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 2019

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 2019, together with the comparative figures for the corresponding period in 2018. The unaudited consolidated interim results have been reviewed by the Company's Audit Committee and the Company's independent auditor in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 December	
		2019	2018
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Other gain	*6*	—	9,617
Administrative expenses		**(9,521)**	(15,636)
Exploration and evaluation expenses		**(3,396)**	(6,080)
Operating loss		**(12,917)**	(12,099)
Finance income		**132**	28
Finance costs		**(665)**	(665)
Finance costs, net	*7*	**(533)**	(637)
Share of (loss)/profit of joint ventures		**(58)**	491
Loss before income tax		**(13,508)**	(12,245)
Income tax expense	*8*	**—**	—
Loss for the period		**(13,508)**	(12,245)

* *For identification purpose only*

	Note	Six months ended 31 December **2019** **HK$'000** **(Unaudited)**	2018 *HK$'000* (Unaudited)
Other comprehensive loss			
Item that may be reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**(2,280)**	(27,886)
Other comprehensive loss for the period		**(2,280)**	(27,886)
Total comprehensive loss for the period		**(15,788)**	(40,131)
Loss for the period attributable to:			
Equity holders of the Company		**(13,508)**	(12,245)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(15,788)**	(40,131)
Loss per share attributable to the equity holders of the Company during the period		***HK cents***	*HK cents*
Basic loss per share	*9*	**(0.15)**	(0.14)
Diluted loss per share	*9*	**(0.15)**	(0.14)

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		31 December	30 June
		2019	2019
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Audited)
Non-current assets			
Mining exploration properties	*10*	**754,676**	757,345
Property, plant and equipment		**233**	144
Interest in joint ventures		**639**	653
Other non-current assets		**630**	508
		756,178	758,650
Current assets			
Other receivables, deposits and prepayments		**1,867**	918
Cash and cash equivalents		**35,755**	20,906
		37,622	21,824
Total assets		**793,800**	780,474
Equity and liabilities			
Share capital	*13*	**922,123**	922,123
Reserves		**3,811,889**	3,812,692
Accumulated losses		**(4,116,353)**	(4,102,845)
Total equity attributable to the equity holders of the Company		**617,659**	631,970

	Note	As at 31 December 2019 HK$'000 (Unaudited)	30 June 2019 HK$'000 (Audited)
Non-current liabilities			
Deferred income tax liability		**133,700**	134,172
Borrowings	*12*	**13,493**	12,828
		147,193	147,000
Current liabilities			
Trade and other payables	*11*	**1,643**	1,504
Borrowings		**27,305**	—
		28,948	1,504
Total liabilities		**176,141**	148,504
Total equity and liabilities		**793,800**	780,474

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 December 2019 has been prepared in accordance with International Accounting Standard ('IAS') 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2019.

(a) Going concern basis

For the period ended 31 December 2019, the Group recorded a net loss before tax of HK$13,508,000 (six months ended 31 December 2018 HK$12,245,000) and had operating cash outflows of HK$12,293,000 (31 December 2018 HK$18,556,000). The Group did not record any revenue during the period and the loss before tax for the period was primarily attributable to the exploration and evaluation of the Company's iron ore exploration projects and corporate overhead costs. As at 31 December 2019, the Group's cash and cash equivalents amounted to HK$35,755,000 (as at 30 June 2019 HK$20,906,000).

On the 19 July 2019, both Brockman Iron Pty Ltd (a wholly-owned subsidiary of the Company) ('Brockman Iron') and Polaris Metals Pty Ltd ('Polaris') agreed that the Farm-in Obligations under the Farm-in and Joint Venture ('FJV') Agreement between them may take up to a further 12 months to complete and therefore the parties have agreed to extend certain key dates under the FJV Agreement.

The directors believe that the Group can continue to advance the FJV with the aim of unlocking the value of the Marillana Project. In late 2019 Brockman Iron and Polaris agreed a development plan for the Marillana Project including an extensive confirmatory drilling and testwork program to be carried out during the first half of 2020. Polaris also agreed to release A$5,000,000 of the A$10,000,000 loan, held in the escrow account pursuant to the FJV Agreement. Under the terms of the FJV Agreement this loan is to be repaid from net revenue received by Brockman Iron from the sale of its share of product produced and sold from the joint venture operation. However, the loan would become immediately repayable (within 14 days) in the event that Polaris approves the development of the project but Brockman Iron does not proceed.

The Group has taken a number of measures to improve its liquidity position, but not limited to, the following:

(i) Extending the repayment date of the existing loans of HK$13,493,000 from the substantial shareholder to 31 October 2021. These loans bear interest at 12% per annum.

(ii) On 18 September 2018, the Group secured a standby loan facility from its substantial shareholder amounting to HK$10,000,000. If drawn down, the loan will be unsecured, bear interest at 12% per annum and be repayable on 31 October 2021.

The directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of approval of these condensed consolidated financial statements. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of these condensed consolidated financial statements.

The directors believe that the Group can continue to access debt and equity funding to meet medium term working capital requirements and has a history of securing such funding as required in the past to support their belief. In the event that funding of an amount necessary to meet the future budgeted operational and investing activities of the Group is unavailable, the directors would undertake steps to curtail these operating and investment activities. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, there remains material uncertainty as to whether the Group can raise sufficient funding as outlined above which may cast significant doubt about the Group's ability to continue as a going concern and, therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these condensed consolidated financial statements.

These condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of the Group's assets or to the amounts and classification of liabilities which might be necessary should the Group not continue as a going concern.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2019, except as described in this condensed consolidated financial information.

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

Changes in accounting policy and disclosures

New and amendments to standards adopted by the Group

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from that under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a) Nature of the effect of adoption of IFRS 16

The Group has commercial office lease contracts. Before the adoption of IFRS 16, the Group classified each of its leases as operating lease. As an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group also applied the available practical expedients wherein it:

- Relied on it assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with a lease term that ended within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments at 30 June 2019 as follows:

	HK$'000
Operating lease commitments as at 30 June 2019	**1,279**
Commitments relating to short-term leases	(1,279)
Lease liabilities as at 1 July 2019	**—**

b) Summary of new accounting policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term commercial office leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to commercial office leases that are considered of low value (i.e., below HK$26,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options and the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of two years. The Group applies judgements in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases.

IFRIC 23 Uncertainty Over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

— Whether an entity makes about the examination of tax treatments by taxation authorities

— The assumptions an entity makes about the examination of tax treatments by taxation authorities

— How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

— How an entity consider changes in facts and circumstances.

The amendment is not expected to have significant impact on Group's financial statements

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

Amendments to IFRS 3: Definition of Business

In October 2018, IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition. The standard is mandatory for financial years beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements. The standard is mandatory for financial years beginning or after 1 January 2020.

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

3. REVENUE

There was no revenue during the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reports 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 segment is as follows:

Mineral tenements in Australia – tenement acquisition, exploration and towards future development of iron ore project in Western Australia

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 profit/(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 *HK$'000*	Others *HK$'000*	Total *HK$'000*
For the six months ended 31 December 2019 (Unaudited):			
Segments results	**(6,096)**	**(7,354)**	**(13,450)**
Share of loss of joint ventures			**(58)**
Loss before income tax			**(13,508)**
Other information:			
Depreciation of property, plant and equipment	**(40)**	**(4)**	**(44)**
Exploration and evaluation expenses	**(3,396)**	**—**	**(3,396)**
For the six months ended 31 December 2018 (Unaudited):			
Segments results	(677)	(12,059)	(12,736)
Share of profit/(loss) of joint ventures			491
Loss before income tax			(12,245)
Other information:			
Depreciation of property, plant and equipment	(63)	(5)	(68)
Exploration and evaluation expenses	(6,080)	—	(6,080)

The following is an analysis of the Group's total assets by business segment as at 31 December 2019:

	Mineral tenements in Australia *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
As at 31 December 2019 (Unaudited):			
Segment assets	**783,019**	**10,781**	**793,800**
Total segment assets include:			
Interest in joint ventures	**639**	**—**	**639**
Additions to property, plant and equipment	**134**	**—**	**134**
As at 30 June 2019 (Audited):			
Segment assets	759,905	20,569	780,474
Total segment assets include:			
Interests in joint ventures	653	—	653
Additions to property, plant & equipment	—	13	13

5. EXPENSES BY NATURE

	Six months ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**44**	68
Operating lease rentals	**713**	864
Staff costs (including directors' emoluments)	**5,706**	6,568
Share-based compensation	**1,477**	4,892
Exploration and evaluation expenses (excluding staff costs and rental expenses)	**2,725**	5,007

6. OTHER GAIN

	Six months ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain on disposal of mineral tenement	—	9,617
	—	9,617

7. FINANCE COSTS, NET

	Six months ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income on bank deposits	**132**	28
Finance costs		
Interest on borrowings *(Note 12)*	**(665)**	(665)
Finance costs, net	**(533)**	(637)

8. INCOME TAX EXPENSE

Income tax expense is recognised based on management's estimate of the weighted average income tax rate expected for the full financial year. No provision for income tax expense has been made as there is no assessable profit for the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

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 on 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	
	2019	2018
	(Unaudited)	(Unaudited)
Loss for the period attributable to the equity holders of the Company *(HK$'000)*	**(13,508)**	(12,245)
Weighted average number of ordinary shares for the purpose for calculating the basic loss per share *(thousands)*	**9,187,642**	8,514,475
Effects of dilution from:		
— share of options *(thousands)*	**45,250**	—
Weighted average number of ordinary shares adjusted for the effect of dilution *(thousands)*	**9,213,857**	—
Loss per share attributable to the equity holders of the Company:		
Basic *(HK cents)*	**(0.15)**	(0.14)
Diluted *(HK cents)*	**(0.15)**	(0.14)

10. MINING EXPLORATION PROPERTIES

	Mining exploration properties in Australia
	HK$'000
Balance as at 1 July 2018 (Audited)	802,617
Exchange differences	(45,272)
Balance as at 30 June 2019 (Audited)	757,345
Exchange differences	(2,669)
Balance as at 31 December 2019 (Unaudited)	754,676

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

As at 31 December 2019, the Group assessed whether events or changes in circumstances indicate a potential material change to the recoverable amount of the mining properties since 30 June 2019. The Group performed an assessment of impairment indicators.

Based on this assessment, management concluded that as at 31 December 2019, there was no indication that the recoverable amount of the mining properties has materially changed and thus impairment assessment was not required.

11. TRADE PAYABLES AND OTHER PAYABLES

Trade payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days.

12. BORROWINGS

	As at	
	31 December 2019	30 June 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current		
Loan from Polaris	**27,305**	—
Non-current		
Loans from a substantial shareholder	**13,493**	12,828
	40,798	12,828

As at 31 December 2019, the borrowings from a substantial shareholder (a company controlled by Mr Kwai Sze Hoi, the Chairman and a substantial shareholder of the Company) are unsecured, they bear an interest at 12% (30 June 2019: 12%) per annum and are repayable on 31 October 2021 (30 June 2019: 31 October 2020).

On 18 November 2019, Polaris provided a loan to Brockman Iron pursuant to the terms of the Farm-In Joint Venture Agreement over the Marillana Iron Ore Project. The loan is unsecured (but would become secured under the Deed of Cross Security upon establishment of the Joint Venture), carried at amortised cost and would become immediately repayable (within 14 days) in the event that Polaris approves the development of the project but Brockman Iron does not proceed.

13. SHARE CAPITAL

	Number of shares	**Share capital**
	'000	*HK$'000*
Ordinary shares of HK$0.1 each		
Authorised		
As at 30 June 2019 and 31 December 2019	20,000,000	2,000,000
Issued and fully paid		
As at 30 June 2019 and 31 December 2019	9,221,232	922,123

14. INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

15. EVENTS OCCURRING AFTER BALANCE SHEET DATE

There is no significant event which has occurred after the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Financial Highlights

During the period under review, Brockman Iron and Polaris (a wholly owned subsidiary of Mineral Resources Limited (MRL, Polaris)) progressed activities towards satisfaction of their Farm-In obligations in relation to the Farm-In Joint Venture (FJV) Agreement over Brockman's Marillana Iron Ore Project. Both parties agreed that extra time was required to undertake additional drilling and metallurgical testwork to ensure that there are no fatal flaws in the mine plan and process plant design. Hence, the parties agreed on 19 July, 2019 to extend certain key dates pertaining to the FJV Agreement, as discussed in the section "Farm-In Prior to Joint Venture" below.

Under the terms of the FJV Agreement and following satisfaction of the conditions precedent and completion of the Farm-In Obligations, Polaris will earn a 50% interest in Marillana and MRL will be responsible for the development of the mine, construction and operation of the processing plant. MRL has also committed to the construction and operation of ore haulage and port infrastructure to facilitate the export of Marillana product. Following the recent agreed variations to the FJV Agreement, it is expected that construction of this infrastructure will commence before the end of 2020 and be operational before the end of 2022. The establishment of the Joint Venture will unlock the value of the Marillana Iron Ore Project and may assist in the future development of the Group's other iron ore projects in the Pilbara.

As at 31 December 2019, the Group's net asset value amounted to HK$617.7 million (30 June 2019: HK$631.9 million) and cash at bank HK$35.6 million (30 June 2019: HK$20.9 million).

Losses attributable to equity holders of the Company amounted to HK$13.5 million for the six months ended 31 December 2019 (2018: HK$12.2 million). Operational related production costs and exploration expenditure has decreased due to a reduction in exploration activities and cost saving measures. There were no impairment indicators to our mining exploration properties during the period (2018: Nil).

During the six months ended 31 December 2019, the Group's basic loss per share for the period was HK$0.15 cents (2018: 0.14 cents) and the cash outflows from operating activities were HK$12.3 million (2018: HK$18.5 million).

Outlook

Upon the completion of the Farm-In Obligations, the Joint Venture on Marillana shall be established and development and construction of the project shall commence.

Mineral Tenements

Iron Ore Operations — Western Australia

This segment of the business is comprised of the 100% owned Marillana Iron Ore Project ('Marillana' or 'the Project'), the Ophthalmia Iron Ore Project ('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$6.2 million (2018: HK$0.7 million). Total expenditure associated with mineral exploration and evaluation for the period ended 31 December 2019 amounted to HK$3.4 million (2018: HK$6.0 million).

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

	Six months ended 31 December	
Project	**2019**	2018
	HK$'000	*HK$'000*
Marillana	**1,894**	3,959
Ophthalmia	**714**	1,536
Regional Exploration	**788**	585
	3,396	6,080

The Group is yet to make a final investment decision toward commencing development of any of its iron ore projects in Western Australia. Accordingly, no development expenditures have been recognised in the financial information during the half year ended 31 December 2019 and six months period ended 31 December 2018.

There was no capital expenditure for each of the projects in Western Australia for the 2019 and 2018 financial periods.

Mine exploration properties

The Group assessed whether any indicators of impairment existed with reference to both external and internal sources of information. As at 31 December 2019, the Group assessed and concluded there were no impairment indicators present which required detailed impairment testing.

Marillana Iron Ore Project

The 100% owned Marillana Iron Ore Project ('Marillana' or the '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.

In 2018, Brockman Iron and Polaris entered into a FJV Agreement over Brockman's Marillana Iron Ore Project, under which Polaris could earn a 50% interest in Marillana.

Farm-In Prior to Joint Venture

Farm-In Obligations and Interest

Polaris shall earn a 50% interest in Marillana by satisfying the following obligations during the Farm In Period:

(i) incurring 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.

During the period under review, both parties agreed that extra time was required to undertake additional drilling and metallurgical testwork to ensure that there are no fatal flaws in the mine plan and process plant design. This campaign was expected to take 6 to 12 months. The parties have therefore agreed on 19 July, 2019 to vary certain dates within the agreements, as outlined below:

1. The Farm-In Period (for satisfaction of the Farm-in Obligations) has been extended to 31 July 2020;

2. Construction commencement of the rail and port system has been extended from 'on or before 31 December 2019' to 'on or before 31 December 2020'; and

3. Operation commencement of the rail and port system has been extended from 'on or before 31 December 2021' to 'on or before 31 December 2022'.

As a consequence of the variation under the FJV, the date for satisfaction of the Conditions Precedent for the Mine to Ship Services Agreement, which was executed on 21 January 2019, has also been extended to 31 December 2020.

Ophthalmia Iron Ore Project

The 100% owned Ophthalmia Iron Ore Project located north of Newman in the East Pilbara of Western Australia, is the most significant iron ore project for the Company outside of its flagship Marillana Project. The total Mineral Resources at Ophthalmia now stand at 341 Mt grading 59.3% Fe. Various studies on mining plan, processing and transportation options for the project are progressing.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its short-term funding requirements with 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.

The current ratio as at 31 December 2019 is 1.29 (30 June 2019: 14.51). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.02 (30 June 2019: 0.02).

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 2019 (30 June 2019: Nil).

CAPITAL STRUCTURE

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

As at the date of this report, the total number of issued shares outstanding for the Company amounted to 9,221,232,131 shares.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2019 there were no assets that were pledged to secure any debt, and the Company did not provide any financial guarantees and there was no material contingent liability of the Group. (30 June 2019: Nil)

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 exploration properties in Australia is exposed to fluctuations in expected future iron ore price.

We have not used any commodity derivative instruments or futures for speculation or hedging purposes. Management will review market conditions from time to time and determine the best strategy to deal with the fluctuations in the iron ore price as required.

(b) Funding risk

The commencement of exploration and potential development of the iron ore projects will depend on whether the Group can secure the necessary funding.

(c) Risk of the project will not be materialised

The 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 etc. The Board will therefore closely monitor the development of the project.

STAFF AND REMUNERATION

As at 31 December 2019, the Group employed 15 employees (30 June 2019: 14), of which 5 were in Australia (includes 2 non-executive directors) (30 June 2019: 4) and 10 in Hong Kong (includes 4 non-executive directors) (30 June 2019: 10).

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (six months ended 31 December 2018: Nil).

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the 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 following:

(i) 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, an executive director of the Company, also serves as the Chief Executive Officer of 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; and

(ii) under Code Provision A.6.7, non-executive directors should attend general meetings. During the period, due to Directors' 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 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 2019.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of directors' information of the Company are set out as below:

Mr. Uwe Henke Von Parpart resigned as an independent non-executive director of the Company on 15 October 2019.

Mr. David Rolf Welch has been appointed as an independent non-executive director of the Company on 15 October 2019.

AUDIT COMMITTEE

As at 31 December 2019, the audit committee comprises of three independent non-executive directors Messrs. Yap Fat Suan, Henry, Choi Yue Chun, Eugene and David Rolf Welch (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 CFG Code. The Audit Committee has reviewed the Group's interim results for the six months ended 31 December 2019.

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

Emphasis of matter – Material uncertainty related to going concern

We draw attention to Note 2(a) in the interim financial information (Note 1(a) on page 5 and 6 of this Announcement), which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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".

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

Hong Kong, 20 February 2020

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