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 2018

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 2018, together with the comparative figures for the year ended 30 June 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

		Year ended 30 June	
		2018	2017
	Note	***HK$'000***	*HK$'000*
			(Restated)
Continuing operations			
Revenue	*4*	—	—
Cost of sales	*9*	—	—
Gross profit		—	—
Other income	*6*	**300**	1,041
Other (losses)/gains	*7*	**(208)**	2
Selling and administrative expenses	*9*	**(34,644)**	(13,423)
Exploration and evaluation expenses	*9*	**(9,460)**	(20,730)
Operating loss		**(44,012)**	(33,110)
Finance income		**26**	41
Finance costs		**(4,511)**	(3,721)
Finance costs, net	*8*	**(4,485)**	(3,680)
Share of losses of joint ventures		**(562)**	(717)
Loss before income tax		**(49,059)**	(37,507)
Income tax expense	*10*	—	—
Loss for the year from continuing operations		**(49,059)**	(37,507)

* *For identification purpose only*

	Note	Year ended 30 June **2018** ***HK$'000***	 2017 *HK$'000* (Restated)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	*17*	**157,145**	(801)
Profit/(loss) for the year		**108,086**	(38,308)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(12,451)**	14,788
Reclassification of translation reserve arising form disposal of subsidiaries		**(55,578)**	—
Other comprehensive (loss)/income for the year		**(68,029)**	14,788
Total comprehensive income/(loss) for the year		**40,057**	(23,520)
(Loss)/profit for the year attributable to equity holders of the Company			
Continuing operations		**(49,059)**	(37,507)
Discontinued operation		**157,145**	(801)
Total comprehensive (loss)/income attributable to equity holders of the Company			
Continuing operations		**(61,510)**	(22,719)
Discontinued operation		**101,567**	(801)
(Loss)/earnings per share attributable to the equity holders of the Company during the year		***HK cents***	*HK cents*
Basic (loss)/earnings per share from:	*12*		
Continuing operations		**(0.58)**	(0.45)
Discontinued operation		**1.85**	(0.01)
		1.27	(0.46)
Diluted (loss)/earnings per share	*12*		
Continuing operations		**(0.58)**	(0.45)
Discontinued operation		**1.85**	(0.01)
		1.27	(0.46)

CONSOLIDATED BALANCE SHEET
As at 30 June 2018

		As at 30 June	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Mining properties	*13*	**802,617**	829,031
Property, plant and equipment		**268**	3,673
Interests in joint ventures		**126**	430
Other non-current assets		**538**	283
		803,549	833,417
Current assets			
Other receivables, deposits and prepayments		**390**	1,218
Cash and cash equivalents		**34,258**	23,995
		34,648	25,213
Total assets		**838,197**	858,630
Equity			
Share capital	*15*	**916,198**	838,198
Reserves		**(331,473)**	(374,235)
Total equity		**584,725**	463,963
Non-current liabilities			
Other payables		**—**	31,333
Amount due to a related party		**—**	1,392
Deferred income tax liabilities		**238,954**	246,817
Borrowings		**11,508**	52,812
Provisions		**58**	844
		250,520	333,198
Current liabilities			
Trade payables	*14*	**—**	10,722
Other payables and accrued charges		**2,952**	50,561
Amounts due to related parties		**—**	186
		2,952	61,469
Total liabilities		**253,472**	394,667
Total equity and liabilities		**838,197**	858,630

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed.

Going concern

For the year ended 30 June 2018, the Group recorded a net loss attributable to equity holders of the Company on the continuing operation of HK$49,059,000 and had operating cash outflows of HK$33,581,000. The Group did not record any revenue during the year and the loss for the year on continuing operation was primarily attributable to the exploration costs for the mine in Australia and the administrative expenses incurred by operation in Hong Kong and Australia.

The Group intends to focus its resources on developing its core iron ore mining projects in Western Australia (the "Marillana Project"), which remains at exploration and evaluation stage as of 30 June 2018.

On 26 July 2018, Brockman Iron Pty Ltd ("Brockman Iron", a wholly-owned subsidiary of the Company) and Polaris Metals Pty Ltd ("Polaris", a wholly-owned subsidiary of Mineral Resources Limited) entered into a Farm-in and Joint Venture (FJV) Agreement pursuant to which subject to the terms and conditions therein, Polaris may farm-in by satisfying the Farm-in Obligations (which includes expending AUD250,000 (equivalent to approximately HK$1,450,000) on exploration and development of the Marillana Project; completing certain procedures to evaluate the economic feasibility of the Marillana Project; and executing the Process and Loading Agreement and Mine to Ship Logistics Agreement to earn its 50% interest in the Marillana Project. Following the conditions precedent of the

FJV Agreement having been satisfied, Polaris will commence to carry out its Farm-in Obligations. Once Polaris has fulfilled its Farm-in Obligations, the Farm-in Interest will be transferred to Polaris and an unincorporated joint venture (Joint Venture) for the development of Marillana will be established with each party holding a 50% interest. Based on the total estimated cost of the development activities which is provided by MRL drawing upon its considerable experience in developing mining projects in Western Australia and considered to be reasonable by the Company, it is agreed that the Joint Venturers will be responsible for funding the development activities of the Marillana Project for a maximum of AUD300,000,000 (equivalent to approximately HK$1,740,000,000) in total or AUD150,000,000 (equivalent to approximately HK$870,000,000) by each Joint Venturer. In accordance with the FJV Agreement, Polaris has committed to use its best endeavor to secure debt financing for the development activities for the Joint Venturers. Pursuant to the Process and Loading Agreement and Mine to Ship Logistics Agreement, Polaris will be responsible for building and operating a processing plant and a bulk ore rail and port system to be utilised by the Marillana Project.

Should the Group be able to obtain the necessary approvals from the Shareholders and the relevant authorities to proceed with the FJV Agreement and eventually develop the Marillana Project with Polaris through the Joint Venture, the Group would require up to AUD150,000,000 (equivalent to approximately HK$870,000,000) of financing for the development activities under the proposed arrangement, 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) Extending the repayment date of the existing loans from the substantial shareholder amounted to HK$11,000,000 to 31 October 2019. These loans bear interest at 12% per annum;

(ii) On 8 August 2018, the Group signed a sales and purchase agreement with Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd, pursuant to which the Group agreed to dispose of its 40% interest in the Irwin-Coglia Joint Venture for a consideration of AUD1,700,000 (equivalent to approximately HK$9,900,000). The transaction was completed and such consideration was received on 17 September 2018;

(iii) On 18 September 2018, the Group secured a standby loan facility from its substantial shareholder amounted to HK$10,000,000. If drawn down, the loan will be unsecured, bears interest at 12% per annum and repayable on 31 October 2019;

(iv) The Group is in the process of obtaining the necessary approvals from its shareholders and the relevant regulatory approvals required in Australia and Hong Kong to fulfil the conditions precedents of the FJV Agreement. The directors are confident that the Group will be successful in obtaining such approvals to satisfy the conditions precedents to the FJV Agreement and that Polaris will be able to fulfill the Farm-in Obligations. Once Polaris fulfills its Farm-in Obligations, an interest-free loan of AUD10,000,000 (equivalent HK$58,000,000, and which currently sits in an escrow account) will be released to Brockman Iron. The loan proceeds shall be used to meet Brockman Iron's financial obligations under the FJV Agreement and for working capital in relation to the Group's iron ore business in the Pilbara region of Western Australia. Such loan will only be repaid from net revenue received by Brockman Iron from the sale of its share of Products sold from the Marillana Project that is transported under the rail and port system contemplated in the Mine to Ship Logistics Agreement.

    In respect of the funding of the development activities of Marillana Project, the Group does not have any commitment until such time when the Joint Venture is established and the budget for the development activities is approved by the management committee of the Joint Venture; and no expenditure in respect of such development activities will be committed by the Joint Venture or the Group before the relevant financing is secured. Polaris will use all reasonable endeavours to procure debt financing to fund the aforesaid development activities for and behalf of the Joint Venturers. The directors are confident that the Joint Venture will be able to obtain the necessary debt financing to fund the development activities as and when required; and

(v) 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, by incurring estimated expenditure of approximately HK$7,400,000, required to maintain the current right of tenure to exploration tenements in Australia.

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 2018. 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 30 June 2018. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial information 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 (iii) to (v) above. The Group's ability to continue as a going concern would depend upon (a) draw down of the loan of HK$10,000,000 from the substantial shareholder as and when required; (b) successful fulfillment of the conditions precedent of the FJV Agreement, including obtaining the relevant approvals from the shareholders and regulators; and upon Polaris duly completing its Farm-In Obligations, release of the loan from escrow account and raising of debt financing for the development activities of Marillana Project as and when needed to fund the Group's share of the obligations to the Joint Venture; and (c) successful execution of the development plan by the Joint Venture to result in economically viable commercial production of the Marillana Project.

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 statement.

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 amendments to standards adopted by the Group

The following standards and amendments to standards are effective for accounting year beginning on or after 1 July 2017, and have been adopted in preparing these consolidated financial statements:

IAS 7 (Amendment)	The Disclosure Initiative
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 12 (Amendment)	Annual Improvement to IFRS 2014-2016 Cycle (amendment to Disclosure of Interests in Other Entities)

(ii) New and amendments to standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the Group's financial year ended 30 June 2018 and have not been early adopted:

		Effective for annual periods beginning on or after
Annual Improvements Project IFRS 1 and IAS 28 (Amendment)	Annual Improvements 2014-2016 Cycle	1 January 2018
IAS 40 (Amendment)	Transfers of Investment Property	1 January 2018
IFRS 2 (Amendment)	Classification and Measurement of Sharebased Payment Transactions	1 January 2018
IFRS 4 (Amendment)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15 (Amendment)	Clarification to IFRS 15	1 January 2018
IFRIC22	Foreign Currency Transactions and Advance Considerations	1 January 2018
IFRIC23	Uncertainty Over Income Tax Treatments	1 January 2019
Annual Improvements Project (Amendment)	Annual Improvements 2015-2017 Cycle	1 January 2019

		Effective for annual periods beginning on or after
IAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
IFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
IFRS 16	Leases	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following set out below:

IFRS 9 Financial instruments

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Group has yet to undertake a detailed assessment of the classification and measurement of its financial assets, but management considers that except for cash and cash equivalents, there is limited financial assets. The amendment is not expected to have significant impact on Group's financial statements.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

There is a change in hedge accounting rules that more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any such hedging instruments.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, and it may result in an earlier recognition of credit losses. As at 30 June 2018, the Group has insignificant balance of financial assets classified at amortised cost, management did not expect the adoption would have any impact to the Group.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. IFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group does not intend to adopt IFRS 9 before its mandatory date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard permits either a full retrospective or a modified retrospective approach for the adoption.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. A further clarification to IFRS 15 was issued in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance. For the year ended 30 June 2018, there was no revenue recognised. Management will further assess the contractual arrangement with respective to future production and effects of applying the new standard on the Group's financial statements.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group does not intend to adopt the standard before its effective date.

IFRS 16 Leases

IFRS 16 was issued in May 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The new standard will result in an increase in assets and financial liabilities in the consolidated statement of financial position. As for the financial performance impact in the consolidated statements of profit and loss and other comprehensive income, the operating lease expenses will decrease, while depreciation and amortisation and the interest expense will increase. The Group's future aggregate minimum lease payments under non-cancellable operating leases as at 30 June 2018 are HK$1,549,000. Other than the increase in assets and financial liabilities in the consolidated statement of financial position and the financial performance impact in the consolidated statements of profit or loss and other comprehensive income as mentioned above, the directors of the Company expect that the adoption of IFRS 16 will not have significant impact on the financial position and financial performance of the Group.

The standard is mandatory for financial years beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other IFRSs or interpretations that are not yet effective that would be expected to have a material impact on the Group.

4. REVENUE

Revenue represents the amounts received and receivable for sales of mineral ore products. There is no revenue during the year ended 30 June 2018 (2017: Nil).

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 makers ("CODM") who are 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 operation in the PRC (Discontinued operation) — 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.

CODM has been identified as the executive directors. CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

CODM assesses and reviews the performance of the operating segments based on segment results which is calculated as loss before income tax.

Segment assets reported to CODM 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:

	Continuing operations			Discontinued operation	
	Mineral tenements in Australia *HK$'000*	**Others** *HK$'000*	**Sub-total** *HK$'000*	**Mining operation in the PRC** *HK$'000*	**Total** *HK$'000*
For the year ended 30 June 2018:					
Segment revenue from external customers	—	—	—	—	—
Segment results	**(27,233)**	**(21,826)**	**(49,059)**	**157,145**	**108,086**
Other information:					
Depreciation of property, plant and equipment	**(162)**	**(10)**	**(172)**	—	**(172)**
Exploration and evaluation expenses	**(9,460)**	—	**(9,460)**	—	**(9,460)**
Reversal of over-provision of social security expenses	—	—	—	**1,461**	**1,461**
Share of losses of joint ventures	**(562)**	—	**(562)**	—	**(562)**

	Continuing operations			Discontinued operation	
	Mineral tenements in Australia *HK$'000*	Others *HK$'000*	Sub-total *HK$'000*	Mining operation in the PRC *HK$'000*	Total *HK$'000*
For the year ended 30 June 2017:					
Segment revenue from external customers	—	—	—	—	—
Segment results	(20,355)	(17,152)	(37,507)	(801)	(38,308)
Other information:					
Depreciation of property, plant and equipment	(295)	(36)	(331)	—	(331)
Impairment losses	—	—	—	(3,538)	(3,538)
Exploration and evaluation expenses	(20,730)	—	(20,730)	—	(20,730)
Reversal of over-provision of social security expenses	—	—	—	3,851	3,851
Share of losses of joint ventures	(717)	—	(717)	—	(717)

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. There was no revenue recognised for the year ended 30 June 2018 and 2017.

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

	Continuing operations			Discontinued operation	
	Mineral tenements in Australia	Others	Sub-total	Mining operation in the PRC	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2018:					
Segment assets	**805,684**	**32,513**	**838,197**	**—**	**838,197**
Total segment assets include:					
Interests in joint ventures	**126**	**—**	**126**	**—**	**126**
Additions to property, plant and equipment	**125**	**1**	**126**	**—**	**126**
As at 30 June 2017:					
Segment assets	836,018	22,586	858,604	26	858,630
Total segment assets include:					
Interests in joint ventures	430	—	430	—	430
Additions to property, plant and equipment	3,263	—	3,263	—	3,263

(b) Geographical information

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 interests in joint ventures analysed by geographical area in which the assets are located:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**11**	19
Australia	**803,000**	833,115
	803,011	833,134

6. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Government grant *(Note a)*	**300**	647
Write back of long outstanding payables	**—**	394
	300	1,041

Notes:

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

7. OTHER (LOSSES)/GAINS

	2018	2017
	HK$'000	*HK$'000*
(Loss)/gain on disposal of property, plant and equipment	**(208)**	2

8. FINANCE COSTS, NET

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Finance income		
Interest income on bank deposits	**26**	41
Finance costs		
Interest expenses on borrowings	**(4,511)**	(3,721)
Finance costs, net	**(4,485)**	(3,680)

9. EXPENSES BY NATURE

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Auditor's remuneration		
— Audit services	**980**	1,080
— Non-audit services	**580**	580
Depreciation of property, plant and equipment	**172**	331
Operating lease expenses	**2,101**	1,883
Employee benefit expense	**20,405**	20,643
Exchange loss/(gain)	**8,608**	(7,938)
Exploration and evaluation expenses (excluding staff costs and rental expenses)	**5,639**	13,741

10. INCOME TAX EXPENSE

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 (2017: Nil). The applicable corporate income tax rates 30% for subsidiaries in Australia.

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:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Loss before income tax	**(49,059)**	(37,507)
Tax calculated at the applicable domestic tax rate of respective companies *(Note)*	**(11,771)**	(8,937)
Income not subject to tax	**(26)**	(2,434)
Expenses not deductible for tax purposes	**1,165**	37
Tax losses for which no deferred income tax asset was recognised	**10,632**	11,334
	—	—

Note:

The weighted average applicable tax rate was 24.0% (2017: 23.9%).

11. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2018, nor has any dividend been proposed since the balance sheet date (2017: Nil).

12. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/earnings attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted (loss)/earnings 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	
	2018	2017 (Restated)
Profit/(loss) for the year attributable to the equity holders of the Company *(HK$'000)*		
— Continuing operations	**(49,059)**	(37,507)
— Discontinued operation	**157,145**	(801)
	108,086	(38,308)
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted (loss)/earnings per share *(thousands)*	**8,514,475**	8,381,982
(Loss)/earnings per share attributable to the equity holders of the Company		
Basic *(HK cents)*		
— Continuing operations	**(0.58)**	(0.45)
— Discontinued operation	**1.85**	(0.01)
	1.27	(0.46)
Diluted *(HK cents)*		
— Continuing operations	**(0.58)**	(0.45)
— Discontinued operation	**1.85**	(0.01)
	1.27	(0.46)

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share for the years ended 30 June 2018 and 2017 because the effect of the assumed exercise of share options of the Company during these years was anti-dilutive.

13. MINING PROPERTIES

	Mining properties in Australia
	HK$'000
At 1 July 2016	797,807
Exchange differences	31,224
At 30 June 2017	829,031
Exchange differences	(26,414)
At 30 June 2018	**802,617**

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 30 June 2018, the Group assessed whether events or changes in circumstances indicate a potential material change to the recoverable value of the mining properties since 30 June 2017. The Group performed an assessment of impairment indicators, taking into account the long-term iron ore price, and long term exchange rate of A$ to US$.

Based on this assessment, management concluded that as at 30 June 2018 and 2017, there is no indication that the recoverable value of the mining properties has materially changed and thus impairment assessment is not required.

14. 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. As at 30 June 2017, all trade payables were due over 90 days.

15. SHARE CAPITAL

	Number of shares	Share capital
	'000	*HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2016, 30 June 2017 and 30 June 2018	20,000,000	2,000,000
Issued and fully paid:		
As at 1 July 2016 and 30 June 2017	8,381,982	838,198
Issue of shares *(Note a)*	780,000	78,000
At 30 June 2018	9,161,982	916,198

Notes:

(a) On 30 April 2018, a total of 650,000,000 ordinary shares were issued to a substantial shareholder of the Company, at issue price of HK$0.10 per share. The total consideration of HK$65,000,000 has been partly settled by cash of HK$19,000,000 and by setting-off the outstanding loan of US$5,130,000 (equivalent to HK$40,000,000) and the relevant accrued interests amounted to approximately HK$6,000,000.

On the same day, a total of 130,000,000 ordinay shares were issued to two independent third parties at an issue price of HK$0.10 per share. Total net proceeds amounted to approximately HK$13,000,000.

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Save for the events mentioned in Note 2, there is no significant event occurred subsequently after the balance sheet date.

17. DISPOSAL OF SUBSIDIARIES

On 29 June 2018, the Company, entered into a sale and purchase agreement with an independent party pursuant to which the Company agreed to sell the entire equity interest in Smart Year Investments Limited and its subsidiaries (together, the "Smart Year Group") at a consideration of HK$1 ("Disposal"). Such consideration is subject to an upward adjustment resulting from possible occurrence of future events, however the Directors of the Company consider such adjustment to be remote. Smart Year Group is principally engaged in the exploitation, processing and sales of copper ore concentrates in the PRC which represents the reportable segment of mining operation in PRC.

The Disposal was completed on 29 June 2018 and the Company ceased to have any control and equity interest in Smart Year Group.

The results of Smart Year Group are presented in the consolidated financial statements as discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The consolidated statement of comprehensive income and consolidated statement of cash flows distinguish discontinued operation from continuing operations.

(a) Profit from discontinued operation

An analysis of the result of discontinued operation, and the result recognised on the re-measurement of assets or disposal group, is as follows:

	Year ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Other income	**83**	—
Selling and administrative expenses	**(173)**	(1,321)
Reversal of over-provision of social security expenses	**1,461**	3,851
Impairment loss	**—**	(3,538)
Operating gain/(loss)	**1,371**	(1,008)
Reversal of interests on long-term payable	**—**	608
Finance cost	**(427)**	(401)
Profit/(loss) for the year from operating activities	**944**	(801)
Gain on disposal of subsidiaries	**156,201**	—
Profit/(loss) for the year from discontinued operation	**157,145**	(801)
Profit/(loss) for the year from discontinued operation attributable to:		
— Equity holders of the Company	**157,145**	(801)

(b) Analysis of the cash flows from discontinued operation

	Year ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Net cash used in operating activities	**(363)**	(405)
Net cash generated from financing activities	**477**	367
	114	(38)

The effect on the consolidated balance sheet, the consideration received and gain on disposal of subsidiaries are as follows:

	2018
	HK$'000
Net liabilities of the disposal group:	
Cash and cash equivalents	**140**
Trade payables	**(10,626)**
Other payable and accrued charges	**(77,571)**
Amounts due to related parties	**(2,399)**
Borrowings	**(9,675)**
Provisions	**(492)**
Total net liabilities disposed	**(100,623)**
Reclassification of translation reserve	**(55,578)**
Gain on disposal	**156,201**
Consideration	**—**
Cash consideration	**—**
Cash and bank balance disposed of	**(140)**
Total cash outflows from the disposal	**(140)**

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the year, the Group recorded no revenue and has put all its resources in the iron ore operation in Western Australia. Loss for the year from continuing operations was HK$49.0 million, a significant increase compared to HK$37.5 million of last corresponding year. The increase mainly arise from exchange rate fluctuation. The closing rate of Australian dollars decreased from 5.99 to 5.8 resulted in an accounting translation loss of HK$8.6 million.

Iron Ore Operations – Western Australia

This segment of the business comprises 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 shares of losses of joint venture for the year for this segment and attributable to the Group was HK$27.2 million (2017: HK$20.4 million). Total expenditure associated with mineral exploration for the year ended 30 June 2018 amounted to HK$9.5 million (2017: HK$20.7 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	
	2018	2017
	HK$'000	*HK$'000*
Project		
Marillana	**6,669**	17,182
Ophthalmia	**908**	1,494
Regional Exploration	**1,883**	2,055
	9,460	20,731

No development expenditures have been recognised in the financial statements during the year ended 30 June 2018 (for the year ended 30 June 2017: Nil).

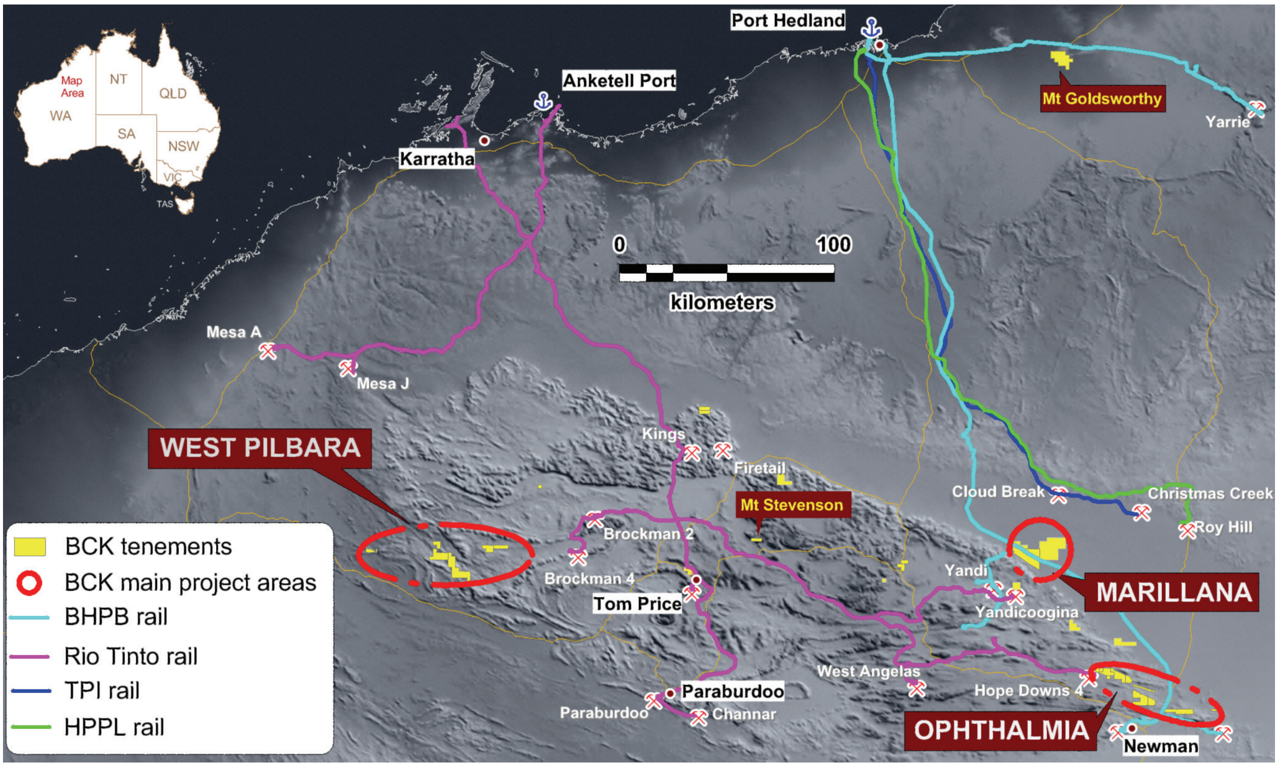
Total capital expenditure for each of the projects in Western Australia for the financial periods is summarised as follows:

	Year ended 30 June			
	2018		2017	
	HK$'000		*HK$'000*	
	Addition to property, plant & equipment	**Addition to mining properties**	Addition to property, plant & equipment	Addition to mining properties
Project				
Marillana	**125**	—	3,263	—
Ophthalmia	**—**	—	—	—
	125	—	3,263	—

Impairment

The Group has assessed whether any indicators of impairment exist with reference to both external and internal sources of information. As at 30 June 2018, the Group assessed and concluded there were no indicators of impairment present. Key assumptions utilised in determining the recoverable value of the properties in Australia are not materially different from those utilised during the previous assessment.

Figure 1: Project location map – Brockman tenements



Marilliana Project Overview

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

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

Marillana Development

Brockman and Mineral Resources Limited (MRL) entered into a non-binding Heads of Agreement (HOA) dated 6 June 2018 setting out the principles for the cooperation between the two companies to develop Marillana. The HOA sets out indicative terms and key principals for a Farm-in and Joint Venture (FJV) Agreement covering among others the Farm-in Obligations, establishment of an unincorporated joint venture (Joint Venture), the Joint Venture's management committee, and funding for the development activities, mainly for the non-processing infrastructure. The HOA also sets out the principal terms of the Process and Loading Agreement and the Mine to Ship Logistics Agreement.

Subsequent to the Group's financial year end, on 26 July 2018 Brockman and Polaris (a wholly-owned subsidiary of MRL) entered into the FJV Agreement (announcement dated 27 July 2018 on the HKEX and ASX platforms) pursuant to which and subject to the terms and conditions therein, Polaris may farm-in by satisfying certain Farm-in Obligations and earn a 50% interest in Marillana. Once the conditions precedent of the FJV Agreement have been satisfied, Polaris will commence to carry out its Farm-in Obligations. Following Polaris having met its Farm-in Obligations, the farm-in interest will be transferred to Polaris. The Joint Venture will be established with each party holding a 50% interest to develop Marillana.

The transaction

FJV agreement

Conditions precedent

The FJV Agreement will become effective subject to the satisfaction of the following conditions precedent within 90 days of execution:

(i) Brockman obtaining the necessary regulatory approvals required in Australia and Hong Kong to proceed with the transactions contemplated by the FJV Agreement;

(ii) Brockman obtaining approval from a majority vote of its shareholders to enter into the FJV Agreement and proceed with the transactions contemplated thereunder;

(iii) the parties executing the Process and Loading Agreement and the Mine to Ship Logistics Agreement on terms consistent with the HOA and otherwise on terms acceptable to both parties; and

(iv) the parties executing the Loan agreement (this was executed subsequent to year end).

None of the above conditions are waivable.

Loan agreement

Polaris will provide an interest-free loan of A$10 million to Brockman which shall be used to meet Brockman's financial obligations under the FJV Agreement and for working capital in relation to the Group's iron ore business in the Pilbara region of Western Australia.

The loan will become due for repayment on demand but can only be repaid from net revenue received by Brockman from the sale of its share of product sold from Marillana which is transported under the Mine to Ship Logistics Agreement.

Farm-in prior to Joint Venture

Farm-in Obligations and Interest

Polaris shall earn a 50% interest in Marillana by satisfying the following obligations within 6 months from completion of the conditions precedent contained in the FJV Agreement (farm-in period):

(i) expenditure of A$250,000 on exploration and development of Marillana;

(ii) completion of the following to evaluate the economic feasibility of mining minerals on the tenements under Marillana (or such other areas as the parties may agree):

    (a) Polaris' process design criteria of the processing plant(s);

    (b) completion of Polaris' optimised mine plan study; and

    (c) completion of a mine site layout that illustrates Polaris' preferred location for the processing plant(s) on the tenements under Marillana consistent with the optimised mine plan referred to in paragraph (b) above.

Joint Venture

Formation and scope

The parties agree to establish the Joint Venture as an unincorporated joint venture (in which both parties have a 50% interest). The scope of the Joint Venture is to establish a mining and processing operation at Marillana at a minimum 20Mtpa production rate, with the product to be transported to Port Hedland using a light railway to be constructed by a subsidiary of MRL.

Management committee

A management committee comprising a total of six representatives shall be established. Each of the Joint Venturers shall appoint three representatives.

The role of the management committee is to make all strategic decisions relating to the conduct of the activities undertaken by the Joint Venture including the consideration and approval of any work programme and budget in the management of the joint venture.

Development funding

The Joint Venturers will be responsible for funding the development activities of Marillana up to a maximum of A$300 million in total or A$150 million by each Joint Venturer. Polaris will use all reasonable endeavours to procure the debt financing to fund the development activities for and behalf of the Joint Venturers. The development activities include all site establishment and non-process infrastructure costs. Brockman shall repay its share of the debt financing over a loan term to be agreed.

Manager

Pursuant to the terms of the FJV Agreement, Polaris has agreed to act as the first manager of the Joint Venture.

Process and Loading Agreement

Under the Process and Loading Agreement, MRL (or a subsidiary) will be granted the exclusive life of mine right to build, own and operate Marillana's processing plants, product stockpiling, management of tailings facility, and reclaiming and loading of products on to trains. The parties have agreed a provisional service fee subject to standard escalation clauses typical for an agreement of this nature.

Mine to Ship Logistics Agreement

Under the FJV Agreement, MRL (or a subsidiary) will construct (at its own cost) and operate a rail and port infrastructure system in accordance with the following timeline:

(i) construction is to commence on or before 31 December 2019; and

(ii) operation is to commence on or before 31 December 2021.

The rail and port infrastructure system comprises a light railway connecting Marillana to the port of Port Hedland plus train unloading, product stockpiling, reclaim and ship-loading facilities connected to a deep water cape-size berth at South West Creek in the inner harbour of Port Hedland.

The rail and port infrastructure system provision and cooperation will be reflected in the Mine to Ship Logistics Agreement with MRL (or a subsidiary) granting them an exclusive life of mine right to provide the transport of the product by train from Marillana site to the inner harbour of Port Hedland, unloading and stockpiling of product at the port, followed by reclaim and ship loading. The parties have agreed on a provisional service fee subject to standard escalation clauses typical for an agreement of this nature.

Reasons for the transaction

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 Directors consider that under the joint venture, the Company would partner with an established mining corporation based in Australia as well as obtaining the necessary funding and access to rail and port infrastructure for Marillana to realise its full potential value.

Schedule

Processing plant

Following execution of the Process and Loading Agreement, MRL (or a subsidiary) will construct the processing plants under a build, own and operate arrangement for Marillana. The plant construction is expected to commence in the second quarter of calendar year (CY) 2019 (aligned with commencement of construction of the railway) with commissioning and operations by the fourth quarter of CY 2020. Target production from Marillana upon the availability of rail and port system will be 20 to 30 Mtpa.

Rail and port infrastructure system

Construction of the rail is expected to commence in the second quarter of CY 2019 and is expected to be operational by the fourth quarter of CY 2020. Construction of the port facilities at South West Creek is expected to commence in the third quarter of CY 2019 and also be operational by the fourth quarter of CY 2020. By that time, the Joint Venture expects to be ramping up Marillana to steady state production of 20 to 30 Mtpa.

Marillana small scale production on road haulage

Subject to further studies, the Joint Venturers are investigating a small-sale production of 3 to 5 Mtpa from Marillana, transported by road haulage to Utah Point. Should this proceed, construction on Marillana is expected to commence late CY 2018 and be completed by the third quarter of CY 2019.

Special General Meeting

A special general meeting (SGM) will be convened and held as soon as practicable for the shareholders to consider and, if thought fit, approve the FJV Agreement and the other transactions.

Mineral Resources And Ore 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 2012 Edition (the "JORC Code 2012"), unless otherwise noted. Mineral Resources are quoted inclusive of Ore Reserves.

Brockman updated its Marillana Mineral Resources and Ore Reserves to the JORC Code 2012 in an announcement dated 25 May 2018. Mineral Resources and Ore Reserves were previously reported under the JORC Code 2004 and released to the market on 9 February 2010 and 9 September 2010 respectively by Brockman Resources Limited, now a wholly owned subsidiary of Brockman Mining Limited.

Marillana has a very significant Mineral Resource estimate of 1.51 billion tonnes (Bt) of hematite Detrital and Channel Iron (CID) mineralisation, comprising 169.5 million tonnes (Mt) of Measured Mineral Resources, 1,046 Mt of Indicated Mineral Resources and 291 Mt of Inferred Mineral Resources (see Tables 1 and 2).

Table 1: Detrital (beneficiation feed) Mineral Resource Summary (cut-off grade: 38% Fe)

Mineralisation type	Resource classification	Tonnes (Mt)	Grade (% Fe)
	Measured	169.5	41.6
	Indicated	961.9	42.3
	Inferred	273.0	42.0
GRAND TOTAL		**1,404.4**	**42.2**

Total tonnes may not add up, due to rounding

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

Resource classification	Tonnes *(Mt)*	Fe *(%)*	Al_2O_3 *(%)*	SiO_2 *(%)*	P *(%)*	LOI *(%)*
Indicated	84.2	55.8	3.58	5.0	0.097	9.76
Inferred	17.7	54.4	4.34	6.6	0.080	9.30
TOTAL	**101.9**	**55.6**	**3.71**	**5.3**	**0.094**	**9.68**

The JORC 2012 Ore Reserve estimate is based on the revised JORC 2012 Mineral Resource model, and incorporates a number of factors and assumptions as outlined in the announcement of 25 May 2018.

The base case optimisation was determined with cut-off grades of 38% Fe for DID and 52% Fe for CIDs within the final pit and tenement boundary limits.

Metallurgical testwork results were used to estimate the recoverable fraction from the DID ore component. Recoveries of final product and grades (of iron, silica, alumina and LOI) were estimated in the block model. Based upon dense media separation (DMS) testwork, it is expected that the final product has an average grade of at least 60% Fe and 37.3% in mass recovery.

*Table 3: Marillana Project — Ore Reserves **

Reserve classification	Ore type	Tonnes (Mt)
Probable	DID##	967
Probable	CID#	46
TOTAL		**1,013**

* *Reserves are included within Resources*
\# *cut-off grade 52% Fe*
\## *cut-off grade 38% Fe*

Table 4: Marillana Project – Ore Reserves final product

Reserves Class	Ore Sale Type	Tonnes *(Mt)*	Fe *(%)*	SiO_2 *(%)*	Al_2O_3 *(%)*	LOI *(%)*
Probable	CID Product	46	55.5	5.3	3.7	9.7
Probable	DID Product	358	60.3	6.2	3.0	2.5
Probable	**Total Ore**	**404**	**59.8**	**6.1**	**3.1**	**3.3**

The Marillana project has a total estimated Probable Ore Reserves of 967 Mt of DID plus 46 Mt if direct ship CID (Table 3). The total saleable product from the processed iron ore feed is estimated at 404 Mt averaging 59.8% Fe, 6.1% SiO_2, and 3.1% AI_2O_3 (Table 4). Life of mine strip ratio is 1.0:1 (tonnes of Waste of tonnes of Ore).

The Marillana Ore Reserves are based solely on the Measured and Indicated Mineral Resources. The Mineral Resources also include some 273Mt of Inferred Mineral Resources (DID), comprising 201 Mt was based on wide-spaced drilling to the north of the Indicated Mineral Resource boundary and 72 Mt of previously Indicated Mineral Resources that was downgraded to Inferred classification during the Projection Pursuit Multi-variate Transform (PPMT) process. Based on historical conversion of Inferred to Indicated Mineral Resources, it is anticipated that additional drilling may enable some of the Inferred material to be upgraded to Indicated classification.

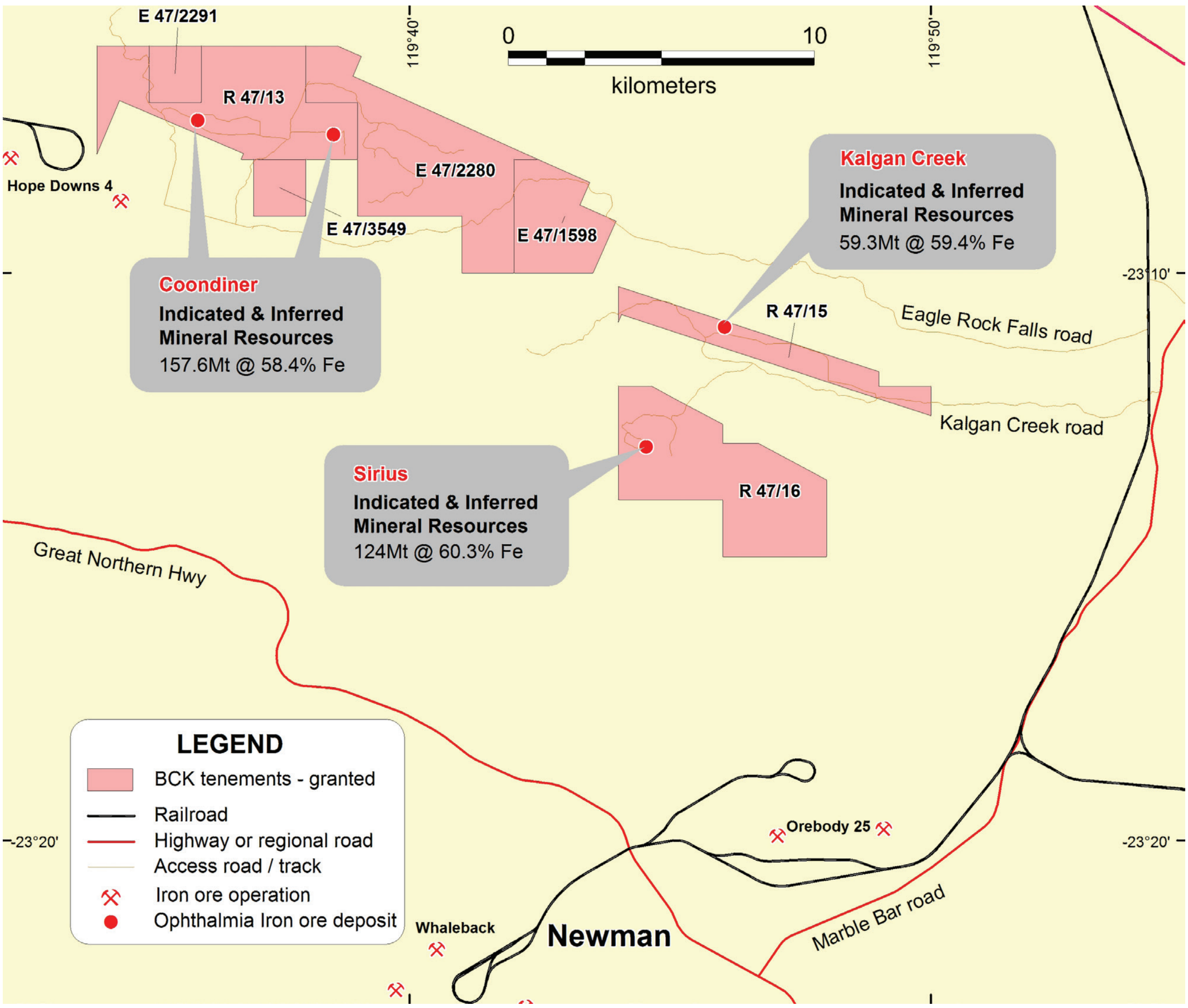
Marillana represents one of the largest published hematite Ore Reserve positions in the Pilbara, outside the three major producers (BHPB, Rio and FMG). The Detrital Ore is upgraded to a high-quality, sinter feed product via simple beneficiation, which is supported by low-cost mining, low waste ratios and large continuous ore zones.

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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition ("JORC Code 2012").

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 and Resources



Approvals

The Native Title Agreement with the Nyiyaparli people that was executed in May 2015 covers all tenements comprising the Ophthalmia project and was based on the existing agreement with the Nyiyaparli people covering Marillana (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.

Metallurgy

A bulk sample of ore from the Sirius deposit was sent to CISRI (China Iron and Steel Resources Institute Group) 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 (Reduction Degradation Index) is similar or improved marginally, as has its softening and melting performance. RI (Reducibility Index) is lower but still well within tolerance.

Mineral Resources

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

The resource estimate was classified in accordance with guidelines provided in the JORC Code 2012. Refer to ASX Announcement dated 1 December 2014.

Table 5: Ophthalmia DSO Mineral Resource Summary

		30 June 2018(1)							
		Tonnes	**Fe**	**CaFe***	**SiO_2**	**Al_2O_3**	**S**	**P**	**LOI**
Deposit	**Class**	*(Mt)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*
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[1]	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	Indicated	280.4	59.3	62.7	4.43	4.29	0.007	0.178	5.50
Project	Inferred	60.5	59.3	62.8	4.73	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 2017

West Pilbara Project

Overview

The West Pilbara project comprises four tenements centred around Duck Creek, located about 100-130 km WNW of Paraburdoo in the West Pilbara region. (Refer to 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 (%)	S (%)	P (%)	LOI (%)
1	Inferred	4.1	55.8	63.2	4.40	2.69	0.058	0.032	11.8
2	Inferred	5.1	56.6	64.1	3.58	2.44	0.037	0.041	11.7
3	Inferred	2.3	56.4	61.6	5.71	4.53	0.023	0.065	8.4
4	Inferred	1.4	56.4	61.9	6.43	3.34	0.087	0.077	8.9
5	Inferred	3.0	56.3	61.4	6.32	4.07	0.020	0.071	8.4
6	Inferred	2.4	58.0	62.8	5.15	3.25	0.015	0.112	7.6
All	**Inferred**	**18.3**	**56.5**	**62.8**	**4.91**	**3.22**	**0.037**	**0.060**	**10.0**

* 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.

Other Projects

Irwin-Coglia Ni-Co and Ni-Cu Prospect – 40% Interest

Following a competitive sale process undertaken by PCF Capital Group the Company received an offer from a third party for the 40% interest in the Irwin Project Joint Venture (held by Yilgarn Mining (WA) Pty Ltd, a wholly owned subsidiary). However, this offer from a third party was not materialised as the 60% participant in the Irwin Joint Venture Project, Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd exercised their pre-emptive rights under the joint venture agreement.

A sale and purchase agreement has been executed and on satisfaction of the conditions in that agreement, subsequent to the year end, Brockman has received the consideration of A$1,700,000 (equivalent to HK$9,900,000) on 17 September 2018.

Luchun Copper Mine

During the period, upon approval from the board, the Company has successfully disposed Luchun Mine, a non-core asset and recorded a gain of disposal of HK$156,201,000 for the year. The disposal is to stream line the Company’s iron ore focus in Australia.

Mineral Resources and Ore Reserves

The information in this report that relates to the Mineral Reserve and Mineral Resource estimates of the Marillana project was declared as part of a market announcement issued on 25 May 2018.

The information in this report that relates to the Mineral Resource of Ophthalmia project was declared as part of a market announcement issued on 1 December 2014.

The information in this report that relates to the Inferred Mineral Resource of West Pilbara Project was declared as part of a market announcement issued on 14 May 2013. This information was prepared and first disclosed under the JORC Code 2004. 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 Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements referred to above. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Mineral Resources and Ore Reserves Governance of Internal Controls

Brockman ensures that the Mineral Resources and Ore Reserve(s) estimate quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external review of Marillana 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.

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 currently finances its short term funding requirement with borrowings. The Group's ability to achieve its Marillana iron ore project development schedule is reliant on access to appropriate and timely funding.

The current ratio is measured at 11.73 times as at 30 June 2018 compared to 0.41 times as at 30 June 2017.

The gearing ratio of the Group (long term debts over equity and long term debts) is measured at 0.02 (2017: 0.16).

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 2018.

Risk Disclosure

(a) Commodities Price Risk — Iron Ore Price Risk

The fair value of the Group's mining properties in Australia are exposed to fluctuations in the expected future iron ore price.

We have not used any commodity derivative instruments or futures for speculation or hedging purposes. The management will review the market condition from time to time and determine the best strategy to deal with the fluctuation of and iron ore price.

(b) Exchange Rate Risk

The Group is exposed to exchange rate risk primarily in relation to our mineral tenements that are denominated in Australian dollar. Depreciation in Australian dollar may adversely affect our net asset value and earnings when the value of such assets is converted to Hong Kong dollars. During the year, no financial instrument was used for hedging purpose.

(c) Funding Risk

The commencement of exploration and production of the Iron Ore project depends on whether the Group can secure the necessary funding. The management is exploring all the feasible alternatives and is actively seeking investors and partners to procure the funding.

(d) Risk of the project will not be materialised

This risk is largely driven by various factors such as commodity prices, government regulations, regulation related to prices, taxes, royalties, land tenure, viable infrastructure solution, capital raising ability and etc., The Board will therefore closely monitor the development progress of the projects.

Financial Guarantee

At 30 June 2018 and 2017, the Company did not have any financial guarantees.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2018.

Staff and Remuneration

As at 30 June 2018, the Group employed 17 full time employees (2017: 34 employees), of which no employees were in PRC (2017: 14 employees), and 5 employees were in Australia (of which includes 1 non-executive director) (2017: 8 employees) and 12 in Hong Kong (of which includes 5 non-executive directors) (2017: 12 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.

Environmental Policy and Compliance with Relevant Laws and Regulations

Environmental Protection

As a responsible entity, the Group has endeavoured to comply with local laws and regulations in relation to waste disposal and environmental protection. At corporate level, the Group also encourages staff to save energy, minimise the use of natural resources and paper products.

We operate effective and sustainable iron ore business work actively through all areas of its business to minimise the actual and potential environmental impact of the Company activities, respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations. Furthermore, with no mining operations to be carried out, damages to the environment is expected to be minimal. We will continue to ensure in the future that we are accountable for our environmental footprint shall our operation resumes, while waste management, tailings storage facility, and hazardous waste management issues would be of our top concerns.

Compliance with Laws and Regulations

During the year, to the best knowledge of the management, the Group has complied with the relevant standards, laws and regulations that have a significant impact to our businesses. At the same time, the Group always maintains a safe working environment for staff in accordance with relevant safety policies.

Relationship with Employees, Customers and Suppliers

The Group believes that human resources are the most important asset for the Group's sustainable development. We offer competitive remuneration packages and high quality working environment for our employees. It is our customs to respect each other and to ensure that fairness is applied to everyone. From time to time, we provide relevant on-the-job training to enhance employees' professional knowledge. The Group also organises different leisure events and frequent group discussions for the participation of employees to enhance the working relationship of the employees and communication with management. We also strive to maintain good working relationships with our suppliers and customers.

Remuneration Policy

The Group's compensation strategy is to cultivate a pay-for-performance culture to reward employee performance that will maximise shareholder value in the long term. The Group from time to time reviews remuneration packages provided to its employees to ensure that the total compensation is internally equitable, externally competitive and supports the Group's business strategy.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, 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 the Stock Exchange of Hong Kong Limited ("SEHK"). The Company compiled 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 ("the HK Listing Rules") and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations 3rd Edition ("the CGPR") which applies for year-end commencing 1 July 2016, ("the ASX Principles") during the entire year ended 30 June 2018. Except for the followings:

(i) Under 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 of Chief Executive Officer at the Group level has been vacant during the period. Nonetheless, Mr. Colin Paterson, who serves as the chief executive officer of Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), is responsible for the oversight of the core iron ore business operation; and

(ii) Under the Code Provision A.6.7, non-executive Directors should attend general meetings. During the year, due to director's other commitments and travels, not all of the non-executive directors of the Company attended the general meeting.

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.

All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

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 2018. 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 2018.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2018 have been agreed by the Group's independent auditor, PricewaterhouseCoopers Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers Hong Kong on the preliminary announcement.

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 consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which states that the Group recorded no revenue together with a net loss attributable to equity holders of the Company on continuing operations of HK$49,059,000, and had operating cash outflows of HK$33,581,000 for the year ended 30 June 2018. These matters, along with other matters as described in Note 2, indicate 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 modified 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
Kwai Sze Hoi
Chairman

Hong Kong, 21 September 2018

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