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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

The board of directors (the "Board") of Brockman Mining Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2016, together with the comparative figures for the year ended 30 June 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

		Year ended 30 June	
	Note	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*4*	**11,590**	36,525
Cost of sales	*10*	**(16,918)**	(38,497)
Gross loss		**(5,328)**	(1,972)
Other income	*6*	**1,949**	940
Other losses, net	*7*	**(18,182)**	(6,878)
Selling and administrative expenses	*10*	**(36,794)**	(73,479)
Exploration and evaluation expenses	*10*	**(19,869)**	(76,560)
Impairment losses	*8*	**(678,391)**	(1,441,618)
Operating loss		**(756,615)**	(1,599,567)
Finance income		**356**	1,014
Finance costs		**(895)**	—
Finance (costs)/income, net	*9*	**(539)**	1,014
Share of losses of joint ventures		**(909)**	(5,031)
Loss before income tax		**(758,063)**	(1,603,584)
Income tax credit	*11*	**130,905**	367,036
Loss for the year		**(627,158)**	(1,236,548)

* *For identification purpose only*

	Note	Year ended 30 June **2016** ***HK$'000***	 2015 *HK$'000*
Other comprehensive loss:			
Item that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(39,479)**	(380,776)
Other comprehensive loss for the year		**(39,479)**	(380,776)
Total comprehensive loss for the year		**(666,637)**	(1,617,324)
Loss for the year attributable to equity holders of the Company		**(627,158)**	(1,236,548)
Total comprehensive loss attributable to equity holders of the Company		**(666,637)**	(1,617,324)
Loss per share attributable to the equity holders of the Company during the year		***HK cents***	*HK cents*
Basic loss per share	*13*	**(7.48)**	(14.75)
Diluted loss per share	*13*	**(7.48)**	(14.75)

CONSOLIDATED BALANCE SHEET

As at 30 June 2016

	Note	As at 30 June 2016 HK$'000	2015 HK$'000
Non-current assets			
Mining properties	*14*	**797,807**	1,504,573
Property, plant and equipment		**653**	27,815
Interests in joint ventures		**242**	288
Other non-current assets		**273**	14,377
		798,975	1,547,053
Current assets			
Inventories		**—**	4,274
Other receivables, deposits and prepayments		**2,030**	5,480
Amounts due from related parties		**2,176**	2,358
Cash and cash equivalents		**32,772**	98,297
		36,978	110,409
Total assets		**835,953**	1,657,462
Equity			
Share capital	*16*	**838,198**	838,198
Reserves		**(350,781)**	315,607
Total equity		**487,417**	1,153,805
Non-current liabilities			
Other payables		**25,540**	26,995
Deferred income tax liabilities		**237,521**	381,510
Borrowings		**8,085**	—
Provisions		**1,065**	940
		272,211	409,445
Current liabilities			
Trade payables	*15*	**10,872**	10,201
Other payables and accrued charges		**64,208**	83,842
Amounts due to related parties		**1,245**	169
		76,325	94,212
Total liabilities		**348,536**	503,657
Total equity and liabilities		**835,953**	1,657,462

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Brockman Mining Limited (the "Company") and its subsidiaries (collectively, the "Group") principally engage in the acquisition, exploration and towards future development of iron ore project in Australia; and in the exploitation, processing and sales of mineral resources, including copper ore concentrates and other mineral ore products in the People's Republic of China ("PRC").

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK") and Australian Securities Exchange (the "ASX"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$"), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of Brockman Mining Limited have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

(a) Going concern basis

For the year ended 30 June 2016, the Group recorded a net loss attributable to equity holders of the Company of HK$627,158,000 and had operating cash outflows of HK$45,147,000. The loss for the year was primarily attributable to the impairment losses recognsied on the mining rights in the PRC as well as mining properties in Australia as a result of sustained weakness noted in both copper and iron ore prices. As at 30 June 2016, the Group's current liabilities exceeded its current assets by HK$39,347,000, and its cash and cash equivalents was reduced from HK$98,297,000 as at 30 June 2015 to HK$32,772,000.

For the year ended 30 June 2016, all of the Group's revenue were derived from its sales of copper ore concentrates produced from its copper mine in PRC for which the production was put on halt since January 2016. On 1 September 2016, the Group announced that in light of the sustained copper price weakness and the potential increase in capital expenditure to meet the new local requirements for environmental protection in the PRC, the directors resolved that it will no longer finance the continuing development of its copper mine in the PRC.

The Group intends to focus its resources on developing its core iron ore mining projects in Western Australia (the "Marillana project"), which is currently still at the exploration and evaluation stage. Before commencement of commercial production of the Marillana project, the Group would require significant amounts of financing for its development which are currently yet to be secured.

All the above conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and development of the Marillana project and its available sources of financing to assess whether the Group will have sufficient funds to fulfill its financial obligations to continue as a going concern. The Group has taken the following measures to improve the Group's financial position and alleviate its liquidity pressure, which include, but not limited to, the following:

(i) On 19 September 2016, the Group obtained a loan from its substantial shareholder amounted to US$5,130,000 (equivalent to HK$40,000,000). The loan was drawn down on 20 September 2016 and such loan is unsecured, bears interest at 12% per annum and is repayable on 19 December 2017;

(ii) On 21 September 2016, an individual shareholder has undertaken to grant a loan of up to HK$60,000,000 to the Group. 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;

(iii) Having considered the medium to long term iron price forecast and taking advantage of recent improvement in mining and infrastructure technologies, the Group has conducted studies to revise its mine plan and production strategies with respect to the Marillana project during the year ended 30 June 2016. The revised mine plan is to start with a small scale development to produce 2.5Mtpa of iron ore product.

    To obtain funding for development of the Marillana project, the Group is actively pursuing various fund raising alternatives. The Group does not have any commitment for capital expenditure of such developments at this stage and no expenditures in relation to such development will be committed by the Group before securing the necessary funding.

    In respect of the ongoing exploration and evaluation activities in the same mine, the directors will continue to maintain the minimum exploration and evaluation activities required to maintain the current right of tenure to exploration tenements in Australia; and

(iv) Implementation of other cost-saving measures with the objective of keeping the administrative and daily operational expenditures to a minimum in all locations.

The directors of the Company have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2016. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due within the next twelve months from the 30 June 2016. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to obtain the necessary funding and achieve the plans and measures as described in Note (ii) – (iv) above. The Group's ability to continue as a going concern would depend upon (i) successful draw down of the loan of HK$60,000,000 from the individual shareholder as and when needed; (ii) successful raising of new financing as and when needed to fund the development of the revised Marillana project; (iii) successful execution of the revised development plan of the Marillana project, followed by its successful and economically viable commercial production; and (iv) successful implementation of the operational plans and measures to control costs.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

No new and amended standards and interpretation are mandatory for the Group's financial year ended 30 June 2016.

(ii) New and amended standards not yet adopted

The following new standards and amendments to standards have been issued, but are not effective for the Group's financial year ended 30 June 2016 and have not been early adopted:

		Effective for annual periods beginning on or after
Annual improvements Project 2014	Annual Improvements 2012-2014 Cycle	1 January 2016
IAS 1 (Amendment)	Disclosure Initiative	1 January 2016
IAS 16 and IAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
IAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016

		Effective for annual periods beginning on or after
IFRS10, IFRS12 and IAS28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IAS 7 (Amendment)	The Disclosure Initiative	1 January 2017
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of the impact of the above new standards and amendments to standards and is not yet in a position to state the impact on the Group's results of operations and financial position.

(iii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

4. REVENUE

Revenue represents the amounts received and receivable for sales of mineral ore products for the year. An analysis of the Group's revenue for the year is as follows:

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Sales of copper ore concentrates	**11,590**	36,525

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to executive directors of the Company, the Group's chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. The executive directors consider the performance of the Group from a business perspective.

(a) Business segments

The Group's reportable operating segments are as follows:

Mineral tenements in Australia	—	tenements acquisition, exploration and towards future development of iron ore project in Western Australia
Mining operations in the PRC	—	exploitation, processing and sales of copper ore concentrates in the PRC

Others primarily relate to the provision of corporate services for investment holding companies. These activities are excluded from the reportable operating segments and are presented to reconcile to the totals included in the Group's consolidated statement of comprehensive income and consolidated balance sheet.

Executive directors assess and review the performance of the operating segments based on segment results which is calculated as loss before income tax less share of losses of joint ventures.

Segment assets reported to executive directors of the Company are measured in a manner consistent with that in the consolidated balance sheet.

The following is an analysis of the Group's revenue and results by business segment:

	Mineral tenements in Australia *HK$'000*	Mining operation in the PRC *HK$'000*	Others *HK$'000*	Total *HK$'000*
For the year ended 30 June 2016:				
Segment revenue from external customers	**—**	**11,590**	**—**	**11,590**
Segment results	**(481,509)**	**(256,482)**	**(19,163)**	**(757,154)**
Share of losses of joint ventures				**(909)**
Loss before income tax				**(758,063)**
Other information:				
Depreciation of property, plant and equipment	**(460)**	**(4,347)**	**(403)**	**(5,210)**
Impairment losses	**(436,351)**	**(242,040)**	**—**	**(678,391)**
Write-off of inventory	**—**	**(3,451)**	**—**	**(3,451)**
Amortisation of mining properties	**—**	**(2,100)**	**—**	**(2,100)**
Exploration and evaluation expenses	**(16,615)**	**(3,254)**	**—**	**(19,869)**
Additional stamp duty assessment	**(17,777)**	**—**	**—**	**(17,777)**
Income tax credit	**130,905**	**—**	**—**	**130,905**

	Mineral tenements in Australia *HK$'000*	Mining operation in the PRC *HK$'000*	Others *HK$'000*	Total *HK$'000*
For the year ended 30 June 2015:				
Segment revenue from external customers	—	36,525	—	36,525
Segment results	(1,326,318)	(252,635)	(19,600)	(1,598,553)
Share of losses of joint ventures				(5,031)
Loss before income tax				(1,603,584)
Other information:				
Depreciation of property, plant and equipment	(910)	(5,442)	(761)	(7,113)
Impairment losses	(1,216,618)	(225,000)	—	(1,441,618)
Amortisation of mining properties	—	(10,884)	—	(10,884)
Relinquishment of mining properties	(6,833)	—	—	(6,833)
Exploration and evaluation expenses	(60,640)	(15,920)	—	(76,560)
Income tax credit	367,036	—	—	367,036

The revenue from external parties reported to executive directors of the Company is measured in a manner consistent with that in the consolidated statement of comprehensive income. Revenue from mining operation in the PRC amounting to HK$11,590,000 (2015: HK$36,525,000) represents sales to a single customer from the PRC.

The following is an analysis of the Group's assets by business segment as at the respective balance sheet dates:

	Mineral tenements in Australia *HK$'000*	**Mining operation in the PRC** *HK$'000*	**Others** *HK$'000*	**Sub-total** *HK$'000*
As at 30 June 2016:				
Segment assets	**801,992**	**3,670**	**30,291**	**835,953**
Total segment assets include:				
Interests in joint ventures	**242**	—	—	**242**
Additions to property, plant and equipment	**173**	**1,247**	**9**	**1,429**
As at 30 June 2015:				
Segment assets	1,285,073	274,764	97,625	1,657,462
Total segment assets include:				
Interests in joint ventures	288	—	—	288
Additions to property, plant and equipment	252	1,551	177	1,980
Relinquishment of mining properties	(6,833)	—	—	(6,833)

(b) Geographical information

The mining operation is located in the PRC and the mineral tenements are located in Australia.

The following is an analysis of the carrying amounts of the Group's mining properties, property, plant and equipment and other non-current assets (excluding financial assets) analysed by geographical area in which the assets are located:

	As at 30 June	
	2016 *HK$'000*	2015 *HK$'000*
PRC	—	265,910
Hong Kong	**61**	872
Australia	**798,641**	1,279,283
	798,702	1,546,065

6. OTHER INCOME

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Government grant *(Note a)*	**425**	862
Write back of long outstanding payables *(Note b)*	**1,517**	—
Others	**7**	78
	1,949	940

Notes:

(a) Government grant mainly represents incentive credits provided by the Australia Federal government, for research and development activities carried out in Australia.

(b) The balance mainly represents interest payables of convertible bond which have been outstanding for more than 6 years. Under the Limitation Ordinance, creditors would not be able to take any actions against the Group for settlement. As a result, the balance was written back.

7. OTHER LOSSES, NET

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Additional stamp duty assessment *(Note)*	**(17,777)**	—
Loss on disposal of property, plant and equipment	**(405)**	(48)
Relinquishment of mining properties *(Note 14)*	**—**	(6,833)
Others	**—**	3
	(18,182)	(6,878)

Note:

The acquisition of Brockman Mining Australia Pty Ltd (formerly known as Brockman Resources Limited) in 2012 resulted in Western Australian stamp duty being incurred, primarily relating to the acquisition land value attributable to the iron ore projects acquired. At the time of the acquisition the Group estimated the potential liability as A$13,000,000 (equivalent to HK$102,890,000) and provided for such amount on the consolidated balance sheet. In December 2013, the Office of State Revenue in Western Australia ("OSR") issued an interim assessment notice that was consistent with the Group's initial estimate and independent valuation of the acquired land and chattels. The Group paid the stamp duty of A$11,700,000 (equivalent to HK$82,961,000) in January 2014 with the remaining balance due upon issue of final assessment.

In February 2016 the Group received a final assessment from the OSR exceeding the Group's initial estimate by A$3,154,000 (equivalent to HK$17,777,000). The Company has paid this additional assessment in accordance with OSR requirements and has lodged an objection with the OSR seeking to recover the stamp duty assessed on value of mining information and mining studies acquired. In light of the uncertainty around the outcome of the objection which has been lodged, the Group has charged the amount exceeding its original estimate (A$3,154,000 (equivalent to HK$17,777,000)) to the Group's consolidated statement of comprehensive income for the year ended 30 June 2016 and awaits the outcome of the objection.

8. IMPAIRMENT LOSSES

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Impairment of mining properties *(Note 14)*	**645,152**	1,441,618
Impairment of property, plant and equipment	**20,881**	—
Impairment of other non-current assets *(Note 14)*	**12,358**	—
	678,391	1,441,618

9. FINANCE (COSTS)/INCOME, NET

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**356**	1,014
Finance costs		
Interest expenses on borrowings	**(254)**	—
Unwinding of interests on long-term payables	**(641)**	—
Finance (costs)/income, net	**(539)**	1,014

10. EXPENSES BY NATURE

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Amortisation of mining properties (included in cost of sales)	**2,100**	10,884
Auditor's remuneration		
— Audit services	**1,400**	1,612
— Non-audit services	**559**	720
Cost of inventories	**4,807**	11,284
Write-off of inventory	**3,451**	—
Depreciation of property, plant and equipment	**5,210**	7,113
Equity-settled share-based payment for consultants	—	(1,105)
Operating lease expenses	**7,296**	10,557
Employee benefit expense	**26,444**	51,901
Exploration and evaluation expenses (excluding staff costs and rental expenses)	**11,959**	57,328

Staff costs (including directors' emoluments) include:

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Wages, salaries and welfares	**24,799**	56,551
Retirement benefit scheme contributions	**1,396**	2,512
Share-based compensation	**249**	(7,162)
	26,444	51,901

11. INCOME TAX CREDIT

No provision for Hong Kong Profits tax or overseas income tax has been made in the consolidated financial statements as the Group has no assessable profit for the year (2015: Nil). The applicable corporate income tax rates are 25% and 30% for subsidiaries in the PRC and Australia, respectively.

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Deferred income tax	**(130,905)**	(367,036)

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the consolidated entities as follows:

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Loss before income tax	**(758,063)**	(1,603,584)
Notional tax at the applicable tax rate of 16.5% (2015: 16.5%)	**(125,080)**	(264,591)
Effect of different tax rates of subsidiaries operating overseas	**(69,000)**	(210,532)
Income not subject to tax	**(70)**	(147)
Expenses not deductible for tax purposes	**51,020**	39,128
Tax losses for which no deferred income tax asset was recognised	**12,225**	69,106
	(130,905)	(367,036)

The weighted average applicable tax rate was 25.6% (2015: 29.6%).

12. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2016, nor has any dividend been proposed since the balance sheet date (2015: Nil).

13. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year ended 30 June	
	2016	2015
Loss for the year attributable to the equity holders of the Company *(HK$'000)*	**(627,158)**	(1,236,548)
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share *(thousands)*	**8,381,982**	8,381,982
Loss per share attributable to the equity holders of the Company		
— Basic *(HK cents)*	**(7.48)**	(14.75)
— Diluted *(HK cents)*	**(7.48)**	(14.75)

Diluted loss per share is the same as basic loss per share for the year ended 30 June 2016 and 2015 because the effect of the assumed exercise of share options of the Company during these years was anti-dilutive.

14. MINING PROPERTIES

	Mining right in the PRC *HK$'000*	**Mining properties in Australia** *HK$'000*	**Total** *HK$'000*
At 1 July 2014	460,055	3,076,212	3,536,267
Amortisation	(10,202)	—	(10,202)
Relinquishment *(Note 7)*	—	(6,833)	(6,833)
Impairment losses *(Note 8)*	(225,000)	(1,216,618)	(1,441,618)
Exchange differences	1,782	(574,823)	(573,041)
At 30 June 2015	**226,635**	**1,277,938**	**1,504,573**
Amortisation	**(2,100)**	—	**(2,100)**
Impairment losses *(Note 8)*	**(208,801)**	**(436,351)**	**(645,152)**
Exchange differences	**(15,734)**	**(43,780)**	**(59,514)**
At 30 June 2016	—	**797,807**	**797,807**

Mining right in the PRC

Mining right in the PRC represents the right to conduct mining activities in Damajianshan, Honghe Zhou, Luchun County, Yunnan. The mine is located on land in the PRC to which the Group has no formal title. Yunnan State Land Resources Bureau issued the mining right license to Luchun in January 2005. Since then, Luchun renewed the licenses for a few times. The latest license renewed by Yunnan State Land Resources Bureau in July 2014 expired on 17 July 2016 and the Group is in the process of renewing the mining license.

The mining right in the PRC is amortised using the units of production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining right in the future until all proven and probable reserves have been mined.

As at 31 December 2015, the Group has assessed and concluded that the then sustained copper price weakness to be impairment indicator and therefore an impairment assessment was performed by the directors.

Key assumptions adopted by management in the impairment assessment as at 31 December were summarised as follows:

	31 December 2015	30 June 2015
Copper price assumption (Based on market consensus forecast)	**2016: US$4,238/t**	2015: US$5,761/t
	2017: US$4,775/t	2016: US$4,827/t
	2018: US$4,701/t	2017: US$5,500/t
	2019: US$4,500/t	2018: US$6,000/t
	2020: US$5,299/t	2019: US$6,080/t
	2021 onwards: US$6,605/t	2020 onwards: US$6,200/t
Discount rate	**18.2%**	18.2%
Production capacity	**500 tonnes to 1,300 tonnes per day**	800 tonnes to 1,300 tonnes per day

Based on the impairment assessment, an impairment loss of approximately HK$41,200,000 was recognised in the first half of the year ended 30 June 2016.

In the second half of the year ended 30 June 2016, the Group has continued to assess whether any indications of impairment exist.

In January 2016, production of copper ore concentrates was halted due to sustained decrease in copper price. In addition, management anticipated that there is potential increase in capital expenditure to meet the new local requirements for environmental protection. The Group announced on 1 September 2016 that it will no longer finance the continuing development of such copper mine as it is not expected to be justifiable.

In view of the above, the Group has recognised a full impairment against the mining right in the PRC. The total impairment loss for the year ended 30 June 2016 is HK$208,801,000 (2015: HK$225,000,000). Other non-current assets related to the mine (including deposits for land restoration costs and property, plant and equipment) amounting to HK$33,239,000 were fully written off (Note 8).

Mining properties in Australia

The mining properties in Australia represent the carrying value of mining and exploration projects in Australia (including the Marillana iron ore project) acquired by the Group.

As at 31 December 2015, the Group has assessed and concluded that the then significant decline in long term iron ore price forecasts from 30 June 2015 to be impairment indicator and therefore performed an impairment assessment.

Key assumptions used in determining the recoverable amount at this date are summarised as follows:

	31 December 2015	30 June 2015
Estimated mine life	**25 years from 2019**	25 years from 2020
Long-term iron ore price (per dry metric tonne unit ("dmtu")	**UScents 80/dmtu**	UScents 97/dmtu
Total production mined*	**249 million tonnes**	467 million tonnes
Long term exchange rate of AUD to USD	**0.70**	0.72
Discount rate	**12.5%**	13.0%

* The carrying value assessment matched production rates with an initial optimised mine plan. This mine plan used a higher cut-off grade to maximise returns over an initial 20 years mine life at reduced production rates. Reserve tonnes in excess of this initial optimised mine plan remain available for future mine planning.

Based on the above impairment assessment, an impairment loss of approximately HK$436,351,000 (2015: HK$1,216,618,000) was recognised in the first half of the year ended 30 June 2016. The impairment reduces the deferred income tax liability brought to account following the business combination relating to the value attributed to the mine properties acquired. The reduction in the deferred income tax liability as a result of the impairment is HK$130,905,000 (2015: HK$364,986,000).

Methodology

The recoverable amount of the mining properties in Australia (including the Marillana iron ore project) was determined by applying the fair value less cost of disposal approach with reference to the discounted cash flow forecasts which applied the valuation assumptions that a knowledgeable and willing buyer would be expected to use.

The fair value estimates are considered to be level 3 fair value measurements; they are derived from valuation techniques which include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach expected to be taken by market participants.

Future cash flows are based on a number of assumptions, including commodity price expectations which is based on market consensus forecasts, foreign exchange rates, reserves and resources and expectations regarding future operating performance and capital requirements which are subject to risk and uncertainty. An adverse change in one or more of the assumptions used to estimate fair value could result in a reduction of the estimated fair value.

Capital and operating costs

The capital and operating cost assumptions used in the estimates were based on internal studies, external estimates and the most recent mine plan's which optimise stripping ratio for the lower price environment. All current potential infrastructure solutions were considered.

Sensitivity

Any variation in the key assumptions used to determine fair value will result in a change of the estimated fair value. If the variation in assumption has a negative impact on fair value it could indicate a requirement for an additional impairment to the mining properties.

The effect of a change in the following key assumptions, in isolation to each other, to estimate fair value of mining properties, is detailed below:

- If the long-term iron ore price adopted in the valuation had been 1% lower, the recoverable amount would be reduced by approximately HK$158,379,000. Additional impairment of HK$226,256,000 and a reduction of deferred income tax liabilities of HK$67,877,000 would be required.

- If the discount rate adopted in the valuation had been 0.5% higher, the recoverable amount would be reduced by approximately HK$147,066,000. Additional impairment of HK$210,094,000 and a reduction of deferred income tax liabilities of HK$63,028,000 would be required.

- If the exchange rate adopted in the valuation had been 1% higher, the recoverable amount would be reduced by approximately HK$169,692,000. Additional impairment of HK$242,417,000 and a reduction of deferred income tax liabilities of HK$72,725,000 would be required.

- If the production had delayed for one year later than the forecast, the recoverable amount would be reduced by approximately HK$34,504,000. Additional impairment of HK$49,291,000 and a reduction of deferred income tax liabilities of HK$14,787,000 would be required.

The ultimate recoupment of the carrying value of mining properties is dependent on the successful development and commercial exploitation of, or sale of interests in, the mining properties.

Subsequent to the impairment loss recognised for the six-month ended 31 December 2015, the Group has continued to assess whether any indications of impairment exist with reference to both external and internal sources of information. As at 30 June 2016, the Group assessed and concluded there were no indications of impairment present, noting that key assumptions utilised in determining the recoverable value of the mining properties in Australia remain consistent with those utilised during the previous assessment.

15. TRADE PAYABLES

Trade payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days. In certain circumstances, the credit period has been extended to over 90 days. The following is an ageing analysis of trade payables of the Group at the balance sheet date:

	2016	2015
	HK$'000	*HK$'000*
0 — 30 days	—	4,470
31 — 60 days	—	78
61 — 90 days	—	199
Over 90 days	**10,872**	5,454
	10,872	10,201

16. SHARE CAPITAL

	Number of shares	**Share capital**
	'000	*HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2014, 30 June 2015 and 2016	**10,000,000**	**1,000,000**
Issued and fully paid:		
As at 1 July 2014, 30 June 2015 and 2016	**8,381,982**	**838,198**

All the new shares issued rank pari passu in respect of the then shares in issue.

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 1 September 2016, the directors have resolved that the Group will no longer finance the continuing development of copper mine in Yunnan, PRC, owned by the Group as it is not expected to be commercially justifiable to continue the exploration and production.

On 19 September 2016, the Group obtained a loan from its substantial shareholder amounted to US$5,130,000 (equivalent to HK$40,000,000) to satisfy its future working capital requirements, and to meet its financial obligations. The loan was drawn down on 20 September 2016 and such loan is unsecured, bears interest at 12% per annum and is repayable on 19 December 2017.

On 21 September 2016, an individual shareholder has undertaken to grant a loan of up to HK$60,000,000 to the Group 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Iron Ore Operations — Western Australia

This segment of the business is comprised of the 100% owned Marillana Iron Ore Project ("Marillana"), the Ophthalmia Iron Ore Project ("Ophthalmia") and other regional exploration projects.

The loss before income tax expense and share of losses of joint ventures for the year for this segment and attributable to the Group was HK$481.5 million (2015: HK$1,326.3 million). Total expenditure associated with mineral exploration for the year ended 30 June 2016 amounted to HK$16.6 million (2015: HK$60.6 million).

Total expenditure associated with mineral exploration and evaluation for each of the projects in Western Australia for the financial periods are summarised as follows:

	Year ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Project		
Marillana	**12,106**	24,357
Ophthalmia	**2,000**	28,494
West Pilbara	**2,509**	7,789
	16,615	60,640

The Group is yet to make a final investment decision toward commencing development of any of its iron ore projects in Western Australia. Accordingly, no development expenditures have been recognised in the financial statements during the year ended 30 June 2016 (year ended 30 June 2015: Nil).

Total capital expenditures for each of the projects in Western Australia for the financial periods were summarised as follows:

	Year ended 30 June			
	2016		2015	
	HK$'000		*HK$'000*	
	Addition to property, plant and equipment	**Addition to mining properties**	**Addition to property, plant and equipment**	**Addition to mining properties**
Project				
Marillana	**173**	—	252	—
Ophthalmia	—	—	—	—
	173	—	252	—

Impairment Loss

In response to the sustained iron ore price weakness and taking advantage of recent improvement in mining and infrastructure technologies, the Group is progressing with studies based on a revised mine plan and production strategy. Nevertheless, at 31 December 2015, considering the significant decline in iron ore price from the previous reporting period, an impairment assessment was conducted and impairment of HK$436,351,000 was recognised for the first half of the year. The impairment reduces the deferred income tax liability brought to account following the business combination relating to the value attributed to the mining properties acquired. The reduction in the deferred income tax liability as a result of the impairment is HK$130,905,000 (2015: HK$364,986,000). In the second half of the year, the Group has continued to assess whether any indications of impairment exist with reference to both external and internal sources of information. As at 30 June 2016, the Group assessed and concluded there were no indications of impairment present, noting that key assumptions utilised in determining the recoverable value of the mining properties in Australia remain consistent with those utilised during the previous assessment.

There is no material change of the long-term iron ore price between 31 December 2015 and 30 June 2016. Hence, the Company is not considering any impairment to its iron ore assets.

Additional Stamp Duty Assessment

The 2012 acquisition of Brockman Mining Australia Pty Ltd (formerly known as Brockman Resources Limited) resulted in Western Australian stamp duty being incurred, primarily relating to the acquisition land value attributable to the iron ore projects acquired. The Company raised an accounting provision to recognise an estimate of the potential liability. In December 2013, the Office of State Revenue in Western Australia (OSR) issued the Company with an interim assessment notice consistent with the Company's self-assessment-independent valuation of the acquired land chattel, which the Company paid. In 2016, the Company received a final assessment from the OSR exceeding the 2013 interim assessment. The Company has objected the final assessment from the OSR, and subsequently lodged an objection. Nevertheless, the Company has paid this assessment in accordance with OSR requirements. The lodged objection is seeking to recover the stamp duty assessed on value of mining information and mining studies acquired.

Marillana Project Overview

The 100% owned Marillana Iron Ore Project ("Marillana") is Brockman's flagship project located in the Hamersley Iron Province within the Pilbara region of Western Australia, approximately 100 km north-west of the township of Newman. Marillana is located within mining lease M47/1414.

The project area covers 82 km^2 bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation, source of the hematite detrital mineralisation at Marillana, have developed within the dissected Brockman Iron Formation that caps the Range.

The Company currently is progressing on a two-phase commercial development strategy for Marillana:

1. A small scale development over a portion of the deposit to produce 2.5Mtpa (wet) of iron ore product (Project Maverick); and

2. The development of a larger tonnage operation underpinned by a long term rail and port infrastructure solution (Project Agincourt). The target production of Project Agincourt is up to 20Mtpa (wet), which is going to be developed in stages. Stage-1, a 10Mtpa production operation, bringing Brockman's total targeted annual production to 12.5Mtpa (together with Project Maverick). Upon progressing on Stage-1, Brockman intends to progress with Stage-2 for another 10Mtpa production. The development of Project Agincourt Stage-1, as well as timing for Stage-2 are subject to further studies on mine and processing plant design.

The initial development phase will establish the Company as a producer introducing its high-grade product (~61%Fe) to the iron ore market, and generate cash flow as the Company continues to progress Project Agincourt.

In order to facilitate Project Agincourt, Brockman continues to pursue its application for regulated Access on the TP1 railway line and has also commenced studies to build its own light railway line to secure the long-term feasibility of the development of the Marillana deposit. Brockman also continues to pursue other viable infrastructure options.

Project Maverick

Project Maverick will establish Brockman as a global producer of iron ore and will introduce the Marillana high-grade product to the iron ore market. The cash flows generated from Project Maverick will be used to develop the larger Marillana deposit, which in turn will provide significant financial and social benefits to the Pilbara region through employment opportunities as well as numerous benefits to other sectors.

Project Maverick is well progressed. In particular:

- all major approvals including Ministerial approval under the Environmental Protection Act 1986 (WA) have been received;

- a mining lease has been granted in respect of Marillana (which includes the Project Maverick project area);

- native title agreements in respect of the project area have been agreed;

- a road transportation solution, including a heads of agreement with a major provider of logistics solutions, has been agreed to move product from the mine to vessels at port; and

- two early contractor involvement (ECI) consortiums have been engaged to conduct cost studies to build and operate the mine facilities for Project Maverick.

Project Maverick relates to a very small portion of the total mineralisation at Marillana and has been restricted to above water table material, optimized for the first five years of the project. The majority of mineralization is sourced from the Rockhole Bore area, which has been subjected to extensive pilot scale metallurgical test work.

The pit design involves the mining of 29.4Mt of ore and 8.9Mt of waste over the initial 5 year period, for a stripping ratio of 0.3:1. The ore will be beneficiated to produce 2.5Mtpa (wet) of final product grading between 60.5% Fe and 61.5% Fe, which will be trucked to the Utah Point Bulk Handling Facility (**UPBHF**) in Port Hedland for loading onto ships.

The development of Project Maverick is able to draw on the results and information received from over six years of detailed study over the Marillana deposit for the construction and operation of a simplified, small scale processing plant at the site (essentially a large pilot plant). The studies of Marillana include:

- a scoping study between 2007 - 2008;
- preliminary feasibility study in 2009;
- definitive feasibility study in 2010 (**DFS**);
- front end engineering and design in 2011 (**FEED**); and
- value adding studies between 2011 and 2012.

Extensive beneficiation test work has been completed as part of the DFS and FEED studies on ore samples taken from the deposit.

The most recent "phase 7" pilot scale test work confirmed the Brockman Group's confidence in the deposit and beneficiation process, with the product yield and specification exceeding forecast amounts.

During the year, Brockman entered a Non-Binding Heads of Agreement (HOA) with Qube Bulk Pty Ltd (Qube) to facilitate an infrastructure solution for Project Maverick. Qube is an integrated logistics services provider which provides bulk ore haulage services in the Pilbara and port services at UPBHF.

Subject to the completion of final feasibility studies and the receipt of any required approvals, the Company and Qube will enter into a Logistics Service Agreement for the transportation and export of Brockman's product through the UPBHF for a minimum of five years.

The key enabler for this HOA has been the recent Western Australian State Government initiative in approving the use of performance based standard road trains on prescribed roads in the Pilbara (following a successful trial). These new road trains with increased payloads have provided significant cost savings in road haulage and result in fewer vehicle movements on the State's roads. Qube is currently undertaking an approved trial to further increase vehicle payloads on designated routes in the Pilbara that have the potential to provide additional benefits to Project Maverick.

The model proposed to be used by Brockman for the mine site development is a Contractor Build/ Operate model with Brockman supplying capital, thus minimising capital and operating costs. The Company has engaged two early contractor involvement (**ECI**) consortiums (each comprising a mining contractor and a process design-construct-operate engineering company) to prepare "Class 4" study estimates. The preferred ECI consortium will then be engaged (subject to Brockman securing port capacity as discussed below) to complete "Class 2" cost estimates which will be used by the Company in making its final investment decision (**FID**) for the project.

The key prerequisite for Brockman before progressing further on Project Maverick is to secure stockyards and a berth allocation at the UPBHF to cater for the export of 2.5Mtpa of iron ore product. Brockman is in advanced discussions with the Pilbara Ports Authority (PPA) in relation to securing this allocation. The Company is targeting for commencement of construction in the first-half of 2017 following FID, with commissioning early in calendar year 2018.

The development of the 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 commercializing the infrastructure solution for the larger scale operations at Marillana (up to 20Mtpa) Project Agincourt.

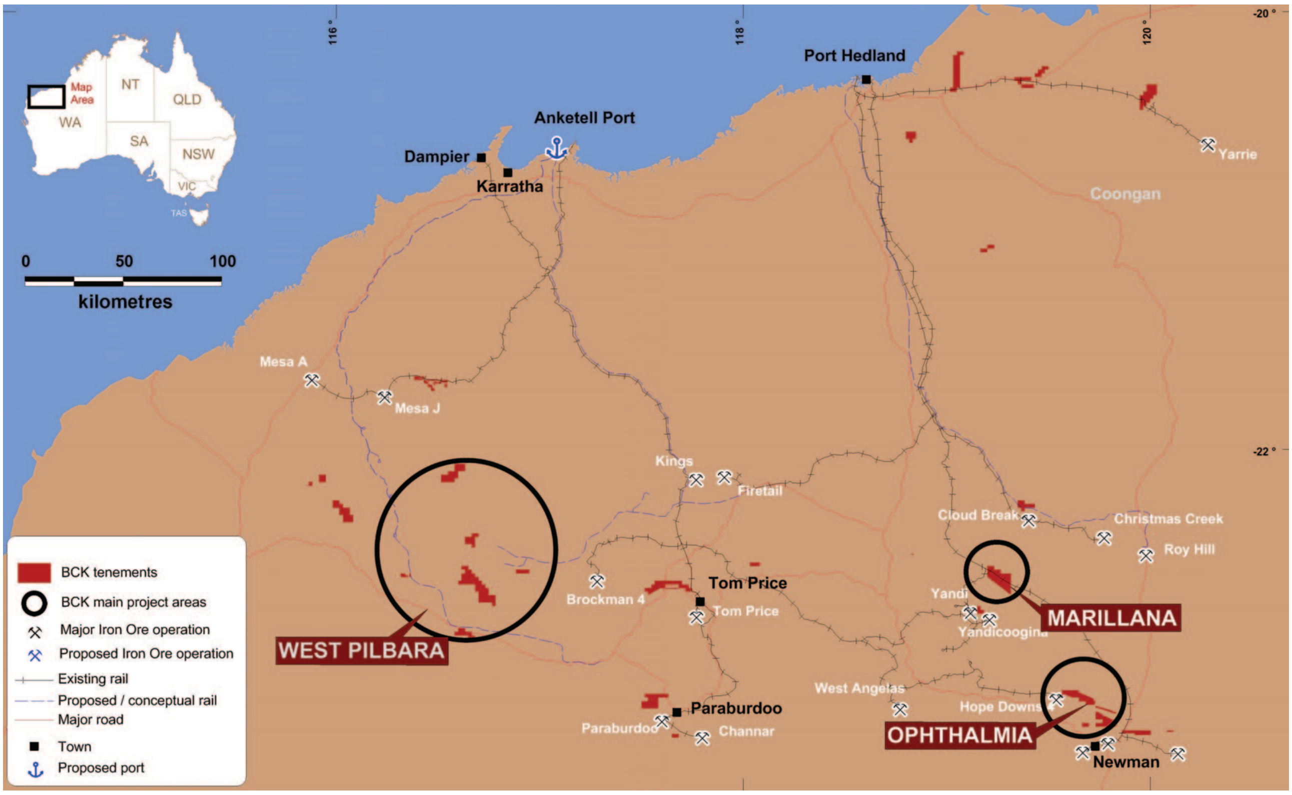
The development of Project Maverick relies on securing appropriate funding and port allocation at Utah Point Bulk Handling Facility at Port Hedland.

Project Agincourt

Project Agincourt is predicated on Brockman securing a long term rail and port solution for the transportation and export of up to 20Mtpa of iron ore product.

The current economic climate has presented cost saving opportunities and the project team is investigating the likely beneficial impact on previous capital and operating cost estimates for Marillana under the existing cost environment, in readiness for when an infrastructure solution is secured. The Company is also re-evaluating the mine plan to reduce haul distances, increase product yields in the early mine life and minimise rehandling of waste materials, all of which is anticipated to have a positive impact on mining costs. As part of this work, Brockman is considering the development of two processing plants (nominally 10Mtpa product each) spaced along the 14.5km strike length of the deposit.

Figure 1: Project location map — Brockman tenements



Rail and Port and Infrastructure

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.

The Company continues to actively pursue various viable infrastructure alternatives.

Brockman Independent Railway

During the year the Company commissioned a study to evaluate an independent railway to connect Marillana, and later Ophthalmia, to Port Hedland. The independent railway is one of a number of logistics solutions being considered by the Company.

The study was based on a standard gauge, 26 tonne axle load design incorporating an Ausbeam Track System (a ballast-less track system with continuous rail support), coupled with standard bottom dump wagons. The design and track structure is expected to significantly reduce capital cost when compared to traditional Pilbara 'heavy haul' railway systems, primarily as a result of reduced need for cut and fill. The Brockman railway line would support an initial capacity of 30Mtpa to a designated berth in Port Hedland, with the ability to be expanded to more than 50Mtpa for other junior miners, primarily through the introduction of additional passing loops and increased stockyard capacity.

Rail Access

In May 2013, Brockman commenced seeking access rights to The Pilbara Infrastructure Pty Ltd's ("TPI") below-rail infrastructure under the Western Australian Railways (Access) Code 2000 (WA) ("Code"), to allow it to haul up to 20 Mtpa of hematite iron ore product from its Marillana Project, for a term of 20 years ("Access Proposal").

The Access sought proposed to exit the TPI mainline at Port Hedland where North West Infrastructure (NWI) has a capacity conferral at 50 Mtpa at the proposed SP3 and SP4 berths for iron ore export from South West Creek in the Inner Harbour.

On 4 October 2013, TPI commenced proceedings in the WA Supreme Court challenging the validity of the Access Proposal. The trial was held in August 2014 and on 26 September 2014 the Honorable Justice James Edelman handed down his decision, which supported Brockman's position finding that the Access Proposal was valid and complied with the requirements of section 8 of the Access Code. TPI's action was wholly dismissed, with TPI ordered to pay Brockman's costs of the action. TPI appealed this decision and that appeal was heard in late August, 2015 by Buss JA, Murphy JA and Beech J. In February 2016, the Court of Appeal handed down its decision upholding Edelman J's decision of 26 September 2014, finding that the Access Proposal was valid and complied with the requirements of section 8 of the Access Code. TPI's appeal was wholly dismissed, and TPI was ordered to pay Brockman's cost of appeal.

On 24 March 2016, TPI made an application for special leave to appeal the Court of Appeal's judgment to the High Court of Australia. Subsequent to year end, on 2 September 2016 the High Court of Australia considered TPI application for special leave to the High Court. The application was rejected. This means that TPI has no further avenue for appeal.

Port

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

Approvals

All required environmental baseline and impact assessment studies and cultural heritage surveys have been completed and key State and Commonwealth environmental approvals have been received for Marillana.

Final approvals relating to the development of Project Maverick (mining proposal, site management and safety plan, shire building permit for camp, works approvals for fuel storage, sewerage plant, water, traffic management plan, etc.) will be advanced to facilitate early mining and development activities in 2017.

Metallurgy

Extensive beneficiation test work has been completed as part of the DFS and FEED studies on ore samples taken from the deposit. The most recent 'phase 7' pilot scale test work confirming confidence in the deposit and beneficiation process with product yield and specification exceeding forecast. Sinter testwork completed in Australia and China (CISRI) has demonstrated that the coarse nature of the product (essentially minimal sub 1mm particles) results in significantly higher sinter productivity with lower fuel use with no deleterious effects, when blended at up to 25% with other Australian seaborne ores.

Resources and Reserves

Brockman reports its Mineral Resources and Ore Reserves on an annual basis, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 Edition, unless otherwise noted. Mineral Resources are quoted inclusive of Ore Reserves.

This information on Resources and Reserves for the Marillana Project was prepared and first disclosed under guidelines of the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the "JORC Code 2004"). It has not been updated since to comply with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the "JORC Code 2012") on the basis that the information has not materially changed since it was last reported.

Marillana has a significant Mineral Resource estimate of 1.63 billion tonnes (Bt) of hematite Detrital and Channel Iron (CID) mineralisation, comprising 173 million tonnes (Mt) of Measured Mineral Resources, 1,238 Mt of Indicated Mineral Resources and 219 Mt of Inferred Mineral Resources (see Tables 1 and 2). In accordance with the requirements of the JORC Code 2004, the Marillana Ore Reserves are based solely on the Measured and Indicated Mineral Resources at Marillana.

The 201 Mt of Inferred Mineral Resources (Non CID) is based on wide-spaced drilling to the north of the Indicated Mineral Resource boundary, which has demonstrated continuity of the detrital mineralisation in this area. In addition the mineralisation remains open to the north of the Inferred Mineral Resource boundary.

Table 1: Beneficiation Feed Mineral Resource Summary (cut-off grade: 38% Fe)

Mineralisation type	Resource classification	Tonnes (Mt)	Grade (% Fe)
Detrital	Measured	173	41.6
	Indicated	1,036	42.5
	Inferred	201	40.7
Pisolite	Indicated	117	47.4
Total	**Measured**	**173**	**41.6**
	Indicated	**1,154**	**43.0**
	Inferred	**201**	**40.7**
GRAND TOTAL		**1,528**	**42.6**

Total tonnes may not add up, due to rounding

Table 2: Marillana Project CID Mineral Resource Summary (cut-off grade: 52% Fe)

Resource classification	Tonnes *(Mt)*	Fe *(%)*	CaFe *(%)*	Al_2O_3 *(%)*	SiO_2 *(%)*	P *(%)*	LOI *(%)*
Indicated	84.2	55.8	61.9	3.6	5.0	0.097	9.8
Inferred	17.7	54.4	60.0	4.3	6.6	0.080	9.3
TOTAL	**101.9**	**55.6**	**61.5**	**3.7**	**5.3**	**0.094**	**9.7**

CaFe represents calcined Fe and is calculated by Brockman using the formula CaFe = Fe%/((100-LOI)/100)

*Table 3: Marillana Detrital Ore Reserves**

Reserve classification	Tonnes *(Mt)*	Fe (%)
Proved	133	41.6
Probable	868	42.5
TOTAL	**1,001**	**42.4**

* *Reserves are included within Resources*

*Table 4: Marillana CID Ore Reserves**

Reserve classification	Tonnes *(Mt)*	Fe *(%)*	CaFe *(%)*	Al_2O_3 *(%)*	SiO_2 *(%)*	P *(%)*	LOI *(%)*
Probable	48.5	55.5	61.5	5.3	3.7	0.09	9.7
TOTAL	**48.5**	**55.5**	**61.5**	**5.3**	**3.7**	**0.09**	**9.7**

* *Reserves are included within Resources*

Based on extensive beneficiation testwork, the Detrital Ore Reserves are expected to produce 378 Mt of final product grading 60.5–61.5% Fe with impurity levels comparable with other West Australian direct shipping hematite ore ("DSO") iron ore products. The CID Ore is a DSO product which would be prepared for export as a separate product. The Marillana Project is estimated to produce in excess of 426 Mt of export product (beneficiated detritals plus CID).

Metallurgical testwork, undertaken since publication of the Ore Reserve, investigated improvement in the product yield from beneficiation feed by recovering additional -1 mm fines material at +60% Fe, could add a further 30 Mt of total product over the life of the mine. This material was considered as waste in the earlier studies.

This represents one of the largest published hematite Ore Reserve positions in the Pilbara, outside the three major producers (BHPB, Rio and FMG). The Detrital Ore is upgraded to a high-quality, sinter feed product via simple beneficiation, which is supported by low-cost mining, low waste ore ratios and large continuous ore zones. Based on existing Resources and Reserves, the Project will support over 20 years of mining operations, producing at a forecast production rate of up to 20 Mtpa of beneficiated iron ore grading from 60.5–61.5% Fe.

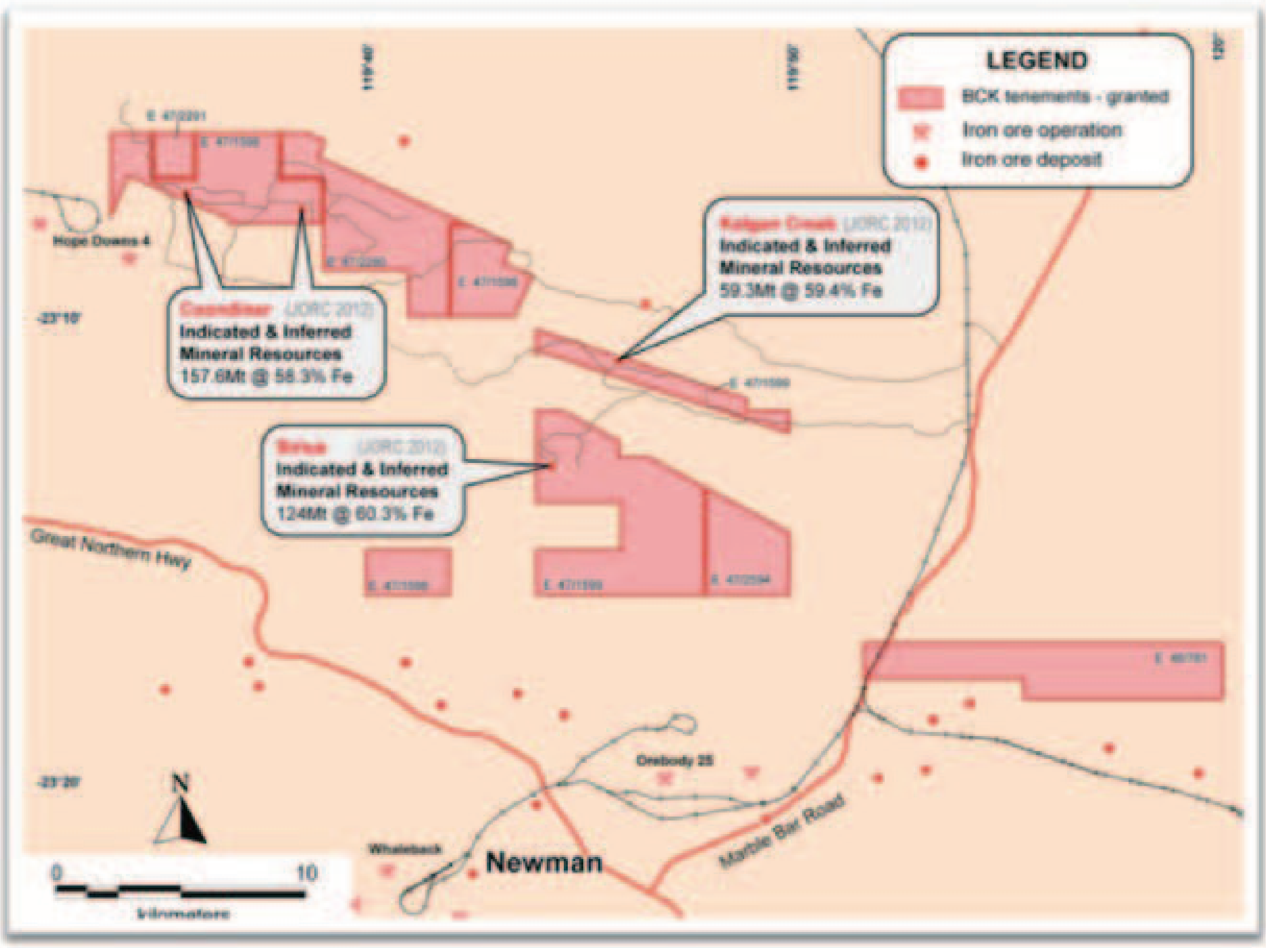
The Mineral Resource and Reserve estimation (see Tables 1 to 4) was prepared by Golder Associates Pty Ltd and has been classified in accordance with the guidelines of the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". It has been estimated within geological boundaries using a 38% Fe cut-off grade for beneficiation feed mineralisation and a 52% Fe cut-off grade for CID mineralisation. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. There has been no change in the Marillana Resource and Reserve estimates during the year.

Ophthalmia Project

Overview

The 100% owned Ophthalmia Iron Ore Project, located north of Newman in the East Pilbara region of Western Australia, is the most significant iron ore project for the company outside of its flagship Marillana Project. Since the discovery of significant occurrences of bedded hematite mineralisation by field reconnaissance mapping and surface sampling in August 2011, major exploration drilling programmes have been completed and JORC-compliant Mineral Resources have been estimated and reported for the Sirius, Coondiner, and Kalgan Creek deposits. The total Mineral Resource at Ophthalmia is 341 Mt grading 59.3% Fe. (Table 5)

Figure 2: Location of Ophthalmia Prospects



Approvals

The Native Title Agreement with the Nyiyaparli people that was executed in May 2015 covers all tenements comprising the Ophthalmia Iron Ore Project and was based on the existing agreement with the Nyiyaparli people covering the Marillana Iron Ore Project (signed in 2009). It takes into consideration the Nyiyaparli people's interests with regard to the management of Cultural Heritage and Protection of the land and environment at the Ophthalmia Project, as well as providing education and training opportunities for the local Nyiyaparli people.

The signing of this agreement paves the way for the granting of mining leases over the project area once Brockman has established an infrastructure solution to facilitate development of the project.

Feasibility Study

The upgraded Mineral Resources and the excellent conversion from Inferred to Indicated Resources support the development of a DSO mining operation at Ophthalmia, predicated on the Company achieving a rail and port infrastructure solution for the Marillana Project. The Pre-Feasibility Study (PFS) that commenced in the previous year was deferred until an infrastructure solution for the Company's Marillana project has been secured.

Metallurgy

A bulk sample of ore from the Sirius deposit was sent to CISRI in China for a comprehensive sinter testwork programme. The bulk sample was generated in 2013 by compositing diamond drill core from 7 holes spaced across the entire deposit.

The sinter testwork program showed that there are no fatal flaws in the sintering performance of blends where Sirius fines replaces either Pilbara Blend of MAC (Mining Area C) fines up to 30%. Most parameters show only gradual changes as substitution increases, except that mix moisture and fuel loads do increase significantly. There is little change in sinter productivity or granulation, RDI is similar or improved marginally, as is softening and melting performance. RI is lower but still well within tolerance.

Following the completion of the sinter testwork program, the Company commissioned a Value-In-Use ('VIU') study to determine the likely pricing for the Sirius fines product. The VIU in iron making has been estimated using the Marx VIU model in comparison to Pilbara blend fines. The results indicate a total potential discount of 15 – 17% for Sirius fines compared to Pilbara Blend, sold to silica constrained Chinese steel mills.

Mineral Resources

Ophthalmia has a Mineral Resource estimate of 340.9 million tonnes of hematite mineralization, compromising 280 million tonnes of Indicated Resources and 61 million tonnes classified as Inferred Resource (see Table 5).

The resource estimate was classified in accordance with guidelines provided in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012). Refer to ASX Announcement dated 1 December 2014.

Table 5: Ophthalmia DSO Mineral Resource Summary

		30 June 2016[(1)]							
Deposit	**Class**	**Tonnes** *(Mt)*	**Fe** *(%)*	**CaFe*** *(%)*	**SiO_2** *(%)*	**Al_2O_3** *(%)*	**S** *(%)*	**P** *(%)*	**LOI** *(%)*
Kalgan Creek[1]	Indicated	34.9	59.3	62.7	4.08	4.57	0.009	0.183	5.49
	Inferred	24.4	59.5	63.2	4.38	3.90	0.007	0.157	5.81
	Sub Total	**59.3**	**59.4**	**62.9**	**4.21**	**4.29**	**0.009**	**0.173**	**5.63**
Coondiner[1]	Indicated	140.5	58.5	62.0	5.18	4.46	0.007	0.176	5.71
(Pallas and Castor)	Inferred	17.1	58.1	61.5	6.06	4.45	0.008	0.155	5.47
	Sub Total	**157.6**	**58.4**	**62.0**	**5.27**	**4.46**	**0.007**	**0.174**	**5.68**
Sirius	Indicated	105.0	60.4	63.7	3.54	3.97	0.007	0.18	5.22
	Inferred	19.0	60.2	63.4	4.09	3.83	0.009	0.17	5.14
	Sub Total	**124.0**	**60.3**	**63.6**	**3.62**	**3.95**	**0.007**	**0.18**	**5.20**
Ophthalmia Project	Indicated	280.4	59.3	62.7	4.43	4.29	0.007	0.178	5.50
	Inferred	60.5	59.3	62.8	4.76	4.03	0.008	0.160	5.50
	Total	**340.9**	**59.3**	**62.7**	**4.49**	**4.24**	**0.007**	**0.175**	**5.50**

* *CaFe represents calcined Fe and is calculated by Brockman using the formula CaFe = Fe%/((100-LOI)/100). Total tonnes may not add due to rounding*

(1) No changes since 30 June 2015

West Pilbara Project

Overview

The West Pilbara Project comprises a number of exploration tenements (Duck Creek, West Hamersley and Mt Stuart) over a 30 km radius and located about 110–150 km WNW of Paraburdoo in the West Pilbara region. (Refer Figure 1)

At Duck Creek, mineralisation comprises discrete mesas of channel iron deposits ("CID") 15–30 m above the surrounding plains with stripping ratios expected to be very low for the targets identified. Seven mesas containing ore grade CID mineralisation have been identified from surface sampling, but only six have been drilled due to access limitations.

Brockman has completed an Inferred Mineral Resource estimate of 18.3 Mt grading 56.5% Fe, for the channel iron deposit ("CID") mineralisation at Duck Creek (E47/1725), as detailed in Table 6 below. The Mineral Resource estimate has been classified in accordance with guidelines of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Mineral Resource estimate is based on the results of 45 vertical RC holes drilled on sections varying from approximately 200 to 400 m apart along the long axis of each mesa, supported by surface sampling to confirm the lateral extent of mineralisation.

Table 6: Duck Creek Mineral Resource estimate — (at a lower cut-off grade of 54% Fe)

Mesa	**Classification**	**Tonnes** *(Mt)*	**Fe** *(%)*	**CaFe*** *(%)*	**SiO_2** *(%)*	**Al_2O_3** *(%)*	**P** *(%)*	**S** *(%)*	**LOI** *(%)*
1	Inferred	4.1	55.8	63.2	4.40	2.69	0.032	0.058	11.8
2	Inferred	5.1	56.6	64.1	3.58	2.44	0.041	0.037	11.7
3	Inferred	2.3	56.4	61.6	5.71	4.53	0.065	0.023	8.4
4	Inferred	1.4	56.4	61.9	6.43	3.34	0.077	0.087	8.9
5	Inferred	3.0	56.3	61.4	6.32	4.07	0.071	0.020	8.4
6	Inferred	2.4	58.0	62.8	5.15	3.25	0.112	0.015	7.6
All	**Inferred**	**18.3**	**56.5**	**62.8**	**4.91**	**3.22**	**0.060**	**0.037**	**10.0**

* *CaFe represents calcined Fe and is calculated by Brockman using the formula CaFe = Fe%/((100-LOI)/100)*

The West Hamersley prospect comprises one granted Exploration Licence (E47/1603) covering 54 km^2 and containing extensive areas of outcropping Brockman Iron Formation. The Mt Stuart prospect comprises one Exploration Licence containing outcropping CID mineralisation as mapped by the Geological Survey of Western Australia.

Other Projects

Irwin–Coglia Ni-Co And Ni-Cu Prospect — 40% Interest

The Group has a 40% interest in the Irwin–Coglia nickel-laterite project, located about 150 km south-east of Laverton in Western Australia. The remaining 60% interest in the Joint Venture is held by Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd, the owners of the Murrin Murrin Ni-Co laterite mine and high-pressure acid leach treatment plant near Laverton.

Mining studies by Murrin Murrin show that the ore body represents high potential value but this value cannot be currently realised due to chloride in feed constraints. In 2012, Murrin Murrin has carried out further studies on the washing of chloride from its high chloride deposits (including Irwin – Coglia) but limits on the amount of low-chloride wash water available and the cost of installing excess capacity continue to restrict the wash capacity available. Murrin Murrin is continuing to take steps to allow incremental increases in chloride levels in the process plant feed. Desktop investigations indicate low salinity water may be available from an area east of the deposits, which may provide an opportunity for a chloride wash process.

The project is managed by Murrin Murrin.

Competent Persons Statements

Marillana Mineral Resources and Ore Reserves

The information in this report that relates to Mineral Resources and Ore Reserves at Marillana is based on information compiled by Mr. I Cooper, Mr. J Farrell and Mr. A Zhang.

The Ore Reserves statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code — 2004 Edition). The Ore Reserves have been compiled by Mr. Iain Cooper, who is a Member of Australasian Institute of Mining and Metallurgy and a full time employee of Golder Associates Pty Ltd. Mr. Cooper has sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Cooper consents to the inclusion of the matters based on this information in public releases by Brockman, in the form and context in which it appears.

Mr. J Farrell, who is a Member of the Australasian Institute of Mining and Metallurgy and a former full-time employee of Golder Associates Pty Ltd, produced the Mineral Resource estimates for Marillana and Ophthalmia based on the data and geological interpretations provided by Brockman. Mr. Farrell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Farrell consented to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Mr. A Zhang, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Brockman Mining Australia Pty Ltd, provided the geological interpretations and the drill hole data used for the Mineral Resource estimations at the Marillana project. Mr. Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Ophthalmia Mineral Resources

The information in this statement which relates to the Ophthalmia Mineral Resource is based on information compiled by Mr. Sia Khosrowshahi who is a full-time employee of Golder Associates Pty Ltd, and Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr. Khosrowshahi has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Mr. Khosrowshahi consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

The Competent Person responsible for the geological interpretation and the drill hole data used for the resource estimation is Mr Aning Zhang. Mr Zhang is a full-time employee of Brockman Mining Australia Pty Ltd, is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Mr Zhang consents to the inclusion in this report of the matters based on his information in the form and content in which it appears.

Duck Creek Mineral Resource

The information in this report that relates to Mineral Resources at Duck Creek is based on information compiled by Mr. A Zhang. Mr. Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Annual Report Mineral Resources and Ore Reserves Statement

The information in this report that relates to the Brockman Mining Iron Ore Division Annual Report Mineral Resources and Ore Reserves Statements as a whole is based on information compiled by Aning Zhang, a full-time employee of Brockman Mining Australia Pty Ltd, and a Member of the Australasian Institute of Mining and Metallurgy. The Annual Report Mineral Resources Statement and Ores Reserves Statement is based on, and fairly represents, information and supporting documentation prepared by the Competent Persons named above. The Annual Report Mineral Resources and Ore Reserve Statement has been issued with the prior written consent of Mr Zhang, in the form and context in which it appears in the Annual Report.

Mineral Resources and Ore Reserves Governance of Internal Controls

Brockman ensures that the Mineral Resources and Ore Reserve estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external review of Mineral Resources and Ore Reserves estimation procedures and results are carried out through a technical review team which is comprised of highly competent and qualified professionals. These reviews have not identified any material issues.

Mining Business — Yunnan, the PRC

Our copper mining business comprises processing and sales of copper, silver and other mineral resources in the Yunnan Province of the PRC, through the operation of a subsidiary of the Company — Luchun Xingtai Mining Co., Ltd ("Luchun") which is the mine operator of the Damajianshan Mine. The Damajianshan Mine is located in Qimaba Township, Luchun County of Yunnan Province in the PRC. It is near the border between the PRC and Vietnam.

Production and operation results for the year ended 30 June 2015 and 2016 were summarised as follows:

	Year ended 30 June	
	2016	2015
Copper ore processed (tonnes)	**83,189**	182,485
Production of Copper Ore Concentrates (Metal tonnes)	**429**	794
Sales of Copper Ore Concentrates (Metal tonnes)	**433**	884
Average selling price per Metal (t) (without VAT) (RMB)	**22,283**	32,746

During the year, turnover of this segment was approximately HK$11.6 million (2015: HK$36.5 million), and the segment loss before finance costs, tax, write-off of inventory, impairment of property, plant and equipment, other non-current assets, amortisation and impairment of mining right was approximately HK$8.0 million (2015: HK$16.8 million).

During the second half of the year, the production of Damajianshan mine has been put on hold to reduce losses due to the continuous drop in copper price.

Copper ore processed decreased by 54% to 83,189 tonnes in 2016, mainly due to uncertainty in copper price and production was put on halt.

In 2016, global copper supply continued to outstripped demand. This, together with concerns about the growth of the Chinese economy continued to weigh on copper prices. The average realised copper price decreased by 32% to RMB22,283 in 2016. (10% to RMB32,746 in 2015). Given such difficult business environment in the industry, the directors have resolved that the Group will no longer finance the continuing development of the copper mine as it is not expected to be commercially justifiable to continue the exploration and production in the near future.

Impairment Loss

As at 31 December 2015, the Group has assessed and concluded the recent sustained copper price weakness to be impairment indicator and therefore an impairment assessment was concluded. Based on the impairment assessment, an impairment of approximately HK$41,200,000 was recognised during six-month period ended 31 December 2015.

Subsequent to the impairment recognised for the period ended 31 December 2015, the Group has continued to assess whether any indications of impairment exist. In view of sustained copper price weakness, and the potential increase in capital expenditure to meet the new local requirements for environmental protection, the Group has recognised a full impairment against the mining right in the PRC. The total impairment loss for the year ended 30 June 2016 is HK$208,801,000 (2015: HK$225,000,000). Other non-current assets related to the mine (including deposits for land restoration costs and property, plant and equipment) amounting to HK$33,239,000 were fully written off.

Summary of Expenditure

The cost of sales of the mining segment mainly included mining, processing and refining, ore transportation and waste disposal costs.

Total expenditure associated with the mining operation (excluding write-off of inventory, impairment of property, plant and equipment, impairment of other non-current assets, amortisation and impairment of mining right) in the PRC during the year amounted to approximately HK$19.6 million (2015: HK$53.5 million). Expenditure associated with exploration activities amounted to approximately HK$3.3 million (2015: HK$15.9 million).

During the year ended 30 June 2016, capital expenditures of HK$1.2 million has been capitalised as property, plant and equipment (30 June 2015: HK$1.6 million).

Exploration

There is no material change to the resources and reserves in the Damajianshan Mine during the year.

Exploration activities and tunneling works continued until 31 December 2015.

Liquidity and Financial Resources

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group generally finances its short term funding requirement with cash generated from operations, equity funding and borrowings. The Group's ability to achieve its Marillana iron ore project development schedule is reliant on access to appropriate and timely funding.

Subsequent to the year end, the Group has raised cash by obtaining a shareholder's loan from a substantial shareholder.

The current ratio is measured at 0.48 times as at 30 June 2016 compared to 1.17 times as at 30 June 2015.

The gearing ratio of the Group (long term debts over equity and long term debts) is measured at 0.06 (2015: 0.02).

During the reporting period, the Group did not engage in the use of any financial instruments for hedging purposes, and there is no outstanding hedging instrument as at 30 June 2016.

Financial Guarantee

At 30 June 2015 and 2016, the Company did not have any financial guarantees.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2016.

Staff and Remuneration

As at 30 June 2016, the Group employed 42 full time employees (2015: 238 employees), of which 24 employees were in the PRC (2015: 212 employees), 7 employees were in Australia (2015: 9 employees) and 11 in Hong Kong (2015: 17 employees).

The remuneration policy and packages of the Group's employees, senior management and directors are maintained at market level and reviewed annually and when appropriate by the management and the remuneration committee.

Changes in Directorship

On 2 July 2015, Mr. Warren Talbot Beckwith has resigned as non-executive director of the Company.

On 2 November 2015, Mr. Yip Kwok Cheung has resigned as independent non-executive director of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the Australian Securities Exchange ("ASX") and on the SEHK. The Company's corporate governance policies have been formulated to ensure that it is a responsible corporate citizen. The Company complies with all aspects of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK, except for the deviation from Code Provision A.2.1, which requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. The position for the chief executive officer at the Group level has been vacant during the period. Nonetheless, Mr. Colin Paterson, who serves as the chief executive officer at Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), is responsible for the oversight of the core iron ore business operation.

The Company will continue to seek for the appropriate candidate to fill the vacant position when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Securities Trading Policy which applies, inter alia, to all Directors and Key Management Personnel. The Securities Trading Policy complies with the ASX Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the HK Listing Rules. A copy of the Company's Securities Trading Policy is available on the website of the Company.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors namely, Messrs. Yap Fat Suan, Henry, Uwe Henke Von Parpart and Choi Yue Chun, Eugene. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee as at 30 June 2016. The Audit Committee has adopted the terms of references which are in line with the Corporate Governance Code. The Audit Committee has reviewed the Group's annual results for the year ended 30 June 2016.

AUDIT OPINION

The auditor of the Group will issue an opinion with an emphasis of matter on the consolidated financial statements of the Group for the year under audit. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE AUDITOR'S REPORT" below.

EXTRACT OF THE AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

We draw attention to Note 2 to these financial statements, which states that the Group recorded a net loss attributable to equity holders of the Company of HK$627,158,000 and had operating cash outflows of HK$45,147,000 for the year ended 30 June 2016. As at the same date, the Group's current liabilities exceeded its current assets by HK$39,347,000. In September 2016, the Group announced that it would no longer finance the development of its copper mine in the People's Republic of China, from which the Group extracted and produced its copper ore concentrates and derived all of its revenue for the year ended 30 June 2016. These matters, along with other matters as described in Note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

APPRECIATION

The Board wishes to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group. We also thank our shareholders, customers and suppliers for their continuous support.

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

Hong Kong, 23 September 2016

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 Colin Paterson and Mr. Kwai Kwun Lawrence 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.