



brockman
resources.

QUARTERLY REPORT

For the period ending
31 December 2009

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Highlights for the Quarter:

- A Definitive Feasibility Study (DFS) for the 100%-owned Marillana Iron Ore Project commenced in November 2009 and is scheduled for completion in Q3 2010. Ausenco Limited, as Lead Study Manager, will work closely with specialist mining consultants, Golder Associates Pty Ltd, to develop the optimum mining methodology and schedule.
- The second and final Native Title Mining Agreement for Marillana Project was secured in early December 2009 with the Nyiyaparli people. This paved the way for the granting of the Mining Lease for the Project as announced 6 January 2010.
- The comprehensive Metallurgical pilot and ore variability test work programs were in their final stages in December. Results to date confirm the extremely viable upgradability of the detrital ore resource at Marillana using simple and conventional processing methods. Pilot plant tests have confirmed the optimal and simplistic nature of the process flow sheet for the purposes of detailed process plant design for the DFS study that has now commenced with Ausenco.
- DFS mining studies commenced with Golder and Associates. Further Geotechnical assessment has verified the free digging nature of the Marillana detrital ore.
- Following on from the formal approval of the Marillana Environmental Scoping Document (ESD) by the Environmental Protection Authority (EPA) in August 2009, the environmental approvals process remains well on track with the first submission of the Public Environmental Review (PER) document made to EPA on 30 October 2009.
- The Port Hedland Inner Harbour Infrastructure Development - Pre-Feasibility Study, carried out under the direction and management of the North West Iron Ore Alliance (NWIOA), was completed in late December. The final PFS report by Evans and Peck / SKM Joint Venture for engineering works, together with Coffey Natural Systems for environmental and approvals will be issued in early 2010.
- Infill and extension RC drilling were completed at Marillana. Infill drilling has confirmed continuity of grade and thickness of mineralisation within the existing mineral resource outline and extension drilling has confirmed continuity of mineralisation for 800m to the north of the current resource boundary at North West Sector.
- Golder Associates have commenced a new Mineral Resource estimate and re-classification, anticipated for completion by mid-February 2010.
- The Company had cash reserves in excess of A\$90 million at quarter end.



OVERVIEW

The year 2009 was successfully concluded by the Brockman Team with the achievement of several key milestones for the wholly owned Marillana Iron Ore Project. The primary focus of activities undertaken during the quarter were to commence the Definitive Feasibility Study (DFS), conclude the resource drilling programs to support the DFS and finalise agreements with the Nyiyaparli native title claimant group.

Ausenco Minerals was appointed the Lead Study Management role for the DFS in November 2009, with primary responsibility for the development of the processing plant and infrastructure design and costing. Ausenco will work closely with specialist mining consultants, Golder Associates Pty Ltd, to develop the optimum mining methodology and schedule. The study work will integrate the results from the extensive resource development and metallurgical testwork program carried out by Brockman. The final DFS report is forecasted to be completed in Q3 2010.

As part of the DFS, an extensive programme of infill drilling to upgrade the confidence in the Mineral Resource estimates was carried out. A programme of core drilling and bulk sampling was also carried out to support a comprehensive programme of metallurgical variability and pilot scale testing, which will be completed in late January 2010.

A Native Title Mining Agreement was executed with the Nyiyaparli people in early December 2009. Brockman now has agreements in place with both native title claimant groups covering the entire Marillana Project site, concluding two years of field surveys, discussions and negotiations with the traditional land owners – The Martu Idja Banyjima Group (MIB) and the Nyiyaparli Group. Following execution of this final agreement, Mining lease M47/1414 was granted by the Western Australian Department of Mines and Petroleum in early January 2010. The granting of the Mining Lease paves the way for future mining activities at Marillana and maintains the overall timetable for the Marillana Project.

During the forthcoming quarter, the primary focus will be on developing accuracy and confidence in the engineering and operating costs for the Project by building a comprehensive forward analysis of the DFS economics. The Brockman Team will also continue to progress the development of rail access and haulage agreements with existing and future infrastructure owners/operators.

The Port PFS, prepared by Evans & Peck and Sinclair Knight Merz (SKM) JV for the North West Iron Ore Alliance (NWIOA), was completed in December 2009. Brockman, as a founding member of the NWIOA, is undertaking a detailed review of the Port PFS with the final report expected to be issued in January 2010.

Brockman will also continue to pursue the environmental approvals (EIA submission) for the mine development, in preparation for the Public Environmental Review (PER) process. At the same time, the Company will strive for potential agreements with international investment and off-take partners.

Continued commitment to fiscal responsibility and prudent management of funds has ensured Brockman's cash position remained in excess of A\$90 million at quarter end.



IRON ORE PROJECTS UPDATE

MARILLANA IRON ORE PROJECT (100% INTEREST)

Brockman Resources continued to advance the Marillana Iron Ore Project in the Pilbara region of Western Australia, through the commencement of a Definitive Feasibility Study, supported by ongoing mining, metallurgical and infrastructure studies. The infill drilling program initiated in June 2009 was completed by mid-November and is expected to permit an upgrade in the Mineral Resource classification for pit optimisation and establishment of an initial Mining Reserve at Marillana.

Resource Development and Definition

The resource development drilling programme at Marillana was completed by mid-November 2009, with a further 188 reverse circulation (RC) drill holes for 11,751m and three sonic holes for 125m completed during the period. A total of 463 RC holes for 30,087m have been drilled at Marillana during the 2009 programme, the vast majority of which were infill holes designed to increase confidence in the continuity of the grade and thickness of mineralisation, to permit an upgrade in the Mineral Resource classification from dominantly Inferred to dominantly Indicated category. The entire deposit has now been drilled at a minimum 200m by 100m spacing, with 100m by 100m drilling over the CID zones. Assay results are in line with expectations and demonstrate excellent continuity of the location, width and grade of the detrital mineralisation.

Golder Associates have been commissioned to carry out a revised Mineral Resource estimate, which is expected to be available by mid February. This new resource model will support the pit optimisation and ongoing mining studies by Golder's to develop an initial Mining Reserve at Marillana for inclusion in the DFS.

Thirty RC holes in total were designed to test for extensions to mineralisation to the north of the existing resource. An additional line of infill drilling was completed in this area during the quarter and was successful in demonstrating continuity of mineralisation for up to 800m north of the existing resource boundary. This mineralisation will be incorporated into the new resource model, but it is expected that further infill drilling would be required to bring it into the Indicated Mineral Resource category, to permit inclusion of the material in the Mining Reserve inventory.

The drilling has also confirmed significant extensions at depth to the CID mineralisation at Abalone and North West Sector and this will also be incorporated into the new resource model.

All 2009 drilling is shown in Figure 1 below, which also shows the limit of the existing resource and demonstrates the potential areas for increases in the resource.

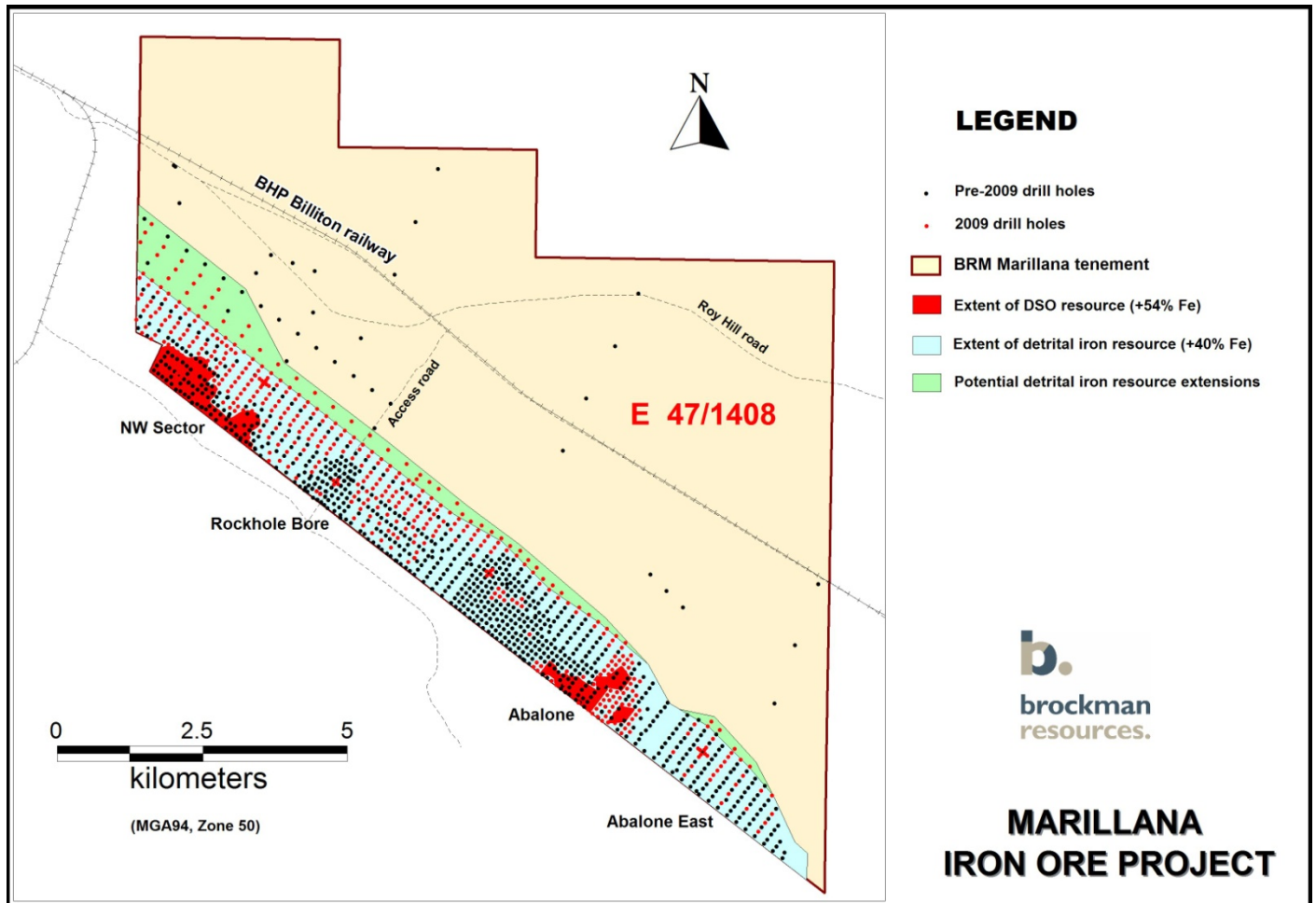


Figure 1 Marillana Project 2009 drill hole location plan and potential resource extensions

Engineering and Design Update

Brockman invited proposals for the DFS from a group of engineering consultancies selected for their proven iron ore processing capability and their experience in the delivery of processing plant and infrastructure feasibility studies. The DFS engineering was awarded to Ausenco Limited in November with the final DFS report expected to be completed by the third quarter of calendar 2010. The DFS report will provide a comprehensive forward analysis of the project economics to within $\pm 15\%$ accuracy, which will be used by the Brockman Board to assess and establish the basis and conditions for the project funding arrangements.

The DFS will focus on increasing the certainty and accuracy of the engineering and cost estimate for the final processing flow sheet and process plant configuration; mining methodology and equipment selection; and the process support infrastructure.



Optionality reviews identified in the PFS were carried out during the period, prior to the commencement of detailed design and engineering for the DFS. This work included further phases of the metallurgical test work for Process Flow Diagram (PFD) verification and variability testing, additional study work into the provision of gas supply to site (the positive PFS was completed assuming diesel fuel power generation), selection of the optimum port and rail operating models and further development of mining methodology and backfill options.

Mining and Metallurgy

During the quarter, an extremely comprehensive Metallurgical variability test work program consisting of Heavy Liquid Separation (HLS) testing of over 57 PQ core composites (Phase 4 of the Marillana Metallurgical test work program) was taken to advanced stages at Downer EDI's HLS test work facility in Carrara, Qld. The test work program has been run as a joint effort between Ammtec in Perth and Downer EDI.

In addition Phase 5 of the test work program, consisting of pilot scale test work conducted at Nagrom and AML, has been advanced to final stages with great success to date; both with respect to confirmation of the upgradability of the Marillana detrital ore at economic mass recoveries and with respect to finalising the PFD for DFS design purposes.

The final stage of the metallurgical test work program (Phase 6) will commence in late January and will consist of bulk sample generation from the final PFD and subsequent sinter test work program at CSIRO.

DFS mining studies commenced with Golder and Associates during November and December. The current focus of these studies is centered on trade off and economic sensitivity investigations with respect to ore block size and mining methodology. Both inputs are critical for the imminent pit optimisation and mine scheduling exercises commencing in early 2010 upon receipt of the revised Marillana resource model. Geotechnical studies completed during December by Coffey Mining have confirmed the free dig nature of the Marillana detrital ore deposit.

Project Approvals

Following on from the formal approval of the Marillana Environmental Scoping Document (ESD) by the Environmental Protection Authority (EPA) in August 2009, the environmental approvals process remains well on track with the first submission of the Public Environmental Review (PER) document made to EPA on 30 October 2009. Approval of the PER is expected from the EPA early in Q2 2010.

Extensive consultation has been ongoing with key regulators, stakeholders and decision making authorities, such as the Department of Environment and Conservation (DEC), Department of Indigenous Affairs (DIA) and Department of Water (DoW), to provide project updates and incorporate regulatory input and guidance into the development of the management strategies outlined in the final PER prior to its release for public comment.



Marketing

The Company continued to develop its international profile during the quarter with speaking engagements and exhibitions at a number of key industry conferences and seminars. This exposure, coupled with strategic support from the Company's corporate adviser, UBS, and a resurgent iron ore price during the quarter, has meant that Brockman has now had the opportunity to engage positively with the vast majority of relevant key industry stakeholders.

Additionally Brockman continued to progress discussions with a number of its key confidentiality agreement ("CA") partners regarding possible project investment and product off-take scenarios. The nature and structure of discussions with these groups continues to progress well and the Company, in conjunction with UBS, will seek to advance these discussions to a more definitive level during the upcoming quarter.

Rail and Port Infrastructure Update

Detailed Engineering works is continuing in conjunction with the DFS for the design and costing of rail options identified in the PFS, including a rail loading loop connected to the BHP Billiton rail infrastructure and a 110km spur line, including a site loading loop, to the existing FMG rail infrastructure. Application has been made to the Department of Regional Development and Lands for approval for Brockman to commence environmental field surveys for the selected rail corridors. This survey work is a pre-requisite for the preparation and submission of an Environmental Proposal by Brockman to the EPA for the construction of the new rail infrastructure.

The Port PFS for the development of the North West Iron Ore Alliance (NWIOA) iron ore export facilities at South West Creek in the "inner-harbour" at Port Hedland was completed by Evans & Peck / SKM joint venture in December 2009 with a final report due to be released in January 2010. The Port PFS focused on the development of an engineering "base case" for train unloading facilities, stockyards, overland transfer conveyors, port berths and shiploading facilities that aligned with the objectives and production targets of the NWIOA members.

The Port PFS identified that the iron ore export facilities could be developed in two stages to match the ramp up of the NWIOA member mine production forecasts and to reduce the initial capital cost. The engineering study work also included the development of a dredging concept plan for South West Creek which defined the likely areas of influence on the shoreline and was used by Coffey Natural Systems to consider the potential impacts for the environmental approvals process. On-going discussions between the Port Hedland Port Authority and NWIOA are ensuring the most expeditious program for port infrastructure development is achieved, including the commencement of the environmental approvals required for the dredging activities.

Wayne Richards
Managing Director

27 January 2010

References to Marillana Production Targets

Brockman has not yet reported any ore reserves from its Marillana Project. While the Company remains optimistic it will report reserves in the future, any discussion in relation to production targets is only conceptual in nature as there has been insufficient work to define a Mineral Reserve and it is uncertain if further work will result in the determination of a Mineral Reserve.

Competent Person's Statement

The information in this report that relates to mineralisation and exploration results is based on information compiled by Mr Colin Paterson, who is a Member of the Australian Institute of Geoscientists. Mr Paterson is a full time employee of Brockman Resources Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Paterson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.