ANNUAL REPORT
2016

BROCKMAN

布萊克萬礦業有限公司

BROCKMAN MINING LIMITED

Incorporated in Bermuda with limited liability
HKEx Stock Code: 159 | ASX Stock Code: BCK

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

Kwai Sze Hoi *(Chairman)*
Liu Zhengui *(Vice Chairman)*
Ross Stewart Norgard

Executive Directors

Chan Kam Kwan, Jason *(Company Secretary)*
Kwai Kwun, Lawrence
Colin Paterson

Independent Non-executive Directors

Uwe Henke Von Parpart
Yap Fat Suan, Henry
Choi Yue Chun, Eugene

COMPANY SECRETARY

Chan Kam Kwan, Jason

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

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PERTH WA 6000

PRINCIPAL BANKER

Australia and New Zealand Banking Group Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of Communications
Westpac Banking Corporation

WEBSITE

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STOCK CODE

159
(Main Board of The Stock Exchange of Hong Kong Limited)

BCK
(Australian Securities Exchange)

CHAIRMAN'S MESSAGE

Dear Shareholders,

The Company has never ceased in working out a logistics solution for its iron ore projects in the Western Australia despite market and regulatory constraints. In the midst of price volatility, we remain confident in progressing our flagship project, Marillana into production.

During the second half of the year the Company has been fully focused on progressing its initial 2.5Mtpa from Marillana utilizing performance based standard road trains for transport to Port Hedland and export through the Utah Point Bulk Handling Facility at Port Hedland. Towards the end of the year the Company has advanced significantly in its discussion and negotiation with various counterparties in progressing into production by first quarter of calendar year 2018.

The positive results from our independent railway study to support Marillana and later Ophthalmia Project infrastructure, demonstrated our determination in delivering our Western Australia iron ore projects into production. We are delighted that the study has demonstrated strong commercial merits and we shall work further to proceed to a pre-feasibility study while continuing discussions with the relevant Western Australian Government departments on requirements for our independent railway and its facilitating port. Concurrently the Company continues to assess a number of logistics solution options with a third party provider. The Company aims to determine the best infrastructure alternatives to deliver its high quality iron ore to the export market by next year.

The Company is appreciative for the strong cooperation it has received from the Western Australian Government in particular in working out the best rail and port solution for the Company.

I would like to thank my fellow Directors and Company's management for their hard work, as we traverse through a difficult marketing condition. I hereby also express my heartfelt thanks to all shareholders of the Company for their genuine support. We look forward for a better outcome for the Company next year.

Kwai Sze Hoi
Chairman

23 September 2016

MANAGEMENT DISCUSSION AND ANALYSIS

IRON ORE OPERATIONS — WESTERN AUSTRALIA

This segment of the business comprised of the 100% owned Marillana Iron Ore Project ("Marillana"), the Ophthalmia Iron Ore Project ("Ophthalmia") and other regional exploration projects.

The loss before income tax expense and share of losses of joint ventures for the year for this segment and attributable to the Group was HK$481.5 million (2015: HK$1,326.3 million). Total expenditure associated with mineral exploration for the year ended 30 June 2016 amounted to HK$16.6 million (2015: HK$60.6 million).

Total expenditure associated with mineral exploration and evaluation for each of the projects in Western Australia for the financial periods are summarised as follows:

	Year ended 30 June	
	2016 **HK$'000**	2015 HK$'000
Project		
Marillana	**12,106**	24,357
Ophthalmia	**2,000**	28,494
West Pilbara	**2,509**	7,789
	16,615	60,640

The Group is yet to make a final investment decision toward commencing development of any of its iron ore projects in Western Australia. Accordingly, no development expenditures have been recognised in the financial statements during the year ended 30 June 2016 (year ended 30 June 2015: Nil).

Total capital expenditures for each of the projects in Western Australia for the financial periods were summarised as follows:

	Year ended 30 June			
	2016 **HK$'000**		2015 HK$'000	
	Addition to property, plant and equipment	**Addition to mining properties**	Addition to property, plant and equipment	Addition to mining properties
Project				
Marillana	**173**	**—**	252	—
Ophthalmia	**—**	**—**	—	—
	173	**—**	252	—

Impairment Loss

In response to the sustained iron ore price weakness and taking advantage of recent improvement in mining and infrastructure technologies, the Group is progressing with studies based on a revised mine plan and production strategy. Nevertheless, at 31 December 2015, considering the significant decline in iron ore price from the previous reporting period, an impairment assessment was conducted and impairment of HK$436,351,000 was recognised for the first half of the year. The impairment reduces the deferred income tax liability brought to account following the business combination relating to the value attributed to the mining properties acquired. The reduction in the deferred income tax liability as a result of the impairment is HK$130,905,000 (2015: HK$364,986,000). In the second half of the year, the Group has continued to assess whether any indications of impairment exist with reference to both external and internal sources of information. As at 30 June 2016, the Group assessed and concluded there were no indications of impairment present, noting that key assumptions utilised in determining the recoverable value of the mining properties in Australia remain consistent with those utilised during the previous assessment.

There is no material change of the long-term iron ore price between 31 December 2015 and 30 June 2016. Hence, the Company is not considering any impairment to its iron ore assets.

Additional Stamp Duty Assessment

The 2012 acquisition of Brockman Mining Australia Pty Ltd (formerly known as Brockman Resources Limited) resulted in Western Australian stamp duty being incurred, primarily relating to the acquisition land value attributable to the iron ore projects acquired. The Company raised an accounting provision to recognise an estimate of the potential liability. In December 2013, the Office of State Revenue in Western Australia ("OSR") issued the Company with an interim assessment notice consistent with the Company's self-assessment-independent valuation of the acquired land chattel, which the Company paid. In 2016, the Company received a final assessment from the OSR exceeding the 2013 interim assessment. The Company has objected the final assessment from the OSR, and subsequently lodged an objection. Nevertheless, the Company has paid this assessment in accordance with OSR requirements. The lodged objection is seeking to recover the stamp duty assessed on value of mining information and mining studies acquired.

MARILLANA PROJECT OVERVIEW

The 100% owned Marillana Iron Ore Project ("Marillana") 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. Marillana is located within mining lease M47/1414.

The project area covers 82 km2 bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation, source of the hematite detrital mineralisation at Marillana, have developed within the dissected Brockman Iron Formation that caps the Range.

The Company currently is progressing on a two-phase commercial development strategy for Marillana:

1. A small scale development over a portion of the deposit to produce 2.5Mtpa (wet) of iron ore product (Project Maverick); and

2. The development of larger tonnage operation underpinned by a long term rail and port infrastructure solution (Project Agincourt). The target production of Project Agincourt is up to 20Mtpa (wet), which is going to be developed in stages. Stage-1, a 10Mtpa production operation, bringing Brockman's total targeted annual production to 12.5Mtpa (together with Project Maverick). Upon progressing on Stage-1, Brockman intends to progress with Stage-2 for another 10Mtpa production. The development of Project Agincourt Stage-1, as well as timing for Stage-2 are subject to further studies on mine and processing plant design.

The initial development phase will establish the Company as a producer introducing its high-grade product (~61%Fe) to the seaborne iron ore market, and generate cash flow as the Company continues to progress Project Agincourt.

To facilitate Project Agincourt, the Company has commenced studies to build its own railway line, while at the same time continue to pursue other viable infrastructure cooperation. Despite the continuous legal challenge, the Company has never ceased on establishing its right to apply for regulated Access on the TPI railway line.

PROJECT MAVERICK

Project Maverick will establish Brockman as a global producer of iron ore and will introduce the Marillana high-grade product to the seaborne iron ore market. The cash flows generated from Project Maverick will be used to develop the larger Marillana deposit, which in turn will provide significant financial and social benefits to the Pilbara region through employment opportunities as well as numerous benefits to other sectors.

Project Maverick is well progressed. In particular:

- all major approvals including Ministerial approval under the Environmental Protection Act 1986 (WA) have been received;

- a mining lease has been granted in respect of Marillana (which includes the Project Maverick project area);

- native title agreements in respect of the project area have been agreed;

- a road transportation solution, including a heads of agreement with a major provider of logistics solutions, has been agreed to move product from the mine to vessels at port; and

- two early contractor involvement ("ECI") consortiums have been engaged to conduct cost studies to build and operate the mine facilities for Project Maverick.

MANAGEMENT DISCUSSION AND ANALYSIS

Project Maverick relates to a very small portion of the total mineralisation at Marillana and has been restricted to above water table material, optimized for the first five years of the project. The majority of mineralization is sourced from the Rockhole Bore area, which has been subjected to extensive pilot scale metallurgical test work.

The pit design involves the mining of 29.4Mt of ore and 8.9Mt of waste over the initial 5 year period, for a stripping ratio of 0.3:1. The ore will be beneficiated to produce 2.5Mtpa (wet) of final product grading between 60.5% Fe and 61.5% Fe, which will be trucked to the Utah Point Bulk Handling Facility ("UPBHF") in Port Hedland for loading onto ships.

The development of Project Maverick is able to draw on the results and information received from over six years of detailed study over the Marillana deposit for the construction and operation of a simplified, small scale processing plant at the site (essentially a large pilot plant). The studies of Marillana include:

- a scoping study between 2007 - 2008;
- preliminary feasibility study in 2009;
- definitive feasibility study in 2010 ("DFS");
- front end engineering and design in 2011 ("FEED"); and
- ongoing value adding studies.

Extensive beneficiation test work has been completed as part of the DFS and FEED studies on ore samples taken from the deposit.

The most recent "phase 7" pilot scale test work confirmed the Brockman Group's confidence in the deposit and beneficiation process, with the product yield and specification exceeding forecast amounts.

During the year, Brockman entered a Non-Binding Heads of Agreement ("HOA") with Qube Bulk Pty Ltd (Qube) to facilitate an infrastructure solution for Project Maverick. Qube is an integrated logistics services provider which provides bulk ore haulage services in the Pilbara and port services at UPBHF.

Subject to the completion of final feasibility studies and the receipt of any required approvals, the Company and Qube will enter into a Logistics Service Agreement for the transportation and export of Brockman's product through the UPBHF for a minimum of five years.

The key enabler for this HOA has been the recent Western Australian State Government initiative in approving the use of performance based standard road trains on prescribed roads in the Pilbara (following a successful trial). These new road trains with increased payloads have provided significant cost savings in road haulage and result in fewer vehicle movements on the State's roads.

The model proposed to be used by Brockman for the mine site development is a Contractor Build/ Operate model with Brockman supplying capital, thus minimising capital and operating costs. The Company has engaged two early contractor involvement ("ECI") consortiums (each comprising a mining contractor and a process design-construct-operate engineering company) to prepare "Class 4" study estimates. The preferred ECI consortium will then be engaged (subject to Brockman securing port capacity as discussed below) to complete "Class 2" cost estimates which will be used by the Company in progressing funding for Project Maverick.

The key prerequisite for Brockman before progressing further on Project Maverick is to secure stockyards and a berth allocation at the UPBHF to cater for the export of 2.5Mtpa of iron ore product. Brockman is in advanced discussions with the Pilbara Ports Authority ("PPA") in relation to securing this allocation. The Company is targeting for commencement of construction in the first-half of 2017 following FID, with commissioning early in calendar year 2018.

The development of Project Maverick relies on securing appropriate funding and port allocation at Utah Point Bulk Handling Facility at Port Hedland.

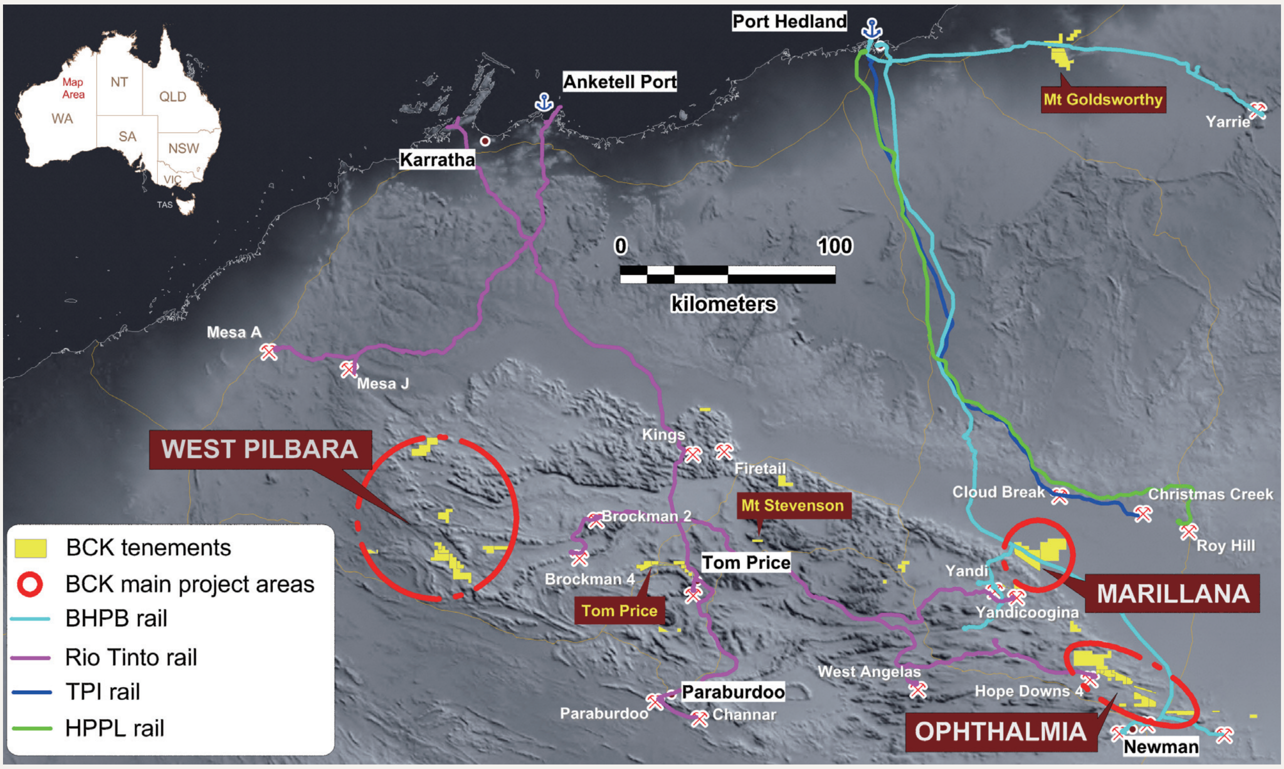
The development of the Project Maverick is an interim solution to establish Brockman and the high quality Marillana product in the seaborne iron ore market. It will also be a major step forward in commercializing the infrastructure solution for the larger scale operations at Marillana (up to 20Mtpa) Project Agincourt.

PROJECT AGINCOURT

Project Agincourt is predicated on Brockman securing a long term rail and port solution for the transportation and export of up to 20Mtpa of iron ore product.

The current economic climate has presented cost saving opportunities and the project team is investigating the likely beneficial impact on previous capital and operating cost estimates for Marillana under the existing cost environment, in readiness for when an infrastructure solution is secured. The Company is also re-evaluating the mine plan to reduce haul distances, increase product yields in the early mine life and minimise rehandling of waste materials, all of which is anticipated to have a positive impact on mining costs. As part of this work, Brockman is considering the development of two processing plants (nominally 10Mtpa product each) spaced along the 14.5km strike length of the deposit.

Figure 1: Project location map — Brockman tenements



MANAGEMENT DISCUSSION AND ANALYSIS

RAIL AND PORT AND INFRASTRUCTURE

The key to unlocking the value of the Group's highly prospective iron ore mineral tenements relies on securing a rail and port infrastructure solution and funding.

The Company continues to actively pursue various viable infrastructure alternatives.

Brockman Independent Railway

During the year the Company commissioned a study to evaluate an independent railway to connect Marillana, and later Ophthalmia, to Port Hedland. The independent railway is one of a number of logistics solutions being considered by the Company.

The study was based on a standard gauge, 26 tonne axle load design incorporating an Ausbeam Track System (a ballast-less track system with continuous rail support), coupled with standard bottom dump wagons. The design and track structure is expected to significantly reduce capital cost when compared to traditional Pilbara 'heavy haul' railway systems, primarily as a result of reduced need for cut and fill. The Brockman railway line would support an initial capacity of 30Mtpa to a designated berth in Port Hedland, with the ability to be expanded to more than 50Mtpa for other junior miners, primarily through the introduction of additional passing loops and increased stockyard capacity.

Rail Access

In May 2013, Brockman commenced seeking access rights to The Pilbara Infrastructure Pty Ltd's ("TPI") below-rail infrastructure under the Western Australian Railways (Access) Code 2000 (WA) ("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 ("Access Proposal").

The Access sought proposed to exit the TPI mainline at Port Hedland where North West Infrastructure ("NWI") has a capacity conferral at 50 Mtpa at the proposed SP3 and SP4 berths for iron ore export from South West Creek in the Inner Harbour.

On 4 October 2013, TPI commenced proceedings in the WA Supreme Court challenging the validity of the Access Proposal. The trial was held in August 2014 and on 26 September 2014 the Honorable Justice James Edelman handed down his decision, which supported Brockman's position finding that the Access Proposal was valid and complied with the requirements of section 8 of the Access Code. TPI's action was wholly dismissed, with TPI ordered to pay Brockman's costs of the action. TPI appealed this decision and that appeal was heard in late August, 2015 by Buss JA, Murphy JA and Beech J. In February 2016, the Court of Appeal handed down its decision upholding Edelman J's decision of 26 September 2014, finding that the Access Proposal was valid and complied with the requirements of section 8 of the Access Code. TPI's appeal was wholly dismissed, and TPI was ordered to pay Brockman's cost of appeal.

On 24 March 2016, TPI made an application for special leave to appeal the Court of Appeal's judgment to the High Court of Australia. Subsequent to year end, on 2 September 2016 the High Court of Australia considered TPI application for special leave to the High Court. The application was rejected. This means that TPI has no further avenue for appeal.

Port

Brockman continues to study options for development of the port at South West Creek to complement the Group's future rail solution.

APPROVALS

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 Marillana.

Final approvals relating to the development of Project Maverick (mining proposal, site management and safety plan, shire building permit for camp, works approvals for fuel storage, sewerage plant, water, traffic management plan, etc.) will be advanced to facilitate early mining and development activities in 2017.

METALLURGY

Extensive beneficiation test work has been completed as part of the DFS and FEED studies on ore samples taken from the deposit. The most recent 'phase 7' pilot scale test work confirming confidence in the deposit and beneficiation process with product yield and specification exceeding forecast. Sinter testwork completed in Australia and China ("CISRI") has demonstrated that the coarse nature of the product (essentially minimal sub 1mm particles) results in significantly higher sinter productivity with lower fuel use with no deleterious effects, when blended at up to 25% with other Australian seaborne ores.

RESOURCES AND RESERVES

Brockman reports its Mineral Resources and Ore Reserves on an annual basis, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the "JORC Code 2012"), unless otherwise noted. Mineral Resources are quoted inclusive of Ore Reserves.

This information on Resources and Reserves for the Marillana Project was prepared and first disclosed under guidelines of the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the "JORC Code 2004"). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Marillana has a significant Mineral Resource estimate of 1.63 billion tonnes (Bt) of hematite Detrital and Channel Iron (CID) mineralisation, comprising 173 million tonnes (Mt) of Measured Mineral Resources, 1,238 Mt of Indicated Mineral Resources and 219 Mt of Inferred Mineral Resources (see Tables 1 and 2). In accordance with the requirements of the JORC Code 2004, the Marillana Ore Reserves are based solely on the Measured and Indicated Mineral Resources at Marillana.

The 201 Mt of Inferred Mineral Resources (Non CID) is based on wide-spaced drilling to the north of the Indicated Mineral Resource boundary, which has demonstrated continuity of the detrital mineralisation in this area. In addition the mineralisation remains open to the north of the Inferred Mineral Resource boundary.

Table 1: Beneficiation Feed Mineral Resource Summary (cut-off grade: 38% Fe)

Mineralisation type	Resource classification	Tonnes (Mt)	Grade (% Fe)
Detrital	Measured	173	41.6
	Indicated	1,036	42.5
	Inferred	201	40.7
Pisolite	Indicated	117	47.4
Total	**Measured**	**173**	**41.6**
	Indicated	**1,154**	**43.0**
	Inferred	**201**	**40.7**
GRAND TOTAL		**1,528**	**42.6**

Total tonnes may not add up, due to rounding

Table 2: Marillana Project CID Mineral Resource Summary (cut-off grade: 52% Fe)

Resource classification	Tonnes (Mt)	Fe (%)	CaFe (%)	Al_2O_3 (%)	SiO_2 (%)	P (%)	LOI (%)
Indicated	84.2	55.8	61.9	3.6	5.0	0.097	9.8
Inferred	17.7	54.4	60.0	4.3	6.6	0.080	9.3
TOTAL	**101.9**	**55.6**	**61.5**	**3.7**	**5.3**	**0.094**	**9.7**

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

Table 3: Marillana Detrital Ore Reserves*

Reserve classification	Tonnes (Mt)	Fe (%)
Proved	133	41.6
Probable	868	42.5
TOTAL	**1,001**	**42.4**

* *Reserves are included within Resources*

Table 4: Marillana CID Ore Reserves*

Reserve classification	Tonnes (Mt)	Fe (%)	CaFe (%)	Al_2O_3 (%)	SiO_2 (%)	P (%)	LOI (%)
Probable	48.5	55.5	61.5	5.3	3.7	0.09	9.7
TOTAL	**48.5**	**55.5**	**61.5**	**5.3**	**3.7**	**0.09**	**9.7**

* *Reserves are included within Resources*

Based on extensive beneficiation testwork, the Detrital Ore Reserves are expected to produce 378 Mt of final product grading 60.5–61.5% Fe with impurity levels comparable with other West Australian direct shipping hematite ore ("DSO") iron ore products. The CID Ore is a DSO product which would be prepared for export as a separate product. The Marillana Project is estimated to produce in excess of 426 Mt of export product (beneficiated detritals plus CID).

Metallurgical testwork, undertaken since publication of the Ore Reserve, investigated improvement in the product yield from beneficiation feed by recovering additional -1 mm fines material at +60% Fe, could add a further 30 Mt of total product over the life of the mine. This material was considered as waste in the earlier studies.

This represents one of the largest published hematite Ore Reserve positions in the Pilbara, outside the three major producers (BHPB, Rio and FMG). The Detrital Ore is upgraded to a high-quality, sinter feed product via simple beneficiation, which is supported by low-cost mining, low waste ore ratios and large continuous ore zones. Based on existing Resources and Reserves, the Project will support over 20 years of mining operations, producing at a forecast production rate of up to 20 Mtpa of beneficiated iron ore grading from 60.5–61.5% Fe.

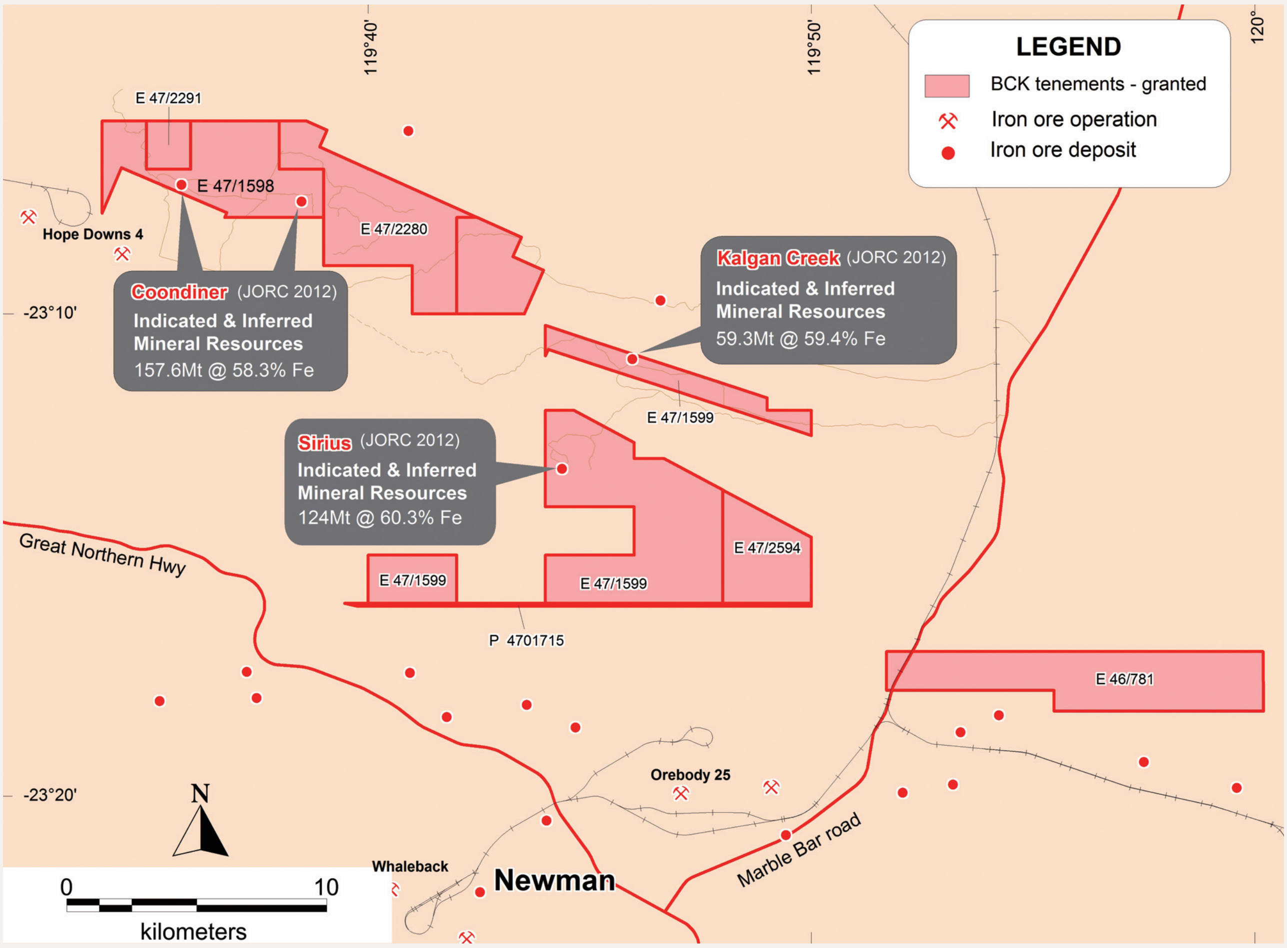
The Mineral Resource and Reserve estimation (see Tables 1 to 4) was prepared by Golder Associates Pty Ltd and has been classified in accordance with the guidelines of the JORC Code 2004. It has been estimated within geological boundaries using a 38% Fe cut-off grade for beneficiation feed mineralisation and a 52% Fe cut-off grade for CID mineralisation. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. There has been no change in the Marillana Resource and Reserve estimates during the year.

OPHTHALMIA PROJECT

Overview

The 100% owned Ophthalmia Iron Ore Project, located north of Newman in the East Pilbara region of Western Australia, is the most significant iron ore project for the company outside of its flagship Marillana Project. Since the discovery of significant occurrences of bedded hematite mineralisation by field reconnaissance mapping and surface sampling in August 2011, major exploration drilling programmes have been completed and JORC-compliant Mineral Resources have been estimated and reported for the Sirius, Coondiner, and Kalgan Creek deposits. The total Mineral Resource at Ophthalmia is 341 Mt grading 59.3% Fe. (Table 5)

Figure 2: Location of Ophthalmia Prospects



MANAGEMENT DISCUSSION AND ANALYSIS

Approvals

The Native Title Agreement with the Nyiyaparli people that was executed in May 2015 covers all tenements comprising the Ophthalmia Iron Ore Project and was based on the existing agreement with the Nyiyaparli people covering the Marillana Iron Ore Project (signed in 2009). It takes into consideration the Nyiyaparli people's interests with regard to the management of Cultural Heritage and Protection of the land and environment at the Ophthalmia Project, as well as providing education and training opportunities for the local Nyiyaparli people.

The signing of this agreement paves the way for the granting of mining leases over the project area once Brockman has established an infrastructure solution to facilitate development of the project.

Feasibility Study

The upgraded Mineral Resources and the excellent conversion from Inferred to Indicated Resources support the development of a DSO mining operation at Ophthalmia, predicated on the Company achieving a rail and port infrastructure solution for the Marillana Project. The Pre-Feasibility Study ("PFS") that commenced in the previous year was deferred until an infrastructure solution for the Company's Marillana project has been secured.

Metallurgy

A bulk sample of ore from the Sirius deposit was sent to CISRI in China for a comprehensive sinter testwork programme. The bulk sample was generated in 2013 by compositing diamond drill core from 7 holes spaced across the entire deposit.

The sinter testwork program showed that there are no fatal flaws in the sintering performance of blends where Sirius fines replaces either Pilbara Blend of MAC (Mining Area C) fines up to 30%. Most parameters show only gradual changes as substitution increases, except that mix moisture and fuel loads do increase significantly. There is little change in sinter productivity or granulation, RDI is similar or improved marginally, as is softening and melting performance. RI is lower but still well within tolerance.

Following the completion of the sinter testwork program, the Company commissioned a Value-In-Use ("VIU") study to determine the likely pricing for the Sirius fines product. The VIU in iron making has been estimated using the Marx VIU model in comparison to Pilbara blend fines. The results indicate a total potential discount of 15 – 17% for Sirius fines compared to Pilbara Blend, sold to silica constrained Chinese steel mills.

Mineral Resources

Ophthalmia has a Mineral Resource estimate of 340.9 million tonnes of hematite mineralization, compromising 280 million tonnes of Indicated Resources and 61 million tonnes classified as Inferred Resource (see Table 5).

The resource estimate was classified in accordance with guidelines provided in the JORC Code 2012. Refer to ASX Announcement dated 1 December 2014.

Table 5: Ophthalmia DSO Mineral Resource Summary

30 June 2016[(1)]									
Deposit	**Class**	**Tonnes (Mt)**	**Fe (%)**	**CaFe* (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**S (%)**	**P (%)**	**LOI (%)**
Kalgan Creek[1]	Indicated	34.9	59.3	62.7	4.08	4.57	0.009	0.183	5.49
	Inferred	24.4	59.5	63.2	4.38	3.90	0.007	0.157	5.81
	Sub Total	**59.3**	**59.4**	**62.9**	**4.21**	**4.29**	**0.009**	**0.173**	**5.63**
Coondiner[1] (Pallas and Castor)	Indicated	140.5	58.5	62.0	5.18	4.46	0.007	0.176	5.71
	Inferred	17.1	58.1	61.5	6.06	4.45	0.008	0.155	5.47
	Sub Total	**157.6**	**58.4**	**62.0**	**5.27**	**4.46**	**0.007**	**0.174**	**5.68**
Sirius	Indicated	105.0	60.4	63.7	3.54	3.97	0.007	0.18	5.22
	Inferred	19.0	60.2	63.4	4.09	3.83	0.009	0.17	5.14
	Sub Total	**124.0**	**60.3**	**63.6**	**3.62**	**3.95**	**0.007**	**0.18**	**5.20**
Ophthalmia Project	Indicated	280.4	59.3	62.7	4.43	4.29	0.007	0.178	5.50
	Inferred	60.5	59.3	62.8	4.76	4.03	0.008	0.160	5.50
	Total	**340.9**	**59.3**	**62.7**	**4.49**	**4.24**	**0.007**	**0.175**	**5.50**

* *CaFe represents calcined Fe and is calculated by Brockman using the formula CaFe = Fe%/((100-LOI)/100). Total tonnes may not add due to rounding*

(1) *No changes since 30 June 2015*

WEST PILBARA PROJECT

Overview

The West Pilbara Project comprises a number of exploration tenements (Duck Creek, West Hamersley and Mt Stuart) over a 30 km radius and located about 110–150 km WNW of Paraburdoo in the West Pilbara region. (Refer Figure 1)

At Duck Creek, mineralisation comprises discrete mesas of channel iron deposits ("CID") 15–30 m above the surrounding plains with stripping ratios expected to be very low for the targets identified. Seven mesas containing ore grade CID mineralisation have been identified from surface sampling, but only six have been drilled due to access limitations.

Brockman has completed an Inferred Mineral Resource estimate of 18.3 Mt grading 56.5% Fe, for the channel iron deposit ("CID") mineralisation at Duck Creek (E47/1725), as detailed in Table 6 below. The Mineral Resource estimate has been classified in accordance with guidelines of the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Mineral Resource estimate is based on the results of 45 vertical RC holes drilled on sections varying from approximately 200 to 400 m apart along the long axis of each mesa, supported by surface sampling to confirm the lateral extent of mineralisation.

Table 6: Duck Creek Mineral Resource estimate — (at a lower cut-off grade of 54% Fe)

Mesa	**Classification**	**Tonnes (Mt)**	**Fe (%)**	**CaFe* (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**S (%)**	**LOI (%)**
1	Inferred	4.1	55.8	63.2	4.40	2.69	0.032	0.058	11.8
2	Inferred	5.1	56.6	64.1	3.58	2.44	0.041	0.037	11.7
3	Inferred	2.3	56.4	61.6	5.71	4.53	0.065	0.023	8.4
4	Inferred	1.4	56.4	61.9	6.43	3.34	0.077	0.087	8.9
5	Inferred	3.0	56.3	61.4	6.32	4.07	0.071	0.020	8.4
6	Inferred	2.4	58.0	62.8	5.15	3.25	0.112	0.015	7.6
All	**Inferred**	**18.3**	**56.5**	**62.8**	**4.91**	**3.22**	**0.060**	**0.037**	**10.0**

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

The West Hamersley prospect comprises one granted Exploration Licence (E47/1603) covering 54 km^2 and containing extensive areas of outcropping Brockman Iron Formation. The Mt Stuart prospect comprises one Exploration Licence containing outcropping CID mineralisation as mapped by the Geological Survey of Western Australia.

OTHER PROJECTS

Irwin–Coglia Ni-Co And Ni-Cu Prospect — 40% Interest

The Group has a 40% interest in the Irwin–Coglia nickel-laterite project, located about 150 km south-east of Laverton in Western Australia. The remaining 60% interest in the Joint Venture is held by Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd, the owners of the Murrin Murrin Ni-Co laterite mine and high-pressure acid leach treatment plant near Laverton.

Mining studies by Murrin Murrin show that the ore body represents high potential value but this value cannot be currently realised due to chloride in feed constraints. In 2012, Murrin Murrin has carried out further studies on the washing of chloride from its high chloride deposits (including Irwin – Coglia) but limits on the amount of low-chloride wash water available and the cost of installing excess capacity continue to restrict the wash capacity available. Murrin Murrin is continuing to take steps to allow incremental increases in chloride levels in the process plant feed. Desktop investigations indicate low salinity water may be available from an area east of the deposits, which may provide an opportunity for a chloride wash process.

The project is managed by Murrin Murrin.

Competent Persons Statements

Marillana Mineral Resources and Ore Reserves

The information in this report that relates to Mineral Resources and Ore Reserves at Marillana is based on information compiled by Mr. I Cooper, Mr. J Farrell and Mr. A Zhang.

The Ore Reserves statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 2004"). The Ore Reserves have been compiled by Mr. Iain Cooper, who is a Member of Australasian Institute of Mining and Metallurgy and a full time employee of Golder Associates Pty Ltd. Mr. Cooper has sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the JORC Code 2004. Mr. Cooper consents to the inclusion of the matters based on this information in public releases by Brockman, in the form and context in which it appears.

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

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

Ophthalmia Mineral Resources

The information in this statement which relates to the Ophthalmia Mineral Resource is based on information compiled by Mr. Sia Khosrowshahi who is a full-time employee of Golder Associates Pty Ltd, and Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr. Khosrowshahi has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Mr. Khosrowshahi consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

The Competent Person responsible for the geological interpretation and the drill hole data used for the resource estimation is Mr Aning Zhang. Mr Zhang is a full-time employee of Brockman Mining Australia Pty Ltd, is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012. Mr Zhang consents to the inclusion in this report of the matters based on his information in the form and content in which it appears.

Duck Creek Mineral Resource

The information in this report that relates to Mineral Resources at Duck Creek is based on information compiled by Mr. A Zhang. Mr. Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2004 Edition. Mr. Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Annual Report Mineral Resources and Ore Reserves Statement

The information in this report that relates to the Brockman Mining Iron Ore Division Annual Report Mineral Resources and Ore Reserves Statements as a whole is based on information compiled by Aning Zhang, a full-time employee of Brockman Mining Australia Pty Ltd, and a Member of the Australasian Institute of Mining and Metallurgy. The Annual Report Mineral Resources Statement and Ores Reserves Statement is based on, and fairly represents, information and supporting documentation prepared by the Competent Persons named above. The Annual Report Mineral Resources and Ore Reserve Statement has been issued with the prior written consent of Mr Zhang, in the form and context in which it appears in the Annual Report.

Mineral Resources and Ore Reserves Governance of Internal Controls

Brockman ensures that the Mineral Resources and Ore Reserve estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external review of Mineral Resources and Ore Reserves estimation procedures and results are carried out through a technical review team which is comprised of highly competent and qualified professionals. These reviews have not identified any material issues.

MINING BUSINESS — YUNNAN, THE 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. The Damajianshan Mine is located in Qimaba Township, Luchun County of Yunnan Province in the PRC. It is near the border between the PRC and Vietnam.

Production and operation results for the year ended 30 June 2015 and 2016 were summarised as follows:

	Year ended 30 June	
	2016	2015
Copper ore processed (tonnes)	**83,189**	182,485
Production of Copper Ore Concentrates (Metal tonnes)	**429**	794
Sales of Copper Ore Concentrates (Metal tonnes)	**433**	884
Average selling price per Metal (t) (without VAT) (RMB)	**22,283**	32,746

During the year, turnover of this segment was approximately HK$11.6 million (2015: HK$36.5 million), and the segment loss before finance costs, tax, write-off of inventory, impairment of property, plant and equipment, other non-current assets, amortisation and impairment of mining right was approximately HK$8.0 million (2015: HK$16.8 million).

During the second half of the year, the production of Damajianshan mine has been put on hold to reduce losses due to the continuous drop in copper price.

Copper ore processed decreased by 54% to 83,189 tonnes in 2016, mainly due to uncertainty in copper price and production was put on halt.

In 2016, global copper supply continued to outstripped demand. This, together with concerns about the growth of the Chinese economy continued to weigh on copper prices. The average realised copper price decreased by 32% to RMB22,283 in 2016. (10% to RMB32,746 in 2015). Given such difficult business environment in the industry, the directors have resolved that the Group will no longer finance the continuing development of the copper mine as it is not expected to be commercially justifiable to continue the exploration and production in the near future.

Impairment Loss

As at 31 December 2015, the Group has assessed and concluded the recent sustained copper price weakness to be impairment indicator and therefore an impairment assessment was concluded. Based on the impairment assessment, an impairment of approximately HK$41,200,000 was recognised during six-month period ended 31 December 2015.

Subsequent to the impairment recognised for the period ended 31 December 2015, the Group has continued to assess whether any indications of impairment exist. In view of sustained copper price weakness, and the potential increase in capital expenditure to meet the new local requirements for environmental protection, the Group has recognised a full impairment against the mining right in the PRC. The total impairment loss for the year ended 30 June 2016 is HK$208,801,000 (2015: HK$225,000,000). Other non-current assets related to the mine (including deposits for land restoration costs and property, plant and equipment) amounting to HK$33,239,000 were fully written off.

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 write-off of inventory, impairment of property, plant and equipment, impairment of other non-current assets, amortisation and impairment of mining right) in the PRC during the year amounted to approximately HK$19.6 million (2015: HK$53.5 million). Expenditure associated with exploration activities amounted to approximately HK$3.3 million (2015: HK$15.9 million).

During the year ended 30 June 2016, capital expenditures of HK$1.2 million has been capitalised as property, plant and equipment (30 June 2015: HK$1.6 million).

Exploration

There is no material change to the resources and reserves in the Damajianshan Mine during the year.

Exploration activities and tunneling works continued until 31 December 2015.

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, equity funding and borrowings. The Group's ability to achieve its Marillana iron ore project development schedule is reliant on access to appropriate and timely funding.

Subsequent to the year end, the Group has raised cash by obtaining a shareholder's loan from a substantial shareholder.

The current ratio is measured at 0.48 times as at 30 June 2016 compared to 1.17 times as at 30 June 2015.

The gearing ratio of the Group (long term debts over equity and long term debts) is measured at 0.06 (2015: 0.02).

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 2016.

RISK DISCLOSURE

(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.

(c) Renewal of mining license

The mining license of the Group's copper mine has expired in July 2016 and application to renew the license had been submitted. Although the renewal of such mining license is currently in progress, there is still uncertainty that the authority will impose new requirements for the renewal or such renewal is rejected.

FINANCIAL GUARANTEE

At 30 June 2015 and 2016, the Company did not have any financial guarantees.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2016.

STAFF AND REMUNERATION

As at 30 June 2016, the Group employed 42 full time employees (2015: 238 employees), of which 24 employees were in the PRC (2015: 212 employees), 7 employees were in Australia (2015: 9 employees) and 11 in Hong Kong (of which includes 6 non-executive directors) (2015: 17 employees).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGES IN DIRECTORSHIP

On 2 July 2015, Mr. Warren Talbot Beckwith has resigned as non-executive director of the Company.

On 2 November 2015, Mr. Yip Kwok Cheung, Danny has resigned as independent non-executive director of the Company.

ENVIRONMENTAL POLICY AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Environmental Protection

As a responsible entity, the Group has endeavoured to comply with local laws and regulations in relation to waste disposal and environmental protection. At corporate level, the Group also encourages staff to save energy, minimize the use of natural resources and paper products.

As our exploration activity in Australia has not been commenced and the mining operation in the PRC is halted, damages to the environment is expected to be minimal. We will continue to ensure in the future that we are accountable for our environmental footprint shall our operation resumes, while waste management, tailings storage facility, and hazardous waste management issues would be of our top concerns.

Compliance with Laws and Regulations

During the year, to the best knowledge of the management, the Group has complied with the relevant standards, laws and regulations that have a significant impact to our businesses. At the same time, the Group always maintains a safe working environment for staff in accordance with relevant safety policies.

Relationship with Employees, Customers and Suppliers

The Group believes that human resources is the most important asset for the Group's sustainable development. We offer competitive remuneration packages and high quality working environment for our employees. It is our customs to respect each other and to ensure that fairness is applied to everyone. From time to time, we provide relevant on the-job trainings to enhance employees' professional knowledge. The Group also organises different leisure events and frequent group discussions for the participation of employees to enhance the bonding of the employees and communications with management. We also strive our very best to maintain good relationships with our suppliers and customers.

Remuneration Policy

The Group's compensation strategy is to cultivate a pay-for-performance culture to reward employee performance that will maximize shareholder value in the long run. The Group from time to time reviews remuneration packages provided to its employees to ensure that the total compensation is internally equitable, externally competitive and supports the Group's business strategy.

As at the date of this report, the Company has the following directors and senior management:

NON-EXECUTIVE DIRECTORS

Mr. Kwai Sze Hoi

Mr. Kwai Sze Hoi, aged 66. Mr. Kwai joined the Group since June 2012. He is the Chairman of the Group. Mr. Kwai graduated from Anhui University in 1975. Mr. Kwai has more than 30 years of experience in international shipping and port operation businesses, and is a successful entrepreneur. In 1990, he founded Ocean Line Holdings Ltd ("Ocean Line"). Ocean Line wholly owns, operates and manages a fleet of total deadweight tonnage of 3 million metric tonnes, with routes running worldwide. Besides, Ocean Line also has investments in infrastructures and operates other shipping related businesses including ports, terminals, warehouses, logistics, ship repairs and crew manning etc. The diversified business of Ocean Line puts it in a highly competitive position globally. The addition to the shipping businesses, Ocean Line also invests in real estate, mining, financial services, securities, trading and hotel businesses. Mr. Kwai is the father of Mr. Kwai Kwun, Lawrence, an Executive Director of the Group.

Mr. Liu Zhengui

Mr. Liu Zhengui, aged 69. Mr. Liu joined the Group April 2012, and became the Vice Chairman of the Group since June 2012. Mr. Liu Zhengui has over 40 years of experience in corporate finance and capital management. Mr. Liu holds a bachelor degree in management engineering from HeFei University of Technology. He is currently a director of Shandong School of Economics and Social Development（山東社會經濟發展研究院）and is the chairman of Shandong Dongyin Investment Management Co., Ltd（山東東銀投資管理有限公司）. He is also a financial consultant of the Shandong provincial government. During the period of 2004 to 2009, Mr. Liu was the chairman of Bank of China Group Investment Limited (BOCGI). Prior to that, he served as the chief executive of Bank of China's branches in three different provinces for 16 years.

Mr. Ross Stewart Norgard

Mr. Ross Stewart Norgard, aged 70. Mr. Norgard joined the Company as Non-executive Director in August 2012. He is a chartered accountant and former managing director of KMG Hungerfords and its successor firms in Perth, Western Australia. For the past 30 years he has worked extensively in the fields of raising venture capital and the financial reorganisation of businesses. He has held numerous positions on industry committees including past chairman of the Western Australian Professional Standards Committee of the Institute of Chartered Accountants, a current member of the National Disciplinary Committee, a former member of Lionel Bowens National Corporations Law Reform Committee, chairman of the Duke of Edinburghs Awards Scheme and a former member of the University of Western Australia's Graduate School of Management (MBA programme). Mr. Norgard is also a director of Nearmap Limited (formerly known as Ipernica Limited) (Chairman since 1987) and was a director of Ammtec Ltd from 1994 to November 2010. Prior to his present appointment as Non-executive Director of the Company, he was the non-executive Deputy Chairman of Brockman Resources Limited, a former ASX listed entity now a wholly owned subsidiary of Brockman Mining Limited.

EXECUTIVE DIRECTORS

Mr. Kwai Kwun, Lawrence

Mr. Kwai Kwun, Lawrence, aged 35, joined the Board in March 2014. Previously he served the Group as Vice President and member of the Executive Committee. Mr. Kwai remains a member of the Executive Committee after his appointment as an Executive Director. Mr. Kwai has extensive experience in investment in international shipping, port operations and ship building, mining and finance company. Mr. Kwai graduated from Harvard University in the United States with a Bachelor of Mathematics degree. Mr. Kwai's role with the Company focuses on the oversight of investment of the Group. Mr. Kwai is the son of Mr. Kwai Sze Hoi, the Chairman of the Group.

Mr. Chan Kam Kwan, Jason

Mr. Chan Kam Kwan, Jason, aged 43, joined the Group in January 2008. He is the Company Secretary and a director of several Brockman subsidiary companies. He is also a member of the Executive Committee. Mr. Chan graduated from the University of British Columbia in Canada with a Bachelor of Commerce Degree and he holds a certificate of Certified Public Accountant issued by the Washington State Board of Accountancy in the United States of America. Mr. Chan has extensive experience in corporate finance.

Mr. Colin Paterson, also the Chief Executive Officer of Australian Operation

Mr. Colin Paterson, aged 55, has over 30 years' experience in the resources sector covering a diverse range of geological environments throughout Australia, but principally in Pilbara iron ore as well as gold and nickel exploration in the Archaean of Western Australia. He has extensive experience in the technical super vision of exploration projects; resource development, project generation and project evaluations. He was principal geologist with Asarco Australia Ltd and held a similar position with Mining Project Investors Pty Ltd (subsequently MPI Mines Limited). Following which he was the founding director of Brockman Mining Australia Pty Ltd.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Uwe Henke Von Parpart

Mr. Uwe Henke Von Parpart, aged 75, joined the Group in January 2008. He received a Fulbright scholarship and did his graduate work in mathematics and philosophy (Ph.D.) at Princeton University and the University of Pennsylvania.

Mr. Parpart is a partner and the Head of Strategy at Capital Link International, prior to his position at Capital Link, he was the Executive Managing Director and Chief Strategist for Reorient Group Limited in Hong Kong. In this capacity, he was responsible for macro-economic, fixed-income and equity-markets research and strategy in Asia. His analyses are published on a weekly and daily basis and frequently featured on CNBC Asia and Bloomberg TV. Mr. Parpart has also contributed to numerous magazines and newspapers and until recently was a columnist for Forbes Global and Shinchosha Foresight Magazine (Tokyo).

Mr. Yap Fat Suan, Henry

Mr. Yap Fat Suan, Henry, aged 70, joined the Group in January 2014. He holds a master degree in Business Administration from the University of Strathclyde, Glasgow, in the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in finance and accounting. He retired as the managing director of Johnson Matthey Hong Kong Limited in June 2007 and prior to that appointment he was the general manager of Sun Hung Kai China Development Limited. He is also an independent non-executive director of China WindPower Group Limited and DVN (Holdings) Limited, which are listed on the Main Board of the Stock Exchange.

Mr. Choi Yue Chun, Eugene

Mr. Choi Yue Chun, Eugene, aged 44, joined the Group in June 2014. He holds a Bachelor of Laws degree from The University of Hong Kong, and was admitted as a solicitor of the High Court of Hong Kong in 1997. Currently Mr. Choi is a member of the Law Society of Hong Kong. He has over 15 years of experience in the legal field, specialising in corporate finance and compliance matters for listed companies in Hong Kong. Mr. Choi is currently the senior legal counsel of Rusal Global Management B.V.

SENIOR MANAGEMENT

HONG KONG

Mr. Hendrianto Tee

Business Development Director

Mr. Hendrianto Tee joined Brockman Mining Limited in January 2009 as the Chief Investment Officer after spending a large part of his career focusing on debt capital markets with several global financial institutions, among others Fleet Boston (now Bank of America Merrill Lynch) and UBS AG. In October 2014, Mr. Tee rejoined Brockman Mining Limited as the Business Development Director overseeing project funding and development. Prior to rejoining, Mr. Tee spent 3 years in investment and advisory activities covering the natural resources sector in Australia, Canada and Indonesia. Mr. Tee graduated from Walsh University, USA, with a Bachelor of Arts Degree (Magna Cum Laude).

IRON ORE OPERATIONS — AUSTRALIA

Mr. Colin Paterson

Chief Executive Officer of Australian Operation

Mr. Paterson's biography is as shown on page 20.

Mr. Derek Humphry

Chief Financial Officer of Australian Operation

Mr. Derek Humphry, aged 48. Mr. Humphry is a qualified Chartered Accountant with over 20 years' accounting and industry experience, more recently focusing in the areas of corporate consolidation, mineral project evaluation, and joint venture, debt and equity financing. He started his career with an international Chartered Accounting firm and has since worked with industrial minerals, gold, and nickel producers. In the past Mr. Humphry has been involved in ASX, AIM and TSX listings, mergers, and the development of several new mines.

Mr. Blair Smith

General Manager – Operations

Mr. Smith is a General, Operations and Project Management professional with over 21 years of experience in Greenfield and Brownfield mine site development incorporating port and rail. He has held senior roles with a number of ASX listed companies such as Deputy Project Director/Registered Mine Manager for FMG, Operations Manager for Leighton Contractors, Thiess, Ausenco Minerals, Abigroup (formerly Simon Engineering/Henry Walker Elton), and State Manager for O'Donnell Griffin.

He has extensive project delivery experience as the Owner/Operator, EPCM and/or Contractor including subcontractors across all disciplines in construction and operations in base metals throughout Australia, Indonesia, Africa including offshore fabrication in China.

He is also a former executive member of the Chamber of Commerce & Industry and former Chair of the Goldfields Mining Expo in Kalgoorlie, Western Australia.

MINING OPERATIONS — PRC

Ms. Zhang Li

Director of Luchun — Damajianshan Mine Operation

Ms. Zhang Li, aged 52, is the director of Luchun Xingtai Mining Co., Ltd. She is one of the founders of Luchun Xingtai Mining Co., Ltd and responsible for the oversight of the Damajianshan Mine operation. She has over 25 years of mining and exploration experience and extensive network in the mining industry in China. She graduated from the Kunming University of Science and Technology with a degree in Mining and Exploration and is a senior geological engineer.

CORPORATE GOVERNANCE REPORT

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the ASX and on the SEHK. The Company's corporate governance policies have been formulated to ensure that it is a responsible corporate citizen. The Company complies 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, except for the deviation from Code Provision A.2.1, which requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. The position for the chief executive officer at the Group level has been vacant during the period. Nonetheless, Mr. Colin Paterson, who serves as the chief executive officer at Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), is responsible for the oversight of the core iron ore business operation.

The Company will continue to seek for the appropriate candidate to fill the vacant position when appropriate.

BOARD OF DIRECTORS

The Board is responsible to shareholders for the overall strategic direction of the Group, including establishing goals for management and monitoring the achievement of those goals with the objective of enhancing the Company and shareholders' value. The Board has delegated responsibility for the management of the Company's business and affairs to the Chief Executive Officer, or an Independent Board Committee.

The responsibilities reserved for the Board of Directors are set out in the Board Charter, a copy of which is available on the website of the Company. The Board Charter is reviewed periodically and each Director is provided with a letter of appointment which outlines their key terms and conditions so each Director clearly understands their responsibilities.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chief Executive Officer and Chairman are separate and exercised by different individuals. The position for the chief executive officer at the Group level has been vacant during the period. Nonetheless, Mr. Colin Paterson, an executive director of the Company, also serves as the Chief Executive Officer at Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), and is responsible for the oversight of the core iron ore business operation.

The Chairman held interests in the shares of the Company, and is not independent as he is a substantial shareholder of the Company. The Board has determined that his commercial experience is more beneficial to shareholders at this stage of the Company's development than the independence requirement outlined in the Principles.

BOARD MEMBERSHIP

The Board has been structured for an effective composition, with a balance of skills, experience and commitment to adequately discharge its responsibilities and duties. During the year ended 30 June 2016, three of the nine Directors are Independent. Whilst this is not a majority of Independent non-executive directors, it is believed a suitable balance between the composition of executive and non-executive directors. Each of the independent non-executive Directors has made an annual confirmation stating compliance with the independence criteria set out in Rule 3.13 of the HK Listing Rules. The Directors consider all of the independent non-executive Directors to be independent under the independence criteria and all are capable of effectively exercising independent judgment.

Directors in office during the year are as follows:

Name of Director/role	Date of appointment	Period in Office as at the date of Annual Report	Board Meeting Attended/Eligible to attend*	General Meeting Attended/Eligible to attend*
Non-Executive Directors				
Kwai Sze Hoi *(Chairman)*	15 June 2012	51 months	4/4	1/1
Liu Zhengui *(Vice Chairman)*	27 April 2012	53 months	4/4	0/1
Ross Stewart Norgard	22 August 2012	49 months	4/4	0/1
Warren Talbot Beckwith	15 June 2012	36 months Resigned on 2 July 2015	0/0	0/0
Independent Non-Executive Directors				
Uwe Henke Von Parpart	2 January 2008	104 months	4/4	0/1
Yip Kwok Cheung, Danny	5 August 2009	75 months Resigned on 2 November 2015	3/3	0/0
Yap Fat Suan, Henry	8 January 2014	32 months	4/4	1/1
Choi Yue Chun, Eugene	12 June 2014	27 months	4/4	1/1
Executive Directors				
Chan Kam Kwan, Jason *(Company Secretary)*	2 January 2008	104 months	4/4	1/1
Kwai Kwun, Lawrence	13 March 2014	30 months	4/4	0/1
Colin Paterson	25 February 2015	19 months	4/4	0/1

* Represents total number of board and general meetings held during the period. Determination of eligibility has taken into account the respective directors' period in office. A total of 4 meetings were held during the year ended 30 June 2016.

Biographical details of the Directors are stated under the section "Directors and Management".

The Board has established different sub-committees with members as at 30 June 2016 as follows:

	Nomination Committee	Audit Committee	Remuneration and Performance Committee	Executive Committee	Health, Safety, Environment and Sustainability Committee	Risk Management Committee	Executive Committee
Non-Executive Directors							
Kwai Sze Hoi *(Chairman)*	Member		Member				
Liu Zhengui *(Vice Chairman)*	Member		Member				
Ross Stewart Norgard					Member	Member	
Executive Directors							
Colin Paterson				Member		Chairman	Member
Chan Kam Kwan, Jason *(Company Secretary)*				Member			Member
Kwai Kwun, Lawrence				Member			Member
Independent Non-Executive Directors							
Yap Fat Suan, Henry	Chairman	Chairman	Chairman		Member		
Uwe Henke Von Parpart	Member	Member	Member				
Choi Yue Chun, Eugene	Member	Member	Member		Chairman	Member	

All Committees of the Board have access to professional advice where necessary. Minutes of Committee meetings are kept by the secretary of the meeting.

Board Skills Matrix

The following table summarizes the combination of skills and experience of the Board:

Experience, skills & attributes	Board	Nomination Committee	Audit Committee	Remuneration & performance Committee	Health, Safety, Environment and Sustainability Committee	Risk management Committee	Executive Committee
Total Non-Executive Directors	3	2		2	1		
Total executive Directors	3					1	3
Total Independent Non-Executive Directors	3	3	3	3	2	1	
Experience							
Corporate leadership							
Successful experience in CEO and/or other senior corporate leadership	9	5	3	5	3	3	3
International experience							
Senior experience in multiple international locations	2	2	2	2	1	1	1
Resources industry experience							
Relevant industry (resources, mining, exploration) experience	4	1	0	1	1	2	2
Other Board level experience							
Membership of other listed entities (last 3 years)	5	2	1	2	2	2	2
Project finance							
Finance and capital management	7	5	3	5	3	1	1
Governance							
Risk and compliance	2	2	2	2	1	2	1
Gender							
Female	0	0	0	0	0	0	0
Male	9	5	3	5	3	3	3

Induction of Directors

Following appointment, directors are supported through an induction briefing given by the corporate legal counsel, which seeks to familiarize the directors on listing rules, responsibilities and legal obligations of being appointed as directors of the Company. Furthermore, meetings with senior management are held at times to familiarize the directors with the operations of the Company. In addition, written directors' training material is circulated at times to keep directors abreast of the latest updates in regulations.

NOMINATION COMMITTEE

The Board has established a Nomination Committee which carries out its duties in accordance with the Terms of Reference and Nomination Policy, a copy of which is located on the website. The Committee's primary functions are:

- to identify suitable candidates for nomination to the Board, Board Committees and senior management;
- succession planning for the Board and senior management;
- the appointment and re-election of Directors; and
- ensuring appropriate skills are available to the Board to discharge its duties and add value to the Company.

The Committee consists of a majority of independent Directors and was comprised of the following during the year ended 30 June 2016:

Name of Member	Meetings Attended/ Eligible to attend*
Independent Non-Executive Directors	
Yap Fat Suan, Henry *(Chairman of the Committee)*	1/1
Uwe Henke Von Parpart	1/1
Yip Kwok Cheung, Danny (resigned on 2 November 2015)	1/1
Choi Yue Chun, Eugene (appointed on 2 November 2015)	1/1
Non-Executive Directors	
Kwai Sze Hoi	1/1
Liu Zhengui	1/1

* Represents the total number of meetings held during the year ended 30 June 2016.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Bye-laws of the Company and to comply with relevant HK Listing Rules, every Director should be subject to retirement by rotation at least once every three years. Non-executive Directors were appointed for a fixed term of 3 years. All Directors appointed to fill a casual vacancy should be subject to re-election by shareholders at the first annual general meeting after their appointment and not less than one-third of the Directors should be subject to retirement and re-election every year.

In accordance with our Bye-Law 87(1), at each AGM one-third of the Directors shall retire from office by rotation so that each Director shall retire at least once every three years. Messrs. Liu Zhengui, Uwe Henke Von Parpart and Ross Stewart Norgard, will be standing for re-election at the forth coming annual general meeting.

No directors' service contract contains a provision requiring greater than one year's notice or requires compensation greater than one year's emoluments.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Each of the Directors keeps abreast of his responsibilities as a Director of the Company and of the conduct, business activities and development of the Company, as well as the laws and regulations applicable to the Company. Comprehensive inductions are conducted upon appointment and the Company ensures suitable professional development is undertaken by directors and members of senior management, with an objective to keep them abreast of the listing rules amendments and refresh their knowledge and skills on corporate governance. The Directors provide and the Company maintains a record of all professional development undertaken during the period. Mr. Chan Kam Kwan, being an Executive Director and the Company Secretary of the Company received no less than 15 hours of relevant professional training during the financial year. All other directors reviewed written professional development materials during the year ended 30 June 2016.

BOARD MEETINGS

The Board conducts meetings on a regular basis as required by business needs. The Bye-laws of the Company allows board meetings to be conducted by way of telephone or video conference. Any resolutions can be passed by way of written resolutions circulated to and signed by all Directors from time to time when necessary except for matters in which a substantial shareholder or a director or their respective associates has a conflict of interest. The Board held 4 meetings during the year ended 30 June 2016.

The Company normally provides at reasonable notice of every Board meeting to all the Directors to give them an opportunity to attend. If such notice is not possible, permission to waive is obtained from the Directors.

Prior to each meeting of the Board, the Directors are provided with appropriate, complete and reliable information to ensure timely consideration before each Board meeting to enable them to make informed decisions. The Board is provided with the opportunity to meet independently from executive Directors as and when required. Each Director also has separate and independent access to senior management whenever necessary.

REMUNERATION AND PERFORMANCE COMMITTEE

The Board has a Remuneration and Performance Committee to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company. The Committee carries out its duties accordance with the Terms of Reference and Policy, a copy of which is located on the website.

The Committee consists of a majority of independent Directors and was comprised of the following members during the year ended 30 June 2016:

Name of Member	Meetings Attended/ Eligible to attend*
Independent Non-executive Directors	
Yap Fat Suan, Henry *(Chairman of the Committee)*	1/1
Uwe Henke Von Parpart	1/1
Yip Kwok Cheung, Danny (resigned on 2 November 2015)	1/1
Choi Yue Chun, Eugene (appointed on 2 November 2015)	1/1
Non-Executive Directors	
Kwai Sze Hoi	1/1
Liu Zhengui	1/1

* Represents the total number of meetings held during the year ended 30 June 2016.

The principal duties of the Remuneration and Performance Committee include, inter alia, reviewing and making recommendations to the Board on the Company's remuneration policy; making recommendations to the Board on the remuneration of Executive and Non-Executive Directors, and members of the senior management; reviewing and making recommendations to the Board in respect of performance-based remuneration by reference to corporate goals and objectives resolved; and ensuring no Director or any of his or her associates is involved in deciding his own remuneration.

In addition to its duties surrounding remuneration, the Committee is also responsible for the annual performance review of the Board, Board Committees and individual Director's performance.

REMUNERATION AND PERFORMANCE

The terms of reference in respect of the Remuneration and Performance Committee distinguishes the structure of the Non-executive Directors' remuneration from that of Executive Directors and senior executives.

Non-executive Director compensation

The Board is determined to attract and retain high calibre Non-Executive Directors to work with the Company, whilst at the same time preserving cash. Accordingly, the structure of the Non-executive Directors' remuneration allows for remuneration in the form of scheme options, granted under the share option scheme. Whilst this represents a departure from the Code and the Principles, the Committee believes it is appropriate for the size of the Company, and is satisfied by the fact that all Director participation under the share option scheme is approved by Shareholders and the grant aligns with the long term performance of the Company. The Company's Bye-laws provide that the directors' remuneration shall be determined by the Company in general meeting. The Company has fixed a maximum sum of A$1 million in aggregate for Non-executive Directors per annum, unless otherwise approved by the Shareholders.

Performance review of the Board

Board performance and individual Director performance are reviewed on an ongoing basis and evaluated annually by the Remuneration and Performance Committee. Individual Directors may meet with the chairman of the Committee to discuss their view towards their remuneration packages.

Remuneration of executive directors

The Remuneration and Performance Committee of the Board of Directors of the Company is responsible for reviewing compensation arrangements for the Executive Directors, including the chief executive officer (if any) and the senior management team, and make recommendation to the Board for approval. The Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Executive compensation framework

The Company aims to reward the executive with a level and mix of compensation commensurate with their position and responsibilities within the company. The Remuneration and Performance Committee is assisted in the process by the use of independent salary data if applicable.

The executive pay and reward framework has 2 components: base pay and long-term incentives through participation in the Brockman Share Option Scheme. Details of the Share Option Scheme can be referenced to Note 25 of the Financial Statements.

Performance review — Executives

Senior executives' performance is reviewed on an ongoing basis and evaluated annually by the Remuneration and Performance Committee. The evaluation is under taken by each executive completing a questionnaire on performance issues or each executive having one-on-one interviews with the chairman of the Committee. Performance evaluations were carried out during the period for senior executives.

Individual executives may meet with the chairman of the Committee to discuss their responses.

Remuneration of directors and senior management
For details of the remuneration of each director in the financial period, please refer to the notes to the financial statements.

The emoluments (include share-based compensation) of the members of the senior management by band for the year ended 30 June 2016 is set out below:

	Number of members	
	2016	2015
HK$0 to HK$1,000,000	**4**	2
HK$1,000,001–HK$2,000,000	**4**	3
HK$2,000,001–HK$3,000,000	**2**	2
HK$3,000,001–HK$4,000,000	**—**	2
	10	9

AUDIT COMMITTEE

The Board has established an Audit Committee to carry out its oversight of the Company's financial reporting system and internal control procedures. The Committee carries out its duties in accordance with the Terms of Reference, a copy of which is located on the website.

The Committee consists of a majority of independent Directors, none of whom have been employed by the previous or current auditors of the Company.

The composition and expertise of the Committee was as follows at during the year ended 30 June 2016:

Name of Member	**Meetings Attended/ Eligible to attend***
Yap Fat Suan Henry *(Chairman of the Committee)*	2/2
Fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants	
Uwe Henke Von Parpart	2/2
Graduate work in mathematics and philosophy (PhD.) at Princeton University and the University of Pennsylvania, Managing Director and Chief Strategist in Reorient Financial Markets Limited	
Choi Chun Yue, Eugene (appointed on 2 November 2015)	
Graduated from the University of Hong Kong with a Bachelor of Laws degree, Admitted as a solicitor of the High Court of Hong Kong in 1997. Member of the Law Society of Hong Kong	1/1
Yip Kwok Cheung, Danny (resigned on 2 November 2015)	2/2
Graduated from the Australian National University in Economics and Accountancy	

* Represents the total number of meetings held during the year ended 30 June 2016.

The primary responsibilities of the Audit Committee are:

(a) to consider and make recommendations to the Board on the appointment, reappointment and removal of the external auditor (and to approve the remuneration and terms of engagement of the external auditor) and any questions of resignation or dismissal of that auditor;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to develop and implement policy on the engagement of an external auditor to supply non-audit services;

(d) to review the financial information of the Company and monitor the integrity of financial statements;

(e) to review the Group's financial reporting system, risk management and internal control systems and evaluate the adequacy of the Company's accounting control system by reviewing written reports from the external auditors; monitor management's responses and actions to correct deficiencies;

(f) to review the adequacy and effectiveness of the Company's financial controls, and to review the Company's internal control and risk management systems through active communication and discussion with management, internal audit and the external auditors;

(g) to consider any findings of major investigations of risk management and internal control matters as delegated by the Board;

(h) to review the Group's financial and accounting policies and practices, external auditor's management letter, and any material queries raised by the auditor to management; and to ensure the Board will provide a timely response to the issued raised by the external auditors;

(i) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters; to ensure proper arrangements are in place for fair and independent investigations of these matters and for appropriate follow-up action; and

(j) to act as the key representative body for overseeing the issuer's relations with the external auditor.

The external auditors and the senior executives are invited to attend the meeting for annual financial statements with specific time set aside for discussion without the presence of management. Minutes of the Audit Committee Meeting are kept by a secretary of the meeting. Draft and final versions of minutes of the meeting are sent to all members of the committee for their comment and records respectively, in both cases within a reasonable time after the meetings. The term of reference of the audit committee is available in the website of the Company.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 30 June 2016 have been reviewed by the Board and the Audit Committee and audited by the external auditor, PricewaterhouseCoopers. The Directors acknowledge their responsibility for preparing the financial statements of the Group and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects.

The Directors ensure that the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group in a timely manner.

The report of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 43 to 44.

EXECUTIVE COMMITTEE

The Board has constituted the Executive Committee and delegated the responsibility of the day-to-day management and has empowered the Executive Committee to implement policies and strategies, for the business activities and operations, internal control and administration of the Group. The Committee carries out all the general powers of management and control of the activities of the Group as vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive. The members include the Executive Directors and certain senior management appointed by the Board from time to time. The Executive Committee meets whenever it is necessary to carry out its obligations.

HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY COMMITTEE

The Board has established a Committee to oversee the health, safety, environmental and sustainability activities of the Company. The Committee carries out its duties accordance with the Terms of Reference and Policy, a copy of which is located on the website. The Committee consists of a majority of Independent Directors and was comprised of the following members during the year ended 30 June 2016:

Name of Member	Meetings Attended/ Eligible to attend*
Choi Yue Chun, Eugene (Chairman of the Committee, appointed on 2 November 2015)	1/1
Yip Kwok Cheung, Danny (ex Chairman, resigned on 2 November 2015)	1/1
Warren Talbot Beckwith (resigned on 2 July 2015)	0/0
Ross Stewart Norgard	1/1
Yap Fat Suan, Henry	1/1

* Represents the total number of meetings held during the year ended 30 June 2016

The principle duties of the Committee are:

(a) reviewing and monitoring the sustainability, environmental, safety and health policies and activities of the Company;

(b) encouraging, supporting and counselling management in developing short and long term policies and standards to ensure that the principles set out in the sustainability, environmental, health and safety policies are being adhered to and achieved;

(c) regularly reviewing community, environmental, health and safety response compliance issues and incidents to determine, on behalf of the Board, whether the Company is taking all necessary action in respect of those matters and that the Company has been duly diligent in carrying out its responsibilities and activities in that regard;

(d) ensuring that the Company monitors trends and reviews current and emerging issues in the field of sustainability, environment, health and safety, and evaluates their impact on the Company; and

(e) reviewing and making recommendations to the Board with respect to environmental aspects of expansions, acquisitions and dispositions with material environmental implications.

RISK MANAGEMENT COMMITTEE

The Board has established a Committee to oversee the risk oversight and the management and internal control of the processes by which risk is considered for both ongoing operations and prospective actions of the Company. The Committee carries out its duties in accordance with the Terms of Reference and Policy, a copy of which is located on the website. The Committee was comprised of the following members during the year ended 30 June 2016:

Name of Member	Meetings Attended/ Eligible to attend*
Colin Paterson (Chairman of the Committee, appointed on 2 July 2015)	1/1
Warren Talbot Beckwith (ex Chairman, resigned on 2 July 2015)	0/0
Ross Stewart Norgard	1/1
Choi Yue Chun, Eugene (appointed on 2 November 2015)	1/1
Yip Kwok Cheung, Danny (resigned on 2 November 2015)	1/1

* Represents the total number of meetings held during the year ended 30 June 2016.

Whilst the risk management committee was not chaired by an independent director and it does not comprise of a majority of independent directors, the committee was composed of mainly non-executive directors and independent non-executive directors who do not participate in daily operation of the Group. The Company considers that objectivity can still be maintained with such arrangement.

Risk management encompasses all areas of the Company's activities. Once a business risk is identified, the risk management processes and systems implemented by the Company are aimed at providing the necessary framework to enable the business risk to be managed. Management has the key role of identifying risks and enabling processes for risk management. Senior management are required to report risks identified to the Risk Management Committee or Chief Executive Officer.

The Risk Management Committee will meet periodically to review and ensure that the Company has in place processes to assess and manage specific and general business risks and appropriate mitigation procedures where applicable.

The overall results of this assessment are presented to the Board, in oral and written form, at every Board meeting by the chairman of the Risk Management Committee, and updated as needed.

The Board reviews the Company's risk management at every Board meeting, and where required, makes improvements to its risk management and internal compliance and control systems.

MATERIAL RISKS

Examples of the Company's management of material risks and systems the Company has in place to manage these risks is included on pages 62 to 64 of the 2016 Annual Report.

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. A copy of the Company's Securities Trading Policy is available on the website of the Company.

AUDITORS' REMUNERATION

The aggregate remuneration in respect of services provided by PricewaterhouseCoopers for the year ended 30 June 2016 was HK$1,959,000, of which HK$1,400,000 represents annual audit fees and HK$559,000 represents fees for non-audit services.

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control and for the assessment and management of risk. The Board has conducted a review of and is satisfied with the effectiveness of the system of internal control of the Group.

The Board also reviews at least annually the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The executive directors of the Company, reports directly to the Board and the Audit Committee, and monitors the existence and effectiveness of the controls in the Group's business operations.

The executive directors also discusses the audit plan with the Audit Committee and the external auditors. The audit plan is reassessed during the period as needed to ensure that adequate resources are deployed and the plan's objectives are met. In addition, regular dialogues are maintained with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work. Reports from the external auditors on relevant financial reporting matter is presented to the Audit Committee, and, as appropriate, to the Board.

Although the Company is not required to comply with section 295A of the Corporations Act (being a company incorporated in Bermuda), the Board requires the Executive Director to state in writing to the Board that:

The financial records of the Company have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the Company's financial position, and that the opinion has been formed based on the basis of a sound system of risk management and internal control which is operating effectively.

COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that the Board procedures are followed and that the activities of the Board are carried out efficiently and effectively. The Company Secretary assists the Chairman to prepare agendas and Board papers for meetings and disseminates such documents to the Directors and Board committees in a timely manner. The Company Secretary is responsible for ensuring that the Board is fully briefed on all legislative, regulatory and corporate governance developments when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuous obligations of the Listing Rules and The Codes on Takeovers and Mergers and Share Repurchases, including publication and dissemination of the Company's reports and financial statements and interim reports within the period lad down in the Listing Rules, timely dissemination of announcements and information relating to the Group to the market and ensuring that proper notification is made when there are any dealings by Directors in the securities of the Group. The Company Secretary is accountable directly to the Board.

The Company Secretary also advises the Directors on their obligations in respect of disclosure of interests in securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed.

With respect to the secretarial function of the Group, the Company Secretary maintains formal minutes of the Board meetings and other Board committee meetings.

During the year, Mr. Chan Kam Kwan Jason, the Company Secretary of the Company, has undertaken no less than 15 hours of professional training to update his skills and knowledge.

CONTINUOUS DISCLOSURE

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the ASX Listing Rules, and the HK Listing Rules. The Directors have observed the disclosure requirements of the ASX Listing Rules and the HK Listing Rules, and to ensure accountability at a senior management level for that compliance. A copy of the policy can be found on the website.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed in providing clear and full performance information of the Group to shareholders and have established a communications strategy, a copy of which can be found on the Company's website. The strategy is designed to promote effective communication with shareholders throughout the year and encourage effective participation at general meetings. In addition to the circulars, notices and financial reports sent to shareholders, additional information of the Group is also available to shareholders on the Group's website.

As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX and the SEHK, the Company will also ensure that all relevant documents are released on the website of the Company for the purpose of both stakeholders and shareholders. Copies of all corporate governance policies, charters and terms of references are freely available on the website of the Company.

Each year the Company's external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The Chairman and Directors are available to answer questions on the Group's business at the meeting. In accordance with the Bye-laws of the Company, a minimum of 14 days' notice is required for every shareholders' meeting and all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All resolutions at the general meeting are decided by a poll which is conducted by the Group's branch share registrar in Hong Kong.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

SHAREHOLDERS RIGHTS

How Shareholders can convene a special general meeting

Subject to Section 74 of the Companies Act 1981 of Bermuda (the "Act") and the Bye-law 58 of the Company, the Board may whenever it thinks fit call special general meetings, and members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings for the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Company Act 1981 of Bermuda.

Procedures for directing Shareholders' enquiries to the Board

Shareholders enquiries can be directed to inquiry@brockmanmining.com or by writing to the Company Secretary office, whose contact details are as follows:

Unit 3903B Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

The enquiries would then be assessed and considered (if appropriate) to put to the board. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for putting forward proposals at a general meeting

Any number of shareholders representing not less than 5% of the total voting rights of the Company on the date of the requisition or not less than 100 shareholders of the Company are entitled to put forward a proposal for consideration at a general meeting of the Company. Shareholders should follow the procedures as set out in Section 79 of the Act for putting forward such proposals.

Provision of information in respect of and by directors

Updated information with regard to the change in other directorships of the Directors of the Company are as set out below:

— Mr. Chan Kam Kwan, Jason has been appointed as an executive director of Lajin Entertainment Network Group Limited (Stock Code: 1381) effective from November 2015.

CONSTITUTIONAL DOCUMENTS

There was no significant change in the memorandum and articles of association and the bye-laws of the Company during the year. The memorandum and articles of association and the bye-laws of the Company are available on the Company's website.

ETHICAL STANDARDS AND DIVERSITY

All Directors, senior management and employees of the Company are expected to conduct themselves with integrity, openness, honesty and fairness, and in the best interests of the Company. The Board has established a Code of Conduct and Ethics, which is supported by a Whistleblower Policy, to guide all Directors, members of senior management and employees. A copy of the Code of Conduct and Ethics and Whistleblower Policy is available in the corporate governance section of the Company's website.

The Company's recognition of the benefits of diversity where people from different gender, age, ethnicity and cultural backgrounds can bring fresh ideas and perceptions which make the workplace more efficient is reinforced in the Diversity Policy, a copy of which is available in the corporate governance section of the Company's website. This Policy outlines specific diversity initiatives designed to facilitate equal employment opportunities and requires the Company to set out specific diversity initiatives and targets with the aim of reporting the progress towards the metrics in the annual report. These key metrics include:

- proportion of women appointed as non-executive directors of the Company;
- proportion of women in the workplace;
- proportion of women in senior management;
- parental leave return rates; and
- employee turnover.

The following metrics shows the comparison over historical data:

	2016	2015	2014	2013
Proportion of women appointed as non-executive directors	**0**	0	0	0
Proportion of women in the workplace	**24%**	10%	9%	14%
Proportion of women in senior management	**10%**	11%	29%	22%
Parental leave return rates	**0**	0	0	0
Employee turnover	**82%**	45%	23%	22%

The above key metrics appears distorted as a result of the downsizing and streamlining of staff of the Company in 2016, especially for the aspect of proportion of women appointed in the workplace, as most mining workers laid off are male workers. The Board is continually looking to achieve diversity and absent a diversity of gender will endeavour to appoint individuals who will provide a mix of diverse experiences, perspectives and skills appropriate for the Company, including appropriate technical and commercial skills relevant to the mining industry.

The proportion of women employees in the whole organisation is approximately 24%.

Key performance indicators for business are as follows:

Workplace quality

Total workforce by employment type and geographical region

Current workforce	**Australia**	**China**	**Hong Kong**
Corporate	1	2	7
Corporate Support Services	2	4	4
Project Development	3	—	—
Exploration	1	10	—
Mining Operation	—	8	—
TOTAL	**7**	**24**	**11**

SUSTAINABILITY

The Company is committed to the development of a sustainable iron ore business in Western Australia that benefits its employees, contractors, suppliers, partners and the community.

We will achieve this through the effective implementation and proactive management of our commitments and obligations to workplace health and safety, the environment and to the communities in which we operate.

To operate an effective and sustainable iron ore business, Brockman will:

— Focus on the elimination and management of workplace hazards and risks.

— Act ethically and responsibly in all its interactions.

— Promote a culture which focuses its employees, contractors, suppliers and partners on workplace health and safety as the responsibility of all those who work in its business.

— Provide a workplace free from bullying or discrimination and offering equal opportunity to all employees.

— Work actively through all areas of its business to minimize the actual and potential environmental impact of the Company's activities.

— Respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations.

We will implement systems and ensure that resources are allocated to implement and monitor these commitments and its legal obligations. Our employees, contractors and partners will be regularly informed of the Company's progress towards these goals.

The policy and the systems that support it will be routinely measured to ensure the delivery of our commitments & system improvements made where the need arises.

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2016.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The principal activities of the Company are exploration and development of iron ore mining projects in Western Australia; exploration, processing and production of copper ore concentrates in the PRC. Detailed activities of each of the Company's subsidiaries are as set out in Note 36 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2016 are set out in the consolidated statement of comprehensive income on pages 45.

REVIEW OF OPERATIONS

It is recommended that the financial statements be read in conjunction with the 30 June 2016 annual report and any public announcements made by the Company during the period. Detailed business review is set out in pages 4 to 18. In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the ASX regarding exploration and other activities of the Company.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend.

DISTRIBUTABLE RESERVES

As at 30 June 2016, the Company has no reserve available for distribution to the shareholders.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws in Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial period/year is set out on page 92.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Non-executive Directors:
Kwai Sze Hoi *(Chairman)*
Liu Zhengui *(Vice Chairman)*
Ross Stewart Norgard
Warren Talbot Beckwith *(resigned on 2 July 2015)*

Executive Directors:
Colin Paterson
Chan Kam Kwan, Jason *(Company Secretary)*
Kwai Kwun, Lawrence

Independent Non-executive Directors:
Uwe Henke Von Parpart
Yip Kwok Cheung, Danny
(resigned on 2 November 2015)
Yap Fat Suan, Henry
Choi Yue Chun, Eugene

In accordance with Clauses 86(2) and 87(1) of the Company's Bye-laws, Messrs. Liu Zhengui, Uwe Henke Von Parpart and Ross Stewart Norgard shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

CONFIRMATION OF INDEPENDENCE

All the independent non-executive directors are appointed for a specific term and will be subject to retirement by rotation and re-election in accordance with the HK Listing Rules and the Bye-laws of the Company. The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the HK Listing Rules. The Company considered all of the Non-executive Directors are independent.

DIRECTOR'S SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2016, the interests and short positions of the Directors and chief executives and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the SEHK, pursuant to the Model Code were as follows:

(i) Long positions in the ordinary shares of HK$0.10 each of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Number of share options held	Approximate percentage of the issued share capital of the Company
Mr. Kwai Sze Hoi	Jointly *(Note)*	60,720,000	—	0.72%
	Interests of controlled corporation *(Note)*	1,776,960,137	—	21.20%
Mr. Liu Zhengui	Beneficial owner	—	—	0.00%
Mr. Ross Stewart Norgard	Beneficial owner	64,569,834	—	0.77%
	Interests of controlled corporation	178,484,166	—	2.13%
Mr. Colin Paterson	Beneficial owner	30,173,004	8,000,000	0.27%
	Interest of his spouse	22,625,442	—	0.27%
Mr. Kwai Kwun Lawrence	Beneficial owner	22,258,412	—	0.44%
	Interests of controlled corporation	59,000,000	—	0.70%
Mr. Chan Kam Kwan, Jason	Beneficial owner	—	—	0.00%
Mr. Uwe Henke Von Parpart	Beneficial owner	—	—	0.00%
Mr. Yap Fat Suan, Henry	Beneficial owner	400,000	—	0.00%
Mr. Choi Yue Chun, Eugene	Beneficial owner	—	—	0.00%

Note: The 1,776,960,137 shares were held by Ocean Line Holdings Ltd., a company held as to 60% by Mr. Kwai Sze Hoi and as to 40% by Ms. Cheung Wai Fung (Mr. Kwai's spouse). In addition, Mr. Kwai and Ms. Cheung have a joint direct interest in 60,720,000 shares of the Company.

Save as disclosed above, none of the Directors and chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2016.

SHARE OPTIONS

The share option scheme (the "Share Option Scheme") of the Company was adopted by the Company pursuant to the resolution of the shareholders passed in the AGM on 13 November 2012. Particulars of the Share Option Scheme are set out in Note 28 to the consolidated financial statements. Details of the options outstanding as at 30 June 2016 which have been granted to Qualified Persons under the Share Option Scheme are as follows:

	Option type	Outstanding as at 1 July 2015	Granted during the year	Reclassified during the year	Lapsed during the year	Outstanding as at 30 June 2016
Directors						
Chan Kam Kwan, Jason	2012A	5,000,000	—	—	(5,000,000)	—
	2013C	7,200,000	—	—	(7,200,000)	—
Uwe Henke Von Parpart	2012A	1,000,000	—	—	(1,000,000)	—
	2013C	1,500,000	—	—	(1,500,000)	—
Yip Kwok Cheung, Danny *(note a)*	2012A	1,000,000	—	—	(1,000,000)	_
	2013C	1,500,000	—	—	(1,500,000)	—
Kwai Sze Hoi	2013C	70,000,000	—	—	(70,000,000)	—
Liu Zhengui	2013C	30,000,000	—	—	(30,000,000)	—
Warren Talbot Beckwith *(Note b)*	2013C	20,000,000	—	—	(20,000,000)	—
Ross Stewart Norgard	2013C	1,500,000	—	—	(1,500,000)	—
Kwai Kwun Lawrence	2013C	15,000,000	—	—	(15,000,000)	—
Colin Paterson	2013A	27,000,000	—	—	(27,000,000)	—
	2015A	8,000,000	—	—	—	8,000,000
Sub-total		188,700,000	—	—	(180,700,000)	8,000,000
Employees	2011B	4,400,000	—	—	(4,400,000)	—
	2012A	50,000,000	—	—	(50,000,000)	—
	2013A	66,200,000	—	—	(66,200,000)	—
	2013B	7,200,000	—	—	(7,200,000)	—
Sub-total		127,800,000	—	—	(127,800,000)	—
Total		316,500,000	—	—	(308,500,000)	8,000,000
Weighted average exercise price		0.81	—	—	0.82	0.45

Notes:

(a) Mr. Yip Kwok Cheung, Danny resigned as an independent non-executive director of the Company on 2 November 2015.

(b) Warren Talbot Beckwith resigned as Non-executive Director on 2 July 2015.

The total number of securities available for issue under the share option scheme amounts to 781,448,213 as at the date of the annual report, representing 9.32% of the issued share capital outstanding.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OF DEBENTURES

Other than as disclosed in the section "Directors' and Chief Executives' Interests", at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company nor their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors has any interests in competing business to the Group.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP BUSINESS

Details of the related party transactions for the year are set out in Note 35 to the consolidated financial statements. Other than as disclosed therein, no contracts of significance to which the Company, transactions, arrangements and, subsidiaries or fellow subsidiaries was a party and in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 30 June 2016 are disclosed in Note 35 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in ordinary shares and underlying shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of shares or underlying shares	Percentage of the issued share capital of the Company
Ocean Line Holdings Ltd *(Note 1)*	Beneficial owner	1,776,960,137	21.20%
Kwai Sze Hoi *(Note 1)*	Interest held by controlled corporations	1,776,960,137	21.20%
	Interest held jointly with another person	60,720,000	0.72%
Cheung Wai Fung *(Note 1)*	Interest held by controlled corporations	1,776,960,137	21.20%
	Interest held jointly with another person	60,720,000	0.72%
Equity Valley Investments Limited	Beneficial owner	515,574,276	6.15%
The XSS Group Limited *(Note 2)*	Interest held by controlled corporations	515,574,276	6.15%
Cheung Sze Wai, Catherine *(Note 2)*	Interest held by controlled corporations	515,574,276	6.15%
Luk Kin Peter Joseph *(Note 2)*	Interest held by controlled corporations	515,574,276	6.15%

Notes:

1. Ocean Line is owned as to 60% by Mr. Kwai Sze Hoi and as to 40% by Ms. Cheung Wai Fung (Mr. Kwai's spouse). In addition, Mr. Kwai and Ms. Cheung have a joint direct interest in 60,720,000 shares.

2. The 515,574,276 shares were held by Equity Valley Investments Limited. Equity Valley Investments Limited is wholly-owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital were held by Mr. Luk Kin Peter Joseph, Ms. Cheung Sze Wai, Catherine (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws of the Company, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company against all losses and liabilities & etc which they may incur or sustain by reason about the execution of their duties, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the directors. The Company has also arranged appropriate directors' and liability insurance coverage for the directors and officers of the Group.

DIRECTORS AND OFFICERS INDEMNITIES AND INSURANCE

The Company has paid premiums to insure the Directors and officers of the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officer or the improper use by the officers of their position to gain advantage for themselves or someone else to cause detriment to the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2016, the aggregate amount of revenue attributable to the Group's single customer, which represented 100% of the Group's total revenue. Aggregate operating and administrative expenses attributable to the Group's five largest suppliers were less than 14% of total operating and administrative expenses (include exploration and evaluation expenses) for the year. At no time during the year did any Director, any associate of a Director, or any shareholder of the Company, which to the knowledge of the Directors owned more than 5% of the Company's share capital, have any beneficial interests in these customers or suppliers.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices is adopted by the Company as set out in the Corporate Governance Report on pages 22 to 36 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was sufficient of public float of the Company's securities as required under the HK Listing Rules.

AUDITOR

The financial statements for the financial year ended 30 June 2016 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves or re-appointment at the forthcoming annual general meeting of the Company.

By order of the Board

Kwai Sze Hoi
Chairman

Hong Kong, 23 September 2016

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF BROCKMAN MINING LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Brockman Mining Limited ("the Company") and its subsidiaries set out on pages 45 to 91, which comprise the consolidated balance sheet as at 30 June 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

We draw attention to Note 2 to these financial statements, which states that the Group recorded a net loss attributable to equity holders of the Company of HK$627,158,000 and had operating cash outflows of HK$45,147,000 for the year ended 30 June 2016. As at the same date, the Group's current liabilities exceeded its current assets by HK$39,347,000. In September 2016, the Group announced that it would no longer finance the development of its copper mine in the People's Republic of China, from which the Group extracted and produced its copper ore concentrates and derived all of its revenue for the year ended 30 June 2016. These matters, along with other matters as described in Note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

		Year ended 30 June	
	Note	**2016** **HK$'000**	2015 HK$'000
Revenue	7	**11,590**	36,525
Cost of sales	9	**(16,918)**	(38,497)
Gross loss		**(5,328)**	(1,972)
Other income	11	**1,949**	940
Other losses, net	12	**(18,182)**	(6,878)
Selling and administrative expenses	9	**(36,794)**	(73,479)
Exploration and evaluation expenses	9	**(19,869)**	(76,560)
Impairment losses	13	**(678,391)**	(1,441,618)
Operating loss		**(756,615)**	(1,599,567)
Finance income		**356**	1,014
Finance costs		**(895)**	—
Finance (costs)/income, net	14	**(539)**	1,014
Share of losses of joint ventures	33	**(909)**	(5,031)
Loss before income tax		**(758,063)**	(1,603,584)
Income tax credit	15	**130,905**	367,036
Loss for the year		**(627,158)**	(1,236,548)
Other comprehensive loss:			
Item that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(39,479)**	(380,776)
Other comprehensive loss for the year		**(39,479)**	(380,776)
Total comprehensive loss for the year		**(666,637)**	(1,617,324)
Loss for the year attributable to equity holders of the Company		**(627,158)**	(1,236,548)
Total comprehensive loss attributable to equity holders of the Company		**(666,637)**	(1,617,324)
Loss per share attributable to the equity holders of the Company during the year		**HK cents**	HK cents
Basic loss per share	17	**(7.48)**	(14.75)
Diluted loss per share	17	**(7.48)**	(14.75)

The notes on pages 50 to 91 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2016

	Note	2016 HK$'000	2015 HK$'000
		As at 30 June	
Non-current assets			
Mining properties	19	**797,807**	1,504,573
Property, plant and equipment	20	**653**	27,815
Interests in joint ventures	33	**242**	288
Other non-current assets		**273**	14,377
		798,975	1,547,053
Current assets			
Inventories	22	**—**	4,274
Other receivables, deposits and prepayments	24	**2,030**	5,480
Amounts due from related parties	35	**2,176**	2,358
Cash and cash equivalents	23	**32,772**	98,297
		36,978	110,409
Total assets		**835,953**	1,657,462
Equity			
Share capital	27	**838,198**	838,198
Reserves		**(350,781)**	315,607
Total equity		**487,417**	1,153,805
Non-current liabilities			
Other payables	26	**25,540**	26,995
Deferred income tax liabilities	29	**237,521**	381,510
Borrowings	30	**8,085**	—
Provisions	26	**1,065**	940
		272,211	409,445
Current liabilities			
Trade payables	25	**10,872**	10,201
Other payables and accrued charges	26	**64,208**	83,842
Amounts due to related parties	35	**1,245**	169
		76,325	94,212
Total liabilities		**348,536**	503,657
Total equity and liabilities		**835,953**	1,657,462

The consolidated financial statements on pages 45 to 91 were approved by the Board of Directors on 23 September 2016 and were signed on its behalf.

Kwai Kwun, Lawrence
Director

Chan Kam Kwan, Jason
Director

The notes on pages 50 to 91 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Statutory reserves (Note) HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 July 2014	838,198	4,460,106	7,670	88,080	(230,384)	(2,842,499)	458,225	2,779,396
Comprehensive loss								
Loss for the year	—	—	—	—	—	(1,236,548)	—	(1,236,548)
Other comprehensive loss								
Exchange differences arising on translation of foreign operations	—	—	—	—	(380,776)	—	—	(380,776)
Total other comprehensive loss for the year	—	—	—	—	(380,776)	—	—	(380,776)
Total comprehensive loss for the year	—	—	—	—	(380,776)	(1,236,548)	—	(1,617,324)
Transactions with equity holders								
Appropriations to statutory reserves	—	—	2,137	—	(3)	(2,134)	—	—
Reversal of share-based compensation (Note 28)	—	—	—	(8,267)	—	—	—	(8,267)
Total transactions with equity holders	—	—	2,137	(8,267)	(3)	(2,134)	—	(8,267)
Balance at 30 June 2015	838,198	4,460,106	9,807	79,813	(611,163)	(4,081,181)	458,225	1,153,805

The notes on pages 50 to 91 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Statutory reserves (Note) HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 July 2015	838,198	4,460,106	9,807	79,813	(611,163)	(4,081,181)	458,225	1,153,805
Comprehensive loss								
Loss for the year	—	—	—	—	—	(627,158)	—	(627,158)
Other comprehensive loss								
Exchange differences arising on translation of foreign operations	—	—	—	—	(39,479)	—	—	(39,479)
Total other comprehensive loss for the year	—	—	—	—	(39,479)	—	—	(39,479)
Total comprehensive loss for the year	—	—	—	—	(39,479)	(627,158)	—	(666,637)
Transactions with equity holders								
Appropriations to statutory reserves	—	—	(16)	—	59	(43)	—	—
Share-based compensation (Note 28)	—	—	—	249	—	—	—	249
Total transactions with equity holders	—	—	(16)	249	59	(43)	—	249
Balance at 30 June 2016	838,198	4,460,106	9,791	80,062	(650,583)	(4,708,382)	458,225	487,417

Note: The statutory reserves represent safety funds reserve appropriated from the loss after tax of a subsidiary established in the People's Republic of China ("PRC") in accordance with PRC laws and regulations.

The notes on pages 50 to 91 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note	Year ended 30 June 2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Net cash used in operating activities	31(a)	**(45,147)**	(114,416)
Cash flows from investing activities			
Interest received		**356**	1,014
Proceeds from disposal of property, plant and equipment	31(b)	**150**	47
Purchases of property, plant and equipment		**(1,429)**	(1,980)
Investments in joint ventures		**(894)**	(4,230)
Payment of stamp duty relating to the takeover of Brockman Resources Limited		**(26,304)**	—
Net cash used in investing activities		**(28,121)**	(5,149)
Cash flows from financing activities			
Proceeds from borrowings		**8,438**	—
Repayment of borrowings		**(120)**	—
Net cash generated from financing activities		**8,318**	—
Net decrease in cash and cash equivalents		**(64,950)**	(119,565)
Cash and cash equivalents at beginning of the year		**98,297**	223,698
Effects of foreign exchange rate changes		**(575)**	(5,836)
Cash and cash equivalents at end of the year	23	**32,772**	98,297
Cash used for exploration and evaluation activities included in operating activities		**(17,673)**	(87,302)

Note: This represents the payment of stamp duty relating to the takeover of Brockman Resources Limited in 2012, pursuant to the final assessment issued by the Office of State Revenue ("OSR") in Western Australia dated 18 February 2016 (Note 12).

The notes on pages 50 to 91 form an integral part of these consolidated financial statements.

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 towards future development of iron ore project 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 thousands of Hong Kong dollars ("HK$"), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of Brockman Mining Limited have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"). 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 basis

For the year ended 30 June 2016, the Group recorded a net loss attributable to equity holders of the Company of HK$627,158,000 and had operating cash outflows of HK$45,147,000. The loss for the year was primarily attributable to the impairment losses recognsied on the mining rights in the PRC as well as mining properties in Australia as a result of sustained weakness noted in both copper and iron ore prices. As at 30 June 2016, the Group's current liabilities exceeded its current assets by HK$39,347,000, and its cash and cash equivalents was reduced from HK$98,297,000 as at 30 June 2015 to HK$32,772,000.

For the year ended 30 June 2016, all of the Group's revenue were derived from its sales of copper ore concentrates produced from its copper mine in the PRC for which the production was put on halt since January 2016. On 1 September 2016, the Group announced that in light of the sustained copper price weakness and the potential increase in capital expenditure to meet the new local requirements for environmental protection in the PRC, the directors resolved that it will no longer finance the continuing development of its copper mine in the PRC.

The Group intends to focus its resources on developing its core iron ore mining projects in Western Australia (the "Marillana project"), which is currently still at the development stage. Before commencement of commercial production of the Marillana project, the Group would require significant amounts of financing for its construction which are currently yet to be secured.

All the above conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

2 BASIS OF PREPARATION (Continued)

(a) Going concern basis (Continued)

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and construction of the Marillana project and its available sources of financing to assess whether the Group will have sufficient funds to fulfill its financial obligations to continue as a going concern. The Group has taken the following measures to improve the Group's financial position and alleviate its liquidity pressure, which include, but not limited to, the following:

(i) On 19 September 2016, the Group obtained a loan from its substantial shareholder amounted to US$5,130,000 (equivalent to HK$40,000,000). The loan was drawn down on 20 September 2016 and such loan is unsecured, bears interest at 12% per annum and is repayable on 19 December 2017;

(ii) On 21 September 2016, an individual shareholder has undertaken to grant a loan of up to HK$60,000,000 to the Group. The loan is available for draw down within 14 months from 21 September 2016. Such loan is unsecured, bears interest at 15% per annum and once drawn down, is repayable on 21 December 2017;

(iii) Having considered the medium to long term iron price forecast and taking advantage of recent improvement in mining and infrastructure technologies, the Group has conducted studies to revise its mine plan and production strategies with respect to the Marillana project during the year ended 30 June 2016. The revised mine plan is to start with a small scale development to produce 2.5Mtpa of iron ore product.

To obtain funding for construction of the Marillana project, the Group is actively pursuing various fund raising alternatives. The Group does not have any commitment for capital expenditure of such developments at this stage and no expenditures in relation to such development will be committed by the Group before securing the necessary funding.

In respect of the ongoing evaluation activities in the same mine, the directors will continue to maintain the minimum exploration and evaluation activities required to maintain the current right of tenure to other exploration tenements of the Group in Australia, the activities will be also conducted at minimum expenditure; and

(iv) Implementation of other cost-saving measures with the objective of keeping the administrative and daily operational expenditures to a minimum in all locations.

The directors of the Company have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2016. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2016. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to obtain the necessary funding and achieve the plans and measures as described in Note (ii) – (iv) above. The Group's ability to continue as a going concern would depend upon (i) successful draw down of the loan of HK$60,000,000 from the individual shareholder as and when needed; (ii) successful raising of new financing as and when needed to fund the development of the revised Marillana project; (iii) successful execution of the revised development plan of the Marillana project, followed by its successful and economically viable commercial production; and (iv) successful implementation of the operational plans and measures to control costs.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Group's consolidated financial statements.

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) Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

No new and amended standards and interpretation are mandatory for the Group's financial year ended 30 June 2016.

(ii) New and amended standards not yet adopted

The following new standards and amendments to standards have been issued, but are not effective for the Group's financial year ended 30 June 2016 and have not been early adopted:

		Effective for annual periods beginning on or after
Annual improvements Project 2014	Annual Improvements 2012-2014 Cycle	1 January 2016
IAS 1 (Amendment)	Disclosure Initiative	1 January 2016
IAS 16 and IAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
IAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
IFRS10, IFRS12 and IAS28 (Amendment)	Investment Entities: Applying the Consolidation Exception	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
IAS 7 (Amendment)	The Disclosure Initiative	1 January 2017
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

(iii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(iv) Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(i) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions with equity holders of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) Disposal of subsidiaries

When the Group ceases to have control of a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity or specified/permitted by applicable IFRSs.

(iii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Joint arrangements

The Group had applied IFRS 11 to all joint arrangements. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in joint ventures equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors of the Company, who are responsible for allocating resources, assessing performance of the operating segments, and making strategic decisions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that related to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and

— all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(iv) *Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a joint venture that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in joint ventures that do not result in the Group losing joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Mining properties

Mining properties are stated in the balance sheet at cost less subsequent accumulated amortisation and any accumulated impairment losses. Mining properties are amortised using the units of production method based on the proven and probable mineral reserves and starts when commercial production commences.

Mining properties acquired in a business combination are identified and recognised as intangible assets separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair values at the acquisition date.

Impairment reviews of mining properties are undertaken if events or changes in circumstances indicate a potential impairment. The carrying value of mining properties is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Mining properties that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual value at the following rates per annum:

Buildings	5%
Leasehold improvements	Shorter of remaining lease terms or 25%
Plants, furniture, fixtures and equipment	12.5% — 25%
Motor vehicles	10% — 20%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets

Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "other receivables and deposits", "amounts due from related parties", and "cash and cash equivalents" in the consolidated balance sheet.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Other receivables

Receivables are amounts due from vendors for goods provided or services performed. If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(p) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

All wholly-owned Australian subsidiaries of the Company form a tax consolidated group under Australian tax law and are taxed as a single entity. Brockman Mining Holdings (Australia) Pty Ltd ("BMH"), a wholly-owned subsidiary of the Company, is the head entity of the Australian tax consolidated group.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Current and deferred income tax (Continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination which at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except when the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) Employee benefits

(i) Short-term obligations

Salaries, annual bonuses, annual leave entitlement and the cost of non-monetary benefits expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long term employee benefit obligations

The liability for long service payment which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of a reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of services. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Pension obligations

The Group participates in various defined contribution schemes. The schemes are generally funded through payments to insurance companies, trustee-administrated funds or the relevant government authorities. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee services in the current and prior periods.

Payments to state-managed retirement benefit and Mandatory Provident Fund retirement benefits scheme are charged as expenses when employees have rendered services entitling them to the contributions.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from directors, employees or consultants as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(t) Provisions

Provisions for environment restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for inventories supplied in the normal course of business, net of goods and services tax or value-added tax, discounts.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable. Contract terms for copper ore concentrates allow for a price adjustment based on the final assay of the goods by the customer to determine content. Recognition of the sales revenue for copper ore concentrates is based on the most recently determined estimate of product specifications with a subsequent adjustment made to revenue upon final determination.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Interest income

Interest income from a financial asset is accrued on a time basis at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(w) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the year necessary to match them with the costs that they are intended to compensate.

(x) Exploration and evaluation costs

The Group has a policy of expensing all exploration and evaluation expenditure, except for acquisition costs, in the financial year in which it is incurred, unless its recoupment out of revenue to be derived from the successful development of the prospect, or from sale of that prospect, is assured beyond reasonable doubt.

(y) Consumption tax (Goods and Services Tax and Value-added Tax)

Revenues, expenses and assets are recognised net of the amount of consumption tax except:

- where the consumption tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the consumption tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of consumption tax included.

The net amount of consumption tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the consumption tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of consumption tax recoverable from, or payable to, the taxation authority.

(z) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Expected remaining useful life, mineral reserves and impairment of mining right in the PRC

In July 2014, Yunnan State Land Resources Bureau granted Luchun Xingtai Mining Co. Ltd ("Luchun"), a subsidiary of the Group, a mining license for a term of two years which expired in July 2016. Up to the date of this report, Luchun is in the process of renewing the mining license.

The Group's management has determined the estimated remaining useful life of 30 years for its mining right based on the proven and probable reserves reported in the independent geologist's report issued in November 2011. During the year, amortisation rate of mining right is determined based on estimated proven and probable mine reserve quantities with reference to the independent technical assessment report. The capitalised cost of mining rights are amortised using the units of production method. Any change to the estimated proven and probable mine reserves will affect the amortisation charge of those mining rights. Management will reassess the useful lives whenever events or changes in circumstances indicate that the mining right and business licenses may not be renewed continually.

Determining whether the mining properties are impaired also requires an estimation of the recoverable amount of the cash-generating unit. An impairment loss of HK$208,801,000 was recognised for the year ended 30 June 2016 (2015: HK$225,000,000) in respect of the mining right in the PRC. Details of the key assumptions are disclosed in Note 19.

(b) Impairment of mining properties in Australia

Determining whether the mining properties in Australia are impaired requires an estimation of the recoverable amount of the cash-generating unit to which the mining properties have been allocated, by value-in-use and fair value less costs of disposal approaches. The Group estimates the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2016, the carrying amount of the mining properties is approximately HK$797,807,000 (2015: HK$1,277,938,000). An impairment loss of approximately HK$436,351,000 was recognised for the year ended 30 June 2016 (2015: HK$1,216,618,000). Details of the key assumptions used are disclosed in Note 19.

(c) Income taxes

While deferred income tax liabilities are provided in full on all taxable temporary differences, deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Company's estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current income tax regulations are enacted that would impact the timing or extent of the Company's ability to utilise the temporary differences in the future, adjustments to the recorded amount of net deferred income tax assets and income tax expense would be made. As at 30 June 2016, the Group did not recognise any deferred income tax assets in the balance sheet. Details of the Group's deferred income tax are set out in Note 29.

(d) Provision for stamp duty

The Group recognised an initial provision of stamp duty in relation to the takeover of Brockman Resources Limited based on advice received from the Group's tax consultants, upon the completion of the takeover in 2012. During the year, the Group received a final assessment from the OSR exceeding the Group's initial estimate and has lodged an objection with the OSR seeking to recover the additional stamp duty payment. In light of the uncertainty surrounding the outcome of the objection which has been lodged, the Group has charged the amount exceeding its original estimate (A$3,154,000 (equivalent to HK$17,777,000)) to the Group's consolidated statement of comprehensive income for the year ended 30 June 2016.

5 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balances. The directors of the Company consider that the capital structure of the Group consists of long-term debts, and equity attributable to equity holders of the Company comprising issued capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, new share issues as well as the issue of the new debt or the repayment of existing debts. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The gearing ratios at 30 June 2016 and 2015 were as follows:

	2016 **HK$'000**	2015 HK$'000
Long-term debts (Notes 26 & Note 30)	**33,625**	26,995
Total equity	**487,417**	1,153,805
Total capital	**521,042**	1,180,800
Gearing ratio	**6.45%**	2.29%

6 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose itself to a variety of financial risks: market risk (including foreign exchange risk, commodities price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group does not and is prohibited to enter into derivative contracts for speculative purposes.

(i) Foreign exchange risk

The Group mainly operates in Hong Kong, the PRC and Australia with most of the transactions originally denominated in the respective local currency. Foreign exchange risk arises when future commercial transactions or recognised financial assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to Australian Dollars ("A$"), Renminbi ("RMB") and United States Dollars ("US$").

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and through natural hedges wherever possible. The Group does not use any derivative financial instrument to mitigate the foreign exchange risk.

Given the exchange rate peg between the HK$ and the US$, the Group will not be exposed to any significant exchange rate risk for the transactions conducted in HK$ or US$. As at 30 June 2016 and 2015, the Group was not exposed to any significant exchange risk for RMB and A$ as all of the Group's RMB or A$ denominated financial assets and liabilities held by the Group's companies with RMB or A$ as the functional currency.

(ii) Commodities price risk

The Group is exposed to commodity price volatility on commodity sales made by its mine operation in the PRC, mainly copper concentrate products, which are priced on, or benchmarked to, open market. The Group's iron ore projects in Australia are yet to commence commercial operations and are therefore not exposed to any commodity price volatility. However, iron ore price fluctuation will be relevant to its future activities. The Group does not use any derivative financial instrument for speculation or hedging purposes.

As at 30 June 2016 and 2015, the Group is not exposed to any significant commodities price as the commodities price movements do not affect the measurement of the carrying amount of its financial assets or liabilities.

(iii) Cash flow and fair value interest rate risks

The Group is exposed to interest rate volatility on its financial assets and liabilities. In 2016, the Group was exposed to fair value interest rate risk relating to non-current other payables and borrowings. However, the impact of interest rate movements is not material.

The Group does not have an interest rate hedging policy. However, management monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arises.

6 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk

The Group's maximum exposure to credit risk which could cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the other receivables and deposits, amounts due from related parties and cash and cash equivalents as stated in the consolidated balance sheet.

Management reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk of the Group is significantly reduced.

The credit risk on cash and cash equivalents is limited for the Group because counterparties are mainly the banks with high credit-rating.

The Group manage concentration of credit risk, with exposure spread over a number of financial institutions.

(v) Liquidity risk

The Group's primary cash requirements have been for the payments for working capital and exploration and evaluation activities. The Group generally finance its short term funding requirement with equity funding and loans from shareholders.

The Group also prepares cash flow forecasts and monitors rolling forecasts of the Group's liquidity reserve to ensure the Group maintains sufficient liquidity reserve to support sustainability and growth of the Group's business. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate funding to meet its liquidity requirement.

As at 30 June 2016, there are conditions indicating the existence of liquidity concerns and a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. The directors of the Company has undertaken certain measures to improve the Group's financial position and alleviate its liquidity pressure. For details of these conditions and measures, please refer to Note 2(a).

6 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

The following table details the Group's remaining contractual maturities for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Within 1 year of demand HK$'000	1-2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at year end date HK$'000
As at 30 June 2016				
Non-derivative financial liabilities:				
Trade payables	**10,872**	**—**	**10,872**	**10,872**
Other payables	**22,593**	**26,853**	**49,446**	**48,133**
Borrowings	**—**	**8,661**	**8,661**	**8,085**
Amounts due to related parties	**1,245**	**—**	**1,245**	**1,245**
	34,710	**35,514**	**70,224**	**68,335**
As at 30 June 2015				
Non-derivative financial liabilities:				
Trade payables	10,201	—	10,201	10,201
Other payables	29,258	29,093	58,351	56,253
Amounts due to related parties	169	—	169	169
	39,628	29,093	68,721	66,623

(b) Fair value estimation

The fair values of the Group's financial assets, including other receivables and deposits, amounts due from related parties and cash and cash equivalents; and the Group's financial liabilities, including trade and other payables, amounts due to related parties and borrowings, approximate their carrying amounts due to their short-term maturities.

7 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	
	2016 HK$'000	2015 HK$'000
Sales of copper ore concentrates	**11,590**	36,525

8 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to executive directors of the Company, the Group's chief operating decision maker who is 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 — tenements acquisition, exploration and towards future development of iron ore project in Western Australia

Mining operations in the PRC — exploitation, processing and sales of copper ore concentrates in the PRC

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.

Executive directors assess and review the performance of the operating segments based on segment results which is calculated as loss before income tax less share of losses of joint ventures.

Segment assets reported to executive directors of the Company are 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:

	Mineral tenements in Australia HK$'000	Mining operation in the PRC HK$'000	Others HK$'000	Total HK$'000
For the year ended 30 June 2016:				
Segment revenue from external customers	—	11,590	—	11,590
Segment results	(481,509)	(256,482)	(19,163)	(757,154)
Share of losses of joint ventures				(909)
Loss before income tax				(758,063)
Other information:				
Depreciation of property, plant and equipment	(460)	(4,347)	(403)	(5,210)
Impairment losses	(436,351)	(242,040)	—	(678,391)
Write-off of inventory	—	(3,451)	—	(3,451)
Amortisation of mining properties	—	(2,100)	—	(2,100)
Exploration and evaluation expenses	(16,615)	(3,254)	—	(19,869)
Additional stamp duty assessment	(17,777)	—	—	(17,777)
Income tax credit	130,905	—	—	130,905

8 SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

	Mineral tenements in Australia HK$'000	Mining operation in the PRC HK$'000	Others HK$'000	Total HK$'000
For the year ended 30 June 2015:				
Segment revenue from external customers	—	36,525	—	36,525
Segment results	(1,326,318)	(252,635)	(19,600)	(1,598,553)
Share of losses of joint ventures				(5,031)
Loss before income tax				(1,603,584)
Other information:				
Depreciation of property, plant and equipment	(910)	(5,442)	(761)	(7,113)
Impairment losses	(1,216,618)	(225,000)	—	(1,441,618)
Amortisation of mining properties	—	(10,884)	—	(10,884)
Relinquishment of mining properties	(6,833)	—	—	(6,833)
Exploration and evaluation expenses	(60,640)	(15,920)	—	(76,560)
Income tax credit	367,036	—	—	367,036

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$11,590,000 (2015: HK$36,525,000) represents sales to a single customer from the PRC.

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

	Mineral tenements in Australia HK$'000	Mining operation in the PRC HK$'000	Others HK$'000	Sub-total HK$'000
As at 30 June 2016:				
Segment assets	**801,992**	**3,670**	**30,291**	**835,953**
Total segment assets include:				
Interests in joint ventures	**242**	**—**	**—**	**242**
Additions to property, plant and equipment	**173**	**1,247**	**9**	**1,429**
As at 30 June 2015:				
Segment assets	1,285,073	274,764	97,625	1,657,462
Total segment assets include:				
Interests in joint ventures	288	—	—	288
Additions to property, plant and equipment	252	1,551	177	1,980
Relinquishment of mining properties	(6,833)	—	—	(6,833)

8 SEGMENT INFORMATION (Continued)

(b) Geographical information

The mining operation is located in the PRC and the mineral tenements are located in Australia.

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	
	2016 **HK$'000**	2015 HK$'000
PRC	**—**	265,910
Hong Kong	**61**	872
Australia	**798,641**	1,279,283
	798,702	1,546,065

9 EXPENSES BY NATURE

	2016 **HK$'000**	2015 HK$'000
Amortisation of mining properties (included in cost of sales)	**2,100**	10,884
Auditor's remuneration		
— Audit services	**1,400**	1,612
— Non-audit services	**559**	720
Cost of inventories	**4,807**	11,284
Write-off of of inventory	**3,451**	—
Depreciation of property, plant and equipment	**5,210**	7,113
Equity-settled share-based payment for consultants	**—**	(1,105)
Operating lease expenses	**7,296**	10,557
Employee benefit expense (Note 10)	**26,444**	51,901
Exploration and evaluation expenses (excluding staff costs and rental expenses)	**11,959**	57,328

10 EMPLOYEE BENEFIT EXPENSE

	2016 HK$'000	2015 HK$'000
Wages, salaries and welfares	**24,799**	56,551
Retirement benefit scheme contributions	**1,396**	2,512
Share-based compensation	**249**	(7,162)
	26,444	51,901

(a) Five highest paid individuals

Of the five individuals who received the highest emoluments in the Group for the year, two (2015: four) are the directors of the Company whose emoluments are disclosed in Note 16. The emoluments of the remaining three (2015: one) individuals are as follows:

	2016 HK$'000	2015 HK$'000
Salaries and other benefits	**5,365**	2,415
Contribution to retirement benefit scheme	**410**	225
Compensation for loss of office	**895**	—
Share-based compensation	**—**	405
	6,670	3,045

The emoluments of the remaining individuals fell within the following bands:

	Number of individuals	
	2016	2015
HK$1,500,001 — HK$2,000,000	**2**	—
HK$2,500,001 — HK$3,000,000	**1**	—
HK$3,000,001 — HK$3,500,000	**—**	1
	3	1

11 OTHER INCOME

	Year ended 30 June	
	2016 HK$'000	2015 HK$'000
Government grant (Note a)	425	862
Write back of long outstanding payables	1,517	—
Others	7	78
	1,949	940

Notes:

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

12 OTHER LOSSES, NET

	Year ended 30 June	
	2016 HK$'000	2015 HK$'000
Additional stamp duty assessment (Note)	(17,777)	—
Loss on disposal of property, plant and equipment	(405)	(48)
Relinquishment of mining properties (Note 19)	—	(6,833)
Others	—	3
	(18,182)	(6,878)

Note:

The acquisition of Brockman Mining Australia Pty Ltd (formerly known as Brockman Resources Limited) in 2012 resulted in Western Australian stamp duty being incurred, primarily relating to the acquisition land value attributable to the iron ore projects acquired. At the time of the acquisition the Group estimated the potential liability as A$13,000,000 (equivalent to HK$102,890,000) ("Initial Estimate") and provided for such amount on the consolidated balance sheet. In December 2013, the OSR issued an interim assessment notice that was consistent with the Group's initial estimate and independent valuation of the acquired land and chattels. The Group paid the first instalment of stamp duty amounted to A$11,700,000 (equivalent to HK$82,961,000) in January 2014.

In February 2016 the Group received a final assessment from the OSR amounted to A$16,154,000 (equivalent to HK$91,049,000), exceeding the Group's Initial Estimate by A$3,154,000 (equivalent to HK$17,777,000). The Group has paid all outstanding assessment amounted to A$4,465,000 (equivalent to HK$26,304,000) in accordance with OSR requirements and has lodged an objection with the OSR seeking to recover such additional stamp duty assessed on value of mining information and mining studies acquired. In light of the uncertainty around the outcome of the objection which has been lodged, the Group has charged the amount exceeding its original estimate (A$3,154,000 (equivalent to HK$17,777,000)) to the Group's consolidated statement of comprehensive income for the year ended 30 June 2016 and is awaiting for the outcome of the objection.

13 IMPAIRMENT LOSSES

	Year ended 30 June 2016 HK$'000	Year ended 30 June 2015 HK$'000
Impairment of mining properties (Note 19)	**645,152**	1,441,618
Impairment of property, plant and equipment (Note 19 & 20)	**20,881**	—
Impairment of other non-current assets (Note 19)	**12,358**	—
	678,391	1,441,618

14 FINANCE (COSTS)/INCOME, NET

	Year ended 30 June 2016 HK$'000	Year ended 30 June 2015 HK$'000
Finance income		
Interest income on bank deposits	**356**	1,014
Finance costs		
Interest expenses on borrowings (Note 30)	**(254)**	—
Unwinding of interests on long-term payables	**(641)**	—
Finance (costs)/income, net	**(539)**	1,014

15 INCOME TAX CREDIT

No provision for Hong Kong Profits tax or overseas income tax has been made in the consolidated financial statements as the Group has no assessable profit for the year (2015: Nil). The applicable corporate income tax rates are 25% and 30% for subsidiaries in the PRC and Australia, respectively.

	Year ended 30 June 2016 HK$'000	Year ended 30 June 2015 HK$'000
Deferred income tax (Note 29)	**(130,905)**	(367,036)

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the consolidated entities as follows:

	Year ended 30 June 2016 HK$'000	Year ended 30 June 2015 HK$'000
Loss before income tax	**(758,063)**	(1,603,584)
Notional tax at the applicable tax rate of 16.5% (2015: 16.5%)	**(125,080)**	(264,591)
Effect of different tax rates of subsidiaries operating overseas	**(69,000)**	(210,532)
Income not subject to tax	**(70)**	(147)
Expenses not deductible for tax purposes	**51,020**	39,128
Tax losses for which no deferred income tax asset was recognised	**12,225**	69,106
	(130,905)	(367,036)

The weighted average applicable tax rate was 25.6% (2015: 29.6%).

16 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director for the year ended 30 June 2016 is set out below:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefits (Note (iii)) HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Kwai Sze Hoi	—	—	—	—	—	—	—
Chan Kam Kwan, Jason	—	40	83	960	—	50	1,133
Kwai Kwun, Lawrence	—	1,000	83	—	—	50	1,133
Warren Talbot Beckwith (Note (i))	—	—	—	—	—	—	—
Liu Zhengui	240	—	—	—	—	—	240
Yip Kwok Cheung, Danny (Note (i))	77	—	—	—	—	—	77
Yap Fat Suan, Henry	228	—	—	—	—	—	228
Choi Yue Chun, Eugene	228	—	—	—	—	—	228
Uwe Henke Von Parpart	228	—	—	—	—	—	228
Ross Steward Norgard	228	—	—	—	—	—	228
Colin Paterson	—	2,118	—	—	249	197	2,564
Total	1,229	3,158	166	960	249	297	6,059

Certain of the comparative information of directors' emoluments for the year ended 30 June 2015 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap. 622).

The remuneration of every director for the year ended 30 June 2015 is set out below:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefits (Note (iii)) HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Kwai Sze Hoi	—	—	—	—	1,137	—	1,137
Luk Kin Peter Joseph (Note (ii))	—	296	—	—	—	18	314
Chan Kam Kwan, Jason	—	40	83	960	117	50	1,250
Kwai Kwun, Lawrence	—	1,000	83	—	244	50	1,377
Warren Talbot Beckwith	2,263	—	—	—	325	—	2,588
Liu Zhengui	240	—	—	—	487	—	727
Yip Kwok Cheung, Danny	228	—	—	—	24	—	252
Yap Fat Suan, Henry	228	—	—	—	—	—	228
Choi Yue Chun, Eugene	228	—	—	—	—	—	228
Uwe Henke Von Parpart	228	—	—	—	24	—	252
Ross Steward Norgard	414	—	—	—	24	—	438
Colin Paterson	—	750	—	—	171	79	1,000
Total	3,829	2,086	166	960	2,553	197	9,791

No director waived any emoluments during the year.

16 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Note:

(i) Warren Talbot Beckwith and Yip Kwok Cheung, Danny resigned as independent non-executive directors on 2 July 2015 and 2 November 2015 respectively.

(ii) Mr. Luk Kin Peter Joseph resigned as an Executive Director and Chief Executive Officer on 5 August 2014.

(iii) Other benefits

This represents non-cash benefits include share options.

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2015: Nil).

(c) Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the year (2015: Nil).

(d) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company (2015: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 30 June 2016, there are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2015: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2015: Nil).

(g) Remuneration paid or receivable in respect of accepting office as director

There are no remuneration paid or receivable in respect of accepting office as director and other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking during the year (2015: Nil).

17 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	
	2016	2015
Loss for the year attributable to the equity holders of the Company (HK$'000)	**(627,158)**	(1,236,548)
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share (thousands)	**8,381,982**	8,381,982
Loss per share attributable to the equity holders of the Company		
— Basic (HK cents)	**(7.48)**	(14.75)
— Diluted (HK cents)	**(7.48)**	(14.75)

Diluted loss per share is the same as basic loss per share for the year ended 30 June 2016 and 2015 because the effect of the assumed exercise of share options of the Company during these years was anti-dilutive.

18 DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2016, nor has any dividend been proposed since the balance sheet date (2015: Nil).

19 MINING PROPERTIES

	Mining right in the PRC HK$'000	Mining properties in Australia HK$'000	Total HK$'000
At 1 July 2014	460,055	3,076,212	3,536,267
Amortisation	(10,202)	—	(10,202)
Relinquishment (Note 12)	—	(6,833)	(6,833)
Impairment losses (Note 13)	(225,000)	(1,216,618)	(1,441,618)
Exchange differences	1,782	(574,823)	(573,041)
At 30 June 2015	**226,635**	**1,277,938**	**1,504,573**
Amortisation	**(2,100)**	**—**	**(2,100)**
Impairment losses (Note 13)	**(208,801)**	**(436,351)**	**(645,152)**
Exchange differences	**(15,734)**	**(43,780)**	**(59,514)**
At 30 June 2016	**—**	**797,807**	**797,807**

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 license to Luchun in January 2005. Since then, Luchun renewed the licenses for a few times. The latest license renewed by Yunnan State Land Resources Bureau in July 2014 expired on 17 July 2016 and the Group is in the process of renewing the mining license.

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.

As at 31 December 2015, the Group has assessed and concluded that the then sustained copper price weakness to be impairment indicator and therefore an impairment assessment was performed by the directors.

Key assumptions adopted by management in the impairment assessment as at 31 December 2015 were summarised as follows:

	31 December 2015	30 June 2015
Copper price assumption		
(Based on market consensus forecast)	2016: US$4,238/t	2015: US$5,761/t
	2017: US$4,775/t	2016: US$4,827/t
	2018: US$4,701/t	2017: US$5,500/t
	2019: US$4,500/t	2018: US$6,000/t
	2020: US$5,299/t	2019: US$6,080/t
	2021 onwards: US$6,605/t	2020 onwards: US$6,200/t
Discount rate	18.2%	18.2%
Production capacity	500 tonnes to 1,300 tonnes per day	800 tonnes to 1,300 tonnes per day

Based on the impairment assessment, an impairment loss of approximately HK$41,200,000 was recognised in the first half of the year ended 30 June 2016.

In the second half of the year ended 30 June 2016, the Group has continued to assess whether any indications of impairment exist.

19 MINING PROPERTIES (Continued)

Mining right in the PRC (Continued)

Since January 2016, production of copper ore concentrates was put on hold due to sustained decrease in copper price. In addition, management anticipated that there is potential increase in capital expenditure to meet the new local requirements for environmental protection. The Group announced on 1 September 2016 that it will no longer finance the continuing development of such copper mine as it is not expected to be justifiable.

In view of the above, the Group has recognised a full impairment against the mining right in the PRC. The total impairment loss for the year ended 30 June 2016 is HK$208,801,000 (2015: HK$225,000,000). Other non-current assets related to the mine (including deposits for land restoration costs and other property, plant and equipment) amounting to HK$33,239,000 were also fully impaired (Note 13).

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.

As at 31 December 2015, the Group has assessed and concluded that the then significant decline in long term iron ore price forecasts from 30 June 2015 to be impairment indicator and therefore performed an impairment assessment.

Key assumptions used in determining the recoverable amount at this date are summarised as follows:

	31 December 2015	30 June 2015
Estimated mine life	25 years from 2019	25 years from 2020
Long-term iron ore price (per dry metric tonne unit ("dmtu")	UScents 80/dmtu	UScents 97/dmtu
Total production mined*	249 million tonnes	467 million tonnes
Long term exchange rate of AUD to USD	0.70	0.72
Discount rate	12.5%	13.0%

* The carrying value assessment matched production rates with an initial optimised mine plan. This mine plan used a higher cut-off grade to maximise returns over an initial 20 years mine life at reduced production rates. Reserve tonnes in excess of this initial optimised mine plan remain available for future mine planning.

Based on the above impairment assessment, an impairment loss of approximately HK$436,351,000 (2015: HK$1,216,618,000) was recognised in the first half of the year ended 30 June 2016. The impairment reduces the deferred income tax liability brought to account following the business combination relating to the value attributed to the mine properties acquired. The reduction in the deferred income tax liability as a result of the impairment is HK$130,905,000 (2015: HK$364,986,000).

Methodology

The recoverable amount of the mining properties in Australia (including the Marillana iron ore project) was determined by applying the fair value less cost of disposal approach with reference to the discounted cash flow forecasts which applied the valuation assumptions that a knowledgeable and willing buyer would be expected to use.

The fair value estimates are considered to be level 3 fair value measurements; they are derived from valuation techniques which include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach expected to be taken by market participants.

Future cash flows are based on a number of assumptions, including commodity price expectations which is based on market consensus forecasts, foreign exchange rates, reserves and resources and expectations regarding future operating performance and capital requirements which are subject to risk and uncertainty. An adverse change in one or more of the assumptions used to estimate fair value could result in a reduction of the estimated fair value.

19 MINING PROPERTIES (Continued)

Capital and operating costs

The capital and operating cost assumptions used in the estimates were based on internal studies, external estimates and the most recent mine plan which optimises stripping ratio for the lower price environment. All current potential infrastructure solutions were considered.

Sensitivity

Any variation in the key assumptions used to determine fair value will result in a change of the estimated fair value. If the variation in assumption has a negative impact on fair value it could indicate a requirement for an additional impairment to the mining properties.

The effect of a change in the following key assumptions, in isolation to each other, to estimate fair value of mining properties, is detailed below:

- If the long-term iron ore price adopted in the valuation had been 1% lower, the recoverable amount would be reduced by approximately HK$158,379,000. Additional impairment of HK$226,256,000 and a reduction of deferred income tax liabilities of HK$67,877,000 would be required.

- If the discount rate adopted in the valuation had been 0.5% higher, the recoverable amount would be reduced by approximately HK$147,066,000. Additional impairment of HK$210,094,000 and a reduction of deferred income tax liabilities of HK$63,028,000 would be required.

- If the exchange rate adopted in the valuation had been 1% higher, the recoverable amount would be reduced by approximately HK$169,692,000. Additional impairment of HK$242,417,000 and a reduction of deferred income tax liabilities of HK$72,725,000 would be required.

- If the production had delayed for one year later than the forecast, the recoverable amount would be reduced by approximately HK$34,504,000. Additional impairment of HK$49,291,000 and a reduction of deferred income tax liabilities of HK$14,787,000 would be required.

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.

Subsequent to the impairment loss recognised for the six months ended 31 December 2015, the Group has continued to assess whether any indications of impairment exist with reference to both external and internal sources of information. As at 30 June 2016, the Group assessed and concluded there were no indications of impairment present, noting that key assumptions utilised in determining the recoverable value of the mining properties in Australia remain consistent with those utilised during the previous assessment.

20 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plants, furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Subtotal HK$'000	Construction in progress HK$'000	Total HK$'000
At 30 June 2014							
Cost	14,113	3,007	41,589	5,011	63,720	380	64,100
Accumulated depreciation	(4,021)	(1,398)	(20,720)	(4,719)	(30,858)	—	(30,858)
Net book amount	10,092	1,609	20,869	292	32,862	380	33,242
For the year ended 30 June 2015							
At 1 July 2014	10,092	1,609	20,869	292	32,862	380	33,242
Additions	—	159	1,802	—	1,961	19	1,980
Disposals	—	—	(40)	(55)	(95)	—	(95)
Depreciation	(707)	(670)	(5,564)	(172)	(7,113)	—	(7,113)
Exchange differences	47	2	(251)	1	(201)	2	(199)
At 30 June 2015	9,432	1,100	16,816	66	27,414	401	27,815
At 30 June 2015							
Cost	14,181	3,169	42,222	4,777	64,349	401	64,750
Accumulated depreciation	(4,749)	(2,069)	(25,406)	(4,711)	(36,935)	—	(36,935)
Net book amount	9,432	1,100	16,816	66	27,414	401	27,815
For the year ended 30 June 2016							
At 1 July 2015	9,432	1,100	16,816	66	27,414	401	27,815
Additions	—	—	1,429	—	1,429	—	1,429
Disposals	—	(317)	(238)	—	(555)	—	(555)
Depreciation	(671)	(351)	(4,150)	(38)	(5,210)	—	(5,210)
Impairment loss (Note 13)	(8,053)	(399)	(12,036)	(23)	(20,511)	(370)	(20,881)
Exchange differences	(708)	(33)	(1,168)	(5)	(1,914)	(31)	(1,945)
At 30 June 2016	—	—	653	—	653	—	653
At 30 June 2016							
Cost	—	—	1,286	3,748	5,034	—	5,034
Accumulated depreciation	—	—	(633)	(3,748)	(4,381)	—	(4,381)
Net book amount	—	—	653	—	653	—	653

Depreciation expense of HK$3,381,000 (2015: HK$5,159,000) was included in cost of sales and HK$1,829,000 (2015: HK$1,954,000) was included in selling and administrative expenses.

21 FINANCIAL INSTRUMENTS

	2016 HK$'000	2015 HK$'000
Loan and receivables		
Other non-current assets	**273**	14,377
Other receivables and deposits	**1,499**	4,913
Amounts due from related parties	**2,176**	2,358
Cash and cash equivalents	**32,772**	98,297
	36,720	119,945

	2016 HK$'000	2015 HK$'000
Other financial liabilities at amortised cost		
Trade payables	**10,872**	10,201
Other payables	**48,133**	56,253
Borrowings	**8,085**	—
Amounts due to related parties	**1,245**	169
	68,335	66,623

22 INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**—**	5,019
Work in progress	**—**	467
Less: Provision for inventory obsolescence	**—**	(1,212)
	—	4,274

The movement in the provision for inventory obsolescence is as follows:

	2016 HK$'000	2015 HK$'000
At beginning of the year	**1,212**	1,206
Write-off	**(1,117)**	—
Exchange differences	**(95)**	6
At end of year	**—**	1,212

During the year, obsolete inventories amounting to HK$3,451,000 were directly written off.

23 CASH AND CASH EQUIVALENTS

	2016 HK$'000	2015 HK$'000
Cash on hand	29	113
Bank balance	13,303	29,141
Short-term bank deposits	19,440	69,043
	32,772	98,297

The balance of cash and cash equivalents are denominated in the following currencies:

	2016 HK$'000	2015 HK$'000
Hong Kong dollar	4,376	22,086
Australian dollar	2,967	4,567
Renminbi	34	591
United States dollar	25,395	71,053
	32,772	98,297

24 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 HK$'000	2015 HK$'000
Other receivables	1,194	1,290
Deposits	305	3,623
Prepayments	531	567
	2,030	5,480

25 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 balance sheet date:

	2016 HK$'000	2015 HK$'000
0 — 30 days	—	4,470
31 — 60 days	—	78
61 — 90 days	—	199
Over 90 days	10,872	5,454
	10,872	10,201

26 OTHER PAYABLES, ACCRUED CHARGES AND PROVISION

	2016 HK$'000	2015 HK$'000
Acquisition liabilities (Note a)	—	8,291
Accrued payroll and employee benefits	22,852	26,413
Provision for land restoration costs	12,843	13,915
Other payables and accrued expenses (Note b)	54,168	53,465
Receipt in advance	950	9,693
	90,813	111,777
Less: Non-current portion	(26,605)	(27,935)
Amount shown under current liabilities	64,208	83,842

Amount classified as non-current liability is unsecured, interest-free and not repayable within 12 months and is carried at amortised cost using the effective interest method.

Notes:

(a) Acquisition liabilities mainly represent stamp duty liabilities arising from the acquisition transactions of Brockman Mining Australia Pty Ltd ("BMA"). The liabilities were settled during the year and there is no acquisition liability as at 30 June 2016 (Note 12).

(b) The balance mainly represents fund advance from third parties, provision of long service payment, payables for purchase of fixed assets and other miscellaneous payables and accruals.

27 SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2014, 30 June 2015 and 2016	10,000,000	1,000,000
Issued and fully paid:		
As at 1 July 2014, 30 June 2015 and 2016	8,381,982	838,198

28 SHARE OPTION SCHEME

Share option scheme of the Company

The 2012 share option scheme (the "2012 Share Option Scheme") of the Company was adopted by the Company pursuant to the approval by shareholders at the Annual General Meeting on 13 November 2012. The 2012 Share Option Scheme replaced the old share option scheme which expires in August 2012 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The 2012 Share Option Scheme is valid and effective for a period of ten years from the date of its adoption and expired in August 2022. Share options granted under the old share option scheme prior to its expiry shall continue to be valid and exercisable pursuant to its rule.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company on the adoption date of the Share Option Scheme unless prior approval from the Company's shareholders in general meeting has been obtained. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. The total number of shares in respect of which options may be granted to any eligible participant in any twelve-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, unless prior approval from the Company's shareholders in general meeting has been obtained. Options granted to a substantial shareholder or an independent non-executive Director of the Company in excess of 0.1% of the Company's share in issue and with a value in excess of HK$5 million must be approved in advance by the Company's shareholders in general meeting.

There is no general requirement that an option must be held to any minimum period before it can be exercised but the board of directors is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. Options offered must be taken up not later than 28 days after the date of offer. A non-refundable remittance of HK$1 is payable as consideration by the grantee upon acceptance of every grant of option under the Share Option Scheme. The period during which an option may be exercised will be determined by the board of directors at its absolute discretion, save that such period of time shall not exceed a period of ten years commencing on the date which the option is granted. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the closing price of the shares of the SEHK's daily quotation sheet on the date of offer (ii) the average closing price of the shares of the SEHK's daily quotation sheet for the five business days immediately preceding the date of offer and (iii) the nominal value of a share of the Company.

The fair value of the employee services and consultancy services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve, over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

28 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

Details of specific categories of outstanding options as at 30 June 2016 and 30 June 2015 are as follows:

Option type	Date of grant	Vesting period	Number of share options granted	Exercise period	Exercise price (HK$)
2011B	14 December 2011	14 December 2011 — 13 December 2014	1,000,000	14 December 2014 — 13 December 2015	0.720
	14 December 2011	14 December 2011 — 13 December 2013	1,000,000	14 December 2013 — 13 December 2015	0.720
	14 December 2011	14 December 2011 — 13 December 2012	3,000,000	14 December 2012 — 13 December 2015	0.720
	14 December 2011	Immediate	2,000,000	14 December 2011 — 13 December 2015	0.720
2012A	28 March 2012	28 March 2012 — 27 March 2015	5,000,000	28 March 2015 — 13 December 2015	0.720
	28 March 2012	28 March 2012 — 27 March 2014	5,000,000	28 March 2014 — 13 December 2015	0.720
	28 March 2012	28 March 2012 — 27 March 2013	39,000,000	28 March 2013 — 13 December 2015	0.720
	28 March 2012	Immediate	29,000,000	28 March 2012 — 13 December 2015	0.720
2013A	14 January 2013	14 January 2013 — 14 January 2014	88,100,000	14 January 2014 — 14 January 2016	0.717
	14 January 2013	14 January 2013 — 14 January 2015	88,100,000	14 January 2015 — 14 January 2016	0.967
2013B	28 February 2013	28 February 2013 — 28 February 2014	3,750,000	28 February 2014 — 28 February 2016	0.717
	28 February 2013	28 February 2013 — 28 February 2015	3,750,000	28 February 2015 — 28 February 2016	0.967
2013C	20 May 2013	20 May 2013 — 20 May 2014	77,350,000	20 May 2014 — 20 May 2016	0.717
	20 May 2013	20 May 2013 — 20 May 2015	77,350,000	20 May 2015 — 20 May 2016	0.967
2015A	19 January 2015	19 January 2015 — 19 January 2016	4,000,000	19 January 2016 — 19 January 2018	0.450
	19 January 2015	19 January 2015 — 19 January 2017	4,000,000	19 January 2017 — 19 January 2018	0.450

The fair values of all the share options were calculated using the Binomial model prepared by an independent valuer. The inputs into the model were as follows:

	2011B	2012A	2013A	2013B	2013C	2015A
Exercise price	HK$0.72	HK$0.72	HK$0.717— HK$0.967	HK$0.717— HK$0.967	HK$0.717— HK$0.967	HK$0.45
Volatility	55%	49%	57%	56%	56%	49%
Expected option life	4 years	4 years	3 years	3 years	3 years	3 years
Annual risk-free rate	0.649%	0.396%	0.170%	0.273%	0.247%	0.648%
Expected dividend yield	0%	0%	0%	0%	0%	0%

The volatility measured at grant date is referenced to the historical volatility of shares of the Company.

For the year ended 30 June 2016, the Company recognised the total expense of HK$249,000 (2015: reversal of HK$8,267,000) in relation to the share options granted by the Company.

28 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2016		2015	
	Average exercise price in HK$ per share option	Number of share options (thousands)	Average exercise price in HK$ per share option	Number of share options (thousands)
At 1 July	**0.81**	**316,500**	0.82	420,000
Granted	—	—	0.45	8,000
Forfeited	—	—	0.84	(90,500)
Lapsed	**0.82**	**(308,500)**	0.72	(21,000)
At 30 June	**0.45**	**8,000**	0.81	316,500

As at 30 June 2016, out of the 8,000,000 outstanding options (2015: 316,500,000 outstanding options), 8,000,000 options (2015: 308,500,000 options) were vested during the year and became exercisable, with weighted average exercise price of HK$0.45 (2015: HK$0.82) per option.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	2016		2015	
	Average exercise price per share option HK$	Options	Average exercise price per share option HK$	Options
Expiry date – 30 June				
2016	—	—	0.82	308,500,000
2018	**0.45**	**8,000,000**	0.45	8,000,000
	0.45	**8,000,000**	0.81	316,500,000

As at 30 June 2016, the weighted average remaining contractual life of outstanding share options was 1.6 years (2015: 0.74 years).

No share option had been exercised during the year (2015: Nil).

29 DEFERRED INCOME TAX

The following is the major deferred income tax liabilities recognised by the Group and movements thereon during the current and prior year:

	Mining properties in Australia HK$'000
At 1 July 2014	(920,561)
Credited to consolidated statement of comprehensive income	367,036
Exchange differences	172,015
At 30 June 2015	**(381,510)**
Credited to consolidated statement of comprehensive income	**130,905**
Exchange differences	**13,084**
At 30 June 2016	**(237,521)**

All deferred tax liabilities are expected to be settled more than twelve months after the balance sheet.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of losses amounting to approximately HK$1,429 million as at 30 June 2016 (2015: HK$1,372 million). Tax losses of HK$1,333 million (2015: HK$1,284 million) are available indefinitely to offset against future taxable income, of which HK$1,128 million (2015: HK$1,097 million) is relating to overseas subsidiaries which the utilisation of tax losses is subject to the satisfaction of the loss recoupment rules in respective tax jurisdiction. Tax losses of HK$96 million (2015: HK$88 million) will expire in one to five years from 30 June 2016.

30 BORROWINGS

	2016 HK$'000	2015 HK$'000
Non-current		
Borrowings	**8,085**	—

As at 30 June 2016, the borrowings were repayable on 31 December 2017. They are denominated in Renminbi and carry interests at prevailing market interest rates in the PRC. During the year ended 30 June 2016, the weighted average effective interest rate per annum was 4.83%.

31 NOTES TO STATEMENT OF CASH FLOWS

(a) Cash used in operating activities

	Year ended 30 June	
	2016 **HK$'000**	2015 HK$'000 (Restated)
Cash flows from operating activities		
Loss before income tax	**(758,063)**	(1,603,584)
Adjustments for:		
Impairment losses	**678,391**	1,441,618
Write-off of inventory	**3,451**	—
Write-back of long outstanding payables	**(1,517)**	
Relinquishment of mining properties	**—**	6,833
Depreciation of property, plant and equipment	**5,210**	7,113
Amortisation of mining properties	**2,100**	10,884
Share-based compensation	**249**	(8,267)
Additional stamp duty assessment	**17,777**	—
Finance costs/(income), net	**539**	(1,014)
Loss on disposal of property, plant and equipment (note b)	**405**	48
Share of losses of joint ventures	**909**	5,031
Exchange loss	**3,567**	23,340
Operating cash flows before movements in working capital	**(46,982)**	(117,998)
Decrease in inventories	**509**	6,938
Decrease in other receivables and deposits	**3,978**	2,362
Decrease in amounts due from related parties	**—**	648
Increase/(decrease) in provisions	**173**	(552)
Decrease in trade and other payables	**(3,945)**	(3,141)
Increase/(decrease) in amounts due to related parties	**1,120**	(2,673)
Cash used in operating activities	**(45,147)**	(114,416)

(b) In the statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 30 June	
	2016 **HK$'000**	2015 HK$'000
Net book amount (Note 20)	**555**	95
Loss on disposals of property, plant and equipment (Note 12)	**(405)**	(48)
Proceeds from disposal of property, plant and equipment	**150**	47

32 COMMITMENTS

(a) Operating lease commitments

(i) The Group had commitments mainly for future minimum lease payments under non-cancellable operating lease in respect of office premises which fall due as follows:

	2016 HK$'000	2015 HK$'000
Not later than 1 year	**955**	7,198
Later than 1 year and no later than 5 years	**440**	1,256
	1,395	8,454

Leases are negotiated for an average of two years (2015: three years) and rentals are fixed for the lease period.

(b) Capital commitments

As at 30 June 2016, the Group did not have any capital commitments (2015: Nil)

(c) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements in Australia, the Group is required to meet or exceed a minimum level of exploration of A$1,459,000 (equivalent to approximately HK$8,424,000) (2015: A$1,419,000, equivalent to approximately HK$8,423,000) over the next year.

Exploration expenditure commitments for subsequent years are contingent upon production of iron ore from the area of interest. Obligations are subject to change upon expiry of the existing exploration leases or when application for a mining lease is made and have not been provided for in the consolidated financial statements.

(d) Joint venture commitments

The Group's share of commitment to a joint venture is A$126,000 (equivalent to approximately HK$723,000) (2015: A$125,000 equivalent to approximately HK$742,000).

33 INTERESTS IN JOINT VENTURES

	2016 HK$'000	2015 HK$'000
At 1 July	**288**	1,264
Contributions to the joint ventures	**894**	4,230
Share of losses	**(909)**	(5,031)
Exchange differences	**(31)**	(175)
At 30 June	**242**	288

Details of the Group's interest in the joint ventures are as follows:

Name of joint ventures	Interest held in share of output	Principal activities
North West Infrastructure Pty Ltd (Note a)	37%	Port and related infrastructure
Irwin-Coglia JV (Note b)	40%	Nickel exploration

Notes:

(a) North West Infrastructure Pty Ltd is a joint venture incorporated in Australia which is seeking to develop port and related infrastructure on behalf of the North West Iron Ore Alliance ("NWIOA") members.

(b) Irwin-Coglia is an unincorporated joint venture operating in Australia for the purpose of exploration activities and holding of tenement interests.

The management considers the interests in joint ventures are not individually material to the Group.

Summarised financial information of the joint ventures is set as below:

	Year ended 30 June	
	2016 HK$'000	2015 HK$'000
Loss after tax and total comprehensive loss	**(2,457)**	(13,597)
Group's share of loss for the year	**(909)**	(5,031)

34 RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The Group contributes at least 5% of the employees' basic salaries to the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute an average 20% of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The employees of the Group subsidiaries in Australia are entitled to superannuation through a defined contribution plan under which fixed contributions of up to 9.25% are required to be made to a superannuation fund with no further legal or constructive obligation to pay.

The total cost charged to the cost of sales and selling and administrative expenses of approximately HK$1,396,000 (2015: HK$2,512,000) represents contributions to these schemes by the Group in respect of the current year.

35 RELATED PARTY DISCLOSURES

(a) Material related party transactions

Save as disclosed elsewhere in this consolidated financial statements, the Group has the following related party transactions during the year:

	Year ended 30 June	
	2016 **HK$'000**	2015 HK$'000
Administrative expenses paid to a related company (Note)	—	20

Note:

Administrative expenses were paid to a company in which Mr. Luk Kin Peter Joseph, has beneficial interest. Mr. Luk Kin Peter Joseph, resigned as an Executive Director and Chief Executive Officer of the Company on 5 August 2014.

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually agreed between the Group and the respective related party.

(b) Related party balances

The amounts due from/to related parties included as current assets or current liabilities are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Year ended 30 June	
	2016 **HK$'000**	2015 HK$'000
Wages, salaries and other short-term welfare	**12,240**	19,888
Post-employment benefits	**754**	1,288
Termination benefits	**895**	4,435
Share-based compensation expenses	**249**	(4,610)
	14,138	21,001

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

36 SUBSIDIARIES

The following is a list of the principal subsidiaries as at 30 June 2016 and 30 June 2015:

Name of subsidiaries	Place of incorporation	Place of operation	Particular of issued share capital	Proportion ownership interest held by the Company 2016	2015	Principal activities
Subsidiaries directly held by the Company:						
Brockman Mining (Management) Limited	Hong Kong	Hong Kong	1 Ordinary share of HK$1	**100%**	100%	Investment holding
Golden Genie Limited	BVI	Hong Kong	1 Ordinary share of US$1	**100%**	100%	Investment holding
Wah Nam Iron Ore Limited	BVI	Hong Kong	1 Ordinary share of US$1	**100%**	100%	Investment holding
Best Resources Developments Limited	BVI	Hong Kong	1 Ordinary share of US$1	**100%**	100%	Investment holding
Subsidiaries indirectly held by the Company:						
Brockman East Pty Ltd	Australia	Australia	1 Ordinary share of A$1	**100%**	100%	Exploration and evaluation
Brockman Exploration Pty Ltd	Australia	Australia	1 Ordinary share of A$1	**100%**	100%	Exploration and evaluation
Brockman Infrastructure Pty Ltd	Australia	Australia	1 Ordinary share of A$1	**100%**	100%	Rail infrastructure company
Brockman Iron Pty Ltd	Australia	Australia	1 Ordinary share of A$1	**100%**	100%	Exploration and evaluation
Brockman Ports Pty Ltd	Australia	Australia	76 Ordinary shares of A$1 each	**100%**	100%	Port infrastructure Company
Brockman Mining Australia Pty Ltd	Australia	Australia	145,053,151 Ordinary shares of A$1 each	**100%**	100%	Investment holding
Brockman Mining Holding (Australia) Pty Ltd	Australia	Australia	12 Ordinary shares of A$1 each	**100%**	100%	Investment holding
綠春鑫泰礦業有限公司 Luchun Xingtai Mining Company Limited (Note a)[1]	PRC	PRC	RMB20,000,000	**100%**	100%	Exploration, processing and sales of copper ore concentrates
Smart Year Investments Limited	BVI	Hong Kong	10,000 Ordinary shares of US$1 each	**100%**	100%	Investment holding
Wah Nam Australia Finance Pty Ltd	Australia	Australia	3,027,006 Ordinary shares of A$1 each	**100%**	100%	Investment holding
Yilgarn Mining (WA) Pty Ltd	Australia	Australia	841,001 Ordinary shares of A$1 each	**100%**	100%	Exploration and evaluation

Note a: The subsidiary has accounting year end date of 31 December. It prepares, for the purpose of consolidation, financial statements as at the same date as the Group.

[1] The English name is for identification purpose only.

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

		As at 30 June 2016 HK$'000	As at 30 June 2015 HK$'000 (Restated)
Non-current assets			
Investments in subsidiaries		—	—
Amounts due from subsidiaries		**552,279**	1,136,332
Property, plant and equipment		**43**	844
		552,322	1,137,176
Current assets			
Other receivables, deposits and prepayment		**14**	3,176
Amounts due from subsidiaries		**26,103**	237,931
Cash and cash equivalents		**4,448**	24,178
		30,565	265,285
Total assets		**582,887**	1,402,461
Equity			
Share capital		**838,198**	838,198
Reserves	Note (a)	**(503,903)**	313,631
Total equity		**334,295**	1,151,829
Current liabilities			
Other payables and accrued charges		**1,612**	3,644
Amount due to a subsidiary		**246,980**	246,988
		248,592	250,632
Total liabilities		**248,592**	250,632
Total equity and liabilities		**582,887**	1,402,461

The balance sheet of the Company were approved by the Board of Directors on 23 September 2016 and were signed on its behalf.

Kwai Kwun, Lawrence
Director

Chan Kam Kwan, Jason
Director

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserves movement of the Company

	Share premium HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2014	4,460,106	88,080	(2,626,966)	1,921,220
Comprehensive loss:				
Loss for the year	—	—	(1,599,322)	(1,599,322)
Transactions with equity holders:				
Reversal of share-based compensation (Note 28)	—	(8,267)	—	(8,267)
At 30 June 2015	4,460,106	79,813	(4,226,288)	313,631
Comprehensive loss:				
Loss for the year	—	—	(817,783)	(817,783)
Share-based compensation (Note 28)	—	249	—	249
At 30 June 2016	4,460,106	80,062	(5,044,071)	(503,903)

38 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 1 September 2016, the directors have resolved that the Group will no longer finance the continuing development of copper mine in Yunnan, PRC, owned by the Group as it is not expected to be commercially justifiable to continue the exploration and production.

On 19 September 2016, the Group obtained a loan from its substantial shareholder amounted to US$5,130,000 (equivalent to HK$40,000,000) to satisfy its future working capital requirements, and to meet its financial obligations. The loan was drawn down on 20 September 2016 and such loan is unsecured, bears interest at 12% per annum and is repayable on 19 December 2017.

On 21 September 2016, an individual shareholder has undertaken to grant a loan of up to HK$60,000,000 to the Group to satisfy its future working capital requirements, and to meet its financial obligations. The loan is available for draw down within 14 months from 21 September 2016. Such loan is unsecured, bears interest at 15% per annum and once drawn down, is repayable on 21 December 2017.

FINANCIAL SUMMARY

	Year ended 30 June 2016 HK$'000 (Note a)	Year ended 30 June 2015 HK$'000 (Note a)	Year ended 30 June 2014 HK$'000 (Note a)	Year ended 30 June 2013 HK$'000 (Restated) (Note a)	18 months ended 30 June 2012 HK$'000 (Note b)
RESULTS					
Revenue	**11,590**	36,525	38,739	50,298	200,796
Loss before income tax	**(758,063)**	(1,603,584)	(213,074)	(467,566)	(2,417,397)
Income tax (expenses)/credit	**130,905**	367,036	—	(948)	719,310
Loss for the year/period from continuing operations	**(627,158)**	(1,236,548)	(213,074)	(468,514)	(1,698,087)
Profit/(loss) for the year from discontinued operation	**—**	—	3,973	(8,328)	—
Loss for the year/period	**(627,158)**	(1,236,548)	(209,101)	(476,842)	(1,698,087)
Attribute to:					
Equity holders of the Company	**(627,158)**	(1,236,548)	(207,098)	(449,384)	(1,579,652)
Non-controlling interest	**—**	—	(2,003)	(27,458)	(118,435)
	(627,158)	(1,236,548)	(209,101)	(476,842)	(1,698,087)
Loss per share					
— Basic (HK cents)	**(7.48)**	(14.75)	(2.56)	(6.01)	(29.77)
— Diluted (HK cents)	**(7.48)**	(14.75)	(2.56)	(6.01)	(29.77)

	As at 30 June 2016 HK$'000	As at 30 June 2015 HK$'000	As at 30 June 2014 HK$'000	As at 30 June 2013 (Restated) HK$'000	As at 30 June 2012 (Restated) HK$'000
ASSETS AND LIABILITIES					
Total assets	**835,953**	1,657,462	3,831,926	3,896,362	4,604,779
Total liabilities	**(348,536)**	(503,657)	(1,052,530)	(1,139,816)	(1,505,763)
	487,417	1,153,805	2,779,396	2,756,546	3,099,016
Equity attributable to equity holders of the Company	**487,417**	1,153,805	2,779,396	2,713,471	3,029,382
Non-controlling interest	**—**	—	—	43,075	69,634
Total equity	**487,417**	1,153,805	2,779,396	2,756,546	3,099,016

Notes:

(a) The financial figures were extracted from the Consolidated Financial Statements.

(b) The financial figures were extracted from the 2013 annual report. No separate disclosures of continuing operations and discontinued operation were made on the financial figures for 2012.

ASX ADDITIONAL INFORMATION

Additional information in accordance with the listing requirements of the Australian Securities Exchange Limited are as follows:

A. DISTRIBUTION OF SHAREHOLDINGS AT 23 SEPTEMBER 2016

	Listed	Unlisted
Category	Shares	HK$0.45 options
1 — 1,000	768	–
1,001 — 5,000	217	–
5,001 — 10,000	102	–
10,001 — 100,000	698	–
100,001 and over	419	1
Total number of security holders	**2,204**	**1**

The number of shareholders holding less than a marketable parcel of shares as at 23 September 2016 is 1,251.

Unquoted Securities
As at 23 September 2016, unlisted options amounted to a total of 8,000,000 units, all of which are expiring 18 January 2018 with an exercise price of HK$0.45.

B. TWENTY LARGEST SECURITY HOLDERS

Name	Number of shares	Percentage held
OCEAN LINE HOLDINGS LTD	1,207,743,902	14.41%
THE HONGKONG AND SHANGHAI BANKING	880,324,626	10.50%
CM SECURITIES (HONGKONG) CO LTD	764,904,972	9.13%
EQUITY VALLEY INVESTMENTS LIMITED	499,972,276	5.96%
REORIENT CAPITAL MARKETS LTD	346,631,020	4.14%
KINGSTON SECURITIES LTD	316,821,000	3.78%
SUN HUNG KAI INVESTMENT SERVICES LTD	302,304,201	3.61%
DELIGHT TIME LIMITED	277,216,000	3.31%
CORNERSTONE PACIFIC LIMITED	250,000,000	2.98%
ROSS STEWART NORGARD/LONGFELLOW NOMINEES PTY LTD	243,054,000	2.90%
CITIBANK N.A.	236,567,555	2.82%
EVERCREST CAPITAL LIMITED	208,000,000	2.48%
HING WONG SECURITIES LTD	189,231,000	2.26%
UBS SECURITIES HONG KONG LTD	183,659,922	2.19%
GUOYUAN SECURITIES BROKERAGE (HONG KONG)	175,318,800	2.09%
BARWICK INVESTMENTS LIMITED	174,668,000	2.08%
DBS VICKERS (HONG KONG) LTD	144,662,400	1.73%
DEUTSCHE BANK AG	133,900,000	1.60%
SUCCESS SECURITIES LTD	101,612,000	1.21%
GREATER INCREASE INVESTMENTS LIMITED	100,000,000	1.19%

C. SUBSTANTIAL HOLDERS

Name of shareholder	Capacity	Number of shares or underlying shares	Percentage of the issued share capital of the Company
Ocean Line Holdings Ltd (Note)	Beneficial owner	1,776,960,137	21.20%
Kwai Sze Hoi (Note)	Interest held by controlled corporations	1,776,960,137	21.20%
	Interest held jointly with another person	60,720,000	0.72%
Cheung Wai Fung (Note)	Interest held by controlled corporations	1,776,960,137	21.02%
	Interest held jointly with another person	60,720,000	0.72%
Equity Valley Investments Limited (Note)	Beneficial owner	515,574,276	6.15%
The XSS Group Limited (Note)	Interest held by controlled corporations	515,574,276	6.15%
Cheung Sze Wai, Catherine (Note)	Interest held by controlled corporations	515,574,276	6.15%
Luk Kin Peter Joseph (Note)	Interest held by controlled corporations	515,574,276	6.15%

Notes: Please refer to Notes 1 & 2 under section headed: Substantial Shareholders on P.41.

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

a) Ordinary shares

Each shareholder present in person or by proxy, attorney or representative in a meeting shall have one vote on a poll for each share held.

b) Options

No voting rights.

E. STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

F. INCOME TAX

Brockman Mining Limited is taxed as a public company.

G. TENEMENT SCHEDULE — AS AT 23 SEPTEMBER 2016

Project	Tenement type	Tenement number	Commodity	Status	Interest held
Coolawanyah	E	47/3491	Iron Ore	Application	100%
Duck Creek	E	47/1725	Iron Ore	Granted	100%
Duck Creek	E	47/3151	Iron Ore	Granted	100%
Duck Creek	E	47/3152	Iron Ore	Granted	100%
Eagle Pool North	E	47/3418	Iron Ore	Application	100%
Enterprise Bore	E	47/3452	Iron Ore	Application	100%
Fig Tree	E	47/3025	Iron Ore	Application	100%
Innawally Pool	E	46/1087	Iron Ore	Application	100%
Innawally Pool	E	52/3356	Iron Ore	Application	100%
Hamersley Range	E	47/3457	Iron Ore	Application	100%
Irwin Hills	L	39/0163	Nickel/Cobalt	Granted	40%
Irwin Hills	M	39/1088	Nickel/Cobalt	Granted	40%
Irwin Hills	L	39/0232	Nickel/Cobalt	Application	40%
Jeerinah East	E	47/3441	Iron Ore	Application	100%
Juna Downs	E	47/3363	Iron Ore	Application	100%
Juna Downs	E	47/3364	Iron Ore	Application	100%
Madala Bore	E	47/3285	Iron Ore	Application	100%
Marandoo	E	47/3105	Iron Ore	Granted	100%
Marillana	E	47/3532	Iron Ore	Application	100%
Marillana	E	47/3170	Iron Ore	Application	100%
Marillana	L	45/0238	Iron Ore	Application	100%
Marillana	M	47/1414	Iron Ore	Granted	100%
Mindy	E	47/3310	Iron Ore	Application	100%
Mt Goldsworthy	E	45/3931	Iron Ore	Granted	100%
Mt Grant	E	45/4496	Iron Ore	Application	100%
Mt King	E	47/3446	Iron Ore	Application	100%
Mt Stuart	E	47/1850	Iron Ore	Granted	100%
Mt Stuart	E	47/2215	Iron Ore	Granted	100%
Mt Stuart	E	47/2994	Iron Ore	Application	100%
Mt Truchanas	E	47/3420	Iron Ore	Application	100%
Mt Truchanas	E	47/3421	Iron Ore	Application	100%
Mulga Downs	E	45/4827	Iron Ore	Application	100%
Ophthalmia	E	47/1598	Iron Ore	Granted	100%
Ophthalmia	E	47/1599	Iron Ore	Granted	100%
Ophthalmia	E	47/2280	Iron Ore	Granted	100%
Ophthalmia	E	47/2291	Iron Ore	Granted	100%
Ophthalmia	E	47/2594	Iron Ore	Granted	100%
Ophthalmia	P	47/1715	Iron Ore	Granted	100%
Ophthalmia	E	47/3549	Iron Ore	Application	100%
Parsons George	E	47/3217	Iron Ore	Granted	100%
Phils Bore	E	47/2904	Iron Ore	Granted	100%
Phils Bore	E	47/2905	Iron Ore	Application	100%

ASX ADDITIONAL INFORMATION

Project	Tenement type	Tenement number	Commodity	Status	Interest held
Shovelanna	E	46/0781	Iron Ore	Granted	100%
Sylvania	E	52/3442	Iron Ore	Application	100%
Tom Price	E	47/2098	Iron Ore	Granted	100%
Tom Price	E	47/2455	Iron Ore	Granted	100%
Tom Price	E	47/2699	Iron Ore	Application	100%
Tom Price	E	47/3216	Iron Ore	Application	100%
Tom Price	P	47/1767	Iron Ore	Application	100%
West Hamersley	E	47/1603	Iron Ore	Granted	100%