

## MARCH 2021 QUARTERLY RESULTS

### RECORD IRON VALLEY EARNINGS;

### MARDIE OPTIMISATION DELIVERS LARGER AND BETTER PROJECT

- **Quarterly Iron Valley EBITDA to BCI doubles from previous record to A\$20.2M; potential upside for next quarter as the 40% royalty rebate to Mineral Resources Ltd has now concluded**
- **Mardie Optimised Feasibility Study completed; ~20% increase in production, ~30% increase in projected annual EBITDA and ~40% increase in projected pre-tax project NPV<sub>7</sub><sup>1</sup>**
- **Progress conditions satisfied for the A\$450M approved NAIF loan**
- **Pilbara presence cemented through Karratha office opening**
- **Preliminary supporting and enabling infrastructure construction underway**
- **Cash balance of A\$76.1M<sup>2</sup> and zero debt**

BCI Minerals Limited (ASX:BCI) ('BCI' or the 'Company') is pleased to present its quarterly activities report for the period ended 31 March 2021.

### MARDIE SALT & POTASH PROJECT

#### Feasibility Study Optimisation

Optimisation results of the Mardie Definitive Feasibility Study ('DFS') were released on 21 April 2021, outlining improved project footprint and economics. The optimisation delivers a ~20% increase in salt production (from 4.4Mtpa to 5.35Mtpa) and SOP production (from 120ktpa to 140ktpa), a ~30% increase in annual EBITDA (from A\$197M to A\$260M) and a ~40% increase in Pre-tax Project NPV<sub>7</sub> (from A\$1,197M to A\$1,670M) compared to the DFS announced on 1 July 2020.

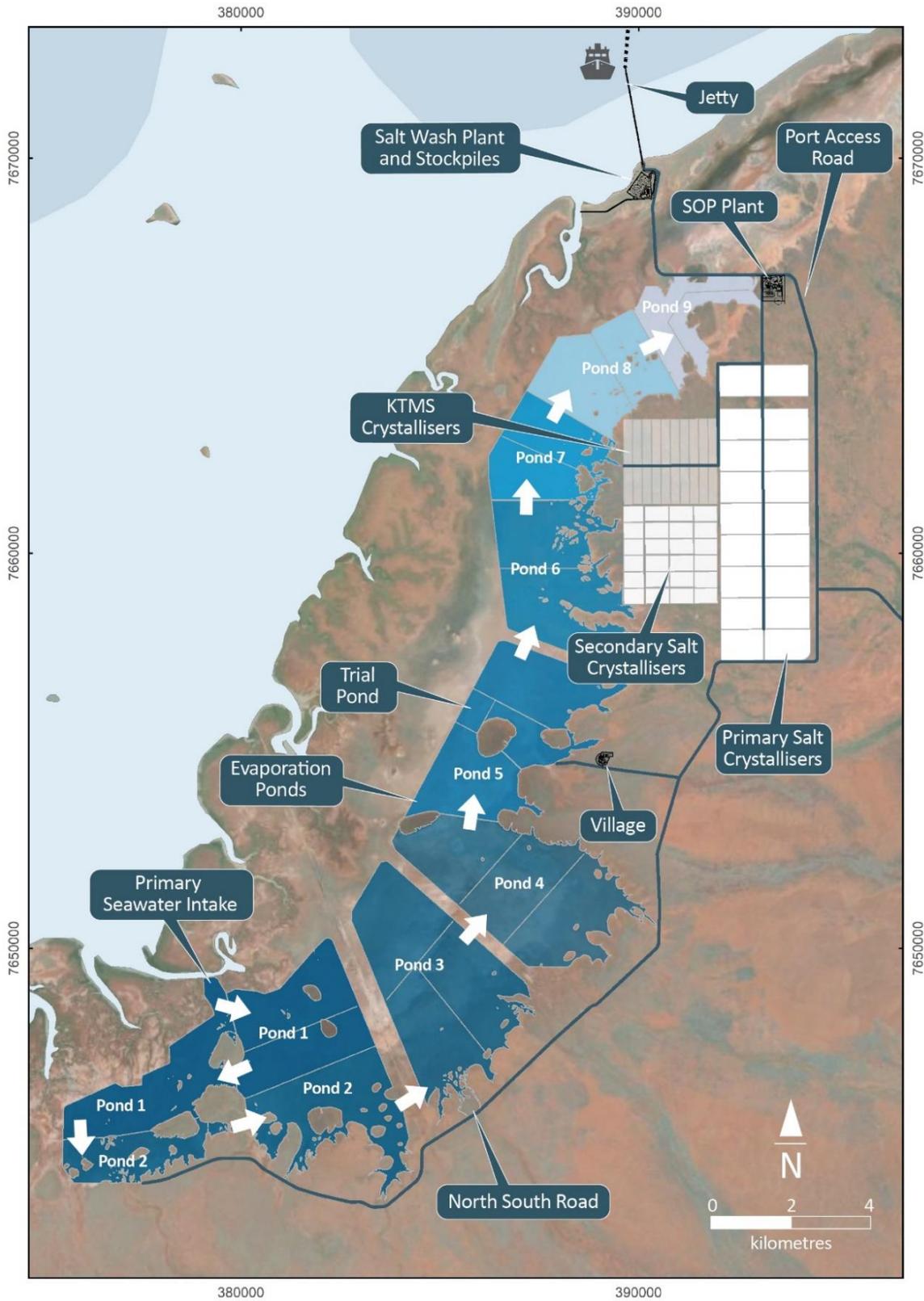
In addition, de-risking activities conducted during the optimisation phase (including additional geotechnical work, flowsheet and equipment design, process piloting and progress with funding) have increased confidence in Mardie estimates and value potential.

The optimisation results confirm Mardie can become a Tier 1 asset categorised by its long life (minimum 60 years), top quartile scale, lowest quartile salt operating costs (after SOP by-product credits) and high-quality salt and SOP products. With attractive financial returns over many decades and future expansion potential from the new tenements, development of the Mardie Project should result in considerable long-term value and dividends being created for shareholders.

<sup>1</sup> Based on Optimised Feasibility Study assumptions outlined in the ASX announcement dated 21 April 2021.

<sup>2</sup> Excludes Iron Valley cash flow of A\$22.0M related to the March 2021 quarter which will be received in April 2021.

**Figure 1: Mardie Project Layout – Optimised**



## Funding

The Federal Government's Northern Australia Infrastructure Facility ('NAIF') approved a 15-year A\$450M loan for the Mardie Project in December 2020. BCI has met the requirement for meaningful progress to have been made with the Mardie Project by 31 March 2021. The loan remains subject to finalising facility documentation by 30 September 2021 and other conditions to funding previously disclosed.

The NAIF loan will sit alongside other debt tranches with a number of commercial banks and other lenders progressing through credit approval processes. An initial credit approval has been received from a Tier 1 Australian bank, which has also been engaged to assist BCI with a syndication process.

## Tenure and Approvals

A public environmental review ('PER') process for the Project was completed in late 2020 and the Environmental Protection Agency ('EPA') review is now in its final stages. BCI is targeting Ministerial Part IV Approval of the development proposal by Q3 2021. Ongoing secondary approvals and optimisation approvals for new tenement areas and project footprint additions will continue to be progressed during the development phase of the Project.

BCI continues to work closely with the Pilbara Ports Authority ('PPA') and the Department of Planning, Lands and Heritage ('DPLH') to secure the tenure and agreements required to develop the Mardie Port facilities within the new Port of Cape Preston West. Key port lease agreements with the PPA are being progressed in parallel with land assembly for the creation of the new Port.

The final grant of Mining Leases and other Mining Act tenure is subject to agreeing land access arrangements with the owners of gas pipelines in the south of the Project area and these access agreements are currently being negotiated. BCI is currently constructing a temporary pipeline crossing to facilitate geotechnical and investigative works in the southern section of the Project.

**Figure 2: Mardie Temporary Pipeline Crossing Works**



## Mardie Site Activities

Expansion of the Mardie accommodation village was progressed during the quarter. Capacity will more than double to 80 beds from 36 to facilitate the remainder of the enabling construction works program. Communication upgrades are underway and construction water supply is now secured with initial water bores completed and water extraction licence applications approved. Improvements to access roads are underway.

**Figure 3: Expanded Accommodation Village at Mardie**



Contracts were awarded during the quarter to Engenium and WBHO Infrastructure for the Project Management Contractor ('PMC') role and for initial earthworks respectively. The PMC is an important contract in the overall execution of the Mardie Project which will see Engenium manage the construction program through the provision of people and systems as an extension of the BCI owners' team. The earthworks contract includes the impending construction of an embankment trial as well as construction of evaporation ponds 1 and 2 once the required tenure and approvals are in place. The embankment trial will test pond wall design, construction methodology and materials, providing valuable input into detailed design and the contracting process for the ponds and crystallisers.

## Evaporation and Processing Trials

Approximately 20 tonnes of raw salt have been harvested from the small-scale trial ponds at Mardie and processed through a salt pilot plant at Nagrom’s facilities in Perth. Positive chemical grade results were achieved.

**Figure 4: Salt Pilot Plant**



*Pilot Plant*

*Elutriator column*

*Final product*

Initial SOP piloting of Mardie grown Kainite-Type Mixed Salt (‘KTMS’) commenced at SRC in Canada with piloting expected to be completed this quarter. KTMS continues to be grown at site to support SOP pilot plant programs in Perth planned for late 2021.

Outcomes from these programs will assist with flowsheet finalisation and generate additional samples for test work by potential offtake customers.

## Marketing and Offtake

Two additional non-binding Memoranda of Understanding (‘MOUs’) were signed with Chinese chemical companies for up to 0.5Mtpa salt. 16 MOUs are now in place covering 100% of 3-year salt production and 80% of 3-year SOP production. BCI will aim to convert these non-binding MOUs to binding offtake contracts in support of financing milestones within the next 18 months.

## Community and Native Title

BCI has cemented and expanded its Pilbara presence with the opening of its regional office in Karratha. Located in The Quarter and fitted out by a local contractor, the office will comfortably accommodate BCI’s initial local workforce with capacity for additional employees as main construction at Mardie commences. The official opening highlighted the strength of BCI’s community engagement and was attended by approximately 100 guests including government officials, Traditional Owners, local business owners, media, the BCI Board and staff.

**Figure 5: BCI’s Pilbara Office Opening**



*Ribbon cutting ceremony - B O’Donnell (BCI Chair), K Michel (MP for Pilbara), P Long (Karratha Mayor), A Vorster (BCI MD)*

*BCI employees and Board members*

Heritage surveys have been completed across the Project footprint over the past three years and registered sites and other heritage places have been identified with the assistance of the Traditional Owner groups. Further heritage work is being conducted during 2021 over the proposed Port of Cape Preston West land and new optimised project areas.

The BCI Executive team attended cultural awareness training and rock art appreciation instruction on the Burrup Peninsula during March. A cultural awareness training program with the prescribed body corporate of the Traditional Owners of the Mardie Project will be rolled out for BCI employees and contractors over the course of the year.

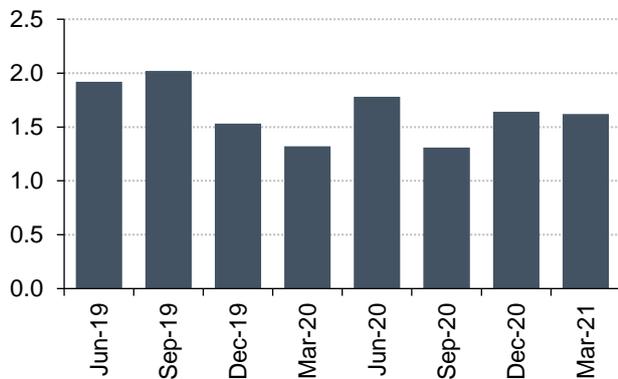
## **IRON VALLEY MINE**

The March 2021 quarter produced a record result, with BCI EBITDA from Iron Valley of A\$20.2M, including a positive prior period adjustment of A\$4.8M, from 1.6Mt shipped. This is more than double the previous record quarterly EBITDA achieved in the December 2020 quarter, highlighting the ongoing strength in iron ore prices which averaged ~US\$171/dmt for the quarter. The iron ore price has since increased further to the current price of >US\$190/t.

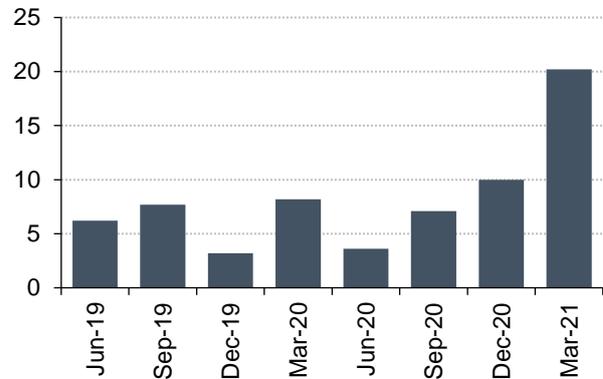
Payment of the 40% royalty rebate to Iron Valley operator, Mineral Resources Ltd (ASX:MIN), achieved the maximum cap level of A\$25M in March, meaning future quarters will benefit from full exposure to iron ore volumes and prices.

BCI’s EBITDA for FY21 to date (nine months) is A\$37.3M, which has already passed the previous full year record of A\$23.0M in FY20.

**Figure 6: Iron Valley Quarterly Shipments (M wmt)**



**Figure 7: Iron Valley Quarterly EBITDA (A\$M)**



## CORPORATE

### Cash and Debt Position

BCI's cash balance at 31 March 2021 was A\$76.1M (31 December 2020: A\$78.5M) and the Company remains debt free. Iron Valley cash flow of A\$22.0M from the March 2021 quarter will be received in April 2021.

### Board and Management Changes

Former Western Australia Premier and Treasurer, Mr Richard Court AC, was appointed to the BCI Board as Non-Executive Director during the quarter. Mr Court brings additional skills to the Board, including in the areas of BCI engagement with the Western Australian and Federal Governments and with potential offtake parties in East Asia, particularly given his recently completed role as Australia's Ambassador to Japan.

The BCI Management Team has been restructured to reflect the impending construction and operational phases of the Mardie Project. James Cooper will join BCI in the near term as General Manager Operations leveraging his extensive salt and operating knowledge and experience from his roles as General Manager Dampier Salt (Rio Tinto), General Manager Hope Downs Iron Ore (Rio Tinto) and General Manager Boddington Gold (Newmont).

### Health & Safety

BCI has an excellent safety record and is highly focused on continuing to provide a safe working environment for its staff and contractors as site activities at the Mardie Project increase. No lost time injuries ('LTI') were recorded during the quarter and BCI is approaching 6 years without an LTI.

-END-

This ASX announcement has been authorised for release by the Board of BCI Minerals Limited.

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## ABOUT BCI MINERALS

BCI Minerals Limited (ASX:BCI) is an Australian-based company that is developing a salt and potash business supported by iron ore royalty earnings.

BCI is rapidly advancing its 100% owned Mardie Salt & Potash Project, a potential Tier 1 project located on the West Pilbara coast in the centre of Australia's key salt production region.

Mardie aims to produce 5.35Mtpa of high-purity salt (>99.5% NaCl) and 140ktpa of sulphate of potash (SOP) (>52% K<sub>2</sub>O) via solar evaporation of seawater.<sup>3</sup> Using an inexhaustible seawater resource and a production process driven mainly by natural solar and wind energy, Mardie is a sustainable opportunity to supply the salt and potash growth markets in Asia over many decades. There is potential to optimise and expand the project beyond currently planned production levels.

With a Final Investment Decision targeted in Q2 2021 and Main Construction start in Q4 2021, first salt sales can be achieved by Q3 2024 and first SOP sales by Q4 2025.

BCI receives quarterly royalty earnings from Iron Valley, an iron ore mine located in the Central Pilbara region of Western Australia which is operated by Mineral Resources Limited (ASX:MIN). BCI's EBITDA from Iron Valley was A\$37.3M for the first 9 months of FY21.

## KEY STATISTICS

<b>Shares on issue</b>	598.4 million	
<b>Cash in bank</b>	\$76.1 million	as at 31 March 2021
<b>Board</b>	Brian O'Donnell	Non-Executive Chairman
	Alwyn Vorster	Managing Director
	Michael Blakiston	Non-Executive Director
	Jenny Bloom	Non-Executive Director
	Garret Dixon	Non-Executive Director
	Richard Court	Non-Executive Director
<b>Major shareholders</b>	Wroxby Pty Ltd	39.6%
	Sandon Capital Pty Ltd	6.1%
<b>Website:</b>	<a href="http://www.bciminerals.com.au">www.bciminerals.com.au</a>	

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<sup>3</sup> Refer to ASX announcement dated 21 April 2021. BCI confirms that all material assumptions underpinning the production forecast and financial information derived from the production forecast have not materially changed and continue to apply.