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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 April 2018

*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*



# **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 Mar 2018

## Table of Contents

1. HIGHLIGHTS .....	3
2. MARILLANA IRON ORE PROJECT.....	4
3. CORPORATE REVIEW.....	4
4. TENEMENTS .....	6
5. CORPORATE PROFILE.....	7
6. GLOSSARY.....	8
7. APPENDIX 5B.....	9

## 1. HIGHLIGHTS

- On 6 December 2017, the Company entered into two Subscription Agreements pursuant to which the Company agreed to issue and the Subscribers agreed to subscribe for an aggregate of 130,000,000 shares at an aggregate consideration of HK\$13,000,000. In addition the Company entered into a Subscription Agreement with Ocean Line Holdings Limited("Ocean Line"), the single largest shareholder of the Company, whereby Ocean Line agreed to subscribe for 650,000,000 shares for an aggregate consideration of HK\$65,000,000. The Ocean Line consideration will be settled by a combination of cash and offset of existing loans and accrued interest payable to Ocean Line.
- The Special General Meeting is scheduled on Friday, 27 April 2018 in Hong Kong for independent shareholders to consider and approve the Subscription Agreements.
- On 17 November 2017, Brockman executed a termsheet with BBI Group Pty Ltd ('BBIG') for Marillana Farm-in and Join Venture and Ophthalmia Pre-emptive Right (the 'Term Sheet'). Pursuant to the cooperation arrangements with BBIG, which are contemplated by the Term Sheet and to be formalised by executed Transaction Documents, Brockman and BBIG intend to investigate production capacity of around 30 to 40Mtpa from Marillana to be commensurate with BBIG's future rail and port infrastructure (as Marillana's transport and logistics solution).
- Presently BBIG and the Company is progressing the discussions and drafting of the Transaction Documents.
- Work continued with PCF Capital Group to assess the expressions of interest received from parties in relation to divestment of the Company's interest in the Irwin Hills – Coglia Well lateritic Ni-Co deposit.

## 2. MARILLANA IRON ORE PROJECT

### 2.1 Marillana Development

The Company and BBIG executed a Term Sheet in relation to a Proposed Transaction whereby, subject to execution of the Transaction Documents. BBIG will undertake to prepare a definitive feasibility study ('DFS') in respect of the construction and development of the Marillana Project, following which if determined to be feasible, the parties would establish a Joint Venture to carry out the development of the Marillana Project.

The Proposed Transaction offers a means to unlocking the value of Brockman's iron ore assets, which relies on securing a rail and port infrastructure solution and funding. 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 Proposed Transaction represents an opportunity for Brockman to partner with BBIG to develop the Marillana Project, which shall utilise the rail and port infrastructure under the BBI Infrastructure and at the same time secure funding to develop the Marillana Project.

#### The Proposed Transaction

Under the Proposed Transaction, BBIG will undertake to prepare a DFS in respect of the construction and development of the Marillana project within 3 years from satisfaction of the Conditions Precedent.

BBIG will fund the costs of preparing the DFS up to an aggregate amount of A\$10 million. Any further costs exceeding such threshold will be borne by the Company and BBIG as at 50% each.

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 utilise the BBI Infrastructure.

Within 2 years from the completion of the DFS, 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 certain criterion (refer to the ASX announcement 20 November 2017).

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') (refer to page 3 ASX announcement 20 November 2017).

#### Conditions Precedent

The transaction documents are 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.

## 3. CORPORATE REVIEW

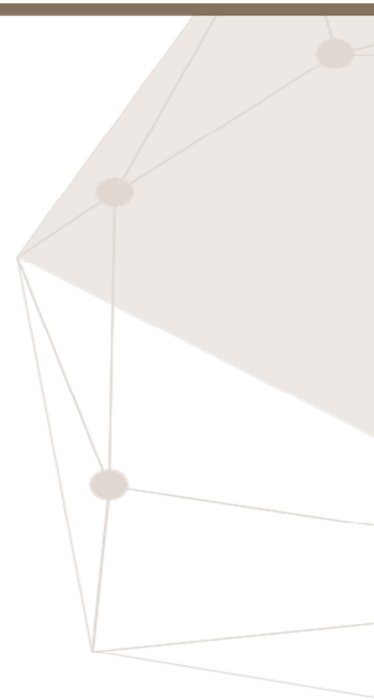
### Cash position

The consolidated cash position of the Group as at 31 March 2018 was HK\$10.9 million.

There were no mining operations carried during the quarter, the payment of production expense was mainly for the settlement of other payables in the previous periods.

On 6 December 2017, the Company entered into a Subscription Agreement with Ocean Lines Holdings Limited, the major shareholder of the Company, whereby Ocean Line agreed to subscribe for 650,000,000 shares for an aggregate consideration of HK\$65,000,000. The Ocean Line consideration will be settled by cash and offset of existing loans and accrued interest payable to Ocean Line.

Additionally, the Company entered into two other Subscription Agreements pursuant to which the Company agreed to issue and the Subscribers agreed to subscribe for an



aggregate of 130,000,000 shares for an aggregate consideration of HK\$13,000,000.

Subsequent to the end of the quarter, the Company has issued a circular (including letters of advice from the independent financial advisor and the Independent Board Committee in relation to the Ocean Line Subscription), setting out the details of the Subscriptions. A Special General Meeting is scheduled for Friday, 27 April 2018 in Hong Kong for independent shareholders to consider and approve the Subscription Agreement.

On 28 March 2018, the Company received a loan of HK\$6 million granted from an individual shareholder which is unsecured, bears interest at 12% per annum and is repayable on 30 October 2018.

Work continued with PCF Capital Group to assess the expressions of interest received from parties in relation to divestment of the Company's interest in the Irwin Hills – Coglia Well lateritic Ni-Co deposit.

#### 4. TENEMENTS

##### Tenements disposed of during the Quarter

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held

##### Tenements acquired during the Quarter

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held

##### Tenements held at end of Quarter

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Coolawanyah	West Pilbara	E	47/3491	Iron Ore	Granted	100%
Duck Creek	West Pilbara	E	47/1725	Iron Ore	Granted	100%
Duck Creek	West Pilbara	E	47/3152	Iron Ore	Granted	100%
Duck Creek East	West Pilbara	E	47/2215	Iron Ore	Granted	100%
Duck Creek East	West Pilbara	E	47/2994	Iron Ore	Granted	100%
Fig Tree	East Pilbara	E	47/3025	Iron Ore	Granted	100%
Innawally Pool	West Pilbara	E	46/1087	Iron Ore	Granted	100%
Irwin Hills	Goldfields	L	39/0232	Nickel/Cobalt	Granted	40%
Irwin Hills	Goldfields	L	39/0163	Nickel/Cobalt	Granted	40%
Irwin Hills	Goldfields	M	39/1088	Nickel/Cobalt	Granted	40%
Juna Downs	West Pilbara	E	47/3363	Iron Ore	Granted	100%
Juna Downs	West Pilbara	E	47/3364	Iron Ore	Granted	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	47/3585	Iron Ore	Application	100%
Mt Grant	East Pilbara	E	45/4496	Iron Ore	Granted	100%
Mt King	West Pilbara	E	47/3446	Iron Ore	Application	100%
Ophthalmia	East Pilbara	E	47/1598	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	47/3549	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0013	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0015	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0016	Iron Ore	Granted	100%
Parson George	East Pilbara	E	47/3217	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%
Tom Price	West Pilbara	E	47/3565	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 Mar 2018**

#### **Quoted securities**

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

#### **Unquoted securities**

65,000,000 unlisted options granted  
— 62,000,000 share options, expiring  
31 December 2020 EX HK\$0.124

— 3,000,000 share options, expiring  
31 December 2020 EX HK\$0.162

There were no shares and share option 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
“Marillana Project”	The 100% owned Marillana iron ore project is Brockman’s flagship project located in the Hamersley Iron Province
“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, 01/05/13, 01/09/16

### Name of entity

BROCKMAN MINING LIMITED

### ABN

ARBN 143 211 867

### Quarter ended ("current quarter")

31 MARCH 2018

Consolidated statement of cash flows	Current quarter HK\$'000	Year to date (9 months) HK\$'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	—	—
1.2 Payments for		
(a) exploration & evaluation	(648)	(4,488)
(b) development	—	—
(c) production	(28)	(143)
(d) staff costs	(3,994)	(15,434)
(e) administration and corporate costs	(1,720)	(8,176)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	8	24
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	—	—
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(6,382)</b>	<b>(28,217)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter HK\$'000</b>	<b>Year to date (9 months) HK\$'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(128)	(128)
(b) tenements (see item 10)	—	—
(c) investments	—	—
(d) other non-current assets	—	—
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	3,119	3,195
(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)	—	—
<b>2.6 Net cash from / (used in) investing activities</b>	<b>2,991</b>	<b>3,067</b>

<b>3. Cash flows from financing activities</b>		
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	6,062	12,320
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)		
- Performance bond cash backing	(279)	(279)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>5,783</b>	<b>12,041</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter HK\$'000</b>	<b>Year to date (9 months) HK\$'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	8,616	23,995
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,382)	(28,217)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,991	3,067
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,783	12,041
4.5	Effect of movement in exchange rates on cash held	(60)	62
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>10,948</b>	<b>10,948</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter HK\$'000</b>	<b>Previous quarter HK\$'000</b>
5.1	Bank balances	10,948	8,616
5.2	Call deposits	—	—
5.3	Bank overdrafts	—	—
5.4	Other (provide details)	—	—
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,948</b>	<b>8,616</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter HK\$'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	1,616
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.	

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter HK\$'000</b>
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	

<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end HK\$'000</b>	<b>Amount drawn at quarter end HK\$'000</b>
8.1	Loan facilities	(A)39,793 (B) 5,000 (C) 6,000	(A) 39,793 (B) 5,000 (C) 6,000
8.2	Credit standby arrangements	120,000	—
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.		
8.1 (A-B)	Two loans were granted by a substantial shareholder (Ocean Line Holdings Ltd) and is unsecured, bears interest of 12% per annum and is repayable on 30 April 2019.		
(C)	Such loan is also granted by a substantial shareholder (Ocean Line Holdings Ltd). The loan is unsecured, bears interest of 12% per annum and is repayable on 30 Oct 2018.		
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, which was subsequently increased to HKD120,000,000 on 21 February 2018, of which HK\$85,000,000 can only be drawn down for purposed of financial the payment to settle liabilities in respect of the mine in the PRC when necessary. The remaining portion of the loan facility of HK\$35,000,000 will be automatically cancelled upon the completion of the Share Placement. Such loan will be unsecured and bear interest of 15% per annum. The last draw down date and repayment date is 30 April 2019.		

9. Estimated cash outflows for next quarter		HK\$'000
9.1	Exploration and evaluation	(603)
9.2	Development	—
9.3	Production	—
9.4	Staff costs	(3,877)
9.5	Administration and corporate costs	(2,138)
9.6	Other (provide details if material)	—
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>(6,618)</b>

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				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

## Compliance statement

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



Sign here:

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Date: 27 April 2018

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(Company secretary)

Print name:

..... Chan Kam Kwan, Jason .....

## Notes

- 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.
- 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.