BROCKMAN

BROCKMAN MINING LIMITED
布萊克萬礦業有限公司 *

(incorporated in Bermuda with limited liability)

(SEHK Stock Code: 159)
(ASX Stock Code: BCK)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2020

The board of directors (the "Board") of Brockman Mining Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2020, together with the comparative figures for the year ended 30 June 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

		Year ended 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
Other income	*6*	**715**	142
Other gain	*6*	**—**	9,526
Administrative expenses	*7*	**(17,513)**	(26,803)
Exploration and evaluation expenses	*7*	**(4,521)**	(7,796)
Operating loss		**(21,319)**	(24,931)
Finance income		**320**	54
Finance costs		**(1,482)**	(1,320)
Finance costs, net	*8*	**(1,162)**	(1,266)
Share of profit/(loss) of joint ventures		**(125)**	412
Loss before income tax		**(22,606)**	(25,785)
Income tax benefit		**1,590**	93,373
(Loss)/Profit for the year		**(21,016)**	67,588

* *For identification purpose only*

	Note	Year ended 30 June 2020 HK$'000	2019 HK$'000
Other comprehensive loss			
Item that may be reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**(17,530)**	(34,045)
Other comprehensive loss for the year		**(17,530)**	(34,045)
Total comprehensive (loss)/income for the year		**(38,546)**	33,543
(Loss)/Profit for the year attributable to equity holders of the Company		**(21,016)**	67,588
Total comprehensive (loss)/income attributable to equity holders of the Company		**(38,546)**	33,543
(Loss)/earnings per share attributable to the equity holders of the Company during the year		***HK cents***	*HK cents*
Basic (loss)/earnings per share	*10*	**(0.23)**	0.74
Diluted (loss)/earnings per share	*10*	**(0.23)**	0.73

CONSOLIDATED BALANCE SHEET

As at 30 June 2020

		As at 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Mining exploration properties	*11*	**731,048**	757,345
Property, plant and equipment		**181**	144
Right-of-use assets		**1,226**	—
Interest in joint venture		**644**	653
Other non-current assets		**121**	508
		733,220	758,650
Current assets			
Other receivables, deposits and prepayments		**1,581**	918
Cash and cash equivalents		**34,919**	20,906
		36,500	21,824
Total assets		**769,720**	780,474
Equity			
Share capital	*13*	**927,923**	922,123
Reserves		**3,798,031**	3,812,692
Accumulated losses		**(4,123,861)**	(4,102,845)
Total equity		**602,093**	631,970
Non-current liabilities			
Deferred income tax liability		**128,850**	134,172
Borrowings	*14*	**35,393**	12,828
Lease liabilities		**1,111**	—
		165,354	147,000
Current liabilities			
Trade and other payables	*12*	**1,891**	1,504
Lease liabilities		**382**	—
		2,273	1,504
Total liabilities		**167,627**	148,504
Total equity and liabilities		**769,720**	780,474

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

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

(a) Going concern basis

For the year ended 30 June 2020, the Group recorded a net loss before tax of HK$22,606,000 (2019: HK$25,785,000) and had operating cash outflows of HK$19,350,000 (2019: HK$29,995,000). The Group did not record any revenue during the year and the loss before tax for the period was primarily attributable to the exploration and evaluation of the Company's iron ore exploration projects and corporate overhead costs. As at 30 June 2020, the Group's cash and cash equivalents amounted to HK$34,919,000 (2019: HK$20,906,000).

On the 19 July 2019, both Brockman Iron Pty Ltd (a wholly-owned subsidiary of the Company) ('Brockman Iron') and Polaris Metals Pty Ltd ('Polaris') agreed that the Farm-in Obligations may take up to a further 12 months to complete and therefore the parties have agreed to extend certain key dates under the FJV Agreement.

The directors believe that the Group can continue to advance the FJV with the aim of unlocking the value of the Marillana Project. In late 2019 Brockman Iron and Polaris agreed a development plan for the Marillana Project including an extensive confirmatory drilling and testwork program to be carried out during 2020, which is nearing completion. Polaris also released A$5,000,000 of the A$10,000,000 loan, held in the escrow account pursuant to the FJV Agreement. Under the terms of the FJV Agreement this loan is to be repaid from net revenue received by Brockman Iron from the sale of its share of product produced and sold from the joint venture operation. However, the loan would become immediately repayable (within 14 days) in the event that Polaris approves the development of the project but Brockman Iron does not proceed.

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

(i) Extending the repayment date of the existing loans of HK$14,152,000 from the substantial shareholder to 31 October 2021. These loans bear interest at 12% per annum.

(ii) On 18 September 2018, the Group secured a standby loan facility from its substantial shareholder amounting to HK$10,000,000. If drawn down, the loan will be unsecured, bear interest at 12% per annum and be repayable on 31 October 2021. As at 30 June 2020, the facility of HK$10,000,000 is undrawn.

The directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of approval of the 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 the consolidated financial statements.

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

On 11 March 2020, the World Health Organisation declared a global pandemic related to COVID-19. The impacts on the global economy and commerce have already been significant and are expected to continue in the future. The Directors consider that there does not currently appear to be either any significant impact upon the consolidated financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

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 the consolidated financial statements.

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Changes in accounting policy and disclosures

New and amendments to standards and Interpretations adopted by the Group

The Group has adopted standards and interpretations that have been recently issued or amended and effective for the annual reporting period ended 30 June 2020 are outlined below.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from that under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS17.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The right-of-use assets for was recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a) Nature of the effect of adoption of IFRS 16

The Group has commercial office lease contracts. Before the adoption of IFRS 16, the Group classified each of its leases as operating lease. As an operating lease, the lease property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group also applied the available practical expedients wherein it:

- Relied on it assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review

- Applied the short-term leases exemptions to leases with a lease term that ended within 12 months at the date of initial application

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments at 30 June 2019 as follows:

	HK$'000
Operating lease commitments as at 30 June 2019	1,279
Commitments relating to short-term leases	(1,279)
Lease liabilities as at 1 July 2019	—

b) Summary of new accounting policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers that payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term commercial office leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition to commercial office leases that are considered of low value (i.e., HK$30,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement is required in determining the lease term of contracts with renewal options and the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

During the year, the Group entered into a new commercial office lease. Under the lease, the Group has the option, of its lease to lease the asset for additional term of two years. The Group applies judgements in evaluating whether it is reasonably certain to exercise the extension option. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the extension option (e.g., a change in business strategy). The Group included the extension as part of the lease term for leases.

IFRIC 23 Uncertainty Over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

— Whether an entity considers uncertain tax treatments separately

— The assumptions an entity makes about the examination of tax treatments by taxation authorities

— How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

— How an entity considers changes in facts and circumstances.

There has been no material impact from the adoption of this interpretation.

Standards issued but not yet effective

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

Amendments to IFRS 3: Definition of Business

In October 2018, IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition. The standard is mandatory for financial years beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements. The standard is mandatory for financial years beginning or after 1 January 2020.

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

There was no revenue during the year ended 30 June 2020 (2019: nil).

5. SEGMENT INFORMATION

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

The Group's reportable operating segment is as follows:

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

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

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

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

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

	Mineral tenements in Australia *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
For the year ended 30 June 2020:			
Segments results	(9,376)	(13,105)	**(22,481)**
Share of loss of joint ventures			**(125)**
Loss before income tax			**(22,606)**
Other information:			
Depreciation of property, plant, equipment and right-of-use asset	(380)	(4)	**(384)**
Exploration and evaluation expenses	(4,521)	—	**(4,521)**
Income tax benefit	1,590	—	**1,590**

	Mineral tenements in Australia *HK$'000*	Others *HK$'000*	Total *HK$'000*
For the year ended 30 June 2019:			
Segments results	(5,147)	(21,050)	**(26,197)**
Share of profit of joint ventures			**412**
Loss before income tax			**(25,785)**
Other information:			
Depreciation of property, plant and equipment	(115)	(10)	**(125)**
Exploration and evaluation expenses	(7,796)	—	**(7,796)**
Income tax benefit	93,373	—	**93,373**

(b) The following is an analysis of the Group's total assets by business segment as at 30 June 2020:

	Mineral tenements in Australia *HK$'000*	Others *HK$'000*	Total *HK$'000*
As at 30 June 2020:			
Segment assets	**756,141**	**13,579**	**769,720**
Total segment assets include:			
Interest in joint ventures	644	—	**644**
Additions to property, plant and equipment	137	—	**137**
Right-of-use assets	1,226	—	**1,226**
As at 30 June 2019:			
Segment assets	**759,905**	**20,569**	**780,474**
Total segment assets include:			
Interests in joint ventures	653	—	**653**
Additions to property, plant & equipment	—	13	**13**

(c) Geographical information

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

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**9**	13
Australia	**733,090**	758,636

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Government grant *(Note a)*	**715**	142
Gain on disposal of mineral tenement	**—**	9,526
	715	9,668

Note a: During the year there were two government grants, firstly, an incentive provided by the Australian Federal Government, for research and development activities carried out in Australia (HK$553,000) and secondly a grant provided by the Hong Kong Government to retain employees due to the implications caused by COVID-19 (HK$162,000).

7. PROFIT/LOSS BEFORE TAX

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

	2020	2019
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**84**	125
Depreciation of right-of-use assets	**301**	—
Short-term and low-value lease payments	**1,279**	—
Operating leases	**—**	1,563
Auditor's remuneration:		
Audit services — EY	**940**	988
Non-audit services — EY	**187**	874
Audit services — PwC	**—**	927
Non-audit services — PwC	**—**	450
Staff costs (including directors emoluments)	**11,628**	13,584
Equity-settled share option expense	**1,477**	6,356
Exploration and evaluation expenses (excluding staff costs and rental expenses)	**2,766**	5,943
Exchange loss	**7**	9

8. FINANCE COSTS, NET

	2020	2019
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**320**	54
Finance costs		
Interest on lease liabilities	**(158)**	—
Interest on borrowings	**(1,324)**	(1,320)
Finance costs, net	**(1,162)**	(1,266)

9. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2020, nor has any dividend been proposed since the balance sheet date (2019: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

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

	2020	2019
Profit/(Loss) for the period attributable to the equity holders of the Company *(HK$'000)*	**(21,016)**	67,588
Weighted average number of ordinary shares for the purpose for calculating the basic (loss)/earnings per share *(thousands)*	**9,241,413**	9,187,642
Effects of dilution from:		
— share options *(thousands)*	**90,000**	45,250
Weighted average number of ordinary shares adjusted for the effect of dilution *(thousands)*	**9,346,796(*)**	9,213,953
Profit/(Loss) per share attributable to the equity holders of the Company:		
Basic *(HK cents)*	**(0.23)**	0.74
Diluted *(HK cents)*	**(0.23)(*)**	0.73

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 year of HK$21,016,000, and the weighted average number of ordinary shares 9,346,796 in issue during the year.

11. MINING EXPLORATION PROPERTIES

	Mining exploration properties in Australia
	HK$'000
Balance as at 1 July 2018	802,617
Exchange differences	(45,272)
Balance as at 30 June 2019	**757,345**
Recoupment of benefit	(5,404)
Exchange differences	(20,893)
Balance as at 30 June 2020	**731,048**

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

As at 30 June 2020, the Group assessed whether events or changes in circumstances indicate a potential material change to the recoverable value of the mining exploration properties since 30 June 2019. The Group performed an assessment of impairment indicators.

Based on this assessment, management concluded that as at 30 June 2020, there was no indication that the recoverable value of the mining exploration properties has materially changed and thus impairment assessment was not required.

12. TRADE AND OTHER PAYABLES

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

	2020	2019
	HK$'000	*HK$'000*
Trade and other payables	**829**	705
Provisions	**1,062**	799
	1,891	1,504
Less: Non-current portion	**—**	—
Amount shown under current liabilities	**1,891**	1,504

Amounts classified as non-current liabilities are unsecured, interest-free and not repayable within 12 months.

13. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
As at 30 June 2020 and 30 June 2019	20,000,000	2,000,000
Issued and fully paid		
As at 30 June 2018	9,161,982	916,198
Issue of shares	59,250	5,925
As at 30 June 2019	9,221,232	922,123
Issue of shares *(Note a)*	58,000	5,800
At 30 June 2020	9,279,232	927,923

Note a: On 24 February 2020 58,000,000 share options were exercised at an exercise price of HK$0.12 by directors and employees of the Group.

14. BORROWINGS

	2020 ***HK$'000***	2019 *HK$'000*
Non-current		
Loan from Polaris	**21,242**	—
Loans from a substantial shareholder	**14,151**	12,828
	35,393	12,828

As at 30 June 2020, the borrowings from a substantial shareholder are unsecured, they bear interest at 12% (2019: 12%) per annum and are repayable on 31 October 2021 (2019: 31 October 2020).

On 18 November 2019, Polaris provided a loan to Brockman Iron pursuant to the terms of the Farm-in Joint Venture Agreement over the Marillana Iron Ore Project. The loan is unsecured (but would become secured under the Deed of Cross Security upon establishment of the Joint Venture), carried at amortised cost. Under the terms of the FJV Agreement this loan is to be repaid from net revenue received by Brockman Iron from the sale of its share of product produced and sold from the joint venture operation. However, the loan would become immediately repayable (within 14 days) in the event that Polaris approves the development of the project but Brockman Iron does not proceed. The loan is not repayable in the event that Polaris gives notice to Brockman Iron that it does not wish to proceed with the joint venture operation.

15. EVENTS OCCURRING AFTER BALANCE SHEET DATE

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the year, the Group continues to focus on the development of its iron ore tenements in Western Australia with the aim to bring these into production in the near future. Loss for the year before income tax from continuing operations was HK$22.6 million, compared to the previous year HK$25.8 million. The decrease is due to HK$3.2 million in cost saving initiatives for exploration and evaluation expenditure, in particular reduction in tenement holding costs and employment costs.

The Group recorded a loss after tax from continuing operations of approximately HK$21.0 million (2019: HK$67.6 million profit after tax from continuing operations). During 2019, the Group recognised an income tax credit of HK$93.4 million. This credit was the result of a partial offset of the deferred tax liability upon recognition of a deferred tax asset in respect of certain of the Group's Australian tax losses. This income tax credit is non-cash in nature.

On 11 March 2020, the World Health Organisation declared a global pandemic related to COVID-19. The impacts on the global economy and commerce have already been significant and are expected to continue in the future. The duration of the pandemic and its impact on global financial markets, did not affect the Group significantly; however, appropriate protocols are in place to minimise the associated risks to employees.

Iron Ore Operations – Western Australia

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

The loss before income tax and share of losses of joint venture for the year for this segment attributable to the Group was HK$9.5 million (2019: HK$4.7 million). Total expenditure associated with mineral exploration for the year ended 30 June 2020 amounted to HK$4.5 million (2019: HK$7.8 million).

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

	Year ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Project		
Marillana	**1,988**	4,533
Ophthalmia	**1,155**	1,926
Regional Exploration	**1,378**	1,337
	4,521	7,796

No development expenditure has been recognised in the financial statements during the year ended 30 June 2020 (year ended 30 June 2019: Nil).

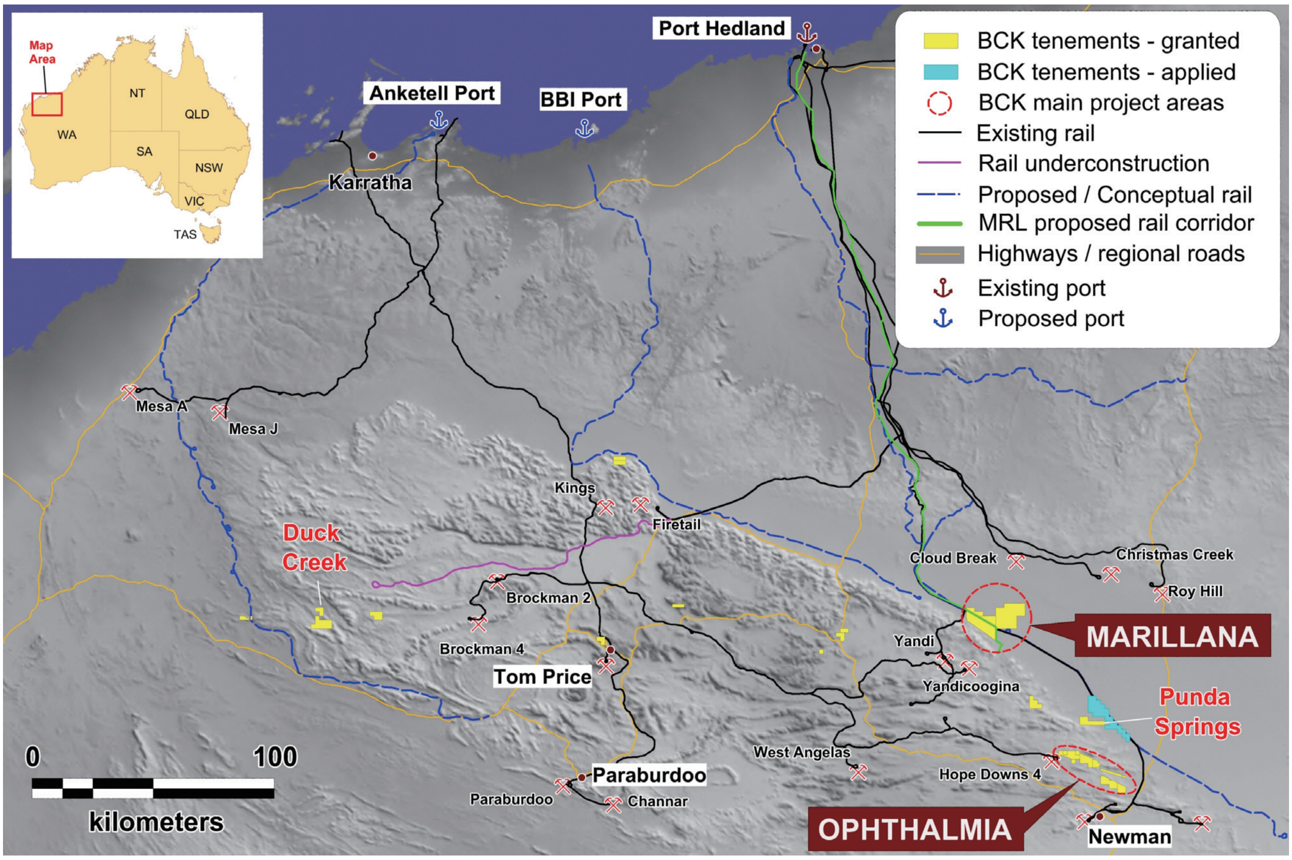
Total capital expenditure for each of the projects in Western Australia for the financial years is summarised as follows:

	Year ended 30 June			
	2020		2019	
	HK$'000		*HK$'000*	
	Addition to property, plant & equipment	**Addition to mining exploration properties**	Addition to property, plant & equipment	Addition to mining exploration properties
Project				
Marillana	**137**	—	—	—
Ophthalmia	—	—	—	—
	137	—	—	—

Impairment

The Group has assessed whether any indicators of impairment exist with reference to both external and internal sources of information. As at 30 June 2020, the Group assessed and concluded there were no indicators of impairment present.

Figure 1: Project location map – Brockman tenements

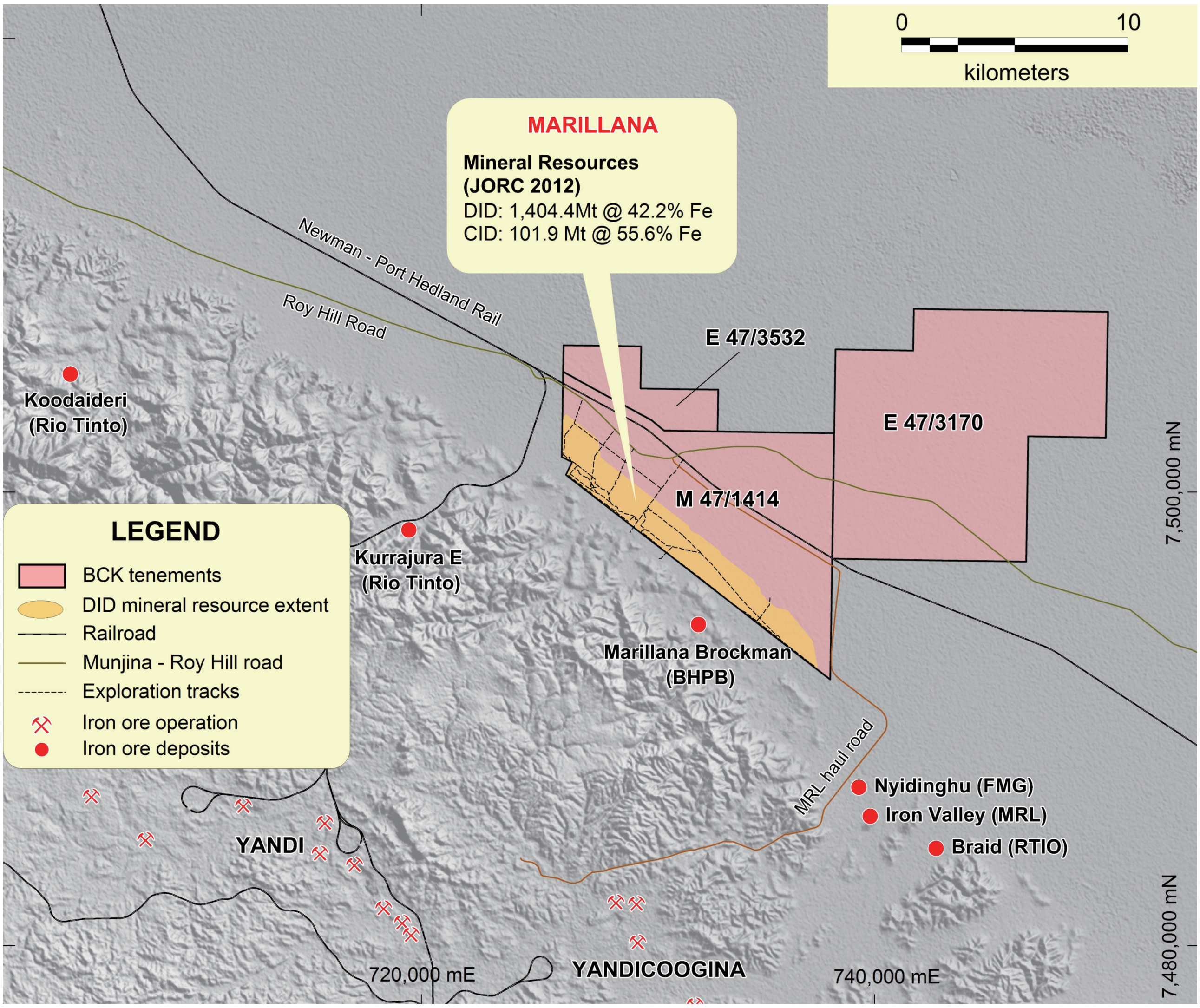


Marilliana Project Overview

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 (Figures 1 and 2).

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

Figure 2: Location of Marillana Project tenements



Marillana Development

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

On 21 January 2019, the FJV Agreement ('JVA') became Unconditional and Polaris commenced its Farm-In Obligations. At the same time, Brockman Iron and a SPV subsidiary of MRL entered into a Mine to Ship Services Agreement for the transport of the Marillana iron ore product via a land transport infrastructure system from the mine site to Port Hedland.

Farm-in prior to Joint Venture

Farm-in obligations and interest

Since January 2019, when the JVA became unconditional, Polaris has spent more than A$3.0 million (~HK$15.6 million) in relation to the Marillana Project. In July 2019 Brockman Iron and Polaris agreed that Polaris conduct a drilling campaign on the tenements and carry out further metallurgical test work. Such activities are to assist Polaris to complete its evaluation of the economic feasibility of Marillana. At that time the parties acknowledged that the Farm-in Obligations may take until 31 July 2020 to be completed.

The parties have therefore agreed to vary certain dates within the agreements, as outlined below:

1. Construction commencement of the rail and port system has been extended from 'on or before 31 December 2019' to 'on or before 31 December 2020';

2. Operation commencement of the rail and port system has been extended from 'on or before 31 December 2021' to 'on or before 31 December 2022'; and

3. The date for satisfaction of the Conditions Precedent for the Mine to Ship Services Agreement has been extended to 31 December 2020.

During the first quarter of 2020, a total of 17 large diameter diamond drill holes for 972m of core were completed. A number of composite samples representative of the various geometallurgical domains at Marillana were then prepared and subject to a metallurgical test-work program, limited to the Rockhole Bore material within the deposit.

Due to work protocols established in response to the COVID-19 pandemic, the drilling and metallurgical program has taken longer than expected to complete. Polaris now expect that they will finalise a Technical Study by the end of September 2020. The Company has been working closely with Polaris and MRL for all the activities in assessing Marillana.

To evaluate the economic feasibility of mining minerals on the tenements at Marillana, the results of the metallurgical testing and Technical Study will, amongst other matters include the preferred processing option and mine planning information.

The Technical Study which is the basis for determination of Final Investment Decision (FID) will also include the estimated capital and operating costs for Marillana, to assist Brockman Iron and Polaris to make their respective FID. Once FID occurs and a port lease agreement is finalised, the Joint Venture will be established. The Joint Venture will then progress Marillana into construction and operation with production expected to commence by Q3 CY 2022.

Joint Venture

Formation and scope

The parties have agreed to establish the Joint Venture as an unincorporated joint venture (in which both parties have a 50% interest). The scope of the Joint Venture is to establish a mining and processing operation at Marillana at a minimum 20Mtpa, production rate with the product to be transported to Port Hedland for export. The infrastructure for land transportation and loading facilities at the port will be built owned and operated by a subsidiary of MRL under the Mine to Ship Services Agreement.

Management committee

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

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

Development funding

The Joint Venturers will respectively fund their capital cost commitments for the development of Marillana with loans from MRL. The initial loan to the Joint Venture is expected to amount to A$300 million with a further A$200 million available if needed (to be determined following completion of the economic feasibility study). The terms and conditions under which Brockman Iron shall repay its share of the debt financing are to be determined.

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

Manager

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

Loan Agreement

As part of the FJV Agreement, Polaris is to provide an interest-free loan of A$10 million (the **Loan**) to Brockman Iron for working capital purposes. A$5 million of the loan has been released and the remaining A$5 million is in an escrow account and upon formation of the Joint Venture will be released from escrow. 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. However, the loan would become immediately repayable (within 14 days) in the event that Polaris approves the development of the project but Brockman Iron does not proceed.

Mineral Resources and Ore Reserves

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

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

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

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

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

Total tonnes may not add up, due to rounding

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

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

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

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

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

*Table 3: Marillana Project — Ore Reserves**

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

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

Table 4: Marillana Project — Ore Reserves final product

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

The Marillana project has total estimated Probable Ore Reserves of 967 Mt of DID plus 46 Mt of direct ship CID (Table 3). The total saleable product from the processed iron ore feed is estimated at 404 Mt averaging 60% Fe, 6.1% SiO_2, and 3.1% AI_2O_3 (Table 4). Life of mine strip ratio is 1.0:1 (tonnes of Waste of tonnes of Ore).

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

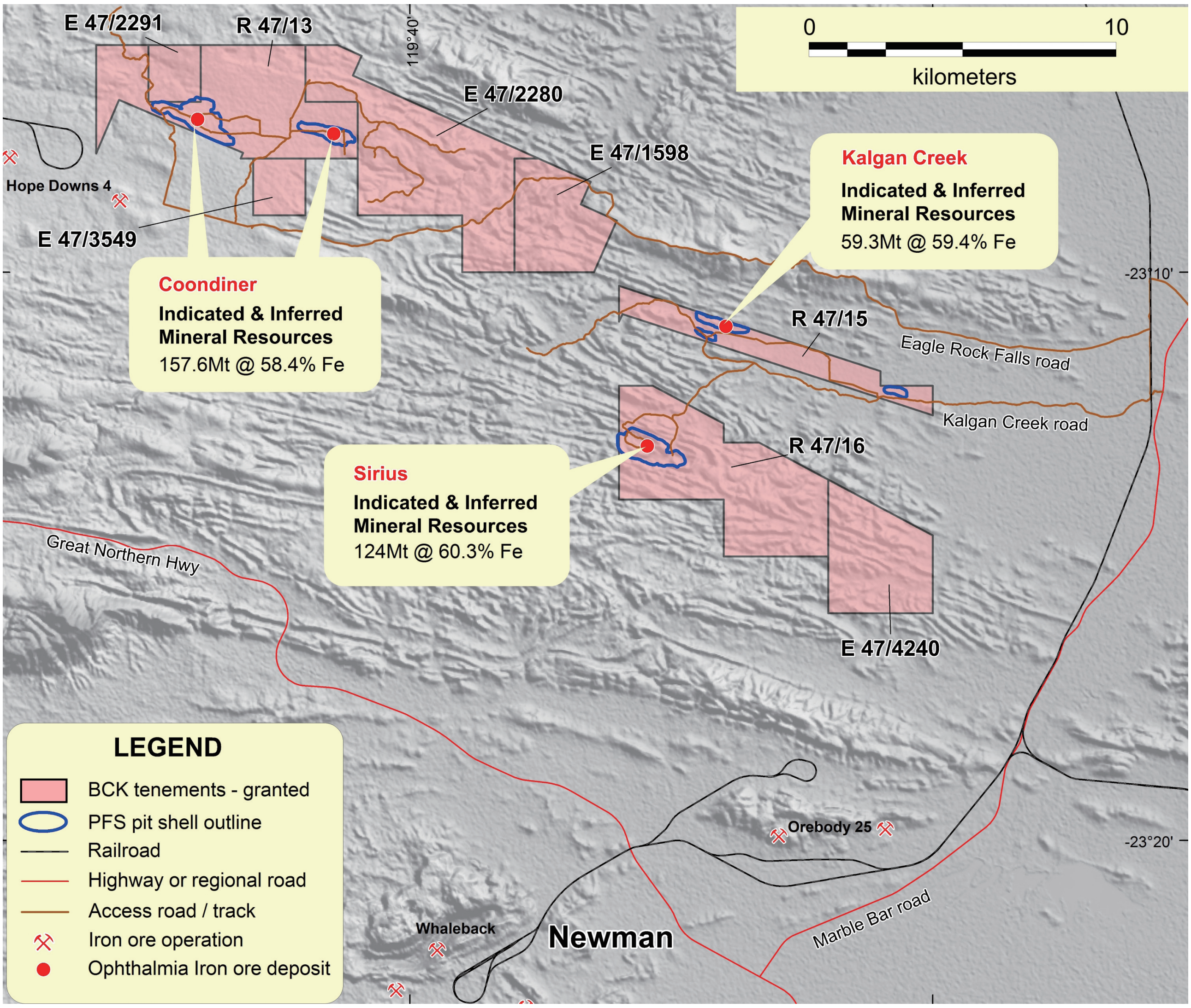
Marillana represents one of the largest published hematite Ore Reserve positions in the Pilbara, outside the three major producers (BHP, Rio and FMG). The Detrital Ore is upgraded to a high-quality, sinter feed product via simple beneficiation, which is supported by low-cost mining, low waste ratios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

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

Ophthalmia Project Overview

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

Figure 3: Location of Ophthalmia Prospects and Resources



Approvals

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

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

Metallurgy

In 2016 a bulk sample of ore from the Sirius deposit was sent to CISRI (China Iron and 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 or 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, comprising 280 million tonnes of Indicated Resources and 61 million tonnes classified as Inferred Resources (see Table 5).

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

Table 5: Ophthalmia DSO Mineral Resource Summary

		30 June 2020							
		Tonnes	Fe	CaFe*	SiO_2	Al_2O_3	S	P	LOI
Deposit	**Class**	**(Mt)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Kalgan Creek	Indicated	34.9	59.3	62.7	4.08	4.57	0.009	0.183	5.49
	Inferred	24.4	59.5	63.2	4.38	3.90	0.007	0.157	5.81
	Sub Total	**59.3**	**59.4**	**62.9**	**4.21**	**4.29**	**0.009**	**0.173**	**5.63**
Coondiner	Indicated	140.5	58.5	62.0	5.18	4.46	0.007	0.176	5.71
(Pallas and Castor)	Inferred	17.1	58.1	61.5	6.06	4.45	0.008	0.155	5.47
	Sub Total	**157.6**	**58.4**	**62.0**	**5.27**	**4.46**	**0.007**	**0.174**	**5.68**
Sirius	Indicated	105.0	60.4	63.7	3.54	3.97	0.007	0.18	5.22
	Inferred	19.0	60.2	63.4	4.09	3.83	0.009	0.17	5.14
	Sub Total	**124.0**	**60.3**	**63.6**	**3.62**	**3.95**	**0.007**	**0.18**	**5.20**
Ophthalmia	Indicated	280.4	59.3	62.7	4.43	4.29	0.007	0.178	5.50
Project	Inferred	60.5	59.3	62.8	4.73	4.03	0.008	0.160	5.50
	Total	**340.9**	**59.3**	**62.7**	**4.49**	**4.24**	**0.007**	**0.175**	**5.50**

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

West Pilbara Project

Overview

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

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

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

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

Mesa	Classification	Tonnes (Mt)	Fe (%)	AI_2O_3 (%)	SiO_2 (%)	S (%)	P (%)	LOI (%)
1	Inferred	4.5	55.5	2.86	4.75	0.025	0.033	11.71
2	Inferred	7.9	55.56	2.97	4.19	0.058	0.037	11.79
3	Inferred	2.6	55.84	4.41	6.02	0.021	0.065	8.85
4	Inferred	1.5	55.31	3.58	7.42	0.015	0.076	9.12
5	Inferred	3.0	56.08	4.16	6.54	0.020	0.068	8.35
6	Inferred	2.2	58.17	3.22	4.92	0.016	0.106	7.62
All	**Inferred**	**21.6**	**55.91**	**3.35**	**5.15**	**0.034**	**0.053**	**10.35**

Total tonnes may not add due to rounding.

Mineral Resources and Ore Reserves

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

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

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

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

Mineral Resources and Ore Reserves Governance of Internal Controls

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

Liquidity and Financial Resources

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

The current ratio as at 30 June 2020 is 16.05 (30 June 2019: 14.51). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.05 (30 June 2019: 0.02).

During the period, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 30 June 2020.

Capital Structure

During the reporting period, the Company has the following movements in the share capital:

Exercise of employee options

58,000,000 employee options were exercised by directors and employees.

Pledge of Assets and Contingent Liabilities

As at 30 June 2020 there were no assets that were pledged to secure any debt, and the Company did not provide any financial guarantees and there was no material contingent liability of the Group. (30 June 2019: Nil)

RISK DISCLOSURE

Market Risk

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

(a) Commodities price risk

Iron ore price:

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

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

(b) ***Funding risk***

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

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

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

(d) ***Exchange rate risk***

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

Staff and Remuneration

As at 30 June 2020, the Group employed 15 employees (30 June 2019: 14), of which 5 were in Australia (includes 2 non-executive directors) (30 June 2019: 4) and 10 in Hong Kong (includes 4 non-executive directors) (30 June 2019: 10).

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

Environmental Policy and Compliance With Relevant Laws and Regulations

Environmental Protection

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

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

Compliance with Laws and Regulations

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

Relationship with Employees, Customers and Suppliers

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

Remuneration Policy

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the Australian Securities Exchange ("ASX") and the Stock Exchange of Hong Kong Limited ("SEHK"). The Company's Corporate Governance policies have been formulated to ensure that it is a responsible corporate citizen. Unless otherwise noted, the Company has compiled with all aspects of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK ("the HK Listing Rules") and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations 3rd Edition ("the CGPR") which applies for year-ends commencing on or after 1 July 2016, ("the ASX Principles") during the entire year ended 30 June 2020.

The exceptions to this are as follows:

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

AUDIT COMMITTEE

The Board has established an Audit Committee to carry out its oversight of the Company's financial reporting system and internal control procedures. The Committee carries out its duties in accordance with the Terms of Reference, a copy of which is located on the Company's website. The Audit Committee has reviewed the Group's annual results for the year ended 30 June 2020.

AUDIT OPINION

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

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

Material Uncertainty Related to Going Concern

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

APPRECIATION

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

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

Hong Kong, 15 September 2020

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