WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司 *

(incorporated in Bermuda with limited liability)

(SEHK Stock Code: 159)

(ASX Stock Code: WNI)

OVERSEAS REGULATORY ANNOUNCEMENT

The shares of Wah Nam International Holdings Limited (the "Company") are dually listed on The Stock Exchange of Hong Kong Limited and on ASX Limited. This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The following is the text of an announcement released by Brockman Resources Limited, a subsidiary of the Company listed on ASX Limited on 10 October 2011.

By order of the board of directors of
Wah Nam International Holdings Limited
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 10 October 2011

As at the date of this announcement, the board of directors of the Company comprises Mr. Luk Kin Peter Joseph and Mr. Chan Kam Kwan, Jason as executive directors and Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny as independent non-executive directors.

* *For identification purpose only*

annual report 2011

brockman resources.

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Corporate Information

Directors
Peter Luk (Non-Executive Chairman)
Ross Norgard (Non-Executive Joint Deputy Chairman)
Warren Beckwith (Non-Executive Joint Deputy Chairman)
Appointed on 17 June 2011
Colin Paterson (Managing Director)
Richard Wright (Non-Executive Director)
Appointed on 16 September 2011
Robert Brierley (Non-Executive Director)
Appointed on 16 September 2011
Hendrianto Tee (Non-Executive Director)
Appointed on 17 June 2011

Company Secretary
Tara Robson

Registered Office
Level 1
117 Stirling Highway
NEDLANDS WA 6009
Telephone: +61 8 9389 3000
Facsimile: +61 8 9389 3033
Email: brockman@brockman.com.au

Share Register
Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000
Telephone: 1300 557 010

Auditors
KPMG
235 St George's Terrace
PERTH WA 6000

Website
www.brockman.com.au

ASX Code
BRM

ABN
73 009 372 150

HIGHLIGHTS AND ACHIEVEMENTS

MARILLANA PROJECT DEVELOPMENT

- The Marillana Project Public Environmental Report (PER) was assessed by the Board of the WA Environmental Protection Authority (EPA) with final state environmental approvals granted for the development of the Marillana Iron Ore Project in February 2011, paving the way for on-site construction and development to proceed, subject to the successful completion of the Bankable Feasibility Study.
- An "early works" Mining Proposal and Project Management Plan submitted to Department of Mines and Petroleum.
- The Definitive Feasibility Study ("DFS") completed in September 2010 confirmed Marillana is an economically robust, long-life iron ore project that will generate substantial returns for the Company and its shareholders.
- The Front End Engineering and Design Contract for the Marillana Iron Ore Project was awarded to UGL Resources Pty Ltd, representing another key step towards development following the positive DFS.
- A Section 91 Licence was granted by the Department of Regional Development and Lands, allowing Brockman to continue progressing Marillana's rail route design options.
- Sintering test work confirmed the excellent sintering characteristics of the Marillana ore, reinforcing its marketability and confirming its substitution capability for high quality Australian blends in mills throughout Asia.

EXPLORATION AND METALLURGY

- Maiden Proven and Probable Ore Reserves of 1.05 billion tonnes announced for the Marillana Project.
- Heritage Agreement executed with Palyku Native Title Claimant Group for a potential rail spur to Fortescue Metals Group ("FMG") mainline.
- Reconnaissance mapping has identified significant Direct Shipping Ore grade mineralisation at Ophthalmia Range.
- Positive sampling results confirm the prospectivity of Brockman's West Pilbara ground and its potential to support a West Pilbara production hub.

CORPORATE

- Advanced negotiations are continuing with FMG regarding an end-to-end rail haulage, port access and a shipping and marketing service arrangement for the Marillana Project.
- Wah Nam concluded its bid for Brockman on 15 June, after securing 55.3% of the issued shares in Brockman.
- Two new directors appointed to Brockman Board.
- Strong financial position maintained, with A$53 million in cash reserves as at 30 June 2011.

CHAIRMAN'S LETTER

Dear Shareholder

I am pleased to have the opportunity to present the 2011 Annual Report and my first letter to the shareholders of Brockman Resources Limited as its Chairman.

Brockman is fortunate that it is at the forefront of Australia's emerging iron ore sector, with successful exploration and development studies completed over the last few years. This has firmly established the Marillana Project, in the Pilbara, WA, as a world-class iron ore deposit capable of supporting a long-term, high quality iron ore export operation. Brockman has made major strides in the development of the project during the financial year under review and is targeting a Bankable Feasibility Study early next year.

Whilst there is continuing, significant uncertainty in the world economy, iron ore demand and prices display continued strength, driven by Chinese demand. We foresee continued strong demand for steel underpinning the iron ore market for the next few years, presenting a window of opportunity for Brockman as an emerging producer.

During the previous financial year, Wah Nam International Holdings Limited, a Company listed on both the Hong Kong Stock Exchange (HKEx) and ASX Limited, emerged as a substantial shareholder in Brockman. During the 2011 financial year, Wah Nam launched a takeover bid, offering thirty Wah Nam shares for each Brockman share. By the close of the offer on 15 June 2011, Wah Nam had achieved majority control of Brockman with 55.3% of the issued shares. Wah Nam immediately nominated two directors to the Brockman Board.

Since then, Wah Nam has appointed another three directors whom it believes have the skills and experience, together with continuing directors, to implement the next phase of development for Brockman, including the completion of the Project Execution Strategy, rail and port solutions, Bankable Feasibility Study and project funding. At the same time, Messrs Cusack, Richards, Nixon and Ashton have resigned as directors.

The Board wishes to acknowledge the contribution of the outgoing members of the Board, and in particular it recognizes the commitment and dedication exercised by Wayne Richards during his time with the Company in advancing the Marillana Project.

The new Board possesses a wealth and diversity of experience in project management, construction and iron ore operations in the Pilbara as well as corporate and financing expertise. With the support of the Company's capable project team led by Paul Bartlett, I believe the new team has the ability to drive optimum outcomes during this critical new phase for Brockman.

Brockman has commenced an executive search for a permanent Chief Executive Officer to replace Wayne Richards. In addition, the Company is taking steps to identify additional Non-Executive Directors to achieve, in due course, a majority of Independent Non-Executive Directors in accordance with the Company's Corporate Governance Policy.

The Definitive Feasibility Study for Marillana was completed in September 2010 and the BFS is well advanced. Project economics remain robust and financing the Marillana project is now a priority, possibly with a joint venture partner taking a minority share in the project. The Company has, since the board changes, commenced a strategic review of all aspects of the Company's operations. Subject to the outcome of this review, the Company's objective is to have debt funding in place and a Final Investment Decision next year, leading to project construction and the commencement of iron ore production.

As a founding member of the North West Infrastructure Group, Brockman has an allocation of 18.5 million tonnes per annum export capacity through Port Hedland. We aim to rapidly achieve full utilisation of this allocation, transforming Brockman into a significant participant within the highest-demand iron ore growth region in the world.

I take this opportunity to thank all directors, staff and shareholders of Brockman for their support of the Company during the year.

Peter Luk
Non-Executive Chairman

3 October 2011

REVIEW OF OPERATIONS

MARILLANA IRON ORE PROJECT (M47/1414, E47/1408) – 100% INTEREST

The Marillana Project is located approximately 100km north-west of Newman in the world-class Hamersley Iron Province of Western Australia's Pilbara region. The Marillana tenements, M47/1414, E47/1408, are held by Brockman Iron Pty Limited, a wholly-owned subsidiary of Brockman Resources Limited ("Brockman" or "the Company") (*see Figure 1*). The tenement covers a total area of 96km[2] in the Fortescue Valley and borders the Hamersley Range for a strike length of approximately 16km, where extensive areas of supergene iron ore mineralisation are developed within the dissected Brockman Iron Formation which caps the Range.

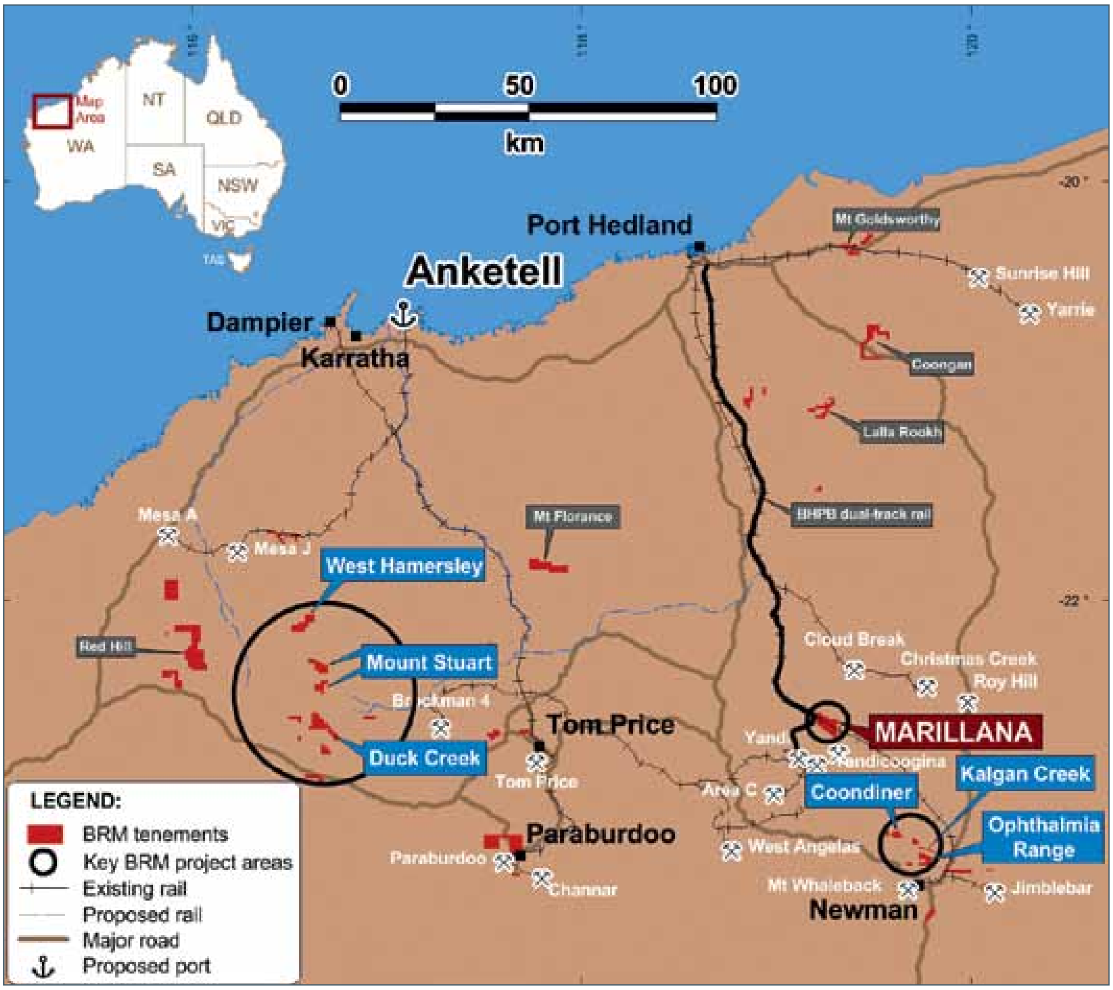

Figure 1 – Marillana Project location plan

PROJECT DEVELOPMENT OVERVIEW

The development of the Marillana Project continued to progress expeditiously throughout the past year with the completion of a positive DFS, the subsequent undertaking of the Project Value Analysis phase which led to the commencement of Front End Engineering and Design ("FEED").

The FEED phase of the Project is now focused on delivering an increased level of certainty for the process design and construction methodology tale adopted for the Marillana mining and processing solution. Engineering and design activities have included significant 3D plant modelling which has supported the development of materials quantity take offs for the completion of vendor bid packages for pricing enquiries. These vendor pricing enquiries will be incorporated into the project capital estimate to provide updated project procurement and construction costings.

REVIEW OF OPERATIONS

A Project Delivery Strategy is being developed to define the principles for the design, management and construction of the project. The strategy is for Brockman to engage a Project Management Contractor ("PMC") to manage the delivery of a number of major lump sum Engineering Procurement and Construction ("EPC") packages, plus a number of minor and Build Own Operate/Transfer (BOO/T) packages. This strategy is consistent with the project funding considerations and is in line with Brockman's objective to diversify the major construction contracts so that the project delivery risk is spread across multiple credit-worthy counterparties. A formal tender process for the PMC will be commenced post-completion of FEED, with Brockman targeting an award in Q1, CY2012, following a positive Final Investment Decision ("FID").

DEFINITIVE FEASIBILITY STUDY

The DFS on the Marillana Project was completed in September 2010. The thirteen month study led by principal engineering group Ausenco Limited incorporated a DFS on the Marillana mine and processing plant and confirmed that the Marillana Project is an economically robust, long-life iron ore project that will generate substantial returns for the Company and its shareholders. The DFS significantly enhances the key outcomes of the Pre-Feasibility Study completed in August 2009.

The DFS completion paved the way for Brockman to commence a Bankable Feasibility Study ("BFS") and to progress with the FEED phase of the Marillana Project.

Key Outcomes of the DFS:

- Confirmation of the financial and technical viability of a world-scale Pilbara iron ore operation.
- Forecast average production rate of 17 million dry tonnes per annum of a high-quality final product averaging 60.5% – 61.5% iron ("Fe") grade.
- Reserves support a 25 year mine life, with the potential to increase production output or mine life.
- Estimated Net Present Value range of A$2.3 – A$2.6 billion calculated on a post-tax real basis at a Discount Cash Flow rate of 10%.
- An Internal Rate of Return range of 27.7% – 37.9% estimated on an un-geared basis.
- Pre-production mine and rail capital expenditure range of A$1.3 – A$1.9 billion dependent upon the final rail solution adopted.
- Payback projected to be achieved in less than four years.
- Forecast A$35.3 billion life-of-mine revenue, using independent iron ore price and foreign exchange forecasts.
- Free On Board Port Hedland average life-of-mine cash operating cost (pre-royalties) range estimated at A$35.6 – A$36.9 / tonne.
- Subject to the finalisation of a rail access agreement and the North West Infrastructure ("NWI") Group port DFS, an FID for the Marillana Project is forecast for Q1, CY2012.
- Results reinforced Brockman's potential to become a substantial Pilbara iron ore producer.

REVIEW OF OPERATIONS

BANKABLE FEASIBILITY STUDY

The BFS will establish the overall economics of the Project design and costings within an accuracy provision of ±10%, which will be used by the Board to assess and establish the basis and conditions for the Project's funding arrangements.

Brockman engaged Evans and Peck Pty Ltd, an international advisory company that supports government and private organisations in the conception, development and delivery of major projects throughout Australia, Asia and the Middle East, to assist with the compilation of the BFS with the objective of achieving a FID for the project.

Evans and Peck will conduct a gap analysis on the final BFS report to ensure it meets the standards of engineering detail and estimating accuracy provisions required for project funding. They will also provide resources for validation of process plant operating and owner's cost estimates.

DRA Pacific, a recognised leader in the field of mineral beneficiation and process design, is also assisting Brockman to review the Plant Operations Philosophy and prepare an Operational Readiness Plan.

The preparation of the BFS report is continuing.

FRONT END ENGINEERING DESIGN

The FEED contract, for the design and construction of the Marillana Project (Stage 1), was awarded to UGL Resources Pty Ltd, a wholly owned subsidiary of UGL Limited, one of Australia's leading providers of project delivery services in the mining and mineral processing industries.

The award of the FEED contract was the culmination of a detailed tender process that reflected the Company's decision to adopt an FID.

The Early Contractor Involvement ("ECI") process will be delivered in two stages:

- **Stage 1**, comprises the delivery of FEED Services for the process plant, stockyards, train load-out and associated site infrastructure; and
- **Stage 2 contract**, which will be based on the detailed design, procurement, construction, commissioning and hand-over criteria finalised at the conclusion of Stage 1.

Engineering

UGL continued to progress engineering with the finalisation of the process design criteria, block flow diagrams, plant layout concept and engineering report. This process culminated with the final sign-off on the process plant configuration in late March 2011.

The detailed engineering process has completed the validation of the DFS design and identified a number of process and plant layout improvements. The plant process design and configuration is being progressed through FEED to maximise the identified construction and operational improvements.

Engineering and Design activities have included significant 3D modelling of the process plant and support infrastructure to enable the development of quantities required for the BFS Capital Cost Estimate. These activities include the preparation of material take off lists and completion of design documents associated with the vendor bid packages released for pricing enquiries. Focus has also been on completion of Process and Instrumentation Diagrams and Process Control Philosophy for inclusion in the Plant Operation Hazard reviews.

UGL has undertaken a number of Engineering Risk Workshops which will feed into the overall Project Risk Register. MYR Consulting Pty Ltd, an independent and international risk consultant, has facilitated ongoing reviews of the Project's risk profile since the commencement of the project feasibility studies.

REVIEW OF OPERATIONS

DEVELOPMENT SCHEDULE

Brockman has commenced the detailed inputs relating to the BFS schedule for the Marillana Project. The detailed project schedule is currently undergoing significant review to incorporate the FEED engineering, procurement and estimating outcomes.

RAIL AND PORT ACCESS AND INFRASTRUCTURE

Rail

In December 2010, Brockman announced to the market that it was in advanced negotiations with FMG for Rail and Port Access. Negotiations are continuing with FMG regarding the commercial and legal aspects of an end-to-end rail haulage, port access and a shipping and marketing service agreement for the Marillana Project.

Brockman was granted a Section 91 Licence by the Department of Regional Development and Lands in December 2010. This Licence allows Brockman to continue to progress a rail solution for the Marillana Project by providing the necessary authority to undertake geotechnical, environmental and heritage investigations in relation to the proposed railway spur line that would service the Project.

The West Australian Government continues to support Brockman's application for the development of a State Agreement Act to facilitate construction of the rail infrastructure required for the Project. A Term Sheet has been drafted with Department of State Development which establishes the principles to be adopted for Brockman to gain the necessary land tenure for a rail corridor from Marillana to the port of Port Hedland.

Infrastructure and mine engineering programme manager, Calibre Global's rail division (Calibre Rail) completed a Value Engineering exercise on the rail Pre-Feasibility Study completed in July 2010 for the proposed spur line linking the Marillana Project to the FMG Infrastructure rail line. The Value Engineering process has demonstrated that significant cost savings could be achieved depending on the operating standards adopted for the spur line.

The analysis of alignment options and second stage of environmental flora surveys for the potential rail spur from the Marillana mine site to the FMG mainline has been completed.

A final route determination is expected to be carried out as part of the current discussions with FMG regarding a Heads of Agreement for an end-to-end rail haulage, port access and marketing service for the Marillana Project.

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REVIEW OF OPERATIONS

Port

The NWI port DFS (final report) is assessing the most viable options for the development of new port facilities that provide the best Net Present Value for the life of the port asset and provide the basis on which the project financing activities and FEED will be established. The port DFS work will be completed to the extent necessary to form the basis for a capital and operating cost estimate of ±15%, providing itemised details of each specific area of the port development.

SKM continued with the finalisation of inputs to the South West Creek port DFS which has been issued to NWI members for review.

Marine geotechnical investigations have been completed via a jack-up drilling barge in South West Creek. Landside geotechnical investigations are almost complete with data on the hydro-geological testing to assess dewatering of major foundations due to be completed shortly. NWI has been in discussions with dredging contractor, Jan de Nul, for the establishment of a Tripartite Dredging schedule to co-ordinate the dredging and reclamation requirements of FMG, Roy Hill Iron Ore (RHIO) and NWI in the South West Creek.

Native Title negotiations have culminated with a breakthrough agreement in principle reached in June 2011 with the Kariyarra people, over the terms of the Port Infrastructure Agreement. Work has commenced on the drafting of documentation associated with a Native Title Infrastructure Agreement with the Kariyarra which will be linked to a subsidiary Heritage Agreement with the Marapikurrinya people

Figure 2 – Port Hedland port

REVIEW OF OPERATIONS

EXPLORATION AND RESOURCE DEVELOPMENT

Mining studies associated with the Marillana DFS resulted in the conversion of the Marillana Mineral Resources into Ore Reserves. Definitive mining studies by Perth-based Golder Associates Pty Ltd ("Golder") as part of the DFS demonstrated that the Marillana Project contains Proven and Probable detrital Ore Reserves[1] within the optimal pit design in excess of one billion tonnes, as shown in Table 1.

Additionally, the Marillana Channel Iron Deposit ("CID") Ore Reserves within the pit design are estimated to be in excess of 48 million tonnes ("Mt"), as shown in Table 2.

Table 1 – Marillana Detrital Ore Reserves

Reserve Classification	Million Tonnes (Mt)	Fe (%)
Proven	133	41.6
Probable	868	42.5
TOTAL	**1,001**	**42.4**

Table 2 – Marillana CID Ore Reserves

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

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

Based on extensive beneficiation test work, the detrital ore is expected to produce 378Mt of final product, grading 60.5% – 61.5% Fe with impurity levels comparable with other West Australian Direct Shipping Ore ("DSO") hematite iron ore producers. The CID ore is a DSO product that will be blended with the beneficiated detrital product at a maximum one in six ratio for export as a single (fines only) product.

The Marillana Project is planned to produce in excess of 419Mt of final DSO equivalent product.

The definitive metallurgical test work programme demonstrated that the detrital ore could be upgraded by simple beneficiation techniques to produce a blended Marillana final product (fines) with the grade specification shown in Table 3.

Table 3 – Final Product Grades for Marillana Detrital Ore Reserves

Avg Plant Feed Grade	Final Product Grade Ranges						
Fe (%)	**Mass Recovery (%)**	**Fe (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**S (%)**	**P (%)**	**LOI 1000C (%)**
42.4	36 – 39	60.5 – 61.5	6.0 – 6.5	2.5 – 3.0	<0.02	<0.08	2.0 – 3.0

In accordance with the requirements of the JORC Code, the Marillana Ore Reserves are based solely on the Measured and Indicated Mineral Resources at Marillana.

The total Mineral Resource at Marillana is 1.63 billion tonnes, comprising 173Mt of Measured Mineral Resources, 1,238Mt of Indicated Mineral Resources and 219Mt of Inferred Mineral Resources (*see Table 4 and 5*).

The 210Mt of Inferred Mineral Resources is based on wide-spaced drilling to the north of the Indicated Mineral Resource boundary, which has demonstrated continuity of the detrital mineralisation in this area. In addition to these Inferred Mineral Resources, Brockman has identified further potential detrital mineralisation from isolated drill holes outside but adjacent to the current resource boundary totalling an estimated 150 – 250Mt grading 39% – 43% Fe[2]. Further drilling is required to demonstrate continuity of this mineralisation and to define Indicated Mineral Resources in these areas. Based on the existing very high conversion rate of Mineral Resources to Ore Reserves, these areas provide the potential for an additional 300 – 400Mt of plant feed, if infill drilling confirms continuity of mineralisation.

[1] *Refer to Competent Persons Statement*

[2] *Refer to Competent Persons Statement*

REVIEW OF OPERATIONS

Table 4 – Beneficiation Feed Mineral Resource Summary (Cut-off grade: 38% Fe)

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

Total tonnes may not add up due to rounding.

Table 5 – Marillana Project CID Mineral Resource Summary (Cut-off grade: 52% Fe)

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

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

The updated Mineral Resource estimation was prepared by Perth-based Golder and has been classified (*see Table 4 and 5*) in accordance with the guidelines of the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves" JORC Code[3]. It has been estimated within geological boundaries using a 38% Fe cut-off grade for beneficiation feed mineralisation and a 52% Fe cut-off grade for CID mineralisation.

IMPROVED METALLURGY AND PROCESS DEVELOPMENT OUTCOMES

Following the successful completion of the definitive metallurgical test work programme and the development of the Process Flow Diagram ("PFD"), Brockman moved to further validate the PFD by undertaking two bulk sample beneficiation tests involving approximately 150 tonnes of ore from each of the initial pits (Pits 1 and 2) that will provide the first six years of plant feed. Bulk samples were produced by compositing samples from six bauer drill holes (780mm diameter) from each pit, reflective of the lateral and vertical distribution of ore within the deposit. The samples have been processed through a five tonne per hour pilot plant built by Nagrom Laboratories in Perth to replicate the PFD developed by Brockman.

Results for the Pit 1 bulk sample have exceeded expectations based on the DFS test work. Final product mass recovery through the pilot plant has improved to over 43%, compared to 41% based on similar grade material in the DFS. This has been achieved whilst retaining product specifications at greater than 61% Fe and combined alumina and silica grades of up to 9.2%. Significantly, mass recovery through the gravity circuit has increased to 74%, with 87% recovery of Fe units. The phosphorous and sulphur levels remain consistently low at <0.08% and <0.02% respectively. Previous sintering tests performed on the beneficiated ore from the DFS metallurgical campaigns demonstrated very good sintering characteristics and high iron unit production rates.

Waste products derived from the simulated plant design test work programme, such as fine and coarse rejects, are being further tested for materials handling and settling characteristics, for inclusion in the FEED engineering study.

[3] *Refer to Competent Persons Statement*

REVIEW OF OPERATIONS

MINE PLANNING AND DEVELOPMENT

Technical mining studies being carried out as part of the BFS by Optiro Pty Ltd during 2011 have been focused on refinement of the mine schedule developed during the DFS, reducing ore and waste haul distances and capital requirements, whilst ensuring that waste and fines reject storage requirements are met. An important outcome from this work has been the ability to reduce waste haul distances such that any requirement for capital intensive bucket wheel excavators and overland waste conveyors is effectively delayed until after year 18 of mining. Trade off studies are continuing with the aim of determining whether the capital cost of this equipment can be justified at that time given the reduced haul distances involved in the revised mine schedule.

To assist with the DFS mining schedule, Brockman has appointed two highly regarded contract mining companies (Downer EDI Mining Pty Ltd and Macmahon Contractors Pty Ltd) with extensive experience in large scale mining operations to participate in an ECI process to run in conjunction with the BFS. The ECI contractors have provided input into the optimal mining methodology and equipment and will take the detailed mine schedule to determine the size and timing of mining fleet requirements and mining costs, which will feed into the BFS.

NATIVE TITLE AND HERITAGE

The Marillana Project covers two native title claimant areas and Brockman has established strong relationships with both groups, built on trust and understanding developed during the negotiation of the Native Title Mining Agreements.

In October 2008, Brockman signed a Native Title Agreement with the Martu Idja Banjima people that facilitated mining on the western portion of the Marillana Project area. In December 2009, a similar Agreement was executed with the Nyiyaparli people covering the eastern portion of the deposit. These agreements address the two groups' concerns regarding the management of Cultural Heritage and protection of the lands on which the Marillana Project will be operated, as well as providing opportunities to participate in the Marillana Project through employment, training and contracting opportunities.

Following the signing of the second agreement, Mining Lease M47/1414 was granted by the Department of Mines and Petroleum ("DMP") in late December 2009 over an area of 82.5km^2. The Mining Lease covers the entire deposit and all proposed infrastructure areas.

Heritage surveys completed by both groups in the second half of 2009 completed the heritage coverage over the entire deposit and project footprint expected to be impacted during operations (including mining, processing and infrastructure). Four artefact clusters and a number of isolated artefacts were identified during the surveys, but none of these are located in areas to be impacted by operations.

Infrastructure requirements for the Marillana Project are mostly contained within these two claim areas but also extend north into the Palyku native title claim area. During 2011, Brockman negotiated a Heritage Agreement with the Palyku people and is well advanced with an Infrastructure Agreement that will facilitate the construction of a rail spur through their lands.

During 2011, Brockman completed heritage surveys over the planned gas pipeline corridor and successfully defined an alignment that is free from heritage sites. Surveys have also been carried out over the southern half of the proposed rail alignment, with surveys over the northern half scheduled for September 2011.

REVIEW OF OPERATIONS

PROJECT APPROVALS

Brockman achieved a major milestone in February 2011 when the Western Australian Government granted the key environmental approval for the development of the Marillana Iron Ore Project.

This approval paves the way for on-site construction and development of this large-scale project to proceed, subject to the completion of the current BFS and FID.

The Minister's approval, which has been granted under Section 45 of the *Environmental Protection Act 1986*, and subject to the Ministerial Conditions Statement 855, is the culmination of over 24 months of environmental survey work, detailed environmental and social impact analysis and extensive consultation and reviews with stakeholders and regulators. The approval relates to all on-tenement (M47/1414) activities including mining, processing and train loading.

Brockman has also received approval of its Mining Proposal from the Department of Mines and Petroleum ("DMP") (subject to standard performance bond lodgement) for its early works activities, covering the development of an on-site borrow pit as a source of materials for initial earthworks and road upgrades, and construction of a 300-person camp and support infrastructure.

A number of "secondary" approvals required for project development and implementation are now well underway including completion of vegetation and habitat surveys to support Vegetation Clearing Permit applications for the gas supply corridor, airstrip and re-alignment of a public road, obtaining clearance from the Department of Water ("DoW") to construct a bridge over Weeli Wolli Creek, the Project Management Plan approval from DMP (Resources Safety) and submission of Works Approval applications to the Department of Environment and Conservation for the construction of waste water treatment plants, putrescible landfills and other scheduled premises under the *WA Environmental Protection Regulations (1987)*.

Following completion of BFS and FEED studies, the remaining approvals for the project can be lodged. These include the final Mining Proposal for the main mining and processing activities, further Works Approvals for the processing plant and power station, and a project-wide licence from DoW to manage water resources on-site. Brockman is also waiting to receive final approval from the Commonwealth Department of Sustainability, Environment, Water, Pollution and Communities on the submitted Marillana site Preliminary Documentation ("PD") required under the *Environment Protection and Biodiversity Conservation (EPBC) Act 1999*.

Over the next 12 months, off-site approvals for project-related infrastructure will be occurring in parallel with the secondary approvals for the mine site. These include further development of the Miscellaneous Licence supporting the Pipeline Licence application to DMP (Petroleum Division), impact assessment documentation to the State and Commonwealth regulators for the corridor supporting the railway spur line and the secondary approvals associated with both these projects. Overall, Brockman is confident of obtaining all approvals required for the Marillana Project within the required time frame of the project development schedule.

REVIEW OF OPERATIONS

REGIONAL IRON ORE PROJECTS – 100% INTEREST

Reconnaissance exploration undertaken by Brockman during the year confirmed the potential for substantial quantities of DSO grade mineralisation on a number of the Company's regional exploration tenements outside the Marillana Project. Brockman has also continued to lodge applications for prospective ground in the Pilbara as it becomes available.

There are generally multiple applications for this available ground with the competing applications determined by ballot. Brockman has been successful in some ballots, but also has a number of applications yet to be determined by ballot. At the end of July 2011, Brockman held a total of eighteen granted tenements (outside Marillana), sixteen priority applications and two applications yet to go to ballot.

WEST PILBARA PROJECT

West Pilbara

During the year, Brockman reported highly encouraging results from the initial programme of broad-spaced reconnaissance drilling at its 100% owned Duck Creek and West Hamersley Projects in the West Pilbara.

These results are from the first drilling programmes conducted at both projects and have confirmed the results from surface reconnaissance in the area. Significant DSO grade mineralisation at shallow depths (often outcropping at surface) were recorded from all targets drilled. Mineralisation contains very low levels of the contaminant phosphorous (P) which should assist in marketing the ore. Other contaminant levels (silica and alumina) are comparable with other West Pilbara CID Mineral Resources. A total of 1,657m was drilled at Duck Creek in 45 holes, with a further 407m in 36 shallow holes drilled at West Hamersley. Access restrictions prevented Brockman from drilling all targets identified by surface sampling, but these areas should be available for drilling in the 2011/2012 drilling season.

The shallow depth and the nature of the mineralisation suggest low cost mining, with the added advantage that all mineralisation is above the water table. Brockman will continue drilling on these and other recently approved West Pilbara tenements in 2011 to build up a resource base sufficient to support the West Pilbara Hub.

These results confirm the prospectivity of Brockman's West Pilbara ground and provide support for the Company's objective of developing a second operating hub in the West Pilbara, utilising the Anketell Port facility. The West Pilbara tenements are located approximately 200km south of the proposed Anketell Port and only 30km from both the proposed API railway line and the recently announced FMG Western Hub resources. The results support the Company's Exploration Target of 80 – 100Mt of iron ore grading 56% – 64% Fe[4] for its West Pilbara project hub.

The Company is progressing requisite heritage and environmental approvals for follow up drilling in the second half of 2011 at Duck Creek, Mt Stuart and West Hamersley Reconnaissance mapping has also commenced at the recently granted Red Hill exploration licence (E08/2011).

OPHTHALMIA PROJECT

A short reverse circulation (RC) drilling programme was completed in December 2010 (five holes for a total of 342m) at the Kalgan prospect (E47/1598) within the Ophthalmia Project. Two holes intersected a zone of goethitic bedded-iron-deposit in the strongly weathered Joffre Member of the Brockman Iron Formation, grading up to 57% Fe over 5m.

Due to limited drilling, the nature and the extent of the mineralisation remain largely unknown. It is interpreted, at this early stage, as being associated with a mineralised horizon within the Joffre Member in a shallow plunging anticline. Additional follow-up surface sampling along strike has identified occurrences of DSO grade mineralisation in four areas at Coondiner (to 66% Fe), Kalgan Creek (to 66% Fe) and Ophthalmia Range (to 57% Fe) (*see Figure 4*). Of 31 surface samples collected, 20 assayed greater than 55% Fe, with six samples exceeding 60% Fe. Further detailed surface sampling is planned to better rank targets prior to drilling in the second half of 2011.

The drilling at Ophthalmia also encountered thick magnetite banded iron formation beneath the oxidised profile. All holes were terminated inside this magnetite, which is interpreted to have a minimum true width of at least 140m and assayed ~29% Fe, 50% SiO_2 and 0.85% Al_2O_3.

[4] *Refer to Competent Persons Statement*

REVIEW OF OPERATIONS

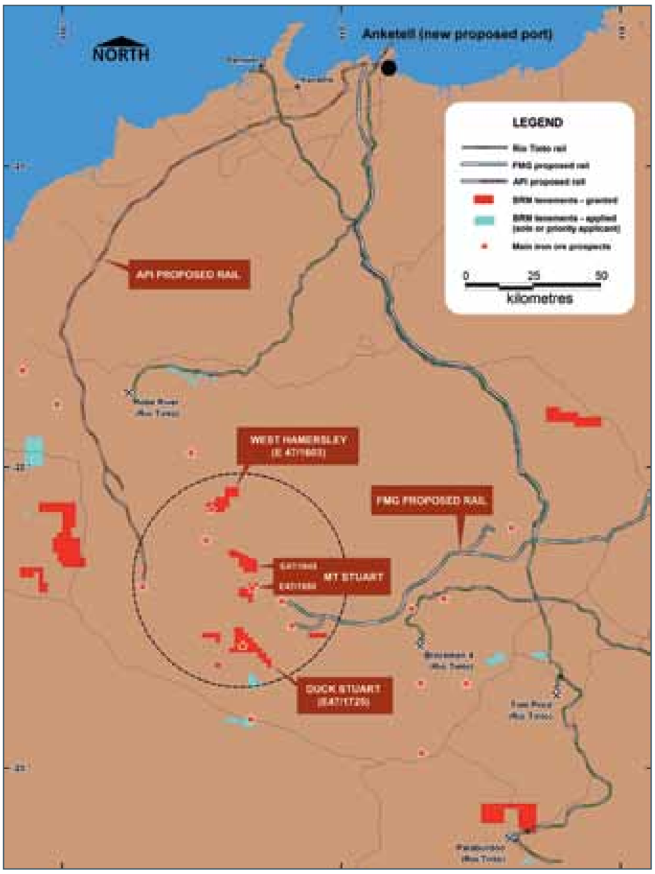

Figure 3 – Location plan West Pilbara tenements

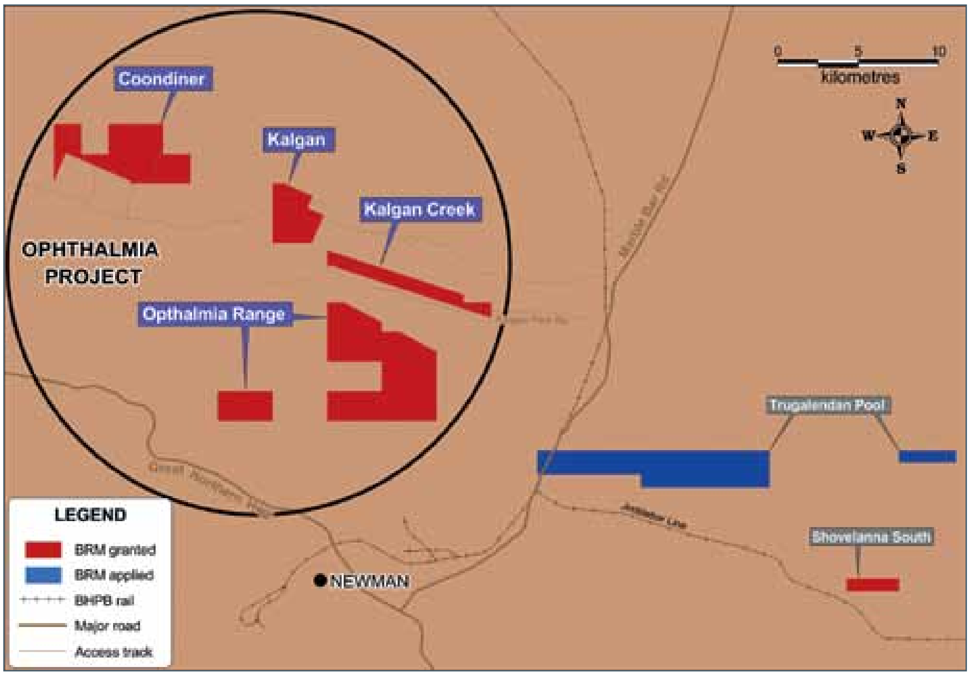

Figure 4 – Location of prospects in Ophthalmia Project

REVIEW OF OPERATIONS

OTHER PROJECTS

CANNING BASIN COAL

During the year Brockman was successful in applying for seven exploration licences covering approximately 759km² within the Canning Basin, considered highly prospective for thermal coal resources. All licences are yet to be granted (one application is subject to a ballot) and Brockman is carrying out a compilation of previous exploration work and geophysical surveys over the area. The location of the tenements in relation to known coal mineralisation is shown in Figure 5.

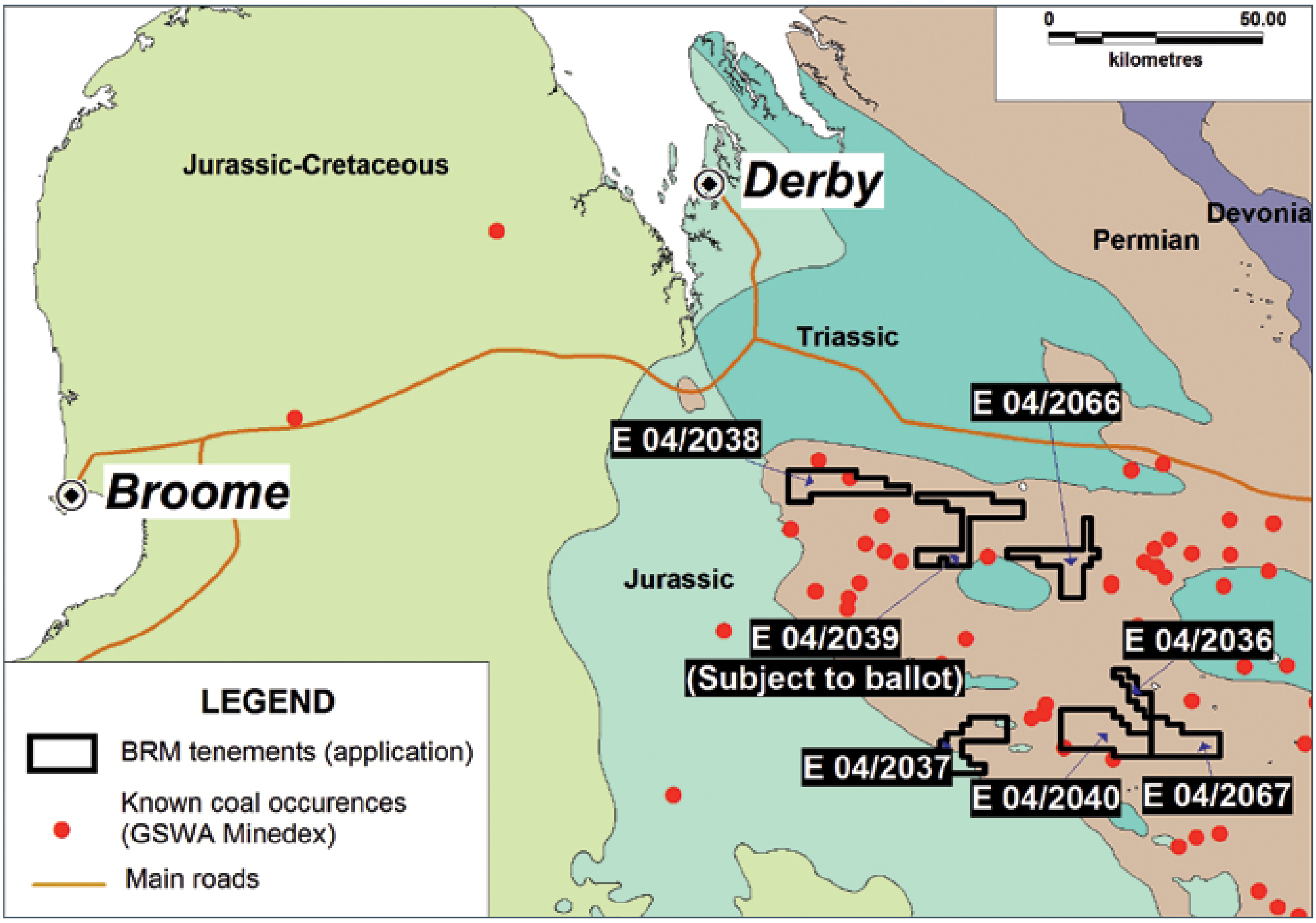

Figure 5 – Brockman coal tenements

REVIEW OF OPERATIONS

Competent Person's Statement

[1,2,3] The information in this report that relates to Mineral Resources at Marillana is based on information compiled by Mr J Farrell and Mr A Zhang.

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

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

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

Any discussion of potential mineralisation in excess of the identified Mineral Resources at Marillana any is only conceptual in nature. While the Company remains optimistic that it will report resources and reserves in the future, there has been insufficient exploration in those areas to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

[4] While Brockman is optimistic that it will report JORC compliant resources for the West Hamersley tenements in the future, any discussion in relation to the potential quantity and grade of Exploration Targets is purely conceptual in nature. There has been insufficient exploration to define a Mineral Resource for these tenements and it is uncertain if further exploration will result in determination of a Mineral Resource for the West Hamersley tenements or other prospects on the Company's landholding outside of the currently defined JORC compliant resources at the Company's Marillana Project.

brockman resources.

ANNUAL FINANCIAL REPORT

30 JUNE 2011

CORPORATE GOVERNANCE

Brockman Resources Limited's ("Brockman" or "the Company") Corporate Governance policies have been formulated to ensure that it is a responsible corporate citizen. Unless otherwise noted, Brockman complies with all aspects of the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" ("the ASX Principles"). A description of the Company's main corporate governance practices is set out below. All of these practices were in place for the whole of the financial year unless otherwise noted.

In addition, as announced on ASX on 19 September 2011, on 16 September 2011 there were a number of significant changes to the composition of Board. In particular, four of Brockman's directors (Messrs Cusack, Richards, Ashton and Nixon) resigned and three additional directors were appointed to the Brockman board (Messrs Luk, Wright and Brierley). As a result there are currently a total of seven directors on the Board.

The Company also intends to appoint additional Non-Executive Directors at the earliest possible opportunity with the aim of having a majority of Independent Non-Executive Directors in accordance with the Company's existing Corporate Governance Policy.

THE BOARD OF DIRECTORS

The Board is responsible to shareholders for the overall Corporate Governance of the Brockman Group including its strategic direction, establishing goals for management and monitoring the achievement of those goals.

The Board of Directors carries out its responsibilities according to the following guidelines which are set out in the Board Charter (which is available in the corporate governance information section of the Company's website at www.brockman.com.au):

- it is intended that the Board should comprise a majority of independent non executive Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. Following the Board changes on 16 September 2011, the Board is in a state of transition and intends to review its size and structure going forward with the aim of re-establishing a majority of independent Non-Executive Directors, subject to being able to find and attract suitable candidates;
- the Board should meet regularly; and
- prior to each meeting of the Board, each Director shall be provided with all available information in connection with items to be discussed at a meeting.

Board Responsibilities

The Board is responsible to shareholders for the overall Corporate Governance of the Brockman Group including its strategic direction, establishing goals for management and monitoring the achievement of those goals in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.

The responsibility for the operation and administration of the Brockman Group is delegated by the Board to the Managing Director and the executive team.

The primary responsibilities of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Managing Director;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- developing and reviewing Corporate Governance principles and policies; and
- performing such other functions as are prescribed by law or are assigned to the Board.

CORPORATE GOVERNANCE

Board Members

Details of the members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the Directors' report.

For the 2011 financial year and up until 16 September 2011, the board comprised six Non-Executive Directors (of which Messrs Cusack, Ashton and Nixon all met the definition of independent under the ASX Principles) and two executive Directors.

On 16 September 2011, Messrs Cusack, Ashton and Nixon resigned from the Board and were replaced by Messers Luk, Wright and Brierley. This has left the Board without an independent director however, as indicated above, it is intended that the Board will re-establish a majority of independent Non-Executive Directors. Directors are appointed in accordance with the Constitution, and follow an election rotation to ensure the longest serving director/s stand for re-election at each Annual General Meeting.

Independence of Directors

In general, Directors will be considered to be 'independent' if they are not members of management (a Non-Executive Director) and they:

- are not material shareholders of the Company, or officers of, or otherwise associated directly or indirectly with, material shareholders of the Company;
- have not within the last three years been employed in an executive capacity by the Company or another group member;
- were not appointed as a Director of the Company within three years of ceasing to be employed in an executive capacity by the Company;
- except in connection with reorganisations within the Group, have not within the last three years been a principal or employee of a material professional adviser or a material consultant to the Company or another group member;
- are not a material supplier to or customer of the Company or other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company or another group member, other than as a director of the Company; and
- are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

BOARD REMUNERATION AND PERFORMANCE

The Board has a Nomination and Compensation Committee which operates under a charter approved by the Board. The Board recognises that corporate performance is enhanced when there is a Board with the appropriate competencies to enable it to discharge its mandate effectively. The Committee's primary functions are to:

- identify and evaluate the particular skills, experience and expertise that will best complement the Board's effectiveness;
- review Board succession plans;
- evaluate the Board's performance;
- make recommendations for the appointment and removal of directors to the Board; and
- review and make recommendations to the Board on remuneration packages and policies applicable to the senior executives and directors in conjunction with performance reviews.

The members of the Nomination and Compensation Committee during the 2011 financial year (up until 16 September 2011) were Messrs Ashton (Chairman), Nixon and Norgard.

As noted above, Messers Ashton and Nixon resigned from the board on 16 September 2011 and accordingly they resigned from the Nomination and Compensation Committee.

Despite the current transition period, the Board is committed to ensuring it complies with its Nomination and Compensation charter approved by the Board, by appointing two additional independent Non-Executive directors to the Committee in the near future.

CORPORATE GOVERNANCE

Non-Executive Director Compensation

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-Executive Directors' fees and payments are determined within an aggregate directors' fee pool limit, which is periodically recommended by the Nomination and Compensation Committee for approval by shareholders. The maximum currently stands at $500,000 which was approved by the members on 12 November 2009. It is the discretion of the Board to distribute this pool amongst the Non-Executive Directors based on the responsibilities assumed. Further details of the compensation of Non-Executive Directors for the period ending 30 June 2011 is detailed in the Remuneration Report.

Performance Review

The Committee commenced the process of evaluating the Board's performance as a whole as well as the performance of the individual directors.

Executive Compensation

The Nomination and Compensation Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director (CEO) and the key management personnel. The Nomination and Compensation Committee assess the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions, and the use of independent market data, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Whilst no specific performance evaluations were held on the executive directors during the year, full reviews have commenced since year end. In addition, the performance of key management personnel was evaluated in January 2011 in conjunction with annual salary reviews.

Executive Compensation Framework

The Company aims to reward the executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to ensure the general level of remuneration and benefits for persons holding similar positions in the mining industry in Western Australia is achieved. The executive pay and reward framework has three components:

- fixed remuneration;
- short term cash incentives; and
- long term incentive remuneration.

Fixed Remuneration

Fixed remuneration consists of base salary which is structured as a total employment cost package which may be delivered as a mix of cash and other benefits at the executives' discretion. In addition to the base salary, the Group provides statutory superannuation. Base salary is based upon data available to the Board to reflect the market for a comparable role.

Remuneration levels are reviewed annually by the Committee through a process that considers employee performance. The committee is able to obtain independent advice, at the Company's expense, as to the appropriateness of remuneration packages and uses this information to perform a peer analysis.

Short Term Cash Incentives

In recognition of the significant uncertainty caused by the Wah Nam International takeover offer, in early 2011 the Board approved a short term cash incentive plan. The plan was designed to retain key executives of the Company during the period of uncertainty to ensure that the Company would continue to achieve project goals related to the Marillana Project. There are no performance criteria for the current plan, other than continued employment at 31 December 2011.

Long Term Incentive Remuneration

Long term incentives to key management personnel are provided by the issuance of options as approved by the shareholders at a general meeting or in accordance with the Brockman Resources Limited Employee Share Option Plan. Options are issued for no consideration.

CORPORATE GOVERNANCE

The purpose of the Brockman Resources Limited Employee Option Plan is to:

- recognise the ability and efforts of the employees of the Company who have contributed to the success of the Company;
- provide an incentive to the employees to achieve the long term objectives of the Company and improve the performance of the Company; and
- attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees.

During the year, the Committee met to consider remuneration packages for key management personnel. No performance evaluation has yet occurred as the Committee is in process of establishing suitable performance hurdles in conjunction with project outlines. The Company will develop these procedures in conjunction with the advancement of the Company.

Further information on directors' and executives' remuneration is set out in the Directors' Report.

AUDIT COMMITTEE

The Board has established an Audit and Risk Management Committee, which operates under a charter approved by the Board. A copy of the charter can be found in the Corporate Governance information section of the Company's website.

The members of the audit committee during the 2011 financial year (up until 16 September 2011) were:

- Mr JD Nixon (Chairman) – Independent Non-Executive;
- Mr R Norgard – Non-Executive; and
- Mr R Ashton – Independent Non-Executive.

As noted above, Messer Ashton and Nixon resigned from the board on 16 September 2011 and accordingly resigned from the Audit and Risk Management Committee.

The current Board is committed to ensuring it complies with Audit charter given the period of transition of the current Board and intends to re-establish a majority of independent directors on the Audit and Risk Management Committee in the near future.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility of the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit and Risk Management Committee.

When considering the Audit and Risk Committee's review of financial reports, the Board receives a written statement, signed by the Managing Director (CEO), and the Chief Financial Officer (CFO), that the company's financial report gives a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards.

The audit committee is also responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year review.

INDEPENDENT PROFESSIONAL ADVICE

The Directors may obtain independent professional advice, at the expense of the Company, on matters arising in the course of their duties after obtaining approval from the Chairman. Each Director has the right to access to all relevant company records.

ETHICAL STANDARDS

All employees and Directors are required to meet high standards of ethical business practice and act with the utmost integrity and objectivity at all times. The Company has developed a Code of Conduct which applies to all Directors, employees and consultants. In summary, the code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. The Company has implemented a Share Trading Policy to outline permitted trading in Company securities by Directors, employees and consultants. Specifically, the Company prohibits entering into transactions that limit economic risks related to unvested share-based payments. A copy of both the Code of Conduct and the Share Trading Policy is located at the Company website.

CORPORATE GOVERNANCE

CONTINUOUS DISCLOSURE

Since year end, the Company has established a Continuous Disclosure Policy, a copy of which can be found on the website. Prior to then, there were no written policies and procedures on information disclosure that focus on continuous disclosure as the size of the business activities have not warranted written policies.

The Company Secretary is responsible for the overall administration of this Policy. The Company Secretary is responsible for determining what information is to be disclosed. Where there is doubt as to whether certain information should be disclosed, the Company Secretary will discuss the issue with senior executives, and if necessary, seek external advice.

In particular, the Company Secretary is responsible for:

- ensuring that the Company is compliant with its continuous disclosure obligations;
- all communications with the ASX;
- reviewing proposed external announcements, and consulting with appropriate members of the Board, senior executives and/or external advisers as necessary;
- reporting on continuous disclosure issues regularly to the Board of the Company;
- keeping a record of all ASX and other announcements that the Company has made;
- monitoring the effectiveness of the Policy, including the understanding by employees in general of the principles and spirit of continuous disclosure; and
- regularly reviewing this Policy for legislative changes or development of best practice, and communicating any amendments to the employees.

COMMUNICATION WITH SHAREHOLDERS

The Company does not at this time maintain a written policy on communications. The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- any information concerning Brockman which would have a material effect on the price or value of the Company's shares is immediately notified to the Australian Securities Exchange in accordance with the Exchange's listing rules, and;
- half year reviewed financial statements prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 will be lodged with the Australian Securities Exchange and the Australian Securities and Investments Commission. The financial statements are sent to any shareholder who requests them, and;
- the Annual Report is distributed to all shareholders unless the shareholder has requested not to receive it. The Board ensures that the Annual Report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future developments in addition to the other disclosures required by the Corporations Act 2001, and;
- in accordance with ASX Listing Rules and Australian Securities and Investments Commission requirements, proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders, and;
- the Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Board's strategies and goals. Important issues are presented to the shareholders as a single resolution. The Board is responsible to the shareholders and the shareholders are responsible for voting on the appointment of Directors, and;
- all relevant market announcements and broader company information can be accessed through the Company's website.

RISK AND CONTROL COMPLIANCE

The Board's oversight role is governed by Brockman's Risk Management Policy, Framework and Standard.

The Framework provides that the Board is responsible to:

- approve risk tolerance and criteria;
- communicate the overall risk profile of the business; and
- review and provide management feedback on material business risks and their management.

"Material" risks are determined according to whole of business risk and risk tolerance criteria contained in the Standard.

The Board has required management to report to it on whether material business risks are being managed effectively. "Effectiveness" is determined during workshop based risk reviews against risk and control effectiveness criteria.

CORPORATE GOVERNANCE

The Directors participated in two strategic risk reviews during 2010/2011 to provide the Director's experience and insight into the evaluation of material risks and control actions and to gain insight into management controls.

The directors have received and considered the financial statement and risk management certification from the Chief Executive Officer and the Chief Financial Officer in accordance with the Principles relating to financial reporting and the management of Brockman's material risks.

Management Report on Risk Management Programme

Activity

Brockman's Risk Management Framework provides that personnel, including senior and project management and relevant external experts shall participate in regular, scheduled workshop based risk reviews, during which Material risks and related controls are identified and evaluated.

Brockman is committed to progressively undertaking a range of risk reviews in our project, operations and corporate functions to ensure business, sustainability and resilience risks are evaluated, adequately controlled and communicated to relevant stakeholders.

Since 2009, Brockman has maintained a structured risk management programme focused on identifying, analysing and controlling material risks associated with our Marillana Iron Ore Project. Our risk management programme has been integrated with our project schedule so that financial, safety, compliance, environmental and other risks are appropriately re evaluated as the project progresses through each study phase, the business environment changes and new information is obtained.

During 2010/2011 the risk management programme has been expanded to address strategic, corporate and commercial risks. During the reporting period, the Board has participated with senior management in reviews of strategic risks and separately of commercial risks associated with Brockman's preferred option for port and rail. A comprehensive project HSE risk management programme has focused on design, construction and operability risks associated with the project plant and infrastructure.

Our focus for 2011/2012 will be in extending our programme to all corporate functions, further project and commercial and compliance risk reviews as well as operational readiness risk reviews to facilitate preparation for operations.

Responsibility

Brockman's Risk Management Framework allocates roles and responsibilities and an organisational structure governs lines of communication, authority and reporting. The Framework provides that nominated risk and control owners have responsibility for implementing required further actions to improve controls over material risks, and this is the subject of management review and audit.

Reporting

Management has reported to the Board on material strategic, corporate, and commercial and project risks associated with our Marillana Iron Ore Project. Risk and control reporting to the Board is undertaken periodically, following risk reviews in which material risks are identified and evaluated.

DEPARTURES FROM THE PRINCIPLES OTHER THAN DISCLOSED ABOVE

Brockman has not early adopted any of the ASX Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition.

DIRECTORS' REPORT

Your directors submit their report together with the consolidated financial report of Brockman Resources Limited ("Brockman" or "the Company"), being the Company and its subsidiaries (together referred to as "the Group"), and the Group's interest in jointly controlled entities for the financial year ended 30 June 2011 and the auditor's report thereon.

1. DIRECTORS

The names and details of the Company's Directors during the whole of the financial year and up to the date of this report are as follows:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Barry Cusack *BE (Hons), M Eng Sci, FTSE, FAusIMM, FAIM, MAICD* Independent, Non-Executive Chairman	Mr Cusack was appointed on 10 June 2010 and is one of Australia's most accomplished mining executives, with over 40 years of experience in the minerals industry including a lengthy and distinguished career spanning several decades with the Rio Tinto (previously CRA Limited) group. Mr Cusack has held a number of key executive roles with Rio Tinto, including Managing Director of HiSmelt Corporation in the early 1990's, Managing Director Operations with Hamersley Iron from 1993 to 1997, and Managing Director of Rio Tinto Australia until 2001. He has also held numerous high profile Board positions including Chairman of Coal and Allied Industries Limited (1997-2002), Chairman of Bougainville Copper Limited (1997-2003), Chairman of Energy Resources Australia Limited (1997-2003), Director of Smorgon Steel Group Limited (2002-2007) and Chairman of Oz Minerals Limited (2002-April 2002). He is currently Deputy Chairman of Macmahon Holdings Limited (since 2002) and Non-Executive Director of Toll Holdings Limited (since 2007) and previously president of the Minerals Council of Australia and the WA Chamber of Minerals and Energy, of which he is a Life Member.
Mr Ross Norgard *FCA* Non-Executive Deputy Chairman	Mr Norgard is a chartered accountant and former Managing Director of KMG Hungerfords and its successor firms in Perth, Western Australia. For the past 30 years he has worked extensively in the fields of raising venture capital and the financial reorganisation of businesses. He has held numerous positions on industry committees including past Chairman of the Western Australian Professional Standards Committee of the Institute of Chartered Accountants, a current member of the National Disciplinary Committee, a former member of Lionel Bowens National Corporations Law Reform Committee, Chairman of the Duke of Edinburghs Awards Scheme and a former member of the University of Western Australia's Graduate School of Management (MBA programme). Mr Norgard is also a Director of Ipernica Limited (Chairman since 1987) and was a director or Ammtec Ltd from 1994 to November 2010.

DIRECTORS' REPORT

1. DIRECTORS (continued)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Wayne Richards *BSc, Grad Dip of Management, GAICD* Managing Director	Mr Richards has over 25 years experience in the mining and mineral processing industry, with extensive experience in the development and operation of nickel/cobalt and iron ore businesses. He commenced his career at Queensland Nickel Pty Ltd in 1985 and moved to Western Australia in 1997 as the Refinery Manager of the Murrin Murrin Nickel-Cobalt Project. He has involved in the design, construction, commissioning and ramp-up of several significant Brownfield and Greenfield Projects within Australia. Prior to joining the Company, Mr Richards fulfilled senior executive roles within BHP Billiton Iron Ore Pty Ltd. Mr Richards has been the Managing Director of Brockman for the past four years and has been instrumental in the development of the Marillana Iron Ore Project.
Mr Colin Paterson *BSc (Hons)* Executive Director	Mr Paterson has over 25 years experience in the resources sector covering a diverse range of geological environments throughout Australia, but principally in iron ore, gold and nickel exploration in the Pre-Cambrian of Western Australia. He has extensive experience in the technical supervision of exploration projects; resource development, project generation and project evaluations. Mr Paterson was a founding Director of Brockman and previously held the position of Principal Geologist with Asarco Australia Ltd and held a similar position with Mining Project Investors Pty Ltd (subsequently MPI Mines Limited).
Mr Ross Ashton *BSc AUSIMM* Independent, Non-Executive Director	Mr Ashton has been involved in the exploration, consulting, financing and development of international mining projects since 1972 and is a founding Director of Brockman Resources Limited. Since 2010 Mr Ashton is a Non-Executive Director of PMI Gold Corporation and was a Director of GB Energy from 2004 to August 2010.
Mr J David Nixon *BSc Eng, MAICD* Independent, Non-Executive Director	Mr Nixon has over 40 years experience in the mining and construction industries in Australia, Canada, Indonesia, New Zealand, and South Africa. His initial training was with De Beers in the diamond mining industry in South Africa. Mr Nixon was founding executive of Signet Engineering in 1990, and was a Director of that company until its acquisition by Fluor Australia in 1996. From 2001 to 2004, Mr Nixon was project director of Fluor/SKM joint venture for the $1.0B BHP Billiton Iron Ore Asset Development projects, comprising the new Area C mine, extension of the rail from Yandi to Area C, and the expansion of the port facilities at Port Hedland. Between May 2006 and February 2007 Mr Nixon was a Non-Executive Director of Atlas Iron Limited, and Non-Executive Chairman from February 2007 until November 2008. Mr Nixon is currently a Non-Executive Director of Swick Mining Services Limited and of Moly Mines Limited. He also consults to MYR Consulting in the resources industry in Western Australia.

DIRECTORS' REPORT

1. DIRECTORS (continued)

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Warren Beckwith *FCA, FHKCPA, FTIA, FHKTI, FAICD* Non-Executive Director – appointed 17 June 2011	Mr Beckwith is a director of a corporate advisory group with Perth and Hong Kong offices. Mr Beckwith has business management experience in Australia, London and Hong Kong in various industries including mining, petroleum, property and technology development. Mr Beckwith has many years' experience as a Partner in international firms within Australia and overseas. Currently, he is a director and chairman of the audit committee of China Properties Group Limited (a Hong Kong-listed property company), a Director of Gondwana Resources Limited (an ASX-listed junior explorer) and Wah Nam International Australia Pty Ltd, a subsidiary of Wah Nam. Mr Beckwith's term of office, in accordance with the provision of the Constitution, is to expire at the Annual General Meeting of the Company to be held in November 2011.
Mr Hendrianto Tee *BA* Non-Executive Director – appointed 17 June 2011	Mr Tee is the Chief Investment Officer of Wah Nam. Mr Tee has worked for various international financial institutions, with a main focus on debt capital markets, including UBS AG, Chinatrust Commercial Bank and Fleet Financial Group (now Bank of America). Most recently, Mr Tee was a corporate finance executive at the Indonesian arm of Charoen Pokphand Group. Mr Tee's term of office, in accordance with the provision of the Constitution, is to expire at the Annual General Meeting of the Company to be held in November 2011.

Directors were in office for this entire period unless otherwise stated.

Tara A Robson *BA (Accounting) CPA (USA)* Company Secretary	Ms Robson was appointed to the position of Company Secretary on 7 July 2005. For the previous nine years, Ms Robson has held the role of Company Secretary for two additional ASX listed entities. Prior to that Ms Robson was a Senior Audit Manager with Deloitte Touche Tohmatsu. In her nine year career with this group, five of which were in the United States, Ms Robson was responsible for a client base consisting primarily of mining and exploration companies.

DIRECTORS' REPORT

2. DIRECTORS' MEETINGS

The number of directors' meetings (including of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings		Nomination and Compensation Committee Meetings	
	A	B	A	B	A	B
B Cusack	18	18	–	–	–	–
R Norgard	18	18	2	2	3	4
W Richards	18	18	–	–	–	–
C Paterson	18	18	–	–	–	–
R Ashton	17	18	–	2	4	4
JD Nixon	17	18	2	2	4	4
W Beckwith[1]	–	–	–	–	–	–
H Tee[1]	–	–	–	–	–	–

A – Number of meetings attended   B – Number of meetings held during the time the director held office during the year.
[1] Messers Beckwith and Tee were appointed on 17 June 2011.

3. PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the acquisition, exploration and development of mineral tenements currently in Australia. There were no other significant changes in the nature of the activities of the Group during the year.

4. REVIEW AND RESULTS OF OPERATIONS

The Group continued exploration and evaluation activities on its mineral tenements within Australia. The main focus of activities was the finalisation of the Definitive Feasibility Study, progress of approvals and Front End Engineering and Design for the Marillana Iron Ore Project ("Marillana Project").

The net amount of the loss for the year ended 30 June 2011 after provision for income tax was $40,806,562 (2010: Loss: $24,238,517). At 30 June 2011 the Group's unrestricted cash balance was $53,506,681 (30 June 2010: $84,233,523) and there was no debt.

5. DIVIDENDS

No dividend has been paid or declared by the Company during the financial year ended 30 June 2011 and the Directors do not recommend the payment of a dividend in respect of the 30 June 2011 financial year.

DIRECTORS' REPORT

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group that occurred during the financial year under review were:

June 2011	Appointment of Messers Beckwith and Tee as Non-Executive Directors
June 2011	Wah Nam bid closes with 55.3% shareholding in the company
February 2011	Final environmental approval received for the Marillana Project
December 2010	Front End Engineering and Design contract awarded for the Marillana Project
November 2010	Received from Wah Nam International Limited a conditional off-market takeover offer for all the shares in the Company
September 2010	Company delivers positive Marillana Definitive Feasibility Study
September 2010	Company announces Maiden Ore Reserve of 1.05 billion tonnes for Marillana
August 2010	Positive metallurgical results from the Marillana Project sinter test work programme

7. EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any matters or circumstance, other than that referred to in the consolidated financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group intends to continue its current operations of mineral exploration and tenement acquisition with a view to commercial development of discovered or acquired mineral resources.

Likely developments that are included elsewhere in this report or the consolidated financial statements will, amongst other things, depend upon the success of exploration and development programmes and the ability of the Company to source sufficient and suitable funding.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

The Group's cash position as at 30 June 2011 was $53,506,681. The Company will monitor cash resources against expenditure forecasts associated with implementation of its growth strategies and development plans to assess financing requirements. The Company's ability to achieve its Marillana Iron Ore Project development schedule is reliant on its access to appropriate and timely funding.

DIRECTORS' REPORT

9. DIRECTORS' INTEREST

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Brockman Resources Limited	
	Ordinary shares	Options over ordinary shares
B Cusack	–	1,500,000
R Norgard	13,500,000	–
R Ashton	1,094,214	–
JD Nixon	100,000	600,000
W Beckwith	–	–
H Tee	–	–
W Richards[1]	3,000,000	1,500,000
C Paterson[2]	2,933,247	–

[1] W Richards 2,790,000 of shares are subject to the employee loan scheme.
[2] C Paterson 1,450,000 of shares are subject to the employee loan scheme.

Options granted to directors and executives of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors and other key management personnel as part of their remuneration:

Director	Number of options granted	Exercise price	Expiry date
B Cusack	1,500,000	$3.00	31-Aug-14

All options were granted during the financial year. No options have been granted since the end of the financial year.

DIRECTORS' REPORT

10. SHARE OPTIONS

Unissued shares under option

At the date of this report unissued ordinary shares of the Group under option are:

Number of shares	Exercise price	Expiry date	Vesting provisions
250,000	$1.25	21-Apr-13	Fully vested
600,000	$1.30	11-Nov-13	Fully vested
2,100,000	$3.21	15-Jun-14	905,000 vest 1 Sep 2011, balance fully vested
1,500,000	$3.00	31-Aug-14	Fully vested
450,000	$5.85	16-Jan-15	100,000 vest 17 Jan 2012, 150,000 vest 17 Jan 2013, 200,000 vest 17 Jan 2014

All options expire on the earlier of their expiry date or termination of the employee's employment. No option holder has any right under the options to participate in any other share issues of the Company.

Shares issued on exercise of options

During or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of options as follows there are no amounts unpaid on the shares issued other than amounts owing under the limited recourse employee loan scheme. At 30 June 2011 there were 5,166,112 loan shares (30 June 2010: 5,260,000).

Exercise of options	Number of shares	$
Exercise price $0.50	1,000,000	500,000
Exercise price $1.25	900,000	1,125,000
Exercise price $1.30	100,000	130,000
Exercise price $1.70	75,000	127,500
Exercise price $3.21	1,240,000	3,980,400
	3,315,000	**5,862,900**

DIRECTORS' REPORT

11. REMUNERATION REPORT – AUDITED

i. Principles of compensation – audited

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and senior executives for the Group.

Brockman aims to reward the executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to ensure the general level of remuneration and benefits for persons holding similar positions in the mining industry in Western Australia is achieved. The Nomination and Compensation Committee obtains independent salary data and considers the appropriateness of compensation packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Group's compensation strategy. The executive pay and reward framework has three components.

- fixed remuneration;
- short term cash incentives; and
- long term incentive remuneration.

In addition to their salaries, the Group also provides non-cash benefits to its key management personnel.

Fixed compensation

Fixed remuneration consists of base salary which is structured as a total employment cost package which may be delivered as a mix of cash and other benefits at the executives' discretion. In addition to the base salary, the Group provides statutory superannuation. Base salary is based upon data available to the Board to reflect the market for a comparable role.

Remuneration levels are reviewed annually by the Nomination and Compensation Committee through a process that considers employee performance. The committee is able to obtain independent advice, at the Company's expense, as to the appropriateness of remuneration packages and uses this information to perform a peer analysis.

Short-term incentive bonus

In recognition of the significant uncertainty caused by the unsolicited takeover offer from Wah Nam International, the Board approved a short term cash incentive plan. The plan was designed to support the overall remuneration policy by focusing participants on achieving project goals aligned with the Marillana Project deliverables. There are no performance criteria for the current plan other than continued employment at 31 December 2011.

Long term incentive remuneration

Long term incentives to key management personnel are provided by the issuance of options as approved by the shareholders at a general meeting or in accordance with the Brockman Employee Share Option Plan. Options are issued for no consideration.

The purpose of the Brockman Employee Share Option Plan is to:

- recognise the ability and efforts of the employees of the Group who have contributed to the success of the Group;
- provide an incentive to the employees to achieve the long term objectives of the Group and improve the performance of the Group; and
- attract persons of experience and ability to employment with the Group and foster and promote loyalty between the Group and its employees.

DIRECTORS' REPORT

11. REMUNERATION REPORT – AUDITED (continued)

Hedging unvested equity long term incentive remuneration

The Board limits employees from entering into transactions that limit the economic risk of participating in unvested long term incentive remuneration received. Employee Share Option Plan and other option issues are not transferable, transmissible, assignable or chargeable without permission of the Board. Without prior approval, Directors and key management personnel should not enter into agreements that provide lenders with rights over their interest in the Company's shares and options such as the disposal of the Company's shares or options that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement. Directors and key management personnel must receive clearance from the Board prior to entering into such arrangements.

Consequences of performance on shareholders wealth

The Group's activities are currently focused on exploration and evaluation in preparation for future development of its mining properties. As a consequence, Group financial performance does not provide a suitable link to potential shareholder wealth development.

For this reason remuneration policy at this time does not link remuneration to shareholders wealth other than directly through the issue of options. There are no performance conditions attached to the options other than the normal conditions of employment.

Service agreements with Executive Directors

The group has entered into service agreements with Executive Directors Messrs Richards and Paterson. The major provisions are set out below:

Wayne Richards, Managing Director
- Term of agreement, 23 April 2010 continuing until termination;
- Base salary of $550,000 inclusive superannuation from 23 April 2010;
- Termination notice of twelve months by the Company or three months notice by the Executive Director;
- Payment of termination benefit on early termination by the employer, other than for gross misconduct equal to twelve months total remuneration.

Colin Paterson, Executive Director
- Term of agreement, 1 January 2010 continuing until termination;
- Base salary of $300,000 inclusive of superannuation from 1 January 2011;
- Termination notice of six months by the company or three months notice by the Executive Director;
- Payment of termination benefit on early termination by the employer, other than for gross misconduct equal only to the payment made in lieu of six months.

Service agreements with other Executives

Derek Humphry, Chief Financial Officer
- Term of agreement – 2 August 2009 – continuing until termination;
- Base salary of $350,000 inclusive of superannuation from 1 January 2011;
- Termination notice of three months by either party which the Company may elect to provide payment in lieu of service other than for serious misconduct.

Tara Robson, Company Secretary
- Base salary of $130 per hour;
- Termination notice of one month by either party other than for serious misconduct.

Paul Bartlett, General Manager – Project Development
- Term of agreement, 21 April 2008 – continuing until termination;
- Base salary of $450,000 inclusive of superannuation from 1 January 2011;
- Termination notice of three months by either party which the Company may elect to provide payment in lieu of service other than for serious misconduct.

11. REMUNERATION REPORT – AUDITED (continued)

ii. Directors' and executive officers' remuneration – audited

Details of the nature and amount of each major element of remuneration of each director and other key management personnel of the consolidated entity are:

		Short-term				Post-employment		Share-based payments			
		Salary and fees $	STI cash bonus $	Non-monetary benefits $	Total $	Superannuation benefits $	Termination benefits $	Options and rights [3, 5] $	Total $	Value of options as proportion of remuneration %	Proportion of remuneration performance related $
Non-Executive Directors											
B Cusack	2011	128,440	–	–	128,440	11,560	–	2,756,700	2,896,700	95%	–
	2010	7,410	–	–	7,410	667	–	–	8,077	0%	–
R Norgard	2011	85,000	–	–	85,000	7,650	–	–	92,650	0%	–
	2010	60,000	–	–	60,000	5,400	–	–	65,400	0%	–
R Ashton	2011	70,000	–	–	70,000	6,300	–	–	76,300	0%	–
	2010	40,000	–	–	40,000	3,600	–	–	43,600	0%	–
JD Nixon	2011	70,000	–	–	70,000	6,300	–	269,233	345,533	78%	–
	2010	40,000	–	–	40,000	3,600	–	1,146,221	1,189,821	96%	–
W Beckwith [2, 4]	2011	–	–	–	–	–	–	–	–	0%	–
	2010	–	–	–	–	–	–	–	–	0%	–
H Tee [2, 4]	2011	–	–	–	–	–	–	–	–	0%	–
	2010	–	–	–	–	–	–	–	–	0%	–
Executive Directors											
W Richards	2011	525,000	–	–	525,000	24,988	–	660,065	1,210,053	55%	–
	2010	461,501	–	–	461,501	20,999	–	2,007,613	2,490,113	81%	–
C Paterson	2011	255,963	–	–	255,963	23,037	–	176,017	455,017	39%	–
	2010	236,697	–	–	236,697	21,303	–	553,643	811,643	68%	–
Executives											
D Humphry	2011	286,250	–	–	286,250	24,999	–	315,684	626,934	50%	–
	2010	229,167	–	–	229,167	20,625	–	229,610	479,402	48%	–
T Robson	2011	137,084	–	–	137,084	–	–	43,454	180,538	24%	–
	2010	100,851	–	–	100,851	–	–	132,496	233,347	57%	–
P Bartlett	2011	373,853	–	–	373,853	33,647	–	324,209	731,709	44%	–
	2010	334,862	–	–	334,862	30,138	–	696,153	1,061,153	66%	–
J Greive [1]	2011	208,333	–	–	208,333	19,614	9,603	259,199	496,749	52%	–
	2010	250,000	–	–	250,000	22,500	–	257,043	529,543	49%	–
TOTAL	**2011**	**2,139,923**	**–**	**–**	**2,139,923**	**158,095**	**9,603**	**4,804,561**	**7,112,182**	**68%**	**–**
REMUNERATION	**2010**	**1,760,488**	**–**	**–**	**1,760,488**	**128,832**	**–**	**5,022,779**	**6,912,099**	**73%**	**–**

DIRECTORS' REPORT

11. REMUNERATION REPORT – AUDITED (continued)

Notes in relation to the table of directors' and executive officers' remuneration – audited

[1] J Greive resigned on the 29 April 2011.
[2] Messrs Beckwith and Tee were appointed to the Board on 17 June 2011.
[3] The fair value of the options is calculated at the date of grant using a Binomial pricing model, and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period. Market conditions have been taken into account within the valuation model.
[4] Messrs Beckwith and Tee will be remunerated at levels commensurate with other non executive directors subject to shareholder approval.
[5] The Wah Nam International Limited takeover offer during this financial year resulted in acceleration of vesting.

iii. Options and rights over equity instruments granted as compensation – audited

Details of options over ordinary shares in the Company that were granted as compensation to each director or other key management person during the reporting period or future reporting periods and details on options that vested during the reporting period are as follows:

	Vested #	Granted #	Grant date	Fair value per option at grant date	Exercise price per option	Expiry date	First exercise date
Non-Executive Director							
B Cusack	750,000	750,000	1-Sep-10	$1.79	$3.00	31-Aug-14	1-Sep-10
	750,000	750,000	1-Sep-10	$1.88	$3.00	31-Aug-14	15-Jun-11
JD Nixon	500,000	–	12-Nov-09	$1.42	$1.30	11-Nov-13	21-Dec-10
Executive Director							
W Richards	1,000,000	–	2-Jul-07	$0.31	$0.50	1-Jul-12	2-Jul-10
	750,000	–	27-May-10	$0.38	$3.21	15-Jun-14	1-Jul-10
	750,000	–	27-May-10	$0.95	$3.21	15-Jun-14	10-Nov-10
C Paterson	200,000	–	27-May-10	$0.38	$3.21	15-Jun-14	1-Jul-10
	200,000	–	27-May-10	$0.95	$3.21	15-Jun-14	10-Nov-10
Other Key Management Personnel							
D Humphry	100,000	–	3-Aug-09	$0.79	$1.25	3-Aug-13	3-Aug-10
	350,000	–	3-Aug-09	$0.79	$1.25	3-Aug-13	10-Nov-10
	150,000	–	31-May-10	$0.34	$3.21	15-Jun-14	1-Jul-10
	150,000	–	31-May-10	$0.93	$3.21	15-Jun-14	10-Nov-10
T Robson	50,000	–	31-May-10	$0.34	$3.21	15-Jun-14	1-Jul-10
	50,000	–	31-May-10	$0.93	$3.21	15-Jun-14	10-Nov-10
P Bartlett	250,000	–	6-Mar-08	$1.56	$1.25	20-Apr-13	21-Apr-11
	250,000	–	31-May-10	$0.34	$3.21	15-Jun-14	10-Nov-10
	250,000	–	31-May-10	$0.93	$3.21	15-Jun-14	10-Nov-10
J Greive	450,000	–	14-May-09	$0.66	$1.25	10-May-13	10-Nov-10
	100,000	–	31-May-10	$0.34	$3.21	15-Jun-14	1-Jul-10
	100,000	–	31-May-10	$0.93	$3.21	15-Jun-14	10-Nov-10

DIRECTORS' REPORT

11. REMUNERATION REPORT – AUDITED (continued)

iii. Options and rights over equity instruments granted as compensation – audited (continued)

Options granted carry no dividend or voting rights and expire on the earlier of their expiry date or termination of the individual's employment.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant date	Option life	Fair value per option	Exercise price	Price of shares at grant date	Expected volatility	Risk free rate	Dividend yield
1-Sep-10	4 years	$1.7939	$3.00	$3.02	90%	4.47%	–
1-Sep-10	4 years	$1.8817	$3.00	$3.02	92%	4.50%	–

The options were provided at no cost to the recipients. No share options have been granted since the end of the financial year.

iv. Modification of terms of equity-settled share based payment transactions – audited

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period other than where employee options have been exercised utilising the Employee Loan Scheme ("ELS") as approved by shareholders at the November 2008 Annual General Meeting. During the year 2,160,000 options were exercised utilising the ELS resulting in the issue of 2,160,000 loan shares. Interest is charged on the loans at statutory rates. Under the terms of the ELS the Company retains security over the Loan shares until the associated loan amount and related interest is repaid. At 30 June 2011 5,166,112 (2010: 5,260,000) Loan shares remained under the ELS. Due to the limited recourse nature of the ELS the Loan, accrued interest and the Loan shares contribution to equity are not recorded.

For the purposes of AASB 2 Share Based Payments, the ELS are considered, in substance, to provide a modification to the underlying option. As a result AASB 2 requires a valuation of the ELS option compared to the valuation of the underlying share option at the time the ELS was utilised. Any additional fair value associated with the modification is then expensed in the period incurred. During the period, 24 instances of ELS modifications were identified which provided additional fair value and accordingly an additional expense of $377,865 was recognised. Of this amount $144,260 related to Mr Paterson, $25,235 related to Mr Humphry, $86,375 related to Mr Bartlett and $39,500 related to Mr Greive.

DIRECTORS' REPORT

11. REMUNERATION REPORT – AUDITED (continued)

iv. Modification of terms of equity-settled share based payment transactions – audited (continued)

The following factors and assumptions were used in determining the additional fair value of options at modification date ("Loan Grant Date"):

Loan grant date	Share price at loan grant date	Exercise price of share option	Risk free rate	Expected volatility	Expected life of share option (years)	Expected life of loan (years)	Value per share option	Value per loan option	Fair value of modification per option
8-Oct-10	$3.74	$3.21	4.70%	58%	0.9	1.5	$0.53	$1.23	$0.70
8-Oct-10	$3.74	$3.21	4.70%	58%	–	1.5	$1.14	$1.23	$0.09
26-Oct-10	$4.14	$3.21	4.80%	58%	–	1.5	$0.93	$1.52	$0.59
26-Oct-10	$4.14	$3.21	4.80%	58%	0.8	1.5	$1.42	$1.52	$0.10
26-Oct-10	$4.14	$3.21	4.80%	58%	–	1.5	$0.93	$1.52	$0.59
26-Oct-10	$4.14	$3.21	4.80%	58%	0.8	1.5	$1.42	$1.52	$0.10
21-Dec-10	$4.97	$3.21	5.00%	60%	–	1.5	$1.76	$2.22	$0.46
21-Dec-10	$4.97	$3.21	5.00%	60%	0.7	1.5	$2.00	$2.22	$0.23
23-Dec-10	$4.87	$3.21	5.00%	60%	–	1.5	$1.66	$2.14	$0.48
23-Dec-10	$4.87	$3.21	5.00%	60%	0.7	1.5	$1.90	$2.14	$0.24

v. Exercise of options granted as compensation – audited

During the reporting period, the following shares were issued on the exercise of options previously granted as compensation:

	Options expiry date	Exercise price per share	# of shares issued
Directors			
JD Nixon	11-Nov-13	$1.30	100,000
W Richards [1]	01-Jul-12	$0.50	1,000,000
C Paterson [2]	15-Jun-14	$3.21	400,000
Executives			
D Humphry [3]	15-Jun-14	$3.21	100,000
	02-Aug-13	$1.25	450,000
T Robson	11-Nov-13	$1.70	75,000
P Bartlett [4]	15-Jun-14	$3.21	250,000
J Greive	15-Jun-14	$3.21	200,000
	10-May-13	$1.25	450,000

[1] W Richards 790,000 of shares are subject to the Employee Loan Scheme.
[2] C Paterson 400,000 of shares are subject to the Employee Loan Scheme.
[3] D Humphry 280,000 of shares are subject to the Employee Loan Scheme.
[4] P Bartlett 250,000 of shares are subject to the Employee Loan Scheme.

DIRECTORS' REPORT

11. REMUNERATION REPORT – AUDITED (continued)

vi. Analysis of options and rights over equity instruments granted as compensation – audited

Details of vesting profiles for the current and future years of the options granted as remuneration to each key management person of the Group are detailed below.

	Options granted		% vested in year	% Forfeited in year	Financial years in which grant vests
	Number	Date			
Directors					
B Cusack	1,500,000	1-Sep-10	100%	–	Fully vested
JD Nixon	500,000	12-Nov-09	100%	–	Fully vested
W Richards	1,000,000	2-Jul-07	100%	–	Fully vested
	1,500,000	27-May-10	100%	–	750,000 vest on 1 Sep 2011 [1]
C Paterson	400,000	27-May-10	100%	–	Exercised in period
Executives					
D Humphry	450,000	3-Aug-09	100%	–	Fully vested
	300,000	31-May-10	100%	–	80,000 vest on 1 Sep 2011 [1]
T Robson	100,000	31-May-10	100%	–	50,000 vest on 1 Sep 2011 [1]
P Bartlett	250,000	6-Mar-08	100%	–	Fully vested
	500,000	31-May-10	100%	–	Fully vested
J Greive	200,000	31-May-10	100%	–	Fully vested
	450,000	14-May-09	100%	–	Fully vested

[1] Under the terms of the Employee Share Option Plan, all options vested during the period as a result of the Wah Nam International Limited take over. The impact is recorded in the Statement of Comprehensive Income. Subsequent to the closure of the bid certain options have reverted to the original conditions.

DIRECTORS' REPORT

11. REMUNERATION REPORT – AUDITED (continued)

vii. Analysis of movements in options – audited

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person is detailed below:

	Granted in year $ (A)	Value of options exercised in year $ (B)	Lapsed in year $ (C)
B Cusack	2,756,700	–	–
JD Nixon	–	273,000	–
W Richards	–	3,650,500	–
C Paterson	–	664,000	–
D Humphry	–	1,608,200	–
T Robson	–	183,000	–
P Bartlett	–	440,000	–
J Greive	–	1,903,000	–

(A) The value of options granted in the year is the fair value of the options calculated using the Binomial pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(B) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

(C) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using the Binomial pricing model assuming the performance criteria had been achieved.

12. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The Company has agreed to indemnify each of the Directors from liabilities incurred while acting as a director and to grant certain rights and privileges to the Director to the extent permitted by law. The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate incurred any expense in relation to the indemnification.

Insurance premiums

The Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company or a controlled entity in the Group, other than conduct involving a wilful breach of duty in relation to the Group. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

13. ENVIRONMENTAL REGULATION AND PERFORMANCE

In the course of its normal mining and exploration activities the Group promotes an environmentally responsible culture and adheres to environmental regulations of the Department of Mines and Petroleum, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements up to the date of this report.

DIRECTORS' REPORT

14. PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

15. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has not performed any other services in addition to their statutory duties as auditor.

16. LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration forms part of the Directors' Report and are set out on the following page.

Signed in accordance with a resolution of the Directors.

Wayne Richards
Managing Director

29 August 2011

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Brockman Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Graham Hogg
Partner

Perth

29 August 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	2011 $	2010 $
Assets			
Cash and cash equivalents	11	53,506,681	84,233,523
Trade and other receivables	9	1,352,478	783,496
Financial assets		–	110,000
Total current assets		**54,859,159**	**85,127,019**
Property, plant and equipment	8	278,999	324,099
Other	10	322,410	308,410
Total non-current assets		**601,409**	**632,509**
Total assets		**55,460,568**	**85,759,528**
Liabilities			
Trade and other payables	16	3,766,303	3,805,081
Provisions	15	318,365	198,980
Total current liabilities		**4,084,668**	**4,004,061**
Provisions	15	70,141	99,546
Total non-current liabilities		**70,141**	**99,546**
Total liabilities		**4,154,809**	**4,103,607**
Net assets		**51,305,759**	**81,655,921**
Equity			
Share capital	12	133,304,408	128,640,442
Reserves		13,604,437	7,812,003
Retained earnings		(95,603,086)	(54,796,524)
Total equity		**51,305,759**	**81,655,921**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
Other income		118,250	110,000
Exploration and evaluation expenditure		(32,980,253)	(19,941,343)
Administration expenditure			
– general		(6,481,721)	(3,351,816)
– share-based payments transactions	14	(5,792,434)	(5,477,921)
Results from operating activities		**(45,136,158)**	**(28,661,080)**
Finance income	6	4,439,596	4,422,563
Finance cost	6	(110,000)	–
Net finance income		**4,329,596**	**4,422,563**
Loss before tax		**(40,806,562)**	**(24,238,517)**
Income tax (expense)/benefit		–	–
Loss for the year attributable to owners of the Company		**(40,806,562)**	**(24,238,517)**
Other comprehensive income for the year, net of tax		**–**	**–**
Total comprehensive income for the year attributable to owners of the Company		**(40,806,562)**	**(24,238,517)**
Loss per share (cents per share)			
Basic and diluted loss per share	13	(30.10)	(18.00)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Issued Capital $	Accumulated Losses $	Equity Compensation Reserve $	Total $
At 1 July 2009	**127,171,094**	**(30,558,007)**	**2,334,082**	**98,947,169**
Total comprehensive income for the year				
Loss	–	(24,238,517)	–	(24,238,517)
Total comprehensive income for the year	**–**	**(24,238,517)**	**–**	**(24,238,517)**
Transactions with owners, recorded directly in equity				
Share issue costs recognied directly in equity	(26,152)	–	–	(26,152)
Share issue proceeds	1,495,500	–	–	1,495,500
Share-based payment transactions	–	–	5,477,921	5,477,921
Total contributions by and distributions to owners	**1,469,348**	**–**	**5,477,921**	**6,947,269**
Balance at 30 June 2010	**128,640,442**	**(54,796,524)**	**7,812,003**	**81,655,921**
Total comprehensive income for the year				
Loss	–	(40,806,562)	–	(40,806,562)
Total comprehensive income for the year	**–**	**(40,806,562)**	**–**	**(40,806,562)**
Transactions with owners, recorded directly in equity				
Share issue costs recognied directly in equity	(15,368)	–	–	(15,368)
Share issue proceeds	4,679,334	–	–	4,679,334
Share-based payment transactions	–	–	5,792,434	5,792,434
Total contributions by and distributions to owners	**4,663,966**	**–**	**5,792,434**	**10,456,400**
Balance at 30 June 2011	**133,304,408**	**(95,603,086)**	**13,604,437**	**51,305,759**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(39,536,381)	(22,681,602)
Interest received		4,254,830	4,581,592
Net cash flows used in operating activities	11	**(35,281,551)**	**(18,100,010)**
Cash flows from investing activities			
Proceeds from sale of investments		69,959	–
Acquisition of property, plant and equipment		(165,216)	(205,082)
Net cash flows used in investing activities		**(95,257)**	**(205,082)**
Cash flows from financing activities			
Proceeds from issue of share capital		4,679,334	1,495,500
Payment of share issue costs		(15,368)	(26,152)
Movement of restricted cash		(14,000)	200,483
Net cash flows from financing activities		**4,649,966**	**1,669,831**
Net decrease in cash held		(30,726,842)	(16,635,261)
Add opening cash brought forward		84,233,523	100,868,784
Cash and cash equivalents at 30 June	11	**53,506,681**	**84,233,523**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1. Reporting entity

Brockman Resources Limited ("Brockman" or "the Company") is a company domiciled in Australia. The address of the Company's registered office is Level 1, 117 Stirling Highway, Nedlands, Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as "Consolidated" or the "the Group"). The Group primarily is involved in the acquisition, exploration, and development of mineral tenements currently in Australia.

2. Basis of preparation

a. Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 29 August 2011.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

d. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in note 14, measurement of share based payments.

e. Changes in accounting policies

i) Presentation of transactions recognised in other comprehensive income

From 1 July 2010 the Group has applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2010-4, further amendments to Australian Accounting Standards arising from the Annual Improvements Project. The change in accounting policy only relates to disclosures and had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and allow the Group to disclose transactions recognised in other comprehensive income.

f. Removal of parent entity financial statements

The Group has applied amendments to the Corporations Act 2001 that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities; unless otherwise stated.

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of Brockman (the "Company" or "Parent Entity") and its subsidiaries as at 30 June each year.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii) Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Financial instruments

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

i) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

3. Significant accounting policies (continued)

b. Financial instruments (continued)

ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise other receivables and cash and cash equivalents (cash balances and bank deposits). They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

iv) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash, net of outstanding bank overdrafts.

v) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

c. Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment for 2011 as follows:

- plant and equipment 3 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

3. Significant accounting policies (continued)

d. Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to profit or loss.

e. Employee benefits

Share-based payment transactions

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The cost of these equity-settled transactions with participants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Brockman ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

a. the extent to which the vesting period has expired; and
b. the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at the time. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

3. Significant accounting policies (continued)

f. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

i) Short and long term employee benefits

Provision is made for amounts expected to be paid to employees of a controlled entity in respect of their entitlement to annual leave and long service leave arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year arising from wage and salaries and annual leave have been measured at the rates of pay expected when the liability is expected to be settled. Long service leave entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Employee benefits expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits are recognised against profits on a net basis in their respective categories.

ii) Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised if land is contaminated.

g. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

h. Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets.

i. Exploration and evaluation costs

The Group has a policy of expensing all exploration and evaluation expenditure, except for acquisition of tenement costs, in the financial year in which it is incurred, unless its recoupment out of revenue to be derived from the successful development of the prospect, or from sale of that prospect, is assured beyond reasonable doubt.

j. Trade payables and accrued expenses

Trade payables and accrued expenses are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services and is measured initially at fair value and subsequently at its amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

3. Significant accounting policies (continued)

k. Income tax

Deferred tax is recognised using the balance sheet method providing for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available aginst which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted to substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

The Company and its 100% owned subsidiaries are a tax consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity of the tax consolidated group is Brockman Resources Limited.

l. Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as oart of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

3. Significant accounting policies (continued)

m. Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise of share options granted to employees.

n. Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Given the current status and level of the Group's operations, there was no change to the presentation and disclosure of operating segments as a result of adopting the new standard and there was no impact on earnings per share.

o. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 Financial Instruments, which becomes mandatory for the Group's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

4. Financial risk management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of directors on its activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

i) Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. During the year ended 30 June 2011 the Group focused it investment of its cash resources on short term deposits, seeking to maximise return from these standard banking investments, but minimising term exposure to individual institutions. In addition, the Group aimed to spread its deposits between three or more Australian banks to spread individual institutional risk.

ii) Other receivables

As the Group operates primarily in exploration activities, its other receivables are primarily receivables from joint venture parties, GST refundable and interest receivable. The Group chooses to joint venture only with reputable partners and therefore reduces the exposure to credit risk in relation to such receivables. There were no significant concentrations of credit risk on the balance sheet at the end of the financial year.

Other receivables consist primarily of GST refundable from the Australian Taxation Office and interest due on the Group's term deposits. Given the acceptable credit ratings of both parties, management does not expect either party to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring acceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

4. Financial risk management (continued)

Currency risk

The Group is not exposed to currency risk as at the reporting date the Group holds no financial assets or liabilities denominated in foreign currency.

Interest rate risk

The Group is exposed to interest rate risk (primarily on cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short-term deposits at fixed interest rates maturing at the end of each term to minimise exposure to interest rate volatility.

Other market price risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial asset and liabilities are subject to minimal commodity price risk.

Capital management

The Group's objectives when managing capital are safeguarding the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to increase cash. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

The Group's net debt to adjusted equity ratio at the end of the reporting date was as follows:

	2011 $	2010 $
Total liabilities	4,154,809	4,103,607
Less: cash and cash equivalents	53,506,681	84,233,523
Net asset	**49,351,872**	**80,129,916**
Total equity	51,305,759	81,655,921
Net debt to equity rate at 30 June	**0.962**	**0.981**

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

5. Expenses

	2011 $	2010 $
(a) Employment expenses		
Wages and salaries	3,468,628	2,877,067
Superannuation	288,831	233,985
Fringe benefits tax	8,242	7,142
Payroll tax	218,122	210,993
Temporary staff	264,144	249,918
Share based payments	5,792,434	5,477,921
Other employment expenses	238,018	185,045
	10,278,419	**9,242,071**
(b) Other expenses		
Rental expenses on operating leases	352,087	363,199
Depreciation	201,958	93,138
	554,045	**456,337**

6. Finance income and finance costs

Recognised in profit or loss		
Interest income on unimpaired held-to-maturity investments	4,439,596	4,422,563
Finance income	4,439,596	4,422,563
Impairment loss on available-for-sale financial assets	110,000	–
Finance costs	110,000	–
Net finance income recognised in profit or loss	**4,329,596**	**4,422,563**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

7. Income tax expense

	2011 $	2010 $
(a) Major components of income tax (benefit) for the years ended 30 June are:		
Current income tax		
Current income tax benefit	(8,274,809)	(5,208,701)
Provision for prior year	–	–
	(8,274,809)	(5,208,701)
Deferred tax expense		
Origination and reversal of temporary differences	(409,813)	(371,206)
Deferred tax assets not brought to account as realisation is not considered probable	10,357,545	6,231,838
Unders and overs from prior year	(1,672,923)	(651,931)
Income tax expense reported in comprehensive income	–	–
Items related to equity		
Deferred income tax related to items charged or credited directly to equity		
– share issue costs	15,368	26,152
	15,368	**26,152**
(b) A reconciliation of effective tax rate		
Accounting loss before tax	(40,806,562)	(24,238,517)
At statutory income tax rate of 30% (2010: 30%)	(12,241,969)	(7,271,555)
Non-deductible items	1,819,617	48,271
Unders and overs from prior year	(1,672,923)	(651,931)
Share based payments	1,737,730	1,643,377
Deferred tax assets not brought to account as realisation is not considered probable	10,357,545	6,231,838
Income tax expense reported in comprehensive income	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

7. Deferred income tax

	Statement of financial position		Comprehensive income	
	2011 $	2010 $	2011 $	2010 $
(c) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Other	(138,977)	(108,703)	(30,274)	48,108
	(138,977)	**(108,703)**		
Deferred tax assets				
Share raising costs	1,414,047	998,608	371,599	(369,997)
Other	435,023	889,402	68,488	693,095
Income tax losses	23,696,339	13,264,538	–	–
Deferred tax assets not brought to account as realisation is not considered probable	(25,406,432)	(15,043,845)	–	–
Gross deferred tax asset	**138,977**	**108,703**		
Net deferred tax asset	–	–		
Deferred tax expense			**409,813**	**371,206**

Losses

At 30 June 2011, the Group has unrecognised tax losses arising in Australia of $78,987,796 (2010: $44,215,127) that are available indefinitely for offset against future taxable income, subject to the satisfaction of the loss recoupment rules. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The deferred tax relating to losses will only be recognised if:

i. Future assessable income is serviced of a nature and of an amount sufficient to enable the benefit to be realised;
ii. The conditions for deductibility imposed by tax legislation continue to be complied with; and
iii. No changes in tax legislation adversely affect the Group in realising the benefit.

Tax consolidation

Brockman and its 100% owned Australian resident subsidiaries formed a tax consolidated group during the 2006 year. Brockman is the head entity of the tax consolidated group. Members of the Group have entered into a tax funding arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

8. Property, plant and equipment

	2011 $	2010 $
Cost		
Opening balance	576,850	368,315
Additions	165,215	208,535
Disposals	(8,743)	–
Closing balance	**733,322**	**576,850**
Depreciation expense		
Opening balance	(252,751)	(159,613)
Depreciation for the year	(201,958)	(93,138)
Disposals	386	–
Closing balance	**(454,323)**	**(252,751)**
Carrying amounts	**278,999**	**324,099**

9. Trade and other receivables

Goods and services tax receivable	764,469	220,421
Interest receivable	431,448	356,682
Prepayments	67,067	51,057
Other receivables	89,494	155,336
	1,352,478	**783,496**

10. Other

Cash backed performance bond guarantees	322,410	308,410
	322,410	**308,410**

The Group has entered into arrangements with the Group's bank to provide guarantees to the Group's lessor and the Department of Mines and Petroleum. The arrangements are supported by term deposits for the amounts as above which are considered restricted cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

11. Cash and cash equivalents

	2011 $	2010 $
Cash on hand	467	400
Cash at bank	53,506,214	84,233,123
Cash and cash equivalents in the statement of cash flows	**53,506,681**	**84,233,523**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 17.

Reconciliation of cash flows from operating activities

	2011 $	2010 $
Cash flows from operating activities		
Loss for the period	(40,806,562)	(24,238,517)
Adjustments for:		
– gain on sale of investment	(69,959)	–
– depreciation	201,960	93,138
– equity-settled share-based payment transactions	5,792,434	5,477,921
– loss on sale of property, plant and equipment	8,355	–
– change in fair value of financial assets	110,000	(110,000)
	(34,763,772)	**(18,777,458)**
Change in restricted cash	–	(5,726)
Change in receivables	(568,982)	375,424
Change in payables	(38,778)	174,759
Change in provisions and employee benefits	89,981	132,991
Cash generated from operating activities	**(35,281,551)**	**(18,100,010)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

12. Issued capital

	2011	2010
(a) Issued and paid up capital		
Ordinary shares fully paid	133,304,408	128,640,442

		2011		2010	
	Notes	Number	$	Number	$
(b) Movements in shares on issue					
Beginning of the financial year ordinary shares		136,228,151	128,640,442	134,038,151	127,171,094
Beginning of the financial year loan shares		5,260,000	7,424,500	850,000	425,000
Issued during the year		3,315,000	5,862,900	6,600,000	8,495,000
Share issue expenses		–	(15,368)	–	(26,152)
Issue capital inclusive of loan shares		**144,803,151**	**141,912,474**	**141,488,151**	**136,064,942**
Loan shares	(e)	(5,166,112)	(8,608,066)	(5,260,000)	(7,424,500)
Total consolidated issued capital at 30 June		**139,637,039**	**133,304,408**	**136,228,151**	**128,640,442**

(c) Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. Holders of ordinary shares have the right to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number amounts paid up on shares held.

(d) Options outstanding as at 30 June 2011

Number of shares	Exercise price	Expiry date (on or before)
250,000	$1.25	20-Apr-13
600,000	$1.30	11-Nov-13
2,100,000	$3.21	15-Jun-14
1,500,000	$3.00	31-Aug-14
450,000	$5.85	16-Jan-15

(e) Loan shares

During the year ended 30 June 2011 a total of 2,160,000 options (2010: 5,475,000) were exercised utilising the ELS and requiring the issue of 2,160,000 shares (2010: 5,475,000) ordinary shares. The rules of the ELS impose a holding lock and retain power of sale of shares issued utilising the Scheme with the Company. These shares are recorded as Loan Shares. Interest is charged on the loan balance. 2,253,888 loan shares (2010: 1,065,000) were sold during the year at the direction of the employee and the proceeds of sale first used to satisfy the related portion of the Loan and interest outstanding. At 30 June 2011 there were 5,166,112 loan shares (2010: 5,260,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

13. Basic earnings per share

The calculation of basic earnings per share at 30 June 2011 was based on the loss attributable to ordinary shareholders of $40,806,562 (2010: loss $24,238,517) and a weighted average number of ordinary shares outstanding of 135,591,869 (2010: 134,951,526), calculated as follows:

Loss attributable to ordinary shareholders

	2011 $	2010 $
Loss attributable for the period	(40,806,562)	(24,238,517)

Weighted average number of ordinary shares for basic and diluted

Weighted average number of ordinary shares at 30 June	135,591,869	134,951,526

The Company's potential ordinary shares, being its 4,900,000 options (2010: 6,315,000) and 5,166,112 loan shares (2010: 5,260,000), are not considered dilutive as the conversion of these securities would result in a decrease in the net loss per share.

14. Share based payments

2011

At 30 June 2011 the Group has the following share-based payment arrangements:

Options granted as part of compensation have been valued using a Binomial Option Pricing Model which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

The following weighted average assumptions used for the grants made are:

Date of grant	1 September 2010[1]		15 June 2011		
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
Fair value at grant date	$1.7939	$1.8817	$1.174	$1.174	$1.174
Share price	$3.02	$3.02	$3.63	$3.63	$3.63
Exercise price	$3.00	$3.00	$5.85	$5.85	$5.85
Expected volatility	90%	92%	67.70%	67.70%	67.70%
Historical volatility	90%	92%	67.70%	67.70%	67.70%
Option life (expected)	3 years	3.25 years	2.70 years	2.70 years	2.70 years
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (based on government bonds)	4.47%	4.50%	4.84%	4.84%	4.84%

[1] Issued to B Cusack – key management personnel

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

14. Share based payments (continued)

2010

During the year ended 30 June 2010, options were issued to key management personnel. Options granted as compensation have been valued using a Binomial Option Pricing Model which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

The following weighted average assumptions used for the grants made are:

Date of grant	3 August 2009[1]	12 November 2009[2]	12 November 2009[3]	27 and 31 May 2010[4]
Fair value at grant date	$0.73 – $0.81	$1.40 – $1.42	$1.12 – $1.30	$0.34 – $0.95
Share price	$1.24	$1.98	$1.98	$3.15 – $3.17
Exercise price	$1.25	$1.30	$1.70	$3.21
Expected volatility	94.75 – 99.36%	96.94 – 97.27%	97.27 – 94.54%	65.00 – 100%
Historical volatility	94.75 – 99.36%	96.94 – 97.27%	97.27 – 94.54%	65.00 – 100%
Option life (expected)	2.50 – 4.00 years	3.00 – 3.25 years	2.00 – 3.00 years	0.10 – 1.27 years
Expected dividends	Nil	Nil	Nil	Nil
Risk-free interest rate (based on government bonds)	4.85 – 5.30%	4.96 – 5.04%	4.96 – 5.26%	4.06 – 4.32%

[1] Issued to D Humphry.
[2] Issued to JD Nixon.
[3] Issue included W Richards, C Paterson, P Bartlett and T Robson.
[4] Issue included W Richards, C Paterson, P Bartlett, T Robson, D Humphry and J Greive.

Terms and conditions of share-option programme

The terms and conditions related to the grants of the share option programme are as follows; all options are to be settled by physical delivery of shares.

Grant date / employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Option grant to KMP on 6 Mar 2008	250,000	–	5 years
Option grant to KMP on 12 Nov 2009	600,000	–	4 years
Option grant to KMP on 27 May 2010	1,500,000	750,000 vest on 1 Sep 2011	4 years
Option grant to KMP on 31 May 2010	100,000	50,000 vest on 1 Sep 2011	4 years
Option grant to KMP on 31 May 2010	200,000	80,000 vest on 1 Sep 2011	4 years
Option grant to KMP on 31 May 2010	250,000	–	4 years
Option grant to employee on 31 May 2010	50,000	25,000 vest on 1 Sep 2011	4 years
Option grant to KMP on 1 Sep 2010	1,500,000	–	4 years
Option grant to employee on 15 Jun 2011	450,000	100,000 vest on 17 Jan 2012, 150,000 vest on 17 Jan 2013 & 200,000 vest on 17 Jan 2014	4 years
	4,900,000		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

14. Share based payments (continued)

Disclosure of share option programme and replacement awards

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2011	Number of options 2011	Weighted average exercise price 2010	Number of options 2010
Outstanding at 1 July	2.194	6,315,000	1.019	6,050,000
Granted during the year	3.658	1,950,000	2.358	6,865,000
Forfeited during the year	(3.210)	(50,000)	–	–
Exercised during the year	(1.769)	(3,315,000)	(1.287)	(6,600,000)
Outstanding 30 June	**3.054**	**4,900,000**	**2.194**	**6,315,000**

The options outstanding at 30 June 2011 have an exercise price in the range of $1.25 to $5.85 (2010: $0.50 to $3.21). The weighted average share price at the date of exercise for share options exercised in 2011 was $4.53.

Employee expenses

	Note	2011 $	2010 $
Share options granted		5,792,434	5,477,921
Total expense recognised as employee costs	5(a)	**5,792,434**	**5,477,921**

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered to modified by the issuing entity during the reporting period or the prior period other than where employee options have been exercised utilising the ELS as approved by shareholders at the November 2008 Annual General Meeting. During the year, 2,160,000 options were exercised utilising the ELS resulting in the issue of 2,160,000 loan shares. Interest is charged on the loan at statutory rates. Under the terms of the ELS the Company retains security over the Loan shares until the associated loan amount and related interest is repaid. At 30 June 2011 5,166,112 (2010: 5,260,000), Loan shares remained under the ELS. Due to the limited recourse nature of the ELS the Loan, accrued interest and the Loan shares contribution to equity are not recorded.

For the purposes of AASB 2 Share Based Payments, the ELS are considered, in substance, to provide a modification to the underlying option. As a result AASB 2 requires a valuation of the ELS option compared to the valuation of the underlying share option at the time the ELS was utilised. Any additional fair value associated with the modification is then expensed in the period incurred. During the period, twenty four instances of ELS modifications were identified which provided additional fair value and accordingly an additional expense of $377,865 was recognised. Of this amount $144,260 related to Mr Paterson, $25,235 related to Mr Humphry, $86,375 related to Mr Bartlett and $39,500 related to Mr Greive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

14. Share based payments (continued)

Modification of terms of equity-settled share-based payment transactions – continued

The following factors and assumptions were used in determined the additional fair value of options at modification date ("Loan Grant Date"):

Loan grant date	Share price at loan grant date	Exercise price of share option	Risk free rate	Expected volatility	Expected life of share option (years)	Expected life of loan (years)	Value per share option	Value per loan option	Fair value of modification per option
8-Oct-10	$3.74	$3.21	4.70%	58%	0.9	1.5	$0.53	$1.23	$0.70
8-Oct-10	$3.74	$3.21	4.70%	58%	–	1.5	$1.14	$1.23	$0.09
26-Oct-10	$4.14	$3.21	4.80%	58%	–	1.5	$0.93	$1.52	$0.59
26-Oct-10	$4.14	$3.21	4.80%	58%	0.8	1.5	$1.42	$1.52	$0.10
26-Oct-10	$4.14	$3.21	4.80%	58%	–	1.5	$0.93	$1.52	$0.59
26-Oct-10	$4.14	$3.21	4.80%	58%	0.8	1.5	$1.42	$1.52	$0.10
21-Dec-10	$4.97	$3.21	5.00%	60%	–	1.5	$1.76	$2.22	$0.46
21-Dec-10	$4.97	$3.21	5.00%	60%	0.7	1.5	$2.00	$2.22	$0.23
23-Dec-10	$4.87	$3.21	5.00%	60%	–	1.5	$1.66	$2.14	$0.48
23-Dec-10	$4.87	$3.21	5.00%	60%	0.7	1.5	$1.90	$2.14	$0.24

Shares provided on exercise of remuneration options

During the year ended 30 June 2011 there were 1,155,000 shares (30 June 2010: 1,125,000) and 2,160,000 loan shares (30 June 2010: 5,475,000) provided on exercise of remuneration options.

15. Provisions

	Annual leave $	Long service leave $	Total $
Balance at 1 July 2010	198,980	99,546	298,526
Provisions made during the year	327,602	49,126	376,728
Provisions used during the year	(270,176)	(16,572)	(286,748)
Balance at 30 June 2011	**256,406**	**132,100**	**388,506**
Non-current	–	70,141	**70,141**
Current	256,406	61,959	**318,365**
	256,406	**132,100**	**388,506**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

16. Trade and other payables

	2011 $	2010 $
Other trade payables	3,654,077	2,312,428
Accrued expenses	112,226	1,492,653
	3,766,303	**3,805,081**

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 17.

17. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011 $	2010 $
Cash and cash equivalents	53,506,681	84,233,523
Other receivables	1,352,478	732,439
Financial assets	–	110,000
	54,859,159	**85,075,962**

Impairment losses

An impairment loss of $110,000 in respect of held-to maturity investments was recognised during the current year. Subsequently, the investment was sold during the year.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2011	Carrying amount	Contractual cash flows	6 months or less
Non-derivative financial liabilities			
Trade and other payables	3,766,303	3,766,303	3,766,303
	3,766,303	**3,766,303**	**3,766,303**

30 June 2010	Carrying amount	Contractual cash flows	6 months or less
Non-derivative financial liabilities			
Trade and other payables	3,805,081	3,805,081	3,805,081
	3,805,081	**3,805,081**	**3,805,081**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

17. Financial instruments (continued)

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instrument was:

	Carrying amount 2011 $	Carrying amount 2010 $
Fixed rate instruments		
Financial assets	49,500,000	82,060,000
Financial liabilities	–	–
	49,500,000	**82,060,000**
Variable rate instruments		
Financial assets	4,006,681	2,173,523
Financial liabilities	–	–
	4,006,681	**2,173,523**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Profit or loss 100bp increase	Profit or loss 100bp decrease
30 June 2011		
Variable rate instruments	40,067	(40,067)
Cash flow sensitivity (net)	**40,067**	**(40,067)**
30 June 2010		
Variable rate instruments	21,735	(21,735)
Cash flow sensitivity (net)	**21,735**	**(21,735)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. Expenditure commitments

(a) Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2011 $	2010 $
Less than one year	411,856	412,778
Between one and five years	522,955	1,028,914
More than five years	–	–
	934,811	**1,441,692**

The parent entity has obligations under the terms of the lease of its office premises for a term expiring October 2013 and for office equipment for a term expiring in October 2012.

(b) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure of $1,411,764 over the next financial year (2010: $1,269,760).

Exploration expenditure commitments for subsequent years are contingent upon future exploration results. Obligations are subject to change upon expiry of the exploration leases or when application for a mining licence is made and have not been provided for in the consolidated financial statements.

(c) Joint venture commitments

The Company is involved in a number of Joint Venture arrangements. The Company's share of commitments made by these entities as at 30 June 2011 amounts to $820,143 (2010: $37,644).

19. Contingencies

Controlled entities

Native title claims have been made with respect to areas which include tenements in which controlled entities of Brockman have interests. These controlled entities are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.

20. Related parties

Key management personnel compensation

	2011 $	2010 $
Short-term employee benefits	2,149,526	1,741,618
Post-employment benefits	158,095	147,672
Share-based payments	4,804,561	5,034,279
	7,112,182	**6,923,569**

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

20. Related parties (continued)

Key management personnel and director transactions

A number of key management persons, or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The Group used the services of Ammtec Limited for the provision of metallurgical testwork. Amounts billed during the year were $23,375 (2010: $1,156,560) and were based on normal market rates for such services and were due and payable under normal payment terms. Mr Ross Norgard was a director of Ammtec Limited, until resignation on 5 November 2010.

The Group used the services of Macmahon Holdings Limited $150,000 (2010: Nil) for the provision of early contract involvement and Toll Holdings Limited $11,535 (2010: Nil) for the provision of freight services and both were based on normal market rates for such services. Mr Barry Cusack is a director of Macmahon Holdings Limited and Toll Holdings Limited.

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Brockman Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2011	Held at 1 July 2010	Granted as compensation	Exercised	Other changes	Held at 30 June 2011	Vested during the year	Vested and exercisable at 30 June 2011
Non-Executive Directors							
B Cusack	–	1,500,000	–	–	1,500,000	1,500,000	1,500,000
R Norgard	–	–	–	–	–	–	–
R Ashton	–	–	–	–	–	–	–
JD Nixon	700,000	–	(100,000)	–	600,000	500,000	600,000
W Beckwith	–	–	–	–	–	–	–
H Tee	–	–	–	–	–	–	–
Executive Directors							
W Richards	2,500,000	–	(1,000,000)	–	1,500,000	1,500,000	750,000
C Paterson	400,000	–	(400,000)	–	–	400,000	–
Other Key Management Personnel							
D Humphry	750,000	–	(550,000)	–	200,000	200,000	120,000
T Robson	175,000	–	(75,000)	–	100,000	100,000	50,000
P Bartlett	750,000	–	(250,000)	–	500,000	500,000	500,000
J Greive[1]	650,000	–	(650,000)	–	–	–	–
Totals	**5,925,000**	**1,500,000**	**(3,025,000)**	**–**	**4,400,000**	**4,700,000**	**3,520,000**

[1] J Greive resigned on the 29 April 2011.

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20. Related parties (continued)

Options and rights over equity instruments – continued

2010	Held at 1 July 2009	Granted as compensation	Exercised	Other changes	Held at 30 June 2010	Vested during the year	Vested and exercisable at 30 June 2010
Non-Executive Directors							
B Cusack	–	–	–	–	–	–	–
R Norgard	–	–	–	–	–	–	–
R Ashton	–	–	–	–	–	–	–
JD Nixon	–	1,000,000	(300,000)		700,000	–	200,000
W Beckwith	–	–	–	–	–	–	–
H Tee	–	–	–	–	–	–	–
Executive Directors							
W Richards	3,000,000	2,500,000	(3,000,000)	–	2,500,000	–	–
C Paterson	950,000	700,000	(1,250,000)	–	400,000	–	–
Other Key Management Personnel							
D Humphry	–	750,000	–	–	750,000	–	–
T Robson	–	200,000	(25,000)	–	175,000	–	75,000
P Bartlett	600,000	800,000	(650,000)	–	750,000	–	200,000
J Greive	600,000	200,000	(150,000)	–	650,000	–	–
Totals	**5,150,000**	**6,150,000**	**(5,375,000)**	**–**	**5,925,000**	**–**	**475,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

20. Related parties (continued)

Movements in shares

The movement during the reporting period in the number of ordinary shares in Brockman Resources Limited held, directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

2011	Held at 1 July 2010	Purchases	Received on exercise of options	Other changes during the year	Held at 30 June 2011
Non-Executive Directors					
B Cusack	–	–	–	–	–
R Norgard	13,500,000	–	–	–	13,500,000
R Ashton	1,094,214	–	–	–	1,094,214
JD Nixon	100,000		100,000	(100,000)	100,000
W Beckwith	–	–	–	–	–
H Tee	–	–	–	–	–
Executive Directors					
W Richards[2]	3,000,000	–	1,000,000	(1,000,000)	3,000,000
C Paterson[3]	3,533,247	–	400,000	(1,000,000)	2,933,247
Other Key Management Personnel					
D Humphry[4]	–	–	550,000	(263,500)	286,500
T Robson	–	–	75,000	(75,000)	–
P Bartlett[5]	502,500	–	250,000	(442,576)	309,924
J Greive[1]	150,000	–	650,000	(800,000)	–
Totals	**21,879,961**	**–**	**3,025,000**	**(3,681,076)**	**21,223,885**

[1] J Greive resigned on the 29 April 2011.
[2] W Richards 2,790,000 of shares are subject to the Employee Loan Scheme.
[3] C Paterson 1,450,000 of shares are subject to the Employee Loan Scheme.
[4] D Humphry 280,000 of shares are subject to the Employee Loan Scheme.
[5] P Bartlett 307,424 of share are subject to the Employee Loan Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

20. Related parties (continued)

Movements in shares – continued

2010	Held at 1 July 2009	Purchases	Received on exercise of options	Other changes during the year	Held at 30 June 2010
Non-Executive Directors					
B Cusack	–	–	–	–	–
R Norgard	17,510,200	–	–	(4,010,200)	13,500,000
R Ashton	1,094,214	–	–	–	1,094,214
JD Nixon	100,000	–	300,000	(300,000)	100,000
W Beckwith	–	–	–	–	–
H Tee	–	–	–	–	–
Executive Directors					
W Richards[2]	850,000	–	3,000,000	(850,000)	3,000,000
C Paterson[3]	2,483,247	–	1,250,000	(200,000)	3,533,247
Other Key Management Personnel					
D Humphry	–	–	–	–	–
T Robson	–	–	25,000	(25,000)	–
P Bartlett[4]	2,500	–	650,000	(150,000)	502,500
J Greive[1,5]	–	–	150,000	–	150,000
Totals	**22,040,161**	**–**	**5,375,000**	**(5,535,200)**	**21,879,961**

[1] J Greive resigned on the 29 April 2011.
[2] W Richards 3,000,000 of shares are subject to the Employee Loan Scheme.
[3] C Paterson 1,050,000 of share are subject to the Employee Loan Scheme.
[4] P Bartlett 500,000 of shares are subject to the Employee Loan Scheme.
[5] J Greive 150,000 of shares are subject to the Employee Loan Scheme.

Employee Loan Scheme

During the year 2,160,000 options (30 June 2010: 5,475,000) were exercised utilising the ELS resulting in the issue of 2,160,000 loan shares (30 June 2010: 5,475,000). Interest was charged on the loan at statutory rates. Under the terms of the ELS the Company retains control of the Loan shares until the associated loan amount and related interest is repaid. At 30 June 2011 there were 5,166,112 loan shares (2010: 5,260,000). Due to the non-recourse nature of the ELS the loan, accrued interest and the loan shares contribution to equity are not recorded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

21. Group entities

The consolidated financial statements include the financial statements of Brockman Resources Limited and the subsidiaries listed in the following tables:

Name	Country of incorporation	Equity interest	
		2011 %	2010 %
Yilgarn Mining (WA) Pty Ltd	Australia	100	100
Brockman East Pty Ltd	Australia	100	100
Brockman Exploration Pty Ltd	Australia	100	100
Brockman Iron Pty Ltd	Australia	100	100
Brockman Infrastructure Pty Ltd	Australia	100	100

The Group's parent entity is Brockman Resources Limited and the Group's ultimate parent entity is Wah Nam International Limited.

22. Interest in joint ventures

The Group has an interest in the following Joint Ventures:

Name	Principal activities	Percentage interest	
		2011 %	2010 %
Irwin-Coglia JV[1]	Nickel exploration	40%	40%
North West Infrastructure Pty Ltd[2]	Port and related infrastructure	33.3%	33.3%

[1] Irwin-Coglia is an unincorporated Joint Venture for the purpose of exploration activities and holding of tenement interests. During the year the Group contributed $36,017 (2010: $39,744) cash towards the exploration activities of the Irwin Hills Joint Venture.

[2] North West Infrastructure Pty Ltd is a Joint Venture company which is seeking to develop port and related infrastructure on behalf of the North West Iron Ore Alliance ("NWIOA") members. All expenditure by the NWI is expensed as incurred as part of exploration and evaluation expenditure.

23. Subsequent events

There has not been any matter or circumstance, other than that referred to the financial statements, or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

24. Auditors' remuneration

	2011 $	2010 $
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of financial reports	50,503	45,994
	50,503	**45,994**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

25. Segment information

Brockman and its controlled entities have a single operating segment, being iron ore exploration and evaluation of its tenement interests in Western Australia. The Managing Director reviews internal monthly management reports on the consolidated results for the Group as a single reportable segment.

26. Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2011 the parent entity of the Group was Brockman Resources Limited.

	2011 $	2010 $
Result of parent entity		
Loss for the period	(41,008,713)	(23,887,355)
Other comprehensive income	–	–
Total comprehensive income for the period	**(41,008,713)**	**(23,887,355)**
Financial position of parent entity at year end		
Current assets	52,939,244	84,786,646
Total assets	**53,322,376**	**85,017,518**
Current liabilities	**(707,382)**	**(400,642)**
Total liabilities	**(839,481)**	**(1,214,045)**
Total equity of the parent entity comprising of		
Share capital	133,304,408	128,640,442
Reserves	13,604,436	7,812,003
Retained accumulated losses	(94,425,949)	(52,648,972)
Total equity	**52,482,895**	**83,803,473**

Parent entity commitments

Refer to note 18.

Parent entity contingencies

The parent entity has cash backed bonds required to guarantee performance, which are included in restricted cash note 10.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2011

1. In the opinion of the directors of Brockman Resources Limited ("the Company"):

   (a) the consolidated financial statements and notes that are set out on pages 42 to 73 and the Remuneration report in section 11 between pages 32 and 39 in the Directors' report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year 30 June 2011.

3. The directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

   Signed in accordance with a resolution of the directors:

   W. Richards

   Wayne Richards
   Managing Director

   Perth, 29 August 2011

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2011

Independent auditor's report to the members of Brockman Resources Limited

Report on the financial report

We have audited the accompanying financial report of Brockman Resources Limited (the Company), which comprises the Consolidated Statement of Financial Position as at 30 June 2011, and Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, notes 1 to 26 comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2011

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the remuneration report included in section 11 of the Directors' Report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Brockman Resources Limited for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

C-TM

Graham Hogg
Partner

Perth

29 August 2011

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2011

Additional information in accordance with the listing requirements of the Australian Securities Exchange Limited are as follows:

a) Distribution of shareholdings at 20 September 2011

Ordinary shares			Number of holders
1	–	1,000	794
1,001	–	5,000	956
5,001	–	10,000	292
10,001	–	100,000	335
100,001	–	and over	61
			2,421

The number of shareholders holding less than a marketable parcel of shares as at 20 September 2011 is 185.

b) Twenty largest security holders

The names of the twenty largest holders of ordinary shares at 20 September 2011 are:

		Number of shares	Percentage of ordinary shares
1.	Wah Nam International Australia Pty Ltd	48,766,028	33.68
2.	Holdex Nominees Pty Ltd < No 404 A/C>	31,347,405	21.65
3.	Citicorp Nominees Pty Ltd	7,361,895	5.05
4.	Longfellow Nominees Pty Ltd[1]	6,008,015	4.15
5.	HSBC Custody Nominees <Australia>	3,842,445	2.65
6.	Mr Ross Stewart Norgard[1]	3,577,013	2.47
7.	Flinders Property Investments Pty Ltd	2,696,755	1.86
8.	JP Morgan Nominees Australia Limited <Cash Income A/C>	2,509,059	1.73
9.	Longfellow Nominees Pty Ltd <The Aeolus A/C>[1]	2,074,550	1.43
10.	Mr Wayne Richards	2,000,000	1.38
11.	JP Morgan Nominees Australia Limited	1,458,722	1.01
12.	Mr Colin Paterson	1,226,278	0.85
13.	Longfellow Nominees Pty Ltd <Norgard Super Fund A/C>[1]	1,156,996	0.80
14.	Ms Arlene Faye Paterson	1,000,000	0.69
15.	Ms Janet Richards <The Richards Family A/C>	1,000,000	0.69
16.	UBS Wealth Management Australia Nominees Pty Ltd	882,308	0.61
17.	McNeil Nominees Pty Ltd	794,136	0.55
18.	HSBC Custody Nominees (Australia) Limited – A/C 2	758,316	0.52
19.	Freshwater Resources Pty Ltd <No 2 Account>	633,629	0.44
20.	Mr John Daniel Jaffe and Mrs Vivianne Jaffe <Jaffe Family Super A/C>	588,236	0.41
		119,635,133	82.62

[1] Represents holdings which are controlled by Mr Norgard for a total interest in 13,500,000 shares.

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2011

c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

	Number of shares	%
Wah Nam International Australia Pty Ltd	80,133,433	55.33
Ross Norgard	13,500,000	9.50

d) Voting rights

On show of hands one vote for every registered shareholder and on a poll, one vote for every share held by a registered shareholder.

e) Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

f) Income tax

Brockman Resources Limited is taxed as a public Company.

g) Schedule of tenements as at 3 September 2011

Project	Tenement type	Tenement number	Commodity	Status	Interest held
Canning Basin	E	04/2036	Iron Ore	Pend	100%
Canning Basin	E	04/2037	Iron Ore	Pend	100%
Canning Basin	E	04/2038	Iron Ore	Pend	100%
Canning Basin	E	04/2039	Iron Ore	Pend	100%
Canning Basin	E	04/2040	Iron Ore	Pend	100%
Fitzroy River	E	04/2066	Iron Ore	Pend	100%
Fitzroy River	E	04/2067	Iron Ore	Pend	100%
Cheela Plains	E	08/2264	Iron Ore	Pend	100%
Chichester Range	E	45/3693	Iron Ore	Pend	100%
Coongan	E	45/3752	Iron Ore	Pend	100%
Coongan	E	45/3253	Iron Ore	Live	100%
Coongan	E	45/3455	Iron Ore	Pend	100%
Coongan	E	45/3451	Iron Ore	Live	100%
Coongan	E	45/3452	Iron Ore	Live	100%
Dalton	M	45/3643	Iron Ore	Pend	100%
Deep Well	E	39/0129	Iron Ore	Live	100%
Ethel Creek	E	46/0921	Iron Ore	Pend	100%
Irwin Hills	E	39/1284	Nickel/Cobalt	Live	36%
Irwin Hills	E	39/1307	Nickel/Cobalt	Live	36%
Irwin Hills	E	39/1471	Nickel/Cobalt	Live	36%
Irwin Hills	L	39/0163	Nickel/Cobalt	Live	36%
Irwin Hills	P	39/4594	Nickel/Cobalt	Live	36%
Irwin Hills	P	39/4595	Nickel/Cobalt	Live	36%
Irwin Hills	P	39/4682	Nickel/Cobalt	Live	36%
Lalla Rookh	E	45/3144	Iron Ore	Live	100%
Lalla Rookh	E	45/3379	Iron Ore	Live	100%
Lalla Rookh	E	45/3380	Iron Ore	Live	100%

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2011

g) Schedule of tenements as at 3 September 2011 – continued

Project	Tenement type	Tenement number	Commodity	Status	Interest held
Marillana	E	47/1408	Iron Ore	Live	100%
Marillana	L	45/0225	Iron Ore	Pend	100%
Marillana	L	45/0235	Iron Ore	Pend	100%
Marillana	L	45/0236	Iron Ore	Pend	100%
Marillana	L	45/0237	Iron Ore	Pend	100%
Marillana	L	45/0238	Iron Ore	Pend	100%
Marillana	L	46/0097	Iron Ore	Pend	100%
Marillana	L	47/0369	Iron Ore	Pend	100%
Marillana	L	47/0389	Iron Ore	Pend	100%
Marillana	L	47/0408	Iron Ore	Pend	100%
Marillana	L	47/0544	Iron Ore	Pend	100%
Marillana	M	47/1414	Iron Ore	Live	100%
Marillana	E	47/2176	Iron Ore	Pend	100%
McPhee	E	45/3644	Iron Ore	Pend	100%
Mt Goldsworthy	E	45/3931	Iron Ore	Pend	100%
Mt Stuart	E	47/1845	Iron Ore	Live	100%
Mt Stuart	E	47/1850	Iron Ore	Live	100%
Duck Creek West	E	47/1936	Iron Ore	Live	100%
Duck Creek West	E	47/1937	Iron Ore	Live	100%
Mt Stuart	E	47/2214	Iron Ore	Pend	100%
Mt Stuart	E	47/2215	Iron Ore	Live	100%
Mt Stuart	E	47/2267	Iron Ore	Pend	100%
Ophthalmia	E	47/1598	Iron Ore	Live	100%
Ophthalmia	E	47/1599	Iron Ore	Live	100%
Shovelanna	E	46/0781	Iron Ore	Pend	100%
Newman	E	52/2375	Iron Ore	Live	100%
Newman	E	52/2376	Iron Ore	Pend	100%
Newman	E	52/2377	Iron Ore	Pend	100%
Ninghan	E	59/1423	Iron Ore	Pend	100%
Ninghan	E	59/1424	Iron Ore	Pend	100%
Pannawonica	E	47/2409	Iron Ore	Pend	100%
Pannawonica	E	47/2410	Iron Ore	Pend	100%
Panorama	E	45/3538	Iron Ore	Pend	100%
Panorama	E	45/3539	Iron Ore	Pend	100%
Paraburdoo	E	47/1942	Iron Ore	Live	100%
Paraburdoo	E	47/2019	Iron Ore	Pend	100%
Paraburdoo	E	47/2081	Iron Ore	Pend	100%
Red Hill	E	08/1921	Iron Ore	Pend	100%
Red Hill	E	08/1922	Iron Ore	Pend	100%
Red Hill	E	08/2006	Iron Ore	Pend	100%
Red Hill	E	08/2011	Iron Ore	Live	100%
Red Hill	E	08/2297	Iron Ore	Pend	100%
Red Hill	P	08/0628	Iron Ore	Pend	100%

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2011

g) Schedule of tenements as at 3 September 2011 – continued

Project	Tenement type	Tenement number	Commodity	Status	Interest held
Red Hill	P	08/0629	Iron Ore	Pend	100%
Red Hill	P	08/0630	Iron Ore	Pend	100%
Red Hill	P	08/0631	Iron Ore	Pend	100%
Red Hill	P	08/0632	Iron Ore	Pend	100%
Red Hill	P	08/0633	Iron Ore	Pend	100%
Red Hill	P	08/0634	Iron Ore	Pend	100%
Red Hill	P	08/0635	Iron Ore	Pend	100%
Red Hill	P	08/0636	Iron Ore	Pend	100%
Red Hill	P	08/0637	Iron Ore	Pend	100%
Red Hill	P	08/0639	Iron Ore	Pend	100%
Red Hill	P	08/0640	Iron Ore	Pend	100%
Red Hill	P	08/0641	Iron Ore	Pend	100%
Red Hill	P	08/0642	Iron Ore	Pend	100%
Red Hill	P	08/0643	Iron Ore	Pend	100%
Red Hill	P	08/0644	Iron Ore	Pend	100%
Red Hill	P	08/0645	Iron Ore	Pend	100%
Shovelanna South	E	52/2238	Iron Ore	Live	100%
Wallareenya	E	45/3766	Iron Ore	Pend	100%
Wallareenya	E	45/3808	Iron Ore	Pend	100%
West Hamersley	E	47/1603	Iron Ore	Live	100%
Duck Creek	E	47/1725	Iron Ore	Live	100%
Mt Florence	E	47/1738	Iron Ore	Live	100%
Tom Price	E	47/2098	Iron Ore	Pend	100%
Paraburdo	E	47/2144	Iron Ore	Pend	100%
West Hamersley	E	47/2313	Iron Ore	Pend	100%
West Hamersley	E	47/2314	Iron Ore	Pend	100%
Tom Price	E	47/2353	Iron Ore	Pend	100%
Tom Price	E	47/2354	Iron Ore	Pend	100%
Duck Creek South	E	47/2446	Iron Ore	Pend	100%
Tom Price	E	47/2455	Iron Ore	Pend	100%
Yarraloola	E	08/2236	Iron Ore	Pend	100%
Yeeda	E	04/2148	Iron Ore	Pend	100%


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