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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

The board of directors (the “Board”) of Brockman Mining Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2014, together with the comparative figures for the year ended 30 June 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	<i>Note</i>	Year ended 30 June 2014 HK\$'000	2013 HK\$'000 (Restated) (Notes 3(a) and 6)
Continuing operations			
Revenue	4	38,739	50,298
Cost of sales	11	<u>(34,170)</u>	<u>(57,349)</u>
Gross profit/(loss)		4,569	(7,051)
Other income	7	5,388	19,840
Other gains/(losses), net	8	1,984	(6,820)
Selling and administrative expenses	11	(88,933)	(101,663)
Exploration and evaluation expenses	11	(87,188)	(98,563)
Impairment losses	9	(40,000)	(243,000)
Share of losses of joint ventures		<u>(8,090)</u>	<u>(13,234)</u>
Operating loss		(212,270)	(450,491)
Finance costs	10	<u>(804)</u>	<u>(17,075)</u>
Loss before income tax		(213,074)	(467,566)
Income tax expense	12	<u>—</u>	<u>(948)</u>
Loss for the year from continuing operations		(213,074)	(468,514)
Discontinued operation			
Profit/(loss) for the year from discontinued operation		<u>3,973</u>	<u>(8,328)</u>
Loss for the year		<u>(209,101)</u>	<u>(476,842)</u>

* For identification purpose only

	<i>Note</i>	Year ended 30 June	
		2014 HK\$'000	2013 HK\$'000 (Restated) (Notes 3(a) and 6)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		63,880	(227,888)
Release of translation reserve arising from disposal of subsidiaries		(2,717)	—
Other comprehensive income/(loss) for the year		<u>61,163</u>	<u>(227,888)</u>
Total comprehensive loss for the year		<u>(147,938)</u>	<u>(704,730)</u>
Loss for the year attributable to:			
Equity holders of the Company		(207,098)	(449,384)
Non-controlling interests		(2,003)	(27,458)
		<u>(209,101)</u>	<u>(476,842)</u>
(Loss)/income for the year attributable to equity holders of the Company arising from:			
Continuing operations		(211,071)	(441,056)
Discontinued operation		3,973	(8,328)
		<u>(207,098)</u>	<u>(449,384)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(146,447)	(678,775)
Non-controlling interests		(1,491)	(25,955)
		<u>(147,938)</u>	<u>(704,730)</u>
Total comprehensive (loss)/income attributable to equity holders of the Company arising from:			
Continuing operations		(148,491)	(671,541)
Discontinued operation		2,044	(7,234)
		<u>(146,447)</u>	<u>(678,775)</u>
(Loss)/earnings per share attributable to the equity holders of the Company during the year			
		<i>HK cents</i>	<i>HK cents</i>
Basic (loss)/earnings per share from:			
Continuing operations	14	(2.61)	(5.90)
Discontinued operation	14	0.05	(0.11)
		<u>(2.56)</u>	<u>(6.01)</u>
Diluted (loss)/earnings per share from:			
Continuing operations	14	(2.61)	(5.90)
Discontinued operation	14	0.05	(0.11)
		<u>(2.56)</u>	<u>(6.01)</u>

CONSOLIDATED BALANCE SHEET

As at 30 June 2014

		As at 30 June		As at 1 July
		2014	2013	2012
	Note	HK\$'000	HK\$'000	HK\$'000
			(Restated)	(Restated)
			(Note 3(a))	(Note 3(a))
Non-current assets				
Mining properties	15	3,536,267	3,494,432	4,083,440
Property, plant and equipment		33,242	89,316	103,574
Goodwill		—	—	784
Intangible asset		—	—	3,592
Interests in joint ventures		1,264	1,276	4,684
Other non-current assets		14,488	15,262	13,630
		<u>3,585,261</u>	<u>3,600,286</u>	<u>4,209,704</u>
Current assets				
Inventories		11,857	7,286	13,209
Trade receivables	16	—	21,370	22,983
Other receivables, deposits and prepayments		8,117	13,271	19,240
Amounts due from related parties		2,993	1,155	1,191
Restricted cash		—	—	5,200
Cash and cash equivalents		223,698	252,994	333,252
		<u>246,665</u>	<u>296,076</u>	<u>395,075</u>
Total assets		<u>3,831,926</u>	<u>3,896,362</u>	<u>4,604,779</u>
Equity				
Share capital	18	838,198	789,448	717,504
Reserves		1,941,198	1,924,023	2,311,878
Equity attributable to the equity holders of the Company		2,779,396	2,713,471	3,029,382
Non-controlling interests		—	43,075	69,634
Total equity		<u>2,779,396</u>	<u>2,756,546</u>	<u>3,099,016</u>

	<i>Note</i>	As at 30 June		As at 1 July
		2014	2013	2012
		HK\$'000	HK\$'000	HK\$'000
			(Restated)	(Restated)
			(Note 3(a))	(Note 3(a))
Non-current liabilities				
Other payables		26,865	—	—
Obligations under finance leases		—	7,615	10,858
Amount due to a related party		—	25,846	35,592
Convertible bonds		—	—	154,401
Deferred income tax liabilities		920,561	896,062	1,001,635
Provisions		1,660	2,122	1,126
		949,086	931,645	1,203,612
Current liabilities				
Trade payables	17	9,540	14,161	14,133
Other payables and accrued charges		91,070	172,609	191,452
Amounts due to non-controlling interests		—	—	58,939
Amounts due to related parties		2,834	3,800	5,401
Bank borrowings		—	10,781	26,671
Obligations under finance leases		—	6,820	5,555
		103,444	208,171	302,151
Total liabilities		1,052,530	1,139,816	1,505,763
Total equity and liabilities		3,831,926	3,896,362	4,604,779
Net current assets		143,221	87,905	92,924
Total assets less current liabilities		3,728,482	3,688,191	4,302,628

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Brockman Mining Limited (the “Company”) and its subsidiaries (collectively, the “Group”) principally engage in the acquisition, exploration and development of iron ore in Australia; and in the exploitation, processing and sales of mineral resources, including copper ore concentrates and other mineral ore products in the People’s Republic of China (“PRC”).

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”) and Australian Securities Exchange (the “ASX”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 23 September 2014.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and with the applicable disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) Going concern

During the year ended 30 June 2014, the Group had cash outflows used in operating activities of HK\$195,170,000 (2013: HK\$147,050,000, as restated). Based on the directors’ review of cash flow projections, of the Group’s expected cash flows from operations and available financial resources, the Group is expected to have sufficient financial resources to satisfy its future working capital requirements, and to meet its financial obligations as and when required for the next twelve months. Accordingly, the directors consider that it is appropriate to prepare the Group’s consolidated financial statements on a going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New and amended standards adopted by the Group

The Group adopted the following new standards which are mandatory for the Group's financial year ended 30 June 2014.

- IFRS 10 "Consolidated Financial Statements" replaces the requirements in IAS 27 "Consolidated and Separate Financial Statements", relating to the preparation of consolidated financial statements and SIC-12 "Consolidation — Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 July 2013.

- IFRS 11 "Joint Arrangements" replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly-controlled Entities — Non-monetary Contributions by Venturers".

Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Unlike IAS 31, the use of "proportionate consolidation" to account for joint ventures is no longer permitted.

Before 1 July 2013, under the Group's previous accounting policy, the Group's joint arrangements were assessed as jointly controlled entities and accounted for using the proportionate consolidation method. Based on the facts and circumstances, it has been assessed that the Group has rights to the net assets relating to the jointly controlled entity and therefore the joint arrangements was classified as joint ventures.

As required under IFRS 11, the policy to account for the joint venture has now been changed to the equity method of accounting. The change in accounting policy has been applied retrospectively and, as a consequence, adjustments were recognised in the balance sheet as of 1 July 2012. The Group recognised its investments in joint ventures at the beginning of the earliest period presented as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated. This is deemed to be the cost of the Group's investments in joint ventures for applying equity accounting.

- IFRS 12 "Disclosures of Interests in Other Entities" brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The effect of the adoption of this new standard is as follows:

	As at 30 June 2013 HK\$'000	As at 1 July 2012 HK\$'000
Impact on consolidated balance sheet		
Assets		
— Decrease in property, plant and equipment	(166)	(264)
— Decrease in other receivables, deposits and prepayments	(1,378)	(3,745)
— Decrease in cash and cash equivalents	(753)	(3,143)
— Increase in interests in joint ventures	1,276	4,684
Liabilities		
— Decrease in other payables and accrued charges	<u>(1,021)</u>	<u>(2,468)</u>
		Year ended 30 June 2013 HK\$'000
Impact on consolidated statement of comprehensive income		
Decrease in exploration and evaluation expenses		(13,234)
Increase in share of losses of joint ventures		<u>13,234</u>
Impact on consolidated statement of cash flows		
Decrease in cash flows used in operating activities		12,328
Increase in cash flows used in investing activities		
— Contributions to investments in joint ventures		(9,972)
— Decrease in proceeds from disposals of property, plant and equipment		(40)
— Decrease in purchase of property, plant and equipment		<u>74</u>
Net increase in change of cash and cash equivalents		<u>2,390</u>

There was no effect on other comprehensive income and the effect on loss per share was immaterial.

The following new revised standards, amendments to standards and interpretation are mandatory for the Group's financial year ended 30 June 2014. The adoption of these new standards and amendments to standards does not have any significant impact to the results and financial position of the Group.

IAS 19 (Revised 2011)	Employee Benefits
IAS 27 (Revised 2011)	Separate Financial Statements
IAS 28 (Revised 2011)	Investment in Associates and Joint Ventures
IFRS 1 (Amendment)	Government Loans
IFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities
IFRS 10, IFRS 11, and IFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 13	Fair Value Measurement
IFRIC – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Projects	Annual Improvements 2009-2011 Cycle

(b) New and amended standards have been issued but are not effective for the Group’s financial year ended 30 June 2014 and have not been early adopted

The following new standards, amendments to standards and interpretation have been issued, but are not effective for the Group’s financial year ended 30 June 2014 and have not been early adopted:

		Effective for annual periods beginning on or after
IAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 (Amendment)	Impairments of Assets	1 January 2014
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1 January 2014
IFRIC — Int 21	Levies	1 January 2014
IFRS 10, IFRS 12 and IAS 27 (Revised 2011) (Amendment)	Investment Entities	1 January 2014
Annual Improvements Project 2012	Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements Project 2013	Annual Improvements 2011-2013 Cycle	1 July 2014
IAS 19 (Amendment)	Employee Benefits	1 July 2014
IAS 16 and IAS 38 (Amendment)	Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

The Group is in the process of making an assessment of the impact of the above new/revised standards, amendments to standards and interpretation and is not yet in a position to state the impact on the Group’s results of operations and financial position.

4. REVENUE

Revenue represents the amounts received and receivable for sales of mineral ore products for the year. An analysis of the Group's revenue for the year is as follows:

	Year ended 30 June	
	2014 HK\$'000	2013 HK\$'000 (Restated)
Continuing operations:		
Sales of copper ore concentrates	<u>38,739</u>	<u>50,298</u>
Discontinued operation:		
Income from provision of transportation services	<u>73,124</u>	<u>108,258</u>

Turnover consists of sales from mining operation in the PRC, which is HK\$38,739,000 for the year ended 30 June 2014 (2013: HK\$50,298,000).

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to executive directors of the Company who are responsible for allocating resources and assessing performance of the operating segments. The executive directors consider the performance of the Group from a business perspective.

(a) Business segments

The Group's reportable operating segments are as follows:

Mineral tenements in Australia	—	iron ore evaluation, development and tenements acquisition in Western Australia
Mining operations in the PRC	—	exploitation, processing and sales of copper ore concentrates in the PRC
Discontinued operation — Transportation services (<i>Note 6</i>)	—	provision of limousine rental services in Hong Kong and the PRC and provision of airport shuttle bus services in Hong Kong

Others primarily relate to the provision of corporate services for investment holding companies. These activities are excluded from the reportable operating segments and are presented to reconcile to the totals included in the Group's consolidated statement of comprehensive income and consolidated balance sheet.

The Group's chief operating decision-maker assesses the performance of the operating segments based on adjusted operating profit/(loss). Finance costs are not included in the result for each operating segment that is reviewed by executive directors of the Company.

Segment assets reported to executive directors of the Company is measured in a manner consistent with that in the consolidated balance sheet.

The following is an analysis of the Group's revenue and results by business segment:

	Continuing operations			Discontinued operation		
	Mining operation in the PRC <i>HK\$'000</i>	Mineral tenements in Australia <i>HK\$'000</i>	Others <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Transportation services <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 30 June 2014:						
Segment revenue from external customers	<u>38,739</u>	<u>—</u>	<u>—</u>	<u>38,739</u>	<u>73,124</u>	<u>111,863</u>
Segment results	<u>(59,099)</u>	<u>(98,323)</u>	<u>(54,848)</u>	<u>(212,270)</u>	<u>3,781</u>	<u>(208,489)</u>
Finance costs				<u>(804)</u>	<u>(567)</u>	<u>(1,371)</u>
(Loss)/profit before income tax				<u>(213,074)</u>	<u>3,214</u>	<u>(209,860)</u>
Other information:						
Gain on disposal of subsidiaries	—	—	—	—	2,822	2,822
Share of losses of joint ventures	—	(8,090)	—	(8,090)	—	(8,090)
Depreciation of property, plant and equipment	(5,425)	(796)	(751)	(6,972)	(9,380)	(16,352)
Impairment of mining properties (<i>Note 9</i>)	(40,000)	—	—	(40,000)	—	(40,000)
Amortisation of mining properties	(12,205)	—	—	(12,205)	—	(12,205)
Finance costs	—	—	(804)	(804)	(567)	(1,371)
Income tax credit	—	—	—	—	759	759
For the year ended 30 June 2013						
(Restated):						
Segment revenue from external customers	<u>50,298</u>	<u>—</u>	<u>—</u>	<u>50,298</u>	<u>108,258</u>	<u>158,556</u>
Segment results	<u>(274,568)</u>	<u>(121,902)</u>	<u>(54,021)</u>	<u>(450,491)</u>	<u>(7,120)</u>	<u>(457,611)</u>
Finance costs				<u>(17,075)</u>	<u>(1,378)</u>	<u>(18,453)</u>
Loss before income tax				<u>(467,566)</u>	<u>(8,498)</u>	<u>(476,064)</u>
Other information:						
Share of losses of joint ventures	—	(13,234)	—	(13,234)	—	(13,234)
Depreciation of property, plant and equipment	(5,071)	(1,049)	(754)	(6,874)	(16,036)	(22,910)
Impairment of mining properties (<i>Note 9</i>)	(243,000)	—	—	(243,000)	—	(243,000)
Impairment of goodwill	—	—	—	—	(784)	(784)
Impairment of intangible asset	—	—	—	—	(2,873)	(2,873)
Amortisation of intangible assets	—	—	—	—	(719)	(719)
Amortisation of mining properties	(22,204)	—	—	(22,204)	—	(22,204)
Finance costs	—	—	(17,075)	(17,075)	(1,378)	(18,453)
Income tax(expense)/credit	—	(948)	—	(948)	170	(778)

The revenue from external parties reported to executive directors of the Company is measured in a manner consistent with that in the consolidated statement of comprehensive income. Revenue from mining operation in the PRC amounting to HK\$38,739,000 (2013: HK\$50,298,000) represents sales of copper concentrates to a single customer.

The following is an analysis of the Group's assets by business segment as at the respective balance sheet dates:

	Continuing operations			Discontinued operation		
	Mining operation in the PRC <i>HK\$'000</i>	Mineral tenements in Australia <i>HK\$'000</i>	Others <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Transportation services <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2014:						
Segment assets	<u>521,442</u>	<u>3,114,123</u>	<u>196,361</u>	<u>3,831,926</u>	<u>—</u>	<u>3,831,926</u>
Total segment assets include:						
Interests in joint ventures	—	1,264	—	1,264	—	1,264
Additions to property, plant and equipment	2,133	518	39	2,690	2,489	5,179
Additions to mining properties	<u>—</u>	<u>141</u>	<u>—</u>	<u>141</u>	<u>—</u>	<u>141</u>
As at 30 June 2013 (Restated):						
Segment assets	<u>567,372</u>	<u>3,171,115</u>	<u>69,227</u>	<u>3,807,714</u>	<u>88,648</u>	<u>3,896,362</u>
Total segment assets include:						
Interests in joint ventures	—	1,276	—	1,276	—	1,276
Additions to property, plant and equipment	2,992	744	98	3,834	8,487	12,321
Additions to mining properties	<u>—</u>	<u>7,305</u>	<u>—</u>	<u>7,305</u>	<u>—</u>	<u>7,305</u>

(b) Geographical information

The transportation services are provided in Hong Kong and the PRC. The mining operation is located in the PRC and the mineral tenements are located in Australia.

The following table provides an analysis of the Group's revenue by geographical market, based on the origin of the services:

	Year ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
For continuing operations:		
PRC	<u>38,739</u>	<u>50,298</u>
For discontinued operation:		
PRC	<u>15,817</u>	<u>23,304</u>
Hong Kong	<u>57,307</u>	<u>84,954</u>
	<u>73,124</u>	<u>108,258</u>

The following is an analysis of the carrying amounts of the Group's mining properties, property, plant and equipment and other non-current assets (excluding financial assets) analysed by geographical area in which the assets are located:

	As at 30 June	
	2014	2013
	HK\$'000	HK\$'000
		(Restated)
For continuing operations:		
PRC	503,078	555,206
Hong Kong	1,493	2,204
Australia	3,079,527	2,988,058
	<u>3,584,098</u>	<u>3,545,468</u>
For discontinued operation:		
PRC	—	24,517
Hong Kong	—	27,155
	<u>—</u>	<u>51,672</u>

6. DISPOSAL OF SUBSIDIARIES

On 24 October 2013, the Company and Mr. Leung Chi Yan, Danny (“Mr. Leung”), a director of Perryville Group Limited, entered into a sale and purchase agreement pursuant to which the Company agreed to sell the entire equity interest in Perryville Group Limited and its subsidiaries (“Perryville Group”) to Mr. Leung at a consideration of HK\$45,000,000 (“Disposal”). Perryville Group is principally engaged in the provision of limousine and airport shuttle transportation services which represents the reportable segment of transportation services.

As part of the Disposal, the payable by Perryville Group to the Company of HK\$11,000,000 was assigned to Mr. Leung, the adjusted consideration amounted to HK\$34,000,000 which represents the consideration for the Company's equity interest in Perryville Group at the date of Disposal in the separate financial statement of the Company.

The Disposal was completed on 19 February 2014 and the Company ceased to have any control and equity interests in Perryville Group.

The results of Perryville Group are presented in the consolidated financial statements as discontinued operation in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The consolidated statement of comprehensive income and consolidated statement of cash flows distinguish discontinued operation from continuing operations. Comparative figures have been restated.

(a) Profit/(loss) from discontinued operation

An analysis of the result of discontinued operation, and the result recognised on the re-measurement of assets or disposal group, is as follows:

	Year ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	73,124	108,258
Cost of sales	<u>(58,644)</u>	<u>(87,684)</u>
	14,480	20,574
Other income	107	284
Other losses, net	(198)	(957)
Selling and administrative expenses	(13,430)	(23,364)
Impairment losses	—	(3,657)
Finance costs	<u>(567)</u>	<u>(1,378)</u>
Profit/(loss) before income tax	392	(8,498)
Income tax credit	<u>759</u>	<u>170</u>
Profit/(loss) for the year from operating activities	1,151	(8,328)
Gain on disposal of subsidiaries	<u>2,822</u>	<u>—</u>
Profit/(loss) for the year from discontinued operation	<u><u>3,973</u></u>	<u><u>(8,328)</u></u>
Profit/(loss) for the year from discontinued operation attributable to:		
— Equity holders of the Company	<u><u>3,973</u></u>	<u><u>(8,328)</u></u>

(b) Analysis of the cash flows from discontinued operation

	Year ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Net cash generated from operating activities	7,720	21,898
Net cash used in investing activities	(1,807)	(4,654)
Net cash used in financing activities	<u>(7,954)</u>	<u>(14,046)</u>
	<u><u>(2,041)</u></u>	<u><u>3,198</u></u>

The effect on the consolidated balance sheet, the total consideration received and gain on disposal of subsidiaries are as follows:

	2014 HK\$'000
Net assets of the disposal group:	
Property, plant and equipment	44,238
Trade receivables	23,861
Other receivables, deposits and prepayments	4,549
Cash and cash equivalents	9,112
Trade payables	(7,627)
Other payable and accrued charges	(8,492)
Bank borrowings	(5,623)
Obligations under finance leases	(12,206)
Deferred income tax liabilities	(2,654)
Provisions	(1,061)
	<hr/>
Total net assets disposed	44,097
Legal and professional fee paid	798
Release of translation reserve	(2,717)
Gain on disposal	2,822
	<hr/>
Consideration, net of direct costs	<u>45,000</u>
Cash consideration	45,000
Legal and professional fee paid	(798)
Cash and bank balances disposed of	(9,112)
	<hr/>
Total cash inflows from the disposal	<u><u>35,090</u></u>

7. OTHER INCOME

	Year ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Interest on bank deposits	3,895	11,477
Government grant (<i>Note</i>)	869	7,997
Others	624	366
	<u>5,388</u>	<u>19,840</u>

Note:

Government grant represents incentive credits provided by the Australia Federal government, mainly for research and development activities carried out in Australia.

8. OTHER GAINS/(LOSSES), NET

	Year ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Loss on disposal of property, plant and equipment	(109)	(161)
Loss on de-recognition of a fixed rate bond (<i>Note 19</i>)	—	(6,659)
Effect of discounting on initial recognition of a long-term payable (<i>Note</i>)	2,093	—
	<u>1,984</u>	<u>(6,820)</u>

Note:

The amount represents the gain arising from discounting the interest-free other payables (classified as non-current liabilities) to present value on the initial recognition date.

9. IMPAIRMENT LOSSES

	Year ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Impairment of mining properties (<i>Note 15</i>)	<u>40,000</u>	<u>243,000</u>

10. FINANCE COSTS

	Year ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Effective interest expenses on convertible bonds	—	11,382
Interests on fixed rate bonds	804	5,693
	804	17,075

11. EXPENSES BY NATURE

	Year ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Amortisation of mining properties (included in cost of sales)	12,205	22,204
Auditor's remuneration	3,577	2,320
Cost of inventories	5,456	10,273
Depreciation of property, plant and equipment	6,972	6,874
Equity-settled share-based compensation for consultants	896	305
Operating lease rentals	11,351	12,685
Staff costs (including directors' emoluments)	99,518	96,390
Exploration and evaluation expenses (excluding staff costs and rental expenses)	61,736	69,355

Staff costs (including directors' emoluments) include:

	Year ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Wages, salaries and welfares	75,628	85,752
Retirement benefit scheme contributions	3,345	3,614
Share-based compensation	20,545	7,024
	99,518	96,390

12. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Overseas income tax has been provided at the prevailing rates ranging from 25% to 30% (2013: 25% to 30%) on the estimated assessable profit applicable to the Company's subsidiaries established in the PRC and Australia.

	Year ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Current income tax:		
Overseas income tax		
Under provision in prior year	—	948
	<u> </u>	<u> </u>

13. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2014, nor has any dividend been proposed since the balance sheet date (2013: Nil).

14. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year ended 30 June	
	2014	2013
		(Restated)
(Loss)/profit for the year attributable to the equity holders of the Company (HK\$'000)		
— Continuing operations	(211,071)	(441,056)
— Discontinued operation	3,973	(8,328)
	<u>(207,098)</u>	<u>(449,384)</u>
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share (thousands)	<u>8,078,797</u>	<u>7,483,471</u>

	Year ended 30 June	
	2014	2013 (Restated)
(Loss)/earnings per share attributable to the equity holders of the Company		
Basic (<i>HK cents</i>)		
— Continuing operations	(2.61)	(5.90)
— Discontinued operation	0.05	(0.11)
	<u>(2.56)</u>	<u>(6.01)</u>
Diluted (<i>HK cents</i>)		
— Continuing operations	(2.61)	(5.90)
— Discontinued operation	0.05	(0.11)
	<u>(2.56)</u>	<u>(6.01)</u>

Diluted loss per share is the same as basic loss per share for the year ended 30 June 2014 and 2013 because the effect of the assumed conversion of the convertible bonds and share options of the Company during these years was anti-dilutive.

15. MINING PROPERTIES

	Mining right in the PRC <i>HK\$'000</i>	Mining properties in Australia <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2012	757,014	3,326,426	4,083,440
Amortisation	(20,668)	—	(20,668)
Additions	—	7,305	7,305
Impairment losses (<i>Note 9</i>)	(243,000)	—	(243,000)
Exchange differences	16,825	(349,470)	(332,645)
	<u>510,171</u>	<u>2,984,261</u>	<u>3,494,432</u>
At 30 June 2013	510,171	2,984,261	3,494,432
Amortisation	(12,382)	—	(12,382)
Additions	—	141	141
Impairment losses (<i>Note 9</i>)	(40,000)	—	(40,000)
Exchange differences	2,266	91,810	94,076
	<u>460,055</u>	<u>3,076,212</u>	<u>3,536,267</u>
At 30 June 2014	460,055	3,076,212	3,536,267

Mining right in the PRC

Mining right in the PRC represents the right to conduct mining activities in Damajianshan, Honghe Zhou, Luchun County, Yunnan. The mine is located on land in the PRC to which the Group has no formal title. Yunnan State Land Resources Bureau issued the mining right certificate to Luchun Xingtai Mining Co. Ltd (“Luchun”) in January 2005. In June 2013, Yunnan State Land Resources Bureau granted Luchun a mining right certificate for one year which expired in June 2014. In July 2014, the mining right certificate was renewed for a period of two years expiring in July 2016.

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 legal opinion also confirmed that there was no illegal activity undertaken by Luchun in operating the mine between the expiry of the mining right and the granting of the mining right certificate and there was no penalty exerted or will be exerted by the government regarding Luchun’s mining operation.

Accordingly, the directors of the Company are of the opinion that the Group will be able to continuously renew the mining right and the business licenses of respective mining subsidiaries at minimal charges.

The mining right in the PRC is amortised using the units of production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining right in the future until all proven and probable reserves have been mined.

The volatility of recent copper price and the revision of production and capital investment plans are considered to be the impairment indicator which triggered the need to perform an impairment assessment. The directors have taken into consideration fair value less costs of disposal and value-in-use calculations to determine the recoverable amount of the mining right. As at 30 June 2014, the recoverable amount is determined by the fair value less costs of disposal calculation.

Key assumptions adopted by management are summarised as follows:

	30 June 2014	30 June 2013
Long-term copper price	US\$7,419 per tonne	US\$6,840 per tonne
Discount rate	17.8%	17.3%
Production capacity	800 tonnes to 1,300 tonnes per day	800 tonnes to 1,950 tonnes per day

Based on the above impairment assessment, an impairment of approximately HK\$40,000,000 was recognised for the year (2013: HK\$243,000,000) due to revision of production plan.

These calculations use cash flow projections based on financial projections approved by management. If the long-term copper price adopted in the valuation had been 5% lower, the recoverable amount would have reduced by approximately HK\$16,797,000 and further impairment of HK\$16,797,000 would be required. If the production volume adopted in discounted cash flow calculation had been 5% lower than management’s estimates at 30 June 2014, the recoverable amount of the mining right recognised would have decreased by HK\$28,005,000 and further impairment of HK\$28,005,000 would be recognised.

Mining properties in Australia

The mining properties in Australia represent the carrying value of mining and exploration projects in Australia (including the Marillana iron ore project) acquired by the Group. Additions during the year ended 30 June 2014 and 2013 represent additional mineral tenements acquired by the Group.

At 30 June 2014, the Group assessed and concluded there was no impairment indicator.

The ultimate recoupment of the carrying value of mining properties is dependent on the successful development and commercial exploitation of, or sale of interests in, the mining properties.

16. TRADE RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	—	21,907
Less: allowance for doubtful debts	—	(537)
	<u>—</u>	<u>(537)</u>
Trade receivables — net	<u>—</u>	<u>21,370</u>

The Group's credit terms granted to customers of transportation services range between 60 days and 90 days. Sales from mining operation in PRC are made under contractual arrangement whereby provisional payment is received within 30 to 90 days from the delivery date. Before accepting any new customers, the Group will review the potential customer's credit quality and approve its credit limits. Credit limits attributed to customers are reviewed regularly.

The ageing analysis of the trade receivables, based on the revenue recognition date at the respective balance sheet dates are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 — 30 days	—	8,517
31 — 60 days	—	6,611
61 — 90 days	—	3,195
Over 90 days	—	3,584
	<u>—</u>	<u>3,584</u>
	<u>—</u>	<u>21,907</u>

17. TRADE PAYABLES

Trade payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days. In certain circumstances, the credit period has been extended to over 90 days. The following is an ageing analysis of trade payables of the Group at the respective balance sheet dates:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 — 30 days	4,538	7,431
31 — 60 days	157	1,977
61 — 90 days	191	1,919
Over 90 days	4,654	2,834
	<u>9,540</u>	<u>14,161</u>

18. SHARE CAPITAL

	Number of shares '000	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 30 June 2013 and 30 June 2014	<u>10,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 1 July 2012	7,175,039	717,504
Issue of shares in consideration for the acquisition of additional interest in a subsidiary (<i>Note a</i>)	49,055	4,906
Issue of shares in settlement of a fixed rate bond (<i>Note b</i>)	190,244	19,024
Conversion of convertible bonds (<i>Note c</i>)	480,144	48,014
	<u>7,894,482</u>	<u>789,448</u>
At 30 June 2013	7,894,482	789,448
Issue of shares (<i>Note d</i>)	409,500	40,950
Issue of shares in settlement of a fixed rate bond (<i>Note e</i>)	78,000	7,800
	<u>8,381,982</u>	<u>838,198</u>
At 30 June 2014	<u>8,381,982</u>	<u>838,198</u>

Notes:

- (a) On 3 August 2012, a total of 49,054,662 ordinary shares of the Company were issued as consideration for the acquisition of Brockman Mining Australia Pty Ltd.
- (b) On 9 January 2013, the Company redeemed a fixed rate bond in full by issuing a total of 190,243,902 ordinary shares at the issue price of HK\$0.41 per share.
- (c) On 19 February 2013, all outstanding convertible bonds of the Company converted into ordinary shares and a total of 480,143,902 shares were issued.
- (d) On 13 February 2014, a total of 195,000,000 ordinary shares were issued to China Guoyin Investment (HK) Ltd (“China Guoyin”) at an issue price of HK\$0.40 per share, raising net proceeds of approximately HK\$78 million.

On the same day, a total of 214,500,000 ordinary shares were issued to Ocean Line Holdings Limited (“Ocean Line”), a substantial shareholder of the Company, at issue price of HK\$0.40 per share with net proceeds from share subscription at HK\$85.8 million.

- (e) Pursuant to the share subscription agreement with Ocean Line, the Company redeemed a fixed rate bond in full by issuing a total of 78,000,000 ordinary shares to Ocean Line on 13 February 2014 at the issue price of HK\$ 0.40 per share.

All the new shares issued rank *pari passu* in respect of the then existing shares.

19. FIXED RATE BONDS

	<i>HK\$'000</i>
At 1 July 2012	—
Issuance of fixed rate bonds (<i>Note a</i>)	156,000
Redemption by way of:	
— issue of ordinary shares (<i>Note a</i>)	(78,000)
— issue of convertible bond (<i>Note a</i>)	(78,000)
	<hr/>
At 30 June 2013	—
Issue of a fixed rate bond (<i>Note b</i>)	31,200
Redemption by way of:	
— issue of ordinary shares (<i>Note b</i>)	(31,200)
	<hr/>
At 30 June 2014	<hr/> <hr/>

Notes:

- (a) On 21 September 2012, the Company issued fixed rate bonds of aggregate principal amount of HK\$156,000,000. 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. On 9 January 2013, the Company redeemed the fixed rate bonds in full by issuing a total of 190,243,902 ordinary shares at the issue price of HK\$0.41 per share and convertible bond of principal amount of HK\$78,000,000 with issue price of HK\$0.41 per share.

The redemption by issuing convertible bond with fair value of HK\$84,659,000 was accounted for as an extinguishment of fixed rate bond. Loss on redemption amounting to HK\$6,659,000 was recognised in the consolidated statement of comprehensive income in the previous year. On 19 February 2013, the entire balance of this convertible bond of HK\$78,000,000 was converted into 190,243,902 shares at HK\$0.41 per share.

- (b) On 12 November 2013, the Company issued a fixed rate bond with principal amount of HK\$31,200,000, maturing on 28 November 2014, to Ocean Line. Interest is payable on the date of redemption at a rate of 10% per annum of the outstanding principal amount, accruing from the date of issue of the bond on a daily basis.

The abovementioned fixed rate bond was redeemed in full on 13 February 2014 by issuing a total of 78,000,000 ordinary shares to Ocean Line at the issue price of HK\$0.40 per share.

20. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is no significant event occurred subsequently after the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

Iron Ore Operations – Western Australia

Marillana Iron Ore Project

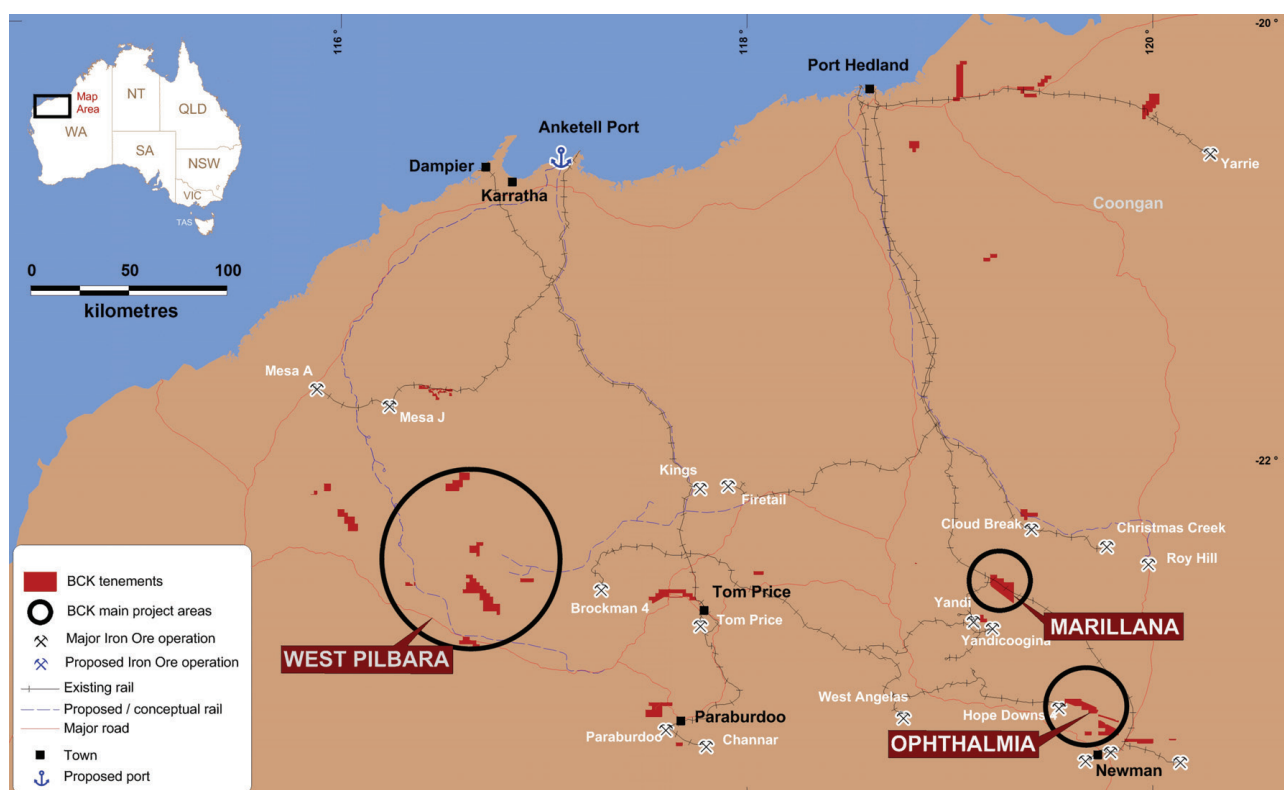
Overview

The 100% owned Marillana Iron Ore Project (“Marillana” or “the Project”) is Brockman’s flagship project located in the Hamersley Iron Province within the Pilbara region of Western Australia, approximately 100 km north-west of the township of Newman. The Project is located within mining lease M47/1414 and exploration licence E47/1408.

The Project area covers 96 km² bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation have developed within the dissected Brockman Iron Formation that caps the Range.

Marillana is surrounded by world-class deposits owned by major iron ore players including BHP Billiton (“BHPB”), Rio Tinto (“Rio”) and Fortescue Metals Group (“FMG”). Marillana is in close proximity to existing infrastructure, with FMG’s Cloud Break railway accessible via a proposed 80 km spur to the north. The Marillana tenement is also bisected by a gazetted road. Brockman will export its ore through the Port of Port Hedland — the largest bulk commodity (iron ore) facility in Australia.

Figure 1: Project location map – Brockman tenements



Rail And Port Access and Infrastructure

Rail

The Project requires rail infrastructure to haul product for export to Port Hedland, where North West Infrastructure (“NWI”), of which Brockman is a foundation shareholder, has a capacity allocation of 50 million tonne per annum (“Mtpa”) for iron ore export from South West Creek in the Inner Harbour. Brockman’s Marillana Project, at up to 20 Mtpa for over 20 years, is considered a corner stone project for any independent Pilbara railway development. However, 20 Mtpa from Marillana alone is insufficient to support the capital investment required to develop the 300 km of railways required to link Marillana to Port Hedland.

Accordingly, Brockman is pursuing two potential rail solutions for the Marillana Project:

- 1) A new East Pilbara Independent Railway (“EPIR”) to connect Marillana and other mines, potentially including Brockman’s Ophthalmia Project, directly to the proposed NWI port facilities; and
- 2) Negotiated access to The Pilbara Infrastructure’s (“TPI’s”) existing regulated railway, for the Marillana Project, with potential to service the Ophthalmia Project in the future, to connect to the proposed NWI port facilities.

During the year, Brockman executed a relationship agreement with Aurizon Operations Limited (“Aurizon”) for the exclusive provision of rail infrastructure, rail services and port services, where appropriate, which will support either potential rail solution for the Marillana Project. Aurizon is Australia’s largest rail freight operator (by tonnes hauled), holding medium to long term contracts with global resource companies such as BHP Billiton, Rio Tinto, Xstrata, Vale and Alcoa. Brockman will also continue to assess any other potential rail solutions for Marillana that might present to the Company.

The East Pilbara Independent Railway (EPIR)

Aurizon is investigating the development of an independent railway in the East Pilbara, for transporting iron ore to the Port Hedland inner harbour. The ultimate development requires a sufficient base load of annual tonnes for a sustained period, in order to support the capital investment required.

To support this rail development proposal, Brockman is advancing the Ophthalmia Project to potentially provide an additional source of annual tonnage, up to 15 Mtpa, to aggregate with the 20 Mtpa from the Marillana Project.

TPI Rail Access

By way of an Access Proposal submitted in May 2013, Brockman is seeking access rights to TPI's below-rail infrastructure under the Western Australian Railways (Access) Code 2000 ("Code"), to allow it to haul up to 20 Mtpa of hematite iron ore product from its Marillana Project, for a term of 20 years, to Port Hedland where NWI has a capacity allocation of 50 Mtpa for iron ore export from South West Creek in the Inner Harbour.

Brockman proposes to procure the necessary spur lines and associated infrastructure to connect Marillana with the TPI railway and to connect it to the proposed NWI facilities in Port Hedland, which will include unloading, stockpiling and ship loading facilities in South West Creek, Port Hedland.

Following determinations by the Economic Regulation Authority ("ERA"), setting Floor and Ceiling Costs ("F&C Costs") for the TPI railway and approving the conduct of negotiations between Brockman and TPI pursuant to section 10 of the Code, on 4 October 2013, TPI commenced legal proceedings in the Supreme Court of Western Australia ("Supreme Court"), for a Judicial Review of the F&C Costs determination and the section 10 approval, and contemporaneously commenced an action challenging the validity of Brockman's access proposal (Writ Action). The trial on both the Writ Action and the Judicial Review was heard between 18 August and 22 August 2014 inclusive, with a decision expected before the new year.

Brockman is continuing to advance the preparation of submissions to satisfy TPI's request for further information, regarding Brockman's managerial and financial capability (section 14) and the availability of capacity (sections 15), as required under the Code. As part of that process, Brockman lodged an application with the Supreme Court for a mandatory injunction, seeking orders that TPI properly comply with its statutory obligations under the 'request for information' process under the Code, to provide original data relating to train running times. During the year, TPI supplied certain data, subject to confidentiality orders, to Brockman's experts for validation of the TPI rail capacity model.

Mediation

As part of the rail access proceedings, TPI had requested, and, subject to certain conditions, Brockman agreed to a court-facilitated mediation, which occurred on 8 May 2014 before the Hon Chief Justice Martin, the Chief Justice of the Supreme Court. The mediation remains subject to the confidentiality provisions of the Supreme Court. The mediation is without prejudice to the status of the Supreme Court proceedings currently underway or to Brockman's position regarding its access application.

Port

In August 2008, the Western Australia State Government, in conjunction with the Port Hedland Port Authority (“PHPA”) now the Pilbara Port Authority (“PPA”), allocated 50 Mtpa of iron ore export capacity to NWI, which is to be utilised at the proposed South West Creek berths SW3 and SW4 at Port Hedland. NWI, which is an incorporated joint venture between Brockman, Atlas and FerrAus Pty Ltd, is progressing the development of these two new berths.

Ministerial environmental approval for the development of the overall project, as well as the proposed disposal of dredging spoils, has been received. Heritage surveys have been conducted and section 18 heritage clearances will be progressed if required.

NWI continues to actively pursue negotiations with the PPA, to obtain a Port Lease and related development agreement.

The Company has entered into a non-binding Memorandum of Understanding with Tianjin Port (Group) Co. Ltd (“TPG”) to explore the opportunity for a potential strategic investment by TPG in the infrastructure necessary for the Marillana Project, including the development of Brockman’s interest in the NWI development.

Mine Development

Feasibility Study

Brockman has invested in a number of feasibility and subsidiary studies on the Marillana Project, in conjunction with ongoing resource development, metallurgical test work and approvals processes. These studies include:

1. Scoping Study in 2007 — 2008;
2. Preliminary Feasibility Study (“PFS”) in 2009; and
3. Definitive Feasibility Study (“DFS”) in 2010.

The project studies have been advanced ahead of resolution of an infrastructure solution. Consequently, Brockman’s current focus is almost entirely on resolving the rail solution for Marillana and advancing the NWI port solution towards its development decision. Upon finalising a rail solution, Brockman will complete an updated DFS to a bankable standard in conjunction with relevant rail and port studies, to support the final investment decision and project financing.

Approvals

The Project, including the entire deposit and all proposed infrastructure areas, is contained within the granted Mining Lease M47/1414 over an area of 82.5 km². All required environmental baseline and impact assessment studies and cultural heritage surveys have been completed and key State and Commonwealth environmental approvals have been received for the Project. The remaining secondary approvals will be obtained in parallel with the completion of the updated DFS.

Metallurgy

During the year, results were received from sinter pot testing undertaken on Marillana Fines® at the China Iron and Steel Research Institute (“CISRI”) in Beijing. Results indicate improved performance in the areas of sinter productivity and sinter fuel consumption, sound metallurgical properties (ie. performance in the blast furnace), with no significant attendant deleterious effects. Further tests are being undertaken to determine the blast furnace properties of the resultant sinter.

In addition, work was undertaken on the “value in use” (“VIU”) of the Marillana Fines®, in comparison to Pilbara Blend fines. The VIU has been independently estimated using the Marx VIU model for iron-making and suggests that Marillana Fines® would attract parity or a small discount relative to Pilbara Blend unit prices, under the then current market conditions, with a focus on inland Chinese mills and alumina constrained coastal mills.

Mining Business — Yunnan, PRC

Our copper mining business comprises processing and sales of copper, silver and other mineral resources in the Yunnan Province of the PRC, through the operation of a subsidiary of the Company — Luchun Xingtai Mining Co., Ltd (“Luchun”) which is the mine operator of the Damajianshan Mine.

Production and operation results for the year ended 30 June 2014 were summarised as follows:

	Year ended 30 June	
	2014	2013
Copper ore processed	146,655 tonnes	218,671 tonnes
Production of Copper Ore Concentrates	861 Metal (t)	1,042 Metal (t)
Sales of Copper Ore Concentrates	842 Metal (t)	1,008 Metal (t)
Average selling price per Metal (t) (without VAT)	RMB36,469	RMB40,388

During the year, the turnover of this segment was approximately HK\$38.7 million (2013: HK\$50.3 million), and the segment loss before interest, taxes, amortisation and impairment of mining right was approximately HK\$6.9 million (2013: HK\$9.4 million).

Production decreased due to unstable weather and drought occurrences in the Yunnan Province, PRC. Coupled with downward swing of copper prices, the sales for copper ore concentrates decreased as a result when compared to corresponding period last year.

As a result of lower copper prices, we have streamlined and refined our production scale to cope with the short-term changes in price thereby reducing potential losses.

In view of the historical interruption in the production activities, management will continuously monitor and revisit the long-term production and capital investment plans based on the circumstance of the mine and the general economic environment.

Impairment loss

The volatility of recent copper price and the revision of production and capital investment plans, are considered to be the impairment indicator which triggered the need to perform an impairment assessment. Based on the impairment assessment, an impairment loss of approximately HK\$40,000,000 was recognised for the year (2013: HK\$243,000,000).

Summary of Expenditure

The cost of sales of the mining segment mainly included mining, processing and refining, ore transportation and waste disposal costs.

Total expenditure associated with the mining operation (excluding amortisation and impairment of mining right) in the PRC during the year amounted to approximately HK\$47.7 million (2013: HK\$60.0 million). Expenditure associated with exploration activities amounted to approximately HK\$12.1 million (2013: HK\$12.2 million).

Mining License

The mining right certificate has been renewed for a term of two years at minimal cost and effective up to July 2016.

Exploration

Exploration activities and tunnelling works continued during the reporting period. The exploration activities are aimed to find additional resources in order to support the Group's further expansion plan. New drilling works and detailed prospecting and scoping plans are now being planned to better define the lithology, grade and assemblage within the mining lease.

Transportation Services Business

Provision of transportation services

The transportation services segment was operated by Parklane Limousine Service Limited and Airport Shuttle Services Limited, both operations are wholly owned by Perryville Group Limited (collectively the “Perryville Group”). On 24 October 2013, the Group has entered into a sale and purchase agreement with a director of Perryville Group to sell its entire interest in the transportation service business. The disposal was completed on 19 February 2014 and Perryville Group ceased to be a subsidiary of the Group. The disposal constituted a major and connected transaction for the Company and was subject to independent shareholders’ approval requirements under the Listing Rules.

During the year ended 30 June 2014, this segment has recorded a profit of approximately HK\$4.0 million (2013: loss of HK\$8.3 million) and was recorded as profit/(loss) from discontinued operation.

Liquidity and Financial Resources

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The Group generally finances its short term funding requirement with cash generated from operations, borrowings and equity placement. The Group’s ability to achieve its Marillana iron ore project development schedule is reliant on access to appropriate and timely funding.

During the reporting period, the Group has raised cash from the subscription of new shares and issue of a fixed rate bond.

The current ratio is measured at 2.38 times as at 30 June 2014 compared to 1.42 times as at 30 June 2013.

The gearing ratio of the Group (long term debts over equity and long term debts) is measured at 0.01 (2013: 0.01). As at 30 June 2014, the Group had no bank and other borrowings (2013: HK\$25.2 million) following the disposal of Perryville Group.

During the reporting period, the Group did not engage in the use of any financial instruments for hedging purposes, and there is no outstanding hedging instrument as at 30 June 2014.

Capital Structure

During the reporting period, the Company has the following movements in the share capital as follows:

- (a) On 2 January 2014, the Company announced that it entered into shares subscription agreement with China Guoyin Investment (HK) Ltd (the “CG Share Subscription”) in which the Company agreed to issue and China Guoyin agreed to subscribe for 195,000,000 ordinary shares of the Company at HK\$0.4 per share. The CG Share Subscription was completed on 13 February 2014.
- (b) On 2 January 2014, the Company announced that it entered into shares subscription agreement with Ocean Line Holdings Limited (the “OL Share Subscription”) in which the Company agreed to issue and Ocean Line agreed to subscribe for 292,500,000 ordinary shares of the Company at HK\$0.4 per share. The OL Share Subscription was completed on 13 February 2014.

Pledge of Assets

As at 30 June 2014, no asset was pledged to secure any banking facilities (2013: HK\$5,166,000) following the disposal of Perryville Group.

At 30 June 2013, a subsidiary of the Company leases various motor vehicles with carrying value of approximately HK\$18,278,000. After the disposal of Perryville Group in February 2014, the Group has no property, plant and equipment pledged under finance lease arrangement.

Risk Disclosure

Market risk

The Group is exposed to various types of market risks, including fluctuations in copper price and exchange rates.

(a) Commodities Price Risk

Copper Ore Concentrate Price Risk

The Group’s turnover and profit of the mining business during the year were affected by fluctuations in the copper prices. All of our mining products were sold at market prices and the fluctuation of the price were beyond the control of the Group.

Iron Ore Price Risk

The fair value of the Group’s mining properties in Australia are exposed to fluctuations in the expected future iron ore price.

We have not used any commodity derivative instruments or futures for speculation or hedging purposes. The management will review the market condition from time to time and determine the best strategy to deal with the fluctuation of copper ore concentrate price and iron ore price.

(b) Exchange Rate Risk

The Group is exposed to exchange rate risk primarily in relation to our mineral tenements that are denominated in Australian dollar. Depreciation in Australian dollar may adversely affect our net asset value and earnings when the value of such assets is converted to Hong Kong dollars. During the year, no financial instrument was used for hedging purpose.

Financial Guarantee

At 30 June 2014, the Company did not have any financial guarantees.

At 30 June 2013, the Company had given corporate guarantees to a bank in relation to banking facilities extended to the Perryville Group. Such facilities were drawn by Perryville Group to the extent of HK\$10,781,000 and the maximum liability of the Company under the guarantees was HK\$75,200,000. The abovementioned corporate guarantee was fully released by the bank on 14 February 2014.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2014.

Staff and Remuneration

As at 30 June 2014, the Group employed 409 full time employees (2013: 581 employees), of which 365 employees were in the PRC (2013: 423 employees), and 26 employees were in Australia (2013: 25). The remuneration of employees includes salary, discretionary bonus and share based compensation.

The remuneration policy and packages of the Group's employees, senior management and directors are maintained at market level and reviewed annually and when appropriate by the management and the remuneration committee.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES AND ASX BEST PRACTICE RECOMMENDATIONS

The Company is listed on both the Australian Securities Exchange (“ASX”) and the Stock Exchange of Hong Kong Limited (“SEHK”). Save that for the period from 13 March 2014 to 12 June 2014, the Company did not have at least 1/3 of the board members being independent non-executive directors, the Company complied with all aspects of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK (“the HK Listing Rules”) and the ASX Corporate Governance Council’s “Corporate Governance Principles and Recommendations with 2010 Amendments” (“the ASX Principles”) during the entire year ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Securities Trading Policy which applies, inter alia, to all Directors and Key Management Personnel. The Securities Trading Policy complies with the ASX Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the HK Listing Rules. Having made specific enquiry at all directors, directors of the Company confirmed that they have complied with the required standard as set out in the Model Code. A copy of the Company’s Securities Trading Policy is available on the website of the Company.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors namely, Messrs. Yap Fat Suan, Henry (appointed on 8 January 2014), Uwe Henke Von Parpart and Yip Kwok Cheung, Danny. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee as at 30 June 2014. The Audit Committee has adopted the terms of references which are in line with the Corporate Governance Code. The Audit Committee has reviewed the Group’s annual results for the year ended 30 June 2014.

APPRECIATION

The Board wishes to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group. We also thank our shareholders, customers and suppliers for their continuous support.

By order of the Board
Brockman Mining Limited
Kwai Sze Hoi
Chairman

23 September 2014, Hong Kong

As at the date of this announcement, the board of directors of the Company comprises Mr. Kwai Sze Hoi (Chairman), Mr. Liu Zhengui (Vice Chairman) and Mr. Ross Stewart Norgard as non-executive directors; Mr. Chan Kam Kwan, Jason (Company Secretary), Mr. Warren Talbot Beckwith and Mr. Kwai Kwun Lawrence as executive directors; and Mr. Yap Fat Suan, Henry, Mr. Uwe Henke Von Parpart, Mr. Yip Kwok Cheung, Danny and Mr. Choi Yue Chun, Eugene as independent non-executive directors.