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**BROCKMAN**  
**BROCKMAN MINING LIMITED**  
**布萊克萬礦業有限公司\***  
*(incorporated in Bermuda with limited liability)*  
**(SEHK Stock Code: 159)**  
**(ASX Stock Code: BCK)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

The Board of Directors (the “Board”) of Brockman Mining Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2015, together with the comparative figures for the corresponding period in 2014. The unaudited consolidated interim results have been reviewed by the Company’s Audit Committee and the Company’s independent auditor.

**BROCKMAN MINING LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|                                     |             | <b>Six months ended<br/>31 December</b> |                    |
|-------------------------------------|-------------|-----------------------------------------|--------------------|
|                                     | <i>Note</i> | <b>2015</b>                             | <b>2014</b>        |
|                                     |             | <b>HK\$’000</b>                         | <b>HK\$’000</b>    |
|                                     |             | <b>(Unaudited)</b>                      | <b>(Unaudited)</b> |
| Revenue                             | 3           | 11,788                                  | 31,336             |
| Cost of sales                       |             | (11,265)                                | (36,355)           |
| Gross profit/(loss)                 |             | 523                                     | (5,019)            |
| Other income                        | 6           | 224                                     | 729                |
| Other losses                        | 7           | (96)                                    | (6,879)            |
| Selling and administrative expenses | 5           | (24,242)                                | (43,594)           |
| Exploration and evaluation expenses |             | (12,785)                                | (53,571)           |
| Impairment of mining properties     |             | (477,551)                               | (125,000)          |
| Share of loss of joint ventures     |             | (424)                                   | (4,476)            |
| Finance costs                       |             | (52)                                    | —                  |
| Loss before income tax              |             | (514,403)                               | (237,810)          |
| Income tax credit                   | 8           | 130,905                                 | 2,050              |
| Loss for the period                 |             | (383,498)                               | (235,760)          |

\* For identification purpose only

|                                                                                           |  | <b>Six months ended</b> |                         |
|-------------------------------------------------------------------------------------------|--|-------------------------|-------------------------|
|                                                                                           |  | <b>31 December</b>      |                         |
| <i>Note</i>                                                                               |  | <b>2015</b>             | <b>2014</b>             |
|                                                                                           |  | <b><i>HK\$'000</i></b>  | <b><i>HK\$'000</i></b>  |
|                                                                                           |  | <b>(Unaudited)</b>      | <b>(Unaudited)</b>      |
| <b>Other comprehensive loss:</b>                                                          |  |                         |                         |
| <i>Item that may be reclassified to profit or loss</i>                                    |  |                         |                         |
| Exchange differences arising from translation of foreign operations                       |  | <u>(44,961)</u>         | <u>(269,955)</u>        |
| Other comprehensive loss for the period                                                   |  | <u>(44,961)</u>         | <u>(269,955)</u>        |
| <b>Total comprehensive loss for the period</b>                                            |  | <b><u>(428,459)</u></b> | <b><u>(505,715)</u></b> |
| <b>Loss for the period attributable to:</b>                                               |  |                         |                         |
| Equity holders of the Company                                                             |  | <b><u>(383,498)</u></b> | <b><u>(235,760)</u></b> |
| <b>Total comprehensive loss attributable to:</b>                                          |  |                         |                         |
| Equity holders of the Company                                                             |  | <b><u>(428,459)</u></b> | <b><u>(505,715)</u></b> |
| <b>Loss per share attributable to the equity holders of the Company during the period</b> |  |                         |                         |
|                                                                                           |  | <b><i>HK cents</i></b>  | <b><i>HK cents</i></b>  |
| <b>Basic loss per share</b>                                                               |  | <b><u>(4.58)</u></b>    | <b><u>(2.81)</u></b>    |
| <b>Diluted loss per share</b>                                                             |  | <b><u>(4.58)</u></b>    | <b><u>(2.81)</u></b>    |

# CONDENSED CONSOLIDATED BALANCE SHEET

|                                                                       |      | As at                   |                         |
|-----------------------------------------------------------------------|------|-------------------------|-------------------------|
|                                                                       |      | 31 December             | 30 June                 |
|                                                                       |      | 2015                    | 2015                    |
|                                                                       | Note | HK\$'000                | HK\$'000                |
|                                                                       |      | (Unaudited)             | (Audited)               |
| <b>Non-current assets</b>                                             |      |                         |                         |
| Mining properties                                                     | 10   | 953,039                 | 1,504,573               |
| Property, plant and equipment                                         |      | 24,492                  | 27,815                  |
| Interest in joint ventures                                            |      | 395                     | 288                     |
| Other non-current assets                                              |      | 12,902                  | 14,377                  |
|                                                                       |      | <u>990,828</u>          | <u>1,547,053</u>        |
| <b>Current assets</b>                                                 |      |                         |                         |
| Inventories                                                           |      | 4,204                   | 4,274                   |
| Other receivables, deposits and prepayments                           |      | 7,419                   | 5,480                   |
| Amounts due from related parties                                      |      | 2,225                   | 2,358                   |
| Cash and cash equivalents                                             |      | 72,020                  | 98,297                  |
|                                                                       |      | <u>85,868</u>           | <u>110,409</u>          |
| <b>Total assets</b>                                                   |      | <u><u>1,076,696</u></u> | <u><u>1,657,462</u></u> |
| <b>Equity</b>                                                         |      |                         |                         |
| Share capital                                                         |      | 838,198                 | 838,198                 |
| Reserves                                                              |      | (112,675)               | 315,607                 |
| <b>Total equity attributable to the equity holders of the Company</b> |      | <u><u>725,523</u></u>   | <u><u>1,153,805</u></u> |

|                                              |             | As at            |                  |
|----------------------------------------------|-------------|------------------|------------------|
|                                              |             | 31 December      | 30 June          |
|                                              |             | 2015             | 2015             |
|                                              | <i>Note</i> | <i>HK\$'000</i>  | <i>HK\$'000</i>  |
|                                              |             | (Unaudited)      | (Audited)        |
| <b>Non-current liabilities</b>               |             |                  |                  |
| Borrowings                                   | 12          | 7,255            | —                |
| Other payables                               |             | 25,475           | 26,995           |
| Deferred income tax liabilities              |             | 232,720          | 381,510          |
| Provisions                                   |             | 927              | 940              |
|                                              |             | <u>266,377</u>   | <u>409,445</u>   |
| <b>Current liabilities</b>                   |             |                  |                  |
| Trade payables                               | 11          | 11,046           | 10,201           |
| Other payables and accrued charges           |             | 73,580           | 83,842           |
| Amounts due to related parties               |             | 170              | 169              |
|                                              |             | <u>84,796</u>    | <u>94,212</u>    |
| <b>Total liabilities</b>                     |             | <u>351,173</u>   | <u>503,657</u>   |
| <b>Total equity and liabilities</b>          |             | <u>1,076,696</u> | <u>1,657,462</u> |
| <b>Net current assets</b>                    |             | <u>1,072</u>     | <u>16,197</u>    |
| <b>Total assets less current liabilities</b> |             | <u>991,900</u>   | <u>1,563,250</u> |

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

### **1. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 31 December 2015 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

#### **Going concern**

During the period ended 31 December 2015, the Group had net operating cash outflows of HK\$31,496,000. As at 31 December 2015, cash and cash equivalents of the Group reduced to HK\$72,020,000 from HK\$98,297,000 as at 30 June 2015.

In view of these circumstances, the directors of the Company are taking certain measures to mitigate the liquidity pressure and to improve the financial performance which include, but not limited to the reduction in exploration and evaluation activities and the continuous implementation of cost-saving measures.

The directors of the Company have reviewed the Group’s cash flow projections which cover a period of not less than twelve months from 31 December 2015. Based on these projections, the Group’s cash outflows will be reduced through the implementation of the measures described above. On this basis, the directors of the Company consider that, taking into account the Group’s operating performance, reduction of exploration and evaluation activities, and the successful implementation of cost saving measures mentioned above, the Group is expected to have sufficient financial resources to satisfy its future working capital requirements, and to meet its financial obligations as and when required for the next twelve months from the balance sheet date. 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.

### **2. PRINCIPAL ACCOUNTING POLICIES**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2015, as described in those annual financial statements, except as mentioned below.

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

There are no amended standards that are effective for the first time for this interim period that would be expected to have materiel impact on this Group.

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

|                                            |                                                                                          | <b>Effective for<br/>annual periods<br/>beginning<br/>on or after</b> |
|--------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| IAS 1 (Amendment)                          | Disclosure Initiative                                                                    | 1 January 2016                                                        |
| IAS 16 and IAS 38 (Amendment)              | Clarification of Acceptable Methods<br>of Depreciation and Amortisation                  | 1 January 2016                                                        |
| IAS 16 and IAS 41 (Amendment)              | Agriculture: Bearer Plants                                                               | 1 January 2016                                                        |
| IAS 27 (Amendment)                         | Equity Method in Separate Financial<br>Statements                                        | 1 January 2016                                                        |
| IAS 14                                     | Regulatory Deferral Accounts                                                             | 1 January 2016                                                        |
| IFRS 10, IFRS 12 and<br>IAS 28 (Amendment) | Investment Entities: Applying the<br>Consolidation Exception                             | 1 January 2016                                                        |
| IFRS 11 (Amendment)                        | Accounting for Acquisitions of Interests<br>in Joint Operations                          | 1 January 2016                                                        |
| Annual Improvements Project                | Annual Improvements 2012-2014 Cycle                                                      | 1 January 2016                                                        |
| IFRS 9                                     | Financial Instruments                                                                    | 1 January 2018                                                        |
| IFRS 15                                    | Revenue from Contracts with Customers                                                    | 1 January 2018                                                        |
| IFRS 16                                    | Leases                                                                                   | 1 January 2019                                                        |
| IFRS 10 and IAS 28 (Amendment)             | Sale or Contribution of Assets between an<br>Investor and its Associate or Joint Venture | To be<br>determined                                                   |

The Group is in the process of making an assessment of the impact of the above new/revised standards and amendments to standards and is not yet in a position to state the impact on the Group's results of operations and financial position.

### **3. REVENUE**

Revenue represents the amounts received and receivable for sales of mineral ore products. An analysis of the Group's revenue for the period is as follows:

|                                         | <b>Six months ended<br/>31 December</b> |                    |
|-----------------------------------------|-----------------------------------------|--------------------|
|                                         | <b>2015</b>                             | <b>2014</b>        |
|                                         | <b>HK\$'000</b>                         | <b>HK\$'000</b>    |
|                                         | <b>(Unaudited)</b>                      | <b>(Unaudited)</b> |
| <b>Sales of copper ore concentrates</b> | <b>11,788</b>                           | <b>31,336</b>      |

#### 4. SEGMENT INFORMATION

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

The Group's reportable operating segments are as follows:

|                                |   |                                                                                  |
|--------------------------------|---|----------------------------------------------------------------------------------|
| Mineral tenements in Australia | — | iron ore exploration, development and tenements acquisition in Western Australia |
| Mining operations in the PRC   | — | exploitation, processing and sales of copper ore concentrates in the PRC         |

Others primarily relate to the provision of corporate services for investment holding companies.

The Group's chief operating decision-maker assesses the performance of the operating segments based on adjusted operating loss. Finance costs are not included in the result for each operating segment that is reviewed by executive directors of the Company.

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

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.

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

|                                                  | <b>Mining<br/>operation<br/>in the PRC<br/>HK\$'000</b> | <b>Mineral<br/>tenements<br/>in Australia<br/>HK\$'000</b> | <b>Others<br/>HK\$'000</b> | <b>Total<br/>HK\$'000</b> |
|--------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------|----------------------------|---------------------------|
| <b>For the six months ended 31 December 2015</b> |                                                         |                                                            |                            |                           |
| <b>(Unaudited):</b>                              |                                                         |                                                            |                            |                           |
| <b>Segment revenue from external customers</b>   | <b>11,788</b>                                           | <b>—</b>                                                   | <b>—</b>                   | <b>11,788</b>             |
| <b>Segment results</b>                           | <b>(47,041)</b>                                         | <b>(455,683)</b>                                           | <b>(11,203)</b>            | <b>(513,927)</b>          |
| Share of loss of joint ventures                  |                                                         |                                                            |                            | (424)                     |
| Finance costs                                    |                                                         |                                                            |                            | (52)                      |
| <b>Loss before income tax</b>                    |                                                         |                                                            |                            | <b>(514,403)</b>          |
| <b>Other information:</b>                        |                                                         |                                                            |                            |                           |
| Depreciation of property, plant and equipment    | (2,521)                                                 | (250)                                                      | (380)                      | (3,151)                   |
| Impairment of mining properties                  | (41,200)                                                | (436,351)                                                  | —                          | (477,551)                 |
| Amortisation of mining properties                | (2,100)                                                 | —                                                          | —                          | (2,100)                   |
| Exploration and evaluation expenses              | (3,293)                                                 | (9,492)                                                    | —                          | (12,785)                  |
| Income tax credit                                | —                                                       | 130,905                                                    | —                          | 130,905                   |
| <b>For the six months ended 31 December 2014</b> |                                                         |                                                            |                            |                           |
| <b>(Unaudited):</b>                              |                                                         |                                                            |                            |                           |
| <b>Segment revenue from external customers</b>   | <b>31,336</b>                                           | <b>—</b>                                                   | <b>—</b>                   | <b>31,336</b>             |
| <b>Segment results</b>                           | <b>(139,923)</b>                                        | <b>(85,229)</b>                                            | <b>(8,182)</b>             | <b>(233,334)</b>          |
| Share of loss of joint ventures                  |                                                         |                                                            |                            | (4,476)                   |
| <b>Loss before income tax</b>                    |                                                         |                                                            |                            | <b>(237,810)</b>          |
| <b>Other information:</b>                        |                                                         |                                                            |                            |                           |
| Depreciation of property, plant and equipment    | (2,728)                                                 | (576)                                                      | (379)                      | (3,683)                   |
| Impairment of mining properties                  | (125,000)                                               | —                                                          | —                          | (125,000)                 |
| Amortisation of mining properties                | (9,234)                                                 | —                                                          | —                          | (9,234)                   |
| Relinquish of mining properties                  | —                                                       | (6,833)                                                    | —                          | (6,833)                   |
| Exploration and evaluation expenses              | (3,461)                                                 | (50,110)                                                   | —                          | (53,571)                  |
| Income tax credit                                | —                                                       | 2,050                                                      | —                          | 2,050                     |

Revenue from mining operation in the PRC amounted to HK\$11,788,000 (six months ended 31 December 2014: HK\$31,336,000) represents sales of copper ore concentrate to a single customer.

The following is an analysis of the Group's assets by business segment as at 31 December 2015 and 30 June 2015:

|                                            | <b>Mining<br/>operation in<br/>the PRC<br/>HK\$'000</b> | <b>Mineral<br/>tenements<br/>in Australia<br/>HK\$'000</b> | <b>Others<br/>HK\$'000</b> | <b>Total<br/>HK\$'000</b> |
|--------------------------------------------|---------------------------------------------------------|------------------------------------------------------------|----------------------------|---------------------------|
| <b>As at 31 December 2015 (Unaudited):</b> |                                                         |                                                            |                            |                           |
| <b>Segment assets</b>                      | <b><u>215,913</u></b>                                   | <b><u>787,507</u></b>                                      | <b><u>73,276</u></b>       | <b><u>1,076,696</u></b>   |
| <b>Total segment assets include:</b>       |                                                         |                                                            |                            |                           |
| Interests in joint ventures                | —                                                       | 395                                                        | —                          | 395                       |
| Additions to property, plant and equipment | <b><u>1,262</u></b>                                     | <b><u>155</u></b>                                          | <b><u>—</u></b>            | <b><u>1,417</u></b>       |
| <b>As at 30 June 2015 (Audited):</b>       |                                                         |                                                            |                            |                           |
| <b>Segment assets</b>                      | <b><u>274,764</u></b>                                   | <b><u>1,285,073</u></b>                                    | <b><u>97,625</u></b>       | <b><u>1,657,462</u></b>   |
| <b>Total segment assets include:</b>       |                                                         |                                                            |                            |                           |
| Interests in joint ventures                | —                                                       | 288                                                        | —                          | 288                       |
| Additions to property, plant and equipment | <b><u>1,551</u></b>                                     | <b><u>252</u></b>                                          | <b><u>177</u></b>          | <b><u>1,980</u></b>       |

## 5. EXPENSES BY NATURE

|                                                                                | <b>Six months ended<br/>31 December</b> |                      |
|--------------------------------------------------------------------------------|-----------------------------------------|----------------------|
|                                                                                | <b>2015</b>                             | <b>2014</b>          |
|                                                                                | <b>HK\$'000</b>                         | <b>HK\$'000</b>      |
|                                                                                | <b>(Unaudited)</b>                      | <b>(Unaudited)</b>   |
| Amortisation of mining properties (included in cost of sales)                  | <b>2,100</b>                            | 9,234                |
| Cost of inventories                                                            | <b>4,295</b>                            | 15,436               |
| Depreciation of property, plant and equipment                                  | <b>3,151</b>                            | 3,683                |
| Reversal of equity-settled share-based compensation for consultants            | —                                       | (1,105)              |
| Operating lease rentals                                                        | <b>4,575</b>                            | 5,469                |
| Staff costs (including directors' emoluments)                                  | <b>15,143</b>                           | 33,158               |
| Exploration and evaluation expenses (excluding staff costs and rental expense) | <b><u>8,774</u></b>                     | <b><u>40,733</u></b> |

Staff costs include:

|                                                                 | <b>Six months ended</b> |                    |
|-----------------------------------------------------------------|-------------------------|--------------------|
|                                                                 | <b>31 December</b>      |                    |
|                                                                 | <b>2015</b>             | <b>2014</b>        |
|                                                                 | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
|                                                                 | <b>(Unaudited)</b>      | <b>(Unaudited)</b> |
| Wages, salaries and welfares                                    | <b>14,240</b>           | 36,055             |
| Retirement benefit scheme contributions                         | <b>726</b>              | 1,578              |
| Share-based compensation/(reversal of share-based compensation) | <b>177</b>              | (4,475)            |
|                                                                 | <b>15,143</b>           | <b>33,158</b>      |

## 6. OTHER INCOME

|                           | <b>Six months ended</b> |                    |
|---------------------------|-------------------------|--------------------|
|                           | <b>31 December</b>      |                    |
|                           | <b>2015</b>             | <b>2014</b>        |
|                           | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
|                           | <b>(Unaudited)</b>      | <b>(Unaudited)</b> |
| Interest on bank deposits | <b>219</b>              | 648                |
| Others                    | <b>5</b>                | 81                 |
|                           | <b>224</b>              | <b>729</b>         |

## 7. OTHER LOSSES

|                                                    | <b>Six months ended</b> |                    |
|----------------------------------------------------|-------------------------|--------------------|
|                                                    | <b>31 December</b>      |                    |
|                                                    | <b>2015</b>             | <b>2014</b>        |
|                                                    | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
|                                                    | <b>(Unaudited)</b>      | <b>(Unaudited)</b> |
| Loss on disposal of property, plant and equipment  | <b>96</b>               | 46                 |
| Relinquish of mining properties ( <i>Note 10</i> ) | <b>—</b>                | 6,833              |
|                                                    | <b>96</b>               | <b>6,879</b>       |

## 8. INCOME TAX CREDIT

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

|                     | Six months ended<br>31 December |                |
|---------------------|---------------------------------|----------------|
|                     | 2015                            | 2014           |
|                     | HK\$'000                        | HK\$'000       |
|                     | (Unaudited)                     | (Unaudited)    |
| Deferred income tax | <b>(130,905)</b>                | <b>(2,050)</b> |

During the period ended 31 December 2015, the Group has provided impairment of mining properties in Australia at HK\$436,351,000 (Note 10). The reduction in the deferred income tax liabilities as a result of the impairment is HK\$130,905,000.

## 9. 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 in issue during the period.

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

|                                                                                                                            | Six months ended<br>31 December |                  |
|----------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------|
|                                                                                                                            | 2015                            | 2014             |
|                                                                                                                            | HK\$'000                        | HK\$'000         |
|                                                                                                                            | (Unaudited)                     | (Unaudited)      |
| Loss for the period attributable to the equity holders of the Company<br>(HK\$'000)                                        | <b>(383,498)</b>                | <b>(235,760)</b> |
| Weighted average number of ordinary shares for the purpose<br>of calculating the basic loss per share ( <i>thousands</i> ) | <b>8,381,982</b>                | <b>8,381,982</b> |
| Loss per share attributable to the equity holders of the Company                                                           |                                 |                  |
| Basic ( <i>HK cents</i> )                                                                                                  | <b>(4.58)</b>                   | <b>(2.81)</b>    |
| Diluted ( <i>HK cents</i> )                                                                                                | <b>(4.58)</b>                   | <b>(2.81)</b>    |

Diluted loss per share is the same as basic loss per share for the six months ended 31 December 2015 and 2014 because the effect of the assumed exercise of share options of the Company during these periods was anti-dilutive.

## 10. MINING PROPERTIES

|                                            | <b>Mining<br/>properties<br/>in Australia</b><br><i>HK\$'000</i> | <b>Mining right<br/>in the PRC</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|--------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------|---------------------------------|
| Balance as at 1 July 2014 (Audited)        | 3,076,212                                                        | 460,055                                               | 3,536,267                       |
| Amortisation during the period             | —                                                                | (8,957)                                               | (8,957)                         |
| Impairment loss                            | —                                                                | (125,000)                                             | (125,000)                       |
| Relinquish                                 | (6,833)                                                          | —                                                     | (6,833)                         |
| Exchange differences                       | (409,838)                                                        | 695                                                   | (409,143)                       |
| Balance as at 31 December 2014 (Unaudited) | <u>2,659,541</u>                                                 | <u>326,793</u>                                        | <u>2,986,334</u>                |
| Balance as at 1 July 2015 (Audited)        | <b>1,277,938</b>                                                 | <b>226,635</b>                                        | <b>1,504,573</b>                |
| Amortisation during the period             | —                                                                | (2,100)                                               | (2,100)                         |
| Impairment loss                            | (436,351)                                                        | (41,200)                                              | (477,551)                       |
| Exchange differences                       | (59,906)                                                         | (11,977)                                              | (71,883)                        |
| Balance as at 31 December 2015 (Unaudited) | <u><b>781,681</b></u>                                            | <u><b>171,358</b></u>                                 | <u><b>953,039</b></u>           |

### Mining properties in Australia

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

During the period ended 31 December 2014, the Group has relinquished two tenements located in the West Pilbara to the Government of Western Australia. As a result, a loss of HK\$6,833,000 has been recognised in the condensed consolidated statement of comprehensive income (Note 7).

In response to the sustained iron ore price weakness and taking advantage of recent improvement in mining and infrastructure technologies, the Group is progressing with studies to revise mine plan and production strategies. Nevertheless, considering the significant decline in iron ore price from the previous reporting period, the directors of the Company have conducted an impairment assessment. Key assumptions are summarised as follows:

|                                                              | <b>31 December 2015</b> | <b>30 June 2015</b> |
|--------------------------------------------------------------|-------------------------|---------------------|
| Estimated mine life                                          | 25 years from 2019      | 25 years from 2020  |
| Long-term iron ore price (per dry metric tonne unit (“dmu”)) | US\$80/dmtu             | US\$97/dmtu         |
| Total Production mined*                                      | 249 Metal tonnes        | 467 Metal tonnes    |
| Long term exchange rate of AUD to USD                        | 0.70                    | 0.72                |
| Discount rate                                                | 12.5%                   | 13.0%               |

\* The carrying value assessment matched production rates with an initial optimised mine plan. This mine plan used a higher cut-off grade to maximise returns over an initial 20 years mine life at reduced production rates. Reserve tonnes in excess of this initial optimised mine plan remain available for future mine planning.

Based on the above impairment assessment, an impairment of approximately HK\$436,351,000 (2014: Nil) was recognised for the period. The impairment reduces the deferred income tax liability brought to account following the business combination relating to the value attributed to the mining properties acquired. The reduction in the deferred income tax liability as a result of the impairment is HK\$130,905,000 (2014: Nil).

### ***Methodology***

The recoverable amount of the Marillana project in Australia were determined by applying the fair value less cost of disposal approach with reference to the discounted cash flow forecasts which applied the valuation assumptions that a knowledgeable and willing buyer would be expected to use.

The fair value estimates are considered to be level 3 fair value measurements; they are derived from valuation techniques which include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach expected to be taken by market participants.

Future cash flows are based on a number of assumptions, including commodity price expectations which is based on market consensus forecasts, foreign exchange rates, reserves and resources and expectations regarding future operating performance and capital requirements which are subject to risk and uncertainty. An adverse change in one or more of the assumptions used to estimate fair value could result in a reduction of the estimated fair value.

### ***Capital and operating costs***

The capital and operating cost assumptions used in the estimates were based on internal studies, external estimates and the most recent mine plan's which optimise stripping ratio for the lower price environment. All current potential infrastructure solutions were considered.

### ***Sensitivity***

Any variation in the key assumptions used to determine fair value will result in a change of the estimated fair value. If the variation in assumption has a negative impact on fair value it could indicate a requirement for an additional impairment to the mining properties.

The effect of a change in the following key assumptions, in isolation to each other, to the estimated fair value of mining properties, is detailed below:

- If the long-term iron ore price adopted in the valuation had been 1% lower, the recoverable amount would be reduced by approximately HK\$158,379,000. Further impairment of HK\$226,256,000 and a reduction of deferred income tax liabilities of HK\$67,877,000 would be required.
- If the discount rate adopted in the valuation had been 0.5% higher, the recoverable amount would be reduced by approximately HK\$147,066,000. Further impairment of HK\$210,094,000 and a reduction of deferred income tax liabilities of HK\$63,028,000 would be required.
- If the exchange rate adopted in the valuation had been 1% higher, the recoverable amount would be reduced by approximately HK\$169,692,000. Further impairment of HK\$242,417,000 and a reduction of deferred income tax liabilities of HK\$72,725,000 would be required.

The ultimate recoupment of the carrying value of mining properties is dependent on the successful development and commercial exploitation of, or sale of interests in, the mining properties.

### **Mining right in the PRC**

Mining right in the PRC represents the right to conduct mining activities in Damajianshan, Honghe Zhou, Luchun County, Yunnan. The mine is located on land in the PRC to which the Group has no formal title. Yunnan State Land Resources Bureau issued the mining right certificate to Luchun in January 2005. After such, Luchun renewed the certificates for a few times. In June 2013, Yunnan State Land Resources Bureau granted Luchun a mining right certificate for one year which expired in June 2014. In July 2014, the mining right certificate was renewed for a period of two years expiring in July 2016.

Management is in the process of renewing the certificate. With reference to an independent legal opinion received by Luchun, there is no legal barrier for Luchun to renew its mining right certificate.

Accordingly, the directors of the Company are of the opinion that the Group will be able to continuously renew the mining right and the business licenses of respective mining subsidiaries at minimal charges.

The mining right in the PRC is amortised using the units of production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining right in the future until all proven and probable reserves have been mined.

As at 31 December 2015, the Group assessed and concluded that the recent sustained copper price weakness was considered to be impairment indicator which triggered the need to perform an impairment assessment. The directors of the Company have taken into consideration fair value less costs of disposal and value-in-use calculations to determine the recoverable amount of the mining right. As at 31 December 2015, the recoverable amount is determined by value-in-use calculations.

Key assumptions adopted by management are summarised as follows:

|                                      | <b>31 December 2015</b>               | <b>30 June 2015</b>                   |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Copper price assumption              | 2016: US\$4,238/t                     | 2015: US\$5,761/t                     |
| (Based on market consensus forecast) | 2017: US\$4,775/t                     | 2016: US\$4,827/t                     |
|                                      | 2018: US\$4,701/t                     | 2017: US\$5,500/t                     |
|                                      | 2019: US\$4,500/t                     | 2018: US\$6,000/t                     |
|                                      | 2020: US\$5,299/t                     | 2019: US\$6,080/t                     |
|                                      | 2021 onwards: US\$6,605/t             | 2020 onwards: US\$6,200/t             |
| Discount rate                        | 18.2%                                 | 18.2%                                 |
| Production capacity                  | 500 tonnes to 1,300 tonnes<br>per day | 800 tonnes to 1,300 tonnes<br>per day |

Based on the above impairment assessment, an impairment of approximately HK\$41,200,000 (six months ended 31 December 2014: HK\$125,000,000) was recognised for the period.

The fair value of the mining right is highly sensitive to these assumptions adopted in the valuation.

- If the long term copper price adopted in the valuation had been 5% lower, the recoverable amount would have reduced by approximately HK\$14,000,000 and further impairment of HK\$14,000,000 would be required.
- If the production volume adopted in discounted cash flow calculation had been 5% lower than management's estimates at 31 December 2015, the recoverable amount of the mining right recognised would have decreased by HK\$13,000,000 and further impairment of HK\$13,000,000 would be recognised.
- If the discount rate adopted in discounted cash flow calculation had been 1% higher than management's estimates at 31 December 2015, the recoverable amount of the mining right recognised would have decreased by HK\$16,000,000 and further impairment of HK\$16,000,000 would be recognised.

## 11. TRADE PAYABLES

Trade payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days. In certain circumstances, the credit period has been extended to over 90 days. The following is an ageing analysis of trade payables of the Group at the respective balance sheet dates:

|              | As at         |               |
|--------------|---------------|---------------|
|              | 31 December   | 30 June       |
|              | 2015          | 2015          |
|              | HK\$'000      | HK\$'000      |
|              | (Unaudited)   | (Audited)     |
| 0 — 30 days  | 5,714         | 4,470         |
| 31 — 60 days | 655           | 78            |
| 61 — 90 days | 158           | 199           |
| Over 90 days | 4,519         | 5,454         |
|              | <u>11,046</u> | <u>10,201</u> |

## 12. BORROWINGS

|                        | As at        |           |
|------------------------|--------------|-----------|
|                        | 31 December  | 30 June   |
|                        | 2015         | 2015      |
|                        | HK\$'000     | HK\$'000  |
|                        | (Unaudited)  | (Audited) |
| Non-current Borrowings | <u>7,255</u> | <u>—</u>  |

As at 31 December 2015, the borrowings were repayable between 1 and 2 years. They are denominated in Renminbi and carry interests at prevailing market interest rates in the PRC. During the six months ended 31 December 2015, the weighted average effective interest rates per annum was 4.84%.

### **13. INTERIM DIVIDEND**

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (six months ended 31 December 2014: Nil).

### **14. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review and Financial Highlights**

The Group's consolidated revenue from continuing operations for the six months ended 31 December 2015 decreased by 62.3 % to approximately HK\$11.8 million (2014: HK\$31.3 million). The decrease in revenue reflects lower commodity prices and lower production volume recorded over the period. The commodity market remained volatile in the second half of 2015 and copper prices stroke a new low during the period, attributed to continuing concerns over global economic growth and long-term sustainable demand for commodities. With commodity prices down and short-term volatility increasing, the Company continues to adopt stringent cost control measures and capital management, so as to combat the current tough situation being faced by the overall mining industry.

As at 31 December 2015, the Group's net asset value amounted to HK\$725.5 million (30 June 2015: HK\$1,153.8 million) and cash and bank balances, totalled HK\$72.0 million (30 June 2015: HK\$98.3 million).

Loss attributable to equity holders of the Company amounted to HK\$383.5 million for the six months ended 31 December 2015 (2014: HK\$235.8 million). The change was mainly attributable to the impairment loss charged to the condensed consolidated statement of comprehensive income. Operation related production costs and exploration expenses have decreased steadily due to reduction in sales and exploration activities and the cost saving measures.

Basic loss per share for the period was HK4.58 cents (2014: HK2.81 cents).

During the six months ended 31 December 2015, the Group had cash outflows used in operating activities of HK\$31.5 million.

### **Outlook**

While commodities prices trending downwards, the Company will shift its focus towards cost-reduction and capital management. For the copper mine segment, if applicable, the Board may consider to decrease its production volume to minimise losses in the coming quarter, as the significantly lowered market prices of copper may not justify further production ahead. Meanwhile, pursuing for infrastructure solution alternatives for our iron ore business segment is still on the top list of our agenda.

## Corporate Review

### *Resignation of Directors*

During the interim period, Mr. Warren Talbot Beckwith and Mr. Yip Kwok Cheung, Danny have resigned as non-executive director and independent non-executive director of the Company respectively.

The Board would like to express its sincere appreciation to both Mr. Beckwith and Mr. Yip for their valuable efforts and contributions to the Company.

### *Change of principal place of business*

During the period, the Company has moved its Australia office to Level 2, 56 Ord Street, Perth, WA 6005 as a part of our cost-saving measure. The principal place of business in Hong Kong has also been changed to Unit 3903B, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong effective from 18 January 2016.

### *Mineral Tenements*

#### *Iron Ore Operations — Western Australia*

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

The net operating loss before income tax expense for the period for this segment and attributable to the Group was HK\$455.7 million (2014: HK\$85.2 million). Total expenditure associated with mineral exploration and evaluation for the period ended 31 December 2015 amounted to HK\$9.5 million (2014: HK\$50.1 million).

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

| Project      | Six months ended |               |
|--------------|------------------|---------------|
|              | 31 December      |               |
|              | 2015             | 2014          |
|              | HK\$'000         | HK\$'000      |
| Marillana    | 6,468            | 9,255         |
| Ophthalmia   | 1,392            | 34,467        |
| West Pilbara | 1,632            | 6,388         |
|              | <u>9,492</u>     | <u>50,110</u> |

The Group is yet to make a final investment decision toward commencing development of any of its iron ore projects in the Western Australia. Accordingly, no development expenditures have been recognised in the financial information during the half year ended 31 December 2015 and six months period ended 31 December 2014.

Total capital expenditures for each of the projects in Western Australia for the financial periods were summarised as follows:

| Project    | Six months ended<br>31 December                    |                                     |                                                    |                                     |
|------------|----------------------------------------------------|-------------------------------------|----------------------------------------------------|-------------------------------------|
|            | 2015<br>HK\$'000                                   |                                     | 2014<br>HK\$'000                                   |                                     |
|            | Addition to<br>property,<br>plant and<br>equipment | Addition<br>to mining<br>properties | Addition to<br>property,<br>plant and<br>equipment | Addition<br>to mining<br>properties |
| Marillana  | 155                                                | —                                   | 31                                                 | —                                   |
| Ophthalmia | —                                                  | —                                   | 82                                                 | —                                   |
|            | <u>155</u>                                         | <u>—</u>                            | <u>113</u>                                         | <u>—</u>                            |

### ***Impairment loss***

In response to the sustained iron ore price weakness and taking advantage of recent improvement in mining and infrastructure technologies, the Group is progressing with studies to revise mine plan and production strategies. Nevertheless, considering the significant decline in iron ore price from the previous reporting period, the directors have conducted an impairment assessment. Based on the assessment, an impairment of approximately HK\$436.4 million was recognised for the year (2014: Nil). The impairment reduces the deferred income tax liability brought to account following the business combination relating to the value attributed to the mining properties acquired. The reduction in the deferred income tax liability as a result of the impairment is HK\$130.9 million (2014: Nil).

### ***Marillana Iron Ore Project***

The 100% owned Marillana Iron Ore Project (“Marillana” or “the Project”) is Brockman’s flagship project located in the Hamersley Iron Province within the Pilbara region of Western Australia, approximately 100 km north-west of the township of Newman. The Project is located within mining lease M47/1414. The Project area covers 82 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. This is the source of the hematite detrital mineralization at Marillana.

The ultimate delivery of Marillana’s first commercial production is dependent upon securing, funding, and developing suitable rail and port infrastructure.

The Company will provide guidance on the timing for delivery of the Project once the infrastructure solution is secured.

### ***Rail and Port Infrastructure***

The key to unlocking the value of the Group's highly prospective iron ore mineral tenements relies on securing a rail and port infrastructure solution and funding.

The Company continues to actively pursue various infrastructure alternatives.

### ***Rail Access***

In May 2013, Brockman commenced seeking access rights to The Pilbara Infrastructure Pty Ltd's ("TPI's") below-rail infrastructure under the Western Australian Railways (Access) Code 2000 (WA) ("Code"), to allow it to haul up to 20 Mtpa of hematite iron ore product from its Marillana Project, for a term of 20 years ("Access Proposal"). The access sought proposed to exit the TPI mainline at Port Hedland where North West Infrastructure ("NWI") has a capacity allocation of 50 Mtpa at the proposed SP3 and the SP4 berths for iron ore export from South West Creek in the Inner Harbour.

As part of the Access Proposal, Brockman will procure the necessary spur lines and associated infrastructure to connect Marillana with the TPI railway and to connect it to the proposed NWI facilities in Port Hedland, which will include unloading, stockpiling and ship loading facilities in South West Creek, Port Hedland.

In 4 October 2013, TPI commenced proceedings in the WA Supreme Court challenging the validity of the Access Proposal. The trial was held in August 2014 and on 26 September 2014 the Honorable Justice James Edelman handed down his decision, which supported Brockman's position finding that the Access Proposal was valid and complied with the requirements of s8 of the Access Code. TPI's action was wholly dismissed, with TPI ordered to pay Brockman's costs of the action. TPI have appealed this decision and that appeal was heard in late August 2015, and the finding is expected to be handed down soon.

As part of the decision of Justice Edelman, the ERA was required to review the consideration of "contingencies" and "asset lives" for the purpose of the calculation of GRV which is the primary input into the determination of the Floor and Ceiling Costs. The ERA published a remade determination of the Floor and Ceiling Costs on 9 January 2015. The remade determination is similar to the earlier determination of Floor and Ceiling Costs.

Following the successful Supreme Court decision, Brockman has continued to progress the required information for the Access Proposal under sections 14 (financial and managerial capability) and 15 (capacity) of the Code.

## ***Port — North West Infrastructure***

Brockman, as a foundation member of North West Infrastructure joint venture (NWI), has a potential port solution through the Western Australian State Government conferral of 50Mtpa export capacity to NWI and the related potential port stock yards and berth locations (SP3 and SP4 in South West Creek in the Port Hedland inner harbour) set aside by the Pilbara Ports Authority. The NWI opportunity is reliant on securing a viable rail solution to connect potential users mines with the port.

Brockman remains focused on protecting its foundation shareholding position in NWI remains vigilant to the opportunity for other aspirant Pilbara based junior developers and miners to support the future port development.

## ***Ophthalmia Iron Ore Project***

The 100% owned Ophthalmia Iron Ore Project, located north of Newman in the East Pilbara region of Western Australia, is the most significant iron ore project for the company outside of its flagship Marillana Project. Since the discovery of significant occurrences of bedded hematite mineralization by field reconnaissance mapping and surface sampling in August 2011, major exploration drilling programmes have been completed and JORC 2012 compliant Mineral Resources have been estimated and reported for the Sirius, Coondiner, and Kalgan Creek deposits. The total Mineral Resources at Ophthalmia now stand at 341 Mt grading 59.3% Fe.

## ***Mining and metallurgy***

A bulk sample of ore from the Sirius deposit has been dispatched to CISRI in China for a comprehensive sinter testwork programme. The bulk sample was generated in 2013 by compositing diamond drill core from 7 holes spaced across the entire deposit.

The results from the sinter testwork programme that there are no fatal flaws in the sintering performance of blends where Sirius fines replaces established Pilbara iron ore fines products up to 30%. Most parameters show only gradual changes as substitution increases, except that mix moisture and fuel loads do increase significantly. There is little change in sinter productivity or granulation, RDI is similar or improved marginally, as is softening and melting performance. RI is lower but still well within tolerance.

CISRI issued a summary of the results of granulation tests and the sinter pot tests for review. Further analysis of sinter chemistry and metallurgical characteristics are in progress, with a view to determining the likely price discount for Sirius Fines.

## **Mining Operation**

### ***Copper Mine — Damajianshan, Yunnan, PRC***

The copper mining business of the Company is conducted through Luchun, a 100% owned subsidiary of the Company, the owner and operator of the Damajianshan Mine.

Lower production and processing volume were recorded during the interim period, attributed by decreased copper prices.

### ***Impairment loss***

The downturn of global economy and the recent copper price weakness were considered to be impairment indicators which triggered the need to perform impairment assessment. Base on the impairment assessment, an impairment loss of approximately HK\$41.2 million has been recognised in the condensed consolidated statement of comprehensive income (2014: HK\$125 million). Production and operation results for the financial periods were summarised as follows:

|                                                   | <b>Six months ended</b>  |                          |
|---------------------------------------------------|--------------------------|--------------------------|
|                                                   | <b>31 December</b>       |                          |
|                                                   | <b>2015</b>              | <b>2014</b>              |
| Copper ore processed                              | <b>83,189 tonnes</b>     | 166,845 tonnes           |
| Production of copper ore concentrates             | <b>433 Metals(t)</b>     | 732 Metals(t)            |
| Sales of copper ore concentrates                  | <b>438 Metals(t)</b>     | 737 Metals(t)            |
| Average selling price per Metal (t) (without VAT) | <b><u>RMB 22,000</u></b> | <b><u>RMB 34,000</u></b> |

During the six months ended 31 December 2015, Luchun has contributed revenue of approximately HK\$11.8 million (2014: HK\$31.3 million), down 62.3%, and the loss before amortisation and impairment was approximately HK\$3.7 million (2014: HK\$5.7 million).

The cost of sales of the mining segment mainly included mining, processing and refining, ore transportation and waste disposal costs.

Total expenditure associated with the mining operation during the six months ended 31 December 2015 amounted to approximately HK\$17.6 million (2014: HK\$46.3 million).

During the interim period, sales volume of copper ore concentrates decreased, and the average price per metal tonne has decreased over the period reflecting the decrease in global metal prices.

Concerns of the stability of global economy and the oversupply of commodity continued to exert downward pressure on commodity prices.

The Company continued to review its mine plan under current market conditions to ensure that this project would maximise shareholders' return in the long run. The Company would consider to put on halt production should the prolonged low copper prices environment continues.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its short-term funding requirement with cash generated from operations and equity funding. 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 2015 is measured at 1.01 (30 June 2015: 1.17). The gearing ratio of the Group (long-term debts over equity and long-term debts) is measured at 0.04 (30 June 2015: 0.02).

During the period, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 31 December 2015.

## **CAPITAL STRUCTURE**

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

As at the date of the announcement, the total number of issued shares outstanding for the Company amounted to 8,381,982,131 shares.

## **PLEDGE OF ASSETS AND CONTINGENT LIABILITIES**

As at 31 December 2015, no assets was pledged to secure any banking facilities (30 June 2015: Nil).

### **Financial guarantees**

As at 31 December 2015, the Company did not provide any financial guarantees (30 June 2015: Nil).

### **Contingent liabilities**

There is no material contingent liability of the Group as at 31 December 2015.

## **MARKET RISK**

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

### **(a) Commodities price risk**

#### ***Copper ore concentrate price:***

The Group's revenue and results of the mining business during the period, and the fair value of the Group's mining right was affected by fluctuations in the copper ore concentrate price. All of our mining products were sold at market price.

### ***Iron ore price:***

The fair value of the Group's intangible assets arising from acquisition of mineral tenements operations in Australia was affected by fluctuations in the iron ore price. However, the carrying value of the mining right remains unchanged.

We have not used any commodity derivative instruments or futures for speculation or hedging purpose. The management will review the market condition from time to time and determine the best strategy to deal with the fluctuations of iron ore and copper concentrate prices.

### **(b) Exchange rate risk**

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

## **STAFF AND REMUNERATION**

As at 31 December 2015, the continuing operations of the Group employed 290 full time employees (30 June 2015: 238), of which approximately 270 employees were in the PRC (30 June 2015: 212 employees) and 8 (30 June 2015: 9 employees) employees were in Australia.

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

The remuneration policy and packages, including share options of the Group's employees, senior management and directors are maintained at market level and are reviewed periodically by the management and the remuneration committee.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

During the six months ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## **COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is listed on both the Australian Securities Exchange Limited ("ASX") and on the SEHK. The Company's corporate governance policies have been formulated to ensure that it is a responsible corporate citizen.

The Company complies with all aspects of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK, except for the deviation from Code Provision A.2.1, which requires the roles of chairman and chief executive should be separate

and should not be performed by the same individual. The position for the chief executive officer at the Group level has been vacant during the period. Nonetheless, Mr. Colin Paterson, an executive director of the Company, also serves as the chief executive officer at 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry to all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2015.

## **AUDIT COMMITTEE**

As at 31 December 2015, the audit committee comprises of three independent non-executive directors namely Messrs. Yap Fat Suan, Henry, Uwe Henke Von Parpart and Choi Yue Chun, Eugene (the “Audit Committee”). Mr. Yap Fat Suan, Henry was the Chairman of the Audit Committee. On 2 November 2015, following the resignation of Mr. Yip Kwok Cheung, Danny, Mr. Choi Yue Chun, Eugene, was appointed as member of the Audit Committee to replace Mr. Yip’s position. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee has reviewed the Group’s interim results for the six months ended 31 December 2015.

By Order of the Board  
**Brockman Mining Limited**  
**Kwai Sze Hoi**  
*Chairman*

Hong Kong, 26 February 2016

*As at the date of this announcement, the Board comprises Mr. Kwai Sze Hoi (Chairman), Mr. Liu Zhengui (Vice Chairman) and Mr. Ross Stewart Norgard as non-executive directors; Mr. Chan Kam Kwan, Jason (Company Secretary), Mr. Kwai Kwun, Lawrence and Mr. Colin Paterson (Chief Executive Officer) as executive directors; and Mr. Yap Fat Suan, Henry, Mr. Uwe Henke Von Parpart and Mr. Choi Yue Chun, Eugene as independent non-executive directors.*

## GLOSSARY

|                            |                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “ASX”                      | ASX Limited ACN 008 624 691, or the financial products market, The Australian Securities Exchange, as the situation requires                                                                                                                                                                                                                                                                                |
| “Board”                    | the Board of Directors                                                                                                                                                                                                                                                                                                                                                                                      |
| “Brockman” or<br>“Company” | Brockman Mining Limited, ARBN 143 211 867, a company incorporated in Bermuda                                                                                                                                                                                                                                                                                                                                |
| “CG Code”                  | Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK                                                                                                                                                                                                                                                                                            |
| “CISRI”                    | China Iron & Steel Research Institute Group                                                                                                                                                                                                                                                                                                                                                                 |
| “Damajianshan mine”        | The 100% owned copper mine held by the Company in the Yunnan Province, PRC                                                                                                                                                                                                                                                                                                                                  |
| “Directors”                | the directors of the Company                                                                                                                                                                                                                                                                                                                                                                                |
| “Group”                    | Brockman Mining Limited, its associates and subsidiaries                                                                                                                                                                                                                                                                                                                                                    |
| “JORC”                     | Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition)                                                                                                                                                                                                                                                                                                      |
| “km”                       | kilometres                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Luchun”                   | Luchun Xingtai Mining Co., Ltd, a subsidiary of the Company, which is the operator of the Damajianshan Mine                                                                                                                                                                                                                                                                                                 |
| “Marillana Project”        | The 100% owned Marillana iron ore project is Brockman’s flagship project located in the Hamersley Iron Province                                                                                                                                                                                                                                                                                             |
| “m”                        | metre                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Mt”                       | million tonnes                                                                                                                                                                                                                                                                                                                                                                                              |
| “NWI”                      | North West Infrastructure, the joint venture company which represents the interests of its three shareholder companies: Brockman Mining Australia Pty Ltd; Atlas Iron Limited and FerrAus Limited, to facilitate the construction of a port facility capable of annually exporting 50 million tonnes of iron ore from the South-West Creek location at the Inner Harbour at Port Hedland, Western Australia |

|              |                                                                                                                                              |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| “Ocean Line” | Ocean Line Holdings Ltd                                                                                                                      |
| “PRC”        | Peoples Republic of China                                                                                                                    |
| “SEHK”       | Hong Kong Exchanges and Clearing Company Limited or the financial products market or the Hong Kong Stock Exchange, as the situation requires |