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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)

TERM SHEET IN RESPECT OF PROPOSED FARM-IN AND JOINT VENTURE ARRANGEMENT

This announcement is made by the Company pursuant to Part XIVA of the SFO and Rule 13.09(2) of the Listing Rules.

On 17 November 2017 (after trading hours), the Company and BBIG executed the Term Sheet in relation to the Proposed Transaction whereby subject to entering into of the Transaction Documents BBIG will undertake to prepare a definitive feasibility study in respect of the construction and development of the Marillana Project following which if determined to be feasible, the parties would establish the Joint Venture to carry out the development of the Marillana Project as set out in this announcement.

The Proposed Transaction will be subject to the execution of the Transaction Documents by the Company and BBIG. The Proposed Transaction, if materialised, may constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules as and when appropriate.

Save for certain provisions relating to exclusivity, confidentiality, governing law and jurisdiction, and costs relating to the negotiation and preparation of the Term Sheet and the Transaction Documents, the terms of the Term Sheet are not legally binding. The Transaction Documents may or may not be entered into, and even if the Transaction Documents are entered into, the Proposed Transaction is subject to certain conditions. The Proposed Transaction therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

* *For identification purpose only*

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THE TERM SHEET

On 17 November 2017 (after trading hours), the Company and BBIG executed the Term Sheet in respect of the Proposed Transaction which is more particularly described below.

BBIG is a subsidiary of The Todd Corporation Limited. It is co-owned by The Todd Corporation (as to approximately 90%) and Mr. Nicholas Curtis (as to approximately 10%). The Todd Corporation is one of New Zealand's leading companies with a range of interests including energy, minerals and property. Mr. Curtis is the CEO of BBIG.

BBIG is developing the Balla Balla Infrastructure project ("**BBI Infrastructure**"), a rail and port project, which when constructed will comprise an integrated port and rail infrastructure system that will provide a new gateway to the iron ore rich Pilbara region in Western Australia.

The Balla Balla port site is located approximately halfway between Dampier and Port Hedland in close proximity to road, gas and electrical infrastructure. Proposed infrastructure for the BBI Infrastructure includes a 160 km single-track standard gauge railway, and a multi-user port facility capable of handling and loading transshipment shuttle vessels (TSVs). Initial planned annual capacity of the rail and port is 50 million tonnes per annum (Mtpa) (wet) with the potential to scale this up. The BBI Infrastructure has full agreement and support from the traditional owners who hold Native Title over the BBI Infrastructure land. The proposed port facility involves no dredging and has a low environmental footprint. All primary BBI Infrastructure environmental approvals are in place.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BBIG and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Save for the provisions relating to exclusivity, confidentiality, governing law and jurisdiction, and costs relating to the negotiation and preparation of the Term Sheet and the Transaction Documents, the terms of the Term Sheet are not legally binding on the parties. Principal terms of the Term Sheet are set out below.

Proposed farm-in arrangement and establishment of the Joint Venture

DFS

BBIG will undertake to prepare the DFS in respect of the construction and development of the Marillana project within 3 years (“**DFS Period**”) from satisfaction of the conditions precedent set out under the paragraph headed “Conditions precedent” below. BBIG will fund the costs of preparing the DFS (“**DFS Cost**”) up to an aggregate amount of AUD10 million. Any further costs (which shall be subject to the Company’s approval) exceeding such threshold (“**Supplementary DFS Cost**”) will be borne by the Company and BBIG as to 50% each. Should the Company fail to fund its portion of the Supplementary DFS Cost, its participating interest in the Joint Venture (as more detailed below) will be reduced as set out in the Term Sheet, subject to a maximum reduction of 5%.

The DFS will be of a standard that would be sufficient to support a project financing by a major international bank and be based on the assumption that the Marillana Project will utilize the BBI Infrastructure, being a rail and port facilities connecting Central Pilbara iron ore deposits, including Marillana Project, to Balla Balla port.

During the DFS Period, both the Company and BBIG will undertake certain commitments among others: (i) the Company shall provide all access required by BBIG to the land on which the Marillana Project is situated and to Marillana Project’s records, (ii) BBIG will commit to provide the Company with regular reports as to the progress of the DFS, (iii) BBIG will commit to a minimum spend of AUD3 million after 18 months from satisfaction of the conditions precedent set out under the paragraph headed “Conditions precedent” below.

The DFS shall set out a work program for the implementation of the development of the Marillana Project, including details of the proposed funding plan for the estimated capital expenditure associated with the initial development of the Marillana Project, which shall comprise:

- (i) an external debt component to be provided by project financiers (“**External Debt Component**”);
- (ii) a participant funded component to be contributed by the Company and BBIG (“**Equity Component**”); and
- (iii) cost overrun facilities and/or such other completion support as may be required by the project financiers (and agreed by the Company and BBIG) to be committed by the Company and BBIG (“**Completion Support**”).

FID Period and establishment of the Joint Venture

Within 2 years from the completion of the DFS (“**FID Period**”), BBIG may notify the Company of its intention to make Financial Investment Decision (“**FID**”) in relation to the development of the Marillana Project (“**FID Proposal**”), which must satisfy the following criteria:

- (i) the proposal shall contain a financial model and details of contractual arrangements that demonstrate that, based on reasonable forward-looking assumptions, the Marillana Project will be capable of achieving an operating margin that is reasonable for a project of its nature;
- (ii) project financing arrangements in respect of the External Debt Component for the Marillana Project can be obtained by BBIG on behalf of the Joint Venture on reasonable commercial terms for a project of this nature; and
- (iii) BBIG can demonstrate that appropriate arrangements are in place to ensure that all key tenure, licences and approvals required to commence construction of the Marillana Project are capable of being obtained (including tenure, licences and approvals relating to the BBI Infrastructure).

By issuing the FID Proposal, BBIG would have confirmed its commitment to fund 75% of the Equity Component and Completion Support for the Marillana Project (“**BBIG Commitment**”). Save for the Company’s dilution mechanism that may occur during the DFS Period, the BBIG Commitment would establish BBIG’s 50% participating interest in the Joint Venture.

If the Company does not believe that the FID Proposal meets the required criteria, it may notify BBIG, and if needed, an independent expert may be appointed to determine. Otherwise, the Company shall, within 30 days of receipt of the FID Proposal, commit to fund 25% of the Equity Component and any Completion Support (“**BRM Commitment**”), in which case the participating interests of the Company and BBIG in the Joint Venture shall be 50% each. Upon making the BRM Commitment, the Company has a further 120 days to raise any funds and satisfy any required regulatory or shareholder approvals to meet its commitment.

If the Company does not make the BRM Commitment, BBIG may elect to fund 100% of the Equity Component and any Completion Support and the participating interests of the Company and BBIG in the Joint Venture shall be 25% and 75% respectively.

If either Participant fails to pay its funding obligations in full, then the other party will be entitled to exercise remedies to be set out in detail in the JV Agreement including dilution, buy-out rights, enforcement of cross securities and suspension of voting rights in favour of the non-defaulting party and an ability to market and sell product produced by the Joint Venture on behalf of the defaulting party and apply any proceeds on account of the amount in default. In the event that the Company makes the BRM Commitment but fails to satisfy any of its share of the Equity Component and any Completion Support, BBIG may elect to fund 100% of the Equity Component and any Completion Support, in which case the participating interests of the Company and BBIG in the Joint Venture

shall be 15% and 85% respectively. If BBIG has made the FID Proposal and the Company has made the BRM Commitment but BBIG fails to satisfy any of its share of the Equity Component and any Completion Support, then the Company may elect to proceed with the Marillana Project on a 100% basis by providing written notice to BBIG, upon which BBIG shall be deemed to have withdrawn from the Marillana Project and the Proposed Transaction and the applicable provisions set out under the paragraph headed “Withdrawal” below will apply.

Operation of the Joint Venture

The scope of the Joint Venture will be limited to the construction, ownership and operation of the Marillana Project and all associated activities set out in the JV Agreement and the other Transaction Documents.

A management committee will be established and will be responsible for the overall direction, coordination, and control of the Joint Venture. Appointment and voting rights to the management committee will be in proportion to the participating interests of the Company and BBIG. Except for certain specified matters (to be agreed and set out in detail in the JV Agreement) relating to customary minority protections which shall require a 80% majority vote for approval, all other matters considered by the management committee will require a 65% majority vote for approval.

An operator, which must be a Participant (or its affiliate) and is able to demonstrate that it has (or will have in the required time) sufficient technical, financial and operational capability to develop and operate the Marillana Project and related infrastructure, will be appointed and will be responsible for the day-to-day operational matters of the Joint Venture.

Conditions precedent

The Transaction Documents will be subject to the satisfaction or waiver of the following conditions precedent:

- (i) any required regulatory approvals, including FIRB;
- (ii) any board or shareholder approvals of the Company and BBIG (if necessary); and
- (iii) the conduct of due diligence by, and satisfactory to, BBIG in respect of the Marillana Project.

Withdrawal

BBIG may, at any time prior to making the FID Proposal, elect to withdraw from the Proposed Transaction by ceasing to fund its share of DFS Cost (including Supplementary DFS Cost), in which case BBIG will cease to have any interest in the Marillana Project and the Transaction Documents shall terminate and BBIG shall have no further obligations in relation to the preparation of the DFS and any FID Proposal.

If BBIG withdraws, the Company shall have the right to acquire a licence to all of the work that had been undertaken by BBIG in relation to the DFS by reimbursing BBIG 50% of all DFS Cost incurred to that point.

Pre-empt Right

The Company will grant to BBIG the Pre-empt Right entitling BBIG the right to match any proposal by a third party (including a project financing bank) to develop or acquire any interest in respect of the Ophthalmia Project.

Exclusivity

During the period commencing on the date of the Term Sheet and ending on the date falling at least 5 months after, the parties shall not directly or indirectly solicit or encourage any communication with any other person, participate in negotiations or discussions with, or provide information to, any person in connection with any other proposal, arrangement, agreement or undertaking that might result in a person other than the parties acquiring an interest (either directly or indirectly) in either the assets forming part of the Marillana Project or the Ophthalmia Project.

During the aforesaid exclusivity period, the parties must negotiate in good faith to seek to enter into the Transaction Documents (within 3 months after the execution of the Term Sheet or such later date as may be agreed by the parties) and use reasonable endeavours to procure the satisfaction of the conditions precedent set out under the paragraph headed “Conditions precedent” above.

REASONS FOR THE PROPOSED TRANSACTION

The Group is engaged in the exploration and development of iron ore mining projects in Western Australia and the Marillana Project is its flagship project. The Ophthalmia Project is the most significant iron ore project for the Company outside its flagship Marillana Project.

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. BBIG is developing the BBI Infrastructure comprising port and rail facilities in the Pilbara, Western Australia. The Proposed Transaction represents an opportunity for the Group to partner with BBIG to develop the Marillana Project, which shall utilize the rail and port infrastructure under the BBI Infrastructure and at the same time secure funding to develop the Marillana Project.

The Company’s Business Development Director, Hendrianto Tee noted “The execution of this term sheet for Marillana farm-in and joint venture with BBIG delivers Brockman a willing and competent partner, as well as a rail and port solution for the Marillana project. Brockman has always believed that the path for development of Marillana will emerge from co-operation between infrastructure and mine developers. This is what has been achieved. As befits such a high quality iron-ore deposit, with the involvement of BBIG, Marillana will now be in the leading position for the next development phase in the Pilbara.”

BBIG's CEO Nicholas Curtis said "the signing of the State Agreement with the Western Australian Government and the signing of a Memorandum of Understanding with China State Construction Engineering Corporation as lead construction contractor earlier this year had generated significant interest from owners of iron ore deposits in the Pilbara that did not have a rail or port infrastructure". Mr Curtis said "that BBIG is extremely pleased to be entering this term sheet with Brockman noting that the Marillana Project has the potential to add considerable scale to its proposed infrastructure project".

GENERAL

The Proposed Transaction, if materialised, may constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules as and when appropriate.

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DEFINITIONS

"ASX"	ASX Limited (trading as the Australian Securities Exchange)
"AUD"	Australian dollars, the lawful currency of Australia
"BBI Infrastructure"	the infrastructure development projects comprising (i) the proposed export facilities and associated infrastructure in the Balla Balla port in the Pilbara, Western Australia designed to use transshipment vessels to load iron ore on to ocean going vessels; and (ii) the proposed rail line and associated infrastructure, underpinned by a 162km main line designed to transport iron ore from the Central Pilbara region to the Balla Balla port
"BBIG"	BBI Group Pty Limited
"Board"	the board of Directors

“Company”	Brockman Mining Limited, the shares of which are dually listed on the Stock Exchange and ASX
“DFS”	a definitive feasibility study including all exploration activities and other works aimed at the discovery location and delineation of minerals, such as ground disturbance and other investigative work, feasibility studies, assessments, assays and metallurgical work and all other works necessary, expedient, conducive or incidental thereto
“Directors”	the directors 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 People’s Republic of China
“Joint Venture”	the unincorporated joint venture to be established between the Company and BBIG, the operation of which will be governed by the JV Agreement
“JV Agreement”	the joint venture agreement to be entered into between the Company and BBIG governing the operation of the Joint Venture
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marillana Project”	the 100% owned iron ore project of the Company located in the Hamersley Iron Province within the Pilbara region of Western Australia
“Ophthalmia Project”	the 100% owned iron ore project of the Company located north of Newman in the East Pilbara region of Western Australia
“Participant”	a participant of the Joint Venture
“Pre-empt Right”	the pre-emptive right to be granted by the Company (or its relevant related entities) to BBIG in respect of the Ophthalmia Project

“Proposed Transaction”	the proposed farm-in (including the granting of the Pre-empt Right) and subsequent establishment of the Joint Venture between the Company and BBIG (or their respective related parties) in respect of the Marillana Project as contemplated under the Term Sheet
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Sheet”	the term sheet executed by the Company and BBIG on 17 November 2017 in relation to the Proposed Transaction
“Transaction Documents”	the definitive agreements to be entered into by the parties in relation to the Proposed Transaction including the farm-in agreement and the JV Agreement

By order of the Board
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Hong Kong, 17 November 2017

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. Chan Kam Kwan, Jason (Company Secretary), Mr. Kwai Kwun Lawrence and Mr. Colin Paterson as executive directors; and Mr. Yap Fat Suan, Henry, Mr. Uwe Henke Von Parpart and Mr. Choi Yue Chun, Eugene as independent non-executive directors.