BROCKMAN RESOURCES - THE NEXT AUSTRALIAN IRON ORE DEVELOPER POISED FOR SUCCESS

With a sizeable, much sought after commodity, an easy to mine project located in the heart of one of the world’s richest iron ore districts - a number of potential infrastructure options for taking its product to market - and a wealth of talent and experience within its board and management – there is no doubt that Brockman Resources Limited (ASX: BRM) is a company that investors should be focussing on.

When The Pick met with Brockman’s Managing Director Wayne Richards recently we were most impressed with the confidence he and his fellow board members have in their Marillana Iron ore project in Western Australia and came away convinced that Brockman is clearly forging a position at the forefront of Australia’s emerging iron ore sector.

“I truly believe that, from an investor’s point of view alone, Brockman ticks all the right boxes,” Mr Richards told The Pick.

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BROCKMAN RESOURCES LIMITED
MANAGING DIRECTOR

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Ross Norgard has more than 30 years of experience in the fields of raising venture capital and the financial reorganisation of businesses.

Non-Executive Director, David Nixon, has worked in a range of senior roles in the international mining and construction industry in locations including Southern Africa, Australia, New Zealand, Canada and Indonesia, including a considerable time working within the emerging iron ore sector, having previously held the role of Non-Executive Chairman of Atlas Iron Limited.

Fellow Non-Executive Director Ross Ashton has been involved in the exploration, consulting, financing and development of mining projects in Australia and Africa since 1972. Executive Director Colin Paterson has over 25 years experience in the resources sector and Non-Executive Director Warren Beckwith has a distinguished career in accounting.

And then you come to Wayne Richards himself, who brought almost a quarter of a century of mining and mineral processing experience with him, including senior...
The Marillana Project is surrounded by significant iron ore operators.

executive roles within BHP Billiton Iron Ore, when he joined Brockman more than four years ago.

“Some of the other key parameters that differentiate Brockman from other iron ore developers is its project location, resource/reserve, quality of final product and access to associated infrastructure.

“Marillana is a single site mine, with a 25 year mine life at a nominal production rate of 18.5 million tonnes (Mt) of iron ore per year. It is a significant project that will be of the size, quality and quantum of the stand alone projects currently operated by the iron ore majors operating in the Pilbara.

“Importantly, the resource is simple. It is a detrital resource, at or near surface, and is simply an undercover hematite ‘gravel pit’ that we dig up and then wash and separate the hematite from chert and shale by simple gravity separation.

“This very simple beneficiation process will produce a product in the range of 60.5% to 61.6% iron. That sort of grade is becoming the exception over time because the better ores have been mined for the past 30 years and now that the demand has increased, the reserves of the better ores are disappearing very rapidly.

“Marillana will be a very simple mine. The deposit is near surface to a maximum depth of 70m below surface, making it ideal for an open pit mining operation. We will have big benches, big equipment and good angles of repose. There will be no need for drill and blast. So we can dig it up, feed it into a plant and then send the tailings (waste) back to our pits, to reduce the environmental footprint. So yes - we are ticking all the boxes at Marillana.

“Another important consideration is that Marillana is a hematite deposit. That becomes important when you look at the fact that 99% of Australia’s iron ore exports are hematite, not magnetite. Hematite has the advantage that we will beneficiate and upgrade our in-situ product to a quality 61% Fe average product. Being a hematite deposit means that we don’t have to go through extensive high energy, high intensity grinding etc. to create a marketable product. So those are big positives for us.”

Wayne Richards also highlighted the huge importance of the Marillana Project’s proximity to infrastructure and a number of successful iron ore operations.

“As they say, it is location, location, location. We are surrounded by BHP to our south, Rio to our west, FMG and Hancock to our east, and BHP to the north towards the Fortescue Marsh.

“Apart from being surrounded within a 30 to 50 km radius by the bulk of the Pilbara’s iron ore producers, we are also within an economical shipping distance from the preferred port of destination - Port Hedland. At our mid-point we are 305km from this port. That is closer than most of the major’s current operating mines.

“The other key success factor for Brockman is that in 2008, as a member of the North West Infrastructure Alliance (formerly the North West Iron Ore Alliance), we successfully negotiated with the State Government for a 50 Mt allocation of port capacity at Port Hedland. So collectively, between Ferraus, Atlas and Brockman, we have the rights to two berths and 50 Mt of totally allocated and booked-up capacity at the Port Hedland port, of which Brockman has the capacity and allocation right to 18.5 Mt per annum.

“We have built the Marillana project around that capacity allocation. Port capacity is ‘King’ in Australia, as most mine developments in the bulk commodity industry are currently constrained by port and/or rail infrastructure availability.

“So we have an ideal location, a large contiguous ore body of 15 km strike, by 1.4 km wide, by 60 to 70m deep. A big, simple, ore body. They are our strategic development strengths and opportunities.

“Then you add that to our tight share register, the fact that we haven’t needed to raise money for greater than three years and have been able to progress the project through Scoping, Pre-feasibility, Definitive Feasibility and now a Bankable Feasibility Study, by spending the required capital very astutely.

“I believe that investors in Brockman are right on the cusp of a potential value uplift. Value appreciation in a Project increases as you achieve final design and bankability, de-risk the Project and execute financing/funding.”

A 24 months construction period will commence at the site upon completion of financing and the conclusive negotiation of a final rail transport agreement. Brockman is likewise coordinating the potential ordering of long lead items during the next quarter.

“We have done all the relevant and timely work to fast track the Project, including early contractor involvement in key aspects of the mine/plant development.

“We have completed four years of timely, value enhancement work for the development potential of the Marillana Project. We have most of our principle environmental and project approvals in place, and we have concluded all relevant Native Title and Heritage agreements. We are preparing to finance and bank this project.” Wayne Richards said.

And the Company is proving it is no “one trick pony”, continuing to have success at its nearby West Pilbara and Ophthalmia tenements.

Just prior to going to press, Brockman announced it had identified a significant new deposit of bedded hematite mineralisation at the Sirus prospect within its 100% owned Ophthalmia Project tenements. Importantly, these tenements are located only 70km from Marillana, providing an opportunity for Brockman to connect to any rail solution it develops, or to develop an early start-up DSO trucking operation to Marillana.

For investors in Brockman Resources, the key message is that the Company is clearly “right on the cusp of success and future value enhancement.”