

**BROCKMAN**

布萊克萬礦業有限公司  
BROCKMAN MINING LIMITED

**ANNUAL  
REPORT  
2020**

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ANNUAL REPORT 2020



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# CORPORATE PROFILE

## BOARD OF DIRECTORS

### Non-executive Directors

Kwai Sze Hoi (*Chairman*)  
Liu Zhengui (*Vice Chairman*)  
Ross Stewart Norgard

### Executive Directors

Chan Kam Kwan, Jason  
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)

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

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West Perth WA 6005  
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Tel: (61) 8 9389 3000

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## AUDITOR

Ernst and Young  
Chartered Accountants  
11 Mounts Bay Road  
Perth WA 6000  
Australia

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited  
Level 54 Hopewell Centre  
183 Queen's Road East  
Hong Kong

## BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN AUSTRALIA

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000

## PRINCIPAL BANKER

Hang Seng Bank Limited  
Standard Chartered Bank (Hong Kong) Limited  
Bank of Communications  
Westpac Banking Corporation  
ANZ Banking Group

## 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



# CHAIRMAN'S MESSAGE

Dear Shareholders,

I am pleased to report that our Company continues its steady progress towards the commencement of production of iron ore from our flagship Marillana Project (Marillana).

During this reported fiscal year, all the activities in Marillana are related to the Farm-in Obligations under the Farm-in Joint Venture (FJV) Agreement that was entered between Brockman Iron Pty Ltd (a wholly owned subsidiary of the Company) and Polaris Metals Pty Ltd (a wholly owned subsidiary of Mineral Resources Limited (MRL)) in July 2018. For Polaris Metals Pty Ltd (Polaris) and MRL to complete its Farm-in Obligations under the FJV, a drilling campaign and metallurgical test works were conducted and the results will be the foundation for an economic feasibility study, which is the basis for a Final Investment Decision (FID) to be made. The completion of such feasibility report is expected by end September 2020. The Company has been working closely with Polaris and MRL for all the activities in assessing Marillana. As at 30th June 2020 more than A\$3 million has been spent on the Farm-in Obligations in relation to Marillana.

In accordance with the FJV, the parties also entered into a Mine to Ship Services Agreement, under which an infrastructure solution for Marillana shall be provided (constructed and funded) by MRL. Such infrastructure solution shall be critical to the success of Marillana. I can assure you that we shall exhaust all efforts in achieving our goal in bringing Marillana into production. At the current stage such production commencement time line is by the second half of calendar year 2022.

I would like to thank the Brockman family for their continued hard work and commitment in progressing Marillana activities as well as other iron ore tenements of the Company. All of which are prospective and promising for the Company's future. I would also like to thank fellow shareholders for their unwavering support for the Company. Such unwavering support has proven to be pivotal for the Company's progress.

**Kwai Sze Hoi**

*Chairman*

15 September 2020

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# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

During the year, the Group continues to focus on the development of its iron ore tenements in Western Australia with the aim to bring these into production in the near future. Loss for the year before income tax from continuing operations was HK\$22.6 million, compared to the previous year HK\$25.8 million. The decrease is due to HK\$3.2 million in cost saving initiatives for exploration and evaluation expenditure, in particular reduction in tenement holding costs and employment costs.

The Group recorded a loss after tax from continuing operations of approximately HK\$21.0 million (2019: HK\$67.6 million profit after tax from continuing operations). During 2019, the Group recognised an income tax credit of HK\$93.4 million. This credit was the result of a partial offset of the deferred tax liability upon recognition of a deferred tax asset in respect of certain of the Group's Australian tax losses. This income tax credit is non-cash in nature.

On 11 March 2020, the World Health Organisation declared a global pandemic related to COVID-19. The impacts on the global economy and commerce have

already been significant and are expected to continue in the future. The duration of the pandemic and its impact on global financial markets, did not affect the Group significantly; however, appropriate protocols are in place to minimise the associated risks to employees.

## IRON ORE OPERATIONS – WESTERN AUSTRALIA

This segment of the business comprises the 100% owned Marillana Iron Ore Project ("Marillana"), the Ophthalmia Iron Ore Project ("Ophthalmia") and other regional exploration projects.

The loss before income tax and share of losses of joint venture for the year for this segment attributable to the Group was HK\$9.5 million (2019: HK\$4.7 million). Total expenditure associated with mineral exploration for the year ended 30 June 2020 amounted to HK\$4.5 million (2019: HK\$7.8 million).

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

	Year ended 30 June	
	2020 HK\$'000	2019 HK\$'000
<b>Project</b>		
Marillana	1,988	4,533
Ophthalmia	1,155	1,926
Regional Exploration	1,378	1,337
	<b>4,521</b>	<b>7,796</b>

No development expenditure has been recognised in the financial statements during the year ended 30 June 2020 (year ended 30 June 2019: Nil).

Total capital expenditure for each of the projects in Western Australia for the financial years is summarised as follows:

	Year ended 30 June			
	2020 HK\$'000		2019 HK\$'000	
<b>Project</b>	<b>Addition to property, plant &amp; equipment</b>	<b>Addition to mining exploration properties</b>	<b>Addition to property, plant &amp; equipment</b>	<b>Addition to mining exploration properties</b>
Marillana	137	—	—	—
Ophthalmia	—	—	—	—
	<b>137</b>	<b>—</b>	<b>—</b>	<b>—</b>

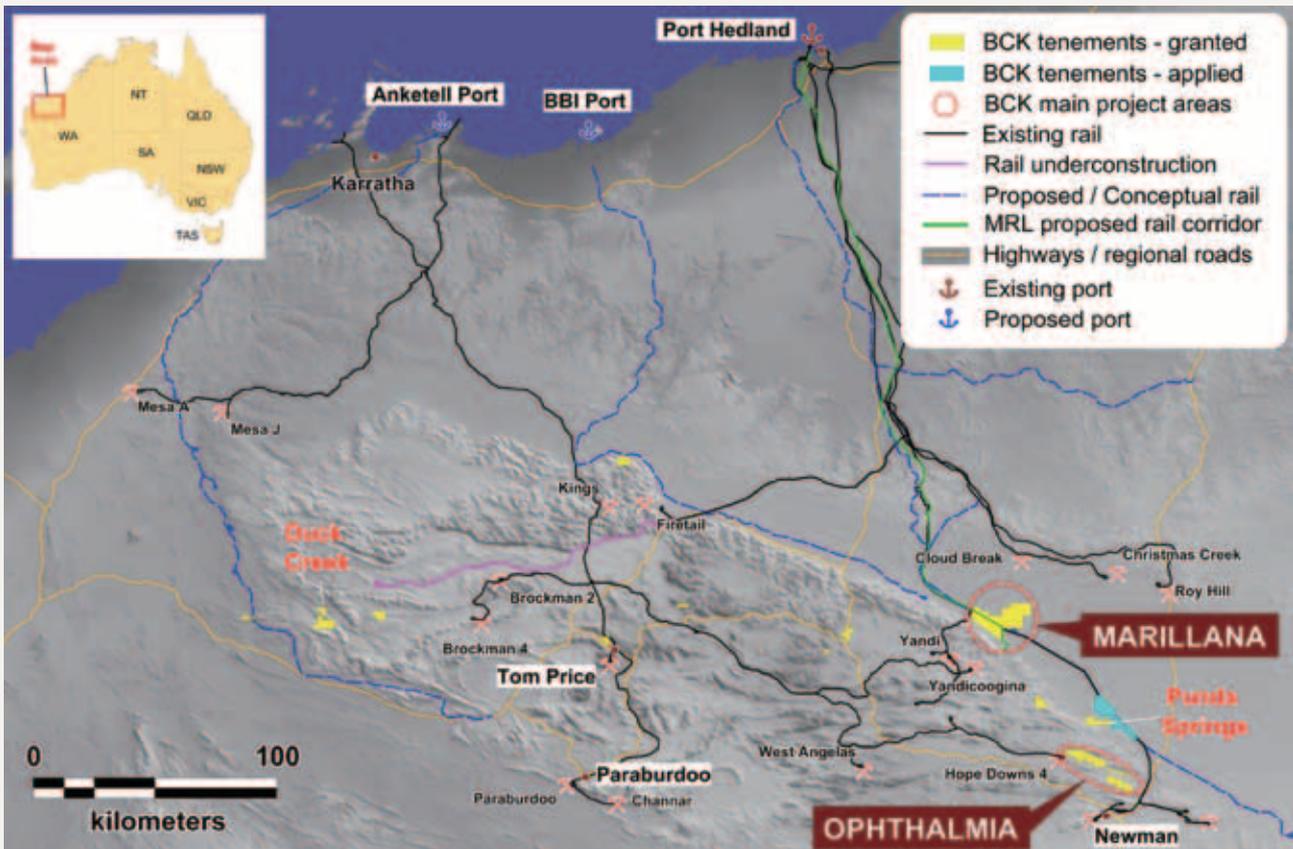


**Impairment**

The Group has assessed whether any indicators of impairment exist with reference to both external and

internal sources of information. As at 30 June 2020, the Group assessed and concluded there were no indicators of impairment present.

**Figure 1: Project location map – Brockman tenements**



**MARILLIANA PROJECT OVERVIEW**

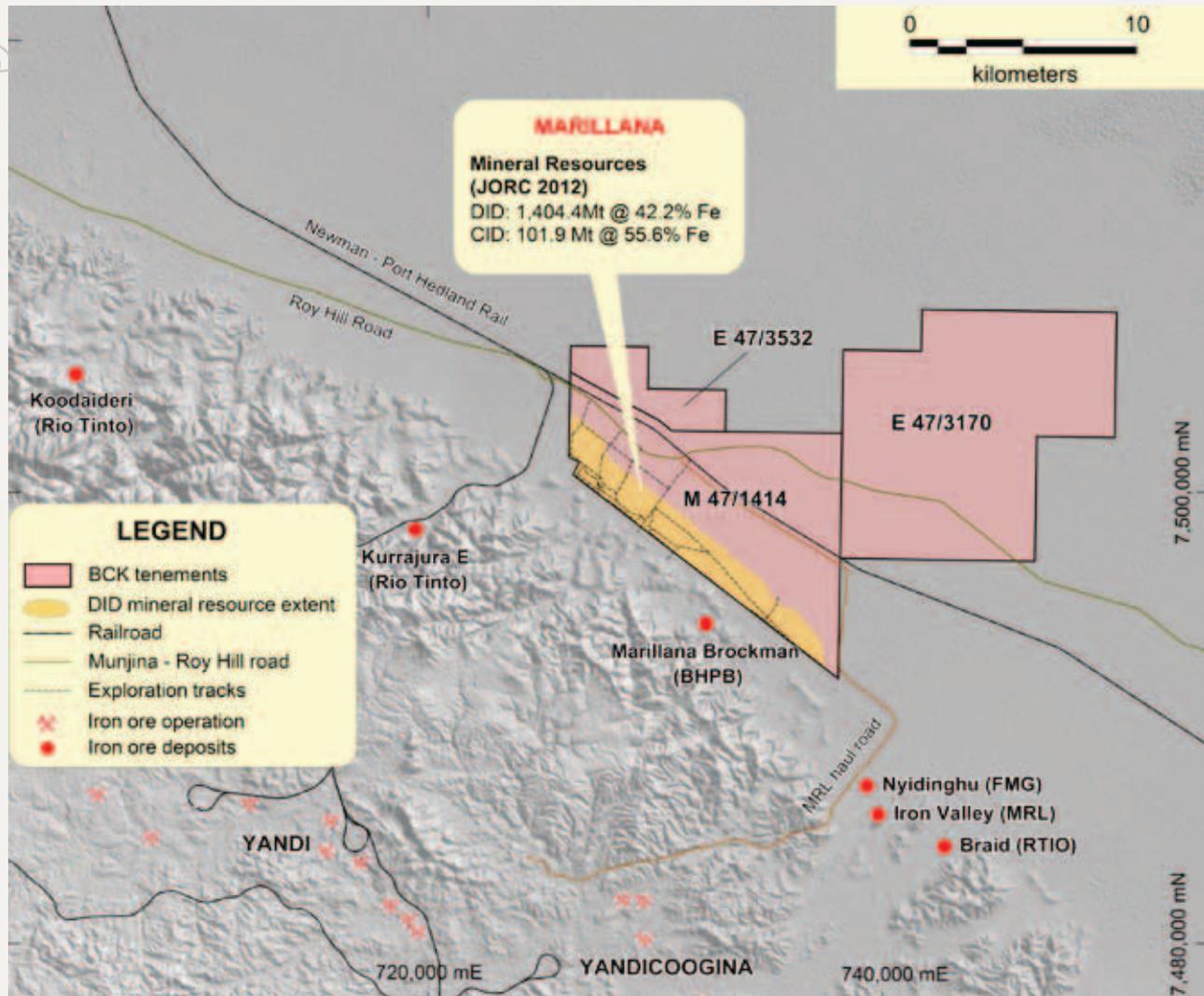
The 100% owned Marillana is Brockman's flagship project located within mining lease M47/1414 in the Hamersley Iron Province within the Pilbara region of Western Australia. It is located approximately 100 km north-west of the township of Newman (Figures 1 and 2).

The project area covers 82 square km bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation, the source of hematite detrital mineralisation at Marillana, have developed within the dissected Brockman Iron Formation that caps the Range.

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# MANAGEMENT DISCUSSION AND ANALYSIS

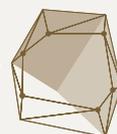
Figure 2: Location of Marillana Project tenements



## Marillana Development

On 26 July 2018 Brockman Iron Pty Ltd ('Brockman Iron') (a wholly-owned subsidiary of the Company) and Polaris Metals Pty Ltd (a wholly-owned subsidiary of MRL) 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 21 January 2019, the FJV Agreement ('JVA') became Unconditional and Polaris commenced its Farm-In Obligations. At the same time, Brockman Iron and a SPV subsidiary of MRL entered into a Mine to Ship Services Agreement for the transport of the Marillana iron ore product via a land transport infrastructure system from the mine site to Port Hedland.



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

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

Since January 2019, when the JVA became unconditional, Polaris has spent more than A\$3.0 million (~HK\$15.6 million) in relation to the Marillana Project. In July 2019 Brockman Iron and Polaris agreed that Polaris conduct a drilling campaign on the tenements and carry out further metallurgical test work. Such activities are to assist Polaris to complete its evaluation of the economic feasibility of Marillana. At that time the parties acknowledged that the Farm-in Obligations may take until 31 July 2020 to be completed.

The parties have therefore agreed to vary certain dates within the agreements, as outlined below:

1. Construction commencement of the rail and port system has been extended from 'on or before 31 December 2019' to 'on or before 31 December 2020';
2. Operation commencement of the rail and port system has been extended from 'on or before 31 December 2021' to 'on or before 31 December 2022'; and
3. The date for satisfaction of the Conditions Precedent for the Mine to Ship Services Agreement has been extended to 31 December 2020.

During the first quarter of 2020, a total of 17 large diameter diamond drill holes for 972m of core were completed. A number of composite samples representative of the various geometallurgical domains at Marillana were then prepared and subject to a metallurgical test-work program, limited to the Rockhole Bore material within the deposit.

Due to work protocols established in response to the COVID-19 pandemic, the drilling and metallurgical program has taken longer than expected to complete. Polaris now expect that they will finalise a Technical Study by the end of September 2020. The Company has been working closely with Polaris and MRL for all the activities in assessing Marillana.

To evaluate the economic feasibility of mining minerals on the tenements at Marillana, the results of the metallurgical testing and Technical Study will, amongst other matters include the preferred processing option and mine planning information.

The Technical Study which is the basis for determination of Final Investment Decision (FID) will also include the estimated capital and operating costs for Marillana, to assist Brockman Iron and Polaris to make their respective FID. Once FID occurs and a port lease agreement is finalised the Joint Venture will be established. The Joint Venture will then progress Marillana into construction and operation with production expected to commence by Q3 CY 2022.

### **Joint Venture**

#### *Formation and scope*

The parties have agreed to establish the Joint Venture as an unincorporated joint venture (in which both parties have a 50% interest). The scope of the Joint Venture is to establish a mining and processing operation at Marillana at a minimum 20Mtpa, production rate with the product to be transported to Port Hedland for export. The infrastructure for land transportation and loading facilities at the port will be built owned and operated by a subsidiary of MRL under the Mine to Ship Services Agreement.

#### *Management committee*

A management committee comprising a total of six representatives shall be established. Each of the Joint Venturers shall appoint three representatives.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Development funding

The Joint Venturers will respectively fund their capital cost commitments for the development of Marillana with loans from MRL. The initial loan to the Joint Venture is expected to amount to A\$300 million with a further A\$200 million available if needed (to be determined following completion of the economic feasibility study). The terms and conditions under which Brockman Iron shall repay its share of the debt financing are to be determined.

The Joint Venturers' 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 Venturers but will be provided by MRL under build own operate life of mine services agreements.

## Manager

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

## Loan Agreement

As part of the FJV Agreement, Polaris is to provide an interest-free loan of A\$10 million (the Loan) to Brockman Iron for working capital purposes. A\$5 million of the loan has been released and the remaining A\$5 million is in an escrow account and upon formation of the Joint Venture will be released from escrow. The loan will be repaid from the net revenue received by Brockman Iron from the sale of its share of Marillana

ore sold and transported under the Mine to Ship Services Agreement. However, the loan would become immediately repayable (within 14 days) in the event that Polaris approves the development of the project but Brockman Iron does not proceed.

## MINERAL RESOURCES AND ORE RESERVES

Brockman reports its Mineral Resources and Ore Reserves on an annual basis, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the 'JORC Code 2012'), unless otherwise noted. Mineral Resources are quoted inclusive of Ore Reserves.

In the previous year, Brockman updated its Marillana Mineral Resources and Ore Reserves to the JORC 2012 Code (refer to announcement dated 25 May 2018). Mineral Resources and Ore Reserves were previously reported under the JORC 2004 Code and released to the market on 9 February 2010 and 9 September 2010 respectively by Brockman Resources Limited, now a wholly owned subsidiary of Brockman Mining Limited.

Marillana has a very significant Mineral Resource estimate of 1.51 billion tonnes (Bt) of hematite Detrital (DID) and Channel Iron (CID) mineralisation, comprising 169.5 million tonnes (Mt) of Measured Mineral Resources, 1,046 Mt of Indicated Mineral Resources and 291 Mt of Inferred Mineral Resources (see Tables 1 and 2).

**Table 1: DID (beneficiation feed) Mineral Resource Summary (cut-off grade: 38% Fe)**

Mineralisation type	Resource classification	Tonnes (Mt)	Grade (% Fe)
	Measured	169.5	41.6
	Indicated	961.9	42.3
	Inferred	273	42.0
<b>GRAND TOTAL</b>		<b>1,404.4</b>	<b>42.2</b>

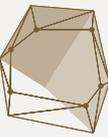
Total tonnes may not add up, due to rounding

**Table 2: CID Mineral Resource Summary (cut-off grade: 52% Fe)**

Resource classification	Tonnes (Mt)	Fe (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	P (%)	LOI (%)
Indicated	84.2	55.8	3.58	5.0	0.097	9.76
Inferred	17.7	54.4	4.34	6.6	0.080	9.30
<b>TOTAL</b>	<b>101.9</b>	<b>55.6</b>	<b>3.71</b>	<b>5.3</b>	<b>0.094</b>	<b>9.68</b>

The JORC 2012 Ore Reserve estimate is based on the revised JORC 2012 Mineral Resource model, and incorporates a number of factors and assumptions as outlined in the announcement of 25 May 2018.

The base case optimisation was determined with cut-off grades of 38% Fe for DID and 52% Fe for CIDs within the final pit and tenement boundary limits.



Metallurgical testwork results were used to estimate the recoverable fraction from the DID ore component. Recoveries of final product and grades (of iron, silica, alumina and LOI) were estimated in the block model.

Based upon dense media separation (DMS) testwork, it is expected that the final product has an average grade of at least 60% Fe and 37.3% in mass recovery.

**Table 3: Marillana Project — Ore Reserves\***

Reserve classification	Ore type	Tonnes (Mt)
Probable	DID <sup>##</sup>	967
Probable	CID <sup>#</sup>	46
<b>TOTAL</b>		<b>1,013</b>

\* Reserves are included within Resources

# cut-off grade 52% Fe

## cut-off grade 38% Fe

**Table 4: Marillana Project — Ore Reserves final product**

Reserves Class	Ore Sale Type	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	LOI (%)
Probable	CID Product	46	55.5	5.3	3.7	9.7
Probable	DID Product	358	60.3	6.2	3.0	2.5
<b>Probable</b>	<b>Total Ore</b>	<b>404</b>	<b>59.8</b>	<b>6.1</b>	<b>3.1</b>	<b>3.3</b>

The Marillana project has total estimated Probable Ore Reserves of 967 Mt of DID plus 46 Mt of direct ship CID (Table 3). The total saleable product from the processed iron ore feed is estimated at 404 Mt averaging 60% Fe, 6.1% SiO<sub>2</sub>, and 3.1% Al<sub>2</sub>O<sub>3</sub> (Table 4). Life of mine strip ratio is 1.0:1 (tonnes of Waste of tonnes of Ore).

The Marillana Ore Reserves are based solely on the Measured and Indicated Mineral Resources. The Mineral Resources also include some 273Mt of Inferred Mineral Resources (DID), comprising 201Mt based on wide-spaced drilling to the north of the Indicated Mineral Resource boundary and 72Mt of previously Indicated Mineral Resources that was downgraded to Inferred classification during the Projection Pursuit Multivariate Transform (PPMT) process. Based on historical conversion of Inferred to Indicated Mineral Resources, it is anticipated that additional drilling may enable some of the Inferred material to be upgraded to Indicated classification.

Marillana represents one of the largest published hematite Ore Reserve positions in the Pilbara, outside the three major producers (BHP, Rio and FMG). The Detrital Ore is upgraded to a high-quality, sinter feed product via simple beneficiation, which is supported by low-cost mining, low waste ratios and large continuous ore zones.

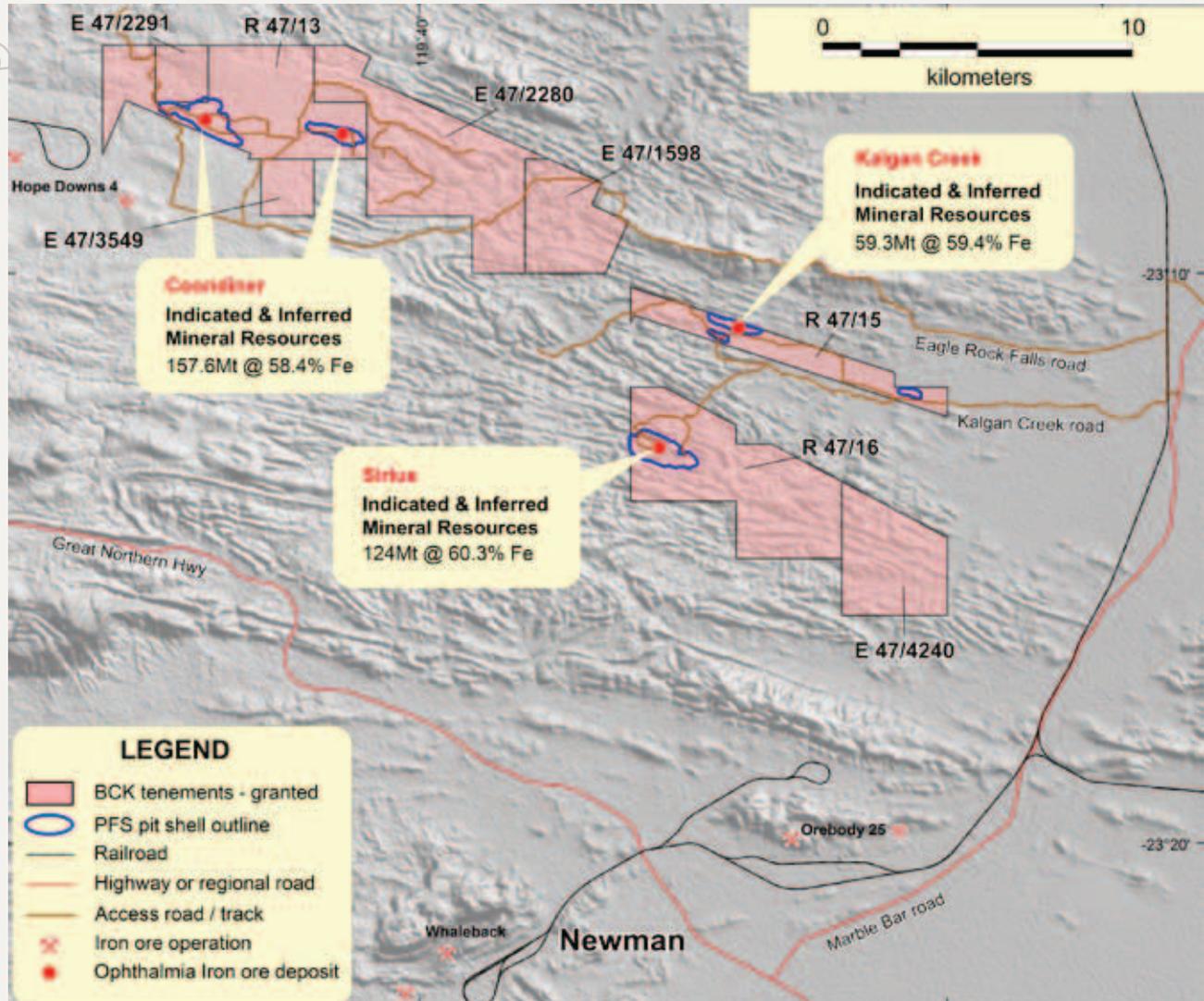
The Mineral Resource and Reserve estimation (see Tables 1 to 4) was prepared by Golder Associates Pty Ltd and has been classified in accordance with the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).

## OPHTHALMIA PROJECT OVERVIEW

The 100% owned Ophthalmia iron ore project, located north of Newman in the East Pilbara region of Western Australia (see figures 1 and 3), 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 mineralisation by field reconnaissance mapping and surface sampling in August 2011, major exploration drilling programmes have been completed and JORC compliant Mineral Resources have been estimated and reported for the Sirius, Coondiner, and Kalgan Creek deposits. The total Mineral Resource at Ophthalmia is 341 Mt grading 59.3% Fe (Table 5).

# MANAGEMENT DISCUSSION AND ANALYSIS

Figure 3: Location of Ophthalmia Prospects and Resources



## Approvals

The Native Title Agreement with the Niyaparli people that was executed in May 2015 covers all tenements comprising the Ophthalmia project and was based on the existing agreement with the Niyaparli people covering Marillana (signed in 2009). It takes into consideration the Niyaparli people's interests with regard to the management of Cultural Heritage and Protection of the land and environment at the Ophthalmia project, as well as providing education and training opportunities for the local Niyaparli people.

The signing of this agreement paves the way for the granting of mining leases over the project area once Brockman has established an infrastructure solution to facilitate development of the project.

## Metallurgy

In 2016 a bulk sample of ore from the Sirius deposit was sent to CISRI (China Iron and Steel Resources Institute Group) 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.

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The sinter testwork program showed that there are no fatal flaws in the sintering performance of blends where Sirius fines replaces either Pilbara Blend or MAC (Mining Area C) fines 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 (Reduction Degradation Index) is similar or improved marginally, as has its softening and melting performance. RI (Reducibility Index) is lower but still well within tolerance.

### Mineral Resources

Ophthalmia has a Mineral Resource estimate of 340.9 million tonnes of hematite mineralisation, comprising 280 million tonnes of Indicated Resources and 61 million tonnes classified as Inferred Resources (see Table 5).

The resource estimate was classified in accordance with guidelines provided in the JORC Code 2012. Refer to ASX Announcement dated 1 December 2014.

**Table 5: Ophthalmia DSO Mineral Resource Summary**

30 June 2020									
Deposit	Class	Tonnes (Mt)	Fe (%)	CaFe* (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	S (%)	P (%)	LOI (%)
Kalgan Creek	Indicated	34.9	59.3	62.7	4.08	4.57	0.009	0.183	5.49
	Inferred	24.4	59.5	63.2	4.38	3.90	0.007	0.157	5.81
	<b>Sub Total</b>	<b>59.3</b>	<b>59.4</b>	<b>62.9</b>	<b>4.21</b>	<b>4.29</b>	<b>0.009</b>	<b>0.173</b>	<b>5.63</b>
Coondiner (Pallas and Castor)	Indicated	140.5	58.5	62.0	5.18	4.46	0.007	0.176	5.71
	Inferred	17.1	58.1	61.5	6.06	4.45	0.008	0.155	5.47
	<b>Sub Total</b>	<b>157.6</b>	<b>58.4</b>	<b>62.0</b>	<b>5.27</b>	<b>4.46</b>	<b>0.007</b>	<b>0.174</b>	<b>5.68</b>
Sirius	Indicated	105.0	60.4	63.7	3.54	3.97	0.007	0.18	5.22
	Inferred	19.0	60.2	63.4	4.09	3.83	0.009	0.17	5.14
	<b>Sub Total</b>	<b>124.0</b>	<b>60.3</b>	<b>63.6</b>	<b>3.62</b>	<b>3.95</b>	<b>0.007</b>	<b>0.18</b>	<b>5.20</b>
<b>Ophthalmia Project</b>	Indicated	280.4	59.3	62.7	4.43	4.29	0.007	0.178	5.50
	Inferred	60.5	59.3	62.8	4.73	4.03	0.008	0.160	5.50
	<b>Total</b>	<b>340.9</b>	<b>59.3</b>	<b>62.7</b>	<b>4.49</b>	<b>4.24</b>	<b>0.007</b>	<b>0.175</b>	<b>5.50</b>

\* CaFe represents calcined Fe and is calculated by Brockman using the formula  $caFe = Fe\% / ((100 - LOI) / 100)$ . Total tonnes may not add due to rounding.

## WEST PILBARA PROJECT

### Overview

The West Pilbara project comprises four tenements centred around Duck Creek, located about 100-130 km WNW of Paraburdoo in the West Pilbara region. (Refer to Figure 1).

At Duck Creek, mineralisation comprises discrete mesas of channel iron deposits ('CID') 15-30 m above the surrounding plains with stripping ratios expected to be very low for the targets identified. Seven mesas containing ore grade CID mineralisation have been identified from surface sampling, but only six have been drilled due to access limitations.

Brockman has completed an Inferred Mineral Resource estimate of 21.6 Mt grading 55.9% Fe, for the channel iron deposit ('CID') mineralisation at Duck Creek (E47/1725), as detailed in Table 6 below. The Mineral Resource estimate has been classified in accordance with guidelines of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Mineral Resource estimate is based on the results of 45 vertical RC holes drilled on sections varying from approximately 200 to 400 m apart along the long axis of each mesa, supported by surface sampling to confirm the lateral extent of mineralisation.

# MANAGEMENT DISCUSSION AND ANALYSIS

**Table 6: Duck Creek Mineral Resource estimate – (at a lower cut-off grade of 52% Fe)**

Mesa	Classification	Tonnes (Mt)	Fe (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	S (%)	P (%)	LOI (%)
1	Inferred	4.5	55.5	2.86	4.75	0.025	0.033	11.71
2	Inferred	7.9	55.56	2.97	4.19	0.058	0.037	11.79
3	Inferred	2.6	55.84	4.41	6.02	0.021	0.065	8.85
4	Inferred	1.5	55.31	3.58	7.42	0.015	0.076	9.12
5	Inferred	3.0	56.08	4.16	6.54	0.020	0.068	8.35
6	Inferred	2.2	58.17	3.22	4.92	0.016	0.106	7.62
<b>All</b>	<b>Inferred</b>	<b>21.6</b>	<b>55.91</b>	<b>3.35</b>	<b>5.15</b>	<b>0.034</b>	<b>0.053</b>	<b>10.35</b>

Total tonnes may not add due to rounding.

## Mineral Resources and Ore Reserves

The information in this report that relates to the Mineral Reserve and Mineral Resource estimates of the Marillana project was declared as part of a market announcement issued on 25 May 2018.

The information in this report that relates to the Mineral Resource of Ophthalmia project was declared as part of a market announcement issued on 1 December 2014.

The information in this report that relates to the Inferred Mineral Resource of West Pilbara Project was declared as part of a market announcement issued on 31 August 2020.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements referred to above. All material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

## Mineral Resources and Ore Reserves Governance of Internal Controls

Brockman ensures that the Mineral Resources and Ore Reserve estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external review of Marillana Resources and Ore Reserves estimation procedures and results are carried out through a technical review team which is comprised of highly competent and qualified professionals. These reviews have not identified any material issues.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its short-term funding requirements with equity funding and borrowings. The Group's ability to advance its iron ore project developments is reliant, among other things, on access to appropriate and timely funding.

The current ratio as at 30 June 2020 is 16.05 (30 June 2019: 14.51). The gearing ratio of the Group (long-term debt over equity and long-term debt) is measured at 0.05 (30 June 2019: 0.02).

During the period, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 30 June 2020.

## CAPITAL STRUCTURE

During the reporting period, the Company has the following movements in the share capital:

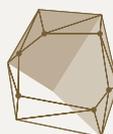
### Exercise of employee options

58,000,000 employee options were exercised by directors and employees.

## PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2020 there were no assets that were pledged to secure any debt, and the Company did not provide any financial guarantees and there was no material contingent liability of the Group. (30 June 2019: Nil)

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## RISK DISCLOSURE

### MARKET RISK

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

**(a) Commodities price risk**

*Iron ore price:*

The fair value of the Group's mining exploration properties in Australia is exposed to fluctuations in expected future iron ore price.

We have not used any commodity derivative instruments or futures for speculation or hedging purposes. Management will review market conditions from time to time and determine the best strategy to deal with the fluctuations of iron ore price as required.

**(b) Funding risk**

The commencement of exploration and potential development of the iron ore projects will depend on whether the Group can secure the necessary funding.

**(c) Risk that 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 solution, capital raising ability etc. The Board will therefore closely monitor the development of the project.

**(d) Exchange rate risk**

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

## STAFF AND REMUNERATION

As at 30 June 2020, the Group employed 15 employees (30 June 2019: 14), of which 5 were in Australia (includes 2 non-executive directors) (30 June 2019: 4) and 10 in Hong Kong (includes 4 non-executive directors) (30 June 2019: 10).

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

## ENVIRONMENTAL POLICY AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

### Environmental Protection

As a responsible entity, the Group has endeavoured to comply with local laws and regulations in relation to waste disposal and environmental protection. At a corporate level, the Group also encourages staff to save energy, minimise the use of natural resources and paper products.

We operate effective and sustainable iron ore business work actively through all areas of the business to minimise the actual and potential environmental impact of the Company's activities, respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations. Furthermore, with no mining operations carried out, disturbance to the environment is expected to be minimal. We will continue to ensure that in the future, we are accountable for our environmental footprint.

### Compliance with Laws and Regulations

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

### Relationship with Employees, Customers and Suppliers

The Group believes that human resources are the most important asset for the Group's sustainable development. We offer competitive remuneration packages and a high quality working environment for our employees. It is our custom to respect each other and ensure that fairness is applied to everyone. From time to time, we provide relevant on-the-job training to enhance employees' professional knowledge. The Group also organises different leisure events and frequent group discussions for the participation of employees to enhance the working relationship of the employees and communications with management. We also strive to maintain good working relationships with our suppliers and customers.

### 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.

# DIRECTORS AND MANAGEMENT

As at the date of this report, the Company has the following directors and senior management:

## NON-EXECUTIVE DIRECTORS

### Mr. Kwai Sze Hoi

Mr. Kwai Sze Hoi, aged 70. Mr. Kwai joined the Group in June 2012. He is the Chairman of the Group. Mr. Kwai graduated from Anhui University in 1975. Mr. Kwai has more than 30 years experience in international shipping and port operation businesses and is a successful entrepreneur. In 1990, he founded Ocean Line Holdings Ltd ('Ocean Line'). Ocean Line wholly owns, operates and manages a fleet of total deadweight tonnage of 3 million metric tonnes, with routes running worldwide. Also, Ocean Line has investments in infrastructure and operates other shipping related businesses including ports, terminals, warehouses, logistics, ship repairs and crew manning etc. The diversified operations of Ocean Line put it in a highly competitive position globally. In addition, Ocean Line has investments in real estate, mining, financial services, securities, trading and hotel businesses. Mr. Kwai is also the chairman and an executive director of Ocean Line Port Development Limited, which is listed on the GEM of the Hong Kong Stock Exchange. Mr. Kwai is the father of Mr. Kwai Kwun, Lawrence, an Executive Director of the Group.

### Mr. Liu Zhengui

Mr Liu Zhengui, aged 73. Mr. Liu joined the Group in April 2012, and became the Vice Chairman of the Group in June 2012. Mr. Liu Zhengui has over 40 years of experience in corporate finance and capital management. He holds a bachelor degree in management engineering from HeFei University of Technology. He is currently a director of Shandong School of Economics and Social Development (山東社會經濟發展研究院) and is the chairman of Shandong Dongyin Investment Management Co., Ltd (山東東銀投資管理有限公司). He is also a financial consultant of the Shandong provincial government. During the period 2004 to 2009, Mr. Liu was the chairman of Bank of China Group Investment Limited (BOCGI). Prior to that, he served as the chief executive of Bank of China's branches in three different provinces for 16 years.

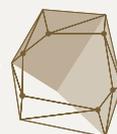
### Mr. Ross Stewart Norgard

Mr. Ross Stewart Norgard, aged 74. Mr. Norgard joined the Company as Non-executive Director in August 2012. He is a chartered accountant and former managing director of KMG Hungerfords and its successor firms in Perth, Western Australia. For the past 30 years he has worked extensively in the fields of raising venture capital and the financial reorganisation of businesses. He has held numerous positions on industry committees including past chairman of the West Australian Professional Standards Committee of the Institute of Chartered Accountants, a former member of the National Disciplinary Committee, a former member of Lionel Bowens National Corporations Law Reform Committee, a former chairman of the Duke of Edinburgh Award Scheme and a former member of the University of Western Australia's Graduate School of Management (MBA programme). Mr. Norgard is also a director of Nearnmap Limited (formerly known as Ipernica Limited) (Chairman since 1987) and was a director of Ammtec Limited from 1994 to November 2010. Prior to his present appointment as Non-executive Director of the Company, he was the non-executive Deputy Chairman of Brockman Resources Limited, a former ASX listed entity which is now a wholly owned subsidiary of Brockman Mining Limited.

## EXECUTIVE DIRECTORS

### Mr. Kwai Kwun, Lawrence

Mr. Kwai Kwun, Lawrence, aged 39, joined the Board in March 2014. He is a member of the Executive Committee. He has extensive experience in investment in international shipping, port operations and ship building, mining and finance. Mr Kwai graduated from Harvard University in the United States with a Bachelor of Mathematics degree. Mr Kwai is the son of Mr. Kwai Sze Hoi, the Chairman of the Group.



#### **Mr Chan Kam Kwan, Jason**

Mr. Chan Kam Kwan, Jason, aged 47, joined the Group in January 2008. He is the Company Secretary and a member of the Executive Committee. Mr. Chan graduated from the University of British Columbia in Canada with a Bachelor of Commerce Degree and he holds a certificate as a Certified Public Accountant issued by the Washington State Board of Accountancy in the United States of America. Mr. Chan has extensive experience in corporate finance.

#### **Mr. Colin Paterson**

##### **Chief Executive Officer of Australian Operation**

Mr. Colin Paterson, aged 59, has over 30 years' experience in the resources sector covering a diverse range of geological environments throughout Australia, but principally in Pilbara iron ore region as well as gold and nickel exploration in the Archaean of Western Australia. He has extensive experience in the technical supervision of exploration projects; resource development, project generation and project evaluations. He was principal geologist with Asarco Australia Ltd and held a similar position with Mining Project Investors Pty Ltd (subsequently MPI Mines Limited). Following which he was the founding director of Brockman Mining Australia Pty Ltd.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

#### **Mr. Yap Fat Suan, Henry**

Mr. Yap Fat Suan, Henry, aged 74, joined the Group in January 2014. He holds a master degree in Business Administration from the University of Strathclyde, Glasgow, in the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in finance and accounting. Mr Yap retired as managing director of Johnson Matthey Hong Kong Limited in June 2017 and prior to that he was the general manager of Sun Hung Kai China Development Limited. He is also an independent non-executive director of Concord New Energy Group Limited and Frontier Services Group Limited, which are listed on the Main Board of the Stock Exchange.

#### **Mr. Choi Yue Chun, Eugene**

Mr. Choi Yue Chun, Eugene, aged 48, joined the Group in June 2014. He holds a Bachelor of Laws degree from the University of Hong Kong, and was admitted as a solicitor of the High Court of Hong Kong 1997. Currently Mr. Choi is a member of the Law Society of Hong Kong. He has over 20 years of experience in the legal field, specialising in corporate finance and compliance matters for listed companies in Hong Kong. Mr Choi is currently the senior legal counsel of Rusal Global Management B.V.

#### **Mr. David Rolf Welch**

Mr. David Rolf Welch, aged 54, joined the Group in 2019. He holds a Bachelor of Commerce degree from the University of Western Australia. Mr Welch has held senior executive positions within ASX listed Aurizon Holdings Limited from 2007 to 2017. These positions included Vice President Iron Ore, Vice President Market Development and Executive Vice President Strategy and Business Development. He has experience in strategy, business transformation and performance, merger and acquisition and business development. Mr Welch was previously the managing director of The Millennium Group from 1998 to 2006 and was a marketing manager of CSBP Limited (part of the Wesfarmers conglomerate) from 1989 to 1994 in the development of mining reagent and agriculture products.

## **SENIOR MANAGEMENT HONG KONG**

#### **Mr. Hendrianto Tee**

##### **Business Development Director**

Mr. Hendrianto Tee joined Brockman Mining Limited in January 2009 as the Chief Investment Officer after spending a large part of his career focusing on debt capital markets with several global financial institutions, among others Fleet Boston (now Bank of America Merrill Lynch) and UBS AG. In October 2014, Mr. Tee re-joined Brockman Mining Limited as the Business Development Director overseeing project funding and development. Prior to re-joining, Mr. Tee spent 3 years in investment and advisory activities covering the resources sector in Australia, Canada and Indonesia. Mr. Tee graduated from Walsh University, USA, with a Bachelor of Arts Degree (Magna Cum Laude).

# CORPORATE GOVERNANCE REPORT

## COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the Australian Securities Exchange ("ASX") and the Stock Exchange of Hong Kong Limited ("SEHK"). The Company's Corporate Governance policies have been formulated to ensure that it is a responsible corporate citizen. Unless otherwise noted, the Company has complied 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 ("the HK Listing Rules") and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations 3rd Edition ("the CGPR") which applies for year-ends commencing on or after 1 July 2016, ("the ASX Principles") during the entire year ended 30 June 2020.

The exceptions to this are as follows:

- (i) Appendix 14 Code Provision A.2.1 of the HK Listing Rules, 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, who serves as the chief executive officer of Brockman Mining Australia Pty Ltd (a wholly-owned subsidiary of the Company), is responsible for the oversight of the core iron ore business operation; and
- (ii) Appendix 14 Code Provision A.6.7 of the HK Listing Rules, states that non-executive Directors should attend general meetings. During the year, due to directors' other commitments and schedule conflicts, not all of the non-executive directors of the Company attended all the general meetings.

## BOARD OF DIRECTORS

The Board is responsible to shareholders for the overall strategic direction of the Group, including establishing goals for management and monitoring the achievement of those goals with the objective of enhancing the Company and shareholders' value. The Board has delegated responsibility for the management of the Company's business and affairs to the Executive Committee. The responsibilities reserved for the Board of Directors are set out in the Board Charter, a copy of which is available on the website of the Company. The Board Charter is reviewed periodically and each Director is provided with a letter of appointment which outlines their key terms and conditions so each Director clearly understands their responsibilities.

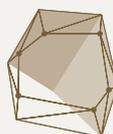
## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chief Executive Officer and Chairman are separate and exercised by different individuals. 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 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 operations.

The Chairman held interests in the shares of the Company, and is not independent as he is a substantial shareholder of the Company. The Board has determined that his commercial experience is more beneficial to shareholders at this stage of the Company's development than the independence requirement outlined in the Principles.

## BOARD MEMBERSHIP

The Board has been structured for an effective composition, with a balance of skills, experience and commitment to adequately discharge its responsibilities and duties. During the year ended 30 June 2020, three of the nine Directors were independent. Whilst this is not a majority of Independent non-executive directors, it is believed to be a suitable balance between the composition of executive and non-executive directors. Each of the independent non-executive Directors has made an annual confirmation stating compliance with the independence criteria set out in Rule 3.13 of the HK Listing Rules and Principle 2.4 of the ASX Principles. The Directors consider all of the independent non-executive Directors to be independent under the independence criteria and all are capable of effectively exercising independent judgment.



Directors in office during the year are as follows:

Name of Director/role	Date of appointment	Period in office		
		as at the date of Annual Report (Years of service)	Board Meeting Attended/Eligible to attend*	General Meeting Attended/Eligible to attend*
<b>Non-Executive Directors</b>				
Kwai Sze Hoi, Chairman	15 June 2012	8	9/16	1/1
Liu Zhengui, Vice Chairman	27 April 2012	8	9/16	0/1
Ross Stewart Norgard	22 August 2012	8	10/16	1/1
<b>Independent Non-Executive Directors</b>				
David Rolf Welch	15 October 2019	1	5/9	1/1
Uwe Henke Von Parpart	2 January 2008	11	4/6	0/0
Yap Fat Suan, Henry	8 January 2014	6	10/16	1/1
Choi Yue Chun, Eugene	12 June 2014	6	10/16	1/1
<b>Executive Directors</b>				
Chan Kam Kwan, Jason, <i>Company Secretary</i>	2 January 2008	12	16/16	1/1
Kwai Kwun Lawrence	13 March 2014	6	16/16	1/1
Colin Paterson	25 February 2015	5	13/16	1/1

\* Represents total number of board and general meetings held during the period. Determination of eligibility has taken into account the respective directors' period in office. A total of 16 meetings were held during the year ended 30 June 2020.

Biographical details of the Directors are stated under the section 'Directors and Management'.

The Board has established different sub-committees with members as at 30 June 2020 as follows:

	Nomination Committee	Audit Committee	Remuneration Committee	Health, Safety, Environment & Sustainability Committee	Risk Management Committee	Executive Committee
<b>Non-Executive Directors</b>						
Kwai Sze Hoi ( <i>Chairman</i> )	Member		Member			
Liu Zhengui ( <i>Vice Chairman</i> )	Member		Member			
Ross Stewart Norgard				Member	Member	
<b>Executive Director</b>						
Chan Kam Kwan Jason <i>(Company Secretary)</i>						Member
Kwai Kwun Lawrence						Member
Colin Paterson					Chairman	Member
<b>Independent Non-Executive Directors</b>						
Yap Fat Suan Henry	Chairman	Chairman	Chairman	Member		
Choi Yue Chun Eugene	Member	Member	Member	Chairman	Member	
David Rolf Welch	Member	Member	Member			

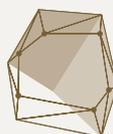
All Committees of the Board have access to professional advice where necessary. Minutes of Committee meetings are kept by the Secretary of the meeting.

# CORPORATE GOVERNANCE REPORT

## Board Skills Matrix

The following table summarises the combination of skills and experience of the board:

Experience, skills & attributes	Board	Nomination	Remuneration &			Risk	Executive
			Audit	performance	Sustainability		
<b>Total Non-Executive Directors</b>	3	2	0	2	1	1	0
<b>Total Executive Directors</b>	3	0	0	0	0	1	3
<b>Total Independent Non-Executive Directors</b>	3	3	3	3	2	1	0
<b>Experience</b>							
<b>Corporate leadership</b>							
Successful experience in CEO and/or other senior corporate leadership	9	5	3	5	3	3	3
<b>International experience</b>							
Senior experience in multiple international locations	4	2	0	2	0	0	0
<b>Resources industry experience</b>							
Relevant industry (resources, mining, exploration) experience	5	2	1	2	1	2	2
<b>Other Board level listed experience</b>							
Membership of other listed entities (last 3 yrs)	7	4	2	4	2	2	2
<b>Knowledge and skills</b>							
Finance and capital management	7	4	3	4	3	2	2
<b>Governance</b>							
Risk and Compliance	2	1	1	1	1	1	1
<b>Gender</b>							
Male	9	5	3	5	3	3	3
Female	0	0	0	0	0	0	0



### Induction of Directors

Following appointment, directors are supported through an induction briefing given by the corporate legal counsel, which seeks to familiarise the directors with listing rules, responsibilities and legal obligations of being appointed as Directors of the Company. Furthermore, meetings with senior management are held at times to familiarise the directors with the operations of the Company. In addition, a written directors' training material is circulated at times to keep directors abreast of the latest updates in regulations.

## NOMINATION COMMITTEE

The Board has established a Nomination Committee which carries out its duties in accordance with the Terms of Reference and Nomination Policy, a copy of which is located on the Company's website. The Committee's primary functions are:

- To identify suitable candidates for nomination to the Board, Board Committees and senior management;

- Succession planning for the Board and senior management;
- The appointment and re-election of Directors; and
- Ensuring appropriate skills are available to the Board to discharge its duties and add value to the Company.

The Committee consists of a majority of independent Directors and was comprised of the following members during the year ended 30 June 2020:

Name of member	Meetings attended/ eligible to attend <sup>(*)</sup>
<b>Independent Non-Executive Directors</b>	
Yap Fat Suan Henry — Chairman	1/1
Choi Yue Chun, Eugene	1/1
David Rolf Welch (appointed 15 October 2019)	0/1
Uwe Henke Von Parpart (resigned 15 October 2019)	0/1
<b>Non-Executive Directors</b>	
Kwai Sze Hoi	1/1
Liu Zhengui	1/1

(\*) Represents the total number of meetings held during the year ended 30 June 2020.

## NOMINATION POLICY

The Company has adopted a Nomination Policy which sets out below the nomination procedures and the criteria.

### Nomination procedures

Subject to the provisions in the Company's Bye-laws, if the Board recognises the need for an additional Director or member of senior management:

- (a) The Board determines the required skilled set, relevant expertise and experience, having consideration of the current Board composition and size and shareholder structure of the Company;

- (b) The Committee and/or Board identifies potential candidates, possibly with assistance from external agencies and/or advisors;
- (c) The Company Secretary provides the Board with the biographical details and details of the relationship between the candidate and the company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by law for any candidate for appointment to the Board;
- (d) The Board develops a short list of candidates;

# CORPORATE GOVERNANCE REPORT

- (e) In the case of the appointment of an additional independent non-executive Director, the Board obtains all information in relation to the proposed Director to allow the Board to adequately address the independence of the Director;
- (f) The Board agrees on a preferred candidate;
- (g) The Chairman of the Board approaches the preferred candidate to canvass interest, availability and terms of appointment; and
- (h) The Chairman of the Committee, Chairman of the Board and the Company Secretary finalise a letter of appointment for Board approval.

In the case of the appointment of independent non-executive Directors, appointments should be for specific terms and subject to re-election, the ASX Listing Rules, the HK Listing Rules and the Companies Act 1981 of Bermuda.

**The selection criteria include but are not limited to the following:**

- **Business experience:** The candidate should have significant experience from a senior role in an area of business, public affairs or academia, relevant to the Company. Awareness of the Group's focusing industry would be an advantage but not a requirement in all cases.
- **Public board experience:** The candidate should have relevant expertise and experience earned as a Board member of a reputable listed company or from a senior position in his or her industry, public affairs or academia.
- **Diversity:** The candidate should contribute to the Board being a diverse body, with diversity reflecting gender, age, cultural and educational background, ethnicity, professional experience, qualifications, skills and length of service. Given the current composition of the Board, a female candidate would be an advantage but not a requirement.
- **Standing:** The candidate should be of the highest ethical character and have a strong reputation and standing, both personally and professionally, in his or her fields.
- **Time commitment:** Each Board member must have sufficient time available for the proper performance of his or her duties. Directors should

be sufficiently free of other commitments to be able to devote the time needed to prepare for meetings and participate in induction, training, appraisal and other Board associated activities.

- **Independence:** For the candidate who is proposed as an independent non-executive director, he or she must satisfy all the independence requirements as set out in Rule 3.13 of the HK Listing Rules. He or she must always be aware of threats to his or her independency and avoid any conflict of interest with the Company. He or she must be able to represent and act in the best interest of the Company and its shareholders as a whole.

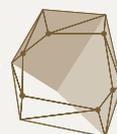
To ensure that the existing policy continues to be implemented in practice, the Company shall undertake regular reviews and reassess this policy having regard to the regulatory requirement, good corporate governance practice and the expectations of shareholders and other stakeholders of the Company.

## BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects. Including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All board appointments are based on merit and contribution, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee reviews the Policy on a regular basis and discusses any revisions that may be required, and recommends any such revisions to the Board for consideration and approval.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Bye-Laws of the Company and to comply with relevant HK and ASX Listing Rules, every Director should be subject to retirement by rotation at least once every three years. Non-Executive Directors are appointed for a fixed term of 3 years. All Directors appointed to fill a casual vacancy should be subject to re-election by shareholders at the first annual general meeting ("AGM") after their appointment and not less than one-third of the Directors should be subject to retirement and re-election every year.



In accordance with our Bye-Laws 87(1), at each AGM one-third of the directors shall retire from office by rotation so that each Director shall retire at least once every three years. Messrs. Colin Paterson, Choi Yue Chun, Eugene and Yap Fat Suan, Henry will be standing for re-election at the forthcoming AGM.

No Directors' service contract contains a provision requiring greater than one year's notice or requires compensation greater than one year's emoluments.

### CONTINUING PROFESSIONAL DEVELOPMENT

Each of the Directors keeps abreast of his responsibilities as a Director of the Company and of the conduct, business activities and development of the Company, as well as the laws and regulations applicable to the Company. Comprehensive inductions are conducted upon appointment and the Company ensures suitable professional development is undertaken by Directors and members of senior management, with an objective to keep them abreast of the listing rules amendments and refresh their knowledge and skills on corporate governance. The Directors provide and the Company maintains, a record of all professional development undertaken during the period. Mr. Chan Kam Kwan, Jason, being an Executive Director and the Company Secretary of the Company received no less than 15 hours of relevant professional training during the financial year. All Directors reviewed written professional development materials during the year ended 30 June 2020.

### BOARD MEETINGS

The Board conducts meetings on a regular basis as required by business needs. The Bye-Laws of the Company allow board meetings to be conducted by

way of telephone or video-conference. Any resolutions can be passed by way of written resolutions circulated to and signed by all Directors from time to time when necessary except for matters in which a substantial shareholder or a Director or their respective associates has a conflict of interest. The Board held 16 meetings during the year ended 30 June 2020.

The Company normally provides a reasonable notice period for every Board meeting to all the Directors to give them an opportunity to attend. If such notice is not possible, permission to waive is obtained from the Directors.

Prior to each meeting of the Board, the Directors are provided with appropriate, complete and reliable information to ensure timely consideration before each Board meeting to enable them to make informed decisions. The Board is provided with the opportunity to meet independently from Executive Directors as and when required. Each Director also has separate and independent access to senior management whenever necessary.

### REMUNERATION AND PERFORMANCE COMMITTEE

The Board has a Remuneration and Performance Committee to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company. The Committee carries out its duties in accordance with the Terms of Reference, a copy of which is located on the Company's website.

The Committee consists of a majority of independent Directors and was comprised of the following members during the year ended 30 June 2020:

Name of Director/role	Meetings attended/ eligible to attend <sup>(*)</sup>
<b>Non-Executive Directors</b>	
Kwai Sze Hoi	1/1
Liu Zhengui	1/1
<b>Independent Non-Executive Directors</b>	
Yap Fat Suan, Henry, <i>Chairman</i>	1/1
Choi Yue Chun, Eugene	1/1
David Rolf Welch (appointed 15 October 2019)	0/1
Uwe Henke Von Parpart (resigned 15 October 2019)	0/1

(\*) Represents the total number of meetings held during the year ended 30 June 2020.

# CORPORATE GOVERNANCE REPORT

The principal duties of the Remuneration and Performance Committee include, inter alia, reviewing and making recommendations to the Board on the Company's remuneration policy; making recommendations to the Board on the remuneration of Executive and Non-Executive Directors, and members of the senior management; reviewing and making recommendations to the Board in respect of performance-based remuneration by reference to corporate goals and objectives resolved; and ensuring no Director or any of his or her associates is involved in deciding his own remuneration.

In addition to its duties surrounding remuneration, the Committee is also responsible for the annual performance review of the Board, Board Committees and individual Directors' performance.

## REMUNERATION AND PERFORMANCE

The terms of reference in respect of the Remuneration and Performance Committee distinguishes the structure of the Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

### Non-Executive Director Compensation

The Board is determined to attract and retain high calibre Non-Executive Directors to work with the Company, whilst at the same time preserving cash flow. Accordingly, the structure of the Non-Executive Directors' remuneration allows for remuneration in the form of share options, granted under the share option scheme. Whilst this represents a departure from the Code and Principles, the Committee believes it is appropriate for the size of the Company, and is satisfied by the fact that all Director participation under the share option scheme is approved by Shareholders and the grant aligns with the long term performance of the Company. The Company's Bye-laws provide that the Directors' remuneration shall be determined by the Company in general meeting. The Company has fixed a maximum sum of A\$1 million in aggregate for Non-Executive Directors per annum, unless otherwise and approved by the Shareholders.

### Performance review of the Board

Board performance and individual Director performance are reviewed on an ongoing basis and evaluated annually by the Remuneration and Performance Committee. Individual Directors may meet with the Chairman of the Committee to discuss their views towards their remuneration packages.

### Remuneration of Executive Directors

The Remuneration and Performance Committee of the Board of Directors of the Company is responsible for reviewing compensation arrangements for the Executive Directors, including the Chief Executive Officer (if any) and the senior management team, and making recommendations to the Board for approval. The Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

### Executive compensation framework

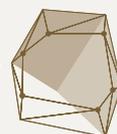
The Company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the Company. The Remuneration and Performance Committee is assisted in the process by the use of independent salary data, if applicable.

The executive pay and reward framework has 2 components: base pay and long-term incentives through participation in the 2012 Share Option Scheme. Details of the 2012 Share Option Scheme can be found in the financial statements.

### Performance review – Executives

Senior executives' performance is reviewed on an ongoing basis and evaluated annually by the Remuneration and Performance Committee. The evaluation is undertaken by each executive completing a questionnaire on performance issues or each executive having one-on-one interviews with the chairman of the Committee. Performance evaluations were completed during the period for senior executives.

Individual executives may meet with the chairman of the Committee to discuss their responses.



### Remuneration of Directors and senior management

For details of the remuneration of each Director in the financial year, refer to the notes to the financial statements. The emoluments (includes share-based

compensation) of the directors and members of the senior management by band for the year ended 30 June 2020 is set out below:

	Number of members 2020 *	Number of members 2019
HK\$0 to HK\$1,000,000	7	6
HK\$1,000,001 – HK\$2,000,000	3	3
HK\$2,000,001 – HK\$3,000,000	1	2
	<b>11</b>	<b>11</b>

\* All directors and senior management

### AUDIT COMMITTEE

The Board has established an Audit Committee to carry out its oversight of the Company's financial reporting system and internal control procedures. The Committee carries out its duties in accordance with the Terms of Reference, a copy of which is located on the Company's website. The Audit Committee has reviewed the Group's annual results for the year ended 30 June 2020.

The Committee consists of a majority of Independent Directors, none of whom have been employed as previous or current auditors of the Company.

The composition and expertise of the Committee was as follows during the year ended 30 June 2020:

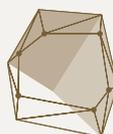
Name of Director/role	Expertise	Meetings attended/ eligible to attend <sup>(*)</sup>
<b>Independent Non-Executive Directors</b>		
Yap Fat Suan, Henry, Chairman	Fellow of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants	2/2
Uwe Henke Von Parpart (Resigned 15 October 2019)	Graduated from Princeton University and the University of Pennsylvania with a PhD Mathematics and Philosophy. Up to March 2016, Managing Director and Chief Strategist for Reorient Financial Markets Limited	1/1
Choi Yue Chun, Eugene	Graduated from the University of Hong Kong with a Bachelor of Laws degree, admitted as a solicitor of the High Court of Hong Kong in 1997 and member of the Law Society of Hong Kong	2/2
David Rolf Welch (Appointed 15 October 2019)	Graduated from the University of Western Australia with a Bachelor of Commence degree, he has held senior executive positions including Vice President of Strategy and Business Development for Aurizon Holdings Limited.	1/1

(\*) Represents the total number of meetings held during the year ended 30 June 2020.

# CORPORATE GOVERNANCE REPORT

The primary responsibilities of the Audit Committee are, inter alia,

- (a) to consider and make recommendations to the Board on the appointment, reappointment and removal of the external auditor (and to approve the remuneration and terms of engagement of the external auditor) and any questions of resignation or dismissal of that auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on the engagement of an external auditor or to supply non-audit services. For this purpose, 'external auditor' shall include any entity that is under common control, ownership or management of the audit firm, or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- (d) to monitor the integrity of financial statements of the Company and the Company's annual and half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;
- (e) to evaluate the adequacy of the Company's accounting control system by reviewing written reports from the external auditors, and monitor management's responses and actions to correct any noted deficiencies;
- (f) to review the adequacy and effectiveness of the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Company's internal control and risk management systems through active communication with management and the external auditors;
- (g) to discuss with management the system of internal control and risk management and ensure that management has discharged its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (h) to consider any findings of major investigations of risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;
- (j) where an internal audit function exists, to assess the performance and objectivity of the internal audit function and to make recommendations for the appointment and dismissal of the Head of Internal Audit;
- (k) to review the Group's financial and accounting policies and practices;
- (l) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- (m) to ensure that the Board provides a timely response to the issues raised in the external auditor's management letter;
- (n) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (o) to act as the key representative body for overseeing the issuer's relations with the external auditor.



## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 30 June 2020 have been reviewed by the Board and the Audit Committee and audited by the external auditor, Ernst and Young Australia. The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects.

The Directors ensure that the preparation of the consolidated financial statements of the Company are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Company in a timely manner.

The report of the auditor of the Company about their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report.

## EXECUTIVE COMMITTEE

The Board has constituted the Executive Committee and delegated the responsibility of the day-to-day management and has empowered the Executive Committee to implement policies and strategies, for the business activities and operations, internal control and administration of the Group. The Executive Committee carries out all the general powers of management and control of the activities of the Group as vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive. The members include the Executive Directors and certain senior management appointed by the Board from time to time. The Executive Committee meets whenever it is necessary to carry out its obligations.

## HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY COMMITTEE

The Board has established a Committee to oversee the health, safety, environmental and sustainability activities of the Company. The Committee carries out its duties in accordance with the Terms of Reference, a copy of which is located on the Company's website. The Committee consists of a majority of independent Directors and was comprised of the following members during the year ended 30 June 2020:

Name of Director/role	Meetings attended/ eligible to attend <sup>(*)</sup>
<b>Independent Non-Executive Directors</b>	
Choi Yue Chun, Eugene, <i>Chairman</i>	1/1
Yap Fat Suan, Henry	1/1
<b>Non-Executive Director</b>	
Ross Stewart Norgard	1/1

(\*) Represents the total number of meetings held during the year ended 30 June 2020.

# CORPORATE GOVERNANCE REPORT

The principal duties of the Committee are:

- (a) reviewing and monitoring the sustainability, environmental, safety and health policies and activities of the Company;
- (b) encouraging, supporting and counselling management in developing short and long term policies and standards to ensure that the principles set out in the sustainability, environmental, health and safety policies are being adhered to and achieved;
- (c) regularly reviewing community, environmental, health and safety response compliance issues and incidents to determine, on behalf of the Board, whether the Company is taking all necessary action in respect of those matters and that the Company has been duly diligent in carrying out its responsibilities and activities in that regard;

- (d) ensuring that the Company monitors trends and reviews current and emerging issues in the field of sustainability, environment, health and safety, and evaluates their impact on the Company; and
- (e) reviewing and making recommendations to the Board with respect to environmental aspects of expansions, acquisitions and dispositions with material environmental implications.

## RISK MANAGEMENT COMMITTEE

The Board has established a Committee to oversee risk and the management and internal control of the processes by which risk is considered for both ongoing operations and prospective actions of the Company. The Committee carries out its duties in accordance with the Terms of Reference, a copy of which is located on the Company's website. The Committee was comprised of the following members during the year ended 30 June 2020:

Name of Director/role	Meetings attended/ eligible to attend <sup>(*)</sup>
<b>Executive Director</b> Colin Paterson ( <i>Chairman</i> )	1/1
<b>Non-Executive Director</b> Ross Stewart Norgard	1/1
<b>Independent Non-Executive Director</b> Choi Yue Chun, Eugene	1/1

(\*) Represents the total number of meetings held during the year ended 30 June 2020.

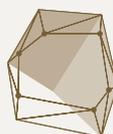
Whilst the risk management committee was not chaired by an independent director and it does not comprise of a majority of independent directors, the committee was mainly composed of non-executive directors and independent non-executive directors who do not participate in the daily operation of the Group. The Company considers that objectivity can still be maintained with such arrangements.

Risk management encompasses all areas of the Company's activities. Once a business risk is identified, the risk management processes and systems implemented by the Company are aimed at providing the necessary framework to enable the business risk to be managed. Management has the

key role of identifying risks and enabling processes for risk management. Senior management are required to report risks identified to the Risk Management Committee or Chief Executive Officer.

The Risk Management Committee will meet periodically to review and ensure that the Company has in place processes to assess and manage specific and general business risks and appropriate mitigation procedures where applicable.

The overall results of this assessment are presented to the Board, in oral and written form, at every Board meeting by the Chairman of the Risk Management Committee, and updated as needed.



The Board reviews the Company's risk management at every Board meeting, and where required, makes improvements to its risk management and internal compliance and control systems.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the Group's system of internal control and for the assessment and management of risk. The Board has conducted a review of and is satisfied with the effectiveness of the system of internal control of the Group.

The Company has outsourced its internal audit function and has engaged an independent management consultancy company to assess the internal control measures of the Group on a yearly basis. The conclusion is that there was no significant weakness in the Company's internal control and risk management systems.

The Board also reviews at least annually the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Executive Directors of the Company report directly to the Board and the Audit Committee, and monitor the existence and effectiveness of the controls in the Group's business operations.

The Executive Directors also discuss the audit plan with the Audit Committee and the external auditors. The audit plan is reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. In addition, regular consultation is undertaken with the Group's external auditors so they are aware of the significant factors which may affect their respective scope of work. Reports from the external auditors on relevant financial reporting matter are presented to the Audit Committee, and, as appropriate, to the Board.

For risk management, the Board, the Risk Management Committee, and management have reviewed the Group's financial, operational, compliance and strategic aspects and identified certain risk areas. Certain types of risks and internal control weaknesses have been identified and the relevant measures implemented to mitigate these risks are disclosed under the section 'Management Discussion and Analysis'.

Although the Company is not required to comply with Section 295A of the Australian Corporations Act 2001 (being a company incorporated in Bermuda), the Board requires the Executive Director to state in writing to the Board that:

'The financial records of the Company have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the Company's financial position, and that the opinion has been based on the basis of a sound system of risk management and internal control which is operating effectively'.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Securities Trading Policy which applies, inter alia, to all Directors and Key Management Personnel. The Securities Trading Policy complies with the ASX Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the HK Listing Rules. A copy of the Company's Securities Trading Policy is available on the website of the Company.

All directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code.

## AUDITORS' REMUNERATION

The aggregate remuneration in respect of services provided by Ernst and Young Australia for the year ended 30 June 2020 was HK\$1,131,000 of which HK\$944,000 represents annual audit fees, and HK\$187,000 for non-audit services.

# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that the activities of the Board are carried out efficiently and effectively. The Company Secretary assists the Chairman to prepare agendas and Board papers for meetings and disseminates such documents to the Directors and Board Committees in a timely manner. The Company Secretary is responsible for ensuring that the Board is fully briefed on all legislative, regulatory and corporate governance developments when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules and The Codes on Takeovers and Mergers and Share Repurchases, including publication and dissemination of the Company's reports, financial statements and interim reports within the period as per the Listing Rules. Also, timely dissemination of announcements and information relating to the Group to the market and ensuring that appropriate notification is made when there are any dealings by Directors in the securities of the Group. The Company Secretary is accountable directly to the Board.

The Company Secretary also advises the Directors on their obligations in respect of disclosure of interests in securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed.

With respect to the secretarial function of the Group, the Company Secretary maintains formal minutes of the Board meetings and other Board committee meetings.

During the year, Mr Chan Kam Kwan Jason, the Company Secretary of the Company, has undertaken no less than 15 hours of professional training to update his skills and knowledge.

## CONTINUOUS DISCLOSURE

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the ASX, and the HK Listing Rules. The Directors have observed the disclosure requirements of the ASX and the HK Listing Rules, and to ensure accountability at a senior management level for that compliance. A copy of the Communications Strategy and Continuous Disclosure Policy can be found on the Company's website.

## COMMUNICATION WITH SHAREHOLDERS

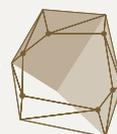
The Board is committed in providing clear and full performance information of the Group to shareholders and have established a communications strategy, a copy of which can be found on the Company's website. The strategy is designed to promote effective communication with shareholders throughout the year and encourage effective participation at general meetings. In addition to the circulars, notices and financial reports sent to shareholders, additional information of the Group is also available to shareholders on the Company's website.

As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX and SEHK, the Company will also ensure that all relevant documents are released on the website of the Company for the purpose of both stakeholders and shareholders. Copies of all corporate governance policies, charters and terms of references are available on the website of the Company.

Each year the Company's external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

Shareholders are encouraged to attend the AGM for which at least 20 clear business days' notice is given. The Chairman and Directors are available to answer questions on the Group's business at the meeting. In accordance with the Bye-Laws of the Company, a minimum of 14 days' notice is required for every shareholder meeting and all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All resolutions at the general meeting are decided by a poll which is conducted by the Group's branch share register in Hong Kong.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.



## SHAREHOLDERS RIGHTS

### How shareholders can convene a special general meeting

Subject to Section 74 of the Companies Act 1981 of Bermuda (the "Act") and the Bye-Law 58 of the Company, the Board may whenever it thinks fit call special general meetings, and members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings for the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.

### Procedures for directing Shareholders' Enquiries to the Board

Shareholders enquiries can be directed to [inquiry@brockmanmining.com](mailto:inquiry@brockmanmining.com) or by writing to the Company Secretary's office, whose contact details are as follows:

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

The enquiries would then be assessed and considered (if appropriate) to put to the Board. Shareholders may also make enquiries with the Board at the general meetings of the Company.

### Procedures for Putting Forward Proposals at a General Meeting

Any number of shareholders representing not less than 5% of the total voting rights of the Company on the date of the requisition or not less than 100 shareholders of the Company are entitled to put forward a proposal for consideration at a general meeting of the Company. Shareholders should follow the procedures as set out in Section 79 of the Act for putting forward such proposals.

### Provision of Information in Respect of and by Directors

Updated information with regard to the change in other Directorships of the Directors of the Company are on our website and in the 2020 Annual Report.

## CONSTITUTIONAL DOCUMENTS

There was no significant change in the memorandum and articles of association and the Bye-Laws of the Company during the year. The memorandum and articles of association and the Bye-Laws of the Company are available on the Company's website.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Directors are pleased to present the Environmental, Social and Governance ('ESG') Report for the year ended 30 June 2020 in compliance with the applicable code provision of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on the SEHK.

## REPORTING SCOPE

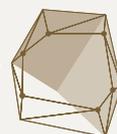
With the delay in our development progress of the Marillana Project with no mining activities undertaken during the year, the scope of the report covers all operations of the Group, mainly the head office in Hong Kong and its subsidiaries in Western Australia. The report presents information relevant to the ESG management approach for the financial year from 1 July 2019 to 30 June 2020 (the 'Reporting Period').

## STAKEHOLDERS ENGAGEMENT

The Group regularly engages with stakeholders and material ESG concerns are summarised below:

Stakeholders	Material issues	Engagement channels
Investors and shareholders Regulators	Corporate governance Business operations Disclosure Compliance with laws and regulations	Financial reports and announcements Shareholders meetings On-going communications
Employees	Remuneration Training and development Occupational health & safety	Yearly review Internal communications
Community	Charity work	Support charity organisations

The Board had set out ESG goals on specific KPIs and areas of concern for the Company. Annual review on sustainability related initiatives are carried out by the Board, with the assistance of senior management of the Group to ensure adequate measures have been taken to enhance sustainability governance.



## A. ENVIRONMENTAL

### A.1 EMISSIONS

During the year, the Group was at minimal spend and retained office space to secure an infrastructure solution for the Marillana project. Mining development is yet to commence and management considers that the emissions and waste generated by any exploration activity would have an insignificant impact on the environment due to the minimal activities undertaken.

Greenhouse Gas emissions ('GHG Emissions') for the reporting period are mainly generated from general direct electricity consumption for office use and indirect emissions resulted from business trips.

Relevant KPIs are as shown below:

(i) Purchased electricity consumption	18,321 kWh
(ii) Scope 1 GHG Emissions	Not applicable
(iii) Scope 2 GHG Emissions	12,741kg CO <sub>2</sub> -e
(iv) Scope 3 GHG Emissions	2,180kg CO <sub>2</sub> -e

Note:

Scope 1 emissions come from direct GHG emissions from combustion of fuels in stationary or mobile sources (excluding electrical equipment) to generate electricity, which is not applicable in our case as our developmental and production activities have yet to commence.

Scope 2 emissions come from indirect GHG emissions from the generation of purchased electricity.

Scope 3 emission includes other indirect GHG emissions that occur outside the Company such as emissions from business travel of employees and paper waste disposed at landfill.

The scope during the reporting period covered a gross floor area of 136.94m<sup>2</sup>

The Group continues to operate at minimal spend and targets a net decrease in emissions prior to the commencement of any future developmental activities.

During the reporting period, no material hazardous or non-hazardous waste was generated as our operations are office based in nature. Waste generated comprised printer toner cartridges, batteries and obsolete computer and printing equipment. These were properly disposed of and recycled. Non-hazardous waste such as general domestic refuse and printing paper from office operations were considered minimal.

As mitigation measures for emissions, the Company implemented the following:

- Reduction of unnecessary business trips and organised board meetings via electronic communications.
- Encouraged employees to switch off lights and air conditioning.

During the reporting period, the Company has relocated its Australian office, and due to the decreased size of office space and reduced number of employees, there was a slight decrease in electricity consumption and the corresponding carbon footprint.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A.2 USE OF RESOURCES

The Group is committed to promoting an environmentally conscious work environment and has focused on measures to minimise waste and electricity consumption, initiate paper and cartridge recycling, and promoting electronic communications and storage. We promote recycling of office equipment and reduce domestic waste as much as possible.

To reduce consumption of paper, the Group prefers using electronic means to disseminate information via electronic devices and electronic communication systems.

We encourage our office employees to switch off idle lights, air conditioners and other office equipment, and we remind our employees to print and photocopy on both sides of paper if printing is unavoidable. We also encourage our employees to bring their own lunch and reduce purchase of takeaway and beverages and hence reduce the use of plastic disposable utensils. The Group encourages its employees to choose public transportation and carpool to reduce car driving and thus the impact on the environment and transportation. The Group does not own any vehicles and we therefore do not directly produce any greenhouse and hazardous gases from cars used.

Our offices are required to maintain indoor temperature at 24 degree Celsius to ensure efficient use of air conditioning.

The Group also promotes initiatives to mitigate environmental impacts by choosing energy-efficient products by comparing Energy Labels issued by the Electrical and Mechanical Services Department (EMSD)/Energy Rating Labels issued by the Australian Federal Government. As waste electrical and electronic equipment (WEEE) poses severe harm to the environment, the Group encourages all employees to use the WEEE donation or recycle programs.

All employees are responsible and accountable for operating in an environmentally responsible manner.

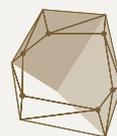
The Group's existing business operation does not require any significant water consumption, water usage and any consumption relates to drinking water (including bottled water).

The Group's drinking water consumption for the year amounted to 1.23m<sup>3</sup> with a water consumption intensity amounted to approximately 0.21 m<sup>3</sup> per employee. We require employees to report immediately whenever damage is found on any of the water facilities.

There is no issue in sourcing water that is fit for purpose whereas the Group considers its water consumption level is reasonable at the current operation level. The Group targets to have a net decrease in water and electricity consumption next year by implementing the measures as discussed above.

Due to the nature of the business, there is no applicable data of packaging material as our operation does not involve the use of any packaging material.

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### A.3 THE ENVIRONMENT AND NATURAL RESOURCES

The Company is committed to the principles of being a good corporate and environmental citizen, and takes careful consideration of environmental, social responsibility and sustainability issues when choosing its vendors. The Group aims to minimise its environmental footprint and its disturbance to natural resources. We anticipate that fines residue storage and waste rock management, water use and discharge, and land management and rehabilitation would be the most important areas of concern once in production and the Group shall closely monitor these aspects, in compliance with its regulatory approvals obtained with key State and Commonwealth environmental approvals that have been received for the Marillana project. Each year, the Company undertakes an annual compliance review and provides a report to the Office of Environmental Protection Authority to declare its compliance status as required.

Brockman is proposing to clear up to 3,785 ha of vegetation to mine and transport ore to Port Hedland by a land infrastructure solution. After rehabilitation, the long-term cleared footprint will be around 60 ha which represents the final open pit void. All other disturbances will be rehabilitated to the satisfaction of the Western Australian Environmental Protection Authority (EPA), Department of Environment and Conservation (DEC) and Department of Mines, Industry, Resources and Safety.

Brockman has previously engaged Ecologia Environment (Ecologia) to prepare the Preliminary Documentation required to assess the project under the Environmental Protection and Biodiversity Conservation Act 1999 (Cth). Most key

environmental approvals are in place and we shall adhere to our proposed plan in the event of commencement of early works. We endeavour to mitigate any environmental disturbance, and apply our monitoring schedule when the project commercialises.

Prior to the commencement of our mine development, environmental approvals for mining or exploration activities are required to be sought in accordance with the Mining Act 1978 and the following approvals are required by the Department of Mines, Industry Regulation and Safety:

1. Programme of work — submission has to include details of mechanised equipment and potential disruption to the ground during exploration or prospecting for minerals.
2. Mining proposals — details of the proposed mining operation or any changes to be incurred are required to be disclosed.
3. Mine closure plans — such plan must be included together with any submission on mining proposals, covering all aspects of mine decommissioning and rehabilitation.

The Group adheres to strict compliance of the Mining Act 1978 and other relevant environmental regulations such as the Environmental Protection Act 1986, the Environmental Protection and Biodiversity Conservation Act 1999, the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, the Rights in Water and Irrigation Act 1914, and the Native Title Act 1993.

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A.4 Climate Change

Significant changes in the pattern of rainfall over Western Australia have occurred over the past 40 years. Most of the state, especially the northwest, has experienced a trend towards a wetter climate. This poses a certain risk on the mining industry. The southwestern part of the state has become drier, with a 15% reduction in rainfall since the mid-1970s. Waste rock and tailings that are created during the mining and ore refining process can release toxins into the environment if not stored or disposed of properly. In many cases, waste rock and tailings are left out in the open where they are exposed, and toxins can be washed into water systems by rainfall, or can leach into the soil. To mitigate such risk, a detailed mine plan with enhanced tailings and erosion control structure will serve as part of the mine's water management plan.

The most likely source of impact to the surface water environment from discharge is from unplanned flooding or spillages at the sewage treatment facility. However, safeguards are in place to minimise this risk, including:

- Alarms and flashing beacons to warn of failure of mechanical components (pump and blower);
- Alarms to warn of high water levels in the balance tank or irrigation tanks; and
- An emergency overflow between the balance tank and the waste water treatment plant.

In addition, flood protection will be implemented, to ensure floodwaters do not adversely impact waste water facilities.

## B. SOCIAL

### B.1 EMPLOYMENT AND LABOUR PRACTICES

#### *Employment*

We believe that people are the foundation of our businesses, and retaining quality staff is paramount to supporting our business. We aim to retain our staff by offering an employee-friendly working environment, and we make sure our employees are well compensated, not only in terms of remuneration, by facilitating work-life balance for all our employees.

#### *Recruitment*

The Group has an established human resources management function covering various aspects of employment. During our recruitment process, employees are hired based on consideration of their experience, qualifications and knowledge. All employees have entered into a written employment contract that outlines conditions of employment which includes job title, job duties, working hours, holidays, remuneration, termination process and benefits agreed to by both parties.

#### *Promotion, compensation and dismissal*

We motivate employees by promotion and salary increments based on results of regular performance appraisals. Staff dismissal is based on the Hong Kong Employment Ordinance or relevant local laws and regulations, as well as the requirements stipulated in the employment contracts. Apart from offering employees' competitive salary packages, the Group also provides annual bonuses and employee share options to eligible employees as incentives to retain our staff.

**Working hours, rest periods and benefits**

A five-day work week arrangement is adopted to facilitate work-life balance. In addition to all rest days and statutory holidays as specified in local laws and regulations, employees are entitled to paid annual, maternity, paternity, marriage and compassionate leave. Employees are also entitled to benefits such as medical benefits, MPF scheme contributions and other benefits subject to the Group's human resources management policy.

**Equal opportunity, diversity and anti-discrimination**

All Directors, senior management and employees of the Company are expected to conduct themselves with integrity, openness, honesty and fairness, and in the best interests of the Company. The Board has established a Code of Conduct, which is supported by a Whistleblower Policy, to guide all Directors, members of senior management and employees. A copy of the Code of Conduct and Whistleblower Policy is available in the corporate governance section of the Company's website.

The Company's recognition of the benefits of diversity where people from different gender, age, ethnicity and cultural backgrounds can bring fresh ideas and perceptions which make the workplace more efficient is reinforced in the Diversity Policy, a copy of which is available in the corporate governance section of the Company's website. This policy outlines specific diversity initiatives designed to facilitate equal employment opportunities and requires the Company to set out specific diversity initiatives and targets with the aim of reporting the progress towards the metrics in the annual report.

These key metrics include:

- Proportion of women appointed as Non-Executive Directors of the Company;
- Proportion of women in the workplace;
- Proportion of women in senior management;
- Parental leave return rates; and
- Employee turnover.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following metrics shows the comparison to historical data. The historical data is as follows:

	2020	2019	2018	2017	2016
Proportion of women appointed as Non-Executive Directors	0	0	0	0	0
Proportion of women in the workplace	15%	15%	18%	21%	24%
Proportion of women in senior management	8%	8%	38%	13%	10%
Parental leave return rates	N/A	100%	N/A	100%	N/A
Employee turnover	0%	15%	53%	24%	82%

The Board is continually looking to achieve diversity and will endeavour to appoint individuals who will provide a mix of experience, perspective and skills appropriate for the Company, including appropriate technical and commercial skills relevant to the mining industry.

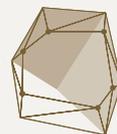
Our human resources function ensures that the Company is free from any form of discrimination on the grounds of age, gender, religion, marital status, family status, sexual orientation, disability, race and nationality. We are committed to creating a culture of equality, respect, diversity and mutual support.

During the year, the Group was not aware of any material breaches of the relevant laws and regulations relating to the Group's compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. In addition, no fines or sanctions were imposed on us due to non-compliance with the relevant laws and regulations during the year.

## Performance Data Summary

Workforce demographics:

TOTAL WORKFORCE	15	
<b>By nature of work</b>	<b>Australia</b>	<b>Hong Kong</b>
Corporate directors	3	6
Corporate Services	1	3
Project Development	—	1
Exploration	1	—
<b>By gender</b>		
Male	4	5
Female	1	1
<b>By employee category</b>		
Directors (Executive)	1	2
Directors (Non-executive)	2	4
Management team	2	4
<b>By age group</b>		
31-50	1	4
50+	4	6
<b>EMPLOYEE TURNOVER RATE ANALYSIS</b>	<b>Australia</b>	<b>Hong Kong</b>
<b>By geographical location</b>	0%	10%
	<b>Male</b>	<b>Female</b>
<b>By gender</b>	10%	0%
	<b>31-50</b>	<b>50+</b>
<b>By age group</b>	0%	10%



## B.2 HEALTH AND SAFETY

The Company is committed to the development of a sustainable iron ore business in Western Australia that benefits its employees, contractors, suppliers, partners and the community.

We will achieve this through the effective implementation and proactive management of our commitments and obligation to workplace health and safety, the environment and to the communities in which we operate.

To operate an effective and sustainable iron ore business, the Company will:

- Focus on the elimination and management of workplace hazards and risks.
- Act ethically and responsibly in all its interactions.
- Promote a culture which focuses its employees, contractors, suppliers and partners in workplace health and safety as the responsibility of all those who work in its business.
- Provide a workplace free from bullying or discrimination and offering equal opportunity to all employees.
- Work actively through all areas of its business to minimise the actual and potential environmental impact of the Company's activities.
- Respect the rights of the traditional owners and value the indigenous cultural heritage associated with its operations.

We will implement systems and ensure that resources are allocated to implement and monitor these commitments and its legal obligations. Our employees, contractors and partners will be updated on the Company's progress towards these goals.

The policy and the system that support it will be routinely measured to ensure the delivery of our commitments and system improvements made where the need arises.

The Group shall observe to our Operational Health and Safety ('OHS') Policy for all our activities and our Company's health and safety objectives are summarised as follows:

- Achieve 'Zero Harm' to people, the community and the workplace environment;
- Support, encourage and promote efforts to achieve industry-leading occupational health and safety performance;
- Eliminate or manage circumstances which may lead to injury, property damage and business interruption; and
- Achieve health and safety performance consistent with the OHS Policy.

Brockman will employ the following principles:

- Everyone has a responsibility for health and safety.
- Hazards should be identified and their risks eliminated or controlled.
- Every task can be done safely.
- Health and safety standards will not be limited to only minimum legal requirements.

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

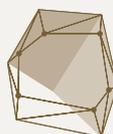
These objectives will be achieved by:

- Providing employees and contractors with the necessary responsibility training and resources to assist them to perform their tasks safely and effectively;
- Establishing and enforcing accountabilities for employees and contractors regarding health and safety policy, objectives and performance;
- Complying with all applicable laws, regulations and statutory obligations;
- Demonstrating effective leadership and management of health and safety through risk assessment and the development and implementation of safe operational procedures and communication in health and safety issues.

With respect to the challenges brought about by the COVID-19 pandemic, we have adopted measures to protect and to enhance workplace safety for all our employees. Cleaning and disinfecting of our offices was performed regularly and we provide masks and hand sanitisers for our employees when they attend work in the office. We require our employees to stay home and self-quarantine if they are sick and we strive to provide a positive environment for our employees due to any sickness.

During the reporting period, the Group had nil work-related fatality and injury resulted in loss days during the reporting period and in each of the past three years (2019: Nil).

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### B.3 DEVELOPMENT AND TRAINING

Employees are the most important asset of the Company. First-class professionals and management team are the guarantee of successful business, and therefore we are eager to provide them with relevant training and encourage them to fully utilise their potential. We subsidise our employees for their continuing education, and encourage employees to participate in various workshops and seminars according to their respective areas of interest and job description.

During the reporting period the percentage of trained employees and average hours of training received:

	Percentage of trained employees	Average hours of training received during the year
<b>By employment type:</b>		
Directors	60%	35
Senior management	27%	96
Management	13%	48
<b>By gender:</b>		
Male	87%	131
Female	13%	48

### B.4 LABOUR STANDARDS

All our labour-related policies and practices comply with the Employment Ordinance, and relevant local labour laws in Hong Kong and Australia. Furthermore, the Group strictly prohibits the employment of child labour and forced labour, and complies with all relevant laws and regulations. Prior to on-boarding of any new employees, thorough background checks are conducted to ensure the candidate is fit and proper for the role. If any candidates were found to be child labourers, their employment contract would be immediately terminated.

During the year, we did not employ child labour or forced labour and did not receive any complaints or reporting of child labour or forced labour.

### B.5 SUPPLY CHAIN MANAGEMENT

The Company has established sound procurement procedures and requirement for vendors. Upon selection of new vendors, the Company will evaluate the vendors' performance, reliability and pricing, but also the environmental attributes such as impact to the environment and energy saving functionalities. As part of our internal control on procurement procedures, at least 2 quotations will be obtained for each procurement engagement. Also, consideration of previous performance of the vendor, in terms of creditability and compliance with local regulations are determining factors for supplier selection. Sustainable, fair-trade and environmentally friendly products are preferred and procurement decisions are not solely based on price.

During the reporting period, the number of suppliers by geographical breakdown is as follows:

By geographical region	Number of suppliers
Hong Kong	5
Australia	61
<b>Total</b>	<b>66</b>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **B.6 PRODUCT RESPONSIBILITY**

The Company will ensure all required documentation will be implemented prior to shipment of iron ore. Sinter testwork conducted has provided positive results and confirmation of our product quality and the Group will strive to maintain the product's quality upon future delivery of ore. Given that our production has yet to commence, no complaints from customers nor product recalls have been received for the reporting period. Quality assurance and recall procedures will be duly implemented upon future delivery of iron ore products.

The Company upholds the confidentiality regarding customers', prospective customers' or business counterparts' information. Confidentiality agreements are put in place to protect any leakage of information.

## **B.7 ANTI-CORRUPTION**

The Company has established rules against bribery or corruption, which prohibit employees from accepting gifts from other people in a business relationship. To ensure effective implementation, every employee has been trained in relation to these rules. Furthermore, the Company has set up a whistle blower policy (details of which can be found on the company website), and Brockman encourages stakeholders to pursue and report any misconduct, fraudulent or corrupt practices, breaches of rules, coercion or harassment. Active channels are in place for employees to report directly in the event of any potential source of bribery/corruption in any business execution. Training and circulation of news from the Independent Commission Against Corruption (ICAC) has also been provided for employees and directors to discourage any form of corruption.

Brockman takes a zero tolerance approach to corruption and bribery and is committed to acting professionally, fairly and with integrity in all our business dealings. Our whistle blower policy encourages employees to report on any incidences of fraud, misappropriation of funds or corruption, while the reporters' privacy is completely protected.

During the reporting period, there were no incidents or legal cases noted regarding any corrupt practices brought against the Group or its employees.

## **B.8 COMMUNITY INVESTMENT**

We provide opportunities for employees to be a part of our local communities.

We mobilise our employees to volunteer their time and skills in contributing to the community at the same time enriching their knowledge of environmental and social issues, moreover, to prevent and mitigate any potential and actual negative impact on the community. Brockman maintains its community focus on health and sports, and has sponsored charity runs/marathons for employees, for the purpose of raising employees' awareness on health while giving back to the community. Due to the impact of COVID-19, marathons and charity walks were called off and we will continue to sponsor our employees to take part in these meaningful activities once they resume.



# DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Company for the year ended 30 June 2020.

## PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The principal activities of the Company and its subsidiaries ("Group") are exploration and development of iron ore mining projects in Western Australia. Detailed activities of each of the Company's subsidiaries are as set out in Note 33 of the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2020 are set out in the consolidated statement of comprehensive income on page 54.

## RESERVES

Movements in the reserves of the Group during the year are set out in consolidated statement of changes in equity on pages 56 to 57.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 18 to the consolidated financial statements.

## REVIEW OF OPERATIONS

It is recommended that the consolidated financial statements be read in conjunction with the 30 June 2020 annual report and any public announcements made by the Company during the period. Detailed business review is set out in pages 4 to 13. In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the ASX regarding exploration and other activities of the Company.

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

## FINAL DIVIDEND

The Board does not recommend the payment of a dividend.

## DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Hong Kong Laws, the bye-laws of the Company, the Bermuda Companies Act 1981 (as amended from time to time) and any other applicable laws, rules and regulations.

The recommendation of payment of any dividend is subject to the absolute discretion of the Board, and any declaration of dividend will be subject to the approval of shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia:

- The Group's actual and expected financial performance;
- Shareholders' interests;
- Retained earnings, distributable reserves and contributed surplus of the Company and each of the other members of the Group;
- The level of the Group's debt to equity ratio, return on equity and financial covenants to which the Group is subject to;
- Possible effects on the Group's credit worthiness;
- Any restrictions on payment of dividends or other covenants on the Group's financial ratios that may be imposed by the Group's financial creditors;
- The Group's expected working capital requirements and future expansion plans;
- Liquidity position and future commitments at the time of declaration of dividend;
- Taxation considerations;
- Statutory and regulatory restrictions;
- General business conditions and strategies;

# DIRECTORS' REPORT

- General economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- Other factors that the Board deems appropriate.

The dividend policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

## DISTRIBUTABLE RESERVES

As at 30 June 2020, the Company has no reserve available for distribution to the shareholders.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws in Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 93.

## DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

### Non-executive Directors:

Kwai Sze Hoi (*Chairman*)  
Liu Zhengui (*Vice Chairman*)  
Ross Stewart Norgard

### Executive Directors:

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

### Independent Non-executive Directors:

Yap Fat Suan, Henry  
Choi Yue Chun, Eugene  
David Rolf Welch (*appointed on 15 October 2019*)  
Uwe Henke Von Parpart (*resigned on 15 October 2019*)

In accordance with Clause 87(1) of the Company's Bye-laws Messrs. Colin Paterson, Choi Yue Chun, Eugene and Yap Fat Suan, Henry will be standing for re-election at the forthcoming annual general meeting.

## CONFIRMATION OF INDEPENDENCE

All the independent non-executive directors are appointed for a specific term and will be subject to retirement by rotation and re-election in accordance with the HK Listing Rules and the Bye-Laws of the Company. The Company has received from each of the Independent Non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the HK Listing Rules.

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 14 to 15.

## DIRECTOR'S SERVICE CONTRACT

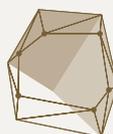
None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2020, the interests and short positions of the directors and chief executive and their respective associates in the share, 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 kept 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 Issues were as follows:



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

Name of director	Capacity	Number of issued ordinary shares held	Number of options granted	Percentage of the issued share capital of the Company
Mr Kwai Sze Hoi	Jointly (Note)	60,720,000	—	0.65%
	Interests of controlled corporation (Note)	2,426,960,137	—	26.15%
	Beneficial owner	206,072,000	—	2.22%
	Interest of spouse	24,496,000	—	0.26%
Mr Liu Zhengui	Beneficial owner	—	2,500,000	0.03%
Mr Ross Stewart Norgard	Beneficial owner	64,569,834	1,500,000	0.71%
	Interests of controlled corporation	178,484,166	—	1.92%
Mr Colin Paterson	Beneficial owner	30,173,004	12,000,000	0.45%
	Interest of spouse	22,625,442	—	0.24%
Mr Kwai Kwun Lawrence	Beneficial owner	63,408,412	—	0.68%
Mr Chan Kam Kwan Jason	Beneficial owner	—	10,000,000	0.11%
Mr Yap Fat Suan Henry	Beneficial owner	400,000	1,500,000	0.02%
Mr Choi Yue Chun Eugene	Beneficial owner	—	1,500,000	0.02%
Mr David Rolf Welch	Beneficial owner	—	—	—

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

Save as disclosed above, as at 30 June 2020, none of the Directors and Chief Executive, nor their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

# DIRECTORS' REPORT

## SHARE OPTIONS

The share option scheme (the 'Share Option Scheme') of the Company was adopted by the Company pursuant to the resolution of the shareholders at the AGM dated 13 November 2012.

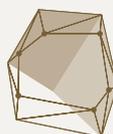
The binomial option pricing model is a generally accepted method of valuing options. The measurement dates used in the valuation calculations were the dates on which the options were granted. The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of 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 Option Scheme are set out in Note 25 to the consolidated financial statements and details of the options outstanding as at 30 June 2020 which have been granted to Qualified Persons under the Share Option Scheme are as follows:

	Option type	Maximum entitlement of each participant	Outstanding as at 1 July 2019	Exercised	Lapsed	Granted	Outstanding as at 30 June 2020
<b>Non-Executive Directors</b>							
Kwai Sze Hoi	2018A	80,000,000	40,000,000	40,000,000	—	—	—
Liu Zhengui	2018A	2,500,000	2,500,000	—	—	—	2,500,000
Uwe Henke Von Parpart	2018A	1,500,000	1,500,000	—	1,500,000	—	—
Ross Stewart Norgard	2018B	1,500,000	1,500,000	—	—	—	1,500,000
Choi Yue Chun Eugene	2018A	1,500,000	1,500,000	—	—	—	1,500,000
Yap Fat Suan Henry	2018A	1,500,000	1,500,000	—	—	—	1,500,000
David Rolf Welch	2018B	—	—	—	—	—	—
<b>Executive Directors</b>							
Chan Kam Kwan Jason	2018A	10,000,000	10,000,000	—	—	—	10,000,000
Kwai Kwun Lawrence	2018A	35,000,000	17,500,000	17,500,000	—	—	—
Colin Paterson	2018B	12,000,000	12,000,000	—	—	—	12,000,000
<b>Sub-total</b>			<b>88,000,000</b>	<b>57,500,000</b>	<b>1,500,000</b>	<b>—</b>	<b>29,000,000</b>
Employees	2018A	62,000,000	59,750,000	—	250,000	—	59,500,000
Employees	2018B	3,000,000	2,000,000	500,000	—	—	1,500,000
<b>Sub-total</b>		<b>210,500,000</b>	<b>61,750,000</b>	<b>500,000</b>	<b>250,000</b>	<b>—</b>	<b>61,000,000</b>
<b>GRAND TOTAL</b>			<b>149,750,000</b>	<b>58,000,000</b>	<b>1,750,000</b>	<b>—</b>	<b>90,000,000</b>
Weighted average exercise price				<b>0.14</b>			<b>0.13</b>

As at 30 June 2020, the Company had 90,000,000 share options outstanding under the Scheme. Should they be fully exercised, the Company will receive HK\$11,935,000 (before issue expenses).

The total number of securities available for issue under the share option scheme amounts to 570,948,213 as at the date of the annual report, representing 6.15% of the issued share capital outstanding.



### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Other than as disclosed in the section 'Directors and Chief Executives' interests', 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.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the Directors has any interests in any competing business to the Group.

### **DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS**

Details of the related party transactions for the year are set out in Note 31 to the consolidated financial statements. Other than as disclosed therein, no contracts of significance to which the Company, transactions, arrangements and subsidiaries or fellow subsidiaries was party and in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the period.

### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### **RELATED PARTY TRANSACTIONS**

Significant related party transactions entered into by the Group during the year ended 30 June 2020 are disclosed in Note 31 to the consolidated financial statements.

# DIRECTORS' REPORT

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

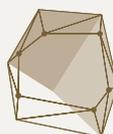
### Long positions of ordinary shares and underlying shares of HK\$0.10 each of the Company

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%
Kwai Sze Hoi (Note 1)	Interest held by controlled corporations	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 corporations	2,426,960,137	26.15%
	Interest held jointly with another person	60,720,000	0.65%
	Beneficial owner	24,496,000	0.26%
	Interest of spouse	206,072,000	2.22%
Equity Valley Investments Limited	Beneficial owner	515,574,276	5.56%
The XSS Group Limited (Note 2)	Interest held by controlled corporations	515,574,276	5.56%
Cheung Sze Wai, Catherine (Note 2)	Interest held by controlled corporations	515,574,276	5.56%
Luk Kin Peter Joseph (Note 2)	Interest held by controlled corporations	515,574,276	5.56%
	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. In addition, Mr. Kwai was granted a total of 80,000,000 options, of which 40,000,000 were exercised on the 24 February 2020 and 40,000,000 were exercised on the 17 January 2019.
- The 515,574,276 shares were held by Equity Valley Investments Limited. Equity Valley Investments Limited is wholly-owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital were held by Mr. Luk Kin Peter Joseph, Ms. Cheung Sze Wai, Catherine (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively. In addition, Mr. Luk was granted a total of 50,000,000 options.

Save as disclosed above, as at 30 June 2020, no person, other than the directors of the Company, whose interests are set out above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.



## SHARE CAPITAL, SHARE OPTIONS, WARRANTS AND CONVERTIBLE BONDS

Details of movements in the Company's share capital and share options during the year are set out in notes 24 and 25 to the consolidated financial statements.

Details of the other equity-linked agreements are including in the section 'Share Options' below.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-Laws of the Company, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company against all losses and liabilities etc which they may incur or sustain by reason of the execution of their duties, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the directors. The Company has also arranged appropriate directors and officers insurance coverage for the directors and officers of the Group.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate operating and administrative expenses attributable to the Group's five largest suppliers were less than 14.26% of total operating and administrative expenses (include exploration and evaluation expenses) for the year. At no time during the year did any Director, or associate of a Director, or any shareholder of the Company, which to the knowledge of the Directors owned more than 5% of the Company's share capital, have any beneficial interests in these customers or suppliers.

## CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

## PROVISION OF INFORMATION IN RESPECT OF ANY DIRECTOR

During the year, there was no changes to other directorships of the Directors of the Company.

## CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 16 to 29 of the annual report.

## EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 36 to the consolidated financial statements.

## SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, there was sufficient public float of the Company's securities as required under the HK Listing Rules.

## AUDITOR

The consolidated financial statements for the financial year ended 30 June 2020 have been audited by Ernst and Young who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

By order of the Board.

**Kwai Sze Hoi**  
Chairman

Hong Kong, 15 September 2020

# INDEPENDENT AUDITOR'S REPORT



**To the shareholders of Brockman Mining Limited**  
*(incorporated in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of Brockman Mining Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 54 to 92, which comprise the consolidated balance sheet as at 30 June 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2(a) in the consolidated financial statements, 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 opinion is not modified in respect of this matter.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, and for each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## 1. Carrying value of capitalised mining exploration properties

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2020 the Group held capitalised mining exploration properties in Australia of HK\$731,048,000, representing 95% of the Group's total assets.</p>	<p>We considered and challenged the Group's assessment as to whether there were impairment indicators present that required the capitalised mining exploration properties to be tested for impairment as at 30 June 2020.</p>
<p>The carrying value of mining exploration properties is assessed for impairment by the Group when facts and circumstances indicate that these properties may exceed their recoverable amount.</p>	<p>In performing our procedures, we:</p> <ul style="list-style-type: none"> <li>▶ Considered whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements;</li> </ul>
<p>The determination as to whether there are 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. The directors did not identify any impairment indicators.</p>	<ul style="list-style-type: none"> <li>▶ Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's Board approved cashflow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group;</li> <li>▶ Assessed whether exploration and evaluation data exists to indicate that the carrying value of mining exploration properties is unlikely to be recovered through development or sale; and</li> </ul>
<p>Given the significance of the capitalised mining exploration properties relative to the Group's total assets and the degree of judgement involved in assessing whether any indicators of impairment exist, we consider this a key audit matter.</p>	<ul style="list-style-type: none"> <li>▶ Assessed the adequacy of the disclosures in Note 17 of the consolidated financial statements.</li> </ul>
<p>Refer to Note 17 in the consolidated financial statements for capitalised mining exploration property balances and related disclosures.</p>	

# INDEPENDENT AUDITOR'S REPORT

## 2. Recognition of deferred tax asset

### Why significant

At 30 June 2019, the Group recognised a deferred tax asset (DTA) of HK\$93,373,000 in its consolidated balance sheet for certain of its Australian carry forward tax losses. This DTA was fully offset against the deferred tax liability (DTL) in the consolidated balance sheet, resulting in a net deferred tax liability of HK\$134,172,000. This DTA has continued to be carried forward at 30 June 2020 and offset against the DTL at that date, resulting in a net DTL at 30 June 2020 of HK\$128,850,000 after accounting for the impact of exchange differences during for the year.

The Group's exploration activities in Australia have generated significant carry forward tax losses. Australian tax laws covering the recoupment of these carry forward tax losses are complex.

Under IFRS, DTAs for carry forward tax losses are only recognised when their recovery is considered probable. This consideration of carry forward tax loss recognition is reassessed at each reporting period.

Given the significant degree of judgement involved in management's assessment as to the ongoing recoverability of the DTA as at 30 June 2020, we consider this a key audit matter.

Refer to Notes 4(c), 13 and 26 in the consolidated financial statements for deferred tax balances and related disclosures.

### How our audit addressed the key audit matter

We assessed the Group's decision to continuing to carry the DTA and the methodology for determining the amount of the DTA to be carried forward for compliance with IFRS.

Our audit procedures included the following:

- ▶ We assessed the amount of the Group's available carry forward tax losses and the impact of any known or potential limitations that may affect the recoverability of the estimated tax benefit arising from the carry forward tax losses. This work included consultation with our tax specialists;
- ▶ We obtained and considered correspondence:
  - ▶ Between the Group and the Australian tax authorities, and
  - ▶ Between the Group and external tax advisors.
- ▶ We assessed the adequacy of the related disclosures in the consolidated financial statements.



### 3. Measurement of Polaris loan

#### Why significant

At 30 June 2020 the Group has recognised a loan payable to Polaris Metals Pty Ltd (Polaris) of HK\$21,242,000, representing 13% of the Group's total liabilities.

This loan was originally advanced to the Group in November 2019, when Polaris advanced A\$5 million (HK\$27.3 million) of the A\$10 million (HK\$54.6 million) loan that was held in escrow pursuant to the Farm-in and Joint Venture Agreement (FJV) between Brockman Iron Pty Ltd (Brockman Iron) and Polaris.

The loan is unsecured and bears no interest. The terms and amount of repayment vary depending on whether or not one of both of Brockman Iron and Polaris approve a Final Investment Decision (FID) to proceed with the development of the Marillana mine. The Group's expectation in relation to the loan repayment at 30 June 2020 was that both parties plan to approve FID. This has impacted the expected amount and timing of the repayment of this loan and its resulting measurement.

Given the significant degree of judgement involved in the Group's assessment of the likely intentions of both parties regarding FID approval, the resulting amount and timing of repayment of the loan, as well as the appropriate market rate of interest used for the calculation of amortised cost of the loan at 30 June 2020, we consider this a key audit matter.

Refer to Note 23 in the consolidated financial statements for the loan balances and related disclosures.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ We assessed whether the funding from Polaris was appropriately recognised and measured in accordance with IFRS 9;
- ▶ We considered and challenged the Group's assessment regarding the likely amount and timing of expected repayment of the loan. This included review of correspondence between the Group and Polaris to assess the likely intention of both parties;
- ▶ We assessed the market rate of interest used in the determination of the amortised cost calculation for the loan;
- ▶ We obtained and reviewed management's calculation of the amortised cost and classification of this loan in accordance with the requirements of IFRS 9;
- ▶ We assessed the adequacy of the related disclosures in the consolidated financial statements.

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# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pierre Dreyer.

#### **Ernst & Young**

Chartered Accountants  
Perth, Western Australia  
15 September 2020

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

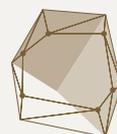
		Year ended 30 June	
	Note	2020 HK\$'000	2019 HK\$'000
Other income	10	715	142
Other gain	10	—	9,526
Administrative expenses	11	(17,513)	(26,803)
Exploration and evaluation expenses	11	(4,521)	(7,796)
Operating loss		(21,319)	(24,931)
Finance income		320	54
Finance costs		(1,482)	(1,320)
Finance costs, net	12	(1,162)	(1,266)
Share of profit/(loss) of joint ventures	29	(125)	412
<b>Loss before income tax</b>		<b>(22,606)</b>	<b>(25,785)</b>
Income tax benefit	13	1,590	93,373
<b>(Loss)/Profit for the year</b>		<b>(21,016)</b>	<b>67,588</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		(17,530)	(34,045)
Other comprehensive loss for the year		(17,530)	(34,045)
Total comprehensive (loss)/income for the year		(38,546)	33,543
<b>(Loss)/Profit for the year attributable to equity holders of the Company</b>		<b>(21,016)</b>	<b>67,588</b>
<b>Total comprehensive (loss)/income attributable to equity holders of the Company</b>		<b>(38,546)</b>	<b>33,543</b>
<b>(Loss)/earnings per share attributable to the equity holders of the Company during the year</b>			
		<b>HK cents</b>	<b>HK cents</b>
Basic (loss)/earnings per share	15	(0.23)	0.74
Diluted (loss)/earnings per share	15	(0.23)	0.73

The notes on pages 59 to 92 form an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

As at 30 June 2020

ANNUAL REPORT 2020



		As at 30 June	
	Note	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Mining exploration properties	17	731,048	757,345
Property, plant and equipment	18	181	144
Right-of-use assets	18	1,226	—
Interest in joint venture	29	644	653
Other non-current assets		121	508
		<b>733,220</b>	758,650
<b>Current assets</b>			
Other receivables, deposits and prepayments	21	1,581	918
Cash and cash equivalents	20	34,919	20,906
		<b>36,500</b>	21,824
<b>Total assets</b>		<b>769,720</b>	780,474
<b>Equity</b>			
Share capital	24	927,923	922,123
Reserves		3,798,031	3,812,692
Accumulated losses		(4,123,861)	(4,102,845)
<b>Total equity</b>		<b>602,093</b>	631,970
<b>Non-current liabilities</b>			
Deferred income tax liability	26	128,850	134,172
Borrowings	23	35,393	12,828
Lease liabilities	19	1,111	—
		<b>165,354</b>	147,000
<b>Current liabilities</b>			
Trade and other payables	22	1,891	1,504
Lease liabilities	19	382	—
		<b>2,273</b>	1,504
<b>Total liabilities</b>		<b>167,627</b>	148,504
<b>Total equity and liabilities</b>		<b>769,720</b>	780,474

The consolidated financial statements on pages 54 to 92 were approved by the Board of Directors on 15 September 2020 and were signed on its behalf.

\_\_\_\_\_  
Kwai Kwun, Lawrence  
Director

\_\_\_\_\_  
Chan Kam Kwan, Jason  
Director

The notes on page 59 to 92 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note	Share capital HK\$'000	Share premium HK\$'000	Share-based compensation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Other reserve HK\$'000	Total HK\$'000
<b>Balance at 1 July 2018</b>		<b>916,198</b>	<b>4,460,106</b>	<b>82,833</b>	<b>(703,979)</b>	<b>(4,632,894)</b>	<b>462,461</b>	<b>584,725</b>
<b>Comprehensive profit</b>								
Profit for the year		—	—	—	—	67,588	—	67,588
<b>Other comprehensive loss</b>								
Exchange differences arising on translation of foreign operations		—	—	—	(34,045)	—	—	(34,045)
Total other comprehensive loss for the year		—	—	—	(34,045)	67,588	—	33,543
<b>Transactions with equity holders</b>								
Issuance of shares	24	5,925	—	—	—	—	—	5,925
Exercise of options		—	2,910	(1,489)	—	—	—	1,421
Share based compensation	25	—	—	6,356	—	—	—	6,356
Transfer to accumulated losses		—	—	—	—	462,461	(462,461)	—
Total transactions with equity holders		5,925	2,910	4,867	—	462,461	(462,461)	13,702
<b>Balance at 30 June 2019</b>		<b>922,123</b>	<b>4,463,016</b>	<b>87,700</b>	<b>(738,024)</b>	<b>(4,102,845)</b>	<b>—</b>	<b>631,970</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note	Share capital HK\$'000	Share premium HK\$'000	Share-based compensation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>Balance at 1 July 2019</b>		<b>922,123</b>	<b>4,463,016</b>	<b>87,700</b>	<b>(738,024)</b>	<b>(4,102,845)</b>	<b>631,970</b>
Loss for the year		—	—	—	—	(21,016)	(21,016)
Exchange differences arising on translation of foreign operations		—	—	—	(17,530)	—	(17,530)
Total comprehensive loss for the year		—	—	—	(17,530)	(21,016)	(38,546)
<b>Transactions with equity holders</b>							
Issuance of shares	24	5,800	—	—	—	—	5,800
Exercise of options		—	5,608	(4,216)	—	—	1,392
Share-based compensation	25	—	—	1,477	—	—	1,477
Total transactions with equity holders		5,800	5,608	(2,739)	—	—	8,669
<b>Balance at 30 June 2020</b>		<b>927,923</b>	<b>4,468,624</b>	<b>84,961</b>	<b>(755,554)</b>	<b>(4,123,861)</b>	<b>602,093</b>

The notes on pages 59 to 92 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	Year ended 30 June	
		2020 HK\$'000	2019 HK\$'000
<b>Cash flows from operating activities</b>			
Net cash flows used in operating activities	27	(19,350)	(29,995)
<b>Cash flows from investing activities</b>			
Interest received		320	45
Proceeds from disposal of mineral tenements		—	9,526
Investment in joint venture		(116)	(116)
Acquisition of property, plant and equipment		(137)	(13)
<b>Net cash generated from investing activities</b>		<b>67</b>	<b>9,442</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		7,192	7,347
Proceeds from borrowings		26,646	—
Principal portion of lease payments		(197)	—
<b>Net cash generated from financing activities</b>		<b>33,641</b>	<b>7,347</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14,358</b>	<b>(13,206)</b>
Cash and cash equivalents at beginning of the year		20,906	34,258
Effects of foreign exchange rate changes		(345)	(146)
<b>Cash and cash equivalents at end of the year</b>	20	<b>34,919</b>	<b>20,906</b>
<b>Cash used for exploration and evaluation activities included in operating activities</b>		<b>(4,521)</b>	<b>(7,796)</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		6,668	10,906
Non-pledged time deposits with original maturity of less than three months when acquired		28,251	10,000
<b>Cash and cash equivalents as stated in the statement of cash flows</b>		<b>34,919</b>	<b>20,906</b>

The notes on pages 59 to 92 form an integral part of these consolidated financial statements.



# NOTES TO THE 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.

These consolidated financial statements are presented in Hong Kong dollars (HK\$), and all values are rounded to the nearest thousand (HK\$'000), except where otherwise indicated.

## 2. BASIS OF PREPARATION

The consolidated financial statements of Brockman Mining Limited have been prepared in accordance with all applicable International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Notes to the consolidated financial statements.

### (a) Going concern basis

For the year ended 30 June 2020, the Group recorded a net loss before tax of HK\$22,606,000 (2019: HK\$25,785,000) and had operating cash outflows of HK\$19,350,000 (2019: HK\$29,995,000). The Group did not record any revenue during the year and the loss before tax for the period was primarily attributable to the exploration and evaluation of the Company's iron ore exploration projects and corporate overhead costs. As at 30 June 2020, the Group's cash and cash equivalents amounted to HK\$34,919,000 (2019: HK\$20,906,000).

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

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

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

- (i) Extending the repayment date of the existing loans of HK\$14,152,000 from the substantial shareholder to 31 October 2021. These loans bear interest at 12% per annum.
- (ii) On 18 September 2018, the Group secured a standby loan facility from its substantial shareholder amounting to HK\$10,000,000. If drawn down, the loan will be unsecured, bear interest at 12% per annum and be repayable on 31 October 2021. As at 30 June 2020, the facility of HK\$10,000,000 is undrawn.

The directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of approval of the consolidated financial statements. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of the consolidated financial statements.

The directors believe that the Group can continue to access debt and equity funding to meet medium term working capital requirements and has a history of securing such funding as required in the past to support their belief. In the event that funding of an amount necessary to meet the future budgeted operational and investing activities of the Group is unavailable, the directors would undertake steps to curtail these operating and investment activities. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 2. BASIS OF PREPARATION (Continued)

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

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

Notwithstanding the above, there remains material uncertainty as to whether the Group can raise sufficient funding as outlined above which may cast significant doubt about the Group's ability to continue as a going concern and, therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of the Group's assets or to the amounts and classification of liabilities which might be necessary should the Group not continue as a going concern.

## 3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Changes in accounting policy and disclosures

#### *New and amendments to standards and Interpretations adopted by the Group*

The Group has adopted standards and interpretations that have been recently issued or amended and effective for the annual reporting period ended 30 June 2020 are outlined below.

#### *IFRS 16 Leases*

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

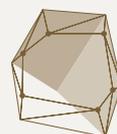
Lessor accounting under IFRS 16 is substantially unchanged from that under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS17.

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

#### *a) Nature of the effect of adoption of IFRS 16*

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

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



### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review
- Applied the short-term leases exemptions to leases with a lease term that ended within 12 months at the date of initial application

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

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

##### b) *Summary of new accounting policies*

###### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

###### *Lease liabilities*

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

###### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term commercial office leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition to commercial office leases that are considered of low value (i.e., HK\$30,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

#### b) *Summary of new accounting policies* (Continued)

##### *Short-term leases and leases of low-value assets* (Continued)

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

During the year, the Group entered into a new commercial office lease. Under the lease, the Group has the option, of its lease to lease the asset for additional term of two years. The Group applies judgements in evaluating whether it is reasonably certain to exercise the extension option. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the extension option (e.g., a change in business strategy). The Group included the extension as part of the lease term for leases.

##### *IFRIC 23 Uncertainty Over Income Tax Treatment*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

There has been no material impact from the adoption of this interpretation.

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

The amended standards, most relevant to the Group, that are issued, but not effective, upto the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

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

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

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

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

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

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### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

#### (i) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions with equity holders of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal of non-controlling interests are also recorded in equity.

#### (ii) *Disposal of subsidiaries*

If the Group loses control over a subsidiary, it derecognises (i) the assets and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity or specified/permitted by applicable IFRS.

#### (c) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in joint ventures equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (d) Segment reporting

Operating segments are reported in a manner consistent with internal reports provided to Chief Operating Decision Makers, which are the executive directors of the Company who are responsible for allocating resources and assessing performance of the operating segments.

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# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (e) Foreign currency translation

#### (i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss.

#### (iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

#### (iv) *Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences is re-attributed to non-controlling interests and is not recognised in profit and loss. For all other partial disposals (that is, reductions in the Group's ownership interest in joint ventures that do not result in the Group losing joint control) the proportionate share of the accumulated exchange difference is reclassified to profit and loss.

### (f) Mining exploration properties

Mining exploration properties are stated in the balance sheet at cost less subsequent accumulated amortisation and any accumulated impairment losses. Mining exploration properties are amortised using the units of production method based on the proven and probable mineral reserves and starts when commercial production commences.

Mining exploration properties acquired in a business combination are identified and recognised as intangible assets separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Impairment reviews of mining exploration properties are undertaken if events or changes in circumstances indicate a potential impairment. The carrying value of mining exploration properties is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Mining exploration properties that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant, furniture, fixtures and equipment	12.5% — 25%
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Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement is recognised in the profit and loss in the year the asset is derecognised and determined as is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### (h) Impairment of non-financial assets

Assets that are subject to amortisation and mining exploration properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (i) Financial assets

##### (i) Classification and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at fair value through other comprehensive income and held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (i) Financial assets

#### (ii) Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the profit and loss.

#### (iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### (iv) Impairment of financial assets

##### Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

### (j) Financial liabilities

#### (i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, and payables. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost and payables, net of directly attributable transactions costs. The Group's financial liabilities include trade and other payables, and other borrowings.

The subsequent measurement of financial liabilities depends on their classification as follows:

#### (ii) Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the EIR method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

### (k) Other receivables

Other receivables are amounts due from transactions outside the ordinary course of business. If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

### (l) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, which are not restricted as to use.

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### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (m) Related parties

A party is considered to be related to the Group if:

##### (a) *The party is a person or a close member of that person's family and that person*

- i. Has control or joint control over the Group;
  - ii. Has significant influence over the group; or
  - iii. Is a member of the key management personnel of the Group or of a parent of the Group;
- Or

##### (b) *The party is an entity where any of the following conditions applies:*

- i. The entity and the Group are members of the same group;
- ii. One entity is an associate or joint venture of the other entity is an associate of the third entity;
- iii. The entity and the Group are joint ventures of the same third party;
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- v. The entity is controlled or jointly controlled by a person identified in (a);
- vi. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- vii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### (n) Share capital

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

#### (o) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method.

#### (p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; and difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss over the period of the borrowing using the EIR method.

Fees paid on the settlement of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### (q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (r) **Current and deferred income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

All wholly-owned Australian subsidiaries of the Company form a tax consolidated group under Australian tax law and are taxed as a single entity. Brockman Mining Holdings (Australia) Pty Ltd ('BMHA'), a wholly-owned subsidiary of the Company, is the head entity of the Australian tax consolidated group.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The initial recognition exception is not applied to deferred income tax related to assets and liabilities arising from a single transaction (i.e. leases). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### (s) **Employee benefits**

#### (i) **Short-term obligations**

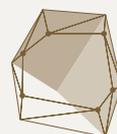
Salaries, annual bonuses, annual leave entitlement and the cost of non-monetary benefits expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### (ii) **Other long term employee benefit obligations**

The liability for long service leave payment which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of a reporting period. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of services. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

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### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (s) Employee benefits (Continued)

##### (iii) Pension obligations

The Group participates in various defined contribution schemes. The schemes are generally funded through payments to insurance companies, trustee-administrated funds or the relevant government authorities. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee services in the current and prior periods.

Payments to state-managed retirement benefit and Mandatory Provident Fund retirement scheme are charged as expenses when employees have rendered services entitling them to the contributions.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

#### (t) Share-based payments

##### (i) Equity-settled share-based payment transactions

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from directors, employees or consultants as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the option granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

##### (ii) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

#### (u) Provisions

A provision is recognised when a present obligation (legal and constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit and loss.

#### (v) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

#### (w) Interest income

Interest income is recognised on an accrual basis using the EIR method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (x) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

### (y) Exploration and evaluation costs

Except for acquisition costs for mining exploration properties which are capitalised, the Group has a policy of expensing all exploration and evaluation expenditure, in the financial year in which it incurred, unless its recoupment out of revenue to be derived from the successful development of the prospect, or from sale of that prospect, is assured beyond reasonable doubt.

### (z) Consumption tax (Goods and Services Tax and Value-added Tax)

Revenues, expenses and assets are recognised net of the amount of consumption tax except:

- where the consumption tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the consumption tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of consumption tax included.

The net amount of consumption tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the balance sheet.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the consumption tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of consumption tax recoverable from, or payable to, the taxation authority.

### (aa) Leases

#### *Applicable to 30 June 2019*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

#### *Applicable from 1 July 2019*

Refer to note 3(a)

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

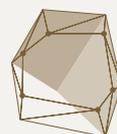
### (a) Impairment of mining exploration properties in Australia

Mining exploration properties are reviewed for impairment whenever events or changes in circumstances indicate that an impairment may exist. The Group performs an assessment of impairment indicators to determine whether if there is any indicator of impairment.

The assessment of whether there are any impairment indicators in respect of a mining exploration property involves a number of judgments. These include whether the Group has the right to explore in the specific area of interest, whether ongoing expenditure is planned or budgeted and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.

As at 30 June 2020, the carrying amount of the mining exploration properties is HK\$731,048,000 (2019: HK\$757,345,000). There is no impairment loss recognised for the year ended 30 June 2020 (2019: Nil) as no impairment indicators were present.

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#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### (b) Measurement of Polaris loan

###### *Estimating the market interest rate*

Judgement is required to determine the market interest rate used to account for the Polaris loan. The Polaris loan was initially recognized at fair value and subsequently measured at amortised cost using a market interest rate of 12% which the directors believe best reflects the Group's market interest rate for a borrowing of this quantum and terms.

###### *Estimating the repayment dates and amounts*

The dates and amounts of repayments for the Polaris loan may vary depending on whether or not one of both of Brockman Iron and Polaris approve a Final Investment Decision (FID) to proceed with the development of the Marillana mine, and the timing and returns generated by the project out of which the loan is to be repaid. This impacts the loan's resulting measurement.

A significant degree of judgement is involved in determining the likely intentions of both parties regarding FID approval, as well as the resulting amounts and timing of loan repayments. The Group's current expectation regarding the loan repayment is that both parties plan to approve FID. Subsequent changes, if any, in intentions of one or both parties in repayment dates are treated as changes in accounting estimates and therefore, subsequent remeasurement is accounted for prospectively.

As at 30 June 2020, the carrying amount of the borrowings is HK\$21,242,000 (2019: HK\$Nil).

##### (c) Income taxes

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits, together with future tax planning strategies and changes in factors which provide confirmation of the existence and ability to utilise tax losses.

At 30 June 2020, the Group's total tax losses were HK\$1,123,000,000 (2019: HK\$1,111,000,000). The Group did not recognise a deferred income tax asset in respect of tax losses amounting to approximately HK\$819,000,000 (2019: HK\$807,000,000) 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 mean that their realisation is not considered probable. However, in the previous year (30 June 2019), the Group did recognise a deferred tax asset offset of HK\$304,000,000 (at the rate of 30%) for a portion of the tax losses as these losses satisfy the conditions for the recognition of a deferred tax asset and their realisation is therefore, considered probable.

The unrecognised tax losses relate to overseas subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable or other income elsewhere in the Group. The Group has determined that these losses are not expected to be available for utilisation when taxable temporary differences are expected to reverse. On this basis, the Group has determined that it cannot recognise deferred tax assets on these unrecognised tax losses carried forward. Further work continues in respect of assessing whether these unrecognised tax losses may become available.

##### (d) Lease term of contracts with renewal options

The Group has a lease contract that includes an extension option. The Group applies judgement in evaluating whether or not to exercise the extension option. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend.

##### (e) Leases – Estimating the incremental borrowing rate

If or when the lessee cannot readily determine the interest rate implicit in a lease, it uses an incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 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 these 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.

#### (i) Capital risk management

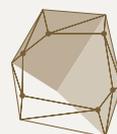
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balances. The directors of the Company consider that the capital structure of the Group consists of long-term debt and lease liabilities following the adoption of IFRS 16, 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.

The gearing ratios at 30 June 2020 and 2019 were as follows:

	2020 HK\$'000	2019 HK\$'000
Long-term debt and lease liabilities	36,504	12,828
Total equity	602,093	631,970
Total capital	638,597	644,798
Gearing ratio	5.72%	1.99%

Note: The Group has adopted IFRS 16 using the modified retrospective approach and the effect of the initial adoption is adjusted against the opening balances as at 1 July 2019 with no adjustments to the comparative amounts as at 30 June 2019 and also, during the year, the Group has recognized the loan from Polaris. This resulted in an increase in the Group's net debt and hence the group's gearing ratio increased from 1.99% to 5.72% on 30 June 2020 when compared with the position as at 30 June 2019.



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

### Financial risk factors (Continued)

#### (ii) Liquidity risk

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

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group 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 & no later than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at year ended date HK\$'000
<b>30 June 2020</b>						
<i>Non-derivative financial liabilities:</i>						
Trade and other payables	829	—	—	—	829	829
Lease liabilities	382	392	404	661	1,839	1,493
Borrowings	—	14,152	26,646	—	40,798	35,394
	<b>1,211</b>	<b>14,544</b>	<b>27,050</b>	<b>661</b>	<b>43,466</b>	<b>37,716</b>
<b>30 June 2019</b>						
<i>Non-derivative financial liabilities:</i>						
Trade and other payables	705	—	—	—	705	705
Borrowings	—	14,596	—	—	14,596	12,828
	<b>705</b>	<b>14,596</b>	<b>—</b>	<b>—</b>	<b>15,301</b>	<b>13,533</b>

#### (iii) Fair value estimation

The fair values of the Group's financial assets, including other receivables, deposits, amounts due from related parties, and cash and cash equivalents; and the Group's financial liabilities, including trade and other payables, amounts due to related parties approximate their carrying amounts due to their short-term maturities. The fair value of non-current borrowings is disclosed in note 32.

#### (iv) Exchange rate risk

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

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 6. REVENUE

There was no revenue during the year ended 30 June 2020 (2019: nil).

## 7. SEGMENT INFORMATION

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

The Group's reportable operating segment is as follows:

Mineral tenements in Australia – tenement acquisition, exploration and towards future development of iron ore projects in Western Australia

Others primarily relate to the provision of corporate services for investment holding companies. These activities are excluded from the reportable operating segments and are presented to reconcile to the totals included in the Group's consolidated statement of comprehensive income and consolidated balance sheet.

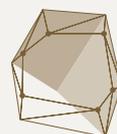
Executive directors assess and review the performance of the operating segments based on segment results which is calculated as loss before income tax less share of profit/(losses) of joint ventures.

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

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

	Mineral tenements in Australia HK\$'000	Others HK\$'000	Total HK\$'000
<b>For the year ended 30 June 2020:</b>			
Segments results	(9,376)	(13,105)	<b>(22,481)</b>
Share of loss of joint ventures			<b>(125)</b>
<b>Loss before income tax</b>			<b>(22,606)</b>
<b>Other information:</b>			
Depreciation of property, plant, equipment and right-of-use asset	(380)	(4)	<b>(384)</b>
Exploration and evaluation expenses	(4,521)	—	<b>(4,521)</b>
Income tax benefit	1,590	—	<b>1,590</b>
<b>For the year ended 30 June 2019:</b>			
Segments results	(5,147)	(21,050)	<b>(26,197)</b>
Share of profit of joint ventures			<b>412</b>
<b>Loss before income tax</b>			<b>(25,785)</b>
<b>Other information:</b>			
Depreciation of property, plant and equipment	(115)	(10)	<b>(125)</b>
Exploration and evaluation expenses	(7,796)	—	<b>(7,796)</b>
Income tax benefit	93,373	—	<b>93,373</b>

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## 7. SEGMENT INFORMATION (Continued)

(b) The following is an analysis of the Group's total assets by business segment as at 30 June 2020:

	Mineral tenements in Australia HK\$'000	Others HK\$'000	Total HK\$'000
<b>As at 30 June 2020:</b>			
<b>Segment assets</b>	<b>756,141</b>	<b>13,579</b>	<b>769,720</b>
<b>Total segment assets include:</b>			
Interest in joint ventures	644	—	644
Additions to property, plant and equipment	137	—	137
Right-of-use assets	1,226	—	1,226
<b>As at 30 June 2019:</b>			
<b>Segment assets</b>	<b>759,905</b>	<b>20,569</b>	<b>780,474</b>
<b>Total segment assets include:</b>			
Interests in joint ventures	653	—	653
Additions to property, plant & equipment	—	13	13

(c) Geographical information

The mineral tenements are located in Australia. The following is an analysis of the carrying amounts of the Group's mining exploration properties, property, plant and equipment, right-of-use assets and interests in joint ventures analysed by geographical area in which the assets are located:

	2020 HK\$'000	2019 HK\$'000
Hong Kong	9	13
Australia	733,090	758,636

## 8. EMPLOYEE BENEFIT EXPENSE

	2020 HK\$'000	2019 HK\$'000
Salaries and other benefits	11,094	12,964
Post-employment benefits	534	620
Share-based compensation	1,477	6,356
	<b>13,105</b>	<b>19,940</b>

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 9. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals who received the highest emoluments in the Group for the year, three (2019: three) are the directors of the Company whose emoluments are disclosed in Note 14. The emoluments of the remaining two (2019: two) individuals are as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries and other benefits	2,780	3,509
Post-employment benefits	164	172
Share-based compensation	74	287
	3,018	3,968

The emoluments of the remaining individuals fell within the following bands:

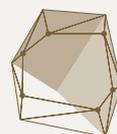
	Number of individuals	
	2020	2019
HK\$1,000,001 – HK\$2,000,000	2	1
HK\$2,000,001 – HK\$2,500,000	—	1
	2	2

During the prior years, share options were granted to non-director highest paid employees in respect to their services to the Group, further details of which are included in the disclosures in note 25 to the consolidated financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above non-director highest paid employees' remuneration disclosures.

## 10. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Government grant (Note a)	715	142
Gain on disposal of mineral tenement	—	9,526
	715	9,668

Note a: During the year there were two government grants, firstly, an incentive provided by the Australian Federal Government, for research and development activities carried out in Australia (HK\$553,000) and secondly a grant provided by the Hong Kong Government to retain employees due to the implications caused by COVID-19 (HK\$162,000).



## 11. PROFIT/LOSS BEFORE TAX

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

	2020 HK\$'000	2019 HK\$'000
Depreciation of property, plant and equipment	84	125
Depreciation of right-of-use assets	301	—
Short-term and low-value lease payments	1,279	—
Operating leases	—	1,563
Auditor's remuneration:		
Audit services — EY	940	988
Non-audit services — EY	187	874
Audit services — PwC	—	927
Non-audit services — PwC	—	450
Staff costs (including directors emoluments)	11,628	13,584
Equity-settled share option expense	1,477	6,356
Exploration and evaluation expenses (excluding staff costs and rental expenses)	2,766	5,943
Exchange loss	7	9

## 12. FINANCE COSTS, NET

	2020 HK\$'000	2019 HK\$'000
<b>Finance income</b>		
Interest income on bank deposits	320	54
<b>Finance costs</b>		
Interest on lease liabilities	(158)	—
Interest on borrowings	(1,324)	(1,320)
<b>Finance costs, net</b>	(1,162)	(1,266)

## 13. INCOME TAX BENEFIT

No provision for Hong Kong Profits tax or overseas income tax has been made in the consolidated financial statements as the Group has no assessable profit for the year (2019: Nil). The applicable corporate income tax rate is 30% (2019: 30%) for subsidiaries in Australia.

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the consolidated entities as follows:

	2020 HK\$'000	2019 HK\$'000
<b>Loss before income tax</b>	(22,589)	(25,785)
Tax calculated at the applicable domestic tax rate of respective companies (Note a)	(5,010)	(4,894)
Income not subject to tax	—	(3,023)
Expenses not deductible for tax purposes	341	1,111
Recognition of previously unrecognised tax losses	—	(93,373)
Tax losses for which no deferred income tax asset was recognised	3,079	6,806
<b>Income tax benefit</b>	(1,590)	(93,373)

Note a: The weighted average applicable tax rate was 22% (2019: 18.9%).

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 14. BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' emoluments

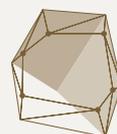
Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information amount Benefits of Directors) Regulation.

The remuneration of every director for the year ended 30 June 2020 is set out below:

Name	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Housing allowance HK\$'000	Share based payment expense HK\$'000	Retirement benefit scheme HK\$'000	Total HK\$'000
Kwai Sze Hoi	—	—	—	—	593	—	593
Chan Kam Kwan, Jason	—	40	—	960	74	50	1,124
Kwai Kwun, Lawrence	—	1,000	—	—	259	50	1,309
Liu Zhengui	240	—	—	—	19	—	259
Yap Far Suan, Henry	228	—	—	—	11	—	239
Choi Yue Chun, Eugene	228	—	—	—	11	—	239
David Rolf Welch	151	—	—	—	—	—	151
Uwe Henke Von Parpart	66	—	—	—	11	—	77
Ross Stewart Norgard	226	—	—	—	9	—	235
Colin Paterson	—	2,028	—	—	73	110	2,211
<b>Total</b>	<b>1,139</b>	<b>3,068</b>	<b>—</b>	<b>960</b>	<b>1,060</b>	<b>210</b>	<b>6,437</b>

The remuneration of every director for the year ended 30 June 2019 is set out below:

Name	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Housing allowance HK\$'000	Share based expense HK\$'000	Retirement benefit scheme HK\$'000	Total HK\$'000
Kwai Sze Hoi	—	—	—	—	2,605	—	2,605
Chan Kam Kwan, Jason	—	123	—	960	325	50	1,458
Kwai Kwun, Lawrence	—	1,083	—	—	1,140	50	2,273
Liu Zhengui	240	—	—	—	81	—	321
Yap Far Suan, Henry	228	—	—	—	49	—	277
Choi Yue Chun, Eugene	228	—	—	—	49	—	277
Uwe Henke Von Parpart	228	—	—	—	49	—	277
Ross Stewart Norgard	226	—	—	—	40	—	266
Colin Paterson	—	2,224	—	—	321	115	2,660
<b>Total</b>	<b>1,150</b>	<b>3,430</b>	<b>—</b>	<b>960</b>	<b>4,659</b>	<b>215</b>	<b>10,414</b>



## 14. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

### (b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries (2019: Nil).

### (c) Directors' termination benefits

No payment was made to directors as compensation for early termination of their appointment during the year (2019: Nil).

### (d) Consideration provided to third parties for making available directors' services

No payment was made to any former employer of directors for making available the services of them as a director of the Company (2019: Nil).

### (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 30 June 2020, there are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2019: Nil).

### (f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2019: Nil).

### (g) Remuneration paid or receivable in respect of accepting office as director

There was no remuneration paid or receivable in respect of accepting office as director and other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking during the year (2019: Nil).

## 15. (LOSS)/EARNINGS PER SHARE

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

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

	2020	2019
Profit/(Loss) for the period attributable to the equity holders of the Company (HK\$'000)	(21,016)	67,588
Weighted average number of ordinary shares for the purpose for calculating the basic (loss)/earnings per share (thousands)	9,241,413	9,187,642
Effects of dilution from:		
— share options (thousands)	90,000	45,250
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)	9,346,796(*)	9,213,953
Profit/(Loss) per share attributable to the equity holders of the Company:		
Basic (HK cents)	(0.23)	0.74
Diluted (HK cents)	(0.23)(*)	0.73

Note (\*): Because the diluted loss per share amount is decreased when taking share options into account, the share options had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the loss for the year of HK\$21,016,000, and the weighted average number of ordinary shares 9,346,796 in issue during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 16. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2020, nor has any dividend been proposed since the balance sheet date (2019: Nil).

## 17. MINING EXPLORATION PROPERTIES

	Mining exploration properties in Australia HK\$'000
Balance as at 1 July 2018	802,617
Exchange differences	(45,272)
<b>Balance as at 30 June 2019</b>	<b>757,345</b>
Recoupment of benefit	(5,404)
Exchange differences	(20,893)
<b>Balance as at 30 June 2020</b>	<b>731,048</b>

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

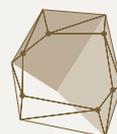
As at 30 June 2020, the Group assessed whether events or changes in circumstances indicate a potential material change to the recoverable value of the mining exploration properties since 30 June 2019. The Group performed an assessment of impairment indicators.

Based on this assessment, management concluded that as at 30 June 2020, there was no indication that the recoverable value of the mining exploration properties has materially changed and thus impairment assessment was not required.

## 18. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

	Plant, furniture, fixtures and equipment HK\$'000	Right-of-use asset HK\$'000	Total HK\$'000
<b>For the year ended 30 June 2020</b>			
1 July 2019	144	—	144
Additions	137	1,533	1,670
Disposals	(12)	—	(12)
Depreciation	(84)	(301)	(385)
Exchange differences	(4)	(6)	(10)
<b>At 30 June 2020</b>	<b>181</b>	<b>1,226</b>	<b>1,407</b>
<b>At 30 June 2020</b>			
<b>Cost</b>	<b>4,491</b>	<b>1,533</b>	<b>6,024</b>
<b>Accumulated depreciation</b>	<b>(4,310)</b>	<b>(307)</b>	<b>(4,617)</b>
<b>Net book amount</b>	<b>181</b>	<b>1,226</b>	<b>1,407</b>

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## 18. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

	Plant, furniture fixtures and equipment HK\$'000
<b>For the year ended 30 June 2019</b>	
1 July 2018	268
Additions	13
Depreciation	(125)
Exchange differences	(12)
<b>At 30 June 2019</b>	<b>144</b>
<b>At 30 June 2019</b>	
<b>Cost</b>	<b>4,918</b>
<b>Accumulated depreciation</b>	<b>(4,774)</b>
<b>Net book amount</b>	<b>144</b>

There was no depreciation expense (2019: Nil) included in cost of sales and depreciation of HK\$385,000 (2019: HK\$125,000) was included in administration expenses.

## 19. LEASES

### The Group as a lessee

The Group has a lease contract for commercial office space. The lease has a non-cancellable lease term of 3 years, with an option to extend for a further 2 years based on the contract.

#### (a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2020 HK\$'000
As at 1 July 2019	—
Additions	1,533
Depreciation charge	(301)
Exchange difference	(6)
	<b>1,226</b>

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 19. LEASES (Continued)

The Group as a lessee (Continued)

### (b) Lease liabilities

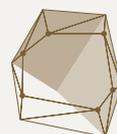
The carrying amount of lease liabilities and the movements during the year are as follows:

	2020 HK\$'000
Carrying amount at 1 July 2019	—
New leases	1,533
Accretion of interest recognised during the year	158
Payments	(197)
Exchange difference	(1)
	1,493
Analysed into:	
Current portion	382
Non-current portion	1,111

(c) The amounts recognised in profit or loss in relation to leases is as follows:

	2020 HK\$'000
Interest on lease liabilities	158
Depreciation charge of right-of-use assets	301
Expense relating to short-term leases	1,279
Total amount recognised in profit or loss	1,738

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## 20. CASH AND CASH EQUIVALENTS

	<b>2020</b> HK\$'000	2019 HK\$'000
Cash and cash equivalents	34,919	20,906
	<b>34,919</b>	20,906

The balance of cash and cash equivalents are denominated in the following currencies:

	<b>2020</b> HK\$'000	2019 HK\$'000
HK\$	12,448	19,541
A\$	22,292	1,185
US\$	179	180
	<b>34,919</b>	20,906

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

## 21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>2020</b> HK\$'000	2019 HK\$'000
Other receivables and deposits	608	58
Prepayments	973	860
	<b>1,581</b>	918

## 22. TRADE AND OTHER PAYABLES

Trade payables of the Group principally represent amounts outstanding to suppliers. The normal credit period is between 30 days and 90 days.

	<b>2020</b> HK\$'000	2019 HK\$'000
Trade and other payables	829	705
Provisions	1,062	799
	<b>1,891</b>	1,504
Less: Non-current portion	—	—
Amount shown under current liabilities	<b>1,891</b>	1,504

Amounts classified as non-current liabilities are unsecured, interest-free and not repayable within 12 months.

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 23. BORROWINGS

	2020 HK\$'000	2019 HK\$'000
<b>Non-current</b>		
Loan from Polaris	21,242	—
Loans from a substantial shareholder	14,151	12,828
	<b>35,393</b>	<b>12,828</b>

As at 30 June 2020, the borrowings from a substantial shareholder are unsecured, they bear interest at 12% (2019: 12%) per annum and are repayable on 31 October 2021 (2019: 31 October 2020).

On 18 November 2019, Polaris provided a loan to Brockman Iron pursuant to the terms of the Farm-in Joint Venture Agreement over the Marillana Iron Ore Project. The loan is unsecured (but would become secured under the Deed of Cross Security upon establishment of the Joint Venture), carried at amortised cost. Under the terms of the FJV Agreement this loan is to be repaid from net revenue received by Iron from the sale of its share of product produced and sold from the joint venture operation. However, the loan would become immediately repayable (within 14 days) in the event that Polaris approves the development of the project but Brockman Iron does not proceed. The loan is not repayable in the event that Polaris gives notice to Brockman Iron that it does not proceed with the joint venture operation.

## 24. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
<b>Authorised</b>		
As at 30 June 2020 and 30 June 2019	20,000,000	2,000,000
<b>Issued and fully paid</b>		
As at 30 June 2018	9,161,982	916,198
Issue of shares	59,250	5,925
As at 30 June 2019	9,221,232	922,123
Issue of shares (Note a)	58,000	5,800
At 30 June 2020	9,279,232	927,923

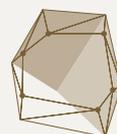
Note a: On 24 February 2020 58,000,000 share options were exercised at an exercise price of HK\$0.12 by directors and employees of the Group.

## 25. SHARE OPTION SCHEME

### Share option scheme of the Company

The 2012 share option scheme (the '2012 Share Option Scheme') of the Company was adopted by the Company pursuant to the approval by shareholders at the Annual General Meeting on 13 November 2012. The 2012 Share Option Scheme replaced the previous share option scheme which expired in August 2012, its primary purpose was to provide incentives or rewards to selected participants for their contribution to the Group and eligible participants of the scheme 2018A and 2018B include the Company's directors, including independent non-executive directors and other employees of the Group. The 2012 Share Option Scheme is valid and effective for a period of ten years from the date of its adoption and will expire in August 2022. Share options granted under the previous share option scheme prior to its expiry shall continue to be valid and exercisable pursuant to its rules.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12 month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.



## 25. SHARE OPTION SCHEME (Continued)

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

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

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

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

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve, over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimate, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Details of specific categories of options are as follows:

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

The fair values of all the share options were calculated using the Binomial model prepared by an independent valuer. The inputs into the model were as follows:

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

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

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

For the year ended 30 June 2020, the Company recognised the total expense of HK\$1,476,000 (2019: HK\$6,356,000) in relation to the share options previously granted by the Company during the year.

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# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 25. SHARE OPTION SCHEME (Continued)

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

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

	2020		2019	
	Average exercise price in HK\$ per share option	Number of share options (thousands)	Average exercise price in HK\$ per share option	Number of share options (thousands)
At 1 July	0.14	149,750	0.13	210,500
Exercised	0.12	58,000	0.12	59,250
Lapsed	0.12	1,750	0.15	1,500
<b>At 30 June</b>	<b>0.13</b>	<b>90,000</b>	<b>0.14</b>	<b>149,750</b>

As at 30 June 2020, 90,000,000 (2019: 149,750,000) options were outstanding with a weighted average exercise price of HK\$0.13 (2019: HK\$0.14), 105,250,000 were vested (2019: 105,250,000) and 58,000,000 options were exercised (2019: 59,250,000) during the year with a weighted average exercise price of HK\$0.12 (2019: HK\$0.12)

As at 30 June 2020, the weighted average of the remaining contractual life of the outstanding share options was 0.5 years (30 June 2019: 1.5 years).

The 58,000,000 share options exercised during the year resulted in the issue of 58,000,000 ordinary shares of the Company and new share capital of HK\$5,800,000 (before issue expenses), as further detailed in note 24 to the consolidated financial statements.

At the end of the reporting period, the Company had 90,000,000 share options outstanding the scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 90,000,000 additional ordinary shares of the Company and additional share capital of HK\$9,000,000 (before issue expense).

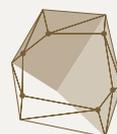
## 26. DEFERRED INCOME TAX LIABILITY

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

	Mining exploration properties in Australia HK\$'000
At 1 July 2018	(238,954)
Offset of deferred tax assets for tax losses recognised	93,373
Exchange differences	11,409
<b>At 30 June 2019</b>	<b>(134,172)</b>
Deferred tax associated with the Polaris Loan	1,621
Exchange differences	3,701
<b>At 30 June 2020</b>	<b>(128,850)</b>

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

At 30 June 2020, the Group's total tax losses were HK\$1,123,000,000 (2019: HK\$1,111,000,000). The Group did not recognise a deferred income tax asset in respect of tax losses amounting to approximately HK\$819,000,000 (2019: HK\$807,000,000) 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 mean that their realisation is not considered probable. However, in the previous year (30 June 2019), the Group did recognise a deferred tax asset offset of HK\$304,000,000 (at the tax rate of 30%) for a portion of the tax losses as these losses satisfy the conditions for the recognition of a deferred tax asset and their realisation is therefore, considered probable.



## 27. NOTE TO STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the group had additions to right-of-use assets and lease liabilities of HK\$1,533,000, in respect of lease arrangements for office (2019: Nil).

	Year ended 30 June	
	2020 HK\$'000	2019 HK\$'000
<b>Cash flows from operating activities</b>		
(Loss)/profit before income tax	(22,606)	(25,785)
<b>Adjustments for:</b>		
Depreciation of property, plant, equipment and right-of-use asset	384	125
Share-based compensation	1,477	6,356
Finance income	(320)	(45)
Finance costs	1,324	1,320
Other gain	(14)	(9,527)
Interest expense lease liability	158	—
Share of (profit)/losses of joint ventures	125	(412)
Exchange loss	9	9
Operating cash flows before movements in working capital	(19,463)	(27,959)
Decrease/(increase) in other receivables and deposits	(276)	(528)
(Decrease)/increase in provisions	263	741
(Decrease)/increase in trade and other payables	126	(2,249)
<b>Cash used in operating activities</b>	<b>(19,350)</b>	<b>(29,995)</b>

## 28. COMMITMENTS

### (a) Operating lease commitments

(i) Prior to the adoption of IFRS 16, the Group had commitments mainly for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	2019 HK\$'000
Not later than 1 year	976
Later than 1 year and no later than 5 years	303
	1,279

The above lease commitments did not include the amount of potential lease renewal options under these operating lease arrangements.

### (b) Capital commitments

As at 30 June 2020, the Group did not have any capital commitments (2019: Nil).

### (c) Exploration expenditure commitments

As at 30 June 2020, the Group is required to meet or exceed a minimum level of exploration expenditure of A\$1,235,000, equivalent to approximately HK\$6,584,000 (2019: A\$1,265,000 equivalent to approximately HK\$6,935,000), over the next year.

Obligations are subject to change upon expiry of the existing exploration leases or on application for a new lease.

### (d) Joint Venture commitments

As at 30 June 2020 there were no joint venture commitments (2019: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 29. INTEREST IN JOINT VENTURES

	2020 HK\$'000	2019 HK\$'000
At 1 July 2019	653	126
Contributions to the joint venture	137	132
Share of profit/(loss) of joint venture	(125)	412
Exchange differences	(21)	(17)
At 30 June 2020	644	653

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

Name of joint venture	Ownership interest	Principal activities
NWIOA Ops. Pty Ltd (Note (a))	37%	Port and related infrastructure

Note a: NWIOA Ops. Pty Ltd is a joint venture incorporated in Australia which is seeking to develop port and related infrastructure on behalf of the North West Iron Ore Alliance ('NWIOA') members.

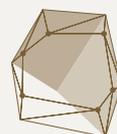
Management considers the interest in the joint venture is not individually material to the Group.

## 30. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution retirement benefits scheme (the 'MPF Scheme') under the Mandatory Provident Fund Scheme Ordinance for its employees in Hong Kong. The Group contributes at least 5% (2019: 5%) of the employees' basis salaries to the MPF scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group subsidiaries in Australia are entitled to superannuation that is a defined contribution plan under which the Group contributes of 9.5% (2019: 9.5%) of base salary.

The total cost is charged to administration expense of approximately HK\$534,000 (2019: HK\$620,000) represents contributions to these schemes by the Group in respect of the current year.



### 31. RELATED PARTY DISCLOSURES

(a) **Material related party transactions**

Except as disclosed within these consolidated financial statements, the Group has no material related party transactions during the year (2019: Nil).

(b) **Related party balances**

The details of the loans from a substantial shareholder are disclosed in Note 23.

(c) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the year were as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries and other benefits	7,947	9,051
Post-employment benefits	374	387
Share-based compensation expenses	1,134	4,947
	<b>9,455</b>	<b>14,385</b>

Further details of directors' emoluments are included in note 14a to the consolidated financial statements.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

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

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

	Carrying amounts		Fair values	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>Financial liabilities</b>				
Loan from Polaris	21,242	—	21,242	—
Loans from a substantial shareholder	14,151	12,828	14,151	12,828
	<b>35,393</b>	12,828	<b>35,393</b>	12,828

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 are reasonably approximate to their fair values.

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

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

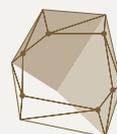
# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 33. SUBSIDIARIES

The following is a list of the principal subsidiaries as at 30 June 2020 and 30 June 2019:

Name of subsidiary	Place of incorporation	Place of operation	Particular of issued share capital	Ownership interest held by the Company	Principal activities	
<b>Subsidiaries directly held by the Company:</b>						
Brockman Mining (Management) Limited	Hong Kong	Hong Kong	1 Ordinary share of HK\$1	100	100	Investment holding
Golden Genie Limited	BVI	Hong Kong	1 Ordinary share of US\$1	100	100	Investment holding
Wah Nam Iron Ore Limited	BVI	Hong Kong	1 Ordinary share of US\$1	100	100	Investment holding
Best Resources Limited*	BVI	Hong Kong	1 Ordinary share of US\$1	—	100	Investment holding
<b>Subsidiaries indirectly held by the Company:</b>						
Brockman Mining Australia Pty Ltd	Australia	Australia	145,053,151 Ordinary shares of A\$1 each	100	100	Investment holding
Brockman Iron Pty Ltd	Australia	Australia	1 Ordinary share of A\$1	100	100	Exploration & evaluation
Brockman Exploration Pty Ltd	Australia	Australia	1 Ordinary share of A\$1	100	100	Exploration & evaluation
Brockman East Pty Ltd	Australia	Australia	1 Ordinary share of A\$1	100	100	Exploration & evaluation
Yilgarn Mining (WA) Pty Ltd	Australia	Australia	841,001 Ordinary shares of A\$1	100	100	Exploration & evaluation
Brockman Infrastructure Pty Ltd	Australia	Australia	1 Ordinary share of A\$1	100	100	Rail infrastructure
Brockman Ports Pty Ltd	Australia	Australia	76 Ordinary shares of A\$1 each	100	100	Port infrastructure
Wah Nam Australia Finance Pty Ltd*	Australia	Australia	1 Ordinary share of A\$1	—	100	Investment holding
Brockman Maverick Pty Ltd	Australia	Australia	2 Ordinary shares of A\$1	100	100	Exploration & evaluation
Brockman Holdings (Australia) Pty Ltd	Australia	Australia	12 Ordinary shares of A\$1 each	100	100	Investment holding

\* During the year these subsidiaries were deregistered.



### 34. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

		As at 30 June	
	Note	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		9	13
		9	13
<b>Current assets</b>			
Other receivables, deposits and prepayments		736	692
Amounts due from subsidiaries		746,080	767,285
Cash and cash equivalents		12,176	17,765
		758,992	785,742
<b>Total assets</b>		<b>759,001</b>	<b>785,755</b>
<b>Equity and liabilities</b>			
Share capital		927,923	922,123
Reserves	(a)	(430,324)	(396,378)
<b>Total equity</b>		<b>497,599</b>	<b>525,745</b>
<b>Non-current liabilities</b>			
Borrowings		14,152	12,828
		14,152	12,828
<b>Current liabilities</b>			
Trade and other payables		290	248
Amount due to subsidiaries		246,960	246,934
		247,250	247,182
<b>Total liabilities</b>		<b>261,402</b>	<b>260,010</b>
<b>Total equity and liabilities</b>		<b>759,001</b>	<b>785,755</b>

The balance sheet of the Company was approved by the Board of Directors on 15 September 2020 and was signed on its behalf.

\_\_\_\_\_  
Kwai Kwun, Lawrence

Director

\_\_\_\_\_  
Chan Kam Kwan, Jason

Director

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 34. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserves movement in the Company

	Share premium HK\$'000	Share-based compensation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>Balance at 1 July 2018</b>	<b>4,460,106</b>	<b>82,833</b>	<b>(5,140,455)</b>	<b>(597,516)</b>
Comprehensive income:				
Profit for the year	—	—	193,361	193,361
Exercise of options	2,910	(1,489)	—	1,421
Share-based compensation (Note 25)	—	6,356	—	6,356
<b>At 30 June 2019</b>	<b>4,463,016</b>	<b>87,700</b>	<b>(4,947,094)</b>	<b>(396,378)</b>
Comprehensive income:				
Loss for the year	—	—	(36,815)	(36,815)
Exercise of options	5,608	(4,216)	—	1,392
Share-based compensation (Note 25)	—	1,477	—	1,477
<b>Balance at 30 June 2020</b>	<b>4,468,624</b>	<b>84,961</b>	<b>(4,983,909)</b>	<b>(430,324)</b>

## 35. EVENTS OCCURRING AFTER BALANCE SHEET DATE

There are no significant events which have occurred after the balance sheet date.

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# FINANCIAL SUMMARY

	2020 HK\$'000 (Note a)	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000 (Restated)	2016 HK\$'000
<b>RESULTS</b>					
Revenue	—	—	—	—	11,590
Loss before income tax	(22,606)	(25,785)	(49,059)	(37,507)	(758,063)
Income tax benefit	1,590	93,373	—	—	130,905
Profit/(loss) for the year from continuing operations	(21,016)	67,588	(49,059)	(37,507)	(627,158)
Profit/(loss) for the year from discontinued operations	—	—	157,145	(801)	—
Profit/(loss) for the year	(21,016)	67,588	108,086	(38,308)	(627,158)
<b>Attribute to:</b>					
Equity holders of the Company	(21,016)	67,588	108,086	(38,308)	(627,158)
Earnings/(loss) per share (HK cents)					
— Basic	(0.23)	0.74	1.27	(0.46)	(7.48)
— Diluted	(0.23)	0.73	1.27	(0.46)	(7.48)

## AS AT 30 JUNE

	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
<b>ASSETS AND LIABILITIES</b>					
Total assets	769,720	780,474	838,197	858,630	835,953
Total liabilities	(167,627)	(148,504)	(253,472)	(394,667)	(348,536)
	602,093	631,970	584,725	463,963	487,417
Total equity	602,093	631,970	584,725	463,963	487,417

Note a: The financial figures above were extracted from the consolidated Financial Statements.

# ASX ADDITIONAL INFORMATION

## A. DISTRIBUTION OF SHAREHOLDINGS AS AT 10 SEPTEMBER 2020

Category	Ordinary shares		Unlisted options @ HK\$0.124		Unlisted options @ HK\$0.162	
	Holders	Size of holding	Holders	Size of holding	Holders	Size of holding
1 – 1,000	747	176,025				
1,001 – 5,000	151	335,689				
5,001 – 10,000	27	196,656				
10,001 – 100,000	27	1,003,664				
100,001 and over	56	9,277,520,097	6	74,500,000	4	15,500,000
<b>TOTAL</b>	<b>1,008</b>	<b>9,279,232,131</b>	<b>6</b>	<b>74,500,000</b>	<b>4</b>	<b>15,500,000</b>

Additional information in accordance with the listing requirements of the Australian Securities Exchange Limited are as follows:

Minimum A\$500.00 parcel cannot be calculated due to no price.

### Unquoted Securities

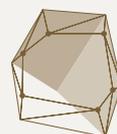
As at 10 September 2020, unlisted options amounted to a total of 90,000,000 units, all of which are expiring 31 December 2020. Among these options, 74,500,000 options have an exercise price of HK\$0.124 and the rest 15,500,000 options have an exercise price of HK\$0.162.

## B. TWENTY LARGEST SECURITY HOLDERS AS AT 10 SEPTEMBER 2020

	Name	Number of shares	%
*	1 Ocean Line Holdings Ltd/Kwai Sze Hoi	1,937,743,902	20.88%
Δ	2 CM Securities (Hong Kong) Ltd	764,904,972	8.24%
Δ	3 The Hong Kong and Shanghai Banking	651,883,534	7.03%
*	4 Equity Valley Investments Ltd	499,972,276	5.39%
Δ	5 Sun Hung Kai Investments Services Ltd	445,735,208	4.80%
Δ	6 Yungfeng Securities Ltd	428,960,032	4.62%
*	7 KQ Securities Ltd	426,485,462	4.60%
Δ	8 Global Mastermind Securities Ltd	370,444,592	3.99%
Δ	9 UBS Securities Hong Kong Ltd	362,365,201	3.91%
Δ	10 Citibank N.A	335,604,627	3.62%
*	11 Cornerstone Pacific Limited	250,000,000	2.69%
*	12 Ross Norgard/Longfellow Nominees Pty Ltd	243,054,000	2.62%
Δ	13 Hing Wong Securities Ltd	189,231,000	2.04%
*	14 Barwick Investments Ltd	174,668,000	1.88%
Δ	15 Guoyuan Securities Brokerage (Hong Kong)	139,382,800	1.50%
Δ	16 China Industrial Securities	103,810,820	1.12%
*	17 Zhang Haoyang	100,000,000	1.08%
Δ	18 Sinopac Securities (Asia) Ltd	85,077,792	0.91%
Δ	19 Luk Kook Securities	80,000,000	0.86%
Δ	20 Futu Securities International	74,702,064	0.81%

The number of shares stated herein are extracted and sorted from the register of shareholders ('\*') and the participant report from the Central Clearing and Settlement System of the Hong Kong Stock Exchange ('CCASS') ('Δ'). As the Company does not have information in relation to the ultimate beneficial owners of the shares held by the participants of the CCASS, the numbers herein may not reflect the actual number of shares beneficially owned by each of the shareholders.

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## C. SUBSTANTIAL SHAREHOLDERS

Name of shareholder	Capacity	Number of shares or underlying shares	Percentage of the issued share capital of the Company
Ocean Line Holdings Ltd (Note 1)	Beneficial owner	2,426,960,137	26.15%
Kwai Sze Hoi (Note 1)	Interest held by controlled corporations	2,426,960,137	26.15%
	Beneficial owner	206,072,000	2.22%
	Interest held jointly with another person	60,720,000	0.65%
	Interest of spouse	24,496,000	0.26%
Cheung Wai Fung (Note 1)	Interest held by controlled corporations	2,426,960,137	26.15%
	Interest held jointly with another person	60,720,000	0.65%
	Interest of spouse	206,072,000	2.22%
	Beneficial owner	24,496,000	0.26%
Equity Valley Investments Limited	Beneficial owner	515,574,276	5.56%
The XSS Group Ltd (Note 2)	Interest held by controlled corporations	515,574,276	5.56%
Cheung Sze Wai, Catherine (Note 2)	Interest held by controlled corporations	515,574,276	5.56%
	Interest of spouse	515,574,276	5.56%
Luk Kin Peter Joseph (Note 2)	Interest held by controlled corporations	515,574,276	5.56%
	Beneficial owner	50,000,000	0.54%
KQ Resources Limited	Beneficial owner	1,301,270,318	14.02%

Notes: Please refer to Notes 1 and 2 under section headed: Substantial shareholders on page 46.

## D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

### (a) Ordinary shares

Each shareholder present in person or by proxy, attorney or representative in a meeting shall have one vote on a poll for each share held.

### (b) Options

No voting rights

## E. STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all member Exchanges of the ASX Limited.

# ASX ADDITIONAL INFORMATION

## F. INCOME TAX

Brockman Mining Limited is taxed as a public company.

## G. TENEMENT SCHEDULE – AS AT 10 SEPTEMBER 2020

Project	Location	Tenement type	Tenement number	Commodity	Status	Interest held
Duck Creek	West Pilbara	E	47/1725	Iron Ore	Granted	100%
Duck Creek East	West Pilbara	E	47/2994	Iron Ore	Granted	100%
Ethel Creek	East Pilbara	E	47/4405	Iron Ore	Application	100%
Fig Tree	East Pilbara	E	47/3025	Iron Ore	Granted	100%
Juna Downs	West Pilbara	E	47/3363	Iron Ore	Granted	100%
Juna Downs	West Pilbara	E	47/3364	Iron Ore	Granted	100%
Madala Bore	West Pilbara	E	47/3285	Iron Ore	Granted	100%
Marandoo	West Pilbara	E	47/3105	Iron Ore	Granted	100%
Marillana	East Pilbara	L	45/0238	Iron Ore	Application	100%
Marillana	East Pilbara	M	47/1414	Iron Ore	Granted	100%
Marillana	East Pilbara	E	47/3170	Iron Ore	Granted	100%
Marillana	East Pilbara	E	47/3532	Iron Ore	Granted	100%
Marillana	East Pilbara	E	47/4293	Iron Ore	Application	100%
Mindy	West Pilbara	E	47/3585	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/1598	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/2280	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/2291	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	E	47/3549	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0013	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0015	Iron Ore	Granted	100%
Ophthalmia	East Pilbara	R	47/0016	Iron Ore	Granted	100%
Parson George	East Pilbara	E	47/3217	Iron Ore	Granted	100%
Parson George	East Pilbara	E	47/3491	Iron Ore	Granted	100%
Punda Spring	West Pilbara	E	47/3575	Iron Ore	Granted	100%
Tom Price	West Pilbara	E	47/3565	Iron Ore	Granted	100%
Windell	West Pilbara	E	47/4240	Iron Ore	Granted	100%

