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BROCKMAN
BROCKMAN MINING LIMITED
布萊克萬礦業有限公司*
(incorporated in Bermuda with limited liability)
(SEHK Stock Code: 159)
(ASX Stock Code: BCK)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

The Board of Directors (the “Board”) of Brockman Mining Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2016, together with the comparative figures for the corresponding period in 2015. The unaudited consolidated interim results have been reviewed by the Company’s Audit Committee and the Company’s independent auditor.

BROCKMAN MINING LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Six months ended 31 December 2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	—	11,788
Cost of sales	5	—	(11,265)
Gross profit		—	523
Other income		—	5
Other gain/(losses), net	6	611	(96)
Selling and administrative expenses	5	(17,017)	(24,242)
Exploration and evaluation expenses	5	(7,715)	(12,785)
Impairment of mining properties	10	—	(477,551)
Operating loss		(24,121)	(514,146)
Finance income		20	219
Finance costs		(1,549)	(52)
Finance (costs)/income, net	7	(1,529)	167
Share of loss of joint ventures		(519)	(424)
Loss before income tax		(26,169)	(514,403)
Income tax credit	8	—	130,905
Loss for the period		(26,169)	(383,498)

* For identification purpose only

		Six months ended	
		31 December	
	<i>Note</i>	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Other comprehensive loss:			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences arising from translation of foreign operations		<u>(6,929)</u>	<u>(44,961)</u>
Other comprehensive loss for the period		<u>(6,929)</u>	<u>(44,961)</u>
Total comprehensive loss for the period		<u>(33,098)</u>	<u>(428,459)</u>
Loss for the period attributable to:			
Equity holders of the Company		<u>(26,169)</u>	<u>(383,498)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		<u>(33,098)</u>	<u>(428,459)</u>
Loss per share attributable to the equity holders of the Company during the period			
		<i>HK cents</i>	<i>HK cents</i>
Basic loss per share	9	(0.31)	(4.58)
Diluted loss per share	9	(0.31)	(4.58)

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		31 December	30 June
		2016	2016
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Mining properties	10	771,244	797,807
Property, plant and equipment		444	653
Interest in joint ventures		232	242
Other non-current assets		264	273
		<u>772,184</u>	<u>798,975</u>
Current assets			
Other receivables, deposits and prepayments		2,990	2,030
Amounts due from related parties		2,081	2,176
Cash and cash equivalents		49,595	32,772
		<u>54,666</u>	<u>36,978</u>
Total assets		<u>826,850</u>	<u>835,953</u>
Equity			
Share capital	13	838,198	838,198
Reserves		<u>(383,820)</u>	<u>(350,781)</u>
Total equity attributable to the equity holders of the Company		<u>454,378</u>	<u>487,417</u>

		As at	
		31 December	30 June
		2016	2016
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Borrowing	<i>12</i>	41,140	8,085
Other payables		—	25,540
Deferred income tax liabilities		229,613	237,521
Provisions		750	1,065
		<u>271,503</u>	<u>272,211</u>
Current liabilities			
Trade payables	<i>11</i>	10,380	10,872
Other payables and accrued charges		80,647	64,208
Borrowing	<i>12</i>	8,523	—
Amounts due to related parties		1,419	1,245
		<u>100,969</u>	<u>76,325</u>
Total liabilities		<u>372,472</u>	<u>348,536</u>
Total equity and liabilities		<u>826,850</u>	<u>835,953</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 December 2016 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(a) Going concern basis

For the period ended 31 December 2016, the Group recorded a net loss attributable to equity holders of the Company of HK\$26,169,000 and had operating cash outflows of HK\$22,182,000. The loss for the year was primarily attributable to the exploration costs for the mine in Australia and the administrative expenses incurred by operations in Hong Kong and Australia. As at 31 December 2016, the Group’s current liabilities exceeded its current assets by HK\$46,303,000 and cash and cash equivalents of the Group amounted to HK\$49,595,000.

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 20 September 2016, the Group obtained a loan from its substantial shareholder amounted to US\$5,130,000 (equivalent to HK\$40,000,000) which is unsecured, bears interest at 12% per annum and repayable on 19 December 2017. During the period, the substantial shareholder agreed to extend the repayment date to 30 June 2018;
- (ii) On 21 February 2017, the Group obtained written agreement from one of the creditors of its copper mine in the PRC to defer the repayment of a long term other payable of HK\$23,826,000 until 30 June 2018;

- (iii) 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. On 20 February 2017, the individual shareholder agreed to extend the repayment date to 30 June 2018;
- (iv) Having secured the port access for its initial mining operation of the Marillana project, the Group is actively pursuing various fund raising alternatives to fund the commencement of the initial mining operation. 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, by incurring estimated expenditure of HK\$9,344,000, required to maintain the current right of tenure to exploration tenements in Australia; and

- (v) 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 31 December 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 31 December 2016. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's interim 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 Note (iii) – (v) 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 Marillana project; (iii) successful execution of the 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 interim consolidated financial information.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2016, as described in those annual financial statements. New standards and amendments to standards effective for the financial year ending 30 June 2017 do not have material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

(a) New standards and amendments to standards that are not yet effective and have not been early adopted by the Group

		Effective for annual periods beginning on or after
IAS 7 (Amendment)	The Disclosure Initiative	1 January 2017
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
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.

(b) Comparative figures

Certain comparative figures have been reclassified to conform to current period's presentation.

3. REVENUE

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

	Six months ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of copper ore concentrates	—	11,788

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to executive directors of the Company 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.

The Group's reportable operating segments are as follows:

Mineral tenements in Australia	—	tenement 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 condensed consolidated statement of comprehensive income and condensed 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 condensed consolidated balance sheet.

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

	Mineral tenements in Australia <i>HK\$'000</i>	Mining operation in the PRC <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 31 December 2016				
(Unaudited):				
Segment revenue from external customers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Segment results	<u>(19,319)</u>	<u>1,596</u>	<u>(7,927)</u>	<u>(25,650)</u>
Share of loss of joint ventures				<u>(519)</u>
Loss before income tax				<u>(26,169)</u>
Other information:				
Depreciation of property, plant and equipment	(175)	—	(22)	(197)
Reversal of over-provision of social security expenses	—	1,934	—	1,934
Exploration and evaluation expenses	<u>(7,715)</u>	<u>—</u>	<u>—</u>	<u>(7,715)</u>

	Mineral tenements in Australia <i>HK\$'000</i>	Mining operation in the PRC <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 31 December 2015 (Unaudited):				
Segment revenue from external customers	—	11,788	—	11,788
Segment results	(455,683)	(47,093)	(11,203)	(513,979)
Share of loss of joint ventures				(424)
Loss before income tax				(514,403)
Other information:				
Depreciation of property, plant and equipment	(250)	(2,521)	(380)	(3,151)
Impairment of mining properties (<i>Note 10</i>)	(436,351)	(41,200)	—	(477,551)
Amortisation of mining properties	—	(2,100)	—	(2,100)
Reversal of over-provision of social security expenses, net	—	1,729	—	1,729
Exploration and evaluation expenses	(9,492)	(3,293)	—	(12,785)
Income tax credit	130,905	—	—	130,905

For six months ended 31 December 2015, revenue of HK\$11,788,000 generated from mining operation in the PRC represents sales of copper ore concentrate to a single customer.

The following is an analysis of the Group's assets by business segment as at 31 December 2016:

	Mineral tenements in Australia <i>HK\$'000</i>	Mining operation in the PRC <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2016 (Unaudited):				
Segment assets	775,812	3,536	47,502	826,850
Total segment assets include:				
Interests in joint ventures	232	—	—	232
As at 30 June 2016 (Audited):				
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

5. EXPENSES BY NATURE

	Six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of mining properties (included in cost of sales)	—	2,100
Cost of inventories	—	6,725
Depreciation of property, plant and equipment	197	3,151
Operating lease rentals	920	4,575
Reversal of over-provision of social security expenses, net	(1,934)	(1,729)
Staff costs (including directors' emoluments)	10,655	14,442
Exploration and evaluation expenses (excluding staff costs and rental expense)	4,101	8,774
	<u>4,101</u>	<u>8,774</u>

Staff costs include:

	Six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Wages, salaries and welfares	9,930	13,539
Retirement benefit scheme contributions	666	726
Share-based compensation	59	177
	<u>10,655</u>	<u>14,442</u>

6. OTHER GAIN/(LOSSES), NET

	Six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	—	(96)
Write-back of long outstanding payable	611	—
	<u>611</u>	<u>(96)</u>

7. FINANCE (COSTS)/INCOME, NET

	Six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income on bank deposits	20	219
Finance costs		
Interests on borrowings (<i>Note 12</i>)	<u>(1,549)</u>	<u>(52)</u>
Finance (costs)/income, net	<u>(1,529)</u>	<u>167</u>

8. INCOME TAX CREDIT

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

	Six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Deferred income tax	<u>—</u>	<u>(130,905)</u>

9. 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 period.

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.

	Six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to the equity holders of the Company (HK\$'000)	(26,169)	(383,498)
Weighted average number of ordinary shares for the purpose of calculating the basic loss per share (thousands)	8,381,982	8,381,982
Loss per share attributable to the equity holders of the Company		
Basic (HK cents)	(0.31)	(4.58)
Diluted (HK cents)	(0.31)	(4.58)

Diluted loss per share is the same as basic loss per share for the six months ended 31 December 2016 and 2015 because the effect of the assumed exercise of share options of the Company during these periods was anti-dilutive.

10. MINING PROPERTIES

	Mining properties in Australia	Mining right in the PRC	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 July 2015 (Audited)	1,277,938	226,635	1,504,573
Amortisation during the period	—	(2,100)	(2,100)
Impairment loss	(436,351)	(41,200)	(477,551)
Exchange differences	(59,906)	(11,977)	(71,883)
Balance as at 31 December 2015 (Unaudited)	781,681	171,358	953,039
Balance as at 1 July 2016 (Audited)	797,807	—	797,807
Exchange differences	(26,563)	—	(26,563)
Balance as at 31 December 2016 (Unaudited)	771,244	—	771,244

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 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.

11. 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 2016 and 31 December 2016, all trade payables are due over 90 days.

12. BORROWINGS

	As at	
	31 December 2016 <i>HK\$'000</i> (Unaudited)	30 June 2016 <i>HK\$'000</i> (Audited)
Current		
Loan from a third party	8,523	—
Non-current		
Loan from a substantial shareholder	41,140	—
Loan from a third party	—	8,085
	<u>49,663</u>	<u>8,085</u>

As at 31 December 2016, the loan from a third party was repayable on 31 December 2017. It is denominated in Renminbi and carries interest at prevailing market interest rates in the PRC. During the six months ended 31 December 2016, the weighted average effective interest rate per annum was 4.83% (six months ended 31 December 2015: 4.84%).

The borrowing from a substantial shareholder is repayable on 30 June 2018. It is denominated in United States dollars, unsecured and bears interest at 12% per annum.

13. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised		
As at 30 June 2016 (Audited)	10,000,000	1,000,000
Increase in authorised shares	<u>10,000,000</u>	<u>1,000,000</u>
As at 31 December 2016 (Unaudited)	<u><u>20,000,000</u></u>	<u><u>2,000,000</u></u>
Issued and fully paid		
As at 30 June 2016 (Audited) and 31 December 2016 (Unaudited)	<u><u>8,381,982</u></u>	<u><u>838,198</u></u>

14. INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2016 (six months ended 31 December 2015: Nil).

15. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Save for the events mentioned in Note 1(a), there is no significant event occurred subsequently after the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review And Financial Highlights

During the period under review, the directors have resolved that the Company will no longer finance the continuing development of its copper mine in Yunnan, PRC. There was no production and sales recorded during the period. The Company will focus its resources to develop its core iron ore mining project in Western Australia.

As at 31 December 2016, the Group's net asset value amounted to HK\$454.4 million (30 June 2016: HK\$487.4 million) and cash and bank balances, totalled HK\$49.6 million (30 June 2016: HK\$32.8 million).

Loss attributable to equity holders of the Company amounted to HK\$26.2 million for the six months ended 31 December 2016 (2015: HK\$383.5 million). Operation related production costs and exploration expenses have decreased steadily due to reduction in sales and exploration activities and cost saving measures. There was no impairment made to our mining properties during the period (2015: HK\$477.5 million).

Basic loss per share for the period was HK\$0.31 cents (2015: HK\$4.58 cents).

During the six months ended 31 December 2016, the Group had cash outflows used in operating activities of HK\$22.2 million.

OUTLOOK

The Company continues to focus on progressing its initial iron ore development through the production of 2.5Mtpa from Marillana (Project Maverick) utilising performance based standard road trains for transport to Port Hedland and export through the Utah Point Bulk Handling Facility at Port Hedland.

MINERAL TENEMENTS

Iron Ore Operations — Western Australia

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

The net operating loss before income tax expense for the period for this segment and attributable to the Group was HK\$19.3 million (2015: HK\$455.7 million). Total expenditure associated with mineral exploration and evaluation for the period ended 31 December 2016 amounted to HK\$7.7 million (2015: HK\$9.5 million).

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

Project	Six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
Marillana	5,658	6,468
Ophthalmia	858	1,392
West Pilbara	1,199	1,632
	7,715	9,492

The Group is yet to make a final investment decision toward commencing development of any of its iron ore projects in the Western Australia. Accordingly, no development expenditures have been recognised in the financial information during the half year ended 31 December 2016 and six months period ended 31 December 2015.

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

Project	Six months ended 31 December			
	2016		2015	
	<i>HK\$'000</i>		<i>HK\$'000</i>	
	Addition to property, plant and equipment	Addition to mining properties	Addition to property, plant and equipment	Addition to mining properties
Marillana	—	—	155	—
Ophthalmia	—	—	—	—
	—	—	155	—
	<u>—</u>	<u>—</u>	<u>155</u>	<u>—</u>

Additional Stamp Duty Assessment

The acquisition of Brockman Resources Limited (now Brockman Mining Australia Pty Ltd) in 2012, resulted in Western Australian stamp duty being incurred, primarily relating to the acquisition land value attributable to the iron ore projects acquired. In December 2013, the Office of State Revenue in Western Australia (“OSR”) issued an interim assessment notice for A\$11,700,000 (equivalent to HK\$82,961,000) which was broadly consistent with the Group’s self-assessment and independent valuation of the acquired land chattel, which the Company paid in January 2014. In February 2016, the Group received a final assessment from the OSR for an additional A\$4,465,000 (equivalent to HK\$26,304,000). The Group paid this additional sum in accordance with OSR requirements and lodged an objection seeking to recover this additional sum assessed. In light of the uncertainty surrounding the outcome of the objection, the Group has not raised any receivable and is awaiting the outcome of the objection.

Marillana Iron Ore Project

The 100% owned Marillana Iron Ore Project (“Marillana” or “the Project”) 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. The Project is located within mining lease M47/1414.

The Project area covers 82 km² bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation 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 2.5 – 3.0Mtpa (wet) of iron ore product (Project Maverick); and
2. The development of larger a 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, each of 10Mtpa capacity. 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 development of Project Maverick is an interim solution to establish Brockman and the high quality Marillana product in the iron ore market.

Project Maverick relates to a very small portion of the total mineralisation at Marillana, with an initial small 2.5 to 3.0Mtpa mining operation at the 100% owned Marillana iron ore deposit. Continued mine planning studies have demonstrated that the Maverick pit can be extended to produce a total of 83.8Mt of ore and 27.8Mt of waste to be mined over 14 years, whilst maintaining the strip ratio at 0.33:1. Beneficiated product will be transported to the Utah Point Bulk Handling Facility (UPBHF) in Port Hedland by road haulage.

Brockman has engaged Engenium as the Project Management Consultant (PMC) for the Maverick Project. Engenium is providing PMC services for Project Maverick, which has been separated into mining, processing, non-process infrastructure and general infrastructure components. The scope of work includes the completion of the feasibility phase, (+/- 10% cost estimation) early engineering development works. Following necessary approval, Brockman may engage Engenium for execution and construction delivery.

Engenium has awarded the detailed study for the processing plant to three separate contractors via a competitive early contractor engagement (ECE) process. The successful tenderer will be awarded an EPC contract for the construction. Parallel discussions with potential mining contractors are progressing. Brockman will shortlist a preferred mining contractor based on cost competitiveness.

The key pre-requisite for the Company before progressing further on Project Maverick has been to secure a stockyard and capacity allocation at the UPBHF to cater for the export of iron ore product from Project Maverick. An EOI was accepted and subsequently in January 2017, Pilbara Port Authority (PPA) and Brockman have entered into a Multi-Users Agreement (MUA) and a stockyard land lease (lease) for the use of facilities at UPBHF. The MUA and the lease are subject to a number of conditions. These conditions (among others) are related to Brockman securing funding for Project Maverick and confirming its intention to commence with the PPA within specified dates.

Following execution of the Heads of Agreement with Qube Bulk Pty Ltd (Qube) in March 2016, the companies have now agreed the terms for Qube's provision of logistics services for the transportation and export through UPBHF for a minimum of seven years.

Brockman has commenced a technical marketing programme to secure offtake agreements for the Maverick product. The results to date have been positive with several Chinese steel mills and international commodity trading houses expressing an interest in the product. Brockman is in the process of dispatching samples to a number of Chinese steel mills for confirmatory sinter testing and value in use determination based on their current blends.

Brockman is targeting commencement of construction in Q2 of calendar year 2017 with commissioning in Q1 calendar year 2018.

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 focus during the interim period was on progressing Project Maverick, hence limited progress was made on the independent railway study.

Rail and Port 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 infrastructure alternatives.

Rail Access

In May 2013, Brockman commenced seeking access rights to The Pilbara Infrastructure Pty Ltd's ("TPI's") 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 allocation of 50 Mtpa at the proposed SP3 and the SP4 berths for iron ore export from South West Creek in the Inner Harbour.

As part of the Access Proposal, Brockman will procure the necessary spur lines and associated infrastructure to connect Marillana with the TPI railway and to connect it to the proposed NWI facilities in Port Hedland, which will include unloading, stockpiling and ship loading facilities in South West Creek, Port Hedland.

In 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 s8 of the Access.

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

Port — North West Infrastructure

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

Ophthalmia Iron Ore Project

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 mineralization by field reconnaissance mapping and surface sampling in August 2011, major exploration drilling programmes have been completed and JORC 2012 compliant Mineral Resources have been estimated and reported for the Sirius, Coondiner, and Kalgan Creek deposits (see announcement dated 28 November 2014). The total Mineral Resources at Ophthalmia now stand at 341 Mt grading 59.3% Fe.

MINING OPERATION

Copper Mine — Damajianshan, Yunnan, PRC

As advised to the market on 1 September 2016 and in our latest annual report, the Company has resolved to no longer finance the continuing development of its copper mine in Yunnan, PRC, and a full impairment against the mining right in the PRC was recorded in the last annual report. During the period, no production or sales have been recorded accordingly.

Summary of Expenditure

Since early 2016, the production of Damajianshan mine has been suspended and there were no mining operations carried during the period. Minimal administrative expenses (HK\$0.34 million, excluding reversal of over-provision) were incurred during the period (2015: HK\$5.5 million, excluding reversal of over-provision).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its short-term funding requirement with cash generated from operations, equity funding and borrowings. The Group's ability to advance its iron ore project developments is reliant among other things, on access to appropriate and timely funding.

To alleviate the liquidity pressure, the Group has drawn down a loan from its substantial shareholder amounted to US\$5,130,000 (equivalent to HK\$40,000,000). During the period, the substantial shareholder agreed to extend the repayment date to 30 June 2018.

The current ratio as at 31 December 2016 is measured at 0.54 (30 June 2016: 0.48). The gearing ratio of the Group (long-term debts over equity and long-term debts) is measured at 0.08 (30 June 2016: 0.06).

During the period, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 31 December 2016.

CAPITAL STRUCTURE

The Company has no changes in its issued share capital for the interim period.

As at the date of the announcement, the total number of issued shares outstanding for the Company amounted to 8,381,982,131 shares.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2016, no assets was pledged to secure any debts (30 June 2016: Nil).

Financial guarantees

As at 31 December 2016, the Company did not provide any financial guarantees (30 June 2016: Nil).

Contingent liabilities

There is no material contingent liability of the Group as at 31 December 2016.

MARKET RISK

The Group is exposed to various types of market risks, including fluctuations in iron ore price and exchange rates.

(a) Commodities price risk

Iron ore price:

The fair value of the Group's mining properties arising from acquisition of mineral tenements operations in Australia was affected by fluctuations in the iron ore price.

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

(b) Exchange rate risk

The Group is exposed to exchange rate risk primarily because our mineral tenements are denominated in Australian dollars. 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 period, no financial instrument was used for hedging purpose.

STAFF AND REMUNERATION

As at 31 December 2016, the Group employed 21 full time employees (30 June 2016: 42), of which 2 employees were in the PRC (30 June 2016: 24 employees), 8 employees were in Australia (30 June 2016: 7), and 11 in Hong Kong (of which includes 6 non-executive directors) (30 June 2016: 11).

The remuneration of employees includes salary and discretionary bonus. The Group also adopted a share option scheme to provide incentives to the employees.

The remuneration policy and packages, including share options of the Group's employees, senior management and directors are maintained at market level and are reviewed periodically by the management and the remuneration committee.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed 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 Limited ("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, an executive director of the Company, also serves as the chief executive officer at Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), and is responsible for the oversight of the core iron ore business operation.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry to all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2016.

AUDIT COMMITTEE

As at 31 December 2016, 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 (the “Audit Committee”). Mr. Yap Fat Suan, Henry was the Chairman of the Audit Committee. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee has reviewed the Group’s interim results for the six months ended 31 December 2016.

REVIEW CONCLUSION

The auditor of the Group will issue a review conclusion with an emphasis of matter on the condensed consolidated financial information of the Group for the period under review. An extract of the review report is set out in the section headed “EXTRACT OF REVIEW REPORT” below.

EXTRACT OF REVIEW REPORT

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Emphasis of Matter

We draw attention to Note 2 to the interim financial information , which states that the Group recorded a net loss attributable to equity holders of the Company of HK\$26,169,000 and had operating cash outflows of HK\$22,182,000 for the period ended 31 December 2016. As at the same date, the Group’s current liabilities exceeded its current assets by HK\$46,303,000. 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 conclusion is not qualified in respect of this matter.

By Order of the Board
Brockman Mining Limited
Kwai Sze Hoi
Chairman

Hong Kong, 24 February 2017

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

GLOSSARY

“ASX”	ASX Limited ACN 008 624 691, or the financial products market, The Australian Securities Exchange, as the situation requires
“Board”	the Board of Directors
“Brockman” or “Company”	Brockman Mining Limited, ARBN 143 211 867, a company incorporated in Bermuda
“CG Code”	Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK
“CISRI”	China Iron & Steel Research Institute Group
“Damajianshan mine”	The 100% owned copper mine held by the Company in the Yunnan Province, PRC
“Directors”	the directors of the Company
“Group”	Brockman Mining Limited, its associates and subsidiaries
“JORC”	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition)
“km”	kilometres
“Luchun”	Luchun Xingtai Mining Co., Ltd, a subsidiary of the Company, which is the operator of the Damajianshan Mine
“Marillana Project”	The 100% owned Marillana iron ore project is Brockman’s flagship project located in the Hamersley Iron Province
“m”	metre
“Mt”	million tonnes
“NWI”	North West Infrastructure, the joint venture company which represents the interests of its three shareholder companies: Brockman Mining Australia Pty Ltd; Atlas Iron Limited and FerrAus Limited, to facilitate the construction of a port facility capable of annually exporting 50 million tonnes of iron ore from the South-West Creek location at the Inner Harbour at Port Hedland, Western Australia

“Ocean Line”	Ocean Line Holdings Ltd
“PRC”	Peoples Republic of China
“SEHK”	Hong Kong Exchanges and Clearing Company Limited or the financial products market or the Hong Kong Stock Exchange, as the situation requires