

# BROCKMAN

布萊克萬礦業有限公司  
BROCKMAN MINING LIMITED

# INTERIM REPORT

2023 / 2024





# FINANCIAL INFORMATION

*For the six months ended 31 December 2023*

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 2023 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*)  
Ross Stewart Norgard

### Executive Directors

Chan Kam Kwan, Jason  
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

## REGISTERED OFFICE (BERMUDA)

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

Level 2, 679 Murray Street  
West Perth WA 6005  
Australia

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## AUDITOR

Ernst and Young  
Chartered Accountants  
11 Mounts Bay Road  
Perth WA 6000  
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  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong



## **BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN AUSTRALIA**

Computershare Investor Services Pty Ltd  
Level 17, 221 St Georges Terrace  
Perth WA 6000

## **PRINCIPAL BANKER**

Hang Seng Bank Limited  
Industrial and Commercial Bank of China (Asia)  
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)

## **STOCK CODE**

159  
Main Board of The Stock Exchange of  
Hong Kong Limited

BCK  
Australian Securities Exchange

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 December	
	Note	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other income		1,580	48
Administrative expenses	8	(8,133)	(8,072)
Exploration and evaluation expenses	8	(6,422)	(26,443)
Operating loss		(12,975)	(34,467)
Finance income		2,959	68
Finance costs		(3,121)	(2,717)
Finance costs, net	9	(162)	(2,649)
Share of loss of joint ventures		(69)	(56)
<b>Loss before income tax</b>		<b>(13,206)</b>	<b>(37,172)</b>
Income tax benefit	10	3,147	8,535
<b>Loss for the period</b>		<b>(10,059)</b>	<b>(28,637)</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		11,293	(9,812)
Other comprehensive income/(loss) for the period		11,293	(9,812)
Total comprehensive income/(loss) for the period		1,234	(38,449)
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		(10,059)	(28,637)
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		1,234	(38,449)
<b>Loss per share attributable to the equity holders of the Company during the period</b>			
		<b>HK cents</b>	<b>HK cents</b>
Basic loss per share	11	(0.11)	(0.31)
Diluted loss per share	11	(0.11)	(0.31)

The notes on pages 8 to 32 form an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED BALANCE SHEET

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		As at	
	Note	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Mining exploration properties	13	721,008	705,842
Property, plant and equipment	14	149	144
Right-of-use assets		501	654
Interest in joint ventures	20	626	630
Other non-current assets		125	119
		<b>722,409</b>	707,389
<b>Current assets</b>			
Other receivables, deposits and prepayments		1,706	925
Cash and cash equivalents	12	7,076	16,495
		<b>8,782</b>	17,420
<b>Total assets</b>		<b>731,191</b>	724,809
<b>Equity and liabilities</b>			
Share capital	17	928,023	928,023
Reserves		3,809,878	3,798,584
Accumulated losses		(4,225,454)	(4,215,395)
<b>Total equity attributable to the equity holders of the Company</b>		<b>512,447</b>	511,212
<b>Non-current liabilities</b>			
Deferred income tax liability	19	84,966	86,369
Borrowings	16	65,494	64,617
Lease liabilities		779	718
		<b>151,239</b>	151,704
<b>Current liabilities</b>			
Trade and other payables	15	66,381	60,583
Lease liabilities		202	396
Provisions		922	914
		<b>67,505</b>	61,893
<b>Total liabilities</b>		<b>218,744</b>	213,597
<b>Total equity and liabilities</b>		<b>731,191</b>	724,809

The notes on page 8 to 32 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
<b>Balance at 1 July 2023 (Audited)</b>	928,023	4,468,737	92,506	(762,658)	(4,215,395)	511,212
Loss for the period	—	—	—	—	(10,059)	(10,059)
<b>Other comprehensive income/(loss)</b>						
Exchange differences arising on translation of foreign operations	—	—	—	11,293	—	11,293
Total comprehensive income/(loss) for the period	—	—	—	11,293	(10,059)	1,234
<b>Balance at 31 December 2023 (Unaudited)</b>	928,023	4,468,737	92,506	(751,365)	(4,225,454)	512,447
<b>Balance at 1 July 2022 (Audited)</b>	928,023	4,468,737	92,506	(762,658)	(4,158,839)	590,137
Loss for the period	—	—	—	—	(28,637)	(28,637)
<b>Other comprehensive loss</b>						
Exchange differences arising on translation of foreign operations	—	—	—	(9,812)	—	(9,812)
Total comprehensive loss for the period	—	—	—	(9,812)	(28,637)	(38,449)
<b>Balance at 31 December 2022 (Unaudited)</b>	928,023	4,468,737	92,506	(750,102)	(4,187,476)	551,668

The notes on pages 8 to 32 form an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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		Six months ended 31 December	
	Note	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Loss before tax		(13,206)	(37,172)
<i>Adjustments to reconcile loss before tax to net cash flows:</i>			
Depreciation of property, plant and equipment	8	14	15
Depreciation of right-of-use assets	8	161	329
Finance costs	9	3,121	2,683
Share of loss of joint venture		69	56
Finance income	9	(2,831)	—
Gain on disposal of sale of tenements		(1,539)	—
Other non-cash income and expenses		(188)	—
<i>Working capital adjustments:</i>			
— Increase in trade receivables and prepayments		(782)	(803)
— Increase in trade, other payables and provisions		4,368	24,271
<b>Net cash flows used in operating activities</b>		<b>(10,813)</b>	<b>(10,621)</b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of tenements		1,539	—
Purchase of property, plant and equipment	14	(16)	(4)
Investment in joint venture		(54)	(41)
Interest received	9	130	67
<b>Net cash flows from investing activities</b>		<b>1,599</b>	<b>22</b>
<b>Cash flows from financing activities</b>			
Principal portion of lease payments		(195)	(363)
Interest on lease payments		(44)	(33)
<b>Net cash used in financing activities</b>		<b>(239)</b>	<b>(396)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(9,453)</b>	<b>(10,995)</b>
Cash and cash equivalents at beginning of the period		16,495	28,797
Effects of foreign exchange rate changes		34	(436)
<b>Cash and cash equivalents at end of the period</b>	12	<b>7,076</b>	<b>17,366</b>

The notes on pages 8 to 32 form an integral part of this condensed consolidated financial information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

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

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

This condensed consolidated financial information is presented in Hong Kong dollars (HK\$), and all values are rounded 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 2023 has been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. This interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2023.

### (a) Going concern basis

For the six months ending 31 December 2023, the Group recorded a net loss before tax of HK\$13,206,000 (six months ended 31 December 2022: HK\$37,172,000) and had operating cash outflows of HK\$10,813,000 (six months ended 31 December 2022: HK\$10,621,000). The Group also had net current liabilities of HK\$58,723,000 at 31 December 2023 (30 June 2023: HK\$44,473,000). 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 operation expenses) of the Group's iron ore exploration projects and corporate overhead costs. As at 31 December 2023, the Group's cash and cash equivalents amounted to HK\$7,076,000 (30 June 2023: HK\$16,495,000).

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 initial development costs and 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\$36,000,000 (approximately HK\$184,725,000). The project loan agreement is expected to be executed by the second half of CY24.

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 the 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 repayments of these loans to Polaris must be in priority to all other payments from Net Revenue received by Brockman Iron from its sale of its percentage share of product sold from the project.



## 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 loan from the substantial shareholder amounting to HK\$29,439,000 (refer to note 16) to 31 December 2025. This loan bears interest at 17% per annum.
- (ii) On 24 January 2024, the substantial shareholder has undertaken to increase the existing loan facility of US\$1,800,000 (approximately HK\$14,055,000) to US\$4,300,000 (approximately HK\$33,575,000) to satisfy the Company's future working capital requirements. Once drawn down it will be unsecured, bear interest at 17% per annum and will be repayable on 31 December 2025.
- (iii) On 25 January 2024, the Group drew down US\$800,000 (approximately HK\$6,254,000) of the revised loan facility (US\$4,300,000 (approximately HK\$33,575,000)) from the substantial shareholder. The draw down is unsecured, bears interest at a rate of 17% per annum and is repayable on 31 December 2025.

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 information. 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 this condensed consolidated financial information.

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 information on a going concern basis.

Notwithstanding the above, there remains material uncertainty as to whether the Group can raise sufficient funds 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 information.

This condensed consolidated financial information 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2023, except as described in this condensed consolidated financial information.

### **(a) Changes in accounting policies and disclosures**

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

The accounting policies adopted in the preparation of this 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 2023, except for the adoption of new standards effective as of 1 July 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *IFRS 17 Insurance Contracts*

IFRS 17 *Insurance Contracts* is a comprehensive new standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts*. IFRS 17 applied to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaption for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Group's condensed consolidated financial information.

#### *Definition of Accounting Estimates — Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's condensed consolidated financial information.

#### *Disclosure of Accounting Policies — Amendments to IAS 21 and IFRS Practice Statement 2*

The amendments to IAS 21 and IFRS Practice Statement 2 *Making Materiality Judgements* provide 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.



### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (a) Changes in accounting policies and disclosures (Continued)

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

##### *Disclosure of Accounting Policies — Amendments to IAS 21 and IFRS Practice Statement 2* (Continued)

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's condensed consolidated financial information.

##### *Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12*

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's condensed consolidated financial information.

##### *International Tax Reform — Pillar Two Model Rules — Amendments to IAS 12*

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception — the use of which is requirement to be disclosed — applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's condensed consolidated financial information.

##### **Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated financial information are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

##### *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (a) Changes in accounting policies and disclosures (Continued)

#### **Standards issued but not yet effective** (Continued)

##### *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (Continued)*

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed if utilised.

The amendments are not expected to have a material impact on the Group's condensed financial information.

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

In January 2020 and October 2022, 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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

##### *Supplier Finance Arrangements — Amendments to IAS 7 and IAS 17*

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's condensed consolidated financial information.

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed consolidated 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 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 2023.

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## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### **Financial risk factors**

The Group's activities expose it to a variety of financial risks and management manages and monitors those exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group does not and is prohibited from entering into derivative contracts for speculative purposes.

This 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 2023.

There have been no changes in the risk management policies since the 30 June 2023 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. Since 30 June 2023, there has been no changes made in the objectives, policies or processes for managing capital.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

**Financial risk factors** (Continued)

**(a) Capital risk management** (Continued)

The Group maintains capital using a gearing ratio, which is long-term debt over equity and long-term debt. The gearing ratios at 31 December 2023 and 30 June 2023 were as follows:

	As at	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Long-term debt and lease liabilities	66,273	65,335
Total equity	512,447	511,212
Total capital	578,720	641,882
Gearing ratio	11.45%	10.17%

**(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 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 2023 (Unaudited)</b>						
Non-derivative financial liabilities:						
Trade and other payables	66,381	—	—	—	66,381	66,381
Borrowings	—	38,212	55,788	—	94,000	65,494
Lease liabilities	205	660	—	—	865	981
	66,586	38,872	55,788	—	161,245	132,856
<b>30 June 2023 (Audited)</b>						
Non-derivative financial liabilities:						
Trade and other payables	60,583	—	—	—	60,583	60,583
Borrowings	—	37,289	55,788	—	93,504	64,617
Lease liabilities	396	427	481	—	1,305	1,114
	60,979	37,716	56,269	—	155,392	126,314



## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

**Financial risk factors** (Continued)

**(b) Liquidity risk** (Continued)

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

**(c) Fair value estimation**

The fair value 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 are approximate to their carrying amounts due to their short-term maturities. The fair value of non-current borrowings is disclosed in note 23.

**(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. During the interim period, no financial instrument was used for hedging purposes.

As at 31 December 2023, the Group was not exposed to any significant exchange rate risk (six months ended 31 December 2022: 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 by assessing the credit quality of the counterparties by taking into account their financial position, past experience and other factors. 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 a high credit-rating of AA+ assigned by international credit-rating agencies.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

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

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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

**Financial risk factors** (Continued)

**(f) Interest rate risk**

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cashflow interest rate risk is the risk that the future cash flow from a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to manage its exposure to interest rate risk by holding cash in short term, fixed and variable rate deposits with reputable high credit quality financial institutions. The Group analyses its interest rate exposure and consideration is given to potential renewals of existing positions, alternative financing and or the mix of fixed or variable interest rates.

As at 31 December 2023 and 2022, the Group was not exposed to any significant interest risk.

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## 6. REVENUE

There was no revenue during the six months ended 31 December 2023 (six months ended 31 December 2022: Nil).

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## 7. SEGMENT INFORMATION

**Identification of reportable segments**

The Group has identified its operating segments based on internal reports that are used by the Chief Operating Decision Maker, 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 evaluation for future development of the iron ore projects in Western Australia.

Other — 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.



## 7. SEGMENT INFORMATION (Continued)

### Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those contained in the annual financial statements for the year ended 30 June 2023.

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. Discrete financial information about each of these operating segments is reported to the Board (the Chief Operating Decision Maker) at least monthly.

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

	<b>Mineral tenements in Australia</b>	<b>Other</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended 31 December 2023 (Unaudited):</b>			
Segments results	<b>(4,963)</b>	<b>(8,174)</b>	<b>(13,137)</b>
Share of loss of joint ventures			<b>(69)</b>
<b>Loss before income tax</b>			<b>(13,206)</b>
<b>Other information:</b>			
Depreciation of property, plant, equipment, and right-of-use assets	<b>(174)</b>	<b>(1)</b>	<b>(175)</b>
Exploration and evaluation expenses	<b>(6,422)</b>	—	<b>(6,422)</b>
Income tax benefit	<b>3,147</b>	—	<b>3,147</b>
<b>For the six months ended 31 December 2022 (Unaudited):</b>			
Segments results	(30,653)	(6,463)	(37,116)
Share of loss of joint ventures			(56)
<b>Loss before income tax</b>			<b>(37,172)</b>
<b>Other information:</b>			
Depreciation of property, plant, equipment, and right-of-use assets	(165)	(179)	(344)
Exploration and evaluation expenses	(26,443)	—	(26,443)
Income tax benefit	8,535	—	8,535

# 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 2023:

	Mineral tenements in Australia	Other	Total
	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 December 2023 (Unaudited):</b>			
<b>Segment assets</b>	<b>728,377</b>	<b>2,814</b>	<b>731,191</b>
<b>Total segment assets include:</b>			
Interest in joint ventures	626	—	626
Property, plant and equipment	137	12	149
Right-of-use assets	501	—	501
<b>As at 30 June 2023 (Audited):</b>			
<b>Segment assets</b>	<b>717,003</b>	<b>7,806</b>	<b>724,809</b>
<b>Total segment assets include:</b>			
Interests in joint ventures	630	—	630
Property, plant & equipment	144	—	144
Right-of-use assets	654	—	654

## 8. LOSS BEFORE TAX

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

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	14	15
Depreciation of right-of-use assets	161	329
Staff costs (including directors' emoluments)	5,739	5,479
Auditor's remuneration:		
— Audit services	493	541
— Non-audit services	36	263
Exploration and evaluation expenses (excluding staff costs and rental expenses)	5,783	25,813



## 9. FINANCE COSTS, NET

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Finance income</b>		
Interest income on bank deposits	128	68
Remeasurement of the loans from Polaris	2,831	—
<b>Finance costs</b>		
Interest on borrowings	(3,077)	(2,684)
Interest on lease liabilities	(44)	(33)
	(3,121)	(2,717)
<b>Finance costs, net</b>	<b>(162)</b>	<b>(2,649)</b>

## 10. INCOME TAX BENEFIT

No provision for Hong Kong Profits Tax or overseas income tax has been made in this condensed consolidated financial information as the Group has no assessable profit for the six months ended 31 December 2023 (six months ended 31 December 2022: Nil).

The income tax on the Group's loss before income tax for the six months ended 31 December 2023 (six months ended 31 December 2022: HK\$8,535,000) differs from the theoretical amount that would arise using the enacted tax rate of the consolidated entities as follows:

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Loss before income tax</b>	<b>(13,206)</b>	<b>(37,172)</b>
Tax calculated at the applicable domestic tax rate of respective companies	(2,858)	(10,279)
Expenses not deductible for tax purposes	281	788
Deferred tax assets recognised	(1,919)	—
Tax losses for which no deferred income tax asset was recognised	1,349	956
<b>Income tax benefit</b>	<b>(3,147)</b>	<b>(8,535)</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 assuming conversion of all dilutive potential ordinary shares.

	Six months ended 31 December	
	2023 (Unaudited)	2022 (Unaudited)
Loss for the period attributable to the equity holders of the Company (HK\$'000)	(10,059)	(28,637)
Weighted average number of ordinary shares for the purpose for calculating the basic loss per share (thousands)	9,280,232	9,280,232
Effects of dilution from:		
— share of options (thousands)	103,000	103,000
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)	9,538,655(*)	9,486,732(*)
Loss per share attributable to the equity holders of the Company:		
Basic (HK cents)	(0.11)	(0.31)
Diluted (HK cents)	(0.11)(*)	(0.31)(*)

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 2023 of HK\$10,059,000 (six months ended 31 December 2022: HK\$28,637,000) and the weighted average number of ordinary shares 9,280,232,000 in issue during the six months ended 31 December 2023 (six months ended 31 December 2022: 9,280,232,000).



## 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 <b>2023</b> HK\$'000 (Unaudited)	30 June <b>2023</b> HK\$'000 (Audited)
<b>Cash and cash equivalents</b>	<b>7,076</b>	16,495

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 2022 (Audited)	733,677
Exchange differences	(27,835)
<b>Balance as at 30 June 2023 (Audited)</b>	<b>705,842</b>
Exchange differences	15,166
<b>Balance as at 31 December 2023 (Unaudited)</b>	<b>721,008</b>

At 31 December 2023, the Group held capitalised mining exploration properties in Australia of HK\$721,008,000 (30 June 2023: HK\$705,842,000) representing 98% (30 June 2023: 97%) of the Group's total assets.

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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 13. MINING EXPLORATION PROPERTIES (Continued)

The determination as to whether there were any indicators to require a mining exploration property to be assessed for impairment involves a number of judgments including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable (refer to Note 20(a)). The Group performed an assessment of the impairment indicators at 31 December 2023 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. Further expenditure is forecast for Marillana at 31 December 2023 and beyond, to continue to advance development of Marillana.
4. Under the FJV Agreement, MinRes is to provide the infrastructure solution to transport ore from the Marillana project to port stockyard at Port Hedland and loading on to ships for export. The MinRes-Hancock joint operation agreement will facilitate this solution for Marillana.
5. In recent years, the iron ore price has increased to levels not seen since 2014 and at 31 December 2023 the price was still above A\$224 per tonne (31 December 2022: A\$194 per tonne) or US\$136 per dry metric tonne (31 December 2022: US\$132 per dry metric tonne) (at an exchange rate of US\$0.67 (31 December 2022: US\$0.68)).
6. At 31 December 2023, the Group's market capitalisation was HK\$1,299,252,000 (30 June 2023: HK\$1,410,595,000) in excess of the net assets HK\$512,447,000 (30 June 2023: HK\$511,212,000).
7. 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.

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## 14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2023, the Group acquired assets with a cost of HK\$16,000 (six months ended 31 December 2022: HK\$4,000).

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## 15. TRADE AND OTHER PAYABLES

Trade and other payables include the Group's share of the joint operation expenditure of HK\$66,381,000 (30 June 2023: HK\$60,583,000), payable to MinRes refer to note 2(a) and 20(a). All other trade and other payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days.

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## 16. BORROWINGS

	As at	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
<b>Non-current</b>		
Loan from a substantial shareholder	29,439	27,328
Loans from Polaris	36,055	37,289
	<b>65,494</b>	<b>64,617</b>

As at 31 December 2023, the borrowings from a substantial shareholder were unsecured, they bore interest at a rate of 17% (30 June 2023: 17%) per annum and are repayable on 31 December 2025 (30 June 2023: 31 October 2024).

On 18 November 2019 and 4 May 2021, Polaris advanced the first and second tranches 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		
<b>Authorised</b>		
As at 31 December 2023 and 30 June 2023	20,000,000	2,000,000
<b>Issued and fully paid</b>		
As at 31 December 2023 and 30 June 2023	9,280,232	928,023

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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 18. SHARE OPTION AND SHARE AWARD

### Share scheme of the Company

The 2023 Share Scheme (the "Share Scheme") of the Company was adopted by the Company pursuant to the approval by shareholders at the Annual General Meeting on 18 December 2023. The 2023 Share Scheme replaced the previous share option scheme which expired in August 2022.

The purpose of the Share Scheme is to enable the Company to grant options and awards to eligible participants who have contributed or may contribute to the Group, as well as to provide incentives and help the Group in recruiting or retaining its employees, and to provide them with a direct interest in attaining the long-term business objectives of the Group. The eligible participants of the Share Scheme include the Company's directors, including independent non-executive directors and other employees of the Group. The Share Scheme is valid and effective for a period of ten years from the date of its adoption and with an expiry of December 2033.

The maximum number of new shares permitted to be granted under the Share Scheme was an amount, not exceeding 10% of the shares of the Company in issue on the adoption date. The maximum number of shares issuable under Share Scheme to each eligible participant within any 12 month period was limited to 1% of the shares of the Company on issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options or awards 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. Any share options granted to a substantial shareholder, chief executive, a director of the Company, or any of their respective associates, in excess of 0.1% of the shares of the Company on issue, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options or awards may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1.00 or A\$1.00 in total by the grantee.

The exercise period of the share options granted is determined by the directors, and such period shall not be more than 10 years from the date on which the share option is deemed to be granted.

The exercise price of share options is determinable by the directors, and shall be at least the highest of: (i) the closing price of the shares as stated in the SEHK's daily quotations sheet on the offer date, which must be business day; (ii) the average closing price of the shares as stated in the SEHK's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the shares.



## 18. SHARE OPTION AND SHARE AWARD (Continued)

### Share 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 share 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.

Details of specific categories share options are as follows:

Share Option type	Date of grant	Number of share options granted	Fair value at the grant date (HK\$'000)	Closing price immediately before the date of grant	Vesting period	Exercise period	Exercise price (HK\$)
				(HK\$)			
2021A	29 June 2021	17,500,000	1,378,000	0.210	29 June 2021 – 1 January 2022	1 January 2022 – 31 December 2024	0.213
	14 May 2021	71,000,000	5,339,000	0.207	14 May 2021 – 1 January 2022	1 January 2022 – 31 December 2024	0.213
2021B	29 June 2021	15,000,000	723,000	0.210	29 June 2021 – 1 January 2022	1 January 2022 – 12 May 2024	0.295
	14 May 2021	2,000,000	105,000	0.207	14 May 2021 – 1 January 2022	1 January 2022 – 12 May 2024	0.295
		<b>105,500,000</b>	<b>7,545,000</b>				

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 18. SHARE OPTION AND SHARE AWARD (Continued)

### Share scheme of the Company (Continued)

Below are the particulars of the outstanding share options at the beginning and at the end of the interim period which have been granted to Eligible Participants under the previous share option scheme:

Share Option type	Maximum entitlement of each participant	Outstanding as of 1 July 2023	Granted	Exercised	Cancelled	Forfeited	Lapsed	Outstanding as of 31 December 2023	Date of grant of share options	Vesting period of share options	Exercise period of share options	Exercise price (HK\$)	Closing price immediately before the date of grant (HK\$)
<b>Non-executive directors</b>													
Ross Stewart Norgard	2021A	1,500,000	1,500,000	-	-	-	-	1,500,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
Choi Yue Chun Eugene	2021A	1,500,000	1,500,000	-	-	-	-	1,500,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
Yap Fat Suan Henry	2021A	1,500,000	1,500,000	-	-	-	-	1,500,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
David Rolf Welch	2021A	1,500,000	1,500,000	-	-	-	-	1,500,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
<b>Executive directors</b>													
Chan Kam Kwan Jason	2021A	10,000,000	10,000,000	-	-	-	-	10,000,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
Colin Paterson	2021B	15,000,000	15,000,000	-	-	-	-	15,000,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-12 May 2024	0.295	0.210
<b>Sub-total</b>		<b>31,000,000</b>	<b>31,000,000</b>	-	-	-	-	<b>31,000,000</b>					
Employees	2021A	71,000,000	70,000,000	-	-	-	-	70,000,000	14 May 2021	14 May 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.207
Employees	2021B	2,000,000	2,000,000	-	-	-	-	2,000,000	14 May 2021	14 May 2021-1 Jan 2022	1 Jan 2022-12 May 2024	0.295	0.207
<b>Sub-total</b>		<b>73,000,000</b>	<b>72,000,000</b>	-	-	-	-	<b>72,000,000</b>					
<b>GRAND TOTAL</b>		<b>104,500,000</b>	<b>103,000,000</b>	-	-	-	-	<b>103,000,000</b>					
<b>Weighted average price</b>			<b>0.23</b>	-	-	-	-	<b>0.23</b>					

The Company has applied IFRS 2 *Share-based Payments* when accounting for the fair value of the equity-settled share options granted, which was estimated at the date of grant using the binomial option pricing model prepared by an independent valuer, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs into the model used:

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 and the risk-free rate is referenced to the yield of Hong Kong Exchange Fund Notes.



## 18. SHARE OPTION AND SHARE AWARD (Continued)

### Share scheme of the Company (Continued)

The value of share options calculated using the binomial option pricing 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 variables 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 2023, the Company did not recognise an expense (six months ended 31 December 2022: Nil) in relation to the share options granted by the Company as the share options are fully vested.

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

	2023		2022	
	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	103,000	0.23	104,500
Granted	—	—	—	—
Exercised	—	—	—	—
Cancelled	—	—	0.21	1,500
Forfeited/Expired/lapsed	—	—	—	—
<b>At 31 December</b>	<b>0.23</b>	<b>103,000</b>	<b>0.23</b>	<b>103,000</b>

As at 31 December 2023, 103,000,000 (30 June 2023: 103,000,000) share options were outstanding with a weighted average exercise price of HK\$0.23 (30 June 2023: HK\$0.23) per option.

As at 31 December 2023, the weighted average of the remaining contractual life of the outstanding share options was 0.4 and 1.0 years (30 June 2023: 0.9 and 1.5 years).

No share options were exercised during the six months ended 31 December 2023 (30 June 2023: Nil) and there were no issues of ordinary shares of the Company (30 June 2023: Nil) and no new share capital (30 June 2023: Nil (before issue expenses)) was issued.

No options were granted, forfeited, expired, cancelled or lapsed during the six months ended 31 December 2023 (six months ended 31 December 2022: 1,500,000 options were cancelled at an exercise price of HK\$0.21).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 18. SHARE OPTION AND SHARE AWARD (Continued)

### Share scheme of the Company (Continued)

As at 31 December 2023, the Company had 103,000,000 (30 June 2023: 103,000,000) share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 103,000,000 (30 June 2023: 103,000,000) additional ordinary shares of the Company and additional share capital of HK\$10,300,000 (before issue expenses) (30 June 2023: HK\$10,300,000 (before issue expenses)).

During the interim period, no director, chief executive or substantial shareholder of the Company was granted or to be granted options in excess of the 1% individual limits. At no time, a related party or other eligible participants was granted or is to be granted options in any 12 month period exceeding 0.1% of the issued share capital.

An amount of HK\$1.00 or A\$1.00 was payable on each application or acceptance of the share options in respect of the Hong Kong and Australian schemes. As at 31 December 2023, there were no payments or calls must or may be made or loans for such purposes must be repaid.

At the date of approval of this condensed consolidated financial information, the Company had 103,000,000 share options outstanding under the previous share option scheme, which represented approximately 1.11% of the weighted average number of ordinary shares in issue as at that date.

## 19. DEFERRED INCOME TAX LIABILITY

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

	Mining exploration properties in Australia HK\$'000
At 1 July 2022 (Audited)	(106,949)
Deferred tax assets recognised	16,717
Exchange differences	3,863
<b>At 30 June 2023 (Audited)</b>	<b>(86,369)</b>
Deferred tax assets recognised	3,259
Exchange differences	(1,856)
<b>At 31 December 2023 (Unaudited)</b>	<b>(84,966)</b>

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



## 19. DEFERRED INCOME TAX LIABILITY (Continued)

The deferred tax liabilities comprise the taxable temporary differences arising on mining exploration properties of HK\$214,626,000 (30 June 2023: HK\$211,753,000) in Australia predominantly offset by deferred tax assets of HK\$103,405,000 (30 June 2023: HK\$109,795,000) arising from available tax losses whose realisation is considered probable and the other deferred tax assets.

At 31 December 2023, the Group's total tax losses were HK\$1,773,349,000 (30 June 2023: HK\$1,196,521,000) and have no expiry date. The Group did not recognise a deferred tax asset in respect of tax losses amounting to approximately HK\$830,495,000 (30 June 2023: HK\$831,909,000) as the utilisation of these tax losses is subject to the satisfaction of the loss recoupment rules in the relevant tax jurisdiction as well as other uncertainties which means that their availability for utilisation or realisation is not considered probable.

## 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.

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.

Particulars of the Group's material joint operation are as follows:

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 20. JOINT ARRANGEMENTS

### (b) Joint ventures

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

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

Note c: 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. EXPENDITURE COMMITMENTS

### (a) Exploration commitments

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the Group can be reduced by selective relinquishment of exploration tenure. As at 31 December 2023, the Group is required to meet or exceed a minimum level of exploration expenditure of A\$1,249,000, equivalent to approximately HK\$6,639,000 (six months ended 31 December 2022: approximately HK\$6,798,000) over the next year. Obligations are subject to change upon expiry of the existing exploration tenure and on application for a new tenure.

## 22. 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 2022: Nil).

### (b) Related party balances

The details of the loan from a substantial shareholder is disclosed in Note 16. The loan from the substantial shareholder is exempt from the continuing connected transactions disclosures according to Rules 14A.73(6) and 14A.73(8) of the Listing Rules.

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



## 22. RELATED PARTY DISCLOSURES (Continued)

### (c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Wages, salaries and other short-term welfare	3,315	3,876
Post-employment benefits	155	205
	<b>3,470</b>	<b>4,081</b>

## 23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group measures financial instruments at fair value at each reporting date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying values of the loans are materially approximate to their fair values and were determined using Level 3 unobservable inputs. The carrying values of the loans are as follows:

	Carrying amount As at	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
<b>Non-current</b>		
Loan from a substantial shareholder	29,439	27,328
Loans from Polaris	36,055	37,289
	<b>65,494</b>	<b>64,617</b>

Management has assessed that the carrying value of cash and cash equivalents, trade receivables, payables, financial assets included in prepayments, other receivables and other current assets, financial liabilities included in trade and other payables are reasonably approximate to their fair values largely due to short term maturities of these instruments.

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 at interim and annual financial reporting.

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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

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.

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## 24. INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2023 (six months ended 31 December 2022: Nil).

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## 25. EVENTS OCCURRING AFTER BALANCE SHEET DATE

1. On 24 January 2024, the substantial shareholder has undertaken to increase the existing loan facility of US\$1,800,000 (approximately HK\$14,055,000) to US\$4,300,000 (approximately HK\$33,575,000) to satisfy the Company's future working capital requirements. Once drawn down it will be unsecured, bear interest at 17% per annum and will be repayable on 31 December 2025.
2. On 25 January 2024, the Group drew down US\$800,000 (approximately HK\$6,254,000) of the revised loan facility (US\$4,300,000 (approximately HK\$33,575,000)) from the substantial shareholder. The draw down is unsecured, bears interest at a rate of 17% per annum and is repayable on 31 December 2025.



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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 32, which comprises the condensed consolidated balance sheet of Brockman Mining Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2023 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.

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# 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.

## 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 script.

**Ernst & Young**

*Chartered Accountants*

Perth, Western Australia

26 February 2024



## FINANCIAL REVIEW

The Group recorded a loss after tax from continuing operations of approximately HK\$10.1 million (2022: HK\$28.6 million). The loss after tax was partially due to the exploration and evaluation expenses incurred, including recognition of the Group's share of the joint operation's expenses of HK\$4.1 million (2022: HK\$24.7 million) in exploration and evaluation expenses, and was partially offset by HK\$2.8 million (2022: Nil) in additional finance income arising from the treatment of the loans advanced by Polaris to the Group in the previous years, and HK\$1.5 million (2022: Nil) from the sale of a non-core tenement to a third party. Also, there was an income tax credit of HK\$3.1 million (2022: HK\$8.5 million), mainly as a result of the recognition of a deferred tax asset in respect of the Group's Australian tax losses for the current period.

The operating loss of HK\$13.0 million (2022: HK\$34.4 million) was lower than the previous six months by 62% (2022: 51%), this is due to a decrease in exploration and evaluation expenditure expensed which includes the Group's share of Joint Operation expenditure.

During the six months ended 31 December 2023, the Group's basic loss per share for the period was HK\$0.11 cents (2022: HK\$0.31 cents) and the cash outflows from operating activities were HK\$10.8 million (2022: HK\$10.6 million).

As at 31 December 2023, the Group's net asset value amounted to HK\$512.4 million (30 June 2023: HK\$511.2 million) and cash at bank was HK\$7.0 million (30 June 2023: HK\$16.5 million).

## BUSINESS REVIEW

During the period under review, the Marillana project has advanced significantly in relation to on ground technical studies for the project.

The Joint Venture between Mineral Resources and Hancock Prospecting Pty Ltd continues to progress studies and approvals for the new port development at Stanley Point 3 at the Port of Port Hedland. Separately and collectively, MinRes and Hancock also progressed the studies and approvals for the infrastructure corridors (haul road and rail spur).

Outside of the Marillana project, the Company received highly encouraging results from initial wide-spaced reconnaissance drilling at Punda Springs.

### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

The net operating loss before income tax credit for the period for this segment and attributable to the Group was HK\$5.0 million (2022: HK\$30.6 million). Total expenditure associated with mineral exploration and evaluation for the period ended 31 December 2023 amounted to HK\$6.4 million (2022: HK\$26.4 million).

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

Project	Six months ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Marillana <sup>(1)</sup>	3,567	24,157
Ophthalmia <sup>(2)</sup>	863	984
Regional Exploration	1,992	1,302
	<b>6,422</b>	<b>26,443</b>

<sup>(1)</sup> Includes HK\$3.3 million of joint operation expenditure in the 2023 half-year (2022: HK\$23.8 million).

<sup>(2)</sup> Includes HK\$0.8 million of joint operation expenditure in the 2023 half-year (2022: HK\$0.9 million).

There was no capital and development expenditure incurred in the financial information during the six months ended 31 December 2023 and 31 December 2022.



### **Marillana Project Overview**

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 granted 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.

### **Marillana 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 Operation was established according to the terms of the FJV Agreement.

### **Initial development works**

The initial development works per the Indicative Development Proposal from MinRes (as described in the 2021 Annual Report) are progressing. The confirmatory technical studies by Polaris are virtually complete. This work has shown that a modified process flow sheet could provide enhanced yields of over 45% whilst maintaining product quality above 60.5% Fe. Sinter testwork on the resulting product has shown that Marillana Fines can substitute for other Australian fines products in a typical Chinese coastal steel mill blend whilst maintaining good physical and metallurgical properties and sinter performance.

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# MANAGEMENT DISCUSSION AND ANALYSIS

Work was also focused on environmental surveys and development of management plans to update and refresh the baseline data and support development of the project. This work has included flora and fauna surveys, stygofauna surveys, waste rock and soil analysis, and noise and greenhouse gas modelling. Water and greenhouse gas management plans have been prepared and continued monitoring of ecological communities, weeds and regional hydrological baseline data was also carried out during the interim period.

A passive seismic survey to assist in mapping the basement and improve accuracy of ground water monitoring is scheduled for completion in early CY2024, following which the ground water model will be updated.

Modelling of the results from the close spaced RC drilling, designed to inform the optimum drill spacing for future Mineral Resource infill drilling also continued during the interim period.

## Infrastructure

On 29 November 2021, MinRes entered into an agreement with Hancock and Roy Hill in which MinRes and Hancock will jointly investigate the development of new iron ore export facility at the Port of Port Hedland's Stanley Point Berth 3 ("SP3") in South West Creek. Roy Hill will provide services to both MinRes and

Hancock for development and operation of their projects (which includes Marillana), including rail haulage (the "Project").

The development of the South West Creek Port 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 SP3 in South West Creek and the other associated supporting port infrastructure; and
- (b) MinRes and Hancock each electing to take a positive final investment decision to proceed with the Project following the completion of a satisfactory feasibility study.

On 1 February 2022, the Government of Western Australia announced that it had granted a port capacity allocation to the MinRes-Hancock Joint Operation, at SP3 in South West Creek. MinRes has advised that based on this allocation, Marillana has available port capacity to meet the Joint Operation production requirements. The new iron ore export facility at SP3 remains subject to various approvals and agreements to develop and operate, along with the positive final investment decision by MinRes and



Hancock. The MinRes - Hancock Joint Operation continues to advance the consents, approvals and engineering studies required to support the final investment decision.

Under the FJV Agreement, MinRes is to provide the infrastructure solution to transport the ore from the Marillana project to a port stockyard at Port Hedland and loading on to ships for export. The Min-Res Hancock Joint Operation will facilitate this solution for Marillana.

MinRes is additionally advancing studies and pre-development work for a haul road to transport ore to a rail loading facility onto the Roy Hill railway.

### **Management committee**

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

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 programmes and budgets 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 MinRes (the "Development Loan"). Brockman Iron shall repay the Development Loan from its share of net revenue 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 MinRes under build own operate life of mine service 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, 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 product sold.

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# MANAGEMENT DISCUSSION AND ANALYSIS

## **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 project. The total Mineral Resource at Ophthalmia is at 341 Mt grading 59.3% Fe.

## **Development**

As part of the amended Agreement with MinRes (refer to the Marillana Joint Operation section above), Brockman and Polaris have agreed to include Ophthalmia in the farm-in interest, such that Polaris will earn a 50% interest in the Ophthalmia project upon completion of its farm-in obligations. On 8 December 2021, the Company received notification from Polaris that the farm-in obligations had been satisfied and that the Ophthalmia Joint Operation was established.

Polaris has continued a programme of works including mine planning studies, transport corridor studies, environmental surveys and approvals planning. Polaris and Brockman have subsequently agreed to reduce the programme of works at Ophthalmia whilst MinRes finalises arrangements for the new iron ore export facility at SP3 and to allow the parties to prioritise development of Marillana.

During the interim period, heritage surveys, designed to facilitate future work programmes, were completed.

## **Punda Springs Iron Ore Project**

The 100% owned Punda Springs Iron Ore Project located between the Company's Marillana and Ophthalmia iron ore projects, located north of Newman in the East Pilbara of Western Australia's Pilbara region.



During the interim period, Brockman completed a drilling programme comprising 11 reverse circulation drill holes for a total of 582m, which was designed as an initial test of zones of surface iron enrichment identified by geological mapping over the predominantly soil covered tenement.

Two of the three zones identified were tested during this initial programme. Holes were 200m apart on three variably spaced drill traverses (sections) covering a total extent of 5.3km in an east-west direction. All holes were drilled vertically, and individual hole depths ranged from 36m to 72m (Figure 1)

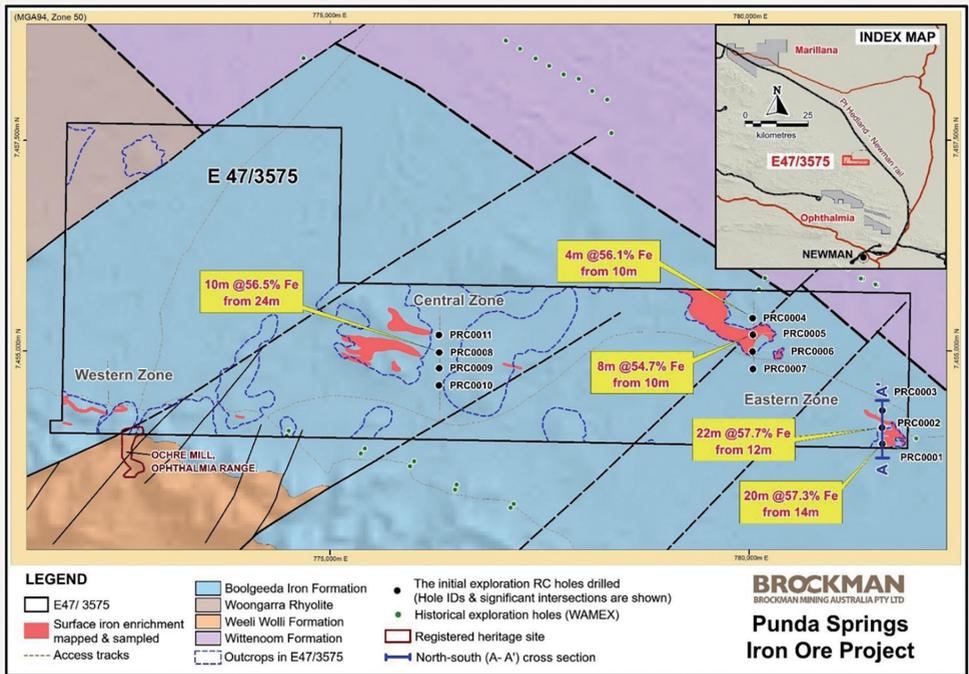


Figure 1 - Punda Springs Iron Ore Project - Drilling, Geology, and Location

# MANAGEMENT DISCUSSION AND ANALYSIS

Bedded iron ore mineralisation was intersected in six holes and on each of the sections drilled. Significant intersections are listed in (Table 1).

HoleID	From (m)	To (m)	Width (m)	Fe (%)	SiO <sup>2</sup> (%)	Al <sup>2</sup> O <sup>3</sup> (%)	P (%)	S (%)	LOI (%)
PRC0001	14	34	20	57.3	4.8	3.3	0.21	0.02	8.8
PRC0002	12	34	22	57.7	5.5	3.3	0.09	0.03	7.7
PRC0004	10	14	4	56.1	5.9	4.2	0.11	0.03	7.6
PRC0005	10	18	8	54.7	7.2	5.7	0.17	0.01	7.6
PRC0008	24	34	10	56.5	5.7	4.0	0.19	0.01	7.4

Table 1 - Punda Springs Iron Ore Project - Significant Intersections

Mineralisation is interpreted to be hosted by shallowly dipping and gently folded Boolgeeda Iron Formation, meaning that the drill intersections are thought to approximate to true width. A cross section is provided as (Figure 2).

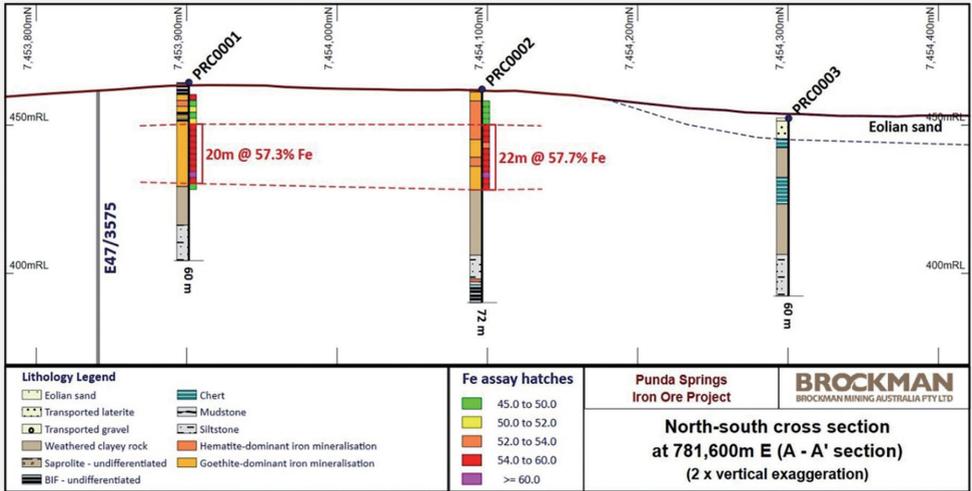


Figure 2 - Cross-section through A - A (see Figure 1 for location)

The results are considered highly promising given the very wide spacing of drill traverses and that only half of the tenement has been tested (the Western zone of surface enrichment remains untested). Further and deeper drilling is required, to establish continuity of the mineralisation intersected to date and to demonstrate that mineralisation extends to the west.

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# MANAGEMENT DISCUSSION AND ANALYSIS

## **Competent Person's Statement -**

### **Exploration Results**

The information in the report that relates to Exploration Results was previously released to the ASX and SEHK on 15 January 2024 - "Encouraging Results from Initial Reconnaissance Drilling at Punda Springs". This document can be found at [www.asx.com.au](http://www.asx.com.au) (stock code: BCK) and [www.hkex.com.hk](http://www.hkex.com.hk) (stock code: 0159). It fairly represents information and supporting documentation compiled by Mr. A Zhang. Mr Zhang, who is a member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Brockman Mining Australia Pty Ltd, has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves". Mr Zhang consents to the inclusion in this report of the matters based on this information in the form and context that the information appears.

## **West Pilbara Project**

The West Pilbara project comprises three 100% owned 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. Brockman continues to monitor and investigate feasible infrastructure solutions for this group of tenements.

## **Future Developments**

The Group is principally engaged in the acquisition, exploration and development of iron ore projects in the Pilbara region of Western Australia. The Group's objective is to focus on the development of its iron ore projects in Western Australia which are advancing to the construction phase. The Group operates with long-term business strategy to operate responsibly considering the interests of all stakeholders including its employees and contractors. It aims to produce positive financial outcomes through (i) The Group and MinRes continuing to advance the Marillana and Ophthalmia projects (ii) attention to the Company's Corporate Governance and Social responsibilities, including a focus on ongoing safety and environmental compliance, and ongoing positive interaction with the communities within which it operates.



## **Staff and remuneration**

### **Employees**

As at 31 December 2023, the Group employed 14 employees (30 June 2023: 14), of which 5 were in Australia (30 June 2023: 5) and 9 in Hong Kong (30 June 2023: 9).

### **Remuneration policy**

The Group's compensation strategy is to promote a pay-for-performance culture to reward employee performance that will maximise shareholder value in the long term. The Group from time to time reviews remuneration packages provided to its employees to ensure that the total compensation is internally equitable, externally competitive and supports the Group's strategy. We provide training to our employees to improve the skills and professional knowledge they need for our projects and their personal development, including an initial training induction on work safety and environmental protection upon entering the Group, and prior to each exploration activity. The remuneration policy and packages, including share options for the Group's employees, senior management and directors are maintained at market levels and are reviewed periodically by management and the Remuneration and Performance Committee.

## **Environmental, Social and Governance**

The Company has a robust, comprehensive system of governance. The Company views this as essential to the ongoing operation of the Company, and balancing the interests of the Company's various stakeholders, including shareholders, suppliers, Governments, and the various communities in which the Company operates.

The Group's performance is reported annually and reviewed by the Board, and Audit, Risk Management, and Health, Safety, Environment and Sustainability Committees. Details are outlined in the Company's Annual Report published in 2023.

The Board retains the overall responsibility for the Group's Environmental, Social and Governance management and is committed to operating in a manner that contributes to the sustainable development through efficient, balanced, long-term management, while showing due consideration for the well-being of people; protection of the environment; and the need to work closely with the local communities and stakeholders.

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# MANAGEMENT DISCUSSION AND ANALYSIS

The Group recognises its responsibility for minimising the impact of its activities on, and protecting the environment. The Group is committed to developing and implementing sound practices in environmental design and management and actively operates to:

- Work within the legal permitting framework and operate accordance with our environmental management systems;
- Identify, monitor, measure, evaluate and minimise our impact on the surrounding environment;
- Give environmental aspects due consideration in all phases of the Group's projects, from exploration through to development, operation, production and final closure; and
- Act systemically to improve the planning, execution and monitoring of its environmental performance.

The Company's 2023 ESG Report is available on the Company's website [www.brockmanmining.com](http://www.brockmanmining.com).

## **Environmental review**

The Company is very clear on the need to earn the respect and support of the community by operating in a socially responsible manner, and by demonstrating a tangible commitment to environmental sustainability. The Company's activities are subject to environmental regulations under statutory legislation in relation to its exploration and evaluation activities.

## **Health and Safety**

Safety is one of the Group's main priorities, and every effort is made to safeguard the health and wellbeing of the Group's employees, together with the people in the communities in which the Group operates. The Group aims to go beyond what is expected to meet local health and safety legislation. The Group's Code of Conduct clearly communicates its commitment towards protecting employee health and safety including conflict resolution and fair dealing.

## **Compliance with laws and regulations**

During the interim period, the Group has complied with the relevant standards, laws and regulations that have a significant impact on our business. At the same time, the Group always maintains a safe working environment for employees in accordance with relevant safety policies.



## LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIOS

At 31 December 2023, the Group had net assets of HK\$512,447,000 (30 June 2023: HK\$511,212,000); and a closing market capitalisation of HK\$1,299,252,000 (30 June 2023: HK\$1,410,595,000). The Group assessed whether any indicators of impairment exist and concluded there were no indicators of impairment present, refer to Note 13 of the condensed consolidated financial information.

At 31 December 2023, the Group had HK\$7,076,000 in cash and cash equivalents (30 June 2023: HK\$16,495,000).

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 2023 is 0.13 (30 June 2023: 0.28). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.114 (30 June 2023: 0.101).

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 2023 (30 June 2023: Nil).

## PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2023 and 30 June 2023, 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 20 of the condensed consolidated financial information) and the right of use assets which are subject to a lease.

As at 31 December 2023, the Group did not have any material contingent liabilities or financial guarantees, (30 June 2023: Nil).

## RISK DISCLOSURE

The Group is exposed to various types of risks on a continuing basis. The Group has adopted policies and procedures designed to manage and mitigate those risks wherever possible. However, it is not possible to avoid or even manage all possible risks.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (a) Commodity 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) Liquidity and funding

The Group is exposed to liquidity risk through its financial liabilities and its obligations to make payment on its financial liabilities as and when they fall due. The Group maintains a balance in its approach to funding using debt and/or equity raisings.

The commencement of exploration and potential development of the iron ore project 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 Group may encounter difficulties in obtaining all approvals necessary for its exploration and evaluation activities. It may also be subject to ongoing obligations to comply with approval requirements, which can incur additional time and costs. The Board will closely monitor the development of the project.

## (d) Exchange rate

The Group is exposed to exchange rate risk primarily in relation to our mineral tenements that are denominated in Australian dollars. During the six months ended 31 December 2023, no financial instrument was used for hedging purposes.

As at 31 December 2023 and 30 June 2023, the Group was not exposed to any significant exchange rate risk.

## (e) Social and political

The Group is exposed to other risks that include, but are not limited to, cyber-attack and natural disasters, that could have varying degrees of impact on the Group. Where available and appropriate to do so, the Board will seek to minimise exposure using insurance, while actively monitoring the Group's ongoing exposure.



**(f) Interest rate**

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk that the future cash flow from a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to manage its exposure to interest rate risk by holding cash in short term, fixed and variable rate deposits with reputable high credit quality financial institutions. The Group analyses its interest rate exposure and consideration is given to potential renewals of existing positions, alternative financing and/or the mix of fixed or variable interest rates.

**(g) Credit**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the consolidated financial statement of financial position. Credit risk is managed on a group basis and predominantly arises from cash and cash equivalents deposited with banks and financial institutions.

**(h) Safety**

Lost time injuries, serious workplace accidents may lead to harm to the Group's employees and other persons; with material adverse impact on the business.

The Group continues to work closely with all stakeholders to promote continuous improvements and occupational health and safety ("OHS") with due consideration to evolving scientific knowledge and technology, management practices and community expectations. The Group ensures it maintains compliance with the applicable laws, regulations and standards by:

- (i) training and ensuring its employees and contractors understand their obligations and are held accountable for their responsibilities;
- (ii) communicating and openly consulting with employees, contractors, government on OHS issues; and
- (iii) developing risk management systems to appropriately identify, assess, monitor and control hazards in the workplace.

# DIRECTORS' REPORT

The Directors present their report together with the condensed consolidated financial information for the six months ended 31 December 2023.

## REGISTRATION AND LISTING

The Company registered in Bermuda in accordance with Section 14 of the Companies Act 1981 on 1 February 2002. The Company's shares were listed on the Main Board of the

Stock Exchange Hong Kong Limited ("SEHK") on 5 July 1985 and the Australian Securities Exchange Limited ("ASX") on 11 January 2011.

## DIRECTORS

The Directors of the Company during the six months ended 31 December 2023 and up to the date of this report, unless otherwise indicated, were:

Name	Period of Directorship
<b>Non-Executive Directors:</b>	
Kwai Sze Hoi ( <i>Chairman</i> )	Appointed on 15 June 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 2023 (six months ended 31 December 2022: Nil).

## CAPITAL STRUCTURE

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

As at the date of this report, the Company had 9,280,232,131 (30 June 2023: 9,280,232,131) shares on issue.

## SHARE DETAILS

### Quoted securities

As at 31 December 2023, there were 9,280,232,131 (30 June 2023: 9,280,232,131) fully paid shares on issue.

### Unquoted securities

103,000,000 unlisted share options granted:

- 86,000,000 share options, expiring on 31 December 2024 with an exercise price of HK\$0.213
- 17,000,000 share options, expiring on 12 May 2024 with an exercise price of HK\$0.295

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

As at 31 December 2023, the interests and short positions of the directors and chief executive and their respective associates in the shares, and 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 the SEHK, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, (the "Model Code") were as follows:

# DIRECTORS' REPORT

## 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 share options outstanding	Percentage of the issued share capital of the Company
Mr Kwai 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 Ross Norgard	Beneficial owner	64,569,834	1,500,000	0.71%
	Interests of controlled corporation	182,667,666	–	1.97%
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 2023, none of the directors and chief executive, nor their associates had registered an interest or short position in any 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 the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the SEHK Listing Rules.



## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in section "Directors' and Chief Executives' interest 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' AND OTHER PERSONS INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of directors' knowledge, as at 31 December 2023 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 Kwai 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	515,484,276	5.55%
The XSS Group Limited (Note 2)	Interest held by controlled corporation	515,484,276	5.55%
Cheung Sze Wai, Catherine (Note 2)	Interest held by controlled corporation	515,484,276	5.55%
	Interest of spouse	50,000,000	0.54%
Luk Kin Peter Joseph (Note 2)	Interest held by controlled corporation	515,484,276	5.55%
	Beneficial owner	50,000,000	0.54%
KQ Resources Limited	Beneficial owner	1,301,270,318	14.02%

#### Notes:

- Ocean Line is owned 60% by Mr Kwai Sze Hoi and 40% by Ms Cheung Wai Fung (Mr Kwai's spouse). In addition, Mr Kwai and Ms Cheung have a joint direct interest in 60,720,000 shares.
- The 515,484,276 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.

# DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2023, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executives' interest and short positions in shares and underlying shares and debentures", 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 2023 Share Scheme (the "Share Scheme") of the Company was adopted by the Company pursuant to the approval by shareholders at the Annual General Meeting ("AGM") on 18 December 2023.

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 share options were granted. The values of share options calculated using the

binomial option pricing 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 variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

The particulars of the Share Scheme are set out in Note 18 to the condensed consolidated financial information and details of the share options outstanding as at 31 December 2023 includes the estimated values of the share options (using the binomial option pricing model), date of grant, vesting period, exercise period and the exercise price of the share options outstanding at the beginning and end of the interim period which have been granted to Eligible Persons under the previous share option scheme are as follows:

	Share Option type	Maximum entitlement of each participant	Outstanding as at 1 July 2023	Outstanding as at 31 December 2023				Date of grant of share options	Vesting period of share options	Exercise period of share options	Exercise price (HK\$)	Closing price immediately before the date of grant (HK\$)	
				Granted	Exercised	Cancelled	Forfeited						
<b>Non-executive directors</b>													
Ross Stewart Nargard	2021A	1,500,000	1,500,000	-	-	-	-	1,500,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
Choi Yue Chun Eugene	2021A	1,500,000	1,500,000	-	-	-	-	1,500,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
Yap Fat Suan Henry	2021A	1,500,000	1,500,000	-	-	-	-	1,500,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
David Raff Welch	2021A	1,500,000	1,500,000	-	-	-	-	1,500,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
<b>Executive directors</b>													
Chan Kam Kwan Jason	2021A	10,000,000	10,000,000	-	-	-	-	10,000,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.210
Colin Paterson	2021B	15,000,000	15,000,000	-	-	-	-	15,000,000	29 Jun 2021	29 Jun 2021-1 Jan 2022	1 Jan 2022-12 May 2024	0.295	0.210
<b>Sub-total</b>		<b>31,000,000</b>	<b>31,000,000</b>	-	-	-	-	<b>31,000,000</b>					
Employees	2021A	71,000,000	70,000,000	-	-	-	-	70,000,000	14 May 2021	14 May 2021-1 Jan 2022	1 Jan 2022-31 Dec 2024	0.213	0.207
Employees	2021B	2,000,000	2,000,000	-	-	-	-	2,000,000	14 May 2021	14 May 2021-1 Jan 2022	1 Jan 2022-12 May 2024	0.295	0.207
<b>Sub-total</b>		<b>73,000,000</b>	<b>72,000,000</b>	-	-	-	-	<b>72,000,000</b>					
<b>GRAND TOTAL</b>		<b>104,000,000</b>	<b>103,000,000</b>	-	-	-	-	<b>103,000,000</b>					
<b>Weighted average price</b>			<b>0.23</b>	-	-	-	-	<b>0.23</b>					



As at 31 December 2023, the Company had 103,000,000 share options outstanding under the previous share option scheme which represented approximately 1.11% of the weighted average number of the Company's shares in issue during the interim period. Should the 103,000,000 share options be fully exercised, the Company will receive HK\$23,333,000 (before issue expenses). The fair value of these unexercised options measured in accordance with the Group's accounting policy and note 18 to the condensed consolidated financial information amounted to HK\$7,545,000.

At the beginning of the interim period, the total number of securities available for grant under the previous share option scheme was nil as the scheme expired in August 2022. The new share scheme was approved on 18 December 2023. The maximum number of shares issuable under the Share Scheme of the Company is 928,023,213 shares, being 10% of the total number of shares in issue on the adoption date, as specified in the announcement published on 18 December 2023. As at 31 December 2023, no share options and awards were granted under the Share Scheme.

During the interim period no directors, chief executive or substantial shareholder of the Company were granted or to be granted share options in excess of the 1% individual limit. At no time, a related party or other participants of the Company were granted or to be granted share options in any 12 month period exceeding 0.1% of the issued share capital.

Saved as disclosed above, at no time during the interim period were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any of the directors or respective spouses or minor children or where any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## **CHANGE OF DIRECTORS' INFORMATION**

Upon specific enquiry made by the Company and following confirmation from the Directors, there were no changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the SEHK Listing Rules since the Company's last published annual report.

## **PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES**

During the six months ended 31 December 2023, 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 2022: Nil).

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save for those disclosed in the condensed consolidated financial information, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates, or joint ventures, and no future plans for material investments or capital assets during the period.

# DIRECTORS' REPORT

## CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of Corporate Governance within a framework with an emphasis on the principles of transparency, accountability, and independence. The board of directors of the Company believe that good corporate governance is essential to the success of the Company and to the enhancement of shareholder value.

During the six months ended 31 December 2023, the Company has complied with code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 of the SEHK Listing Rules, the exception to this is as follows:

- (i) Code Provision C.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.

During the six months ended 31 December 2023, the Remuneration and Performance Committee performed the following work for material matters relating to the new 2023 Share Scheme:

- i) Review the eligible participants and eligibility criteria for selection of participants, including criteria such as general working performance, time commitment, length of service, working experience, responsibilities, current market practice and industry standards;
- ii) Review the vesting period in line with market practice and purpose of the Share Scheme;
- iii) Review the Scheme Mandate Limit;
- iv) Review the clawback mechanism including the circumstances in which the clawback mechanism will apply.

On the 18 December 2023, the Share Scheme was approved by the shareholders at the AGM and implemented thereafter.

## 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 published on the aforementioned websites in due course.



## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Securities Trading Policy which applies, inter alia, to all directors. The Securities Trading Policy complies with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the SEHK Listing Rules and the ASX Listing Rules. All directors have confirmed, following a specific inquiry by the Company, that they have complied with the required standard as set out in the Model Code during the interim period.

A copy of the Company's Securities Trading Policy is available on the website of the Company.

## AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

As at 31 December 2023, 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 2023, including the accounting principles and practices adopted by the Group.

By Order of the Board

**Kwai Sze Hoi**

Chairman

Hong Kong, 26 February 2024

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# 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 26 February 2024. In the Directors' opinion:

- (a) The condensed consolidated financial information and notes set out on pages 4 to 32:
  - (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 2023 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, 26 February 2024