



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 March 2021

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1. HIGHLIGHTS

- The Company and MRL continued reviewing the Marillana Project development in accordance with the agreed Indicative Development Proposal for Marillana.
- During the quarter, the Company and MRL progressed discussion on cooperation for the Ophthalmia Project, upon which an Indicative Development Proposal for the Ophthalmia Project was provided by MRL.
- On the 22 April 2021 the Company and MRL signed an Amended and Restated FJV Agreement and Deed of Amendment and Restatement, through their subsidiaries Brockman Iron and Polaris. Both the Company and MRL conclude that the Farm-In Obligations under the Agreement have been satisfied and shall form the Joint Venture immediately.
- The Company and MRL have also agreed to include the Ophthalmia Project in the Farm-In Interest, such that a 50% interest in the Ophthalmia Project will be transferred to Polaris.

2. PROJECT ACTIVITIES

Exploration Activities

Marillana

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 became Unconditional on 21 January 2019, marking the commencement of the Farm-in Period.

Subsequent to the end of the quarter, Brockman Iron and Polaris signed an Amended and Restated FJV Agreement and Deed of Amendment and Restatement (collectively the "Agreement"). Both Brockman Iron and Polaris conclude that the Farm-in Obligations under the Agreement have been satisfied and the parties shall form the Joint Venture immediately. As such, 50% interest in Marillana Project (the Farm-in interest) will be transferred to Polaris and the Joint Venture will be established according to the terms of the FJV Agreement.

The Company and Polaris also agreed that in addition to the Marillana Project, the Company's Ophthalmia Project will now be included in the Farm-In Interest, such that a 50% interest in the Ophthalmia Project will be transferred to Polaris.

MRL has submitted indicative Development Proposals, which include the following:

1. Development of the Marillana and Ophthalmia Projects into an iron ore mining hub capable of producing a minimum of 25Mtpa of final product for export.
2. Following the establishment of the Joint Venture, MRL (or its Related Party) agrees to provide the Joint Venturers with funding by way of a project loan sufficient to allow the Joint Venturers to

fund the forecast project capital costs for each development.

3. A build own and operate arrangement between the Joint Venturers and MRL for certain non-processing infrastructure at Marillana.
4. A build own and operate arrangement for the crushing plant at Ophthalmia.
5. A proposed logistics system to transport the ore from the mines to the port stockyard at Port Hedland. This logistics system is to be constructed and operated by MRL (or a subsidiary).
6. Construction of a berth at a dedicated location in Port Hedland subject to the approval from the State Government of Western Australia).
7. A current market based estimate for project capital and operating costs, including the logistics services cost for transporting the ore from mine to ship.

Initial Development Works

Upon the formation of the Joint Venture, MRL (or a subsidiary) will immediately commence initial development works at Marillana and Ophthalmia Project sites, as well as on the prospective transport corridor and port area. The Initial Development Works are to be funded by MRL and the cost is estimated to be around A\$105 million. The immediate commencement of these Initial Development Works is intended to accelerate the development time-frame of both the Marillana and Ophthalmia Projects, which is currently estimated to be around 42 months from the formation of the Joint Venture.

Ophthalmia

As part of the Agreement with MRL (see Marillana section above), Brockman and Polaris have agreed to include Ophthalmia in the FJV.

Polaris will immediately commence a programme of works including mine planning studies, transport corridors,

environmental surveys and approvals, in order to expedite development of the project.

Regional development

There was no field work carried out on the regional exploration projects.

Mining Production and Development Activities

No mining production and development activities, including expenditure has been undertaken or recognised for the quarter.

3. CORPORATE REVIEW

The consolidated cash position of the Group as at 31 March 2021 was HK\$20.9 million.

Payments to related parties of the entity and their associates

The payment as disclosed in section 6.1 of the Appendix 5B relates to:

Payment of HK\$1.4 million for executive directors' salary and non-executive directors' fees.

4. TENEMENTS

Tenements disposed of during the Quarter						
Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Parsons George	East Pilbara	E	47/3491	Iron Ore	Surrendered	0%

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 East	West Pilbara	E	47/2994	Iron Ore	Granted	100%
Ethel Creek	East Pilbara	E	47/4405	Iron Ore	Application	100%
Fig Tree	East Pilbara	E	47/3025	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	Granted	100%
Marillana	East Pilbara	E	47/4293	Iron Ore	Application	100%
Mindy	West Pilbara	E	47/3585	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	E	47/4240	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%
Punda Spring	West Pilbara	E	47/3575	Iron Ore	Granted	100%
Tom Price	West Pilbara	E	47/3565	Iron Ore	Granted	100%

5. 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:

Yap Fat Suan Henry
Choi Yue Chun Eugene
David Rolf Welch

Registrars

Principal Share Registrars and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Branch Share Registrars and Transfer Office

- Hong Kong

Tricor Secretaries Limited
Level 54, 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 11, 172 St George's Terrace
Perth, Western Australia, 6000

Securities on issue at 31 March 2021

Quoted securities

9,279,232,131 fully paid shares on issue

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

6. GLOSSARY

“Amended and Restated Date”	means the date the amendments to the FJV Agreement, pursuant to the Deed of Amendment and Restatement, become effective
“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
“Deed of Amendment And Restatement”	means the deed of amendment and restatement between the FJV Agreement parties dated 22 April 2021.
“Farm-in Date”	the date the Farm-in Obligations are satisfied by Polaris
“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 26 July 2018 entered into between Brockman Iron and Polaris and as amended by the subsequent variation agreements.
“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
“JV Interest(s)”	the rights, liabilities and obligations under the FJV Agreement in relation to the Joint Venture
“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 iron ore project currently 100% owned by Brockman East Pty Ltd located within the East Pilbara region of Western Australia
“Polaris”	Polaris Metals Pty Ltd, a wholly owned subsidiary of MRL
“Project Loan”	Provision of loan to the Joint Venture from MRL (or its Related Party) for the development of the Marillana Project and Ophthalmia Project.
“Related Party”	In respect of a party, means any of the following: (a) an entity that controls the party; (b) a wholly owned subsidiary of the party; and (c) an entity that is under common control with the party.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

BROCKMAN MINING LIMITED

ABN

ARBN 143 211 867

Quarter ended ("current quarter")

31 MARCH 2021

Consolidated statement of cash flows	Current quarter HK\$'000	Year to date (9 months) HK\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(500)	(2,838)
(b) development	-	-
(c) production	-	-
(d) staff costs	(3,029)	(8,734)
(e) administration and corporate costs	(1,230)	(5,386)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	101
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	754
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,750)	(16,103)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(6)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter HK\$'000	Year to date (9 months) HK\$'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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	-	(6)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	25,918	34,919
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,750)	(16,103)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(179)	2,179
4.6	Cash and cash equivalents at end of period	20,989	20,989

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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	10,238	12,163
5.2	Call deposits	10,751	13,755
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)	20,989	25,918

6.	Payments to related parties of the entity and their associates	Current quarter HK\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	1,412
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: If any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end HK\$'000	Amount drawn at quarter end HK\$'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	(A) 11,000 (B) 17,766	(A) 11,000 (B) 17,766
7.2 Credit standby arrangements	10,000	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	38,766	28,766
7.5 Unused financing facilities available at quarter end		10,000
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>(A) Such loan was granted by a substantial shareholder (Ocean Line Holdings Limited). The loan is unsecured, bears interest of 12% per annum and is repayable on 31 October 2022.</p> <p>(B) Loan from Polaris Metals Pty Ltd pursuant to the terms of the Farm-In Joint Venture Agreement with Polaris Metals Pty Ltd over the Marillana Iron Ore Project. Interest is not payable and unsecured.</p> <p>7.2 On 18 September 2018, a substantial shareholder (Ocean Line Holdings Limited) 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 2022. As at the date hereof, such loan facility has not been drawn down.</p>		

8. Estimated cash available for future operating activities	HK\$'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(4,750)
8.2 Payments for exploration & evaluation classified as investing activities (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(4,750)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	20,989
8.5 Unused finance facilities available at quarter end (Item 7.5)	10,000
8.6 Total available funding (Item 8.4 + Item 8.5)	30,989
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	6.52
<i>Note: If the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "NA". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 28 April 2021

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
3. 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.