



BROCKMAN

布萊克萬礦業有限公司
BROCKMAN MINING LIMITED

Incorporated in Bermuda with limited liability
SEHK Stock Code: 159
ASX Stock Code: BCK



**QUARTERLY
REPORT**

For the quarter ended
31 December 2018

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1. HIGHLIGHTS

- Brockman Iron and Polaris (a wholly-owned subsidiary of Mineral Resources Limited) entered into the FJV Agreement pursuant to which and subject to the terms and conditions, Polaris may farm-in by satisfying certain Farm-in Obligations and earn a 50% interest in Marillana Project.
- A circular and notice of SGM was despatched to the Company's shareholders on 19 December 2018. The circular provides detailed information about the FJV Agreement and the Marillana Project, including but not limited to an updated valuation of the Marillana Project by an independent expert.
- A SGM was held on 8 January 2019 for the purpose of approving the FJV Agreement. The SGM's resolutions have been passed, with a majority of the shareholders voting at the SGM approving the transaction.
- The FJV Agreement became Unconditional on 21 January 2019. The Farm-in Period has therefore commenced.
- A small drill program was completed for the Ophthalmia Project.

2. MARILLANA IRON ORE PROJECT

Transfer of 50% Interest in Marillana Project and Formation of Unincorporated Joint Venture

Brockman Iron Pty Ltd (Brockman Iron) and Polaris Metals Pty Ltd (Polaris) entered into a farm-in and joint venture agreement (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. For details of the transaction please refer to the Company's announcement dated 26 July 2018.

The FJV Agreement is subject to certain conditions precedent. On 19 December 2018, the Company despatched a circular and notice of SGM to shareholders. The circular outlines information regarding the FJV Agreement and the Marillana Project, including but not limited to an updated valuation of the Marillana Project by an independent expert. The valuation, which is based on the project value following the establishment of the joint venture as stipulated under the FJV Agreement, provided a NPV at an annual discount rate of 10% (NPV10) of AUD1,086 million based on 100% of the Marillana Project and consequently AUD543 million for the Company's 50% ownership in the Joint Venture.

The SGM was held on 8 January 2019 for the purpose of approving the FJV Agreement and authorising the Board on waivers, variations and amendments that it deemed necessary and appropriate in completing the Joint Venture transaction. The SGM's resolutions have been passed with a majority of the shareholders voting at the SGM approving the transactions.

The FJV Agreement became Unconditional on 21 January 2019. The Joint Venturer and a subsidiary of MRL (SPV) entered into the Mine to Ship Logistics Agreement for the transport of the Marillana iron ore product via a light-rail system from the mine site to Port Hedland.

The Mine to Ship Logistics Agreement is itself subject to several conditions precedent including execution of an agreement with the State of Western Australia, procuring all the leases and licences for the light rail system and at Port Hedland, MRL and SPV obtaining the finance to fund the construction and commissioning of the rail and port infrastructure and MRL's board making a final capital investment decision to proceed with the infrastructure project.

Upon satisfaction of all conditions under the Mine to Ship Logistics Agreement, MRL will be obliged to construct and commission the rail and port infrastructure needed to establish, operate and provide a service to transport up to 30Mtpa of iron ore from the mine site to Port Hedland and on to vessels for export for the life of the Marillana Project.

With the FJV Agreement becoming Unconditional, the Farm-in Period has therefore commenced. During the Farm-In Period Polaris shall perform its Farm-in Obligations on the Marillana Project. 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.

3. OPHTHALMIA IRON ORE PROJECT

A short Reverse Circulation drilling program totaling 112 metres in two holes was completed to test for extensions of mineralization at Three Pools. The Three Pools area contains the eastern strike extensions of the Coodiner deposits and is outside of the current mineral resources defined at Ophthalmia. Results are pending.

4. CORPORATE REVIEW

Cash position

The consolidated cash position of the Group as at 31 December 2018 was HK\$24.9 million.

5. TENEMENTS

Tenements disposed of during the Quarter						
Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held

Tenements acquired during the Quarter						
Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held

Tenements held at end of Quarter						
Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Duck Creek	West Pilbara	E	47/1725	Iron Ore	Granted	100%
Duck Creek	West Pilbara	E	47/3152	Iron Ore	Granted	100%
Duck Creek East	West Pilbara	E	47/2215	Iron Ore	Granted	100%
Duck Creek East	West Pilbara	E	47/2994	Iron Ore	Granted	100%
Fig Tree	East Pilbara	E	47/3025	Iron Ore	Granted	100%
Innawally Pool	West Pilbara	E	46/1087	Iron Ore	Granted	100%
Juna Downs	West Pilbara	E	47/3363	Iron Ore	Granted	100%
Juna Downs	West Pilbara	E	47/3364	Iron Ore	Granted	100%
Madala Bore	West Pilbara	E	47/3285	Iron Ore	Granted	100%
Marandoo	West Pilbara	E	47/3105	Iron Ore	Granted	100%
Marillana	East Pilbara	L	45/0238	Iron Ore	Application	100%
Marillana	East Pilbara	M	47/1414	Iron Ore	Granted	100%
Marillana	East Pilbara	E	47/3170	Iron Ore	Granted	100%
Marillana	East Pilbara	E	47/3532	Iron Ore	Application	100%
Mindy	West Pilbara	E	47/3585	Iron Ore	Granted	100%
Mt Grant	East Pilbara	E	45/4496	Iron Ore	Granted	100%
Mt King	West Pilbara	E	47/3446	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/1598	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/2280	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/2291	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/3549	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0013	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0015	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0016	Iron Ore	Granted	100%
Parson George	East Pilbara	E	47/3217	Iron Ore	Granted	100%
Parson George	East Pilbara	E	47/3491	Iron Ore	Granted	100%
Phils Bore	West Pilbara	E	47/2905	Iron Ore	Application	100%
Punda Spring	East Pilbara	E	47/4037	Iron Ore	Application	100%
Punda Spring	East Pilbara	E	47/4038	Iron Ore	Application	100%
Punda Spring	East Pilbara	E	47/4039	Iron Ore	Application	100%
Punda Spring	East Pilbara	E	47/4040	Iron Ore	Application	100%
Punda Spring	West Pilbara	E	47/3575	Iron Ore	Granted	100%
Tom Price	West Pilbara	E	47/3565	Iron Ore	Granted	100%

6. CORPORATE PROFILE

Brockman Mining Limited

ARBN 143 211 867

Non-executive Directors:

Kwai Sze Hoi (Chairman)

Liu Zhengui (Vice Chairman)

Ross Stewart Norgard

Executive Directors:

Chan Kam Kwan Jason

(Company Secretary)

Kwai Kwun Lawrence

Colin Paterson

Independent Non-executive Directors:

Uwe Henke Von Parpart

Yap Henry Fat Suan

Choi Yue Chun Eugene

Registrars

Principal Share Registrars and Transfer Office

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM 08

Bermuda

Branch Share Registrars and Transfer Office —Hong Kong

Tricor Secretaries Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

Branch Share Registrars and Transfer Office —Australia

Computershare Investor Services Pty Limited

Reserve Bank Building

Level 2, 45 St George's Terrace

Perth, Western Australia, 6000

Securities on issue at 31 December 2018

Quoted securities

9,161,982,131 fully paid shares on issue

Unquoted securities

210,500,000 unlisted options granted

—194,000,000 share options, expiring
31 December 2020 EX HK\$0.124

— 16,500,000 share options, expiring
31 December 2020 EX HK\$0.162

There were no shares and share option issued during the period.

By order of the Board of Directors of
Brockman Mining Limited
Chan Kam Kwan, Jason
Company Secretary, Hong Kong

7. GLOSSARY

"ASX"	ASX Limited ABN 98 008 624 691
"AUD"	Australian dollars
"Board"	the Board of Directors of the Company
"Brockman" or "Company"	Brockman Mining Limited ARBN 143 211 867, the shares of which are listed on the SEHK and ASX
"Brockman Iron"	Brockman Iron Pty Ltd, a wholly owned subsidiary of the Company
"FJV Agreement"	the farm-in and joint venture agreement 26 July 2018 entered into between Brockman Iron and Polaris
"Group"	Brockman Mining Limited, its associates and subsidiaries
"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 the date of the FJV Agreement means each Brockman Iron and Polaris
"Marillana Project"	the 100% owned iron ore project of the Company located in the Hamersley Iron Province within the Pilbara region of Western Australia
"MRL"	Mineral Resources Limited, the shares of which are listed on the ASX
"Ophthalmia Project"	the 100% owned iron ore project of the Company located in the Hamersley Range within the East Pilbara region of Western Australia
"Polaris"	Polaris Metals Pty Ltd, a wholly owned subsidiary of MRL
"SEHK"	the Stock Exchange of Hong Kong Limited
"SGM"	the special general meeting convened and held by the Company on 8 January 2019 to seek approval from the Company's shareholders for the FJV Agreement and the transactions contemplated thereunder
"SPV"	a wholly owned subsidiary of MRL, ACN 629 927 911

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BROCKMAN MINING LIMITED

ABN

ARBN 143 211 867

Quarter ended ("current quarter")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter HK\$'000	Year to date (6 months) HK\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	—	—
1.2 Payments for		
(a) exploration & evaluation	(1,630)	(4,054)
(b) development	—	—
(c) production	—	—
(d) staff costs	(3,358)	(6,557)
(e) administration and corporate costs	(4,538)	(7,290)
1.3 Dividends received (see note 3)	—	—
1.4 Interest received	16	21
1.5 Interest and other costs of finance paid	—	—
1.6 Income taxes paid	—	—
1.7 Research and development refunds	—	—
1.8 Other (provide details if material)		
(a) Advanced from related party	—	—
1.9 Net cash from / (used in) operating activities	(9,510)	(17,880)

Consolidated statement of cash flows	Current quarter HK\$'000	Year to date (6 months) HK\$'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	—	(13)
(b) tenements (see item 10)	—	—
(c) investments	—	—
(d) other non-current assets	—	—
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	—	—
(b) tenements (see item 10)	—	8,987
(c) investments	—	—
(d) other non-current assets	—	—
2.3 Cash flows from loans to other entities	—	—
2.4 Dividends received (see note 3)	—	—
2.5 Other (provide details if material)	—	—
2.6 Net cash from / (used in) investing activities	—	8,974

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	—	—
3.2 Proceeds from issue of convertible notes	—	—
3.3 Proceeds from exercise of share options	—	—
3.4 Transaction costs related to issues of shares, convertible notes or options	—	—
3.5 Proceeds from borrowings	—	—
3.6 Repayment of borrowings	—	—
3.7 Transaction costs related to loans and borrowings	—	—
3.8 Dividends paid	—	—
3.9 Other (provide details if material)		
- Performance bond cash backing	—	—
3.10 Net cash from / (used in) financing activities	—	—

Consolidated statement of cash flows		Current quarter HK\$'000	Year to date (6 months) HK\$'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	34,664	34,258
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9,510)	(17,880)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	—	8,974
4.4	Net cash from / (used in) financing activities (item 3.10 above)	—	—
4.5	Effect of movement in exchange rates on cash held	(155)	(353)
4.6	Cash and cash equivalents at end of period	24,999	24,999

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter HK\$'000	Previous quarter HK\$'000
5.1	Bank balances	24,999	34,664
5.2	Call deposits	—	—
5.3	Bank overdrafts	—	—
5.4	Other (provide details)	—	—
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	24,999	34,664

6.	Payments to directors of the entity and their associates	Current quarter HK\$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	1,401
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	—
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 6.1 Being payment of executive directors' salary and non-executive directors' fees.	

7.	Payments to related entities of the entity and their associates	Current quarter HK\$'000
7.1	Aggregate amount of payments to these parties included in item 1.2	—
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	—
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end HK\$'000	Amount drawn at quarter end HK\$'000
8.1	Loan facilities	(A) 5,000 (B) 6,000	(A) 5,000 (B) 6,000
8.2	Credit standby arrangements	10,000	—
8.3	Other (please specify)	—	—
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
8.1 (A)	The loan granted by a substantial shareholder (Ocean Line Holdings Ltd) and is unsecured, bears interest of 12% per annum and is repayable on 31 Oct 2019.		
(B)	Such loan is also granted by a substantial shareholder (Ocean Line Holdings Ltd). The loan is unsecured, bears interest of 12% per annum and is repayable on 31 Oct 2019.		
8.2	On 18 September 2018, a substantial shareholder (Ocean Line Holdings Ltd) has undertaken to grant a loan facility of up to HK\$10,000,000 to the Company to satisfy its future working capital requirements. The loan is available for draw down from 18 September 2018. Such loan is unsecured, bears interest at 12% per annum and once drawn down, is repayable on 31 October 2019. As at the date hereof, such loan facility has not been drawn down.		

9.	Estimated cash outflows for next quarter	HK\$'000
9.1	Exploration and evaluation	(1,100)
9.2	Development	—
9.3	Production	—
9.4	Staff costs	(3,300)
9.5	Administration and corporate costs	(2,300)
9.6	Other (provide details if material)	—
9.7	Total estimated cash outflows	(6,700)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 31 January 2019

(Company secretary)

Print name:

Chan Kam Kwan, Jason

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.