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

ANNUAL REPORT 2018

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

CONTENTS

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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BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

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BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN AUSTRALIA

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PRINCIPAL BANKER

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of Communications
Westpac Banking Corporation

WEBSITE

www.brockmanmining.com
www.irasia.com/listco/hk/brockmanmining

STOCK CODE

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

BCK
(Australian Securities Exchange)

CHAIRMAN'S MESSAGE

Dear Shareholders,

Despite the long journey we took to pursue for infrastructure solutions for Brockman, we are proud to present to our shareholders that sound progress has been made for the Marillana Project this year. In short, Brockman is ready to produce within 2 years.

During the year, active negotiations have been carried out with various business counterparts. Subsequent to the financial period, in July, we have finally reached an agreement in good terms with Mineral Resources Limited, a world renowned mining service provider, for securing an infrastructure solution for our Marillana project.

Brockman has entered into a binding 50:50 unincorporated joint venture arrangement for Marillana Project with Mineral Resources Limited ("MRL"). Under the arrangement, MRL is to earn-in its 50% interest in the Marillana Project by satisfying various obligations. Key to these obligations is the construction and operation of a Rail and Port System, which consists of a 320km innovative light rail transporting ore from Iron Valley to Port Hedland, and at Port Hedland, a fully automated train receival and product stockyard facility adjacent to South West Creek plus a cape-sized carrier berth will be constructed. The joint venture partners will work in collaboration to put Marillana into production, and unlock the value of Brockman's stranded assets.

This joint venture arrangement provides clear commercial alignment as it provides each partner a common interest, and multiple synergies could be achieved. While MRL sought significant extra third party volumes for its Pilbara Infrastructure Project to support its ongoing operation at Iron Valley (which is in close proximity with the Marillana tenements); Brockman requires a viable infrastructure solution. The joint venture arrangement is a logical and welcoming outcome indeed, and we endeavor to provide full support for our team to unlock the value of Marillana.

Whilst the success of pursuance of an infrastructure solution to our project provides the cornerstone of our business and vision for the future, we endeavor to ensure that the Group will not slack off at any point prior to achieving production for Marillana.

Going forward, we shall better position ourselves at the market and prepare for our first production by linking up necessary supply chain. Our vision is to become a sustainable iron ore producer to serve the Asian market. Considerable effort would be placed on cost saving measures until we deliver true returns to our shareholders.

We would like to thank all shareholders and our team for their patience and dedication for all these years. We are looking forward to sharing our success with all of you in the coming years.

Kwai Sze Hoi
Chairman

21 September 2018

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the year, the Group recorded no revenue and has put all its resources in the iron ore operation in Western Australia. Loss for the year from continuing operations was HK$49.0 million, a significant increase compared to HK$37.5 million of last corresponding year. The increase mainly arise from exchange rate fluctuation. The closing rate of Australian dollars decreased from 5.99 to 5.8 resulted in an accounting translation loss of HK$8.6 million.

IRON ORE OPERATIONS – WESTERN AUSTRALIA

This segment of the business comprises 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 shares of losses of joint venture for the year for this segment and attributable to the Group was HK$27.2 million (2017: HK$20.4 million). Total expenditure associated with mineral exploration for the year ended 30 June 2018 amounted to HK$9.5 million (2017: HK$20.7 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	
	2018 **HK$'000**	2017 HK$'000
Project		
Marillana	**6,669**	17,182
Ophthalmia	**908**	1,494
Regional Exploration	**1,883**	2,055
	9,460	20,731

No development expenditures have been recognised in the financial statements during the year ended 30 June 2018 (for the year ended 30 June 2017: Nil).

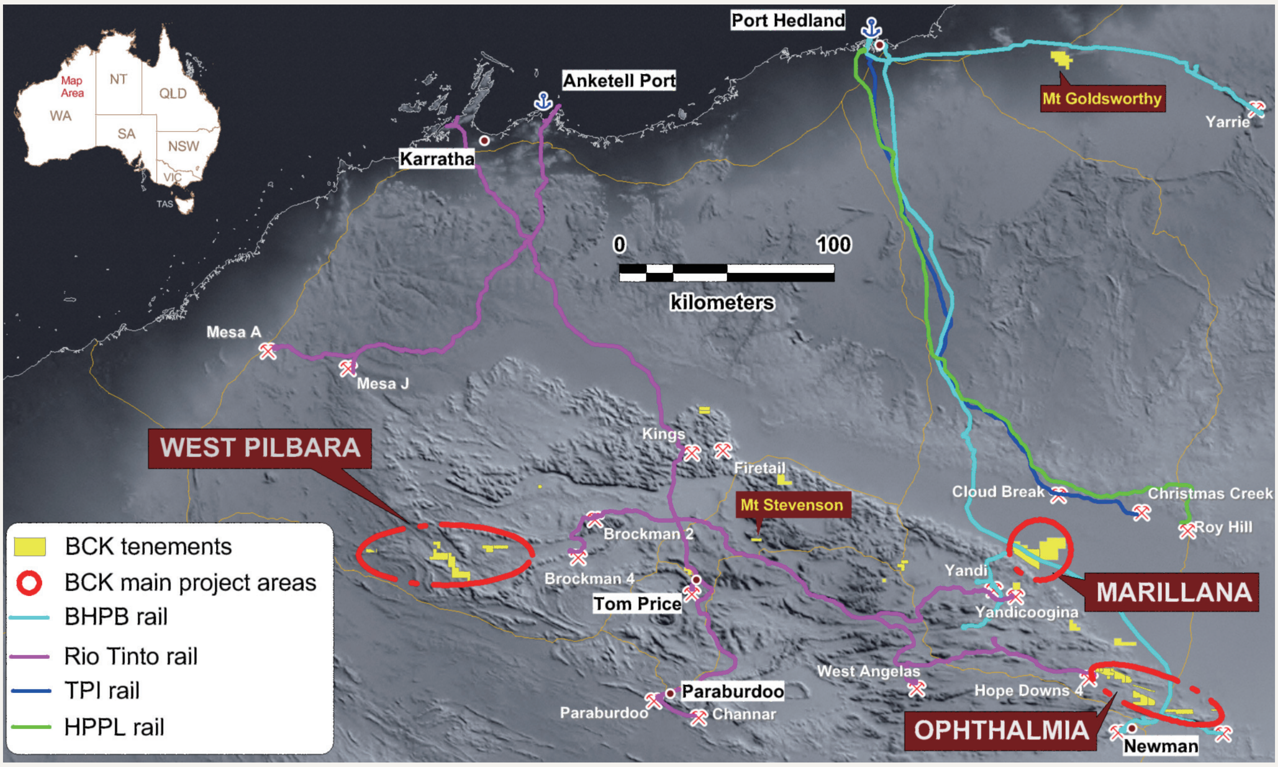
Total capital expenditure for each of the projects in Western Australia for the financial periods is summarised as follows:

	Year ended 30 June			
	2018 **HK$'000**		2017 HK$'000	
	Addition to property, plant & equipment	**Addition to mining properties**	Addition to property, plant & equipment	Addition to mining properties
Project				
Marillana	**125**	**—**	3,263	—
Ophthalmia	**—**	**—**	—	—
	125	**—**	3,263	—

Impairment

The Group has assessed whether any indicators of impairment exist with reference to both external and internal sources of information. As at 30 June 2018, the Group assessed and concluded there were no indicators of impairment present. Key assumptions utilised in determining the recoverable value of the properties in Australia are not materially different from those utilised during the previous assessment.

Figure 1: Project location map – Brockman tenements



MARILLIANA PROJECT OVERVIEW

The 100% owned Marillana is Brockman's flagship project located within mining lease M47/1414 in the Hamersley Iron Province within the Pilbara region of Western Australia. It is located approximately 100 km north-west of the township of Newman.

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

Marillana Development

Brockman and Mineral Resources Limited (MRL) entered into a non-binding Heads of Agreement (HOA) dated 6 June 2018 setting out the principles for the cooperation between the two companies to develop Marillana. The HOA sets out indicative terms and key principals for a Farm-in and Joint Venture (FJV) Agreement covering among others the Farm-in Obligations, establishment of an unincorporated joint venture (Joint Venture), the Joint Venture's management committee, and funding for the development activities, mainly for the non-processing infrastructure. The HOA also sets out the principal terms of the Process and Loading Agreement and the Mine to Ship Logistics Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Subsequent to the Group's financial year end, on 26 July 2018 Brockman and Polaris (a wholly-owned subsidiary of MRL) entered into the FJV Agreement (announcement dated 27 July 2018 on the HKEX and ASX platforms) pursuant to which and subject to the terms and conditions therein, Polaris may farm-in by satisfying certain Farm-in Obligations and earn a 50% interest in Marillana. Once the conditions precedent of the FJV Agreement have been satisfied, Polaris will commence to carry out its Farm-in Obligations. Following Polaris having met its Farm-in Obligations, the farm-in interest will be transferred to Polaris. The Joint Venture will be established with each party holding a 50% interest to develop Marillana.

The transaction

FJV agreement

Conditions precedent

The FJV Agreement will become effective subject to the satisfaction of the following conditions precedent within 90 days of execution:

(i) Brockman obtaining the necessary regulatory approvals required in Australia and Hong Kong to proceed with the transactions contemplated by the FJV Agreement;

(ii) Brockman obtaining approval from a majority vote of its shareholders to enter into the FJV Agreement and proceed with the transactions contemplated thereunder;

(iii) the parties executing the Process and Loading Agreement and the Mine to Ship Logistics Agreement on terms consistent with the HOA and otherwise on terms acceptable to both parties; and

(iv) the parties executing the Loan agreement (this was executed subsequent to year end).

None of the above conditions are waivable.

Loan agreement

Polaris will provide an interest-free loan of A$10 million to Brockman which shall be used to meet Brockman's financial obligations under the FJV Agreement and for working capital in relation to the Group's iron ore business in the Pilbara region of Western Australia.

The loan will become due for repayment on demand but can only be repaid from net revenue received by Brockman from the sale of its share of product sold from Marillana which is transported under the Mine to Ship Logistics Agreement.

Farm-in prior to Joint Venture

Farm-in obligations and interest

Polaris shall earn a 50% interest in Marillana by satisfying the following obligations within 6 months from completion of the conditions precedent contained in the FJV Agreement (farm-in period):

(i) expenditure of A$250,000 on exploration and development of Marillana;

(ii) completion of the following to evaluate the economic feasibility of mining minerals on the tenements under Marillana (or such other areas as the parties may agree):

  (a) Polaris' process design criteria of the processing plant(s);

  (b) completion of Polaris' optimised mine plan study; and

  (c) completion of a mine site layout that illustrates Polaris' preferred location for the processing plant(s) on the tenements under Marillana consistent with the optimised mine plan referred to in paragraph (b) above.

Joint Venture

Formation and scope

The parties agree to establish the Joint Venture as an unincorporated joint venture (in which both parties have a 50% interest). The scope of the Joint Venture is to establish a mining and processing operation at Marillana at a minimum 20Mtpa production rate, with the product to be transported to Port Hedland using a light railway to be constructed by a subsidiary of MRL.

Management committee

A management committee comprising a total of six representatives shall be established. Each of the Joint Venturers shall appoint three representatives.

The role of the management committee is to make all strategic decisions relating to the conduct of the activities undertaken by the Joint Venture including the consideration and approval of any work programme and budget in the management of the joint venture.

Development funding
The Joint Venturers will be responsible for funding the development activities of Marillana up to a maximum of A$300 million in total or A$150 million by each Joint Venturer. Polaris will use all reasonable endeavours to procure the debt financing to fund the development activities for and behalf of the Joint Venturers. The development activities include all site establishment and non-process infrastructure costs. Brockman shall repay its share of the debt financing over a loan term to be agreed.

Manager
Pursuant to the terms of the FJV Agreement, Polaris has agreed to act as the first manager of the Joint Venture.

Process and Loading Agreement
Under the Process and Loading Agreement, MRL (or a subsidiary) will be granted the exclusive life of mine right to build, own and operate Marillana's processing plants, product stockpiling, management of tailings facility, and reclaiming and loading of products on to trains. The parties have agreed a provisional service fee subject to standard escalation clauses typical for an agreement of this nature.

Mine to Ship Logistics Agreement
Under the FJV Agreement, MRL (or a subsidiary) will construct (at its own cost) and operate a rail and port infrastructure system in accordance with the following timeline:

(i) construction is to commence on or before 31 December 2019; and

(ii) operation is to commence on or before 31 December 2021.

The rail and port infrastructure system comprises a light railway connecting Marillana to the port of Port Hedland plus train unloading, product stockpiling, reclaim and ship-loading facilities connected to a deep water cape-size berth at South West Creek in the inner harbour of Port Hedland.

The rail and port infrastructure system provision and cooperation will be reflected in the Mine to Ship Logistics Agreement with MRL (or a subsidiary) granting them an exclusive life of mine right to provide the transport of the product by train from Marillana site to the inner harbour of Port Hedland, unloading and stockpiling of product at the port, followed by reclaim and ship loading. The parties have agreed on a provisional service fee subject to standard escalation clauses typical for an agreement of this nature.

Reasons for the transaction
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 Directors consider that under the joint venture, the Company would partner with an established mining corporation based in Australia as well as obtaining the necessary funding and access to rail and port infrastructure for Marillana to realise its full potential value.

Schedule
Processing plant
Following execution of the Process and Loading Agreement, MRL (or a subsidiary) will construct the processing plants under a build, own and operate arrangement for Marillana. The plant construction is expected to commence in the second quarter of calendar year (CY) 2019 (aligned with commencement of construction of the railway) with commissioning and operations by the fourth quarter of CY 2020. Target production from Marillana upon the availability of rail and port system will be 20 to 30 Mtpa.

Rail and port infrastructure system
Construction of the rail is expected to commence in the second quarter of CY 2019 and is expected to be operational by the fourth quarter of CY 2020. Construction of the port facilities at South West Creek is expected to commence in the third quarter of CY 2019 and also be operational by the fourth quarter of CY 2020. By that time, the Joint Venture expects to be ramping up Marillana to steady state production of 20 to 30 Mtpa.

Marillana small scale production on road haulage
Subject to further studies, the Joint Venturers are investigating a small-sale production of 3 to 5 Mtpa from Marillana, transported by road haulage to Utah Point. Should this proceed, construction on Marillana is expected to commence late CY 2018 and be completed by the third quarter of CY 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Special General Meeting

A special general meeting (SGM) will be convened and held as soon as practicable for the shareholders to consider and, if thought fit, approve the FJV Agreement and the other transactions.

MINERAL RESOURCES AND ORE 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.

Brockman updated its Marillana Mineral Resources and Ore Reserves to the JORC Code 2012 in an announcement dated 25 May 2018. Mineral Resources and Ore Reserves were previously reported under the JORC Code 2004 and released to the market on 9 February 2010 and 9 September 2010 respectively by Brockman Resources Limited, now a wholly owned subsidiary of Brockman Mining Limited.

Marillana has a very significant Mineral Resource estimate of 1.51 billion tonnes (Bt) of hematite Detrital and Channel Iron (CID) mineralisation, comprising 169.5 million tonnes (Mt) of Measured Mineral Resources, 1,046 Mt of Indicated Mineral Resources and 291 Mt of Inferred Mineral Resources (see Tables 1 and 2).

Table 1: Detrital (beneficiation feed) Mineral Resource Summary (cut-off grade: 38% Fe)

Mineralisation type	Resource classification	Tonnes (Mt)	Grade (% Fe)
	Measured	169.5	41.6
	Indicated	961.9	42.3
	Inferred	273	42.0
GRAND TOTAL		**1,404.4**	**42.2**

Total tonnes may not add up, due to rounding

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

Resource classification	Tonnes (Mt)	Fe (%)	Al_2O_3 (%)	SiO_2 (%)	P (%)	LOI (%)
Indicated	84.2	55.8	3.58	5.0	0.097	9.76
Inferred	17.7	54.4	4.34	6.6	0.080	9.30
TOTAL	**101.9**	**55.6**	**3.71**	**5.3**	**0.094**	**9.68**

The JORC 2012 Ore Reserve estimate is based on the revised JORC 2012 Mineral Resource model, and incorporates a number of factors and assumptions as outlined in the announcement of 25 May 2018.

The base case optimisation was determined with cut-off grades of 38% Fe for DID and 52% Fe for CIDs within the final pit and tenement boundary limits.

Metallurgical testwork results were used to estimate the recoverable fraction from the DID ore component. Recoveries of final product and grades (of iron, silica, alumina and LOI) were estimated in the block model. Based upon dense media separation (DMS) testwork, it is expected that the final product has an average grade of at least 60% Fe and 37.3% in mass recovery.

Table 3: Marillana Project — Ore Reserves *

Reserve classification	Ore type	Tonnes (Mt)
Probable	DID[##]	967
Probable	CID[#]	46
TOTAL		**1,013**

* *Reserves are included within Resources*

[#] *cut-off grade 52% Fe*

[##] *cut-off grade 38% Fe*

Table 4: Marillana Project – Ore Reserves final product

Reserves Class	Ore Sale Type	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	LOI (%)
Probable	CID Product	46	55.5	5.3	3.7	9.7
Probable	DID Product	358	60.3	6.2	3.0	2.5
Probable	**Total Ore**	**404**	**59.8**	**6.1**	**3.1**	**3.3**

The Marillana project has a total estimated Probable Ore Reserves of 967 Mt of DID plus 46 Mt if direct ship CID (Table 3). The total saleable product from the processed iron ore feed is estimated at 404 Mt averaging 59.8% Fe, 6.1% SiO_2, and 3.1% Al_2O_3 (Table 4). Life of mine strip ratio is 1.0:1 (tonnes of Waste of tonnes of Ore).

The Marillana Ore Reserves are based solely on the Measured and Indicated Mineral Resources. The Mineral Resources also include some 273Mt of Inferred Mineral Resources (DID), comprising 201 Mt was based on wide-spaced drilling to the north of the Indicated Mineral Resource boundary and 72 Mt of previously Indicated Mineral Resources that was downgraded to Inferred classification during the Projection Pursuit Multi-variate Transform (PPMT) process. Based on historical conversion of Inferred to Indicated Mineral Resources, it is anticipated that additional drilling may enable some of the Inferred material to be upgraded to Indicated classification.

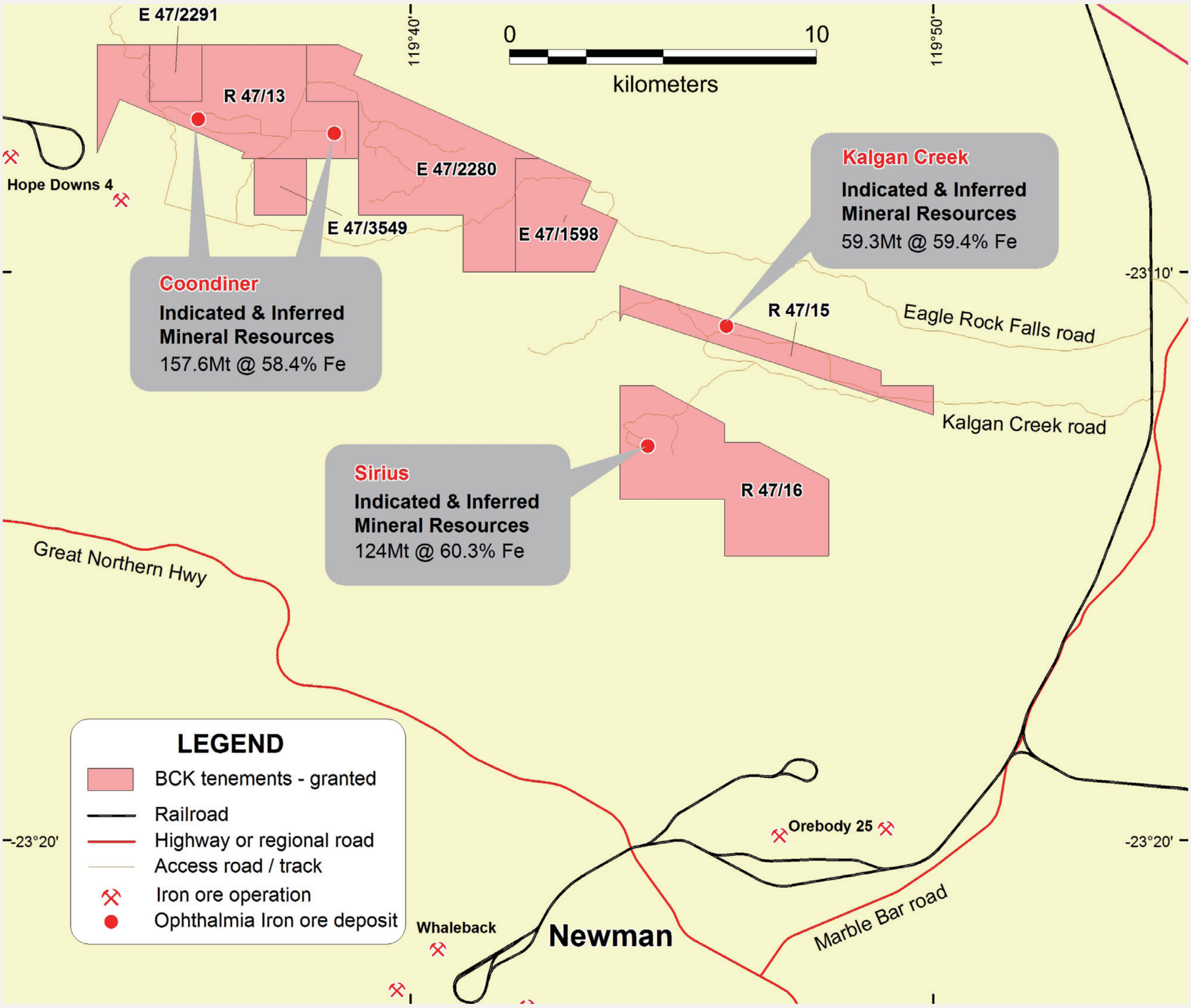
Marillana represents one of the largest published hematite Ore Reserve positions in the Pilbara, outside the three major producers (BHPB, Rio and FMG). The Detrital Ore is upgraded to a high-quality, sinter feed product via simple beneficiation, which is supported by low-cost mining, low waste ratios and large continuous ore zones.

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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition ("JORC Code 2012").

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 and Resources



Approvals

The Native Title Agreement with the Nyiyaparli people that was executed in May 2015 covers all tenements comprising the Ophthalmia project and was based on the existing agreement with the Nyiyaparli people covering Marillana (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.

Metallurgy

A bulk sample of ore from the Sirius deposit was sent to CISRI (China Iron and Steel Resources Institute Group) 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 (Reduction Degradation Index) is similar or improved marginally, as has its softening and melting performance. RI (Reducibility Index) is lower but still well within tolerance.

Mineral Resources

Ophthalmia has a Mineral Resource estimate of 340.9 million tonnes of hematite mineralisation, compromising 280 million tonnes of Indicated Resources and 61 million tonnes classified as Inferred Resources (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 2018 (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[1]	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	4.73	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 2017

WEST PILBARA PROJECT

Overview

The West Pilbara project comprises four tenements centred around Duck Creek, located about 100-130 km WNW of Paraburdoo in the West Pilbara region. (Refer to 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 (%)	S (%)	P (%)	LOI (%)
1	Inferred	4.1	55.8	63.2	4.40	2.69	0.058	0.032	11.8
2	Inferred	5.1	56.6	64.1	3.58	2.44	0.037	0.041	11.7
3	Inferred	2.3	56.4	61.6	5.71	4.53	0.023	0.065	8.4
4	Inferred	1.4	56.4	61.9	6.43	3.34	0.087	0.077	8.9
5	Inferred	3.0	56.3	61.4	6.32	4.07	0.020	0.071	8.4
6	Inferred	2.4	58.0	62.8	5.15	3.25	0.015	0.112	7.6
All	**Inferred**	**18.3**	**56.5**	**62.8**	**4.91**	**3.22**	**0.037**	**0.060**	**10.0**

* 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.

OTHER PROJECTS

Irwin-Coglia Ni-Co and Ni-Cu Prospect – 40% Interest

Following a competitive sale process undertaken by PCF Capital Group the Company received an offer from a third party for the 40% interest in the Irwin Project Joint Venture (held by Yilgarn Mining (WA) Pty Ltd, a wholly owned subsidiary). However, this offer from a third party was not materialised as the 60% participant in the Irwin Joint Venture Project, Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd exercised their pre-emptive rights under the joint venture agreement.

A sale and purchase agreement has been executed and on satisfaction of the conditions in that agreement, subsequent to the year end, Brockman has received the consideration of A$1,700,000 (equivalent to HK$9,900,000) on 17 September 2018.

Luchun Copper Mine

During the period, the Company has disposed Luchun Mine, a non-core asset and recorded a non-cash gain of disposal of HK$156,201,000 for the year. The Luchun Copper Mine had been inactive for quite some time and the disposal is to stream line the Company's iron ore focus in Australia.

Mineral Resources and Ore Reserves

The information in this report that relates to the Mineral Reserve and Mineral Resource estimates of the Marillana project was declared as part of a market announcement issued on 25 May 2018.

The information in this report that relates to the Mineral Resource of Ophthalmia project was declared as part of a market announcement issued on 1 December 2014.

The information in this report that relates to the Inferred Mineral Resource of West Pilbara Project was declared as part of a market announcement issued on 14 May 2013. This information was prepared and first disclosed under 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.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements referred to above. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Mineral Resources and Ore Reserves Governance of Internal Controls

Brockman ensures that the Mineral Resources and Ore Reserve(s) estimate quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external review of Marillana 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.

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 currently finances its short term funding requirement with borrowings. The Group's ability to achieve its Marillana iron ore project development schedule is reliant on access to appropriate and timely funding.

The current ratio is measured at 11.73 times as at 30 June 2018 compared to 0.41 times as at 30 June 2017.

The gearing ratio of the Group (long term debts over equity and long term debts) is measured at 0.02 (2017: 0.16).

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 2018.

CAPITAL STRUCTURE

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

Subscription of Shares by Subscribers

On 6 December 2017, the Company and the Subscribers entered into the two Subscription Agreements pursuant to which the Company agreed to issue and the Subscribers agreed to subscribe for an aggregate of 130,000,000 Shares at an aggregate consideration of HK$13,000,000. The subscription consideration was settled by cash. A total of 130,000,000 ordinary shares were issued on 30 April 2018 at an issue price of HK$0.10 per share upon shareholders' approval being sought. Proceeds were used for general working capital purpose. The net issue price per Subscription Shares is approximately HK$0.099.

Subscription of Shares by Ocean Line

On 6 December 2017, the Company and Ocean Line entered into the OL Subscription Agreement pursuant to which the Company agreed to issue and Ocean Line agreed to subscribe for 650,000,000 Shares at an aggregate consideration of HK$65,000,000. The OL Consideration was settled by cash and by the set-off of the outstanding Loan and the relevant accrued interests. A total of 650,000,000 ordinary shares were issued on 30 April 2018 to Ocean Line, at an issue price of HK$0.10 per share upon shareholders' approval being sought. The Proceeds, net of the amount set-off for the outstanding loan were used for general working capital purpose. The net issue price per OL Subscription Shares is approximately HK$0.099.

CONNECTED TRANSACTION

The OL Subscription

As disclosed above, Ocean Line is a substantial shareholder of the Company and is therefore a connected person to the Company. As such, the OL Subscription constitutes a connected transaction for the Company subject to Independent Shareholders' approval under Chapter 14A of the Listing Rules. The OL Subscription Shares were issued on 30 April 2018 upon independent shareholders' approval being sought, and a total of 650,000,000 ordinary shares of the Company have been issued at HK$0.10 per share. The OL Consideration was settled as to approximately HK$19,000,000 by cash and approximately HK$46,000,000 by the set-off of outstanding Loan and the relevant accrued interests.

The Group is in need of cash to maintain the general working capital. The Company is also indebted to Ocean Line the Loan and accrued interests. The Subscriptions and OL Subscription will improve the Group's liquidity position and the capital base will further be strengthened and it is not necessary to bear the interest expenses and the repayment obligation of the Loan.

RISK DISCLOSURE

(a) Commodities Price Risk — 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 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) **Funding Risk**
The commencement of exploration and production of the Iron Ore project depends on whether the Group can secure the necessary funding. The management is exploring all the feasible alternatives and is actively seeking investors and partners to procure the funding.

(d) **Risk of the project will not be materialised**
This risk is largely driven by various factors such as commodity prices, government regulations, regulation related to prices, taxes, royalties, land tenure, viable infrastructure solution, capital raising ability and etc., The Board will therefore closely monitor the development progress of the projects.

FINANCIAL GUARANTEE

At 30 June 2018 and 2017, the Company did not have any financial guarantees.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2018.

STAFF AND REMUNERATION

As at 30 June 2018, the Group employed 17 full time employees (2017: 34 employees), of which no employees were in PRC (2017: 14 employees), and 5 employees were in Australia (of which includes 1 non-executive director) (2017: 8 employees) and 12 in Hong Kong (of which includes 5 non-executive directors) (2017: 12 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.

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, minimise the use of natural resources and paper products.

We operate effective and sustainable iron ore business work actively through all areas of its business to minimise the actual and potential environmental impact of the Company activities, respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations. Furthermore, with no mining operations to be carried out, 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 are 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 training to enhance employees' professional knowledge. The Group also organises different leisure events and frequent group discussions for the participation of employees to enhance the working relationship of the employees and communication with management. We also strive to maintain good working 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 maximise shareholder value in the long term. 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.

DIRECTORS AND MANAGEMENT

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 68. 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 71. 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 72. 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 37, 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 45, 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 57, 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 77, 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 72, 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 Concord New Energy Group Limited and Frontier Services Group Limited, which are listed on the Main Board of the Stock Exchange.

Mr. Choi Yue Chun, Eugene
Mr. Choi Yue Chun, Eugene, aged 46, 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 as above.

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the Australian Securities Exchange ("ASX") and the Stock Exchange of Hong Kong Limited ("SEHK"). The Company compiled with all aspects of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK ("the HK Listing Rules") and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations 3rd Edition ("the CGPR") which applies for year-end commencing 1 July 2016, ("the ASX Principles") during the entire year ended 30 June 2018. Except for the followings:

(i) Under 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 of Chief Executive Officer at the Group level has been vacant during the period. Nonetheless, Mr. Colin Paterson, who serves as the chief executive officer of Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), is responsible for the oversight of the core iron ore business operation; and

(ii) Under the Code Provision A.6.7, non-executive Directors should attend general meetings. During the year, due to director's other commitments and travels, not all of the non-executive directors of the Company attended the general meeting.

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 Executive 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 of 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 2018, three of the nine Directors are independent. Whilst this is not a majority of Independent non-executive directors, it is believed that a suitable balance between the composition of executive and non-executive directors is maintained. 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 and Principle 2.4 of the ASX Principles. The Directors consider all of the independent non-executive Directors are independent 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 (year of service)	Board Meeting Attended/Eligible to attend*	General Meeting Attended/Eligible to attend*
Non-Executive Directors				
Kwai Sze Hoi, Chairman	15 June 2012	6	8/8	2/2
Liu Zhengui, Vice Chairman	27 Apr 2012	6	8/8	0/2
Ross Stewart Norgard	22 Aug 2012	5	8/8	0/2
Independent Non-Executive Directors				
Uwe Henke Von Parpart	2 Jan 2008	10	8/8	0/2
Yap Fat Suan, Henry	8 Jan 2014	4	8/8	2/2
Choi Yue Chun, Eugene	12 Jun 2014	4	8/8	2/2
Executive Directors				
Chan Kam Kwan, Jason, *Company Secretary*	2 Jan 2008	10	8/8	2/2
Kwai Kwun Lawrence	13 Mar 2014	4	8/8	0/2
Colin Paterson	25 Feb 2015	3	8/8	0/2

* 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 8 board meetings were held during the year ended 30 June 2018.

Biographical details and relationship disclosure between Directors are stated under the section 'Directors and Management'.

The Board has established different sub-committees with members as at 30 June 2018 as follows:

	Nomination Committee	Audit Committee	Remuneration and Performance Committee	Health, Safety, Environment & 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 Director						
Cham Kam Kwan Jason *(Company Secretary)*						Member
Kwai Kwun Lawrence						Member
Colin Paterson					Chairman	Member
Independent Non-Executive Directors						
Yap Fat Suan Henry	Chairman	Chairman	Chairman	Member		
Uwe Henke Von Papart	Member	Member	Member			
Chai 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 summarises the combination of skills and experience of the board:

Experience, skills & attributes	Board	Nomination Committee	Audit Committee	Remuneration & performance Committee	Health, Safety Environment & Sustainability Committee	Risk Management Committee	Executive
Total Non-Executive Directors	3	2	0	2	1	1	0
Total Executive Directors	3	0	0	0	0	1	3
Total Independent Non-Executive Directors	3	3	3	3	2	1	0
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 listed experience							
Membership of other listed entities (last 3 years)	5	2	1	2	2	2	2
Knowledge and skills							
Finance and capital management	7	5	3	5	3	1	1
Governance							
Risk and Compliance	2	2	2	2	1	2	1
Gender							
Male	9	5	3	5	3	3	3
Female	0	0	0	0	0	0	0

Induction of Directors

Following appointment, directors are supported through an induction briefing given by the corporate legal counsel, which seeks to familiarise 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 familiarise 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 Committee 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 members during the year ended 30 June 2018:

Name of member	Meetings attended/ eligible to attend(*)
Independent Non-Executive Directors	
Yap Fat Suan Henry — *Chairman*	1/1
Uwe Henke Von Parpart	1/1
Choi Yue Chun Eugene	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 2018.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the By-Laws of the Company and to comply with relevant HK and ASX 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-Laws 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. Kwai Sze Hoi, Colin Paterson and Chan Kam Kwan Jason will be standing for re-election at the forth coming annual general meeting.

Pursuant to the Code Provision A.4.3 of the Corporate Governance Code contained in Appendix 14 of the Listing Rules, if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders, Mr. Uwe Henke Von Parpart has served for more than 9 years and, being eligible, will stand for re-election at the AGM

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

CONTINUING 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, Jason, 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 2018.

BOARD MEETINGS

The Board conducts meetings on a regular basis as required by business needs. The By-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 8 meetings during the year ended 30 June 2018.

The Company normally provides reasonable notice period 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 compromised of the following members during the year ended 30 June 2018:

Name of Director/role	**Meetings attended/ eligible to attend(*)**
Non-Executive Directors	
Kwai Sze Hoi	1/1
Liu Zhengui	1/1
Independent Non-Executive Directors	
Yap Fat Suan, Henry, *Chairman*	1/1
Uwe Henke Von Parpart	1/1
Choi Yue Chun Eugene	1/1

(*) Represents the total number of meetings held during the year ended 30 June 2018.

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 of options, granted under the share option scheme. Whilst this represents a departure from the Code and 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 and 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 Options Scheme. Details of the Share Option Scheme can be referenced in 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 undertaken 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 completed 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, refer to the notes to the financial statements. The emoluments (includes share-based compensation) of the members of the senior management by band for the year ended 30 June 2018 is set out below:

	Number of members 2018	Number of members 2017
HK$0 to HK$1,000,000	**—**	2
HK$1,000,001 – HK$2,000,000	**4**	2
HK$2,000,001 – HK$3,000,000	**3**	4
	7	8

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 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 as previous or current auditors of the Company.

The composition and expertise of the Committee is as follows at during the year ended 30 June 2018:

Name of Director/role	**Expertise**	**Meeting attended/ eligible to attend(*)**
Independent Non-Executive Directors		
Yap Fat Suan, Henry, Chairman	Fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of Hong Kong Institute of Certified Public Accountants	2/2
Uwe Henke Von Parpart	Graduated from Princeton University and the University of Pennsylvania with a PhD Mathematics and Philosophy. Upto March 2016, Managing Director and Chief Strategist for Reorient Financial Markets Limited	2/2
Choi Yue Chun, Eugene	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 and member of the Law Society of Hong Kong	2/2

(*) Represents the total number of meetings held during the year ended 30 June 2018.

The primary responsibilities of the Audit Committee are, inter alia,

(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 audit or to supply non-audit services;

(d) to review the financial information of the Company and monitor the integrity of the 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 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 auditors management letter, and any material queries raised by the auditor to management; and to ensure the Board will provide a timely response to the issues raised by the external auditors;

(i) to review arrangements that the 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 2018 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.

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 2018:

Name of Director/role	Meetings attended/ eligible to attend(*)
Independent Non-Executive Directors	
Choi Yue Chun, Eugene, *Chairman*	1/1
Yap Fat Suan, Henry	1/1
Non-Executive Director	
Ross Stewart Norgard	1/1

(*) Represents the total number of meetings held during the year ended 30 June 2018.

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 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 2018:

Name of Director/role	Meetings attended/ eligible to attend(*)
Executive Director	
Colin Paterson (Chairman)	1/1
Non-Executive Director	
Ross Stewart Norgard	1/1
Independent Non-Executive Director	
Choi Yue Chun, Eugene	1/1

(*) Represents the total number of meetings held during the year ended 30 June 2018.

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 comprised of mainly non-executive directors who do not participate in the daily operation of the Group. The Company considers that objectivity can still be maintained with such arrangements.

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.

INTERNAL CONTROL AND RISK MANAGEMENT

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 Company has outsourced its internal audit function and has engaged an independent management consultancy company to assess the internal control measures of the Group on a yearly basis. It was founded that there are no significant weakness in the Company's internal control and risk management systems.

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 within 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.

For risk management, the Board, the Risk Management Committee, and the management have reviewed the Group's financial, operation, compliance and strategic aspects and identified certain risk areas. Certain types of risks and internal control weaknesses have been identified and the relevant measures implemented to mitigate these risks are disclosed under section headed "Management Discussion and Analysis":

Although the Company is not required to comply with Section 295A of the Corporations Act (being a company incorporated in Bermuda), the Board requires an 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 based on the basis of a sound system of risk management and internal control which are operating effectively.

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.

All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

AUDITORS' REMUNERATION

The aggregate remuneration in respect of services provided by PricewaterhouseCoopers for the year ended 30 June 2018 was HK$1,560,000 of which HK$980,000 represents annual audit fees and HK$580,000 represents fees for non-audit services.

COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that 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 continuing 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 as per the Listing Rules, timely dissemination of announcements and information relating to the Group to the market and ensuring that appropriate 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 Communications Strategy and Continuous Disclosure Policy can be found on the website.

COMMUNICATON 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 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 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 shareholder's 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 register 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 By-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 falls 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 on our website or in the 2018 Annual Report.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Directors are pleased to present the Environmental, Social and Governance Report for the year ended 30 June 2018 in compliance with the applicable code provision of the Environmental, Social and Governance Reporting Guide as set out in the Appendix 27 of the Listing Rules.

A. ENVIRONMENTAL PROTECTION

A1. EMISSIONS

During the year, the Group was at minimal spend and only retained its office operation to secure for infrastructure solutions for the Group's mining project. No mining activities have been carried out.

The management believes that emissions and wastes generated by the operation would have insignificant impact on the environment.

At the present scale of operation, the Greenhouse Gases emissions are mainly generated from the electricity consumption in our office premises.

Relevant KPIs are as shown below:

Purchased electricity consumption	12,921 kWh
Carbon dioxide emission from the generation of Purchased electricity	10,208 kgCO_2e
Carbon dioxide emission intensity per office area in M2	23.9 kg/square meter

A2. Use of Resources

The Group is committed to promoting an environmentally conscious work environment and has focused on measures to minimize waste and electricity consumption, initiate paper and cartridges recycling, and promoting electronic communications and storage.

To reduce consumption of paper, the Group prefers using electronic means to disseminate information and ensure electronic devices such as tablets projectors and electronic communication systems are functional.

We encourage our office employees to switch off idle lights, air conditioners and other office equipment, and we remind our employees to print and photocopy on both sides of paper if printing is unavoidable. We also encourage our employees to bring their own lunch and reduce purchase of takeaway lunchboxes and beverages to reduce the use of plastic disposable utensils. The group also encourages its staffs to choose public transportation and carpool to reduce car driving and thus the impact on the environment and transportation.

For electronic devices, the Group also promotes initiatives to mitigate environmental impacts by choosing energy-efficient products over others by comparing Energy Labels issued by the Electrical and Mechanical Services Department (EMSD)/Energy Rating Labels issued by the Australian government during procurement process. Nonetheless, since waste electrical and electronic equipment (WEEE) pose severe harm to the environment, the Group encourages all employees to engage the WEEE donation or recycle programs.

Our offices are required to keep in-door temperature at 25 degree Celsius to ensure efficient use of air conditioning.

All employees are responsible and accountable for operating in an environmentally responsible manner.

Since the Group's existing business operation do not require any significant water usage, water usage and water consumption for the year involved only bottled drinking water.

The Group's drinking water consumption for the year amounted to 1.2m^3 with a water consumption intensity amounted to approximately 0.15m^3 per employee, and we require employees to report immediately whenever damage is found on any water facilities to ensure no leaking taps.

A3. The Environment and Natural Resources

The Company is committed to the principles of good corporate and environmental citizenship, and shall take into careful consideration of environmental, social responsibility and sustainability issues when choosing its vendors to commence its projects. The Group aims to minimize its environmental footprint and its damage to the natural resources. We foresee that tailings and waste rock management, water use and discharge, and land management and rehabilitation would be the most important areas of concerns and the Group shall closely monitor these aspects should the projects materialize in the future. The Company has set out its objectives and targets for the advancement of our projects, most of which include the successful application for approvals under the Environmental Protection Act 1986(WA) and other related approvals required to commence the early works. Each year, the Company would perform an annual compliance review and compile a report to the Office of Environmental Protection Authority to declare its compliance status as required.

Brockman is proposing to clear up to 3,785 ha of vegetation to mine detrital iron ore deposits at over 20Mtpa with transport to Port Hedland by rail. After rehabilitation, the long-term cleared footprint will be around 60 ha which represents the final pit void. All other disturbances will be rehabilitated to the satisfaction of the Western Australian Environmental Protection Authority (EPA), Department of Environment and Conservation (DEC) and Department of Mines and Petroleum (DMP). Brockman has previously engaged ecologia Environment (ecologia) to prepare the Preliminary Documentation required to assess the project under the Environmental Protection and Biodiversity Conservation Act 1999 (Cth). Most key environmental approvals are ready and we shall adhere to our proposed plan should we commence our mining projects. We would strive ahead with our best endeavour to mitigate environmental impacts, and we shall adhere strictly to our monitoring schedule when the projects commercialize.

B. SOCIAL

B1. EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

We believe that people are the foundation of our businesses, and retaining quality staff is paramount to supporting our business. We value our staff and retain our staffs by offering an employee-friendly working environment, and we make sure our employees are well compensated, not only in terms of remuneration, but we strive to facilitate work-life balance for all our employees.

Recruitment

The Group has established a sound system of human resources management covering various aspects of employment. During our recruitment process, employees are hired based on consideration of their experience, qualifications and knowledge. All employees have entered into written employment contracts prior to employment to ensure job title, job duties, working hours, holidays, remuneration, termination process and benefits are agreed.

Promotion, compensation and dismissal

We motivate employees by promotion and salary increments based on results of regular performance appraisals. Staff dismissals are based on the Hong Kong Employment Ordinance or relevant local laws and regulations, as well as the requirements stipulated in the employment contracts. Apart from offering employees with competitive salary packages, the Group also provides annual bonuses and employee share options to eligible employees as incentives to retain our staff.

Working hours, rest periods and benefits

Five-days work week arrangement is adopted to facilitate work-life balance. In addition to all rest days and statutory holidays as specified in local laws and regulations, employees are entitled to paid annual leaves, maternity leaves, paternity leaves, marriage leaves and compassionate leaves. Employees are also entitled to benefits such as medical benefits, MPF scheme contributions and other benefits subject to the Group's human resources policies.

Equal opportunity, diversity and anti-discrimination

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. The historical data is as follows:

	2018	2017	2016	2015
Proportion of women appointed as Non-Executive Directors	**0**	0	0	0
Proportion of women in the workplace	**18%**	21%	24%	10%
Proportion of women in management	**38%**	13%	10%	11%
Parental leave return rates	**N/A**	100%	N/A	N/A
Employee turnover	**53%**	24%	82%	45%

The Board is continually looking to achieve diversity 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.

Our human resources policies ensure that the Company is free from any form of discrimination on the ground of age, gender, religions, marital status, family status, sexual orientation, disability, race and nationality. We are committed to creating a corporate culture with equality, respect diversity and mutual support.

During the year, the Group was not aware of any material violation of the relevant laws and regulations relating to the Group's compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. In addition, no fines or sanctions were imposed on us due to non-compliance with the relevant laws and regulations during the year.

Performance Data Summary

Workforce Demographics

TOTAL WORKFORCE	**17**	
By Nature of Work	**Australia**	**Hong Kong**
Corporate directors	2	7
Corporate Services	1	3
Project Development	1	2
Exploration	1	—
By Gender	**Australia**	**Hong Kong**
Male	4	10
Female	1	2
By Employee Category	**Australia**	**Hong Kong**
Directors (Executive)	1	2
Directors (Non-executive)	1	5
Management team	3	5

B2. HEALTH, SAFETY AND 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, the Company 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 minimise the actual and potential environmental impact of the Company's activities; and
- 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 system that support it will be routinely measured to ensure the delivery of our commitments and system improvements made where the need arises.

The Group shall adhere to our Operational Health and Safety Policy for all our future projects and our Company's health and safety objectives are summarized as follows:

- Achieve "Zero Harm" to people, the community and the workplace environment;
- Support, encourage and promote efforts to achieve industry-leading occupational health and safety performance;
- Eliminate or manage circumstances which may lead to injury, property damage and business interruption; and
- Achieve health and safety performance consistent with the OHS Policy.

Brockman will employ the following principles:

- Everyone has a responsibility for health and safety of themselves and their colleagues;
- Hazards should be identified and their risks eliminated or controlled;
- Every task, however urgent or important, can be done safely; and
- Health and safety standards will not be limited to only minimum legal requirements.

These objectives will be achieved by:

- Providing employees and contractors with the necessary responsibility training and resources to assist them to perform their tasks safely and effectively;
- Establishing and enforcing accountabilities for employees and contractors regarding health and safety policy, objectives and performance;
- Complying with all applicable laws, regulations and statutory obligations;

- Demonstrating effective leadership and management of health and safety through risk assessment and the development and implementation of safe operational procedures, and communication in health and safety issues.

B3. DEVELOPMENT AND TRAINING

Employees are the most important assets of the Company. First-class professionals and management team are the guarantee of successful business, and therefore we are eager to provide them with relevant trainings and encourage them to fully utilize their potentials. We subsidize our employees for their continuing education, and encourage employees to participate in various workshops and seminars according to their respective areas of interest and job nature.

B4. LABOUR STANDARDS

All our labour-related policies and practices comply with the Employment Ordinance, and relevant labour laws in Australia. Furthermore, the Group strictly prohibits the employment of child labour and forced labour, and comply with all relevant laws and regulations such regard. During the period, we did not employ child labour and did not received any complaints or reporting of child labour or forced labour.

B5. SUPPLY CHAIN MANAGEMENT

The Company has established sound procurement procedures and requirement for vendors/equipment acquisitions. Upon selection for new vendors, not only the Company will evaluate the vendors' performance, equipment reliability and pricing, but also the environmental attributes such as impact to the environment and energy saving functionalities. We will also take into consideration of the vendors' previous performance in terms of creditability and compliance with local regulations.

B6. PRODUCT RESPONSIBILITY

The Company will ensure all required documentation is obtained prior to shipment of ore. Sinter testworks conducted has provided positive results and confirmation of our product quality and the Group will strive to maintain the product's quality upon future delivery of ore.

The Company upholds the confidentiality regarding customers', prospective customers' or business counterparts' information. Confidentiality agreements were in place to protect any leakage of information.

B7. ANTI-CORRUPTION

Company has established rules against bribery or corruption, which forbid employees to accept gift from other people in business relationship. To ensure effective implementation, every employees have been trained on these rules. Furthermore, Company have set up a whistle blower policy (details of which can be found on the company website), and Brockman encourages stakeholders to pursue and report any misconduct, fraudulent or corrupt practices, breaches in rules, coercion or harassment and etc. Active channels are in place for employees to report directly in event of any potential source of bribery/corruption in any business execution. Training has also been provided for employees and directors to discourage any form of corruption.

Brockman takes a zero tolerance approach to corruption and bribery and is committed to acting professionally, fairly and with integrity in all our business dealings. Our whistleblower policy adopted encourages employees to report on any incidences of fraud, misappropriation or corruption while the reporters' privacy are completely protected.

B8. COMMUNITY INVESTMENT

We provide opportunities for our employees to be a part of our local communities.

We mobilise our employees to volunteer their time and skills in contributing to the society at the same time enriching their knowledge of environmental and social issues, moreover, to prevent and mitigate any potential and actual negative impacts on the community.

The Company had sponsor charity run/marathon for employees.

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2018.

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. Detailed activities of each of the Company's subsidiaries are as set out in Note 35 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2018 are set out in the consolidated statement of comprehensive income on pages 46.

RESERVES

Movements in the reserves of the Group during the year are set out in consolidated statement of changes in equity on pages 48 to 49.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 19 to the consolidated financial statements.

REVIEW OF OPERATIONS

It is recommended that the financial statements be read in conjunction with the 30 June 2018 annual report and any public announcements made by the Company during the period. Detailed business review is set out in pages 4 to 14. 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 2018, 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 87.

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

Executive Directors:

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

Independent Non-executive Directors:

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

In accordance with Clauses 87(1) of the Company's Bye-laws, Messrs. Kwai Sze Hoi, Colin Paterson and Chan Kam Kwan Jason, shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Pursuant to the Code Provision A.4.3 of the Corporate Governance Code contained in Appendix 14 of the Listing Rules, if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders, Mr. Uwe Henke Von Parpart has served for more than 9 years and, being eligible, will stand for re-election at the annual general meeting.

DIRECTORS' REPORT

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 2018, 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	80,000,000	1.54%
	Interests of controlled corporation *(Note)*	2,426,960,137	—	26.49%
Mr. Liu Zhengui	Beneficial owner	—	2,500,000	0.03%
Mr. Ross Stewart Norgard	Beneficial owner	64,569,834	1,500,000	0.72%
	Interests of controlled corporation	178,484,166	—	1.95%
Mr. Colin Paterson	Beneficial owner	30,173,004	12,000,000	0.46%
	Interest of spouse	22,625,442	—	0.25%
Mr. Kwai Kwun Lawrence	Beneficial owner	28,658,412	35,000,000	0.69%
	Interests of controlled corporation	59,000,000	—	0.64%
Mr. Chan Kam Kwan, Jason	Beneficial owner	—	10,000,000	0.11%
Mr. Uwe Henke Von Parpart	Beneficial owner	—	1,500,000	0.02%
Mr. Yap Fat Suan, Henry	Beneficial owner	400,000	1,500,000	0.02%
Mr. Choi Yue Chun, Eugene	Beneficial owner	—	1,500,000	0.02%

Note: The 2,426,960,137 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 2018.

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 26 to the consolidated financial statements. Details of the options outstanding as at 30 June 2018 which have been granted to Qualified Persons under the Share Option Scheme are as follows:

	Option type	Outstanding as at 1 July 2017	Granted during the year	Lapsed during the year	Outstanding as at 30 June 2018
Directors					
Kwai Sze Hoi	2018B	—	80,000,000	—	80,000,000
Liu Zhengui	2018B	—	2,500,000	—	2,500,000
Ross Stewart Norgard	2018B	—	1,500,000	—	1,500,000
Colin Paterson	2018B	8,000,000	12,000,000	(8,000,000)	12,000,000
Kwai Kwun Lawrence	2018B		35,000,000	—	35,000,000
Chan Kam Kwan Jason	2018B		10,000,000	—	10,000,000
Uwe Henke von Parpart	2018B		1,500,000	—	1,500,000
Yap Fat Suan Henry	2018B		1,500,000	—	1,500,000
Choi Yue Chun Eugene	2018B		1,500,000	—	1,500,000
Employees					
Hong Kong	2018A		62,000,000		62,000,000
Australia	2018A		3,000,000	—	3,000,000
Total		8,000,000	210,500,000	(8,000,000)	210,500,000
Weighted average exercise price		0.45	—	—	0.13

The total number of securities available for issue under the share option scheme amounts to 570,948,213 as at the date of the annual report, representing 6.23% of the issued share capital outstanding.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR 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 34 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 2018 are disclosed in Note 34 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, 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	2,426,960,137	26.49%
Kwai Sze Hoi *(Note 1)*	Interest held by controlled corporations	2,426,960,137	26.49%
	Beneficial owner	80,000,000	0.87%
	Interest held jointly with another person	60,720,000	0.66%
Cheung Wai Fung *(Note 1)*	Interest held by controlled corporations	2,426,960,137	26.49%
	Interest held jointly with another person	60,720,000	0.66%
	Interest of spouse	80,000,000	0.87%
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%
KQ Resources Limited	Beneficial owner	1,015,928,146	12.12%

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. In addition, Mr. Kwai was granted a total of 80,000,000 options.

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. During the period, a total of 50,000,000 options were granted to Mr. Luk.

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 2018.

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.

MAJOR CUSTOMERS AND SUPPLIERS

As the mining operation in China was suspended during the year, no revenue was received and there were no customers attributable to any sales. Aggregate operating and administrative expenses attributable to the Group's five largest suppliers were less than 33% 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.

PROVISION OF INFORMATION IN RESPECT OF AND BY DIRECTOR

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

— Mr. Chan Kam Kwan Jason has been appointed as the independent non-executive director of 1957 & Co. (Hospitality) Limited (Stock Code: 8495) since November 2017.

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 17 to 30 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 2018 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

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Brockman Mining Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Brockman Mining Limited (the "Company") and its subsidiaries (the "Group") set out on pages 46 to 86, which comprise:

- the consolidated balance sheet as at 30 June 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which states that the Group recorded no revenue together with a net loss attributable to equity holders of the Company on continuing operations of HK$49,059,000, and had operating cash outflows of HK$33,581,000 for the year ended 30 June 2018. These matters, along with other matters as described in Note 2, indicate 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 modified in respect of this matter.

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

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter identified in our audit is assessment of impairment indicators for mining properties.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment indicators for mining properties Refer to notes 3(f), 4(a) and 18 to the consolidated financial statements Mining properties represent the value of mining and exploration projects in Australia. As at 30 June 2018, the carrying amounts of mining properties amounted to HK$802,617,000, representing approximately 96% of the Group's total assets. On 26 July 2018, the Group entered into a farm-in and joint venture agreement with Polaris Metals Pty Ltd, a wholly-owned subsidiary of Mineral Resources Limited, in relation to formation of an unincorporated joint venture for the development of Marillana Project. Management assessed whether events or changes in circumstances indicate a potential material change to the recoverable value of the mining properties since 30 June 2017. As at 30 June 2018, management performed an assessment of impairment indicators, taking into account the long-term iron ore price and long-term exchange rate of Australian dollars ("A$") to United States dollars ("US$") as well as the development plan of the projects. Based on this assessment, management concluded that as at 30 June 2018, there is no indication that the recoverable value of the mining properties has changed adversely and thus impairment assessment is not required. We focused on this area because of the significance of the mining properties, as well as the significant judgements involved in the assessment of impairment indicators.	In addressing this matter, we performed the following procedures: — We understood and evaluated the approach adopted in management's assessment of indicators. We have also validated the internal controls over management's assessment; — We discussed with management to understand the latest development of the mining project, which takes into consideration the events which occurred subsequent to 30 June 2018, including validation of supporting evidence in relation to key developments; — We evaluated the reasonableness of the key factors in management's assessment of impairment indicators: (a) we compared the long-term iron ore price with comparable analysts' forecast from the market; and (b) we assessed the long-term exchange rate of A$ to US$ used in management's assessment by checking to analysts' forecasts. Based on the information we obtained and the aforementioned audit procedures performed, we consider the key factors and significant judgements made by the management in the assessment of impairment indicators of mining properties to be supportable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Hin Gay Gabriel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 September 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note	Year ended 30 June 2018 HK$'000	2017 HK$'000 (Restated)
Continuing operations			
Revenue	7	—	—
Cost of sales	9	—	—
Gross loss		—	—
Other income	11	**300**	1,041
Other (losses)/gains	12	**(208)**	2
Selling and administrative expenses	9	**(34,644)**	(13,423)
Exploration and evaluation expenses	9	**(9,460)**	(20,730)
Operating loss		**(44,012)**	(33,110)
Finance income		**26**	41
Finance costs		**(4,511)**	(3,721)
Finance costs, net	13	**(4,485)**	(3,680)
Share of losses of joint ventures	32	**(562)**	(717)
Loss before income tax		**(49,059)**	(37,507)
Income tax expense	14	—	—
Loss for the year from continuing operations		**(49,059)**	(37,507)
Disocounting operation			
Profit/(loss) for the year from discontinued operation	31	**157,145**	(801)
Profit/(loss) for the year		**108,086**	(38,308)
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(12,451)**	14,788
Reclassification of translation reserve arising form disposal of subsidiaries		**(55,578)**	—
Other comprehensive (loss)/income for the year		**(68,029)**	14,788
Total comprehensive income/(loss) for the year		**40,057**	(23,520)
(Loss)/profit for the year attributable to equity holders of the Company			
Continuing operations		**(49,059)**	(37,507)
Discontinued operation		**157,145**	(801)
Total comprehensive (loss)/income attributable to equity holders of the Company			
Continuing operations		**(61,510)**	(22,719)
Discontinued operation		**101,567**	(801)
(Loss)/earnings per share attributable to the equity holders of the Company during the year		**HK cents**	HK cents
Basic (loss)/ earnings per share from:			
Continuing operations	16	**(0.58)**	(0.45)
Discontinued operation	16	**1.85**	(0.01)
		1.27	(0.46)
Diluted (loss)/earnings per share			
Continuing operations	16	**(0.58)**	(0.45)
Discontinued operation	16	**1.85**	(0.01)
		1.27	(0.46)

The notes on pages 51 to 86 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2018

	Note	As at 30 June 2018 HK$'000	2017 HK$'000
Non-current assets			
Mining properties	18	**802,617**	829,031
Property, plant and equipment	19	**268**	3,673
Interests in joint ventures	32	**126**	430
Other non-current assets		**538**	283
		803,549	833,417
Current assets			
Other receivables, deposits and prepayments	22	**390**	1,218
Cash and cash equivalents	21	**34,258**	23,995
		34,648	25,213
Total assets		**838,197**	858,630
Equity			
Share capital	25	**916,198**	838,198
Reserves		**(331,473)**	(374,235)
Total equity		**584,725**	463,963
Non-current liabilities			
Other payables	24	**—**	31,333
Amount due to a related party	34	**—**	1,392
Deferred income tax liabilities	27	**238,954**	246,817
Borrowings	28	**11,508**	52,812
Provisions	24	**58**	844
		250,520	333,198
Current liabilities			
Trade payables	23	**—**	10,722
Other payables and accrued charges	24	**2,952**	50,561
Amounts due to related parties	34	**—**	186
		2,952	61,469
Total liabilities		**253,472**	394,667
Total equity and liabilities		**838,197**	858,630

The consolidated financial statements on pages 46 to 86 were approved by the Board of Directors on 21 September 2018 and were signed on its behalf.

Kwai Kwun, Lawrence
Director

Chan Kam Kwan, Jason
Director

The notes on pages 51 to 86 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Statutory reserves (Note a) HK$'000	Share-based compensation reserve (Note b) HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 July 2016	838,198	4,460,106	9,791	80,062	(650,583)	(4,708,382)	458,225	487,417
Comprehensive loss								
Loss for the year	—	—	—	—	—	(38,308)	—	(38,308)
Other comprehensive loss								
Exchange differences arising on translation of foreign operations	—	—	—	—	14,788	—	—	14,788
Total other comprehensive loss for the year	—	—	—	—	14,788	—	—	14,788
Total comprehensive loss for the year	—	—	—	—	14,788	(38,308)	—	(23,520)
Transactions with equity holders								
Appropriations to statutory reserves	—	—	(101)	—	101	—	—	—
Share-based compensation (Note 26)	—	—	—	66	—	—	—	66
Total transactions with equity holders	—	—	(101)	66	101	—	—	66
Balance at 30 June 2017	838,198	4,460,106	9,690	80,128	(635,694)	(4,746,690)	458,225	463,963

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Statutory reserves (Note a) HK$'000	Share-based compensation reserve (Note b) HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 July 2017	838,198	4,460,106	9,690	80,128	(635,694)	(4,746,690)	458,225	463,963
Comprehensive profit								
Profit for the year	—	—	—	—	—	108,086	—	108,086
Other comprehensive loss								
Exchange differences arising on translation of foreign operations	—	—	—	—	(12,451)	—	—	(12,451)
Reclassification of translation reserve arising from disposal of subsidiaries (Note 31)	—	—	—	—	(55,578)	—	—	(55,578)
Total other comprehensive loss for the year	—	—	—	—	(68,029)	—	—	(68,029)
Total comprehensive income for the year	—	—	—	—	(68,029)	108,086	—	40,057
Transactions with equity holders								
Issurance of shares	78,000	—	—	—	—	—	—	78,000
Appropriations to statutory reserves	—	—	256	—	(256)	—	—	—
Transfer upon disposal of subsidiaries (Note 31)	—	—	(9,946)	—	—	5,710	4,236	—
Share-based compensation (Note 26)	—	—	—	2,705	—	—	—	2,705
Total transactions with equity holders	78,000	—	(9,690)	2,705	(256)	5,710	4,236	80,705
Balance at 30 June 2018	916,198	4,460,106	—	82,833	(703,979)	(4,632,894)	462,461	584,725

Note a: The statutory reserves represent safety reserve funds established in the People's Republic of China ("PRC") in accordance with PRC laws and regulations. Appropriation is made according to mining quantity exploited during the year.

Note b: The share-based compensation reserve represents all vested share options granted to employees and directors of the Group.

The notes on pages 51 to 86 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note	Year ended 30 June 2018 HK$'000	2017 HK$'000 (Restated)
Cash flows from operating activities			
Net cash used in operating activities	29(a)	**(33,581)**	(44,573)
Cash flows from investing activities			
Interest received		**26**	41
Proceeds from disposal of property, plant and equipment	29(b)	**3,160**	8
Purchases of property, plant and equipment		**(126)**	(3,263)
Investments in joint ventures		**(249)**	(913)
Net cash outflows arising from disposal of subsidiaries	31(b)	**(140)**	—
Net cash generated from/used in investing activities		**2,671**	(4,127)
Cash flows from financing activities			
Proceeds from issuance of ordinay shares		**32,158**	—
Proceeds from borrowings		**11,000**	40,161
Interest paid		**(1,908)**	—
Net cash generated from financing activities		**41,250**	40,161
Net increase/decrease in cash and cash equivalents		**10,340**	(8,539)
Cash and cash equivalents at beginning of the year		**23,995**	32,772
Effects of foreign exchange rate changes		**(77)**	(238)
Cash and cash equivalents at end of the year	21	**34,258**	23,995
Cash used for exploration and evaluation activities was included in operating activities		**(9,795)**	(23,057)

The notes on pages 51 to 86 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 ("IFRSs"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Going concern

For the year ended 30 June 2018, the Group recorded a net loss attributable to equity holders of the Company on the continuing operation of HK$49,059,000 and had operating cash outflows of HK$33,581,000. The Group did not record any revenue during the year and the loss for the year on continuing operation was primarily attributable to the exploration costs for the mine in Australia and the administrative expenses incurred by operation in Hong Kong and Australia.

The Group intends to focus its resources on developing its core iron ore mining projects in Western Australia (the "Marillana Project"), which remains at exploration and evaluation stage as of 30 June 2018.

On 26 July 2018, Brockman Iron Pty Ltd ("Brockman Iron", a wholly-owned subsidiary of the Company) and Polaris Metals Pty Ltd ("Polaris", a wholly-owned subsidiary of Mineral Resources Limited ("MRL")) entered into a Farm-in and Joint Venture ("FJV") Agreement pursuant to which subject to the terms and conditions therein, Polaris may farm-in by satisfying the Farm-in Obligations (which includes expending Australian Dollars ("A$")250,000 (equivalent to approximately HK$1,450,000) on exploration and development of the Marillana Project; completing certain procedures to evaluate the economic feasibility of the Marillana Project; and executing the Process and Loading Agreement and Mine to Ship Logistics Agreement, to earn its 50% interest in the Marillana Project ("Farm-in interest"). Following the conditions precedent of the FJV Agreement having been satisfied, Polaris will commence to carry out its Farm-in Obligations. Once Polaris has fulfilled its Farm-in Obligations, the Farm-in Interest will be transferred to Polaris and an unincorporated joint venture ("Joint Venture") for the development of Marillana will be established with each party holding a 50% interest. Based on the total estimated cost of the development activities which is provided by MRL drawing upon its considerable experience in developing mining projects in Western Australia and considered to be reasonable by the Company, it is agreed that Brockman Iron and Polaris (the "Joint Venturers") will be responsible for funding the development activities of the Marillana Project for a maximum of A$300,000,000 (equivalent to approximately HK$1,740,000,000) in total or A$150,000,000 (equivalent to approximately HK$870,000,000) by each Joint Venturer. In accordance with the FJV Agreement, Polaris has committed to use its best endeavor to secure debt financing for the development activities for the Joint Venturers. Pursuant to the Process and Loading Agreement and Mine to Ship Logistics Agreement, Polaris will be responsible for building and operating a processing plant and a bulk ore rail and port system to be utilised by the Marillana Project.

Should the Group be able to obtain the necessary approvals from the shareholders and the relevant authorities to proceed with the FJV Agreement and eventually develop the Marillana Project with Polaris through the Joint Venture, the Group would require up to A$150,000,000 (equivalent to approximately HK$870,000,000) of financing for the development activities under the proposed arrangement, 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)

Going concern (Continued)

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and development 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) Extending the repayment date of the existing loans from the substantial shareholder amounted to HK$11,000,000 to 31 October 2019. These loans bear interest at 12% per annum;

(ii) On 8 August 2018, the Group signed a sales and purchase agreement with Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd, pursuant to which the Group agreed to dispose of its 40% interest in the Irwin-Coglia Joint Venture for a consideration of A$1,700,000 (equivalent to approximately HK$9,900,000). The transaction was completed and such consideration was received on 17 September 2018;

(iii) On 18 September 2018, the Group secured a standby loan facility from its substantial shareholder amounted to HK$10,000,000. If drawn down, the loan will be unsecured, bears interest at 12% per annum and repayable on 31 October 2019;

(iv) The Group is in the process of obtaining the necessary approvals from its shareholders and the relevant regulatory approvals required in Australia and Hong Kong to fulfil the conditions precedent of the FJV Agreement. The directors are confident that the Group will be successful in obtaining such approvals to satisfy the conditions precedent to the FJV Agreement and that Polaris will be able to fulfill the Farm-in Obligations. Once Polaris fulfills its Farm-in Obligations, an interest-free loan of A$10,000,000 (equivalent HK$58,000,000, and which currently sits in an escrow account) will be released to Brockman Iron. The loan proceeds shall be used to meet Brockman Iron's financial obligations under the FJV Agreement and for working capital in relation to the Group's iron ore business in the Pilbara region of Western Australia. Such loan will only be repaid from net revenue received by Brockman Iron from the sale of its share of products sold from the Marillana Project that is transported under the rail and port system contemplated in the Mine to Ship Logistics Agreement.

    In respect of the funding of the development activities of Marillana Project, the Group does not have any commitment until such time when the Joint Venture is established and the budget for the development activities is approved by the management committee of the Joint Venture; and no expenditure in respect of such development activities will be committed by the Joint Venture or the Group before the relevant financing is secured. Polaris will use all reasonable endeavours to procure debt financing to fund the aforesaid development activities for and behalf of the Joint Venturers. The directors are confident that the Joint Venture will be able to obtain the necessary debt financing to fund the development activities as and when required; and

(v) In respect of the ongoing exploration and evaluation activities in the same mine, the directors will continue to maintain the minimum exploration and evaluation activities, by incurring estimated expenditure of approximately HK$7,400,000, required to maintain the current right of tenure to exploration tenements in Australia.

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 2018. 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 2018. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial information 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 (iii) to (v) above. The Group's ability to continue as a going concern would depend upon (a) draw down of the loan of HK$10,000,000 from the substantial shareholder as and when required; (b) successful fulfillment of the conditions precedent of the FJV Agreement, including obtaining the relevant approvals from the shareholders and regulators; and upon Polaris duly completing its Farm-In Obligations, release of the loan from escrow account and raising of debt financing for the development activities of Marillana Project as and when needed to fund the Group's share of the obligations to the Joint Venture; and (c) successful execution of the development plan by the Joint Venture to result in economically viable commercial production of the Marillana Project.

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 statement.

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 amendments to standards adopted by the Group

The following standards and amendments to standards are effective for accounting year beginning on or after 1 July 2017, and have been adopted in preparing these consolidated financial statements:

IAS 7 (Amendment)	The Disclosure Initiative
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 12 (Amendment)	Annual Improvement to IFRS 2014-2016 Cycle (amendment to Disclosure of Interests in Other Entities)

(ii) New and amendments to standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the Group's financial year ended 30 June 2018 and have not been early adopted:

		Effective for annual periods beginning on or after
Annual Improvements Project IFRS 1 and IAS 28 (Amendment)	Annual Improvements 2014-2016 Cycle	1 January 2018
IAS 40 (Amendment)	Transfers of Investment Property	1 January 2018
IFRS 2 (Amendment)	Classification and Measurement of Sharebased Payment Transactions	1 January 2018
IFRS 4 (Amendment)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15 (Amendment)	Clarification to IFRS 15	1 January 2018
IFRIC22	Foreign Currency Transactions and Advance Considerations	1 January 2018
IFRIC23	Uncertainty Over Income Tax Treatments	1 January 2019
Annual Improvements Project (Amendment)	Annual Improvements 2015-2017 Cycle	1 January 2019
IAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
IFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
IFRS 16	Leases	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following set out below:

IFRS 9 Financial instruments

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Group has reviewed its financial assets, and considers that except for cash and cash equivalents, there are limited financial assets. The amendment is not expected to have significant impact on Group's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Changes in accounting policy and disclosures (Continued)

(ii) New and amendments to standards not yet adopted (Continued)

IFRS 9 Financial instruments (Continued)
There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

There is a change in hedge accounting rules that more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any such hedging instruments.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, and it may result in an earlier recognition of credit losses. As at 30 June 2018, the Group has insignificant balance of financial assets classified at amortised cost, management did not expect the adoption would have any impact to the Group.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. IFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group does not intend to adopt IFRS 9 before its mandatory date.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard permits either a full retrospective or a modified retrospective approach for the adoption.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. A further clarification to IFRS 15 was issued in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance. For the year ended 30 June 2018, there was no revenue recognised. Management will further assess the contractual arrangement with respective to future production and effects of applying the new standard on the Group's financial statements.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group does not intend to adopt the standard before its effective date.

IFRS 16 Leases
IFRS 16 was issued in May 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The new standard will result in an increase in assets and financial liabilities in the consolidated statement of financial position. As for the financial performance impact in the consolidated statements of profit and loss and other comprehensive income, the operating lease expenses will decrease, while depreciation and amortisation and the interest expense will increase. The Group's future aggregate minimum lease payments under non-cancellable operating leases as at 30 June 2018 are HK$1,549,000. Other than the increase in assets and financial liabilities in the consolidated statement of financial position and the financial performance impact in the consolidated statements of profit or loss and other comprehensive income as mentioned above, the directors of the Company expect that the adoption of IFRS 16 will not have significant impact on the financial position and financial performance of the Group.

The standard is mandatory for financial years beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other IFRSs or interpretations that are not yet effective that would be expected to have a material impact on the Group.

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 ("CODM"). The CODM 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss.

(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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment

Property, plant and equipment, 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:

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.

Construction-in-progress represents buildings, plant and machinery under construction and ending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought to use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

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.

(i) Discounted operation

A discontinued operation is a component of the Group that has been disposed of and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of comprehensive income.

(j) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterpart.

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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Current and deferred income tax (Continued)

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 liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where 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. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (Continued)

(iii) Pension obligations (Continued)

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.

(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 or holding shares for a specified period of time).

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Impairment of mining properties in Australia

Mining properties are reviewed for impairment whenever events or changes in circumstances indicate a potential material change to the recoverable value of the mining properties. The Group performs an assessment of impairment indicators, taking into account the long-term iron ore price, estimated mine life, production volumes, capital and operating costs and long term exchange rate of A$ to US$, and determines if there is indication that the recoverable value of the mining properties has materially changed and performs further impairment assessment.

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 2018, the carrying amount of the mining properties is approximately HK$802,617,000 (2017: HK$829,031,000). There is no impairment loss recognised for the year ended 30 June 2018 (2017: Nil). (Details of the key assumptions used are disclosed in Note 18.)

(b) 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 2018, 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 27.

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 2018 and 2017 were as follows:

	2018 HK$'000	2017 HK$'000
Long-term debts (including borrowings, due to related parties and other payables to a third party)	**11,508**	85,537
Total equity	**584,725**	463,963
Total capital	**596,233**	549,500
Gearing ratio	**1.93%**	15.57%

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$. As at 30 June 2018 and 2017, the Group was not exposed to any significant exchange risk for RMB and A$ as most of the Group's RMB or A$ denominated financial assets and liabilities are held by the Group's companies with RMB or A$ as the functional currency.

(ii) Commodities price risk

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 2018 and 2017, 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. As at 30 June 2018, 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.

(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.

6 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk

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 facilities available from shareholders, credit facilities from suppliers and equity funding. The Group's ability to deliver its Marillana iron ore project is reliant on access to appropriate export infrastructure and timely funding.

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 2018				
Non-derivative financial liabilities:				
Other payables and accruals	**2,038**	**—**	**2,038**	**2,038**
Borrowings		**13,273**	**13,273**	**11,508**
Amounts due to related parties	**—**	**—**	**—**	**—**
	2,038	**13,273**	**15,311**	**13,546**
As at 30 June 2017				
Non-derivative financial liabilities:				
Trade payables	10,722	—	10,722	10,722
Other payables and accruals	16,606	33,251	49,857	47,940
Borrowings	—	59,771	59,771	52,812
Amounts due to related parties	186	1,392	1,578	1,578
	27,514	94,414	121,928	113,052

(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. There is no revenue during the year ended 30 June 2018 (2017: Nil).

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 makers ("CODM") who are responsible for allocating resources and assessing performance of the operating segments. The executive directors consider the performance of the Group from a business perspective.

(a) Business segments

The Group's reportable operating segments are as follows:

Mineral tenements in Australia	—	tenements acquisition, exploration and towards future development of iron ore project in Western Australia
Mining operation in the PRC (Discontinued operation)	—	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.

CODM has been identified as the executive directors. CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

CODM assesses and reviews the performance of the operating segments based on segment results which is calculated as profit/(loss) before income tax.

Segment assets reported to CODM 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:

	Continuing operations			Discontinued operation	
	Mineral tenements in Australia HK$'000	Others HK$'000	Sub-total HK$'000	Mining operation in the PRC HK$'000	Total HK$'000
For the year ended 30 June 2018:					
Segment revenue from external customers	—	—	—	—	—
Segment results	(27,233)	(21,826)	(49,059)	157,145	108,086
Other information:					
Depreciation of property, plant and equipment	(162)	(10)	(172)	—	(172)
Exploration and evaluation expenses	(9,460)	—	(9,460)	—	(9,460)
Reversal of over-provision of social security expenses	—	—	—	1,461	1,461
Share of losses of joint ventures	(562)	—	(562)	—	(562)

8 SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

	Continuing operations			Discontinued operation	
	Mineral tenements in Australia HK$'000	Others HK$'000	Sub-total HK$'000	Mining operation in the PRC HK$'000	Total HK$'000
For the year ended 30 June 2017:					
Segment revenue from external customers	—	—	—	—	—
Segment results	(20,355)	(17,152)	(37,507)	(801)	(38,308)
Other information:					
Depreciation of property, plant and equipment	(295)	(36)	(331)	—	(331)
Impairment losses	—	—	—	(3,538)	(3,538)
Exploration and evaluation expenses	(20,730)	—	(20,730)	—	(20,730)
Reversal of over-provision of social security expenses	—	—	—	3,851	3,851
Share of losses of joint ventures	(717)	—	(717)	—	(717)

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. There was no revenue recognised for the year ended 30 June 2018 and 2017.

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

	Continuing operations			Discontinued operation	
	Mineral tenements in Australia HK$'000	Others HK$'000	Sub-total HK$'000	Mining operation in the PRC HK$'000	Total HK$'000
As at 30 June 2018:					
Segment assets	**805,684**	**32,513**	**838,197**	**—**	**838,197**
Total segment assets include:					
Interests in joint ventures	**126**	**—**	**126**	**—**	**126**
Additions to property, plant and equipment	**125**	**1**	**126**	**—**	**126**
As at 30 June 2017:					
Segment assets	836,018	22,586	858,604	26	858,630
Total segment assets include:					
Interests in joint ventures	430	—	430	—	430
Additions to property, plant and equipment	3,263	—	3,263	—	3,263

8 SEGMENT INFORMATION (Continued)

(b) Geographical information

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 interests in joint ventures analysed by geographical area in which the assets are located:

	2018 HK$'000	2017 HK$'000
Hong Kong	11	19
Australia	803,000	833,115
	803,011	833,134

9 EXPENSES BY NATURE

	2018 HK$'000	2017 HK$'000 (Restated)
Auditor's remuneration		
— Audit services	980	1,080
— Non-audit services	580	580
Depreciation of property, plant and equipment	172	331
Operating lease expenses	2,101	1,883
Employee benefit expense (Note 10)	20,405	20,643
Exchange loss/(gain)	8,608	(7,938)
Exploration and evaluation expenses (excluding staff costs and rental expenses)	5,639	13,741

10 EMPLOYEE BENEFIT EXPENSE

	2018 HK$'000	2017 HK$'000 (Restated)
Wages, salaries and welfares	16,887	19,262
Retirement benefit scheme contributions	813	1,315
Share-based compensation	2,705	66
	20,405	20,643

10 EMPLOYEE BENEFIT EXPENSE (Continued)

(a) Five highest paid individuals

Of the five individuals who received the highest emoluments in the Group for the year, two (2017: two) are the directors of the Company whose emoluments are disclosed in Note 15. The emoluments of the remaining three (2017: three) individuals are as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits	3,023	5,972
Contribution to retirement benefit scheme	164	424
Compensation for loss of office	1,535	—
Share-based compensation	1,329	—
	6,051	6,396

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

	Number of individuals	
	2018	2017
HK$1,500,001 — HK$2,000,000	1	—
HK$2,000,001 — HK$2,500,000	2	3
	3	3

11 OTHER INCOME

	2018 HK$'000	2017 HK$'000
Government grant (Note a)	300	647
Write back of long outstanding payables	—	394
	300	1,041

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)/GAINS

	2018 HK$'000	2017 HK$'000
(Loss)/gain on disposal of property, plant and equipment	(208)	2

13 FINANCE COSTS, NET

	2018 HK$'000	2017 HK$'000 (Restated)
Finance income		
Interest income on bank deposits	**26**	41
Finance costs		
Interest expenses on borrowings (Note 28)	**(4,511)**	(3,721)
Finance costs, net	**(4,485)**	(3,680)

14 INCOME TAX EXPENSE

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 (2017: Nil). The applicable corporate income tax rates 30% for subsidiaries in Australia.

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:

	2018 HK$'000	2017 HK$'000 (Restated)
Loss before income tax	**(49,059)**	(37,507)
Tax calculated at the applicable domestic tax rate of respective companies (Note)	**(11,771)**	(8,937)
Income not subject to tax	**(26)**	(2,434)
Expenses not deductible for tax purposes	**1,165**	37
Tax losses for which no deferred income tax asset was recognised	**10,632**	11,334
	—	—

Note:

The weighted average applicable tax rate was 24.0% (2017: 23.9%).

15 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director for the year ended 30 June 2018 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 (i)) HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Kwai Sze Hoi	—	—	—	—	714	—	714
Chan Kam Kwan, Jason	—	40	83	960	90	50	1,223
Kwai Kwun, Lawrence	—	1,000	83	—	313	50	1,446
Liu Zhengui	240	—	—	—	22	—	262
Yap Fat Suan, Henry	228	—	—	—	13	—	241
Choi Yue Chun, Eugene	228	—	—	—	13	—	241
Uwe Henke Von Parpart	228	—	—	—	13	—	241
Ross Steward Norgard	228	—	—	—	11	—	239
Colin Paterson	—	2,500	—	—	89	61	2,650
Total	1,152	3,540	166	960	1,278	161	7,257

The remuneration of every director for the year ended 30 June 2017 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 (i)) HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Kwai Sze Hoi	—	—	—	—	—	—	—
Chan Kam Kwan, Jason	—	40	—	960	—	50	1,050
Kwai Kwun, Lawrence	—	1,000	—	—		50	1,050
Liu Zhengui	240	—	—	—	—	—	240
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	—	2,443	—	—	66	205	2,714
Total	1,152	3,483	—	960	66	305	5,966

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Note:

(i) Other benefits

This represents non-cash benefits including 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 (2017: Nil).

(c) Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the year (2017: 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 (2017: 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 2018, 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 (2017: 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 (2017: 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 (2017: Nil).

16 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/earnings attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted (loss)/earnings 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	
	2018	2017 (Restated)
Profit/(loss) for the year attributable to the equity holders of the Company (HK$'000)		
— Continuing operations	**(49,059)**	(37,507)
— Discontinued operation	**157,145**	(801)
	108,086	(38,308)
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted (loss)/earnings per share (thousands)	**8,514,475**	8,381,982
(Loss)/earnings per share attributable to the equity holders of the Company		
Basic (HK cents)		
— Continuing operations	**(0.58)**	(0.45)
— Discontinued operation	**1.85**	(0.01)
	1.27	(0.46)
Diluted (HK cents)		
— Continuing operations	**(0.58)**	(0.45)
— Discontinued operation	**1.85**	(0.01)
	1.27	(0.46)

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share for the years ended 30 June 2018 and 2017 because the effect of the assumed exercise of share options of the Company during these years was anti-dilutive.

17 DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2018, nor has any dividend been proposed since the balance sheet date (2017: Nil).

18 MINING PROPERTIES

	Mining properties in Australia HK$'000
At 1 July 2016	797,807
Exchange differences	31,224
At 30 June 2017	829,031
Exchange differences	(26,414)
At 30 June 2018	**802,617**

18 MINING PROPERTIES (Continued)

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 30 June 2018, the Group assessed whether events or changes in circumstances indicate a potential material change to the recoverable value of the mining properties since 30 June 2017. The Group performed an assessment of impairment indicators, taking into account the long-term iron ore price, long term exchange rate of A$ to US$ and also the future development plan.

Based on this assessment, management concluded that as at 30 June 2018 and 2017, there is no indication that the recoverable value of the mining properties has materially changed and thus impairment assessment is not required.

19 PROPERTY, PLANT AND EQUIPMENT

	Plants, furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Subtotal HK$'000	Construction in progress HK$'000	Total HK$'000
For the year ended 30 June 2017					
At 1 July 2016	653	—	653	—	653
Additions	4	—	4	3,259	3,263
Disposals	(6)	—	(6)	—	(6)
Depreciation	(331)	—	(331)	—	(331)
Exchange differences	15	—	15	79	94
At 30 June 2017	335	—	335	3,338	3,673
At 30 June 2017					
Cost	1,456	3,748	5,204	3,338	8,542
Accumulated depreciation	(1,121)	(3,748)	(4,869)	—	(4,869)
Net book amount	335	—	335	3,338	3,673

	Plants, furniture, fixtures and equipment HK$'000	**Motor vehicles HK$'000**	**Subtotal HK$'000**	**Construction in progress HK$'000**	**Total HK$'000**
For the year ended 30 June 2018					
At 1 July 2017	**335**	**—**	**335**	**3,338**	**3,673**
Additions	**126**	**—**	**126**	**—**	**126**
Written off	**(14)**	**—**	**(14)**	**—**	**(14)**
Disposals	**—**	**—**	**—**	**(3,368)**	**(3,368)**
Depreciation	**(172)**	**—**	**(172)**	**—**	**(172)**
Exchange differences	**(7)**	**—**	**(7)**	**30**	**23**
At 30 June 2018	**268**	**—**	**268**	**—**	**268**
At 30 June 2018					
Cost	**1,408**	**3,748**	**5,156**	**—**	**5,156**
Accumulated depreciation	**(1,140)**	**(3,748)**	**(4,888)**	**—**	**(4,888)**
Net book amount	**268**	**—**	**268**	**—**	**268**

There was no depreciation expense (2017: Nil) included in cost of sales and depreciation of HK$ 173,000 (2017: HK$331,000) was included in selling and administrative expenses.

20 FINANCIAL INSTRUMENTS

	2018 HK$'000	2017 HK$'000
Loan and receivables		
Other non-current assets	538	283
Other receivables and deposits	10	797
Cash and cash equivalents	34,258	23,995
	34,806	25,075

	2018 HK$'000	2017 HK$'000
Other financial liabilities at amortised cost		
Trade payables	—	10,722
Other payables and accruals	2,038	47,940
Borrowings	11,508	52,812
Amounts due to related parties	—	1,578
	13,546	113,052

21 CASH AND CASH EQUIVALENTS

	2018 HK$'000	2017 HK$'000
Cash on hand	—	13
Bank balance	34,258	23,982
	34,258	23,995

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

	2018 HK$'000	2017 HK$'000
HK$	31,841	3,191
A$	2,080	2,040
RMB	—	15
US$	337	18,749
	34,258	23,995

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Other receivables	7	794
Deposits	3	3
Prepayments	380	421
	390	1,218

23 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. As at 30 June 2017, all trade payables were due over 90 days.

24 OTHER PAYABLES, ACCRUED CHARGES AND PROVISION

	2018 HK$'000	2017 HK$'000
Accrued payroll and employee benefits	—	18,460
Provision for land restoration costs	—	12,718
Other payables and accrued expenses (Note a)	**3,010**	49,926
Receipt in advance	—	1,634
	3,010	82,738
Less: Non-current portion	**(58)**	(32,177)
Amount shown under current liabilities	**2,952**	50,561

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

Note:

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

25 SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2016, 30 June 2017 and 30 June 20188	20,000,000	2,000,000
Issued and fully paid:		
As at 1 July 2016 and 30 June 2017	8,381,982	838,198
Issue of shares (Note a)	780,000	78,000
At 30 June 2018	9,161,982	916,198

Notes:

(a) On 30 April 2018, a total of 650,000,000 ordinary shares were issued to a substantial shareholder of the Company, at issue price of HK$0.10 per share. The total consideration of HK$65,000,000 has been partly settled by cash of HK$19,158,000 and by setting-off the outstanding loan of US$5,130,000 (equivalent to approximately HK$40,000,000) and the relevant accrued interests amounted to approximately HK$5,842,000.

On the same day, a total of 130,000,000 ordinay shares were issued to two independent third parties at an issue price of HK$0.10 per share. Total net proceeds amounted to approximately HK$13,000,000.

26 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 expired 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 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.

Details of specific categories of outstanding options as at 30 June 2017 and 30 June 2018 are as follows:

Option type	Date of grant	Vesting period	Number of share options granted	Exercise period	Exercise price (HK$)
2015A	19 January 2015	19 January 2015 — 18 January 2016	4,000,000	19 January 2016 — 18 January 2018	0.450
	19 January 2015	19 January 2015 — 18 January 2017	4,000,000	19 January 2017 — 18 January 2018	0.450
2018A	7 December 2017	7 December 2017 — 31 December 2018	32,500,000	1 January 2019 — 31 December 2020	0.124-0.162
	7 December 2017	7 December 2017 — 31 December 2019	32,500,000	1 January 2020 — 31 December 2020	0.124-0.162
2018B	7 December 2017	7 December 2017 — 31 December 2018	72,750,000	1 January 2019 — 31 December 2020	0.124-0.162
	7 December 2017	7 December 2017 — 31 December 2019	72,750,000	1 January 2020 — 31 December 2020	0.124-0.162

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:

	2015A	2018A	2018B
Exercise price	HK$0.45	HK$0.124-HK$0.162	HK$0.124-HK$0.162
Volatility	49%	67%	68%
Expected option life	3 years	3 years	3 years
Annual risk-free rate	0.648%	1.440%	1.876%
Expected dividend yield	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 2018, the Company recognised the total expense of HK$2,705,000 (2017: expense of HK$66,000) in relation to the share options granted by the Company or forfeited during the year.

26 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:

	2018		2017	
	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	**0.45**	**8,000**	0.45	8,000
Granted	**0.13**	**210,500**	—	—
Lapsed	**0.45**	**(8,000)**	—	—
At 30 June	**0.13**	**210,500**	0.45	8,000

As at 30 June 2018, out of 210,500,000 outstanding options (2017: 8,000,000 outstanding options), no options (2017: 4,000,000 options) were vested during the year and become exercisable, with weighted average exercise price of HK$0.13 (2017: HK$0.45) per option.

As at 30 June 2018, the weighted average remaining contractual life of outstanding share options was 2.5 year (2017: 0.6 years).

No share option had been exercised during the year (2017: Nil).

27 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 2016	(237,521)
Exchange differences	(9,296)
At 30 June 2017	**(246,817)**
Exchange differences	**7,863**
At 30 June 2018	**(238,954)**

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$1,441,000,000 as at 30 June 2018 (2017: HK$1,485,000,000). The tax losses are available indefinitely to offset against future taxable income, of which HK$1,200,000,000 (2017: HK$1,166,000,000) 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.

28 BORROWINGS

	2018 HK$'000	2017 HK$'000
Non-current		
Loans from a substantial shareholder	11,508	43,782
Loan from a third party	—	9,030
	11,508	52,812

As at 30 June 2018, the borrowings from a substantial shareholder are unsecured, bears interest at 12% per annum and repayable on 31 October 2019.

29 NOTES TO STATEMENT OF CASH FLOWS

(a) Cash used in operating activities

	Year ended 30 June	
	2018 HK$'000	2017 HK$'000 (Restated)
Cash flows from operating activities		
(Loss)/profit before income tax		
— Comtinuing operations	(49,059)	(37,507)
— Discontinued operation	157,145	(801)
	108,086	(38,308)
Adjustments for:		
Impairment losses	—	3,538
Write-back of long outstanding payables	—	(394)
Depreciation of property, plant and equipment	172	331
Share-based compensation	2,705	66
Finance income	(26)	(41)
Finance costs	4,938	3,514
Loss/(gain) on disposal of property, plant and equipment (note b)	208	(2)
Gain on disposal of subsidiaries	(156,201)	—
Share of losses of joint ventures	562	717
Exchange loss/(gain)	8,608	(7,938)
Operating cash flows before movements in working capital	(30,948)	(38,517)
Decrease/(increase) in other receivables and deposits	554	(549)
Decrease in provisions	(307)	(233)
Decrease in trade and other payables	(3,262)	(5,614)
Increase in amounts due to related parties	382	340
Cash used in operating activities	(33,581)	(44,573)

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

	Year ended 30 June	
	2018 HK$'000	2017 HK$'000
Net book amount (Note 19)	3,368	6
(Loss)/gain on disposal of property, plant and equipment (Note 12)	(208)	2
Proceeds from disposal of property, plant and equipment	3,160	8

30 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:

	2018 HK$'000	2017 HK$'000
Not later than 1 year	**978**	479
Later than 1 year and no later than 5 years	**571**	—
	1,549	479

Leases are negotiated for an average of 1.58 year (2017: one year) and rentals are fixed for the lease period.

(b) Capital commitments

As at 30 June 2018, the Group did not have any capital commitments (2017: Nil)

(c) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements in Australia, as at 30 June 2018, the Group is required to meet or exceed a minimum level of exploration expenditure of A$1,275,000 equivalent to approximately HK$7,407,000 (2017: A$1,299,000 equivalent to approximately HK$7,794,000), 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 is involved in some joint venture arrangements. The Group's share of such commitment is A$126,000 (equivalent to approximately HK$732,000) (2017: A$125,000 (equivalent to approximately HK$751,000)).

31 DISPOSAL OF SUBSIDIARIES

On 29 June 2018, the Company, entered into a sale and purchase agreement with an independent party pursuant to which the Company agreed to sell the entire equity interest in Smart Year Investments Limited and its subsidiaries (together, the "Smart Year Group") at a consideration of HK$1 ("Disposal"). Such consideration is subject to an upward adjustment resulting from potential occurrence of a future event, however the Directors of the Company consider such adjustment to be remote. Smart Year Group is principally engaged in the exploitation, processing and sales of copper ore concentrates in the PRC which represents the reportable segment of mining operation in PRC.

The Disposal was completed on 29 June 2018 and the Company ceased to have any control and equity interest in Smart Year Group. At the time of disposal, statutory reserves and other reserves arising from Smart Year Group amounted to approximately HK$9,946,000 and HK$4,236,000 respectively are transferred to accumulated losses.

The results of Smart Year Group are presented in the consolidated financial statements as discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The consolidated statement of comprehensive income distinguish discontinued operation from continuing operations. The comparative figures in the consolidated income statement have been restated to re-present the results of Smart Year Group as discontinued operation.

31 DISPOSAL OF SUBSIDIARIES (Continued)

(a) Profit from discontinued operation

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

	Year ended 30 June	
	2018 **HK$'000**	2017 HK$'000
Other income	**83**	—
Selling and administrative expenses	**(173)**	(1,321)
Reversal of over-provision of social security expenses	**1,461**	3,851
Impairment loss	**—**	(3,538)
Operating gain/(loss)	**1,371**	(1,008)
Reversal of interests on long-term payable	**—**	608
Finance cost	**(427)**	(401)
Profit/(loss) for the year from operating activities	**944**	(801)
Gain on disposal of subsidiaries	**156,201**	—
Profit/(loss) for the year from discontinued operation	**157,145**	(801)
Profit/(loss) for the year from discontinued operation attributable to:		
— Equity holders of the Company	**157,145**	(801)

(b) Analysis of the cash flows from discontinued operation

	Year ended 30 June	
	2018 **HK$'000**	2017 HK$'000
Net cash used in investing activities	**(363)**	(405)
Net cash generated from financing activities	**477**	367
	114	(38)

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

	2018 **HK$'000**
Net liabilities of the disposal group:	
Cash and cash equivalents	**140**
Trade payables	**(10,626)**
Other payable and accrued charges	**(77,571)**
Amount due to related parties	**(2,399)**
Borrowings	**(9,675)**
Provisions	**(492)**
Total net liabilities disposed	**(100,623)**
Reclassification of translation reserve	**(55,578)**
Gain on disposal	**156,201**
Consideration	**—**
Cash consideration	**—**
Cash and bank balance disposed of	**(140)**
Total cash outflows from the disposal	**(140)**

32 INTERESTS IN JOINT VENTURES

	2018 HK$'000	2017 HK$'000
At 1 July	**430**	242
Contributions to the joint ventures	**249**	913
Share of losses	**(562)**	(717)
Exchange differences	**9**	(8)
At 30 June	**126**	430

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. On 8 August 2018, the Group signed a sales and purchase agreement with two another joint ventuers, pursuant to which the Group agreed to dispose of its 40% interest in the Irwin-Coglia Joint Venture for a consideration of A$1,700,000 (equivalent to approximately HK$9,900,000). The transaction was completed and such consideration was received on 17 September 2018.

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	
	2018 HK$'000	2017 HK$'000
Loss after tax and total comprehensive loss	**(1,519)**	(1,938)
Group's share of loss for the year	**(562)**	(717)

33 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 9.50% 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$813,000 (2017: HK$1,315,000) represents contributions to these schemes by the Group in respect of the current year.

34 RELATED PARTY DISCLOSURES

(a) Material related party transactions

Save as disclosed elsewhere in this consolidated financial statements, the Group has no significant related party transactions during the year.

(b) Related party balances

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

As at 30 June 2017, the amount due to a related party included as non-current liabilities was unsecured, interest-free and repayable on 31 December 2018.

(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	
	2018	2017
	HK$'000	HK$'000
Wages, salaries and other short-term welfare	**9,383**	12,115
Post-employment benefits	**385**	756
Termination benefits	**2,211**	—
Share-based compensation expenses	**2,607**	66
	14,586	12,937

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

35 SUBSIDIARIES

The following is a list of the principal subsidiaries as at 30 June 2018 and 30 June 2017:

Name of subsidiaries	Place of incorporation	Place of operation	Particular of issued share capital	Proportion ownership interest held by the Company 2018	2017	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 Marevick Pty Ltd	Australia	Australia	2 ordinary share of A$1 each	**100%**	100%	Exploration and evaluation
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
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
綠春鑫泰礦業有限公司 Luchun Xingtai Mining Company Limited (Note 31)[1]	PRC	PRC	RMB20,000,000	**—**	100%	Exploration, processing and sales of copper ore concentrates
Smart Year Investments Limited (Note 31)	BVI	Hong Kong	11,000 Ordinary shares of US$1 each	**—**	100%	Investment holding

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

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 30 June 2018 HK$'000	2017 HK$'000
Non-current assets			
Investments in subsidiaries		—	—
Amounts due from subsidiaries		546,234	567,329
Property, plant and equipment		8	14
		546,242	567,343
Current assets			
Other receivables, deposits and prepayment		177	40
Amounts due from subsidiaries		417	6,839
Cash and cash equivalents		31,753	16,134
		32,347	23,013
Total assets		578,589	590,356
Equity			
Share capital		916,198	838,198
Reserves	Note (a)	(597,516)	(539,705)
Total equity		318,682	298,493
Current liabilities			
Other payables and accrued charges		1,457	1,121
Amount due to a subsidiary		246,942	246,960
		248,399	248,081
Non-current liabilities			
Borrowings		11,508	43,782
		11,508	43,782
Total liabilities		259,907	291,863
Total equity and liabilities		578,589	590,356

The balance sheet of the Company were approved by the Board of Directors on 21 September 2018 and were signed on its behalf

Kwai Kwun, Lawrence
Director

Chan Kam Kwan, Jason
Director

36 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 2016	4,460,106	80,062	(5,044,071)	(503,903)
Comprehensive income:				
Loss for the year	—	—	(35,868)	(35,868)
Share-based compensation (Note 26)	—	66	—	66
At 30 June 2017	4,460,106	80,128	(5,079,939)	(539,705)
Comprehensive income:				
Loss for the year	—	—	(60,516)	(60,516)
Share-based compensation (Note 26)	—	2,705	—	2,705
At 30 June 2018	4,460,106	82,833	(5,140,455)	(597,516)

37 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Save for the events mentioned in Note 2 and Note 32, there is no significant event occurred subsequently after the balance sheet date.

FINANCIAL SUMMARY

	Year ended 30 June 2018 HK$'000 (Note a)	Year ended 30 June 2017 HK$'000 (Restated) (Note b)	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)
RESULTS					
Revenue	**—**	—	11,590	36,525	38,739
Loss before income tax	**(49,059)**	(37,507)	(758,063)	(1,603,584)	(213,074)
Income tax credit	**—**	—	130,905	367,036	—
Loss for the year from continuing operations	**(49,059)**	(37,507)	(627,158)	(1,236,548)	(213,074)
Profit/(loss) for the year from discontinued operation	**157,145**	(801)	—	—	3,973
Profit/(loss) for the year	**108,086**	(38,308)	(627,158)	(1,236,548)	(209,101)
Attribute to:					
Equity holders of the Company	**108,086**	(38,308)	(627,158)	(1,236,548)	(207,098)
Non-controlling interest	**—**	—	—	—	(2,003)
	108,086	(38,308)	(627,158)	(1,236,548)	(209,101)
Loss per share					
— Basic (HK cents)	**1.27**	(0.46)	(7.48)	(14.75)	(2.56)
— Diluted (HK cents)	**1.27**	(0.46)	(7.48)	(14.75)	(2.56)

	As at 30 June 2018 HK$'000	As at 30 June 2017 HK$'000	As at 30 June 2016 HK$'000	As at 30 June 2015 HK$'000	As at 30 June 2014 HK$'000
ASSETS AND LIABILITIES					
Total assets	**838,197**	858,630	835,953	1,657,462	3,831,926
Total liabilities	**(253,472)**	(394,667)	(348,536)	(503,657)	(1,052,530)
	584,725	463,963	487,417	1,153,805	2,779,396
Equity attributable to equity holders of the Company	**584,725**	463,963	487,417	1,153,805	2,779,396
Non-controlling interest	**—**	—	—	—	—
Total equity	**584,725**	463,963	487,417	1,153,805	2,779,396

Note:

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

(b) On 29 June 2018, the Group completed the disposal of its mining operation in PRC to an independent party ("Disposal"). The mining operation in PRC is classified as discontinued operation. Comparative figures for the year ended 30 June 2017 were restated accordingly.

ASX ADDITIONAL INFORMATION

	Ordinary shares		Unlisted options @HK$0.124		Unlisted options @HK$0.162	
Category	**Shareholders**	**Size of holding**	**Holders**	**Size of holding**	**Holders**	**Size of holding**
1 — 1,000	783	197,181				
1,001 — 5,000	212	505,562				
5,001 — 10,000	92	754,670				
10,001 — 100,000	657	27,317,884				
100,001 and over	404	9,133,206,834	12	194,000,000	5	16,500,000
Total:	**2,148**	**9,161,982,131**	**12**	**194,000,000**	**5**	**16,500,000**

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

A. DISTRIBUTION OF SHAREHOLDINGS AS AT 21 SEPTEMBER 2018

The number of shareholders holding less than a marketable parcel of shares as at 21 September 2018 is 1,166.

Unquoted Securities

As at 21 September 2018, unlisted options amounted to a total of 210,500,000 units, all of which are expiring 31 December 2020. Among these options, 194,000,000 options have an exercise price of HK$0.124 and the rest 16,500,000 options have an exercise price of HK$0.162.

B. TWENTY LARGEST SECURITY HOLDERS AS AT 21 SEPTEMBER 2018

		Name	Number of shares	%
*	1	OCEAN LINE HOLDINGS LTD	1,857,743,902	20.28%
Δ	2	THE HONGKONG AND SHANGHAI BANKING	954,823,426	10.42%
Δ	3	CM SECURITIES (HONGKONG) CO LTD	764,904,972	8.35%
*	4	EQUITY VALLEY INVESTMENTS LIMITED	499,972,276	5.46%
Δ	5	YUNFENG SECURITIES LTD	435,712,852	4.76%
Δ	6	SUN HUNG KAI INVESTMENT SERVICES LTD	379,975,401	4.15%
Δ	7	CITIBANK N.A.	340,562,738	3.72%
Δ	8	GLOBAL MASTERMIND SECURITIES LTD	310,308,000	3.39%
*	9	KQ RESOURCES LIMITED	268,000,000	2.93%
*	10	CORNERSTONE PACIFIC LIMITED	250,000,000	2.73%
*	11	ROSS NORGARD / LONGFELLOW NOMINEES PTY LTD	243,054,000	2.65%
Δ	12	HING WONG SECURITIES LTD	189,231,000	2.07%
Δ	13	UBS SECURITIES HONG KONG LTD	183,660,957	2.00%
*	14	BARWICK INVESTMENTS LIMITED	174,668,000	1.91%
Δ	15	GUOYUAN SECURITIES BROKERAGE (HONG KONG)	140,902,800	1.54%
Δ	16	BOCI SECURITIES LTD	119,273,612	1.30%
Δ	17	NON-CONSENTING PARTICIPANTS - CCASS	100,954,120	1.10%
*	18	ZHANG HAOYANG	100,000,000	1.09%
Δ	19	SINOPAC SECURITIES (ASIA) LTD	98,715,792	1.08%
*	20	DUOFU HOLDINGS GROUP CO., LIMITED	80,000,000	0.87%

The number of shares stated herein are retracted and sorted from the register of shareholders ("*") and the participant report from the Central Clearing and Settlement System of the Hong Kong Stock Exchange ("CCASS") ("Δ"). As the Company does not have information in relation to the ultimate beneficial owners of the shares held by the participants of the CCASS, the numbers herein may not reflect the actual number of shares beneficially owned by each of the shareholders.

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 1)*	Beneficial owner	2,426,960,137	26.49%
Kwai Sze Hoi *(Note 1)*	Interest held by controlled corporations	2,426,960,137	26.49%
	Beneficial owner	80,000,000	0.87%
	Interest held jointly with another person	60,720,000	0.66%
Cheung Wai Fung *(Note 1)*	Interest held by controlled corporations	2,426,960,137	26.49%
	Interest held jointly with another person	60,720,000	0.66%
	Interest of spouse	80,000,000	0.87%
Equity Valley Investments Limited	Beneficial owner	515,574,276	5.63%
The XSS Group Limited *(Note 2)*	Interest held by controlled corporations	515,574,276	5.63%
Cheung Sze Wai, Catherine *(Note 2)*	Interest held by controlled corporations	515,574,276	5.63%
	Interest of spouse	50,000,000	0.55%
Luk Kin Peter Joseph *(Note 2)*	Interest held by controlled corporations	515,574,276	5.63%
	Beneficial owner	50,000,000	0.55%
KQ Resources Limited	Beneficial owner	1,015,928,146	11.09%

Notes: Please refer to Notes 1 & 2 under section headed: Substantial Shareholders on P.40.

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 21 SEPTEMBER 2018

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Duck Creek	West Pilbara	E	47/1725	Iron Ore	Granted	100%
Duck Creek	West Pilbara	E	47/3152	Iron Ore	Granted	100%
Duck Creek East	West Pilbara	E	47/2215	Iron Ore	Granted	100%
Duck Creek East	West Pilbara	E	47/2994	Iron Ore	Granted	100%
Fig Tree	East Pilbara	E	47/3025	Iron Ore	Granted	100%
Innawally Pool	West Pilbara	E	46/1087	Iron Ore	Granted	100%
Irwin Hills	Goldfields	L	39/0232	Nickel/Cobalt	Granted	40%
Irwin Hills	Goldfields	L	39/0163	Nickel/Cobalt	Granted	40%
Irwin Hills	Goldfields	M	39/1088	Nickel/Cobalt	Granted	40%
Juna Downs	West Pilbara	E	47/3363	Iron Ore	Granted	100%
Juna Downs	West Pilbara	E	47/3364	Iron Ore	Granted	100%
Madala Bore	West Pilbara	E	47/3285	Iron Ore	Granted	100%
Marandoo	West Pilbara	E	47/3105	Iron Ore	Granted	100%
Marillana	East Pilbara	L	45/0238	Iron Ore	Application	100%
Marillana	East Pilbara	M	47/1414	Iron Ore	Granted	100%
Marillana	East Pilbara	E	47/3170	Iron Ore	Granted	100%
Marillana	East Pilbara	E	47/3532	Iron Ore	Application	100%
Mindy	West Pilbara	E	47/3585	Iron Ore	Granted	100%
Mt Grant	East Pilbara	E	45/4496	Iron Ore	Granted	100%
Mt King	West Pilbara	E	47/3446	Iron Ore	Application	100%
Ophthalmia	East Pilbara	E	47/1598	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/2280	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/2291	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/3549	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0013	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0015	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0016	Iron Ore	Granted	100%
Parson George	East Pilbara	E	47/3217	Iron Ore	Granted	100%
Phils Bore	West Pilbara	E	47/2905	Iron Ore	Application	100%
Punda Springs	East Pilbara	E	47/3575	Iron Ore	Granted	100%
Punda Spring	East Pilbara	E	47/4037	Iron Ore	Application	100%
Punda Spring	East Pilbara	E	47/4038	Iron Ore	Application	100%
Punda Spring	East Pilbara	E	47/4039	Iron Ore	Application	100%
Punda Spring	East Pilbara	E	47/4040	Iron Ore	Application	100%
Tom Price	West Pilbara	E	47/3565	Iron Ore	Granted	100%