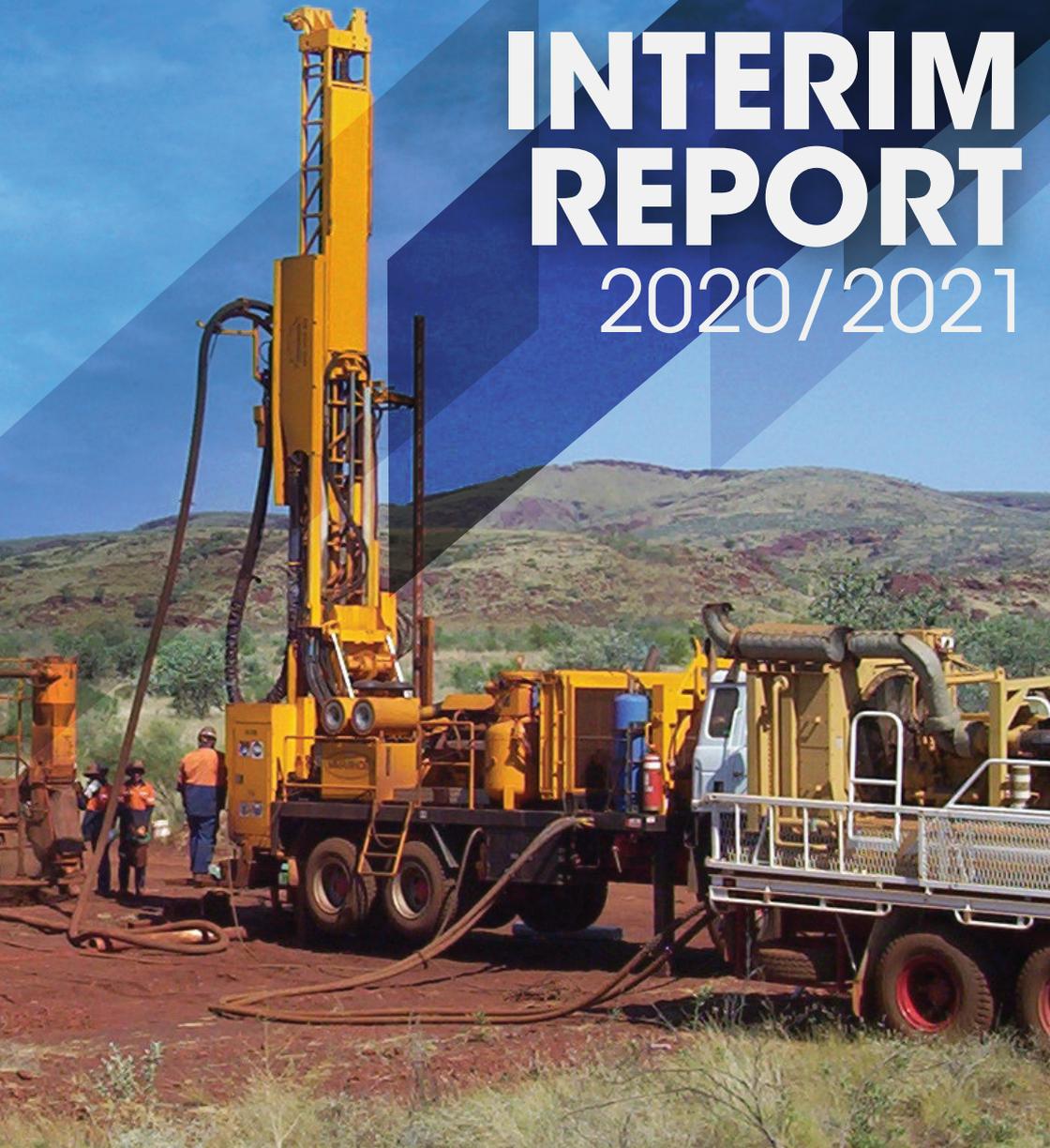


# BROCKMAN

布萊克萬礦業有限公司  
BROCKMAN MINING LIMITED

# INTERIM REPORT

2020/2021



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



# FINANCIAL INFORMATION

*For the six months ended 31 December 2020*

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 2020 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').

## CONTENTS

1.	Financial information .....	1
2.	Corporate profile .....	2
3.	Condensed consolidated statement of comprehensive income .....	4
4.	Condensed consolidated balance sheet .....	5
5.	Condensed consolidated statement of changes in equity .....	6
6.	Condensed consolidated statement of cash flows .....	8
7.	Notes to the condensed consolidated financial information .....	9
8.	Independent review report .....	25
9.	Management discussion and analysis .....	27
10.	Directors' report .....	31
11.	Directors' declaration .....	38

# 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  
Perth WA 6000  
Australia

## REGISTERED OFFICE (BERMUDA)

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda  
Tel: 1 441 295 5950 Fax: 1 441 299 4979

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3903B Far East Finance Centre  
16 Harcourt Road  
Admiralty  
Hong Kong  
Tel: (852) 3766 1090 Fax: (852) 2528 1510

## PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

Level 2, 679 Murray Street  
West Perth WA 6005  
Australia  
Tel: (61) 8 9389 3000

## PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited  
Level 54 Hopewell Centre  
183 Queen's Road East  
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](http://www.brockmanmining.com)  
[www.irasia.com/listco/hk/brockmanmining](http://www.irasia.com/listco/hk/brockmanmining)

## STOCKCODE

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	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other income		162	—
Administrative expenses		(7,933)	(9,521)
Exploration and evaluation expenses		(3,547)	(3,396)
Operating loss		(11,318)	(12,917)
Finance income		78	132
Finance costs		(737)	(665)
Finance costs, net	9	(659)	(533)
Share of loss of joint ventures		(62)	(58)
<b>Loss before income tax</b>		<b>(12,039)</b>	<b>(13,508)</b>
Income tax benefit	10	9,778	—
<b>Loss for the period</b>		<b>(2,261)</b>	<b>(13,508)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences arising from translation of foreign operations		73,301	(2,280)
Other comprehensive income/(loss) for the period		73,301	(2,280)
Total comprehensive income/(loss) for the period		71,040	(15,788)
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		(2,261)	(13,508)
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		71,040	(15,788)
<b>Loss per share attributable to the equity holders of the Company during the period</b>			
		HK cents	HK cents
Basic loss per share	11	(0.02)	(0.15)
Diluted loss per share	11	(0.02)	(0.15)

The notes on pages 9 to 24 form an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED BALANCE SHEET

INTERIM REPORT 2020/21



		As at	
	Note	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
<b>Non-current assets</b>			
Mining exploration properties	13	813,626	731,048
Property, plant and equipment	14	174	181
Right-of-use assets		1,880	1,226
Interest in joint ventures	20	696	644
Other non-current assets		136	121
		<b>816,512</b>	733,220
<b>Current assets</b>			
Other receivables, deposits and prepayments		1,669	1,581
Cash and cash equivalents	12	25,922	34,919
		<b>27,591</b>	36,500
<b>Total assets</b>		<b>844,103</b>	769,720
<b>Equity and liabilities</b>			
Share capital	17	927,923	927,923
Reserves		3,871,332	3,798,031
Accumulated losses		(4,126,122)	(4,123,881)
<b>Total equity attributable to the equity holders of the Company</b>		<b>673,133</b>	602,093
<b>Non-current liabilities</b>			
Deferred income tax liability	19	134,143	128,850
Borrowings	16	32,583	35,393
Lease liabilities		1,833	1,111
		<b>168,559</b>	165,354
<b>Current liabilities</b>			
Trade and other payables	15	2,025	1,891
Lease liabilities		386	382
		<b>2,411</b>	2,273
<b>Total liabilities</b>		<b>170,970</b>	167,627
<b>Total equity and liabilities</b>		<b>844,103</b>	769,720

The notes on page 9 to 24 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	Total HK\$'000
Balance at 1 July 2020 (Audited)	927,923	4,468,624	84,961	(755,554)	(4,123,861)	602,093
Loss for the period	—	—	—	—	(2,261)	(2,261)
Exchange differences arising on translation of foreign operations	—	—	—	73,301	—	73,301
Total comprehensive income/(loss) for the period	—	—	—	73,301	(2,261)	71,040
Balance at 31 December 2020 (Unaudited)	927,923	4,468,624	84,961	(682,253)	(4,126,122)	673,133



	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
<b>Balance at 1 July 2019 (Audited)</b>	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)
<b>Transactions with equity holders</b>						
Share-based compensation	—	—	1,477	—	—	1,477
Total transactions with equity holders	—	—	1,477	—	—	1,477
<b>Balance at 31 December 2019 (Unaudited)</b>	922,123	4,463,016	89,177	(740,304)	(4,116,353)	617,659

The notes on pages 9 to 24 form an integral part of these consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 31 December	
	Note	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Operating activities</b>			
Loss before tax		(12,039)	(13,508)
<i>Adjustments to reconcile loss before tax to net cash flows:</i>			
Depreciation of property, plant and equipment		33	44
Depreciation of right-of-use assets		163	—
Share-based payment expense		—	1,477
Finance income		(115)	(40)
Finance costs		665	543
Share of net loss of associate		62	—
Movements in provisions		243	107
Working capital requirements:			
— Increase/decrease in trade receivables and prepayments		(88)	(948)
— Increase/decrease in trade and other payables		(109)	32
<b>Net cash flows used in operating activities</b>		<b>(11,185)</b>	<b>(12,293)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(7)	(134)
Other investment activities		—	51
<b>Net cash flows used in investing activities</b>		<b>(7)</b>	<b>(83)</b>
<b>Financing activities</b>			
Principal portion of lease payments		(125)	—
Proceeds from borrowings		—	27,305
<b>Net cash (used in)/generated from financing activities</b>		<b>(125)</b>	<b>27,305</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(11,317)</b>	<b>14,929</b>
Cash and cash equivalents at beginning of the period		34,919	20,906
Effects of foreign exchange rate changes		2,320	(80)
<b>Cash and cash equivalents at end of the period</b>	12	<b>25,922</b>	<b>35,755</b>

The notes on pages 9 to 24 form an integral part of this condensed consolidated financial information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

INTERIM REPORT 2020/21



## 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.

On 11 March 2020, the World Health Organisation declared a global pandemic related to COVID-19. The impacts on the global economy and commerce have already been significant and are expected to continue in the future. The Directors consider that there does not currently appear to be either any significant impact on the condensed consolidated financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

---

## 2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 31 December 2020 has been prepared in accordance with International Accounting Standard ('IAS') 34 Interim Financial Reporting. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2020.

### (a) Going concern basis

For the period ended 31 December 2020, the Group recorded a net loss before tax of HK\$12,039,000 (six months ended 31 December 2019: HK\$13,508,000) and had operating cash outflows of HK\$11,185,000 (31 December 2019: HK\$12,293,000). 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 2020, the Group's cash and cash equivalents amounted to HK\$25,922,000 (30 June 2020: HK\$34,919,000).

On 27 November 2020, 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 (an additional 12 months from the previous 19 July 2019 notification) to complete and therefore the parties have agreed to extend certain key dates under the FJV Agreement.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 2. BASIS OF PREPARATION (Continued)

### (a) Going concern basis (Continued)

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 to a development plan for the Marillana Project including an extensive confirmatory drilling and testwork program. The outcome of both these undertakings has resulted in Polaris providing the Company with an Indicative Development Proposal. Polaris also has released A\$5,000,000 of the A\$10,000,000 loan, held in the escrow account pursuant to the FJV Agreement in the prior financial year. 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.

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\$14,817,000 from the substantial shareholder to 31 October 2022. 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 2022. As at 31 December 2020, the facility of HK\$10,000,000 was undrawn.

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 the 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 2020, 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**

##### **(a) New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of new standards effective as of 1 July 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

##### *Amendments to IFRS 3: Definition of a Business*

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create input. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial information of the Group but may impact future periods should the Group enter into any business combinations.

##### *Amendments to IAS 1 and IAS 8: Definition of Material*

The amendments provide a new definition of material that states '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 clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the interim condensed consolidated financial statements of the Group, nor is there expected to be any future impact on the Group.

##### *Amendments to IFRS 7, IFRS 9 and IAS 19: Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial information of the Group as it does not have any interest rate hedge relationships.

---

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

*Conceptual Framework for Financial Reporting issued on 28 March 2018*

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the condensed consolidated financial statements of 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 2020.

---

## 5. FINANCIAL RISK MANAGEMENT

### **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 2020.

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

### **(a) Capital risk management**

The Group manages its 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 lease liabilities, 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 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.



## 5. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

### (a) Capital risk management (Continued)

The gearing ratios at 31 December 2020 and 30 June 2020 were as follows:

	As at	
	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Long-term debt and lease liabilities	34,416	36,504
Total equity	673,133	602,093
Total capital	707,549	638,597
Gearing ratio	4.86%	5.72%

### (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 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	2-3 years HK\$'000	Later than 3 years and no later than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at period ended date HK\$'000
<b>31 December 2020 (Unaudited)</b>						
Non-derivative financial liabilities:						
Trade and other payables	719	—	—	—	719	719
Borrowings	—	14,817	—	26,646	41,463	32,583
Lease liabilities	386	986	232	831	2,435	2,219
	1,105	15,803	232	27,477	44,617	35,521
<b>30 June 2020 (Audited)</b>						
Non-derivative financial liabilities:						
Trade and other payables	829	—	—	—	829	829
Borrowings	—	14,152	26,646	—	40,798	35,394
Lease liabilities	382	392	404	661	1,839	1,493
	1,211	14,544	27,050	661	43,466	37,716

---

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5. FINANCIAL RISK MANAGEMENT (Continued)

**Financial risk factors** (Continued)

### **(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, amounts due to related parties approximate their carrying amounts due to their short-term maturities. The fair value of non-current borrowings is disclosed in note 21.

### **(d) Exchange rate risk**

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

---

## 6. REVENUE

There was no revenue during the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

---

## 7. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reports provided to Chief Operating Decision Makers, being the 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 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/(loss) 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.



## 7. SEGMENT INFORMATION (Continued)

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

	Mineral tenements in		
	Australia	Others	Total
	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended</b>			
<b>31 December 2020 (Unaudited):</b>			
<b>Segments results</b>	<b>(6,124)</b>	<b>(5,853)</b>	<b>(11,977)</b>
Share of loss of joint ventures			(62)
<b>Loss before income tax</b>			<b>(12,039)</b>
<b>Other information:</b>			
Depreciation of property, plant and equipment	(193)	(2)	(195)
Exploration and evaluation expenses	(3,547)	—	(3,547)
Income tax benefit	9,778	—	9,778
<b>For the six months ended</b>			
<b>31 December 2019 (Unaudited):</b>			
Segments results	(6,096)	(7,354)	(13,450)
Share of loss of joint ventures			(58)
<b>Loss before income tax</b>			<b>(13,508)</b>
<b>Other information:</b>			
Depreciation of property, plant and equipment	(40)	(4)	(44)
Exploration and evaluation expenses	(3,396)	—	(3,396)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 7. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's total assets by business segment as at 31 December 2020:

	Mineral tenements in		Total
	Australia	Others	
	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 December 2020 (Unaudited):</b>			
<b>Segment assets</b>	<b>834,393</b>	<b>9,710</b>	<b>844,103</b>
<b>Total segment assets include:</b>			
Interest in joint ventures	696	—	696
Additions to property, plant and equipment	7	—	7
Right-of-use assets	1,204	676	1,880
<b>As at 30 June 2020 (Audited):</b>			
<b>Segment assets</b>	<b>756,141</b>	<b>13,579</b>	<b>769,720</b>
<b>Total segment assets include:</b>			
Interests in joint ventures	644	—	644
Additions to property, plant & equipment	137	—	137
Right-of-use assets	1,226	—	1,226

## 8. PROFIT/LOSS BEFORE TAX

The Group's profit/loss before tax from continuing operations is arrived at after charging:

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	33	44
Depreciation of right-of-use assets	163	—
Short-term and low-value lease payments	198	713
Staff costs (including directors' emoluments)	6,149	5,706
Equity-settled share option expense	—	1,477
Exploration and evaluation expenses (excluding staff costs and rental expenses)	2,842	2,725



## 9. FINANCE COSTS, NET

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Finance income</b>		
Interest income on bank deposits	78	132
<b>Finance costs</b>		
Interest on borrowings (Note 16)	(665)	(665)
Interest on lease liabilities	(72)	—
	<b>(737)</b>	(665)
<b>Finance costs, net</b>	<b>(659)</b>	(533)

## 10. 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 six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

The income tax on the Group's loss before income tax for the six months ended 31 December 2020 (six months ended 31 December 2019: Nil) differs from the theoretical amount that would arise using the enacted tax rate of the consolidated entities as follows:

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss before income tax	(12,039)	(13,508)
Tax calculated at the applicable domestic tax rate of respective companies	(3,612)	(4,052)
Expenses not deductible for tax purposes	2,347	—
Recognition of previously unrecognised tax losses	(8,513)	—
Tax losses for which no deferred income tax asset was recognized	—	4,052
<b>Income tax benefit</b>	<b>(9,778)</b>	—

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 11. 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	
	2020 (Unaudited)	2019 (Unaudited)
Loss for the period attributable to the equity holders of the Company (HK\$'000)	(2,261)	(13,508)
Weighted average number of ordinary shares for the purpose for calculating the basic loss per share (thousands)	9,279,232	9,187,642
Effects of dilution from:		
— share of options (thousands)	90,000	45,250
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)	9,369,232(*)	9,213,857
Loss per share attributable to the equity holders of the Company:		
Basic (HK cents)	(0.02)	(0.15)
Diluted (HK cents)	(0.02)(*)	(0.15)

Note (\*): Because the diluted loss per share amount is decreased when taking share options into account, the share options had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the loss for the year of HK\$2,261,000, and the weighted average number of ordinary shares 9,369,232,000 in issue during the year.



## 12. CASH AND CASH EQUIVALENTS

For the purpose of the condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	As at	
	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Cash at bank and in hand	12,167	6,669
Short-term time deposits	13,755	28,250
<b>Total cash and cash equivalents</b>	<b>25,922</b>	<b>34,919</b>

Cash at banks earns interests at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## 13. MINING EXPLORATION PROPERTIES

	Mining exploration properties in Australia HK\$'000
Balance as at 1 July 2019 (Audited)	757,345
Recoupment of benefit	(5,404)
Exchange differences	(20,893)
<b>Balance as at 30 June 2020 (Audited)</b>	<b>731,048</b>
Recoupment of benefit	(6,051)
Exchange differences	88,629
<b>Balance as at 31 December 2020 (Unaudited)</b>	<b>813,626</b>

The mining exploration 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 2020, the Group assessed whether events or changes in circumstances indicated a potential material change to the recoverable amount of the mining exploration properties since 30 June 2020. The Group performed an assessment of impairment indicators.

Based on this assessment, management concluded that as at 31 December 2020, there was no indication that the recoverable amount of the mining exploration properties has materially changed and thus impairment assessment was not required.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2020, the Group acquired assets with a cost of HK\$7,000 (six months ended 31 December 2019: HK\$134,000).

## 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 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
<b>Non-current</b>		
Loans from a substantial shareholder	14,817	14,151
Loan from Polaris	17,766	21,242
	<b>32,583</b>	35,393

As at 31 December 2020, the borrowings from a substantial shareholder are unsecured, they bear an interest at 12% (30 June 2020: 12%) per annum and are repayable on 31 October 2022 (30 June 2020: 31 October 2021).

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), and is carried at amortised cost. 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. The loan is not repayable in the event that Polaris gives notice to Brockman Iron that it does not proceed with the joint venture operation.



## 17. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
<b>Authorised</b>		
As at 31 December 2020 and 30 June 2020	20,000,000	2,000,000
<b>Issued and fully paid</b>		
As at 31 December 2020 and 30 June 2020	9,279,232	927,923

## 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 and eligible participants of the scheme 2018A and 2018B include the Company's directors, including independent non-executive directors and other employees of 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 maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12 month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than three years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 18. SHARE OPTION SCHEME (Continued)

### Share option scheme of the Company (Continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The fair value of the employee 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\$)	Exercised/ lapsed in prior periods (share options)	Lapsed during the period (share options)
2018A	7 December 2017	194,000,000	50%	7 December 2017 – 31 December 2018	1 January 2019 – 31 December 2020	0.124	119,000,000	75,000,000
			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	1,500,000	15,000,000
			50%	7 December 2017 – 31 December 2019	1 January 2020 – 31 December 2020			

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.

The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variable of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.



## 18. SHARE OPTION SCHEME (Continued)

### Share option scheme of the Company (Continued)

For the six months ended 31 December 2020, the Company did not recognise an expense (six months ended 31 December 2019: HK\$1,477,000) in relation to the share options granted by the Company as the share options expired on the 31 December 2020.

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

	2020		2019	
	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	90,000	0.14	149,750
Granted	—	—	—	—
Expired/lapsed	0.13	90,000	0.11	1,750
<b>At 31 December</b>	—	—	0.14	148,000

During the period ended 31 December 2020, 90,000,000 options had expired. No share option had been exercised during the period, prior to the expiry of the outstanding share options (six months ended 31 December 2019: 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 2019 (Audited)	(134,172)
Deferred tax associated with the Polaris Loan	1,621
Exchange differences	3,701
<b>At 30 June 2020 (Audited)</b>	<b>(128,850)</b>
Deferred tax associated with the Polaris Loan	1,815
Offset of deferred tax for tax losses recognised	8,513
Exchange differences	(15,621)
<b>At 31 December 2020 (Unaudited)</b>	<b>(134,143)</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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.

## 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 2019: 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Wages, salaries and other short-term welfare	3,590	3,941
Post-employment benefits	141	190
Share-based compensation expenses	—	1,134
	3,731	5,265

## 22. INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

## 23. EVENTS OCCURRING AFTER BALANCE SHEET DATE

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



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

**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 24, which comprises the condensed consolidated balance sheet of Brockman Mining Limited (the 'Company') and its subsidiaries (together the 'Group') as at 31 December 2020 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'). 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'. 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 of 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, handwritten-style font.

**Ernst & Young**  
Chartered Accountants

Perth, Western Australia  
19 February 2021



## BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

During the period under review, Brockman Iron Pty Ltd ('Brockman Iron') (a wholly owned subsidiary of the Company) and Polaris Metals Pty Ltd ('Polaris') (a wholly owned subsidiary of Mineral Resources Limited ('MRL')) progressed activities towards satisfaction of their Farm-In obligations in relation to the Farm-In Joint Venture (FJV) Agreement over the Marillana Iron Ore Project. A drilling and metallurgical testing campaign by Polaris has been completed satisfactorily. Polaris also completed its technical and cost report on the Marillana Iron Ore Project. The outcome of both these undertakings has resulted in Polaris providing the Company with an Indicative Development Proposal.

As at 31 December 2020, the Group's net asset value amounted to HK\$673.1 million (30 June 2020: HK\$602.1 million) and cash at bank was HK\$25.9 million (30 June 2020: HK\$34.9 million).

Loss before income tax for the six months ended 31 December 2020 was HK\$12.0 million (2019: HK\$13.5 million). Operational related production costs and exploration expenditure have decreased due to a reduction in exploration activities and cost saving measures.

During the six months ended 31 December 2020, the Group's basic loss per share for the period was HK\$0.02 cents (2019: HK\$0.15 cents) and the cash outflows from operating activities were HK\$11.1 million (2019: HK\$12.3 million).

On 11 March 2020, the World Health Organisation declared a global pandemic related to COVID-19. The impacts on the global economy and commerce have already been significant and are expected to continue in the future. The duration of the pandemic and its impact on global financial markets, did not affect the Group significantly; however, appropriate protocols are in place to minimise the associated risks to employees.

## OUTLOOK

Upon the completion of the Farm-In Obligations, the Joint Venture on Marillana shall be established and development and construction for 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\$6.1 million (2019: HK\$6.2 million). Total expenditure associated with mineral exploration and evaluation for the period ended 31 December 2020 amounted to HK\$3.5 million (2019: HK\$3.4 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	
	2020 HK\$'000	2019 HK\$'000
Marillana	1,897	1,894
Ophthalmia	868	714
Regional Exploration	782	788
	<b>3,547</b>	<b>3,396</b>

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 2020 and six months period ended 31 December 2019.

There was no capital expenditure for each of the projects in Western Australia for the 2020 and 2019 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 2020, 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 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 km<sup>2</sup> bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation have developed within the dissected Brockman Iron Formation that caps the Range.

### **Farm-in prior to Joint Venture**

#### ***Farm-in obligations and interest***

In October 2020, the drilling and metallurgical testing campaign by Polaris was completed satisfactorily. Polaris also completed its technical and cost report. The outcome of both these undertakings has resulted in Polaris providing the Company with an Indicative Development Proposal, which includes the following:

1. An improved optimised mine plan and yield on the ore processing for production of low impurities 60.5% Fe product over more than a 25 year mine life.
2. A proposed logistics system to transport the ore from the mine to the port stockyard at Port Hedland. This logistics system is to be constructed and operated by MRL (or a subsidiary) for Marillana.
3. Construction of a berth at a dedicated location in Port Hedland subject to the approval from the State Government of Western Australia (the 'Government').
4. A current market-based estimate for project capital and operating costs, including the logistics services cost for transporting the ore from mine to ship.

The Company has accepted the Indicative Development Proposal in principle, pending the formal submission of a Final Investment Decision ('FID') proposal from MRL. MRL intends to submit such FID proposal once it has received the Government commitment for the intended berth allocation. FID is expected around mid 2021.

With the Indicative Development Proposal agreed in principle, both Brockman Iron and Polaris have agreed to proceed with the following:

1. Upon the receipt of FID submitted by Polaris, the Company will independently review and decide on FID for Marillana.
2. If both Brockman Iron and Polaris make a positive FID and a port agreement is in place:
  - a. The Farm-in Obligations will be deemed to have been satisfied.
  - b. The Joint Venture will be established.
  - c. The FJV Agreement parties will make amendments to the FJV Agreement to reflect the final agreed transportation arrangements from the mine to the port and the removal of the requirement for MRL to construct a bulk ore rail system and to have commenced construction and operation of the rail system by certain sunset dates.

# MANAGEMENT DISCUSSION AND ANALYSIS

- Under the FJV Agreement, the sunset date for commencing construction of the proposed transportation and port systems was extended to 31 December 2021 and the sunset date for commencing operations was extended to 31 December 2023.
- Under the current Mine to Ship Services Agreement, the date for satisfaction of the various conditions precedent has also been extended until 31 December 2021.

## **Joint Venture Agreement**

### **Formation and scope**

Upon completion of the Farm-In Obligations, the parties shall 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.

### **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**

Following the establishment of the Joint Venture, MRL (or its Related Party) agrees to provide the Joint Venturers with funding by way of a project loan sufficient to allow the Joint Venturers to fund the forecast project capital costs.

### **Manager**

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

## **Loan Agreement**

As part of the FJV Agreement, Polaris is to provide an interest-free loan of A\$10 million (the Loan) to Brockman Iron for working capital purposes. A\$5 million of the loan has already been released and the remaining A\$5 million is in an escrow account and upon formation of the Joint Venture 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 product produced and sold.

## **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. The total Mineral Resources at Ophthalmia now stand at 341 Mt grading 59.3% Fe. Various studies on the mine plan, processing and transportation options for the project are progressing.

## **West Pilbara Project**

The West Pilbara project comprises four tenements centred around Duck Creek, located about 100-130 km WNW of Paraburdoo in the West Pilbara region. Brockman has completed an Inferred Mineral Resource estimate of 21.6 Mt grading 55.9% Fe, for the channel iron ore deposit ('CID') mineralisation of Duck Creek.



The Directors present their report together with the condensed consolidated financial information for the six month ended 31 December 2020.

## DIRECTORS

The Directors of the Company during the six months ended 31 December 2020 and up to the date of this report, unless otherwise indicated, were:

Name	Period of Directorship
<b>Non-Executive Directors:</b>	
Kwai Sze Hoi (Chairman)	Appointed on 15 June 2012
Liu Zhengui (Vice Chairman)	Appointed on 27 April 2012
Ross Stewart Norgard	Appointed on 22 August 2012
<b>Executive Directors:</b>	
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
<b>Independent Non-Executive Directors:</b>	
Yap Fat Suan, Henry	Appointed on 8 January 2014
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 2020 (2019: Nil).

The current ratio as at 31 December 2020 is 11.44 (30 June 2020: 16.05). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.05 (30 June 2020: 0.05).

## 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.

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 2020 (30 June 2020: Nil).

## 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 9,279,232,131 shares.

# DIRECTORS' REPORT

## SHARE DETAILS

### Quoted securities

As at 31 December 2020, there were 9,279,232,131 (30 June 2020: 9,279,232,131) fully paid shares on issue.

### Unquoted securities

As at 31 December 2020, there were no unquoted securities.

## PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2020 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 2020: Nil)

## RISK DISCLOSURE

### 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.

#### (d) Exchange rate risk

The Group is exposed to exchange rate risk primarily in relation to our mineral tenements that are denominated in Australian dollars. Depreciation in the Australian dollar may adversely affect our net asset value when the value of such assets is converted to Hong Kong dollars. During the six months ended 31 December 2020, no financial instrument was used for hedging purposes.

## STAFF AND REMUNERATION

As at 31 December 2020, the Group employed 15 employees (30 June 2020: 15), of which 5 were in Australia (includes 2 non-executive directors) (30 June 2020: 5) and 10 in Hong Kong (includes 4 non-executive directors) (30 June 2020: 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 management and the remuneration committee.



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

As at 31 December 2020, 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 or 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 otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the 'SEHK'), pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (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 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	—	0.65%
	Beneficial owner	206,072,000	—	2.22%
	Interests of controlled corporation (Note)	2,426,960,137	—	26.15%
	Interest of spouse	24,496,000	—	0.26%
Mr Liu Zhengui	Beneficial owner	—	—	0.00%
Mr Ross Norgard	Beneficial owner	64,569,834	—	0.70%
	Interests of controlled corporation	178,484,166	—	1.92%
Mr Colin Paterson	Beneficial owner	30,173,004	—	0.33%
	Interest of spouse	22,625,442	—	0.24%
Mr Kwai Kwun Lawrence	Beneficial owner	63,408,412	—	0.68%
Mr Chan Kam Kwan Jason	Beneficial owner	—	—	0.00%
Mr Yap Fat Suan Henry	Beneficial owner	400,000	—	0.00%
Mr Choi Yue Chun Eugene	Beneficial owner	—	—	0.00%
Mr David Rolf Welch	Beneficial owner	—	—	0.00%

#### 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 2020, none of the Directors and Chief Executives, nor their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or otherwise notified to the Company and the SEHK pursuant to the Model Code.

# 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 2020, 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 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	26.15%
Mr Kawi Sze Hoi (Note 1)	Interest held by controlled corporation	2,426,960,137	26.15%
	Interest held jointly with another person	60,720,000	0.65%
	Beneficial owner	206,072,000	2.22%
	Interest of spouse	24,496,000	0.26%
Cheung Wai Fung (Note 1)	Interest held by controlled corporation	2,426,960,137	26.15%
	Interest held jointly with another person	60,720,000	0.65%
	Beneficial owner	24,496,000	0.26%
	Interest of spouse	206,072,000	2.22%
Equity Valley Investments Limited	Beneficial owner	515,574,276	5.56%
The XSS Group Limited (Note 2)	Interest held by controlled corporation	515,574,276	5.56%
Cheung Sze Wai, Catherine (Note 2)	Interest held by controlled corporation	515,574,276	5.56%
Luk Kin Peter Joseph (Note 2)	Interest held by controlled corporation	515,574,276	5.56%
KQ Resources Limited	Beneficial owner	1,301,270,318	14.02%

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.
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.



Save as disclosed above, as at 31 December 2020, no person, other than the directors of the Company, whose interests are set out above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

## 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.

The binomial option pricing model is a generally accepted method of valuing options. The measurement dates used in the valuation

follows:

Option type	Maximum entitlement of each participant	Outstanding as at 1 July 2020	Disposal or waived	Lapsed/Expired	Granted	Outstanding as at 31 December 2020
<b>Non-executive directors</b>						
Liu Zhengui	2018A	2,500,000	—	2,500,000	—	—
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	—	—
<b>Executive directors</b>						
Chan Kam Kwan Jason	2018A	10,000,000	—	10,000,000	—	—
Colin Paterson	2018B	12,000,000	—	12,000,000	—	—
Employees	2018A	62,000,000	—	59,500,000	—	—
Employees	2018B	3,000,000	—	1,500,000	—	—
<b>GRAND TOTAL</b>		<b>94,000,000</b>	<b>—</b>	<b>90,000,000</b>	<b>—</b>	<b>—</b>
Weighted average price		<b>0.13</b>	<b>—</b>	<b>0.13</b>	<b>—</b>	<b>—</b>

calculations were the dates on which the options were granted. The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of an uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of the option.

The 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 2020 which have been granted to Qualified Persons under the Share Option Scheme are as

# 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 6.15% of the issued share capital outstanding.

## CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, there were no changes of directors' information of the Company during the six months ended 31 December 2020.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2020, 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 2019: 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 Listing Rules on the SEHK, except for the following:

- (i) Code Provision A.2.1, states that 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) Code Provision A.6.7, states that non-executive Directors should attend general meetings. During the period, due to Directors' other commitments and schedule conflicts, not all of the non-executive directors of the Company attended all the general meetings.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 2020.

## PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim report is published on the website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)), ASX ([www.asx.com.au](http://www.asx.com.au)), as well as the website of the Company ([www.brockmanmining.com](http://www.brockmanmining.com))/ ([www.irasia.com/listco/hk/brockmanmining](http://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 2020, 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 Corporate Governance Code. The Audit Committee has reviewed the Group's interim results for the six months ended 31 December 2020.

By Order of the Board

**Kwai Sze Hoi**  
Chairman

Hong Kong, 19 February 2021

---

# 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 19 February 2021. In the Directors' opinion:

- (a) The condensed consolidated financial information and notes set out on pages 4 to 24:
  - (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 2020 and of its performance for the six months ended on that date;
- (b) Subject to the matters disclosed in note 2(a), 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, 19 February 2021