INTERIM REPORT 2015/16

BROCKMAN
布 萊 克 萬 礦 業 有 限 公 司
BROCKMAN MINING LIMITED

Incorporated in Bermuda with limited liability
HKEx Stock Code: 159 | ASX Stock Code: BCK

FINANCIAL INFORMATION

For the six months ended 31 December 2015

Results for announcement to the market

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Brockman Mining Limited ("Brockman") during the interim reporting period in accordance with the continuous disclosure requirements of The Stock Exchange of Hong Kong Limited (the "SEHK") and Australian Securities Exchange (the "ASX").

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CORPORATE PROFILE

BOARD OF DIRECTORS

Non-executive Directors

Kwai Sze Hoi *(Chairman)*
Liu Zhengui *(Vice Chairman)*
Ross Stewart Norgard
Warren Talbot Beckwith
(Resigned on 2 July 2015)

Executive Directors

Chan Kam Kwan Jason
Kwai Kwun Lawrence
Colin Paterson

Independent non-executive Directors

Yap Fat Suan Henry
Uwe Henke Von Parpart
Choi Yue Chun Eugene
Yip Kwok Cheung Danny
(Resigned on 2 November 2015)

COMPANY SECRETARY

Chan Kam Kwan, Jason

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

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PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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26 Burnaby Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
Level 22 Hopewell Centre,
183 Queen's Road East,
Hong Kong

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN AUSTRALIA

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 31 December 2015 HK$'000 (Unaudited)	Six months ended 31 December 2014 HK$'000 (Unaudited)
Revenue	6	**11,788**	31,336
Cost of sales	8	**(11,265)**	(36,355)
Gross profit/(loss)		**523**	(5,019)
Other income	9	**224**	729
Other losses	10	**(96)**	(6,879)
Selling and administrative expenses	8	**(24,242)**	(43,594)
Exploration and evaluation expenses	8	**(12,785)**	(53,571)
Impairment of mining properties	14	**(477,551)**	(125,000)
Share of loss of joint ventures		**(424)**	(4,476)
Finance costs	11	**(52)**	—
Loss before income tax		**(514,403)**	(237,810)
Income tax credit	12	**130,905**	2,050
Loss for the period		**(383,498)**	(235,760)
Other comprehensive loss:			
Item that may be reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**(44,961)**	(269,955)
Other comprehensive loss for the period		**(44,961)**	(269,955)
Total comprehensive loss for the period		**(428,459)**	(505,715)
Loss for the period attributable to:			
Equity holders of the Company		**(383,498)**	(235,760)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(428,459)**	(505,715)
Loss per share attributable to the equity holders of the Company during the period		**HK cents**	HK cents
Basic loss per share	13	**(4.58)**	(2.81)
Diluted loss per share	13	**(4.58)**	(2.81)

The notes on pages 10 to 30 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2015 HK$'000 (Unaudited)	As at 30 June 2015 HK$'000 (Audited)
Non-current assets			
Mining properties	14	**953,039**	1,504,573
Property, plant and equipment	15	**24,492**	27,815
Interest in joint ventures	21	**395**	288
Other non-current assets		**12,902**	14,377
		990,828	1,547,053
Current assets			
Inventories		**4,204**	4,274
Other receivables, deposits and prepayments		**7,419**	5,480
Amounts due from related parties	22	**2,225**	2,358
Cash and cash equivalents		**72,020**	98,297
		85,868	110,409
Total assets		**1,076,696**	1,657,462
Equity			
Share capital	18	**838,198**	838,198
Reserves		**(112,675)**	315,607
Total equity attributable to the equity holders of the Company		**725,523**	1,153,805

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

	Note	As at 31 December 2015 HK$'000 (Unaudited)	As at 30 June 2015 HK$'000 (Audited)
Non-current liabilities			
Borrowings	17	**7,255**	—
Other payables		**25,475**	26,995
Deferred income tax liabilities	20	**232,720**	381,510
Provisions		**927**	940
		266,377	409,445
Current liabilities			
Trade payables	16	**11,046**	10,201
Other payables and accrued charges		**73,580**	83,842
Amounts due to related parties	22	**170**	169
		84,796	94,212
Total liabilities		**351,173**	503,657
Total equity and liabilities		**1,076,696**	1,657,462
Net current assets		**1,072**	16,197
Total assets less current liabilities		**991,900**	1,563,250

The notes on pages 10 to 30 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Statutory reserve (Note) HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Other reserve HK$'000	Total HK$'000
Balance at 1 July 2014 (Audited)	838,198	4,460,106	7,670	88,080	(230,384)	(2,842,499)	458,225	2,779,396
Comprehensive loss								
Loss for the period	—	—	—	—	—	(235,760)	—	(235,760)
Other comprehensive loss								
Exchange differences arising on translation of foreign operations	—	—	—	—	(269,955)	—	—	(269,955)
Total other comprehensive loss for the period	—	—	—	—	(269,955)	—	—	(269,955)
Total comprehensive loss for the period	—	—	—	—	(269,955)	(235,760)	—	(505,715)
Transactions with equity holders								
Appropriations to statutory reserve	—	—	1,766	—	—	(1,766)	—	—
Reversal of share-based compensation	—	—	—	(5,580)	—	—	—	(5,580)
Total transactions with equity holders	—	—	1,766	(5,580)	—	(1,766)	—	(5,580)
Balance at 31 December 2014 (Unaudited)	838,198	4,460,106	9,436	82,500	(500,339)	(3,080,025)	458,225	2,268,101

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Statutory reserve (Note) HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Other reserve HK$'000	Total HK$'000
Balance at 1 July 2015 (Audited)	838,198	4,460,106	9,807	79,813	(611,163)	(4,081,181)	458,225	1,153,805
Comprehensive loss								
Loss for the period	–	–	–	–	–	(383,498)	–	(383,498)
Other comprehensive loss								
Exchange differences arising on translation of foreign operations	–	–	–	–	(44,961)	–	–	(44,961)
Total other comprehensive loss for the period	–	–	–	–	(44,961)	–	–	(44,961)
Total comprehensive loss for the period	–	–	–	–	(44,961)	(383,498)	–	(428,459)
Transactions with equity holders								
Appropriations to statutory reserve	–	–	193	–	43	(236)	–	–
Share-based compensation	–	–	–	177	–	–	–	177
Total transactions with equity holders	–	–	193	177	43	(236)	–	177
Balance at 31 December 2015 (Unaudited)	838,198	4,460,106	10,000	79,990	(656,081)	(4,464,915)	458,225	725,523

Note: The statutory reserves represent general reserve funds appropriated from the profit after tax of a subsidiary established in the People's Republic of China (the "PRC") in accordance with the PRC laws and regulations.

The notes on pages 10 to 30 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2015 **HK$'000** **(Unaudited)**	2014 HK$'000 (Unaudited)
Cash flows from operating activities		
Net cash used in operating activities	**(31,496)**	(74,905)
Cash flows from investing activities		
— Interest received	**219**	648
— Proceeds from disposal of property, plant and equipment	**5**	46
— Purchases of property, plant and equipment	**(1,417)**	(789)
— Investment in joint ventures	**(553)**	(3,988)
Net cash used in investing activities	**(1,746)**	(4,083)
Cash flows from financing activity		
Proceeds from borrowings	**7,388**	—
Net cash generated from financing activity	**7,388**	—
Net decrease in cash and cash equivalents	**(25,854)**	(78,988)
Cash and cash equivalents at beginning of the period	**98,297**	223,698
Effects of foreign exchange rate changes	**(423)**	(4,456)
Cash and cash equivalents at end of the period	**72,020**	140,254

The notes on pages 10 to 30 form an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

This condensed consolidated financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated. This condensed consolidated financial information has not been audited.

Key events

The Group reassessed the fair value of its mining properties during the period in view of the recent fluctuation of metal prices. Further details are given in Note 14.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 December 2015 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Going concern

During the period ended 31 December 2015, the Group had net operating cash outflows of HK$31,496,000. As at 31 December 2015, cash and cash equivalents of the Group reduced to HK$72,020,000 from HK$98,297,000 as at 30 June 2015.

In view of these circumstances, the directors of the Company are taking certain measures to mitigate the liquidity pressure and to improve the financial performance which include, but not limited to the reduction in exploration and evaluation activities and the continuous implementation of cost-saving measures.

The directors of the Company have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 December 2015. Based on these projections, the Group's cash outflows will be reduced through the implementation of the measures described above. On this basis, the directors of the Company consider that, taking into account the Group's operating performance, reduction of exploration and evaluation activities, and the successful implementation of cost saving measures mentioned above, the Group is expected to have sufficient financial resources to satisfy its future working capital requirements, and to meet its financial obligations as and when required for the next twelve months from the balance sheet date. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's condensed consolidated financial information on a going concern basis.

3 PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

There are no amended standards that are effective for the first time for this interim period that would be expected to have materiel impact on this Group.

(a) New standards and amendments to standards that are not yet effective and have not been early adopted by the Group

		Effective for annual periods beginning on or after
IAS 1 (Amendment)	Disclosure Initiative	1 January 2016
IAS 16 and IAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
IAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
IAS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 10, IFRS 12 and IAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
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

The Group is in the process of making an assessment of the impact of the above new/revised standards and amendments to standards and is not yet in a position to state the impact on the Group's results of operations and financial position.

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2015.

5 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risks management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2015.

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

(b) Liquidity risk

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 generally finances its short term funding requirement with cash generated from operations and equity funding. The Group's ability to deliver its Marillana iron ore project is reliant on access to appropriate and timely export infrastructure and funding.

The current ratio, being the proportion of total current assets against total current liabilities, is measured at 1.01 times as at 31 December 2015 compared to 1.17 times as at 30 June 2015.

5 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

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

	Within 1 year of demand	1-2 years	Total undiscounted cash flows	Carrying amount at year end date
	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2015 (Unaudited)				
Non-derivative financial liabilities:				
Trade payables	11,046	—	11,046	11,046
Other payables	24,080	27,455	51,535	49,555
Borrowings	—	7,945	7,945	7,255
Amounts due to related parties	170	—	170	170
	35,296	35,400	70,696	68,026
30 June 2015 (Audited)				
Non-derivative financial liabilities:				
Trade payables	10,201	—	10,201	10,201
Other payables	29,258	29,093	58,351	56,253
Amounts due to related parties	169	—	169	169
	39,628	29,093	68,721	66,623

(c) Fair value estimation

The Group's financial instruments carried at fair value as at balance sheet date are measured by level of the following fair value hierarchy.

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair values of the Group's financial assets, including other receivables, deposits, amounts due from related parties, and cash and cash equivalents; and the Group's financial liabilities, including trade and other payables, borrowings, and amounts due to related parties approximate their carrying amounts due to their short-term maturities.

6 REVENUE

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

	Six months ended 31 December	
	2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Sales of copper ore concentrates	**11,788**	31,336

7 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to 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 segments are as follows:

Mineral tenements in Australia — iron ore exploration, development and tenements acquisition 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.

The Group's chief operating decision-maker assesses the performance of the operating segments based on adjusted operating loss. Finance costs are not included in the result for each operating segment that is reviewed by executive directors of the Company.

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

These activities are excluded from the reportable operating segments and are presented to reconcile to the totals included in the Group's condensed consolidated statement of comprehensive income and condensed consolidated balance sheet.

7 SEGMENT INFORMATION (Continued)

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

	Mining operation in the PRC HK$'000	Mineral tenements in Australia HK$'000	Others HK$'000	Total HK$'000
For the six months ended 31 December 2015 (Unaudited):				
Segment revenue from external customers	**11,788**	**—**	**—**	**11,788**
Segment results	**(47,041)**	**(455,683)**	**(11,203)**	**(513,927)**
Share of loss of joint ventures				**(424)**
Finance costs				**(52)**
Loss before income tax				**(514,403)**
Other information:				
Depreciation of property, plant and equipment	**(2,521)**	**(250)**	**(380)**	**(3,151)**
Impairment of mining properties (Note 14)	**(41,200)**	**(436,351)**	**—**	**(477,551)**
Amortisation of mining properties	**(2,100)**	**—**	**—**	**(2,100)**
Exploration and evaluation expenses	**(3,293)**	**(9,492)**	**—**	**(12,785)**
Income tax credit	**—**	**130,905**	**—**	**130,905**
For the six months ended 31 December 2014 (Unaudited):				
Segment revenue from external customers	31,336	—	—	31,336
Segment results	(139,923)	(85,229)	(8,182)	(233,334)
Share of loss of joint ventures				(4,476)
Loss before income tax				(237,810)
Other information:				
Depreciation of property, plant and equipment	(2,728)	(576)	(379)	(3,683)
Impairment of mining properties (Note 14)	(125,000)	—	—	(125,000)
Amortisation of mining properties	(9,234)	—	—	(9,234)
Relinquish of mining properties	—	(6,833)	—	(6,833)
Exploration and evaluation expenses	(3,461)	(50,110)	—	(53,571)
Income tax credit	—	2,050	—	2,050

7 SEGMENT INFORMATION (Continued)

Revenue from mining operation in the PRC amounted to HK$11,788,000 (six months ended 31 December 2014: HK$31,336,000) represents sales of copper ore concentrate to a single customer.

The following is an analysis of the Group's assets by business segment as at 31 December 2015 and 30 June 2015:

	Mining operation in the PRC	Mineral tenements in Australia	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2015 (Unaudited):				
Segment assets	**215,913**	**787,507**	**73,276**	**1,076,696**
Total segment assets include:				
Interests in joint ventures	**—**	**395**	**—**	**395**
Additions to property, plant and equipment	**1,262**	**155**	**—**	**1,417**
As at 30 June 2015 (Audited):				
Segment assets	274,764	1,285,073	97,625	1,657,462
Total segment assets include:				
Interests in joint ventures	—	288	—	288
Additions to property, plant and equipment	1,551	252	177	1,980

8 EXPENSES BY NATURE

	Six months ended 31 December	
	2015 **HK$'000** **(Unaudited)**	2014 HK$'000 (Unaudited)
Amortisation of mining properties (included in cost of sales)	**2,100**	9,234
Cost of inventories	**4,295**	15,436
Depreciation of property, plant and equipment	**3,151**	3,683
Reversal of equity-settled share-based compensation for consultants (Note 19)	**—**	(1,105)
Operating lease rentals	**4,575**	5,469
Staff costs (including directors' emoluments)	**15,143**	33,158
Exploration and evaluation expenses (excluding staff costs and rental expense)	**8,774**	40,733

8 EXPENSES BY NATURE (Continued)

Staff costs include:

	Six months ended 31 December	
	2015 **HK$'000** **(Unaudited)**	2014 HK$'000 (Unaudited)
Wages, salaries and welfares	**14,240**	36,055
Retirement benefit scheme contributions	**726**	1,578
Share-based compensation/(reversal of share-based compensation) (Note 19)	**177**	(4,475)
	15,143	33,158

9 OTHER INCOME

	Six months ended 31 December	
	2015 **HK$'000** **(Unaudited)**	2014 HK$'000 (Unaudited)
Interest on bank deposits	**219**	648
Others	**5**	81
	224	729

10 OTHER LOSSES

	Six months ended 31 December	
	2015 **HK$'000** **(Unaudited)**	2014 HK$'000 (Unaudited)
Loss on disposal of property, plant and equipment	**96**	46
Relinquish of mining properties (Note 14)	**—**	6,833
	96	6,879

11 FINANCE COSTS

	Six months ended 31 December 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Interests on borrowings (Note 17)	**52**	—

12 INCOME TAX CREDIT

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

	Six months ended 31 December 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Deferred income tax (Note 20)	**(130,905)**	(2,050)

During the period ended 31 December 2015, the Group has provided impairment of mining properties in Australia at HK$436,351,000 (Note 14). The reduction in the deferred income tax liabilities as a result of the impairment is HK$130,905,000.

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 period.

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

	Six months ended 31 December	
	2015 **HK$'000** **(Unaudited)**	2014 HK$'000 (Unaudited)
Loss for the period attributable to the equity holders of the Company (HK$'000)	**(383,498)**	(235,760)
Weighted average number of ordinary shares for the purpose of calculating the basic loss per share (thousands)	**8,381,982**	8,381,982
Loss per share attributable to the equity holders of the Company		
Basic (HK cents)	**(4.58)**	(2.81)
Diluted (HK cents)	**(4.58)**	(2.81)

Diluted loss per share is the same as basic loss per share for the six months ended 31 December 2015 and 2014 because the effect of the assumed exercise of share options of the Company during these periods was anti-dilutive.

14 MINING PROPERTIES

	Mining properties in Australia	Mining right in the PRC	Total
	HK$'000	HK$'000	HK$'000
Balance as at 1 July 2014 (Audited)	3,076,212	460,055	3,536,267
Amortisation during the period	—	(8,957)	(8,957)
Impairment loss	—	(125,000)	(125,000)
Relinquish	(6,833)	—	(6,833)
Exchange differences	(409,838)	695	(409,143)
Balance as at 31 December 2014 (Unaudited)	2,659,541	326,793	2,986,334
Balance as at 1 July 2015 (Audited)	**1,277,938**	**226,635**	**1,504,573**
Amortisation during the period	**—**	**(2,100)**	**(2,100)**
Impairment loss	**(436,351)**	**(41,200)**	**(477,551)**
Exchange differences	**(59,906)**	**(11,977)**	**(71,883)**
Balance as at 31 December 2015 (Unaudited)	**781,681**	**171,358**	**953,039**

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.

During the period ended 31 December 2014, the Group has relinquished two tenements located in the West Pilbara to the Government of Western Australia. As a result, a loss of HK$6,833,000 has been recognised in the condensed consolidated statement of comprehensive income (Note 10).

14 MINING PROPERTIES (Continued)

Mining properties in Australia (Continued)

In response to the sustained iron ore price weakness and taking advantage of recent improvement in mining and infrastructure technologies, the Group is progressing with studies to revise mine plan and production strategies. Nevertheless, considering the significant decline in iron ore price from the previous reporting period, the directors of the Company have conducted an impairment assessment. Key assumptions 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"))	US¢80/dmtu	US¢97/dmtu
Total Production mined*	249 Million tonnes	467 Million tonnes
Long term exchange rate of AUD to USD	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 of approximately HK$436,351,000 (2014: Nil) was recognised for the period. The impairment reduces the deferred income tax liability brought to account following the business combination relating to the value attributed to the mining properties acquired. The reduction in the deferred income tax liability as a result of the impairment is HK$130,905,000 (2014: Nil).

Methodology

The recoverable amount of the Marillana project in Australia were 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.

14 MINING PROPERTIES (Continued)

Mining properties in Australia (Continued)

Capital and operating costs

The capital and operating cost assumptions used in the estimates were based on internal studies, external estimates and the most recent mine plan's which optimise stripping ratio for the lower price environment. All current potential infrastructure solutions were considered.

Sensitivity

Any variation in the key assumptions used to determine fair value will result in a change of the estimated fair value. If the variation in assumption has a negative impact on fair value it could indicate a requirement for an additional impairment to the mining properties.

The effect of a change in the following key assumptions, in isolation to each other, to the estimated fair value of mining properties, is detailed below:

- If the long-term iron ore price adopted in the valuation had been 1% lower, the recoverable amount would be reduced by approximately HK$158,379,000. Further impairment of HK$226,256,000 and a reduction of deferred income tax liabilities of HK$67,877,000 would be required.

- If the discount rate adopted in the valuation had been 0.5% higher, the recoverable amount would be reduced by approximately HK$147,066,000. Further impairment of HK$210,094,000 and a reduction of deferred income tax liabilities of HK$63,028,000 would be required.

- If the exchange rate adopted in the valuation had been 1% higher, the recoverable amount would be reduced by approximately HK$169,692,000. Further impairment of HK$242,417,000 and a reduction of deferred income tax liabilities of HK$72,725,000 would be required.

The ultimate recoupment of the carrying value of mining properties is dependent on the successful development and commercial exploitation of, or sale of interests in, the mining properties.

Mining right in the PRC

Mining right in the PRC represents the right to conduct mining activities in Damajianshan, Honghe Zhou, Luchun County, Yunnan. The mine is located on land in the PRC to which the Group has no formal title. Yunnan State Land Resources Bureau issued the mining right certificate to Luchun in January 2005. After such, Luchun renewed the certificates for a few times. In June 2013, Yunnan State Land Resources Bureau granted Luchun a mining right certificate for one year which expired in June 2014. In July 2014, the mining right certificate was renewed for a period of two years expiring in July 2016.

Management is in the process of renewing the certificate. With reference to an independent legal opinion received by Luchun, there is no legal barrier for Luchun to renew its mining right certificate.

Accordingly, the directors of the Company are of the opinion that the Group will be able to continuously renew the mining right and the business licenses of respective mining subsidiaries at minimal charges.

14 MINING PROPERTIES (Continued)

Mining right in the PRC (Continued)

The mining right in the PRC is amortised using the units of production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining right in the future until all proven and probable reserves have been mined.

As at 31 December 2015, the Group assessed and concluded that the recent sustained copper price weakness was considered to be impairment indicator which triggered the need to perform an impairment assessment. The directors of the Company have taken into consideration fair value less costs of disposal and value-in-use calculations to determine the recoverable amount of the mining right. As at 31 December 2015, the recoverable amount is determined by value-in-use calculations.

Key assumptions adopted by management are summarised as follows:

	31 December 2015	30 June 2015
Copper price assumption (Based on market consensus forecast)	2016: US$4,238/t 2017: US$4,775/t 2018: US$4,701/t 2019: US$4,500/t 2020: US$5,299/t 2021 onwards: US$6,605/t	2015: US$5,761/t 2016: US$4,827/t 2017: US$5,500/t 2018: US$6,000/t 2019: US$6,080/t 2020 onwards: US$6,200/t
Discount rate	18.2%	18.2%
Production capacity	500 tonnes to 1,300 tonnes per day	800 tonnes to 1,300 tonnes per day

Based on the above impairment assessment, an impairment of approximately HK$41,200,000 (six months ended 31 December 2014: HK$125,000,000) was recognised for the period.

The fair value of the mining right is highly sensitive to these assumptions adopted in the valuation.

- If the long term copper price adopted in the valuation had been 5% lower, the recoverable amount would have reduced by approximately HK$14,000,000 and further impairment of HK$14,000,000 would be required.
- If the production volume adopted in discounted cash flow calculation had been 5% lower than management's estimates at 31 December 2015, the recoverable amount of the mining right recognised would have decreased by HK$13,000,000 and further impairment of HK$13,000,000 would be recognised.
- If the discount rate adopted in discounted cash flow calculation had been 1% higher than management's estimates at 31 December 2015, the recoverable amount of the mining right recognised would have decreased by HK$16,000,000 and further impairment of HK$16,000,000 would be recognised.

15 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2015, the Group acquired assets with a cost of HK$1,417,000 (six months ended 31 December 2014: HK$789,000).

16 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. The following is an ageing analysis of trade payables of the Group at the respective balance sheet dates:

	As at	
	31 December 2015 HK$'000 (Unaudited)	30 June 2015 HK$'000 (Audited)
0 — 30 days	**5,714**	4,470
31 — 60 days	**655**	78
61 — 90 days	**158**	199
Over 90 days	**4,519**	5,454
	11,046	10,201

17 BORROWINGS

	As at	
	31 December 2015 HK$'000 (Unaudited)	30 June 2015 HK$'000 (Audited)
Non-current		
Borrowings	**7,255**	—

As at 31 December 2015, the borrowings were repayable between 1 and 2 years. They are denominated in Renminbi and carry interests at prevailing market interest rates in the PRC. During the six months ended 31 December 2015, the weighted average effective interest rates per annum was 4.84%.

18 SHARE CAPITAL

	Number of shares	Share capital
	'000	HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
As at 30 June 2015 (Audited) and 31 December 2015 (Unaudited)	10,000,000	1,000,000
Issued and fully paid		
As at 30 June 2015 (Audited) and 31 December 2015 (Unaudited)	**8,381,982**	**838,198**

19 SHARE OPTION SCHEME

Share option scheme of the Company

The 2012 share option scheme (the "2012 Share Option Scheme") of the Company was adopted by the Company pursuant to the approval by shareholders at the Annual General Meeting on 13 November 2012. The purpose of the 2012 Share Option Scheme is to replace old share option scheme which expired in August 2012 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The 2012 Share Option Scheme is valid and effective for a period of ten years from the date of its adoption and expired in August 2022. Share options granted under the old share option scheme prior to its expiry shall continue to be valid and exercisable pursuant to its rule.

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

19 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

Details of specific categories of options are as follows:

Option type	Date of grant	Vesting period	Number of share options granted	Exercise period	Exercise price (HK$)
2011B	14 December 2011	14 December 2011 — 13 December 2014	1,000,000	14 December 2014 — 13 December 2015	0.720
	14 December 2011	14 December 2011 — 13 December 2013	1,000,000	14 December 2013 — 13 December 2015	0.720
	14 December 2011	14 December 2011 — 13 December 2012	3,000,000	14 December 2012 — 13 December 2015	0.720
	14 December 2011	Immediate	2,000,000	14 December 2011 — 13 December 2015	0.720
2012A	28 March 2012	28 March 2012 — 27 March 2015	5,000,000	28 March 2015 — 13 December 2015	0.720
	28 March 2012	28 March 2012 — 27 March 2014	5,000,000	28 March 2014 — 13 December 2015	0.720
	28 March 2012	28 March 2012 — 27 March 2013	39,000,000	28 March 2013 — 13 December 2015	0.720
	28 March 2012	Immediate	29,000,000	28 March 2012 — 13 December 2015	0.720
2013A	14 January 2013	14 January 2013 — 14 January 2014	88,100,000	14 January 2014 — 14 January 2016	0.717
	14 January 2013	14 January 2013 — 14 January 2015	88,100,000	14 January 2015 — 14 January 2016	0.967
2013B	28 February 2013	28 February 2013 — 28 February 2014	3,750,000	28 February 2014 — 28 February 2016	0.717
	28 February 2013	28 February 2013 — 28 February 2015	3,750,000	28 February 2015 — 28 February 2016	0.967
2013C	20 May 2013	20 May 2013 — 20 May 2014	77,350,000	20 May 2014 — 20 May 2016	0.717
	20 May 2013	20 May 2013 — 20 May 2015	77,350,000	20 May 2015 — 20 May 2016	0.967
2015A	19 January 2015	19 January 2015 — 19 January 2016	4,000,000	19 January 2016 — 19 January 2018	0.450
	19 January 2015	19 January 2015 — 19 January 2017	4,000,000	19 January 2017 — 19 January 2018	0.450

19 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

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

	2011B	2012A	2013A	2013B	2013C	2015A
Exercise price	HK$0.72	HK$0.72	HK$0.717—HK$0.967	HK$0.717—HK$0.967	HK$0.717—HK$0.967	HK$0.45
Volatility	55%	49%	57%	56%	56%	49%
Expected option life	4 years	4 years	3 years	3 years	3 years	3 years
Annual risk-free rate	0.649%	0.396%	0.170%	0.273%	0.247%	0.648%
Expected dividend yield	0%	0%	0%	0%	0%	0%

The volatility measured at grant date is referenced to the historical volatility of shares of the Company.

During the six months ended 31 December 2015, the Company recognised HK$177,000 as expense (six months ended 31 December 2014: HK$2,996,000 as expense and reversal of HK$8,576,000 for unvested share options forfeited) in relation to the share options granted by the Company.

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

	2015		2014	
	Average exercise price per share option (HK$)	Number of share options (thousands)	Average exercise price per share option (HK$)	Number of share options (thousands)
At 1 July	**0.81**	**316,500**	0.82	420,000
Granted	**—**	**—**	—	—
Lapsed	**0.84**	**(75,100)**	0.82	(75,500)
At 31 December	**0.83**	**241,400**	**0.81**	**344,500**

19 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

As at 31 December 2015, out of the 241,400,000 outstanding options (30 June 2015: 316,500,000 outstanding options), 233,400,000 options (30 June 2015: 308,500,000 options) were exercisable, with weighted average exercise price of HK$0.84 (30 June 2015: HK$0.82) per option.

As at 31 December 2015, the weighted average remaining contractual life of outstanding share options was 0.32 years (30 June 2015: 0.74 years).

No share option had been exercised during the period (six months ended 31 December 2014: Nil).

20 DEFERRED INCOME TAX

The following is the major deferred income tax liabilities recognised by the Group and movements thereon during the current and prior period.

	Mining properties in Australia
	HK$'000
At 1 July 2014 (Audited)	(920,561)
Credited to consolidated statement of comprehensive income (Note 12)	2,050
Exchange difference	122,644
At 31 December 2014 (Unaudited)	(795,867)
At 1 July 2015 (Audited)	**(381,510)**
Credited to consolidated statement of comprehensive income (Note 12)	**130,905**
Exchange difference	**17,885**
At 31 December 2015 (Unaudited)	**(232,720)**

21 JOINT ARRANGEMENTS

Details of the Group's interest in the joint arrangements are as follows:

Name of joint ventures	Interest held in share of output	Principal activities
North West Infrastructure (Note a)	37%	Port and related infrastructure
Irwin-Coglia JV (Note b)	40%	Nickel exploration

Notes:

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

(b) Irwin-Coglia is an unincorporated joint arrangement operating in Australia for the purpose of exploration activities and holding of tenement interests.

22 RELATED PARTY DISCLOSURES

(a) Material related party transactions

Save as disclosed elsewhere in this condensed consolidated financial information, the Group has the following related party transactions during the period:

	Six months ended 31 December	
	2015 **HK$'000** **(Unaudited)**	2014 HK$'000 (Unaudited)
Administrative expenses paid to a related company (Note)	—	20

Note:

Administrative expenses were paid to a company in which Mr. Luk Kin Peter Joseph, has beneficial interest. Mr. Luk resigned as an Executive Director and Chief Executive Officer of the Company on 5 August 2014.

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at fair market terms mutually agreed between the Group and the respective related party.

22 RELATED PARTY DISCLOSURES (Continued)

(b) Related party balances

The amounts due from/to related parties included as current assets or current liabilities represents balances with entities controlled by a key management personnel of the Group are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel

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

	Six months ended 31 December	
	2015 **HK$'000** **(Unaudited)**	2014 HK$'000 (Unaudited)
Wages, salaries and other short-term welfare	**6,542**	10,888
Post-employment benefits	**379**	667
Termination benefits	**—**	2,295
Share-based compensation (reversal of share-based compensation) (Note 19)	**177**	(1,738)
	7,098	12,112

23 INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (six months ended 31 December 2014: Nil).

24 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There is no significant event occurred subsequently after the balance sheet date.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF BROCKMAN MINING LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 30, which comprises the condensed consolidated balance sheet of Brockman Mining Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 February 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

The Group's consolidated revenue for the six months ended 31 December 2015 decreased by 62.3% to approximately HK$11.8 million (2014: HK$31.3 million). The decrease in revenue reflects lower commodity prices and lower production volume recorded over the period. The commodity market remained volatile in the second half of 2015 and copper prices stroke a new low during the period, attributed to continuing concerns over global economic growth and long-term sustainable demand for commodities. With commodity prices down and short-term volatility increasing, the Company continues to adopt stringent cost control measures and capital management, so as to combat the current tough situation being faced by the overall mining industry.

As at 31 December 2015, the Group's net asset value amounted to HK$725.5 million (30 June 2015: HK$1,153.8 million) and cash and bank balances, totalled HK$72.0 million (30 June 2015: HK$98.3 million).

Loss attributable to equity holders of the Company amounted to HK$383.5 million for the six months ended 31 December 2015 (2014: HK$235.8 million). The change was mainly attributable to the impairment loss charged to the condensed consolidated statement of comprehensive income. Operation related production costs and exploration expenses have decreased steadily due to reduction in sales and exploration activities and the cost saving measures.

Basic loss per share for the period was HK4.58 cents (2014: HK2.81 cents).

During the six months ended 31 December 2015, the Group had cash outflows used in operating activities of HK$31.5 million.

OUTLOOK

While commodities prices trending downwards, the Company will shift its focus towards cost-reduction and capital management. For the copper mine segment, if applicable, the Board may consider to decrease its production volume to minimise losses in the coming quarter, as the significantly lowered market prices of copper may not justify further production ahead. Meanwhile, pursuing for infrastructure solution alternatives for our iron ore business segment is still on the top list of our agenda.

CORPORATE REVIEW

Resignation of Directors

During the interim period, Mr. Warren Talbot Beckwith and Mr. Yip Kwok Cheung, Danny have resigned as non-executive director and independent non-executive director of the Company respectively.

The Board would like to express its sincere appreciation to both Mr. Beckwith and Mr. Yip for their valuable efforts and contributions to the Company.

Change of principal place of business

During the period, the Company has moved its Australia office to Level 2, 56 Ord Street, Perth, WA 6005 as a part of our cost-saving measure. The principal place of business in Hong Kong has also been changed to Unit 3903B, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong effective from 18 January 2016.

MINERAL TENEMENTS

Iron Ore Operations — Western Australia

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

The net operating loss before income tax expense for the period for this segment and attributable to the Group was HK$455.7 million (2014: HK$85.2 million). Total expenditure associated with mineral exploration and evaluation for the period ended 31 December 2015 amounted to HK$9.5 million (2014: HK$50.1 million).

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

	Six months ended 31 December	
Project	**2015** HK$'000	2014 HK$'000
Marillana	**6,468**	9,255
Ophthalmia	**1,392**	34,467
West Pilbara	**1,632**	6,388
	9,492	50,110

The Group is yet to make a final investment decision toward commencing development of any of its iron ore projects in the Western Australia. Accordingly, no development expenditures have been recognised in the financial information during the half year ended 31 December 2015 and six months period ended 31 December 2014.

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

	Six months ended 31 December			
	2015 HK$'000		2014 HK$'000	
Project	**Addition to property, plant and equipment**	**Addition to mining properties**	Addition to property, plant and equipment	Addition to mining properties
Marillana	**155**	**—**	31	—
Ophthalmia	**—**	**—**	82	—
	155	**—**	113	—

Impairment loss

In response to the sustained iron ore price weakness and taking advantage of recent improvement in mining and infrastructure technologies, the Group is progressing with studies to revise mine plan and production strategies. Nevertheless, considering the significant decline in iron ore price from the previous reporting period, the directors have conducted an impairment assessment. Based on the assessment, an impairment of approximately HK$436.4 million was recognised for the year (2014: Nil). The impairment reduces the deferred income tax liability brought to account following the business combination relating to the value attributed to the mining properties acquired. The reduction in the deferred income tax liability as a result of the impairment is HK$130.9 million (2014: Nil).

Marillana Iron Ore Project

The 100% owned Marillana Iron Ore Project ("Marillana" or "the Project") is Brockman's flagship project located in the Hamersley Iron Province within the Pilbara region of Western Australia, approximately 100 km north-west of the township of Newman. The Project is located within mining lease M47/1414. The Project area covers 82 km^2 bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation have developed within the dissected Brockman Iron Formation that caps the Range. This is the source of the hematite detrital mineralization at Marillana.

The ultimate delivery of Marillana's first commercial production is dependent upon securing, funding, and developing suitable rail and port infrastructure.

The Company will provide guidance on the timing for delivery of the Project once the infrastructure solution is secured.

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 infrastructure alternatives.

Rail Access

In May 2013, Brockman commenced seeking access rights to The Pilbara Infrastructure Pty Ltd's ("TPI's") below-rail infrastructure under the Western Australian Railways (Access) Code 2000 (WA) ("Code"), to allow it to haul up to 20 Mtpa of hematite iron ore product from its Marillana Project, for a term of 20 years ("Access Proposal"). The access sought proposed to exit the TPI mainline at Port Hedland where North West Infrastructure ("NWI") has a capacity allocation of 50 Mtpa at the proposed SP3 and the SP4 berths for iron ore export from South West Creek in the Inner Harbour.

As part of the Access Proposal, Brockman will procure the necessary spur lines and associated infrastructure to connect Marillana with the TPI railway and to connect it to the proposed NWI facilities in Port Hedland, which will include unloading, stockpiling and ship loading facilities in South West Creek, Port Hedland.

In 4 October 2013, TPI commenced proceedings in the WA Supreme Court challenging the validity of the Access Proposal. The trial was held in August 2014 and on 26 September 2014 the Honorable Justice James Edelman handed down his decision, which supported Brockman's position finding that the Access Proposal was valid and complied with the requirements of s8 of the Access Code. TPI's action was wholly dismissed, with TPI ordered to pay Brockman's costs of the action. TPI have appealed this decision and that appeal was heard in late August 2015, Supreme Court ruling upheld in favour of Brockman's Rail Access.

As part of the decision of Justice Edelman, the ERA was required to review the consideration of "contingencies" and "asset lives" for the purpose of the calculation of GRV which is the primary input into the determination of the Floor and Ceiling Costs. The ERA published a remade determination of the Floor and Ceiling Costs on 9 January 2015. The remade determination is similar to the earlier determination of Floor and Ceiling Costs.

Following the successful Supreme Court decision, Brockman has continued to progress the required information for the Access Proposal under sections 14 (financial and managerial capability) and 15 (capacity) of the Code.

Port — North West Infrastructure
Brockman, as a foundation member of 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) set aside by the Pilbara Ports Authority. The NWI opportunity is reliant on securing a viable rail solution to connect potential users mines with the port.

Brockman remains focused on protecting its foundation shareholding position in NWI remains vigilant to the opportunity for other aspirant Pilbara based junior developers and miners to support the future port development.

Ophthalmia Iron Ore Project
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 mineralization by field reconnaissance mapping and surface sampling in August 2011, major exploration drilling programmes have been completed and JORC 2012 compliant Mineral Resources have been estimated and reported for the Sirius, Coondiner, and Kalgan Creek deposits. The total Mineral Resources at Ophthalmia now stand at 341 Mt grading 59.3% Fe.

Mining and metallurgy
A bulk sample of ore from the Sirius deposit has been dispatched to CISRI 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 results from the sinter testwork programme that there are no fatal flaws in the sintering performance of blends where Sirius fines replaces established Pilbara iron ore fines products 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 is similar or improved marginally, as is softening and melting performance. RI is lower but still well within tolerance.

CISRI issued a summary of the results of granulation tests and the sinter pot tests for review. Further analysis of sinter chemistry and metallurgical characteristics are in progress, with a view to determining the likely price discount for Sirius Fines.

MINING OPERATION

Copper Mine — Damajianshan, Yunnan, PRC

The copper mining business of the Company is conducted through Luchun, a 100% owned subsidiary of the Company, the owner and operator of the Damajianshan Mine.

Lower production and processing volume were recorded during the interim period, attributed by decreased copper prices.

Impairment loss

The downturn of global economy and the recent copper price weakness were considered to be impairment indicators which triggered the need to perform impairment assessment. Base on the impairment assessment, an impairment loss of approximately HK$41.2 million has been recognised in the condensed consolidated statement of comprehensive income (2014: HK$125 million). Production and operation results for the financial periods were summarised as follows:

	Six months ended 31 December	
	2015	2014
Copper ore processed	**83,189 tonnes**	166,845 tonnes
Production of copper ore concentrates	**433 Metals(t)**	732 Metals(t)
Sales of copper ore concentrates	**438 Metals(t)**	737 Metals(t)
Average selling price per Metal (t) (without VAT)	**RMB22,000**	RMB34,000

During the six months ended 31 December 2015, Luchun has contributed revenue of approximately HK$11.8 million (2014: HK$31.3 million), down 62.3%, and the loss before amortisation and impairment was approximately HK$3.7 million (2014: HK$5.7 million).

The cost of sales of the mining segment mainly included mining, processing and refining, ore transportation and waste disposal costs.

Total expenditure associated with the mining operation during the six months ended 31 December 2015 amounted to approximately HK$17.6 million (2014: HK$46.3 million).

During the interim period, sales volume of copper ore concentrates decreased, and the average price per metal tonne has decreased over the period reflecting the decrease in global metal prices.

Concerns of the stability of global economy and the oversupply of commodity continued to exert downward pressure on commodity prices.

The Company continued to review its mine plan under current market conditions to ensure that this project would maximise shareholders' return in the long run. The Company would consider to put on halt production should the prolonged low copper prices environment continues.

DIRECTORS' REPORT

The Directors present their report together with the condensed consolidated financial information for the six months ended 31 December 2015.

DIRECTORS

The Directors of the Company during the six months ended 31 December 2015 and up to the date of this report were:

Name	**Period of Directorship**
Non-Executive Directors:	
Kwai Sze Hoi *(Chairman)*	Appointed on 15 June 2012
Liu Zhengui *(Vice Chairman)*	Appointed on 27 April 2012
Ross Stewart Norgard	Appointed on 22 August 2012
Warren Talbot Beckwith	Appointed on 15 June 2012 Resigned on 2 July 2015
Executive Directors:	
Kwai Kwun Lawrence	Appointed on 13 March 2014
Chan Kam Kwan, Jason *(Company Secretary)*	Appointed on 2 January 2008
Colin Paterson	Appointed on 25 February 2015
Independent Non-Executive Directors:	
Yap Fat Suan, Henry	Appointed on 8 January 2014
Uwe Henke Von Parpart	Appointed on 2 January 2008
Choi Yue Chun, Eugene	Appointed on 12 June 2014
Yip Kwok Cheung, Danny	Appointed on 5 August 2009 Resigned on 2 November 2015

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (2014: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its short-term funding requirement with cash generated from operations and equity funding. 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 31 December 2015 is measured at 1.01 (30 June 2015: 1.17). The gearing ratio of the Group (long-term debts over equity and long-term debts) is measured at 0.04 (30 June 2015: 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 31 December 2015.

CAPITAL STRUCTURE

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

As at the date of the announcement, the total number of issued shares outstanding for the Company amounted to 8,381,982,131 shares.

SHARES DETAILS

Quoted Securities

As at 31 December 2015:
8,381,982,131 fully paid shares on issue

Unquoted securities

As at 31 December 2015:
241,400,000 unlisted options granted

— 43,000,000 share options, expiring on 14 January 2016, exercise price HK$0.717
— 43,000,000 share options, expiring on 14 January 2016, exercise price HK$0.967
— 1,100,000 share options, expiring on 28 February 2016, exercise price HK$0.717
— 1,100,000 share options, expiring on 28 February 2016, exercise price HK$0.967
— 72,600,000 share options, expiring on 20 May 2016, exercise price HK$0.717
— 72,600,000 share options, expiring on 20 May 2016, exercise price HK$0.967
— 8,000,000 share options, expiring 18 January 2018, exercise price HK$0.45

The following options were lapsed or forfeited during the period:

— 61,400,000 share options, expiring 13 December 2015, exercise price HK$0.72
— 3,600,000 share options, expiring 14 January 2016, exercise price HK$0.717
— 3,600,000 share options, expiring 14 January 2016, exercise price HK$0.967
— 2,500,000 share options, expiring 28 February 2016, exercise price HK$0.717
— 2,500,000 share options, expiring 28 February 2016, exercise price HK$0.967
— 750,000 share options, expiring 20 May 2016, exercise price HK$0.717
— 750,000 share options, expiring 20 May 2016, exercise price HK$0.967

SHARE OPTION SCHEME

Under the share options scheme renewed, adopted and approved by the shareholders at a special general meeting of the Company held on 13 November 2012 (the "Share Options Schemes"), the Board may, in their sole discretion, grant options to eligible participants to subscribe for fully paid ordinary shares of the Company subject to stipulated terms and conditions.

During the period under review, no options were granted or exercised under the Share Options Schemes.

PROVISION OF INFORMATION IN RESPECT OF AND BY DIRECTORS

Updated information with regard to the change in other directorships of the Directors of the Company are as set out below:

— Mr. Chan Kam Kwan Jason has been appointed as an executive director of Lajin Entertainment Network Group Limited (Stock Code: 8172) effective from 23 November 2015

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2015, no assets was pledged to secure any banking facilities (30 June 2015: Nil).

Financial guarantees

As at 31 December 2015, the Company did not provide any financial guarantees (30 June 2015: Nil).

Contingent liabilities

There is no material contingent liability of the Group as at 31 December 2015.

MARKET RISK

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

(a) Commodities price risk

Copper ore concentrate price:

The Group's revenue and results of the mining business during the period, and the fair value of the Group's mining right was affected by fluctuations in the copper ore concentrate price. All of our mining products were sold at market price.

Iron ore price:

The fair value of the Group's intangible assets arising from acquisition of mineral tenements operations in Australia was affected by fluctuations in the iron ore price.

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

(b) Exchange rate risk

The Group is exposed to exchange rate risk primarily because our mineral tenements are denominated in Australian dollars. 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 period, no financial instrument was used for hedging purpose.

STAFF AND REMUNERATION

As at 31 December 2015, the Group employed 290 full time employees (30 June 2015: 238), of which 270 employees were in the PRC (30 June 2015: 212 employees) and 8 (30 June 2015: 9 employees) employees were in Australia.

The remuneration of employees includes salary and discretionary bonus. The Group also adopted a share option scheme to provide incentives to the employees.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2015, the interests and short positions of the directors and chief executives and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register maintained by the Company pursuant to Sections 336 and 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies were as follows:

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

Name of Director	Capacity	Number of issued ordinary shares held	Number of share options held	Percentage of the issued share capital of the Company
Mr. Kwai Sze Hoi	Jointly *(Note 1)*	60,720,000	—	0.72%
	Interests of controlled corporation *(Note 1)*	1,776,960,137	—	21.20%
	Beneficial owner *(Note 1)*	—	70,000,000	0.84%
Mr. Liu Zhengui	Beneficial owner	—	30,000,000	0.36%
Mr. Ross Stewart Norgard	Beneficial owner	64,569,834	1,500,000	0.79%
	Interests of controlled corporation	178,484,166	—	2.13%
Mr. Warren Talbot Beckwith	Beneficial owner *(Note 2)*	—	20,000,000	0.24%
Mr. Kwai Kwun Lawrence	Beneficial owner	28,658,412	15,000,000	0.52%
	Interest of controlled corporation	59,000,000	—	0.70%
Mr. Chan Kam Kwan Jason	Beneficial owner	—	7,200,000	0.09%
Mr. Colin Paterson	Beneficial owner	30,173,004	35,000,000	0.78%
	Interest of his spouse	22,625,442	—	0.27%
Mr. Yap Fat Suan, Henry	Beneficial owner	400,000	—	0.00%
Mr. Uwe Henke Von Parpart	Beneficial owner	—	1,500,000	0.02%
Mr. Choi Yue Chun, Eugene	Beneficial owner	—	—	—

Notes:

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

2. Mr. Warren Talbot Beckwith resigned on 2 July 2015 and remained as a consultant to the Company.

Apart from the above, as at 31 December 2015, there was no interest of the Directors or chief executives of the Company in the shares and the underlying shares of the Company and any shares and underlying shares of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of listed issuers.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, so far as is known to the Directors, the persons (not being a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO were as follows:

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

Name of shareholder	Nature of interest	Number of shares or underlying shares	Percentage of the issued share capital of the Company
Ocean Line Holdings Ltd ("Ocean Line") *(Note 1)*	Beneficial owner	1,776,960,137	21.20%
Kwai Sze Hoi *(Note 1)*	Interest held by controlled corporations	1,776,960,137	21.20%
	Interest held jointly with another person	60,720,000	0.72%
	Beneficial owner (Options)	70,000,000	0.84%
Cheung Wai Fung *(Note1)*	Interest held by controlled corporations	1,776,960,137	21.20%
	Interest held jointly with another person	60,720,000	0.72%
	Interest held by spouse (Options)	70,000,000	0.84%
Equity Valley Investments Limited *(Note 2)*	Beneficial owner	515,574,276	6.15%
The XSS Group Limited *(Note 2)*	Interest held by controlled corporations	515,574,276	6.15%
Cheung Sze Wai *(Note 2)*	Interest held by spouse and interest in controlled corporations	515,574,276	6.15%
Luk Kin Peter Joseph *(Note 2)*	Interest held by controlled corporations	515,574,276	6.15%

Notes:

1. Ocean Line is owned as to 60% by Mr. Kwai Sze Hoi and as to 40% by Ms. Cheung Wai Fung (Mr. Kwai's spouse). In addition, Mr. Kwai and Ms. Cheung have a joint direct interest in 60,720,000 shares. In addition, Mr. Kwai also held 70,000,000 share options of the Company.
2. The 515,574,276 shares were held by Equity Valley Investments Limited. Equity Valley Investments Limited is wholly-owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital were held by Mr. Luk Kin Peter Joseph, Ms. Cheung Sze Wai, Catherine (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2015.

SHARE OPTIONS

The share option scheme (the "Share Option Scheme") of the Company was adopted by the Company pursuant to the resolution of the shareholders passed in the AGM on 13 November 2012. Particulars of the Share Option Scheme are set out in Note 19 to the consolidated financial statements. Details of the options outstanding as at 31 December 2015 which have been granted to Qualified Persons under the Share Option Scheme are as follows:

	Option type	Outstanding as at 1 July 2015	Reclassified during the Period	Lapsed during the year	Outstanding as at 31 December 2015
Directors					
Chan Kam Kwan, Jason	2012A	5,000,000	—	(5,000,000)	—
	2013C	7,200,000	—	—	7,200,000
Uwe Henke Von Parpart	2012A	1,000,000	—	(1,000,000)	—
	2013C	1,500,000	—	—	1,500,000
Yip Kwok Cheung, Danny	2012A	1,000,000	—	(1,000,000)	—
	2013C	1,500,000	—	(1,500,000)	—
Kwai Sze Hoi	2013C	70,000,000	—	—	70,000,000
Liu Zhengui	2013C	30,000,000	—	—	30,000,000
Warren Talbot Beckwith *(Note a)*	2013C	20,000,000	(20,000,000)	—	—
Ross Stewart Norgard	2013C	1,500,000	—	—	1,500,000
Kwai Kwun Lawrence	2013C	15,000,000	—	—	15,000,000
Colin Paterson	2013A	27,000,000	—	—	27,000,000
	2015A	8,000,000	—	—	8,000,000
Sub-total		188,700,000	(20,000,000)	(8,500,000)	160,200,000
Employees	2011B	4,400,000	—	(4,400,000)	—
	2012A	50,000,000	—	(50,000,000)	—
	2013A	66,200,000	—	(7,200,000)	59,000,000
	2013B	7,200,000	—	(5,000,000)	2,200,000
Sub-total		127,800,000	—	(66,600,000)	61,200,000
Consultants	2013C	—	20,000,000	—	20,000,000
Total		316,500,000	—	(75,100,000)	241,400,000
Weighted average exercise price		0.81	—	0.84	0.83

Notes:

(a) Warren Talbot Beckwith resigned as Independent Non-executive Director on 2 July 2015 respectively. After the resignation, Mr. Warren Talbot Beckwith continues to be employed by the Company as a consultant. The board offered continuous entitlement to Mr. Beckwith for the previously granted 20,000,000 share options which were reclassified to options for consultants.

The total number of securities available for issue under the share option scheme amounts to 781,448,213 as at the date of the interim report, representing 9.32% of the issued share capital outstanding.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 31 December 2015, 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 Limited ("ASX") and on the SEHK. The Company's corporate governance policies have been formulated to ensure that it is a responsible corporate citizen.

The Company complies 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, except for the deviation from 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 for the chief executive officer at the Group level has been vacant during the period. Nonetheless, Mr. Colin Paterson, an executive director of the Company, also serves as the chief executive officer at Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), and is responsible for the oversight of the core iron ore business operation.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry to all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2015.

AUDIT COMMITTEE

As at 31 December 2015, 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 (the "Audit Committee"). Mr. Yap Fat Suan, Henry was the Chairman of the Audit Committee. On 2 November 2015, following the resignation of Mr. Yip Kwok Cheung, Danny, Mr. Choi Yue Chun, Eugene, was appointed as member of the Audit Committee to replace Mr. Yip's position. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee has reviewed the Group's interim results for the six months ended 31 December 2015.

By Order of the Board

Kwai Sze Hoi
Chairman

Hong Kong, 26 February 2016

DIRECTORS' DECLARATION

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

This declaration is made in accordance with a resolution of the Directors of the Company dated 26 February 2016. In the Directors' opinion:

(a) The condensed consolidated financial information and notes set out on pages 4 to 30 are:

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

 (ii) giving a true and fair view of the Groups' financial position as at 31 December 2015 and of its performance for the six months ended on that date;

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Kwai Sze Hoi
Chairman

Hong Kong, 26 February 2016

GLOSSARY

"ASX"	ASX Limited ACN 008 624 691, or the financial products market, The Australian Securities Exchange, as the situation requires
"Board"	the Board of Directors
"Brockman" or "Company"	Brockman Mining Limited, ARBN 143 211 867, a company incorporated in Bermuda
"CG Code"	Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK
"CISRI"	China Iron & Steel Research Institute Group
"Damajianshan mine"	The 100% owned copper mine held by the Company in the Yunnan Province, PRC
"Directors"	the directors of the Company
"Group"	Brockman Mining Limited, its associates and subsidiaries
"JORC"	Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition)
"km"	kilometres
"Luchun"	Luchun Xingtai Mining Co., Ltd, a subsidiary of the Company, which is the operator of the Damajianshan Mine
"Marillana Project"	The 100% owned Marillana iron ore project is Brockman's flagship project located in the Hamersley Iron Province
"m"	metre
"Mt"	million tonnes
"NWI"	North West Infrastructure, the joint venture company which represents the interests of its three shareholder companies: Brockman Mining Australia Pty Ltd; Atlas Iron Limited and FerrAus Limited, to facilitate the construction of a port facility capable of annually exporting 50 million tonnes of iron ore from the South-West Creek location at the Inner Harbour at Port Hedland, Western Australia

“Ocean Line”	Ocean Line Holdings Ltd
“PRC”	Peoples Republic of China
“SEHK”	Hong Kong Exchanges and Clearing Company Limited or the financial products market or the Hong Kong Stock Exchange, as the situation requires