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

(1) MAJOR TRANSACTION IN RELATION TO TRANSFER OF 50% INTEREST IN MARILLANA PROJECT AND (2) VERY SUBSTANTIAL ACQUISITION IN RELATION TO FORMATION OF UNINCORPORATED JOINT VENTURE

On 26 July 2018 (after trading hours), Brockman Iron (a wholly-owned subsidiary of the Company) and Polaris (a wholly-owned subsidiary of Mineral Resources Limited (MRL)) entered into a Farm-in and Joint Venture (FJV) Agreement pursuant to which subject to the terms and conditions therein Polaris may farm-in by satisfying the Farm-in Obligations and earn a 50% interest in the Marillana Project. Following the conditions precedent of the FJV Agreement having been satisfied including among others execution of the Process and Loading Agreement and the Mine to Ship Logistics Agreement, Polaris will commence to carry out its Farm-in Obligations. Following Polaris having met its Farm-in Obligations, the Farm-in Interest will be transferred to Polaris and an unincorporated joint venture (Joint Venture) for the development of Marillana will be established with each party holding a 50% interest as detailed in this announcement.

Given the Farm-in Interest will be transferred to Polaris upon satisfaction of the Farm-in Obligations resulting in the Company's interest in the Marillana Project to be reduced from 100% to 50% and based on the applicable percentage ratios, such transfer constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Furthermore, taking into account the Marillana Project to be put under the Joint Venture and the maximum capital commitment for the Development Activities by the Company of AUD150 million (equivalent to HK$870 million) and based on the applicable percentage ratios, the establishment of the Joint Venture constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. The Transactions are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A Special General Meeting (SGM) will be convened and held for the Shareholders to consider and, if thought fit, approve the FJV Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Transaction; (ii) financial information of the Group; (iii) further information on the Marillana Project including a competent person's report and a valuation report on the mineral assets of the Marillana Project as required under Chapter 18 of the Listing Rules; (iv) unaudited pro-forma financial information of the Group following the Transactions; and (v) the notice convening the SGM is expected to be despatched to the Shareholders on or before 16 August 2018.

Completion of the Transactions is subject to the satisfaction of the conditions set out under the section headed "FJV Agreement — Conditions precedent" in this announcement, including the approval of the FJV Agreement and the transactions contemplated thereunder by the Shareholders at the SGM, and the satisfaction of the Farm-in Obligations set out in the section headed "FJV Agreement — Farm-in" in this announcement. The Transactions therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

THE TRANSACTION

The Company and MRL entered into a non-binding heads of agreement (HOA) dated 6 June 2018 setting out the principles for the cooperation between the two companies to develop the Marillana Project. The HOA sets out the indicative terms of the FJV Agreement covering among others the Farm-in Obligations, establishment of an unincorporated joint venture (Joint Venture), the Joint Venture's Management Committee, funding for the Development Activities, the Rail and Port System as well as the principal terms of the Process and Loading Agreement and the Mine to Ship Logistics Agreement.

On 26 July 2018 (after trading hours), Brockman Iron (a wholly-owned subsidiary of the Company) and Polaris (a wholly-owned subsidiary of MRL) entered into the FJV Agreement, pursuant to which subject to Polaris meeting the Farm-in Obligations, the parties agree to establish the Joint Venture to develop the Marillana Project. The principal terms of the FJV Agreement are set out below.

FJV AGREEMENT

Date:	26 July 2018
Parties:	(i) Brockman Iron (a wholly-owned subsidiary of the Company); and (ii) Polaris (a wholly-owned subsidiary of MRL) MRL is a company whose shares are listed on ASX. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Polaris, MRL and its substantial shareholders are third parties independent of the Company and its connected persons (as defined under the Listing Rules). Further information on MRL is set out under the section headed "Reasons for the Transactions" in this announcement below.
Conditions precedent:	The FJV Agreement will become effective subject to the satisfaction of the following conditions precedent within 90 days of execution, unless otherwise agreed by the parties acting reasonably: (i) the Company obtaining the necessary regulatory approvals required in Australia and Hong Kong to proceed with the transactions contemplated by the FJV Agreement; (ii) the Company obtaining approval from a majority vote of the Shareholders to enter into the FJV Agreement and proceed with the transactions contemplated thereunder; (iii) the parties executing the Process and Loading Agreement and the Mine to Ship Logistics Agreement on terms consistent with the HOA and otherwise on terms acceptable to both parties; and (iv) the parties executing the Loan Agreement. None of the above conditions are waivable. As at the date of this announcement, none of the above conditions precedent have been fulfilled.

Loan:	Polaris will provide an interest-free loan of AUD10 million to Brockman Iron following the Farm-in Date (as referred to below) under the Loan Agreement to be executed on or before the Unconditional Date on following principal terms.	
	Purpose:	The loan shall be used to meet Brockman Iron's financial obligations under the FJV Agreement and for working capital in relation to the Group's iron ore business in the Pilbara region of Western Australia.
	Principal amount:	AUD10 million
	Repayment:	Unless a default event as specified in the Loan Agreement occurs in which case the Loan will become due for repayment on demand, such Loan will be repaid from net revenue received by Brockman Iron from the sale of its share of Products sold from the Marillana Project which is transported under the Mine to Ship Logistics Agreement in accordance with the Loan Agreement. However, if the Rail and Port System described below is delayed and the Company exercises its option to Buy-Out Polaris' interest in the Marillana Project, Brockman Iron will no longer be obliged to repay the Loan.
	Security:	Each Joint Venturer will enter into a deed of cross security in relation to among others the obligations under the Loan Agreement. Further details are set out under the section headed "Cross security" below.
Guarantors:	The Company shall be the guarantor for Brockman Iron's obligations under the FJV Agreement while MRL shall be the guarantor for Polaris' obligations under the FJV Agreement.	

Farm-in prior to Joint Venture

Farm-in:	Polaris shall earn a 50% interest in the Marillana Project by satisfying the following obligations within 6 months of the Unconditional Date (Farm-in Period): (i) expenditure of AUD250,000 (equivalent to approximately HK$1.45 million) on exploration and development of the Marillana Project; (ii) completion of the following to evaluate the economic feasibility of mining minerals on the tenements under the Marillana Project (or such other areas as the parties may agree): (a) Polaris' process design criteria of the processing plant(s); (b) completion of Polaris' optimised mine plan study; and (c) completion of a mine site layout that illustrates Polaris' preferred location for the processing plant(s) on the tenements under the Marillana Project consistent with the optimized mine plan referred to in paragraph (b) above.
Satisfaction of Farm-in Obligations:	Upon Polaris satisfying the Farm-in Obligations on or before expiry of the Farm-in Period, the Joint Venture shall be established (Farm-in Date). Following the Farm-in Date, the Farm-in Interest will be transferred to Polaris.
Failure of Farm-in Obligations:	If Polaris fails to satisfy the Farm-in Obligations on or before the expiry of the Farm-in Period, Brockman Iron may by notice to Polaris terminate the FJV Agreement with immediate effect and upon such termination: (i) Polaris will not incur any further liability in respect of the tenements under the Marillana Project; (ii) Polaris will not be entitled to any right, title or interest in the 50% interest in Marillana Project; and (iii) within 7 days following termination, Polaris must provide Brockman Iron with copies of all mining information (if any) generated by Polaris (or its related parties) during the Farm-in Period.

Joint Venture

Formation:	With effect on the Farm-in Date, the parties agree to establish the Joint Venture as an unincorporated joint venture to undertake the activities as set out in the FJV Agreement in accordance with the terms and conditions contained therein.
Joint Venture Interests:	Upon establishment of the Joint Venture on the Farm-in Date, the Joint Venturers' rights, liabilities and obligations under the FJV Agreement are several (not joint nor joint and several) in proportion to the following interest percentage: (i) Brockman Iron — 50% (ii) Polaris — 50%
Scope:	The scope of the Joint Venture is to undertake activities (including exploration, development, mining, treatment rehabilitation and mine closure) associated with the tenements under the Marillana Project as set out in the FJV Agreement.
Development funding:	Following establishment of the Joint Venture, the Management Committee will consider and determine whether it is in the best interests of the Joint Venture for Polaris or a third party subcontractor to carry out the Development Activities. Based on the total estimated cost of the Development Activities which is provided by MRL drawing upon its considerable experience in developing mining projects in Western Australia and considered to be reasonable by the Company, it is agreed that the Joint Venturers will be responsible for funding the Development Activities of the Marillana Project of a maximum of AUD300 million (equivalent to approximately HK$1.74 billion) in total or AUD150 million (equivalent to approximately HK$870 million) by each Joint Venturer. Polaris will use all reasonable endeavours to procure the Debt Financing to fund the aforesaid Development Activities for and behalf of the Joint Venturers. Brockman Iron shall repay its share of the Debt Financing over a loan term to be agreed, which will take priority over Brockman Iron's profits from the Marillana Project.

Rail and Port System: Under the Mine to Ship Logistics Agreement, a subsidiary of MRL will be endeavouring to construct (at its own cost, and not Joint Venturer's) the Rail and Port System in accordance with the following timeline:

(i) construction of the Rail and Port System is to commence on or before 31 December 2019; and

(ii) operation of the Rail and Port System is to commence on or before 31 December 2021.

Unless extended by the agreement of the parties, if any of the above dates is not met, Brockman Iron may (within 30 days) give notice to Polaris to acquire the whole (but not part) of Polaris' JV Interest either with an immediate acquisition or a delayed acquisition.

If Brockman Iron elects to proceed with an immediate acquisition of Polaris' interest, it must pay an amount equal to the actual capital costs incurred by Polaris in the period from the Farm-in Date until such Buy-Out less any actual profit derived by Polaris from its share of the sale of Products from the Marillana Project as at the date of completion of the Buy-Out.

If Brockman Iron elects to proceed with a delayed acquisition, the Joint Venture will continue until Polaris has recovered all its Sunken Capital Costs from the actual profit derived by Polaris from its share of the sale of Products from the Marillana Project.

The Company will comply with the applicable requirements under the Listing Rules if and when Brockman Iron elects to proceed with the Buy-Out in the event that the above timeline relating to the Rail and Port System is not met.

Management Committee: A management committee comprising a total of six representatives shall be established on the Farm-in Date. Each of the Joint Venturers shall appoint 3 representatives.

The role of the Management Committee is to make all strategic decisions relating to the conduct of the activities undertaken by the Joint Venture including the consideration and approval of any work programme and budget and to supervise the Manager (as defined below) in the management of the Joint Venture.

All decisions of the Management Committee shall be determined by majority vote (being 65%) ("**Majority Vote**"), save for the following specific matters ("**Fundamental Matter(s)**") which require a unanimous vote of the Management Committee. The Fundamental Matters among others include: (i) materially changing the nature of the activities to be undertaken by the Joint Venture, (ii) entering into a related party contract (being a contract between the Joint Venturers (or the Manager) and a related party (as defined in the Corporations Act) of the Joint Venturer) and (iii) entering into Debt Financing.

Unless otherwise specified in the FJV Agreement, if the Management Committee is unable to pass a Majority Vote on a non-Fundamental Matter or a unanimous vote on a Fundamental Matter, a Joint Venturer may send the other Joint Venturer a notice setting out the matter in issue, its position and its reasons for adopting such position. Following the issue of the Notice, the Joint Venturer must procure that their respective chief executive officers (or equivalent) meet and use all reasonable endeavours in good faith to resolve the deadlock as soon as possible. If the deadlock cannot be resolved within 10 days from the issue of the notice, then the Management Committee shall be deemed to have resolved that the non-Fundamental Matter or Fundamental Matter is not passed, unless the matter is capable of being determined by an independent expert in which case, either party may refer the matter for determination by such expert.

Manager: Pursuant to the terms of the FJV Agreement, Polaris has agreed to act as the first manager of the Joint Venture. The Manager shall report to the Management Committee. Under the overall supervision and control of the Management Committee, the Manager (by itself or through contractors) manages, directs and controls the activities of the Joint Venture including exploration, development and mining, among other duties of the Manager.

The Manager shall be paid a management fee payable monthly by the Joint Venturers in proportion to their JV Interests, based solely on cost recovery by the Manager.

Assignment: A Joint Venturer may not assign the whole or any part of its JV Interest otherwise than:

(i) with the consent of the other Joint Venturer, which it may give or refuse in its absolute discretion;

(ii) to its related party; or

(iii) first offering the other Joint Venturer a last right of refusal over such JV Interest in accordance with the terms of the FJV Agreement.

An assignment is not effective unless and until the assignee obtains all relevant approvals and a form of assumption deed approved by the Joint Venturer under which the assignee agrees to assume the obligations of the assignor under the FJV Agreement and be bound by the terms and conditions thereof.

The Company will comply with any applicable requirements under the Listing Rules in respect of any assignment of the JV Interest involving the Group.

Change of control: If a change of control occurs in respect of a Joint Venturer which results in a competitor taking control (as defined under the Corporations Act) of a Joint Venturer, any other Joint Venturer may by notice given to all the Joint Venturers and the Manager cause the Joint Venturer under the change of control to make a deemed sale offer to the other Joint Venturers. If, within 30 days after notice of the deemed sale offer is given, the Joint Venturers have not agreed on the transfer price, an independent expert must determine the transfer price. On agreement or determination of the transfer price, the deemed sale offer is open for acceptance by all the other Joint Venturers pro rata in proportion to their respective JV Interests or such other proportions as they may agree and is irrevocable for a period of 60 days.

"Change of control" (a) in relation to Brockman Iron and Polaris means (i) either Brockman Iron or Polaris becomes a subsidiary (as defined in the Corporations Act) of a competitor; (ii) where there is a change in the person or persons who have or can exert effective control over the board of Brockman Iron or Polaris and the person or persons who have or can exert that control are members or officers of a competitor; or (iii) if a competitor directly or indirectly acquires 50% or more of the shares in Brockman Iron or Polaris; and (b) in relation to the Company and MRL (being the respective guarantors of Brockman Iron and Polaris) means (i) where there is a change in the person or persons who have or can exert effective control over the board of the Company or MRL and the person or persons who have or can exert that control are members of officers of a competitor; or (ii) if a competitor directly or indirectly acquires 50% or more of the shares in the Company or MRL.

A "competitor" means an iron ore producer, an entity associated with an iron ore producer or an entity associated with any substantial shareholder of an iron ore producer located in the Pilbara region of Western Australia or otherwise an entity that is, or related to, any competitor of Polaris.

Cross security

Upon establishment of the Joint Venture, each Joint Venturer will execute the Deed of Cross Security under which each participant (being Brockman Iron and Polaris) will grant security in favour of the other participant and the Manager severally. The Deed of Cross Security will secure each participant's obligations under the FJV Agreement and the Loan Agreement.

Each participant will grant security over its secured property, being its interest in the Joint Venture, its rights and benefits under the FJV Agreement, its interest in the property of the Joint Venture and its interest in any insurance proceeds taken out under the FJV Agreement, Products, sales contracts of the Products and sales proceeds arising from the sale of the Products (each as defined in the FJV Agreement).

The Deed of Cross Security is intended to take priority over all other encumbrances over the secured property, other than certain permitted encumbrances (e.g. certain royalties, liens in favour of government agencies, native title rights). As between the participants, the security created under the Deed of Cross Security will rank pari passu.

Until a default occurs as set out in the Deed of Cross Security, the parties may deal with the secured property (other than equipment valued at over AUD1 million and land) in the ordinary course of business as contemplated in the FJV Agreement. In respect of any land (titles, freehold or leasehold) or any single item of plant, machinery or equipment valued at over AUD1 million, the relevant participant would need to seek consent from the other participant before it would be permitted to dispose of that property.

Process and Loading Agreement

Before the Unconditional Date, the Joint Venturers and a subsidiary of MRL (as contractor) shall enter into the Process and Loading Agreement based on the principal terms set out in the HOA including:

Contractor's services:	The contractor is granted the exclusive right to provide process and loading services to build, own and operate the Marillana Project's processing (crushing and beneficiation) plants, product stockpiling, management of tailings facility, and reclaiming and loading of products on to trains.
Duration:	Life of mine, which is estimated to be approximately 20 years.

Service fee:	In consideration of the services provided under the Process and Loading Agreement, the Joint Venturers shall pay to the contractor a service fee. The parties have agreed on a provisional service fee subject to standard escalation clauses typical for an agreement of this nature and annual adjustment to be agreed between the parties. The service fee will be finalised in the Process and Loading Agreement on the basis of the operational cost plus capital return of the contractor.

The aggregate service fee under the Process and Loading Agreement will be based on the volume of the Products being processed by the contractor under the agreement. It is anticipated that the Process and Loading Agreement will come into effect following the agreed commissioning date of the processing plant. The construction of the processing plant is expected to commence in the fourth quarter of 2018 and be completed by the third quarter of 2019. The Process and Loading Agreement will contain standard terms regarding events of default customary to the kind of agreement of this nature.

Mine to Ship Logistics Agreement

Before the Unconditional Date, the Joint Venturers and a subsidiary of MRL (as contractor) shall enter into the Mine to Ship Logistics Agreement based on the principal terms set out in the HOA including:

Contractor's services:	The contractor is granted an exclusive right to provide the transport of the Products by train from the Marillana Project site to the inner harbor of Port Hedland under the Rail and Port System, unloading and stockpiling of product at port, and reclaim and ship loading.
Duration:	Life of mine, which is estimated to be approximately 20 years.
Service fee:	In consideration of the services provided under the Mine to Ship Logistics Agreement, the Joint Venturers shall pay to the contractor a service fee. The parties have agreed on a provisional service fee subject to standard escalation clauses typical for an agreement of this nature and annual adjustment to be agreed between the parties. The service fee will be finalised in the Mine to Ship Logistics Agreement on the basis of the operational cost plus capital return of the contractor.

The aggregate service fee under the Mine to Ship Agreement will be based on the volume of the Products being shipped by the contractor under the agreement. It is anticipated that the Mine to Ship Logistics Agreement will come into effect subject to (but not limited to) the following conditions precedent: (i) execution of State Agreement with the government of Western Australia relating to the Rail and Port System, and (ii) construction completion of the railway under the Rail and Port System. It is anticipated that design and third-party verification of the railway is scheduled to be completed by August 2018, construction of the railway is to commence on or before 31 December 2019 and operation of the Rail and Port System is to commence on or before 31 December 2021. The Mine to Ship Logistics Agreement will contain standard terms regarding events of default customary to the kind of agreement of this nature.

INFORMATION ON THE MARILLANA PROJECT

The Marillana Project is located in the Hamersley Iron Province within the Pilbara region of Western Australia, approximately 100 km north-west of the township of Newman. The project area covers 82 square km bordering the Hamersley Range, where extensive areas of supergene iron ore mineralization, the source of hematite detrital mineralization at Marillana, have developed within the dissected Brockman Iron Formation that caps the Range.

As set out in the announcement of the Company dated 25 May 2018, based on a report prepared by Golder Associates Pty Ltd in accordance with the JORC Code, 2012 Edition, the Marillana Project had total Mineral Resources of iron ore amounting to 1.51 billion tonnes (1,404 million tonnes, grading 42.2% Fe and 102 million tonnes, grading 55.6% Fe), including Ore Reserves amounting to 1.01 billion tonnes as further set out in Tables 1 to 4 below.

Table 1: Marillana Detrital Iron Deposit (DID) in *situ* mineral resource at a cut-off grade of 38% Fe

Classification	Tonnes (Mt)	Fe%	Al_2O_3%	SiO_2%	P%	LOI%	Mass Recovery %
Measured	169.5	41.6	4.77	30.4	0.063	4.07	36.6
Indicated	961.9	42.3	5.22	29.7	0.056	3.39	37.8
Inferred	273.0	42.0	5.79	29.5	0.055	3.40	36.0
Total	**1,404.4**	**42.2**	**5.28**	**29.7**	**0.057**	**3.47**	**37.3**

Table 2: Marillana Channel Iron Deposit (CID) in *situ* mineral resource at a cut-off grade of 52% Fe

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

Table 3: Marillana Project Ore Reserves*

Reserves Class	Ore Type	Tonnes (million)
Probable	CID#	46
Probable	DID##	967
Probable	**Total Ore**	**1,013**

cut-off grade 52% Fe
cut-off grade 38% Fe
* *the ore reserves form part of the mineral resources of the Marillana Project*

Table 4: Marillana Project Ore Reserves final product

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

Financial information

The Marillana Project had an unaudited carrying value of HK$842.91 million as at 31 December 2017. The Group incurred exploration and evaluation expenses of HK$20.73 million for the Marillana Project for the year ended 30 June 2017 while it does not yet have an identifiable income stream generating any revenue.

REASONS FOR THE TRANSACTIONS

The Group is engaged in the exploration and development of iron ore mining projects in Western Australia and the Marillana Project is its flagship project. The Ophthalmia Project is the most significant iron ore project for the Company outside its flagship Marillana Project.

MRL is an Australian based, ASX listed, diversified mining and mining services company with a market capitalization of approximately AUD3.2 billion, equivalent to approximately HK$18.6 billion. Its mining services cover mining construction, mining, mineral processing, and mining infrastructure services. MRL has a portfolio of iron ore and lithium mining operations across Western Australia. It employs a workforce of over 3,000 mining and mining construction personnel across Australia.

The key to unlocking the value of the Group's highly prospective iron ore mineral tenements relies on securing a rail and port infrastructure solution and funding. The Directors consider that under the Joint Venture, the Company could partner with an established mining corporation based in Australia as well as obtaining the necessary funding and access to the much-needed rail infrastructure for the Marillana Project to realise its full potential value.

Implementation plan

Processing plant

It is expected that the Process and Loading Agreement will be entered into within 90 days after the date of the FJV Agreement. Following execution of the Process and Loading Agreement, a subsidiary of MRL will construct (at its own cost) the processing (crushing and beneficiation) plants for the Marillana Project (the "**Plant Construction**"). The Plant Construction is expected to commence in the fourth quarter of 2018 and be completed by the third quarter of 2019. Following commissioning of the processing plant, subject to further studies, the Joint Venture plans to commence small-scale production of 3-5 Mtpa whereby Products will be transported by road haulage to Utah Point for shipment into the seaborne iron ore market. The scale and capacity of the processing plant will be increased commensurate with the expansion of the Marillana Project following availability of the Rail and Port System. Target production from the Marillana Project upon the availability of Rail and Port System will be 20-30 Mtpa.

Rail and Port System

It is expected that the Mine to Ship Logistics Agreement will be entered into with a subsidiary of MRL (being the railway proponent) within 90 days after the date of the FJV Agreement. Following the rail proponent signing of the State Agreement with the government of Western Australia regarding the Rail and Port System, construction of the railway under the Rail and Port System is expected to commence in the second quarter of 2019. The railway under the Rail and Port System is expected to be operational by the fourth quarter of 2020. Construction of the port facilities at South West Creek is expected to commence in the third quarter of 2019 and be operational by the fourth quarter of 2020. By that time, on the basis that the small-scale road haulage operation has been in operation, the Joint Venture expects to increase the production scale of Marillana Project to 20-30 Mtpa and transport the Products by rail to South West Creek's port facilities at Port Hedland. If the small-scale road haulage operation has not been in place, the Joint Venture will directly endeavour to achive the 20-30 Mtpa production target of Marillana Project.

Overall, under the FJV Agreement, iron ore from Marillana Project is estimated to be in the global seaborne iron ore market as early as 1 year albeit in smaller quantities from the Unconditional Date by the third quarter of 2019 and on a larger scale by the fourth quarter of 2020 (within around 2 years from the Unconditional Date).

Mining

Following establishment of the Joint Venture, the Management Committee will consider and determine whether it is in the best interests of the Joint Venture to carry out the mining operation to extract the iron ores itself or appoint a third party which may be a subsidiary of MRL to carry out the mining operation. Taking into account the schedule for the construction and completion of the construction of the processing plant and the railway under the Rail and Port System, it is estimated that mining of iron ores in small scale will commence in the second quarter of 2019 while larger scale mining will commence in the third quarter of 2020.

Financing

During the course of operation of the Joint Venture, Polaris will use all reasonable endeavours to procure the Debt Financing to fund the aforesaid Development Activities for and behalf of the Joint Venturers.

BBIG Proposal

As set out in the Company's announcement dated 17 November 2017 (in relation to execution of a non-binding termsheet for farm-in and joint venture cooperation with BBI Group Pty Ltd in respect of the Marillana Project), the Group had previously intended to cooperate with BBI Group Pty Ltd (the "**BBIG Proposal**") for potential development of the Marillana Project underpinned by BBI Infrastructure as defined and set out in the aforesaid announcement. The BBIG Proposal, while very attractive in many respects, does not allow Marillana Project to be in commercial production as early as the projected timetable under the Joint Venture with Polaris and MRL. In the event that the Transactions fail to materialise, the Company will continue to look for other infrastructure cooperation alternatives with mutually beneficial arrangements to fully develop the Marillana Project and realise its potential value. The Company has no doubt that Marillana Project, being the largest single deposit outside the control of the major producers in the Pilbara, will land a mutually beneficial infrastructure cooperation with a reliable and capable counterpart. The Marillana Project's resource comprises around 1.51 billion tonnes of Mineral Resources, of which over 1 billion tonnes comprises JORC compliant Ore Reserves (see Tables 3 and 4 above). Importantly, Marillana Project's exceptional quality – it produces a beneficiated grade of 60.5% to 61.5% Fe – will see its products placed attractively in the seaborne iron ore market as China seeks higher quality ores.

Having considered the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the FJV Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Other mineral projects of the Group

Apart from the Marillana Project, the Group also owns other mineral projects in Australia as follows.

Ophthalmia Project

The 100% owned Ophthalmia Project, located north of Newman in the East Pilbara region of Western Australia, is the most significant iron ore project for the Company outside of its flagship Marillana Project. The Ophthalmia Project has a Mineral Resource estimate of 340.9 Mt of hematite mineralisation (grading 59.3% Fe), comprising 280 Mt of Indicated Mineral Resources and 61 Mt classified as Inferred Mineral Resources (estimated in accordance with the JORC Code, 2012 Edition, see the Company's announcement dated 1 December 2014).

As at the date of this announcement, the Ophthalmia Project has not yet commenced commercial production and the Group is continuing its studies on processing and metallurgy while looking for possible infrastructure solution. As the Ophthalmia Project is located less than 100 km south of Marillana, the Company believes that it could leverage on the prospective infrastructure for the Marillana Project in finding an infrastructure solution for the Ophthalmia Project. This would unlock further value for the Company. A native title mining agreement between Brockman East Pty Ltd (a wholly-owned subsidiary of the Company) and the Nyiyaparli people was executed in May 2015 in relation to any future mining operations to be conducted over the project tenements paving the way for obtaining mining leases over the project area, should the Company establish an infrastructure solution for the project.

West Pilbara Project

The West Pilbara Project comprises four tenements centred around Duck Creek, located about 100-130 km west-northwest of Paraburdoo in the West Pilbara region. Brockman has completed an Inferred Mineral Resource estimate of 18.3 Mt grading 56.5% Fe, for the channel iron deposit ("**CID**") mineralisation at Duck Creek (estimated in accordance with the JORC Code, 2004 Edition, see the Company's announcement dated 14 May 2013). As at the date of this announcement, the West Pilbara Project has not yet commenced commercial production and the Company continues looking for a transport infrastructure cooperation with other project owners around the area to unlock the project's potential.

FINANCIAL EFFECT OF THE TRANSACTION

Upon satisfaction of the Farm-in Obligations, 50% of the registered legal interest in the Tenements that make up the Marillana Project (Farm-in Interest) will be transferred to Polaris, and the Company's interest in the Marillana Project will be reduced from 100% to 50%. Upon completion of such transfer, an unincorporated joint venture (otherwise known as a joint arrangement) between Polaris and Brockman will be established. Following discussion with the Company's auditors, it is expected that the joint arrangement will be accounted for as a joint operation in accordance with International Financial Reporting Standards 11, "Joint Arrangement", with all rights, titles, interests, claims, benefits and liabilities of Marillana Project being owned by the joint operators, ie the Joint Venturers, severally in proportions of their respective interests, ie the JV Interests. The joint arrangement will neither be accounted for as a subsidiary nor an associate in the Company's consolidated financial statements. As such, the Company will recognise its share of mineral rights under the Marillana Project and any jointly held or incurred assets and liabilities individually according to its JV Interest percentage. Similarly the Company shall recognise the revenue from the sales of its share of products exploited from Marillana Project along with its share of all costs associated with such exploitation according to its JV Interest percentage.

The impact to the financial statements (including any gain or loss arising from the Transactions) will be determined upon finalisation of the valuation of the total implied economic benefits to be received by the Group.

LISTING RULES IMPLICATIONS

Given the Farm-in Interest will be transferred to MRL upon satisfaction of the Farm-in Obligations resulting in the Company's interest in the Marillana Project to be reduced from 100% to 50% and based on the applicable percentage ratios, such transfer constitutes a major transaction for the Company. Furthermore, taking into account the Marillana Project to be put under the Joint Venture and the maximum capital commitment by the Company of AUD150 million (equivalent to HK$870 million) and based on the applicable percentage ratios, the establishment of the Joint Venture constitutes a very substantial acquisition for the Company. The Transactions are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the FJV Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Transaction; (ii) financial information of the Group; (iii) further information on the Marillana Project including a competent person's report and a valuation report on the mineral assets of the Marillana Project as required under Chapter 18 of the Listing Rules; (iv) unaudited pro-forma financial information of the Group following the Transactions; and (v) the notice convening the SGM is expected to be despatched to the Shareholders on or before 16 August 2018.

Completion of the Transactions is subject to the satisfaction of the conditions set out under the section headed "FJV Agreement — Conditions precedent" above, including the approval of the FJV Agreement and the transactions contemplated thereunder by the Shareholders at the SGM, and the satisfaction of the Farm-in Obligations set out in the section headed "FJV Agreement — Farm-in" in this announcement. The Transactions therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

MINERAL RESOURCES AND ORE RESERVES

The information in this announcement that relates to the Mineral Reserve and Mineral Resource estimates of the Marillana Project was declared as part of an announcement of the Company dated 25 May 2018.

The information in this announcement that relates to the Mineral Resource of Ophthalmia Project was declared as part of an announcement of the Company dated 1 December 2014.

The information in this announcement that relates to the Inferred Mineral Resource of West Pilbara Project was declared as part of an announcement of the Company dated 14 May 2013. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements referred to above. All material assumptions and technical parameters underpinning the estimates in the relevant announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

DEFINITIONS

"ASX"	ASX Limited (trading as the Australian Securities Exchange)
"AUD"	Australian dollars, the lawful currency of Australia
"Board"	the board of Directors
"Brockman Iron"	Brockman Iron Pty Ltd, a wholly-owned subsidiary of the Company
"Business Day(s)"	a day, other than a Saturday, Sunday or public holiday in Perth, Western Australia
"Buy-Out"	Brockman Iron's acquisition of Polaris' JV Interest in the event the certain timeline in relation to the Rail and Port System is not met pursuant to the FJV Agreement
"Company"	Brockman Mining Limited, the shares of which are dually listed on the Stock Exchange and ASX
"Corporations Act"	the Corporations Act 2001 (Cth)

"Debt Financing"	the debt funding to be procured by Polaris for and on behalf of the Joint Venturers to finance the costs for the development of the Marillana Project
"Deed of Cross Security"	the deed of cross security under an agreed form to be entered into between Brockman Iron and Polaris upon establishment of the Joint Venture as set out under the section headed "Cross security" in this announcement
"Development Activities"	the establishment of roads, site offices, amenities, workshops, a power station, an accommodation village, an airport, refuelling facilities, water treatment laboratories, tailings facility (including initial construction, subsequent wall lifts and dam maintenance), tailings pumping station and tailings pipelines (including initial construction and any subsequent expansion and renewal of such tailings related assets) and such other non-process infrastructure required to operate an iron ore mine but does not include any activities carried out under the Process and Loading Agreement or the Mine to Ship Logistics Agreement
"Directors"	the directors of the Company
"Farm-in Date"	the date the Farm-in Obligations are satisfied by Polaris
"Farm-in Interest"	a 50% undivided registered legal interest in the Tenements
"Farm-in Obligations"	the obligations under which Polaris is required to satisfy in order to earn a 50% interest in the Marillana Project under the FJV Agreement
"Farm-in Period"	the period commencing on the Unconditional Date and ending on the date that is the later of the date that Polaris satisfies the Farm-in Obligations and the date that is 6 months after the Unconditional Date
"FJV Agreement"	the farm-in and joint venture agreement dated 26 July 2018 entered into between Brockman Iron and Polaris in relation to the Transaction
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HOA"	the non-binding heads of agreement entered into by the Company and MRL on 6 June 2018 and the accompanying proposal from MRL dated 20 April 2018 in relation to the Transactions

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Joint Venture"	the unincorporated joint venture to be established between Brockman Iron and Polaris pursuant to the terms of the FJV Agreement
"Joint Venturer"	a party which holds a JV Interest, which as at the date of the FJV Agreement means each of Brockman Iron and Polaris
"JV Interest(s)"	the rights, liabilities and obligations under the FJV Agreement in relation to the Joint Venture
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Agreement"	the loan agreement in the amount of AUD10 million (equivalent to approximately HK$58 million) to be executed by Brockman Iron and Polaris on or before the Unconditional Date
"Management Committee"	the management committee to be established in respect of the management of the Joint Venture on the Farm-in Date
"Marillana Project"	the 100% owned iron ore project of the Company located in the Hamersley Iron Province within the Pilbara region of Western Australia
"Mine to Ship Logistics Agreement"	the agreements to be entered into between each of the Joint Venturers and a subsidiary of MRL under the principal terms as set out under the section headed "Mine to Ship Logistics Agreement"
"Mining Act"	the Mining Act 1978 (WA) and includes the Mining Regulations 1981 (WA), where applicable
"MRL"	Mineral Resources Limited, the shares of which are listed on ASX
"Mtpa"	metric tonnes per annum
"Polaris"	Polaris Metals Pty Ltd, a wholly-owned subsidiary of MRL
"PPA"	Pilbara Ports Authority, being a corporation owned by the State of Western Australia

"Process and Loading Agreement"	the agreements to be entered into between each of the Joint Venturers and a subsidiary of MRL under the principal terms as set out in the section headed "Process and Loading Agreement" in this announcement
"Products"	all iron ore or other mineral or metallic ores, concentrates, metals and other mineralised products, and any other mineral resources, processed, smelted or refined from ores extracted from the Marillana Project
"Rail and Port System"	a bulk ore rail and port system to enable Products from the Marillana Project to be transported to Port Hedland
"SGM"	the special general meeting to be convened by the Company to seek the approval of the Shareholders for the FJV Agreement and the transactions contemplated thereunder
"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company
"South West Creek"	an area in Port Hedland, Western Australia, designated for the development of additional port facilities
"State Agreement"	a legal contract between the Western Australian Government and a proponent of a major project within the boundaries of Western Australia setting out the rights, obligations, terms and conditions for the development of the specific project
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sunken Capital Costs"	the actual capital costs incurred by MRL in the period from the Farm-in Date until the Buy-Out
Tenements	mining tenements with numbers M47/1414 (which is held by Brockman Iron) and E47/3170 (which is held by Brockman Exploration Pty Ltd, a wholly owned subsidiary of the Company) and any additional tenements applied for or acquired by the Joint Venturers in connection with the Marillana Project including L45/238 and E47/3532 being applied for by Brockman Iron
"Transactions"	the transactions contemplated under the FJV Agreement including the transfer of the Farm-in Interest to Polaris and the establishment of the Joint Venture

"Unconditional Date"	the date on which notification has been given as to satisfaction of all the conditions precedent of the FJV Agreement which shall be given within 3 Business Days after becoming aware of such satisfaction
"Utah Point"	an operational multi-user bulk-handling facility located in Port Hedland, Western Australia, and owned by the PPA

For illustration purposes, AUD is converted into HK$ at AUD1 = HK$5.8.

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

Investor enquiries:
Hendrianto Tee, Business Development Director: +61 8 9389 3000

Media enquiries:
Tim Duncan: +61 3 9600 1979 or +61 408 441 122

Hong Kong, 26 July 2018

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