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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)**

**MAJOR AND CONNECTED TRANSACTION –  
DISPOSAL OF SUBSIDIARIES ENGAGING IN LIMOUSINE BUSINESS  
DISCLOSEABLE AND CONNECTED TRANSACTION – GUARANTEE FOR  
A CONNECTED PERSON  
CONNECTED TRANSACTION – ACQUISITION OF REMAINING  
10% INTEREST IN COPPER MINE BUSINESS IN THE PRC**

**THE DISPOSAL, THE GUARANTEE AND THE DEED OF COUNTER INDEMNITY**

The Board announces that on 24 October 2013, the Company and Mr. Leung entered into the Sale and Purchase Agreement pursuant to which the Company agreed to sell and Mr. Leung agreed to purchase the Sale Shares and the Assignment Debt at a consideration of HK\$45 million.

On 20 July 2009, Parklane Limousine, a wholly owned subsidiary of Perryville, entered into the Facility Letter with a bank in Hong Kong in which the bank has agreed to make available to Parklane Limousine a banking facility of up to HK\$12 million subject to the terms and conditions set out in the Facility Letter. As a condition of the Facility Letter, the Guarantee (limited to HK\$12 million together with default interest and other costs and expenses) has been provided by the Company in favour of the bank. Upon the Disposal Completion, Parklane Limousine will cease to be a subsidiary of the Company and will be wholly owned by Mr. Leung.

As at the date of this announcement, the outstanding amount of the non-revolving loan due by Parklane Limousine to the lending bank under the Facility amounted to HK\$3.2 million and is due for repayment in February 2015. As it takes time for the bank to release the Guarantee before the loan under the Facility is fully repaid, the Company has agreed to continue to provide the Guarantee after the Disposal Completion subject to the arrangements involving the Deed of Counter Indemnity and the Share Charge Deed.

\* *For identification purpose only*

The Deed of Counter Indemnity in relation to the Guarantee under the Facility Letter will be entered into between Mr. Leung and the Company upon the Disposal Completion. Under the Sale and Purchase Agreement and the Deed of Counter Indemnity to be entered, Mr. Leung will indemnify the Company of the Company's obligations and liabilities stipulated under the Guarantee.

Perryville is a wholly-owned subsidiary of the Company and Mr. Leung is the director of Perryville. Mr. Leung is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal is higher than 25% but lower than 75%, the Disposal constitutes a major and connected transaction for the Company and is subject to the applicable reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Guarantee is higher than 5% but lower than 25%, the Guarantee constitutes a discloseable and connected transaction for the Company and is subject to the applicable reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

## **THE ACQUISITION**

The Board also announces that on 24 October 2013, Smart Year, a subsidiary of the Company, entered into the Equity Interest Transfer Deed with the Vendor in respect of the Acquisition for a consideration of HK\$45 million. Pursuant to the Equity Interest Transfer Deed, Smart Year has also entered into (i) the Framework Agreement with the Vendor and Maoxingyuan, a company wholly owned by the Vendor; and (ii) the Target Interest Transfer Agreement with Maoxingyuan. Under the Equity Interest Transfer, Maoxingyuan and the Vendor will transfer the Equity Interest to Smart Year. Pursuant to the Framework Agreement, Smart Year will effectively be given a right to require Maoxingyuan to transfer the Target Interest to it, its nominee or any of its designated third party at any time prior to the date of deregistration of Luchun. Any consideration payable by Smart Year under the Target Interest Transfer (net of tax) will be passed back to Smart Year from the Vendor under the Equity Interest Transfer Deed.

The Vendor is the beneficial owner of Maoxingyuan which holds the Target Interest as at the date of this announcement. The Vendor is also a director of Luchun. Accordingly, the Vendor is a connected person of the Company as defined under Chapter 14A of the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are lower than 5%, the Acquisition constitutes a connected transaction for the Company and is subject to the applicable reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14 and Chapter 14A of the Listing Rules.

The SGM will be held to consider and if thought fit, to approve the Disposal and the Guarantee. Mr. Leung and his associates will abstain from voting on the resolutions approving the Disposal and the Guarantee if any of them hold any Shares.

A circular containing, among other things, (i) further information of the Disposal and the Guarantee; (ii) a letter from the Independent Board Committee; (iii) a letter from the independent financial advisor to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 14 November 2013.

## **THE DISPOSAL**

### **Agreement**

Sale and Purchase Agreement

### **Date**

24 October 2013

### **Parties**

- (1) The Company (as seller); and
- (2) Mr. Leung (as purchaser)

### **Assets to be disposed of**

The Sale Shares which represent the entire issued share capital of Perryville and the Assignment Debt.

### **Basis of consideration**

The consideration of HK\$45 million for the Disposal was arrived at by arm's length negotiation between the Company and Mr. Leung and was determined with reference to (i) the consolidated net asset value of the Perryville Group as at 30 June 2013; (ii) the amount of the Assignment Debt payable by the Perryville Group to the Company; and (iii) the financial performance of the Perryville Group.

The consideration of HK\$45 million will be paid by Mr. Leung to the Company by way of bank transfer to the designed bank account as notified by the Vendor on or before the Disposal Completion Date.

## **Conditions Precedent**

The Disposal is conditional on the satisfaction of the conditions precedent set out below (or waived by parties to the Sale and Purchase Agreement as provided below), which include:

1. there being no circumstance which has rendered any warranties made by the Company under the Sale and Purchase Agreement untrue or inaccurate in any material respect;
2. the Independent Shareholders approving the Disposal, the Guarantee and the transactions contemplated under the Sale and Purchase Agreement; and
3. the release of the corporate guarantee given in favour of a bank in Hong Kong by the Company in respect of banking facilities extended to Parklane Limousine for the amount of HK\$63,200,000 in full. For the avoidance of doubt, this corporate guarantee is not the Guarantee in respect of the subject loan under the Facility and the Deed of Counter Indemnity.

As at the date of this announcement, none of the conditions precedent set out above has been fulfilled or waived. Mr. Leung may at any time waive in writing the condition 1 above or any part thereof.

## **Completion**

Disposal Completion shall take place on the Business Day immediately following the day on which the last of the conditions precedent under the Sale and Purchase Agreement is fulfilled or waived. If any of the conditions precedent under the Sale and Purchase Agreement has not been fulfilled or waived on or before the Long Stop Date, then the Company and Mr. Leung shall not be bound to proceed with the Sale and Purchase Agreement and the transactions contemplated thereunder and the Sale and Purchase Agreement shall terminate.

Upon the Disposal Completion, the Company will cease to hold any interest in the Perryville Group and Perryville will cease to be a subsidiary of the Company.

## **The Guarantee and the Deed of Counter Indemnity**

On 20 July 2009, Parklane Limousine, a wholly owned subsidiary of Perryville, entered into the Facility Letter with a bank in Hong Kong in which the bank has agreed to make available to Parklane Limousine a banking facility of up to HK\$12 million subject to the terms and conditions set out in the Facility Letter. As a condition of the Facility Letter, the Guarantee (limited to HK\$12 million together with default interest and other costs and expenses) has been provided by the Company in favour of the bank. Upon the Disposal Completion, Parklane Limousine will cease to be a subsidiary of the Company and will be wholly owned by Mr. Leung.

As at the date of this announcement, the outstanding amount of the non-revolving loan due by Parklane Limousine to the lending bank under the Facility amounted to HK\$3.2 million and is due for repayment in February 2015. As it takes time for the bank to release the Guarantee before the loan under the Facility is fully repaid, the Company has agreed to continue to provide the Guarantee after the Disposal Completion subject to the arrangements involving the Deed of Counter Indemnity and the Share Charge Deed.

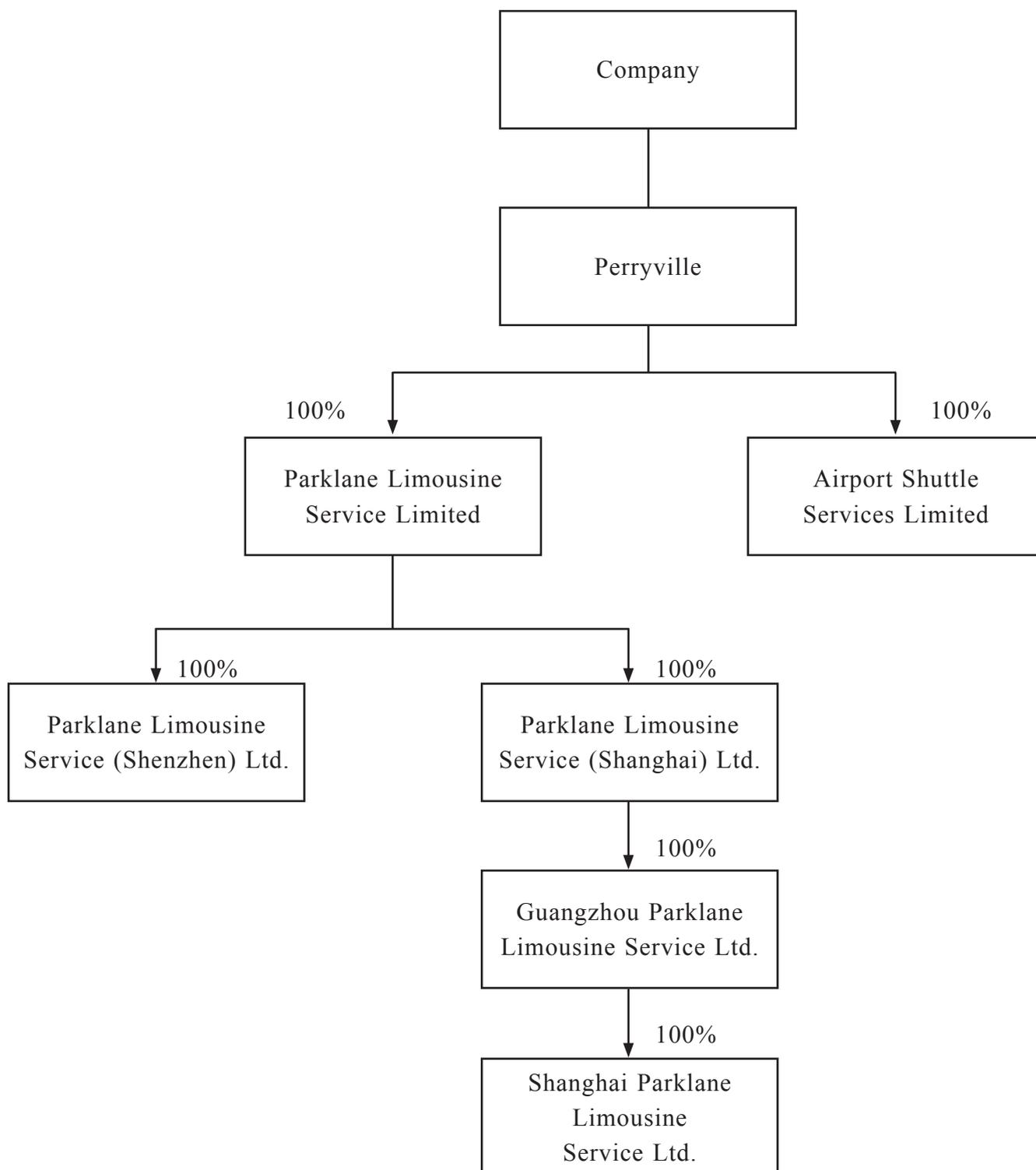
The Deed of Counter Indemnity in relation to the Guarantee under the Facility Letter will be entered into between Mr. Leung and the Company upon the Disposal Completion. Under the Sale and Purchase Agreement and the Deed of Counter Indemnity to be entered, Mr. Leung will indemnify the Company of the Company's obligations and liabilities stipulated under the Guarantee.

### **The Share Charge Deed**

The Share Charge Deed will also be entered into between Mr. Leung and the Company upon the Disposal Completion as a security for the performance of Mr. Leung's obligations and liabilities under the Sale and Purchase Agreement and the Deed of Counter Indemnity. Pursuant to the Share Charge Deed, Mr. Leung will charge to the Company, as the beneficial owner of Perryville upon the Disposal Completion, the entire issued shares of Perryville, together with all further shares, warrants, securities, rights, money or property accruing, paid, offered or deriving therefrom or in respect thereof, and includes any part thereof, as continuing security for the performance of his performance under the Sale and Purchase Agreement and the Deed of Counter Indemnity. After the irrevocable repayment and discharge in full of Mr. Leung's obligations under the Sale and Purchase Agreement and the Deed of Counter Indemnity, the Company shall release Mr. Leung from the Share Charge Deed.

## GENERAL INFORMATION ON THE PERRYVILLE GROUP

The Perryville Group is principally engaged in the provision of limousine and airport shuttle transportation services in Hong Kong. Set out below is the shareholding structure of the Perryville Group as at the date of this announcement:



Set out below certain unaudited consolidated financial information on the Perryville Group prepared in accordance with IFRS:

	<b>Year ended 30 June 2013 HK\$'000</b>	<b>Year ended 30 June 2012 HK\$'000</b>
Loss before income tax	(8,498)	(22,310)
Loss for the year	(8,328)	(20,620)
		<b>As at 30 June 2013 HK\$'000</b>
Net assets (excluding the Shareholder's Loan)		41,479
Shareholder's Loan		10,321

#### **REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE GUARANTEE**

The transportation services segment is operated by Parklane Limousine Service Limited and Airport Shuttle Services Limited, both operations are wholly owned by Perryville.

The audited consolidated revenue derived from the Perryville Group decreased by approximately 3.3% from approximately HK\$112 million for the year ended 30 June 2012 to approximately HK\$108.3 million. As the contribution from the primary mining sector increased, the contribution of the consolidated revenue derived from the Perryville Group to the total consolidated revenue of the Group decreased by approximately 19% from approximately 84.3% for the year ended 30 June 2012 to approximately 68.3% for the year ended 30 June 2013. The Perryville Group recorded net loss approximately HK\$8.3 million for the year ended 30 June 2013 and approximately HK\$20.6 million for the year ended 30 June 2012.

As stated in the annual report of the Company for the year ended 30 June 2013 (the “**2013 Annual Report**”), for the year ended 30 June 2013, the Group continued to face keen competition in the industry as more companies offered similar services with more competitive pricing. The Directors consider that by selling off its transportation services business, the Group will be able to concentrate on the mining businesses in Australia and in the PRC. The Directors also consider that upon the anticipated increase in production level of its copper mine in the coming years, the mining business of the Group could help to improve the overall financial performance.

The Directors consider that the consideration payable thereunder and other terms of the Disposal are fair, reasonable, and in the interests of the Company and its Shareholders as a whole.

The Directors estimate that the Disposal will give rise to a gain of approximately HK\$2.8 million, being the consideration of the Disposal of HK\$45 million adjusted by (i) the consolidated net assets of the Perryville Group of approximately HK\$31.2 million as at 30 June 2013 (including the Shareholder's Loan of approximately 10.3 million as at 30 June 2013); and (ii) the outstanding amount of the Assignment Debt of HK\$11 million as at the date of the Sale and Purchase Agreement. The Board intends to use the proceeds from the Disposal of HK\$45 million for the settlement of the consideration of the Acquisition.

As at the date of this announcement, the outstanding amount of the non-revolving loan due by Parklane Limousine to the lending bank under the Facility amounted to HK\$3.2 million and is due for repayment in February 2015. As it takes time for the bank to release the Guarantee before the loan under the Facility is fully repaid, the Company has agreed to continue to provide the Guarantee after the Disposal Completion subject to the arrangements involving the Deed of Counter Indemnity and the Share Charge Deed.

As (i) Mr. Leung will provide the Counter Indemnity to the Company to indemnify the Company of the Company's obligations and liabilities stipulated under the Guarantee; and (ii) a monthly security fee of HK\$50,000 will be paid by Mr. Leung to the Company from the date of the Deed of Indemnity until all sums payable under the Facility Letter have been fully and irrevocably paid in full and that the Company's obligations under the Guarantee with respect to the Facility have been fully and irrevocably released, the Directors consider that the Guarantee is fair, reasonable, and in the interests of the Company and its Shareholders as a whole.

## **THE ACQUISITION**

The Board also announces that on 24 October 2013, Smart Year, a subsidiary of the Company, entered into the Equity Interest Transfer Deed with the Vendor in respect of the Acquisition for a consideration of HK\$45 million. Pursuant to the Equity Interest Transfer Deed, Smart Year has also entered into (i) the Framework Agreement with the Vendor and Maoxingyuan, a company wholly owned by the Vendor; and (ii) the Target Interest Transfer Agreement with Maoxingyuan.

## **THE EQUITY INTEREST TRANSFER**

### **Agreement**

Equity Interest Transfer Deed

### **Date**

24 October 2013

## **Parties**

- (1) Smart Year (as purchaser); and
- (2) The Vendor (as seller)

## **Assets to be transferred**

The Equity Interest in the Target Interest relating to a 10% interest in the registered capital of Luchun, including the economic interests (i.e. the right to receive dividend, distribution and other income as the holder of the Target Interest) acquired by the Vendor from Maoxingyuan under the MXY Equity Interest Transfer Agreement, and any relating shareholders' rights (such as voting rights).

Under the Equity Interest Transfer, Smart Year will become entitled to all benefits and rights as beneficial owner of the Target Interest, including the related voting rights, rights to receive dividends and other distribution, etc. under Luchun's articles, the joint venture agreement of Luchun and the applicable PRC laws. Among other things, after the Equity Interest Transfer has become effective the Vendor is obliged to pass any distribution (net of tax) from Luchun to Smart Year within 14 Business Days from the day when Luchun making such payment.

Under the Equity Interest Transfer Deed, the Vendor has agreed to procure Maoxingyuan to give up its existing right to appoint its representative as a director of Luchun and to procure that the articles of Luchun to be amended to effect this. The Vendor and Maoxingyuan has agreed to appoint any person designated by Smart Year as its representative director on Luchun's board before the said proposed amendment to Luchun's articles.

Based on Smart Year's request, the Vendor will procure that Maoxingyuan's representative(s) at Luchun's board or other meetings (including Shareholders' meetings) of Luchun to vote in accordance with Smart Year's written instruction.

## **Basis of consideration**

The consideration of HK\$45 million for the Equity Interest Transfer was arrived at by arm's length negotiation between the Company and the Vendor and was determined with reference to (i) the financial position of Luchun; and (ii) the net book value of Smart Year as at 30 June 2013, in which the net book value of the mining rights of the Damajianshan Mine has been consolidated.

The consideration of HK\$45 million will be paid by Smart Year to the Vendor in cash on the Acquisition Completion Date.

## **Conditions Precedent**

The Equity Interest Transfer shall become effective upon the satisfaction (or waiver by Smart Year) of the conditions precedent set out below:

1. if needed, obtaining the necessary approvals or consents in respect of the Equity Interest Transfer and other transactions contemplated under the Equity Interest Transfer Deed, including but not limited to the approvals or consents from the shareholders of Smart Year and the Vendor, the holding company of each of Smart Year and the Vendor, any governmental and regulatory authorities, any third parties;
2. if needed, obtaining the Company's shareholders approval at a general meeting for the Equity Interest Transfer Deed and transactions contemplated thereunder;
3. having complied with the relevant regulatory requirements in respect of the Equity Interest Transfer and the transactions contemplated under the Equity Interest Transfer Deed;
4. obtaining a PRC legal opinion to the satisfaction of Smart Year in respect of the legality of the transactions contemplated in the PRC under the Equity Interest Transfer Deed;
5. signing of the Transfer Documents under the Equity Interest Transfer Deed; and
6. completion of the Disposal.

As described in the section headed "Implications under the Listing Rules", the Acquisition, which includes the Equity Interest Transfer, is exempt from the independent shareholders' approval requirement.

As at the date of this announcement, save for 2 and 5 above, none of the conditions precedent set out above has been declared, fulfilled or waived.

## **Completion**

The Acquisition Completion shall take place on the Business Day immediately following the day on which the last conditions precedent under the Equity Transfer Deed is fulfilled or waived. The Equity Interest Transfer Deed will be lapsed if the Acquisition Completion did not take place on or before the Long Stop Date, unless the parties to the Equity Transfer Deed may agree in writing to extend the Long Stop Date.

## **TARGET INTEREST TRANSFER**

### **Agreements**

Framework Agreement and Target Interest Transfer Agreement

### **Date**

24 October 2013

### **Parties**

In respect of the Framework Agreement

- (1) Smart Year (as purchaser);
- (2) Maoxingyuan (as seller); and
- (3) the Vendor

In respect of the Target Interest Transfer Agreement

- (1) Smart Year (as purchaser); and
- (2) Maoxingyuan (as seller)

### **Assets to be transferred**

Under the Framework Agreement and the Target Interest Transfer Agreement, during the period from the date of the Framework Agreement to the date of deregistration of Luchun, Smart Year will effectively be given a right to require Maoxingyuan to complete the registration of the transfer of the Target Interest to it with the relevant governmental authorities of the PRC (and thus completing the Target Interest Transfer) or its nominee or any of its designated third party as directed by Smart Year at a consideration of up to RMB2 million (or such amount as permitted under the PRC laws and as requested by Smart Year) which shall be paid by Smart Year to Maoxingyuan within 20 Business Days after completion of the Target Interest Transfer. The consideration (up to RMB2 million) payable by Smart Year under the Target Interest Transfer (net of tax) will be passed back to Smart Year from the Vendor under the Equity Interest Transfer Deed.

### **Completion of the Target Interest Transfer**

Subject to the instruction of Smart Year under the Framework Agreement, the Target Interest Transfer shall complete within 10 Business Days after having obtained all necessary approvals required under the PRC laws.

Prior to the completion of the Target Interest Transfer, Maoxingyuan shall not contact, discuss or reach any agreement with any third party regarding the disposal of the Target Interest without Smart Year's prior consent.

### **Securities Document**

In order to secure the Group's right over the Target Interest under the Framework Agreement, Maoxingyuan executed the Securities Document on 24 October 2013 to pledge the Target Interest in favour of Smart Year in respect of its obligations under the Framework Agreement.

Pursuant to the Framework Agreement and the Securities Document executed by Maoxingyuan, Maoxingyuan undertakes that it shall submit the relevant documents to the relevant PRC government authorities (including but not limited to the SAFE, MOFCOM, and the SAIC) in respect of the registrations for the Securities Document within 30 Business Days after the Framework Agreement being effective and 30 Business Days after the execution date of the Securities Document and to procure to obtain the necessary approvals in respect of the Securities Document from the relevant PRC government authorities (including but not limited to the SAFE, MOFCOM, and the SAIC).

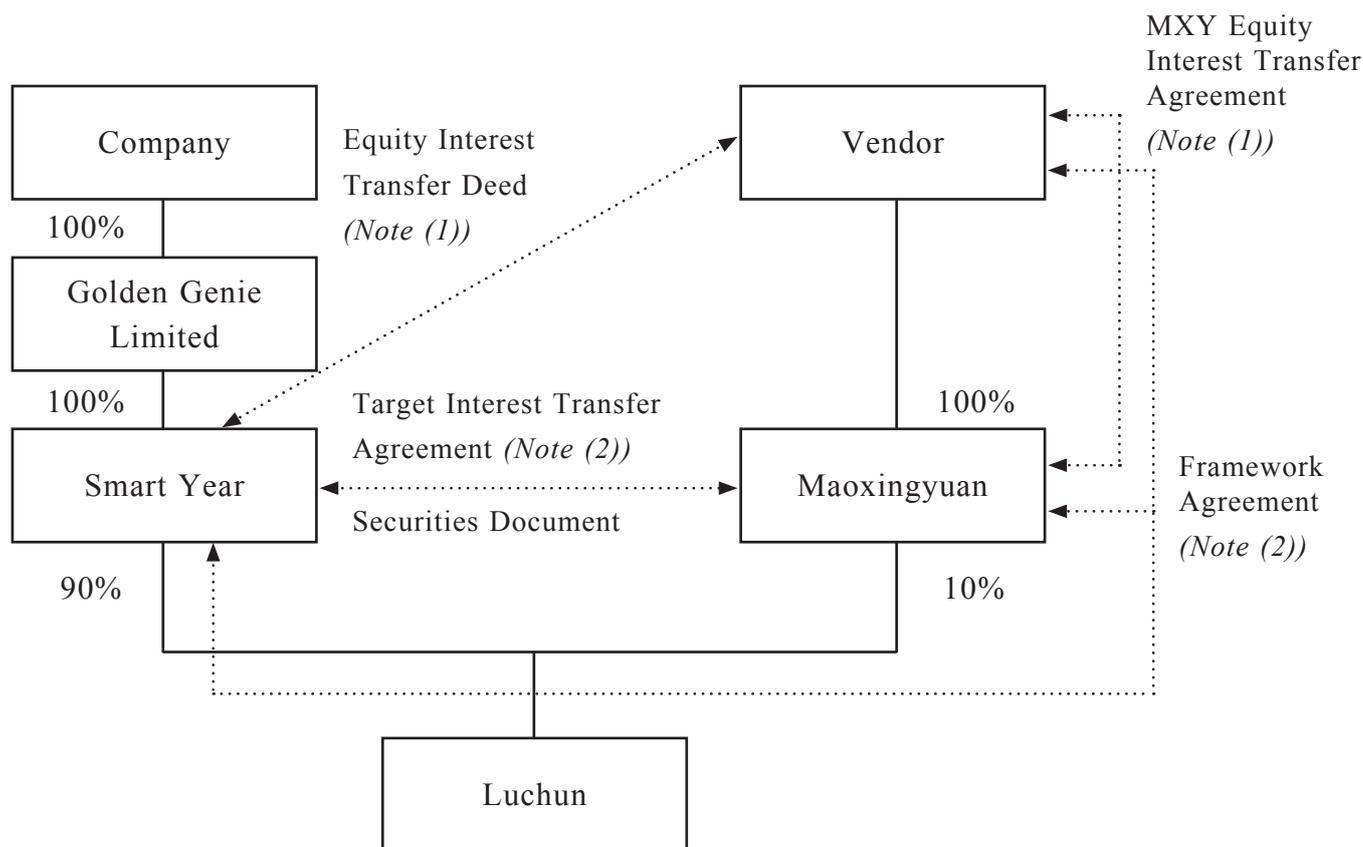
### **Appointment of directors in Luchun**

Maoxingyuan has agreed to give up its right in appointing director(s) in Luchun and to procure the articles of Luchun to be amended to effect this. Maoxingyuan has undertaken to delegate all powers of its representative director on all matters in Luchun to a person designated by Smart Year, and not to change its representative director in Luchun's board without the consent of Smart Year before the said amendment to Luchun's articles.

Maoxingyuan has agreed that, if Smart Year requires, the Vendor will remain as a director or senior management of Luchun without salary/compensation within 3 years from the completion of the Target Interest Transfer.

## SHAREHOLDING OF LUCHUN

Set out below is the shareholding of Luchun:



Notes:

- (1) Under the MXY Equity Interest Transfer Agreement and the Equity Interest Transfer Deed, the Equity Interest will be transferred by Maoxingyuan and the Vendor to Smart Year.
- (2) Under the Framework Agreement, Smart Year will have a right to require Maoxingyuan to transfer to it the legal title in the Target Interest effective from the date of the Framework Agreement to the date of deregistration of Luchun pursuant to the Target Interest Transfer Agreement.

## GENERAL INFORMATION ON LUCHUN

Luchun is incorporated in the PRC and a 90% owned subsidiary of the Company. Luchun is the owner and operator of the Damajianshan Mine located in the Yunnan Province, the PRC and its principally engaged in exploitation, processing and sale of copper ore concentrates. As at the date of this announcement, Luchun is 90% held by Smart Year and 10% held by Maoxingyuan. Maoxingyuan invested in Luchun in 2007. The cost of the Target Interest to Maoxingyuan amounts to approximately RMB2 million. Financial information of the segment in “mining operations in the PRC” in the Company’s consolidated financial statement is presented below which represents the Damajianshan Mine held by Luchun. Set out below certain unaudited consolidated financial information on the mining operations in the PRC (before minority interest) prepared in accordance with IFRS:

	<b>Twelve months ended 30 June 2013</b>	<b>Twelve months ended 30 June 2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net (loss) before taxation	(274,568)	(153,720)
Net (loss) after taxation	(274,568)	(153,720)
		<b>As at 30 June 2013</b>
		<i>HK\$'000</i>
Net assets		476,034

*Notes:*

1. The year end date of Luchun is 31 December. The financial information is presented on a basis of twelve months ended 30 June 2013 in line with the financial year of the Company.
2. As compared to the financial information of Luchun, the net asset value of the above PRC mining segment includes the value of the mining rights of the Damajianshan Mine held by Luchun arose from the Group's acquisition of the 90% interest in Luchun in 2008 amounting to a net carrying value of approximately HK\$510.2 million as at 30 June 2013 and the loss before and after taxation of the PRC mining segment include the impairment and amortization of the related mining rights amounting to approximately HK\$123.3 million for the twelve months ended 30 June 2012 and approximately HK\$265.2 million for the twelve months ended 30 June 2013.

## **INFORMATION ON MAOXINGYUAN AND THE VENDOR**

Maoxingyuan is a private company incorporated in the PRC and its principal business is trading of mineral resources.

The Vendor is the authorized representative of Maoxingyuan and is the beneficial owner of Maoxingyuan as at the date of this announcement. She is also a director of Luchun. The Company plans to continue to appoint the Vendor as a director of Luchun after the Equity Interest Transfer becoming effective.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

Based on the independent geologist's report dated 11 November 2011 as prepared by Christopher Arndt, consulting geologist in collaboration with Xianping Zhu, consulting geophysicist, and Huairan Liu, consulting geologist (competent persons) in accordance with the JORC Code, as at November 2011, the Damajianshan Mine had ore reserves of 7,554kt. Based on such estimate, the mine operation has the potential to produce over 1,000 tonnes per day for more than 18 years.

The Damajianshan Mine is currently in production. Luchun is the owner and operator of the Damajianshan Mine. As set out in the 2013 Annual Report, installation works, re-routing of power supply and copper plant upgrade works of the Damajianshan Mine were carried out during the year ended 30 June 2013 to boost production capacity and as a result production of copper ore was halted from time to time. Nevertheless, benefited from the improved production ability after the installation works and copper plant expansion, for the year ended 30 June 2013, copper ore processed by the Group from the Damajianshan Mine reached 218,671 tonnes, representing an increase of approximately 181.3% as compared with that of 77,740 tonnes for the year ended 30 June 2012. Production of copper ore concentrates and sales of copper ore concentrates for the year ended 30 June 2013 also reached 1,042 Metal (t) and 1,008 Metal (t) respectively, representing an increase of approximately 167.2% and 133.9% from the respective figures of approximately 390 Metal (t) and 431 Metal (t) for the year ended 30 June 2012. Although the base metals prices demonstrated a significant fluctuation during 2013, this business segment still recorded an increase in revenue, due to the enhanced sale volumes which offset the impact of the volatility of copper prices.

As set out in the 2013 Annual Report, the segment revenue of the mining operations in the PRC increased by approximately 141.8% from approximately HK\$20.8 million for the year ended 30 June 2012 to approximately HK\$50.3 million for the year ended 30 June 2013. Loss before interest, taxes, amortization and impairment of mining right decreased by approximately 69.1% from approximately HK\$30.4 million for the year ended 30 June 2012 to approximately HK\$9.4 million for the year ended 30 June 2013.

A production plan for 2014 has been drawn up for the purpose of optimising efficiency and productivity on the mining site of the Damajianshan Mine. The Directors expect the production in 2014 will be relatively stable. The Directors also expect that the production level of copper from the Damajianshan Mine will continue to increase in the coming years, and may help improve the profitability prospects of the Group in the long run.

Given the expected prospect of the Damajianshan Mine and as the consideration of the Acquisition is determined with reference to the recent financial position of Luchun, the Directors consider that the consideration payable thereunder and other terms are fair, reasonable, and in the interests of the Company and its Shareholders as a whole.

The mining right certificate for the Damajianshan Mine was renewed in 2007 for a period of five years to September 2012. Yunnan State Land Resources Bureau has granted Luchun an extension of the existing mining certificate for a period of three months to December 2012 and a temporary

mining right certificate expiring in June 2014 has been obtained, pending a long-term certificate to be granted upon fulfilment of certain statutory reporting requirement. The renewal of such mining right certificate is still in process as at the date of this announcement. With reference to an independent legal opinion received by Luchun, there is no legal barrier for Luchun to renew its mining right certificate when it expires. The independent PRC legal opinion also confirmed that there was no illegal activity undertaken by Luchun in operating the mine between the expiry of the mining right certificate and the granting of the temporary mining right certificate and there was no penalty exerted by the government regarding Luchun's mining operation. Accordingly, the Directors are of the opinion that the Group will be able to continuously renew the mining license in the foreseeable future at minimal charges.

The Acquisition is structured comprising initially the Equity Interest Transfer and subsequently the Target Interest Transfer in order to avoid causing any unnecessary adverse impact on renewal application for the mining certificate for the Damajianshan Mine. The Directors (including the independent non-executive Directors) consider that it is in the interests of the Group and its Shareholders to enter into the Equity Interest Transfer Deed, the Framework Agreement and the Target Interest Transfer Agreement so that the Equity Interest will be transferred to the Group without a change in the shareholding of Luchun.

It is expected that Luchun will become a wholly-owned subsidiary of the Company for accounting purposes upon the Equity Interest Transfer becoming effective.

## **GENERAL INFORMATION ON THE GROUP**

The Group is principally engaged in (i) exploration of iron ore mining projects in Western Australia; (ii) exploitation, processing and production of copper ore concentrates in the PRC; and (iii) provision of transportation services (which will cease after the Disposal Completion).

## **IMPLICATIONS UNDER THE LISTING RULES**

Perryville is a wholly-owned subsidiary of the Company and Mr. Leung is the director of Perryville. Mr. Leung is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal is higher than 25% but lower than 75%, the Disposal constitutes a major and connected transaction for the Company and is subject to the applicable reporting and announcement requirements under Chapter 14 and Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Guarantee is higher than 5% but lower than 25%, the Guarantee constitutes a discloseable and connected transaction for the Company and is subject to the applicable reporting and announcement requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Vendor is the beneficial owner of Maoxingyuan which holds the Target Interest as at the date of this announcement. The Vendor is also a director of Luchun. Accordingly, the Vendor is a connected person of the Company as defined under Chapter 14A of the Listing Rules. As all

applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are lower than 5%, the Acquisition constitutes a connected transaction for the Company and is subject to the applicable reporting and announcement requirements under Chapter 14 and Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement. The Directors confirm that they do not have any material interest in the Acquisition.

The SGM will be held to consider and if thought fit, to approve the Disposal and the Guarantee. Mr. Leung and the Vendor and their respective associates will abstain from voting on the resolutions approving the Disposal and the Guarantee if any of them hold any Shares.

A circular containing, among other things, (i) further information of the Disposal and the Guarantee; (ii) a letter from the Independent Board Committee; (iii) a letter from the independent financial advisor to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 14 November 2013.

## **DEFINITIONS**

The following expressions in this announcement have the same meanings set out below unless the context requires otherwise:

“Acquisition”	the Equity Interest Transfer and the Target Interest Transfer
“Acquisition Completion”	completion of the Equity Interest Transfer under the Equity Interest Transfer Deed
“Acquisition Completion Date”	the Business Day immediately following the day on which the last of the conditions precedent under the Equity Interest Transfer Deed is fulfilled or waived (or such later date as the parties to the Equity Interest Transfer Deed may agree in writing prior to the Acquisition Completion)
“Assignment Debt”	the total amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to the Company by Perryville as at the Disposal Completion Date
“associates”	has the meaning ascribed thereto in the Listing Rules
“ASX”	ASX Limited (trading as the Australian Securities Exchange)
“Board”	the board of Directors
“Business Day”	a day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“Company”	Brockman Mining Limited, the shares of which are dually listed on the Stock Exchange and ASX
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Consent Letter”	the document to be issued and signed by Maoxingyuan to the Vendor confirming (i) its receipt of a copy of the signed Equity Interest Transfer Deed and confirming its understanding on the arrangement under the Equity Interest Transfer Deed; and (ii) the completion of the transfer of the Equity Interest under the MXY Equity Interest Transfer Agreement prior to the Acquisition Completion
“Counter Indemnity”	the counter indemnity to be provided by Mr. Leung to the Company in respect of the Guarantee under the Deed of Counter Indemnity
“Damajianshan Mine”	the 90% owned copper mine held by Luchun in the Yunnan Province, the PRC
“Deed of Counter Indemnity”	the deed to be entered into between Mr. Leung and the Company upon the Disposal Completion in respect of the Counter Indemnity
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Assignment Debt by the Company to Mr. Leung pursuant to the Sale and Purchase Agreement
“Disposal Completion”	the completion of the Disposal
“Disposal Completion Date”	the Business Day immediately following the day on which the last of the conditions precedent under the Sale and Purchase Agreement is fulfilled or waived (or such later date as the parties to the Sale and Purchase Agreement may agree in writing prior to the Disposal Completion)
“Equity Interest”	all economic, voting and other rights to which the owner of the Target Interest is entitled under Luchun’s articles, the joint venture agreement of Luchun and the applicable PRC laws
“Equity Interest Transfer”	the transfer of the Equity Interest by the Vendor (which she acquired from Maoxingyuan under the MXY Equity Interest Transfer Agreement) to Smart Year pursuant to the Equity Interest Transfer Deed
“Equity Interest Transfer Deed”	the deed dated 24 October 2013 in respect of the Equity Interest Transfer

“Facility”	the banking facility of up to HK\$12 million made available by a bank in Hong Kong to Parklane Limousine under the Facility Letter
“Facility Letter”	the facility letter entered into between Parklane Limousine and a bank in Hong Kong on 20 July 2009 in which the lending bank has agreed to make available to Parklane Limousine a banking facility of up to HK\$12 million subject to the terms and conditions set out in the Facility Letter
“Framework Agreement”	the framework agreement entered into between Smart Year, the Vendor and Maoxingyuan dated 24 October 2013 in respect of the Target Interest Transfer
“Guarantee”	the corporate guarantee given by the Company in favour of a bank in Hong Kong in respect of the banking facilities extended to Parklane Limousine for the amount of HK\$12 million
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Independent Board Committee”	the independent board committee to be established by the Company to consider the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	holders of Shares other than Mr. Leung, the Vendor and their respective associates (if they hold any Shares)
“JORC Code”	Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
“kt”	kilo ton
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2014
“Luchun”	Luchun Xingtai Mining Co., Ltd, a 90% owned subsidiary of the Company, which is the operator of the Damajianshan Mine

“Maoxingyuan”	雲南貿盛緣工貿有限公司 (Yunnan Maoxingyuan Industrial Trading Limited*), a company incorporated in the PRC
“Metal (t)”	Metal tonnes
“MOFCOM”	Ministry of Commerce of the People’s Republic of China
“Mr. Leung”	Mr. Leung Chi Yan, Danny, the director of Perryville
“MXY Equity Interest Transfer Agreement”	the agreement entered into between Maoxingyuan and the Vendor on 23 October 2013 regarding the transfer of the Equity Interest by Maoxingyuan to the Vendor
“Parklane Limousine”	Parklane Limousine HK, a wholly-owned subsidiary of the Company prior to the Disposal Completion
“Perryville”	Perryville Group Limited
“Perryville Group”	Perryville and its subsidiaries
“PRC”	the People’s Republic of China
“SAFE”	State Administration of Foreign Exchange of the PPC
“SAIC”	State Administration for Industry & Commerce of the People’s Republic of China
“Sale and Purchase Agreement”	the agreement entered into between the Company and Mr. Leung dated 24 October 2013 regarding the Disposal
“Sale Shares”	the entire equity interest in Perryville Group
“Securities Document”	the document executed by Maoxingyuan on 24 October 2013 to effect the pledge of the Target Interest in favour of Smart Year
“SGM”	the special general meeting to be convened and held by the Company to approve the Disposal
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Share Charge Deed”	the deed to be entered into between Mr. Leung and the Company upon the Disposal Completion in relation to the charge to the Company the entire issued shares of Perryville

“Shareholder(s)”	Holder(s) of the Share(s)
“Shareholder’s Loan”	the outstanding amount owed and payable by the Perryville Group to the Company in the total amount of HK\$10,321,000 as at 30 June 2013
“Smart Year”	Smart Year Investments Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Interest”	a 10% of the interest in the registered capital of Luchun held by Maoxingyuan
“Target Interest Transfer”	the possible transfer of the Target Interest by Maoxingyuan to Smart Year, its nominee or any of its designated third party
“Target Interest Transfer Agreement”	the equity transfer agreement entered into between Smart Year and Maoxingyuan dated 24 October 2014 pursuant to the Framework Agreement to give effect to the Target Interest Transfer
“Transfer Documents”	the Target Interest Transfer Agreement, the Framework Agreement ,the Securities Document, the MXY Equity Interest Transfer Agreement and the Consent Letter
“Vendor”	Zhang Li, a director of Luchun
“%”	per cent.

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

Hong Kong, 24 October 2013

*As at the date of this announcement, the Board 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) and Mr. Chan Kam Kwan, Jason (Company Secretary) as executive directors; and Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny as independent non-executive directors.*