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BROCKMAN

# BROCKMAN MINING LIMITED
# 布萊克萬礦業有限公司*

*(incorporated in Bermuda with limited liability)*

**(SEHK Stock Code: 159)**

**(ASX Stock Code: BCK)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2021

The board of directors (the "Board") of Brockman Mining Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2021, together with the comparative figures for the year ended 30 June 2020.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 30 June 2021*

| | | Year ended 30 June | |
|---|---|---|---|
| | | **2021** | 2020 |
| | *Note* | ***HK$'000*** | *HK$'000* |
| Other income | 6 | **162** | 715 |
| Administrative expenses | 7 | **(17,507)** | (17,513) |
| Exploration and evaluation expenses | 7 | **(5,494)** | (4,521) |
| Operating loss | | **(22,839)** | (21,319) |
| Finance income | | **88** | 320 |
| Finance costs | | **(5,428)** | (1,482) |
| Finance costs, net | 8 | **(5,340)** | (1,162) |
| Share of loss of joint ventures | | **(139)** | (125) |
| **Loss before income tax** | | **(28,318)** | (22,606) |
| Income tax benefit | | **14,146** | 1,590 |
| **Loss for the year** | | **(14,172)** | (21,016) |

* *For identification purpose only*

| | Note | Year ended 30 June<br>**2021**<br>***HK$'000*** | <br>2020<br>*HK$'000* |
|---|---|---|---|
| **Other comprehensive income/(loss)** | | | |
| *Item that may be reclassified to profit or loss* | | | |
| Exchange differences arising from translation of foreign operations | | **56,632** | (17,530) |
| Other comprehensive income/(loss) for the year | | **56,632** | (17,530) |
| Total comprehensive income/(loss) for the year | | **42,460** | (38,546) |
| **Loss for the period attributable to equity holders of the Company** | | **(14,172)** | (21,016) |
| **Total comprehensive income/(loss) attributable to equity holders of the Company** | | **42,460** | (38,546) |
| **Loss per share attributable to the equity holders of the Company during the year** | | ***HK cents*** | *HK cents* |
| Basic loss per share | *10* | **(0.15)** | (0.23) |
| Diluted loss per share | *10* | **(0.15)** | (0.23) |

## CONSOLIDATED BALANCE SHEET

*As at 30 June 2021*

| | | As at 30 June | |
|---|---|---|---|
| | | **2021** | 2020 |
| | *Note* | ***HK$'000*** | *HK$'000* |
| **Non-current assets** | | | |
| Mining exploration properties | *11* | **784,933** | 731,048 |
| Property, plant and equipment | | **167** | 181 |
| Right-of-use assets | | **1,538** | 1,226 |
| Interest in joint venture | | **703** | 644 |
| Other non-current assets | | **132** | 121 |
| | | **787,473** | 733,220 |
| **Current assets** | | | |
| Other receivables, deposits and prepayments | | **1,033** | 1,581 |
| Cash and cash equivalents | | **45,667** | 34,919 |
| | | **46,700** | 36,500 |
| **Total assets** | | **834,173** | 769,720 |
| **Equity** | | | |
| Share capital | *13* | **927,923** | 927,923 |
| Reserves | | **3,855,804** | 3,798,031 |
| Accumulated losses | | **(4,138,025)** | (4,123,861) |
| **Total equity** | | **645,702** | 602,093 |
| **Non-current liabilities** | | | |
| Deferred income tax liability | | **126,706** | 128,850 |
| Borrowings | *14* | **57,245** | 35,393 |
| Lease liabilities | | **1,111** | 1,111 |
| | | **185,062** | 165,354 |
| **Current liabilities** | | | |
| Trade and other payables | *12* | **1,123** | 829 |
| Lease liabilities | | **828** | 382 |
| Provisions | | **1,458** | 1,062 |
| | | **3,409** | 2,273 |
| **Total liabilities** | | **188,471** | 167,627 |
| **Total equity and liabilities** | | **834,173** | 769,720 |

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Brockman Mining Limited (the "Company") and its subsidiaries (collectively, the "Group") principally engage in the acquisition, exploration and development of iron ore projects in Australia.

The Company is a public company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK") and Australian Securities Exchange (the "ASX"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

These consolidated financial statements are presented in Hong Kong dollars (HK$), and all values are rounded to the nearest thousand (HK$'000), except where otherwise indicated.

## 2. BASIS OF PREPARATION

The consolidated financial statements of Brockman Mining Limited for the year ended 30 June 2021 have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the notes to the consolidated financial statements.

### (a) Going concern basis

For the year ended 30 June 2021, the Group recorded a net loss before tax of HK$28,318,000 (2020: HK$22,606,000) and had operating cash outflows of HK$19,841,000 (2020: HK$19,192,000). The Group did not record any revenue during the year and the loss before tax for the period was primarily attributable to the exploration and evaluation of the Company's iron ore exploration projects and corporate overhead costs. As at 30 June 2021, the Group's cash and cash equivalents amounted to HK$45,667,000 (2020: HK$34,919,000).

On the 22 April 2021, Brockman Iron Pty Ltd (a wholly-owned subsidiary of the Company) ("Brockman Iron") and Polaris Metals Pty Ltd ("Polaris") established a Joint Operation. Following the establishment of the Joint Operation, Polaris (or its related party) agreed to provide the Joint Operation with funding by way of a project loan (the terms and conditions of the project loan are yet to be finalised) sufficient to allow the joint operation to fund the forecast capital cost for development. The Joint Operators have agreed to initial development works that will be funded by Polaris and the cost is estimated to be circa A$41,000,000 (~HK$237,779,000).

Polaris also released the second tranche A$5,000,000 of the A$10,000,000 loan, held in escrow account pursuant to the Farm-in Joint Venture ("FJV") Agreement. Under the terms of the FJV Agreement, this loan is to be repaid from net revenue received by Brockman Iron from the sale of its share of product produced and sold from the joint operation. The repayment of the loan to Polaris must be in priority to all other payments from net revenue received by Brockman Iron from the sale of its percentage share of product sold from the Project.

The Group has taken a number of measures to improve its liquidity position, including, but not limited to, the following:

(i) Extending the repayment date of the existing loans of HK$15,471,000 from the substantial shareholder to 31 October 2022. These loans bear interest at 12% per annum.

(ii) On 18 September 2018, the Group secured a standby loan facility from its substantial shareholder amounting to HK$10,000,000. If drawn down, the loan will be unsecured, bear interest at 12% per annum and be repayable on 31 October 2022. As at 30 June 2021, the facility of HK$10,000,000 is undrawn.

The directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of approval of these consolidated financial statements. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of these consolidated financial statements.

The directors believe that the Group can continue to access debt and equity funding to meet medium term working capital requirements and has a history of securing such funding as required in the past to support their belief. In the event that funding of an amount necessary to meet the future budgeted operational and investing activities of the Group is unavailable, the directors would undertake steps to curtail these operating and investment activities. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Notwithstanding the above, there remains material uncertainty as to whether the Group can raise sufficient funding as outlined above which may cast significant doubt about the Group's ability to 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 the amounts stated in these consolidated financial statements.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of the Group's assets or to the amounts and classification of liabilities which might be necessary should the Group not continue as a going concern.

## 3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Changes in accounting policy and disclosures

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

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

The nature and effect of these changes as a result of the adoption of the standards that have an immaterial impact on the consolidated financial statements are described below.

*Amendments to IFRS 3: Definition of Business*

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create input. Furthermore, it clarified that a business can exist without including all of the inputs and processes need to create outputs. These amendments had no material impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

*Amendments to IAS 1 and IAS 8: Definition of Material*

The amendments provide a new definition of material which states that 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

The amendment clarifies that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

This amendment had no material impact on the Group's consolidated financial statements.

*Amendments to IFRS 7, IFRS 9 and IAS 19: Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of relief measures, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no material impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

*Conceptual Framework for Financial Reporting issued on 28 March 2018*

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

***Standards issued but not yet effective***

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

*Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement

- That a right to defer must exist at the end of the reporting period

- That classification is unaffected by the likelihood that an entity will exercise its deferral right

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact of the amendment on its current practice.

*Reference to the Conceptual Framework – Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations – Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for Preparation and Presentation of Financial Statements. The Group is currently assessing the impact of these amendments.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

*Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

*Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'direct related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Group is currently assessing the impact of these amendments.

*IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

*IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities*

As part of its 2018-2020 annual improvements to IFRS standards the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

## 4. REVENUE

There was no revenue during the year ended 30 June 2021 (2020: nil).

## 5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reports provided to Chief Operating Decision Makers, being the executive directors of the Company who are responsible for allocating resources and assessing performance of the operating segments. The executive directors consider the performance of the Group from a business perspective.

The Group's reportable operating segment is as follows:

Mineral tenements in Australia – tenement acquisition, exploration and towards future development of iron ore projects in Western Australia

Others primarily relate to the provision of corporate services for investment holding companies. These activities are excluded from the reportable operating segments and are presented to reconcile to the totals included in the Group's consolidated statement of comprehensive income and consolidated balance sheet.

Executive directors assess and review the performance of the operating segments based on segment results which is calculated as loss before income tax less share of profit/(losses) of joint ventures.

Segment assets reported to executive directors of the Company are measured in a manner consistent with that in the consolidated balance sheet.

(a) The following is an analysis of the Group's results by business segment:

| | **Mineral tenements in Australia** *HK$'000* | **Others** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|
| **For the year ended 30 June 2021:** | | | |
| Segments results | (14,943) | (13,236) | **(28,179)** |
| Share of loss of joint ventures | | | **(139)** |
| **Loss before income tax** | | | **(28,318)** |
| **Other information:** | | | |
| Depreciation of property, plant, equipment and right-of-use asset | (377) | (149) | **(526)** |
| Exploration and evaluation expenses | (5,494) | — | **(5,494)** |
| Share based payment expense | — | (1,149) | **(1,149)** |
| Income tax benefit | 14,146 | — | **14,146** |
| **For the year ended 30 June 2020:** | | | |
| Segments results | (9,376) | (13,105) | **(22,481)** |
| Share of loss of joint ventures | | | **(125)** |
| **Loss before income tax** | | | **(22,606)** |
| **Other information:** | | | |
| Depreciation of property, plant, equipment and right-of-use assets | (380) | (4) | **(384)** |
| Exploration and evaluation expenses | (4,521) | — | **(4,521)** |
| Income tax benefit | 1,590 | — | **1,590** |

(b) The following is an analysis of the Group's total assets by business segment as at 30 June 2021:

| | **Mineral tenements in Australia** *HK$'000* | **Others** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|
| **As at 30 June 2021:** | | | |
| **Segment assets** | **823,358** | **10,815** | **834,173** |
| **Total segment assets include:** | | | |
| Interest in joint ventures | 703 | — | **703** |
| Additions to property, plant and equipment | 19 | — | **19** |
| Right-of-use assets | 1,006 | 532 | **1,538** |
| **As at 30 June 2020:** | | | |
| **Segment assets** | **756,141** | **13,579** | **769,720** |
| **Total segment assets include:** | | | |
| Interests in joint ventures | 644 | — | **644** |
| Additions to property, plant & equipment | 137 | — | **137** |
| Right-of-use assets | 1,226 | — | **1,226** |

(c) Geographical information

The mineral tenements are located in Australia, and, the following is an analysis of the carrying amounts of the Group's mining exploration properties, property, plant and equipment, right-of-use assets and interests in joint ventures analysed by geographical area in which the assets are located:

| | **2021** *HK$'000* | 2020 *HK$'000* |
|---|---|---|
| Hong Kong | **537** | 9 |
| Australia | **786,804** | 733,090 |

## 6. OTHER INCOME

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Government grant *(Note a)* | **162** | 715 |
| | **162** | 715 |

*Note a:* During the year there was a government grant, provided by the Hong Kong Government to retain employees due to the implications caused by COVID-19 (HK$162,000) (2020: HK$162,000 provided by the Hong Kong Government and an incentive of HK$553,000 provided by the Australian Federal Government for research and development activities).

## 7. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging:

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Depreciation of property, plant and equipment | **48** | 84 |
| Depreciation of right-of-use assets | **478** | 301 |
| Lease payments not included in the measurement of lease liabilities | **198** | 1,279 |
| Auditor's remuneration: | | |
| Audit services – EY | **1,163** | 940 |
| Non-audit services – EY | **389** | 187 |
| Staff costs (including directors emoluments) | **12,492** | 11,628 |
| Equity-settled share option expense | **1,149** | 1,477 |
| Exploration and evaluation expenses (excluding staff costs and rental expenses) | **4,033** | 2,766 |
| Exchange loss | **—** | 7 |

## 8. FINANCE COSTS, NET

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Finance income** | | |
| Interest income on bank deposits | **88** | 320 |
| **Finance costs** | | |
| Interest on lease liabilities | **(208)** | (158) |
| Interest on borrowings | **(5,220)** | (1,324) |
| **Finance costs, net** | **(5,340)** | (1,162) |

## 9. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2021, nor has any dividend been proposed since the balance sheet date (2020: Nil).

## 10. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares on issue during the period.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding and to assume conversion of all dilutive potential ordinary shares.

| | **2021** | 2020 |
|---|---|---|
| Loss for the period attributable to the equity holders of the Company *(HK$'000)* | **(14,172)** | (21,016) |
| Weighted average number of ordinary shares for the purpose for calculating the loss per share *(thousands)* | **9,279,232** | 9,241,413 |
| Effects of dilution from: | | |
| — share options *(thousands)* | **195,500** | 90,000 |
| Weighted average number of ordinary shares adjusted for the effect of dilution *(thousands)* | **9,334,133 (*)** | 9,346,796 (*) |
| Loss per share attributable to the equity holders of the Company: | | |
| Basic *(HK cents)* | **(0.15)** | (0.23) |
| Diluted *(HK cents)* | **(0.15) (*)** | (0.23) (*) |

*Note (*):* Because the diluted loss per share amount is decreased when taking share options into account, the share options had an anti-dilutive effect on the basic loss per share for the year and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amounts are based on the loss for the year of HK$14,172,000 (2020: HK$21,016,000), and the weighted average number of ordinary shares 9,334,133,000 (2020: 9,346,796,000) on issue during the year that are considered in the calculation of basic loss per share.

## 11. MINING EXPLORATION PROPERTIES

| | Mining exploration properties in Australia *HK$'000* |
|---|---|
| Balance as at 1 July 2019 | 757,345 |
| Recoupment of benefit | (5,404) |
| Exchange differences | (20,893) |
| **Balance as at 30 June 2020** | **731,048** |
| Recoupment of benefit | (14,763) |
| Exchange differences | 68,648 |
| **Balance as at 30 June 2021** | **784,933** |

At 30 June 2021 the Group held capitalised mining exploration properties in Australia of HK$784,933,000 (2020: $731,048,000), representing 94% (2020: 95%) of the Group's total assets.

The determination as to whether there are any indicators to require a mining exploration property to be assessed for impairment, involves a number of judgments including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group performed an assessment of the impairment indicators at 30 June 2021 in accordance with IFRS 6, taking into account the following factors:

1. The Group still had the right to explore the tenements.

2. To date there have been no adverse findings reported or identified from technical studies undertaken that would affect the advancement of Marillana.

3. Substantial further expenditure is forecast for Marillana at 30 June 2021 and beyond, to continue to advance development of the project.

4. Since 1 January 2019, the iron ore price has increased to levels not seen since 2014 and at 30 June 2021 the price was above A$293 per tonne or US$220 per dry metric tonne (at an exchange rate of US$0.75).

5. At 30 June 2021, the Group's market capitalisation was HK$2,041,000,000, well in excess of the net assets HK$645,702,000.

6. The Group's Mineral Resource estimate has not changed since September 2018.

As a result of considering these factors, the directors did not identify any impairment indicators.

## 12. TRADE AND OTHER PAYABLES

Trade payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days.

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade and other payables | **1,123** | 829 |
| | **1,123** | 829 |

## 13. SHARE CAPITAL

| | **Number of shares** | **Share capital** |
|---|---|---|
| | *'000* | *HK$'000* |
| Ordinary shares of HK$0.1 each | | |
| **Authorised** | | |
| As at 30 June 2021 and 30 June 2020 | 20,000,000 | 2,000,000 |
| **Issued and fully paid** | | |
| As at 30 June 2019 | 9,221,232 | 922,123 |
| Issue of shares *(Note a)* | 58,000 | 5,800 |
| As at 30 June 2021 and 30 June 2020 | **9,279,232** | **927,923** |

*Note a:* On 24 February 2020, 58,000,000 share options were exercised by directors and employees of the Group.

## 14. BORROWINGS

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Non-current** | | |
| Loans from Polaris | **41,774** | 21,242 |
| Loans from a substantial shareholder | **15,471** | 14,151 |
| | **57,245** | 35,393 |

As at 30 June 2021, the borrowings from a substantial shareholder were unsecured, bore interest at 12% (2020: 12%) per annum and were repayable on 31 October 2022 (2020: 31 October 2021).

On 18 November 2019 and 4 May 2021, Polaris advanced the first and second tranche of the loans (total advanced of A$10,000,000) to Brockman Iron pursuant to the terms of the Farm-in Joint Venture Agreement over the Marillana Iron Ore Project. The loans are secured (per a Deed of Cross Security), carried at amortised cost and are repayable to Polaris from net revenue received by Brockman Iron from the sale of its percentage share of product sold from the joint operation.

## 15. EVENTS OCCURRING AFTER BALANCE SHEET DATE

There are no significant events which have occurred after the balance sheet date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

During the year, the Group continued to focus on the development of its iron ore tenements in Western Australia which are progressing steadily towards construction and production. Loss for the year before income tax from continuing operations was HK$28.3 million, compared to the previous year HK$22.6 million. The increase in the loss before tax was largely due to HK$5.4 million in additional finance costs arising from the treatment of the loans advanced by Polaris to the Group in the previous and current year.

The Group recorded a loss after tax from continuing operations of approximately HK$14.2 million (2020: HK$21.0 million). The reduction in the loss after tax was partially due to the recognition of an income tax credit of HK$14.1 million (2020: HK$1.6 million). This income tax credit was mainly from the result of the recognition of a deferred tax asset in respect of certain of the Group's Australian tax losses.

The operating loss of HK$22.8 million (2020: HK$21.3 million) was marginally higher by 7%, due to an increase in exploration and evaluation expenditure expensed.

### Iron Ore Operations – Western Australia

This segment of the business comprises the 100% owned Marillana Iron Ore Project ("Marillana"), the Ophthalmia Iron Ore Project ("Ophthalmia") and other regional exploration projects.

The loss before income tax and share of losses of the joint venture for the year for this segment attributable to the Group was HK$15.1 million (2020: HK$9.5 million). Total expenditure associated with mineral exploration for the year ended 30 June 2021 amounted to HK$5.5 million (2020: HK$4.5 million).

Total expenditure associated with mineral exploration and evaluation for each of the projects in Western Australia for the financial years is summarised as follows:

| | Year ended 30 June | |
|---|---|---|
| | **2021** | 2020 |
| | ***HK$'000*** | *HK$'000* |
| **Project** | | |
| Marillana | **2,582** | 1,988 |
| Ophthalmia | **1,490** | 1,155 |
| Regional Exploration | **1,422** | 1,378 |
| | **5,494** | 4,521 |

No development expenditure has been recognised in the financial statements during the year ended 30 June 2021 (2020: Nil).

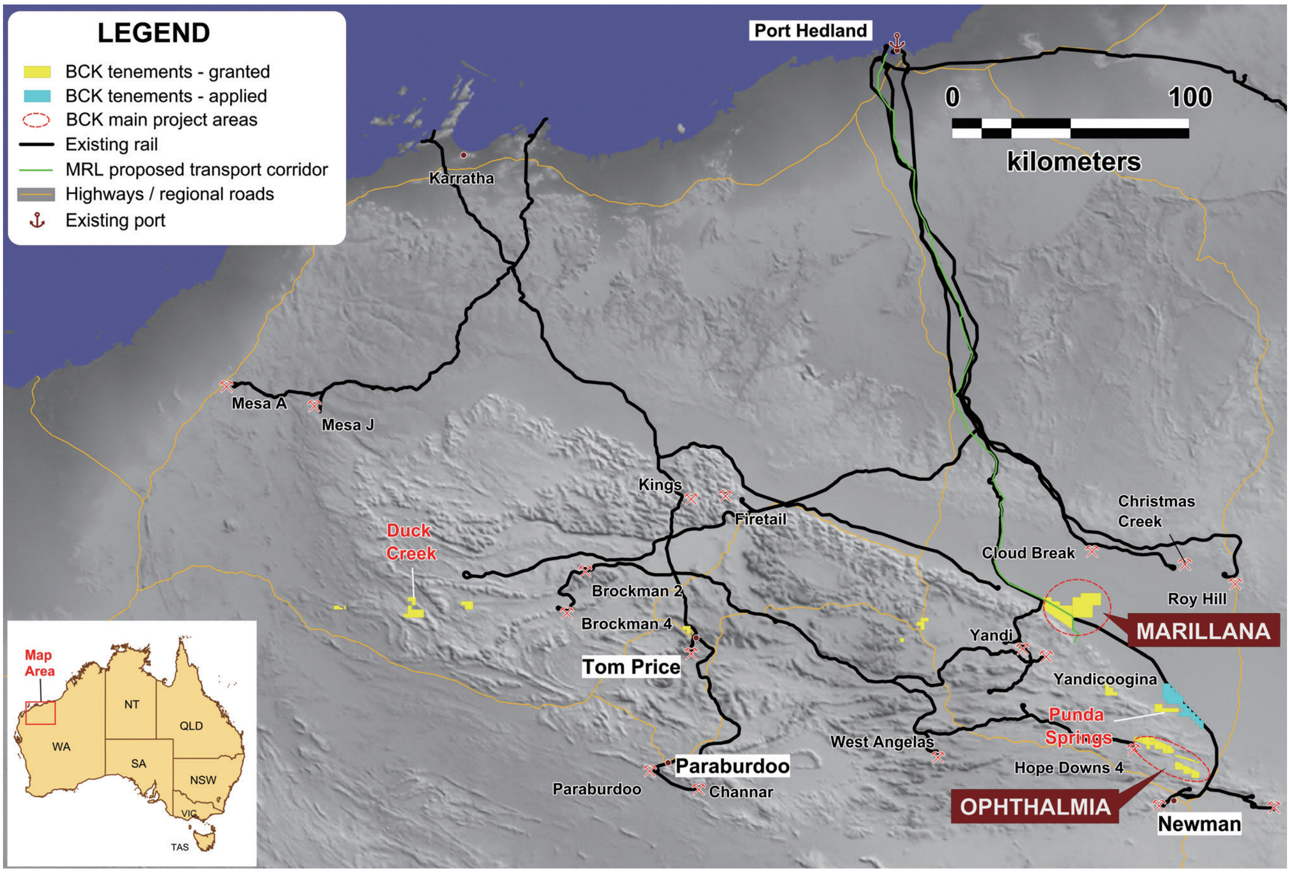
Total capital expenditure for each of the projects in Western Australia for the financial years is summarised as follows:

| | Year ended 30 June | | | |
|---|---|---|---|---|
| | **2021** | | 2020 | |
| | ***HK$'000*** | | *HK$'000* | |
| | **Additions to property, plant & equipment** | **Additions to mining properties** | Additions to property, plant & equipment | Additions to mining properties |
| **Project** | | | | |
| Marillana | **19** | **—** | 137 | — |
| Ophthalmia | **—** | **—** | — | — |
| | **19** | **—** | 137 | — |

## Impairment

The Group has assessed whether any indicators of impairment exist with reference to both external and internal sources of information. As at 30 June 2021, the Group assessed and concluded there were no indicators of impairment present, refer to note 11.

**Figure 1: Project location map – Brockman tenements**

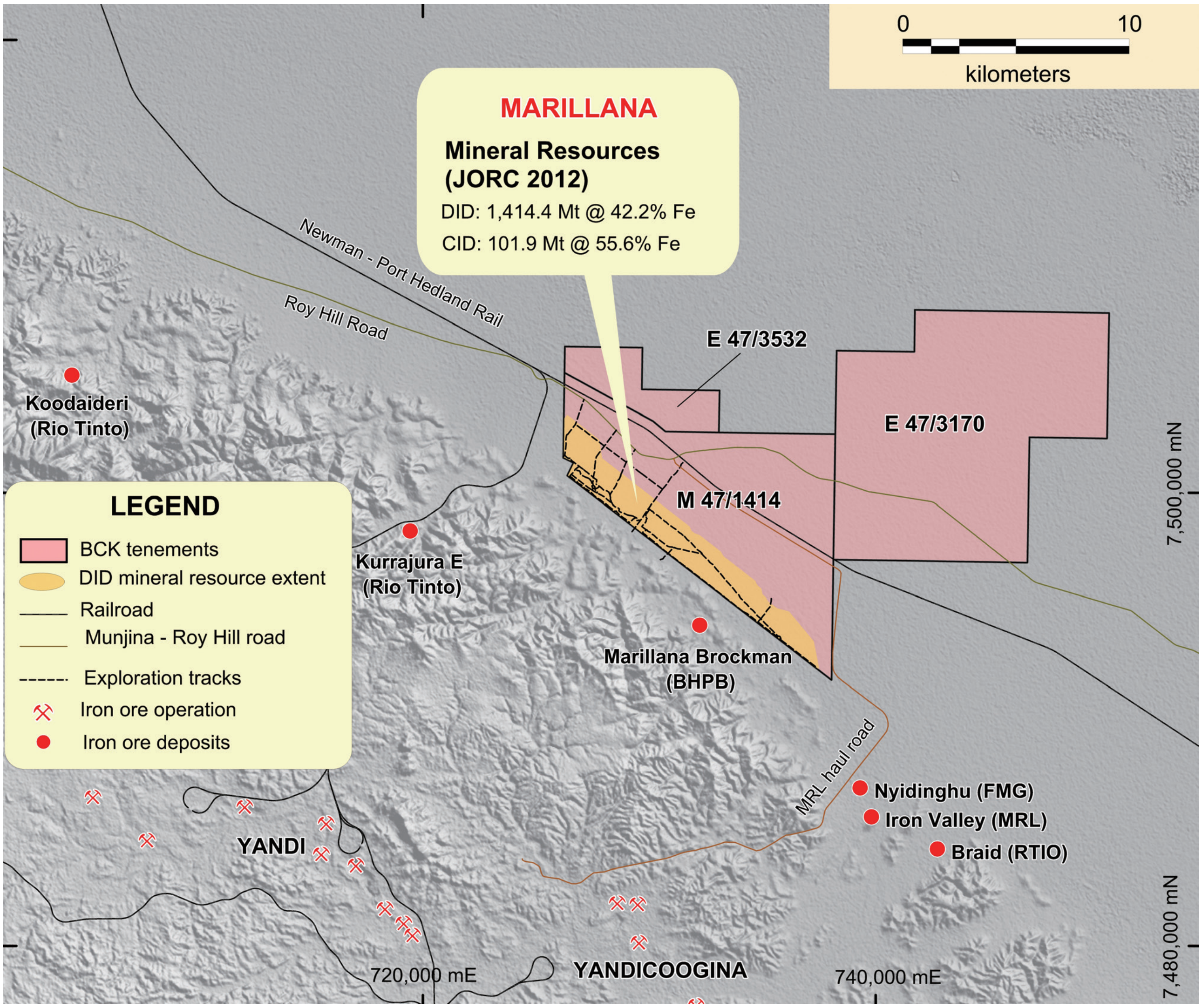



## Marilliana Project Overview

The 100% owned Marillana project is Brockman's flagship project located within mining lease M47/1414 in the Hamersley Iron Province within the Pilbara region of Western Australia. It is located approximately 100 km north-west of the township of Newman (Figures 1 and 2).

The project area covers 82 square km bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation, the source of hematite detrital mineralisation at Marillana, have developed within the dissected Brockman Iron Formation that caps the Range.

**Figure 2: Location of Marillana Project tenements**




***Marillana Development***

*Joint Venture*

Formation and scope

On 26 July 2018 Brockman Iron Pty Ltd ("Brockman Iron")(a wholly-owned subsidiary of the Company) and Polaris Metals Pty Ltd ("Polaris") (a wholly-owned subsidiary of MRL) entered into a Farm-in Joint Venture ("FJV") Agreement (see announcements dated 27 July 2018 on the HKEX and ASX platforms) pursuant to which and subject to the terms and conditions therein, Polaris may farm-in and earn a 50% interest in Marillana by satisfying certain Farm-in obligations.

On 22 April 2021 Brockman Iron and Polaris signed an Amended and Restated FJV Agreement and Deed of Amendment and Restatement (collectively the “Agreement”). Both Brockman Iron and Polaris concluded that the Farm-in Obligations under the Agreement have been satisfied and the parties shall form the Joint Venture. As such, a 50% interest in the Marillana Project (the Farm-in interest) will be transferred to Polaris and the Joint Venture will be established according to the terms of the FJV Agreement.

Development

MRL has submitted an Indicative Development Proposal, which includes the following:

1. Development of the Marillana and Ophthalmia projects (refer to the Ophthalmia section below) into an iron ore mining hub capable of producing a minimum of 25 Mtpa of final product for export.

2. Following the establishment of the Joint Venture, MRL (or its Related Party) agrees to provide the Joint Venturers with funding by way of a project loan sufficient to allow the Joint Venturers to fund the forecast capital cost for each development.

3. A build own operate and arrangement between the Joint Venturers and MRL for certain non-processing infrastructure at Marillana.

4. A build own and operate arrangement for the crushing plant at Ophthalmia.

5. A proposed logistics system to transport the ore from the respective mines to the port stockyard at Port Hedland. This logistics system is to be constructed and operated by MRL (or a subsidiary).

6. Construction of a berth at a dedicated location in Port Hedland (subject to the approval from the State Government of Western Australia).

7. A current market based estimate for project capital and operating costs, including the logistics service cost for transporting the ore from mine to ship.

8. The Venturers have the right to dissolve the Joint Venture when the projects are not able to be progressed due to factors beyond their control.

Initial development works

Subsequent to the formation of the Joint Venture, MRL (or a subsidiary) will commence initial development works on site for the Marillana and Ophthalmia projects, as well as on the prospective transport corridor and port area. The initial development works are to be funded by MRL and the cost is estimated to be circa A$105 million.

Management committee

A management committee comprising a total of six representatives shall be established. Each of the Joint Venturers shall appoint three representatives.

The role of the management committee is to make all strategic decisions relating to the conduct of the activities undertaken by the Joint Venture including the consideration and approval of any work programme and budget in the management of the joint venture.

Development funding

The Joint Venturers will respectively fund their capital cost commitments for the development of Marillana with loans from MRL. The initial loan to the Joint Venture is expected to amount to A$790 million (up to a maximum of A$676 million for the development of the Marillana Iron Ore Project and up to a maximum of A$114 million for the development of the Ophthalmia Iron Ore Project). The terms and conditions under which Brockman Iron shall repay its share of the debt financing are to be determined.

The Joint Venturers' capital commitments will fund the ore processing facilities and certain parts of non-process infrastructure. Certain parts of the non-process infrastructure may not be funded by the Joint Venturers but will be provided by MRL under build own operate life of mine services agreements.

Manager

Pursuant to the terms of the FJV Agreement, Polaris has agreed to act as the first manager of the Joint Venture.

***Loan Agreement***

As part of the FJV Agreement, Polaris has provided an interest-free, secured loan (in accordance with Deed of Cross Security signed by the Joint Venturers) of A$10 million (the "Loan") to Brockman Iron for working capital purposes. The loan will be repaid from the net revenue received by Brockman Iron from the sale of its share of Marillana ore sold and transported under the Mine to Ship Services Agreement.

**Mineral Resources and Ore Reserves**

Brockman reports its Mineral Resources and Ore Reserves on an annual basis, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the "JORC Code 2012"), unless otherwise noted. Mineral Resources are quoted inclusive of Ore Reserves.

During 2018, Brockman updated its Marillana Mineral Resources and Ore Reserves to the JORC 2012 Code (refer to announcement dated 25 May 2018). Mineral Resources and Ore Reserves were previously reported under the JORC 2004 Code and released to the market on 9 February 2010 and 9 September 2010 respectively by Brockman Resources Limited, now a wholly owned subsidiary of Brockman Mining Limited.

Marillana has a very significant Mineral Resource estimate of 1.51 billion tonnes (Bt) of Hematite Detrital Iron (DID) and Channel Iron (CID) mineralisation, comprising 169.5 million tonnes (Mt) of Measured Mineral Resources (DID), 1,046 Mt of Indicated Mineral Resources (DID and CID) and 291 Mt of Inferred Mineral Resources (DID and CID) (see Tables 1 and 2).

***Table 1: Detrital (beneficiation feed) Mineral Resource Summary (cut-off grade: 38% Fe)***

| **Mineralisation type** | **Resource classification** | **Tonnes (Mt)** | **Grade (% Fe)** |
|---|---|---|---|
| | Measured | 169.5 | 41.6 |
| | Indicated | 961.9 | 42.3 |
| | Inferred | 273 | 42.0 |
| **GRAND TOTAL** | | **1,404.4** | **42.2** |

*Total tonnes may not add up, due to rounding*

***Table 2: CID Mineral Resource Summary (cut-off grade: 52% Fe)***

| **Resource classification** | **Tonnes (Mt)** | **Fe (%)** | **$Al_2O_3$ (%)** | **$SiO_2$ (%)** | **P (%)** | **LOI (%)** |
|---|---|---|---|---|---|---|
| Indicated | 84.2 | 55.8 | 3.58 | 5.0 | 0.097 | 9.76 |
| Inferred | 17.7 | 54.4 | 4.34 | 6.6 | 0.080 | 9.30 |
| **TOTAL** | **101.9** | **55.6** | **3.71** | **5.3** | **0.094** | **9.68** |

The JORC 2012 Ore Reserve estimate is based on the revised JORC 2012 Mineral Resource model, and incorporates a number of factors and assumptions as outlined in the announcement of 25 May 2018.

The base case optimisation was determined with cut-off grades of 38% Fe for DID and 52% Fe for CIDs within the final pit and tenement boundary limits.

Metallurgical testwork results were used to estimate the recoverable fraction from the DID ore component. Recoveries of final product and grades (of iron, silica, alumina and LOI) were estimated in the block model. Based upon dense media separation (DMS) testwork, it is expected that the final product has an average grade of at least 60% Fe and 37.3% in mass recovery.

***Table 3: Marillana Project – Ore Reserves ****

| Reserve classification | Ore type | Tonnes (Mt) |
|---|---|---|
| Probable | DID# | **967** |
| Probable | CID## | **46** |
| TOTAL | | **1,013** |

* *Reserves are included within Resources*
\# *cut-off grade 52% Fe*
\## *cut-off grade 38% Fe*

The Marillana project has total estimated Probable Ore Reserves of 967 Mt of DID plus 46 Mt of direct ship CID (Table 3). The total saleable product from the processed iron ore feed is estimated at 404 Mt averaging 59% Fe, 6.1% $SiO_2$, and 3.1% $AI_2O_3$ (Table 4). Life of mine strip ratio is 1.0:1 (tonnes of Waste of tonnes of Ore).

***Table 4: Marillana Project – Ore Reserves final product***

| Reserves Class | Ore Sale Type | Tonnes (Mt) | Fe (%) | $SiO_2$ (%) | $Al_2O_3$ (%) | LOI (%) |
|---|---|---|---|---|---|---|
| Probable | CID Product | 46 | 55.5 | 5.3 | 3.7 | 9.7 |
| Probable | DID Product | 358 | 60.3 | 6.2 | 3.0 | 2.5 |
| **Probable** | **Total Ore** | **404** | **59.8** | **6.1** | **3.1** | **3.3** |

The Marillana Ore Reserves are based solely on the Measured and Indicated Mineral Resources. The Mineral Resources also include some 273 Mt of Inferred Mineral Resources (DID), comprising 201 Mt based on wide -spaced drilling to the north of the Indicated Mineral Resource boundary and 72 Mt of previously Indicated Mineral Resources that was downgraded to Inferred classification during the Projection Pursuit Multi-variate Transform (PPMT) process. Based on historical conversion of Inferred to Indicated Mineral Resources, it is anticipated that additional drilling may enable some of the Inferred material to be upgraded to Indicated classification.

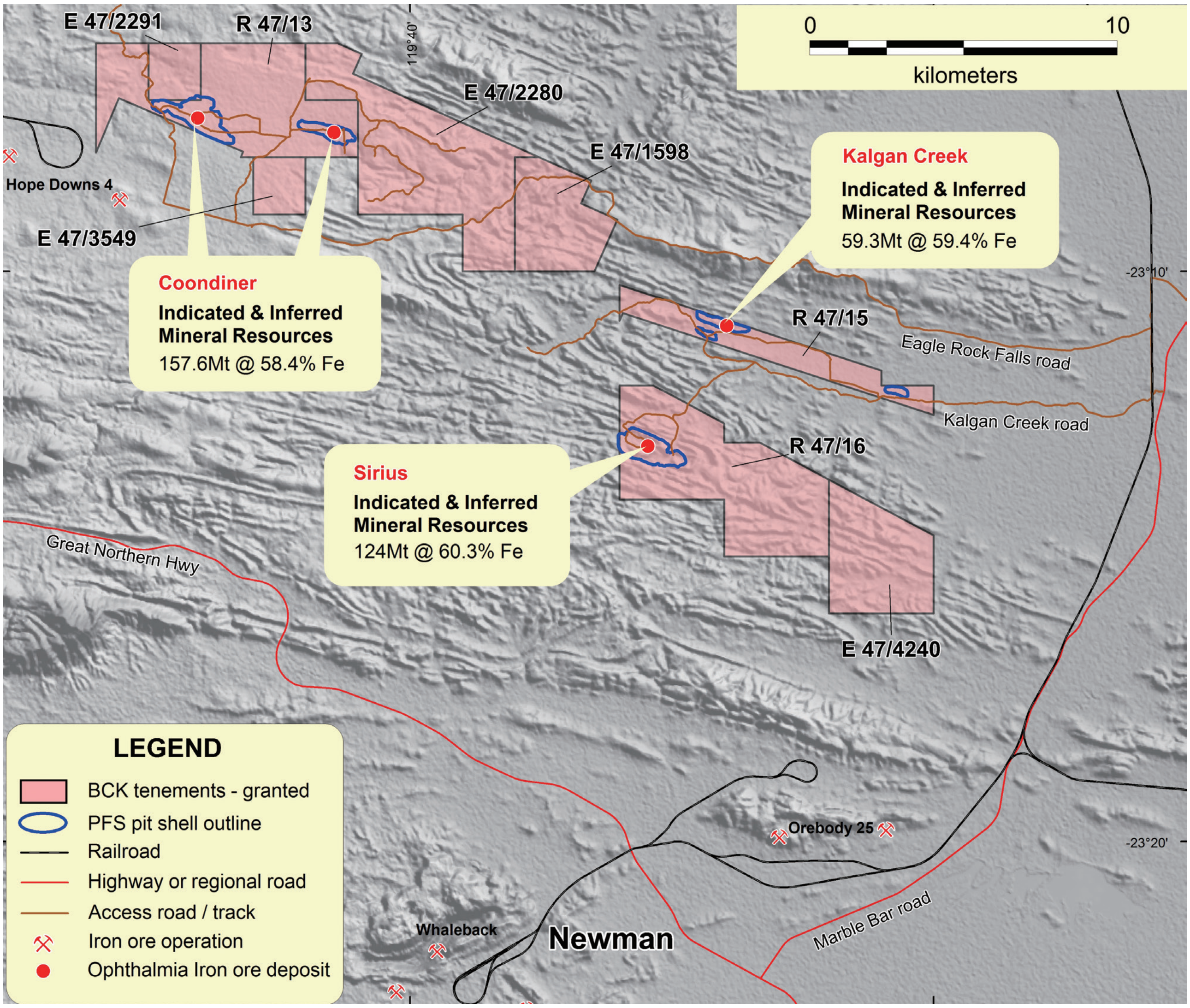
Marillana represents one of the largest published hematite Ore Reserve positions in the Pilbara, outside the three major producers (BHP, Rio and FMG). The Detrital Ore is upgraded to a high-quality, sinter feed product via simple beneficiation, which is supported by low-cost mining, low waste ratios and large continuous ore zones.

The Mineral Resource and Reserve estimation (see Tables 1 to 4) was prepared by Golder Associates Pty Ltd and has been classified in accordance with the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).

**Ophthalmia Project Overview**

The 100% owned Ophthalmia iron ore project, located north of Newman in the East Pilbara region of Western Australia (see figures 1 and 3), is the most significant iron ore project for the Company outside of its flagship Marillana project. Since the discovery of significant occurrences of bedded hematite mineralisation by field reconnaissance mapping and surface sampling in August 2011, major exploration drilling programmes have been completed and JORC compliant Mineral Resources have been estimated and reported for the Sirius, Coondiner, and Kalgan Creek deposits. The total Mineral Resource at Ophthalmia is 341 Mt grading 59.3% Fe (Table 5).

*Figure 3: Location of Ophthalmia Prospects and Resources*




***Development***

As part of the Agreement with MRL (refer to the Marillana section above), Brockman Iron and Polaris have agreed to include the Ophthalmia project in the farm-in interest, such that a 50% interest in the Ophthalmia project will be transferred to Polaris upon completion of its farm-in obligations.

Polaris has commenced a programme of works including mine planning studies, transport corridors, environmental surveys and approvals, for development of the project.

*Approvals*

The Native Title Agreement with the Nyiyaparli people that was executed in May 2015 covers all tenements comprising the Ophthalmia project and was based on the existing agreement with the Nyiyaparli people covering Marillana (signed in 2009). It takes into consideration the Nyiyaparli people's interests with regard to the management of Cultural Heritage and Protection of the land and environment at the Ophthalmia project, as well as providing education and training opportunities for the local Nyiyaparli people.

The signing of this agreement paves the way for the granting of mining leases over the project area once Brockman has established an infrastructure solution to facilitate development of the project.

*Mineral Resources*

Ophthalmia has a Mineral Resource estimate of 340.9 million tonnes of hematite mineralisation, comprising 280 million tonnes of Indicated Resources and 61 million tonnes classified as Inferred Resources (see Table 5).

The resource estimate was classified in accordance with guidelines provided in the JORC Code 2012. Refer to ASX Announcement dated 1 December 2014.

***Table 5: Ophthalmia DSO Mineral Resource Summary***

| | | **30 June 2021** | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Deposit** | **Class** | **Tonnes (Mt)** | **Fe (%)** | **CaFe* (%)** | **$SiO_2$ (%)** | **$Al_2O_3$ (%)** | **S (%)** | **P (%)** | **LOI (%)** |
| Kalgan Creek | Indicated | 34.9 | 59.3 | 62.7 | 4.08 | 4.57 | 0.009 | 0.183 | 5.49 |
| | Inferred | 24.4 | 59.5 | 63.2 | 4.38 | 3.90 | 0.007 | 0.157 | 5.81 |
| | **Sub Total** | **59.3** | **59.4** | **62.9** | **4.21** | **4.29** | **0.009** | **0.173** | **5.63** |
| Coondiner | Indicated | 140.5 | 58.5 | 62.0 | 5.18 | 4.46 | 0.007 | 0.176 | 5.71 |
| (Pallas and Castor) | Inferred | 17.1 | 58.1 | 61.5 | 6.06 | 4.45 | 0.008 | 0.155 | 5.47 |
| | **Sub Total** | **157.6** | **58.4** | **62.0** | **5.27** | **4.46** | **0.007** | **0.174** | **5.68** |
| Sirius | Indicated | 105.0 | 60.4 | 63.7 | 3.54 | 3.97 | 0.007 | 0.18 | 5.22 |
| | Inferred | 19.0 | 60.2 | 63.4 | 4.09 | 3.83 | 0.009 | 0.17 | 5.14 |
| | **Sub Total** | **124.0** | **60.3** | **63.6** | **3.62** | **3.95** | **0.007** | **0.18** | **5.20** |
| **Ophthalmia** | Indicated | 280.4 | 59.3 | 62.7 | 4.43 | 4.29 | 0.007 | 0.178 | 5.50 |
| **Project** | Inferred | 60.5 | 59.3 | 62.8 | 4.73 | 4.03 | 0.008 | 0.160 | 5.50 |
| | **Total** | **340.9** | **59.3** | **62.7** | **4.49** | **4.24** | **0.007** | **0.175** | **5.50** |

* CaFe represents calcined Fe and is calculated by Brockman using the formula caFe = Fe%/((100-LOI)/100). Total tonnes may not add due to rounding.

**West Pilbara Project**

***Overview***

The West Pilbara project comprises four tenements centred around Duck Creek, located about 100 -130 km WNW of Paraburdoo in the West Pilbara region. (Refer to Figure 1).

At Duck Creek, mineralisation comprises discrete mesas of channel iron deposits ("CID") 15-30 m above the surrounding plains with stripping ratios expected to be very low for the targets identified. Seven mesas containing ore grade CID mineralisation have been identified from surface sampling, but only six have been drilled due to access limitations.

Brockman has completed an Inferred Mineral Resource estimate of 21.6 Mt grading 55.9% Fe, for the channel iron deposit ("CID") mineralisation at Duck Creek (E47/1725), as detailed in Table 6 below. The Mineral Resource estimate has been classified in accordance with guidelines of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Mineral Resource estimate is based on the results of 45 vertical RC holes drilled on sections varying from approximately 200 to 400 m apart along the long axis of each mesa, supported by surface sampling to confirm the lateral extent of mineralisation.

***Table 6: Duck Creek Mineral Resource estimate – (at a lower cut-off grade of 52% Fe)***

| Mesa | Classification | Tonnes (Mt) | Fe (%) | $Al_2O_3$ (%) | $SiO_2$ (%) | S (%) | P (%) | LOI (%) |
|---|---|---|---|---|---|---|---|---|
| 1 | Inferred | 4.5 | 55.5 | 2.86 | 4.75 | 0.025 | 0.033 | 11.71 |
| 2 | Inferred | 7.9 | 55.56 | 2.97 | 4.19 | 0.058 | 0.037 | 11.79 |
| 3 | Inferred | 2.6 | 55.84 | 4.41 | 6.02 | 0.021 | 0.065 | 8.85 |
| 4 | Inferred | 1.5 | 55.31 | 3.58 | 7.42 | 0.015 | 0.076 | 9.12 |
| 5 | Inferred | 3.0 | 56.08 | 4.16 | 6.54 | 0.020 | 0.068 | 8.35 |
| 6 | Inferred | 2.2 | 58.17 | 3.22 | 4.92 | 0.016 | 0.106 | 7.62 |
| **All** | **Inferred** | **21.6** | **55.91** | **3.35** | **5.15** | **0.034** | **0.053** | **10.35** |

*Total tonnes may not add due to rounding.*

*Mineral Resources and Ore Reserves*

The information in this report that relates to the Mineral Reserve and Mineral Resource estimates of the Marillana project was declared as part of a market announcement issued on 25 May 2018.

The information in this report that relates to the Mineral Resource of Ophthalmia project was declared as part of a market announcement issued on 1 December 2014.

The information in this report that relates to the Inferred Mineral Resource of West Pilbara Project was declared as part of a market announcement issued on 31 August 2020.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements referred to above. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

*Mineral Resources and Ore Reserves Governance of Internal Controls*

Brockman ensures that the Mineral Resources and Ore Reserve estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external review of Marillana Resources and Ore Reserves estimation procedures and results are carried out through a technical review team which is comprised of highly competent and qualified professionals. These reviews have not identified any material issues.

**Liquidity and Financial Resources**

The Group generally finances its short-term funding requirements with equity funding and borrowings. The Group's ability to advance its iron ore project developments is reliant, among other things, on access to appropriate and timely funding.

The current ratio as at 30 June 2021 is 13.69 (30 June 2020: 16.05). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.08 (30 June 2020: 0.05).

During the period, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 30 June 2021.

**Capital Structure**

At the end of the reporting period, the Company had 9,279,232,000 (2020: 9,279,232,000) shares on issue.

**Pledge of Assets and Contingent Liabilities**

As at 30 June 2021 the Group has a Deed of Cross Security for the loans advanced by Polaris to Brockman Iron pursuant to the terms of the Marillana Farm-in Joint Venture Agreement, (refer to Note 14).

As at 30 June 2021, the Company did not have any material contingent liabilities or financial guarantees. (30 June 2020: Nil).

## RISK DISCLOSURE

**Market Risk**

The Group is exposed to various types of market risks, including fluctuations in iron ore price and exchange rates.

***(a) Commodities price risk***

*Iron ore price:*

The fair value of the Group's mining exploration properties in Australia is exposed to fluctuations in expected future iron ore price.

We have not used any commodity derivative instruments or futures for speculation or hedging purposes. Management will review market conditions from time to time and determine the best strategy to deal with the fluctuations of iron ore price as required.

***(b) Funding risk***

The commencement of exploration and potential development of the iron ore projects will depend on whether the Group can secure the necessary funding.

***(c) Risk that the project will not be materialised***

This risk is largely driven by various factors such as commodity prices, government regulations, regulation related to prices, taxes, royalties, land tenure, viable infrastructure solutions, capital raising ability etc. The Board will therefore closely monitor the development of the project.

*(d) Exchange rate risk*

The Group is exposed to exchange rate risk primarily in relation to our mineral tenements that are denominated in Australian dollars. Depreciation in the Australian dollar may adversely affect our net asset value and earnings when the value of such assets is converted to Hong Kong dollars. During the year, no financial instrument was used for hedging purposes.

As at 30 June 2021 and 2020, the Group was not exposed to any significant exchange rate risk.

**Staff and Remuneration**

As at 30 June 2021, the Group employed 15 full time employees (30 June 2020: 15), of which 5 were in Australia (includes 2 non-executive directors) (30 June 2020: 5) and 10 in Hong Kong (includes 4 non-executive directors) (30 June 2020: 10).

The remuneration policy and packages, including share options for the Group's employees, senior management and directors are maintained at market levels and are reviewed periodically by the management and the remuneration committee.

**Environmental Policy and Compliance With Relevant Laws and Regulations**

***Environmental Protection***

As a responsible entity, the Group has endeavoured to comply with local laws and regulations in relation to waste disposal and environmental protection. At corporate level, the Group also encourages staff to save energy, minimise the use of natural resources and paper products.

We operate effective and sustainable iron ore business work actively through all areas of the business to minimise the actual and potential environmental impact of the Company's activities, in respect to the rights of the traditional owners. Furthermore, with no mining operations carried out, disturbance to the environment is expected to be minimal. We will continue to ensure that in the future, we are accountable for our environmental footprint.

***Compliance with Laws and Regulations***

During the year, the Group has complied with the relevant standards, laws and regulations that have a significant impact on our businesses. At the same time, the Group always maintains a safe working environment for staff in accordance with relevant safety policies.

*Relationship with Employees, Customers and Suppliers*

The Group believes that human resources are the most important asset for the Group's sustainable development. We offer competitive remuneration packages and a high quality working environment for our employees. It is our custom to respect each other and ensure that fairness is applied to everyone. From time to time, we provide relevant on-the-job training to enhance employees' professional knowledge. The Group also organises different leisure events and frequent group discussions for the participation of employees to enhance the working relationship of the employees and communications with management. We also strive to maintain good working relationships with our suppliers and customers.

*Remuneration Policy*

The Group's compensation strategy is to promote a pay-for-performance culture to reward employee performance that will maximise shareholder value in the long term. The Group from time to time reviews remuneration packages provided to its employees to ensure that the total compensation is internally equitable, externally competitive and supports the Group's strategy.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the Australian Securities Exchange ("ASX") and the Stock Exchange of Hong Kong Limited ("SEHK"). The Company's Corporate Governance policies have been formulated to ensure that it is a responsible corporate citizen. Unless otherwise noted, the Company has compiled with all aspects of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK ("the HK Listing Rules") and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations 4th Edition ("the CGPR") which applies for year-ends commencing on or after 1 July 2020, ("the ASX Principles") during the entire year ended 30 June 2021.

The exceptions to this are as follows:

(i) Appendix 14 Code Provision A.2.1 of the HK Listing Rules, states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The position of Chief Executive Officer at the Group level has been vacant during the period. Nonetheless, Mr. Colin Paterson, who serves as the Chief Executive Officer of Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), is responsible for the oversight of the core iron ore business operation; and

(ii) Appendix 14 Code Provision A.6.7 of the HK Listing Rules, states that non-executive Directors should attend general meetings. During the year, due to directors' other commitments and schedule conflicts, not all of the non-executive directors of the Company attended all the general meetings.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Securities Trading Policy which applies, inter alia, to all Directors and Key Management Personnel. The Securities Trading Policy complies with the ASX Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the HK Listing Rules. A copy of the Company's Securities Trading Policy is available on the website of the Company.

All directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

## AUDIT COMMITTEE

The Board has established an Audit Committee to carry out its oversight of the Company's financial reporting system and internal control procedures. The Committee carries out its duties in accordance with the Terms of Reference, a copy of which is located on the Company's website. The Audit Committee has reviewed the Group's annual results for the year ended 30 June 2021.

## AUDIT OPINION

The auditor of the Group will issue an opinion with an emphasis of matter on going concern on the consolidated financial statements of the Group for the year under audit. An extract of the auditor's report is set out in the section headed "EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT" below.

## EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

### Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the consolidated financial statements and this announcement (pages 4 and 5), which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## APPRECIATION

The Board wishes to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group. We also thank our shareholders, customers and suppliers for their continuous support.

By order of the board of directors of
**Brockman Mining Limited**
**Kwai Sze Hoi**
*Chairman*

Hong Kong, 17 September 2021

*As at the date of this announcement, the board of directors of the Company comprises Mr. Kwai Sze Hoi (Chairman), Mr. Liu Zhengui (Vice Chairman) and Mr. Ross Stewart Norgard as non-executive directors; Mr. Chan Kam Kwan, Jason (Company Secretary), Mr. Kwai Kwun, Lawrence and Mr. Colin Paterson as executive directors; Mr. Yap Fat Suan, Henry, Mr. Choi Yue Chun, Eugene and Mr. David Rolf Welch as independent non-executive directors.*