

APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

This information should be read in conjunction with BCI Minerals Limited's Interim Financial Report for the half-year ended 31 December 2021.

Company Details

Name of entity: BCI Minerals Limited

ABN: 21 120 646 924

Results for announcement to the market

	December 2021 \$000	December 2020 \$000	Up / Down	% Movement
Revenue from continuing operations	34,244	53,121	Down	(36%)
Profit /(loss) after income tax from continuing operations	(5,511)	31	Down	N/A
Net profit/(loss) attributable to members	(5,511)	31	Down	N/A

Dividends

No dividends have been declared for the half-year ended 31 December 2021 (December 2020: nil).

Net tangible asset backing

Net tangible asset backing per ordinary share: \$0.35 (2020: \$0.22).

Previous corresponding period

The previous corresponding period is the half-year ended 31 December 2020.

Audit

This report is based on financial statements which have been audited by BDO Audit (WA) Pty Ltd.

Commentary on results for the period

The Company's loss after income tax for the half-year ended 31 December 2021 was \$5.5M, reflecting further investment required to develop the Mardie Salt and Potash Project.

Detailed commentary on the results for the half-year is contained in the ASX release and the interim financial report that accompany this announcement.



FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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DIRECTORS' REPORT

The Directors present their report on the results of the Consolidated Entity (referred to hereafter as 'BCI' or the 'Company') consisting of BCI Minerals Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activities of the Company during the course of the half-year were the development of assets in the Pilbara region of Western Australia, including the Mardie Salt & Potash Project. The Company also receives iron ore royalty earnings from the Iron Valley Mine.

There has been no significant change in the nature of the Company's activities during the half-year.

DIRECTORS

The names of directors of the Company in office during the half-year and up to the date of this report unless otherwise stated are:

Brian O'Donnell	Non-Executive Chair
Alwyn Vorster	Managing Director (Executive)
Michael Blakiston	Non-Executive Director
Jenny Bloom	Non-Executive Director (Resigned 21 December 2021)
Garret Dixon	Non-Executive Director
Richard Court	Non-Executive Director
Chris Salisbury	Non-Executive Director

DIVIDENDS

No dividends have been declared in relation to the half-year ended 31 December 2021 (June 2021: Nil).

ROUNDING OF AMOUNTS

The Company is of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument, amounts in the directors' report and half-year report are rounded off to the nearest thousand dollars, unless otherwise indicated.

REVIEW OF OPERATIONS

BCI is an Australian-based resources company that is developing the Mardie salt and potash project in the Pilbara region of Western Australia, supported by iron ore royalty earnings from the Iron Valley mine.

The operations and results of the Company for the half-year ended 31 December 2021 are reviewed below. This review includes information on the financial position of the Company, its business strategies and prospects for the remainder of the current financial year and for future financial years. It is recommended that this report is read in conjunction with the annual report for the year ended 30 June 2021 and considered together with any public announcements made by the Company during or since the half-year ended 31 December 2021 in accordance with the continuous disclosure requirements of the Australian Securities Exchange ('ASX') Listing Rules.

The previous corresponding period for profit or loss and cash flow is the half-year ended 31 December 2020.

Safety performance

BCI is committed to providing a safe working environment for all staff and contractors and has been focused on incident prevention programs including critical control implementation. No lost time injuries (LTIs) have been recorded for more than 6 years and the lost time injury frequency rate (LTIFR) at 31 December 2021 was zero (December 2020: 0.0). During the half-year period, there was 1 recordable injury and the total recordable injury frequency rate (TRIFR) for the half year is 5.1 (June 2021: 7.3).

Mineral Resources Limited (ASX:MIN) is responsible for Occupational Health and Safety matters at Iron Valley and therefore BCI does not report safety performance for the Iron Valley Mine.

Mardie Salt & Potash Project

During the half year, BCI continued to progress the 100% owned Mardie Salt & Potash Project with the focus for the period on achieving a Final Investment Decision (FID) via the completion of funding arrangements, trialling of construction methodologies, contracting for and establishing infrastructure, and advancing Project approvals and tenure.

The Optimised Feasibility Study (OFS) findings announced on 21 April 2021 demonstrated that Mardie can become a Tier 1 salt and SOP operation producing 5.35Mtpa of high purity salt and 140ktpa of premium SOP fertiliser, generating a pre-tax NPV7 of approximately \$1.6B and annual EBITDA of nearly \$260M.

Toward that end, BCI achieved key milestones during the period including securing the final components of the ~\$1.2B funding required to develop the Mardie Salt & Potash Project:

- \$360M of equity was secured by a strongly supported \$240M placement of new shares at \$0.43 to institutional investors, an oversubscribed share purchase plan at the same price raising \$20.6M and the ability to raise up to \$100M through the issue of convertible notes to AustralianSuper Pty Ltd with a conversion price of \$0.6235.
- Commercial debt facilities totalling \$310M (including a \$140M construction loan facility plus \$170M facilities for cost overruns and guarantee requirements) were committed by lead arrangers Westpac Banking Corporation and Industrial and Commercial Bank of China Limited.
- These funds, together with commitments from the Northern Australia Infrastructure Facility (\$490M) and Export Finance Australia (\$110M), as well as ongoing Iron Valley royalty earnings, pre-existing BCI cash reserves and potential corporate debt, supplemented by potential asset sales and other receipts, will be used to develop the Project to OFS specifications.

On site at Mardie, commissioning of the expanded 200-bed camp is underway including a new reverse osmosis water supply and water treatment plant. A further 200 beds will be added in the coming months to accommodate peak construction workforce.

Investigative works continued in the second half of 2021 to provide confidence about key assumptions, including materials availability, construction methodology, pond wall settlement, pumping rates, pond floor water retention, and cost and schedule assumptions. The northern embankment trial was successfully completed, and key learnings from the embankment trial were applied to the construction of the southern trial pond (Pond 0) adjacent to the primary seawater intake station.

A contract for the seawater pump structure was awarded to Ertech Geomarine in 2H2021 and involves the design, procurement, construction, and commissioning of all the detailed earthworks, piling, structural steel, concrete, mechanical and electrical installations required to accommodate and operate six 3,000 litres per second pumps within the pump structure. Manufacturing and factory acceptance testing of the pumps is complete and delivery to site is imminent.

The largest direct capital works contract for the Project was awarded during the period to McConnell Dowell Constructors (Australia) Pty Ltd for the ~\$190M marine structures package. The design and construct package includes jetty structure, transhipper mooring equipment, material handling system and navigation aids. The contract was awarded on a fixed-price basis and within the Optimised Feasibility Study capital estimate. Final design and procurement have commenced, and jetty construction is scheduled from Q4 2022.

Mardie approval and tenure targets were met during the period including environmental approval gained from both the State and Federal Governments for the Definitive Feasibility Study (DFS) development footprint. In November 2021 the Western Australian Minister for Environment approved the implementation of the Mardie Project which was supported by the environmental approval notice issued by the Commonwealth Government's Department of Water, Agriculture and Environment (DAWE) in January 2022.

The Port of Cape Preston West Indigenous Land Use Agreement (ILUA) was executed during the period allowing the creation of a new port reserve. The ILUA is a tripartite agreement between the Wirrawandi Aboriginal Corporation (WAC), the Western Australian Government and BCI. The Mardie port facilities will be located within and adjacent to the Cape Preston West port land and the Pilbara Ports Authority (PPA) has approved the Development Application for these facilities. Port licences and approvals are expected in time for marine construction to commence in late 2022.

Access agreements were executed in December 2021 with gas pipeline operators Santos and Chevron whose Varanus Island Gas Pipeline and Gorgon Domestic Gas Pipeline cross the southern area of the Project. These agreements lifted the objections to Mining Leases which were granted post balance date. Following this, all secondary approvals required for construction to commence were granted, namely the Mardie Mining Proposal, the Part V Works Approval and consents under Section 18 of the Aboriginal Heritage Act 1972.

With significant progress made regarding Mardie funding, contracting, construction methodology, tenure and approvals during the period a Final Investment Decision was made by the Board in October 2021.

Additional Mardie tenements acquired after the DFS- based Environmental Review Document (ERD) submission will allow for a layout optimisation and expansion of production. This optimisation and expansion area outlined in the OFS will be subject to further environmental assessment and approvals over the next 12-months.

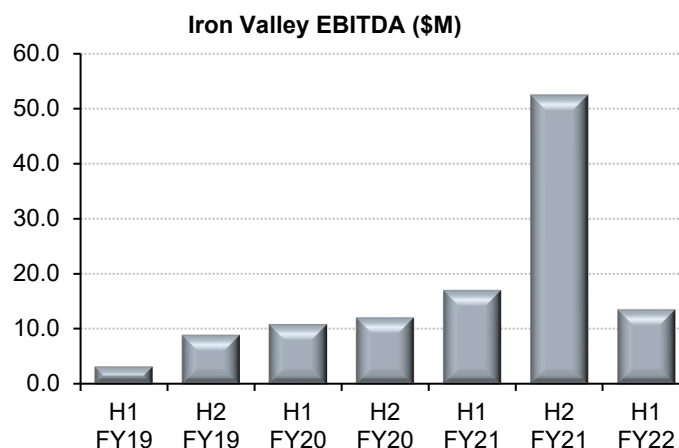
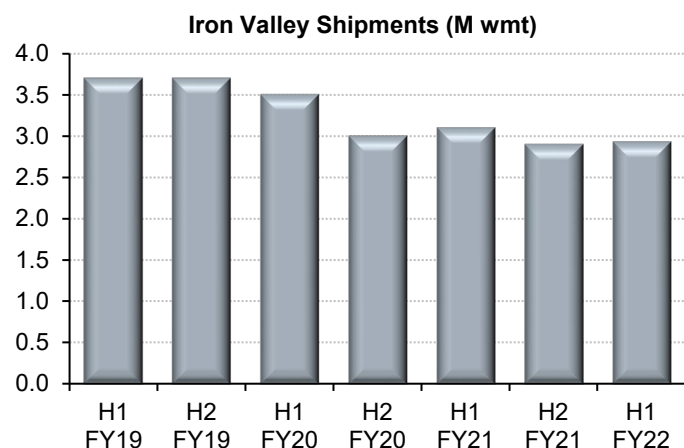
Main construction for the DFS footprint commenced in February 2022.

Iron Valley Mine

The Iron Valley Mine is operated by Mineral Resources Limited (MIN) under an ore purchase agreement with BCI. MIN operates the mine at its cost and purchases iron ore from BCI at the mine gate at a price linked to MIN's received sales price. BCI is responsible for paying third party royalties and securing key approvals.

During the half year ended 31 December 2021, MIN shipped 2.93 million wet metric tonnes (Mwmt) (December 2020: 2.9Mwmt), generating revenue for BCI of \$34.1M (December 2020: \$53.0M) and EBITDA of \$13.6M (December 2020: \$17.1M). The result for the half year reflects the recent decline in market pricing for iron ore, combined with higher discounts applied to product shipped during the period.

BCI's Iron Valley EBITDA is impacted by volumes shipped, movements in Platts CFR 62% iron ore pricing, lump premiums, product discounts, product sales terms including quotation periods, freight rates, AUD:USD foreign exchange rates and state and private royalties payable on ore sales.



Corporate

Annual General Meeting

The Company's annual general meeting was held in Perth on 25 November 2021. All ten resolutions considered at the meeting were passed.

Successful Completion of Capital Raising

On the 18th of November 2021, the Company announced a \$360M capital raising to develop the 100% owned Mardie Salt and Potash Project. The equity raising was successfully completed in December 2021.

Executive Team Appointments

BCI continues to transition to the construction and operational phases of the Mardie Project with the appointments of Kim Boekeman as Head of People and Culture and Kerryl Bradshaw as Chief Financial Officer with Simon Hodge becoming Head of Commercial.

REVIEW OF RESULTS

Statement of profit or loss

The Company's net loss after income tax for the half-year ended 31 December 2021 was \$5.5M (December 2021: profit of \$0.03M), which is the result of reduced earnings from Iron Valley and ongoing expenditure to progress and develop the Mardie Salt and Potash Project.

The following table provides a summary of the Company's statement of profit and loss:

	December 2021 A\$M	December 2020 A\$M
Continuing operations		
Net Revenue	34.2	53.1
Expenditure	(39.7)	(53.1)
Net profit/(loss) after tax	(5.5)	-

The Company's EBITDA for the half-year ended 31 December 2021 was a loss of \$2.9M (December 2020: profit of \$2.0M) which incorporates positive EBITDA of \$13.6M from Iron Valley and expenditure of \$10.5M on the Mardie Project.

The following table shows the EBITDA contribution for each segment of the Group:

	December 2021 A\$M	December 2020 A\$M
Continuing operations		
Iron Valley	13.6	17.1
Tenements & Other Interests	-	(0.2)
Mardie	(10.5)	(12.6)
Other	(6.0)	(2.3)
Total EBITDA	(2.9)	2.0

Statement of cash flows

Cash and cash equivalents as at 31 December 2021 comprised \$334.1M (June 2021: \$79.4M), the increase over the half year is due to inflows from the equity capital raise completed during December and receipt of funds from Iron Valley royalties.

Statement of financial position

Net assets increased to \$442.3M (June 2021: \$172.7M) primarily due to increased cash on hand following completion of the Capital Raising during the period, in addition to further investment to develop the Mardie Project.

The Company's gross debt position has increased to \$18.0M during the period following recognition of the debt component attributed to the Series 1 Convertible Note issued to Australian Super (June 2020: Nil).

At 31 December 2021, cash and cash equivalents exceeded debt by \$316.1M (June 2021: \$79.4M).

Dividends

The Company has not paid or declared any dividends since the commencement of the half-year ended 31 December 2021.

	2021	2020
a) out of the profits for the year ended 30 June 2021 and retained earnings on fully paid ordinary shares (2020: nil).	Nil	Nil
b) out of the profits for the half-year ended 31 December 2021 and retained earnings on fully paid ordinary shares.	Nil	Nil

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

BCI is rapidly advancing its 100% owned Mardie Salt & Potash Project, a potential Tier 1 project, on the West Pilbara coast. During the first half of the 2022 calendar year, BCI expects newly commenced main construction to accelerate with a target to achieve first salt sales by late-2024 and first SOP sales by early-2026.

BCI expects to continue to receive revenue and EBITDA from Iron Valley during the following year. The Company may also receive income from divestment of exploration tenements or other assets held.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the Company's state of affairs.

EVENTS SINCE THE END OF THE REPORTING PERIOD

Post balance date, Federal Government environmental approval, Mining Leases and secondary approvals were granted for the Mardie Project and main construction commenced.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial periods subsequent to the half-year ended 31 December 2021.

AUDIT INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to the independent auditor's report and forms part of the Directors' Report.

Signed in accordance with a resolution by the Directors.

A handwritten signature in black ink, appearing to read "B O'Donnell".

Brian O'Donnell

Chair

Perth, Western Australia

25 February 2022

A handwritten signature in blue ink, appearing to read "Alwyn Vorster".

Alwyn Vorster

Managing Director

Perth, Western Australia

25 February 2022

DIRECTORS' DECLARATION

In the opinion of the Directors of BCI Minerals Limited:

- a. the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* including:
 - i. giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- b. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "B O'Donnell", written in a cursive style.

Brian O'Donnell

Chair

Perth, Western Australia

25 February 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	December 2021 \$000's	December 2020 \$000's
Revenue from continuing operations			
Sale of goods		34,074	52,957
Other revenue		170	164
Total revenue from continuing operations	1	34,244	53,121
Cost of sales	2	(21,781)	(37,095)
Administration expenses	2	(7,412)	(3,319)
Exploration and evaluation expenditure		(10,530)	(12,681)
Profit on sale of exploration tenement		-	23
Profit / (loss) before finance costs and income tax		(5,479)	49
Finance costs		(32)	(18)
Profit / (loss) before income tax		(5,511)	31
Income tax benefit / (expense)	3	-	-
Profit / (loss) after income tax from continuing operations		(5,511)	31
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	7, 11	12,048	-
Profit / (loss) and Other Comprehensive Income		6,357	31
		Cents	Cents
Basic profit / (loss) per share from continuing operations		(0.88)	0.01
Diluted earnings / (loss) per share from continuing operations		(0.88)	0.01

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES
AS AT 31 DECEMBER 2021

	Notes	December 2021 \$000's	June 2021 \$000's
Current assets			
Cash and cash equivalents		334,128	79,435
Short term investments		657	681
Trade and other receivables		2,066	56,435
Total current assets		336,851	136,551
Non-current assets			
Receivables		15,949	15,816
Property, plant and equipment	4	100,156	49,384
Exploration and evaluation assets	5	1,700	9,728
Intangibles	6	15,502	15,502
Other financial assets	7	36,329	-
Right of use assets		915	827
Total non-current assets		170,551	91,257
Total assets		507,402	227,808
Current liabilities			
Trade and other payables		29,391	37,548
Lease liabilities		489	395
Provisions	8	713	791
Total current liabilities		30,593	38,734
Non-current liabilities			
Loans and borrowings	9	18,499	-
Lease liabilities		528	478
Provisions	8	15,983	15,932
Total non-current liabilities		35,010	16,410
Total liabilities		65,603	55,144
Net assets		441,799	172,664
Shareholders' equity			
Contributed equity	10	569,682	313,190
Reserves	11	24,297	6,143
Accumulated losses	12	(152,180)	(146,669)
Total shareholders' equity		441,799	172,664

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Contributed equity \$000's	Accumulated losses \$000's	Reserves \$000's	Total \$000's
Balance at 1 July 2020		267,303	(168,641)	5,455	104,117
Profit for the year		-	31	-	31
Reclassification to profit or loss		-	-	-	-
Total comprehensive profit		-	31	-	31
Transactions with equity holders in their capacity as equity holders					
Shares issued net of transaction costs		45,872	-	-	45,872
Share based payments		-	-	278	278
Balance at 31 December 2020		313,175	(168,610)	5,733	150,298
Balance at 1 July 2021		313,190	(146,669)	6,143	172,664
Profit for the period		-	(5,511)	-	(5,511)
Other comprehensive income	7	-	-	12,048	12,048
Total comprehensive profit		-	(5,511)	12,048	6,537
Transactions with equity holders in their capacity as equity holders					
Contribution of equity net of transaction costs		256,350	-	-	256,350
Performance and share rights converted		142	-	(142)	-
Share based payments		-	-	466	466
Financial Instruments recognised in equity		-	-	5,782	5,782
Balance at 31 December 2021		569,682	(152,180)	24,297	441,799

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	December 2021 \$000's	December 2020 \$000's
Cash flows from operating activities		
Receipts from customers	102,940	40,298
Payments to suppliers and employees	(62,504)	(45,274)
Income tax refund	-	-
Interest received	171	164
Interest paid on lease liabilities	(32)	(18)
Net cash (outflow) / inflow from operating activities	40,575	(4,830)
Cash flows from investing activities		
Proceeds from disposal of exploration tenement	-	298
Payments for exploration tenement	-	(2,834)
Payments for project development, plant and equipment	(41,657)	(1,303)
Payments for other plant and equipment	(364)	(1,303)
Payments for investments	-	(128)
Net cash (outflow) / inflow from investing activities	(42,021)	(3,967)
Cash flows from financing activities		
Proceeds from issue of shares net of costs	256,350	45,872
Payment of lease liabilities	(211)	(134)
Net cash inflow / (outflow) from financing activities	256,139	45,738
Net increase in cash and cash equivalents	254,693	36,941
Cash and cash equivalents at beginning of the year	79,435	41,548
Cash and cash equivalents at end of the period	334,128	78,489

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

Preface to the notes

The notes include information which is required to understand the financial statements and is material and relevant to the operations and the financial position and performance of the Company. Information is considered relevant and material if:

- The amount is significant due to its size or nature;
- The amount is important in understanding the results of the Company;
- It helps to explain the impact of significant changes in the Company's business; or
- It relates to an aspect of the Company's operations that is important to its future performance.

Basis of preparation

1. Corporate information

The financial statements for BCI Minerals Limited for the half-year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 25 February 2022. BCI Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. BCI Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Company' or the 'Consolidated Entity'.

The principal activities of the Company during the course of the half-year were the development of assets in the Pilbara region of Western Australia, including the Mardie Salt & Potash Project. The Company also receives revenue from the Iron Valley Iron Ore Mine under the terms of an Iron Ore Sale and Purchase Agreement.

2. Basis of preparation

These interim financial statements for the half-year ended 31 December 2021 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial statements do not include all the notes of the type normally included in an annual financial report, and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2021 and considered together with any public announcements made by the Company during the half-year ended 31 December 2021 in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The half-year financial statements are presented in Australian dollars.

The Company is of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument amounts in the directors' report and half-year report are rounded off to the nearest thousand dollars, unless otherwise indicated.

3. New, revised or amending Accounting Standards and Interpretations adopted

3.1 New and amended standards adopted by the group

There are no new or amended standards adopted by the group during the interim reporting period.

3.2 Impact of standards issued but not yet applied by the entity

There are no new standards yet to be applied by the Group.

4. Changes in accounting policy, estimates disclosures, standards and interpretations

During the interim period, the group entered into a transaction to acquire equity investments and implemented an accounting policy suitable for such investments. Refer to Note 7 - Financial Assets at fair value through other comprehensive income.

In entering the transaction to acquire equity investments, the group has agreed to issue a Convertible Note as consideration. An accounting policy relevant to the accounting for Convertible Note facilities has been adopted during the period. Refer to Note 9 - Borrowings for additional information.

Except for the adoption of new policies above, the accounting estimates and policies remain consistent with those disclosed in the previous financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

5. Foreign currency

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

6. Significant accounting estimates and judgements

In the process of applying the group's accounting policies, management has made significant accounting judgements that will affect the amounts recognised in the financial statements.

The significant judgements that have been applied during the reporting period are discussed below.

Fair Value of Convertible Notes

When the fair value of financial assets or liabilities recorded in the financial statements cannot be derived from active markets, the fair value is determined using valuation techniques such as Black-Scholes option pricing models and discounted cash flow models. The inputs to these models are taken from observable markets where possible but where that is not feasible, a degree of judgement is required to establish fair value. These judgements include consideration of inputs such as market price volatility and risk-free interest rates. Changes in these assumptions may affect the fair value of financial instruments.

Convertible notes that have been determined to contain a debt and equity component are accounted for as a compound financial instrument with the debt component recognised at fair value on inception then at amortised cost through profit and loss while the equity component has been measured at fair value and recorded in reserves. In assessing the terms of the convertible note and the requirements for a conversion option to qualify as equity, the group has considered the conversion terms and anti-dilution clauses contained in the contractual agreement. Management have concluded that the anti-dilution clauses do not lead to a breach of the fixed-for-fixed criteria as the clauses simply maintain the relative rights of the Noteholders and shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

KEY NUMBERS

NOTE 1 – REVENUE

	December 2021	December 2020
	\$000's	\$000's
Sales – Iron Valley	31,874	65,151
Net loss on pricing changes	2,200	(500)
Rebate – Iron Valley	-	(11,694)
Interest revenue	170	164
Total	34,244	53,121

NOTE 2 – EXPENSES

	December 2021	December 2020
	\$000's	\$000's
Cost of sales		
Amortisation of mine properties	1,338	1,235
Royalties	20,443	35,860
Cost of sales	21,781	37,095
Administration expenses		
Employee benefits expense	3,913	874
Depreciation and amortisation	1,455	910
Share based payments	466	278
Non-executive directors' fees	332	240
Occupancy related expenses	35	118
Consultant and legal fees	473	150
Other	738	749
Administration expenses	7,412	3,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 3 – INCOME TAXES

	December 2021 \$000's	December 2020 \$000's
Reconciliation of effective tax rate		
Profit / (loss) before tax	(5,511)	31
Income tax at the statutory rate of 30 per cent (2019: 30 per cent)	(1,653)	9
Non-deductible expenses	140	83
Temporary differences derecognised	(1,115)	(690)
Tax losses not recognised/(utilised)	2,628	598
Under/(over) provided in prior periods and other	-	-
Income tax benefit reported in the Consolidated statement of profit or loss and other comprehensive income	-	-

The Company recognises deferred tax assets relating to carried forward tax losses to the extent they can be utilised. The utilisation of the tax losses depends on the ability of the entities to generate sufficient future taxable profits. At 31 December 2021, the Company had unrecognised deferred tax assets relating to tax losses of \$63.1M (June 2021: \$60.4M).

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

	Mine Properties \$000's	Plant and equipment \$000's	Office furniture and IT \$000's	Development \$000's	Total \$000's
Year ended 30 June 2021					
Opening net book value	37,010	2,526	312	-	39,848
Additions	-	255	937	12,993	14,185
Disposals	-	(4)	-	-	(4)
Reclassification of assets	-	-	(157)	157	-
Depreciation and amortisation expense	(3,006)	(1,464)	(175)	-	(4,645)
Closing net book value	34,004	1,313	917	13,150	49,384
At 30 June 2021					
Cost	51,658	4,093	2,821	13,150	71,722
Accumulated depreciation and amortisation	(17,654)	(2,780)	(1904)	-	(22,338)
Net carrying amount	34,004	1,313	917	13,150	49,384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Mine Properties	Plant and equipment	Office furniture and IT	Development	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Half-year ended 31 December 2021					
Opening net book value	34,004	1,313	917	13,150	49,384
Additions		1,391	190	43,689	45,270
Reclassification of assets	-	-	-	8,028	8,028
Depreciation and amortisation expense	(1,338)	(979)	(209)	-	(2,526)
Closing net book value	32,666	1,725	898	64,867	100,156
At 31 December 2021					
Cost	51,658	5,566	1,844	64,867	123,935
Accumulated depreciation and amortisation	(18,992)	(3,841)	(946)	-	(23,779)
Net carrying amount	32,666	1,725	898	64,867	100,156

NOTE 5 – EXPLORATION AND EVALUATION

	December 2021	June 2021
	\$000's	\$000's
Opening balance	9,728	6,425
Carrying value of tenements sold	-	(275)
Reclassification to Mine Development	(8,028)	-
Exploration tenements acquisition	-	3,578
Net carrying amount	1,700	9,728

Expenditure is transferred from 'Exploration and evaluation assets' to 'Development' once the work completed to date supports the future development of the property and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 6 – INTANGIBLES

	December 2021 \$000's	June 2021 \$000's
Net carrying value of intangibles		
Royalties	15,502	15,502
Net carrying amount	15,502	15,502

Royalties

The Company holds royalties over the Koodaideri South and North Marillana Extension tenements. The assets have a finite life reflecting the underlying resource and will be amortised as the resource is depleted. Production has not commenced at either Koodaideri South or North Marillana and hence the assets remain unamortised.

No impairment was recognised at 31 December 2021 as no impairment indicators were present.

NOTE 7 – OTHER FINANCIAL ASSETS

	December 2021 \$000's	June 2021 \$000's
Financial assets at fair value through other comprehensive income		
Shares in listed entities	36,329	-
Total other financial assets	36,329	-

Investments in the equity of other listed entities are recognised on trade date and initially measured at fair value, net of transaction costs. Subsequent changes in the fair value of the equity investments will be recognised through other comprehensive income. The fair value of investments that are actively traded in an organised financial market is determined by reference to quoted market price on reporting date. Recognition of the financial asset in this manner is considered a Level 1 measurement of fair value.

Financial assets that are expected to be held for a period greater than 12 months are classified as a non-current asset.

Movement in other financial assets	December 2021 \$000's	June 2021 \$000's
Fair value at acquisition	29,093	-
Gain / (Loss) on fair value of asset through other comprehensive income (Refer Note 11)	7,236	-
Closing balance	36,329	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 8 – PROVISIONS

Current	December 2021	June 2021
	\$000's	\$000's
Employee benefits	713	791
Total current	713	791
Non-current		
Rehabilitation	15,983	15,932
Total non-current	15,983	15,932
Total	16,696	16,723

Movement in Provisions in 2021

	Rehabilitation and site closure \$000's	Employee benefits \$000's	Total \$000's
Opening balance 1 July 2021	15,932	791	16,723
Charged/(credited) to profit or loss:			
Additional provisions recognised			
Unwinding of discount (non-cash expense)	51		51
Amounts used during the year		(78)	(78)
Closing balance	15,983	713	16,696

A provision is made for the estimated cost to rehabilitate the Iron Valley site, which is offset by a receivable from Mineral Resources Limited in the amount of \$15.949M, to recognise the contractual requirement to rehabilitate the site.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 9 – BORROWINGS

	December 2021 \$000's	June 2021 \$000's
Non-current borrowings		
Convertible Note	18,499	-
Net carrying amount	18,499	-

On 17 November 2021, the Group entered into a Convertible Note agreement with AustralianSuper Pty Ltd as trustee for AustralianSuper. The agreement comprises 3 series of Convertible Notes and during the interim period, the Company issued the Series 1 Notes to AustralianSuper with a face value of \$29.1M. The Series 1 note has been issued as consideration for the Equity Investments acquired from AustralianSuper, as set out at Note 7. The transaction had no cash component and the key terms of the Series 1 Note are as follows:

Series 1 Convertible Note

- Non-interest bearing note
- 10 year term
- Convertible at the election of AustralianSuper any time between 3.5 years from issue to final repayment date
- Note is convertible to ordinary shares of the Company at a 45% premium and conversion price per ordinary share of \$0.6235
- The conversion to ordinary shares is subject to certain anti-dilution clauses that may alter the conversion ratio in certain circumstances

A reconciliation of the Convertible Note facility at inception is as follows;

	At inception \$000's
Convertible Note recognised as borrowings	18,499
Conversion option valued as equity	5,782
Day one gain on inception	4,812
Value recognised on inception	29,093

The initial fair value of the liability portion of the convertible note was determined using an implied market rate of interest for an equivalent non-convertible liability at inception date. The liability, minus any transaction costs, will subsequently be recognised on an amortised cost basis until conversion or maturity of the note,

The fair value of the conversion option has been determined using a Black Scholes option pricing model. The conversion option is recognised in shareholders equity at inception and not subsequently remeasured. The key inputs used to value the option are set out in the table below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 9 – BORROWINGS (CONT.)

The day one gain on inception is calculated as the difference arising between the fair value of the liability portion of the convertible note, the fair value of the conversion option and the fair value of the financial asset acquired. The gain has been recognised in other comprehensive income as a day one gain on acquisition of the financial asset.

Key inputs to valuation of conversion option

Term to conversion	3.5 Years
Underlying share price	\$0.455
Strike price	\$0.62
Volatility	50.0%
Risk free rate	0.86%
Number of convertible notes	46,672,013

NOTE 10 – CONTRIBUTED EQUITY

	December 2021		June 2021	
	Number	\$000's	Number	\$000's
Share capital				
Ordinary shares - fully paid	1,206,098,756	569,682	599,209,833	313,190
Movements in ordinary share capital				
Opening balance	599,209,833	313,190	398,928,910	267,303
Share rights issue net of transaction costs	606,140,892	256,350	199,464,923	45,872
Issue of shares under Employee Performance Rights and Share Rights Plan	748,031	142	816,000	15
Closing balance	1,206,098,756	569,682	599,209,833	313,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 11 – RESERVES

	December 2021 \$000's	June 2021 \$000's
Share based payments reserve		
Balance as at 1 July	11,365	10,677
Share based payments expense (Refer to Note 14)	466	703
Issue of shares under Employee Performance Rights Plan	(142)	(15)
Balance at the end of the period	11,689	11,365
Financial instruments at fair value through other comprehensive income		
Balance as at 1 July	(9,009)	(9,009)
Day one gain on recognition of a financial asset (Refer to Note 9)	4,812	-
Change in fair value of financial assets at balance date (Refer to Note 7)	7,236	-
Balance at the end of the period	3,039	(9,009)
Equity reserve		
Balance as at 1 July	-	-
Financial instruments recognised in equity (Refer to Note 9)	5,782	-
Balance at the end of the period	5,782	-
Options exercised reserve		
Balance as at 1 July	3,787	3,787
Balance at the end of the period	3,787	3,787
Total reserves	24,297	6,143

NOTE 12 – ACCUMULATED LOSSES

	December 2021 \$000's	June 2021 \$000's
Balance as at 1 July	(146,669)	(168,641)
Net profit / (loss)	(5,511)	21,972
Balance as at end of the period	(152,180)	(146,669)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 13 – DIVIDENDS

During the half-year ended 31 December 2021, no dividends have been paid (June 21: Nil) and no dividends have been declared (June 21: Nil)

NOTE 14 – SHARE BASED PAYMENTS

During the half year ended 31 December 2021 the Company granted Share Rights and Performance Rights to Directors and Employees as per below.

Type	Grant date	Granted during the period	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
Share Rights	30/7/2021	516,196	4/7/2022	\$0.537	\$0.570	0%
Performance Rights	30/7/2021	868,188	3/7/2024	\$0.341	\$0.570	0%
Share Rights	25/11/2021	262,431	4/7/2022	\$0.499	\$0.530	0%
Performance Rights	25/11/2021	1,110,118	3/7/2024	\$0.287	\$0.530	0%

*Source: www.asx.com.au

The fair value of Share Rights and Performance Rights on grant date was determined as follows:

	Share Rights 30/7/2021	Performance Rights 30/07/2021	Share Rights 25/11/2021	Performance Rights 25/11/2021
Grant date				
Vesting date	4/7/2022	3/7/2024	4/7/2022	3/7/2024
Grant date share price	\$0.570	\$0.570	\$0.530	\$0.530
Volatility (per cent)	47.5	47.5	50.0	50.0
Dividend yield (per cent)	0	0	0	0
Risk free rate (per cent)	0.03%	0.03%	0.2%	0.68%

Share Rights and Performance Rights issued to Directors and Employees are subject to the following Vesting Conditions:

	Share Rights	Performance Rights
Test Date	1 July 2022	3 July 2023
Vesting Date	4 July 2022	3 July 2024
Performance Period	n/a	1 July 2021 to 30 June 2023 plus an additional 1 year tenure period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 14 – SHARE BASED PAYMENTS (CONT)

	Share Rights	Performance Rights
Vesting or Performance Conditions	Vesting of the Share Rights is subject to the continuation of employment until 30 June 2022.	<p>Performance conditions are:</p> <p>a) Total shareholder return (TSR) over the period (50% weighting):</p> <ul style="list-style-type: none"> • Below 10% annual TSR, zero PRs vest. • From 10% up to 20% annual TSR, proportionate vesting of 0% to 100%. • 20% and above TSR, 100% vest. <p>b) Relative TSR to peer group over the period (50% weighting):</p> <ul style="list-style-type: none"> • Below 50th percentile, zero PRs vest. • Between 50th and 75th percentile, proportionate vesting from 50% to 100%. • Equal to or above 75th percentile, 100% vest. <p>Service condition : vesting of Performance Rights is subject to continuation of employment until 3 July 2024</p>
Conversion Period	<p>Vested Share Rights must be converted on or before 4 July 2024.</p> <p>Shares issued upon conversion of the Share Rights are subject to a 12 month hold lock from the vesting date.</p>	<p>Vested Performance Rights must be converted on or before 30 June 2026.</p> <p>Shares issued upon conversion of Performance Rights are subject to a 12 month hold lock from vesting date.</p>

NOTE 15 – SEGMENT INFORMATION

	Iron Valley \$000's	Mardie \$000's	Tenements & Other Interests \$000's	Other \$000's	Total \$000's
Segment Earnings					
Half-year ended December 2021					
Sales of goods	34,074	-	-	-	34,074
Other revenue	-	-	-	170	170
EBITDA	13,598	(10,489)	-	(5,965)	(2,856)
Profit/(loss) before income tax	12,260	(11,677)	-	(6,094)	(5,511)
Half-year ended December 2020					
Sales of goods	52,957	-	-	-	52,957
Other revenue	-	-	-	164	164
EBITDA	17,055	(12,614)	23	(2,434)	2,030
Profit/(loss) before income tax	15,820	(13,354)	23	(2,458)	31

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 15 – SEGMENT INFORMATION (CONT)

	Iron Valley	Mardie	Tenements & Other Interests	Other	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Segment Assets and Liabilities					
As at 31 December 2021					
Segment assets	49,016	69,385	-	389,002	507,403
Segment liabilities	28,847	16,009	-	20,747	65,603
As at 30 June 2021					
Segment assets	105,021	24,312	-	98,475	227,808
Segment liabilities	41,924	11,032	-	2,188	55,144

Management has determined that the Company has four reportable segments, being Iron Valley, Mardie, Tenements and Other activities. All segments have been aggregated to form the consolidated information presented in the financial statements.

Revenue derived from iron ore sales is derived from customers located in Australia 100%.

Accounting policy

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Company's Board. Internal reporting is provided to the Board on a consolidated basis.

NOTE 16 – CONTINGENT LIABILITIES AND ASSETS

As at 31 December 2021, the Company has no contingent liabilities or assets.

NOTE 17 – RELATED PARTY TRANSACTIONS

On the 25th of November 2021 and following approval at the AGM, the Company granted 262,431 Share Rights and 1,110,118 Performance Rights to Directors of the Company. Refer to Note 14 for further detail and valuation of Rights granted.

On 1 March 2017, Michael Blakiston was appointed as a Non-Executive Director of the Company. Mr Blakiston is a partner in the legal firm Gilbert + Tobin and during the interim period, the Company made legal fee payments to Gilbert + Tobin of \$498. All transactions were on normal commercial terms and conditions.

During the half year, a company within the same consolidated group as Wroxby Pty Ltd, a substantial shareholder of the Company, provided the Company with rental premises for which payments were made in the amount of \$336K. All transactions were on normal terms and conditions.

NOTE 18 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

Post balance date, Federal Government environmental approval, Mining Leases and secondary approvals were granted for the Mardie Project and main construction commenced.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial periods subsequent to the half-year ended 31 December 2021.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BCI Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of BCI Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Phillip Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 25 February 2022

**DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF BCI
MINERALS LIMITED**

As lead auditor for the review of BCI Minerals Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of BCI Minerals Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2022



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