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26 April 2016

The Chairman
Legislative Council Standing Committee on Legislation
Parliament of Western Australia
Harvest Terrace
PERTH WA 6000

By email: lclc@parliament.wa.gov.au

Dear Chairman

Brockman Mining Limited (Brockman) is pleased to have the opportunity to respond to the Committee's inquiry into the Pilbara Ports Assets (Disposal) Bill 2015.

As a junior miner in the Pilbara region with substantial tenements linked to Port Hedland and the Utah Point bulk handling facility, Brockman can provide excellent insight into the proposed sale (leasehold) of Utah Point.

Brockman supports the legislation and the policy of selling/leasing Utah Point as a proposed user and potential purchaser of the facility. Brockman believes the facility must remain a junior miner-orientated facility that is open to all emerging miners in the Pilbara and supports a level playing field for all junior miners in the Pilbara.

1. About Brockman

Brockman is an Australian based resources company listed on both the Hong Kong and Australian Stock Exchanges.

Brockman is working to develop long-term, high quality hematite iron ore export operations, including, but not limited to, operations supporting infrastructure in the world-class Hamersley iron ore province of the Pilbara region in Western Australia.

Brockman's principal projects include the Marillana and Ophthalmia projects. The Marillana project is the larger in scale, with approximately 1.0 billion tonnes of JORC compliant Ore Reserves. Marillana is 100 per cent owned by Brockman and located approximately 100 kilometres north-west of Newman. It covers 96 km² bordering the Hamersley Range, in close proximity to existing infrastructure, with BHP Billiton's railway traversing the lease and Rio Tinto's Yandicoogina mine 40 kilometres to the south. The distance between Marillana and Port Hedland is approximately 270 kilometres.

The current low iron ore price environment has resulted in sustained cost pressure on existing producers in the Pilbara. These cost pressures have seen a material shift in capital and operating costs as well as innovative changes to traditional mining and haulage practices.

A 140t "performance based standard road train" is currently being tested in the Pilbara on public roads (with potential for 160t units) which has facilitated a low-tonnage Marillana iron ore project,

dubbed "Project Maverick". The Maverick Project is Brockman's initial 2.5Mtpa project to enter the market and generate cash flow as its first step towards developing the larger Marillana iron ore deposit.

Brockman has an active interest in the future of Utah Point, as the Maverick Project requires capacity as well as stockyard space allocation at Utah Point. Hence, Brockman has been active in discussions with the Pilbara Ports Authority (PPA) to secure such allocation, preferably within the next couple of months.

It will be difficult for Brockman to secure funding for the Maverick Project without such certainty. For Brockman, the success of the Maverick and Marillana projects is linked to the success of Utah Point.

2. Marillana Project

Maverick (2.5Mtpa)

The Maverick Project is Brockman's initial 2.5 million tonnes per annum (Mtpa) project from Marillana to enter the market and generate cash flow, as its first step towards developing the larger Marillana iron ore deposit. Maverick relates to a very small portion of the total iron ore reserve at Marillana, which has been optimised for the first five years of the project.

Brockman has entered into a Heads of Agreement with Qube Holdings to facilitate an infrastructure solution for the Maverick Project, which includes using new road trains with increased payloads to transport the ore to the Utah Point port facility for export.

Subject to the completion of final feasibility studies (primarily the availability of stockyard pads at Utah Point) and receipt of any required approvals, Brockman and Qube will enter into a Logistics Services Agreement for the provision of logistics services for the transportation and export of Brockman's product through Utah Point for a minimum of five years.

Brockman is targeting Q1 2017 for commencement of construction at Maverick with commissioning late in 2017. Maverick is expected to generate more than 150 fulltime jobs during its operation.

Agincourt (20Mtpa)

Brockman is committed to developing the broader 20Mtpa Marillana project, dubbed "Project Agincourt" based on rail haulage and development of a multi-user junior port facility. The company plans on utilising the port channel capacity allocation at South West Creek (SWC).

Brockman is proactively working with service providers to develop innovative low cost rail and port solutions using conventional technology. It has recently completed a study for the construction of a conventional standard gauge, 26-tonne axle load railway from Marillana to Port Hedland.

This railway would be fit for purpose but would have sufficient ultimate capacity to support the entire 50Mtpa allocation at South West Creek as well as supporting future rail haulage of ore for Utah Point.

3. Utah Point

Brockman requires "C" class capacity allocation and stockyard pads lease at Utah Point to facilitate the Maverick Project, and has been in discussions with the PPA to secure such requirements, preferably soon (within the next two months).

Brockman is of the view its participation as a user in the multi-user facility at Utah Point is in the best interests of the State, and will assist the State in terms of achieving maximum value for taxpayers with regard to any proposed sale of the Utah Point facility. Brockman's involvement at Utah Point will add value to the privatisation of Utah Point.

Brockman is not seeking any concessions from the State Government with regard to its interest in transporting product through Utah Point and is supportive of the proposed privatisation of Utah Point. Brockman has proactively participated in discussions with Treasury in its capacity as a prospective buyer (lessor) of the Utah Point Bulk Facility (the Facility).

There are significant benefits of the sale/lease of Utah Point to the private sector, given the current capital constraints of the State Government. Private sector investment will improve the efficiency and capacity of the port.

The Maverick Project is ready to go and with Brockman targeting commencement in Q1 2017, existing facility users should not be in a position to block the way, particularly when they are not currently using their allotted allocation to its full capacity.

Brockman's high quality hematite ore remains economical and the company is in a position to commence production at the Maverick Project despite the current low price environment. Hence, Brockman involvement either as user or lessor/investor is important to the privatisation of Utah Point.

5. South West Creek

Brockman is continuously looking for ways and means to develop a port at South West Creek (SWC). Brockman is part of the North West Infrastructure (NWI) with fellow shareholder Atlas Iron, and has been a very proactive proponent in working out the best development structure for SWC. During the past few years Brockman has recommended multiple pragmatic solutions for SWC development.

Brockman continues to work on plans to develop to its broader 20Mtpa Marillana project, based on rail haulage and the development of a multi-user junior port facility at SWC. At this stage, Brockman is ready to undertake the leadership in the development of a multi-user junior port facility at SWC in cooperation with PPA and under guidance from the Department of State Development.

6. Further Information

Please do not hesitate to contact me should you require any further information regarding this submission or any other questions you may have. Brockman is also willing to participate in any hearings the committee intends to hold.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Colin Paterson', written in a cursive style.

Colin Paterson
Chief Executive Officer and Executive Director