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# **BROCKMAN**

## **BROCKMAN MINING LIMITED**

**布萊克萬礦業有限公司\***

(Formerly WAH NAM INTERNATIONAL HOLDINGS LIMITED)

*(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 January 2013

*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), Mr. Warren Talbot Beckwith and Mr. Ross Stewart Norgard as non-executive directors; Mr. Luk Kin Peter Joseph (Chief Executive Officer), Mr. Chan Kam Kwan, Jason (Company Secretary) and Mr. Chu Chung Yue, Howard as executive directors; and Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart, Mr. Yip Kwok Cheung, Danny and Mr. David Michael Spratt as independent non-executive directors.*

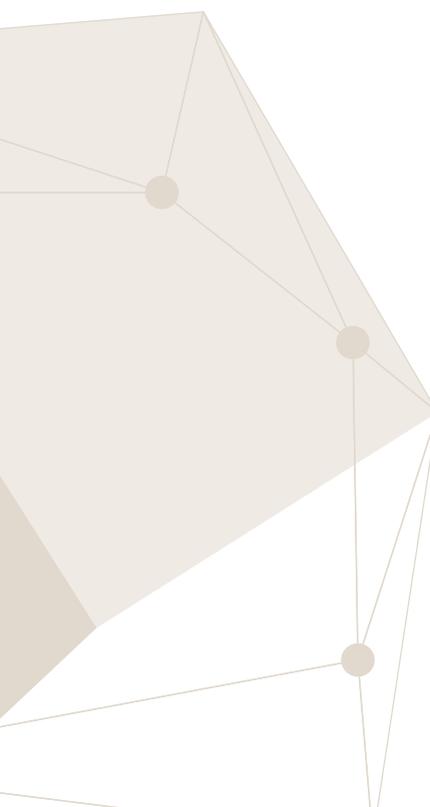
\* *For identification purpose only*



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布萊克萬礦業有限公司  
**BROCKMAN MINING LIMITED**

Incorporated in Bermuda with limited liability  
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## **QUARTERLY REPORT**

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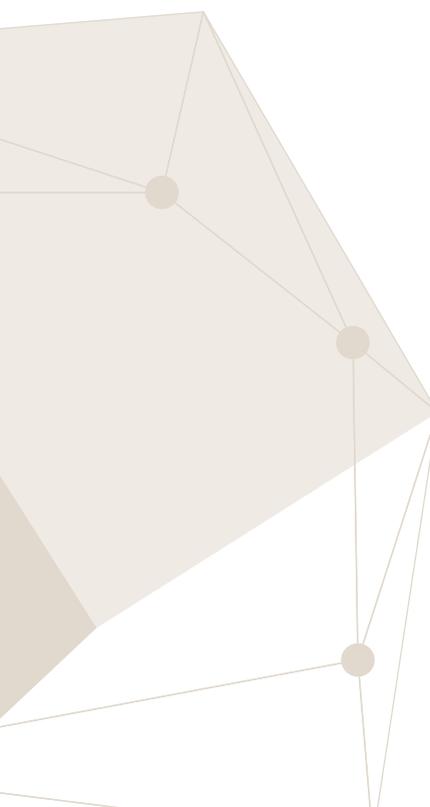
for the quarter ended  
31 December 2012



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## QUARTERLY REPORT

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for the quarter ended  
31 December 2012

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**1. HIGHLIGHTS**

- An initial Indicated and Inferred Mineral Resource estimate of 108 Mt grading 58.3% Fe was announced for the Pallas and Castor deposits at Coondiner of which a total of 64.3 Mt (all at Pallas) or 60% of the total Mineral Resource estimate is in the Indicated category.
- An initial Indicated and Inferred Mineral Resource estimate of 52.1 Mt grading 59.11% Fe was announced for the Kalgan Creek Deposit of which 12.5 Mt or 24% of the total Mineral Resource estimate is in the Indicated category.
- The DSO Mineral Resources at Ophthalmia now total 160.1 Mt grading 58.56% Fe, with almost half of this Mineral Resource (76.8 Mt) in the Indicated category.
- The initial program of RC drilling at the Sirius prospect at Ophthalmia was completed. Significant thicknesses of DSO grade mineralisation were intersected over 3.8km of strike, with better intercepts of 96m at 60.8% Fe in hole SRC0025 (from 2m) and 88m at 61.6% Fe in hole SRC0022 (from surface).

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## 2. CORPORATE REVIEW

### Management Team Changes — Australian Operation

Mr. Kevin Watters will join Brockman Mining Australia as General Manager – Project Development, replacing Mr. Paul Bartlett who resigned during the quarter. Paul will continue with the Company on a contracted basis.

Kevin previously held the role of Project Director for Australian Premium Iron Pty Ltd, responsible for the West Pilbara Iron Ore Project; a major iron ore project involving the development of new mine, rail and port facilities in the western Pilbara region. He has extensive development and operations experience, having worked previously for Portman Iron Ore Ltd, Tiwest Pty Ltd and BHP Iron Ore Ltd.

### Subscription of Shares and Subscription of Convertible Bonds

In November 2012, the Company and China Guoyin Investment (HK) Ltd (**China Guoyin**) entered into a subscription agreement pursuant to which the Company agreed to issue and China Guoyin agreed to subscribe for 190,243,902 new Shares at an aggregate subscription price of approximately HK\$78 million (**Share Subscription**). The Share Subscription is conditional upon independent shareholders approval. Upon shareholders approval, a bond issued by the Company to China Guoyin on 21 September 2012 shall be redeemed in full and the proceeds from the redemption will be applied to the Share Subscription.

On the same date, the Company and Ocean Line Holdings Ltd (**Ocean Line**) entered into a convertible bond subscription agreement pursuant to

which the Company agreed to issue and Ocean Line agreed to subscribe for a 5% convertible bond with the principal amount of HK\$78 million (**CB Subscription**). The CB Subscription is conditional upon independent shareholders approval. Upon shareholders approval, a bond issued by the Company to Ocean Line on 21 September 2012 shall be redeemed in full and the proceeds from the redemption will be applied to the CB Subscription.

On 8 January 2013, independent shareholders approval was sought and the completion of the Share Subscription and CB Subscription took place on 9 January 2013.

### Cash position

The consolidated cash position of the Group as at 31 December 2012 was HK\$354.9 million (A\$44.1 million).

## 3. MARILLANA IRON ORE PROJECT (100% INTEREST)

### 3.1 Rail and port infrastructure

The Marillana project team's primary focus for the quarter was on rail and port infrastructure.

The Marillana project team continued to work closely with the Aurizon-led East Pilbara Independent Rail Study team towards completing a report in Q1, 2013.

During the quarter, NWI received a draft term sheet from the Port Hedland Port Authority, outlining the expected terms of a lease to govern the development of port facilities in the Port Hedland harbour. Negotiations on the terms for the lease are anticipated to continue during Q1 2013.

3.2 Mining and Metallurgy

During the quarter, the opportunity has been taken to optimise the project economics. This has involved work on yield optimisation of the planned beneficiation process. Laboratory scale reflux classifier testwork on the -1 mm size fraction, currently treated as waste, was completed with encouraging results. Pilot scale test work, using the RC300 reflux classifier, will commence in Q1 2013.

In addition, samples (4 × 200 litre drums) were forwarded to CISRI to commence preparation of blends for China-based sinter testing of the Marillana product, to compliment the previous Australian-based sinter test work. This sinter testing program is anticipated to be completed late in Q1 2013.

4. REGIONAL IRON ORE PROJECTS (100% INTEREST)

4.1 Ophthalmia Project

Initial Mineral Resource estimates were carried out over the Coondiner (Pallas and Castor Deposits) and Kalgan Creek Deposits. Field activities focused on completion of RC drilling at the Sirius prospect to enable resource estimation at that prospect, expected in Q1 2013. A total of 36 holes for 3,758 m were drilled at Sirius during the quarter. The locations of the various Ophthalmia Deposits and prospects are shown in Figure 1.

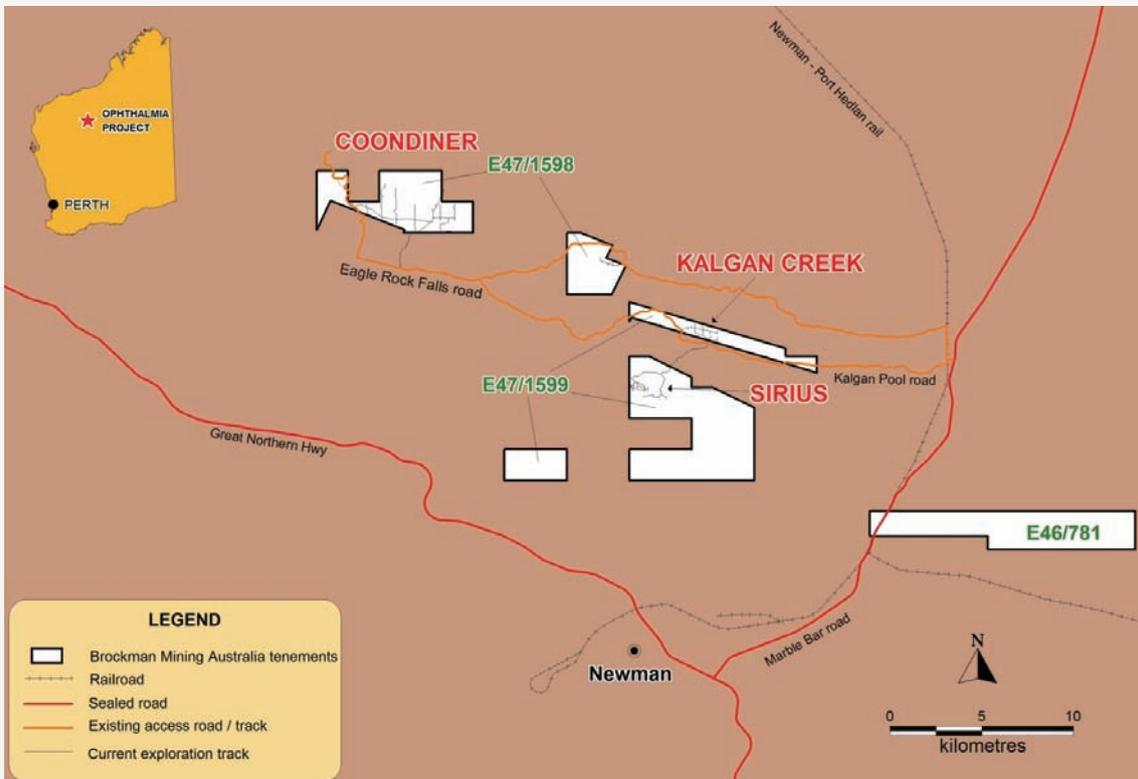


Figure 1: Location of Ophthalmia deposits and prospects

The Ophthalmia Project exploration results are particularly significant in supporting ongoing feasibility studies for an Independent East Pilbara Railway. Brockman has previously reported that detailed feasibility studies at the 100%-owned Marillana Iron Ore Project have demonstrated the Project will produce 419 Mt of final product (beneficiated detrital plus DSO CID mineralisation) and sustain production levels of 17–20 Mtpa. As Ophthalmia is located only 80 km south-east of Marillana, there is the opportunity to either extend the proposed railway to Ophthalmia or to truck material from Ophthalmia to Marillana. Either of these options will result in increased tonnages on the proposed independent railway, enhancing its viability.

#### 4.1.1 Coondiner and Kalgan Creek Deposits

Initial Indicated and Inferred Mineral Resource estimates for the Coondiner and Kalgan Creek Deposits were issued to the ASX on 15 October 2012 and 4 December 2012 respectively.

The Coondiner Mineral Resource estimate includes the Pallas and Castor Deposits and totals 108 Mt grading 58.3% Fe, comprising 64.3 Mt of Indicated Mineral Resources (all at Pallas) and 44 Mt of Inferred Mineral Resources (at Pallas and Castor). The Kalgan Creek Mineral Resource estimate totals 52.1 Mt grading 59.11% Fe, comprising 12.5 Mt of Indicated Mineral Resources.

The DSO Mineral Resources at the Ophthalmia Project total 160.1 Mt grading 58.56% Fe, as shown in Table 1:

Table 1: Ophthalmia DSO Mineral Resource Summary

| Deposit                           | Class            | Tonnes (Mt)  | Fe (%)       | CaFe* (%)    | SiO <sub>2</sub> (%) | Al <sub>2</sub> O <sub>3</sub> (%) | S (%)        | P (%)       | LOI (%)     |
|-----------------------------------|------------------|--------------|--------------|--------------|----------------------|------------------------------------|--------------|-------------|-------------|
| Kalgan Creek                      | Indicated        | 12.5         | 59.25        | 62.64        | 4.02                 | 4.79                               | 0.007        | 0.20        | 5.41        |
|                                   | Inferred         | 39.7         | 59.07        | 62.55        | 4.53                 | 4.55                               | 0.005        | 0.17        | 5.56        |
|                                   | <b>Sub total</b> | <b>52.1</b>  | <b>59.11</b> | <b>62.56</b> | <b>4.41</b>          | <b>4.60</b>                        | <b>0.006</b> | <b>0.18</b> | <b>5.52</b> |
| Coondiner (Pallas and Castor)     | Indicated        | 64.3         | 58.00        | 61.55        | 5.79                 | 4.40                               | 0.009        | 0.17        | 5.77        |
|                                   | Inferred         | 43.7         | 58.79        | 62.15        | 5.33                 | 4.38                               | 0.006        | 0.18        | 5.41        |
|                                   | <b>Sub total</b> | <b>108.0</b> | <b>58.30</b> | <b>61.77</b> | <b>5.61</b>          | <b>4.39</b>                        | <b>0.008</b> | <b>0.17</b> | <b>5.62</b> |
| <b>Total (DSO) – Ophthalmia**</b> |                  | <b>160.1</b> | <b>58.56</b> | <b>62.03</b> | <b>5.22</b>          | <b>4.46</b>                        | <b>0.007</b> | <b>0.17</b> | <b>5.59</b> |

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

\*\* Total tonnes may not add due to rounding

The Mineral Resource estimates were prepared by Golder and classified in accordance with the guidelines of the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves" (JORC Code). They have been estimated within geological boundaries using a 54% Fe lower cut-off grade for DSO grade mineralisation. The methodology and procedures used for the Mineral Resource estimate were provided in the ASX releases of 15 October 2012 and 4 December 2012. The drill holes and Mineral Resource location for the Coondiner and Kalgan Creek Deposits are shown in Figures 2 and 3 respectively.

Mineralisation at all deposits is hosted by the Boolgeeda Iron Formation and forms a sub-horizontal blanket up to 100m thick, commencing from shallow depths. For this reason, it is expected that the stripping ratio would be low and that mining would be relatively straightforward.

It should be noted that in September 2012, Brockman was advised by the Department of Minerals and Petroleum (DMP) of the preliminary survey result of the State Agreement Mining Lease M70/282 Section 4 (Hope Downs Joint Venture managed by Rio Tinto), which adjoins the Coondiner tenement E47/1598. This survey data indicates a discrepancy between the position of the south-western boundary of E47/1598 as recorded on the DMP tenement management system (TENGRAPH) and that recorded by the survey. The main effect of this survey result is a shift of up to 300m to the north of the aforementioned tenement boundary. The Mineral Resource for the Pallas Deposit, referred to in Table 1, is the worse-case scenario, assuming that the survey data is adopted in full by DMP. If the survey data is not adopted, this 300m wide strip contains additional Mineral Resources that would be added to those listed in Table 1. The Castor Mineral Resource is not affected in any way by the survey data.

Brockman is in discussions with DMP regarding this survey result.

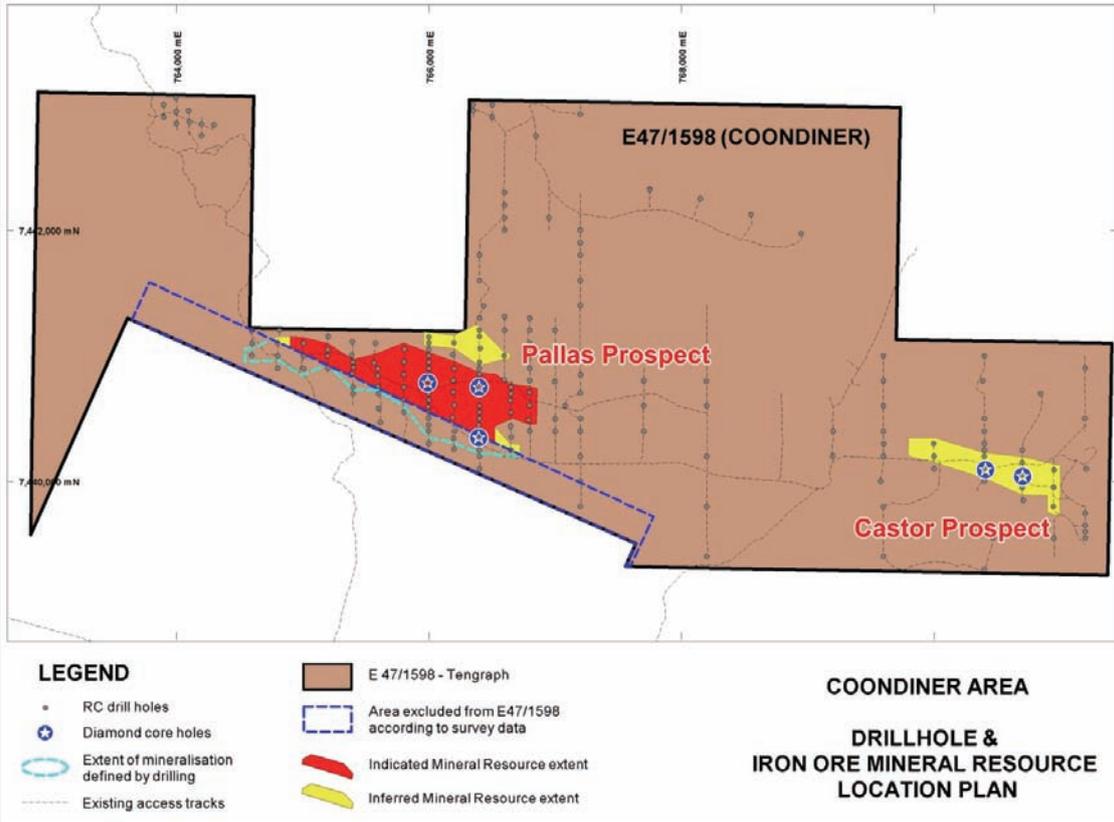


Figure 2: Drillhole & iron ore mineral resource location plan – Coondiner Area

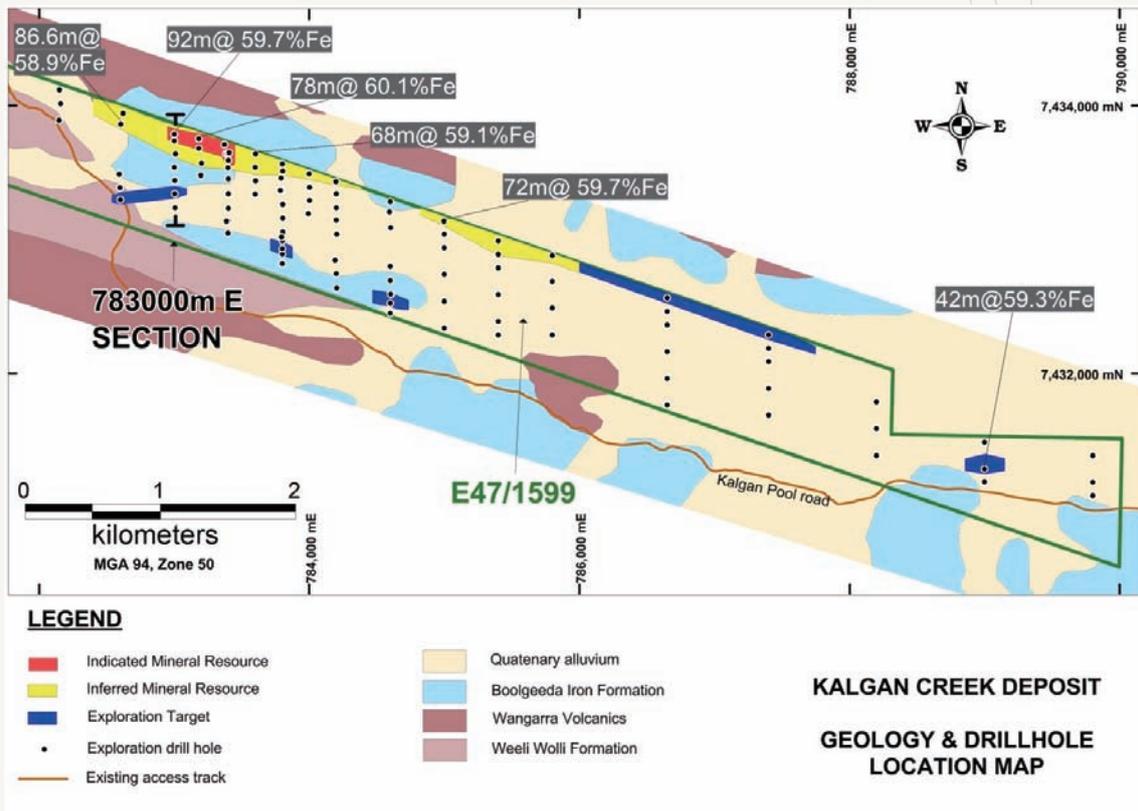


Figure 3: Geology and drill hole location map – Kalgan Creek Deposit

In order to assess the quality of the assays of RC samples, seven diamond drill holes twinning the existing RC holes including five holes at Coondiner and two holes at Kalgan Creek were completed during the quarter and the results tabulated in Table 2.

Table 2: Results from diamond drilling and comparison to RC twin holes

| Hole ID  | Drill Type | From (m) | To (m) | Width (m) | Fe (%) | Al <sub>2</sub> O <sub>3</sub> (%) | SiO <sub>2</sub> (%) | P (%) | S (%) | LOI (%) | Comment               |
|----------|------------|----------|--------|-----------|--------|------------------------------------|----------------------|-------|-------|---------|-----------------------|
| CNDD001  | HQ3 core   | 17       | 102    | 85        | 60.01  | 3.07                               | 3.64                 | 0.183 | 0.004 | 6.49    |                       |
| CNRC0071 | RC         | 36       | 97     | 61        | 58.60  | 3.49                               | 4.21                 | 0.185 | 0.004 | 7.72    |                       |
| CNDD001  | HQ3 core   | 16       | 36     | 20        | 59.50  | 3.79                               | 4.36                 | 0.168 | 0.015 | 5.85    | For direct comparison |
| CNRC0071 | RC         | 16       | 36     | 20        | 48.80  | 8.48                               | 10.92                | 0.140 | 0.015 | 9.44    | For direct comparison |
| CNDD001  | HQ3 core   | 36       | 97     | 61        | 59.91  | 2.96                               | 3.47                 | 0.190 | 0.003 | 6.84    | For direct comparison |
| CNRC0071 | RC         | 36       | 97     | 61        | 58.60  | 3.49                               | 4.21                 | 0.185 | 0.004 | 7.72    | For direct comparison |
| CNDD002  | HQ3 core   | 2        | 62     | 60        | 59.47  | 4.10                               | 4.73                 | 0.155 | 0.015 | 5.07    |                       |
| CNRC0190 | RC         | 2        | 62     | 60        | 59.19  | 4.16                               | 5.33                 | 0.151 | 0.013 | 5.06    |                       |
| CNDD003  | HQ3 core   | 19.5     | 124.73 | 105.23    | 60.20  | 4.34                               | 3.00                 | 0.192 | 0.005 | 5.49    |                       |
| CNRC0188 | RC         | 18       | 126    | 108       | 58.85  | 4.76                               | 4.14                 | 0.180 | 0.010 | 5.84    |                       |
| CNDD004  | HQ3 core   | 13       | 77     | 64        | 59.71  | 3.99                               | 4.36                 | 0.223 | 0.003 | 5.19    |                       |
| CNRC0049 | RC         | 16       | 49     | 33        | 58.13  | 4.76                               | 6.00                 | 0.192 | 0.008 | 5.37    | For direct comparison |
| CNDD004  | HQ3 core   | 16       | 49     | 33        | 58.96  | 4.50                               | 5.03                 | 0.203 | 0.003 | 5.16    | For direct comparison |
| CNDD005  | HQ3 core   | 14       | 139.5  | 125.5     | 59.77  | 4.30                               | 4.07                 | 0.179 | 0.002 | 5.31    |                       |
| CNRC0152 | RC         | 16       | 138    | 122       | 60.09  | 4.04                               | 3.77                 | 0.169 | 0.004 | 5.48    |                       |
| KCDD001  | HQ3 core   | 4        | 90.6   | 86.6      | 58.94  | 4.61                               | 4.27                 | 0.199 | 0.006 | 5.72    |                       |
| KRC0023  | RC         | 2        | 86     | 84        | 58.97  | 4.60                               | 4.61                 | 0.193 | 0.007 | 5.37    |                       |
| KCDD002  | HQ3 core   | 12.5     | 87.3   | 74.8      | 59.46  | 4.80                               | 3.31                 | 0.225 | 0.003 | 5.76    |                       |
| KRC0016A | RC         | 8        | 90     | 82        | 59.02  | 4.84                               | 4.41                 | 0.199 | 0.005 | 5.41    |                       |

As shown in Table 2, the assay results of RC holes compare very well in most cases to their twinned diamond holes with the only exception of twin-hole pair of CNDC001 and CNRC0071 where the issue (discrepancy in assays) appears to be related to a localised sample recovery problem in the RC hole.

#### 4.1.2 Sirius Prospect

The RC drilling program at the Sirius prospect was completed during the period, with a further 36 holes for 3,758m. Drilling was on traverses generally 200m apart (Figure 4). Due to access limitations, holes could not be drilled at the optimum spacing and orientation. Drilling to date at this prospect has confirmed high grade DSO mineralisation of the folded main zone, which extends over 3.8km along strike and to a vertical depth of up to 150m from the hill-top and about 120m from the valley floor.

The best intersections from the recent RC drilling included 96m at 60.8% Fe from 2m in SRC0025 and 88m at 61.6% Fe from surface in SRC0022. Assay results for all the recent RC holes have now been received and all significant intersections at this prospect,

with down-hole widths over 30m, are listed in Table 3 (including the results of the heli-drill diamond holes announced in April 2012). An initial resource estimate for the Sirius prospect is expected to be available in Q1 2013.

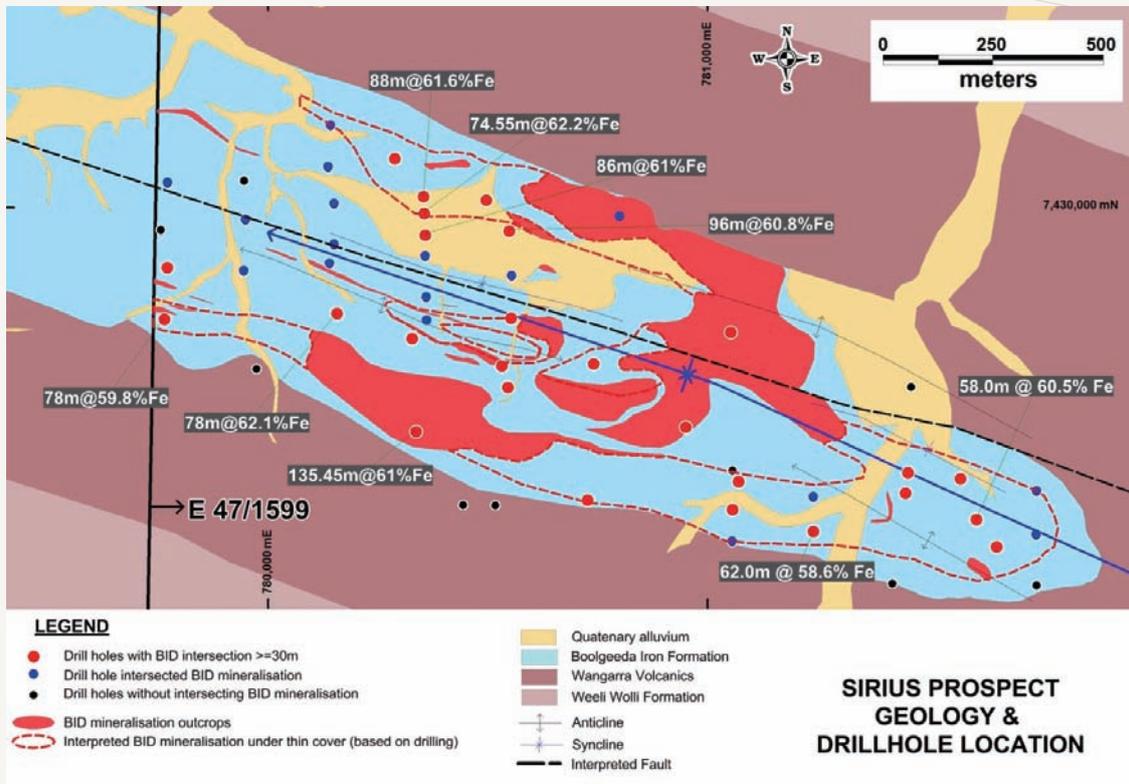


Figure 4: Geology and drill hole location map – Sirius Prospect

Table 3: Summary of significant drill intersections of the Sirius prospect

| Hole ID | From (m) | To (m) | Width (m) | Dip (deg.) | Azim. (deg.) | Fe (%) | CaFe (%) | SiO <sub>2</sub> (%) | Al <sub>2</sub> O <sub>3</sub> (%) | P (%) | S (%) | LOI (%) |
|---------|----------|--------|-----------|------------|--------------|--------|----------|----------------------|------------------------------------|-------|-------|---------|
| SDD001* | 27.25    | 162.7  | 135.4     | -60        | 356          | 61.0   | 64.5     | 2.10                 | 3.85                               | 0.18  | 0.028 | 5.38    |
| SDD004* | 36.3     | 76.55  | 40.3      | -80        | 270          | 61.2   | 64.2     | 3.47                 | 3.63                               | 0.20  | 0.006 | 4.69    |
| SDD006* | 0        | 74.55  | 74.5      | -58.4      | 356.9        | 62.2   | 65.0     | 2.04                 | 3.52                               | 0.22  | 0.010 | 4.31    |
| SDD007* | 0        | 33.15  | 33.1      | -90        |              | 62.1   | 64.8     | 3.25                 | 3.01                               | 0.15  | 0.008 | 4.15    |
| SDD008* | 4.5      | 43     | 38.5      | -90        |              | 59.5   | 62.5     | 4.27                 | 4.83                               | 0.17  | 0.008 | 4.75    |
| SRC0003 | 62       | 116    | 54        | -90        |              | 62.3   | 65.6     | 1.66                 | 3.56                               | 0.18  | 0.002 | 5.06    |
| SRC0004 | 2        | 80     | 78        | -90        |              | 59.8   | 63.3     | 5.03                 | 2.88                               | 0.23  | 0.008 | 5.54    |
| SRC0008 | 70       | 148    | 78        | -60        | 187          | 62.1   | 65.3     | 3.42                 | 2.07                               | 0.20  | 0.004 | 4.93    |
| SRC0009 | 24       | 66     | 42        | -90        |              | 61.4   | 64.7     | 3.24                 | 2.89                               | 0.20  | 0.004 | 5.04    |
| SRC0010 | 38       | 88     | 50        | -90        |              | 61.8   | 64.8     | 3.70                 | 2.64                               | 0.17  | 0.004 | 4.60    |
| SRC0011 | 14       | 52     | 38        | -90        |              | 62.0   | 65.4     | 3.26                 | 2.12                               | 0.18  | 0.008 | 5.13    |
| SRC0012 | 2        | 46     | 44        | -90        |              | 60.9   | 64.0     | 3.20                 | 3.98                               | 0.16  | 0.006 | 4.78    |
| SRC0020 | 0        | 54     | 54        | -90        |              | 60.4   | 64.0     | 4.79                 | 2.03                               | 0.20  | 0.010 | 5.63    |
| SRC0022 | 0        | 88     | 88        | -60        | 10           | 61.6   | 64.7     | 4.03                 | 1.91                               | 0.21  | 0.006 | 4.89    |
| SRC0023 | 32       | 118    | 86        | -90        |              | 61.0   | 63.9     | 4.22                 | 3.24                               | 0.18  | 0.004 | 4.49    |
| SRC0024 | 4        | 50     | 46        | -60        | 355          | 59.8   | 62.9     | 4.29                 | 4.26                               | 0.17  | 0.012 | 4.87    |
| SRC0025 | 6        | 102    | 96        | -60        | 0            | 60.8   | 64.3     | 3.74                 | 3.08                               | 0.19  | 0.004 | 5.38    |
| SRC0027 | 0        | 44     | 44        | -84        | 200          | 62.8   | 65.3     | 2.86                 | 2.73                               | 0.15  | 0.009 | 3.78    |
| SRC0030 | 4        | 42     | 38        | -90        |              | 59.8   | 63.2     | 3.24                 | 4.52                               | 0.21  | 0.034 | 5.38    |
| SRC0032 | 0        | 34     | 34        | -90        |              | 59.2   | 62.1     | 5.67                 | 3.87                               | 0.13  | 0.010 | 4.63    |
| SRC0033 | 4        | 58     | 54        | -90        |              | 59.8   | 63.1     | 4.19                 | 4.00                               | 0.19  | 0.007 | 5.20    |
| SRC0036 | 2        | 64     | 62        | -90        |              | 58.6   | 62.1     | 4.89                 | 4.16                               | 0.18  | 0.006 | 5.68    |
| SRC0038 | 6        | 46     | 40        | -60        | 180          | 59.9   | 62.8     | 5.12                 | 3.72                               | 0.19  | 0.009 | 4.63    |
| SRC0042 | 2        | 44     | 42        | -60        | 190          | 58.3   | 62.0     | 4.65                 | 4.19                               | 0.17  | 0.010 | 5.96    |
| SRC0043 | 2        | 60     | 58        | -60        | 200          | 60.5   | 63.9     | 3.03                 | 4.08                               | 0.17  | 0.005 | 5.34    |
| SRC0044 | 2        | 44     | 42        | -90        |              | 60.2   | 63.8     | 3.13                 | 4.04                               | 0.16  | 0.005 | 5.70    |
| SRC0045 | 2        | 50     | 48        | -90        |              | 59.8   | 63.1     | 3.59                 | 4.05                               | 0.18  | 0.009 | 5.20    |

\*Reported in April 2012

#### 4.2 Marillana exploration

A short program of RC drilling, comprising 1,164m in 20 holes, was completed at Marillana to test for distal accumulations of detrital mineralisation, north of the BHPBIO railway line and coincident with broad zones of magnetic anomalism. Drilling was confined to existing proposed infrastructure corridors that had previously been heritage cleared, so as to expedite the timing of the drilling program.

The detrital stratigraphy encountered was similar to that at the northern edge of the existing Mineral Resources at Marillana, but grades were lower. No significant intersections of economic grade detrital mineralisation were encountered.

#### 4.3 West Pilbara Project

A helicopter-supported, diamond drilling program, comprising 3 holes for 148.9m, was completed within the West Pilbara project area. The holes were drilled to test new conceptual targets at West Hamersley and a CID Mesa at Mt Stuart. The holes at West Hamersley demonstrated that the mineralisation mapped in that area was restricted to surficial enrichment, with no significant mineralisation encountered at depth.

The hole at Mt Stuart encountered CID mineralisation from surface to 18m with better mineralisation starting from 7m.

The assay results of all the diamond core samples are not expected until late January 2013.

#### 4.4 Competent Person's Statement

The information in this report that relates to Mineral Resources is based on information compiled by Mr J Farrell and Mr A Zhang.

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

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

## 5. DAMAJIANSHAN MINE

During the quarter ended 31 December 2012, cash receipts from product sales of approximately RMB17.3 million (RMB10.9 million, September 2012 quarter) were contributed by the Company's wholly-owned subsidiary, Smart Year, a 90% owner and operator of the Damajianshan Mine.

Cash payments for production associated with the mining operation during the quarter ended 31 December 2012 amounted to approximately RMB8.3 million (RMB8.4 million, September 2012 quarter).

Production from the Damajianshan Mine increased significantly as compared to the previous quarter, with over 30% more copper ore processed reflecting a full quarter of uninterrupted production post the completion of all power and plant upgrade installation works. The Damajianshan Mine is located in Qimaba Township, Luchun County of Yunnan Province in the PRC.

Cash payments for exploration activities and development amounted to approximately RMB2.0 million (RMB0.5 million, September 2012 quarter). Exploration activities continued during the quarter which aimed to find additional resources in order to support the Group's further development. The increase in the exploration cash payments reflects the Company's increased investment in discovering additional resources. Any significant developments from the ongoing exploration activities will be reported to the market as appropriate. During the quarter, exploration and drilling development totalled 200m including (514 m, September 2012 quarter), geophysical surveys work.

### Mining Licence

The renewal of the mining right certificate of Luchun Xingtai Mining Co Ltd ("Luchun"), the operator of the Damajianshan Mine, was underway.

With reference to an independent legal opinion received by Luchun dated 17 September 2012, there are no legal barriers to Luchun obtaining the renewal of the mining right certificate, provided that it complies with the requirements as deemed necessary by the relevant government authorities. The Board considers that the Group will be able to renew the mining right certificate.

## 6. TRANSPORT SERVICES BUSINESS

Receipts from the limousine rental and airport shuttle bus operations amounted to approximately HK\$27.1 million during the quarter ended 31 December 2012. The business is being refocused on preferred markets. In addition, operations were ceased at Shenzhen and no revenue was recorded from this operation. Notwithstanding cessation of the Shenzhen operation, receipts from the operation in the PRC has been improved from HK\$7.5 million in September 2012 quarter to HK\$8.6 million in this quarter. The Company will continue to monitor market developments and formulate the best business strategy so as to sustain the overall profit margin.

## 7. CORPORATE PROFILE

**Brockman Mining Limited**  
ARBN 143 211 867

Non-executive Director:  
Kwai Sze Hoi (Chairman)  
Liu Zhengui (Vice Chairman)  
Warren Talbot Beckwith  
Ross Stewart Norgard

Executive Directors:  
Luk Kin Peter Joseph (CEO)  
Chu Chung Yue Howard  
Chan Kam Kwan Jason

Independent Non-executive Directors:  
Lau Kwok Kuen Eddie  
Uwe Henke Von Parpart  
Yip Kwok Cheung Danny  
David Michael Spratt

Company Secretary  
Chan Kam Kwan Jason

### Registrars

#### **Principal Share Registrars and Transfer Office**

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM08  
Bermuda

#### **Branch Share Registrars and Transfer Office — Hong Kong**

Tricor Secretaries Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Wanchai, 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 2012**

**Quoted securities**  
7,224,094,327 fully paid shares on issue  
15,000,000 options quoted, expiring 30 September 2014

#### **Unquoted securities**

209,100,000 unlisted options granted  
— 8,500,000 share options, expiring 17 January 2014 EX HK\$1.164  
— 27,000,000 share options, expiring 10 February 2014 EX HK\$1.240  
— 39,000,000 share options, expiring 10 November 2013 EX HK\$2.00  
— 50,000,000 share options, expiring 31 December 2014 EX HK\$0.72  
— 84,600,000 share options, expiring 13 December 2015 EX HK\$0.72

#### **Convertible Bond**

- (i) 5% Convertible Bond, convertible on or before 10 January 2014 with a principal amount of HK\$95,940,000, which is convertible into 159,900,000 ordinary shares (subject to adjustment).
- (ii) 5% Convertible Bond, convertible on or before 19 April 2015 with a principal amount of HK\$78,000,000, which is convertible into 130,000,000 ordinary shares (subject to adjustment).
- (iii) 12% Bond, due on or before 23 December 2013 with a principal amount of HK\$78,000,000, which was later redeemed on 9 January 2013 and the proceeds were applied to the subscription of a 5% convertible bond, convertible on or before 9 January 2016 into 190,243,902 ordinary shares.
- (iv) 12% Bond, due on or before 23 December 2013 with a principal amount of HK\$78,000,000, which was later redeemed on 9 January 2013 and the proceeds were applied to the subscription of 190,243,902 ordinary shares of the Company.

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

30 January 2013, Hong Kong

## 8. GLOSSARY

|                             |   |
|-----------------------------|---|
| "ASX"                       | ASX Limited ACN 008 624 691, or the financial products market, The Australian Securities Exchange, as the situation requires  |
| "Atlas"                     | Atlas Iron Limited (ASX:AGO), an iron ore producer and developer in Western Australia listed on the ASX   |
| "Aurizon"                   | Aurizon Limited (formerly QR National Limited), which is the largest rail freight company in Australia and is listed on the ASX   |
| "Board"                     | the Board of Directors  |
| "Brockman Mining Australia" | Brockman Mining Australia Pty Ltd (formerly Brockman Resources Limited ACN 009 372 150), the principal wholly-owned subsidiary of the Company   |
| "Brockman" or "Company"     | Brockman Mining Limited ARBN 143 211 867 (formerly Wah Nam International Holdings Limited), a company incorporated in Bermuda and listed on the SEHK and ASX  |
| "Brockman Australia"        | Brockman Mining Australia Pty Ltd, the principal wholly-owned subsidiary of the Company   |
| "CID"                       | Channel-iron deposits   |
| "CISRI"                     | China Iron & Steel Research Institute Group   |
| "Damajianshan Mine"         | The 90% owned copper mine held by the Company in the Yunnan Province, PRC   |
| "DMP"                       | Department of Minerals and Petroleum  |
| "DSO"                       | Direct Shipping Ore   |
| "EPIR"                      | East Pilbara Independent Railway  |
| "Golder"                    | Golder Associates Pty Ltd   |
| "Group"                     | Brockman Mining Limited, its associates and subsidiaries  |
| "JORC Code"                 | Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition)  |
| "km"                        | kilometres  |
| "Marillana Project"         | The 100% owned Marillana iron ore project is Brockman's flagship project located in the Hamersley Iron Province   |
| "m"                         | metre   |
| "Mt"                        | million tonnes  |
| "NWI"                       | North West Infrastructure, the joint venture company which represents the interests of its three shareholder companies: Brockman Mining Australia Pty Ltd; Atlas Iron Limited and FerrAus Limited, to facilitate the construction of a port facility capable of annually exporting 50 million tonnes of iron ore from the South-West Creek location at the Inner Harbour at Port Hedland, Western Australia |
| "Q"                         | Quarter (financial)   |
| "RC"                        | Reverse circulation   |
| "SEHK"                      | Hong Kong Exchanges and Clearing Company Limited or the financial products market or the Hong Kong Stock Exchange, as the situation requires  |

## Appendix 5B

### Mining 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*

Name of entity

BROCKMAN MINING LIMITED

ABN

ARBN 143 211 867

Quarter ended ("current quarter")

31 December 2012

#### Consolidated statement of cash flows

| Cash flows related to operating activities                | Current quarter<br>HK\$'000 | Year to date<br>(6 months)<br>HK\$'000 |
|---|-----------------------------|--|
| 1.1 Receipts from product sales and related debtors       | 21,331                      | 34,672                                 |
| 1.2 Payments for (a) exploration & evaluation             | (36,940)                    | (80,709)                               |
| (b) development   | —                           | —                                      |
| (c) production  | (10,270)                    | (20,596)                               |
| (d) administration expenses, and other working capital    | (45,822)                    | (92,509)                               |
| 1.3 Dividends received                                    | —                           | —                                      |
| 1.4 Interest and other items of a similar nature received | 2,658                       | 6,813                                  |
| 1.5 Interest and other costs of finance paid              | (136)                       | (314)                                  |
| 1.6 Income taxes paid or refund                           | 6,719                       | 6,719                                  |
| 1.7 Other (provide details if material)                   |                             |  |
| 1.7(a) Receipts from transport services                   | 27,053                      | 55,513                                 |
| 1.7(c) Net repayment to related parties                   | (6,154)                     | (5,751)                                |
| <b>Net Operating Cash Flows</b>                           | <b>(41,561)</b>             | <b>(96,162)</b>                        |
| <b>Cash flows related to investing activities</b>         |                             |  |
| 1.8 Payment for purchases of: (a) prospects               | —                           | —                                      |
| (b) equity investments                                    | —                           | —                                      |
| (c) other fixed assets                                    | (2,302)                     | (4,427)                                |
| 1.9 Proceeds from sale of: (a) prospects                  | —                           | —                                      |
| (b) equity investments                                    | —                           | —                                      |
| (c) other fixed assets                                    | 382                         | 502                                    |
| 1.10 Loans to other entities                              | —                           | —                                      |
| 1.11 Loans repaid by other entities                       | —                           | —                                      |
| 1.12 Other (provide details if material)                  | —                           | —                                      |
| <b>Net investing cash flows</b>                           | <b>(1,920)</b>              | <b>(3,925)</b>                         |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|          |  |          |           |
|----------|--|----------|-----------|
| 1.13     | Total operating and investing cash flows (brought forward) | (43,481) | (100,087) |
|          | <b>Cash flows related to financing activities</b>          |          |           |
| 1.14     | Proceeds from issues of shares, options, etc.              | —        | —         |
| 1.15     | Proceeds from sale of forfeited shares                     | —        | —         |
| 1.16     | Proceeds from borrowings                                   | —        | —         |
| 1.17     | Repayment of borrowings                                    | (2,594)  | (10,892)  |
| 1.18     | Dividends paid   | —        | —         |
| 1.19     | Other (provide details if material)                        |          |           |
| 1.19(a)  | Release of restricted bank deposit                         | —        | 5,200     |
| 1.19 (b) | acquisition of additional interest in BRM                  | —        | (33,514)  |
| 1.19 (c) | cash backed performance bond guarantee of BRM              | —        | (653)     |
| 1.19 (d) | proceeds from issue of bonds                               | —        | 156,000   |
|          | <b>Net financing cash flows</b>                            | (2,594)  | 116,141   |
|          | <b>Net (decrease)/increase in cash held</b>                | (46,075) | 16,054    |
| 1.20     | Cash at beginning of quarter/year to date                  | 399,863  | 333,751   |
| 1.21     | Exchange rate adjustments to item 1.20                     | 1,065    | 5,048     |
|          | <b>Cash at end of quarter</b>                              | 354,853  | 354,853   |

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

|        | Current quarter<br>HK\$'000  |       |
|--------|--|-------|
| 1.23   | Aggregate amount of payments to the parties included in item 1.2   | 2,766 |
| 1.24   | Aggregate amount of loans to the parties included in item 1.10   | —     |
| 1.25   | Explanation necessary for an understanding of the transactions   |       |
| 1.23   | Being payment of executive directors's salary and non-executive directors' fees  |       |
| 1.2(d) | Includes the human resources service fees of HK\$90,000 paid to a company in which a director of the company has beneficial interest hich a director of the company has beneficial interest. |       |

+ See chapter 19 for defined terms.

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 21 September 2012, the Company issued bonds of aggregate principal amount of HK\$156 million. Interest is payable on the date of redemption at the rate of 12% per annum of the outstanding principal amount, accruing from the date of issue of the bonds on daily basis. The bonds are due on 23 December, 2013.

Subsequent to the period ended, the above-mentioned bonds were redeemed in full and effectively replaced by issuing of 190,243,902 new shares and the HK\$78 million convertible bond to China Guoyin and Ocean Line respectively.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>HK\$'000 | Amount used<br>HK\$'000 |
|---------------------------------|------------------------------|-------------------------|
| 3.1 Loan facilities             | 25,200                       | 15,779                  |
| 3.2 Credit standby arrangements | —                            | —                       |

*Note:* In addition to the above facilities the Company has in place two convertible notes and two bonds (see 7.5 and 7.11.) As at 31 December 2012, the carrying amount of the convertibles bonds and bonds are approximately HK\$163.2 million and HK\$161.2 million respectively.

### Estimated cash outflows for next quarter

|   | HK\$'000         |
|---|------------------|
| 4.1 Exploration and evaluation                        | (35,360)         |
| 4.2 Development                                       | (1,208)          |
| 4.3 Production  | (9,506)          |
| 4.4 Administration expenses and other working capital | (59,465)         |
| <b>Total</b>  | <b>(105,539)</b> |

+ See chapter 19 for defined terms.

## Reconciliation of cash

| Reconciliation of cash at the end of the quarter<br>(as shown in the consolidated statement of cash flows)<br>to the related items in the accounts is as follows. | Current quarter<br>HK\$'000 | Previous quarter<br>HK\$'000 |
|---|-----------------------------|------------------------------|
| 5.1 Cash on hand and at bank  | 114,683                     | 224,254                      |
| 5.2 Deposits at call  | 239,142                     | 174,194                      |
| 5.3 Bank overdraft  | —                           | —                            |
| 5.4 Other (share of JV cash)  | 1,028                       | 1,415                        |
| <b>Total: cash at end of quarter (item 1.22)</b>  | <b>354,853</b>              | <b>399,863</b>               |

## Changes in interests in mining tenements

|   | Tenement reference | Nature of interest (note(2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|--------------------|------------------------------|----------------------------------|----------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | E52/2376           | Tenement surrendered         | 100%                             | 0%                         |
|   | E46/954            | Application withdrawn        | 100%                             | 0%                         |
| 6.2 Interests in mining tenements acquired or increased           | E04/2258           | Application lodged           | 0%                               | 100%                       |

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|  | Total number  | Number quoted | Issue price per security (see note 3) | Amount paid up per security (see note 3) |
|--|---------------|---------------|---------------------------------------|--|
| 7.1 <b>Preference<sup>+</sup> securities</b><br>(description)  |               |               |                                       |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |               |               |                                       |  |
| 7.3 <b><sup>+</sup>Ordinary securities</b>   | 7,224,094,327 | 7,224,094,327 |                                       |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |               |               |                                       |  |

+ See chapter 19 for defined terms.

|      |   |   |                                       |  |  |
|------|---|---|---------------------------------------|--|--|
| 7.5  | <b>Convertible debt securities</b><br><i>(description)</i>  | 1<br>1  | <i>Interest</i><br>5% p.a.<br>5% p.a. | <i>Conversion price</i><br>HK\$0.60<br>HK\$0.60  | <i>Maturity date</i><br>10 January 2014<br>19 April 2015   |
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted |   |                                       |  |  |
| 7.7  | <b>Options</b><br><i>(description and conversion factor)</i>  | 8,500,000<br>27,000,000<br>39,000,000<br>15,000,000<br>50,000,000<br>84,600,000 | 15,000,000                            | <i>Exercise price</i><br>HK\$1.164<br>HK\$1.240<br>HK\$2.000<br>A\$0.2<br>HK\$0.72<br>HK\$0.72 | <i>Expiry date</i><br>17 January 2014<br>10 February 2014<br>10 November 2013<br>30 September 2014<br>13 December 2014<br>13 December 2015 |
| 7.8  | Issued during quarter   |   |                                       |  |  |
| 7.9  | Exercised during quarter  |   |                                       |  |  |
| 7.10 | Expired during quarter  |   |                                       |  |  |
| 7.11 | <b>Debentures/Bonds</b><br><i>(totals only)</i>   | 2   | <i>Interest</i><br>12% p.a.           | <i>Principal amount</i><br>HK\$78,000,000<br>HK\$78,000,000                                    | <i>Redemption date</i><br>23 December 2013   |
| 7.12 | <b>Unsecured notes</b><br><i>(totals only)</i>  |   |                                       |  |  |

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does/ ~~does not\*~~ ~~(delete one)~~ give a true and fair view of the matters disclosed.



Sign here:

.....  
(Company secretary)

Date: 30 January 2013

Print name: Chan Kam Kwan, Jason

+ See chapter 19 for defined terms.

## Notes

- 1 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted Securities the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 5 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.
- 6 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.