

# Developing the Multi-Generational Mardie Salt & Potash Project

Corporate Presentation

# The BCI Opportunity




- ~\$150M market cap<sup>1</sup>
- ~\$88M cash and zero debt<sup>2</sup>



## Shareholders

Australian Capital Equity	39.6%
Sandon Capital	6.1%
Top 20 Shareholders	~68%
Number of Shareholders	~6,400

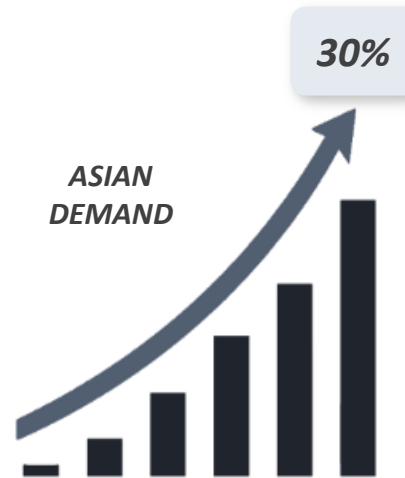
<sup>1</sup>Based on 598.4M shares at \$0.245 per share <sup>2</sup>as at 31 October 2020

# Mardie Project: Why Salt and SOP?

## Strong growth in Mardie's target markets

### SALT

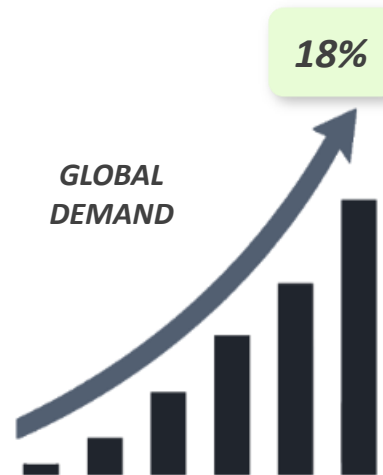
- >10,000 products derived from salt (PVC, alumina, glass, paper, water purification)
- Asian market size of ~160Mtpa salt (annual value of US\$6.5B)



>50Mtpa additional demand over next decade<sup>1</sup> – (growing population, requiring more industrial and consumer products)

### SOP<sup>2</sup>

- Premium fertiliser used on high value crops
- Global market size of ~7Mtpa (annual value of ~US\$3.5B)

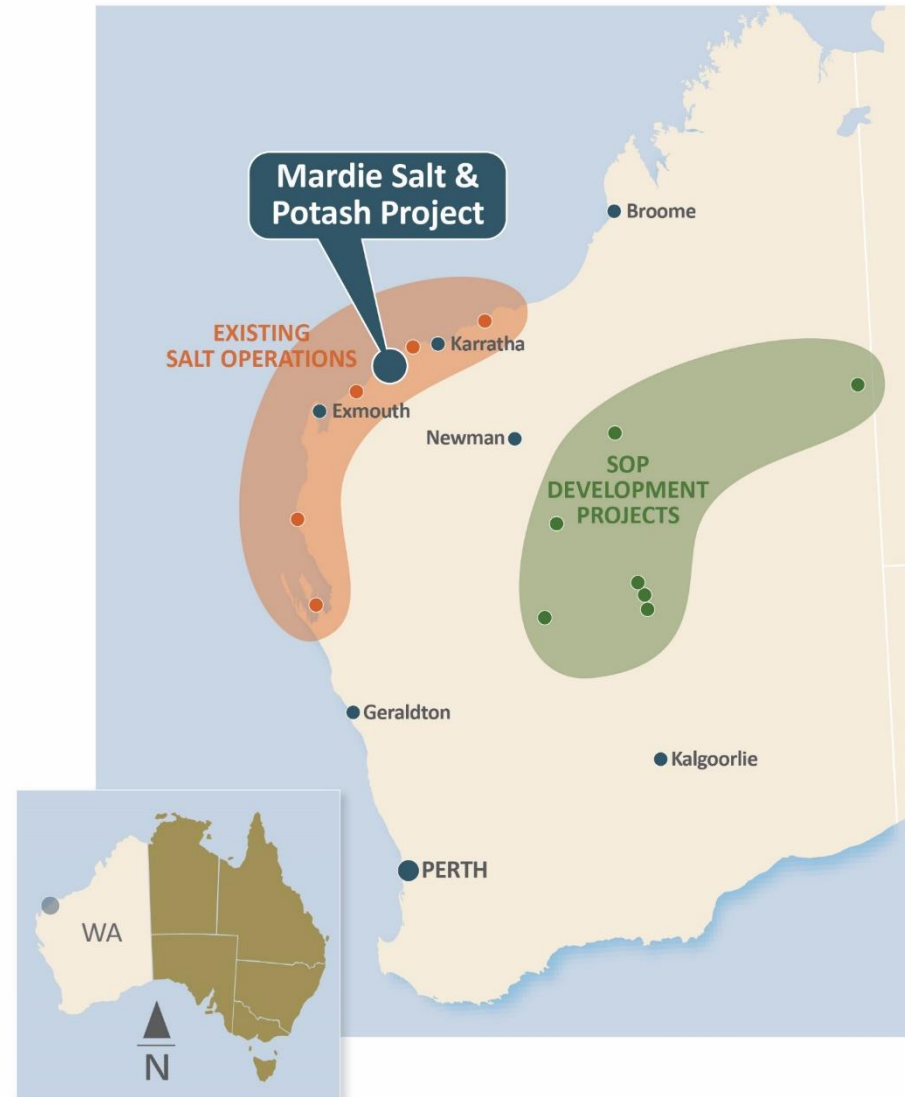


~1Mtpa additional demand over next decade<sup>3</sup> – (growing population, changing dietary habits and declining arable land)

## Mardie: ideal location to produce high-purity salt and SOP

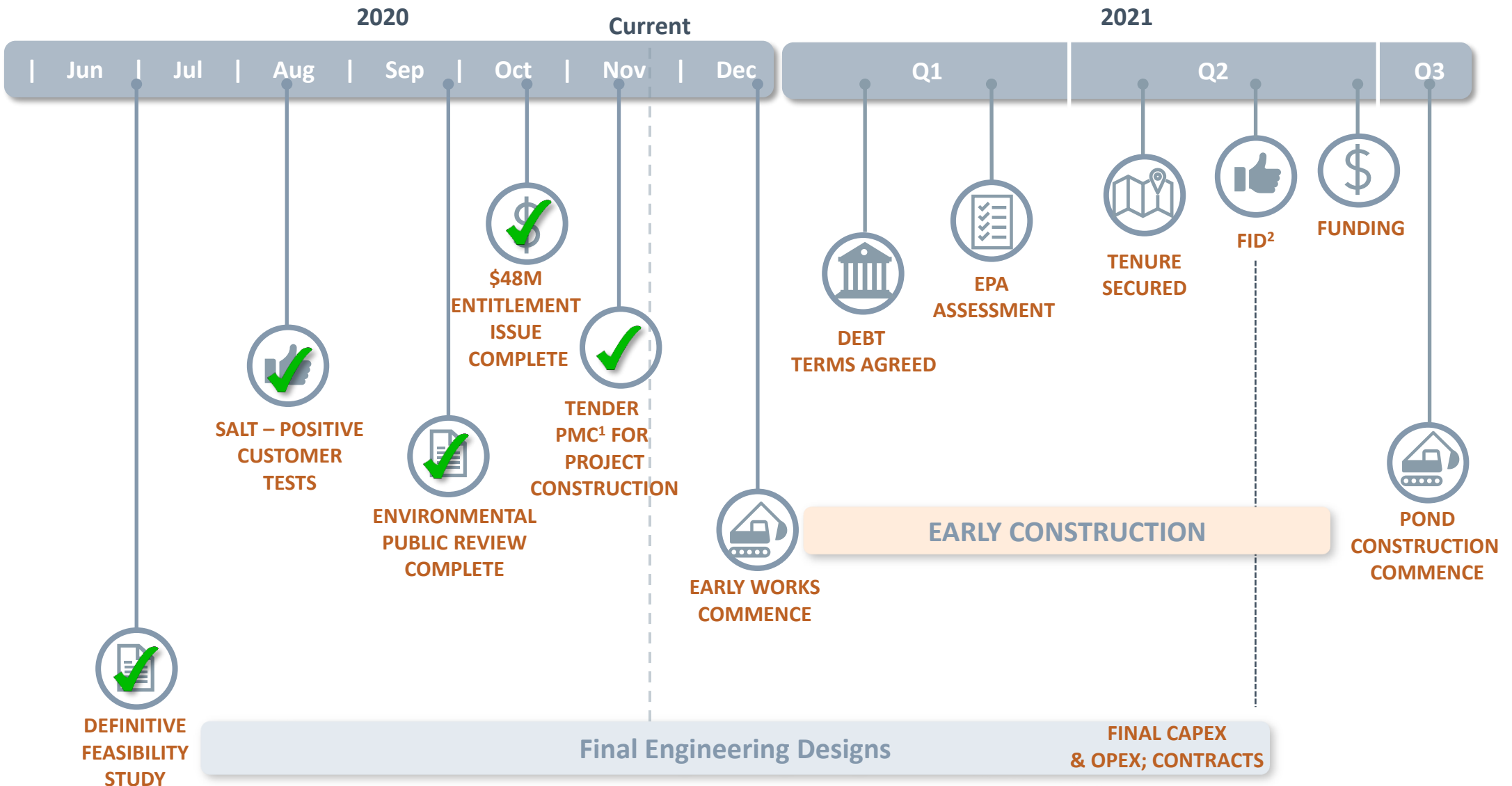
- Pilbara has ideal climate to produce high purity salt
  - High temperature, high wind, low rainfall, low humidity
  - Proven salt production region since the 1960's
- Five large WA **Solar Salt Operations** (12-13Mtpa)
  - Controlled by Rio Tinto and Mitsui
  - No new large Australian salt project in 20 years
- No current **SOP** production in Australia
  - Other development projects all based on inland lake brines and >800km road transport to third party ports
- **Mardie Salt and SOP Project**
  - Only Australian project with commercial salt and SOP from seawater

Western Australia – Salt and SOP Projects



# Significant Progress & Exciting Targets

## Key milestones achieved in 2020 – preparing for construction in 2021



<sup>1</sup>Project Management Contractor <sup>2</sup>Final Investment Decision

# Feasibility Study Design

## DFS completed in June 2020 with positive results

### SITE CONDITIONS



- 100km<sup>2</sup> clay soils – ideal to retain water
- High net evaporation rates (~10mm/day)

### PRODUCTION



- 9 evaporation ponds
- 34 salt and 18 SOP crystallisers
- Salt wash plant producing 4.4Mtpa salt >99.5% NaCl
- SOP process plant producing 120ktpa SOP >52% K<sub>2</sub>O (granular)

### PORT

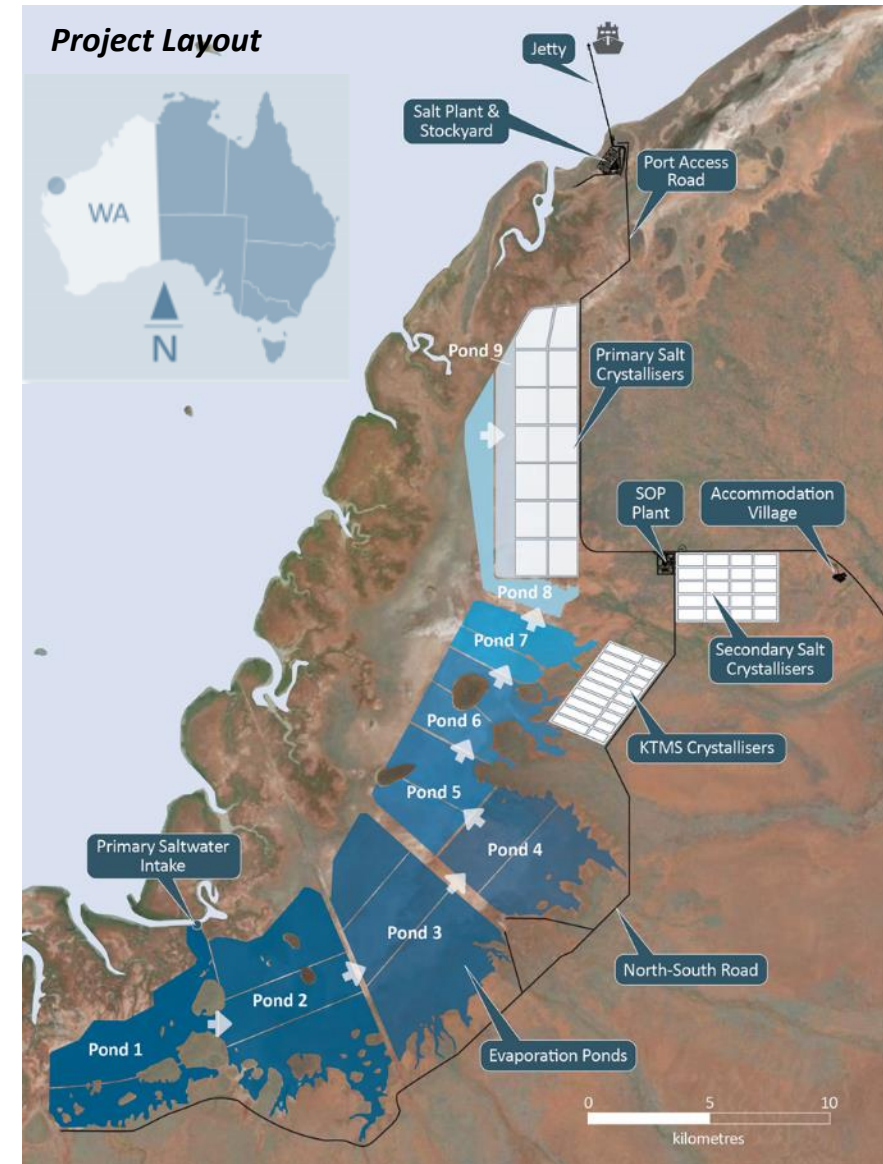


- 2.3km steel trestle jetty with conveyor
- Ship loader to transfer salt and SOP
- 4.5km dredged channel

### SHIPPING

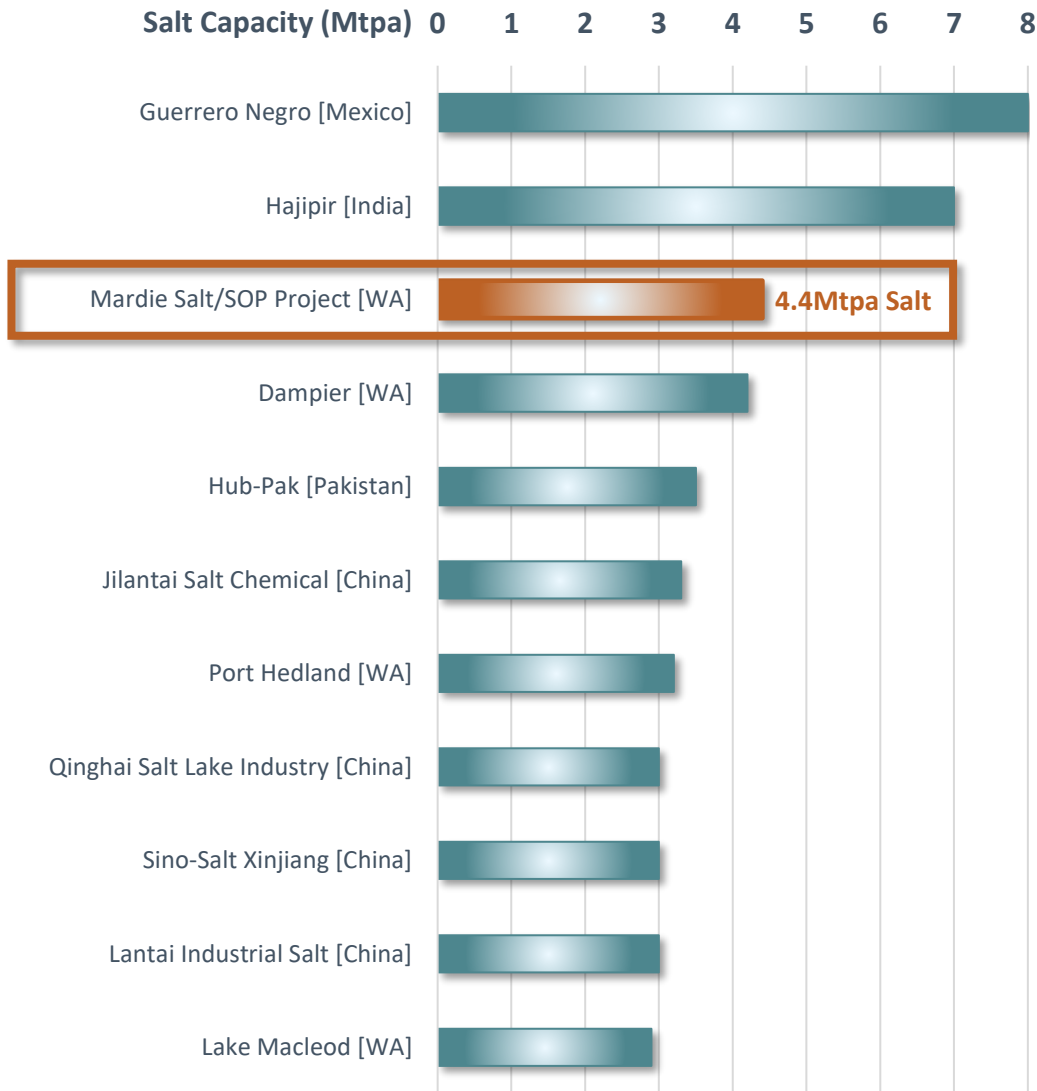


- 10,000t transshipment vessel
- Handymax, Panamax and Capesize vessels 28km offshore

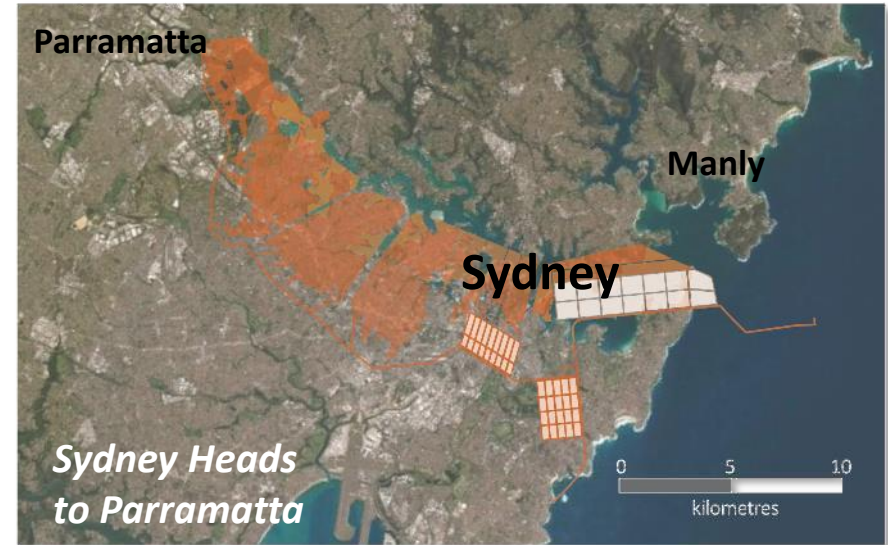


# Mardie Scale will be Globally Significant

## Top 3 scale global solar salt project<sup>1</sup>



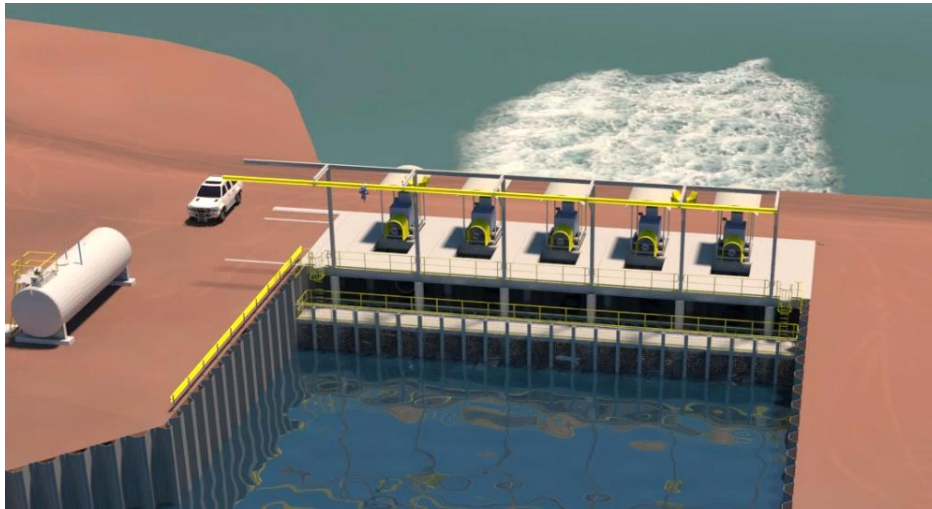
## Project footprint vs Sydney/Perth



<sup>1</sup>Roskill (November 2019)

# Final Detailed Design Underway

Multiple industry experts involved – low residual construction risk at FID



**1. MAIN SEAWATER PUMP STATION**



**2. SALT WASH PLANT**



**3. SOP PROCESS PLANT**



**4. PORT / TRANSHIPPER**



## DFS delivered strong financial metrics over a 60 year life<sup>1</sup>

### CAPITAL COST (A\$780M)

- ~A\$580M direct capex
- ~A\$200M indirects and contingency

### OPERATING COST (60 year average)

- Salt A\$20.30/t FOB<sup>2</sup>
- SOP A\$310/t FOB<sup>2</sup>

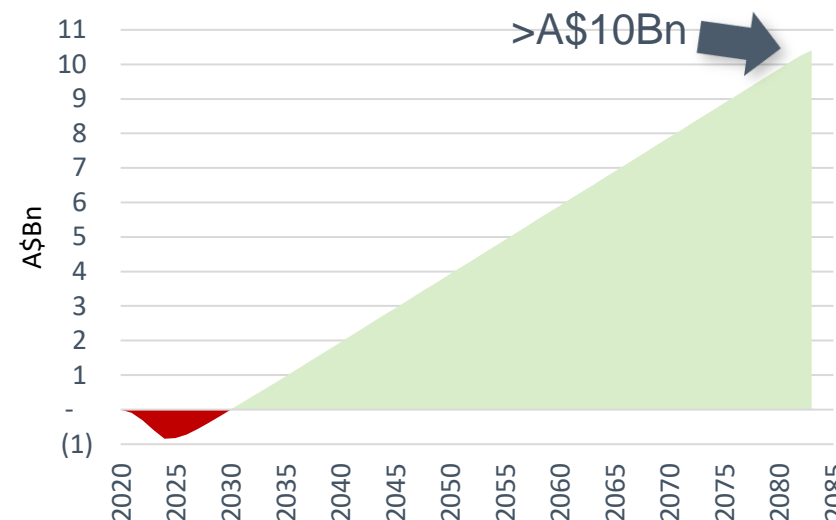
### PRICE (60 year average)

- Salt: US\$34/t FOB<sup>3</sup> (A\$50/t<sup>4</sup>) – 60% margin
- SOP: US\$583/t FOB<sup>5</sup> (A\$857/t<sup>4</sup>) – 65% margin

### FINANCIALS<sup>5</sup>

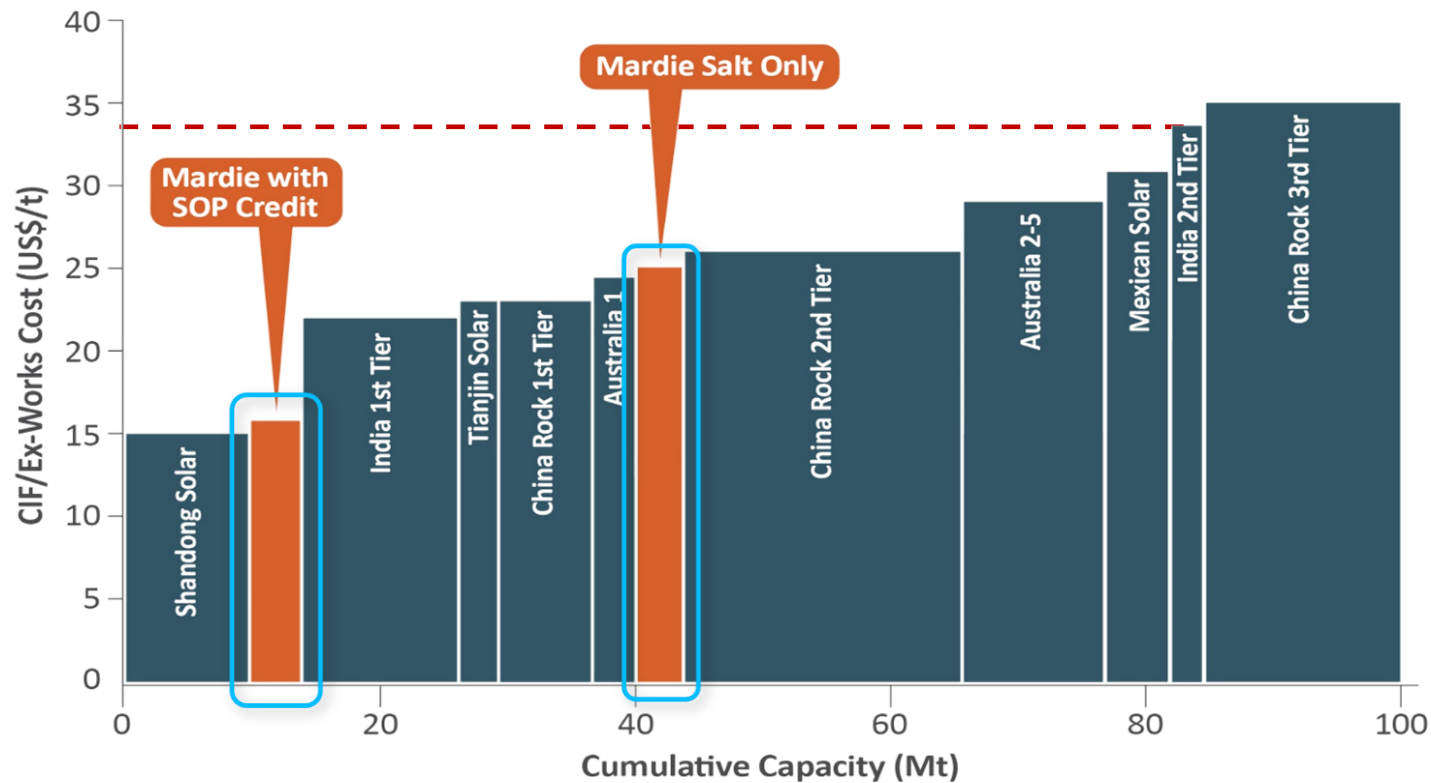
- NPV<sub>7</sub>: A\$1,197M
- EBITDA: A\$197Mpa (Salt 65%; SOP 35%)
- IRR: 15.3%

### 60 YEAR CUMULATIVE NET CASHFLOW<sup>5</sup> (A\$M)



# Salt Cost Curve<sup>1</sup> – Contestable Market<sup>2</sup>

## Mardie will be a low cost supplier of salt into Asia



- Mexican solar salt and Chinese rock salt the marginal cost suppliers to most Asian markets (~US\$33/t)
- Mardie will be cost competitive with all Australian salt operations
- When SOP margin treated as a by-product credit, Mardie becomes one of the lowest cost salt producers

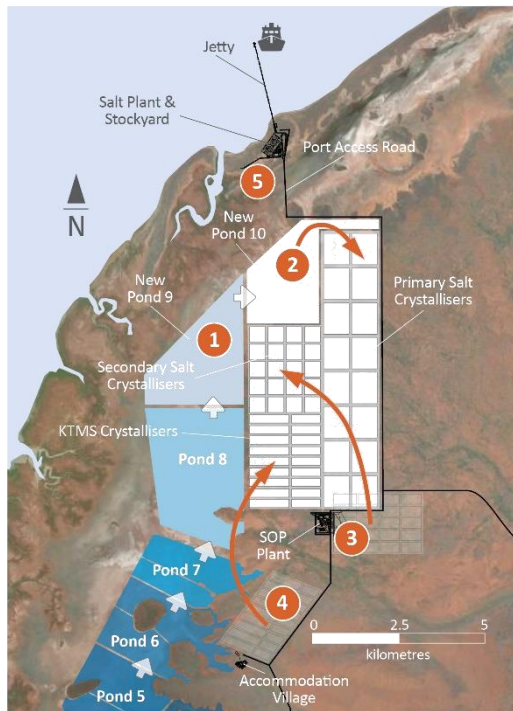
<sup>1</sup>Roskill (July 2020), SMM (August 2019), BCI analysis

<sup>2</sup>Cost curve limited to Mardie's contestable market where Mardie can compete on delivered cost and quality with other suppliers to those markets

# Expansion/Optimisation Potential

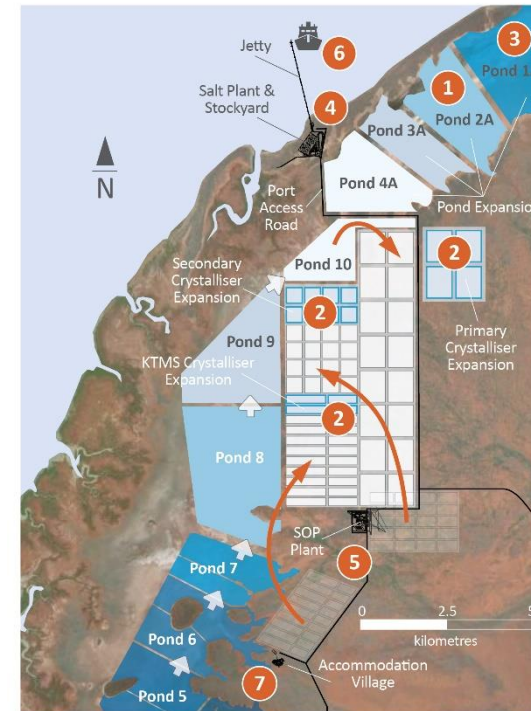
## Adjacent tenement acquisition allows optimisation and future expansion\*

PROJECT OPTIMISATION (2020/21)



- Reconfigure ponds 8 and 9, add a new Pond 10, relocate and expand Primary, Secondary and KTMS crystallisers and expand salt washing capacity.
- Increase production by 0.3Mtpa Salt and 10ktpa SOP
- Lower operation cost

PROJECT EXPANSION (2025/26)



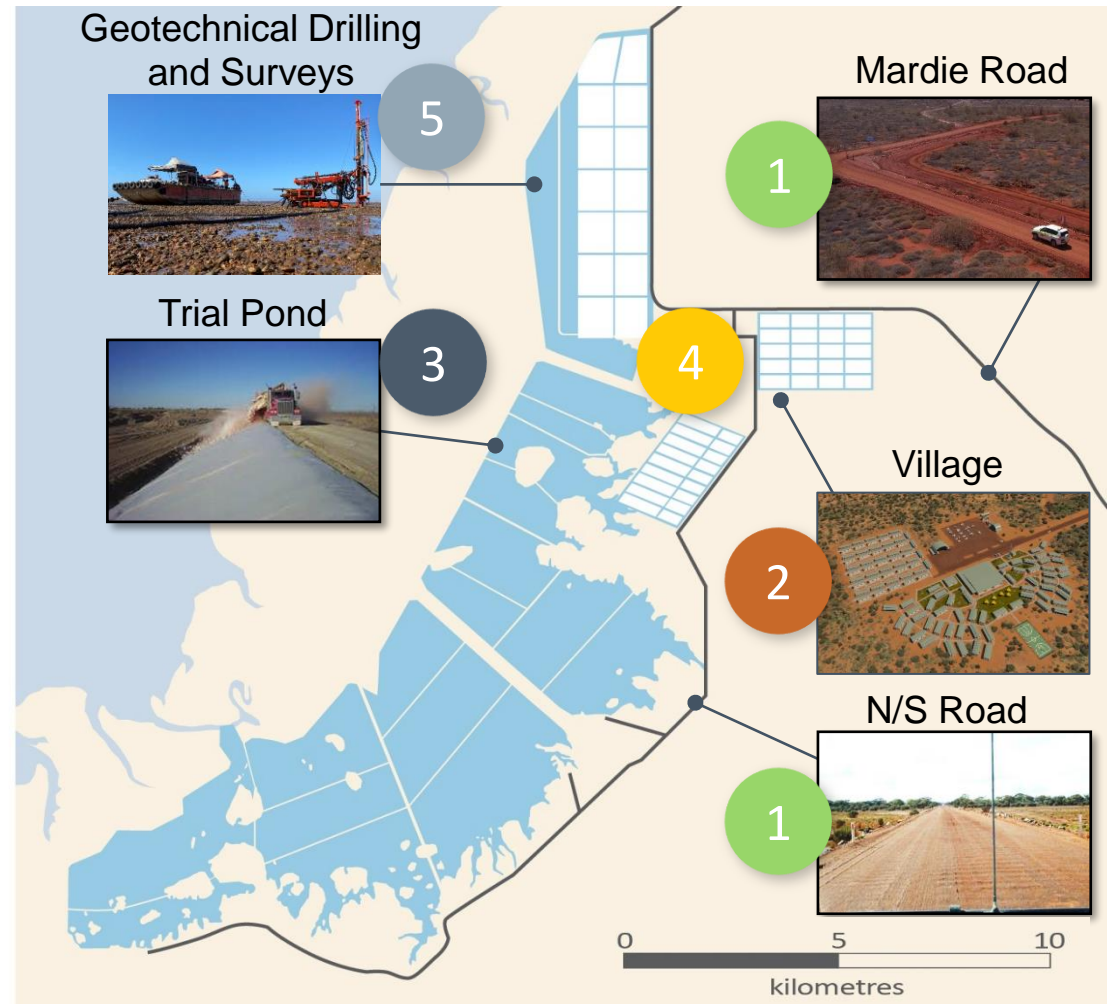
- New ponds and crystallisers, expand SOP processing/capacity expand transshipping capacity
- Increase production to ~6Mtpa Salt and ~160ktpa SOP
- ~\$100-\$150m capex for significantly reduced OPEX

\* Note: Not included in the DFS results

# Early Works Commence December 2020

## Establish key infrastructure to accelerate Mardie development

1. Major roads
2. Accommodation village
3. Trial pond earthworks
4. Support infrastructure
  - Communications
  - Fuel storage
  - Water bores
  - Initial power
5. Geotechnical drilling and surveys



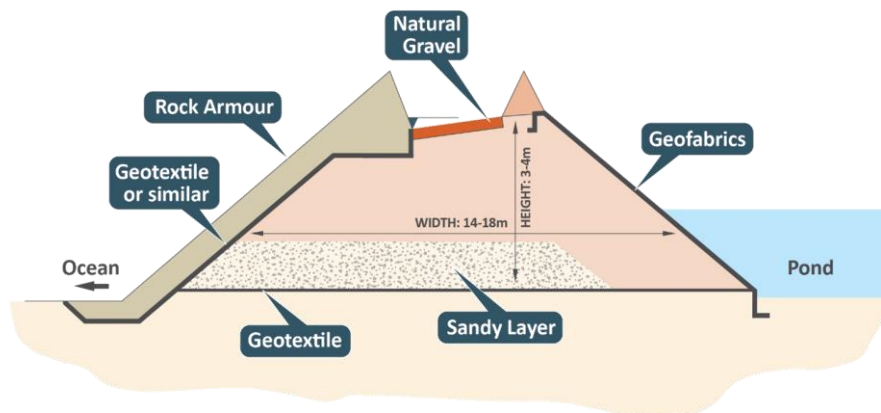
**MARDIE EARLY CONSTRUCTION WORKS**

# Large Scale Trial Pond

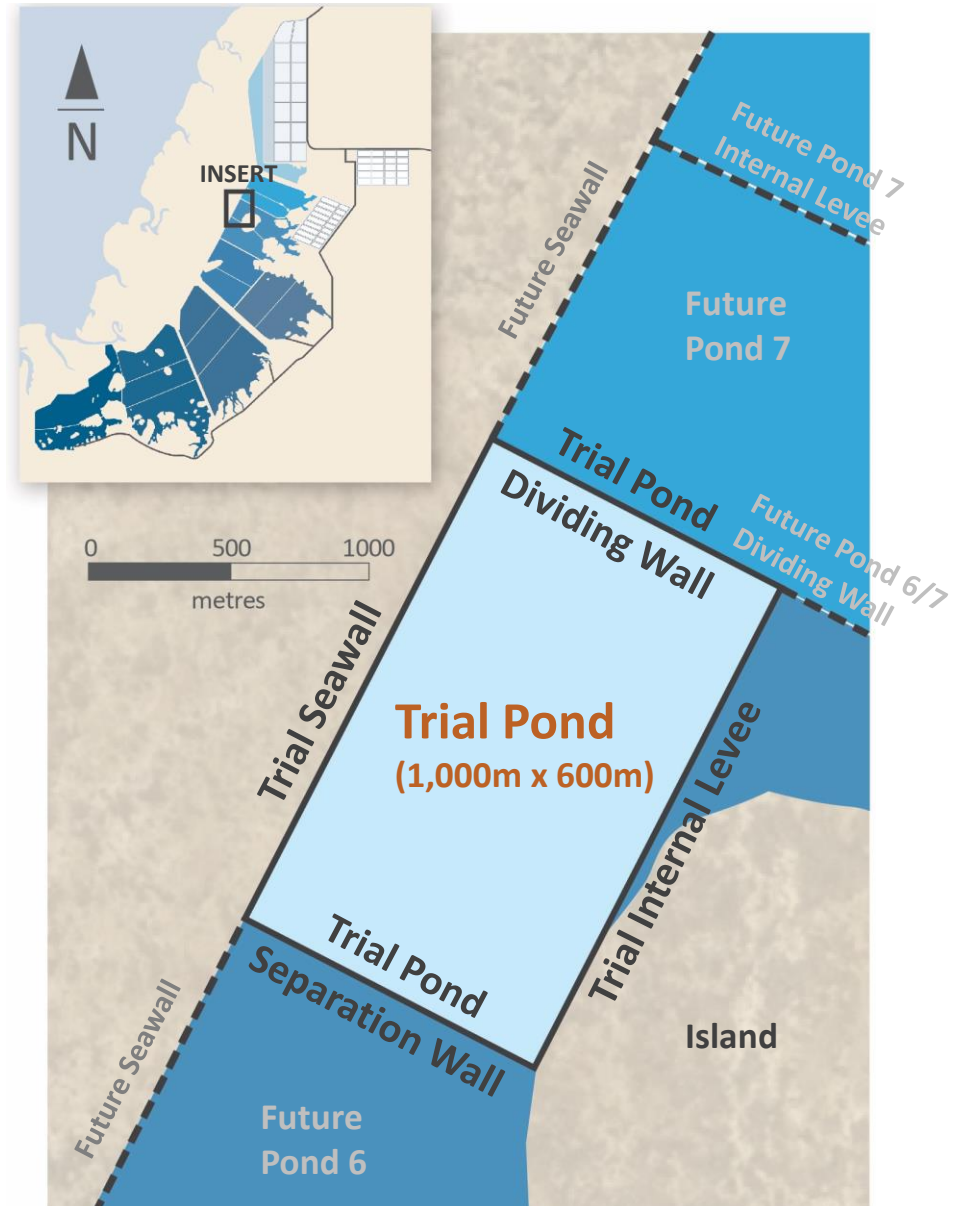
## Test wall designs and construction

Trial Pond (March 2021 to June 2021) to test constructability of evaporation pond wall types:

1. Non-trafficable outer seawall
2. Non-trafficable pond separation wall
3. Non-trafficable pond dividing wall
4. Levee embankment

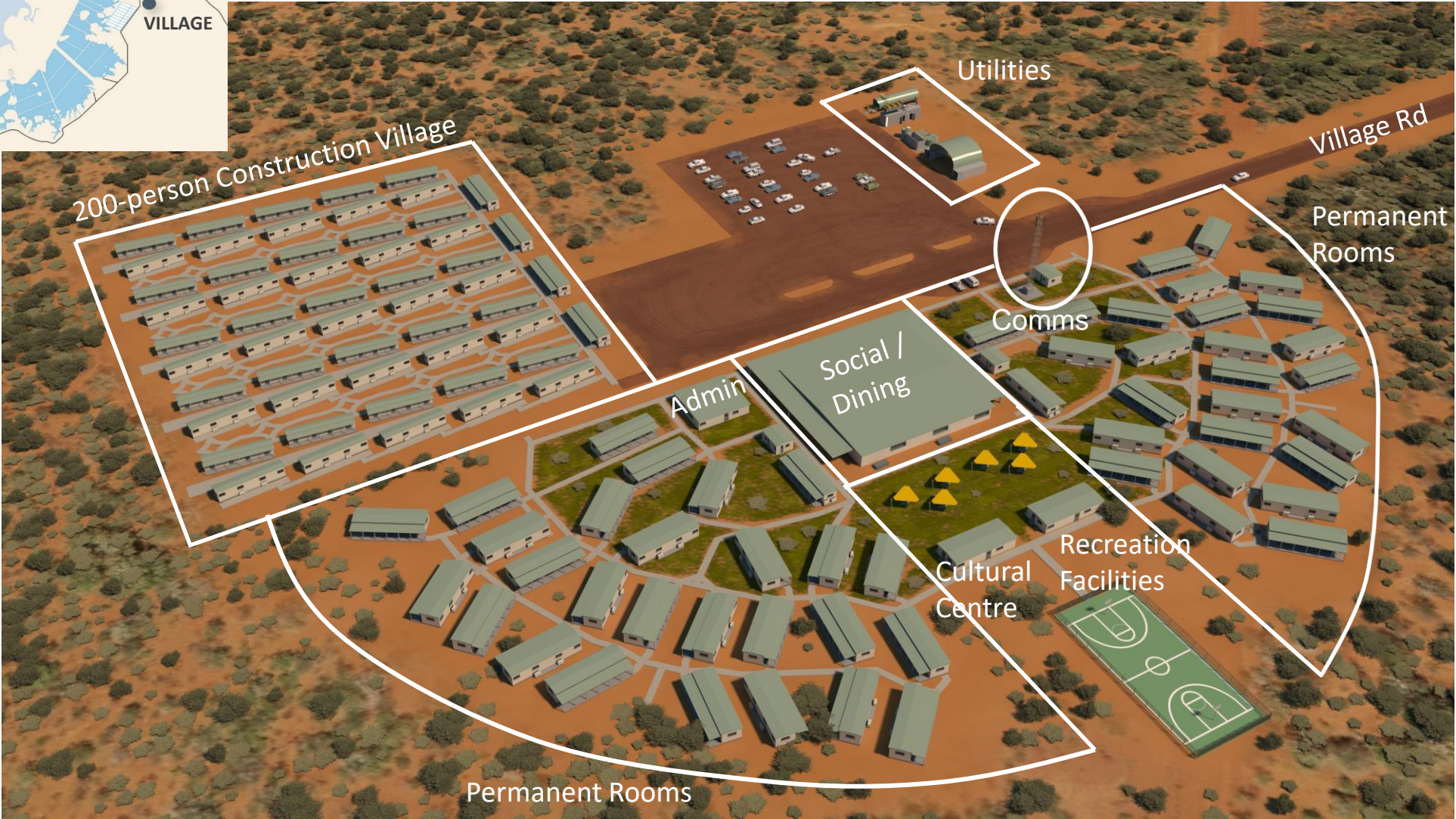
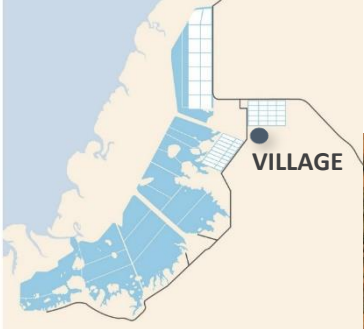


SEAWALL CROSS SECTION



LARGE SCALE TRIAL POND

# Mardie Village (400 Person)



# Strong Customer Support for Mardie

## MOUs covering a significant proportion of initial sales already in place

- 13 Salt non-binding MOUs signed throughout Asia covering >100% of first 3 years' salt production
- 2 SOP non-binding MOUs signed covering approximately 65% of first 5 years' SOP production
- Aim to convert MOUs to binding offtake agreements during 2021
- Positive salt sample test results – equivalent to other WA salt producers
- KTMS testwork to commence early 2021



SALT SAMPLES FOR CUSTOMER TESTWORK (~10t PILOTING JAN-MARCH 2021)

### Mardie – Salt Target Specifications

NaCl	>99.5% ✓
Ca	<0.04% ✓
Mg	<0.02% ✓
SO <sub>4</sub>	<0.15% ✓
Insolubles	<0.01% ✓
As Shipped Moisture	<3.0% ✓

# Salt and SOP Pilot Plants (Illustrative)



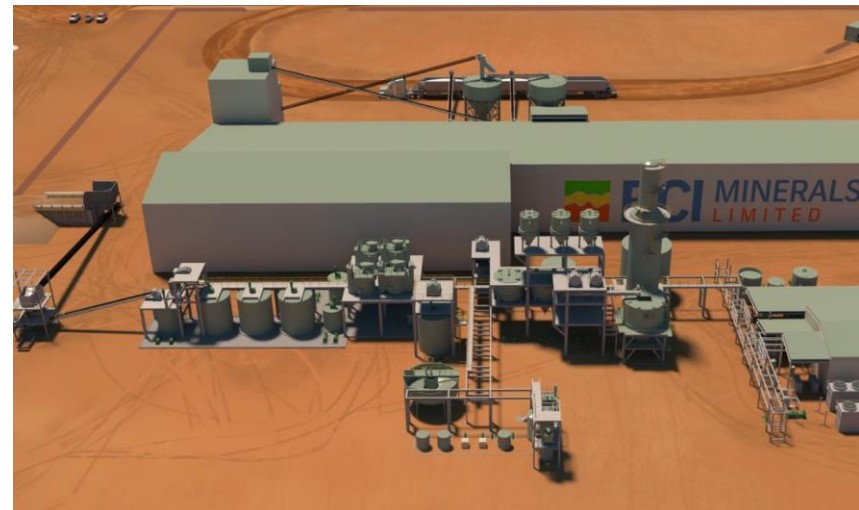
**1. SALT PILOT PLANT**



**2. MARDIE SALT PLANT**



**3. SOP PILOT PLANT**

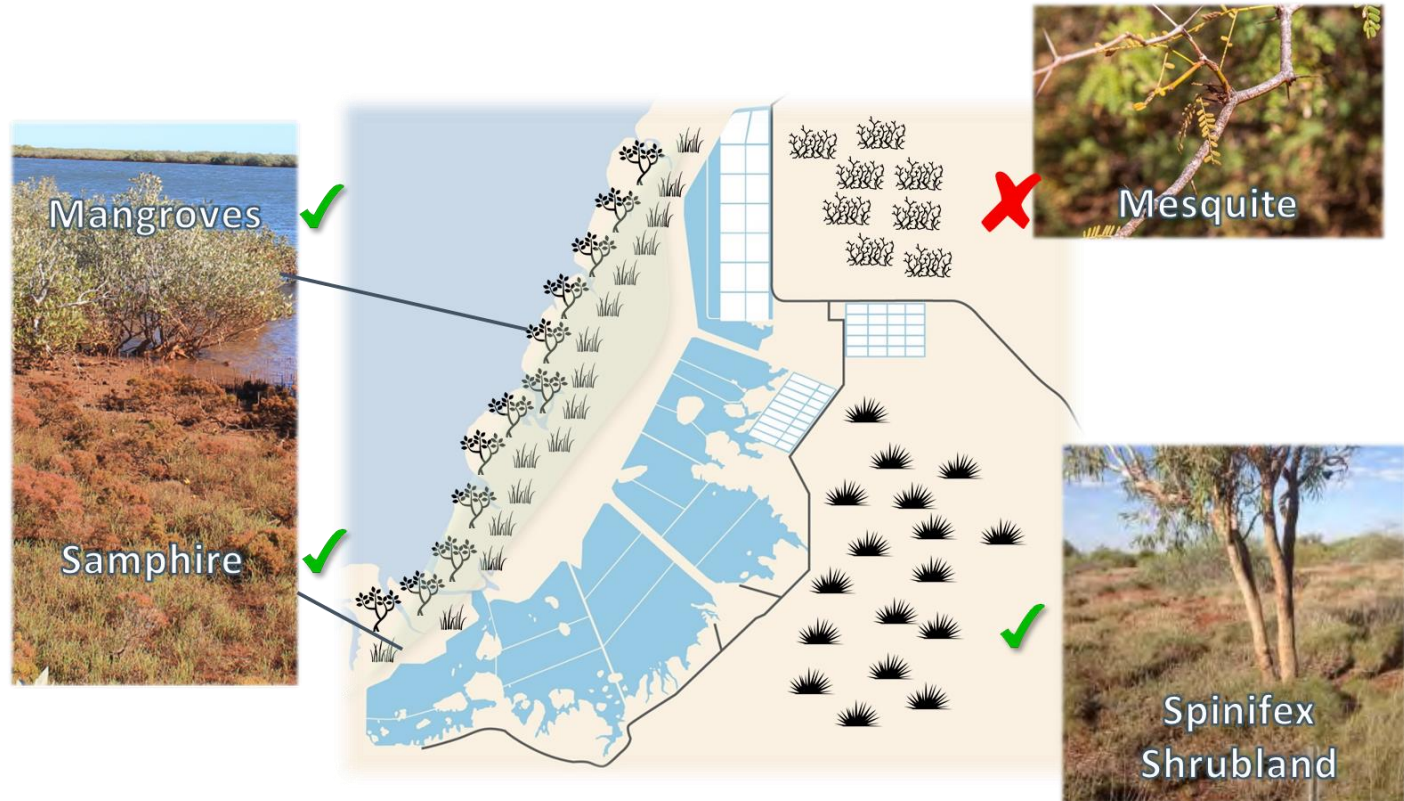
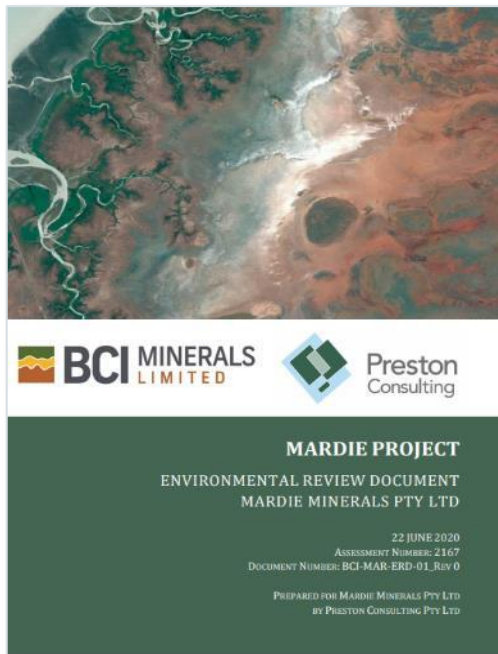


**4. MARDIE SOP PLANT**



# Environmental Approvals

- 3 years of surveys completed
- Project footprint moved inland
- No material sensitive impacts



- Public Environmental Review process completed
- EPA endorsement and Ministerial approval targeted by Q1 2021

# Tenure Well Progressed

## 1 Pastoral lands

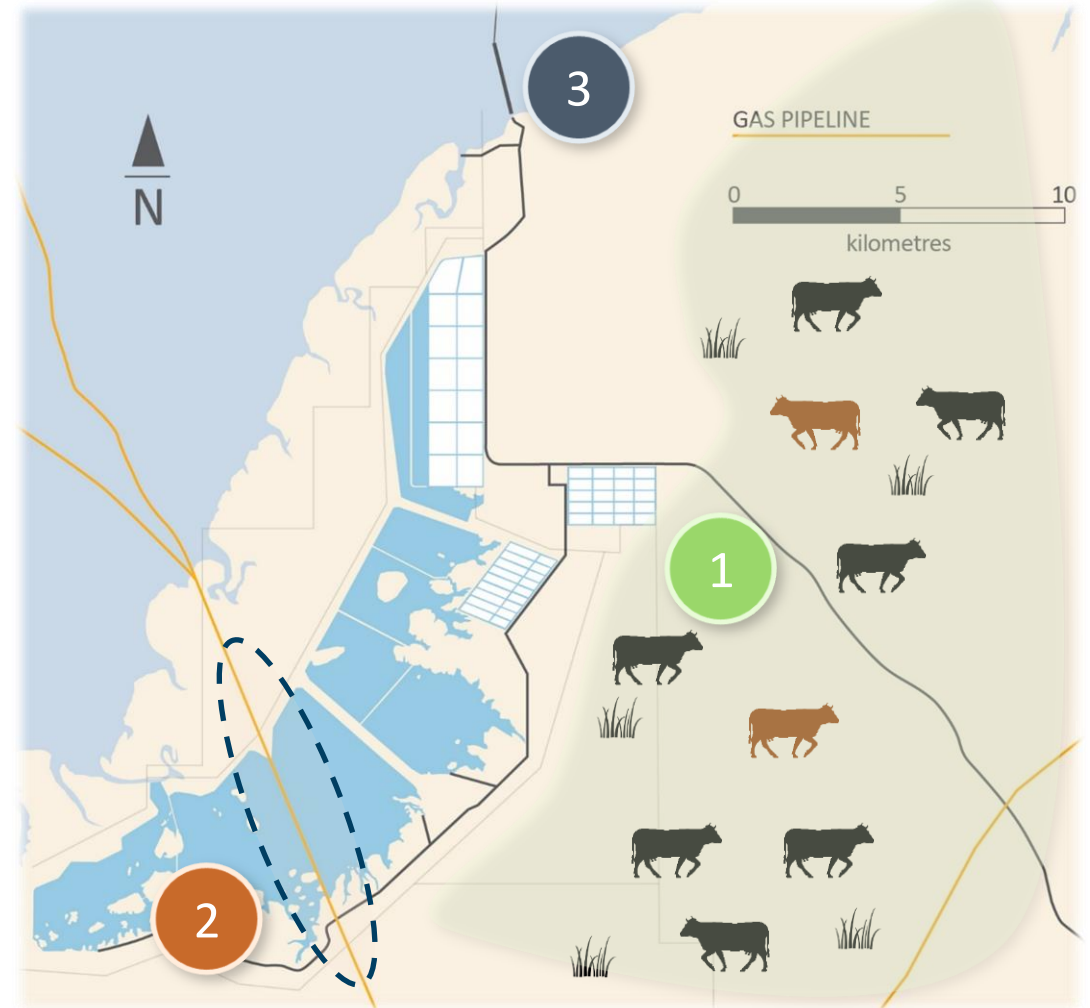
- Pastoral access agreement signed which allows for full development of the Mardie Project

## 2 Gas pipeline easement

- Collaborative discussions with gas pipeline owners
- Mardie design will avoid construction and operating risk to pipeline easement area

## 3 Port lands

- Port land and marine areas approved by PPA
- Lease documents being negotiated with PPA



# Native Title and Heritage

- Land access deeds in place with all native title groups<sup>1</sup>; compensation obligations confirmed
- Heritage surveys completed for project footprint
- Local engagement initiatives commenced; Aboriginal and Pilbara businesses to be prioritised




**Inaugural NAIDOC celebrations with the  
Traditional Owners in Nov-20**

  
**ROBE RIVER  
KURUMA**  
ABORIGINAL  
CORPORATION RNTBC  
ICN 7612

  
**BCI MINERALS**  
LIMITED

**KM Land Access  
Deed**

**WIRRAWANDI  
ABORIGINAL  
CORPORATION  
RNTBC**

  
**BCI MINERALS**  
LIMITED

**YM Land Access  
Deed**

<sup>1</sup> BCI has entered into two separate native title agreements with the Wirrawandi Aboriginal Corporation (WAC) for the Yaburara Mardudhunera People (YM People) and the Kuruma Marthudunera people (KM People) to be assigned to Robe River Kuruma Aboriginal Corporation (RRKAC).

# BCI Developing Regional Hub in Karratha



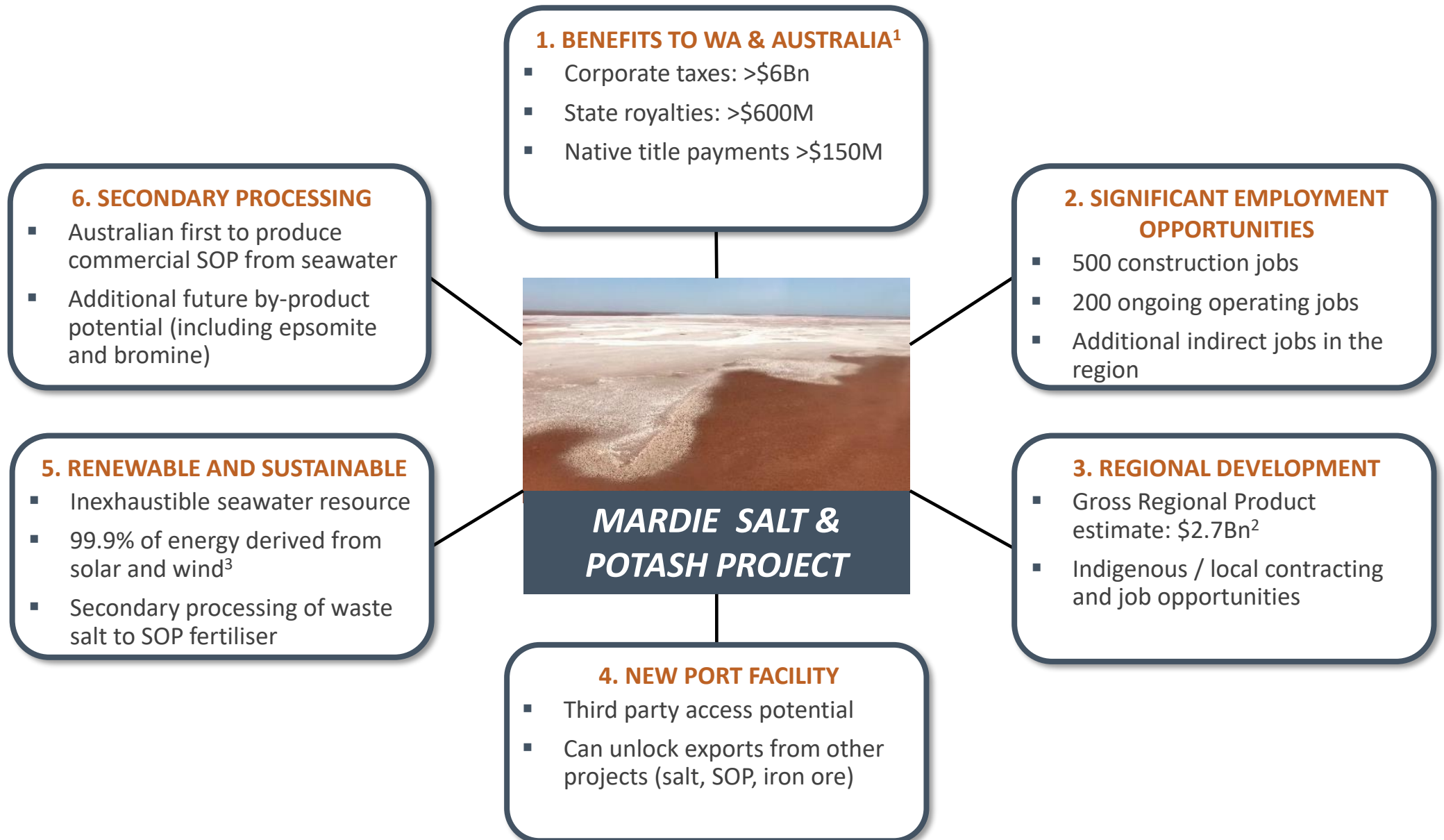
**Office leased; Head of Communities appointed; Focus on local engagement and contracting**



**ANGELA GLOVER –  
HEAD OF CORPORATE RELATIONS AND COMMUNITIES**



**THE QUARTER – LOCATION OF BCI KARRATHA OFFICE**

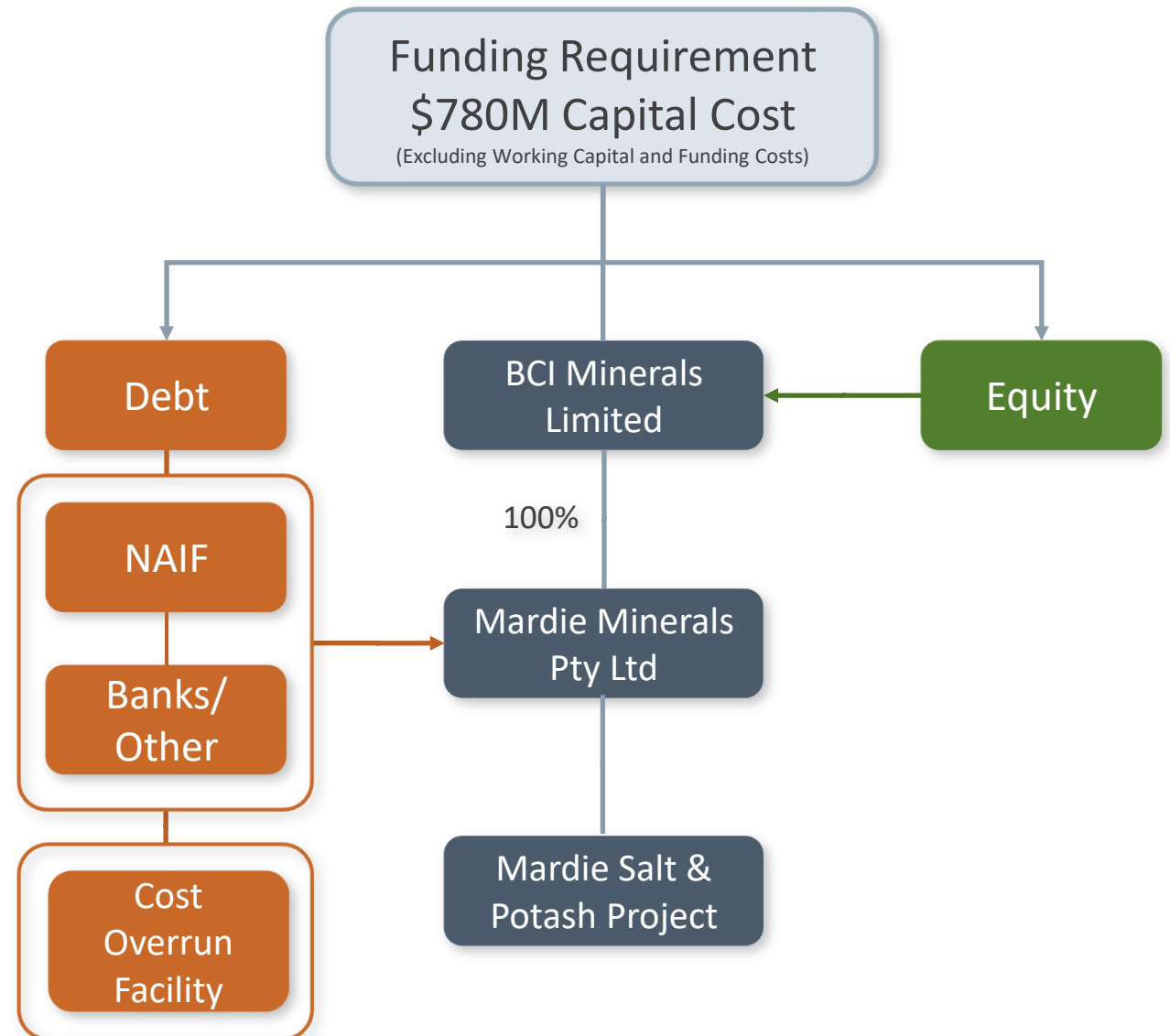


<sup>1</sup> 60 year period <sup>2</sup> NPV of value add to Northern Australian GRP over 60 years, as per KPMG Public Benefit Report (October 2020)

<sup>3</sup> KPMG Energy Report (March 2020)

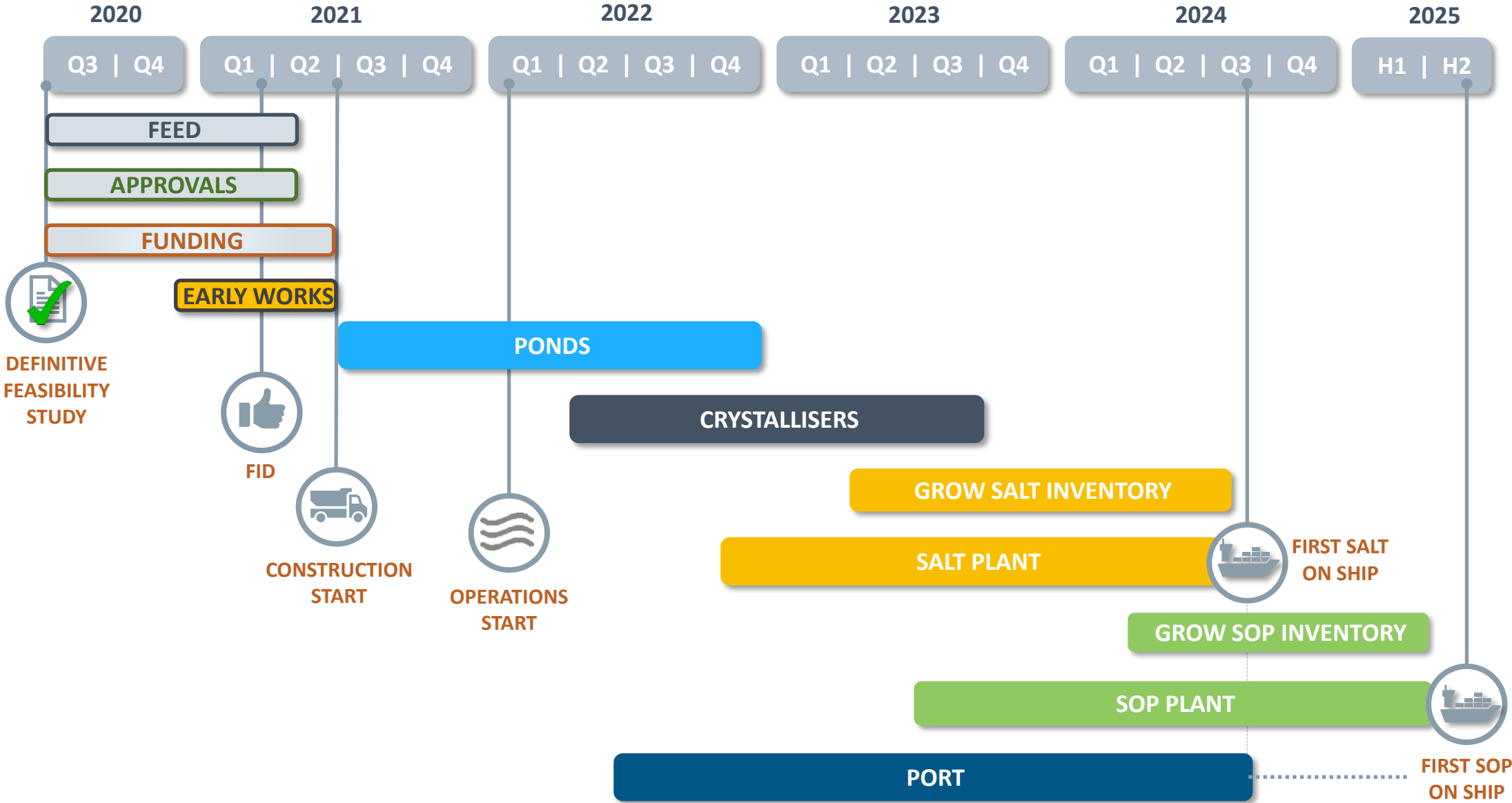
## Positive engagement from NAIF and Banks on potential debt financing

- Base case is a conventional funding model of debt (65%) and equity (35%)
- Target is to secure debt termsheets by early 2021
- **NAIF<sup>1</sup>:** Positive progress towards potential long tenor facility
- **Banks:** Positive progress with notable Australian and international banks
- **Equity:** Corporate level investment is preferred; merits of project level investment will be considered. Strong support from existing shareholders in recent Entitlement Offer



<sup>1</sup>Northern Australia Infrastructure Facility – an Australian Federal Government debt provider

# Indicative Project Schedule



# Why Invest in BCI?

## Developing a Tier 1 salt and SOP project supported by iron ore royalties





# Appendix



## Strong royalty payments to BCI

- Quarterly royalty earnings from operating agreement with Mineral Resources Ltd
- ~7Mtpa production<sup>1</sup>; 82Mt Reserves<sup>2</sup>
- Potential mine life of ~10 years
- 50% lump ore; 59% Fe average
- Since first production in 2014:
  - BCI received revenue: \$290M
  - BCI received EBITDA: \$75M
- FY20: EBITDA: \$23M (a full year record)<sup>3</sup>



**Brian O'Donnell**

**NON-EXECUTIVE CHAIRMAN**



- Banking and investment background
- Director, Finance and Investments - Australian Capital Equity (ACE)
- Numerous current and previous board positions on ASX-listed and private companies

**Jennifer Bloom**

**NON-EXECUTIVE DIRECTOR**



- Governance, approvals and business background
- Senior positions in both the private and public sector
- Chair BCI Rem & Nom Cmte

**Michael Blakiston**

**NON-EXECUTIVE DIRECTOR**



- Legal and mining business background
- Partner in Gilbert + Tobin's Energy + Resources group
- Chair BCI Audit & Risk Cmte and Chair BCI Equity Cmte

**Alwyn Vorster**

**MANAGING DIRECTOR**



- Geology, Mining and MBA degrees
- Kumba; Rio Tinto; Iron Ore Holdings
- Geology; Mining; Marketing & Sales; Feasibilities; Corporate Development

**Garret Dixon**

**NON-EXECUTIVE DIRECTOR**



- Civil engineering background
- Senior contracting roles (HWE; Mitchell Corp; Watpac - NED)
- Executive Vice Pres - Alcoa Corp
- Chair of BCI Project Review Cmte

# Executive Team / Key Personnel

**Alwyn Vorster**

**MANAGING DIRECTOR**



- Geology, Mining and MBA degrees
- Kumba; Rio Tinto; Iron Ore Holdings
- Geology; Mining; Marketing & Sales; Feasibilities; Corporate Development

**Sam Bennett**

**PROJECT DIRECTOR**



- Civil engineering degree
- Fortescue; Roy Hill
- Construction

**Tony Chamberlain**

**CHIEF OPERATING OFFICER**



- Chemistry/Metallurgy degrees (PhD)
- WMC; BHP; Vimy
- Feasibility studies; Construction; Operations

**Simon Hodge**

**CHIEF FINANCIAL OFFICER**



- Finance degree
- JP Morgan; Poynton; Quickflick
- Corporate finance; Investment banking

**Michael Klvac**

**GENERAL MANAGER – SUSTAINABILITY**



- Science and Economics degrees
- Rio Tinto; BHP; Iron Ore Holdings
- Environment; Native Title; Tenure and Stakeholder management

**Stephanie Majteles**

**GENERAL COUNSEL**



- Law degree
- Freehills; Rio Tinto
- Tenure, Approvals; Project Development; Corporate

**Colyn Louw**

**HEAD OF PEOPLE AND SAFETY**



- Commerce and MBA degrees
- BHP; Roy Hill; Gold Fields
- People, health & safety through studies, construction and operations

**Angela Glover**

**HEAD OF CORPORATE RELATIONS AND COMMUNITIES**



- Based in Karratha
- BBI Group, Atlas, Alcan Gove
- Developing productive relationships with local communities, authorities

**MARDIE MARKETING TEAM:**

**Matthew Gurr**

- Previously Rio Tinto Korea Manager

**Takashi Kawada**

- Previously Dampier Salt GM Marketing

**Kevin Yu**

- Previously Cliffs China Country Manager

# Mardie – Site Activity



**1. EXISTING CAMP (36 ROOM)**



**2. TRIAL POND**



**3. TEST PIT (FEED)**



**4. SALT SAMPLES (TRIAL POND)**



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