BROCKMAN MINING LIMITED
布萊克萬礦業有限公司 *

(incorporated in Bermuda with limited liability)
(SEHK Stock Code: 159)
(ASX Stock Code: BCK)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

The board of directors (the "Board") of Brockman Mining Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2017, together with the comparative figures for the year ended 30 June 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

		Year ended 30 June	
	Note	**2017**	2016
		HK$'000	*HK$'000*
Revenue	*4*	—	11,590
Cost of sales	*10*	—	(16,918)
Gross loss		—	(5,328)
Other income	*6*	**1,041**	1,949
Other gains/(losses)	*7*	**2**	(18,182)
Selling and administrative expenses	*10*	**(10,893)**	(36,794)
Exploration and evaluation expenses	*10*	**(20,730)**	(19,869)
Impairment losses	*8*	**(3,538)**	(678,391)
Operating loss		**(34,118)**	(756,615)
Finance income		**41**	356
Finance costs		**(3,514)**	(895)
Finance costs, net	*9*	**(3,473)**	(539)
Share of losses of joint ventures		**(717)**	(909)
Loss before income tax		**(38,308)**	(758,063)
Income tax credit	*11*	—	130,905
Loss for the year		**(38,308)**	(627,158)

* *For identification purpose only*

	Note	Year ended 30 June 2017 HK$'000	2016 HK$'000
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**14,788**	(39,479)
Other comprehensive income/(loss) for the year		**14,788**	(39,479)
Total comprehensive loss for the year		**(23,520)**	(666,637)
Loss for the year attributable to equity holders of the Company		**(38,308)**	(627,158)
Total comprehensive loss attributable to equity holders of the Company		**(23,520)**	(666,637)
Loss per share attributable to the equity holders of the Company during the year		***HK cents***	*HK cents*
Basic loss per share	*13*	**(0.46)**	(7.48)
Diluted loss per share	*13*	**(0.46)**	(7.48)

CONSOLIDATED BALANCE SHEET

As at 30 June 2017

	Note	**As at 30 June 2017** **HK$'000**	2016 *HK$'000*
Non-current assets			
Mining properties	*14*	**829,031**	797,807
Property, plant and equipment		**3,673**	653
Interests in joint ventures		**430**	242
Other non-current assets		**283**	273
		833,417	798,975
Current assets			
Other receivables, deposits and prepayments		**1,218**	2,030
Amounts due from related parties		—	2,176
Cash and cash equivalents		**23,995**	32,772
		25,213	36,978
Total assets		**858,630**	835,953
Equity			
Share capital	*16*	**838,198**	838,198
Reserves		**(374,235)**	(350,781)
Total equity		**463,963**	487,417
Non-current liabilities			
Other payables		**31,333**	25,540
Amount due to a related party		**1,392**	—
Deferred income tax liabilities		**246,817**	237,521
Borrowings		**52,812**	8,085
Provisions		**844**	1,065
		333,198	272,211
Current liabilities			
Trade payables	*15*	**10,722**	10,872
Other payables and accrued charges		**50,561**	64,208
Amounts due to related parties		**186**	1,245
		61,469	76,325
Total liabilities		**394,667**	348,536
Total equity and liabilities		**858,630**	835,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Brockman Mining Limited (the "Company") and its subsidiaries (collectively, the "Group") principally engage in the acquisition, exploration and towards future development of iron ore project in Australia; and in the exploitation, processing and sales of mineral resources, including copper ore concentrates and other mineral ore products in the People's Republic of China ("PRC").

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

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$"), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of Brockman Mining Limited have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Going concern

For the year ended 30 June 2017, the Group recorded a net loss attributable to equity holders of the Company of HK$38,308,000 and had operating cash outflows of HK$44,573,000. The Group did not record any revenue during the year and the loss for the year was primarily attributable to the exploration costs for the mine in Australia and the administrative expenses incurred by operation in Hong Kong and Australia. As at 30 June 2017, the Group's current liabilities exceeded its current assets by HK$36,256,000, and cash and cash equivalents of the Group amounted to HK$23,995,000.

For the year ended 30 June 2016, all of the Group's revenue were derived from its sales of copper ore concentrates produced from its copper mine in the PRC for which the production was put on halt since January 2016. On 1 September 2016, the Group announced that in light of the sustained copper price weakness and the potential increase in capital expenditure to meet the new local requirements for environmental protection in the PRC, the directors resolved that it will no longer finance the continuing development of its copper mine in the PRC.

The Group intends to focus its resources on developing its core iron ore mining projects in Western Australia (the "Marillana project"), which is currently still at the exploration and evaluation stage. Before commencement of commercial production of the Marillana project, the Group would require significant amounts of financing for its development which are currently yet to be secured.

All the above conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and development of the Marillana project and its available sources of financing to assess whether the Group will have sufficient funds to fulfill its financial obligations to continue as a going concern. The Group has taken the following measures to improve the Group's financial position and alleviate its liquidity pressure, which include, but not limited to, the following:

(i) On 20 September 2016, the Group obtained a loan from its substantial shareholder amounted to US$5,130,000 (equivalent to HK$40,000,000) which is unsecured, bears interest at 12% per annum and repayable on 19 December 2017. During the year, the substantial shareholder agreed to extend the repayment date to 30 October 2018;

(ii) On 30 June 2017, the Group obtained written agreements from several creditors of its copper mine in the PRC to defer the repayment of other payables and borrowing amounted to HK$43,673,000 until 31 December 2018;

(iii) On 21 September 2016, an individual shareholder has undertaken to grant a loan of up to HK$60,000,000 to the Group. The loan is available for draw down within 14 months from 21 September 2016. Such loan, once drawn down, will be unsecured, bear interest at 15% per annum and will be repayable on 21 December 2017. On 19 September 2017, the individual shareholder has extended the last drawdown date and repayment date to 30 October 2018 and increased the loan facility from HK$60,000,000 to HK$90,000,000, of which HK$55,000,000 can only be drawn down for purpose of financing the payment to settle liabilities in respect of the mine in the PRC when necessary. Up to the date of approval of these financial statements no loan has been drawn down under this arrangement;

(iv) Having received indications of interests from certain investors to invest in the Marillana project, the Group has been negotiating the terms of investments with these investors who are also undergoing due diligence on the project. The Group will continue its effort to negotiate the terms with the investors. The Group is actively pursuing other fund raising alternatives to fund the commencement of the initial mining operation;

(v) Despite the ongoing discussion with potential investors, the Group does not have any commitment for capital expenditure of such developments at this stage and no expenditures in relation to such development will be committed by the Group before the investments are finalised and secured;

    In respect of the ongoing exploration and evaluation activities in the same mine, the directors will continue to maintain the minimum exploration and evaluation activities, by incurring estimated expenditure of approximately HK$5,944,000, required to maintain the current right of tenure to exploration tenements in Australia; and

(vi) Implementation of other cost-saving measures with the objective of keeping the administrative and daily operational expenditures to a minimum in all locations.

The directors of the Company have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2017. They are of the opinion that, taking into account the above-mentioned plans and 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 30 June 2017. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to obtain the necessary funding and achieve the plans and measures as described in (iii) to (vi) above. The Group's ability to continue as a going concern would depend upon (i) successful draw down of the loan of HK$90,000,000 from the individual shareholder as and when needed; (ii) successful raising of new financing as and when needed to fund the development of the Marillana project, including successful conclusion of the terms of investments with potential investors; (iii) successful execution of the development plan of the Marillana project, followed by its successful and economically viable commercial production; and (iv) successful implementation of the operational plans and measures to control costs.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Changes in accounting policy and disclosures

(i) New and amendments to standards adopted by the Group

The following standards and amendments to standards are effective for accounting year beginning on or after 1 July 2016, and have been adopted in preparing these consolidated financial statements:

Annual improvements Project 2014	Annual Improvements 2012-2014 Cycle
IAS 1 (Amendment)	Disclosure Initiative
IAS 16 and IAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (Amendment)	Agriculture: Bearer Plants
IAS 27 (Amendment)	Equity Method in Separate Financial Statements
IFRS10, IFRS12 and IAS28 (Amendment)	Investment Entities: Applying the Consolidation Exception
IFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts

(ii) New and amendments to standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the Group's financial year ended 30 June 2017 and have not been early adopted:

		Effective for annual periods beginning on or after
IAS 7 (Amendment)	The Disclosure Initiative	1 January 2017
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 12 (Amendment)	Annual Improvement to IFRS 2014-2016 Cycle (amendment to Disclosure of Interests in Other Entities)	1 January 2017
Annual Improvements Project IFRS 1 and IAS 28	Annual Improvements 2014-2016 Cycle (amendments)	1 January 2018
IFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15 (Amendment)	Clarification to IFRS15	1 January 2018
IFRIC22	Foreign Currency Transactions and Advance Considerations	1 January 2018
IFRIC23	Uncertainty Over Income Tax Treatments	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following set out below:

IFRS 9 Financial instruments

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Group has yet to undertake a detailed assessment of the classification and measurement of its financial assets, but management considers that except for cash and cash equivalents, there is limited financial assets. The amendment is not expected to have significant impact on Group's financial statements.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

There is a change in hedge accounting rules that more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any such hedging instruments.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, and it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. IFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group does not intend to adopt IFRS 9 before its mandatory date.

IFRS 15 Revenue from contracts with customers

IFRS 15 will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard permits either a full retrospective or a modified retrospective approach for the adoption.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. A further clarification to IFRS 15 was issued in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance. For the year ended 30 June 2017, there was no revenue recognised. Management will further assess the contractual arrangement with respective to future production and effects of applying the new standard on the Group's financial statements.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group does not intend to adopt the standard before its effective date.

IFRS 16 Leases

IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases.

As at 30 June 2017, the Group has non-cancellable operating lease commitments of HK$479,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

There are no other IFRSs or interpretations that are not yet effective that would be expected to have a material impact on the Group.

4. REVENUE

Revenue represents the amounts received and receivable from sales of mineral ore products for the year. An analysis of the Group's revenue for the year is as follows:

	Year ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Sales of copper ore concentrates	—	11,590

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to executive directors of the Company, the Group's chief operating decision makers ("CODM") 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.

(a) Business segments

The Group's reportable operating segments are as follows:

Mineral tenements in Australia	—	tenements acquisition, exploration and towards future development of iron ore project in Western Australia
Mining operations in the PRC	—	exploitation, processing and sales of copper ore concentrates in the PRC

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

CODM has been identified as the executive directors. CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

CODM assesses and reviews the performance of the operating segments based on segment results which is calculated as loss before income tax.

Segment assets reported to CODM are measured in a manner consistent with that in the consolidated balance sheet.

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

	Mineral tenements in Australia *HK$'000*	**Mining operation in the PRC** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
For the year ended 30 June 2017:				
Segment revenue from external customers	—	—	—	—
Segment results	**(20,355)**	**(801)**	**(17,152)**	**(38,308)**
Other information:				
Depreciation of property, plant and equipment	**(295)**	—	**(36)**	**(331)**
Impairment losses	—	**(3,538)**	—	**(3,538)**
Exploration and evaluation expenses	**(20,730)**	—	—	**(20,730)**
Reversal of over-provision of social security expenses	—	**3,851**	—	**3,851**
Share of losses of joint ventures	**(717)**	—	—	**(717)**

	Mineral tenements in Australia *HK$'000*	Mining operation in the PRC *HK$'000*	Others *HK$'000*	Total *HK$'000*
For the year ended 30 June 2016				
Segment revenue from external customers	—	11,590	—	11,590
Segment results	(482,418)	(256,482)	(19,163)	(758,063)
Other information:				
Depreciation of property, plant and equipment	(460)	(4,347)	(403)	(5,210)
Impairment losses	(436,351)	(242,040)	—	(678,391)
Write-off of inventories	—	(3,451)	—	(3,451)
Amortisation of mining properties	—	(2,100)	—	(2,100)
Exploration and evaluation expenses	(16,615)	(3,254)	—	(19,869)
Reversal of over-provision of social security expenses	—	2,402	—	2,402
Share of losses of joint ventures	(909)	—	—	(909)
Additional stamp duty assessment	(17,777)	—	—	(17,777)
Income tax credit	130,905	—	—	130,905

The revenue from external parties reported to executive directors of the Company is measured in a manner consistent with that in the consolidated statement of comprehensive income. There was no revenue recognised for the year ended 30 June 2017 whilst for the year ended 30 June 2016, revenue of HK$11,590,000 represented sales to a single customer from the PRC.

The following is an analysis of the Group's assets by business segment as at the respective balance sheet dates:

	Mineral tenements in Australia *HK$'000*	Mining operation in the PRC *HK$'000*	Others *HK$'000*	Sub-total *HK$'000*
As at 30 June 2017:				
Segment assets	**836,018**	**26**	**22,586**	**858,630**
Total segment assets include:				
Interests in joint ventures	**430**	—	—	**430**
Additions to property, plant and equipment	**3,263**	—	—	**3,263**
As at 30 June 2016:				
Segment assets	801,992	3,670	30,291	835,953
Total segment assets include:				
Interests in joint ventures	242	—	—	242
Additions to property, plant and equipment	173	1,247	9	1,429

(b) Geographical information

The mining operation is located in the PRC and the mineral tenements are located in Australia.

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

	2017 *HK$'000*	2016 *HK$'000*
Hong Kong	**19**	61
Australia	**833,115**	798,641
	833,134	798,702

6. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Government grant *(Note a)*	**647**	425
Write back of long outstanding payables	**394**	1,517
Others	**—**	7
	1,041	1,949

Notes:

(a) Government grant mainly represents incentive credits provided by the Australia Federal Government, for research and development activities carried out in Australia.

7. OTHER GAINS/(LOSSES)

	2017	2016
	HK$'000	*HK$'000*
Additional stamp duty assessment	**—**	(17,777)
Gain/(loss) on disposal of property, plant and equipment	**2**	(405)
	2	(18,182)

8. IMPAIRMENT LOSSES

	2017	2016
	HK$'000	*HK$'000*
Impairment of mining properties *(Note 14)*	**—**	645,152
Impairment of property, plant and equipment	**—**	20,881
Impairment of other non-current assets	**—**	12,358
Impairment of other receivables	**3,538**	—
	3,538	678,391

9. FINANCE COSTS, NET

	2017	2016
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**41**	356
Finance costs		
Interest expenses on borrowings	**(4,122)**	(254)
Reversal/(unwinding) of interests on long-term payables	**608**	(641)
Finance costs, net	**(3,473)**	(539)

10. EXPENSES BY NATURE

	2017	2016
	HK$'000	*HK$'000*
Amortisation of mining properties (included in cost of sales)	—	2,100
Auditor's remuneration		
— Audit services	**1,080**	1,400
— Non-audit services	**580**	559
Cost of inventories	—	4,807
Write-off of inventories	—	3,451
Depreciation of property, plant and equipment	**331**	5,210
Operating lease expenses	**1,864**	7,296
Employee benefit expense	**21,239**	26,444
Exchange (gain)/loss	**(7,938)**	3,567
Exploration and evaluation expenses (excluding staff costs and rental expenses)	**13,741**	11,959

11. INCOME TAX CREDIT

No provision for Hong Kong Profits tax or overseas income tax has been made in the consolidated financial statements as the Group has no assessable profit for the year (2016: Nil). The applicable corporate income tax rates are 25% and 30% for subsidiaries in the PRC and Australia, respectively.

	2017	2016
	HK$'000	*HK$'000*
Deferred income tax	—	(130,905)

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the consolidated entities as follows:

	2017	2016
	HK$'000	*HK$'000*
Loss before income tax	**(38,308)**	(758,063)
Tax calculated at the applicable domestic tax rate of respective companies *(Note)*	**(9,137)**	(194,080)
Income not subject to tax	**(3,396)**	(70)
Expenses not deductible for tax purposes	**922**	51,020
Tax losses for which no deferred income tax asset was recognised	**11,611**	12,225
	—	(130,905)

Note:

The weighted average applicable tax rate was 23.9% (2016: 25.6%).

12. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2017, nor has any dividend been proposed since the balance sheet date (2016: Nil).

13. 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 in issue during the year. 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.

	Year ended 30 June	
	2017	2016
Loss for the year attributable to the equity holders of the Company *(HK$'000)*	**(38,308)**	(627,158)
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share *(thousands)*	**8,381,982**	8,381,982
Loss per share attributable to the equity holders of the Company		
— Basic *(HK cents)*	**(0.46)**	(7.48)
— Diluted *(HK cents)*	**(0.46)**	(7.48)

Diluted loss per share is the same as basic loss per share for the year ended 30 June 2017 and 2016 because the effect of the assumed exercise of share options of the Company during these years was anti-dilutive.

14. MINING PROPERTIES

	Mining right in the PRC *HK$'000*	Mining properties in Australia *HK$'000*	Total *HK$'000*
At 1 July 2015	226,635	1,277,938	1,504,573
Amortisation	(2,100)	—	(2,100)
Impairment losses *(Note 8)*	(208,801)	(436,351)	(645,152)
Exchange differences	(15,734)	(43,780)	(59,514)
At 30 June 2016	—	797,807	797,807
Exchange differences	—	31,224	31,224
At 30 June 2017	—	829,031	829,031

Mining properties in Australia

The mining properties in Australia represent the carrying value of mining and exploration projects in Australia (including the Marillana iron ore project) acquired by the Group.

For the year ended 30 June 2017

As at 30 June 2017, the Group assessed whether events or changes in circumstances indicate a potential material change to the recoverable value of the mining properties since 30 June 2016. The Group performed an assessment of impairment indicators, taking into account the long-term iron ore price, estimated mine life, production volumes, capital and operating costs and long term exchange rate of A$ to US$. Based on this assessment, management concluded that as at 30 June 2017, there is no indication that the recoverable value of the mining properties has materially changed and thus impairment assessment is not required.

For the year ended 30 June 2016

During the year ended 30 June 2016, the Group has assessed and concluded that the then significant decline in long term iron ore price forecasts from 30 June 2015 to be impairment indicator and therefore performed an impairment assessment as at 31 December 2015.

Key assumptions used in determining the recoverable amount at this date are summarised as follows:

	31 December 2015	**30 June 2015**
Estimated mine life	25 years from 2019	25 years from 2020
Long-term iron ore price (per dry metric tonne unit (“dmtu”))	UScents 80/dtmu	UScents 97/dmtu
Total production mined*	249 million tonnes	467 million tonnes
Long term exchange rate of A$ to US$	0.70	0.72
Discount rate	12.5%	13.0%

* The carrying value assessment matched production rates with an initial optimised mine plan. This mine plan used a higher cut-off grade to maximise returns over an initial 20 years mine life at reduced production rates. Reserve tonnes in excess of this initial optimised mine plan remain available for future mine planning.

Based on the above impairment assessment, an impairment loss of approximately HK$436,351,000 was recognised in the first half of the year ended 30 June 2016. The impairment reduces the deferred income tax liability brought to account following the business combination relating to the value attributed to the mine properties acquired. The reduction in the deferred income tax liability as a result of the impairment was HK$130,905,000. Subsequent to the impairment loss recognised in the first half of the year ended 30 June 2016, the Group has continued to assess whether any indications of impairment exist with reference to both external and internal sources of information. As at 30 June 2016, the Group assessed and concluded there were no indications of impairment present, noting that key assumptions utilised in determining the recoverable value of the mining properties in Australia remain consistent with those utilised during the previous assessment.

Methodology

As at 31 December 2015, the recoverable amount of the mining properties in Australia (including the Marillana iron ore project) was determined by applying the fair value less cost of disposal approach with reference to the discounted cash flow forecasts which applied the valuation assumptions that a knowledgeable and willing buyer would be expected to use.

The fair value estimates are considered to be level 3 fair value measurements; they are derived from valuation techniques which include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach expected to be taken by market participants.

Future cash flows are based on a number of assumptions, including commodity price expectations which is based on market consensus forecasts, foreign exchange rates, reserves and resources and expectations regarding future operating performance and capital requirements which are subject to risk and uncertainty. An adverse change in one or more of the assumptions used to estimate fair value could result in a reduction of the estimated fair value.

15. TRADE PAYABLES

Trade payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days. In certain circumstances, the credit period has been extended to over 90 days. As at 30 June 2016 and 30 June 2017, all trade payables are due over 90 days.

16. SHARE CAPITAL

	Number of shares	Share capital
	'000	*HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2015 and 30 June 2016	10,000,000	1,000,000
Increase in authorised shares	10,000,000	1,000,000
At 30 June 2017	20,000,000	2,000,000
Issued and fully paid:		
As at 1 July 2015, 30 June 2016 and 2017	8,381,982	838,198

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Save for the events mentioned in Note 2, there is no significant event occurred subsequently after the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the year, the Group recorded no revenue and has put all its resources in the iron ore operation in Western Australia. Loss for the year was HK$38.3 million, a significant decrease compared to HK$627.2 million of last corresponding year. The decrease is due to the impairment loss to the mining properties of HK$678.4 million recorded last year while this year there was not any impairment loss. Administrative expenses was also reduced significantly from HK$36.8 million for the year ended 30 June 2016 to HK$10.9 million for current year, due to a series of costs saving measures including reduction of number of employees and operating lease expenses.

Iron Ore Operations – Western Australia

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

The loss before income tax expense for the year for this segment and attributable to the Group was HK$20.4 million (2016: HK$482.4 million). Total expenditure associated with mineral exploration for the year ended 30 June 2017 amounted to HK$20.7 million (2016: $16.6 million).

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

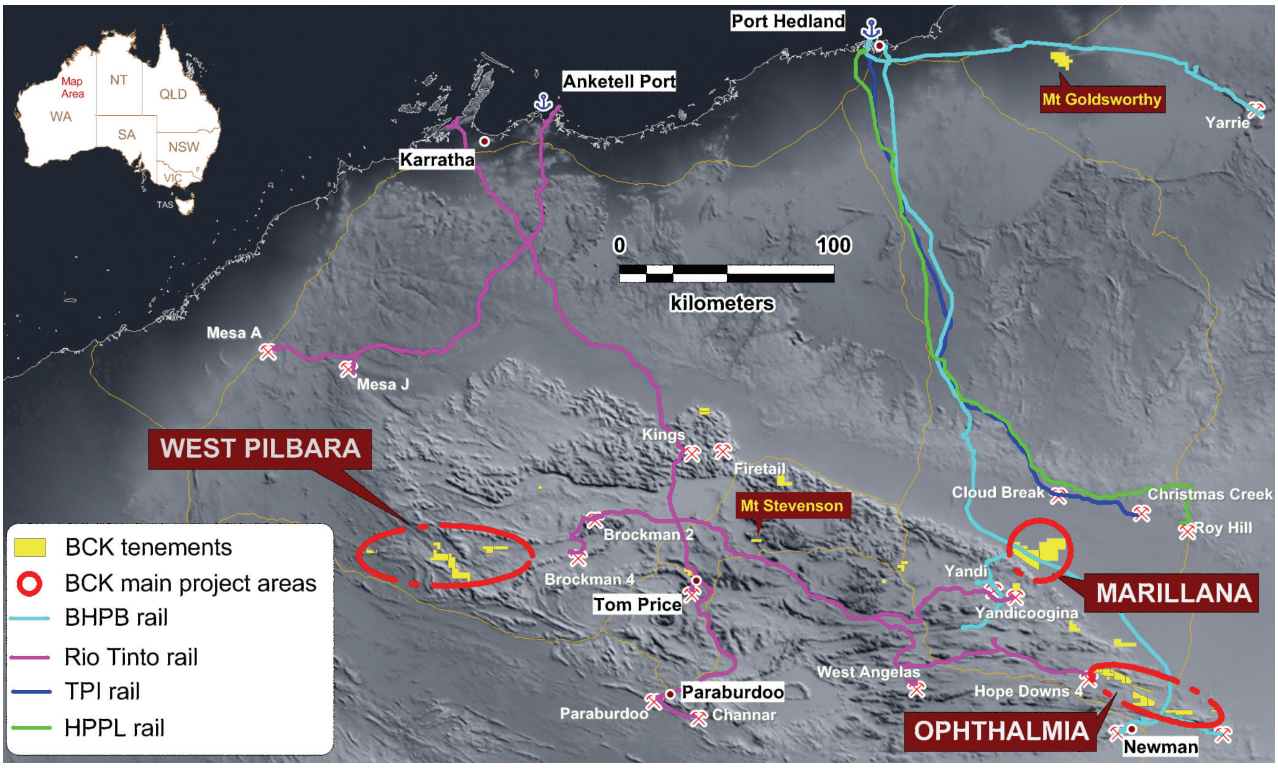
	Year ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Project		
Marillana	**17,182**	12,106
Ophthalmia	**1,494**	2,000
Regional Exploration	**2,054**	2,509
	20,730	16,615

No development expenditures have been recognised in the financial statements during the year ended 30 June 2017 (year ended 30 June 2016: Nil).

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

	Year ended 30 June			
	2017		2016	
	HK$'000		*HK$'000*	
	Addition to property, plant & equipment	**Addition to mining properties**	Addition to property, plant & equipment	Addition to mining properties
Project				
Marillana	**3,263**	—	173	—
Ophthalmia	—	—	—	—
	3,263	—	173	—

Figure 1: Project location map – Brockman tenements



Impairment

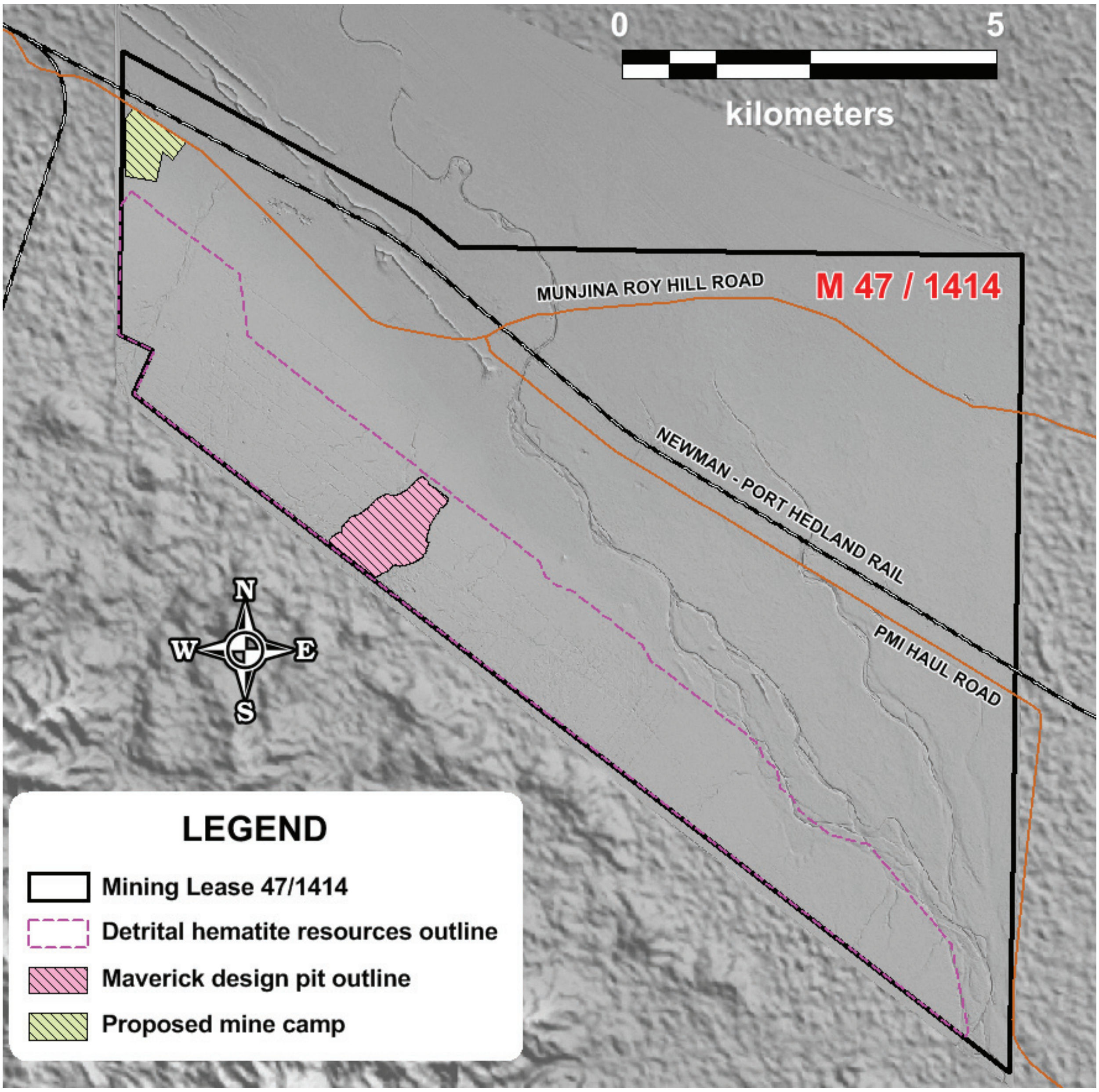
The Group has assessed whether any indicators of impairment exist with reference to both external and internal sources of information. As at 30 June 2017, the Group assessed and concluded there were no indicators for impairment present. Key assumptions utilised in determining the recoverable value of the properties in Australia are not materially different from those utilised during the previous assessment.

Marilliana Project Overview

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

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

Figure 2: Marillana tenement showing location of Mineral Resources and proposed Maverick pit



The Group currently is progressing on a two-phase commercial development strategy for Marillana:

1. A small-scale development over a small portion of the deposit to produce 2.5 – 3.0Mtpa (wet) of iron ore product ("Project Maverick"). The development of Project Maverick is an interim solution to establish the Group and its high quality Marillana product (~61.5% Fe) in the iron ore market, and generate cash flow as the Company continues to progress development for the larger Marillana Project.

2. The development of larger tonnage operation underpinned by a long-term rail and port infrastructure solution ("Project Agincourt"). The target production of Project Agincourt is more than 20Mtpa (wet), which is going to be developed in stages along with the infrastructure solution development. The development of Project Agincourt is subject to further studies on mine scheduling as well as infrastructure logistics.

To facilitate Project Agincourt, the Company has commenced studies to build its own railway line, while at the same time continuing to pursue other viable infrastructure cooperation options. Despite the protracted historical and expected future legal challenges, the Company has never wavered in establishing its right to regulated Access on the TPI railway line. The rail access to the TPI railway line remains one of the options for an infrastructure solution contemplated by the Group.

Project Maverick

Project Maverick is an interim solution to establish Brockman as a producer and introduce the high quality Marillana product to the iron ore market. The development of an operating mine at the Marillana mining lease is anticipated to be major step towards commercialising an infrastructure solution for the future larger scale 20+ Mtpa operations Project Agincourt.

Project Maverick relates to a very small portion of the total mineralisation at Marillana, with an initial production rate of 2.5 to 3.0Mtpa of final product. Mine planning studies have demonstrated that the Maverick pit can be extended to produce a total of 83.8Mt of ore and 27.8Mt of waste to be mined over 14 years, whilst maintaining the strip ratio at 0.33:1. Beneficiated product will be transported to Port Hedland by road haulage.

Funding and Feasibility Study

During the year, Brockman engaged a Project Management Consultant ("PMC") for the Maverick Project. The PMC services for Project Maverick were separated into mining, processing, non-process infrastructure and general infrastructure components.

The PMC carried out a competitive early contractor engagement ("ECE") process with several mining contractors and process plant designers/constructors, following which Brockman selected preferred contractors. Continued and ongoing engagement with the preferred contractors has enabled refinement of the process plant design, the mine schedule, non-process infrastructure requirements and early earthworks. These refinements have enabled the Company to reduce forecast capital and operating costs whilst not impacting on the productivity and product quality.

The development of Project Maverick is able to draw on the results and information received from over six years of detailed study over the Marillana deposit.

To facilitate the project construction early activities the Company has purchased second hand accommodation rooms plus minor ancillary camp buildings. These units will enable the establishment of the Project Maverick construction and future operations village.

To date, the Group is progressing funding discussions for Project Maverick with potential joint venture partners who are progressing their due diligence process.

Metallurgy and Marketing

Extensive beneficiation test work has been completed as part of the DFS and FEED studies on ore samples taken from the "Maverick" deposit.

The most recent and definitive 'Phase 7' pilot scale test work confirmed the Group's confidence in the deposit and beneficiation process, with the product yield and specification exceeding forecast amounts. The preferred contractor for the design and construction of the Maverick processing plant has also been heavily involved in the development of the process flow sheet design during the DFS and FEED studies, as well as the design and implementation of the Phase 7 test work programme.

During the year, Brockman completed a technical marketing programme to secure offtake agreements for the Maverick product. The results to date have been positive with several Chinese steel mills and international commodity trading houses expressing an interest in the product. Brockman has despatched samples to a number of Chinese steel mills for confirmatory sinter testing and value in use determination, based on their current blends. To date those tests have provided positive results and confirmation of Maverick's product quality.

Approvals

All major key approvals including Ministerial approval under the Environmental Protection Act 1986 (WA) have been received and most of the standard works approvals enabling the Company to progress project construction early activities have been received. The restructuring of the Department of Water and Environmental Regulation has however led to delays in the assessment and processing of approval applications including Brockman's vegetation and groundwater monitoring and management plans. This delay has contributed to the Company revising its expected schedule for the project, with first ore on ship now expected in Q3 2018. The Company expects to obtain these approvals in September 2017.

After Project Maverick funding is secured, Brockman intends to progress with port allocation and stockyard lease arrangement at UPBHF with the Pilbara Port Authority.

Infrastructure

Following execution of the Heads of Agreement ("HOA") with Qube Bulk Pty Ltd ("Qube") in March 2016. Brockman and Qube are in the final stages of negotiation of a Logistics Service Agreement.

The key enabler for the HOA and subsequently the Logistics Service Agreement was the Western Australian State Government initiative in approving the use of performance based standard road trains on prescribed roads in the Pilbara of up to 140 tonnes. Since then, the Western Australian State Government has further granted provisional approval for road trains with increased payloads of up to 153 tonnes ("Ultra Quads") and this provides further cost savings in road haulage.

Once project Maverick funding arrangement is secured. Brockman intends to progress with the port allocation and stock yard lease at UPBHF with the Pilbara Ports Authority.

Project Agincourt

Project Agincourt is predicated on Brockman securing a long term rail and port solution for the transportation and export of 20+ Mtpa of iron ore product.

Studies

Brockman continues to focus its efforts on optimisation studies for Project Agincourt including cost savings opportunities for the capital and operating cost estimates, in readiness for when an infrastructure solution is secured.

This includes, the Company re-evaluating the mine plan to reduce haul distances, increase product yields in the early mine life and minimise rehandling of waste materials, all of which is anticipated to have a positive impact on mining costs.

Approvals

All required environmental baseline and impact assessment studies and cultural heritage surveys have been completed and key State and Commonwealth environmental approvals have been received for Marillana.

Rail and Port Infrastructure

The key to unlocking the value of the Group's highly prospective iron ore mineral tenements relies on securing a rail and port infrastructure solution and funding.

The Company continues to actively pursue various viable infrastructure alternatives.

Independent Railway

An independent railway is one of a number of logistic solutions being considered by the Company. In 2016 the Company completed a study of a 26 tonne axle load (light rail) railway which significantly reduces capital costs when compared to traditional Pilbara heavy haul railway systems.

Access

Despite the protracted historical and expected future legal challenges, the Company has never wavered in establishing its right to regulated Access on the TPI railway line. This remains a viable railway infrastructure alternative for the facilitation of Project Agincourt.

Port

Brockman, as a foundation member of the North West Infrastructure joint venture ("NWI"), has a potential port solution through the Western Australian State Government conferral of 50Mtpa export capacity to NWI and the related potential port stock yards and berth locations (SP3 and SP4 in South West Creek in the Port Hedland inner harbour). NWI is focused on developing SP3 and SP4 into a multi-user port facility to support export from its foundation members as well as other junior iron ore mining companies. This focus is in line with State Government's policy. Currently, the development of the port facility is reliant on securing a viable rail solution to connect potential users mines with the port.

Resources and Reserves

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

This information on Resources and Reserves for the Marillana Project was prepared and first disclosed under guidelines of the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the 'JORC Code 2004'). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Marillana has a significant Mineral Resource estimate of 1.63 billion tonnes ("Bt") of hematite Detrital and Channel Iron ("CID") mineralisation, comprising 173 million tonnes ("Mt") of Measured Mineral Resources, 1,238 Mt of Indicated Mineral Resources and 219 Mt of Inferred Mineral Resources (see Tables 1 and 2). In accordance with the requirements of the JORC Code 2004, the Marillana Ore Reserves are based solely on the Measured and Indicated Mineral Resources at Marillana.

The 201 Mt of Inferred Mineral Resources ("Non CID") is based on wide-spaced drilling to the north of the Indicated Mineral Resource boundary, which has demonstrated continuity of the detrital mineralisation in this area. In addition the mineralisation remains open to the north of the Inferred Mineral Resource boundary.

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

Mineralisation type	Resource classification	Tonnes (Mt)	Grade (% Fe)
Detrital	Measured	173	41.6
	Indicated	1,036	42.5
	Inferred	201	40.7
Pisolite	Indicated	117	47.4
Total	**Measured**	**173**	**41.6**
	Indicated	**1,153**	**43.0**
	Inferred	**201**	**40.7**
GRAND TOTAL		**1,527**	**42.6**

Total tonnes may not add up, due to rounding

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

Resource classification	Tonnes *(Mt)*	Fe *(%)*	CaFe *(%)*	Al_2O_3 *(%)*	SiO_2 *(%)*	P *(%)*	LOI *(%)*
Indicated	84.2	55.8	61.9	3.6	5.0	0.097	9.8
Inferred	17.7	54.4	60.0	4.3	6.6	0.080	9.3
TOTAL	**101.9**	**55.6**	**61.5**	**3.7**	**5.3**	**0.094**	**9.7**

CaFe represents calcined Fe and is calculated by Brockman using the formula CaFe = Fe%/((100-LOI)/100)

Table 3: Marillana Detrital Ore Reserves*

Reserve classification	Tonnes *(Mt)*	Fe (%)
Proved	133	41.6
Probable	868	42.5
TOTAL	**1,001**	**42.4**

* *Reserves are included within Resources*

*Table 4: Marillana CID Ore Reserves**

Reserve classification	**Tonnes** *(Mt)*	**Fe** *(%)*	**CaFe** *(%)*	**Al_2O_3** *(%)*	**SiO_2** *(%)*	**P** *(%)*	**LOI** *(%)*
Probable	48.5	55.5	61.5	5.3	3.7	0.09	9.7
TOTAL	**48.5**	**55.5**	**61.5**	**5.3**	**3.7**	**0.09**	**9.7**

* *Reserves are included within Resources*

Based on extensive beneficiation testwork, the Detrital Ore Reserves are expected to produce a final product grading 60.5 – 61.5% Fe with impurity levels comparable with other West Australian direct shipping hematite ore ("DSO") iron ore products. The CID Ore is a DSO product which would be prepared for export as a separate product. Currently the Group is focusing on developing and producing the Detrital mineralisation only.

Metallurgical testwork, undertaken since publication of the Ore Reserve, investigated improvement in the product yield from beneficiation feed by recovering additional -1 mm fines material at +60% Fe, could add a further 30 Mt of total product over the life of the mine. This material was considered as waste in the earlier studies.

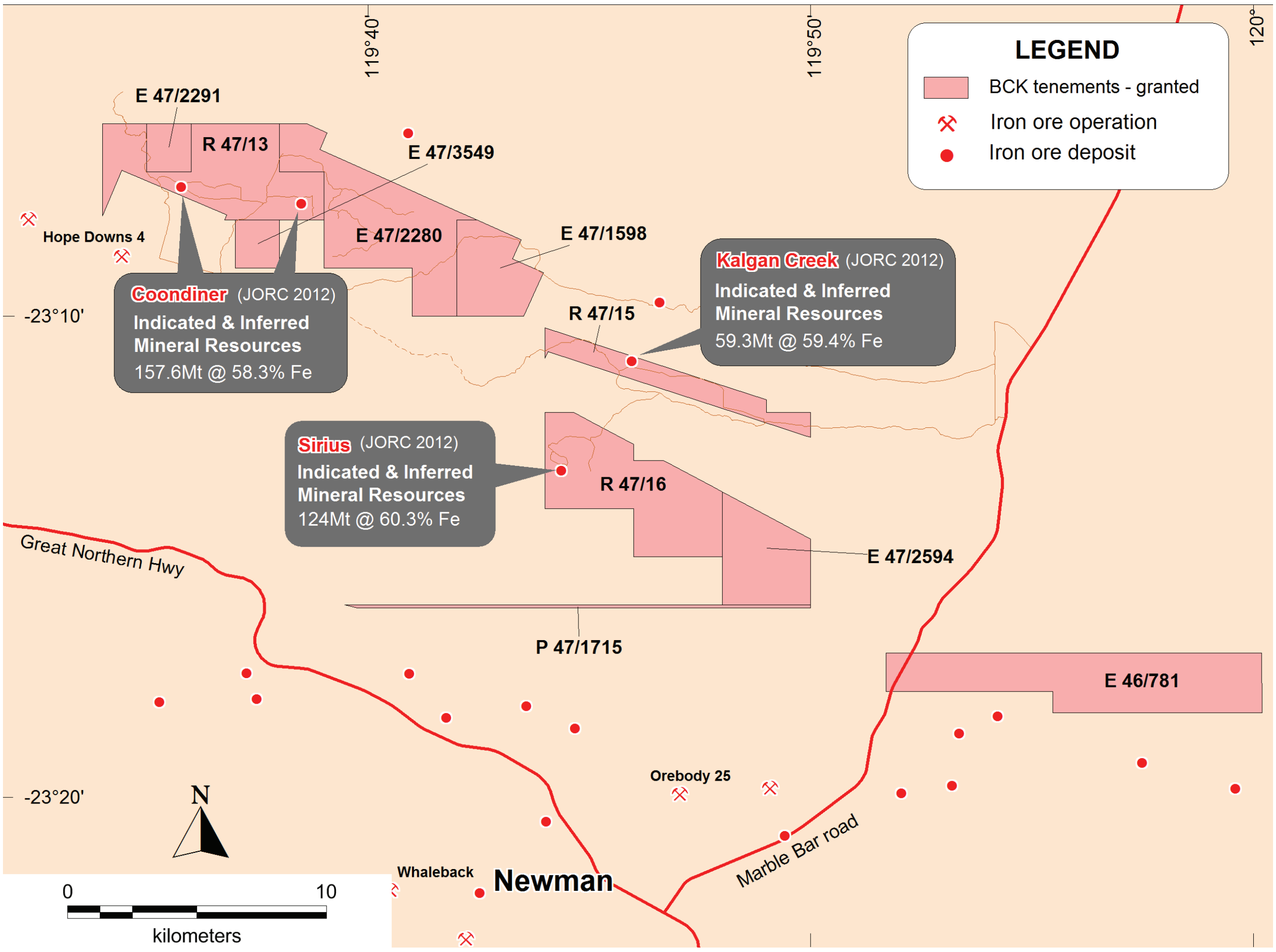
Marillana represents one of the largest published hematite Ore Reserve positions in the Pilbara, outside the three major producers (BHPB, Rio and FMG). The Detrital Ore is upgraded to a high-quality, sinter feed product via simple beneficiation, which is supported by low-cost mining, low waste ore ratios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

The Mineral Resource and Reserve estimation (see Tables 1 to 4) was prepared by Golder Associates Pty Ltd and has been classified in accordance with the guidelines of the JORC Code 2004. It has been estimated within geological boundaries using a 38% Fe cut-off grade for beneficiation feed mineralisation and 52% Fe cut-off grade for CID mineralisation. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. There has been no change in the Marillana Resource and Reserve estimates during the year.

Ophthalmia Project Overview

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

Figure 3: Location of Ophthalmia Prospects and Resources



Approvals

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

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

Feasibility Study

The upgraded Mineral Resources and the excellent conversion from Inferred to Indicated Resources support the development of a DSO mining operation at Ophthalmia, predicated on the Company achieving a rail and port infrastructure solution for the Marillana Project. The finalisation of a Pre-Feasibility Study ("PFS") that commenced in 2015 was deferred until an infrastructure solution for the Company's Marillana project has been secured.

Metallurgy

A bulk sample of ore from the Sirius deposit was sent to CISRI (China lron & Steel Resources Institute Group) in China for a comprehensive sinter testwork programme. The bulk sample was generated in 2013 by compositing diamond drill core from 7 holes spaced across the entire deposit.

The sinter testwork program showed that there are no fatal flaws in the sintering performance of blends where Sirius fines replaces either Pilbara Blend of MAC (Mining Area C) fines up to 30%. Most parameters show only gradual changes as substitution increases, except that mix moisture and fuel loads do increase significantly. There is little change in sinter productivity or granulation, RDI (Reduction Degradation Index) is similar or improved marginally, as has its softening and melting performance. RI (Reducibility Index) is lower but still well within tolerance.

Mineral Resources

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

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

Table 5: Ophthalmia DSO Mineral Resource Summary

				30 June 2017 [(1)]					
Deposit	**Class**	**Tonnes**	**Fe**	**CaFe***	**SiO_2**	**Al_2O_3**	**S**	**P**	**LOI**
		(Mt)	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*
Kalgan Creek[1]	Indicated	34.9	59.3	62.7	4.08	4.57	0.009	0.183	5.49
	Inferred	24.4	59.5	63.2	4.38	3.90	0.007	0.157	5.81
	Sub Total	**59.3**	**59.4**	**62.9**	**4.21**	**4.29**	**0.009**	**0.173**	**5.63**
Coondiner[1]	Indicated	140.5	58.5	62.0	5.18	4.46	0.007	0.176	5.71
(Pallas and Castor)	Inferred	17.1	58.1	61.5	6.06	4.45	0.008	0.155	5.47
	Sub Total	**157.6**	**58.4**	**62.0**	**5.27**	**4.46**	**0.007**	**0.174**	**5.68**
Sirius[1]	Indicated	105.0	60.4	63.7	3.54	3.97	0.007	0.18	5.22
	Inferred	19.0	60.2	63.4	4.09	3.83	0.009	0.17	5.14
	Sub Total	**124.0**	**60.3**	**63.6**	**3.62**	**3.95**	**0.007**	**0.18**	**5.20**
Ophthalmia Project	Indicated	280.4	59.3	62.7	4.43	4.29	0.007	0.178	5.50
	Inferred	60.5	59.3	62.8	4.73	4.03	0.008	0.160	5.50
	Total	**340.9**	**59.3**	**62.7**	**4.49**	**4.24**	**0.007**	**0.175**	**5.50**

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

[(1)] *No changes since 30 June 2016*

West Pilbara Project

Overview

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

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

Brockman has completed an Inferred Mineral Resource estimate of 18.3 Mt grading 56.5% Fe, for the channel iron deposit ("CID") mineralisation at Duck Creek (E47/1725), as detailed in Table 6 below. The Mineral Resource estimate has been classified in accordance with guidelines of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore

Reserves. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Mineral Resource estimate is based on the results of 45 vertical RC holes drilled on sections varying from approximately 200 to 400 m apart along the long axis of each mesa, supported by surface sampling to confirm the lateral extent of mineralisation.

Table 6: Duck Creek Mineral Resource estimate – (at a lower cut-off grade of 54% Fe)

Mesa	**Classification**	**Tonnes** *(Mt)*	**Fe** *(%)*	**CaFe*** *(%)*	**SiO_2** *(%)*	**Al_2O_3** *(%)*	**S** *(%)*	**P** *(%)*	**LOI** *(%)*
1	Inferred	4.1	55.8	63.2	4.40	2.69	0.058	0.032	11.8
2	Inferred	5.1	56.6	64.1	3.58	2.44	0.037	0.041	11.7
3	Inferred	2.3	56.4	61.6	5.71	4.53	0.023	0.065	8.4
4	Inferred	1.4	56.4	61.9	6.43	3.34	0.087	0.077	8.9
5	Inferred	3.0	56.3	61.4	6.32	4.07	0.020	0.071	8.4
6	Inferred	2.4	58.0	62.8	5.15	3.25	0.015	0.112	7.6
All	**Inferred**	**18.3**	**56.5**	**62.8**	**4.91**	**3.22**	**0.037**	**0.060**	**10.0**

* *CaFe represents calcined Fe and is calculated by Brockman using the formula CaFe = Fe%/((100-LOI)/100).*

Total tonnes may not add due to rounding.

Other Projects

Irwin-Coglia Ni-Co and Ni-Cu Prospect – 40% Interest

The Group has a 40% interest in the Irwin-Coglia nickel-laterite project, located about 150 km south-east of Laverton in Western Australia. Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd, holds the remaining 60% interest. Both entities are the owners of the Murrin Murrin Ni-Co laterite mine and high-pressure acid leach treatment plant near Laverton. Currently the project is managed by Murrin Murrin Holdings Pty Ltd.

Mining studies by Murrin Murrin showed that the ore body represents high potential value but this value cannot be currently realised due to chloride in feed constraints. In 2012, Murrin Murrin has carried out further studies on the washing of chloride from its high chloride deposits (including Irwin – Coglia) but limits on the amount of low-chloride wash water available and the cost of installing excess capacity continue to restrict the wash capacity available. Murrin Murrin is continuing to take steps to allow incremental increases in chloride levels in the process plant feed. Desktop investigations indicate low salinity water may be available from an area east of the deposits, which may provide an opportunity for a chloride wash process.

Competent Persons Statements

Marillana Mineral Resources and Ore Reserves

The information in this report that relates to Mineral Resources and Ore Reserves at Marillana is based on information compiled by Mr. I Cooper, Mr. J Farrell and Mr. A Zhang.

The Ore Reserves statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code 2004'). The Ore Reserves have been compiled by Mr. Iain Cooper, who is a Member of Australasian Institute of Mining and Metallurgy and a full time employee of Golder Associates Pty Ltd. Mr. Cooper has sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the JORC Code 2004. Mr. Cooper consents to the inclusion of the matters based on this information in public releases by Brockman, in the form and context in which it appears.

Mr. J Farrell, who is a Member of the Australasian Institute of Mining and Metallurgy and a former full-time employee of Golder Associates Pty Ltd, produced the Mineral Resource estimates for Marillana and Ophthalmia based on the data and geological interpretations provided by Brockman. Mr. Farrell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code 2004. Mr. Farrell consented to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Mr. A Zhang, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Brockman Mining Australia Pty Ltd, provided the geological interpretations and the drill hole data used for the Mineral Resource estimations at the Marillana project. Mr. Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code 2004. Mr. Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Ophthalmia Mineral Resources

The information in this statement which relates to the Ophthalmia Mineral Resource is based on information complied by Mr. Sia Khosrowshahi who is a full-time employee of Golder Associates Pty Ltd, and Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr. Khosrowshahi has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Mr. Khosrowshahi consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

The Competent Person responsible for the geological interpretation and the drill hole data used for the resource estimation is Mr. Aning Zhang. Mr. Zhang is a full-time employee of Brockman Mining Australia Pty Ltd, is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Mr. Zhang consents to the inclusion in this report of the matters based on his information in the form and content in which it appears.

Duck Creek Mineral Resource

The information in this report that relates to Mineral Resources at Duck Creek is based on information complied by Mr. A Zhang. Mr. A Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2004 Edition. Mr. Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Annual Report Mineral Resources and Ore Reserves Statement

The information in this report that relates to the Brockman Mining Iron Ore Division Annual Report Mineral Resources and Ore Reserves Statements as a whole is based on information compiled by Aning Zhang, a full-time employee of Brockman Mining Australia Pty Ltd, and a Member of the Australasian Institute of Mining and Metallurgy. The Annual Report Mineral Resources Statement and Ores Reserves Statement is based on, and fairly represents, information and supporting documentation prepared by the Competent Persons named above. The Annual Report Mineral Resources and Ore Reserves Statement has been issued with the prior written consent of Mr Zhang, in the form and context in which it appears in the Annual Report.

Mineral Resources and Ore Reserves Governance of Internal Controls

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

Liquidity and Financial Resources

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group currently finances its short term funding requirement with borrowings. The Group's ability to achieve its Marillana iron ore project development schedule is reliant on access to appropriate and timely funding.

The current ratio is measured at 0.41 times as at 30 June 2017 compared to 0.48 times as at 30 June 2016.

The gearing ratio of the Group (long term debts over equity and long term debts) is measured at 0.16 (2016: 0.06).

During the reporting period, the Group did not engage in the use of any financial instruments for hedging purposes, and there is no outstanding hedging instrument as at 30 June 2017.

Risk Disclosure

(a) Commodities Price Risk — Iron Ore Price Risk

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

We have not used any commodity derivative instruments or futures for speculation or hedging purposes. The management will review the market condition from time to time and determine the best strategy to deal with the fluctuation of and iron ore price.

(b) Exchange Rate Risk

The Group is exposed to exchange rate risk primarily in relation to our mineral tenements that are denominated in Australian dollar. Depreciation in 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 purpose.

(c) Funding Risk

The commencement of exploration and production of the Iron Ore project depends on whether the Group can secure the necessary funding. The management is exploring all the feasible alternatives and is actively seeking investors and partners to procure the funding.

(d) 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 solution, capital raising ability and etc., The Board will therefore closely monitor the development progress of the projects.

Financial Guarantee

At 30 June 2016 and 2017, the Company did not have any financial guarantees.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2017.

Staff and Remuneration

As at 30 June 2017, the Group employed 34 full time employees (2016: 42 employees), of which 14 employees were in the PRC (2016: 24 employees), 8 employees were in Australia (2016: 7 employees) and 12 in Hong Kong (of which includes 7 non-executive directors) (2016: 11 employees).

The remuneration policy and packages of the Group's employees, senior management and directors are maintained at market level and reviewed annually and when appropriate by the management and the remuneration committee.

Environmental Policy and Compliance with Relevant Laws and Regulations

Environmental Protection

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

We operate effective and sustainable iron ore business work actively through all areas of its business to minimise the actual and potential environmental impact of the Company activities, respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations. Furthermore, the mining operation in the PRC is halted, damages to the environment is expected to be minimal. We will continue to ensure in the future that we are accountable for our environmental footprint shall our operation resumes, while waste management, tailings storage facility, and hazardous waste management issues would be of our top concerns.

Compliance with Laws and Regulations

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

Relationship with Employees, Customers and Suppliers

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

Remuneration Policy

The Group's compensation strategy is to cultivate a pay-for-performance culture to reward employee performance that will maximize 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 business strategy.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the Australian Securities Exchange ("ASX") and the Stock Exchange of Hong Kong Limited ("SEHK"). The Company compiled with all aspects of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK ("the HK Listing Rules") and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations 3rd Edition ("the CGPR") which applies for year-end commencing 1 July 2016, ("the ASX Principles") during the entire year ended 30 June 2017. Except for the followings:

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

(ii) Under the Code Provision A.6.7, non-executive Directors should attend general meetings. During the year, due to director's other commitments and travels, not all of the non-executive directors of the Company attended the general meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors namely, Messrs. Yap Fat Suan, Henry, Uwe Henke Von Parpart and Choi Yue Chun, Eugene. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee as at 30 June 2017. The Audit Committee has adopted the terms of references which are in line with the Corporate Governance Code. The Audit Committee has reviewed the Group's annual results for the year ended 30 June 2017.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2017 have been agreed by the Group's independent auditor, PricewaterhouseCoopers Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers Hong Kong on the preliminary announcement.

AUDIT OPINION

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

EXTRACT OF THE AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which states that the Group recorded no revenue together with a net loss attributable to equity holders of the Company of HK$38,308,000, and had operating cash outflows of HK$44,573,000 for the year ended 30 June 2017. As at the same date, the Group's current liabilities exceeded its current assets by HK$36,256,000 and its cash and cash equivalents amounted to HK$23,995,000. These matters, along with other matters as described in Note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. However, our opinion is not modified in respect of this matter.

APPRECIATION

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

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

Hong Kong, 20 September 2017

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