



BROCKMAN

布萊克萬礦業有限公司
BROCKMAN MINING LIMITED

INTERIM REPORT

2021/2022



FINANCIAL INFORMATION

For the six months ended 31 December 2021

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 2021 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

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

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

Level 2, 679 Murray Street
West Perth WA 6005
Australia

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
Industrial and Commercial Bank of China (Asia)
Limited
Westpac Banking Corporation

WEBSITE

www.brockmanmining.com
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	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other income		—	162
Administrative expenses		(14,617)	(7,933)
Exploration and evaluation expenses		(8,163)	(3,547)
Operating loss		(22,780)	(11,318)
Finance income		9	78
Finance costs		(3,174)	(737)
Finance costs, net	9	(3,165)	(659)
Share of loss of joint ventures		(61)	(62)
Loss before income tax		(26,006)	(12,039)
Income tax benefit	10	3,108	9,778
Loss for the period		(22,898)	(2,261)
Other comprehensive (loss)/income			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences arising from translation of foreign operations		(13,038)	73,301
Other comprehensive (loss)/income for the period		(13,038)	73,301
Total comprehensive (loss)/income for the period		(35,936)	71,040
Loss for the period attributable to:			
Equity holders of the Company		(22,898)	(2,261)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(35,936)	71,040
Loss per share attributable to the equity holders of the Company during the period			
		HK cents	HK cents
Basic loss per share	11	(0.25)	(0.02)
Diluted loss per share	11	(0.25)	(0.02)

The notes on pages 9 to 31 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

INTERIM REPORT 2021/22



		As at	
	Note	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Non-current assets			
Mining exploration properties	13	762,461	784,933
Property, plant and equipment	14	175	167
Right-of-use assets		1,169	1,538
Interest in joint ventures	20	660	703
Other non-current assets		129	132
		764,594	787,473
Current assets			
Other receivables, deposits and prepayments		1,965	1,033
Cash and cash equivalents	12	38,218	45,667
		40,183	46,700
Total assets		804,777	834,173
Equity and liabilities			
Share capital	17	927,923	927,923
Reserves		3,849,162	3,855,804
Accumulated losses		(4,160,923)	(4,138,025)
Total equity attributable to the equity holders of the Company		616,162	645,702
Non-current liabilities			
Deferred income tax liability	19	119,980	126,706
Borrowings	16	59,059	57,245
Lease liabilities		971	1,111
		180,010	185,062
Current liabilities			
Trade and other payables	15	6,646	1,123
Lease liabilities		609	828
Provisions		1,350	1,458
		8,605	3,409
Total liabilities		188,615	188,471
Total equity and liabilities		804,777	834,173

The notes on page 9 to 31 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 2021 (Audited)	927,923	4,468,624	86,110	(698,930)	(4,138,025)	645,702
Loss for the period	—	—	—	—	(22,898)	(22,898)
Other comprehensive loss						
Exchange differences arising on translation of foreign operations	—	—	—	(13,038)	—	(13,038)
Total comprehensive loss for the period	—	—	—	(13,038)	(22,898)	(35,936)
Transactions with equity holders						
Share-based compensation (Note 18)	—	—	6,396	—	—	6,396
Total transactions with equity holders	—	—	6,396	—	—	6,396
Balance at 31 December 2021 (Unaudited)	927,923	4,468,624	92,506	(711,968)	(4,160,923)	616,162



	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

The notes on pages 9 to 31 form an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 31 December	
	Note	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities			
Loss before tax		(26,006)	(12,039)
<i>Adjustments to reconcile loss before tax to net cash flows:</i>			
Depreciation of property, plant and equipment		14	33
Depreciation of right-of-use assets		340	163
Share-based payment expense		6,396	—
Finance costs		3,010	550
Movements in provisions		107	243
Working capital adjustments:			
— Increase in trade receivables and prepayments		(932)	(88)
— Increase/decrease in trade and other payables		5,428	(109)
Net cash flows used in operating activities		(11,643)	(11,247)
Cash flows from investing activities			
Purchase of property, plant and equipment		(26)	(7)
Investment in joint venture		(18)	62
Proceeds received on settlement of non-recourse share loans		6,006	—
Interest received		11	—
Net cash flows (used in)/from investing activities		5,973	55
Cash flows from financing activities			
Principal portion of lease payments		(329)	(125)
Interest on lease payments		(66)	—
Net cash generated from financing activities		(395)	(125)
Net decrease in cash and cash equivalents		(6,065)	(11,317)
Cash and cash equivalents at beginning of the period		45,667	34,919
Effects of foreign exchange rate changes		(1,384)	2,320
Cash and cash equivalents at end of the period	12	38,218	25,922

The notes on pages 9 to 31 form an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

INTERIM REPORT 2021/22



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.

These 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 interim condensed consolidated financial information for the six months ended 31 December 2021 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 2021.

(a) Going concern basis

For the period ended 31 December 2021, the Group recorded a net loss before tax of HK\$26,006,000 (six months ended 31 December 2020: HK\$12,039,000) and had operating cash outflows of HK\$11,643,000 (six months ended 31 December 2020: HK\$11,247,000). 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 (including the Group's share of the joint operations expenses) of the Company's iron ore exploration projects and corporate overhead costs. As at 31 December 2021, the Group's cash and cash equivalents amounted to HK\$38,218,000 (30 June 2021: HK\$45,667,000).

On 22 April 2021, Brockman Iron Pty Ltd (a wholly-owned subsidiary of the Company) ('Brockman Iron') and Polaris Metals Pty Ltd ('Polaris') established the Joint Operation. Following the establishment of the Joint Operation, Polaris (or its related party) agreed to provide the Joint Operation with funding by way of a project loan sufficient to allow the Joint Operation to fund the forecast capital costs for development. The Joint Operators have agreed to initial development works that will be funded by Polaris with the cost estimated to be circa A\$41,000,000 (~HK\$237,779,000). The project loan agreement is expected to be executed by the end of March 2022.

The loans from Polaris of A\$10,000,000 have been released from the escrow account pursuant to the Farm-in and Joint Venture ('FJV') Agreement. Under the terms of FJV Agreement these loans are to be repaid from net revenue received by Brockman Iron from the sale of its share of product produced and sold from the joint operation. The repayment of these loans to Polaris must be in priority to all other payments from Net Revenue received by Brockman Iron from the sale of its Percentage Share of Product sold from the Project.

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, including, but not limited to, the following:

- (i) Extending the repayment date of the existing loans of HK\$16,136,000 from the substantial shareholder to 31 October 2023. These loans bear interest at 12% per annum.
- (ii) On 19 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 2023. As at 31 December 2021, the facility of HK\$10,000,000 is 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 the 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 2021, 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.



3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 2021, except for the adoption of new standards effective as of 1 July 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective but, intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

Reference to the Conceptual Framework — Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations — Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The Group is currently assessing the impact of these amendments.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Changes in accounting policy and disclosures (Continued)

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

Property, Plant and Equipment: Proceeds before Intended Use — Amendments to IAS 16

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts — Costs of Fulfilling a Contract — Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Group is currently assessing the impact of these amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards — Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.



3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Changes in accounting policy and disclosures (Continued)

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

IFRS 9 Financial Instruments — Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates — Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Changes in accounting policy and disclosures (Continued)

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

Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2 (Continued)

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

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 2021.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including exchange rate 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 2021.

There have been no changes in the risk management policies since the 30 June 2021 year end.

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the 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 2021 and 30 June 2021 were as follows:

	As at	
	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Long-term debt and lease liabilities	60,030	58,356
Total equity	616,162	645,702
Total capital	676,192	704,058
Gearing ratio	8.87%	8.28%

(b) Liquidity risk

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

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

	Within 1 year of demand	1 to 2 years	2 - 3 years	Later than 3 years and no later than 5 years	Total undiscounted cash flows	Carrying amount at period ended date
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 December 2021 (Unaudited)						
Non-derivative financial liabilities:						
Trade and other payables	6,646	—	—	—	6,646	6,646
Borrowings	—	16,137	55,788	—	71,925	59,059
Lease liabilities	409	1,066	261	—	1,736	1,580
	7,055	17,203	56,049	—	80,307	67,285
30 June 2021 (Audited)						
Non-derivative financial liabilities:						
Trade and other payables	1,123	—	—	—	1,123	1,123
Borrowings	—	15,472	55,708	—	71,259	57,245
Lease liabilities	828	499	314	441	2,082	1,939
	1,951	15,974	56,022	441	74,464	60,307

The date of repayment for the Polaris loans will depend on the date of commencement of operations and it is expected that full repayment will be made within three-six months of this date.

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.

(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 and earnings when the value of such assets is converted to Hong Kong dollars. During the year, no financial instrument was used for hedging purposes.

As at 31 December 2021, the Group was not exposed to any significant exchange rate risk (six months ended 31 December 2020: Nil).

(e) Credit risk

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

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

The credit risk on cash and cash equivalents is limited for both the Group and the Company because counterparties are mainly the banks with high credit-rating of AA+ assigned by international credit-rating agencies.

The Group and the Company have no concentration of credit risk, with exposure spread over a number of counterparties.

6. REVENUE

There was no revenue during the six months ended 31 December 2021 (six months ended 31 December 2020: 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 the 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/(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		
	Australia	Others	Total
	HK\$'000	HK\$'000	HK\$'000
For the six months ended			
31 December 2021 (Unaudited):			
Segments results	(13,017)	(12,928)	(25,945)
Share of loss of joint ventures			(61)
Loss before income tax			(26,006)
Other information:			
Depreciation of property, plant, equipment, and right-of-use assets	(176)	(178)	(354)
Exploration and evaluation expenses	(8,163)	—	(8,163)
Income tax benefit	3,108	—	3,108
Share based payment expense	—	(6,396)	(6,396)
For the six months ended			
31 December 2020 (Unaudited):			
Segments results	(6,124)	(5,853)	(11,977)
Share of loss of joint ventures			(62)
Loss before income tax			(12,039)
Other information:			
Depreciation of property, plant, equipment, and right-of-use assets	(193)	(2)	(195)
Exploration and evaluation expenses	(3,547)	—	(3,547)
Income tax benefit	9,778	—	9,778



7. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's total assets by business segment as at 31 December 2021:

	Mineral tenements in Australia	Others	Total
	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2021 (Unaudited):			
Segment assets	793,614	11,163	804,777
Total segment assets include:			
Interest in joint ventures	660	—	660
Additions to property, plant and equipment	26	—	26
Right-of-use assets	815	354	1,169
As at 30 June 2021 (Audited):			
Segment assets	823,358	10,815	834,173
Total segment assets include:			
Interests in joint ventures	703	—	703
Additions to property, plant & equipment	19	—	19
Right-of-use assets	1,006	532	1,538

8. LOSS BEFORE TAX

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

	Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	14	33
Depreciation of right-of-use assets	340	163
Short-term and low-value lease payments	—	198
Staff costs (including directors' emoluments)	5,995	6,149
Equity-settled share option expense	6,396	—
Exploration and evaluation expenses (excluding staff costs and rental expenses)	7,456	2,842

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9. FINANCE COSTS, NET

	Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Finance income		
Interest income on bank deposits	9	78
Finance costs		
Interest on borrowings (Note 16)	(3,108)	(665)
Interest on lease liabilities	(66)	(72)
	(3,174)	(737)
Finance costs, net	(3,165)	(659)

10. INCOME TAX BENEFIT

No provision for Hong Kong Profits Tax or overseas income tax has been made in these condensed consolidated financial statements as the Group has no assessable profit for the six months ended 31 December 2021 (six months ended 31 December 2020: Nil).

The income tax on the Group's loss before income tax for the six months ended 31 December 2021 (six months ended 31 December 2020: 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss before income tax	(26,006)	(12,039)
Tax calculated at the applicable domestic tax rate of respective companies	(7,802)	(3,612)
Expenses not deductible for tax purposes	4,694	2,347
Recognition of previously unrecognised tax losses	—	(8,513)
Income tax benefit	(3,108)	(9,778)



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	
	2021 (Unaudited)	2020 (Unaudited)
Loss for the period attributable to the equity holders of the Company (HK\$'000)	(22,898)	(2,261)
Weighted average number of ordinary shares for the purpose for calculating the basic loss per share (thousands)	9,279,232	9,279,232
Effects of dilution from:		
— share of options (thousands)	105,500	90,000
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)	9,332,416(*)	9,369,232(*)
Loss per share attributable to the equity holders of the Company:		
Basic (HK cents)	(0.25)	(0.02)
Diluted (HK cents)	(0.25)(*)	(0.02)(*)

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 six months ended 31 December 2021 of HK\$22,898,000 (six months ended 31 December 2020: HK\$2,261,000) and the weighted average number of ordinary shares 9,332,416,000 in issue during the six months ended 31 December 2021 (six months ended 31 December 2020: 9,369,232,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Cash and cash equivalents	38,218	45,667

Cash at bank earns interest 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 2020 (Audited)	731,048
Recoupment of benefit	(14,763)
Exchange differences	68,648
Balance as at 30 June 2021 (Audited)	784,933
Exchange differences	(22,472)
Balance as at 31 December 2021 (Unaudited)	762,461

At 31 December 2021 the Group held capitalised mining exploration properties in Australia of HK\$762,461,000 (30 June 2021: HK\$784,933,000) representing 95% (30 June 2021: 94%) of the Group's total assets.



13. MINING EXPLORATION PROPERTIES (Continued)

The determination as to whether there are any indicators to require a mining exploration property to be assessed involves a number of judgments including whether the Group has tenure, will be able to perform ongoing expenditure and where there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group performed an assessment of the impairment indicators at 31 December 2021 in accordance with IFRS 6, taking into account the following factors:

1. The Group still had the right to explore the tenements.
2. To date there have been no adverse findings reported or identified from technical studies undertaken that would affect the advancement of Marillana.
3. Substantial further expenditure is forecast for Marillana from 31 December 2021 and beyond, to continue to advance development of the project.
4. Since 1 January 2019, the iron ore price has increased to levels not seen since 2014 and at 31 December 2021 the price was still above A\$160 per tonne or US\$115 per dry metric tonne (at an exchange rate of US\$0.71).
5. At 31 December 2021, the Group's market capitalisation was HK\$2,690,977,000, well in excess of the net assets HK\$616,162,000.
6. The Group's Mineral Resource estimate has not changed since September 2018.

As a result of considering these factors, the directors did not identify any impairment indicators.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2021, the Group acquired assets with a cost of HK\$26,000 (six months ended 31 December 2020 HK\$7,000).

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16. BORROWINGS

	As at	
	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Non-current		
Loans from a substantial shareholder	16,137	15,471
Loans from Polaris	42,922	41,774
	59,059	57,245

As at 31 December 2021, the borrowings from a substantial shareholder are unsecured, they bear an interest at 12% (30 June 2021: 12%) per annum and are repayable on 31 October 2023 (30 June 2021: 31 October 2022).

On 18 November 2019 and 4 May 2021, Polaris advanced the first and second tranche of the loans (total advanced of A\$10,000,000) to Brockman Iron pursuant to the terms of the Farm-in Joint Venture Agreement over the Marillana Iron Ore Project. The loans are secured (per a Deed of Cross Security), carried at amortised cost and are repayable to Polaris from net revenue received by Brockman Iron from the sale of its percentage share of product sold from the joint operation.

17. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised		
As at 31 December 2021 and 30 June 2021	20,000,000	2,000,000
Issued and fully paid		
As at 31 December 2021 and 30 June 2021	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 2021A and 2021B 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.

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.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors.

The exercise period of the share options granted is determinable by the directors, and commences after a vesting period 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.

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 condensed consolidated statement of comprehensive income, with a corresponding adjustment to equity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18. SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

Details of specific categories options are as follows:

Option type	Date of grant	Number of share options granted	Fair value at the grant date (HK\$'000)	Vesting period	Exercise period	Exercise price (HK\$)
2021A	29 June 2021	17,500,000	1,378,000	29 June 2021 – 1 January 2022	1 January 2022 – 31 December 2024	0.213
	14 May 2021	71,000,000	5,339,000	14 May 2021 – 1 January 2022	1 January 2022 – 31 December 2024	0.213
2021B	29 June 2021	15,000,000	723,000	29 June 2021 – 1 January 2022	1 January 2022 – 12 May 2024	0.295
	14 May 2021	2,000,000	105,000	14 May 2021 – 1 January 2022	1 January 2022 – 12 May 2024	0.295
		105,500,000	7,545,000			

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\$0.213 – HK\$0.295
Volatility	51% – 53%
Expected option life	2.9 – 3.5 years
Annual risk-free rate	0.272% – 0.416%
Expected dividend yield	0%
Weighted average share price (per share)	HK\$0.207

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 of 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.

For the six months ended 31 December 2021, the Company recognised the total expense of HK\$6,396,000 (six months ended 31 December 2020: Nil).



18. SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

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

	2021		2020	
	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	0.23	105,500	0.13	90,000
Granted	—	—	—	—
Cancelled	—	—	—	—
Expired/lapsed	—	—	0.13	90,000
At 31 December	0.23	105,500	—	—

As at 31 December 2021, 105,500,000 (30 June 2021: 105,500,000) options were outstanding with a weighted average exercise price of HK\$0.23 (30 June 2021: HK\$0.23) per option.

As at 31 December 2021, the weighted average of the remaining contractual life of the outstanding share options was 2.3 and 2.9 years (30 June 2021: 2.9 and 3.5 years).

No share options were exercised during the six months ended 31 December 2021 (30 June 2021: Nil) and there were no issues of ordinary share of the Company (30 June 2021: Nil) and no new share capital (30 June 2021: Nil).

No options expired, lapsed, or cancelled during the six months ended 31 December 2021 (six months ended 31 December 2020: 90,000,000 options were expired/lapsed with an average exercise price of HK\$0.13).

As at 31 December 2021, the Company had 105,500,000 (30 June 2021: 105,500,000) share options outstanding. The exercise in full of the outstanding share options would, per the present capital structure of the Company, result in the issue of 105,500,000 (30 June 2021: 105,500,000) additional ordinary shares of the Company and additional share capital of HK\$10,550,000 (before issue expense) (30 June 2021: HK\$10,550,000 (before issue expense)).

An amount of HK\$1.00 or A\$1.00 per option was payable on each application or acceptance of the options in respect of the Hong Kong and Australia schemes. No period within which payments or calls must or may be made or loans for such purposes must be repaid.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19. DEFERRED INCOME TAX

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

	Mining exploration properties in Australia HK\$'000
At 1 July 2020 (Audited)	(128,850)
Deferred tax associated with the Polaris Loan	4,429
Offset of deferred tax for tax losses recognised	10,041
Exchange differences	(12,326)
At 30 June 2021 (Audited)	(126,706)
Offset of deferred tax for tax losses recognised	3,099
Exchange differences	3,627
At 31 December 2021 (Unaudited)	(119,980)

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

20. JOINT ARRANGEMENTS

(a) Joint operations and farm-out arrangements

The Group entered into an agreement with Polaris to share costs and risks associated with exploration activities on the Marillana and Ophthalmia tenements in the East Pilbara of Western Australia. Polaris was required to meet certain farm-in obligations including minimum expenditure of A\$250,000 and A\$150,000 respectively in exploration and development of the tenements in return for a 50% interest in the tenements. Polaris will contribute 50% of costs and capital expenditure going forward and Polaris has been appointed as operator of the joint operation.



20. JOINT ARRANGEMENTS (Continued)

(a) Joint operations and farm-out arrangements (Continued)

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out.

Name of joint ventures	Ownership Interest	Principal activities
Marillana Joint Venture (Note (a))	50%	Development and operation of the Marillana iron ore project
Ophthalmia Joint Venture (Note (b))	50%	Development and operation of the Ophthalmia iron ore project

Note a: On the 22 April 2021 an unincorporated joint arrangement was formed with Polaris Metals Pty Ltd in Australia which is seeking to develop the Marillana iron ore project.

Note b: On the 30 November 2021 an unincorporated joint arrangement was formed with Polaris Metals Pty Ltd in Australia which is seeking to develop the Ophthalmia iron ore project.

(b) Joint ventures

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.

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

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 2020: 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21. RELATED PARTY DISCLOSURES (Continued)

(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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Wages, salaries and other short-term welfare	4,177	3,590
Post-employment benefits	207	141
Share-based compensation expenses	3,015	—
	7,399	3,731

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following liabilities of the Group are measured or disclosed at fair value, using a three level hierarchy, based on lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than adjusted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to the fair values, are as follows:

	Carrying amount As at		Fair values As at	
	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)	31 December 2021 HK\$'000 (Unaudited)	30 June 2021 HK\$'000 (Audited)
Non-current				
Loans from a substantial shareholder	16,137	15,471	16,137	15,471
Loans from Polaris	42,922	41,774	42,922	41,774
	59,059	57,245	59,059	57,245



22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the carrying value of cash and cash equivalents, trade receivables, payables, financial assets included in prepayments, other receivables and other assets are reasonably approximate to their fair values.

At each reporting date, the Group analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the audit committee twice a year an interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and maturity.

23. INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: Nil).

24. EVENTS OCCURRING AFTER BALANCE SHEET DATE

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

INDEPENDENT REVIEW REPORT



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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 31, which comprises the condensed consolidated balance sheet of Brockman Mining Limited (the 'Company') and its subsidiaries (together the 'Group') as at 31 December 2021 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.



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.

Ernst & Young

Chartered Accountants

Perth, Western Australia

22 February 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

During the period under review, significant progress was made on an infrastructure solution for the Marillana and Ophthalmia Projects with Mineral Resources Limited ('MRL') entering into an agreement with Hancock Prospecting Pty Ltd ('Hancock') and Roy Hill Holdings Pty Ltd ('Roy Hill') ('Rail Port Agreement') to jointly investigate the development of a new berth at the Port of Port Hedland's Stanley Point Berth 3 in South West Creek. Under the Rail Port Agreement, Roy Hill is to provide rail haulage and port services. The Rail Port Agreement will facilitate provision by MRL of an infrastructure solution for the Projects.

The Marillana joint operation advanced the initial development works, which included amongst others, commencement of a Bauer drilling programme. The drilling programme is for the purpose of obtaining bulk samples to support pilot plant test-work and, provide samples of tailings to support co-disposal (dry-stacking) testwork. The testwork will also support process review and flow sheet design. An application for a miscellaneous licence designed to connect Marillana to the Roy Hill railway was submitted in December 2021 by MRL.

On 8 December 2021, Brockman received notification from Polaris that the farm-in obligations for the Ophthalmia Joint Operation have been satisfied, and that the Ophthalmia Joint Operation is now operational.

As at 31 December 2021, the Group's net asset value amounted to HK\$616.1 million (30 June 2021: HK\$645.7 million) and cash at bank was HK\$38.2 million (30 June 2021: HK\$45.6 million).

The Group recorded a loss after tax from continuing operations of approximately HK\$22.8 million (2020: HK\$2.2 million). The increase in the loss after tax was mainly due to equity-settled share option expense of HK\$6.4 million (2020: Nil) in the administrative expenses, and the Group's share of the joint operation's expenses of HK\$5.9 million (2020: Nil) in the exploration and evaluation expenses, and also an increase of HK\$2.4 million in finance costs arising from the treatment of the loans advanced by Polaris to the Group (2020: Nil). Partially offsetting the loss after tax is an income tax credit of HK\$3.1 million (2020: HK\$9.7 million) as a result of the recognition of a deferred tax asset in respect of certain of the Group's Australian tax losses for the current period.

During the six months ended 31 December 2021, the Group's basic loss per share for the period was HK\$0.25 cents (2020: HK\$0.02 cents) and the cash outflows from operating activities were HK\$11.6 million (2020: HK\$11.2 million).

OUTLOOK

Continuous advancement of the Marillana and Ophthalmia Projects overarching studies, approvals, construction, and production.



MINERAL TENEMENTS

Iron Ore Operations – Western Australia

This segment of the business is comprised of the 50% owned Marillana and Ophthalmia Projects plus other 100% owned regional exploration projects.

The net operating loss before income tax expense for the period for this segment and attributable to the Group was HK\$13.0 million (2020: HK\$6.1 million). Total expenditure associated with mineral exploration and evaluation for the period ended 31 December 2021 amounted to HK\$8.1 million (2020: HK\$3.5 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	
	2021 HK\$'000	2020 HK\$'000
Marillana ⁽¹⁾	6,151	1,897
Ophthalmia ⁽¹⁾	1,219	868
Regional Exploration	793	782
	8,163	3,547

⁽¹⁾ Includes HK\$5.9 million of joint operation expenditure in the 2021 half-year.

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 2021 and six months period ended 31 December 2020.

There was no capital expenditure for each of the projects in Western Australia for the 2021 and 2020 financial periods.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2021, the Group assessed and concluded there were no impairment indicators present, refer to note 13 of the condensed consolidated financial statements.

Marillana Iron Ore Project

The 50% 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 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.

Joint Operation

Formation and scope

On 26 July 2018, Brockman Iron and Polaris entered into a Farm-in Joint Venture ('FJV') Agreement (see announcements dated 27 July 2018 on the HKEX and ASX platforms) pursuant to which and subject to the terms and conditions therein, Polaris may farm-in and earn a 50% interest in Marillana by satisfying certain Farm-in obligations.

On 22 April 2021, Brockman Iron and Polaris signed an Amended and Restated FJV Agreement and Deed of Amendment and Restatement (collectively the 'Agreement'). Both Brockman Iron and Polaris concluded that the Farm-in Obligations under the Agreement had been satisfied and the parties should form the Joint Operation. As such, a 50% interest in the Marillana Project ('the Farm-in interest') will be transferred to Polaris and the Joint Venture established according to the terms of the FJV Agreement.

Development

MRL has submitted an Indicative Development Proposal, which includes the following:

1. Development of the Marillana and Ophthalmia projects (refer below to the Ophthalmia section) into an iron ore mining hub capable of producing a minimum of 25Mtpa of final product for export.
2. Following the establishment of the Joint Operation, MRL (or its Related Party) agrees to provide the Joint Operators with funding by way of a project loan sufficient to allow the Joint Operators to fund the forecast capital cost for each development.
3. A build own operate arrangement between the Joint Operators and MRL for certain non-processing infrastructure at Marillana.
4. A build own operate arrangement for the crushing plant at Ophthalmia
5. An infrastructure system to transport the ore from the respective mines to the port stockyard at Port Hedland. This logistics system is to be constructed and operated by MRL (or a subsidiary of MRL).
6. Construction of a berth at a dedicated location in Port Hedland (subject to the approval from the State Government of Western Australia).
7. A current market-based estimate for project capital and operating costs, including the logistics service cost for transporting the ore from mine to ship.
8. The Joint Operators have the right to dissolve the Joint Operation under certain conditions if the projects are not able to be progressed due to factors beyond their control.



9. MRL currently expects commencements of operations will be on or before the second quarter of calendar year 2025.

Initial development works

The initial development works by the Joint Operation advanced with a Bauer drilling programme for the purpose of obtaining bulk samples to support pilot plant test-work and, provide samples of tailings to support co-disposal (dry-stacking) testwork and approvals. The testwork will also support review and flow sheet design.

Management committee

A management committee comprising a total of six representatives has been established (three representatives from each of the Joint Operators).

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

Development funding

The Joint Operators will respectively fund their capital cost commitments for the development of Marillana with loans from MRL. The initial loan to the Joint Operation is expected to amount to A\$790 million (up to a maximum of A\$676 million for the development of the Marillana Iron Ore Project and up to a maximum of A\$114 million for the development of the Ophthalmia Iron Ore Project). The terms and conditions under which Brockman Iron shall repay its share of the debt financing are to be determined but will initially only be required to be repaid from profits following commencement of operations at Marillana.

The Joint Operators' capital commitments will fund the ore processing facilities and certain parts of non-process infrastructure. Certain parts of the non-process infrastructure may not be funded by the Joint Operators but will be provided by MRL under build own operate life of mine services agreements.

Manager

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

Loan Agreement

As part of the FJV Agreement, Polaris has provided an interest-free loan, secured loan (in accordance with Deed of Cross Security signed by the Joint Operators) of A\$10 million ('the Loan') to Brockman Iron for working capital purposes. The loan will be repaid from the net revenue received by Brockman Iron from the sale of its share of Marillana ore sold and transported under the Mine to Ship Services Agreement.

Ophthalmia Iron Ore Project

The 50% 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.

On 22 April 2021, the Company and Polaris agreed that in addition to the Marillana Project, the Company's Ophthalmia Project will be included in the Farm-In Interest. MRL will fund all the capital investment of the joint operation at the mine site in form of a loan, and will provide an infrastructure solution for the project in synergy with the infrastructure solution of the Marillana Project.

MANAGEMENT DISCUSSION AND ANALYSIS

On 8 December 2021, the Company received notification from Polaris that the farm-in obligations have been satisfied and that the Ophthalmia Joint Operation is now operational.

Polaris have commenced a programme of works including mine planning studies, transport corridor studies, environmental surveys, and approvals, to expedite development of the Project.

Infrastructure

On 29 November 2021, MRL entered into an agreement with Hancock and Roy Hill in which they will investigate the development of new iron ore export facility at the Port of Port Hedland's Stanley Point Berth 3 in South West Creek, where Roy Hill will provide services to both MRL and Hancock for development and operation of the project, including rail haulage and port services ('the Project').

The development of the Project will be subject to:

- (a) A grant by the Pilbara Ports Authority (PPA) of a capacity allocation for the Project, and all necessary approvals and agreements to develop and operate berth 3 in South West Creek and the other associated supporting port infrastructure; and
- (b) MRL and Hancock each electing to take a positive final investment decision to proceed with the Project following the completion of a satisfactory expedited feasibility study.

MRL and Hancock will form a joint venture to seek to obtain necessary approvals and agreements with the PPA and, if obtained, to develop and operate the iron ore export facility at Port Hedland's Stanley Point Berth 3.

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 months ended 31 December 2021.

DIRECTORS

The Directors of the Company during the six months ended 31 December 2021 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
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 2021 (2020: Nil).

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 2021 (30 June 2021: 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 2021 is 4.66 (30 June 2021: 13.69). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.08 (30 June 2021: 0.08).

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.

SHARE DETAILS

Quoted securities

As at 31 December 2021, there were, 9,279,232,131 (30 June 2021: 9,279,232,131) fully paid shares on issue.

DIRECTORS' REPORT

Unquoted securities

105,500,000 unlisted options granted:

- 88,500,000 share options, expiring 31 December 2024 exercise price HK\$0.213
- 17,000,000 share options, expiring 12 May 2024 exercise price HK\$0.295

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2021 and 31 December 2021 the Group has a Deed of Cross Security for the loans advanced by Polaris to Brockman Iron pursuant to the terms of the Marillana Farm-in Joint Venture Agreement, (refer to Note 16) (six month ended 31 December 2020: Nil).

As at 31 December 2021, the Company did not have any material contingent liabilities or financial guarantees. (30 June 2021: 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 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

This risk is largely driven by various factors such as commodity prices, government regulations, regulation related to prices, taxes, royalties, land tenure, viable infrastructure solutions, 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 and earnings when the value of such assets is converted to Hong Kong dollars. During the six months ended 31 December 2021 and 2020, no financial instrument was used for hedging purposes.

As at 31 December 2021 and 2020, the Group was not exposed to any significant exchange rate risk.

STAFF AND REMUNERATION

As at 31 December 2021, the Group employed 15 employees (30 June 2021: 15), of which 5 were in Australia (includes 2 non-executive directors) (30 June 2021: 5) and 10 in Hong Kong (includes 4 non-executive directors) (30 June 2021: 10).

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 EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, 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 required to be maintained by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and SEHK, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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

Name of director	Capacity	Number of issued ordinary shares held	Number of options granted	Percentage of the issued share capital of the Company
Mr Kawi Sze Hoi	Jointly (Note)	60,720,000	—	0.65%
	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	—	1,500,000	0.02%
Mr Ross Norgard	Beneficial owner	64,569,834	1,500,000	0.71%
	Interests of controlled corporation	178,484,166	—	1.92%
Mr Colin Paterson	Beneficial owner	22,073,004	15,000,000	0.40%
	Interest of spouse	13,625,442	—	0.15%
Mr Kwai Kwun Lawrence	Beneficial owner	63,408,412	—	0.68%
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	—	1,500,000	0.02%

Note:

The 2,426,960,137 shares were held by Ocean Line Holdings Ltd., a company held 60% by Mr. Kwai Sze Hoi and 40% by Ms Cheung Wai Fung (Mr Kwai's spouse). In addition, Mr. Kwai and Ms Cheung have a joint direct interest in 60,720,000 shares of the Company.

Save as disclosed above, as at 31 December 2021, 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 as otherwise notified to the Company and SEHK pursuant to the Model Code.

DIRECTORS' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in section 'Directors' and Chief Executives' interests and short positions in shares, underlying shares, and 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 2021, 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 of 5% or more of the share capital and share options 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%
	Interest of spouse	50,000,000	0.54%
Luk Kin Peter Joseph (Note 2)	Interest held by controlled corporation	515,574,276	5.56%
	Beneficial owner	50,000,000	0.54%
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. In addition, Mr Luk was granted a total of 50,000,000 options.



Save as disclosed above, as at 31 December 2021, no person, other than the directors of the Company, whose interests are set out 'Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures' 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

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 and details of the options outstanding as at 31 December 2021 includes the estimated the values of the share options (using the binomial option pricing model) which have been granted to Qualified Persons under the Share Option Scheme are as follows:

	Option type	Maximum entitlement of each participant	Outstanding as at 1 July 2021	Disposal or waived	Cancelled	Lapsed/Expired	Granted	Outstanding as at 31 December 2021
Non-executive directors								
	Liu Zhengui	2021A	1,500,000	1,500,000	—	—	—	1,500,000
	Ross Stewart Norgard	2021A	1,500,000	1,500,000	—	—	—	1,500,000
	Choi Yue Chun, Eugene	2021A	1,500,000	1,500,000	—	—	—	1,500,000
	Yap Fat Suan, Henry	2021A	1,500,000	1,500,000	—	—	—	1,500,000
	David Rolf Welch	2021A	1,500,000	1,500,000	—	—	—	1,500,000
Executive directors								
	Chan Kam Kwan, Jason	2021A	10,000,000	10,000,000	—	—	—	10,000,000
	Colin Paterson	2021B	15,000,000	15,000,000	—	—	—	15,000,000
	Sub-total		32,500,000	32,500,000	—	—	—	32,500,000
	Employees	2021A	71,000,000	71,000,000	—	—	—	71,000,000
	Employees	2021B	2,000,000	2,000,000	—	—	—	2,000,000
	Sub-total		73,000,000	73,000,000	—	—	—	73,000,000
	GRAND TOTAL		105,500,000	105,500,000	—	—	—	105,500,000
	Weighted average price		0.23	—	—	—	—	0.23

DIRECTORS' REPORT

As at 31 December 2021, the Company had 105,500,000 share options outstanding under the scheme should they be fully exercised, the Company will receive HK\$23,865,000 (before issue expenses).

The total number of securities available for issue under the share option scheme amounts to 465,448,213 as at the date of the interim report, representing 5.02% of the issued share capital outstanding.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"), there were no changes of directors' information of the Company during the six months ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2021, 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 2020: 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.

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.



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 2021.

AUDIT COMMITTEE

As at 31 December 2021, 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 2021.

By order of the Board
Brockman Mining Limited
Kwai Sze Hoi
Chairman

Hong Kong, 22 February 2022

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 22 February 2022. In the Directors' opinion:

- (a) The condensed consolidated financial information and notes set out on pages 4 to 31:
 - (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 2021 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, 22 February 2022