

JUNE 2022 QUARTERLY REPORT

- **One recordable injury (low severity) during the quarter and six years without a lost time injury (LTI)**
- **Pond 0 complete, seawater intake station 60% complete, and accommodation village 80% complete**
- **Construction contract for Ponds 3-5 awarded to QH&M Birt, with SRG Global continuing construction of Ponds 1-2**
- **Average salt and SOP prices increased by 11% and 30% respectively during the quarter, and by 26% and 85% since mid-2021**
- **Cost inflation observed across construction packages; Current cost and design review ongoing**
- **Project schedule extended due to approval delays, severe weather, and measured capital spend during the cost and design review**
- **Iron Valley EBITDA to BCI of \$7.7M for Jun-22 Quarter**
- **Cash balance of \$209M and zero net debt at 30 June 2022**
- **BCI is well funded for its modified FY23 construction program, with \$209M cash, access to \$100M of convertible notes, ongoing Iron Valley royalty earnings and potential asset sales**
- **Managing Director, Alwyn Vorster, to step down during 2H 2022, and Miriam Stanborough joins BCI Board as Non-Executive Director**

BCI Minerals Ltd (**BCI** or the **Company**) presents its quarterly activities report for the period ended 30 June 2022.

MARDIE SALT & POTASH PROJECT

Site Activities

Despite volatile markets and construction headwinds, BCI is making positive progress on site at Mardie.

The seawater intake station is approximately 60% complete, with all piling installed, concrete and steel structural elements underway and the installation of six pumps with 3,000 litres/second capacity scheduled in Q3 2022. Completion of the structure and the filling of Pond 0 is anticipated in late Q4 2022, a notable milestone which will signal these components of the Mardie Project transitioning from construction to operation.

Figure 1: Seawater Intake Station and Pond 0



Figure 2: Pond 1 levee construction



Large sections of the Pond 1 and Pond 2 external wall and internal levee system have been completed, with SRG Global scheduled to complete construction of Ponds 1 and 2 in Q4 2022.

The earthworks contract for Ponds 3, 4 and 5 has been awarded to QH&M Birt (Q-Birt), an Australian company with a 40-year history in the construction industry. The contract includes the construction of evaporation ponds 3, 4 and 5, the earthworks required for transfer pump stations 3-4 and 5-6 and the installation and commissioning of groundwater monitoring wells parallel to the gas pipeline corridor. Q-Birt has mobilised to site and has commenced construction of Pond 3.

The 400-bed accommodation village is 80% complete, with all accommodation rooms in place, occupation certificates in hand for 300 rooms and internal fit-out of the central facility buildings underway. It is anticipated that the village will be operating at full capacity by late 2022.

Figure 3: Accommodation Village construction



The marine structures are on track against plan with 100% structural design received and 60% of mechanical designs completed. The jetty will be constructed by McConnell Dowell using a traveller and crane to drive piles and extend the jetty head. The traveller is under construction, and procurement of materials (piles and fabricated steel) has commenced. Jetty construction may commence in early 2023, subject to final secondary approvals, completion of the jetty causeway, and resolution of procurement constraints.

Figure 4: Jetty traveller construction



Figure 5: Jetty on completion



Salt and SOP market conditions

The average price of Australian salt imported into China (based on government trade information) increased to US\$53.89/t (CIF) for the June 2022 quarter, up from US\$48.50/t in the March 2022 quarter and an average of US\$42.71/t for the 2021 calendar year.

Sulphate of Potash (SOP) prices continued to increase in the June 2022 quarter. The SOP price (NW Europe, bulk, granular) averaged US\$1,173/t (FOB) for the June 2022 quarter, up from US\$903/t in the March 2022 quarter and US\$633/t in 2021.

Offtake negotiations for Mardie salt and SOP are progressing with large Asian offtakers and trading companies, covering more than 50% of steady state production.

Cost and Design Review Progress

As outlined in recent announcements, significant cost increases are being experienced across the Mardie construction packages. In addition, BCI expects to make changes to some components of the Project design to comply with third party approvals and is considering other design changes to improve the long-term resilience of the Project to extreme weather events.

All package designs have been significantly developed since mid-2021, and numerous packages have now been market tested or tendered. While some of the larger fixed price packages have been awarded within Final Investment Decision (FID) budget, such as the marine contract with McConnell Dowell, market pricing for civil work has increased substantially in the last 12 months, and ongoing design development is also expected to result in increased costs.

Market rate inflation has been felt across all aspects of the Project with rates for labour, materials, equipment and consumables significantly impacted over the last 12 months. BCI continues to assess value engineering opportunities, conduct reviews of design assumptions and advance design maturity of all packages, to reduce risk and partially offset the cost increases.

Given ongoing market volatility, and until the cost and design review is finalised, BCI has decided to defer the award of selected new contracts at Mardie. However, work is continuing at the seawater intake station, Ponds 1 to 5, Mardie Village and supporting infrastructure, as well as important ongoing front end engineering design on key project components to improve design maturity and price confidence.

The time required to complete the cost and design reviews together with delays to secondary approvals, weather related delays, the impact of COVID protocols and other factors is expected to result in an extension to the first salt on ship date, indicatively to 2H 2025.

IRON VALLEY MINE

BCI EBITDA from Iron Valley for the June 2022 quarter was \$7.7M from 0.9Mt shipped. The result reflects provisional FOB prices based on an average headline 62% Fe iron ore price of US\$138/t, broadly in line with the US\$141/t recorded in the prior period, but with reduced discounts applied to the lower quality iron ore.

Figure 6: Iron Valley Quarterly Shipments (M wmt)

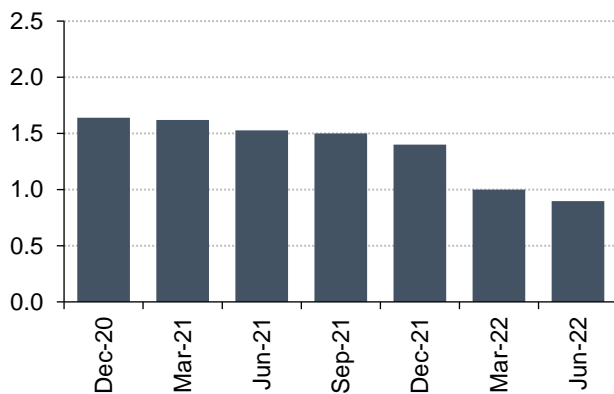
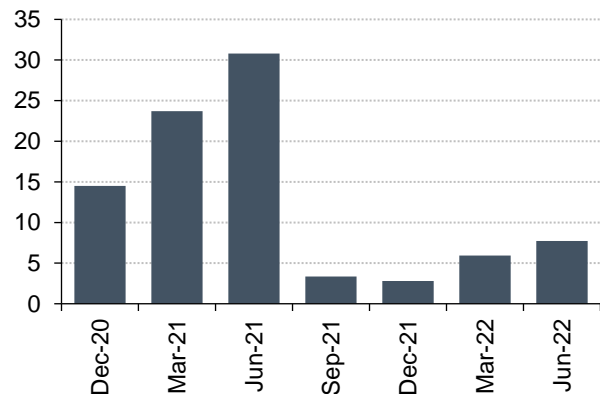


Figure 7: Iron Valley Quarterly EBITDA¹ (A\$M)



CORPORATE

Board and Executive Changes

After more than six years as Managing Director and CEO, Alwyn Vorster, provided notice on 14 July that he will step down from the role during 2H 2022. The BCI Board has commenced the process to recruit a successor.

¹ Historic quarterly EBITDA results have been restated to illustrate the contribution of shipments in each quarter incorporating final pricing adjustments in the relevant quarter.

Miriam Stanborough joined the Board as Non-Executive Director during the quarter. Miriam is a chemical engineer and brings a broad range of skills and experience to BCI, with more than 20 years' experience in the mining processing industry across various commodities.

Health, Safety, People and Culture

BCI has an excellent safety record and remains focused on maintaining a safe working environment for its employees and contractors. There was one recordable injury experienced during the quarter (low severity) and BCI remains LTI-free for more than 6 years. Following the business-wide Health and Safety survey last quarter, BCI has engaged with its workforce to develop strategic health and safety initiatives which will continue to strengthen BCI's values-based safety culture as the Project workforce and site activities increase.

Cash and Debt Position

BCI's cash balance at 30 June 2022 was \$209M (31 March 2022: \$301M) and the Company's net debt remains zero. With cash in the bank, access to \$100m of convertible notes, ongoing Iron Valley royalty earnings and potential asset sales, BCI will have sufficient construction funding to cover all current and scheduled contract awards for the full financial year to June 2023 without requiring further capital.

BCI expects that capital cost estimation and design maturity will be sufficiently advanced to enable meaningful discussions with debt and equity providers in relation to funding the project to completion, to commence before the end of 2022.

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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 mineral resources company which is developing an industrial minerals business, with salt and potash as its initial focus.

BCI is developing its 100% owned Mardie Salt & Potash Project, a potential Tier One project located on the Pilbara coast in the centre of Western Australia's key salt production region. Mardie has been designed to produce approximately 5Mtpa of high-purity salt (>99.5% NaCl) and 140ktpa of Sulphate of Potash (SOP) (>52% K₂O) via solar evaporation of seawater. Main construction of the Mardie Project commenced in early 2022.

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 other assets include substantial shareholdings in Agrimin Limited (ASX:AMN) and Highfield Resources Ltd (ASX:HFR) and potential royalties and/or deferred payments from iron ore projects at Koodaideri South, Bungaroo South, Kumina and Nullagine.

KEY STATISTICS

Shares on issue	1,206.2 million	
Cash in bank	\$209.0 million	as at 30 June 2022
Board	Brian O'Donnell	Non-Executive Chairman
	Alwyn Vorster	Managing Director
	Michael Blakiston	Non-Executive Director
	Garret Dixon	Non-Executive Director
	Richard Court	Non-Executive Director
	Chris Salisbury	Non-Executive Director
	Miriam Stanborough	Non-Executive Director
Major shareholders	Wroxby Pty Ltd	39.5%
	AustralianSuper Pty Ltd	14.8%
	Ryder Capital Ltd (and related)	9.2%
Website:	www.bciminerals.com.au	