



# BROCKMAN

布萊克萬礦業有限公司  
BROCKMAN MINING LIMITED

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

## QUARTERLY REPORT

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For the quarter ended  
31 March 2016

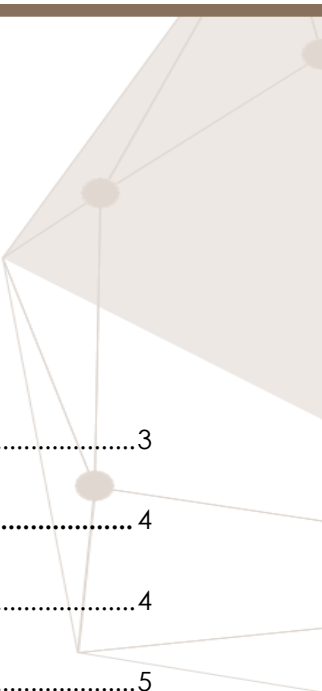


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## 1. HIGHLIGHTS

- Brockman has entered into a Heads of Agreement with Qube Bulk Pty Ltd to facilitate an infrastructure solution for an initial small scale (2.5Mtpa) mining operation at the Company's 100% owned Marillana iron ore deposit (the Maverick Project).
- Brockman was successful in having the appeal by TPI against the original Supreme Court finding regarding the validity of Brockman's Access Proposal dismissed. On 29 February 2016, the Court of Appeal handed down its decision upholding Edelman J's decision of 26 September 2014, finding that the Access Proposal complied with the requirements of s8 of the Access Code. TPI's appeal was wholly dismissed, with TPI ordered to pay Brockman's costs of the appeal.
- Revised mine planning studies at Marillana are demonstrating that reduced stripping ratios, haul distances and waste rehandle can all be achieved, whilst still maximising product yield in the first ten years of mine life.

## 2. CORPORATE REVIEW

### Cash position

The consolidated cash position of the Group as at 31 March 2016 was HK\$36 million.

### Corporate

The Company has implemented significant cost saving measures to cope with the challenges brought about by the current iron ore price environment.

## 3. MARILLANA IRON ORE PROJECT

### 3.1 Marillana Development

Brockman has entered into a Non-Binding Heads of Agreement ('HOA') with Qube Bulk Pty Ltd (Qube) to facilitate an infrastructure solution for an initial small scale (2.5Mtpa) mining operation at the 100% owned Marillana iron ore deposit (the Maverick Project).

Subject to the completion of final feasibility studies and the receipt of any required approvals, Brockman and Qube will enter into a Logistics Service Agreement for the provision of logistics services for the transportation and export of Brockman's product through the Utah Point Port Facility ('UPF') at Port Hedland for a minimum of five years. Qube is an integrated logistics services provider which provides bulk ore haulage services in the Pilbara and port services at the UPF.

The key enabler for this HOA has been the recent Western Australian State Government initiative in approving the use of performance based standard road trains on prescribed roads in the Pilbara (following a successful trial). These new road trains with increased payloads have provided significant cost savings in road haulage and result in fewer vehicle movements on the State's roads. Qube is currently undertaking an approved trial to further increase vehicle payloads on designated routes in the Pilbara that have the potential to provide additional benefits to the Maverick Project.

The Maverick Project relates to a very small portion of the total mineralisation at Marillana and has been restricted to above water table material, optimised for the first five years of the project. The majority of mineralisation is sourced from the Rockhole Bore area, which has been subject to extensive pilot scale metallurgical test work.

The pit design involves the mining of 29.4Mt of ore and 8.9Mt of waste over the initial 5 year period, for a stripping ratio of 0.3:1. The ore will be beneficiated to produce 2.5Mtpa (wet) of final product grading between 60.5% Fe and 61.5% Fe, which will be trucked to the UPF at Port Hedland for loading onto ships. The estimated C1 FOB operating cost is US\$35/t (based on a USD:AUD exchange rate of 0.70). Costs are based on contractor estimates for the construction and operation of the project.

Brockman is targeting Q1 calendar year 2017 for commencement of construction with commissioning late in calendar year 2017.

### 3.2 Marillana Infrastructure

The proposed development of the Maverick Project is an interim solution to establish Brockman and the high quality Marillana product in the market place. It will also be a major step forward in commercialising the infrastructure solution for the larger scale operations at Marillana (up to 20Mtpa). This development remains dependent on securing access to a rail infrastructure solution.

#### Rail

On 15 May 2013, Brockman submitted a proposal for access, under section 8(1) of the Railways (Access) Code 2000 (WA) (Code), to gain access to part of the below-rail infrastructure owned by The Pilbara Infrastructure (TPI) (Access Proposal). On 4 October 2013, TPI commenced legal proceedings in the Supreme Court of Western Australia challenging the validity of Brockman's Access Proposal. On 26 September 2014, Edelman J determined that the Access Proposal was valid and complied with the requirements of section 8 of the

Code. TPI's claim was wholly dismissed and TPI was ordered to pay Brockman's costs of the proceedings.

Subsequently, TPI lodged an appeal in the Court of Appeal which was heard on 20 August 2015, by Buss JA, Murphy JA and Beech J. The Court of Appeal handed down its decision upholding Edelman J's decision of 26 September 2014, finding that the Access Proposal was valid and complied with the requirements of section 8 of the Code. TPI's appeal was wholly dismissed, and TPI was ordered to pay Brockman's cost of appeal.

On 24 March 2016, TPI made an application for special leave to appeal the Court of Appeal's judgment to the High Court of Australia. This is an interlocutory procedure which will determine whether TPI will be allowed to appeal to the High Court. Special leave will only be granted when an appeal is considered to meet certain criteria. The timeframes to progress a special leave application are short and specified, and the hearing usually takes place within a reasonably short time thereafter. Accordingly, a decision on whether TPI will be granted special leave to appeal to the High Court should be determined by late 2016. If TPI is successful in its application for special leave, then it will have its appeal heard by the High Court. If TPI is unsuccessful, it has no further avenue of appeal.

Brockman is not surprised that TPI has pursued this course of action as it will further delay its obligation to negotiate with Brockman as required under the Code.

## Port

Brockman, as a foundation member of the North West Infrastructure joint venture (NWI), has a potential port solution through NWI's 50Mtpa export capacity conferral from the Western Australian State Government 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 focussed on protecting its foundation shareholding position in NWI and remains vigilant to the opportunity for other aspirant Pilbara based junior developers and miners to support the future port development.

## **4. OPHTHALMIA**

Following the completion of the positive sintering testwork programme by China Iron & Steel Research Institute Group (CISRI), Brockman has commissioned a value-in-use study to determine the likely pricing for the Sirius fines product.

## 5. TENEMENTS

### Tenements disposed of during the Quarter

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
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### Tenements acquired during the Quarter

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Juna Downs	West Pilbara	E	47/3452	Iron Ore	Application	100%
Hamersley Downs	West Pilbara	E	47/3457	Iron Ore	Application	100%
Jeerinah Range	West Pilbara	E	47/3441	Iron Ore	Application	100%
Mt King	West Pilbara	E	47/3446	Iron Ore	Application	100%

### Tenements held at end of Quarter

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Duck Creek	West Pilbara	E	47/1725	Iron Ore	Granted	100%
Duck Creek	West Pilbara	E	47/3151	Iron Ore	Granted	100%
Duck Creek	West Pilbara	E	47/3152	Iron Ore	Granted	100%
Eagle Pool North	West Pilbara	E	47/3418	Iron Ore	Application	100%
Enterprise Bore	West Pilbara	E	47/3452	Iron Ore	Application	100%
Fig Tree	East Pilbara	E	47/3025	Iron Ore	Application	100%
Hamersley Range	West Pilbara	E	47/3457	Iron Ore	Application	100%
Innawally Pool	West Pilbara	E	46/1087	Iron Ore	Application	100%
Innawally Pool	West Pilbara	E	52/3356	Iron Ore	Application	100%
Irwin Hills	Goldfields	L	39/0232	Nickel/ Cobalt	Application	40%
Irwin Hills	Goldfields	L	39/0163	Nickel/ Cobalt	Granted	40%
Irwin Hills	Goldfields	M	39/1088	Nickel/ Cobalt	Granted	40%
Jeerinah East	West Pilbara	E	47/3441	Iron Ore	Application	100%
Juna Downs	West Pilbara	E	47/3363	Iron Ore	Application	100%
Juna Downs	West Pilbara	E	47/3364	Iron Ore	Application	100%
Madala Bore	West Pilbara	E	47/3285	Iron Ore	Application	100%
Marandoo	West Pilbara	E	47/3105	Iron Ore	Granted	100%
Marillana	East Pilbara	L	45/0238	Iron Ore	Application	100%
Marillana	East Pilbara	M	47/1414	Iron Ore	Granted	100%
Marillana	East Pilbara	E	47/3170	Iron Ore	Application	100%
Mindy	West Pilbara	E	47/3310	Iron Ore	Application	100%
Mt Goldsworthy	North Pilbara	E	45/3931	Iron Ore	Granted	100%
Mt Grant	East Pilbara	E	45/4496	Iron Ore	Application	100%
Mt King	West Pilbara	E	47/3446	Iron Ore	Application	100%
Mt Stuart	West Pilbara	E	47/1850	Iron Ore	Granted	100%
Mt Stuart	West Pilbara	E	47/2215	Iron Ore	Granted	100%
Mt Stuart	West Pilbara	E	47/2994	Iron Ore	Application	100%
Mt Truchanas	West Pilbara	E	47/3420	Iron Ore	Application	100%
Mt Truchanas	West Pilbara	E	47/3421	Iron Ore	Application	100%
Ophthalmia	East Pilbara	E	47/1598	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/1599	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/2280	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/2291	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/2594	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/3323	Iron Ore	Application	100%

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Ophthalmia	East Pilbara	P	47/1715	Iron Ore	Granted	100%
Phils Bore	West Pilbara	E	47/2904	Iron Ore	Granted	100%
Phils Bore	West Pilbara	E	47/2905	Iron Ore	Application	100%
Parson George	East Pilbara	E	47/3217	Iron Ore	Granted	100%
Port Hedland	North Pilbara	L	45/0296	Iron Ore	Application	100%
Shovelanna	East Pilbara	E	46/0781	Iron Ore	Granted	100%
Tom Price	West Pilbara	E	47/2098	Iron Ore	Granted	100%
Tom Price	West Pilbara	E	47/2455	Iron Ore	Granted	100%
Tom Price	West Pilbara	E	47/2699	Iron Ore	Application	100%
Tom Price	West Pilbara	E	47/3216	Iron Ore	Application	100%
Tom Price	West Pilbara	E	47/1767	Iron Ore	Application	100%
West Hamersley	West Pilbara	E	47/1603	Iron Ore	Granted	100%
Windell Pool	West Pilbara	E	52/3381	Iron Ore	Application	100%

## 6. DAMAJIANSHAN MINE

The Company continued to review its mine plan under current market conditions to ensure that this product would maximise shareholders' return in the long run. During the quarter, concerns about the growth of the Chinese economy continues to weigh on copper prices. After careful consideration, the Company put on halt the production under the current prolonged low copper price environment. The cash payments for exploration activities and development was zero (RMB3.8 million, December 2015 quarter).

During the quarter ended 30 March 2016, cash receipts from product sales of approximately RMB0.05 million (cash refund to customer at RMB0.24 million was recorded, December 2015 quarter).

Cash payments for production associated with mining operations during the quarter amounted to approximately RMB1.0 million (RMB1.1 million, December 2015 quarter).

	Mar' 16 Quarter (Tonnes)	Dec' 15 Quarter (Tonnes)	Variance %
Ore mined and delivered to stockpile	-	32,073	(100)
Ore processed	-	38,504	(100)
Concentrate produced (metal tonnes)	-	210	(100)
Concentrate sold (metal tonnes)	-	210	(100)

*Note:*

Recognition of copper concentrate metal tonnes is based on the most recent available information with a subsequent adjustment made upon final determination.



## 7. CORPORATE PROFILE

### **Brockman Mining Limited**

ARBN 143 211 867

#### Non-executive Directors:

Kwai Sze Hoi (Chairman)

Liu Zhengui (Vice Chairman)

Ross Stewart Norgard

#### Executive Directors:

Chan Kam Kwan Jason

(Company Secretary)

Kwai Kwun Lawrence

Colin Paterson

#### Independent Non-executive Directors:

Uwe Henke Von Parpart

Yap Henry Fat Suan

Choi Yue Chun Eugene

### **Registrars**

#### **Principal Share Registrars and Transfer Office**

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM 08

Bermuda

#### **Branch Share Registrars and Transfer Office — Hong Kong**

Tricor Secretaries Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

#### **Branch Share Registrars and Transfer Office — Australia**

Computershare Investor Services Pty Limited

Reserve Bank Building

Level 2, 45 St George's Terrace

Perth, Western Australia, 6000

### **Securities on issue at 31 March 2016**

#### **Quoted securities**

8,381,982,131 fully paid shares on issue

#### **Unquoted securities**

153,200,000 unlisted options granted

— 72,600,000 share options, expiring 20 May 2016 EX HK\$0.717

— 72,600,000 share options, expiring 20 May 2016 EX HK\$0.967

— 8,000,000 share options, expiring 18 January 2018 EX HK\$0.45

There were no shares or options issued during the period.

The following Unlisted Employee share options lapsed during the period:

— 43,000,000 share options, expiring 14 January 2016 EX HK\$0.717

— 43,000,000 share options, expiring 14 January 2016 EX HK\$0.967

— 1,100,000 share options, expiring 28 February 2016 EX HK\$0.717

— 1,100,000 share options, expiring 28 February 2016 EX HK\$0.967

By order of the Board of Directors of  
**Brockman Mining Limited**  
**Chan Kam Kwan, Jason**  
Company Secretary, Hong Kong

## 8. GLOSSARY

"ASX"	ASX Limited ABN 98 008 624 691
"Board"	the Board of Directors
"Brockman" or "Company"	Brockman Mining Limited ARBN 143 211 867, a company listed on the SEHK and ASX
"Damajianshan Mine"	The 100% owned copper mine held by the Company in the Yunnan Province, PRC
"Group"	Brockman Mining Limited, its associates and subsidiaries
"m"	Metre(s)
"Marillana Project"	The 100% owned Marillana iron ore project is Brockman's flagship project located in the Hamersley Iron Province
"Mtpa"	million tonnes per annum
"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
"Ophthalmia Project"	The 100% owned Ophthalmia iron ore project is located 80 km south of the Marillana Project
"SEHK"	The Stock Exchange of Hong Kong Limited

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

BROCKMAN MINING LIMITED

ABN

ARBN 143 211 867

Quarter ended ("current quarter")

31 March 2016

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter HK\$'000	Year to date (9 months) HK\$'000
1.1	Receipts from product sales and related debtors	60	5,778
1.2	Payments for (a) exploration & evaluation	(2,015)	(17,540)
	(b) development	—	—
	(c) production	(1,154)	(8,081)
	(d) administration	(8,123)	(27,296)
1.3	Dividends received	—	—
1.4	Interest and other items of a similar nature received	91	328
1.5	Interest and other costs of finance paid	—	—
1.6	Income taxes paid	—	—
1.7	Other (provide details if material)	—	—
	(a) Net advance from/(repayment to) related parties	232	36
	(b) Refund to customer for over-prepayment	—	(290)
<b>Net operating cash flows</b>		<b>(10,909)</b>	<b>(47,065)</b>
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	—	—
	(b) equity investments	—	—
	(c) other fixed assets	(9)	(481)
1.9	Proceeds from sale of: (a) prospects	—	—
	(b) equity investments	146	146
	(c) other fixed assets	—	—
1.10	Loans to other entities	—	—
1.11	Loans repaid by other entities	—	—
1.12	Other (provide details if material)	—	—
	(a) Stamp duty tax payment on acquisition	(25,986)	(25,986)
<b>Net investing cash flows</b>		<b>(25,849)</b>	<b>(26,321)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(36,758)	(73,386)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	—	—
1.15	Proceeds from sale of forfeited shares	—	—
1.16	Proceeds from borrowings	1,129	11,234
1.17	Repayment of borrowings	—	—
1.18	Dividends paid	—	—
1.19	Other (provide details if material)		
	a) cash backed performance bond guarantee of BRM	—	668
<b>Net financing cash flows</b>		1,129	11,902
<b>Net decrease in cash held</b>		(35,629)	(61,484)
1.20	Cash at beginning of quarter/year to date	72,021	98,297
1.21	Exchange rate adjustments to item 1.20	4	(417)
1.22	Cash at end of quarter	36,396	36,396

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter HK\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	1,540
1.24	Aggregate amount of loans to the parties included in item 1.10	—
1.25	Explanation necessary for an understanding of the transactions	

1.23	Being payment of executive directors' salary and non-executive directors' fees.
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**Non-cash financing and investing activities**

- 21 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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- 22 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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**Financing facilities available**

Add notes as necessary for an understanding of the position.

	Amount available HK\$'000	Amount used HK\$'000
3.1 Loan facilities	—	—
3.2 Credit standby arrangements	—	—

**Estimated cash outflows for next quarter**

	HK\$'000
4.1 Exploration and evaluation	(4,747)
4.2 Development	—
4.3 Production	—
4.4 Administration	(6,483)
<b>Total</b>	<b>(11,230)</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter HK\$'000	Previous quarter HK\$'000
51 Cash on hand and at bank	17,004	15,391
52 Deposits at call	19,392	56,630
53 Bank overdraft		
54 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>36,396</b>	<b>72,021</b>

## Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
61	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
62	Interests in mining tenements and petroleum tenements acquired or increased	E47/3452 E47/3457 E47/3441 E47/3446	0% 0% 0% 0%	100% 100% 100% 100%

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference <sup>+</sup>securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b><sup>+</sup>Ordinary securities</b>	8,381,982,131	8,381,982,131	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration entity quarterly report

7.5	<b>*Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	145,200,000 8,000,000		Exercise price HK\$0.717-HK\$0.967 HK\$0.45	Expiry date 20 May 2016 18 January 2018
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	86,000,000 2,200,000		HK\$0.717-HK\$0.967 HK\$0.717-HK\$0.967	14 January 2016 28 February 2016
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not\* (delete one)~~ give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 29 April 2016

Print name:

Chan Kam Kwan, Jason

+ See chapter 19 for defined terms.

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.