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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)

OVERSEAS REGULATORY ANNOUNCEMENT QUARTERLY ACTIVITIES REPORT

The following is the text of the quarterly activities report of Brockman Mining Limited (the “Company”) released by the Company on ASX Limited today.

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

Hong Kong, 27 January 2017

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

* *For identification purpose only*



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QUARTERLY REPORT

For the quarter ended
31 December 2016

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1. HIGHLIGHTS

- Brockman has engaged Engenium as the Project Management Consultant (PMC) for the Maverick Project. Detailed engineering has commenced via a competitive Early Contractor Engagement (ECE) process.
- In August 2016, Brockman submitted an Expression of Interest (EOI) to Pilbara Ports Authority (PPA) for stockyard and export capacity at its Utah Point Bulk Handling Facility (UPBHF), to facilitate Project Maverick. The EOI was accepted and subsequently in January 2017, PPA and Brockman have entered into a Multi-Users Agreement (MUA) and a stockyard land lease (Lease) for the use of facilities at UPBHF.
- Positive results from the Brockman technical marketing campaign with selected steel mills in China.

2. CORPORATE REVIEW

Cash position

The consolidated cash position of the Group as at 31 December 2016 was HK\$49.6 million.

As advised to the market on 2 September 2016, the Company has resolved to no longer finance the continuing development of its copper mine in Yunan, PRC. There were no mining operations carried during the quarter. The payment of production expense of approximately HK\$392,000 was mainly for the settlement of other payables in the previous periods.

The Company remains vigilant on overhead costs in the current iron ore price environment. The primary focus is on delivering the Project Maverick, and pursuing infrastructure solutions for a larger Marillana development.

Increase in Authorised Share Capital

On 16 December 2016, the Company has passed an ordinary resolution in relation to the increase of authorised share capital of the Company from HK\$1,000,000,000 divided into 10,000,000,000 Shares to HK\$2,000,000,000 divided into 20,000,000,000 Shares by creation of an additional 10,000,000,000 Shares. Such increase will facilitate the Company being able to carry out any future equity-related fund-raising or other share transactions when the right opportunity arises and is in the interests of the Company and Shareholders as a whole.

3. MARILLANA IRON ORE PROJECT

3.1 Marillana Development

Brockman has engaged Engenium as the Project Management Consultant (PMC) for the Project Maverick. Engenium is providing PMC services for Project Maverick, which has been separated into mining, processing, non-process infrastructure and general infrastructure components. The scope of work includes the completion of the feasibility phase, early engineering development works, execution and construction delivery following FID approval.

Engenium has awarded the detailed study for the processing plant to three separate contractors via a competitive early contractor engagement (ECE) process. The successful tenderer will be awarded an EPC contract for the construction.

The key prerequisite for the Company before progressing further on Project Maverick is to secure a stockyard and capacity allocation at the Utah Point Bulk Handling Facility (UPBHF) to cater for the export of 2.5 to 3.0Mtpa of Marillana's iron ore product. An EOI in the lease of stockyard capacity and an allocation of tonnage throughput at the UPBHF has been submitted. The EOI was accepted and subsequently in January 2017, PPA and Brockman have entered into a Multi-Users Agreement (MUA) and a stockyard land lease (Lease) for the use of facilities at UPBHF. The MUA and Lease are subject to a number of conditions. These conditions (among others) are related to Brockman securing funding for Project Maverick and confirming its intention to commence with the PPA within specified dates.

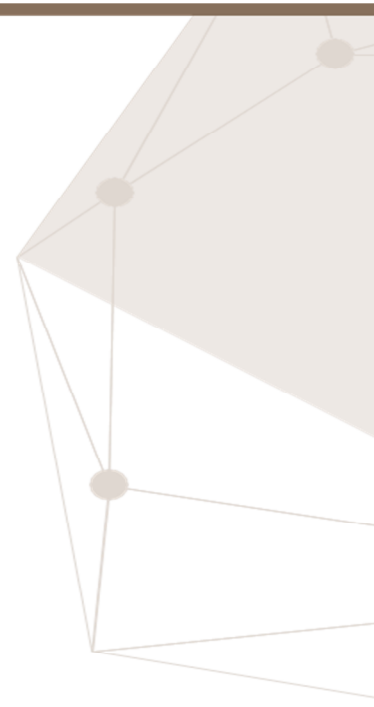
Following execution of the Heads of Agreement with Qube Bulk Pty Ltd (Qube) in March 2016, the companies have now agreed the terms for Qube's provision of logistics services for the transportation and export through UPBHF for a minimum of seven years. A Logistics Services Agreement is currently being drafted.

Brockman is targeting for commencement of construction in Q2 of calendar year 2017 with commissioning in Q1 calendar year 2018.

Project Maverick

The development of Project Maverick is an interim solution to establish Brockman and the high quality Marillana product in the iron ore market. It will also be a major step forward in commercialising the infrastructure solution for the larger scale operations at Marillana (up to 20Mtpa).

Project Maverick relates to a very small portion of the total mineralisation at Marillana, with an initial small 2.5 to 3.0Mtpa mining operation at the 100% owned Marillana iron ore deposit. Continued mine planning studies have demonstrated that the Maverick pit can be extended to produce a total of 83.8Mt of ore and 27.8Mt of waste to be mined over 14 years, whilst maintaining



the strip ratio at 0.33:1. Beneficiated product will be transported to UPBHF by road haulage.

Brockman has commenced a technical marketing programme to secure offtake agreements for the Maverick product. The results to date have been positive with several Chinese steel mills and international commodity trading houses expressing an interest in the product. Brockman is in the process of despatching samples to a number of Chinese steel mills for confirmatory sinter testing and value in use determination, based on their current blends..

3.2 Marillana Infrastructure

Rail

Brockman Independent Railway

The focus during the period was on progressing Project Maverick, hence limited progress was made on the independent railway study, advised last quarter. The independent railway is one of a number of logistics solutions being considered by the Company.

Port

Brockman continues to study options for development of the port at South West Creek to complement the Company's future rail solution.

4. TENEMENTS

Tenements disposed of during the Quarter

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Mindy	West Pilbara	E	47/3310	Iron Ore	Withdrawn	0%
Mt Truchanas	West Pilbara	E	47/3420	Iron Ore	Withdrawn	0%
Mt Truchanas	West Pilbara	E	47/3421	Iron Ore	Withdrawn	0%

Tenements acquired during the Quarter

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Mindy	West Pilbara	E	47/3584	Iron Ore	Application	100%
Mindy	West Pilbara	E	47/3585	Iron Ore	Application	100%
Ophthalmia	West Pilbara	R	47/15	Iron Ore	Application	100%
Ophthalmia	West Pilbara	R	47/16	Iron Ore	Application	100%
Punda Spring	West Pilbara	E	47/3575	Iron Ore	Application	100%

Tenements held at end of Quarter

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Coolawanyah	West Pilbara	E	47/3491	Iron Ore	Application	100%
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%
Enterprise Bore	West Pilbara	E	47/3452	Iron Ore	Application	100%
Fig Tree	East Pilbara	E	47/3025	Iron Ore	Granted	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	Granted	100%
Juna Downs	West Pilbara	E	47/3363	Iron Ore	Granted	100%
Juna Downs	West Pilbara	E	47/3364	Iron Ore	Application	100%
Madala Bore	West Pilbara	E	47/3285	Iron Ore	Granted	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%
Marillana	East Pilbara	E	47/3532	Iron Ore	Application	100%
Mindy	West Pilbara	E	47/3584	Iron Ore	Application	100%
Mindy	West Pilbara	E	47/3585	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	Granted	100%

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Mulga Downs	East Pilbara	E	45/4827	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	P	47/1715	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/3549	Iron Ore	Application	100%
Ophthalmia	East Pilbara	R	47/0013	Iron Ore	Application	100%
Ophthalmia	East Pilbara	R	47/0015	Iron Ore	Application	100%
Ophthalmia	East Pilbara	R	47/0016	Iron Ore	Application	100%
Parson George	East Pilbara	E	47/3217	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%
Punda Springs	West Pilbara	E	47/3575	Iron Ore	Application	100%
Shovelanna	East Pilbara	E	46/0781	Iron Ore	Granted	100%
Sylvania	West Pilbara	E	52/3442	Iron Ore	Application	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	47/3565	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%

5. 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 December 2016

Quoted securities

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

Unquoted securities

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

There were no shares or options issued during the period.

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

6. 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
"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
"PPA"	Pilbara Port Authority, owner of UPBHF
"SEHK"	The Stock Exchange of Hong Kong Limited
"UPBHF"	Utah Point Bulk Handling Facility at Port Hedland, Western Australia

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, 01/05/13, 01/09/16

Name of entity

BROCKMAN MINING LIMITED

ABN

ARBN 143 211 867

Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter HK\$'000	Year to date (6 months) HK\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	—	—
1.2 Payments for		
(a) exploration & evaluation	(2,564)	(7,137)
(b) development	—	—
(c) production	(392)	(392)
(d) staff costs	(5,253)	(10,857)
(e) administration and corporate costs	(2,097)	(4,734)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	8	19
1.5 Interest and other costs of finance paid	—	—
1.6 Income taxes paid	—	—
1.7 Research and development refunds	—	—
1.8 Other (provide details if material)		
(a) Advanced from related party	234	234
1.9 Net cash from / (used in) operating activities	(10,064)	(22,867)

Consolidated statement of cash flows	Current quarter HK\$'000	Year to date (6 months) HK\$'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	—	—
(b) tenements (see item 10)	—	—
(c) investments	—	—
(d) other non-current assets	—	—
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	—	—
(b) tenements (see item 10)	—	—
(c) investments	—	—
(d) other non-current assets	—	—
2.3 Cash flows from loans to other entities	—	—
2.4 Dividends received (see note 3)	—	—
2.5 Other (provide details if material)	—	—
2.6 Net cash from / (used in) investing activities	—	—

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	—	—
3.2 Proceeds from issue of convertible notes	—	—
3.3 Proceeds from exercise of share options	—	—
3.4 Transaction costs related to issues of shares, convertible notes or options	—	—
3.5 Proceeds from borrowings	612	40,405
3.6 Repayment of borrowings	—	—
3.7 Transaction costs related to loans and borrowings	—	—
3.8 Dividends paid	—	—
3.9 Other (provide details if material)	—	—
3.10 Net cash from / (used in) financing activities	612	40,405

Consolidated statement of cash flows		Current quarter HK\$'000	Year to date (6 months) HK\$'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	59,718	32,771
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(10,064)	(22,867)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	—	—
4.4	Net cash from / (used in) financing activities (item 3.10 above)	612	40,405
4.5	Effect of movement in exchange rates on cash held	(671)	(714)
4.6	Cash and cash equivalents at end of period	49,595	49,595

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter HK\$'000	Previous quarter HK\$'000
5.1	Bank balances	49,595	59,718
5.2	Call deposits	—	—
5.3	Bank overdrafts	—	—
5.4	Other (provide details)	—	—
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	49,595	59,718

6.	Payments to directors of the entity and their associates	Current quarter HK\$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	1,445
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	—
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 6.1 Being payment of executive directors' salary and non-executive directors' fees.	

7.	Payments to related entities of the entity and their associates	Current quarter HK\$'000
7.1	Aggregate amount of payments to these parties included in item 1.2	—
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	—
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end HK\$'000	Amount drawn at quarter end HK\$'000
8.1	Loan facilities	—	—
8.2	Credit standby arrangements	60,000	—
8.3	Other (please specify)	—	—
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
8.2	On 21 September 2016, a shareholder has undertaken to grant a loan facility of up to HK\$60,000,000 to the Company to satisfy its future working capital requirements, and to meet its financial obligations. The loan is available for draw down within 14 months from 21 September 2016. Such loan is unsecured, bears interest at 15% per annum and once drawn down, is repayable on 21 December 2017. As at date hereof, such loan facility has not been drawn down.		

9.	Estimated cash outflows for next quarter	HK\$'000
9.1	Exploration and evaluation	(7,255)
9.2	Development	—
9.3	Production	—
9.4	Staff costs	(5,137)
9.5	Administration and corporate costs	(2,353)
9.6	Other (provide details if material)	—
9.7	Total estimated cash outflows	(14,745)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E47/3310 Mindy	Application withdrawn	100%	0%
		E47/3420 Mt Truchanas	Application withdrawn	100%	0%
		E47/3421 Mt Truchanas	Application withdrawn	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E47/3584 Mindy	Application lodged	0%	100%
		E47/3585 Mindy	Application lodged	0%	100%
		R47/15 Ophthalmia	Application lodged	0%	100%
		R47/16 Ophthalmia	Application lodged	0%	100%
		E47/3575 Punda Spring	Application lodged	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 27 January 2017

(Company secretary)

Print name:

Chan Kam Kwan, Jason

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.