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BROCKMAN

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)

OVERSEAS REGULATORY ANNOUNCEMENT QUARTERLY ACTIVITIES REPORT

The following is the text of the quarterly activities report of Brockman Mining Limited (the “Company”) released by the Company on ASX Limited today.

By order of the board of directors of
Brockman Mining Limited
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 30 July 2018

As at the date of this announcement, the board of directors of the Company 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; Mr. Yap Fat Suan, Henry, Mr. Uwe Henke Von Parpart and Mr. Choi Yue Chun, Eugene as independent non-executive directors.

* *For identification purpose only*



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**QUARTERLY
REPORT**

For the quarter ended
30 Jun 2018

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1. HIGHLIGHTS

- Subsequent to the end of the quarter, on 26 July 2018 (after trading hours), Brockman Iron Pty Ltd, a wholly owned subsidiary of the Company and Polaris Metals Pty Ltd, a wholly owned subsidiary of Mineral Resources Limited (ASX: MIN) entered into a binding joint venture agreement. The joint venture, which is unincorporated and on a 50:50 basis, will develop the Marillana Project, underpinned by Mineral Resources' Pilbara Infrastructure Project.
- On 29 June 2018, the Group has disposed of Smart Year Investments Limited that controlled a non-core asset of the Group, and recorded a non-cash gain of approximately HK\$100 million (subject to audit) in the Company's consolidated financial statement for the year ended 30 June 2018.
- On 25 May 2018, the Company upgraded to JORC 2012 the Marillana Mineral Resources and Ore Reserves. The Mineral Resources now stand at 1.40 billion tonnes and Ore Reserves now stand at 1.01 billion tonnes.
- The Company agreed to sell its 40% interest in the Irwin Project Joint Venture for A\$1,700,000 cash.
- On the 27 April 2018 the independent shareholders approved the Subscription Agreements and the Company has raised net proceed of approximately HK\$31 million as working capital.

2. MARILLANA IRON ORE PROJECT

2.1 Marillana Development

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

On 26 July 2018, Brockman Iron Pty Ltd (Brockman Iron) and Polaris Metals Pty Ltd (Polaris) 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. For details of the transaction please refer to the Company's announcement dated 26 July 2018.

B. Marillana Mineral Resources and Ore Reserves Upgraded to JORC 2012

As set out in the announcement of the Company dated 25 May 2018, based on a report prepared by Golder Associates Pty Ltd prepared 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 - Detrital Iron Deposit (DID) *in situ* mineral resource at a cut-off grade of 38% Fe

| Classification | Tonnes (Mt) | Fe% | Al ₂ O 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 - Channel Iron Deposit (CID) *in situ* mineral resource at a cut-off grade of 52% Fe

| Classification | Tonnes (Mt) | Fe% | Al ₂ O 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 - 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 - Ore Reserves final product

| Reserves Class | Ore Sale Type | Tonnes (million) | Fe (%) | SiO2 (%) | Al2O3 (%) | 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 |

The new Mineral Resources and Ore Reserves take into account geometallurgical parameters, which has resulted in the total exclusion from Resources of 117 Mt of pisolite mineralisation (for which the Company had determined that a product of acceptable quality was not likely to be able to be produced) and the downgrading of approximately 70Mt of Indicated and Measured Mineral Resources to Inferred category (meaning that they are now excluded from Ore Reserves) during the process of estimating final product grades.

Other than these changes, the Mineral Resources and Ore Reserves are essentially unchanged from those previously reported under the JORC Code (2004 Edition) confirming the robustness of the Marillana project.

The updated estimate of the Ore Reserves has been prepared in accordance with the JORC 2012 guidelines using the updated Mineral Resources model whilst constraining the mining area to within the 2010 DFS defined pit outline and adjusted for revised tenement boundaries (following survey). Revised input costs and Iron Ore price forecast have been used with the 2017 Mineral Resource model providing a basis for the 2018 Ore Reserves.

3. CORPORATE REVIEW

Cash position

The consolidated cash position of the Group as at 30 June 2018 was HK\$34.3 million.

There were no mining operations carried during the quarter, the payment of production expense was mainly for the settlement of other payables in the previous periods.

On the 27 April 2018 the independent shareholders approved the Subscription Agreements with Ocean Line (a major shareholder of the Company) to subscribe for 650,000,000 shares for an aggregate consideration of HK\$65,000,000 and two other Subscribers for an aggregate of 130,000,000 shares for an aggregate consideration of HK\$13,000,000. The net proceed from Subscription Agreements will be used for the Company's working capital purpose.

Disposal of a non-core asset

During the period, the Company has disposed of its ownership in Smart Year Investments Limited, which controlled a non-core asset of the Group, and is expected to record a non-cash gain of approximately HK\$100 million (subject to audit) in the Company's consolidated financial statement for the year ended 30 June 2018.

Irwin Project Joint Venture

Following a competitive sale process undertaken by PCF Capital Group the Company received an offer from a third party for the 40% interest in the Irwin Project Joint Venture (held by Yilgarn Mining (WA) Pty Ltd, a wholly owned subsidiary). However, this offer from a third party was not materialised as the 60% participant in the Irwin Joint Venture Project, Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd has purchased the Company's 40% interest. The sale and purchase agreement is being drafted and on completion the Company will receive A\$1,700,000 cash.

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 a market announcement issued on 25 May 2018.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement referred to above. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement 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 market announcement.

4. 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 |
|--------------|--------------|---------------|-----------------|-----------|-------------|---------------|
| 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% |

Tenements held at end of Quarter

| Project | Location | Tenement type | Tenement number | Commodity | Status | Interest held |
|-----------------|--------------|---------------|-----------------|---------------|-------------|---------------|
| Coolawanyah | West Pilbara | E | 47/3491 | Iron Ore | Granted | 100% |
| 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% |
| Irwin Hills | Goldfields | L | 39/0232 | Nickel/Cobalt | Granted | 40% |
| Irwin Hills | Goldfields | L | 39/0163 | Nickel/Cobalt | Granted | 40% |
| Irwin Hills | Goldfields | M | 39/1088 | Nickel/Cobalt | Granted | 40% |
| 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 | Application | 100% |
| Marillana | East Pilbara | E | 47/3532 | Iron Ore | Application | 100% |
| Mindy | West Pilbara | E | 47/3585 | Iron Ore | Application | 100% |
| Mt Grant | East Pilbara | E | 45/4496 | Iron Ore | Granted | 100% |
| Mt King | West Pilbara | E | 47/3446 | Iron Ore | Application | 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% |
| 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 Springs | West Pilbara | E | 47/3575 | Iron Ore | Application | 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:

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 30 Jun 2018

Quoted securities

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

Unquoted securities

65,000,000 unlisted options granted

— 62,000,000 share options, expiring
31 December 2020 EX HK\$0.124

— 3,000,000 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

6. GLOSSARY

| | |
|-------------------------|---|
| "ASX" | ASX Limited ABN 98 008 624 691 |
| "Board" | the Board of Directors |
| "Brockman" or "Company" | Brockman Mining Limited ARBN 143 211 867, a company listed on the SEHK and ASX |
| "Group" | Brockman Mining Limited, its associates and subsidiaries |
| "Marillana Project" | The 100% owned Marillana iron ore project is Brockman's flagship project located in the Hamersley Iron Province |
| "SEHK" | The Stock Exchange of Hong Kong Limited |

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")

30 JUNE 2018

| Consolidated statement of cash flows | Current quarter HK\$'000 | Year to date (12 months) HK\$'000 |
|---|-----------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | — | — |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (540) | (5,028) |
| (b) development | — | — |
| (c) production | — | (143) |
| (d) staff costs | (3,617) | (19,051) |
| (e) administration and corporate costs | (3,158) | (11,334) |
| 1.3 Dividends received (see note 3) | — | — |
| 1.4 Interest received | 4 | 28 |
| 1.5 Interest and other costs of finance paid | — | — |
| 1.6 Income taxes paid | — | — |
| 1.7 Research and development refunds | 292 | 292 |
| 1.8 Other (provide details if material) | | |
| (a) Advanced from related party | — | — |
| 1.9 Net cash from / (used in) operating activities | (7,019) | (35,236) |

| Consolidated statement of cash flows | Current quarter HK\$'000 | Year to date (12 months) HK\$'000 |
|---|-------------------------------------|--|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | — | (128) |
| (b) tenements (see item 10) | — | — |
| (c) investments | — | — |
| (d) other non-current assets | — | — |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | 39 | 3,234 |
| (b) tenements (see item 10) | — | — |
| (c) investments | (143) | (143) |
| (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 | (104) | 2,963 |

| | | |
|---|---------------|---------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | 32,158 | 32,158 |
| 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 | 328 | 12,648 |
| 3.6 Repayment of borrowings | — | — |
| 3.7 Transaction costs related to loans and borrowings | (1,908) | (1,908) |
| 3.8 Dividends paid | — | — |
| 3.9 Other (provide details if material) | | |
| - Performance bond cash backing | — | (279) |
| 3.10 Net cash from / (used in) financing activities | 30,578 | 42,619 |

| Consolidated statement of cash flows | | Current quarter HK\$'000 | Year to date (12 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 | 10,948 | 23,995 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (7,019) | (35,236) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (104) | 2,963 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 30,578 | 42,619 |
| 4.5 | Effect of movement in exchange rates on cash held | (145) | (83) |
| 4.6 | Cash and cash equivalents at end of period | 34,258 | 34,258 |

| 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 | 34,258 | 10,948 |
| 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) | 34,258 | 10,948 |

| 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 | 1,443 |
| 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 | --- | — |
| 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 30 April 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 30 Oct 2018. | | |

| 9. | Estimated cash outflows for next quarter | HK\$'000 |
|------------|---|-----------------|
| 9.1 | Exploration and evaluation | (1,742) |
| 9.2 | Development | — |
| 9.3 | Production | — |
| 9.4 | Staff costs | (2,990) |
| 9.5 | Administration and corporate costs | (3,675) |
| 9.6 | Other (provide details if material) | — |
| 9.7 | Total estimated cash outflows | (8,407) |

| 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 | E47/4037 Punda Spring | Application | 0% | 100% |
| | | E47/4038 Punda Spring | Application | 0% | 100% |
| | | E47/4039 Punda Spring | Application | 0% | 100% |
| | | E47/4040 Punda Spring | Application | 0% | 100% |

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: 30 July 2018

(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.