BROCKMAN

布萊克萬礦業有限公司

BROCKMAN MINING LIMITED

INTERIM REPORT 2022/2023

Incorporated in Bermuda with limited liability

HKEx Stock Code: 159 | ASX Stock Code: BCK

FINANCIAL INFORMATION

For the six months ended 31 December 2022

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Brockman Mining Limited ("Brockman") during the interim reporting period in accordance with the continuous disclosure requirements of The Stock Exchange of Hong Kong Limited (the "SEHK") and Australian Securities Exchange (the "ASX").

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CORPORATE PROFILE

BOARD OF DIRECTORS

Non-executive Directors

Kwai Sze Hoi *(Chairman)*
Ross Stewart Norgard

Executive Directors

Kwai Kwun, Lawrence
Chan Kam Kwan, Jason *(Company Secretary)*
Colin Paterson

Independent non-executive Directors

Yap Fat Suan, Henry
Choi Yue Chun, Eugene
David Rolf Welch

COMPANY SECRETARY

Chan Kam Kwan, Jason

REGISTERED OFFICE (BERMUDA)

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

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West Perth WA 6005
Australia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3903B, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

AUDITOR

Ernst and Young
Chartered Accountants
11 Mounts Bay Road
Perth WA 6000
Australia

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN AUSTRALIA

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

PRINCIPAL BANKER

Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of Communications
Westpac Banking Corporation

WEBSITE

www.brockmanmining.com
www.irasia.com/listco/hk/brockmanmining

STOCKCODE

159
Main Board of The Stock Exchange of Hong Kong Limited

BCK
Australian Securities Exchange

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 31 December 2022 HK$'000 (Unaudited)	2021 HK$'000 (Unaudited)
Other income		**48**	—
Administrative expenses	8	**(8,072)**	(14,617)
Exploration and evaluation expenses	8	**(26,443)**	(8,163)
Operating loss		**(34,467)**	(22,780)
Finance income		**68**	9
Finance costs		**(2,717)**	(3,174)
Finance costs, net	9	**(2,649)**	(3,165)
Share of loss of joint ventures		**(56)**	(61)
Loss before income tax		**(37,172)**	(26,006)
Income tax benefit	10	**8,535**	3,108
Loss for the period		**(28,637)**	(22,898)
Other comprehensive loss			
Item that may be reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**(9,812)**	(13,038)
Other comprehensive loss for the period		**(9,812)**	(13,038)
Total comprehensive loss for the period		**(38,449)**	(35,936)
Loss for the period attributable to:			
Equity holders of the Company		**(28,637)**	(22,898)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(38,449)**	(35,936)
Loss per share attributable to the equity holders of the Company during the period		**HK cents**	HK cents
Basic loss per share	11	**(0.31)**	(0.25)
Diluted loss per share	11	**(0.31)**	(0.25)

The notes on pages 8 to 31 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2022 HK$'000 (Unaudited)	As at 30 June 2022 HK$'000 (Audited)
Non-current assets			
Mining exploration properties	13	**722,128**	733,677
Property, plant and equipment	14	**163**	177
Right-of-use assets		**460**	801
Interest in joint ventures	20	**625**	651
Other non-current assets		**121**	123
		723,497	735,429
Current assets			
Other receivables, deposits and prepayments		**1,802**	999
Cash and cash equivalents	12	**17,366**	28,797
		19,168	29,796
Total assets		**742,665**	765,225
Equity and liabilities			
Share capital	17	**928,023**	928,023
Reserves		**3,811,141**	3,820,953
Accumulated losses		**(4,187,476)**	(4,158,839)
Total equity attributable to the equity holders of the Company		**551,688**	590,137
Non-current liabilities			
Deferred income tax liability	19	**96,622**	106,949
Borrowings	16	**53,475**	51,309
Lease liabilities		**588**	563
		150,685	158,821
Current liabilities			
Trade and other payables	15	**39,227**	14,504
Lease liabilities		**213**	619
Provisions		**852**	1,144
		40,292	16,267
Total liabilities		**190,977**	175,088
Total equity and liabilities		**742,665**	765,225

The notes on page 8 to 31 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK$'000	Share premium HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 July 2022 (Audited)	**928,023**	**4,468,737**	**92,506**	**(740,290)**	**(4,158,839)**	**590,137**
Loss for the period	**–**	**–**	**–**	**–**	**(28,637)**	**(28,637)**
Other comprehensive loss						
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**(9,812)**	**–**	**(9,812)**
Total comprehensive loss for the period	**–**	**–**	**–**	**(9,812)**	**(28,637)**	**(38,449)**
Balance at 31 December 2022 (Unaudited)	**928,023**	**4,468,737**	**92,506**	**(750,102)**	**(4,187,476)**	**551,688**
Balance at 1 July 2021 (Audited)	927,923	4,468,624	86,110	(698,930)	(4,138,025)	645,702
Loss for the period	–	–	–	–	(22,898)	(22,898)
Exchange differences arising on translation of foreign operations	–	–	–	(13,038)	–	(13,038)
Total comprehensive loss for the period	–	–	–	(13,038)	(22,898)	(35,936)
Transactions with equity holders						
Share based compensation (Note 18)	–	–	6,396	–	–	6,396
Total transactions with equity holders	–	–	6,396	–	–	6,396
Balance at 31 December 2021 (Unaudited)	927,923	4,468,624	92,506	(711,968)	(4,160,923)	616,162

The notes on pages 8 to 31 form an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 31 December 2022 HK$'000 (Unaudited)	2021 HK$'000 (Unaudited)
Cash flows from operating activities			
Loss before tax		**(37,172)**	(26,006)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation of property, plant and equipment	8	**15**	14
Depreciation of right-of-use assets	8	**329**	340
Share-based payment expense	18	**—**	6,396
Finance costs	9	**2,683**	3,010
Share of loss of joint venture		**56**	61
Working capital adjustments:			
— Increase in trade receivables and prepayments		**(803)**	(993)
— Increase/decrease in trade, other payables and provisions		**24,271**	5,535
Net cash flows used in operating activities		**(10,621)**	(11,643)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(4)**	(26)
Investment in joint venture		**(41)**	(18)
Interest received	9	**67**	11
Proceeds received on settlement of non-recourse share loans		**—**	6,006
Net cash flows from investing activities		**22**	5,973
Cash flows from financing activities			
Principal portion of lease payments		**(363)**	(329)
Interest on lease payments		**(33)**	(66)
Net cash used in financing activities		**(396)**	(395)
Net decrease in cash and cash equivalents		**(10,995)**	(6,065)
Cash and cash equivalents at beginning of the period		**28,797**	45,667
Effects of foreign exchange rate changes		**(436)**	(1,384)
Cash and cash equivalents at end of the period	12	**17,366**	38,218

The notes on pages 8 to 31 form an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED 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 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.

This condensed consolidated financial information is presented in Hong Kong dollars (HK$), and all values are rounded to the nearest thousand (HK$'000), except where otherwise indicated. This condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 31 December 2022 has been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. This interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2022.

(a) Going concern basis

For the period ended 31 December 2022, the Group recorded a net loss before tax of HK$37,172,000 (six months ended 31 December 2021: HK$26,006,000) and had operating cash outflows of HK$10,621,000 (six months ended 31 December 2021: HK$11,643,000). The Group also had net current liabilities of HK$21,124,000 at 31 December 2022 (refer to Note 15) (30 June 2022: net current assets of HK$13,529,000). The Group did not record any revenue during the period and the loss before tax for the period was primarily attributable to the exploration and evaluation (including the Group's share of the joint operation expenses) of the Group's iron ore exploration projects and corporate overhead costs. As at 31 December 2022, the Group's cash and cash equivalents amounted to HK$17,366,000 (30 June 2022: HK$28,797,000).

On 22 April 2021, Brockman Iron Pty Ltd (a wholly-owned subsidiary of the Company) ("Brockman Iron") and Polaris Metals Pty Ltd ("Polaris") established the 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 sufficient to allow the joint operation to fund the forecast capital costs for development. The joint operators have agreed to initial development works that will be funded by Polaris with the cost estimated to be circa A$36,000,000 (~HK$202,082,000). The project loan agreement is expected to be executed in the second half of FY2023.

The loans from Polaris of A$10,000,000 have been released from the escrow account pursuant to the Farm-in and Joint Venture ("FJV") Agreement. Under the terms of the FJV Agreement these loans are 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 these loans 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.

2. BASIS OF PREPARATION (Continued)

(a) Going concern basis (Continued)

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 (and interest thereon) of HK$17,457,000 from the substantial shareholder to 31 October 2024. These loans bear interest at 12% per annum.

(ii) On 19 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 2024. As at 31 December 2022, the facility of HK$10,000,000 is undrawn.

(iii) Subsequent to the six months ended 31 December 2022, additional funding arrangements have been secured from its substantial shareholder, refer to Note 25.

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 condensed 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 condensed 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 condensed 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 condensed consolidated financial statements.

These condensed 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 accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2022, except as described in this condensed consolidated financial information.

(a) Changes in accounting policy and disclosures

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022, except for the adoption of new standards effective as of 1 July 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective but, intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued *IFRS 17 Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace *IFRS 4 Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaption for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFSR 17. This standard is not applicable to the Group.

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

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

New standards, interpretations and amendments adopted by the Group (Continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Continued)

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 the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates — Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax Related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of these amendments.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2022.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks and management manages and monitors those exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

This interim condensed consolidated financial information does not include all financial risks, management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2022.

There have been no changes in the risk management policies since the 30 June 2022 year end.

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The directors of the Company consider that the capital structure of the Group consists of long-term debt and lease liabilities, and equity attributable to equity holders of the Company comprising issued capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues as well as the issue of the new debt or the repayment of existing debt. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. Since 30 June 2022, there has been no changes made in the objectives, policies or processes for managing capital.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Capital risk management (Continued)

The Group maintains capital using a gearing ratio, which is long-term debt over equity and long-term debt. The gearing ratios at 31 December 2022 and 30 June 2022 were as follows:

	As at	
	31 December 2022 HK$'000 (Unaudited)	30 June 2022 HK$'000 (Audited)
Long-term debt and lease liabilities	**54,063**	51,872
Total equity	**551,688**	590,137
Total capital	**605,751**	642,009
Gearing ratio	**8.92%**	8.08%

There has been an increase in the Group's net debt and hence the Group's gearing ratio from 8.08% to 8.92% at 31 December 2022 compared to 30 June 2022.

(b) Liquidity risk

The Group's primary cash requirements have been for the payment for working capital and exploration and evaluation activities. The Group generally finances its short term funding requirements with equity funding and loans from shareholders.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The table includes both interest and principal cash flows.

	Within 1 year of demand	1 to 2 years	2 -3 years	Later than 3 years and no later than 5 years	Total undiscounted cash flows	Carrying amount at period ended date
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2022 (Unaudited)						
Non-derivative financial liabilities:						
Trade and other payables	**39,227**	**—**	**—**	**—**	**39,227**	**39,227**
Borrowings	**—**	**19,880**	**—**	**55,788**	**75,668**	**53,475**
Lease liabilities	**213**	**658**	**—**	**—**	**872**	**801**
	39,440	**20,538**	**—**	**55,788**	**115,767**	**93,503**
30 June 2022 (Audited)						
Non-derivative financial liabilities:						
Trade and other payables	14,504	—	—	—	14,504	14,504
Borrowings	—	18,556	—	55,788	74,344	51,309
Lease liabilities	626	420	249	—	1,295	1,182
	15,130	18,796	249	55,788	90,143	66,995

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(b) Liquidity risk (Continued)

The date of repayment for the loans from Polaris will depend on the date of commencement of operations and it is expected that full repayment will be made within two-three months of this date.

(c) Fair value estimation

The fair value of the Group's financial assets, including other receivables, deposits, amounts due from related parties, and cash and cash equivalents; and the Group's financial liabilities, including trade and other payables, amounts due to related parties are approximate to their carrying amounts due to their short-term maturities. The fair value of non-current borrowings is disclosed in note 16.

(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 31 December 2022, the Group was not exposed to any significant exchange rate risk (six months ended 31 December 2021: Nil).

(e) Credit risk

The Group's maximum exposure to credit risk which could cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the trade receivables, other receivables and deposits, amount due from a related party, cash and cash equivalents and restricted cash as stated in the condensed consolidated balance sheet.

Management reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for expected credit losses by assessing the credit quality of the counterparties by taking account their financial position, past experience and other factors. In this regard, the directors of the Company consider that the credit risk of the Group is significantly reduced.

The credit risk on cash and cash equivalents is limited for both the Group and the Company because counterparties are mainly the banks with a high credit-rating of AA+ assigned by international credit-rating agencies.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group and the Company have no concentration of credit risk, with exposure spread over a number of counterparties.

5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(f) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cashflow interest rate risk is the risk that the future cash flow from a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to manage its exposure to interest rate risk by holding cash in short term, fixed and variable rate deposits with reputable high credit quality financial institutions. The Group analyses its interest rate exposure and consideration is given to potential renewals of existing positions, alternative financing and or the mix of fixed or variable interest rates.

As at 31 December 2022 and 2021, the Group was not exposed to any significant interest risk.

6. REVENUE

There was no revenue during the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

7. 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 expenditure towards future development of the 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 condensed consolidated statement of comprehensive income and condensed 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 condensed consolidated balance sheet.

7. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by business segment:

	Mineral tenements in Australia	Others	Total
	HK$'000	HK$'000	HK$'000
For the six months ended 31 December 2022 (Unaudited):			
Segments results	**(30,653)**	**(6,463)**	**(37,116)**
Share of loss of joint ventures			**(56)**
Loss before income tax			**(37,172)**
Other information:			
Depreciation of property, plant, equipment, and right-of-use assets	**(165)**	**(179)**	**(344)**
Exploration and evaluation expenses	**(26,443)**	**—**	**(26,443)**
Income tax benefit	**8,535**	**—**	**8,535**
For the six months ended 31 December 2021 (Unaudited):			
Segments results	(13,017)	(12,928)	(25,945)
Share of loss of joint ventures			(61)
Loss before income tax			(26,006)
Other information:			
Depreciation of property, plant, equipment, and right-of-use assets	(176)	(178)	(354)
Exploration and evaluation expenses	(8,163)	—	(8,163)
Income tax benefit	3,108	—	3,108
Share based payment expense	—	(6,396)	(6,396)

7. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's total assets by business segment as at 31 December 2022:

	Mineral tenements in Australia HK$'000	Others HK$'000	Total HK$'000
As at 31 December 2022 (Unaudited):			
Segment assets	**740,073**	**2,592**	**742,665**
Total segment assets include:			
Interest in joint ventures	625	—	625
Property, plant and equipment	161	2	163
Right-of-use assets	460	—	460
As at 30 June 2022 (Audited):			
Segment assets	**758,848**	**6,377**	**765,225**
Total segment assets include:			
Interests in joint ventures	651	—	651
Property, plant & equipment	174	3	177
Right-of-use assets	623	178	801

8. LOSS BEFORE TAX

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

	Six months ended 31 December	
	2022 HK$'000 (Unaudited)	2021 HK$'000 (Unaudited)
Depreciation of property, plant and equipment	**15**	14
Depreciation of right-of-use assets	**329**	340
Staff costs (including directors' emoluments)	**5,479**	5,995
Auditor's remuneration:		
— Audit services	**541**	531
— Non-audit services	**263**	—
Equity-settled share option expense	**—**	6,396
Exploration and evaluation expenses (excluding staff costs and rental expenses)	**25,813**	7,456

9. FINANCE COSTS, NET

	Six months ended 31 December	
	2022 **HK$'000** **(Unaudited)**	2021 HK$'000 (Unaudited)
Finance income		
Interest income on bank deposits	**68**	9
Finance costs		
Interest on borrowings	**(2,684)**	(3,108)
Interest on lease liabilities	**(33)**	(66)
	(2,717)	(3,174)
Finance costs, net	**(2,649)**	(3,165)

10. INCOME TAX BENEFIT

No provision for Hong Kong Profits Tax or overseas income tax has been made in these condensed consolidated financial statements as the Group has no assessable profit for the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

The income tax on the Group's loss before income tax for the six months ended 31 December 2022 (six months ended 31 December 2021: HK$3,108,000) differs from the theoretical amount that would arise using the enacted tax rate of the consolidated entities as follows:

	Six months ended 31 December	
	2022 **HK$'000** **(Unaudited)**	2021 HK$'000 (Unaudited)
Loss before income tax	**(37,172)**	(26,006)
Tax calculated at the applicable domestic tax rate of respective companies	**(10,279)**	(7,802)
Expenses not deductible for tax purposes	**788**	4,694
Tax losses for which no deferred income tax asset was recognised	**956**	—
Income tax benefit	**(8,535)**	(3,108)

11. 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 to assume conversion of all dilutive potential ordinary shares.

	Six months ended 31 December	
	2022 **(Unaudited)**	2021 (Unaudited)
Loss for the period attributable to the equity holders of the Company (HK$'000)	**(28,637)**	(22,898)
Weighted average number of ordinary shares for the purpose of calculating the basic loss per share (thousands)	**9,280,232**	9,279,232
Effects of dilution from:		
— share of options (thousands)	**103,000**	105,500
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)	**9,486,732(*)**	9,332,416(*)
Loss per share attributable to the equity holders of the Company:		
Basic (HK cents)	**(0.31)**	(0.25)
Diluted (HK cents)	**(0.31)(*)**	(0.25)(*)

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 earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the loss for the six months ended 31 December 2022 of HK$28,637,000 (six months ended 31 December 2021: HK$22,898,000) and the weighted average number of ordinary shares 9,280,232,000 in issue during the six months ended 31 December 2022 (six months ended 31 December 2021: 9,279,232,000).

12. CASH AND CASH EQUIVALENTS

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

	As at	
	31 December 2022 HK$'000 (Unaudited)	30 June 2022 HK$'000 (Audited)
Cash and cash equivalents	**17,366**	28,797

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

13. MINING EXPLORATION PROPERTIES

	Mining exploration properties in Australia
	HK$'000
Balance as at 1 July 2021 (Audited)	784,933
Other	6,051
Exchange differences	(57,307)
Balance as at 30 June 2022 (Audited)	**733,677**
Exchange differences	(11,549)
Balance as at 31 December 2022 (Unaudited)	**722,128**

At 31 December 2022 the Group held capitalised mining exploration properties in Australia of HK$722,128,000 (30 June 2022: HK$733,677,000) representing 97% (30 June 2022: 96%) of the Group's total assets.

13. MINING EXPLORATION PROPERTIES (Continued)

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 where there is sufficient information for a decision to be made that the area of interest is not commercially viable (refer to Note 20(a)). The Group performed an assessment of the impairment indicators at 31 December 2022 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 31 December 2022 and beyond, to continue to advance development of Marillana.

4. Under the FJV Agreement, MinRes is to provide the infrastructure solution to transport ore from the Marillana project to port stockyard at Port Hedland and loading on to ships for export. The MinRes-Hancock joint operation agreement will facilitate this solution for Marillana.

5. In recent years, the iron ore price has increased to levels not seen since 2014 and at 31 December 2022 the price was still above A$194 per tonne or US$132 per dry metric tonne (at an exchange rate of US$0.68).

6. At 31 December 2022, the Group's market capitalisation was HK$1,466,276,676 (30 June 2022: HK$2,505,662,000) well in excess of the net assets HK$551,688,000 (30 June 2022: HK$590,137,000).

7. 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.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group acquired assets with a cost of HK$4,000 (six months ended 31 December 2021: HK$26,000).

15. TRADE AND OTHER PAYABLES

Trade and other payables include the Group's share of the joint operation expenditure of HK$38,373,000 (30 June 2022: HK$13,552,000), payable to MinRes refer to note 2(a) and 20(a). All other trade and other payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days.

16. BORROWINGS

	As at 31 December 2022 HK$'000 (Unaudited)	As at 30 June 2022 HK$'000 (Audited)
Non-current		
Loans from a substantial shareholder	**17,457**	16,792
Loans from Polaris	**36,018**	34,517
	53,475	51,309

As at 31 December 2022, the borrowings from a substantial shareholder are unsecured, they bear an interest at 12% (30 June 2022: 12%) per annum and are repayable on 31 October 2024 (30 June 2022: 31 October 2023).

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.

17. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
As at 31 December 2022 and 30 June 2022	20,000,000	2,000,000
Issued and fully paid		
As at 31 December 2022 and 30 June 2022	9,280,232	928,023

18. SHARE OPTION SCHEME

Share option scheme of the Company

The 2012 share option scheme (the "2012 Share Option Scheme") of the Company was adopted by the Company pursuant to the approval by shareholders at the Annual General Meeting on 13 November 2012. The 2012 Share Option Scheme replaced the previous share option scheme which expired in August 2012.

Its primary purpose was to provide incentives or rewards to selected participants for their contribution to the Group and eligible participants of the scheme 2021A and 2021B include the Company's directors, including independent non-executive directors and other employees of the Group. The 2012 Share Option Scheme is valid and effective for a period of ten years from the date of its adoption, and it expired in August 2022. The Company is finalising a new Share Option Scheme; prior to the implementation of the new scheme it will be subject to regulatory and shareholder approval.

From 1 July 2022 to the expiry of the 2012 Share Option Scheme, the maximum number of unexercised share options permitted to be granted under the Scheme was an amount equivalent, upon their exercise, to 10% of the shares of the Company on issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12 month period was limited to 1% of the shares of the Company an issue at any time. Any further grant of options in excess of this limit was subject to shareholders' approval in a general meeting. Until the new Share Option Scheme is implemented no new share options will be granted, however, existing unexercised share options will continue until they are exercised, cancelled, or expired.

Any share options granted to a substantial shareholder, an independent non-executive director the Company, in excess of 0.1% of the shares of the Company on issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, were subject to shareholder's approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1.00 or A$1.00 in total by the grantee.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, were subject to approval in advance by the independent non-executive directors.

The exercise period of the share options granted was determinable by the directors, and commenced after a vesting period and ended on a date which was not later than three years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) The Stock Exchange of Hong Kong Limited ("Stock Exchange")closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18. SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve, over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimate, if any, in the condensed consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Details of specific categories options are as follows:

Option type	Date of grant	Number of share options granted	Fair value at the grant date (HK$'000)	Closing price immediately before the date of grant (HK$)	Vesting period	Exercise period	Exercise price (HK$)
2021A	29 June 2021	17,500,000	1,378,000	0.210	29 June 2021 – 1 January 2022	1 January 2022 – 31 December 2024	0.213
	14 May 2021	71,000,000	5,339,000	0.207	14 May 2021 – 1 January 2022	1 January 2022 – 31 December 2024	0.213
2021B	29 June 2021	15,000,000	723,000	0.210	29 June 2021 – 1 January 2022	1 January 2022 – 12 May 2024	0.295
	14 May 2021	2,000,000	105,000	0.207	14 May 2021 – 1 January 2022	1 January 2022 – 12 May 2024	0.295
		105,500,000	**7,545,000**				

18. SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

Below are the particulars of the outstanding options at the beginning and at the end of the interim period which have been granted to Qualified Persons under the Share Option Scheme are as follows:

	Option type	Maximum entitlement of each participant	Outstanding as at 1 July 2022	Granted	Exercised	Cancelled	Lapsed/ Expired	Outstanding as at 31 December 2022
Non-executive directors								
Liu Zhengui	2021A	1,500,000	1,500,000	–	–	1,500,000	–	–
Ross Stewart Norgard	2021A	1,500,000	1,500,000	–	–	–	–	1,500,000
Choi Yue Chun Eugene	2021A	1,500,000	1,500,000	–	–	–	–	1,500,000
Yap Fat Suan Henry	2021A	1,500,000	1,500,000	–	–	–	–	1,500,000
David Rolf Welch	2021A	1,500,000	1,500,000	–	–	–	–	1,500,000
Executive directors								
Chan Kam Kwan Jason	2021A	10,000,000	10,000,000	–	–	–	–	10,000,000
Colin Paterson	2021B	15,000,000	15,000,000	–	–	–	–	15,000,000
Sub-total		**32,500,000**	**32,500,000**	**-**	**-**	**1,500,000**	**-**	**31,000,000**
Employees	2021A	71,000,000	70,000,000	–	–	–	–	70,000,000
Employees	2021B	2,000,000	2,000,000	–	–	–	–	2,000,000
Sub-total		**73,000,000**	**72,000,000**	**-**	**-**	**-**	**-**	**72,000,000**
GRAND TOTAL		**105,500,000**	**104,500,000**	**-**	**-**	**1,500,000**	**-**	**103,000,000**
Weighted average price			**0.23**	**-**	**-**	**0.21**	**-**	**0.23**

The fair value of all the share options were calculated using the Binomial model prepared by an independent valuer. The inputs into the model were as follows:

Exercise price	HK$0.213 – HK$0.295
Volatility	51% – 53%
Expected option life	2.9 – 3.5 years
Annual risk-free rate	0.272% – 0.416%
Expected dividend yield	0%
Weighted average share price (per share)	HK$0.207

The volatility measured at grant date is referenced to the historical volatility of shares of the Company and the risk-free rate referenced to the yield of Hong Kong Exchange Fund Notes.

18. SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

The value of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to, a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

For the six months ended 31 December 2022, the Company did not recognise an expense (six months ended 31 December 2021: HK$6,396,000) in relation to the share options granted by the Company as the share options are fully vested.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2022		2021	
	Average exercise price in HK$ per share option	**Number of share options (thousands)**	Average exercise price in HK$ per share option	Number of share options (thousands)
At 1 July	**0.23**	**104,500**	0.23	105,500
Granted	**—**	**—**	—	—
Exercised	**—**	**—**	—	—
Cancelled	**0.21**	**1,500**	—	—
Expired/lapsed	**—**	**—**	—	—
At 31 December	**0.23**	**103,000**	0.23	105,500

As at 31 December 2022, 103,000,000 (30 June 2022: 104,500,000) options were outstanding with a weighted average exercise price of HK$0.23 (30 June 2022: HK$0.23) per option.

As at 31 December 2022, the weighted average of the remaining contractual life of the outstanding share options was 1.4 and 2.0 years (30 June 2022: 1.9 and 2.5 years).

No share options were exercised during the six months ended 31 December 2022 (30 June 2022: 1,000,000 options were exercised at an exercise price of HK$0.21 and a weighted average closing price of the shares immediately before their exercise was HK$0.25 per share on the Stock Exchange) and there were no issues of ordinary shares of the Company (30 June 2022: 1,000,000) and no new share capital (30 June 2021: HK$100,000 (before issue expense)) was issued.

No options expired or lapsed during the six months ended 31 December 2022 (six months ended 31 December 2021: Nil). For the six months ended 31 December 2022, 1,500,000 options were cancelled at an exercise price of HK0.21 (six months ended 31 December 2021: Nil).

18. SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

As at 31 December 2022, the Company had 103,000,000 (30 June 2022: 104,500,000) share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 103,000,000 (30 June 2022: 104,500,000) additional ordinary shares of the Company and additional share capital of HK$10,300,000 (before issue expense) (30 June 2022: HK$10,450,000 (before issue expense)).

During the interim period, no director, chief executive, or substantial shareholder of the Company was granted, or to be granted, options in excess of the 1% individual limits. At no time, a related party or other participants was granted, or to be granted options in any 12 month period exceeding 0.1% of the issued share capital.

An amount of HK$1.00 or A$1.00 was payable on each application or acceptance of the options in respect of the Hong Kong and Australia schemes. As at 31 December 2022, there were no payments or calls must or may be made or loans.

At the date of approval of these condensed consolidated financial statements, the Company had 103,000,000 share options outstanding under the share scheme, which represented approximately 1.11% of the Company's shares in issue as at that date.

19. DEFERRED INCOME TAX LIABILITY

The following is the deferred income tax liability movement recognised by the Group:

	Mining exploration properties in Australia HK$'000
At 1 July 2021 (Audited)	(126,706)
Deferred tax associated with the Polaris Loans	2,916
Deferred tax assets recognised	7,311
Exchange differences	9,019
At 30 June 2022 (Audited)	**(106,949)**
Deferred tax assets recognised	**8,643**
Exchange differences	**1,684**
At 31 December 2022 (Unaudited)	**(96,622)**

All deferred tax liabilities are expected to be settled more than 12 months after the balance sheet date.

19. DEFERRED INCOME TAX LIABILITY (Continued)

The deferred tax liabilities compromise the taxable temporary differences arising on mining exploration properties of HK$216,638,000 (30 June 2022: HK$220,103,000) in Australia predominantly offset by deferred tax assets of HK$96,263,000 (30 June 2022: HK$111,350,000) arising from available tax losses whose realisation is considered probable and the other deferred tax assets.

At 31 December 2022, the Group's total tax losses were HK$1,153,000,000 (30 June 2022: HK$1,228,000,000) and have no expiry date. The Group did not recognise a deferred income tax asset in respect of tax losses amounting to approximately HK$820,000,000 (30 June 2022: HK$860,000,000) as the utilisation of these tax losses is subject to the satisfaction of the loss recoupment rules in the relevant tax jurisdiction as well as other uncertainties which means that their availability for utilisation or realisation is not considered probable.

20. JOINT ARRANGEMENTS

(a) Joint operations and farm-out arrangements

The Group entered into an agreement with Polaris to share costs and risks associated with exploration activities on the Marillana and Ophthalmia tenements in the East Pilbara of Western Australia. Polaris was required to meet certain farm-in obligations including minimum expenditure of A$250,000 and A$150,000 respectively in exploration and development of the tenements in return for a 50% interest in the tenements. Polaris will contribute 50% of costs and capital expenditure going forward and Polaris has been appointed as operator of the joint operation.

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out.

Particular of the Group's material joint operation are as follows:

Name of joint operations	Ownership Interest	Principal activities
Marillana Joint Operation (Note (a))	50%	Development and operation of the Marillana iron ore project
Ophthalmia Joint Operation (Note (b))	50%	Development and operation of the Ophthalmia iron ore project

Note a: On the 22 April 2021 an unincorporated joint arrangement was formed with Polaris in Australia which is seeking to develop the Marillana iron ore project.

Note b: On the 30 November 2021 an unincorporated joint arrangement was formed with Polaris in Australia which is seeking to develop the Ophthalmia iron ore project.

20. JOINT ARRANGEMENTS (Continued)

(b) Joint ventures

Details of the Group's interest in a joint venture is as follows:

Name of joint venture	Interest held in share of output	Principal activities
NWIOA Ops. Pty Ltd (Note (c))	37%	Port and related infrastructure

Note c: NWIOA Ops. Pty Ltd is a joint venture incorporated in Australia which is seeking to develop port and related infrastructure on behalf of the North West Iron Ore Alliance ("NWIOA") members.

Management considers the interest in this joint arrangement is not individually material to the Group.

21. EXPENDITURE COMMITMENTS

(a) Exploration commitments

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the Group can be reduced by selective relinquishment of exploration tenure. The approximate minimum level of exploration requirements to retain current tenements in good standing is approximately HK$6,798,000 (six months ended 31 December 2021: approximately HK$7,119,000).

22. RELATED PARTY DISCLOSURES

(a) Material related party transactions

Except as disclosed within this condensed consolidated financial information, the Group has no material related party transactions during the period (six months ended 31 December 2021: Nil).

(b) Related party balances

The details of the loans from a substantial shareholder are disclosed in Note 16.

The amounts due from/to related parties included as current assets or current liabilities are unsecured, interest-free and repayable on demand.

22. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 31 December	
	2022 **HK$'000** **(Unaudited)**	2021 HK$'000 (Unaudited)
Wages, salaries and other short-term welfare	**3,876**	4,179
Post-employment benefits	**205**	207
Share-based compensation expenses	**—**	3,015
	4,081	7,399

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following liabilities of the Group are measured or disclosed at fair value, using a three level hierarchy, based on lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than adjusted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The carrying values of the loans appropriate to their fair values and were determined using Level 3 unobservable inputs. The carrying values of the loans, are as follows:

	Carrying amount As at	
	31 December 2022 **HK$'000** **(Unaudited)**	30 June 2022 HK$'000 (Audited)
Non-current		
Loans from a substantial shareholder	**17,457**	16,792
Loans from Polaris	**36,018**	34,517
	53,475	51,309

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the carrying value of cash and cash equivalents, trade receivables, payables, financial assets included in prepayments, other receivables and other current assets, financial liabilities included in trade and other payables are reasonable approximate to their fair values largely due to short term maturities of these instruments.

At each reporting date, the Group analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the audit committee twice a year at interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and maturity.

24. INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

25. EVENTS OCCURRING AFTER BALANCE SHEET DATE

(a) On the 23 February 2023, the substantial shareholder agreed to replace the existing loan and interest of HK$17,457,000 (refer to note 16) with a new loan for US$3,300,000 (approximately HK$25,740,000). The new loan is unsecured, at an interest rate of 17% per annum and is repayable on 31 October 2024.

(b) On the 23 February 2023, the directors of the Company secured agreement for an increased standby loan facility from its substantial shareholder amounting to US$1,800,000 (approximately HK$14,040,000) (previous standby loan facility HK$10,000,000 undrawn). If drawn down, the loan will be unsecured, bear interest at 17% per annum and be repayable on 31 October 2024.

INDEPENDENT REVIEW REPORT

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To the Board of Directors of Brockman Mining Limited
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 31, which comprises the condensed consolidated balance sheet of Brockman Mining Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards of Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2(a) in the interim financial information, 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 conclusion is not modified in respect of this matter.

Ernst & Young

Ernst & Young
Chartered Accountants

Perth, Western Australia
27 February 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Marillana project has advanced significantly in relation to both on ground technical studies as well as progression of the infrastructure solution for the project.

Since July 2022, substantial field work has been underway at Marillana. Notably among those field works are: (1) development of a water borefield for testing and modelling of the dewatering and water management design; and (2) commencement of a program of close spaced drilling to inform the optimum spacing for infill resource drilling, which is planned to be undertaken for the areas within the early years of the mine life. At the end of the interim period, 4 pumping bores, 24 water monitoring bores and 51 resource drill holes had been completed.

Work also continued on the metallurgical testwork program, which included the successful completion of the first pilot plant run. Analysis of the results from the pilot plant is currently in progress.

The Mineral Resources ("MinRes") – Hancock Joint Operation continues to advance the engineering studies required to support the final investment decision on the rail and port infrastructure which will facilitate the export of the Marillana ore. MinRes is additionally advancing studies and preparation (including miscellaneous licence applications, environmental studies and permitting) for the haul road corridor from Marillana to a rail loading facility on the Roy Hill railway.

FINANCIAL HIGHLIGHTS

The Group recorded a loss after tax from continuing operations of approximately HK$28.6 million (2021: HK$22.9 million). The increase in the loss after tax was partially due to the increase in exploration and evaluation expenses incurred, including recognition of the Group's share of the joint operation's expenses of HK$24.7 million (2021: HK$5.9 million) in exploration and evaluation expenses. This was partially offset by an income tax credit of HK$8.5 million (2021: HK$3.1 million). This income tax credit was mainly as a result of the recognition of a deferred tax asset in respect of the Group's Australian tax losses for the current period.

During the six months ended 31 December 2022, the Group's basic loss per share for the period was HK$0.31 cents (2021: HK$0.25 cents) and the cash outflows from operating activities were HK$10.6 million (2021: HK$11.6 million).

As at 31 December 2022, the Group's net asset value amounted to HK$551.7 million (30 June 2022: HK$590.1 million) and cash at bank was HK$17.4 million (30 June 2022: HK$28.7 million).

OUTLOOK

Continuing advancement of the Marillana and Ophthalmia Projects overarching studies and approvals, leading to construction and ultimately production.

MINERAL TENEMENTS

Iron Ore Operations – Western Australia

This segment of the business is comprised of the 50% owned Marillana and Ophthalmia Projects plus other 100% owned regional exploration projects.

The net operating loss before income tax credit for the period for this segment and attributable to the Group was HK$30.6 million (2021: HK$13.0 million). Total expenditure associated with mineral exploration and evaluation for the period ended 31 December 2022 amounted to HK$26.4 million (2021: HK$8.1 million).

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

	Six months ended 31 December	
Project	2022 HK$'000	2021 HK$'000
Marillana [1]	24,157	6,151
Ophthalmia [2]	984	1,219
Regional Exploration	1,302	793
	26,443	8,163

(1) Includes HK$23.8 million of joint operation expenditure in the 2022 half-year (2021: HK$5.9 million)

(2) Includes HK$0.9 million of joint operation expenditure in the 2022 half-year (2021: Nil).

No development expenditures have been incurred in the financial information during the six months ended 31 December 2022 and 31 December 2021.

There was no capital expenditure for any of the projects in Western Australia during the six months ended 31 December 2022 and 31 December 2021.

Mine exploration properties

The Group assessed whether any indicators of impairment existed in relation to the Group's mine exploration properties with reference to both external and internal sources of information. As at 31 December 2022, the Group assessed and concluded that there were no impairment indicators present, refer to note 13 of the condensed consolidated financial statements.

Marillana Iron Ore Project

The 50% owned Marillana Iron Ore Project is Brockman's flagship project located in the Hamersley Iron Province within the Pilbara region of Western Australia, approximately 100 km north-west of the township of Newman. The Project is located within granted mining lease M47/1414.

The Project area covers 82 km² 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.

Marillana Joint Operation

Formation and scope

On 26 July 2018, Brockman Iron and Polaris 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 had been satisfied and the parties should form the Joint Operation. As such, a 50% interest in the Marillana Project ("the Farm-in interest") was transferred to Polaris and the Joint Operation was established according to the terms of the FJV Agreement.

Initial development works

The initial development works per the Indicative Development Proposal from MinRes (as described in the 2021 Annual Report) are progressing. The Joint Operation continues to advance the metallurgical testwork program to support the final flow sheet and process design. The first pilot plant run was successfully completed with approximately 6 tonnes of ore processed and analysis of the results is currently in progress. Samples of the final product and tailings from the pilot plant will undergo further testwork to support product marketing work and tailings management design and approvals. Additional ore blends will be tested through the first half of CY2023 to simulate the performance of the process plant over the life of mine and results of the testwork will be incorporated into further optimisations of the mine plan.

Development of the water borefield (pumping and monitoring bores) for testing and modelling of the dewatering and water management design continued through the period. For the interim period, 4 pumping bores and 24 monitoring bores have been established with pump-testing due to commence during the first half of CY2023. The full programme remains on track for completion before the end of FY2023.

A programme of close spaced reverse circulation ("RC") drilling commenced during the period to inform the optimum drill spacing for planned Mineral Resource infill drilling. Approximately 200 holes for 11,000m of RC drilling is planned across two areas of the deposit. As at 31 December 2022, 51 drill holes for 2,920m had been drilled, the programme is due to be completed during the first half of CY2023. The results of the drill study will be applied to infill resource drilling that is planned to be undertaken for those areas within the early years of the mine life.

Environmental surveys and development of management plans continued during the interim period to update and refresh the baseline data and support development of the project. This work included flora and fauna surveys, waste rock and soils analysis and noise and greenhouse gas modelling. Continued monitoring of ecological communities, weeds and regional hydrological baseline data was also carried out.

Infrastructure

On 29 November 2021, MinRes entered into an agreement with Hancock and Roy Hill in which MinRes and Hancock will jointly investigate the development of new iron ore export facility at the Port of Port Hedland's Stanley Point Berth 3 ("SB3") in South West Creek ("SWC Port"). Roy Hill will provide services to both MinRes and Hancock for development and operation of their projects (which includes Marillana), including rail haulage.

The development of the SWC Port will be subject to:

(a) A grant by the Pilbara Ports Authority ("PPA") of a capacity allocation for the Project, and all necessary approvals and agreements to develop and operate berth 3 in South West Creek and the other associated supporting port infrastructure; and

(b) MinRes and Hancock each electing to take a positive final investment decision to proceed with the Project following the completion of a satisfactory expedited feasibility study.

On 1 February 2022, the Government of Western Australia announced that it had granted a port capacity allocation to the MinRes-Hancock Joint Operation, at Stanley Point at Berth 3 in South West Creek. MinRes has advised that based on this allocation, Marillana has available port capacity to meet the Joint Operation production requirements. The new iron ore export facility at SP3 remains subject to various approvals and agreements to develop and operate, along with the positive final investment decision by MinRes and Hancock. The MinRes – Hancock JV continues to advance the engineering studies required to support the final investment decision.

Under the FJV Agreement, MinRes is to provide the infrastructure solution to transport the ore from the Marillana project to a port stockyard at Port Hedland and loading on to ships for export. The MinRes-Hancock Joint Venture Agreement will facilitate this solution for Marillana.

MinRes is additionally advancing studies and preparation (including miscellaneous licence applications, environmental studies and permitting) for the haul road corridor from Marillana to a rail loading facility on the Roy Hill railway.

Development funding

The Joint Operators will respectively fund their capital cost commitments for the development of Marillana with loans from MinRes. The initial loan to the Joint Operation is expected to amount to A$676 million for the development of the Marillana Iron Ore Project. Brockman Iron shall repay its share of the debt financing from profits following commencement of operations at Marillana.

The Joint Operators' 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 Operators but will be provided by MinRes under build own operate life of mine services agreements.

Management committee

A management committee comprising a total of six representatives (three representatives from each of the Joint Operators) has been established.

The role of the management committee is to make all strategic decisions relating to the conduct of the activities undertaken by the Joint Operation including the consideration and approval of any work programmes and budgets in the management of the joint operation.

Manager

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

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 Operators) 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.

Ophthalmia Iron Ore Project

The 50% owned Ophthalmia Iron Ore Project located north of Newman in the East Pilbara of Western Australia, is the most significant iron ore project for the Company outside of its flagship Marillana project. The total Mineral Resources at Ophthalmia now stand at 341 Mt grading 59.3% Fe.

Development

As part of the amended Agreement with MinRes in 2021 (refer to the Marillana Joint Operation section above), Brockman and Polaris have agreed to include Ophthalmia in the farm-in interest, such that Polaris will earn a 50% interest in the Ophthalmia project upon completion of its farm-in obligations.

On 8 December 2021, the Company received notification from Polaris that the farm-in obligations have been satisfied and that the Ophthalmia Joint Operation was established.

A programme of work continues at Ophthalmia, including mine planning studies, transport corridor studies, environmental surveys and approvals planning. Polaris and Brockman have agreed to reduce the programme whilst MinRes finalises arrangements for the new iron ore export facility at SP3 to allow the parties to prioritise development of the Marillana project.

West Pilbara Project

The West Pilbara project comprises four tenements centred around Duck Creek, located about 100-130 km WNW of Paraburdoo in the West Pilbara region. Brockman has completed an Inferred Mineral Resource estimate of 21.6 Mt grading 55.9% Fe, for the channel iron ore deposit ("CID") mineralisation of Duck Creek.

Environmental, Social and Governance

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

We operate an effective and sustainable iron ore business, work actively through all areas of the business to minimise the actual and potential environmental impact of the Group's activities, respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations. Furthermore, with no mining operations carried out during the interim period, 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.

The Board retains the overall responsibility for the Group's Environmental, Social and Governance management and is committed to operating in a manner that contributes to the sustainable development through efficient, balanced, long-term management, while showing due consideration for the well-being of people; protection of the environment and the need to work closely with the local communities and stakeholders,

The Company's 2022 ESG Report is available on the Company's website www.brockmanmining.com.

Environmental review

The Company is committed to the principles of being a good corporate and environmental citizen, and takes careful consideration of environmental, social responsibility and sustainability issues. The Group's operations are subject to environmental regulations under statutory legislation in relation to its activities. Ensuring environmental compliance is integral to the Group's operations, the Group implements environmental management systems and practices, from which we assess and identify potential environmental risks; whilst conducting; monitoring; and reporting performance results to mitigate the impact of our operations on the environment. The Group believes that it has adequate systems in place for the management of the requirements under those regulations and is not aware of any breach of such requirements as they apply to the Group.

DIRECTORS' REPORT

The Directors present their report together with the condensed consolidated financial information for the six months ended 31 December 2022.

DIRECTORS

The Directors of the Company during the six months ended 31 December 2022 and up to the date of this report, unless otherwise indicated, were:

Name	Period of Directorship
Non-Executive Directors:	
Kwai Sze Hoi *(Chairman)*	Appointed on 15 June 2012
Liu Zhengui *(Vice Chairman)*	Appointed on 27 April 2012 Retired on 13 December 2022
Ross Stewart Norgard	Appointed on 22 August 2012
Executive Directors:	
Kwai Kwun Lawrence	Appointed on 13 March 2014
Chan Kam Kwan Jason *(Company Secretary)*	Appointed on 2 January 2008
Colin Paterson	Appointed on 25 February 2015
Independent Non-Executive Directors:	
Yap Fat Suan Henry	Appointed on 8 January 2014
Choi Yue Chun, Eugene	Appointed on 12 June 2014
David Rolf Welch	Appointed on 15 October 2019

INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

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.

At 31 December 2022, the Group had net assets of HK$551,688,000 (30 June 2022: HK$590,137,000); and a closing market capitalisation of HK$1,466,276,000 (30 June 2022: HK$2,505,662,000).

At 31 December 2022, the Group had HK$17,366,000 in cash and cash equivalents (30 June 2022: HK$28,797,000).

The current ratio as at 31 December 2022 is 0.48 (30 June 2022: 1.83). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.08 (30 June 2022: 0.08).

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 31 December 2022 (30 June 2022: Nil).

CAPITAL STRUCTURE

The Company had no changes in its issued share capital for the interim period.

As at the date of this report, the Company had 9,280,232,131 (2021: 9,279,232,131) shares on issue.

SHARE DETAILS

Quoted securities

As at 31 December 2022, there were 9,280,232,131 (30 June 2022: 9,280,232,131) fully paid shares on issue.

Unquoted securities

103,000,000 unlisted options granted:

— 86,000,000 share options, expiring 31 December 2024 exercise price HK$0.213

— 17,000,000 share options, expiring 12 May 2024 exercise price HK$0.295

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2022 and 30 June 2022, 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 16).

As at 31 December 2022, the Group did not have any material contingent liabilities or financial guarantees, (30 June 2022: Nil).

RISK DISCLOSURE

MARKET AND FINANCIAL RISKS

The Group is exposed to various types of market and financial risks.

(a) Commodities price risk

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 in the iron ore price as required.

(b) Liquidity and funding risk

The Group is exposed to liquidity risk through its financial liabilities and its obligations to make payment on its financial liabilities as and when they fall due. The Group maintains a balance in its approach to funding using debt and/or equity raisings.

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

(c) Risk of 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 six months ended 31 December 2022, no financial instrument was used for hedging purposes.

As at 31 December 2022 and 2021, the Group was not exposed to any significant exchange rate risk.

(e) Social and political risk

The Group is exposed to other risks that include, but are not limited to, cyber-attack and natural disasters, that could have varying degrees of impact on the Group. Where available and appropriate to do so, the Board will seek to minimise exposure using insurance, while actively monitoring the Group's ongoing exposure.

(f) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flow from a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to manage its exposure to interest rate risk by holding cash in short term, fixed and variable rate deposits with reputable high credit quality financial institutions. The Group analyses its interest rate exposure and consideration is given to potential renewals of existing positions, alternative financing and/or the mix of fixed or variable interest rates.

STAFF AND REMUNERATION

As at 31 December 2022, the Group employed 14 employees (30 June 2022: 15), of which 5 were in Australia (includes 2 non-executive directors) (30 June 2022: 5) and 9 in Hong Kong (includes 3 non-executive directors) (30 June 2022: 10).

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. 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 management and the Remuneration and Performance Committee.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and Chief Executives and their respective associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and SEHK, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions of ordinary shares of HK$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Number of options outstanding	Percentage of the issued share capital of the Company
Mr Kwai Sze Hoi	Jointly *(Note)*	60,720,000	—	0.65%
	Beneficial owner	206,072,000	—	2.22%
	Interests of controlled corporation *(Note)*	2,426,960,137	—	26.15%
	Interest of spouse	24,496,000	—	0.26%
Mr Ross Norgard	Beneficial owner	64,569,834	1,500,000	0.71%
	Interests of controlled corporation	178,484,166	—	1.92%
Mr Colin Paterson	Beneficial owner	22,073,004	15,000,000	0.40%
	Interest of spouse	13,625,442	—	0.15%
Mr Kwai Kwun Lawrence	Beneficial owner	63,408,412	—	0.68%
Mr Chan Kam Kwan Jason	Beneficial owner	—	10,000,000	0.11%
Mr Yap Fat Suan Henry	Beneficial owner	400,000	1,500,000	0.02%
Mr Choi Yue Chun Eugene	Beneficial owner	—	1,500,000	0.02%
Mr David Rolf Welch	Beneficial owner	—	1,500,000	0.02%

Note:

The 2,426,960,137 shares were held by Ocean Line Holdings Ltd., a company held 60% by Mr. Kwai Sze Hoi and 40% by Ms Cheung Wai Fung (Mr Kwai's spouse). In addition, Mr. Kwai and Ms Cheung have a joint direct interest in 60,720,000 shares of the Company.

Save as disclosed above, as at 31 December 2022, none of the Directors and Chief Executives, nor their associates had registered an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set in Appendix 10 of the Rules Governing Listing of Securities on the Stock Exchange (the "Listing Rules").

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in section 'Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares, and Debentures', at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company and their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of Directors' knowledge, as at 31 December 2022, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions of 5% or more of the share capital and share options of the Company:

Long positions of ordinary shares of HK$0.10 each of the Company

Name of shareholder	Nature of interest	Number of shares or underlying shares	Percentage of the issued share capital of the Company
Ocean Line Holdings Ltd ("Ocean Line") *(Note 1)*	Beneficial owner	2,426,960,137	26.15%
Mr Kwai Sze Hoi *(Note 1)*	Interest held by controlled corporation	2,426,960,137	26.15%
	Interest held jointly with another person	60,720,000	0.65%
	Beneficial owner	206,072,000	2.22%
	Interest of spouse	24,496,000	0.26%
Cheung Wai Fung *(Note 1)*	Interest held by controlled corporation	2,426,960,137	26.15%
	Interest held jointly with another person	60,720,000	0.65%
	Beneficial owner	24,496,000	0.26%
	Interest of spouse	206,072,000	2.22%
Equity Valley Investments Limited	Beneficial owner	515,574,276	5.56%
The XSS Group Limited *(Note 2)*	Interest held by controlled corporation	515,574,276	5.56%
Cheung Sze Wai, Catherine *(Note 2)*	Interest held by controlled corporation	515,574,276	5.56%
	Interest of spouse	50,000,000	0.54%
Luk Kin Peter Joseph *(Note 2)*	Interest held by controlled corporation	515,574,276	5.56%
	Beneficial owner	50,000,000	0.54%
KQ Resources Limited	Beneficial owner	1,301,270,318	14.02%

Notes:

1. Ocean Line is owned 60% by Mr Kwai Sze Hoi and 40% by Ms Cheung Wai Fung (Mr Kwai's spouse). In addition, Mr Kwai and Ms Cheung have a joint direct interest in 60,720,000 shares.

2. The 515,574,276 shares were held by Equity Valley Investments Limited. Equity Valley Investments Limited is wholly-owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital were held by Mr Luk Kin Peter Joseph, Ms Cheung Sze Wai, Catherine (Mr Luk's spouse) and Ms Chong Yee Kwan (Mr Luk's mother) respectively. In addition, Mr Luk was granted a total of 50,000,000 options.

Save as disclosed above, as at 31 December 2022, no person, other than the directors of the Company, whose interests are set out 'Directors' and Chief Executives' Interests and Short Positions in Shares, and Underlying Shares and Debentures' above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

SHARE OPTIONS

The share option scheme (the "Share Option Scheme") of the Company was adopted by the Company pursuant to the resolution of the shareholders at the AGM dated 13 November 2012.

The binomial option pricing model is a generally accepted method of valuing options. The measurement dates used in the valuation calculations were the dates on which the options were granted. The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of, and uncertainty relating to, a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

The particulars of the Share Option Scheme are set out in Note 18 to the condensed consolidated financial statements and details of the options outstanding as at 31 December 2022 includes the estimated values of the share options (using the binomial option pricing model), date of grant, exercise period and the exercise of the options outstanding at the beginning and end of the interim period which have been granted to Qualified Persons under the Share Option Scheme are as follows:

	Option type	Maximum entitlement of each participant	Outstanding as at 1 July 2022	Granted	Exercised	Cancelled	Lapsed/Expired	Outstanding as at 31 December 2022
Non-executive directors								
Liu Zhengui	2021A	1,500,000	1,500,000	–	–	1,500,000	–	–
Ross Stewart Norgard	2021A	1,500,000	1,500,000	–	–	–	–	1,500,000
Choi Yue Chun Eugene	2021A	1,500,000	1,500,000	–	–	–	–	1,500,000
Yap Fat Suan Henry	2021A	1,500,000	1,500,000	–	–	–	–	1,500,000
David Rolf Welch	2021A	1,500,000	1,500,000	–	–	–	–	1,500,000
Executive directors								
Chan Kam Kwan Jason	2021A	10,000,000	10,000,000	–	–	–	–	10,000,000
Colin Paterson	2021B	15,000,000	15,000,000	–	–	–	–	15,000,000
Sub-total		**32,500,000**	**32,500,000**	**–**	**–**	**1,500,000**	**–**	**31,000,000**
Employees	2021A	71,000,000	70,000,000	–	–	–	–	70,000,000
Employees	2021B	2,000,000	2,000,000	–	–	–		2,000,000
Sub-total		**73,000,000**	**72,000,000**	**–**	**–**	**–**	**–**	**72,000,000**
GRAND TOTAL		**105,500,000**	**104,500,000**	**–**	**–**	**1,500,000**	**–**	**103,000,000**
Weighted average price			**0.23**	**–**	**–**	**0.21**	**–**	**0.23**

As at 31 December 2022, the Company had 103,000,000 share options outstanding under the scheme which represented approximately 1.11% (weighted average number of the shares on issue) of the Company's shares in issue as at that date. Should the 103,000,000 share options be fully exercised, the Company will receive HK$23,333,000 (before issue expenses). The fair value of these unexercised options measured in accordance with the Group's accounting policy note 18 to the condensed consolidated financial statements amounted to HK$7,545,000.

At the beginning of the interim period, the total number of securities available for grant under the share option scheme amounts to 465,448,213, representing 5.02% of the issued share capital outstanding and at the end of the interim period is nil, as the share option scheme expired in August 2022.

During the interim period, no directors, chief executive or substantial shareholder of the Company were granted or to be granted options in excess of the 1% individual limit. At no time, a related party or other participants of the Company were granted or to be granted options in any 12 month period exceeding 0.1% of the issued share capital.

Until the new Share Option Scheme is implemented no new share options will be granted, however, existing unexercised share options will continue until they are exercised, cancelled, or expired.

Saved as disclosed above, at no time during the interim period were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any of the directors or respective spouses or minor children or where any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of directors' information of the Company is set out below:

Mr. Liu Zhengui retired as non-executive director of the Company on 13 December 2022.

Save as disclosed, upon specific enquiry made by the Company and following confirmations from Directors, there are no other changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (six months ended 31 December 2021: Nil).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those disclosed in these condensed consolidated financial statements, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures and future plans for material investments or capital assets during the period.

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the ASX and SEHK. The Company's is committed to maintain a high standard of corporate governance practices.

During the six months ended 31 December 2022, the Company has complied with code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except for the following:

(i) Code Provision C.2.1, 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, an executive director of the Company, also serves as the Chief Executive Officer of Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), and is responsible for the oversight of the core iron ore business operation; and

(ii) Code Provision C.1.6, states that non-executive Directors should attend general meetings. During the period, due to Directors' other commitments and schedule conflicts, not all of the non-executive Directors attended all of the general meetings.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim report is published on the website of SEHK (www.hkexnews.hk), ASX (www.asx.com.au), as well as the website of the Company (www.brockmanmining.com)/(www.irasia.com/listco/hk/brockmanmining). The interim report will be published on the aforementioned websites in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors of the Company. Specific enquiry has been made with all directors of the Company, the directors have confirmed that they have complied with the Model Code throughout the six months ended 31 December 2022.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

As at 31 December 2022, the audit committee comprises of three independent non-executive directors Messrs. Yap Fat Suan, Henry, Choi Yue Chun Eugene and David Rolf Welch (the "Audit Committee"). Mr. Yap Fat Suan, Henry was the Chairman of the Audit Committee. The Audit Committee has adopted terms of reference which are in line with the Corporate Governance Code. The Audit Committee has reviewed the Group's interim results for the six months ended 31 December 2022, including the accounting principles and practices adopted by the Group.

By Order of the Board
Kwai Sze Hoi
Chairman

Hong Kong, 27 February 2023

DIRECTORS' DECLARATION

The Company is incorporated in Bermuda under the Companies Act 1981 of Bermuda.

This declaration is made in accordance with a resolution of the Directors of the Company dated 27 February 2023. In the Directors' opinion:

(a) The condensed consolidated financial information and notes set out on pages 4 to 31:

  (i) comply with International Accounting Standard 34 Interim Financial Reporting and the disclosure requirements of Hong Kong Companies Ordinance;

  (ii) give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the six months ended on that date;

(b) Subject to the matters disclosed in note 2(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Kwai Sze Hoi
Chairman

Hong Kong, 27 February 2023