



BROCKMAN BROCKMAN MINING LIMITED
布萊克萬礦業有限公司

INTERIM REPORT

2012/13

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13



FINANCIAL INFORMATION

For the six months ended 31 December 2012

Results for announcement to the market

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the 18-month period ended 30 June 2012 and any public announcements made by Brockman Mining Limited ("Brockman") during the interim reporting period in accordance with the continuous disclosure requirements of The Stock Exchange of Hong Kong Limited (the "SEHK") and Australian Securities Exchange (the "ASX").

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CORPORATE PROFILE

BOARD OF DIRECTORS

Non-Executive Directors

Kwai Sze Hoi (*Chairman*)

Liu Zhengui (*Vice Chairman*)

Ross Stewart Norgard

Warren Talbot Beckwith

Executive Directors

Luk Kin Peter Joseph (*CEO*)

Chan Kam Kwan, Jason

Chu Chung Yue, Howard

Independent Non-executive Directors

Lau Kwok Kuen, Eddie

Uwe Henke Von Parpart

Yip Kwok Cheung, Danny

David Michael Spratt

COMPANY SECRETARY

Chan Kam Kwan, Jason

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

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Hamilton HM 11

Bermuda



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Australia and New Zealand Banking
Group Limited ("ANZ")
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai
Banking Corporation Limited

WEBSITE

www.brockmanmining.com
[www.irasia.com/listco/hk/brockmanmining/
index.htm](http://www.irasia.com/listco/hk/brockmanmining/index.htm)

STOCK CODE

Main Board of The Stock Exchange of Hong
Kong Limited: 159
Australian Securities Exchange: BCK

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 December	
	Note	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Revenue	5	86,828	63,851
Direct costs	7	(90,405)	(60,395)
Gross (loss)/profit		(3,577)	3,456
Other income	8	13,258	16,262
Other (loss)/gains, net	9	(1,234)	17,129
Selling and administrative expenses	7	(64,953)	(86,610)
Exploration and evaluation expenses		(71,993)	(121,737)
Impairment losses		—	(60,000)
Finance costs	10	(14,853)	(935)
Loss before income tax		(143,352)	(232,435)
Income tax (expense)/credit	11	(598)	198
Loss for the period		(143,950)	(232,237)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		44,103	(234,295)
Change in fair value on available-for-sale investments, net of tax		—	(51,106)
Release of deferred tax upon disposal of available-for-sale investments		—	2,874
Release of available-for-sale investments reserve upon disposal of available-for-sale investments		—	(13,355)
Other comprehensive income/(loss) for the period		44,103	(295,882)
Total comprehensive loss for the period		(99,847)	(528,119)



		Six months ended 31 December	
	Note	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Loss for the period attributable to:			
Equity holders of the Company		(141,438)	(162,815)
Non-controlling interest		(2,512)	(69,422)
		(143,950)	(232,237)
Total comprehensive loss attributable to:			
Equity holders of the Company		(97,709)	(347,455)
Non-controlling interest		(2,138)	(180,664)
		(99,847)	(528,119)
Loss per share attributable to the equity holders of the Company during the period		HK cents	HK cents
Basic	12	(1.96)	(3.04)
Diluted	12	(1.96)	(3.04)

The notes on pages 12 to 35 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		31 December 2012 HK\$'000 (Unaudited)	30 June 2012 HK\$'000 (Audited)
	Note		
Non-current assets			
Mining properties	13	4,126,119	4,083,440
Property, plant and equipment	14	100,089	103,838
Goodwill		784	784
Intangible asset	15	3,232	3,592
Other non-current assets		14,948	13,630
		4,245,172	4,205,284
Current assets			
Inventories		13,174	13,209
Trade receivables	16	27,633	22,983
Other receivables, deposits and prepayments		20,775	22,985
Amount due from a related party	27	835	1,191
Restricted cash		—	5,200
Cash and cash equivalents		354,857	336,395
		417,274	401,963
Current liabilities			
Trade payables	17	24,855	14,133
Amounts due to non-controlling interests		—	58,939
Other payables and accrued charges		189,059	193,920
Amounts due to related companies	27	2,501	5,401
Bank borrowings	18	15,779	26,671
Obligations under finance leases		6,929	5,555
Fixed rate bonds	21	161,231	—
		400,354	304,619
Net current assets		16,920	97,344
Total assets less current liabilities		4,262,092	4,302,628



		As at	
	Note	31 December 2012 HK\$'000 (Unaudited)	30 June 2012 HK\$'000 (Audited)
Equity			
Share capital	19	722,409	717,504
Reserves		2,245,360	2,311,878
Equity attributable to the equity holders of the Company		2,967,769	3,029,382
Non-controlling interests		67,496	69,634
Total equity		3,035,265	3,099,016
Non-current liabilities			
Obligations under finance leases		12,325	10,858
Amount due to a related party	27	32,012	35,592
Convertible bonds	20	163,271	154,401
Deferred income tax liabilities	23	1,017,096	1,001,635
Provisions		2,123	1,126
		1,226,827	1,203,612
		4,262,092	4,302,628

The notes on pages 12 to 35 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve (Note) HK\$'000	Available-for-sale investments reserve HK\$'000	Share-based compensation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 July 2011 (Unaudited)	535,542	3,220,025	1,233	61,587	44,519	75,779	(134,504)	3,804,181	2,164,003	5,968,184
Comprehensive income										
Loss for the period	—	—	—	—	—	—	(162,815)	(162,815)	(69,422)	(232,237)
Other comprehensive income										
Exchange differences arising on translation of foreign operation	—	—	—	—	—	(123,053)	—	(123,053)	(111,242)	(234,295)
Change in fair value on available-for-sale investments	—	—	—	(52,040)	—	—	—	(52,040)	—	(52,040)
Deferred tax impact on available-for-sale investments	—	—	—	934	—	—	—	934	—	934
Release of deferred tax upon disposal of available-for-sale investments	—	—	—	2,874	—	—	—	2,874	—	2,874
Release of available-for-sale investments reserve upon disposal of available-for-sale investments	—	—	—	(13,355)	—	—	—	(13,355)	—	(13,355)
Total other comprehensive loss for the period	—	—	—	(61,587)	—	(123,053)	—	(184,640)	(111,242)	(295,882)
Total comprehensive loss for the period	—	—	—	(61,587)	—	(123,053)	(162,815)	(347,455)	(180,664)	(528,119)
Transactions with equity holders										
Issue of shares	386	4,288	—	—	—	—	—	4,674	—	4,674
Additional non-controlling interests relating to outstanding share transactions of Brockman Resources Limited	—	—	—	—	—	—	—	—	4,288	4,288
Share-based compensation	—	—	—	—	1,549	—	—	1,549	—	1,549
Appropriations to statutory reserve	—	—	1,052	—	—	—	(1,052)	—	—	—
Total transactions with equity holders	386	4,288	1,052	—	1,549	—	(1,052)	6,223	4,288	10,511
Balance at 31 December 2011 (Unaudited)	535,928	3,224,313	2,285	—	46,068	(47,274)	(298,371)	3,462,949	1,987,627	5,450,576



	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share Premium HK\$'000	Statutory reserve (Note) HK\$'000	Convertible bonds reserve HK\$'000	Share-based compensation reserve HK\$'000	Translation reserve HK\$'000	Accumulated Losses HK\$'000	Other reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 July 2012 (Audited)	717,504	4,005,322	2,428	25,547	59,310	(61,650)	(2,181,540)	462,461	3,029,382	69,634	3,099,016
Comprehensive income											
Loss for the period	–	–	–	–	–	–	(141,438)	–	(141,438)	(2,512)	(143,950)
Other comprehensive income											
Exchange differences arising on translation of foreign operation	–	–	–	–	–	43,729	–	–	43,729	374	44,103
Total other comprehensive income for the period	–	–	–	–	–	43,729	–	–	43,729	374	44,103
Total comprehensive income/(loss) for the period	–	–	–	–	–	43,729	(141,438)	–	(97,709)	(2,138)	(99,847)
Transactions with equity holders											
Issue of shares (note 19)	4,905	21,584	–	–	–	–	–	–	26,489	–	26,489
Appropriations to statutory reserve	–	–	1,483	–	–	–	(1,483)	–	–	–	–
Share-based compensation	–	–	–	–	9,607	–	–	–	9,607	–	9,607
Total transactions with equity holders	4,905	21,584	1,483	–	9,607	–	(1,483)	–	36,096	–	36,096
Balance at 31 December 2012 (Unaudited)	722,409	4,026,906	3,911	25,547	68,917	(17,921)	(2,324,461)	462,461	2,967,769	67,496	3,035,265

Note: The statutory reserve represents the reserve funds provided in relation to the extraction of mineral ores by a subsidiary established in the People's Republic of China (the "PRC") in accordance with the PRC laws and regulations.

The notes on pages 12 to 35 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Net cash used in operating activities	(101,328)	(164,930)
Cash flows from investing activities		
Dividends received from available-for-sale investments	—	2,449
Interest received	6,367	13,301
Proceeds from disposal of available-for-sale investments	—	259,720
Proceeds from disposal of property, plant and equipment	1,407	987
Purchases of property, plant and equipment	(10,511)	(9,011)
Net cash (used in)/generated from investing activities	(2,737)	267,446



	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Cash flows from financing activities		
Proceeds from borrowings	—	2,339
Finance lease	6,723	4,345
Proceeds from issuance of fixed rate bonds	156,000	—
Acquisition of additional interest in a subsidiary	(33,514)	—
Release of restricted bank deposit	5,200	—
Deposits received from a shareholder	—	505,694
Additional contribution from non-controlling interests	—	4,288
Repayment of borrowings	(10,892)	(10,301)
Repayment of obligations under finance leases	(3,882)	(2,361)
Interest paid	(306)	(554)
Finance lease charges	(446)	(381)
Net cash generated from financing activities	118,883	503,069
Net increase in cash and cash equivalents	14,818	605,585
Cash and cash equivalents at beginning of the period	336,395	565,110
Effects of foreign exchange rate changes	3,644	(32,877)
Cash and cash equivalents at end of the period, represented by		
Bank balances and cash	354,857	1,137,818

The notes on pages 12 to 35 form an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL

Brockman Mining Limited (the "Company") and its subsidiaries (collectively, the "Group") principally engage in the acquisition, exploration and development of mineral tenements in Australia; in the exploitation, processing and sales of mineral resources, including copper ore concentrates and other mineral ore products in the People's Republic of China ("PRC") and in the provision of transportation services in Hong Kong and the PRC.

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

This condensed consolidated financial information is presented in thousands of Hong Kong dollar ("HK\$'000"), unless otherwise stated. This condensed consolidated financial information was approved for issue by the Board of Directors on 25 February 2013. This condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated financial information has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the SEHK.

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the eighteen months ended 30 June 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The mining right certificate held by Luchun Xingtai Mining Co., Ltd ("Luchun"), a subsidiary of the Company in respect of the mining activities in Damajianshan, Honghe Zhou, Luchun County, Yunnan, has expired in December 2012. The renewal of such mining right certificate is in processing as of today. The mining activities of the Yunnan mine continued and the Group has not yet obtained the final approval of official renewal or temporary extension of mining right certificate from the Yunnan State Land Resources Bureau. With reference to an independent legal opinion received by Luchun and based on latest discussion with the Yunnan State Land Resources Bureau (Honghe Zhou), the Directors are of the opinion that the Group will be able to renew the mining license in the foreseeable future and there is no material financial impact on the interim financial information for the period ended 31 December 2012. Please refer to note 13 in this condensed consolidated financial information for details.

During the six months ended 31 December 2012, the Group had cash outflows used in operating activities of HK\$101,328,000. As detailed in note 29 in this condensed consolidated financial information, the Company redeemed the fixed rate bonds with principal amounts of HK\$156,000,000 in full by way of issuing ordinary shares and convertible bond. All the outstanding convertible bonds issued by the Company were fully converted into ordinary shares on 19 February 2013. Based on the directors' review of the Group's cash flow projections, taken into account of the Group's expected cash flows from operations, available financial resources, and the recent redemption of fixed rate bonds and the related conversion into ordinary shares, the Group is expected to have sufficient financial resources to satisfy its future working capital requirements, and to meet other financial obligations as and when required for the next twelve months. Accordingly, the directors consider that it is appropriate to prepare the Group's condensed consolidated financial information on a going concern basis.



3 PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the eighteen months ended 30 June 2012, as described in those annual financial statements.

(i) 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.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

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

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the eighteen months ended 30 June 2012, with the exception of changes in estimates that are required in determining the provision for income taxes and the estimates for determining the recoverable amount of the mining right in the PRC.

(a) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 July 2012.

- IAS 1 (Amendment) "Presentation of financial statements" requires entities to group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

This amendment has no material impact to the Group's financial information and only results in changes in disclosures format.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Amendments and interpretations to existing standards that are effective for the financial year beginning 1 July 2012 but not relevant to the Group

- Amendment to IAS 12 "Income taxes" is effective for annual periods beginning on or after 1 January 2012. This is not currently applicable to the Group, as the Group does not have any investment property.
- Amendment to IFRS 1 "First-time adoption of IFRS" is effective for annual periods beginning on or after 1 July 2011. This is not currently relevant to the Group, as the Group functional currency was not subject to severe hyperinflation.
- Amendment to IFRS 7 "Financial instruments: Disclosures — Transfers of financial assets" is effective for annual periods beginning on or after 1 July 2011. This is not currently relevant to the Group, as the Group does not have any transfer of financial assets.

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

		Effective for annual periods beginning on or after
IAS 19 (Amendment)	Employee Benefits	1 January 2013
IAS 27 (revised 2011)	Separate Financial Statements	1 January 2013
IAS 28 (revised 2011)	Investment in Associates and Joint Ventures	1 January 2013
IAS 32 (Amendment)	Financial instruments: Presentation on asset and liability offsetting	1 January 2014
IFRS 7 (Amendment)	Disclosures — Offsetting financial assets and financial liabilities	1 January 2013
IFRS 9	Financial instruments	1 January 2015
IFRS 7 and IFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013

The impact of adoption of these new/revised standards, amendments to standards and interpretations to existing standards in future periods is not currently known or cannot be reasonably estimated.



4 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commodities price risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidation financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2012.

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

(b) Liquidity risk

During the reporting period, the Group issued fixed rate bonds of HK\$156,000,000 to the existing shareholders, which were subsequently redeemed in January 2013 (note 29).

The Group also relies on bank borrowings as a significant source of liquidity. As at 31 December 2012, the Group has undrawn banking facilities of approximately HK\$9,421,000 (30 June 2012: Nil).

Save for the above, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

(c) Fair value estimation

At 31 December 2012 and 30 June 2012, the Group does not have any financial instruments that are measured at fair value.

5 REVENUE

Revenue represents the amounts received and receivable for providing transportation services and sales of mineral ore products for the six months ended 31 December 2012. An analysis of the Group's revenue for the period is as follows:

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Income from transportation services	54,529	58,440
Sales of copper ore concentrates	32,299	5,411
	86,828	63,851

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 SEGMENT INFORMATION

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

Following the completion of the compulsory acquisition of Brockman Resources Limited on 15 August 2012, executive directors consider to combine the limousine rental services and airport shuttle bus services as a single operating segment "Transportation Services". Prior period comparative segment information has been restated accordingly.

The Group's reportable operating segments are revised as follows:

- Transportation services — provision of limousine rental services in Hong Kong and the PRC and provision of airport shuttle bus services in Hong Kong
- Mining operations in the PRC — exploitation, processing and sales of copper ore concentrates in the PRC
- Mineral tenements — mineral exploration, evaluation, development and tenements acquisition 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 statement of comprehensive income and balance sheet.

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

	Six months ended 31 December 2012				
	Transportation	Mining	Mineral	Others	Total
	Services	operation	tenements		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue from external customers	54,529	32,299	—	—	86,828
Segment results	(1,081)	(25,119)	(68,635)	(33,664)	(128,499)
Finance costs					(14,853)
Loss before income tax					(143,352)
Other information:					
Depreciation of property, plant and equipment	(8,631)	(2,489)	(583)	(376)	(12,079)
Amortisation of intangible assets	(360)	—	—	—	(360)
Amortisation of mining properties	—	(14,851)	—	—	(14,851)
Finance costs	(752)	—	—	(14,101)	(14,853)
Income tax expense	(598)	—	—	—	(598)



6 SEGMENT INFORMATION (Continued)

	Six months ended 31 December 2011 — Restated				
	Transportation Services	Mining operation	Mineral tenements	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue from external customers	58,440	5,411	—	—	63,851
Segment results	(3,078)	(66,961)	(123,203)	(38,258)	(231,500)
Finance costs					(935)
Loss before income tax					(232,435)
Other segment information:					
Depreciation of property, plant and equipment	(7,800)	(2,169)	(408)	(145)	(10,522)
Impairment of mining properties	—	(60,000)	—	—	(60,000)
Amortisation of intangible assets	(801)	—	—	—	(801)
Amortisation of mining properties	—	(4,565)	—	—	(4,565)
Finance costs	(935)	—	—	—	(935)
Income tax credit	198	—	—	—	198

The following is an analysis of the Group's assets by business segment as at the respective balance sheet dates:

	31 December 2012				
	Transportation Services	Mining operation	Mineral tenements	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	102,732	815,012	3,651,849	92,853	4,662,446
Total assets					4,662,446
Total segment assets include:					
Additions of non-current assets for six months ended 31 December 2012					
Property, plant and equipment	8,430	1,597	397	87	10,511

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 SEGMENT INFORMATION (Continued)

	30 June 2012 — Restated				
	Transportation Services	Mining operation	Mineral tenements	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	111,320	821,035	3,617,097	57,795	4,607,247
Total assets					4,607,247
Total segment assets include:					
Additions of non-current assets for eighteen months ended 30 June 2012					
Property, plant and equipment arising from acquisition of subsidiary	—	—	2,325	—	2,325
Property, plant and equipment	27,803	11,896	2,461	2,949	45,109
Mining properties arising from acquisition of subsidiaries	—	—	5,955,062	—	5,955,062
Additions of non-current assets for twelve months ended 30 June 2012					
Property, plant and equipment	13,930	8,958	2,461	2,947	28,296



7 EXPENSES BY NATURE

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Amortisation of intangible asset (included in direct costs)	360	801
Amortisation of mining properties (included in direct costs)	14,851	4,565
Cost of inventories	11,678	1,972
Depreciation of property, plant and equipment	12,079	10,522
Equity-settled share-based compensation for consultants	87	—
Motor vehicles rental charges	8,242	12,399
Operating lease rentals in respect of office premises	8,300	4,205
Professional fees for takeover bids	—	19,055
Staff costs	80,497	55,596

Staff costs include:

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Wages, salaries and welfares	58,200	48,494
Directors' emoluments (including share-based compensation)	13,188	3,974
Retirement benefit scheme contributions	3,228	2,251
Share-based compensation for employees	5,881	877
	80,497	55,596

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8 OTHER INCOME

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Interest on bank deposits	6,367	13,301
Dividend income from available-for-sale investments	—	2,449
Research and development incentive credits	6,724	—
Others	167	512
	13,258	16,262

The research and development incentive credits are provided by the Australian Federal Government in relation to research and development activities carried out in Australia.

9 OTHER (LOSS)/GAINS, NET

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Loss on disposal of property, plant and equipment	(1,234)	—
Release of available-for-sale investments reserve upon disposal of available-for-sale investments	—	49,390
Loss on disposal of available-for-sale investments, net	—	(32,261)
	(1,234)	17,129



10 FINANCE COSTS

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Effective interest expenses on convertible bonds	8,870	—
Interests on fixed rate bonds	5,231	—
Interest on bank borrowings wholly repayable within five years	306	554
Interest on obligation under finance leases	446	381
	14,853	935

11 INCOME TAX EXPENSE/(CREDIT)

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Current income tax:		
Hong Kong Profits Tax		
Current period	700	(253)
(Over)/under provision in prior periods	(18)	211
PRC Enterprise Income Tax		
Under provision in prior period	44	—
Deferred income tax:		
Reversal of temporary differences	(128)	(156)
	598	(198)

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 31 December 2011: 16.5%) on the estimated assessable profit for the period.

PRC Enterprise Income Tax has been provided at the prevailing rate of 25% (six months ended 31 December 2011: 25%) on the estimated assessable profit applicable to the Company's subsidiary established in the PRC.

No provision for Australian Income Tax has been made as the Company's subsidiaries established in Australia have no assessable profits arising in Australia during the period (six months ended 31 December 2011: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 LOSS PER SHARE

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

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

	Six months ended 31 December	
	2012 (Unaudited)	2011 (Unaudited)
Loss for the period attributable to the equity holders of the Company (HK\$'000)	(141,438)	(162,815)
Interest expense relating to convertible bonds (HK\$'000)	8,870	—
Adjusted loss for the period attributable to the equity holders of the Company (HK\$'000)	(132,568)	(162,815)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating the basic loss per share (thousands)	7,215,296	5,358,985
Loss per share attributable to the equity holders of the Company		
Basic (HK cents)	(1.96)	(3.04)
Diluted (HK cents)	(1.96)	(3.04)

Diluted loss per share is the same as basic loss per share for the six months ended 31 December 2012 and 2011 because the effect of the assumed conversion of the convertible bonds and the share options of the Company during these periods was anti-dilutive.



13 MINING PROPERTIES

	Mining right in the PRC	Mining properties in Australia	Total
	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 July 2011 (Unaudited)	865,795	6,040,027	6,905,822
Amortisation during the period	(7,435)	—	(7,435)
Impairment loss	(60,000)	—	(60,000)
Exchange differences	20,966	(332,350)	(311,384)
Balance as at 31 December 2011 (Unaudited)	819,326	5,707,677	6,527,003
Balance as at 1 July 2012	757,014	3,326,426	4,083,440
Amortisation during the period	(13,505)	—	(13,505)
Exchange differences	4,151	52,033	56,184
Balance as at 31 December 2012 (Unaudited)	747,660	3,378,459	4,126,119

Mining right in the PRC

Mining right in the PRC represents the right to conduct mining activities in Damajianshan, Honghe Zhou, Luchun County, Yunnan. The mine is located on land in the PRC to which the Group has no formal title. Yunnan State Land Resources Bureau issued the mining right certificate to Luchun Xingtai Mining Co., Ltd ("Luchun") in January 2005. The mining right certificate was renewed in 2007 for a period of five years to September 2012. Yunnan State Land Resources Bureau has granted Luchun an extension of the existing mining certificate for a period of three months to December 2012.

Since the expiry of the temporarily extension of the mining right certificate in December 2012 and up to the date of this report, the Group has not yet obtained any official renewal or temporary extension of the mining right certificate and the mining activities of the Yunnan mine continued.

With reference to an independent legal opinion received by Luchun, Luchun has submitted all the documents required by the local authority regarding the application of the mining license renewal effective for one year. There is no legal barrier to Luchun obtaining the renewed mining right certificate as local government had reviewed and assessed the application, pending administrative requirements as deemed necessary by the relevant government authorities. The independent legal opinion also confirmed that there was no illegal activity undertaken by Luchun in operating the mine and there was no penalty exerted by the government regarding Luchun's mining operation.

Accordingly, the Directors are of the opinion that the Group will be able to renew the mining license in the foreseeable future and there is no material financial impact on the interim financial information for the period ended 31 December 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 MINING PROPERTIES (Continued)

Mining right in the PRC (Continued)

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

The directors have performed assessment on the recoverable amount of the mining right as at 31 December 2012, taking into consideration two valuation approaches, namely sales comparison and discounted cash flow. Key assumptions adopted in the discounted cash flow model prepared by management are summarised as follows:

Long-term copper price	US\$6,890 per tonne
Discount rate	17.3%
Production capacity	800 tonnes to 3,000 tonnes per day

These calculations use cash flow projections based on financial projections approved by management. No impairment loss was recognised for the six months ended 31 December 2012 (31 December 2011: HK\$60,000,000).

Mining properties in Australia

The mining properties, being the mineral assets comprising the mining and exploration projects in Australia, including the Marillana project and other exploration projects.

In the opinion of directors, there was no indication of impairment of the mining properties as at 31 December 2012.

14 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2012, the Group acquired assets with a cost of HK\$10,511,000 (six months ended 31 December 2011: HK\$9,011,000).

15 INTANGIBLE ASSET

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Balance as at 1 July	3,592	10,416
Amortisation during the period (note 7)	(360)	(801)
Balance as at 31 December	3,232	9,615



16 TRADE RECEIVABLES

The Group's credit terms granted to customers of transportation services range between 60 days and 90 days. Before accepting any new customers, the Group will review the potential customer's credit quality and approve its credit limits. Credit limits attributed to customers are reviewed regularly.

The ageing analysis of the trade receivables, based on the invoice date at respective balance sheet dates are as follows:

	As at	
	31 December 2012 HK\$'000 (Unaudited)	30 June 2012 HK\$'000 (Audited)
0 — 30 days	14,036	11,335
31 — 60 days	8,596	7,652
61 — 90 days	3,975	2,699
Over 90 days	1,026	1,297
	27,633	22,983

17 TRADE PAYABLES

The ageing analysis of trade payables, based on the invoice date at respective balance sheet dates are as follows:

	As at	
	31 December 2012 HK\$'000 (Unaudited)	30 June 2012 HK\$'000 (Audited)
0 — 30 days	18,258	9,077
31 — 60 days	2,339	2,045
61 — 90 days	1,914	1,279
Over 90 days	2,344	1,732
	24,855	14,133

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 BANK BORROWINGS

During the period, there are no new bank borrowings entered by the Group (six months ended 31 December 2011: the Group renewed the bank loans and received proceeds amounting to HK\$2,339,000). The loans carry interest at variable market rate of 1.75% to 3.25% (30 June 2012: 1.75% to 3.25%) over 1 month HIBOR per annum and are repayable on demand. The bank borrowings are used to finance the acquisition of property, plant and equipment.

As at 31 December 2012, guarantees have been given to a bank by the Company and a related party of a subsidiary's former shareholder jointly with no charge in respect of banking facilities extended to the subsidiary. The guarantees amounted to approximately HK\$75,200,000 and HK\$20,200,000 respectively (30 June 2012: HK\$75,200,000 and HK\$38,000,000).

19 SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised		
As at 1 July 2012 and 31 December 2012	10,000,000	1,000,000
Issued and fully paid		
As at 1 July 2012	7,175,039	717,504
Issue of shares in consideration for the acquisition of a subsidiary	49,055	4,905
As at 31 December 2012	7,224,094	722,409

Note:

- As at 31 December 2012, a total of 15,000,000 units of options with exercise price of A\$0.2 per share were quoted and listed on the ASX.
- On 15 August 2012, a total of 49,054,662 ordinary shares of the Company have been issued as consideration for the Compulsory Acquisition. The ordinary shares issued have the same rights as the other shares in issue.



20 CONVERTIBLE BONDS

The movement of the liability component of convertible bonds recognised in the consolidated balance sheet is set out below:

	HK\$'000
For the six months ended 31 December 2012	
Carrying amount at 1 July 2012	154,401
Interest expenses (<i>note 10</i>)	8,870
Carrying amount at 31 December 2012 (Unaudited)	163,271

Notes:

(a) On 10 January 2012, the Company issued a convertible bond in the aggregate amount of HK\$173,940,000, which is convertible into fully paid shares of the Company in whole or in part, at any time between the date of issue of the convertible bonds and their maturity on 10 January 2014 at a conversion price of HK\$0.60 per share. On 26 June 2012, HK\$78,000,000 of the convertible bond was converted into 130,000,000 fully paid shares in the Company. If the convertible bond has not been converted, it will be redeemed on 10 January 2014. No interest will be paid until the maturity date.

The convertible bonds comprise two components, liability and equity components. The fair value of the liability component included in non-current liabilities was calculated using the effective interest method. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in the convertible bonds reserve. The carrying value of the remaining liability component of the convertible bonds of HK\$94,464,000 at 31 December 2012, which was estimated using cash flows discounted at the effective interest rate of 11.43%.

(b) On 19 April 2012, the Company issued a convertible bond in the aggregate amount of HK\$78,000,000, which is convertible into fully paid shares of the Company in whole or in part, at any time between the date of issue of the convertible bonds and their maturity on 19 April 2015 at a conversion price of HK\$0.60 per share. If the convertible bonds have not been converted, they will be redeemed on 19 April 2015. No interest will be paid until the maturity date.

The convertible bond comprises two components, liability and equity components. The fair value of the liability component included in non-current liabilities was calculated using the effective interest method. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in the convertible bonds reserve. The carrying value of the liability component of the convertible bonds of HK\$68,807,000 at 31 December 2012, was estimated using cash flows discounted at the effective interest rate of 12.22%.

(c) On 9 January 2013, the Company issued convertible bond of principal amount of HK\$78,000,000 with issue price of HK\$0.41 per share, as part of the consideration for redemption of the fixed rate bonds. On 19 February 2013, all outstanding convertible bonds have been converted into ordinary shares and a total of 480,143,902 shares were issued. Please refer to note 29 in this condensed consolidated financial information for details.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 FIXED RATE BONDS

	HK\$'000
Carrying amount at 1 July 2012	—
Issuance of fixed rate bonds (note)	156,000
Interest expenses (note 10)	5,231
Carrying amount at 31 December 2012 (Unaudited)	161,231

Note:

On 21 September 2012, the Company had issued fixed rate bonds of aggregate principal amount of HK\$156,000,000. Interest is payable on the date of redemption at the rate of 12% per annum of the outstanding principal amount, accruing from the date of issue of the bonds on daily basis. On 9 January 2013, the above-mentioned fixed rate bonds were redeemed in full. Please refer to note 29 in this condensed consolidated financial information for details.

22 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 purpose of the 2012 Share Option Scheme is to replace old share option scheme which has expired in August 2012 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group. The 2012 Share Option Scheme is valid and effective for a period of ten years from the date of its adoption. Share options granted under the old share option scheme prior to its expiry shall continue to be valid and exercisable pursuant to its rule.

The fair value of the employee services and consultancy 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 estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.



22 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

Details of specific categories of options are as follows:

Option type	Date of grant	Vesting period	Number of share options granted	Exercise period	Exercise price (HK\$)
2010A	18 January 2010	18 January 2010 — 17 January 2011	4,500,000	18 January 2011 — 17 January 2014	1.164
	18 January 2010	18 January 2010 — 17 January 2012	2,250,000	18 January 2012 — 17 January 2014	1.164
	18 January 2010	18 January 2010 — 17 January 2013	2,250,000	18 January 2013 — 17 January 2014	1.164
2010B	11 February 2010	11 February 2010 — 10 February 2011	27,000,000	11 February 2011 — 10 February 2014	1.240
2010C	11 November 2010	Immediate	39,000,000	11 November 2010 — 10 November 2013	2.000
2011A	14 December 2011	14 December 2011 — 13 December 2012	50,000,000	14 December 2012 — 13 December 2014	0.720
2011B	14 December 2011	14 December 2011 — 13 December 2014	1,000,000	14 December 2014 — 13 December 2015	0.720
	14 December 2011	14 December 2011 — 13 December 2013	1,000,000	14 December 2013 — 13 December 2015	0.720
	14 December 2011	14 December 2011 — 13 December 2012	3,000,000	14 December 2012 — 13 December 2015	0.720
	14 December 2011	Immediate	2,000,000	14 December 2011 — 13 December 2015	0.720
2012A	28 March 2012	28 March 2012 — 27 March 2015	5,000,000	28 March 2015 — 13 December 2015	0.720
	28 March 2012	28 March 2012 — 27 March 2014	5,000,000	28 March 2014 — 13 December 2015	0.720
	28 March 2012	28 March 2012 — 27 March 2013	39,000,000	28 March 2013 — 13 December 2015	0.720
	28 March 2012	Immediate	29,000,000	28 March 2012 — 13 December 2015	0.720

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

Movements in the number of share options outstanding are as follows:

	Option type	Outstanding as at 30 June 2012	Granted during the period	Lapsed during the period	Outstanding as at 31 December 2012
Directors					
Luk Kin Peter Joseph	2010C	39,000,000	—	—	39,000,000
	2012A	50,000,000	—	—	50,000,000
Chu Chung Yue, Howard	2012A	20,000,000	—	—	20,000,000
Chan Kam Kwan, Jason	2010A	1,500,000	—	—	1,500,000
	2012A	5,000,000	—	—	5,000,000
Lau Kwok Kuen, Eddie	2010A	1,000,000	—	—	1,000,000
	2012A	1,000,000	—	—	1,000,000
Uwe Henke Von Parpart	2010A	1,000,000	—	—	1,000,000
	2012A	1,000,000	—	—	1,000,000
Yip Kwok Cheung, Danny	2010A	1,000,000	—	—	1,000,000
	2012A	1,000,000	—	—	1,000,000
Sub-total		121,500,000	—	—	121,500,000
Employees					
	2010A	4,000,000	—	—	4,000,000
	2011A	50,000,000	—	—	50,000,000
	2011B	7,000,000	—	(400,000)	6,600,000
		61,000,000	—	(400,000)	60,600,000
Consultants	2010B	27,000,000	—	—	27,000,000
Total		209,500,000	—	(400,000)	209,100,000



22 SHARE OPTION SCHEME (Continued)

Share option scheme of the Company (Continued)

The fair values of the 2010A, 2010B, 2010C, 2011A, 2011B, and 2012A share options were calculated using the Binomial model prepared by an independent valuer. The inputs into the model were as follows:

	2010A	2010B	2010C	2011A	2011B	2012A
Exercise price	HK\$1.164	HK\$1.24	HK\$2.00	HK\$0.72	HK\$0.72	HK\$0.72
Volatility	83%	82%	55%	50%	55%	49%
Expected option life	4 years	4 years	3 years	3 years	4 years	4 years
Annual risk-free rate	1.46%	1.502%	0.570%	0.464%	0.649%	0.396%
Expected Dividend yield	0%	0%	0%	0%	0%	0%

The Company recognised the total expense of HK\$9,607,000 for the six months ended 31 December 2012 in relation to the share options granted by the Company.

23 DEFERRED INCOME TAX

The following is the major deferred income tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior period.

	Accelerated tax depreciation HK\$'000	Fair value gain on available- for-sale investments HK\$'000	Intangible asset HK\$'000	Mining properties in Australia HK\$'000	Total HK\$'000
At 1 July 2011 (Unaudited)	(3,418)	(4,025)	(1,719)	(1,812,009)	(1,821,171)
Credited to consolidated income statement for the period	24	—	132	—	156
Charged directly to equity	—	3,808	—	—	3,808
Exchange difference	(11)	217	—	99,705	99,911
At 31 December 2011 (Unaudited)	(3,405)	—	(1,587)	(1,712,304)	(1,717,296)
At 1 July 2012	(3,090)	—	(593)	(997,952)	(1,001,635)
Credited to consolidated income statement for the period	7	—	121	—	128
Exchange difference	—	—	—	(15,589)	(15,589)
At 31 December 2012 (Unaudited)	(3,083)	—	(472)	(1,013,541)	(1,017,096)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 COMMITMENTS

(a) Operating lease commitments

As at 31 December 2012, the Group had commitments mainly for future minimum lease payments under non-cancellable operating lease in respect of office premises, car parks, and counters in the international airport in Hong Kong which falls due as follows:

	As at 31 December 2012 HK\$'000 (Unaudited)	As at 30 June 2012 HK\$'000 (Audited)
Not later than 1 year	13,493	14,630
Later than 1 year and no later than 5 years	18,224	24,292
	31,717	38,922

Leases are negotiated for an average of two to four years and rentals are fixed for the lease period.

(b) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	As at 31 December 2012 HK\$'000 (Unaudited)	As at 30 June 2012 HK\$'000 (Audited)
Property, plant and equipment		
Contracted but not provided for	—	6,576

(c) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements in Australia, the Group is required to perform minimum exploration work to meet the minimum expenditure of A\$2,082,000 (equivalent to approximately HK\$16,733,000) (30 June 2012: HK\$13,890,000) over the next twelve months.

Exploration expenditure commitments for subsequent years are contingent upon future exploration results. Obligations are subject to change upon expiry of the exploration leases or when application for a mining lease is made and have not been provided for in the consolidated financial statements.

(d) Joint venture commitments

The Group is involved in a number of joint venture arrangements. The Group's share of this commitment is A\$95,000 (equivalent to approximately HK\$766,000) (30 June 2012: HK\$950,000).

(e) Contingencies

Native title claims

Native title claims have been made with respect to areas which include tenements in which controlled entities of Brockman have interests, and these controlled entities are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.



25 PLEDGE OF ASSETS

At 31 December 2012, the Group pledged the motor vehicles with a carrying value of approximately HK\$6,888,000 to secure general banking facilities granted to a subsidiary of the Company.

At 31 December 2012, a subsidiary of the Company has entered into arrangements with its bank to provide guarantees to its lessor and the Department of Mines and Petroleum in Australia. The arrangements were supported by term deposits for the amounts of A\$453,000 (equivalent to approximately HK\$3,645,000) which were considered as restricted cash and classified as non-current asset.

26 JOINT VENTURES

Details of the Group's interest in the joint ventures are as follows:

Name of joint venture	Interest held in share of output	Principal activities
North West Infrastructure (<i>note a</i>)	37%	Port and related infrastructure
Irwin-Coglia JV (<i>note b</i>)	40%	Nickel exploration

Notes:

- (a) North West Infrastructure Pty Ltd is a jointly controlled entity incorporated in Australia which is seeking to develop port and related infrastructure on behalf of the North West Iron Ore Alliance ("NWIOA") members. All contributions to the NWIOA are expensed as incurred as part of exploration expenditure.
- (b) Irwin-Coglia is an unincorporated joint venture operating in Australia for the purpose of exploration activities and holding of tenement interests.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

27 RELATED PARTY DISCLOSURES

(a) Related party transactions

Save as disclosed elsewhere in this condensed consolidated financial information, the Group has the following related party transactions during the period:

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Administrative expenses paid to a related company (note i)	180	90
Consultancy fees paid to related parties (note ii)	—	1,009

Note:

- (i) Administrative expenses were paid to a company in which Mr. Peter Luk has beneficial interest in respect of the administrative services provided to the Group, and were charged at monthly fees agreed by the parties involved.
- (ii) Consultancy fees are paid to the Brierley Family Trusts and Richard M Wright in which Messrs Brierley and Wright were directors of a subsidiary of the Company.

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually agreed between the Group and the respective related parties.

(b) Related party balances

The amounts due from/to related parties included as current assets or current liabilities are unsecured, interest-free and repayable on demand. For the amount due to a related party classified as a non-current liability, it is unsecured, interest-free and is not repayable within the next twelve months.

(c) Compensation of key management personnel

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

	Six months ended 31 December	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Short-term employee benefits	18,130	22,383
Share-based compensation expenses	9,076	1,489
	27,206	23,872



28 INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: Nil).

29 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 9 January 2013, the Company redeemed the fixed rate bonds in full by issuing a total of 190,243,902 ordinary shares at the issue price of HK\$0.41 per share and convertible bond of principal amount of HK\$78,000,000 with issue price of HK\$0.41 per share.

On 19 February 2013, all outstanding convertible bonds have been converted into ordinary shares and a total of 480,143,902 shares were issued.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF BROCKMAN MINING LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 35, which comprises the condensed consolidated balance sheet of Brockman Mining Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2012 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 February 2013



BUSINESS REVIEW AND FINANCIAL HIGHLIGHTS

The Group's consolidated revenue for the six months ended 31 December 2012 increased by 36% to approximately HK\$86.8 million (2011: HK\$63.9 million). Revenue growth was driven by the Damajianshan mine with approximately HK\$32.3 million (2011: HK\$5.5 million) contributed by the sales of copper ore concentrates. The transportation services business delivered revenue of approximately HK\$54.5 million (2011: HK\$58.4 million) from the provision of limousine rental and airport shuttle bus services.

As at 31 December 2012, the Group's net asset value amounted to HK\$3,035.3 million (30 June 2012: HK\$3,099.0 million) and cash and bank balances, totalled HK\$354.9 million (30 June 2012: HK\$336.4 million).

Loss attributable to equity holders of the Company amounted to HK\$141.4 million for the six months ended 31 December 2012 (2011: HK\$162.8 million). The change was attributable to increased sales from the Damajianshan mine following the completion of the copper mine plant expansion and upgrading of electricity re-routing facilities; reduced project mine study expenditure in the Australian operations, given conclusion of the Marillana Front End Engineering study in 2011; and refocus of the transportation services operation towards preferred markets including the cessation of the Shenzhen operation.

The re-positioning of the Company's strategic plan to create a globally renowned mid tier mining resources company is expected to continue in the next reporting period, aiming to deliver future profitability.

Basic loss per share for the period was HK1.96 cents (HK3.04 cents in last year's corresponding period).

CORPORATE REVIEW

Takeover Offer for Brockman Resources Limited

The 100% compulsory acquisition process for the takeover of Brockman Resources Limited completed on 15 August 2012.

Change of Company Name

Following the acquisition, the Company changed its name to "Brockman Mining Limited" and a new Chinese name "布萊克萬礦業有限公司" was adopted for identification purpose, effective from 25 September 2012. The ASX ticker was changed to "BCK".

Board Appointments

During the interim period, Mr. Ross Stewart Norgard was appointed as non-executive director and Mr. David Michael Spratt was appointed as independent non-executive director of the Company.

Management Team Changes

Ms. Michelle Manook, General Manager – External Affairs and Mr. Kevin Watters, General Manager – Project Development were also appointed to the Australian management team. Mr. Watters replaced Mr. Paul Bartlett who resigned during the reporting period.

The Board would like to take this opportunity to welcome all new personnel and express appreciation to those who have left for their support and commitment.

MANAGEMENT DISCUSSION AND ANALYSIS

Subscription of Shares and Subscription of Convertible Bonds

On 21 September 2012, the Company issued 12% bonds of an aggregate principal amount of HK\$156 million to China Guoyin Investment (HK) Ltd ("China Guoyin") and Ocean Line Holdings Ltd ("Ocean Line") respectively. The bonds were later redeemed and the proceeds of the redemption were applied to subscribe for 190,243,902 shares by China Guoyin; and the subscription of a 5% convertible bond due January 2016 by Ocean Line, following independent shareholders approval being obtained.

MINERAL TENEMENTS

Iron Ore Operations – Western Australia

This segment of the business focuses on iron ore exploration and development, currently in Western Australia. This operation was acquired through the takeover of Brockman Resources Limited, with 100% ownership secured 15 August 2012.

The net operating loss after income tax expense for the period for this segment and attributable to the Group, was HK\$68.6 million (2011: HK\$123.2 million). Total expenditure associated with mineral exploration attributable to the Group for the period to 31 December 2012 amounted to HK\$64.8 million (2011: HK\$121.5 million). During the reporting period the Group consolidated its investment position in the Australian operations and amalgamated the acquired management team, resources and practices to the Group to optimise achievement of the Company's strategy.

Project Approvals and Optimisation – Marillana Iron Ore Project

The Company continued to progress all required State and Commonwealth government environmental approvals for the mine, rail and port projects in line with Project requirements and development timeframes. Variations to the Marillana Project footprint, since the submission and approval of the Public Environmental Review, will require a variation to the Ministerial Statement approval via a s45C process under the Environmental Protection Act.

A modified Project Management Plan is being developed for submission to the DMP, as well as a new Mining Proposal to cover both early works during the construction phase and the operating mine. Secondary approvals including site operational licences, water licences and vegetation clearing permits will be completed in parallel with a future BFS.

Final conditional approval has been received from the Commonwealth Department of Sustainability, Environment, Water, Pollution and Communities for both the Marillana mine and rail spur projects. A substantial amount of work will be required in 2013 to develop the management plans associated with each of these projects once design engineering and the BFS commence.

Optimisation of the planned beneficiation process have been advanced during the period through testwork programs on the potential for the processing of the naturally occurring -1 mm run of mine (ROM) feed material. In the current process flowsheet, this material accounts for 36% of the process plant feed tonnes and is currently scheduled to be rejected as waste.



Laboratory scale reflux classifier testwork on the -1 mm size fraction, was completed with encouraging results. Pilot scale test work, using the RC300 reflux classifier, commenced in Q1 2013.

In addition, samples (4 × 200 litre drums) were forwarded to CISRI to commence preparation of blends for China-based sinter testing of the Marillana product, to compliment the previous Australian-based sinter test work. This sinter testing program is anticipated to be completed late in Q1 2013.

Rail and Port Infrastructure

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

Brockman, Atlas and Aurizon (formerly QR National) are reviewing the potential to develop an East Pilbara Rail ("EPIR") for the haulage of iron ore product from proposed Brockman and Atlas mines to Port Hedland. All parties have directed their efforts to establishing the technical and commercial fundamentals of the supply infrastructure network, which includes: the planning and undertaking of baseline environmental and cultural heritage surveys; obtaining a State Agreement; and pursuing project environmental approvals.

The Group continued to work closely with the Aurizon-led East Pilbara Independent Rail Study team towards completing a report in Q1 2013.

Brockman is a foundation shareholder in the NWI joint venture which continued to advance the development of a multi user port facility to support the Western Australian State Government 50mtpa allocation of export capacity at Port Hedland. Work included preparing a port development business case based on a phased development of the South West Creek infrastructure. This business case will be integrated with the development of the proponent's proposed mines and the proposed EPIR.

NWI received a draft term sheet from the Port Hedland Port Authority, outlining the expected terms of a lease to govern the development of port facilities in the Port Hedland harbour. Negotiations on the terms for the lease will continue during Q1 2013.

Exploration

During the reporting period the Group experienced significant exploration success at its 100% owned Ophthalmia bedded hematite direct shipping iron ore project located about 30km northwest of Newman in Australia's Pilbara region. The potential of previously reported encouraging surface sampling results were confirmed by drilling programs and the delivery of two maiden Resource estimates for the Coondiner and Kalgan Creek prospects. Total Mineral Resources for these two deposits are 160.1Mt grading 58.56% Fe. In addition exploration work and analysis was progressed at the Sirius prospect with an initial Mineral Resource estimate expected in Q1, 2013.

Exploration programs at Ophthalmia for the period included 115 RC drill holes for 11,758m and 7 PQ diamond drill holes for 745.8m.

MANAGEMENT DISCUSSION AND ANALYSIS

The Ophthalmia project exploration results are particularly significant in supporting Brockman, Aurizon and Atlas' ongoing feasibility studies for an Independent East Pilbara Railway. Brockman has previously reported that detailed feasibility studies at the 100%-owned Marillana Iron Ore Project have demonstrated the mine will produce 419 Mt of final product (beneficiated detrital plus DSO CID mineralisation) and sustain production levels of 17–20 Mtpa for greater than 20 years. As Ophthalmia is located approximately 80 km south-east of Marillana, there is the opportunity to either extend the proposed railway to Ophthalmia or to truck material from Ophthalmia to Marillana. Either of these options will result in increased tonnages on the proposed independent railway, enhancing its viability.

Initial Indicated and Inferred Mineral Resource estimates for the Coondiner and Kalgan Creek Deposits were released to the ASX on 15 October 2012 and 4 December 2012 respectively.

The Coondiner Mineral Resource estimate includes the Pallas and Castor Deposits and totals 108 Mt grading 58.3% Fe, comprising 64.3 Mt of Indicated Mineral Resources (all at Pallas) and 44 Mt of Inferred Mineral Resources (at Pallas and Castor). The Kalgan Creek Mineral Resource estimate totals 52.1 Mt grading 59.11% Fe, comprising 12.5 Mt of Indicated Mineral Resources.

The locations of the various Ophthalmia Deposits and prospects are shown in Figure 1.

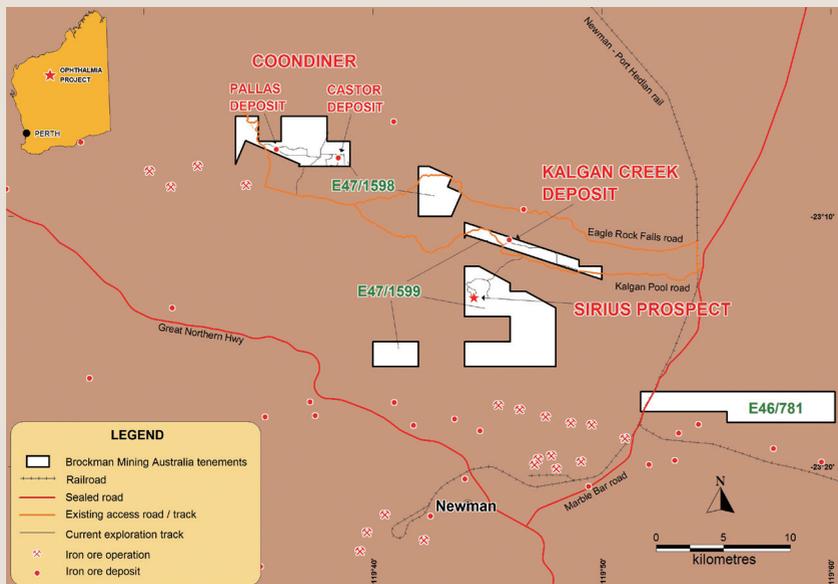


Figure 1: Location of Ophthalmia deposits and prospects



The DSO Mineral Resources at the Ophthalmia Project total 160.1 Mt grading 58.56% Fe, as shown in Table 1:

Table 1: Ophthalmia DSO Mineral Resource Summary

Deposit	Class	Tonnes (Mt)	Fe (%)	CaFe* (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	S (%)	P (%)	LOI (%)
Kalgan Creek	Indicated	12.5	59.25	62.64	4.02	4.79	0.007	0.20	5.41
	Inferred	39.7	59.07	62.55	4.53	4.55	0.005	0.17	5.56
	Sub total	52.1	59.11	62.56	4.41	4.60	0.006	0.18	5.52
Coondiner (Pallas and Castor)	Indicated	64.3	58.00	61.55	5.79	4.40	0.009	0.17	5.77
	Inferred	43.7	58.79	62.15	5.33	4.38	0.006	0.18	5.41
	Sub total	108.0	58.30	61.77	5.61	4.39	0.008	0.17	5.62
Total (DSO) – Ophthalmia**		160.1	58.56	62.03	5.22	4.46	0.007	0.17	5.59

* 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

The Mineral Resource estimates were prepared by Golder and classified in accordance with the guidelines of the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves" (JORC Code). They have been estimated within geological boundaries using a 54% Fe lower cut-off grade for DSO grade mineralisation. The methodology and procedures used for the Mineral Resource estimate were provided in the ASX releases of 15 October 2012 and 4 December 2012.

Mineralisation at all Ophthalmia deposits is hosted by the Boolgeeda Iron Formation and forms a sub-horizontal blanket up to 100 m thick, commencing from shallow depths. For this reason, it is expected that the stripping ratio will be low and that mining will be relatively straightforward.

In September 2012, Brockman was advised by the DMP of the preliminary survey result of the State Agreement Mining Lease M70/282 Section 4 (Hope Downs Joint Venture which is managed by Rio Tinto), which adjoins the Coondiner tenement E47/1598. This survey data indicates a discrepancy between the position of the south-western boundary of E47/1598 as recorded on the DMP tenement management system (TENGRAPH) and that recorded by the survey. The main effect of this survey result is a shift of up to 300 m to the north of the aforementioned tenement boundary. The Mineral Resource for the Pallas Deposit, referred to in Table 1, is the worst-case scenario, assuming that the survey data is adopted in full by DMP. If the survey data is not adopted, this 300 m wide strip contains additional Mineral Resources that would be added to those listed in Table 1. The Castor Mineral Resource is not affected in any way by the survey data.

Brockman is in discussions with DMP regarding this survey result.

MANAGEMENT DISCUSSION AND ANALYSIS

Competent Person's Statement

The information in the above Exploration section of this report that relates to Mineral Resources is based on information compiled by Mr. J Farrell and Mr. A Zhang.

Mr. J Farrell, who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Golder Associates Pty Ltd, produced the Mineral Resource estimates based on the data and geological interpretations provided by Brockman. Mr Farrell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves". Mr Farrell consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Mr. A Zhang, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Brockman Mining Australia Pty Ltd, provided the geological interpretations and the drill hole data used for

the Mineral Resource estimation. Mr. Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves". Mr. Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

MINING OPERATION

Copper Mining – Yunnan, PRC

The copper mining business of the Company is conducted through a 90% owned subsidiary of the Company-Luchun, the owner and operator of the Damajianshan Mine.

During the interim period, production gradually resumed following the completion of installation works and copper plant expansion. The management is delighted to report a substantial increment on ore processed capacity.

Production and operation results for the financial period were summarised as follows:

	Six months ended 31 December	
	2012	2011
Copper ore processed	150,576 tonnes	64,187 tonnes
Production of Copper Ore Concentrates	649 Metal (t)	376 Metal (t)
Sales of Copper Ore Concentrates	640 Metal (t)	102 Metal (t)
Average selling price per Metal (t) (without VAT)	RMB41,000	RMB43,000



During the six months ended 31 December 2012, Luchun has contributed revenue of approximately HK\$32.3 million (2011: HK\$5.5 million), up 487%, and the loss before amortisation and impairment loss was approximately HK\$10.3 million (2011: HK\$2.4 million).

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

Total expenditure associated with the mining operation (excluding impairment loss) during the six months ended 31 December 2012 amounted to approximately HK\$57.4 million (2011: HK\$12.4 million).

Since 2011, installation works, re-routing of power supply and copper plant upgrade has occupied our agenda, which aimed to boost production capacity. Production of copper ore was therefore halted on-and-off for such reason. The Company recorded solid performance primarily due to significantly increased volumes of copper ore concentrates traded. With uninterrupted production post the completion of all power and plant upgrade installation works, production from Damajianshan Mine has been increased significantly as compared to the previous period. Benefiting from increased production volume, sales quantity increased accordingly. The increment in loss for the segment is primarily due to increased expenditure for exploration activities and respective administrative expenses.

Sales and production volumes of Copper ore concentrates grew at a satisfactory rate, average price per metal tonne has decreased steadily over the period reflecting the decrease in global copper price.

As disclosed in note 13 of the above Notes to Condensed Consolidated Financial Information, the mining right certificate expired in December 2012, renewal of such mining right certificate is currently in process. With reference to an independent legal opinion, the Directors are of the opinion that the Group will be able to renew the mining license in the foreseeable future without obstacle.

Outlook

The final stage of the mine upgrade is underway to support the increased production levels at the mine. A new design for the tailings dam (which stores mine waste) is being developed and is expected in the coming year. Safety, environment and various geotechnical risks are being considered as top priority.

As usual, seasonal suspension will be expected during the long holidays for the Lunar New Year. The Company considers that production activity will regain momentum in the second quarter of 2013.

TRANSPORTATION SERVICES BUSINESS

The limousine rental and airport shuttle bus services segments are operated by Parklane Limousine Service Limited and Airport Shuttle Services Limited, both operations are wholly owned by Perryville Group Limited (collectively the "Perryville Group").

MANAGEMENT DISCUSSION AND ANALYSIS

The financial performance of Peryville Group contributed approximately 62.8% (2011: 91.5%) of the overall revenue of the Group. It represents a less significant portion of Group's revenue. Transportation Services revenue for the six months ended 31 December 2012 amounted to HK\$54.5 million (2011: HK\$58.4 million), a slight decrease of approximately 6.7% when compared to the corresponding period last year. The limousine business has refocused to more preferred markets in the PRC. During the interim period, the Shenzhen operation of the limousine business was closed down.

Inflationary pressure and rising staff cost, affected the profitability of the business. The segment reported a loss of HK\$2.4 million for the six months ended 31 December 2012, compared to a loss of HK\$3.8 million in 2011.

Outlook

The Company will continue its strategy towards refocusing its operations towards preferred markets such as Hong Kong, Guangzhou and Shanghai and enhancing cost-control measures to optimise profitability.



The Directors present their report together with the condensed consolidated financial information for the six months ended 31 December 2012.

DIRECTORS

The Directors of the Company during the six months ended 31 December 2012 and up to the date of this report were:

Name

Period of Directorship

Non-Executive Directors:

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

Appointed on 15 June 2012
Appointed on 27 April 2012
Appointed on 15 June 2012
Appointed on 22 August 2012

Executive Directors:

Luk Kin Peter Joseph (*CEO*)
Chu Chung Yue, Howard
Chan Kam Kwan, Jason
(*Company Secretary*)

Appointed on 16 February 2009
Appointed on 7 November 2011
Appointed on 2 January 2008

Independent non-executive Directors:

Lau Kwok Kuen, Eddie
Uwe Henke Von Parpart
Yip Kwok Cheung, Danny
David Michael Spratt

Appointed on 14 December 2007
Appointed on 2 January 2008
Appointed on 5 August 2009
Appointed on 22 August 2012

DIRECTORS' REPORT

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2012 (2011: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its short-term funding requirement with cash generated from operations, credit facilities from suppliers, banking facilities and equity placement. The Group's ability to achieve its Marillana iron ore project development schedule is reliant among other things, on access to appropriate and timely funding.

The current ratio as at 31 December 2012 was 1.04 (30 June 2012: 1.32). The gearing ratio as at 31 December 2012 (long-term debts over equity and long-term debts) is measured at 0.06 as compared to 0.06 recorded as at 30 June 2012. As at 31 December 2012, the Group has bank borrowings and finance lease obligation amounted to approximately HK\$35.0 million (30 June 2012: HK\$43.1 million), all of which are secured, approximately HK\$22.7 million was due within one year and the balance of HK\$12.3 million was due in more than one year. All bank borrowings and finance lease obligation are denominated in Hong Kong dollars.

As at 31 December 2012, convertible bonds and fixed rate bonds amounted to HK\$324.5 million (30 June 2012: HK\$154.4 million). All of these debts are denominated in Hong Kong dollars.

During the period, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 31 December 2012.

CAPITAL STRUCTURE AND CONVERTIBLE BONDS

During the period, the Company has the following movement in the share capital:

Pursuant to the acceptance under the BRM Offer, a total of 49,054,662 ordinary shares were issued as consideration to the BRM Offer in final batches.

As at 31 December 2012, the total number of issued shares outstanding for the Company amounts to 7,224,094,327 shares.

On 9 January 2013, the Company redeemed the fixed rate bonds in full by issuing a total of 190,243,902 ordinary shares at the issue price of HK\$0.41 per share and convertible bond of principal amount of HK\$78,000,000 with issue price of HK\$0.41 per share.

On 19 February 2013, all outstanding convertible bonds have been converted into ordinary shares and a total of 480,143,902 shares were issued.

Shares Details

Shares on issue

As at 31 December 2012:

7,224,094,327 fully paid shares on issue
15,000,000 options quoted, expiring 30 September 2014

Unquoted securities

As at 31 December 2012:

the total number of unlisted options outstanding is 209,100,000, including:

- 8,500,000 share options, expiring on 17 Jan 2014, exercise price HK\$1.164
- 27,000,000 share options, expiring on 10 Feb 2014, exercise price HK\$1.240
- 39,000,000 share options, expiring on 10 Nov 2013, exercise price HK\$2.00
- 50,000,000 share options, expiring on 31 Dec 2014, exercise price HK\$0.72
- 6,600,000 share options, expiring on 13 Dec 2015, exercise price HK\$0.72
- 78,000,000 share options, expiring on 13 Dec 2015, exercise price HK\$0.72



Bonds and Convertible Bonds

- (i) 5% Convertible Bond, convertible on or before 10 January 2014 with a principal amount of HK\$95,940,000, which is convertible into 159,900,000 ordinary shares (the "2014 CB*").
- (ii) 5% Convertible Bond, convertible on or before 19 April 2015 with a principal amount of HK\$78,000,000, which is convertible into 130,000,000 ordinary shares (the "2015 CB*").
- (iii) 12% Bond, due on or before 23 December 2013 with a principal amount of HK\$78,000,000, which was later redeemed on 9 January 2013 and the proceeds were applied to the subscription of a 5% convertible bond, convertible on or before 9 January 2016 into 190,243,902 ordinary shares (the "2016 CB*").
- (iv) 12% Bond, due on or before 23 December 2013 with a principal amount of HK\$78,000,000, which was later redeemed on 9 January 2013 and the proceeds were applied to the subscription of 190,243,902 ordinary shares of the Company.

* The 2014 CB, 2015 CB and 2016 CB were fully converted on 19 February 2013 following approval from Foreign Investment Review Board of Australia being obtained by Ocean Line.

SHARE OPTION SCHEME

Under the share options scheme renewed, adopted and approved by the shareholders at a special general meeting of the Company held on 13 November 2012 (the "Share Options Schemes"), the Board may, in their sole discretion, to grant options to eligible participants to subscribe for fully paid ordinary shares of the Company subject to stipulated terms and conditions.

During the period under review, no options were granted or exercised under the Share Options Schemes.

Subsequently on 14 January 2013, a total of 176,200,000 share options were granted pursuant to the Australian options scheme (adopted by the Company on 13 November 2012) to eligible persons other than Directors of the Company, with exercise price ranging from HK\$0.717 to HK\$0.967 and shall continue to be valid until 14 January 2016.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2012, motor vehicles with an aggregate carrying value of approximated HK\$6,888,000 (30 June 2012: HK\$8,950,000) were charged to secure general banking facilities granted to a subsidiary of the Company.

Contingencies

(i) Bank borrowings

As at 31 December 2012, guarantees have been given to a bank by the Company and a related party of a subsidiary's former shareholder jointly with no charge in respect of banking facilities extended to the subsidiary. The guarantees amounted to approximately HK\$75,200,000 and HK\$20,200,000 respectively (30 June 2012: HK\$75,200,000 and HK\$38,000,000).

(ii) Native title claims

Native title claims have been made with respect to areas which include tenements in which controlled entities of Brockman have interests, and these controlled entities are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.

Except for the contingencies disclosed above, there is no material contingent liability of the Group as at 31 December 2012.

DIRECTORS' REPORT

MARKET RISK

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

(a) Commodities Price risk

Copper ore concentrate price:

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

Iron ore price:

The fair value of the Group's intangible assets arising from acquisition of mineral tenements operations in Australia were affected by fluctuations in the iron ore price. We have not used any commodity derivative instruments or futures for speculation or hedging purpose. The management will review the market condition from time to time and determine the best strategy to deal with the fluctuation of iron ore and copper concentrate price.

(b) Exchange rate risk

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

STAFF AND REMUNERATION

As at 31 December 2012, the Group employed 624 full time employees (30 June 2012: 657), of which approximately 461 employees were in the PRC, 138 employees were in Hong Kong and 25 employees were in Australia. The remuneration of employees includes salary and discretionary bonus. The Group also adopted a share option scheme to provide incentives to the employees.

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

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

As at 31 December 2012, the interests and short positions of the directors and chief executives and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register maintained by the Company pursuant to Sections 336 and 352 of the SFO, or which were otherwise required to be notified to the Company and



the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies 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 underlying shares held	Number of share options held	Percentage of the issued share capital of the Company
Mr. Kwai Sze Hoi	Jointly (Note 1)	60,720,000	—	—	0.84%
	Interests of controlled corporation (Note 1)	990,268,862	480,143,902*	—	20.35%
Mr. Ross Stewart Norgard	Beneficial owner	64,569,834	—	—	0.89%
	Interests of controlled corporation	178,484,166	—	—	2.47%
Mr. Warren Talbot Beckwith	Beneficial owner	—	—	13,500,000	0.19%
Mr. Luk Kin Peter Joseph	Beneficial owner	—	—	89,000,000	1.23%
	Interests of controlled corporation (Note 2)	387,032,276	—	—	5.36%
Mr. Chan Kam Kwan Jason	Beneficial owner	—	—	6,500,000	0.09%
Mr. Chu Chung Yue Howard	Beneficial owner	—	—	20,000,000	0.28%
Mr. Lau Kwok Kuen Eddie	Beneficial owner	—	—	2,000,000	0.03%
Mr. Uwe Henke Von Parpart	Beneficial owner	—	—	2,000,000	0.03%
Mr. Yip Kwok Cheung Danny	Beneficial owner	—	—	2,000,000	0.03%

* Included in the number 190,243,902 underlying shares subject to the shareholders' approval in the special general meeting dated 8 January 2013.

Kin Peter Joseph, Ms. Cheung Sze Wai, Catherine (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively.

Notes:

- The 990,268,862 Shares and 480,143,902 underlying Shares to be issued upon conversion of the 2014 CB, the 2015 CB and the Convertible Bond issued pursuant to the shareholders' approval on 8 January 2013 were held by Ocean Line, a company held as to 60% by Mr. Kwai Sze Hoi and as to 40% by Ms. Cheung Wai Fung (Mr. Kwai's spouse). In addition, Mr. Kwai and Ms. Cheung have a joint direct interest in 60,720,000 Shares.
- The 387,032,276 Shares represented (i) 135,824,000 Shares held by Equity Valley Investments Limited; (ii) 103,448,276 Shares held by Pridelful Future Investments Limited; and (iii) 147,760,000 Shares held by Villas Green Investments Limited. The aforesaid three companies are wholly-owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital are held by Mr. Luk

Apart from the above, as at 31 December 2012, there was no interest of the Directors or chief executives of the Company in the shares and the underlying shares of the Company and any shares and underlying shares of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures", at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, was a party to any arrangements to enable the Directors of the Company and their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2012, so far as is known to the Directors, the persons (not being a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO were as follows:

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

Name of shareholder	Nature of interest	Number of shares or underlying shares	Percentage of the issued share capital of the Company
Ocean Line Holdings Ltd ("Ocean Line") (Note 1)	Beneficial owner	1,470,412,764*	20.35%
Cheung Wai Fung (Note 1)	Beneficial owner and interest in controlled corporation	1,531,132,764	21.19%
The XSS Group Limited (Note 2)	Interest in controlled corporation	387,032,276	5.36%
Cheung Sze Wai (Note 2)	Interest of spouse and interest in controlled corporation	476,032,276	6.59%
China Guoyin Investments (HK) Ltd (Note 3)	Beneficial owner	511,904,972#	7.09%
Zhu Yicai (Note 3)	Interest in controlled corporations	524,432,972	7.26%

* Included in the number 190,243,902 underlying shares subject to the shareholders' approval in the special general meeting dated 8 January 2013.

Included in the number 190,243,902 ordinary shares subject to the shareholders' approval in the special general meeting dated 8 January 2013.

Notes:

1. Ocean Line is owned as to 60% by Mr. Kwai Sze Hoi and as to 40% by his spouse, Ms. Cheung Wai Fung. Ocean Line's interests comprised (i) 990,268,862 Shares; (ii) 289,900,000 underlying Shares in respect of the 2014 CB and the 2015 CB; and (iii) 190,243,902 underlying Shares in respect of the Convertible Bond issued to Ocean Line pursuant to the shareholders' approval on 8 January 2013. Mr. Kwai and Ms. Cheung in addition jointly held 60,720,000 Shares. Mr. Kwai is a director of Ocean Line.



2. These 387,032,276 Shares represented (i) 135,824,000 Shares held by Equity Valley Investments Limited; (ii) 103,448,276 Shares held by Pridelful Future Investments Limited; and (iii) 147,760,000 Shares held by Villas Green Investments Limited. The aforesaid three companies are wholly owned by The XSS Group Limited, of which 50%, 20% and 30% of its issued share capital are held by Mr. Luk Kin Peter Joseph, Ms. Cheung Sze Wai (Mr. Luk's spouse) and Ms. Chong Yee Kwan (Mr. Luk's mother) respectively. Mr. Luk is a director of The XSS Group Limited. Ms. Cheung Sze Wai is also deemed to be interested in 89,000,000 underlying Shares in relation to share options held by Mr. Luk.

3. China Guoyin is wholly owned by Mr. Zhu Yicai. China Guoyin's interests comprised (i) 321,661,070 Shares and (ii) 190,243,902 Subscription Shares to be issued to China Guoyin under the Shares Subscription. Mr. Zhu in addition held 12,528,000 Shares through Smart Effort Investments Limited, a company wholly owned by him.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is listed on both the Australian Securities Exchange ("ASX") and on the SEHK. The Company's corporate governance policies have been formulated to ensure that it is a responsible corporate citizen. The Company complies with all aspects of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK, except that not all the directors have participated in all general meetings held by the Company in the reporting period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry to all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2012.

AUDIT COMMITTEE

The audit committee comprises of three independent non-executive directors namely Messrs. Lau Kwok Kuen, Eddie, Uwe Henke Von Parpart and Yip Kwok Cheung, Danny; and a non-executive director, Mr. Warren Talbot Beckwith (the "Audit Committee"). Mr. Lau Kwok Kuen, Eddie is the Chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CG Code. The Audit Committee has reviewed the Group's interim results for the six months ended 31 December 2012.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of SEHK (www.hkexnews.hk), ASX (www.asx.com.au), as well as the website of the Company (www.brockmanmining.com)/ (www.irasia.com/listco/hk/brockmanmining). The interim report will be dispatched to shareholders and will be published on the aforementioned websites in due course.

By Order of the Board

Luk Kin Peter Joseph
Chief Executive Officer

Hong Kong, 25 February 2013

DIRECTORS' DECLARATION

The Company is incorporated in Bermuda under the Companies Act 1981 of Bermuda.

This declaration is made in accordance with a resolution of the Directors of the Company dated 25 February 2013. In the Directors' opinion:

- (a) The condensed consolidated financial information and notes set out on pages 12 to 35 are:
 - (i) complying with International Accounting Standards 34 Interim Financial Reporting and the disclosure requirements of Hong Kong Companies Ordinance;
 - (ii) giving a true and fair view of the Groups' financial position as at 31 December 2012 and of its performance for the six months ended on that date;
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Luk Kin Peter Joseph
Chief Executive Officer

Hong Kong, 25 February 2013



"ASX"	ASX Limited ACN 008 624 691, or the financial products market, The Australian Securities Exchange, as the situation requires
"Atlas"	Atlas Iron Limited (ASX:AGO), an iron ore producer and developer in Western Australia listed on the ASX
"Aurizon"	Aurizon Limited (formerly QR National Limited), which is the largest rail freight company in Australia and is listed on the ASX
"BFS"	Bankable Feasibility Study
"Board"	the Board of Directors
"Brockman" or "Company"	Brockman Mining Limited ARBN 143 211 867 (formerly Wah Nam International Holdings Limited), a company incorporated in Bermuda
"CG Code"	Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK
"CID"	Channel-iron deposits
"CISRI"	China Iron & Steel Research Institute Group
"China Guoyin"	China Guoyin Investments (HK) Ltd
"Damajianshan mine"	The 90% owned copper mine held by the Company in the Yunnan Province, PRC
"Directors"	the directors of the Company
"DMP"	Department of Minerals and Petroleum
"DSO"	Direct Shipping Ore
"EPIR"	East Pilbara Independent Railway
"Golder"	Golder Associates Pty Ltd
"Group"	Brockman Mining Limited, its associates and subsidiaries
"JORC Code"	Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition)
"km"	kilometres

"Luchun"	Luchun Xingtai Mining Co., Ltd, being a 90% owned subsidiary of the Company, which is the operator of the Damajianshan Mine
"Marillana Project"	The 100% owned Marillana iron ore project is Brockman's flagship project located in the Hamersley Iron Province
"m"	metre
"Mt"	million tonnes
"NWI"	North West Infrastructure, the joint venture company which represents the interests of its three shareholder companies: Brockman Mining Australia Pty Ltd; Atlas Iron Limited and FerrAus Limited, to facilitate the construction of a port facility capable of annually exporting 50 million tonnes of iron ore from the South-West Creek location at the Inner Harbour at Port Hedland, Western Australia
"Ocean Line"	Ocean Line Holdings Ltd
"PRC"	Peoples Republic of China
"Q"	Quarter (financial)
"QR National"	QR National Limited (renamed to Aurizon), which is the largest rail freight company in Australia and is listed on the ASX
"RC"	Reverse circulation
"SEHK"	Hong Kong Exchanges and Clearing Company Limited or the financial products market or the Hong Kong Stock Exchange, as the situation requires