Street SYDNEY NSW 2000
Share Registry	Security Transfer Registrars Pty Ltd PO Box 535 Apple Cross Perth WA 6953 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Stock Exchange Listing	The Company is listed on the Australian Securities Exchange under Code: OGH

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement of Ochre Group Holdings Limited (**the 'Company'**) has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('**ASX**') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('**ASX Principles and Recommendations'**). The Company is required to disclose the extent to which it has followed the recommendations during the financial year, including reasons where the Company has not followed a recommendation and any related alternative governance practice adopted.

Both this Corporate Governance Statement and the ASX Appendix 4G will be lodged with the ASX. This statement has been approved by the Company's Board of Directors ('Board') and is current as at 29 September 2016.

The ASX Principles and Recommendations and the Company's response as to how and whether it follows those recommendations are set out below.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - A listed entity should disclose:
(a) the respective roles and responsibilities of its board and management; and
(b) those matters expressly reserved to the board and those delegated to management.

Generally, the Board is responsible for establishing the policies of the Company, overseeing its financial position and approving major capital expenditures. The small management team is responsible for the Company's day to day operations including budgets, reporting activities, exploration and general administration. Due to the small size of the Board and management team and the need for roles and functions to be flexible to meet specific requirements, the Company does not have a formal Board Charter at this stage.

Recommendation 1.2 - A listed entity should:
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Before appointing a director, or putting forward to shareholders a director for appointment, the Company evaluates the suitability of a proposed director and considers the person's character, experience, employment history, qualifications and disqualified officer status.

An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('AGM'). Retiring directors are not automatically re-appointed.

The Company has provided in the Director's Report (in the Annual Report) information about each candidate standing for election or re-election as a director that the Board considers necessary for shareholders to make a fully informed decision.

Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, required committee work, notice requirements and other special duties, and remuneration entitlements.

Executive directors are issued with service contracts which detail the above matters as well as the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

Recommendation 1.4 - The Company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board, includes:

- advising the Board and its Committees on governance matters;
- monitoring compliance of the Board and associated committees with policies and procedures;
- coordinating all Board business;
- retaining independent professional advisors;
- ensuring that the business at Board and committee meetings is accurately minuted; and
- assisting with the induction and development of directors.

Recommendation 1.5 - A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
(b) disclose that policy or a summary of it; and
(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

a. **the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or**
b. **if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

The Board does not intend to set measurable objectives for achieving gender diversity at this stage. The Board considers that due to the Company's current operations, size and number of employees it is not in a position to set meaningful objectives. The Board will review this position as the Company's circumstances change.

The respective proportion of women employees in the whole organisation, women in Senior Executive positions and women on the Board as at the date of this statement are set out in the following table:

	Portion of women
On the Board	0 out of 4 (0%)
In senior executive positions	0 out of 1 (0%)
Across the whole organisation	0 out of 5 (0%)

Recommendation 1.6 - A listed entity should:

(a) **have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
(b) **disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Chair is responsible for evaluation of the Board and individual Directors. The Board has not established any independent committees.

The Chair evaluates the performance of the Board and individual Directors by way of ongoing review with reference to the compositions of the Board and its suitability to carry out the Company's objectives. The Chair reports back to the Board as to its performance at least annually.

During the 2015/2016 financial year the Company conducted a review of the skills of its Board and determined it required further skills, subsequent to which it appointed a fourth Board member.

Recommendation 1.7 - A listed entity should:

(a) **have and disclose a process for periodically evaluating the performance of its senior executives; and**
(b) **disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Chair in consultation with the Board reviews the performance of the Senior Executives. Open and regular communication with Senior Executives allows the Chair to ensure that Senior Executives meet their responsibilities as outlined in their contracts with the Company, and to provide feedback and guidance, particularly where any performance issues are evident. The Board did not review Senior Executives during the reporting period as the current Company Secretary was appointed in the last quarter of the reporting period and was evaluated prior to joining the Company.

Principle 2: Structure the board to add value

Recommendation 2.1 - The board of a listed entity should:

- **(a) have a nomination committee which:**
  - **a. has at least three members, a majority of whom are independent directors; and**
  - **b. is chaired by an independent director,**
- **(b) and disclose:**
  - **a. the charter of the committee;**
  - **b. the members of the committee; and**
  - **c. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- **(c) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee.

Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening as the Nomination Committee by ensuring that the director with the conflicting interests is not party to the relevant discussions.

Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Director’s name	Appointment date	Length of service at 28 September 2016 (approx.)	Independence status
Nathan Featherby	15 March 2011	4 years, 6	Executive non-

		months	independent
Andrew Bray	28 May 2015	1 year, 4 months	Independent Non-executive
Shane Pentony	17 January 2014	2 years, 8 months	Independent Non-executive
Saxon Ball	22 July 2016	3 months	Independent Non-executive

The Board's skills matrix which it is looking to achieve in its membership includes finance, business, management and strategic planning, industry knowledge, technical skills and experience and administration skills. The Board considers that this composition is appropriate for the effective execution of the Board's responsibilities and the size and operations of the Company.

Recommendation 2.3 - A listed entity should disclose:

(a) the names of the directors considered by the Board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

The Board considers that Saxon Ball, Andrew Bray and Shane Pentony are independent Directors. These Directors are independent as they are non-executive Directors who are not members of management and who were free of any business or other relationship that could materially interfere with or could be reasonably perceived to interfere with, the independent exercise of their judgment.

When considering the independence of a Director, the Board considers whether the Director:

(a) is a substantial shareholder of the Company or an officer of, or otherwise;

(b) associated directly with, a substantial shareholder of the Company;

(c) is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;

(d) has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;

(e) is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or

(f) has a material contractual relationship with the Company or another group member other than as a director.

Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed to the Board.

Details of the Board of directors, their appointment dated, length of service as independence status is as follows:

Where it is determined that a non-executive director should no longer be considered independent, the Company will make an announcement to the market.

Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.

As at 28 September 2016, 75% of the Board is considered independent. The Board considers that the current size and composition of the Board is appropriate for the execution of the Board's responsibilities.

Recommendation 2.5 - The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Nathan Featherby is the Chair of the board and is an executive, non-independent director. Due to the size of the Company and the specific skillset of Nathan Featherby, in addition to his substantial shareholder status, the Board has determined that it would not be able to source the same skillset from a non-significant shareholder whilst maximising shareholder value and maintaining a lean management structure.

Recommendation 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Board in its capacity as Nomination Committee has a responsibility to ensure all new Directors are provided with an induction into the Company and that Directors have access to ongoing education relevant to their position in the Company.

Principle 3: Act ethically and responsibly

Recommendation 3.1 - A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

The Company does not presently have a formal code of conduct for the guidance of Directors and senior executives. The Board requires directors and management to conduct themselves with the highest ethical standards. All Directors are expected to act objectively and with integrity, striving at all times to enhance the reputation and performance of the Company.

Similarly, the Company does not presently have a formal code of conduct, however, the Board continues to review risks and compliance in each Board meeting to determine the most effective operating procedures in terms of both Company growth and providing shareholder value.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 - The board of a listed entity should:

(a) have an audit committee which:
  - **a. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
  - **b. is chaired by an independent director, who is not the chair of the board,**

(b) and disclose:
  - **a. the charter of the committee;**
  - **b. the relevant qualifications and experience of the members of the committee; and**
  - **c. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(c) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company does not have a formally constituted audit committee. The Board presently fulfils the functions of the audit committee. The Board is of the view that to date such a committee has not been necessary given the size and nature of its operations. This situation is subject to ongoing review.

Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For the financial year ending on 30 June 2016, the board received a statement from its CEO and CFO declaring that, in their opinion the financial records of the Company have been properly maintained and comply with the appropriate accounting standards.

Recommendation 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The external auditor attends the Company's AGM and is available to answer questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - A listed entity should:

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

The Company's directors and management are aware of the ASX's continuous disclosure requirements and place a strong importance on full disclosure to the market. Whilst the Company does not have formal policies regarding disclosure, the Company continues to review this situation with a view to the potential implementation of formal policies in the future.

Principle 6: Respect the rights of security holders

Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.

The Company does not currently have a functional website. The Company aims to establish a Company website prior to re-quotation on the ASX, upon which it intends to have information about itself, its operations and its governance for the benefit of investors displayed.

Recommendations 6.2 and 6.3

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).

The Company does not currently have an investor relations program. In conjunction with the establishment of the website mentioned above, the Company will look to establish two-way communication with investors. Until such time, investors may contact the Company by email at info@ochreresources.com or via telephone at +61 2 8316 3996.

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

The Company does not have formal policies and processes in place to facilitate participation at meetings of security holders, however the Directors and management encourage security holders to attend and participate in all meetings of security holders.

Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Security holders may contact the Company by email at info@ochreresources.com.au. Security holders are also able to contact the Company's share registry via its website.

Principle 7: Recognise and manage risk

Recommendations 7.1 and 7.2

The board of a listed entity should:

- **(a) have a committee or committees to oversee risk, each of which:**
  - **a. has at least three members, a majority of whom are independent directors; and**
  - **b. is chaired by an independent director,**
- **(b) and disclose:**
  - **a. the charter of the committee;**
  - **b. the members of the committee; and**
  - **c. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- **(c) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).**

The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).

The Company's Board acts as the Risk Committee as the nature of the Company allows for a substantially reduced risk profile, through the vetting and review of operations and potential transactions. The Board reviews all transactions and agreements prior to entering any significant transactions, including royalty agreements.

Recommendation 7.3 - A listed entity should disclose:

- **(a) if it has an internal audit function, how the function is structured and what role it performs; or**
- **(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

Given the size and composition of the Company, the Board has not established an internal audit function. The Board may from time to time engage an external auditor to conduct additional reviews of Company processes. As the Company grows, the Company will revisit whether or not it requires an internal audit function.

Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The risk profile of the Company is as follows:

- Market-related.
- Financial reporting.
- Operational.
- Environmental.
- Economic cycle/ marketing.
- Legal and compliance.

These risks are managed by having a Board composed of Directors and Senior executive who have substantial experience in the risk profile areas. Each board discussion considers the risks associated with each particular transaction which is contemplated by the Company and how best to mitigate or eliminate such risks for the protection of the Company.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - The board of a listed entity should:

(a) have a remuneration committee which:
  a. has at least three members, a majority of whom are independent directors; and
  b. is chaired by an independent director,

(b) and disclose:
  a. the charter of the committee;
  b. the members of the committee; and
  c. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(c) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has not established a separate Remuneration Committee and accordingly it is not structured in accordance with recommendation 8.1. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of the Remuneration Committee.

The Board is remunerated based on review of comparable board remuneration practices from time. Following such review, the remuneration of the Board is well below that of its peers. Further, the Board deals with any conflicts of interest that may occur when considering remuneration by ensuring that the Director with conflicting interests is not party to the relevant discussions.

The full Board in its capacity as Remuneration Committee did not meet during the 2015/2016 financial year however, remuneration related discussions were held by the Board from time to time as required.

Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Details of Remuneration are set out in the Remuneration Report which forms part of the Directors Report (in the Annual Report) and is set out in the Remuneration Charter on the Company's website. Remuneration for Non-Executive Directors is not linked to individual performance. Executive Directors are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for Non-Executive Directors.

Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it

Not applicable. The Company does not have an equity-based remuneration scheme.