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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 released by Brockman Mining Limited (the “Company”) on ASX Limited on 23 January 2020.

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

Hong Kong, 23 January 2020

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. Choi Yue Chun, Eugene and Mr. David Rolf Welch as independent non-executive directors.

* *For identification purpose only*



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**QUARTERLY
REPORT**

For the quarter ended
31 December 2019

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1. HIGHLIGHTS

- Work towards the satisfaction of the Farm-In Obligations by Polaris continues.
- Polaris has commenced a programme of drilling and test work to assist in the detailed design of the Marillana's processing plant.
- Mr. Uwe Henke Von Parpart resigned as an independent non-executive Director and as at 15th October 2019, Mr. David Rolf Welch has been appointed to the Company's Board as an independent non-executive Director.

2. MARILLANA IRON ORE PROJECT

Transfer of 50% Interest in Marillana Project, Formation of Unincorporated Joint Venture, and Mine to Ship Services Agreement

Brockman Iron Pty Ltd (Brockman Iron) and Polaris Metals Pty Ltd (Polaris) entered into a farm-in and joint venture agreement (FJV Agreement) pursuant to which subject to the terms and conditions therein, Polaris may farm-in by satisfying the farm-in obligations and earn a 50% interest in the Marillana Project. For details of the transaction please refer to the Company's announcement dated 26 July 2018.

The FJV Agreement became unconditional on 21 January 2019, marking the commencement of the Farm-in Period. During the Farm-In Period, Polaris shall perform its Farm-in Obligations on the Marillana Project. Upon Polaris satisfying the Farm-in Obligations, the Joint Venture shall be established (Farm-in Date) and the Farm-in Interest will be transferred to Polaris. The parties have agreed that the Farm-In Period will be extended to 31 July 2020 to give Polaris extra time to complete the Farm-In Obligations.

The Joint Venturer and a subsidiary of MRL (SPV) have also entered into the Mine to Ship Services Agreement (MSA) for the transport of the Marillana iron ore product via a light-rail system from the mine site to Port Hedland on 21 January

2019. The MSA is subject to several conditions precedent including execution of an agreement with the State of Western Australia (State Agreement), procuring all the leases and licences for the light rail system and at Port Hedland, MRL and SPV obtaining the finance to fund the construction and commissioning of the rail and port infrastructure and MRL's board making a final capital investment decision to proceed with the infrastructure project.

In December 2019 Polaris commenced a programme of diamond core drilling and metallurgical test-work to assist in the detailed design of the processing plant for Marillana. The programme is expected to be completed by Q2 2020.

3. CORPORATE REVIEW

The consolidated cash position of the Group as at 31 December 2019 was HK\$35.7 million.

As at 15th October 2019 Mr. Uwe Henke Von Parpart had resigned as an independent non-executive Director and Mr. David Rolf Welch has been appointed to the Company's Board as an independent non-executive Director.

Mr. Welch is an experienced senior executive with a successful track record in the planning, development and operation of logistics and infrastructure supply chains for various commodity markets including iron ore.

4. TENEMENTS

Tenements disposed of during the Quarter						
Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Mindy	West Pilbara	E	47/4206	Iron Ore	Withdrawn	0%
Mt King	West Pilbara	E	47/3446	Iron Ore	Surrender	0%
Punda Springs	East Pilbara	E	47/4037	Iron Ore	Withdrawn	0%
Punda Springs	East Pilbara	E	47/4038	Iron Ore	Withdrawn	0%
Punda Springs	East Pilbara	E	47/4039	Iron Ore	Withdrawn	0%
Punda Springs	East Pilbara	E	47/4040	Iron Ore	Withdrawn	0%

Tenements acquired during the Quarter						
Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Marillana	East Pilbara	E	47/4293	Iron Ore	Application	100%

Tenements held at end of Quarter						
Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
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	47/2994	Iron Ore	Granted	100%
Fig Tree	East Pilbara	E	47/3025	Iron Ore	Granted	100%
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	Granted	100%
Marillana	East Pilbara	E	47/3532	Iron Ore	Application	100%
Marillana	East Pilbara	E	47/4293	Iron Ore	Application	100%
Mindy	West Pilbara	E	47/3585	Iron Ore	Granted	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	E	47/4240	Iron Ore	Application	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%
Parson George	East Pilbara	E	47/3491	Iron Ore	Granted	100%
Punda Spring	West Pilbara	E	47/3575	Iron Ore	Granted	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:

Yap Henry Fat Suan
Choi Yue Chun Eugene
David Rolf Welch

Registrars

Principal Share Registrars and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Branch Share Registrars and Transfer Office —Hong Kong

Tricor Secretaries Limited
Level 54, 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 11, 172 St George's Terrace
Perth, Western Australia, 6000

Securities on issue at 31 December 2019

Quoted securities

9,221,232,131 fully paid shares on issue

Unquoted securities

149,500,000 unlisted options granted

- 134,000,000 share options, expiring 31 December 2020 EX HK\$0.124
- 15,500,000 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 of the Company
“Brockman” or “Company”	Brockman Mining Limited ARBN 143 211 867, the shares of which are listed on the SEHK and ASX
“Brockman Iron”	Brockman Iron Pty Ltd, a wholly owned subsidiary of the Company
“Farm-in Date”	the date the Farm-in Obligations are satisfied by Polaris
“Farm-in Obligations”	the obligations under which Polaris is required to satisfy in order to earn a 50% interest in the Marillana Project under the FJV Agreement
“Farm-in Period”	the period commencing on the Unconditional Date and ending on the date that is the later of the date that Polaris satisfies the Farm-in Obligations and the date that is 6 months after the Unconditional Date
“FJV Agreement”	the farm-in and joint venture agreement 26 July 2018 entered into between Brockman Iron and Polaris
“Group”	Brockman Mining Limited, its associates and subsidiaries
“Joint Venture”	the unincorporated joint venture to be established between Brockman Iron and Polaris pursuant to the terms of the FJV Agreement
“Marillana Project”	the 100% owned iron ore project of the Company located in the Hamersley Iron Province within the Pilbara region of Western Australia
“MRL”	Mineral Resources Limited, the shares of which are listed on the ASX
“Polaris”	Polaris Metals Pty Ltd, a wholly owned subsidiary of MRL
“Products”	all iron ore or other mineral or metallic ores, concentrates, metals and other mineralised products, and any other mineral resources, processed, smelted or refined from ores extracted from the Marillana Project
“Rail and Port System”	a bulk ore rail and port system to enable Products from the Marillana Project to be transported to Port Hedland
“SEHK”	the Stock Exchange of Hong Kong Limited
“SPV”	a wholly owned subsidiary of MRL, ACN 629 927 911
“State Agreement”	a legal contract between the Western Australian Government and a proponent of a major project within the boundaries of Western Australia setting out the rights, obligations, terms and conditions for the development of the specific project

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 2019

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	(1,206)	(2,691)
(b) development	—	—
(c) production	—	—
(d) staff costs	(2,544)	(5,300)
(e) administration and corporate costs	(1,955)	(3,980)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	40	96
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	—	—
1.9 Net cash from / (used in) operating activities	(5,665)	(11,875)

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	(132)	(132)
(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	(132)	(132)

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	26,933	26,933
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)	(122)	(122)
3.10 Net cash from / (used in) financing activities	26,811	26,811

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	14,662	20,906
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,665)	(11,875)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(132)	(132)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	26,811	26,811
4.5	Effect of movement in exchange rates on cash held	79	45
4.6	Cash and cash equivalents at end of period	35,755	35,755

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	11,272	4,662
5.2	Call deposits	24,483	10,000
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)	35,755	14,662

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	1,368
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	(A) 5,000 (B) 6,000 (C) 26,933	(A) 5,000 (B) 6,000 (C) 26,933
8.2	Credit standby arrangements	10,000	—
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	<p>(A) The loan granted by a substantial shareholder (Ocean Line Holdings Ltd) and is unsecured, bears interest of 12% per annum and is repayable on 31 Oct 2021.</p> <p>(B) 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 31 Oct 2021.</p> <p>(C) Loan from Polaris Metals Pty Ltd pursuant to the terms of the Farm-In Joint Venture Agreement with Polaris Metals Pty Ltd over the Marillana Iron Ore Project. Interest is not payable and unsecured.</p>		
8.2	On 18 September 2018, a substantial shareholder has undertaken to grant a loan facility of up to HK\$10,000,000 to the Company to satisfy its future working capital requirements. The loan is available for draw down from 18 September 2018. Such loan is unsecured, bears interest at 12% per annum and once drawn down, is repayable on 31 October 2021. As at the date hereof, such loan facility has not been drawn down.		

9. Estimated cash outflows for next quarter		HK\$'000
9.1	Exploration and evaluation	(200)
9.2	Development	—
9.3	Production	—
9.4	Staff costs	(3,000)
9.5	Administration and corporate costs	(1,400)
9.6	Other (provide details if material)	—
9.7	Total estimated cash outflows	(4,600)

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	E47/4206	Application withdrawn	100%	0%
		E47/3446	Tenement surrender	100%	0%
		E47/4037	Application withdrawn	100%	0%
		E47/4038	Application withdrawn	100%	0%
		E47/4039	Application withdrawn	100%	0%
		E47/4040	Application withdrawn	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E47/4293	Application	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: 23 January 2020

(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.