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

ANNUAL REPORT 2019

BROCKMAN
布 萊 克 萬 礦 業 有 限 公 司
BROCKMAN MINING LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Directors

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

Executive Directors

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

Independent non-executive Directors

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

COMPANY SECRETARY

Chan Kam Kwan, Jason

AUDITOR

Ernst and Young
Chartered Accountants
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
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BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
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Hong Kong

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN AUSTRALIA

Computershare Investor Services Pty Ltd
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Perth WA 6000

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

I am pleased to be able to report that the Company has made further significant progress towards the commencement of production of iron ore from our flagship Marillana Project.

In July last year the Company reached agreement with Mineral Resources Limited (MRL), a world renowned mining services provider, to establish a Joint Venture over Marillana that will ultimately secure an infrastructure solution (comprising a light railway and port system) for the project. The Joint Venture became unconditional in January this year and since then MRL has worked diligently towards meeting their obligations under the agreement. MRL has recently encountered some delays in meeting those obligations and so we considered it prudent to give them extra time to make sure that they get everything right before commencing construction on this very important project, which will unlock the value of Brockman's stranded assets. The Joint Venture with MRL is a truly collaborative win-win situation for both companies, each of whom is committed to ensuring its success.

MRL has also made considerable progress in negotiations with the Western Australian State Government in relation to a State Agreement for the railway and also in negotiating access to the inner harbour at Port Hedland for construction of one or more berths capable of handling cape size vessels for the export of iron ore. These developments are crucial for supplying the infrastructure solution that Marillana needs. We understand that MRL will be constructing and operating a rail demonstration test track later this year as the final step in the technical validation of the railway.

Whilst the success of an infrastructure solution for our Marillana Project is the cornerstone of our business and vision for the future, the Company continues to explore other ways to further grow the business by utilising this infrastructure for other projects. In particular, management continues to investigate ways that the considerable iron ore resources at Ophthalmia, located only 80 – 90km south of Marillana might be brought into production once a rail loading facility is established at Marillana, to achieve our vision of becoming a sustainable iron ore producer supplying the Asian market.

I can assure you that we shall not relax our efforts in achieving this goal.

I would like to thank my fellow Directors and the Company's management for their continued hard work and dedication in pursuing an infrastructure logistics solution for our Marillana Project, despite the difficult regulatory regime that exists.

I would also like to express my heartfelt thanks to all of our shareholders for their patience and genuine support over our long journey. We look forward to sharing our success with all of you in the near future.

Kwai Sze Hoi
Chairman

25 September 2019

OVERVIEW

During the year, the Group recorded no revenue and is now focused entirely on the iron ore operations in Western Australia. Loss for the year before income tax from continuing operations was HK$25.8 million, compared to the previous year HK$49.0 million.

The Group recorded a profit from continuing operations (after tax) of approximately HK$67.6 million (2018: loss of approximately HK$49.0 million), mainly due to the recognition of an income tax credit of HK$93.4 million. This credit was the result of a partial offset of the deferred tax liability upon recognition of a deferred tax asset in respect of certain of the Group's Australian tax losses. The income tax credit is non-cash in nature. The operating loss was significantly reduced by 43% to HK$24.9 million (2018: loss of HK$44.0 million), mainly due to a gain from the disposal of mineral tenements in Australia and the reduction of foreign exchange losses.

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 and share of losses of joint venture for the year for this segment attributable to the Group was HK$26.2 million (2018: HK$27.2 million). Total expenditure associated with mineral exploration for the year ended 30 June 2019 amounted to HK$7.8 million (2018: HK$9.5 million).

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

	Year ended 30 June	
	2019 **HK$'000**	2018 HK$'000
Project		
Marillana	**4,533**	6,669
Ophthalmia	**1,926**	908
Regional Exploration	**1,337**	1,883
	7,796	9,460

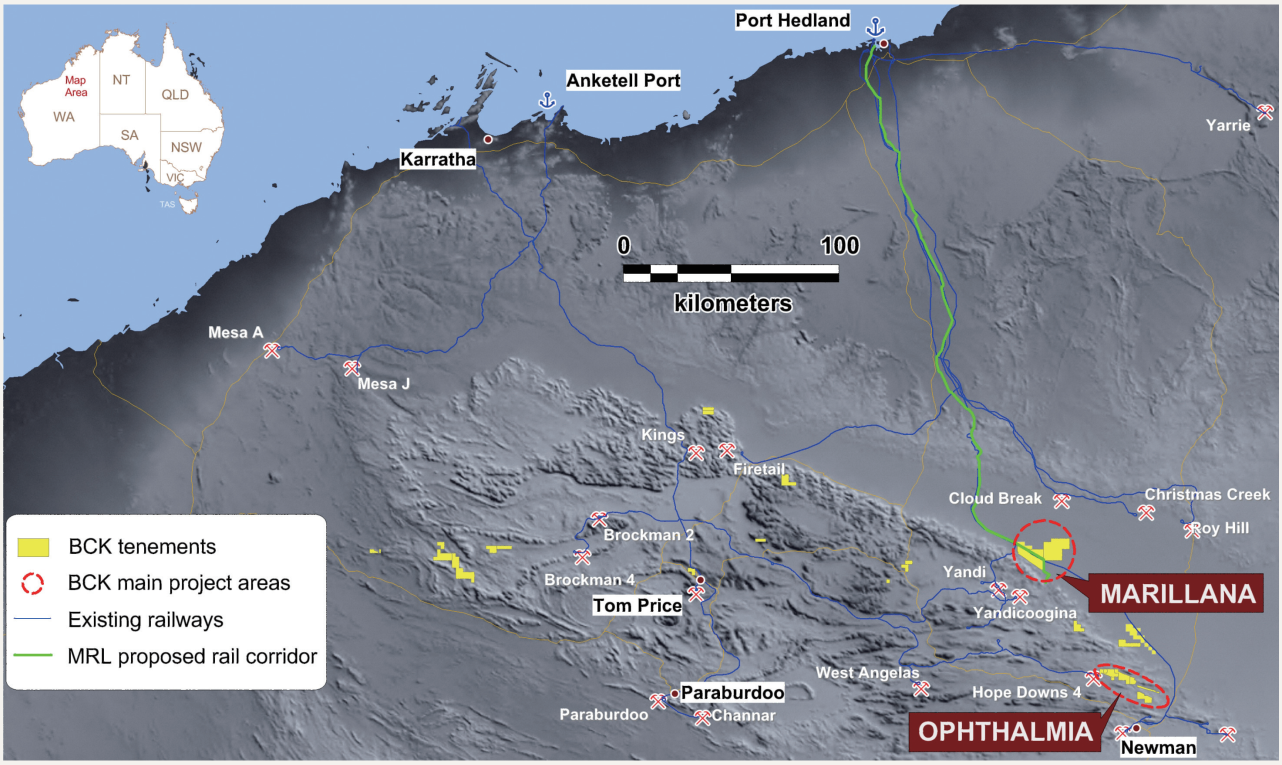
No development expenditure has been recognised in the financial statements during the year ended 30 June 2019 (year ended 30 June 2018: Nil).

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

	Year ended 30 June			
	2019 **HK$'000**		2018 HK$'000	
	Addition to property, plant & equipment	**Addition to mining properties**	Addition to property, plant & equipment	Addition to mining properties
Project				
Marillana	—	—	125	—
Ophthalmia	—	—	—	—
	—	—	125	—

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 2019, the Group assessed and concluded there were no indicators of impairment present.

Figure 1: Project location map – Brockman tenements



MARILLANA 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
On 26 July 2018 Brockman Iron Pty Ltd ('Brockman Iron') (a wholly-owned subsidiary of the Company) and Polaris Metals Pty Ltd (a wholly-owned subsidiary of MRL) entered into a Farm-in Joint Venture (FJV) Agreement (see announcements 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 and earn a 50% interest in Marillana by satisfying certain Farm-in obligations.

On 21 January 2019, the FJV Agreement became Unconditional and Polaris commenced its Farm-In Obligations. Once, Polaris has met its Farm-in Obligations, the farm-in interest will be transferred to Polaris and the Joint Venture will be established with each party holding a 50% interest in Marillana.

Brockman Iron and a SPV (subsidiary of MRL) also entered into a Mine to Ship Services Agreement for the transport of the Marillana iron ore product via a light-rail system from the mine site to Port Hedland.

The Mine to Ship Services Agreement is itself subject to several conditions precedent including execution of an agreement with the State of Western Australia; procuring all the leases and licences for the light rail system and port development; and MRL and SPV obtaining the finance to fund the construction and commissioning of the rail and port infrastructure.

Upon satisfaction of all conditions under the Mine to Ship Services Agreement, MRL will be obliged to construct and commission the rail and port infrastructure needed to establish, operate and provide a service to transport up to 30Mtpa of iron ore from the mine site to Port Hedland and on to vessels for export for the life of the Marillana Project.

Farm-in prior to Joint Venture

Farm-in obligations and interest

Polaris shall earn a 50% interest in Marillana by satisfying the following obligations during the Farm-in Period:

(i) minimum 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 (b) above.

During the period, MRL identified that extra time was required to undertake additional drilling and metallurgical testwork to ensure that there are no fatal flaws in the mine plan and process plant design. Such campaign is expected to last 6 to 12 months.

The parties have therefore agreed to vary certain dates within the agreements, as outlined below:

1. The Farm-In Period (for satisfaction of the Farm-In Obligations) has been extended to 31 July 2020;

2. Construction commencement of the rail and port system has been extended from 'on or before 31 December 2019' to 'on or before 31 December 2020'; and

3. Operation commencement of the rail and port system has been extended from 'on or before 31 December 2021' to 'on or before 31 December 2022.

As a consequence of the variation under the FJV, the date for satisfaction of the Conditions Precedent for the Mine to Ship Services Agreement has been extended to 31 December 2020.

Joint Venture

Formation and scope

The parties have agreed 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, the terms and conditions of which is still subject to Brockman's acceptance.

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

Loan Agreement
Polaris to provide an interest-free loan of A$10 million to Brockman Iron to fund 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. The loan is in an escrow account and upon satisfaction of the Farm-In Obligations the funds will be released from escrow. The loan will be repaid from the net revenue received by Brockman Iron from the sale of its share of Marillana ore sold and transported under the Mine to Ship Services Agreement.

Mine to Ship Services Agreement
Under the Mine to Ship Services 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 2020; and

(ii) operation is to commence on or before 31 December 2022.

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 parties have agreed on a provisional service fee subject to standard escalation clauses typical for an agreement of this nature.

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.

In the previous year, Brockman updated its Marillana Mineral Resources and Ore Reserves to the JORC 2012 Code (refer to announcement dated 25 May 2018). Mineral Resources and Ore Reserves were previously reported under the JORC 2004 Code 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 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% Fe, 6.1% SiO2, 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 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.

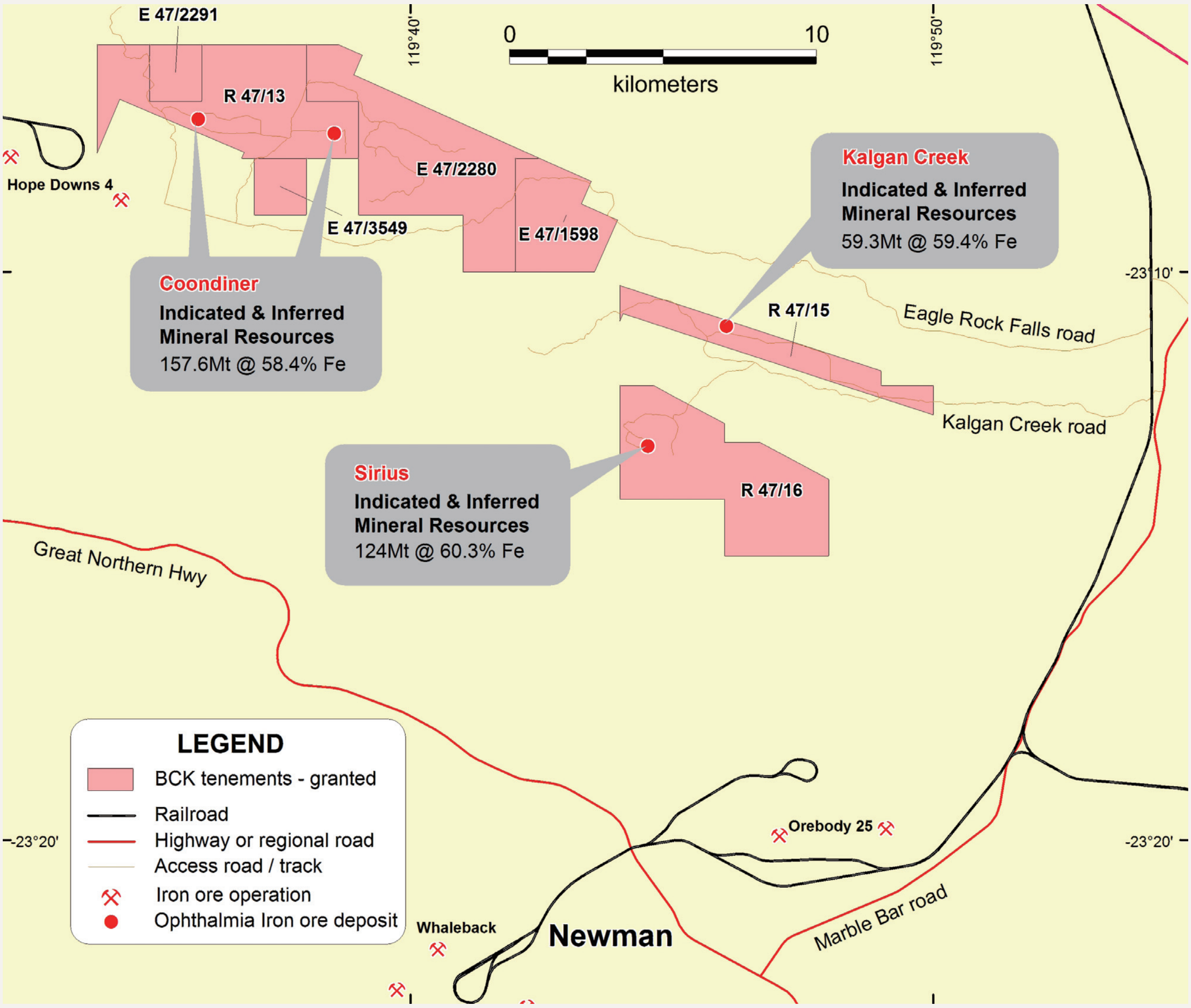
The Mineral Resource and Reserve estimation (see Tables 1 to 4) was prepared by Golder Associates Pty Ltd and has been classified in accordance with the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).

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).

MANAGEMENT DISCUSSION AND ANALYSIS

Figure 3: 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

In 2016 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, comprising 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 2019									
Deposit	**Class**	**Tonnes (Mt)**	**Fe (%)**	**CaFe* (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**S (%)**	**P (%)**	**LOI (%)**
Kalgan Creek	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 (Pallas and Castor)	Indicated	140.5	58.5	62.0	5.18	4.46	0.007	0.176	5.71
	Inferred	17.1	58.1	61.5	6.06	4.45	0.008	0.155	5.47
	Sub Total	**157.6**	**58.4**	**62.0**	**5.27**	**4.46**	**0.007**	**0.174**	**5.68**
Sirius	Indicated	105.0	60.4	63.7	3.54	3.97	0.007	0.18	5.22
	Inferred	19.0	60.2	63.4	4.09	3.83	0.009	0.17	5.14
	Sub Total	**124.0**	**60.3**	**63.6**	**3.62**	**3.95**	**0.007**	**0.18**	**5.20**
Ophthalmia Project	Indicated	280.4	59.3	62.7	4.43	4.29	0.007	0.178	5.50
	Inferred	60.5	59.3	62.8	4.73	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.

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 the Group's decision to divest the 40% interest in the Irwin-Coglia nickel laterite project, a competitive sale process was undertaken by PCF Capital Group. The outcome from this process was that the 60% participant in the Irwin Joint Venture Project (Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd) purchased the Company's 40% interest. The consideration received by the Company was A$1,700,000 (HK$9,617,000) which was paid in September 2018 following execution of a sale and purchase agreement and satisfaction of all conditions precedent.

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 estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external review of 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 generally finances its short-term funding requirements with equity funding and borrowings. The Group's ability to advance its iron ore project developments is reliant, among other things, on access to appropriate and timely funding.

The current ratio as at 30 June 2019 is 14.51 (30 June 2018: 11.73). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.02 (30 June 2018: 0.02).

During the period, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 30 June 2019.

CAPITAL STRUCTURE

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

Exercise of employee options

59,250,000 employee options were exercised by directors and employees.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2019 there were no assets that were pledged to secure any debt, and the Company did not provide any financial guarantees and there was no material contingent liability of the Group (30 June 2018: Nil).

RISK DISCLOSURE

Market Risk

The Group is exposed to various types of market risks, including fluctuations in iron ore price.

(a) Commodities price risk

Iron ore price:

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

We have not used any commodity derivative instruments or futures for speculation or hedging purposes. Management will review market conditions from time to time and determine the best strategy to deal with the fluctuations of iron ore price as required.

(b) Funding risk

The commencement of exploration and potential development of the iron ore projects will depend on whether the Group can secure the necessary funding.

(c) Risk that 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 etc. The Board will therefore closely monitor the development of the project.

STAFF AND REMUNERATION

As at 30 June 2019, the Group employed 14 employees (30 June 2018: 17), of which 4 were in Australia (includes 1 non-executive director) (30 June 2018: 5) and 10 in Hong Kong (includes 5 non-executive directors) (30 June 2018: 12).

The remuneration policy and packages, including share options of the Group's employees, senior management and directors are maintained at market levels and are reviewed periodically 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 the business to minimise the actual and potential environmental impact of the Company's activities, respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations. Furthermore, with no mining operations to be carried out, disturbance to the environment is expected to be minimal. We will continue to ensure that in the future, we are accountable for our environmental footprint.

Compliance with Laws and Regulations

During the year, the Group has complied with the relevant standards, laws and regulations that have a significant impact on 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 a high quality working environment for our employees. It is our custom to respect each other and 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 communications with management. We also strive to maintain good working relationships with our suppliers and customers.

Remuneration Policy

The Group's compensation strategy is to promote 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 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 69. Mr. Kwai joined the Group in June 2012. He is the Chairman of the Group. Mr. Kwai graduated from Anhui University in 1975. Mr. Kwai has more than 30 years 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. Also, Ocean Line has investments in infrastructure and operates other shipping related businesses including ports, terminals, warehouses, logistics, ship repairs and crew manning etc. The diversified operations of Ocean Line put it in a highly competitive position globally. In addition, Ocean Line has investments 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 72. Mr. Liu joined the Group in April 2012, and became the Vice Chairman of the Group in June 2012. Mr. Liu Zhengui has over 40 years of experience in corporate finance and capital management. He 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 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 73. 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 West Australian Professional Standards Committee of the Institute of Chartered Accountants, a former member of the National Disciplinary Committee, a former member of Lionel Bowens National Corporations Law Reform Committee, a former chairman of the Duke of Edinburgh Award 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 Limited 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 which is now a wholly owned subsidiary of Brockman Mining Limited.

EXECUTIVE DIRECTORS

Mr. Kwai Kwun, Lawrence

Mr. Kwai Kwun, Lawrence, aged 38, joined the Board in March 2014. He is a member of the Executive Committee. Mr. Kwai, has extensive experience in investment in international shipping, port operations and ship building, mining and finance. Mr Kwai graduated from Harvard University in the United States with a Bachelor of Mathematics degree. 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 46, joined the Group in January 2008. He is the Company Secretary and 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 as a 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

Chief Executive Officer of Australian Operation

Mr. Colin Paterson, aged 58, has over 30 years' experience in the resources sector covering a diverse range of geological environments throughout Australia, but principally in Pilbara iron ore region as well as gold and nickel exploration in the Archaean of Western Australia. He has extensive experience in the technical supervision 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 78, joined the Group in January 2008. He received a Fullbright 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 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 were published and 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 73, 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. Mr Yap retired as managing director of Johnson Matthey Hong Kong Limited in June 2007 and prior to that 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 47, 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 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 re-joined Brockman Mining Limited as the Business Development Director overseeing project funding and development. Prior to re-joining, Mr. Tee spent 3 years in investment and advisory activities covering the resources sector in Australia, Canada and Indonesia. Mr. Tee graduated from Walsh University, USA, with a Bachelor of Arts Degree (Magna Cum Laude).

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's Corporate Governance policies have been formulated to ensure that it is a responsible corporate citizen. Unless otherwise noted, the Company has 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-ends commencing on or after 1 July 2016, ("the ASX Principles") during the entire year ended 30 June 2019. Except for the following:

(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 directors' other commitments and schedule conflicts, not all of the non-executive directors of the Company attended all the general meetings.

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 2019, three of the nine Directors were independent. Whilst this is not a majority of Independent non-executive directors, it is believed to be a suitable balance between the composition of executive and non-executive directors. Each of the independent non-executive Directors has made an annual confirmation stating compliance with the independence criteria set out in Rule 3.13 of the HK Listing Rules and Principle 2.4 of the ASX Principles. The Directors consider all of the independent non-executive Directors to be independent under the independence criteria and all are capable of effectively exercising independent judgment.

Directors in office during the year are as follows:

Name of Director/role	Date of appointment	Period in office as at the date of Annual Report (Years of service)	Board Meeting Attended/Eligible to attend*	General Meeting Attended/Eligible to attend*
Non-Executive Directors				
Kwai Sze Hoi, Chairman	15 Jun 2012	7	5/7	2/2
Liu Zhengui, Vice Chairman	27 Apr 2012	7	5/7	0/2
Ross Stewart Norgard	22 Aug 2012	7	5/7	0/2
Independent Non-Executive Directors				
Uwe Henke Von Parpart	2 Jan 2008	11	5/7	2/2
Yap Fat Suan, Henry	8 Jan 2014	5	5/7	2/2
Choi Yue Chun, Eugene	12 Jun 2014	5	5/7	2/2
Executive Directors				
Chan Kam Kwan, Jason, *Company Secretary*	2 Jan 2008	11	7/7	2/2
Kwai Kwun Lawrence	13 Mar 2014	5	7/7	2/2
Colin Paterson	25 Feb 2015	4	5/7	2/2

* 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 7 meetings were held during the year ended 30 June 2019.

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

The Board has established different sub-committees with members as at 30 June 2019 as follows:

	Nomination Committee	Audit Committee	Remuneration 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			
Choi Yue Chun Eugene	Member	Member	Member	Chairman	Member	

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

Board Skills Matrix

The following table summarises the combination of skills and experience of the board:

Experience, skills & attributes	Board	Nomination	Audit	Remuneration & performance	Sustainability	Risk	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 yrs)	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, a 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 Company's website. The Committee's primary functions are:

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

The Committee consists of a majority of independent Directors and was comprised of the following members during the year ended 30 June 2019:

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 2019.

NOMINATION POLICY

The Company has adopted a Nomination Policy which sets out below the nomination procedures and the criteria.

Nomination Procedures

Subject to the provisions in the Company's Bye-laws, if the Board recognises the need for an additional Director or member of senior management:

(a) the Board determines the required skilled set, relevant expertise and experience, having consideration of the current Board composition and size and shareholder structure of the Company;

(b) the Committee and/or Board identifies potential candidates, possibly with assistance from external agencies and/or advisors;

(c) the Company Secretary provides the Board with the biographical details and details of the relationship between the candidate and the company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by law for any candidate for appointment to the Board;

(d) the Board develops a short list of candidates;

(e) in the case of the appointment of an additional independent non-executive Director, the Board obtains all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director;

(f) the Board agrees on a preferred candidate;

(g) the Chairman of the Board approaches the preferred candidate to canvass interest, availability and terms of appointment; and

(h) the chairman of the Committee, the Chairman of the Board and the Company Secretary finalise a letter of appointment for Board approval.

In the case of the appointment of independent non-executive Directors, appointments should be for specific terms and subject to re-election, the ASX Listing Rules, the HKEx Listing Rules and the Companies Act 1981 of Bermuda.

The selection criteria including but not limited to the following

- **Business experience:** The candidate should have significant experience from a senior role in an area of business, public affairs or academia, relevant to the Company. Awareness of the Group's focusing industry would be an advantage but not a requirement in all cases.

- **Public board experience:** The candidate should have relevant expertise and experience earned as a Board member of a reputable listed company or from a senior position in his or her industry, public affairs or academia.

- **Diversity:** The candidate should contribute to the Board being a diverse body, with diversity reflecting gender, age, cultural and educational background, ethnicity, professional experience, qualifications, skills and length of service. Given the current composition of the Board, a female candidate would be an advantage but not a requirement.

- **Standing:** The candidate should be of the highest ethical character and have a strong reputation and standing, both personally and professionally, in his or her fields.

- **Time commitment:** Each Board member must have sufficient time available for the proper performance of his or her duties. Directors should be sufficiently free of other commitments to be able to devote the time needed to prepare for meetings and participate in induction, training, appraisal and other Board associated activities.

- **Independence:** For the candidate who is proposed as an independent non-executive director, he or she must satisfy all the independence requirements as set out in Rule 3.13 of the Listing Rules. He or she must always be aware of threats to his or her independency and avoid any conflict of interest with the Company. He or she must be able to represent and act in the best interest of the Company and its shareholders as a whole.

These factors are for reference only, and not meant to be exhaustive and decisive. To ensure that the existing policy continues to be implemented smoothly in practice, the Company shall undertake regular reviews and reassess this policy having regard to the regulatory requirements, good corporate governance practice and the expectations of the Shareholders and other stakeholders of the Company. The Company will propose amendments to the Board for approval.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Policy**") setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All board appointments are based on merit and contribution, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee reviews the Policy on a regular basis and discusses any revisions that may be required, and recommends any such revisions to the Board for consideration and approval.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Bye-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 are 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 ('AGM') 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. Liu Zhengui, Kwai Kwun, Lawrence, and Ross Stewart Norgard will be standing for re-election at the forthcoming 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 2019.

BOARD MEETINGS

The Board conducts meetings on a regular basis as required by business needs. The Bye-Laws of the Company allow 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 7 meetings during the year ended 30 June 2019.

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 in accordance with the Terms of Reference, a copy of which is located on the Company's website.

The Committee consists of a majority of independent Directors and was compromised of the following members during the year ended 30 June 2019:

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 2019.

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 Directors' 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 flow. Accordingly, the structure of the Non-Executive Directors' remuneration allows for remuneration in the form of share 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 making recommendations 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 executives 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 2012 Share Option Scheme. Details of the 2012 Share Option Scheme can be found 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 year, refer to the notes to the financial statements. The emoluments (includes share-based compensation) of the directors and members of the senior management by band for the year ended 30 June 2019 is set out below:

	Number of members 2019 *	Number of members 2018
HK$0 to HK$1,000,000	**6**	6
HK$1,000,001 – HK$2,000,000	**2**	2
HK$2,000,001 – HK$3,000,000	**2**	2
	10	10

AUDIT COMMITTEE

The Board has established an Audit Committee to carry out its oversight of the Company's financial reporting system and internal control procedures. The Committee carries out its duties in accordance with the Terms of Reference, a copy of which is located on the Company's 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 was as follows during the year ended 30 June 2019:

Name of Director/role	**Expertise**	**Meetings attended/ eligible to attend(*)**
Independent Non-Executive Directors		
Yap Fat Suan, Henry, Chairman	Fellow of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants	3/3
Uwe Henke Von Parpart	Graduated from Princeton University and the University of Pennsylvania with a PhD Mathematics and Philosophy. Up to March 2016, Managing Director and Chief Strategist for Reorient Financial Markets Limited	3/3
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	3/3

(*) Represents the total number of meetings held during the year ended 30 June 2019.

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. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policy on the engagement of an external auditor or to supply non-audit services. For this purpose, 'external auditor' shall include any entity that is under common control, ownership or management of the audit firm, or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

(d) to monitor the integrity of financial statements of the Company and the Company's annual report and accounts, half-yearly report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

(e) to evaluate the adequacy of the Company's accounting control system by reviewing written reports from the external auditors, and monitor management's responses and actions to correct any noted deficiencies;

(f) to review the adequacy and effectiveness of the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Company's internal control and risk management systems through active communication with management and the external auditors;

(g) to discuss with management the system of internal control and risk management and ensure that management has discharged its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(h) to consider any findings of major investigations of risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

(j) where an internal audit function exists, to assess the performance and objectivity of the internal audit function and to make recommendations for the appointment and dismissal of the Head of Internal Audit;

(k) to review the Group's financial and accounting policies and practices;

(l) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;

(m) to ensure that the Board provides a timely response to the issues raised in the external auditor's management letter;

(n) to review arrangements for employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

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

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' REPSPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 30 June 2019 have been reviewed by the Board and the Audit Committee and audited by the external auditor, Ernst and Young Australia. The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects.

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

The report of the auditor of the Company about their reporting responsibilities on the financial statements of the Company 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 Executive 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 in accordance with the Terms of Reference, a copy of which is located on the Company's website. The Committee consists of a majority of independent Directors and was comprised of the following members during the year ended 30 June 2019:

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 2019.

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 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, a copy of which is located on the Company's website. The Committee was comprised of the following members during the year ended 30 June 2019:

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 2019.

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 mainly composed of non-executive directors and independent 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. The conclusion is that there was 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 report directly to the Board and the Audit Committee, and monitor the existence and effectiveness of the controls in the Group's business operations.

The Executive Directors also discuss the audit plan with the Audit Committee and the external auditors. The audit plan is reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. In addition, regular consultation is undertaken with the Group's external auditors so they are aware of the significant factors which may affect their respective scope of work. Reports from the external auditors on relevant financial reporting matter are presented to the Audit Committee, and, as appropriate, to the Board.

For risk management, the Board, the Risk Management Committee, and management have reviewed the Group's financial, operational, 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 the section 'Management Discussion and Analysis'.

Although the Company is not required to comply with Section 295A of the Australian Corporations Act 2001 (being a company incorporated in Bermuda), the Board requires a 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 is 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 Ernst and Young Australia for the year ended 30 June 2019 was HK$1,659,000 of which HK$785,000 represents annual audit fees, HK$874,000 represents fees for non-audit services.

The services provided by the previous auditor PricewaterhouseCoopers for the year ended 30 June 2019 was HK$1,377,000 of which HK$927,000 represents annual audit fees and HK$450,000 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, financial statements and interim reports within the period as per the Listing Rules. Also, 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, and the HK Listing Rules. The Directors have observed the disclosure requirements of the ASX 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 Company's 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 Company'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 AGM 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 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 Bye-Law 58 of the Company, the Board may whenever it thinks fit call special general meetings, and members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings for the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.

Procedures for directing Shareholders' Enquiries to the Board

Shareholders enquiries can be directed to inquiry@brockmanmining.com or by writing to the Company Secretary's 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 the Company's website and in the 2019 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 2019 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

A.1 EMISSIONS

During the year, the Group was at minimal spend and retained office space to secure an infrastructure solution for the Marillana project. No mining activities have been carried out.

Management considers that the emissions and wastes generated by any exploration activity would have an insignificant impact on the environment due to the minimal activities undertaken.

At present, and with consideration to the scale of the exploration activity, the Greenhouse Gases emissions are generated from electricity consumption in the office space.

Relevant KPIs are as shown below:

Purchased electricity consumption	15,606 kWh
Carbon dioxide emission from the generation of purchased electricity	12,485 kg CO_2e
Carbon dioxide emission intensity per metre office area in M^2	32.4 kg/square

During the reporting period, the major hazardous wastes were printer toner cartridges, batteries and obsolete computer and printing equipment. These were properly disposed and recycled. Non-hazardous waste such as daily domestic waste from employee and printing paper. These amounts were not considered material.

As mitigation measures for emissions, the Company implement the following:

— Reduction of unnecessary business trips and organize board meetings via electronic communications.

— Encouraged employee to switch off lights and air conditioning.

During the reporting period, the Company has relocated its corporate office, and due to the increased size of office space and reduced number of employee, there was a slight increase in electricity consumption and the corresponding carbon footprint.

A.2 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 cartridge recycling, and promoting electronic communications and storage.

To reduce consumption of paper, the Group prefers using electronic means to disseminate information via electronic devices and electronic communication systems.

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 and beverages and hence reduce the use of plastic disposable utensils. The group encourages its employees to choose public transportation and carpool to reduce car driving and thus the impact on the environment and transportation. The Group does not own any vehicles and we therefore do not directly produce any greenhouse and hazardous gases from cars used.

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

The Group, also promotes initiatives to mitigate environmental impacts by choosing energy-efficient products by comparing Energy Labels issued by the Electrical and Mechanical Services Department (EMSD)/Energy Rating Labels issued by the Australian Federal Government. As 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.

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

The Group's existing business operation does not require any significant water consumption, water usage and any consumption relates to drinking water (including bottled water).

The Group's drinking water consumption for the year amounted to 1.23m^3 with a water consumption intensity amounted to approximately 0.21m^3 per employee. We require employees to report immediately whenever damage is found to any of the water facilities.

A.3 THE ENVIRONMENT AND NATURAL RESOURCES

The Company is committed to the principles of being a good corporate and environmental citizen, and shall take into careful consideration of environmental, social responsibility and sustainability issues when choosing its vendors. The Group aims to minimize its environmental footprint and its disturbance to the natural resources. We anticipate that fines residue storage and waste rock management, water use and discharge, and land management and rehabilitation would be the most important areas of concern once in production and the Group shall closely monitor these aspects, in compliance with its regulatory approvals obtained with key State and Commonwealth environmental approvals that have been received for the Marillana project. Each year, the Company undertakes an annual compliance review and provides 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 and transport ore to Port Hedland by rail. After rehabilitation, the long-term cleared footprint will be around 60 ha which represents the final open 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, Industry, Resources and Safety.

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 in place and we shall adhere to our proposed plan in the event of commencement of early works. We would have best endeavours to mitigate environmental disturbance, and apply our monitoring schedule when the projects commercializes.

B. SOCIAL

B.1 EMPLOYMENT AND LABOUR PRACTICES

Employment

We believe that people are the foundation of our business, and retaining quality staff is paramount to supporting our business. We aim to retain our staff 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 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 a written employment contract that outlines conditions of employment which includes job title, job duties, working hours, holidays, remuneration, termination process and benefits are agreed by both parties.

Promotion, compensation and dismissal

We motivate employees by promotion and salary increments based on results of regular performance appraisals. Staff dismissal is 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 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

A five-day 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, maternity, paternity, marriage and compassionate leave. Employees are also entitled to benefits such as medical benefits, MPF scheme contributions and other benefits subject to the Group's human resources management policy.

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, 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 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:

	2019	2018	2017	2016	2015
Proportion of women appointed as Non-Executive	**0**	0	0	0	0
Directors Proportion of women in the workplace	**15%**	18%	21%	24%	10%
Proportion of women in senior management	**8%**	38%	13%	10%	11%
Parental leave return rates	**18%**	N/A	100%	N/A	N/A
Employee turnover	**15%**	53%	24%	82%	45%

The Board is continually looking to achieve diversity and will endeavour to appoint individuals who will provide a mix of diverse experience, perspective and skills appropriate for the Company, including appropriate technical and commercial skills relevant to the mining industry.

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

During the year, the Group was not aware of any material breaches 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.

TOTAL WORKFORCE	**14**	
By Nature of Work	**Australia**	**Hong Kong**
Corporate directors	2	7
Corporate Services	1	2
Project Development	0	1
Exploration	1	0
By Gender	**Australia**	**Hong Kong**
Male	3	9
Female	1	1
By Employee Category	**Australia**	**Hong Kong**
Directors (Executive)	1	2
Directors (Non-executive)	1	5
Management team	2	3

B.2 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 obligation 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 updated on 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 observe to our Operational Health and Safety ('OHS') Policy for all our activities 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;

— Hazards should be identified and their risks eliminated or controlled;

— Every task, can be done safely;

— 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 asset 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 training and encourage them to fully utilize their potential. 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 description.

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 complies with all relevant laws and regulations. During the year, 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. Upon selection of new vendors, the Company will evaluate the vendors' performance, reliability and pricing, but also the environmental attributes such as impact to the environment and energy saving functionalities. Also, consideration of previous performance of the vendor in terms of creditability and compliance with local regulations.

B6. PRODUCT RESPONSIBILITY

The Company will ensure all required documentation will be implemented prior to shipment of iron ore. Sinter testwork 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

The Company has established rules against bribery or corruption, which prohibit employees from accepting gifts from other people in a business relationship. To ensure effective implementation, every employee has been trained on these rules. Furthermore, the Company has 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. 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 of funds 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 encourage our employees to volunteer their time and skills in contributing to the community at the same time enriching their knowledge of environmental and social issues, moreover, to prevent and mitigate any potential and actual negative impact on the community.

The Company had sponsor charity run/marathon for employees.

The Directors present their report together with the audited consolidated financial statements of the Company for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The principal activities of the Company and its subsidiaries ("Group") 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 33 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2019 are set out in the consolidated statement of comprehensive income on page 47.

RESERVES

Movements in the reserves of the Group during the year are set out in consolidated statement of changes in equity on pages 49 to 50.

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 2019 annual report and any public announcements made by the Company during the period. Detailed business review is set out in pages 4 to 13. 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.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Hong Kong Laws, the bye-laws of the Company, the Bermuda Companies Act 1981 (as amended from time to time) and any other applicable laws, rules and regulations.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings, distributable reserves and contributed surplus of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends or other convenants on the Group's financial ratios that may be imposed by the Group's financial creditors;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;

- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

DISTRIBUTABLE RESERVES

As at 30 June 2019, 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 5 financial years is set out on page 81.

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 Clause 87(1) of the Company's Bye-laws Messrs. Liu Zhengui, Ross Stewart Norgard and Kwai Kwun, Lawrence, shall retire and, being eligible, offer him for re-election at the forthcoming annual general meeting.

CONFIRMATION OF INDEPENDENCE

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

DIRECTOR'S SERVICE CONTRACT

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 EXECUTIVE'S INTERESTS

As at 30 June 2019, 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 (the "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:

Long positions of ordinary shares of HK$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Number of options granted	Percentage of the issued share capital of the Company
Mr Kawi Sze Hoi	Jointly *(Note)*	60,720,000	—	0.66%
	Interests of controlled corporation *(Note)*	2,426,960,137	—	26.32%
	Beneficial owner	47,400,000	40,000,000	0.95%
	Interest of spouse	9,264,000	—	0.10%
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	—	1.94%
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	45,908,412	17,500,000	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 60% by Mr. Kwai Sze Hoi and 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 Executive, 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 2019.

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 at the AGM dated 13 November 2012. The particulars of the Share Option Scheme are set out in Note 26 to the consolidated financial statements and details of the options outstanding as at 30 June 2019 which have been granted to Qualified Persons under the Share Option Scheme are as follows:

	Option type	Outstanding as at 1 July 2018	Exercised	Lapsed	Granted	Outstanding as at 30 June 2019
Directors						
Kwai Sze Hoi	2018B	80,000,000	40,000,000	—	—	40,000,000
Liu Zhengui	2018B	2,500,000	—	—	—	2,500,000
Ross Stewart Norgard	2018B	1,500,000	—	—	—	1,500,000
Chan Kam Kwan Jason	2018B	10,000,000	—	—	—	10,000,000
Kwai Kwun Lawrence	2018B	35,000,000	17,500,000	—	—	17,500,000
Colin Paterson	2018B	12,000,000	—	—	—	12,000,000
Uwe Henke Von Parpart	2018B	1,500,000	—	—	—	1,500,000
Choi Yue Chun Eugene	2018B	1,500,000	—	—	—	1,500,000
Yap Fat Suan Henry	2018B	1,500,000	—	—	—	1,500,000
Employees	2018A	65,000,000	1,750,000	1,500,000	—	61,750,000
TOTAL		210,500,000	59,250,000	1,500,000		149,750,000
Weighted average exercise price		0.13				0.14

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 6.19% 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 and 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 any competing business to the Group.

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

Details of the related party transactions for the year are set out in Note 32 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 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 2019 are disclosed in Note 32 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, 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 of ordinary shares and underlying shares of HK$0.10 each of the Company

Name of shareholder	Nature of interest	Number of shares or underlying shares	Percentage of the issued share capital of the Company
Ocean Line Holdings Ltd ("Ocean Line") *(Note 1)*	Beneficial owner	2,426,960,137	26.32%
Kawi Sze Hoi *(Note 1)*	Interest held by controlled corporations	2,426,960,137	26.32%
	Interest held jointly with another person	60,720,000	0.66%
	Beneficial owner	87,400,000	0.95%
	Interest of spouse	9,264,000	0.10%
Cheung Wai Fung *(Note 1)*	Interest held by controlled corporations	2,426,960,137	26.32%
	Interest held jointly with another person	60,720,000	0.66%
	Beneficial owner	9,264,000	0.10%
	Interest of spouse	87,400,000	0.95%
Equity Valley Investments Limited	Beneficial owner	515,574,276	5.59%
The XSS Group Limited *(Note 2)*	Interest held by controlled corporations	515,574,276	5.59%
Cheung Sze Wai, Catherine *(Note 2)*	Interest held by controlled corporations	515,574,276	5.59%
Luk Kin Peter Joseph *(Note 2)*	Interest held by controlled corporations	515,574,276	5.59%
	Beneficial owner	50,000,000	0.54%
KQ Resources Limited	Beneficial owner	1,301,270,318	14.11%

Notes:

1. Ocean Line is owned 60% by Mr Kwai Sze Hoi and 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, of which 40,000,000 were exercised on the 17 January 2019.

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. In addition, Mr Luk was granted a total of 50,000,000 options.

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 2019.

PURCHASE REDEMPTION OR SALE OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed 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 of 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 officers insurance coverage for the directors and officers of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate operating and administrative expenses attributable to the Group's five largest suppliers were less than 24% of total operating and administrative expenses (include exploration and evaluation expenses) for the year. At no time during the year did any Director, or 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 ANY DIRECTOR

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

— Mr. Kwai Sze Hoi has been appointed as chairman of Ocean Line Port Development Limited (Stock Code: 8502) since December 2017 and the company was listed in July 2018.

— Mr. Chan Kam Kwan Jason has resigned as the executive director and company secretary of Lajin Entertainment Network Group Limited (Stock code: 8172) in November 2018.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 16 to 29 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, there was sufficient 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 2019 have been audited by Ernst and Young who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

By order of the Board.

Kwai Sze Hoi
Chairman

Hong Kong, 25 September 2019

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of Brockman Mining Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Brockman Mining Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 47 to 80, which comprise the consolidated balance sheet as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") 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 issued by the International Auditing and Assurance Standards Board ("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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2(a) in the consolidated financial statements, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated 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, and for each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Carrying value of capitalised mining exploration properties

Why significant	How our audit addressed the key audit matter
At 30 June 2019 the Group held capitalised mining exploration properties in Australia of HK$757,345,000, representing 97% of the Group's total assets. The carrying value of mining exploration properties is assessed for impairment by the Group when facts and circumstances indicate that these properties may exceed their recoverable amount. The determination as to whether there are any indicators to require a mining exploration property to be assessed for impairment, involves a number of judgments including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Directors did not identify any impairment indicators. Refer to Note 18 in the consolidated financial statements for capitalised mining exploration property balances and related disclosures.	We considered and challenged the Group's assessment as to whether there were impairment indicators present that required the capitalised mining exploration properties to be tested for impairment as at 30 June 2019. In performing our procedures, we: ► Considered whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements ► Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's Board approved cashflow forecast and enquiring of senior management and the Directors as to their intentions and the strategy of the Group ► Assessed whether exploration and evaluation data exists to indicate that the carrying value of mining exploration properties is unlikely to be recovered through development or sale, and ► Assessed the adequacy of the disclosures in Note 18 of the consolidated financial statements.

2. Recognition of deferred tax asset

Why significant	How our audit addressed the key audit matter
At 30 June 2019, the Group recognised a deferred tax asset (DTA) of HK$93,373,000 in its consolidated balance sheet with a corresponding deferred tax benefit in the consolidated statement of comprehensive income for certain of its Australian carry forward tax losses. This DTA has been fully offset against the deferred tax liability in the consolidated balance sheet, resulting in a net deferred tax liability of HK$134,172,000. The Group's exploration activities in Australia have generated significant carry forward tax losses. Australian tax laws covering the recoupment of these carry forward tax losses are complex. Under IFRS, DTAs for carry forward tax losses are only recognised when their recovery is considered probable. This consideration of carry forward tax loss recognition is reassessed at each reporting period. Given the significant degree of judgement involved in management's assessment as to the recoverability of the DTA and the related income tax benefit recorded for the year ended 30 June 2019, we consider this a key audit matter. Refer to Notes 4(b), 14 and 27 in the consolidated financial statements for and related disclosures.	We assessed the Group's decision to record a DTA and the methodology for determining the amount of the DTA to be recognised for compliance with IFRS. Our audit procedures included the following: ► We assessed the amount of the Group's available carry forward tax losses and the impact of any known or potential limitations that may affect the recoverability of the estimated tax benefit arising from the carry forward tax losses. This work included consultation with our tax specialists ► We obtained and considered correspondence: ► Between the Group and the Australian tax authorities, and ► Between the Group and external tax advisors. ► We also assessed the adequacy of the related disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The Directors of the Company are responsible for the other information. The other information comprises 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 THE DIRECTORS 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 IFRS issued by the IASB 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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 judgment 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 Pierre Dreyer.

Ernst & Young
Chartered Accountants
Perth, Western Australia
25 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 HK$'000	2018 HK$'000
		Year ended 30 June	
Other income	11	**142**	300
Other gain/(loss)	12	**9,526**	(208)
Administrative expenses	9	**(26,803)**	(34,644)
Exploration and evaluation expenses	9	**(7,796)**	(9,460)
Operating loss		**(24,931)**	(44,012)
Finance income		**54**	26
Finance costs		**(1,320)**	(4,511)
Finance costs, net	13	**(1,266)**	(4,485)
Share of profit/(loss) of joint ventures	30	**412**	(562)
Loss before income tax		**(25,785)**	(49,059)
Income tax benefit	14	**93,373**	—
Profit/(loss) for the year from continuing operations		**67,588**	(49,059)
Discontinued operation			
Profit from discontinued operation	34	**—**	157,145
Profit for the year		**67,588**	108,086
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss			
Exchange differences arising from translation of foreign operations		**(34,045)**	(12,451)
Reclassification of translation reserve arising from disposal of subsidiaries		**—**	(55,578)
Other comprehensive loss for the year		**(34,045)**	(68,029)
Total comprehensive income for the year		**33,543**	40,057
Profit/(Loss) for the period attributable to equity holders of the Company:			
Continuing operations		**67,588**	(49,059)
Discontinued operation		**—**	157,145
Total comprehensive (loss)/income attributable to equity holders of the Company:			
Continuing operations		**33,543**	(61,510)
Discontinued operation		**—**	101,567
(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	**0.74**	(0.58)
Discontinued operation	16	**—**	1.85
		0.74	1.27
Diluted (loss)/earnings per share from:			
Continuing operations	16	**0.73**	(0.58)
Discontinued operation	16	**—**	1.85
		0.73	1.27

The notes on pages 52 to 80 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2019

	Note	As at 30 June 2019 HK$'000	2018 HK$'000
Non-current assets			
Mining exploration properties	18	**757,345**	802,617
Property, plant and equipment	19	**144**	268
Interest in joint venture	30	**653**	126
Other non-current assets		**508**	538
		758,650	803,549
Current assets			
Other receivables, deposits and prepayments	22	**918**	390
Cash and cash equivalents	21	**20,906**	34,258
		21,824	34,648
Total assets		**780,474**	838,197
Equity			
Share capital	25	**922,123**	916,198
Reserves		**3,812,692**	4,301,421
Accumulated losses		**(4,102,845)**	(4,632,894)
Total equity		**631,970**	584,725
Non-current liabilities			
Deferred income tax liability	27	**134,172**	238,954
Borrowings	24	**12,828**	11,508
Provisions	23	**—**	58
		147,000	250,520
Current liabilities			
Trade and other payables	23	**1,504**	2,952
		1,504	2,952
Total liabilities		**148,504**	253,472
Total equity and liabilities		**780,474**	838,197

The consolidated financial statements on pages 47 to 80 were approved by the Board of Directors on 25 September 2019 and were signed on its behalf.

Kwai Kwun, Lawrence
Director

Chan Kam Kwan, Jason
Director

The notes on page 52 to 80 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Statutory reserves HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Other reserve 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	—	—	—	—	(55,578)	—	—	(55,578)
Total other comprehensive loss for the year	—	—	—	—	(68,029)	—	—	(68,029)
Total comprehensive income/(loss) for the year	—	—	—	—	(68,029)	108,086	—	40,057
Transactions with equity holders								
Issuance of shares	78,000	—	—	—	—	—	—	78,000
Share based compensation	—	—	—	2,705	—	—	—	2,705
Transfer upon disposal of subsidiaries	—	—	(9,946)	—	—	5,710	4,236	—
Appropriations to statutory reserve	—	—	(256)	—	(256)	—	—	—
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Attributable to equity holders of the Company						
	Share capital HK$'000	Share premium HK$'000	Share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 July 2018	916,198	4,460,106	82,833	(703,979)	(4,632,894)	462,461	584,725
Profit for the year	—	—	—	—	67,588	—	67,588
Exchange differences arising on translation of foreign operations	—	—	—	(34,045)	—	—	(34,045)
Total comprehensive profit/(loss) for the year	—	—	—	(34,045)	67,588	—	33,543
Transactions with equity holders							
Issuance of shares	5,925	—	—	—	—	—	5,925
Exercise of options	—	2,910	(1,489)	—	—	—	1,421
Transfer to accumulated losses					462,461	(462,461)	—
Share-based compensation	—	—	6,356	—	—	—	6,356
Total transactions with equity holders	5,925	2,910	4,867	—	462,461	(462,461)	13,702
Balance at 30 June 2019	922,123	4,463,016	87,700	(738,024)	(4,102,845)	—	631,970

The notes on pages 52 to 80 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	Year ended 30 June	
		2019	2018
		HK$'000	HK$'000
Cash flows from operating activities			
Net cash used in operating activities	28	**(29,995)**	(33,581)
Cash flows from investing activities			
Interest received		**45**	26
Proceeds from disposal of mineral tenements		**9,526**	—
Proceeds from disposal of property, plant and equipment		**—**	3,160
Investment in joint venture		**(116)**	(249)
Acquisition of property, plant and equipment		**(13)**	(126)
Net cash outflows arising from disposal of subsidiaries		**—**	(140)
Net cash generated from investing activities		**9,442**	2,671
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**7,347**	32,158
Proceeds from borrowings		**—**	11,000
Interest paid		**—**	(1,908)
Net cash generated from financing activities		**7,347**	41,250
Net (decrease)/increase in cash and cash equivalents		**(13,206)**	10,340
Cash and cash equivalents at beginning of the year		**34,258**	23,995
Effects of foreign exchange rate changes		**(146)**	(77)
Cash and cash equivalents at end of the year	21	**20,906**	34,258
Cash used for exploration and evaluation activities included in operating activities		**(7,796)**	(9,795)

The notes on pages 52 to 80 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Brockman Mining Limited (the "Company") and its subsidiaries (collectively, the "Group") principally engage in the acquisition, exploration and development of iron ore projects in Australia.

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

These consolidated financial statements are presented in Hong Kong dollars (HK$), and all values are rounded to the nearest thousand (HK$'000), except where otherwise indicated.

2. BASIS OF PREPARATION

The consolidated financial statements of Brockman Mining Limited have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention.

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

(a) Going concern basis

For the year ended 30 June 2019, the Group recorded a net loss before tax of HK$25,785,000 (2018: HK$49,059,000) and had operating cash outflows of HK$29,995,000 (30 June 2018: HK$33,581,000). The Group did not record any revenue during the year and the loss before tax for the period was primarily attributable to the exploration and evaluation of the Company's iron ore exploration projects and corporate overhead costs. As at 30 June 2019, the Group's cash and cash equivalents amounted to HK$20,906,000 (30 June 2018: HK$34,258,000).

On the 19 July 2019, both Brockman Iron and Polaris agreed that the Farm-in Obligations may take up to a further 12 months to complete and therefore the parties have agreed to extend certain key dates under the FJV.

The directors are confident that the Group can continue to advance the FJV with the aim of unlocking the value of the Marillana Project. Once Polaris fulfils its Farm-in Obligations, an interest-free loan of A$10,000,000 (equivalent to approx. HK$58,000,000), which is currently secured 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. This loan will only be repaid from net revenue received by Brockman Iron from the sale of its share of product sold from the Marillana Project that is transported under the rail and port system contemplated in the Mine to Ship Services Agreement.

The Group has taken a number of measures to improve its liquidity position, including, but not limited to, the following:

(i) Extending the repayment date of the existing loans of HK$12,828,000 from the substantial shareholder to 31 October 2020. These loans bear interest at 12% per annum.

(ii) On 18 September 2018, the Group secured a standby loan facility from its substantial shareholder amounting to HK$10,000,000. If drawn down, the loan will be unsecured, bear interest at 12% per annum and be repayable on 31 October 2020.

The directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of approval of these consolidated financial statements. They are of the opinion that, taking into account the above-mentioned 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 the date of approval of these consolidated financial statements.

The directors are confident that the Group can continue to access debt and equity funding to meet medium term working capital requirements and has a history of securing such funding as required in the past to support their confidence. In the event that funding of an amount necessary to meet the future budgeted operational and investing activities of the Group is unavailable, the directors would undertake steps to curtail these operating and investment activities. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

2. BASIS OF PREPARATION (Continued)

(a) Going concern basis (Continued)

Notwithstanding the above, there remains material uncertainty as to whether the Group can raise sufficient funding as outlined above which may cast significant doubt about the Group's ability to continue as a going concern and, therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these consolidated financial statements.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of the Group's assets or to the amounts and classification of liabilities which might be necessary should the Group not continue as a going concern.

3. PRINCIPAL 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

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 2018, and have been adopted in preparing these consolidated financial statements:

		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)	Share-based Payment, Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15 (Amendment)	Clarification to IFRS 15	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

There has been no material impact from the adoption of these accounting standards.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

New and amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the year ended 30 June 2019 and have not been early adopted:

		Effective for annual periods beginning on or after
IFRIC 23	Uncertainty Over Income Tax Treatments	1 January 2019
Annual Improvements Project (Amendments)	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
IAS 1 and IAS 8 (Amendments)	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IFRS 3	Definition of a Business	1 January 2020
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 are expected to have a significant effect on the consolidated financial statements, except for the following as set out below, the effect of which is yet to be determined by the Group:

IFRS 16 Leases

IFRS 16 was issued in May 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use asset over 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 asset and financial liabilities in the consolidated balance sheet. As for the financial performance impact in the consolidated statement of comprehensive income, operating lease expenses will decrease, while depreciation and amortisation and the interest expense will increase.

The standard is mandatory for financial years beginning on or after 1 January 2019.

IFRIC 23 Uncertainty Over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

— Whether an entity considers uncertain tax treatments separately

— The assumptions an entity makes about the examination of tax treatments by taxation authorities

— How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

— How an entity considers changes in facts and circumstances.

3. PRINCIPAL 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 disposal of 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 IFRS.

(c) Joint arrangements

The Group applies 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 internal reports provided to executive directors of the Company who are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

3. PRINCIPAL 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 operations (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 profit and loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and 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 statement of comprehensive income are translated at average exchange rate (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), 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 is re-attributed to non-controlling interests and is not recognised in profit and 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 and 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. PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant, furniture, fixtures and equipment	12.5% — 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement is recognised in the profit and loss in the year the asset is derecognised and determined as is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(h) Impairment of non-financial assets

Assets that are subject to amortisation and mining exploration properties 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial assets

Classification and measurement up to 30 June 2018

The Company classified its financial assets as loans and receivables. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition.

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. They were included in current assets, except for the amounts that were settled or expected to be settled more than 12 months after the end of the reporting period. These were classified as non-current assets. The Company's loans and receivables comprised 'amounts due from fellow subsidiaries', 'deposits and other receivables' and 'cash and cash equivalents' in the balance sheet.

Classification and measurement from 1 July 2018

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement up to 30 June 2018

Loans and receivables were subsequently carried at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

Subsequent measurement from 1 July 2018

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. 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 are rewards of ownership.

The Group measures financial assets at amortised cost if both of the following conditions are met:

— The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

— The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the profit and loss.

Offsetting financial instruments

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

Impairment of financial assets up to 30 June 2018

The Company 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 date 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.

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 statement of comprehensive income.

Impairment of financial assets from 1 July 2018

For trade receivables, the Group applies a simplified approach to calculating the ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

(j) Other receivables

Other receivables are amounts due from transactions outside the ordinary course of business. 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.

(k) Cash and cash equivalents

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

(l) 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 deduction, net of tax, from the proceeds.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) 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.

(n) Borrowings

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

Fees paid on the settlement 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 prepayment 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.

(o) 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 and loss in the period in which they are incurred.

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised 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 ('BMHA'), 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 Group operates and generates 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, 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 that at the time of the transaction affects neither accounting nor taxable profit or 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 income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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 taxes 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.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) 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 wages 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 high quality corporate 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 scheme are charged as expenses when employees have rendered services entitling them to the contributions.

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

(r) Share-based payments

(i) 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 option 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.

(ii) 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.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) Provisions

A provision is recognised when a present obligation (legal and constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit and loss.

(t) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(u) 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.

(v) 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.

(w) Exploration and evaluation costs

Except for acquisition costs for mining exploration properties which are capitalised, the Group has a policy of expensing all exploration and evaluation expenditure, in the financial year in which it 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.

(x) 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 the 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.

(y) 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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

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 considered to be reasonable under the circumstances.

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

(a) Impairment of mining exploration properties in Australia

Mining exploration properties are reviewed for impairment whenever events or changes in circumstances indicate that an impairment may exist. The Group performs an assessment of impairment indicators to determine whether if there is any indicator of impairment.

The assessment of whether there are any impairment indicators in respect of a mining exploration property involves a number of judgments. These include whether the Group has the right to explore in the specific area of interest, whether ongoing expenditure is planned or budgeted and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.

As at 30 June 2019, the carrying amount of the mining properties is HK$757,345,000 (2018: HK$802,617,000). There is no impairment loss recognised for the year ended 30 June 2019 (2018: Nil) as no impairment indicators were present.

(b) Income taxes

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits, together with future tax planning strategies and changes in factors which provide confirmation of the existence and ability to utilise tax losses.

Following analysis undertaken by the Group after completion of a review of its tax losses. The Group determined that the recognition of certain overseas tax losses was probable as the Group had sufficient taxable temporary differences relating to the relevant taxation authority and taxable entity, which were expected to result in taxable amounts against which these particular tax losses could be utilised before they expire. As a result of this analysis, the Group recognised deferred tax assets of HK$93,373,000 (2018: nil) in the current year and has HK$807,000,000 (2018: HK$1,441,000,000) of unrecognised tax losses carried forward at year end. The deferred tax assets brought to account have been fully offset against the Group's deferred tax liability in Note 27.

The unrecognised tax losses relate to overseas subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable or other income elsewhere in the Group. The Group has determined that these losses are not expected to be available for utilisation when taxable temporary differences are expected to reverse. On this basis, the Group has determined that it cannot recognise deferred tax assets on these unrecognised tax losses carried forward. Further work continues in respect of assessing whether these unrecognised tax losses may become available.

5. CAPITAL RISK MANAGEMENT

The Group manages it capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balances. The directors of the Company consider that the capital structure of the Group consists of long-term debt, 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 debt. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The gearing ratios at 30 June 2019 and 2018 were as follows:

	2019 HK$'000	2018 HK$'000
Long-term debt (including borrowings, due to related parties and other payables to a third party)	**12,828**	11,508
Total equity	**631,970**	584,725
Total capital	**644,798**	596,233
Gearing ratio	**1.99%**	1.93%

6. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks and 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 from entering into derivative contracts for speculative purposes.

(b) Liquidity risk

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

The following table details the Group's remaining contractual maturity 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 could be required to pay. The table includes both interest and principal cash flows.

	Within 1 year of demand HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at year ended date HK$'000
30 June 2019				
Non-derivative financial liabilities:				
Trade and other payables	705	—	705	**705**
Borrowings	—	14,596	14,596	**12,828**
	705	**14,596**	**15,301**	**13,533**
30 June 2018				
Non-derivative financial liabilities:				
Trade and other payables	2,038	—	2,038	**2,038**
Borrowings	—	13,273	13,273	**11,508**
	2,038	**13,273**	**15,311**	**13,546**

(c) Fair value estimation

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

7. REVENUE

There was no revenue during the year ended 30 June 2019 (2018: nil).

8. SEGMENT INFORMATION

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

The Group's reportable operating segment is as follows:

Mineral tenements in Australia – tenement acquisition, exploration and towards future development of iron ore projects in Western Australia

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

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

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

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

	Mineral tenements in Australia HK$'000	Others HK$'000	Sub-Total HK$'000	Discontinued operation Mining operation in the PRC HK$'000	Total HK$'000
For the year ended 30 June 2019:					
Segments results	**(5,147)**	**(21,050)**	**(26,197)**	**—**	(26,197)
Share of profit of joint ventures					**412**
Loss before income tax					**(25,785)**
Other information:					
Depreciation of property, plant and equipment	**(115)**	**(10)**	**(125)**	**—**	**(125)**
Exploration and evaluation expenses	**(7,796)**	**—**	**(7,796)**	**—**	**(7,796)**
Income tax benefit	**93,373**	**—**	**93,373**	**—**	**93,373**
For the year ended 30 June 2018:					
Segments results	(26,671)	(21,826)	(48,497)	157,145	108,648
Share of loss of joint ventures					**(562)**
Loss before income tax					**108,086**
Other information:					
Depreciation of property, plant and equipment	(162)	(10)	(172)	—	**(172)**
Exploration and evaluation expenses	(9,460)	—	(9,460)	—	**(9,460)**

8. SEGMENT INFORMATION (Continued)

(b) The following is an analysis of the Group's total assets by business segment as at 30 June 2019:

	Mineral tenements in Australia HK$'000	Others HK$'000	Total HK$'000
As at 30 June 2019:			
Segment assets	759,905	20,569	780,474
Total segment assets include:			
Interest in joint ventures	653	—	653
Additions to property, plant and equipment	—	13	13
As at 30 June 2018:			
Segment assets	**805,684**	**32,513**	**838,197**
Total segment assets include:			
Interests in joint ventures	126	—	**126**
Additions to property, plant & equipment	125	1	**126**

(c) Geographical information

The mineral tenements are located in Australia. The following is an analysis of the carrying amounts of the Group's mining exploration properties, property, plant and equipment, and interests in joint ventures analysed by geographical area in which the assets are located:

	2019 **HK$'000**	2018 HK$'000
Hong Kong	**13**	11
Australia	**758,636**	803,000

9. EXPENSES BY NATURE

	2019 **HK$'000**	2018 HK$'000
Auditor's remuneration		
— Audit services — EY	**785**	—
— Audit services — PwC	**927**	980
— Non-audit services — EY	**874**	—
— Non-audit services — PwC	**450**	580
Depreciation of property, plant and equipment	**125**	172
Operating lease rentals	**1,563**	2,101
Staff costs (including directors' emoluments) (Note 10)	**19,940**	20,405
Exchange loss	**9**	8,608
Exploration and evaluation expenses (excluding staff costs and rental expenses)	**5,943**	5,639

10. EMPLOYEE BENEFIT EXPENSE

	2019 **HK$'000**	2018 HK$'000
Salaries and other benefits	**12,964**	16,887
Post-employment benefits	**620**	813
Share-based compensation	**6,356**	2,705
	19,940	20,405

(a) Five highest paid individuals

Of the five individuals who received the highest emoluments in the Group for the year, three (2018: two) are the directors of the Company whose emoluments are disclosed in Note 15. The emoluments of the remaining two (2018: three) individuals are as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries and other benefits	**3,509**	3,023
Post-employment benefits	**172**	164
Termination benefits	**—**	1,535
Share-based compensation	**287**	1,329
	3,968	6,051

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

	Number of individuals	
	2019	2018
HK$1,000,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**1**	2
	2	3

11. OTHER INCOME

	2019 **HK$'000**	2018 HK$'000
Government grant (Note a)	**142**	300
	142	300

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

12. OTHER GAIN (LOSSES)

	2019 HK$'000	2018 HK$'000
Gain on disposal of mineral tenement	9,526	—
Loss on disposal of property, plant and equipment	—	(208)
	9,526	(208)

13. FINANCE COSTS, NET

	2019 HK$'000	2018 HK$'000
Finance income		
Interest income on bank deposits	54	26
Finance costs		
Interest on borrowings (Note 24)	(1,320)	(4,511)
Finance costs, net	(1,266)	(4,485)

14. INCOME TAX BENEFIT

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 (2018: Nil). The applicable corporate income tax rate is 30% (2018: 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:

	2019 HK$'000	2018 HK$'000
Loss before income tax	(25,785)	(49,059)
Tax calculated at the applicable domestic tax rate of respective companies (note a)	(4,894)	(11,771)
Income not subject to tax	(3,023)	(26)
Expenses not deductible for tax purposes	1,111	1,165
Recognition of previously unrecognised tax losses	(93,373)	—
Tax losses for which no deferred income tax asset was recognised	6,806	10,632
	(93,373)	—

Note a: The weighted average applicable tax rate was 18.9% (2018: 24.0%).

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director for the year ended 30 June 2019 is set out below:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Share based payment expense HK$'000	Retirement benefit scheme HK$'000	Total HK$'000
Kwai Sze Hoi	—	—	—	—	2,605	—	2,605
Chan Kam Kwan, Jason	—	123	—	960	325	50	1,459
Kwai Kwun, Lawrence	—	1,083	—	—	1,140	50	2,273
Liu Zhengui	240	—	—	—	81	—	321
Yap Far Suan, Henry	228	—	—	—	49	—	277
Choi Yue Chun, Eugene	228	—	—	—	49	—	277
Uwe Henke Von Parpart	228	—	—	—	49	—	277
Ross Stewart Norgard	226	—	—	—	40	—	266
Colin Paterson	—	2,224	—	—	321	115	2,661
Total	**1,150**	**3,432**	**—**	**960**	**4,659**	**215**	**10,416**

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	Share based expense HK$'000	Retirement benefit scheme HK$'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 Far Suan, Henry	228	—	—	—	13	—	241
Choi Yue Chun, Eugene	228	—	—	—	13	—	241
Uwe Henke Von Parpart	228	—	—	—	13	—	241
Ross Stewart Norgard	228	—	—	—	11	—	241
Colin Paterson	—	2,500	–	—	89	61	2,650
Total	**1,152**	**3,540**	**166**	**960**	**1,278**	**161**	**7,257**

(a) 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 (2018: Nil).

(b) Directors' termination benefits

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

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

No payment was made to any former employer of directors for making available the services of them as a director of the Company (2018: Nil).

(d) 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 2019, 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 (2018: Nil).

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

No significant transactions, arrangements or 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 (2018: Nil).

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

There was 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 (2018: 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 on issue during the period.

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding and to assume conversion of all dilutive potential ordinary shares.

	2019	2018
Profit/(Loss) for the period attributable to the equity holders of the Company (HK$'000)		
— Continuing operations	**67,588**	(49,059)
— Discontinued operations	**—**	157,145
	67,588	108,086
Weighted average number of ordinary shares for the purpose for calculating the basic (loss)/earnings per share (thousands)	**9,187,642**	8,514,475
Effects of dilution from:		
— share options (thousands)	**45,250**	—
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)	**9,213,953**	—
Profit/(Loss) per share attributable to the equity holders of the Company:		
Basic (HK cents)		
— Continuing operations	**0.74**	(0.58)
— Discontinued operation	**—**	1.85
	0.74	1.27
Diluted (HK cents)		
— Continuing operations	**0.73**	(0.58)
— Discontinued operation	**—**	1.85
	0.73	1.27

17. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2019, nor has any dividend been proposed since the balance sheet date (2018: Nil).

18. MINING EXPLORATION PROPERTIES

	Mining exploration properties in Australia HK$'000
Balance as at 1 July 2017	829,031
Exchange differences	(26,414)
Balance as at 30 June 2018	**802,617**
Exchange differences	**(45,272)**
Balance as at 30 June 2019	**757,345**

The mining properties in Australia represent the carrying value of mining and exploration projects in Australia (including the Marillana iron ore project) held by the Group.

18. MINING EXPLORATION PROPERTIES (Continued)

As at 30 June 2019, 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 2018. The Group performed an assessment of impairment indicators.

Based on this assessment, management concluded that as at 30 June 2019, there was no indication that the recoverable value of the mining exploration properties has materially changed and thus impairment assessment was not required.

19. PROPERTY, PLANT AND EQUIPMENT

	Plant, furniture, fixtures and equipment HK$'000
For the year ended 30 June 2019	
1 July 2018	268
Additions	13
Depreciation	(125)
Exchange differences	(12)
At 30 June 2019	144
At 30 June 2019	
Cost	4,918
Accumulated depreciation	(4,774)
Net book amount	144

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

There was no depreciation expense (2018: Nil) included in cost of sales and depreciation of HK$125,000 (2018: HK$173,000) was included in administrative expenses.

20. FINANCIAL INSTRUMENTS

	2019 HK$'000	2018 HK$'000
Financial assets at amortised cost		
Other non-current assets	508	538
Other receivables and deposits	58	10
Cash and cash equivalents	20,906	34,258
	21,472	34,806

	2019 HK$'000	2018 HK$'000
Other financial liabilities at amortised cost		
Trade and other payables	705	2,038
Borrowings	12,828	11,508
	13,533	13,546

21. CASH AND CASH EQUIVALENTS

	2019 HK$'000	2018 HK$'000
Cash and cash equivalents	20,906	34,258
	20,906	34,258

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

	2019 HK$'000	2018 HK$'000
HK$	19,541	31,841
A$	1,185	2,080
US$	180	337
	20,906	34,258

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Other receivables and deposits	58	10
Prepayments	860	380
	918	390

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

23. TRADE AND OTHER PAYABLES

Trade payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days.

	2019 **HK$'000**	2018 HK$'000
Trade and other payables	**705**	2,038
Provisions	**799**	972
	1,504	3,010
Less: Non-current portion	**—**	(58)
Amount shown under current liabilities	**1,504**	2,952

Amounts classified as non-current liabilities are unsecured, interest-free and not repayable within 12 months.

24. BORROWINGS

	2019 **HK$'000**	2018 HK$'000
Non-current		
Loans from a substantial shareholder	**12,828**	11,508
	12,828	11,508

As at 30 June 2019, the borrowings from a substantial shareholder are unsecured, they bear interest at 12% (2018: 12%) per annum and are repayable on 31 October 2020 (30 June 2018: 31 October 2019).

25. SHARE CAPITAL

	Number of shares '000	**Share capital** HK$'000
Ordinary shares of HK$0.1 each		
Authorised		
As at 30 June 2019 and 30 June 2018	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	780,000	78,000
Issue of shares (Note a)	59,250	5,925
At 30 June 2019	9,221,232	922,123

Note a: On the 22 January and 19 March 2019 share options were exercised by directors and employees of the Group.

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 previous share option scheme which expired in August 2012, its primary purpose was to provide 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 will expire in August 2022. Share options granted under the previous share option scheme prior to its expiry shall continue to be valid and exercisable pursuant to its rules.

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 estimate, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Details of specific categories of options 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 2016	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 2019, the Company recognised the total expense of HK$6,356,000 (2018: HK$2,705,000) in relation to the share options previously granted by the Company during the year.

26. SHARE OPTION SCHEME (Continued)

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

	2019		2018	
	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	**0.13**	**210,510**	0.45	8,000
Granted	**—**	**—**	0.13	210,500
Exercised	**0.12**	**59,250**	—	—
Lapsed	**0.15**	**1,500**	0.45	(8,000)
At 30 June 2019	**0.14**	**149,750**	0.13	210,500

As at 30 June 2019, 149,750,000 (2018: 210,500,000) options were outstanding with a weighted average exercise price of HK$0.14 (2018: HK$0.13), 105,250,000 were vested (2018: Nil) and 59,250,000 options were exercised (2018: Nil) during the year with a weighted average exercise price of HK$0.12 (2018: Nil)

As at 30 June 2019, the weighted average of the remaining contractual life of the outstanding share options was 1.5 years (30 June 2018: 2.5 years).

27. DEFERRED INCOME TAX

The following is the deferred income tax movement recognised by the Group:

	Mining exploration properties in Australia HK$'000
At 1 July 2017	(246,817)
Exchange differences	7,863
At 30 June 2018	**(238,954)**
Offset of deferred tax asset for tax losses recognised	**93,373**
Exchange differences	**11,409**
At 30 June 2019	**(134,172)**

All deferred tax liabilities are expected to be settled more than 12 months after the balance sheet date.

At 30 June 2019, the Group's total tax losses were HK$1,111,000,000 (2018: HK$1,441,000,000). The Group did not recognise a deferred income tax asset in respect of tax losses amounting to approximately HK$807,000,000 (2018: HK$1,441,000,000) as the utilisation of these tax losses is subject to the satisfaction of the loss recoupment rules in the relevant tax jurisdiction as well as other uncertainties which mean that their realisation is not considered probable. However, the Group did recognise a deferred tax asset offset of HK$304,000,000 (2018: nil) (at the tax rate of 30%) for a portion of the tax losses as these losses satisfy the conditions for the recognition of a deferred tax asset and their realisation is therefore, considered probable.

28. NOTE TO STATEMENT OF CASH FLOWS

	Year ended 30 June 2019 HK$'000	2018 HK$'000 (Restated)
Cash flows from operating activities		
(Loss)/profit before income tax		
— Continuing operations	**(25,785)**	(49,059)
— Discontinued operation	**—**	157,145
	(25,785)	108,086
Adjustments for:		
Depreciation of property, plant and equipment	**125**	172
Share-based compensation	**6,356**	2,705
Finance income	**(45)**	(26)
Finance costs	**1,320**	4,938
Other gain/losses	**(9,527)**	—
Loss/(gain) on disposal of property, plant and equipment	**—**	208
Gain on disposal of subsidiaries	**—**	(156,201)
Share of (profit)/losses of joint ventures	**(412)**	562
Exchange loss/(gain)	**9**	8,608
Operating cash flows before movements in working capital	**(27,959)**	(30,948)
Decrease/(increase) in other receivables and deposits	**(528)**	554
(Decrease)/increase in provisions	**741**	(307)
(Decrease)/increase in trade and other payables	**(2,249)**	(3,262)
(Decrease)/increase in amounts due to related parties	**—**	382
Cash used in operating activities	**(29,995)**	(33,581)

29. 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:

	2019 HK$'000	2018 HK$'000
Not later than 1 year	**976**	978
Later than 1 year and no later than 5 years	**303**	571
	1,279	1,549

The above lease commitments do not include the amount of potential lease renewal options under these operating lease arrangements.

(b) Capital commitments

As at 30 June 2019, the Group did not have any capital commitments (2018: Nil).

(c) Exploration expenditure commitments

As at 30 June 2019, the Group is required to meet or exceed a minimum level of exploration expenditure of A$1,265,000 equivalent to approximately HK$6,935,000 (2018: A$1,275,000 equivalent to approximately HK$7,407,000), over the next year.

Obligations are subject to change upon expiry of the existing exploration leases or on application for a new lease.

(d) Joint Venture commitments

As at 30 June 2019 there were no joint venture commitments (2018: A$126,000 equivalent to approximately HK$732,000).

30. INTEREST IN JOINT VENTURES

	2019 HK$'000	2018 HK$'000
At 1 July 2018	**126**	430
Contributions to the joint venture	**132**	249
Share of profit/(loss) of joint venture	**412**	(562)
Exchange differences	**(17)**	9
At 30 June 2019	**653**	126

Details of the Group's interest in the joint venture is as follows:

Name of joint venture	Interest held in share of output	Principal activities
NWIOA Ops. Pty Ltd (Note (a))	37%	Port and related infrastructure

Note a: NWIOA Ops. 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.

Management considers the interest in the joint venture is not individually material to the Group.

31. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution retirement benefits scheme (the 'MPF Scheme') under the Mandatory Provident Fund Scheme Ordinance for its employees in Hong Kong. The Group contributes at least 5% (2018: 5%) of the employees' basis 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 subsidiaries in Australia are entitled to superannuation that is a defined contribution plan under which the Group contributes of 9.5% (2018: 9.5%) of base salary.

The total cost is charged to administrative expense of approximately HK$620,000 (2018: HK$813,000) represents contributions to these schemes by the Group in respect of the current year.

32. RELATED PARTY DISCLOSURES

(a) Material related party transactions

Except as disclosed within these consolidated financial statements, the Group has no material related party transactions during the year(2018: Nil).

(b) Related party balances

The details of the loans from a substantial shareholder are disclosed in Note 24.

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

(c) Compensation of key management personnel

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

	2019 HK$'000	2018 HK$'000
Salaries and other benefits	**9,051**	9,383
Post-employment benefits	**387**	385
Termination benefits	**—**	2,211
Share-based compensation expenses	**4,947**	2,607
	14,385	14,586

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

33. SUBSIDIARIES

The following is a list of the principal subsidiaries as at 30 June 2019 and 30 June 2018:

Name of subsidiary	Place of incorporation	Place of operation	Particular of issued share capital	Ownership interest held by the Company		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 Limited	BVI	Hong Kong	1 Ordinary share of US$1	**100%**	100%	Investment holding
Subsidiaries indirectly held by the Company:						
Brockman Mining Australia Pty Ltd	Australia	Australia	145,053,151 Ordinary shares of A$1 each	**100%**	100%	Investment holding
Brockman Iron Pty Ltd	Australia	Australia	1 Ordinary share of A$1	**100%**	100%	Exploration & evaluation
Brockman Exploration Pty Ltd	Australia	Australia	1 Ordinary share of A$1	**100%**	100%	Exploration & evaluation
Brockman East Pty Ltd	Australia	Australia	1 Ordinary share of A$1	**100%**	100%	Exploration & evaluation
Yilgarn Mining (WA) Pty Ltd	Australia	Australia	841,001 Ordinary shares of A$1	**100%**	100%	Exploration & evaluation
Brockman Infrastructure Pty Ltd	Australia	Australia	1 Ordinary share of A$1	**100%**	100%	Rail infrastructure
Brockman Ports Pty Ltd	Australia	Australia	76 Ordinary shares of A$1 each	**100%**	100%	Port infrastructure
Wah Nam Australia Finance Pty Ltd	Australia	Australia	1 Ordinary share of A$1	**100%**	100%	Investment holding
Brockman Maverick Pty Ltd	Australia	Australia	2 Ordinary shares of A$1	**100%**	100%	Exploration & evaluation
Brockman Holdings (Australia) Pty Ltd	Australia	Australia	12 Ordinary shares of A$1 each	**100%**	100%	Investment holding

34. 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.

The Disposal was completed on 29 June 2018 and the Company ceased to have any control and equity interest in Smart Year Group.

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:

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

35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 30 June 2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**13**	8
		13	8
Current assets			
Other receivables, deposits and prepayments		**692**	177
Amounts due from subsidiaries		**767,285**	546,651
Cash and cash equivalents		**17,765**	31,753
		785,742	578,581
Total assets		**785,755**	578,589
Equity and liabilities			
Share capital		**922,123**	916,198
Reserves	(a)	**(396,378)**	(597,516)
Total equity		**525,745**	318,682
Non-current liabilities			
Borrowings		**12,828**	11,508
		12,828	11,508
Current liabilities			
Trade and other payables		**248**	1,457
Amount due to subsidiaries		**246,934**	246,942
		247,182	248,399
Total liabilities		**260,010**	259,907
Total equity and liabilities		**785,755**	578,589

The balance sheet of the Company was approved by the Board of Directors on 25 September 2019 and was signed on its behalf.

Kwai Kwun, Lawrence
Director

Chan Kam Kwan, Jason
Director

35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserves movement in the Company

	Share premium HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 July 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)
Comprehensive income:				
Profit for the year	—	—	193,361	193,361
Exercise of options	2,910	(1,489)	—	1,421
Share-based compensation (Note 26)	—	6,356	—	6,356
Balance at 30 June 2019	4,463,016	87,700	(4,947,094)	(396,378)

36. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On the 19 July 2019, both Brockman Iron and Polaris have agreed that the Farm-in Obligations (see Note 2(a)) may take up to a further 12 months to complete (31 July 2020) and therefore the parties have agreed to extend certain key dates under the FJV. Those dates are:

1. The Farm-In Period (for satisfaction of the Farm-in obligations) has been extended to 31 July 2020;

2. Construction commencement of the Rail and Port system has been extended from "on or before 31 December 2019" to "on or before 31 December 2020";

3. Operation commencement of the Rail and Port System has been extended from "on or before 31 December 2021" to "on or before 31 December 2022"; and

4. The date for satisfaction of the Conditions Precedent for the Mine to Ship Services Agreement has been extended to 31 December 2020.

As a consequence of the above, it is now expected that the production from the Marillana Project will commence by end of calendar year 2022.

FINANCIAL SUMMARY

	Year ended 30 June				
	2019 **HK$'000** **(Note a)**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
RESULTS					
Revenue	**—**	—	—	11,590	36,525
Loss before income tax	**(25,785)**	(49,059)	(37,057)	(758,063)	(1,603,584)
Income tax benefit	**93,373**	—	—	130,905	367,036
Profit/(loss) for the year from continuing operations	**67,588**	(49,059)	(37,057)	(627,158)	(1,236,548)
Profit/(loss) for the year from discontinued operations	**—**	157,145	(801)	—	—
Profit/(loss) for the year	**67,588**	108,086	(38,308)	(627,158)	(1,236,548)
Attribute to:					
Equity holders of the Company	**67,588**	108,086	(38,308)	(627,158)	(1,236,548)
Earnings/(loss) per share (HK cents)					
— Basic	**0.74**	1.27	(0.46)	(7.48)	(14,75)
— Diluted	**0.73**	1.27	(0.46)	(7.48)	(14,75)

	Year ended 30 June				
	2019 **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES					
Total assets	**780,474**	838,197	858,630	835,953	1,657,462
Total liabilities	**(148,504)**	(253,472)	(394,667)	(348,536)	(503,607)
	631,970	584,725	463,963	487,417	1,153,805
Total equity	**631,970**	584,725	463,963	487,417	1,153,805

Note a: The financial figures above were extracted from the Consolidated Financial Statements.

ASX ADDITIONAL INFORMATION

A. DISTRIBUTION OF SHAREHOLDINGS AS AT 20 SEPTEMBER 2019

	Ordinary shares		Unlisted options @ HK$0.124		Unlisted options @ HK$0.162	
Category	Holders	Size of holding	Holders	Size of holding	Holders	Size of holding
1 – 1,000	40	10,537				
1,001 – 5,000	16	39,701				
5,001 – 10,000	51	445,804				
10,001 – 100,000	583	24,231,953				
100,001 and over	256	9,196,504,136	11	134,250,000	4	15,500,000
TOTAL	**946**	**9,221,232,131**	**11**	**134,250,000**	**4**	**15,500,000**

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

The number of shareholders holding less than a marketable parcel of shares as at 20 September 2019 is 159.

Unquoted Securities

As at 21 September 2019, unlisted options amounted to a total of 149,750,000 units, all of which are expiring 31 December 2020. Among these options, 134,250,000 options have an exercise price of HK$0.124 and the rest 15,500,000 options have an exercise price of HK$0.162.

B. TWENTY LARGEST SECURITY HOLDERS AS AT 20 SEPTEMBER 2019

		Name	Number of shares	%
*	1	Ocean Line Holdings Ltd	1,857,743,902	20.15%
∆	2	CM Securities (Hong Kong) Ltd	764,904,972	8.30%
∆	3	The Hong Kong and Shanghai Banking	662,808,334	7.19%
*	4	Equity Valley Investments Ltd	499,972,276	5.42%
∆	5	UBS Securities Hong Kong Ltd	468,564,113	5.08%
*	6	KQ Resources Ltd	426,485,426	4.63%
∆	7	Sun Hung Kai Investments Services Ltd	385,976,220	4.19%
∆	8	Citibank N.A	342,610,535	3.75%
∆	9	Global Mastermind Securities Ltd	310,308,000	3.37%
∆	10	Yungfeng Securities Ltd	306,600,032	3.32%
*	11	Cornerstone Pacific Ltd	250,000,000	2.71%
∆	12	Hing Wong Securities Ltd	189,231,000	2.05%
*	13	Ross Norgard/Longfellow Nominees	243,054,003	2.64%
*	14	Barwick Investments Ltd	174,668,000	1.89%
∆	15	Guoyuan Securities Brokerage (Hong Kong)	139,362,800	1.51%
∆	16	Sinopac Securities (Asia) Ltd	137,427,792	1.49%
∆	17	China Industrial Securities	103,810,800	1.13%
*	18	Zhang Haoyang	100,000,000	1.08%
*	19	Duofu Holdings Group Co., Ltd	80,000,000	0.87%
∆	20	HSBC Broking Securities (Hong Kong) Ltd	72,079,554	0.78%

The number of shares stated herein are extracted 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") ("∆"). 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. Also, refer to Section C below – 'Substantial Shareholders' for additional information.

C. SUBSTANTIAL SHAREHOLDERS

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	26.32%
Kwai Sze Hoi *(Note 1)*	Interest held by controlled corporations	2,426,960,137	26.32%
	Beneficial owner	87,400,000	0.95%
	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	26.32%
	Interest held jointly with another person	60,720,000	0.66%
	Interest of spouse	9,264,000	0.10%
Equity Valley Investments Limited	Beneficial owner	515,574,276	5.59%
The XSS Group Ltd *(Note 2)*	Interest held by controlled corporations	515,574,276	5.59%
Cheung Sze Wai, Catherine *(Note 2)*	Interest held by controlled corporations	515,574,276	5.59%
	Interest of spouse	515,574,276	5.59%
Luk Kin Peter Joseph *(Note 2)*	Interest held by controlled corporations	515,574,276	5.59%
	Beneficial owner	50,000,000	0.54%
KQ Resources Limited	Beneficial owner	1,301,270,316	14.11%

Notes: Please refer to Notes 1 and 2 under section headed: Substantial shareholders on page 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 20 SEPTEMBER 2019

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	47/2994	Iron Ore	Granted	100%
Fig Tree	East Pilbara	E	47/3025	Iron Ore	Granted	100%
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%
Mindy	West Pilbara	E	47/4206	Iron Ore	Application	100%
Mt King	West Pilbara	E	47/3446	Iron Ore	Granted	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%
Parson George	East Pilbara	E	47/3491	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%
Punda Spring	West Pilbara	E	47/3575	Iron Ore	Granted	100%
Tom Price	West Pilbara	E	47/3565	Iron Ore	Granted	100%
Windell	West Pilbara	E	47/4240	Iron Ore	Application	100%