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BROCKMAN

BROCKMAN MINING LIMITED

布萊克萬礦業有限公司*

(incorporated in Bermuda with limited liability)

(SEHK Stock Code: 159)

(ASX Stock Code: BCK)

**SUBSCRIPTION OF SHARES BY CHINA GUOYIN
AND
CONNECTED TRANSACTION
SUBSCRIPTION OF SHARES BY OCEAN LINE**

SUBSCRIPTION OF SHARES BY CHINA GUOYIN

On 2 January 2014, the Company and China Guoyin entered into the CG Shares Subscription Agreement pursuant to which the Company agreed to issue and China Guoyin agreed to subscribe for 195,000,000 Shares at an aggregate subscription price of HK\$78 million. The CG Shares Subscription is conditional upon, among other things, the approval of the Independent Shareholders and the Stock Exchange granting listing of and permission to deal in the CG Subscription Shares. The proceeds from the issue of the CG Subscription Shares will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group.

* *for identification purpose only*

SUBSCRIPTION OF SHARES BY OCEAN LINE

On 2 January 2014, the Company and Ocean Line entered into the OL Shares Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for 292,500,000 Shares at an aggregate subscription price of HK\$117 million. The OL Shares Subscription is conditional upon, among other things, approval of the Independent Shareholders and the Stock Exchange granting listing of and permission to deal in the OL Subscription Shares. In the event that the Independent Shareholders approve the OL Shares Subscription, the Bond (which was issued by the Company to Ocean Line on 12 November 2013) shall be redeemed in full and the proceeds from the redemption will be applied to subscribe for the OL Subscription Shares. The remaining proceeds from the issue of the OL Subscription Shares will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group.

GENERAL

Ocean Line is a substantial shareholder of the Company and is thus a connected person of the Company. As such, the OL Shares Subscription constitutes a connected transaction for the Company subject to Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company will seek Independent Shareholders' approval for the OL Shares Subscription as well as the CG Shares Subscription. The Company will establish the Independent Board Committee and will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders respectively in respect of the OL Shares Subscription.

An SGM will be held to consider and if thought fit pass resolutions to approve the CG Shares Subscription and the OL Shares Subscription. China Guoyin and its associates are required to abstain from voting in respect of the resolution in relation to the CG Shares Subscription while Ocean Line and its associates are required to abstain from voting in respect of the resolution in relation to the OL Shares Subscription. The Company will issue a circular (including the respective letters of advice from the Independent Board Committee and the independent financial adviser in relation to the OL Shares Subscription) as soon as possible on or before 23 January 2014, setting out details of the CG Shares Subscription and the OL Shares Subscription and the notice of the SGM to Shareholders.

SUBSCRIPTION OF SHARES BY CHINA GUOYIN

On 2 January 2014, the Company and China Guoyin entered into the CG Shares Subscription Agreement pursuant to which the Company agreed to issue and China Guoyin agreed to subscribe for the CG Subscription Shares at an aggregate subscription price of HK\$78 million.

Date

2 January 2014

Parties

(1) Subscriber: China Guoyin Investments (HK) Ltd

(2) Issuer: the Company

As at the date of this announcement, China Guoyin and its associates hold 580,704,972 Shares, representing approximately 7.36% of the entire issued share capital of the Company. Mr. Liu Zhengui, a non-executive Director and Vice Chairman of the Company, is a director of a company controlled by the beneficial owner of China Guoyin. Save as the aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, China Guoyin and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Number of CG Subscription Shares

The number of CG Subscription Shares shall be 195,000,000 new Shares (with an aggregate nominal value of HK\$19,500,000) representing (1) approximately 2.47% of the issued share capital of the Company as at the date of this announcement; and (2) approximately 2.41% of the issued share capital of the Company as enlarged by the allotment and issue of the CG Subscription Shares.

Ranking of the CG Subscription Shares

The CG Subscription Shares, when allotted and issued, will rank equally in all respects with the Shares in issue as at the date of allotment of the CG Subscription Shares.

CG Subscription Price

The CG Subscription Price is HK\$0.40 per CG Subscription Share which represents:

(1) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 2 January 2014, being the date of the CG Shares Subscription Agreement; and

- (2) a discount of approximately 16.49% to the average closing price per Share of approximately HK\$0.479 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 31 December 2013, being the last trading day prior to the date of the CG Shares Subscription Agreement.

The CG Subscription Price was determined on an arm's-length basis between the parties with reference to the prevailing market price and the recent trading volume of the Shares and the net asset value of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the CG Shares Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the CG Shares Subscription

Completion of the CG Shares Subscription is conditional upon the following conditions being satisfied (or waived as applicable) by 6:00 p.m. on 14 February 2014 (or such other date as the Company and China Guoyin may agree in writing):

- (1) there being no breach of the warranties given by the Company under the CG Shares Subscription Agreement;
- (2) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the CG Subscription Shares;
- (3) the passing by the Independent Shareholders at the SGM of the relevant resolution approving the CG Shares Subscription Agreement and the transactions contemplated thereunder; and
- (4) there being (from the date of the CG Shares Subscription Agreement up till the time immediately prior to the CG Subscription Completion Date) no material adverse change in the financial position and trading prospects of the Group and no event which has or could reasonably be expected to have a material adverse effect on the Group to the reasonable satisfaction of China Guoyin.

China Guoyin is entitled to waive the satisfaction of conditions (1) and (4) above.

Completion of the CG Shares Subscription

Completion shall take place on the CG Subscription Completion Date.

SUBSCRIPTION OF SHARES BY OCEAN LINE

On 2 January 2014, the Company and Ocean Line entered into the OL Shares Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for the OL Subscription Shares at an aggregate subscription price of HK\$117 million.

Date

2 January 2014

Parties

- (1) Subscriber: Ocean Line Holdings Limited
- (2) Issuer: the Company

As at the date of this announcement, Ocean Line and its associates in aggregate hold 1,545,180,137 Shares, representing approximately 19.57% of the entire issued share capital of the Company. Ocean Line is owned as to 60% by Mr. Kwai Sze Hoi (Chairman of the Company) and as to 40% by his spouse, Ms. Cheung Wai Fung.

Number of OL Subscription Shares

The number of OL Subscription Shares shall be 292,500,000 new Shares (with an aggregate nominal value of HK\$29,250,000) representing (1) approximately 3.71% of the issued share capital of the Company as at the date of this announcement; (2) approximately 3.57% of the issued share capital of the Company as enlarged by the allotment and issue of the OL Subscription Shares; and (3) approximately 3.49% of the issued share capital of the Company as enlarged by the allotment and issue of the OL Subscription Shares and the CG Subscription Shares.

Ranking of the OL Subscription Shares

The OL Subscription Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue as at the date of allotment of the OL Subscription Shares.

OL Subscription Price

The OL Subscription Price of HK\$0.40 per OL Subscription Share represents:

- (1) a discount of approximately 13.98% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 2 January 2014, being the date of the OL Shares Subscription Agreement; and
- (2) a discount of approximately 16.49% to the average closing price per Share of approximately HK\$0.479 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 31 December 2013, being the last trading day prior to the date of the OL Shares Subscription Agreement.

The OL Subscription Price was determined on an arm's length basis between the parties with reference to the prevailing market price and the recent trading volume of the Shares and the net asset value of the Company. The Directors (excluding the independent non-executive Directors who will express their opinion after taking into consideration the advice of the independent financial adviser to be appointed by the Company) consider that the terms of the OL Shares Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the OL Shares Subscription

Completion of the OL Shares Subscription is conditional upon the following conditions being satisfied (or waived as applicable) by 6:00 p.m. on 14 February 2014 (or such other date as the Company and Ocean Line may agree in writing):

- (1) there being no breach of the warranties given by the Company under the OL Shares Subscription Agreement;
- (2) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the OL Subscription Shares;
- (3) the passing by the Independent Shareholders at the SGM of the resolution approving the OL Shares Subscription Agreement and the transactions contemplated thereunder;
- (4) there being (from the date of the OL Shares Subscription Agreement up till the time immediately prior to the OL Subscription Completion Date) no material adverse change in the financial position and trading prospects of the Group and no event which has or could reasonably be expected to have a material adverse effect on the Group to the reasonable satisfaction of Ocean Line; and
- (5) Ocean Line having obtained prior approval from the FIRB in relation to holding 15% or more of the issued share capital of the Company, or such approval remaining valid.

Ocean Line is entitled to waive the satisfaction of conditions (1) and (4) above.

Completion of the OL Shares Subscription

Completion shall take place on the OL Subscription Completion Date.

SPECIFIC MANDATES

The CG Subscription Shares and the OL Subscription Shares will be issued under specific mandates to be approved by the Independent Shareholders at the SGM.

LISTING APPLICATION

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the CG Subscription Shares and the OL Subscription Shares. The Company will apply for quotation of the CG Subscription Shares and the OL Subscription Shares on the ASX once they have been allotted.

USE OF PROCEEDS

Subject to obtaining Independent Shareholders' approval for the CG Shares Subscription, the proceeds will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group. The gross proceeds and the net proceeds of the CG Shares Subscription will be approximately HK\$78 million. The net issue price per CG Subscription Share based on the above net proceeds is approximately HK\$0.40.

Subject to obtaining Independent Shareholders' approval for the OL Shares Subscription, the Bond (which was issued by the Company to Ocean Line on 12 November 2013) shall be redeemed in full and the proceeds will be applied to subscribe for the OL Subscription Shares. The remaining proceeds from the issue of the OL Subscription Shares will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group. The gross proceeds and net proceeds of the OL Shares Subscription will be approximately HK\$117 million. The net issue price per OL Subscription Share based on the above net proceeds is approximately HK\$0.40.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The net proceeds from the CG Shares Subscription will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group.

The Bond was issued on 12 November 2013 to raise funds for the Group's general working capital. The Bond is unsecured, bears an interest rate of 10% and is due on 28 November 2014. Part of the net proceeds from the OL Shares Subscription will be used to fully redeem the Bond thus effectively enabling the Company to replace the debt of the Bond with equity of the OL Subscription Shares improving the Group's gearing and saving future interest expense. The remaining proceeds from the OL Shares Subscription will be used for the development of the Group's iron ore mining projects in Western Australia and for general working capital of the Group.

The Directors consider that the terms of the CG Shares Subscription are on normal commercial terms and are fair and reasonable and the CG Shares Subscription is in the interests of the Company and the Shareholders as a whole. The Directors (excluding the independent non-executive Directors who will express their opinion after taking into consideration the advice of the independent financial adviser to be appointed by the Company) consider that the terms of the OL Shares Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP, CHINA GUOYIN AND OCEAN LINE

The Group is principally engaged in (i) exploration of iron ore mining projects in Western Australia; (ii) exploitation, processing and production of copper ore concentrates in the PRC; and (iii) provision of transportation services (which will cease after the completion of the Company's disposal of Perryville, details of which are set out in the Company's announcement dated 24 October 2013).

China Guoyin is an investment holding company holding, among others, securities investments.

Ocean Line is a multinational conglomerate with shipping business as its strategic focus. It is one of the largest privately owned shipping companies in Hong Kong. It wholly owns, operates and manages a fleet of vessels with total deadweight tonnage of 3 million metric tonnes operating worldwide. In addition, Ocean Line invests in infrastructures and operates other shipping related businesses including ports, terminals, warehouses and ship repairs. Ocean Line also invests in hotel businesses.

SHAREHOLDING TABLE

	As at the date of this announcement		After completion of the CG Shares Subscription (but before completion of the OL Shares Subscription and absent any other changes)		After completion of the OL Shares Subscription (but before completion of the CG Shares Subscription and absent any other changes)		After completion of the CG Shares Subscription and the OL Shares Subscription (absent any other changes)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ocean Line and its associates	1,545,180,137	19.57	1,545,180,137	19.10	1,837,680,137	22.45	1,837,680,137	21.92
The XSS Group Limited and its subsidiaries (note 1)	387,032,276	4.90	387,032,276	4.78	387,032,276	4.73	387,032,276	4.62
Shimmer Expert Investments Limited (note 2)	179,548,000	2.27	179,548,000	2.22	179,548,000	2.19	179,548,000	2.14
Wander Profits Investments Limited (note 3)	86,668,000	1.10	86,668,000	1.07	86,668,000	1.06	86,668,000	1.03
Ross Stewart Norgard and Longfellow Nominees Pty Ltd (note 4)	243,054,000	3.08	243,054,000	3.01	243,054,000	2.97	243,054,000	2.90
Parklane International Holdings Limited (note 5)	27,592,592	0.35	27,592,592	0.34	27,592,592	0.34	27,592,592	0.33
Public Shareholders								
China Guoyin and its associates	580,704,972	7.36	775,704,972	9.59	580,704,972	7.09	775,704,972	9.25
Other public Shareholders	4,844,702,154	61.37	4,844,702,154	59.89	4,844,702,154	59.17	4,844,702,154	57.81
	<u>7,894,482,131</u>	<u>100.00</u>	<u>8,089,482,131</u>	<u>100.00</u>	<u>8,186,982,131</u>	<u>100.00</u>	<u>8,381,982,131</u>	<u>100.00</u>

Notes:

1. These Shares are held by Equity Valley Investments Limited. Equity Valley Investments Limited is held by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital were held by Mr. Luk Kin Peter Joseph (an executive Director), Ms. Cheung Sze Wai (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.
2. These Shares are held by Shimmer Expert Investments Limited, which is wholly beneficially owned by Groom High Investments Limited. Groom High Investments Limited is wholly beneficially owned by Ms. Zhang Li, a director of a subsidiary of the Company.
3. These Shares are held by Wander Profits Investments Limited, whose beneficial interest is wholly owned by Ms. Zhang Rui, the sister of Ms. Zhang Li (a director of a subsidiary of the Company).
4. 64,569,834 Shares are held by Mr. Ross Stewart Norgard (a non-executive Director) directly and 178,484,166 Shares are held by Longfellow Nominees Pty Ltd (100% owned by Mr. Norgard).
5. These Shares are held by Parklane International Holdings Limited, whose beneficial interest is wholly owned by Mr. Leung Chi Yan, a director of Perryville and its subsidiaries. As announced by the Company on 24 October 2013, the Company entered into an agreement to dispose of its entire equity interest in Perryville, and the loan due to the Company, to Mr. Leung Chi Yan. As at the date of this announcement, the aforesaid disposal has not been completed.

FUNDRAISING IN THE PAST 12 MONTHS

The following table sets out the equity fund raising activities conducted by the Group in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual application of the net proceeds
2 November 2012 (the fundraising was completed on 9 January 2013)	Issue of new Shares	HK\$78 million	To replace the bond issued by the Company to China Guoyin on 21 September 2012 whose entire proceeds were used to finance the expenses related to the BRM Offer and for further development of the Marillana iron ore project owned by BRM.	All of the net proceeds from the issue of the new Shares were used to replace the bond (in its entirety) issued by the Company to China Guoyin on 21 September 2012.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual application of the net proceeds
2 November 2012 (the fundraising was completed on 9 January 2013)	Issue of convertible bonds	HK\$78 million	To replace the bond issued by the Company to Ocean Line on 21 September 2012 whose entire proceeds were used to finance the expenses related to the BRM Offer and for further development of the Marillana iron ore project owned by BRM.	All of the net proceeds from the issue of the convertible bonds were used to replace the bond (in its entirety) issued by the Company to Ocean Line on 21 September 2012.

GENERAL

Ocean Line is a substantial shareholder of the Company and is thus a connected person of the Company. As such, the OL Shares Subscription constitutes a connected transaction for the Company subject to Independent Shareholders' approval pursuant to the requirements of Chapter 14A of the Listing Rules. The Company will seek Independent Shareholders' approval for the OL Shares Subscription as well as the CG Shares Subscription. The Company will establish the Independent Board Committee and will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders respectively in respect of the OL Shares Subscription.

An SGM will be held to consider and if thought fit, pass resolutions to approve the CG Shares Subscription and the OL Shares Subscription. Ocean Line and its associates who in aggregate hold 1,545,180,137 Shares (approximately 19.57% of the entire issued share capital of the Company) as at the date of this announcement are required to abstain from voting in respect of the resolution in relation to the OL Shares Subscription. China Guoyin and its associates who in aggregate hold 580,704,972 Shares (approximately 7.36% of the entire issued share capital of the Company) as at the date of this announcement is interested in the CG Shares Subscription and is therefore required to abstain from voting in respect of the resolution in relation to the CG Shares Subscription.

The Company will issue a circular as soon as possible on or before 23 January 2014, setting out details of the CG Shares Subscription and the OL Shares Subscription, the respective letters of advice from the Independent Board Committee and the independent financial adviser in relation to the OL Shares Subscription and the notice of the SGM to the Shareholders.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“ASX”	ASX Limited (trading as the Australian Securities Exchange)
“Board”	the board of Directors
“Bond”	the unsecured bond due 28 November 2014 issued by the Company to Ocean Line with an outstanding principal amount of US\$4,000,000 (equivalent to approximately HK\$31,200,000) as at the date of this announcement
“BRM”	Brockman Mining Australia Pty Ltd (formerly known as Brockman Resources Limited) ACN 009 372 150, a wholly-owned subsidiary of the Company
“BRM Offer”	the takeover offer which was launched by the Group in 2011 to acquire all the shares in BRM then not held by the Group and which closed on 14 June 2012
“Business Day”	a day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CG Shares Subscription”	the subscription of the CG Subscription Shares by China Guoyin pursuant to the CG Shares Subscription Agreement
“CG Shares Subscription Agreement”	the subscription agreement entered into between the Company and China Guoyin on 2 January 2014
“CG Subscription Completion Date”	the third Business Day after fulfillment (or waiver as applicable) of the conditions set out in the CG Shares Subscription Agreement or such other date as may be agreed in writing by the Company and China Guoyin
“CG Subscription Price”	the price at which each CG Subscription Share will be issued, being HK\$0.40 per CG Subscription Share
“CG Subscription Shares”	the new Shares to be issued under the CG Shares Subscription

“China Guoyin”	China Guoyin Investment (HK) Ltd
“Company”	Brockman Mining Limited, the shares of which are dually listed on the Stock Exchange and ASX
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“FIRB”	the Foreign Investment Review Board of Australia
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee to be established by the Company to consider the OL Shares Subscription
“Independent Shareholders”	holders of Shares other than China Guoyin and its associates for the purposes of the CG Shares Subscription or holders of Shares other than Ocean Line and its associates for the purposes of the OL Shares Subscription (as applicable)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ocean Line”	Ocean Line Holdings Limited
“OL Shares Subscription”	the subscription of the OL Subscription Shares by Ocean Line pursuant to the OL Shares Subscription Agreement
“OL Shares Subscription Agreement”	the subscription agreement entered into between the Company and Ocean Line on 2 January 2014
“OL Subscription Completion Date”	the third Business Day after the fulfillment (or waiver as applicable) of the conditions set out in the OL Shares Subscription Agreement or such other date as may be agreed in writing by the Company and Ocean Line
“OL Subscription Price”	the price at which each OL Subscription Share will be issued, being HK\$0.40 per OL Subscription Share

“OL Subscription Shares”	the new Shares to be issued under the OL Shares Subscription
“Perryville”	Perryville Group Limited, a wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China
“SGM”	the special general meeting to be convened and held by the Company in relation to the CG Shares Subscription and the OL Shares Subscription
“Shareholder(s)”	holder(s) of any Share(s)
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars
“%”	per cent

By order of the Board
Brockman Mining Limited
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 2 January 2014

As at the date of this announcement, the Board comprises Mr. Kwai Sze Hoi (Chairman), Mr. Liu Zhengui (Vice Chairman) and Mr. Ross Stewart Norgard as non-executive directors; Mr. Luk Kin Peter Joseph (Chief Executive Officer), Mr. Chan Kam Kwan, Jason (Company Secretary) and Mr. Warren Talbot Beckwith as executive directors; and Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny as independent non-executive directors.