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Brockman and Mineral Resources to form 50/50 Unincorporated Joint Venture to develop Marillana Iron Ore Project

- Brockman (BCK) and Mineral Resources (MRL) align interests to create a major new system to bring top quality Pilbara iron ore to the seaborne iron-ore market by as early as Q3 2019.
- Multiple synergies created by joint venture to develop Brockman's Marillana project in close proximity with MRL's ongoing operation at Iron Valley.
- MRL's highly innovative, lightweight, rail-based system to run 320km from Iron Valley to Port Hedland, providing historic infrastructure solution for Marillana.
- At Port Hedland, a fully automated train receipt and product stockyard facility adjacent to South West Creek; and a cape-size carrier berth at South West Creek, to affect the export of Marillana ores.
- Partners commit to commencement of Rail and Port system construction as early as CY Q2 2019.

The Transaction

Brockman Mining (SEHK: 159; ASX: BCK) today announced it has entered into a binding joint venture arrangement with Mineral Resources. The joint venture, which is unincorporated and on a 50:50 basis, will develop the Marillana iron-ore project in Western Australia's Pilbara region. The parties will construct a 20 to 30 Mtpa mine operation at Marillana, underpinned by MRL's Pilbara Infrastructure Project consisting of automated and integrated light rail, stockyard and berth facilities currently under planning and design.

Under the terms of the joint venture, MRL and Brockman will enter into commercially viable "Process and Loading" and "Mine to Ship Logistics" agreements, on top of other farm-in obligations, for MRL to earn its 50% rights on the Marillana tenements. Deadlines will be strict and in certain circumstances failure to meet them could enable Brockman to re-acquire its full interest in the Marillana tenements.

The Rationale

The key to unlocking the value of Brockman's high-quality iron ore tenements in the Pilbara has been to secure a viable rail and port solution and funding. The Company has explored various development options for the Marillana project over a number of years, seeking alignment with a number of potential partners.

This proposal provides clear commercial alignment because it provides each



partner a common interest in the success of Marillana. It also provides each partner important strategic benefits: MRL has sought significant extra 3rd party volumes for its Pilbara Infrastructure Project; Brockman requires a viable infrastructure solution to unlock its stranded assets.

In addition, the MRL joint venture proposal may accelerate the commencement of Marillana production through a road haulage transportation alternative as early as Q3 2019, utilizing MRL's current operating Port Hedland export facilities at Utah Point. MRL's rail and South West Creek port services are expected to be operational by Q3 2020.

Brockman has been continuously studying and advancing other options to provide Marillana with a viable infrastructure solution. Most recently in November 2017, Brockman agreed a non-binding term sheet with BBI Group (BBIG) to assess a farm-in and joint venture at Marillana centered on a rail solution to be constructed by BBI Infrastructure to a new port at Balla Balla, between Dampier and Port Hedland. While very attractive in many respects, the BBIG option did not offer speed to market with the MRL proposal.

The Project

Marillana is the largest single deposit outside the control of the major producers in the Pilbara. The resource comprises 1.51 billion tonnes of Mineral Resources, of which over 1 billion tonnes comprises JORC compliant Ore Reserves. Importantly, Marillana's exceptional quality – it produces a beneficiated grade of 60.5% to 61.5% Fe - will see its product placed attractively in the seaborne iron ore market as China limits its demand for low quality ores.

The resource is located 30 km from MRL's Iron Valley operations, whose light rail to Port Hedland will pass through the Marillana mining lease with a possible load-out point adjacent to the Marillana deposit. The resource will support a minimum 20-year mine life. The partners may decide to commence initial production through the development of a smaller scale trucking operation.

About Brockman Mining

Brockman Mining Limited is an investment holding company listed on both the ASX (code: BCK) and the Main Board of the HKSE (code: 159). Brockman Mining Limited and its wholly owned subsidiaries (Brockman) has a portfolio of high quality, high potential iron ore deposits in the Pilbara, the most significant of which is the Marillana project. Forecast annual production from Marillana is 20 to 30 Mtpa with a mine life of more than 20 years. Other iron ore projects of Brockman are well advanced Ophalmia (340.9 million tonnes – JORC 2012) in the East Pilbara and four tenements under early exploration in the West Pilbara.



About Mineral Resources

MRL is an Australian-based and owned mining services provider and a commodities miner and producer. Listed on the ASX (ASX: MIN) with a market capitalisation of ~A\$3 billion, MRL has in-house capability to design, construct, operate and maintain mining and processing operations for third parties and for its own operations. MRL has also successfully built and delivered large-scale iron-ore processing facilities in the Pilbara for FMG and Rio Tinto. Brockman believes that in addition to crystalizing the exceptional synergies available to both companies by combining rail and port infrastructure for their respective Iron Valley and Marillana projects, it makes sense for Brockman to establish a productive working relationship with this group.

Brockman Chairman, Kwai Sze Hoi said:

“A joint venture with Mineral Resources is a logical and welcome outcome both for Brockman and for the Marillana project in so many dimensions. Our respective projects will use the same rail and port infrastructure and we will share equally ownership of the Marillana resources. Access to infrastructure and economic alignment with an infrastructure owner are the keys to development in the Pilbara. This joint venture delivers all of the elements needed for the successful development of the wonderful Marillana ore-body, including Mineral Resources’ Pilbara project development and mining services capability and expertise. Brockman is confident that Marillana’s superior quality ore will take its rightful place in the seaborne iron-ore trade very soon.”

Timetable

	Construction Commencement	Operations Commencement
Rail	Q2-2019	Q4-2020
Port – SWC	Q3-2019	Q4-2020
Port – Utah Point	Operational	Operational
Mine Construction	Immediate	Q3-2019(road)(3 to 5 Mtpa) Q4-2020 (rail) (20 to 30 Mtpa)

Update on Pilbara Infrastructure Project

- The Hon. Premier Mark McGowan has directed the WA Department of Jobs, Tourism, Science and Innovation to commence negotiations for a State Agreement for MRL's rail-based system between Iron Valley and Port Hedland.
- MRL is well advanced with its negotiations on the terms of the State Agreement and expects it will be legislated before the end of calendar 2018.
- MRL has commenced formal negotiations with the Pilbara Port



Authority (PPA) in respect of tenure for MRL to construct the stockyard and cape-size carrier berth at South West Creek.

- MRL is well advanced on its environmental and tenure-related clearances for the rail corridor. Design and third-party verification of the rail-based system is scheduled to be completed by August 2018 and the demonstration track and rollingstock will be operational before the end of CY 2018.

For further information:

Australia: Tim Duncan, Hintons, +61 408 441 122, tduncan@hintons.com.au