

BROCKMAN

布萊克萬礦業有限公司
BROCKMAN MINING LIMITED

INTERIM REPORT

2019/2020





FINANCIAL INFORMATION

For the six months ended 31 December 2019

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Brockman Mining Limited ('Brockman') during the interim reporting period in accordance with the continuous disclosure requirements of The Stock Exchange of Hong Kong Limited (the 'SEHK') and Australian Securities Exchange (the 'ASX').

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CORPORATE PROFILE

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
Choi Yue Chun Eugene
David Rolf Welch

COMPANY SECRETARY

Chan Kam Kwan Jason

AUDITOR

Ernst and Young
Chartered Accountants
11 Mounts Bay Road
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Australia

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PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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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
Level 11, 172 St Georges Terrace
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)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 December	
	Note	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Other gain	9	—	9,617
Administrative expenses		(9,521)	(15,636)
Exploration and evaluation expenses		(3,396)	(6,080)
Operating loss		(12,917)	(12,099)
Finance income		132	28
Finance costs		(665)	(665)
Finance costs, net	10	(533)	(637)
Share of (loss)/profit of joint ventures		(58)	491
Loss before income tax		(13,508)	(12,245)
Income tax expense	11	—	—
Loss for the period		(13,508)	(12,245)
Other comprehensive loss			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences arising from translation of foreign operations		(2,280)	(27,886)
Other comprehensive loss for the period		(2,280)	(27,886)
Total comprehensive loss for the period		(15,788)	(40,131)
Loss for the period attributable to:			
Equity holders of the Company		(13,508)	(12,245)
Total comprehensive loss attributable to:			
Equity holders of the Company		(15,788)	(40,131)
Loss per share attributable to the equity holders of the Company during the period		HK cents	HK cents
Basic loss per share	12	(0.15)	(0.14)
Diluted loss per share	12	(0.15)	(0.14)

The notes on pages 9 to 26 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

INTERIM REPORT 2019/20



		As at	
	Note	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Non-current assets			
Mining exploration properties	13	754,676	757,345
Property, plant and equipment	14	233	144
Interest in joint ventures	20	639	653
Other non-current assets		630	508
		756,178	758,650
Current assets			
Other receivables, deposits and prepayments		1,867	918
Cash and cash equivalents		35,755	20,906
		37,622	21,824
Total assets		793,800	780,474
Equity and liabilities			
Share capital	17	922,123	922,123
Reserves		3,811,889	3,812,692
Accumulated losses		(4,116,353)	(4,102,845)
Total equity attributable to the equity holders of the Company		617,659	631,970
Non-current liabilities			
Deferred income tax liability	19	133,700	134,172
Borrowings	16	13,493	12,828
		147,193	147,000
Current liabilities			
Trade and other payables	15	1,643	1,504
Borrowings	16	27,305	—
		28,948	1,504
Total liabilities		176,141	148,504
Total equity and liabilities		793,800	780,474

The notes on page 9 to 26 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium 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 2018 (Audited)	916,198	4,460,106	82,833	(703,979)	(4,632,894)	462,461	584,725
Loss for the period	—	—	—	—	(12,245)	—	(12,245)
Exchange differences arising on translation of foreign operations	—	—	—	(27,886)	—	—	(27,886)
Total comprehensive loss for the period	—	—	—	(27,886)	(12,245)	—	(40,131)
Transactions with equity holders							
Share-based compensation	—	—	4,892	—	—	—	4,892
Total transactions with equity holders	—	—	4,892	—	—	—	4,892
Balance at 31 December 2018 (Unaudited)	916,198	4,460,106	87,725	(731,865)	(4,645,139)	462,461	549,486



	Share capital HK\$'000	Share premium HK\$'000	Share-based compensation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 July 2019 (Audited)	922,123	4,463,016	87,700	(738,024)	(4,102,845)	631,970
Loss for the period	—	—	—	—	(13,508)	(13,508)
Exchange differences arising on translation of foreign operations	—	—	—	(2,280)	—	(2,280)
Total comprehensive loss for the period	—	—	—	(2,280)	(13,508)	(15,788)
Transactions with equity holders						
Share-based compensation	—	—	1,477	—	—	1,477
Total transactions with equity holders	—	—	1,477	—	—	1,477
Balance at 31 December 2019 (Unaudited)	922,123	4,463,016	89,177	(740,304)	(4,116,353)	617,659

The notes on pages 9 to 26 form an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash used in operating activities	(12,293)	(18,556)
Cash flows from investing activities		
Interest received	95	28
Proceeds from disposal of mineral tenements	—	9,617
Investment in joint ventures	(44)	(24)
Acquisition of property, plant and equipment	(134)	(18)
Net cash (used in)/generated from investing activities	(83)	9,608
Cash flows from financing activities		
Proceeds from borrowings	27,305	—
Net cash generated from financing activities	27,305	—
Net increase/(decrease) in cash and cash equivalents	14,929	(8,948)
Cash and cash equivalents at beginning of the period	20,906	34,258
Effects of foreign exchange rate changes	(80)	(202)
Cash and cash equivalents at end of the period	35,755	25,108

The notes on pages 9 to 26 form an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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1 GENERAL INFORMATION

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

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.

This condensed consolidated financial information is presented in Hong Kong dollars (HK\$), and all values are round to the nearest thousand (HK\$'000), except where otherwise indicated. This condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 December 2019 has been prepared in accordance with International Accounting Standard ('IAS') 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2019.

(a) Going concern basis

For the period ended 31 December 2019, the Group recorded a net loss before tax of HK\$13,508,000 (six months ended 31 December 2018 HK\$12,245,000) and had operating cash outflows of HK\$12,293,000 (31 December 2018 HK\$18,556,000). The Group did not record any revenue during the period 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 31 December 2019, the Group's cash and cash equivalents amounted to HK\$35,755,000 (as at 30 June 2019 HK\$20,906,000).

On the 19 July 2019, both Brockman Iron Pty Ltd (a wholly-owned subsidiary of the Company) ('Brockman Iron') and Polaris Metals Pty Ltd ('Polaris') agreed that the Farm-in Obligations under the Farm-in and Joint Venture ('FJV') Agreement between them may take up to a further 12 months to complete and therefore the parties have agreed to extend certain key dates under the FJV Agreement.

The directors believe that the Group can continue to advance the FJV with the aim of unlocking the value of the Marillana Project. In late 2019 Brockman Iron and Polaris agreed a development plan for the Marillana Project including an extensive confirmatory drilling and testwork program to be carried out during the first half of 2020. Polaris also agreed to release A\$5,000,000 of the A\$10,000,000 loan, held in the escrow account pursuant to the FJV Agreement. Under the terms of the FJV Agreement this loan is to be repaid from net revenue received by Brockman Iron from the sale of its share of product produced and sold from the joint venture operation. However, the loan would become immediately repayable (within 14 days) in the event that Polaris approves the development of the project but Brockman Iron does not proceed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2 BASIS OF PREPARATION (Continued)

(a) Going concern basis (Continued)

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

- (i) Extending the repayment date of the existing loans of HK\$13,493,000 from the substantial shareholder to 31 October 2021. 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 2021.

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 condensed 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 condensed consolidated financial statements.

The directors believe 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 belief. 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 condensed consolidated financial statements on a going concern basis.

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 condensed consolidated financial statements.

These condensed 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 accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2019, except as described in this condensed consolidated financial information.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Changes in accounting policy and disclosures

New and amendments to standards adopted by the Group

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from that under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a) Nature of the effect of adoption of IFRS 16

The Group has commercial office lease contracts. Before the adoption of IFRS 16, the Group classified each of its leases as operating lease. As an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

a) Nature of the effect of adoption of IFRS 16 (Continued)

- Applied the short-term leases exemptions to leases with a lease term that ended within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments at 30 June 2019 as follows:

	HK\$'000
Operating lease commitments as at 30 June 2019	1,279
Commitments relating to short-term leases	(1,279)
Lease liabilities as at 1 July 2019	—

b) Summary of new accounting policies

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.



3 PRINCIPAL ACCOUNTING POLICIES (Continued)

b) Summary of new accounting policies (Continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term commercial office leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to commercial office leases that are considered of low value (i.e., below HK\$26,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options and the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of two years. The Group applies judgements in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

b) Summary of new accounting policies (Continued)

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 makes about the examination of tax treatments by taxation authorities
- 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 consider changes in facts and circumstances.

The amendment is not expected to have significant impact on Group's financial statements

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

Amendments to IFRS 3: Definition of Business

In October 2018, IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition. The standard is mandatory for financial years beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements. The standard is mandatory for financial years beginning or after 1 January 2020.

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



4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2019.

5 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risks management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2019.

There have been no changes in the risk management policies since year end.

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

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 can 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 period HK\$'000
31 December 2019 (Unaudited)				
Non-derivative financial liabilities:				
Trade and other payables	1,643	—	1,643	1,643
Borrowings	—	43,221	43,221	40,798
	1,643	43,221	44,864	42,441
30 June 2019 (Audited)				
Non-derivative financial liabilities:				
Trade and other payables	1,504	—	1,504	1,504
Borrowings	—	14,596	14,596	12,828
	1,504	14,596	16,100	14,332

(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.



6 REVENUE

There was no revenue during the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

7 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 project 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 condensed consolidated statement of comprehensive income and condensed 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 condensed consolidated balance sheet.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 SEGMENT INFORMATION (Continued)

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

	Mineral tenements in		Total
	Australia	Others	
	HK\$'000	HK\$'000	HK\$'000
For the six months ended			
31 December 2019 (Unaudited):			
Segments results	(6,096)	(7,354)	(13,450)
Share of loss of joint ventures			(58)
Loss before income tax			(13,508)
Other information:			
Depreciation of property, plant and equipment	(40)	(4)	(44)
Exploration and evaluation expenses	(3,396)	—	(3,396)
For the six months ended 31			
December 2018 (Unaudited):			
Segments results	(677)	(12,059)	(12,736)
Share of profit/(loss) of joint ventures			491
Loss before income tax			(12,245)
Other information:			
Depreciation of property, plant and equipment	(63)	(5)	(68)
Exploration and evaluation expenses	(6,080)	—	(6,080)



7 SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's total assets by business segment as at 31 December 2019:

	Mineral tenements in Australia HK\$'000	Others HK\$'000	Total HK\$'000
As at 31 December 2019 (Unaudited):			
Segment assets	783,019	10,781	793,800
Total segment assets include:			
Interest in joint ventures	639	—	639
Additions to property, plant and equipment	134	—	134
As at 30 June 2019 (Audited):			
Segment assets	759,905	20,569	780,474
Total segment assets include:			
Interests in joint ventures	653	—	653
Additions to property, plant & equipment	—	13	13

8 EXPENSES BY NATURE

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	44	68
Operating lease rentals	713	864
Staff costs (including directors' emoluments)	5,706	6,568
Share-based compensation	1,477	4,892
Exploration and evaluation expenses (excluding staff costs and rental expenses)	2,725	5,007

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 OTHER GAIN

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Gain on disposal of mineral tenement	—	9,617
	—	9,617

10 FINANCE COSTS, NET

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Finance income		
Interest income on bank deposits	132	28
Finance costs		
Interest on borrowings (Note 16)	(665)	(665)
Finance costs, net	(533)	(637)

11 INCOME TAX EXPENSE

Income tax expense is recognised based on management's estimate of the weighted average income tax rate expected for the full financial year. No provision for income tax expense has been made as there is no assessable profit for the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).



12 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares on issue during the period.

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

	Six months ended 31 December	
	2019 (Unaudited)	2018 (Unaudited)
Loss for the period attributable to the equity holders of the Company (HK\$'000)	(13,508)	(12,245)
Weighted average number of ordinary shares for the purpose for calculating the basic loss per share (thousands)	9,187,642	8,514,475
Effects of dilution from:		
— share of options (thousands)	45,250	—
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)	9,213,857	—
Loss per share attributable to the equity holders of the Company:		
Basic (HK cents)	(0.15)	(0.14)
Diluted (HK cents)	(0.15)	(0.14)

13 MINING EXPLORATION PROPERTIES

	Mining exploration properties in Australia HK\$'000
Balance as at 1 July 2018 (Audited)	802,617
Exchange differences	(45,272)
Balance as at 30 June 2019 (Audited)	757,345
Exchange differences	(2,669)
Balance as at 31 December 2019 (Unaudited)	754,676

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 MINING EXPLORATION PROPERTIES (Continued)

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.

As at 31 December 2019, the Group assessed whether events or changes in circumstances indicate a potential material change to the recoverable amount of the mining properties since 30 June 2019. The Group performed an assessment of impairment indicators.

Based on this assessment, management concluded that as at 31 December 2019, there was no indication that the recoverable amount of the mining properties has materially changed and thus impairment assessment was not required.

14 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2019, the Group acquired assets with a cost of HK\$134,000 (six months ended 31 December 2018: Nil).

15 TRADE PAYABLES 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.

16 BORROWINGS

	As at	
	31 December 2019 HK\$'000 (Unaudited)	30 June 2019 HK\$'000 (Audited)
Current		
Loan from Polaris	27,305	—
Non-current		
Loans from a substantial shareholder	13,493	12,828
	40,798	12,828

As at 31 December 2019, the borrowings from a substantial shareholder (a company controlled by Mr. Kwai Sze Hoi, the Chairman and a substantial shareholder of the Company) are unsecured, they bear an interest at 12% (30 June 2019: 12%) per annum and are repayable on 31 October 2021 (30 June 2019: 31 October 2020).

On 18 November 2019, Polaris provided a loan to Brockman Iron pursuant to the terms of the Farm-In Joint Venture Agreement over the Marillana Iron Ore Project. The loan is unsecured (but would become secured under the Deed of Cross Security upon establishment of the Joint Venture), carried at amortised cost and would become immediately repayable (within 14 days) in the event that Polaris approves the development of the project but Brockman Iron does not proceed.



17 SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised		
As at 30 June 2019 and 31 December 2019	20,000,000	2,000,000
Issued and fully paid		
As at 30 June 2019 and 31 December 2019	9,221,232	922,123

18 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 options are as follows:

Option type	Date of grant	Number of share options granted		Vesting period	Exercise period	Exercise price (HK\$)
2018A	7 December 2017	194,000,000	50%	7 December 2017 – 31 December 2018	1 January 2019 – 31 December 2020	0.124
			50%	7 December 2017 – 31 December 2019	1 January 2020 – 31 December 2020	
2018B	7 December 2017	16,500,000	50%	7 December 2017 – 31 December 2018	1 January 2019 – 31 December 2020	0.162
			50%	7 December 2017 – 31 December 2019	1 January 2020 – 31 December 2020	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

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:

Exercise price	HK\$0.124 – HK\$0.162
Volatility	67% – 68%
Expected option life	3 years
Annual risk-free rate	1.440% – 1.876%
Expected dividend yield	0%

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

During the six months ended 31 December 2019, the Company recognised the total expense of HK\$1,477,000 (six months ended 31 December 2018: HK\$4,892,000) in relation to the share options granted by the Company or forfeited during the year.

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	0.14	149,750	0.13	210,510
Granted	—	—	—	—
Lapsed	0.11	1,750	—	—
At 31 December	0.14	148,000	0.13	210,510

As at 31 December 2019, 148,000,000 (30 June 2019: 149,750,000) options were outstanding with a weighted average exercise price of HK\$0.14 (30 June 2019: HK\$0.14) per option.

As at 31 December 2019, the weighted average of the remaining contractual life of the outstanding share options was 1 year (30 June 2019: 1.5 years).

No share option had been exercised during the period (six months ended 31 December 2018: Nil).



19 DEFERRED INCOME TAX

The following is the deferred income tax liability recognised by the Group and movement thereon during the current and prior period.

	Mining exploration properties in Australia
	HK\$'000
At 1 July 2018 (Audited)	(238,954)
Offset of deferred tax asset for tax losses recognised	93,373
Exchange differences	11,409
At 30 June 2019 (Audited)	(134,172)
Exchange differences	472
At 31 December 2019 (Unaudited)	(133,700)

20 INTEREST IN JOINT VENTURES

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

Name of joint ventures	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 RELATED PARTY DISCLOSURES

(a) Material related party transactions

Except as disclosed within this condensed consolidated financial information, the Group has no material related party transactions during the period (six months ended 31 December 2018: Nil).

(b) Related party balances

The details of the loans from a substantial shareholder are disclosed in Note 16.

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 period were as follows:

	Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Wages, salaries and other short-term welfare	3,941	4,802
Post-employment benefits	190	180
Share-based compensation expenses	1,134	4,892
	5,265	9,874

22 INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

23 EVENTS OCCURRING AFTER BALANCE SHEET DATE

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



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To the Board of Directors of Brockman Mining Limited
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 26, which comprises the condensed consolidated balance sheet of Brockman Mining Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2019 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

EMPHASIS OF MATTER – MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2(a) in the interim financial information, 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 conclusion is not modified in respect of this matter.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script.

Ernst & Young

Chartered Accountants

Perth, Western Australia
20 February 2020



BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

During the period under review, Brockman Iron and Polaris (a wholly owned subsidiary of Mineral Resources Limited (MRL, Polaris)) progressed activities towards satisfaction of their Farm-In obligations in relation to the Farm-In Joint Venture (FJV) Agreement over Brockman's Marillana Iron Ore Project. Both parties agreed 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. Hence, the parties agreed on 19 July, 2019 to extend certain key dates pertaining to the FJV Agreement, as discussed in the section "Farm-In Prior to Joint Venture" below.

Under the terms of the FJV Agreement and following satisfaction of the conditions precedent and completion of the Farm-In Obligations, Polaris will earn a 50% interest in Marillana and MRL will be responsible for the development of the mine, construction and operation of the processing plant. MRL has also committed to the construction and operation of ore haulage and port infrastructure to facilitate the export of Marillana product. Following the recent agreed variations to the FJV Agreement, it is expected that construction of this infrastructure will commence before the end of 2020 and be operational before the end of 2022. The establishment of the Joint Venture will unlock the value of the Marillana Iron Ore Project and may assist in the future development of the Group's other iron ore projects in the Pilbara.

As at 31 December 2019, the Group's net asset value amounted to HK\$617.7 million (30 June 2019: HK\$631.9 million) and cash at bank HK\$35.6 million (30 June 2019: HK\$20.9 million).

Losses attributable to equity holders of the Company amounted to HK\$13.5 million for the six months ended 31 December 2019 (2018: HK\$12.2 million). Operational related production costs and exploration expenditure has decreased due to a reduction in exploration activities and cost saving measures. There were no impairment indicators to our mining exploration properties during the period (2018: Nil).

During the six months ended 31 December 2019, the Group's basic loss per share for the period was HK\$0.15 cents (2018: 0.14 cents) and the cash outflows from operating activities were HK\$12.3 million (2018: HK\$18.5 million).

OUTLOOK

Upon the completion of the Farm-In Obligations, the Joint Venture on Marillana shall be established and development and construction of the project shall commence.

MANAGEMENT DISCUSSION AND ANALYSIS

MINERAL TENEMENTS

Iron Ore Operations – Western Australia

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

The net operating loss before income tax expense for the period for this segment and attributable to the Group was HK\$6.2 million (2018: HK\$0.7 million). Total expenditure associated with mineral exploration and evaluation for the period ended 31 December 2019 amounted to HK\$3.4 million (2018: HK\$6.0 million).

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

Project	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Marillana	1,894	3,959
Ophthalmia	714	1,536
Regional Exploration	788	585
	3,396	6,080

The Group is yet to make a final investment decision toward commencing development of any of its iron ore projects in Western Australia. Accordingly, no development expenditures have been recognised in the financial information during the half year ended 31 December 2019 and six months period ended 31 December 2018.

There was no capital expenditure for each of the projects in Western Australia for the 2019 and 2018 financial periods.



Mine exploration properties

The Group assessed whether any indicators of impairment existed with reference to both external and internal sources of information. As at 31 December 2019, the Group assessed and concluded there were no impairment indicators present which required detailed impairment testing.

Marillana Iron Ore Project

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

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

In 2018, Brockman Iron and Polaris entered into a FJV Agreement over Brockman's Marillana Iron Ore Project, under which Polaris could earn a 50% interest in Marillana.

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) incurring expenditure of A\$250,000 on exploration and development of Marillana;
 - (ii) completion of the following to evaluate the economic feasibility of mining minerals on the tenements under Marillana (or such other areas as the parties may agree):
 - (a) Polaris' process design criteria of the processing plant(s);
 - (b) completion of Polaris' optimised mine plan study; and
 - (c) completion of a mine site layout that illustrates Polaris' preferred location for the processing plant(s) on the tenements under Marillana consistent with the optimised mine plan referred to in paragraph (b) above.
- During the period under review, both parties agreed 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. This campaign was expected to take 6 to 12 months. The parties have therefore agreed on 19 July, 2019 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'.

MANAGEMENT DISCUSSION AND ANALYSIS

As a consequence of the variation under the FJV, the date for satisfaction of the Conditions Precedent for the Mine to Ship Services Agreement, which was executed on 21 January 2019, has also been extended to 31 December 2020.

Ophthalmia Iron Ore Project

The 100% owned Ophthalmia Iron Ore Project located north of Newman in the East Pilbara of Western Australia, is the most significant iron ore project for the Company outside of its flagship Marillana Project. The total Mineral Resources at Ophthalmia now stand at 341 Mt grading 59.3% Fe. Various studies on mining plan, processing and transportation options for the project are progressing.



The Directors present their report together with the condensed consolidated financial information for the six month ended 31 December 2019.

DIRECTORS

The Directors of the Company during the six months ended 31 December 2019 and up to the date of this report, unless otherwise indicated were:

Name	Period of Directorship
Non-Executive Directors:	
Kwai Sze Hoi (<i>Chairman</i>)	Appointed on 15 June 2012
Liu Zhengui (<i>Vice Chairman</i>)	Appointed on 27 April 2012
Ross Stewart Norgard	Appointed on 22 August 2012
Executive Directors:	
Kwai Kwun Lawrence	Appointed on 13 March 2014
Chan Kam Kwan Jason (<i>Company Secretary</i>)	Appointed on 2 January 2008
Colin Paterson	Appointed on 25 February 2015
Independent Non-Executive Directors:	
Yap Fat Suan Henry	Appointed on 8 January 2014
Uwe Henke Von Parpart	Appointed on 2 January 2008 and resigned on 15 October 2019
Choi Yue Chun Eugene	Appointed on 12 June 2014
David Rolf Welch	Appointed on 15 October 2019

INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2019 (2018: Nil).

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 31 December 2019 is 1.29 (30 June 2019: 14.51). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.02 (30 June 2019: 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 31 December 2019 (30 June 2019: Nil).

DIRECTORS' REPORT

CAPITAL STRUCTURE

The Company has no changes in its issued share capital for the interim period.

As at the date of this report, the total number of issued shares outstanding for the Company amounted to 9,221,232,131 shares.

SHARE DETAILS

Quoted securities

As at 31 December 2019, there were 9,221,232,131 (30 June 2019: 9,221,232,131) fully paid shares on issue.

Unquoted securities

148,000,000 unlisted options granted.

- 132,500,000 share options, expiring 31 December 2020 with an exercise price of HK\$0.124
- 15,500,000 share options, expiring 31 December 2020 with an exercise price of HK\$0.162

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 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 2019: Nil)

MARKET RISK

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

(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 in the 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 of the project will not be materialised

The 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 31 December 2019, the Group employed 15 employees (30 June 2019: 14), of which 5 were in Australia (includes 2 non-executive directors) (30 June 2019: 4) and 10 in Hong Kong (includes 4 non-executive directors) (30 June 2019: 10).

The remuneration of employees includes salary and discretionary bonuses. The Group also adopted a share option scheme to provide incentives to employees.

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.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 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 Sections 336 and 352 of the SFO, or which were otherwise required to be notified to the Company and the SEHK, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

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

Name of director	Capacity	Number of	Number of	Percentage of
		issued ordinary shares held		options granted
Mr Kawi Sze Hoi	Beneficial owner	123,084,000	40,000,000	1.77%
	Interest of spouse	24,496,000	—	0.26%
	Jointly (Note)	60,720,000	—	0.66%
	Interests of controlled corporation (Note)	2,426,960,137	—	26.32%
Mr Liu Zhengui	Beneficial owner	—	2,500,000	0.03%
Mr Ross 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%
Mr Chan Kam Kwan Jason	Beneficial owner	—	10,000,000	0.11%
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%
Mr David Rolf Welch	Beneficial owner	—	—	—

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, as at 31 December 2019, none of the directors and chief executives nor their associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in section "Directors and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures", 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, saved as disclosed under the section "Directors' and Chief Executives' Interest and Short Positions in Shares, Underlying Shares or Debenture", the Company had been notified of the following substantial shareholders' interest, being 5% or more of the Company's, issued share capital under section 336 of the SFO:

Long positions of ordinary 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%
Mr Kawi Sze Hoi (Note 1)	Interest held by controlled corporation	2,426,960,137	26.32%
	Interest held jointly with another person	60,720,000	0.66%
	Beneficial owner	163,084,000	1.77%
	Interest of spouse	24,496,000	0.26%
Cheung Wai Fung (Note 1)	Interest held by controlled corporation	2,426,960,137	26.32%
	Interest held jointly with another person	60,720,000	0.66%
	Beneficial owner	24,496,000	0.26%
	Interest of spouse	163,084,000	1.77%
Equity Valley Investments Limited	Beneficial owner	515,574,276	5.59%
The XSS Group Limited (Note 2)	Interest held by controlled corporation	515,574,276	5.59%
Cheung Sze Wai Catherine (Note 2)	Interest held by controlled corporations	515,574,276	5.59%
	Interest of spouse	50,000,000	0.54%
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:

- 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 have been exercised.
- 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 31 December 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 shareholder at the AGM dated 13 November 2012. Particulars of the Share Option Scheme are set out in Note 18 to the condensed consolidated financial statements. Details of the options outstanding as at 31 December 2019 which have been granted to Qualified Persons under the Share Option Scheme are as follows:

	Option type	Outstanding as at 1 July 2019	Disposal or waived	Lapsed	Granted	Outstanding as at 31 December 2019
Non-executive directors						
Kwai Sze Hoi	2018A	40,000,000	—	—	—	40,000,000
Liu Zhengui	2018A	2,500,000	—	—	—	2,500,000
Uwe Henke Von Parpart	2018A	1,500,000	—	1,500,000	—	—
Ross Stewart Norgard	2018B	1,500,000	—	—	—	1,500,000
Choi Yue Chun Eugene	2018A	1,500,000	—	—	—	1,500,000
Yap Fat Suan Henry	2018A	1,500,000	—	—	—	1,500,000
Sub-total		48,500,000	—	1,500,000	—	47,000,000
Executive directors						
Chan Kam Kwan Jason	2018A	10,000,000	—	—	—	10,000,000
Kwai Kwun Lawrence	2018A	17,500,000	—	—	—	17,500,000
Colin Paterson	2018B	12,000,000	—	—	—	12,000,000
Sub-total		39,500,000	—	—	—	39,500,000
Employees	2018A	59,750,000	—	250,000	—	59,500,000
	2018B	2,000,000	—	—	—	2,000,000
Sub-total		61,750,000	—	250,000	—	61,500,000
GRAND TOTAL		149,750,000	—	1,750,000	—	148,000,000

DIRECTORS' REPORT

The total number of securities available for issue under the share option scheme amounts to 570,948,213 as at the date of the interim report, representing 6.19% of the issued share capital outstanding.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (six months ended 31 December 2018: Nil).

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the ASX and on the SEHK. The Company's corporate governance policies have been formulated to ensure that it is a responsible corporate citizen.

The Company complies with all aspects of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK, except for the following:

- (i) 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, 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; and
- (ii) under Code Provision A.6.7, non-executive directors should attend general meetings. During the period, due to Directors' other

commitments and travels, not all of the non-executive directors of the Company attended the general meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the 'Model Code') as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry to all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2019.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of directors' information of the Company are set out as below:

Mr. Uwe Henke Von Parpart resigned as an independent non-executive director of the Company on 15 October 2019.

Mr. David Rolf Welch has been appointed as an independent non-executive director of the Company on 15 October 2019.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim report is published on the website of SEHK (www.hkexnews.hk), ASX (www.asx.com.au), as well as the website of the Company (www.brockmanmining.com)/(www.irasia.com/listco/hk/brockmanmining). The interim report will be dispatched to shareholders and will be published on the aforementioned websites in due course.



AUDIT COMMITTEE

As at 31 December 2019, the audit committee comprises of three independent non-executive directors Messrs. Yap Fat Suan Henry, Choi Yue Chun Eugene and David Rolf Welch (the 'Audit Committee'). Mr. Yap Fat Suan Henry was the Chairman of the Audit Committee. The Audit Committee has adopted terms of reference which are in line with the CFG Code. The Audit Committee has reviewed the Group's interim results for the six months ended 31 December 2019.

By Order of the Board

Kwai Sze Hoi

Chairman

Hong Kong, 20 February 2020

DIRECTORS' DECLARATION

The Company is incorporated in Bermuda under the Companies Act 1981 of Bermuda.

This declaration is made in accordance with a resolution of the Directors of the Company dated 20 February 2020. In the Directors' opinion:

- (a) The condensed consolidated financial information and notes set out on pages 4 to 26:
 - (i) comply with International Accounting Standard 34 Interim Financial Reporting and the disclosure requirements of Hong Kong Companies Ordinance;
 - (ii) give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the six months ended on that date;
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Kwai Sze Hoi
Chairman

Hong Kong, 20 February 2020