ASX Release
25 August 2022

APPENDIX 4E

FOR THE FULL-YEAR ENDED 30 JUNE 2022

This information should be read in conjunction with BCI Minerals Limited's Annual Financial Report for the full-year ended 30 June 2022.

Company Details

Name of entity: BCI Minerals Limited

ABN: 21 120 646 924

Results for announcement to the market

	June 2022 $000	June 2021 $000	Up / Down	% Movement
Revenue from continuing operations	65,198	160,482	Down	146%
(Loss)/Profit after income tax from continuing operations	(15,485)	21,972	Down	N/A
Net profit attributable to members	(15,485)	21,972	Down	N/A

Dividends

No dividends have been declared for the full-year ended 30 June 2022 (2021: nil).

Net tangible asset backing

Net tangible asset backing per ordinary share: $0.36 (2021: $0.26).

Previous corresponding period

The previous corresponding period is the full-year ended 30 June 2022

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 full-year ended 30 June 2022 was ($15.5M), which is a result of positive earnings from Iron Valley offset by the development and construction of the Mardie Salt and Potash Project.

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

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

CONTENTS

DIRECTORS' REPORT

The Directors present their report on the results of the Consolidated Entity (referred to hereafter as the Company) consisting of BCI Minerals Limited ("BCI") and the entities it controlled at the end of, or during the year ended 30 June 2022.

PRINCIPAL ACTIVITY

The principal activities of the Company during the course of the financial year were the development and operation of assets in the Pilbara region of Western Australia, primarily focused on the Mardie Salt and Potash Project and Iron Valley Iron Ore Mine.

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

DIRECTORS

The names of directors of the Company in office during the financial year and up to the date of this report are:

Brian O'Donnell	Chair (Non-Executive)
Alwyn Vorster	Managing Director (Executive) [(a)]
Michael Blakiston	Director (Non-Executive)
Garret Dixon	Director (Non-Executive)
Richard Court	Director (Non-Executive)
Chris Salisbury	Director (Non-Executive)
Miriam Stanborough	Director (Non-Executive) [(b)]
Jenny Bloom	Director (Non-Executive) [(c)]

(a) Mr Alwyn Vorster gave notice of his resignation to the Company on 15 July 2022.
(b) Ms Miriam Stanborough was appointed as a Director of the Company on 14 June 2022.
(c) Ms Jenny Bloom resigned as a Director of the Company on 20 December 2021

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Mr Brian O'Donnell *B Com, FCA, MAICD*

Chair (Non-Executive) appointed as a Director October 2014
Period of office at August 2022 – 7 years and 10 months

In addition to being Chair of BCI, Mr O'Donnell is Director, Finance and Investments for the Australian Capital Equity Pty Limited (ACE) group, which includes BCI's largest shareholder, Wroxby Pty Ltd. He is a director of various ACE group companies, including companies active in the property, food, agricultural and investment sectors.

Mr O'Donnell is a non-executive director of Bravo Holdco Pty Ltd (the holding company for Hive and Wellness Australia Pty Ltd - formerly Capilano Honey Limited), the West Australian Football Commission and The Guide Dog Foundation Pty Ltd (WA). He is a former director of Iron Ore Holdings Limited, Coates Group Holdings Pty Ltd, WesTrac Pty Ltd, Landis & Gyr AG, SocietyOne Holdings Pty Ltd and Fremantle Football Club Ltd. He is a Fellow of the Institute of Chartered Accountants and has 37 years' experience in the finance and investment industry.

Mr O'Donnell is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Mr Alwyn Vorster BSc (Hons) Geology, MSc (Mineral Economics) and MBA

Managing Director appointed 22 September 2016, notice of resignation provided on 15 July 2022
Period of office at August 2022 – 5 years and 11 months

Mr Vorster commenced as Chief Executive Officer of BCI in May 2016 and was appointed as Managing Director in September 2016. He has more than 25 years' experience with numerous large mining houses in technical and commercial management roles covering the total supply chain from mine to market for iron ore, coal and other minerals.

Recent roles include Chief Executive Officer of API Management and Managing Director of Iron Ore Holdings Ltd.

Ms Jenny Bloom Grad. Dip Business Administration, GAICD

Director (Non-Executive) appointed March 2017, resigned 20 December 2021
Period of office – 4 years and 9 months

Ms Bloom has an extensive business background with experience in the public and private sectors in Western Australia and Victoria. She was most recently the Deputy Chair and Member of the Waste Authority Western Australia for eight years and was a member of the Program and Risk Committee. She is a non-executive director of Breaking the Silence (Inc) and is a director of various private businesses. Ms Bloom previously held an elected position as a Councillor and Deputy Shire President for the Shire of Broome and as an independent director of a Broome based Aboriginal Corporation.

Ms Bloom also held the role of Chair of the Remuneration and Nomination Committee until her resignation.

Mr Michael Blakiston *B. Juris LLB*

Director (Non-Executive) appointed March 2017
Period of office at August 2022 – 5 years and 5 months

Mr Blakiston is a partner in Gilbert + Tobin's Energy and Resources group. He has over 35 years' experience across a range of jurisdictions. He advises in relation to asset acquisition and disposal, project structuring, joint ventures and strategic alliances, development agreements and project commercialisation, capital raisings and company merger and acquisitions.

Mr Blakiston has served on numerous ASX listed companies and not-for-profit boards and is currently the Chair of Develop Global Limited and Precision Opportunities Fund Ltd, an unlisted specialist small to medium cap fund.

Mr Blakiston is the Chair of the Audit and Risk Committee, and is a member of the Remuneration and Nomination Committee.

Mr Garret Dixon

Director (Non-Executive) appointed 18 June 2020
Period of office at August 2022 – 2 years and 2 months

Mr Dixon has over 40 years of industry experience in the areas of mining, construction, contracting, civil engineering and bulk commodity logistics. Until recently, Mr Dixon held the position of Executive Vice President and President Bauxite of NYSE listed Alcoa Corporation, where he was responsible for the global bauxite mining business including seven bauxite mines on various continents.

His other experience includes positions as a Non-Executive Director of Watpac Limited, Managing Director at Gindalbie Metals Limited and Executive General Manager for Henry Walker Eltin (HWE).

Mr Dixon is the Chair of the Remuneration and Nomination Committee and Chair of the Project Review Committee.

Mr Richard Court

Director (Non-Executive) appointed 28 January 2021
Period of office at August 2022 – 19 months

Mr Court had served as Australia's Ambassador to Japan from 2016 to 2020. He was also Premier and Treasurer of Western Australia from 1993 to 2001. His other previous corporate experience includes Chair of GRD Ltd, Chair of Iron Ore Holdings Ltd, Chair of National Hire Ltd, Chair of RISC Advisory Pty Ltd and Director of WesTrac Equipment Pty Ltd.

Mr Court is a member of the Audit and Risk Committee and the Sustainability Committee.

Mr Chris Salisbury

Director (Non-Executive) appointed 28 May 2021
Period of office at August 2022 – 15 months

Mr Salisbury is a metallurgical engineer with more than 30 years of operational experience across a diverse range of commodities. From 2016 to 2020, he was Chief Executive at Rio Tinto Iron Ore responsible for optimising operations, developing and implementing the company's climate change program and improving safety culture and operational performance of a team comprising ~20,000 employees and contractors, across a network of 16 mines, 4 ports and other significant infrastructure. In this role, he was also responsible for the management of Rio Tinto's salt business (Dampier Salt) which has the capacity to produce 10Mt of industrial salt per annum from 3 operations.

Mr Salisbury is the Chair of the Sustainability Committee and a member of the Project Review Committee.

Ms Miriam Stanborough *BA(Hons), BE(Hons), MSc, MAusIMM, GAICD*

Director (Non-Executive) appointed 14 June 2022
Period of office at August 2022 – 2 months

Ms Stanborough is a chemical engineer with more than 20 years' experience in the mineral processing industry across various commodities including copper, uranium, gold, silver, alumina, mineral sands and lithium. She has previously held senior roles at Monadelphous, Iluka Resources, Alcoa and WMC Resources across innovation and technology, technical development, production management, project management, business improvement, and human resources portfolios.

Ms Stanborough is currently a Non-Executive Director of Pilbara Minerals Limited (ASX:PLS), the Chair of the Minerals Research Institute of Western Australia (MRIWA), Director of ChemCentre, Deputy Chair of the Northern Agricultural Catchments Council (NACC NRM), and the Deputy Chair of Scouts WA.

Ms Stanborough was appointed as a member of the Sustainability Committee and as a member of the Project Review Committee.

COMPANY SECRETARY

Ms Susan Park *BCom, ACA, F Fin, FGIA; FCG; GAICD*

Joint Company Secretary appointed July 2018

Ms Park has over 25 years' experience in the corporate finance industry and extensive experience in company secretarial and non-executive director roles with ASX, AIM and TSX listed companies. Ms Park is currently Company Secretary of several ASX listed companies.

Mrs Stephanie Majteles *LLB(Hons), GAICD*

Joint Company Secretary appointed 30 June 2021

Mrs Majteles has over 18 years' experience in the projects and resources industries, with significant experience at both a top tier law firm and in-house at a large global resources company.

MEETINGS OF DIRECTORS

The number of meetings held during the year and the number of meetings attended by each director was as follows:

	Board		Audit and Risk Committee [1]		Remuneration and Nomination Committee[2]		Project Review Committee[3]		Sustainability Committee[4]	
Total Number of Meetings	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
B O'Donnell	13	13	4	4	-	-	-	-	-	-
A Vorster	13	13	-	-	3	3	6	6	3	3
M Blakiston	13	13	4	4	1	1	-	-	-	-
J Bloom [5]	8	8	-	-	2	2	-	-	-	-
G Dixon	13	12	-	-	3	3	6	6	-	-
R Court	13	12	4	4	-	-	-	-	3	3
C Salisbury	13	13	-	-	-	-	6	6	3	3
M Stanborough [6]	1	1	-	-	-	-	-	-	-	-

[1] Members of the Audit and Risk Committee during the financial year ended 30 June 2022 were M. Blakiston (Chair), B. O'Donnell (Member) and R. Court (Member) from date of appointment.

[2] Members of the Remuneration and Nomination Committee during the financial year ended 30 June 2022 were J Bloom (Chair) until her resignation, G Dixon (Chair) appointed to the Chair position on 31st December, A Vorster (Member).

[3] Members of the Project Review Committee during the financial year end 30 June 2022 were G. Dixon (Chair), A. Vorster (Member) and C. Salisbury (Member) from date of appointment.

[4] Members of the Sustainability Committee during the financial year 30 June 2022 were C. Salisbury (Chair), R. Court (Member) and A. Vorster (Member).

[5] J Bloom resigned from the company on 20th December 2021.

[6] M Stanborough was appointed as an independent Non-executive Director of the Company on 14 June 2022.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the Directors of BCI Minerals Limited support and have adhered to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company's detailed corporate governance policy statement can be found on the Company's web site at www.bciminerals.com.au.

DIRECTORS' INTERESTS AND BENEFITS

The relevant interest of each Director in the shares, Performance Rights and options over shares issued by the Company at the date of this report is as follows:

Director	Ordinary shares		Performance Rights		Share Rights	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
B O'Donnell	-	1,156,254	-	112,219	-	-
A Vorster	-	7,768,642	-	4,024,082	-	-
M Blakiston	-	-	-	64,125	-	-
J Bloom (1)	159,768	-	-	-	-	-
G Dixon	-	-	-	67,688	-	-
R Court	-	819,768	-	81,309	-	-
C Salisbury	-	-	-	85,826	-	-
M Stanborough	5,896	-	-	-	-	-
Total	**165,664**	**9,744,664**	**-**	**4,435,249**	**-**	**-**

[5] J Bloom resigned from the company on 20th December 2021.

DIVIDENDS

No dividends have been declared in relation to the year ended 30 June 2022 (June 2021: Nil).

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

REVIEW OF OPERATIONS

BCI is an Australian-based company that is developing a salt and potash business supported by iron ore royalty earnings.

Safety performance

BCI places a high priority on facilitating a safe working environment for all staff and contractors. During the year ended 30 June 2022, one incident resulting in a Recordable Injury occurred and the Total Recordable Injury Rate ("TRI") for the year was 1.0 (2021: 1.0). No lost time injuries ("LTIs") were recorded for the year and the lost time injury frequency rate ("LTIFR") was zero (June 2021: 1.0).

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 7 years and the lost time injury frequency rate (LTIFR) at 30 June 2022 was zero (June 2021: 0.0). During the year, there was 1 recordable injury and the total recordable injury frequency rate (TRIFR) for the year is 4.1 (June 2021: 7.3).

Mineral Resources Limited is responsible for Occupational Health and Safety matters at Iron Valley and therefore BCI does not report safety performance for the Iron Valley site.

Operations

Mardie Salt & Potash Project

BCI made significant progress on its 100% owned Mardie Salt & Potash Project during the year with key environmental approvals attained and funding secured to enable main construction to commence in February 2022.

Mardie approval and tenure targets were achieved during the period including environmental approvals 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.

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 after which 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.

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 Optimised Feasibility Study (OFS) will be subject to further environmental assessment and approvals, which are expected to be received over the next 6-12 months.

On site at Mardie, construction of the 400-bed accommodation village is nearing completion, 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 the December quarter of FY23.

The base structure of the seawater intake station is substantially 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 the first half of FY23. Commissioning of the seawater intake station is anticipated in December 2022, a notable milestone which will enable these components of the Mardie Project to transition from construction to operation in CY23.

Large sections of the Pond 1 and Pond 2 levee system have been completed, with a contract extension awarded to SRG Global to construct the remaining walls and levees.

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 to 4 and 5 to 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.

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 marine structures are on track against plan with 100% of jetty design received and 60% of mechanical designs completed.

On the funding front, in the first half of FY22 BCI raised $360M of equity via a strongly supported $240M placement of new shares to institutional investors, an oversubscribed share purchase plan raising $20.6m and the provision of up to $100M in convertible notes by AustralianSuper.

The first half of FY22 also saw BCI receive commitments for commercial debt facilities totalling $310M (including a $140M construction loan facility and $170M facilities for cost overruns and guarantee requirements from lead financiers. Establishment of these facilities, together with the project finance commitments obtained from the Northern Australia Infrastructure Facility ($490M) and Export Finance Australia ($110M), will be progressed in line with finalisation of the current design and cost review.

As the second half of FY22 progressed, considerable cost increases became evident across the Mardie construction packages. Market rate inflation has seen labour, materials, equipment and consumables prices significantly impacted over the last 12 months. In addition, BCI expects increased costs associated with Project design changes required 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, and numerous packages have been market tested or tendered as at the date of this report. 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 fuel and labour-intensive civil work has increased substantially in the last 12 months, and ongoing design development is also expected to result in increased costs.

Given ongoing market volatility, BCI is assessing the appropriate design, delivery method and timeframe of Project Mardie. Until this assessment is completed, BCI has decided to defer the award of selected new contracts at Mardie, while continuing to construct existing awarded contracts.

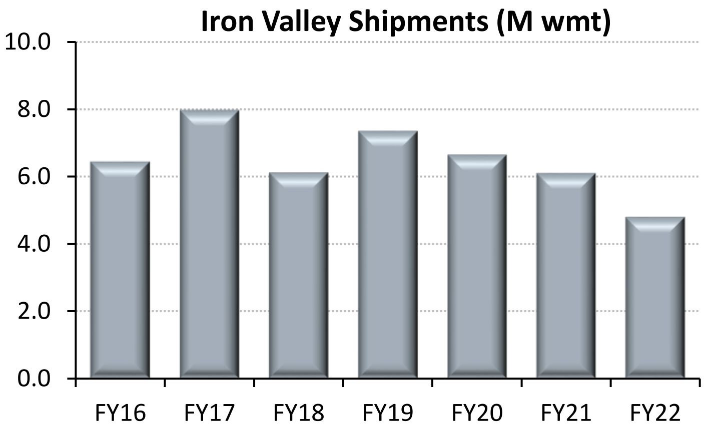
These awarded contracts include the seawater intake station, Ponds 1 to 5, Mardie Village and supporting infrastructure, as well as important ongoing front end engineering design on key project components to improve design maturity and price confidence.

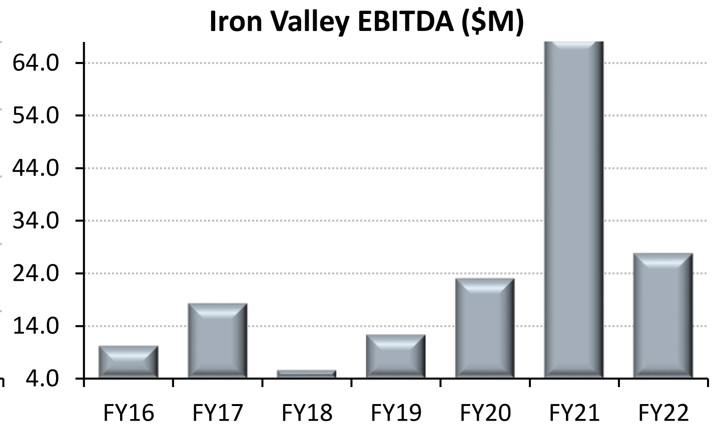
BCI will provide a further update following conclusion of these assessments.

Iron Valley Iron Ore 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 financial year MIN shipped 4.8 million wet metric tonnes ("M wmt") (June 2021: 6.1M wmt), which generated revenue for BCI of $65.2M (June 2021: $160.2M) and EBITDA of $27.8M (June 2021: $69.5M).





Other Assets

BCI owns 7% of Highfield Resources Limited and 13% of Agrimin Limited shares, with a combined market value of $38.7M as at 30 June 2022, as well as deferred consideration and royalties receivable from Bungaroo South, Kumina and other iron ore assets. BCI also owns an interest in the Carnegie Potash Project, an SOP exploration project located approximately 220km north-east of Wiluna. BCI currently owns 30% in this joint venture with Kalium Lakes Limited ("KLL") and has rights to earn up to a 50% interest. KLL, the joint venture manager, recently validated the design process after successfully producing commercially saleable SOP, and continues to progress the production output.

Environmental Regulation

BCI is committed to minimising its environmental impact, with an appropriate focus on continuous monitoring of environmental matters and compliance with environmental regulations.

BCI's exploration, mining and development activities are the subject of various State and Commonwealth environmental regulations. Compliance with these environmental regulations is managed through the Environment and Social Management System ("ESMS") and a series of other tools used to identify, analyse and control key risks associated with the environmental impact from the Company's activities. A compliance program is implemented on an annual basis to ensure appropriate records are being maintained and periodic reviews (inspections and audits) are conducted to assess performance against regulatory conditions and the requirements of the ESMS.

During the year, BCI submitted a number of reports and compliance statements to State regulatory bodies detailing BCI's performance against granted approvals. This includes all Annual Environmental Reports and Annual Compliance Reports, which were all submitted on time and endorsed by the regulators.

There have been no material breaches of the Company's licences, permits and approvals during the financial year.

REVIEW OF RESULTS

Consolidated statement of profit or loss

The Company's loss after income tax for the financial year ended 30 June 2022 was ($15.5M) (profit June 2021: $22.0M) arising due to an increase in the development of the Mardie Project and reduced royalty returns realised from the Iron Valley Mine.

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

	30 June 2022 $M	30 June 2021 $M
Revenue	65.2	160.2
EBITDA	(10.4)	28.9
Interest, tax, depreciation and amortisation	(5.1)	(4.7)
Impairment of assets	-	(2.2)
Net (loss) / profit after tax	**(15.5)**	**22.0**

The Company's EBITDA for the financial year ended 30 June 2022 was ($10.4M) (June 2021: $28.9M), which incorporates a positive EBITDA from Iron Valley of $27.8M (June 2021: $69.5M) and increased investment in the Mardie project of $20.6M (June 2021: $34.4M).

The following table shows the EBITDA contribution for each segment (Note 22) of the Group:

	30 June 2022 $M	30 June 2021 $M
Iron Valley	27.8	69.5
Gains from divestments	-	-
Mardie	(20.6)	(34.4)
Other	(17.6)	(6.2)
Total EBITDA	**(10.4)**	**28.9**

Consolidated statement of cash flows

Cash and cash equivalents as at 30 June 2022 increased to $232.0M (June 2021: $79.4M) with the positive movement resulting from the $260M (June 2021: $47.9M) capital raising completed in the year and receipts from Iron Valley.

Consolidated statement of financial position

Net assets increased to $434.2M (June 2021: $172.7M) primarily due to the increase in cash and receivables held by the Group from the capital raising completed.

Dividends

The Directors have not paid or declared any dividends since the commencement of the financial year ended 30 June 2022.

		2022	2021
(a)	out of the profits for the year ended 30 June 2022 and retained earnings on fully paid ordinary shares	Nil	Nil
(b)	out of the profits for the year ended 30 June 2021 and retained earnings on fully paid ordinary shares.	Nil	Nil

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 in FY22

BCI appointed Kerryl Bradshaw as Chief Financial Officer, and Kim Boekeman as Head of People and Culture in the March Quarter of FY22.

PERFORMANCE RIGHTS AND SHARE RIGHTS

As at the date of this report, there were 12,885,203 Performance Rights and 2,342,335 Share Rights on issue to Directors and Employees under the Performance Right Plan and Share Right Plan, both approved at the November 2019 AGM (30 June 2021: Performance Rights 13,253,241 and Share Rights 2,456,005). During the financial year, no performance rights vested while 1,300,000 performance rights were either cancelled or lapsed. During the financial year 2,402,911 share rights vested. Subsequent to the year end, a total of 1,910,375 performance rights vested and 3,116,928 were cancelled. Refer to the Remuneration Report for further details of Performance Rights and Share Rights outstanding.

No Performance Right or Share Right holder has any right to be provided with any other share issue of the Company by virtue of their Performance Rights or Share Rights holding.

None of the Performance Rights or Share Rights are listed on the ASX.

Shares issued as a result of conversion of performance rights and share rights

During the financial year, 849,796 ordinary shares were issued following conversion of share rights that vested during the year. Subsequent to year end, the Company has issued 2,780,337 ordinary shares following the conversion of performance and share rights.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue construction works at Mardie, and aims to finalise funding arrangements for the Mardie Project following completion of the current cost and design reviews.

BCI expects to generate ongoing revenue and EBITDA from Iron Valley during the 2023 financial year. The Company may also receive residual compensation and royalties following the divestment of assets last financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the Company's state of affairs not otherwise included in this report.

MATTERS SUBSEQUENT TO THE REPORTING DATE

Performance Rights and Share Rights

On 8 August 2022, a total of 1,600,253 Performance Rights were granted to KMP under the approved Performance Rights Plan. Rights granted are subject to a vesting period over which the fair value of such rights will be expensed. On 26 July 2022, a total of 2,393,229 vested Performance and Share Rights were converted to ordinary shares by a KMP.

Contractor Claims

Subsequent to year end, the Company notified a contractor that the contractor's site access would be delayed [due to a delay in the approvals required to construct a lay down area, and road leading to the contractor's site]. The contractor has issued a claim under the contract for an extension of time and delay costs. The claim is currently being assessed in accordance with the terms of the contact. Any amounts expected to be payable to the contractor will be taken into account in the current cost and design review.

Other than disclosed above, no matter or circumstance has arisen since the end of the financial year 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 financial year ended 30 June 2022.

Management Transition

In conjunction with the release of this report, the Company will announce the appointment of Kerryl Bradshaw as Interim CEO, with Alwyn Vorster to conclude his employment with the company. The company is also progressing a search for a permanent CEO.

AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

Auditor's 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.

Non-audit services

For the year ended 30 June 2022 the Board of Directors is satisfied that the auditor, BDO Audit (WA) Pty Ltd, did not provide any non-audit services to the Company, as set out in Note 27 to the Financial Statements, that compromised the auditor independence requirements of the *Corporations Act 2001*.

Signed in accordance with a resolution by the Directors.

Brian O'Donnell	Alwyn Vorster
Chairman	Managing Director
Perth, Western Australia	Perth, Western Australia
24 August 2022	24 August 2022

REMUNERATION REPORT

The Remuneration Report outlines the remuneration arrangements in place for Directors and other Key Management Personnel ("KMP") of the Company in accordance with section 308 (3c) of the Corporations Act 2001.

For the purpose of this report the KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any directors of the Company.

Non-Executive Directors	
B O'Donnell	Non-executive Chair
M Blakiston	Non-executive Director
M Stanborough	Non-executive Director (Appointed 14 June 2022)
G Dixon	Non-executive Director
R Court	Non-executive Director
C Salisbury	Non-executive Director
J Bloom	Non-executive Director (resigned 20 December 2021)
Executive Directors and Executives	
A Vorster	Managing Director
S Hodge[b]	Chief Financial Officer (ceased 9 January 2022)
K Bradshaw	Chief Financial Officer (Appointed 10 January 2022)
S Bennett [a]	Chief Development Officer (Appointed 28 February 2022)

(a) Prior to his appointment as Chief Development Officer, Mr Bennett was Project Director

(b) Mr Hodge was transferred to Head of Commercial position on 9 January 2022

REMUNERATION GOVERNANCE

The roles and responsibilities of the Board, Remuneration & Nomination Committee ("RNC"), management and external advisors in relation to remuneration for Executive KMP and employees at BCI Minerals are outlined in the table below.

The RNC is a committee of the Board comprised of three Non-Executive Directors, two of whom are independent.

The Company received 99.4% support for its Remuneration Report for the 2021 financial year.

The roles and responsibilities of our Board, Remuneration Committee, management and external advisors in relation to remuneration for Executive KMP and employees at BCI Minerals are outlined below.

Remuneration Governance at BCI Minerals

Board of Directors

- **Approves the Company's Remuneration Framework and satisfies itself that the Company's remuneration policies are aligned with the Company's vision, values, strategic objectives and risk appetite;**
- **Approves the remuneration arrangements for the Non-Executive Directors, approves the appointment and remuneration of the Managing Director and Senior Executives on recommendation from the RNC; and**
- **Approves the appointment of an External Remuneration Consultant.**

Remuneration & Nomination Committee (RNC)

Established by the Board and operating under its own Charter to develop, review and make recommendations to the Board on matters such as:

- **Remuneration strategy, framework and policies;**
- **Non-Executive Director, Managing Director and Senior Executive remuneration arrangements;**
- **Incentive plans including eligibility, performance measures and outcomes for the Managing Director and Senior Executives;**
- **Retirement and other employee benefits; and**
- **Remuneration Reporting and disclosures.**

The Committee may take input from other Board Committees, such as Audit and Risk Committees in discharging its duties and no member is able to deliberate or consider any aspect of their own remuneration.

The RNC reviews executive remuneration annually, including assessment of:

- **The remuneration outcomes for Non-Executive Directors and Executive KMP;**
- **Individual and business performance measurement against both internal targets and appropriate external comparatives.**

MD & Management

- **Implementation of BCI's remuneration strategy, policy and practices;**
- **Provide information and recommendations to the RNC for consideration, including trends and market insights;**
- **The Managing Director may make recommendations to the RNC in relation to the performance and reward of the Managing Director's direct reports.**

Remuneration Consultants

Remuneration Consultants were engaged through management for the purpose of providing information on remuneration-related issues, including benchmarking information and market data.

If a Remuneration recommendation is made, it must be provided directly to a Non-Executive Director, and shall be free of any management influence and must be disclosed in the Remuneration Report.

No remuneration recommendations were received by the Remuneration Committee in relation to Executive KMP in FY22.

COMPONENTS OF EXECUTIVE REMUNERATION

The Company's Remuneration Framework relating to Executives, enables the Board to find the right balance between remuneration outcomes that reward and incentivise our Executives, while also reflecting overall business performance and the shareholder experience. Details are set out in the table below. The Company will administer vesting decisions in relation to all relevant incentives for executives, including performance rights issued in 2021 and 2022, in accordance with this methodology.

<table>
<tr><th rowspan="2"></th><th rowspan="2">Fixed Remuneration</th><th colspan="2">Variable Pay (at risk)</th></tr>
<tr><th>Short-Term Incentive</th><th>Long-Term Incentive</th></tr>
<tr><th>Why</th><td>Fixed Remuneration is set with reference to our competitor market and reflects size of role and each Executive's responsibilities, skills and experience.</td><td>Focusses effort on the key priorities for the year and reflects outcomes that are generally within management's control</td><td>Aligned to the experience of our shareholders over the longer-term and designed to drive long-term performance and ownership behaviours.</td></tr>
<tr><th>Structure</th><td>Includes base salary and superannuation.

Fringe benefits such as insurance, parking and professional development support may also be provided.</td><td>Key Performance Indicators (KPIs) are selected each year to focuses efforts on our key priorities to ensure success in the financial year and into the future. These may be made up of a combination of Financial, Project, Strategic or other measures.

The maximum STI opportunity for Executive KMP is between 50% and 80% of Fixed Remuneration.

The STI payment may, at the Board's discretion, be in cash and/or equity.</td><td>The LTI opportunity for Executive KMP is up to 70% of Fixed Remuneration for the MD and up to 50% for other Executives.

Performance hurdles are primarily based on company share price and/or other relevant Total Shareholder Return ("TSR") measures.

Performance is measured over a two-year period with Vested Rights subject to an additional 12-month holding lock post-vesting.</td></tr>
<tr><th>Our approach in FY22</th><td>We benchmark Fixed Remuneration against appropriate competitor groups that reflect the market in which we operate.</td><td>For FY22, half the STI outcome will be paid in cash following the end of the financial year with the other half being provided in Share Rights with a 12-month service period for vesting and subject to an additional 12-month holding lock post-vesting.

Vested Share Rights must be exercised within two years of vesting.</td><td>The LTI is provided in Rights to BCI Minerals Limited shares, with a performance period from July 2021 to June 2023 with vesting from July 2024.

Performance conditions:

Absolute TSR (50% weighting):<table><tr><th>Annual TSR</th><th>Vesting</th></tr><tr><td>< 10%</td><td>Zero</td></tr><tr><td>10% to 20%</td><td>Vesting from 0% to 100%</td></tr><tr><td>>20%</td><td>100% vesting</td></tr></table>
TSR relative to the ASX All Ords Index materials class peer group (50% weighting):<table><tr><th>TSR Performance</th><th>Vesting</th></tr><tr><td>< 50th percentile</td><td>Zero</td></tr><tr><td>Between 50th and 75th percentile</td><td>Proportionate vesting from 50% to 100%</td></tr><tr><td>>75th percentile</td><td>100% vesting</td></tr></table>
Vested Performance Rights must be exercised within two years of vesting.</td></tr>
</table>

COMPANY PERFORMANCE

The table below shows key financial measures of company performance over the past five years.

		2022	2021	2020	2019	2018
Continuing operations						
Revenue	$million	65.2	160.2	77.3	54.8	33.4
Net profit/(loss) after tax	$million	(15.5)	22.0	0.4	12.9	(16.9)
Basic earnings/(loss) per share	Cents	(1.7)	4.02	0.09	3.26	(4.29)
Dividends paid per share	Cents	-	-	-	-	-
Share price (last trade day of financial year)	A$	0.27	0.55	0.17	0.18	0.14

FY22 REMUNERATION – FIXED REMUNERATION

A review of remuneration of Executive KMP is undertaken each year to ensure that:

- reward levels are fair and responsible in accordance with the Australian market;
- BCI offers competitive, performance-based rewards that attract, retain and motivate; and
- incentives provide fair reward in line with company and individual performance to deliver on the current and long term strategic objectives.

This review includes an analysis of market remuneration in comparison to a relevant peer and competitor group and development of company specific pay scales, including for Executives.

SHORT-TERM INCENTIVES

Executives listed in this report may receive a short-term incentive (“STI”) of up to 50 - 70% of their annual fixed remuneration. The STI is an “at risk” component of remuneration and payment may, at the Board’s discretion, be in cash and/or equity. Measurement is based on performance against annually agreed key performance indicators (“KPIs”). These KPIs will typically be aligned to achievement of specific project and corporate objectives in relation to each financial year.

The KPIs for FY22 were based on:

- key project milestones for the Mardie Project including (but not limited to) funding, schedule and budget, offtake agreements, development progress, approvals and safety, sustainability and community measures;
- safety and wellbeing, including compliance with licence to operate;
- financial measures and systems; and
- Individual performance targets.

Based on performance in the 2022 financial year relative to these KPIs, the Board assessed outcomes and exercised its discretion to award STI payments for Executive KMP. The STI outcomes ranged between 75% and 81% of maximum opportunity with the Managing Director being awarded 79% of maximum opportunity or a total of $374,880.

LONG-TERM INCENTIVES - VESTED

Based on the two TSR performance metrics for the 2020 LTI, for the two-year performance period to 30 June 2022, the Board assessed the vesting outcome to be 38% of the Performance Rights granted. The remainder of the rights have been lapsed.

aTSR (50% Weighting)	Value
BCI PR Issue Price (Sep-20 Entitlement Issue Price)	0.240
BCI 30-day VWAP @ 30 Jun-22	0.316
BCI TSR (2 years)	31.8%
BCI CAGR (1 Jul-20 to 30 Jun-22)	14.8%
Vesting % - Proportionate	**48%**

rTSR (50% Weighting)	Value
BCI Total Return	31.8%
Peer Rank	40th out of 93 companies
BCI's percentile ranking	57%
Vesting % - Proportionate	**28%**

Total Vesting (50% aTSR + 50% rTSR)	**38%**

Vested Rights are subject to a minimum 12 month holding lock from the vesting date in July 2022 and must be exercised by July 2024.

LONG-TERM INCENTIVES - GRANTED

2022 Performance Rights ("PR") were granted according to the Remuneration Framework, using the 30-day VWAP as of 30 June 2022 at the commencement of the applicable grant year, which was 31.62 cents, and the Fixed Remuneration as was applicable at the time.

Name	Fixed Remuneration	% of Fixed Remuneration	$ Value of Grant	Number of Rights Granted
A Vorster	$671,000	70%	$469,700	1,485,452
K Bradshaw	$462,000	50%	$231,000	730,550
S Bennett	$550,000	50%	$275,000	869,703

These rights will be subject to performance hurdles, with half based on Absolute TSR and half on Relative TSR, tested over the two-year performance period from 1 July 2022 to 30 June 2024. Any Rights that vest will be subject to a minimum 12 month holding lock from the vesting date of 1 July 2025.

NON-EXECUTIVE DIRECTOR REMUNERATION

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors and are reviewed annually by the Board. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $900,000 in aggregate and was approved by shareholders at the annual general meeting on 19 November 2014. This amount is separate from any specific tasks the directors, or their related entities may take on for the Company.

Non-Executive Directors' remuneration is comprised of cash fees and superannuation. At the discretion of the Board, a portion of the remuneration may be delivered in share-based remuneration.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 30 JUNE 2022

The remuneration table below sets out the remuneration information for the directors and executives, which includes the managing director, who are considered to be KMP of the Company.

	Short Term			Post Employment	Share Based Payments			
	Salary and fees	Incentives (a)	Other benefits (b)	Super-annuation	Performance & Share Rights (c)	Termination Payment	Total	Performance Related (d)
	$	$	$	$	$	$	$	%
Directors								
B O'Donnell	151,820	-	-	3,463	14,585	-	169,868	9
M Blakiston	83,243	-	-	8,334	8,334	-	99,911	8
M Stanborough [e]	4,229	-	-	423	-	-	4,652	-
J Bloom[f]	36,818	-	-	3,682	-	-	40,500	-
G Dixon	88,350	-	-	8,835	8,787	-	105,972	8
R Court	81,000	-	-	8,100	5,306	-	94,406	6
C Salisbury	85,500	-	-	8,550	5,601	-	99,651	6
	530,960	**-**	**-**	**41,387**	**42,613**	**-**	**614,960**	**7**
Executives								
A Vorster	591,787	112,891	19,194	27,500	329,052	-	1,080,424	41
S Hodge[g]	182,140	50,575	7,499	14,896	85,760	-	340,870	40
K Bradshaw[h]	200,987	-	1,650	20,085	-	-	222,722	-
S Bennett[i]	468,801	56,830	5,064	27,500	173,519	-	731,714	24
	1,443,715	**220,296**	**33,407**	**89,981**	**588,331**	**-**	**2,375,730**	**32**
TOTAL	**1,974,675**	**220,296**	**33,407**	**131,368**	**630,944**	**-**	**2,990,690**	**27**

(a) Short term incentives paid during the financial year relate to performance in the previous financial year. Please refer to section on short-term incentive payments above.

(b) Other benefits include fuel, parking and insurances. Directors' and Officers' liability premiums have not been allocated to individual directors.

(c) Share-based payments represent the accounting expense incurred by the Company for the stated financial period, reflecting the terms of the Performance Rights as valued using a Monte Carlo simulation and Share Rights valued using market pricing at time of issue.

(d) Percentage performance related is the sum of short-term incentives and share based payments divided by total remuneration, reflecting the actual percentage of remuneration at risk for the year. Note that short-term incentives are reported in the year in which they are paid but relate to performance in previous reporting periods.

(e) Appointed 14 June 2022.

(f) Ceased role 20 December 2021

(g) Ceased role 9 January 2022 as transferred to Head of Commercial role

(h) Appointed 10 January 2022.

(i) Appointed 28 February 2022, previously held the role of Project Director.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 30 JUNE 2021

The remuneration table below sets out the remuneration information for the directors and executives, which includes the managing director, who are considered to be KMP of the Company.

	Short Term			Post Employment	Share Based Payments			
	Salary and fees	Incentives (a)	Other benefits (b)	Super-annuation	Performance & Share Rights (c)	Termination Payment	Total	Performance Related (d)
	$	$	$	$	$	$	$	%
Directors								
B O'Donnell	141,750	-	-	-	8,631	-	150,381	6
M Blakiston	73,973	-	-	7,027	4,932	-	85,932	6
J Bloom	73,973	-	-	7,027	4,932	-	85,932	6
G Dixon	80,456	-	-	7,643	5,206	-	93,305	6
R Court [e]	23,288	-	-	2,212	-	-	25,500	0
C Salisbury [f]	6,554	-	-	623	-	-	7,177	0
	399,994	**-**	**-**	**24,532**	**23,701**	**-**	**448,227**	**5**
Executives								
A Vorster	499,300	134,018	16,399	25,000	284,818	-	959,535	44
S Hodge	313,836	65,028	12,443	25,000	110,453	-	526,760	33
A Chamberlain[g]	321,570	116,966	9,343	22,917	81,309	133,366	685,471	29
S Bennett[h]	285,725	-	5,214	14,583	29,226	-	334,748	9
	1,420,431	**316,012**	**43,399**	**87,500**	**505,806**	**133,366**	**2,506,514**	**33**
TOTAL	**1,820,425**	**316,012**	**43,399**	**112,032**	**529,507**	**133,366**	**2,954,741**	**29**

(a) Short term incentives paid during the financial year relate to performance in the previous financial year. Please refer to section on short-term incentive payments above.

(b) Other benefits include fuel, parking and insurances. Directors' and Officers' liability premiums have not been allocated to individual directors.

(c) Share-based payments represent the accounting expense incurred by the Company for the stated financial period, reflecting the terms of the Performance Rights as valued using a Monte Carlo simulation and Share Rights valued using market pricing at time of issue.

(d) Percentage performance related is the sum of short-term incentives and share based payments divided by total remuneration, reflecting the actual percentage of remuneration at risk for the year. Note that short-term incentives are reported in the year in which they are paid but relate to performance in previous reporting periods.

(e) Appointed 28 January 2021.

(f) Appointed 28 May 2021.

(g) Resigned 31 May 2021.

(h) Appointed 16 November 2020.

PERFORMANCE RIGHTS ON ISSUE

The terms and conditions of Performance Rights granted to KMP affecting remuneration in the current or future reporting periods are set out in the following table as at the end of the financial reporting period.

	Grant date	Date to vest	Expiry date	Risk free rate at grant date	Value per right at grant date	Number granted at grant date	Value at grant date	Number vested	Number lapsed
Directors									
B O'Donnell	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	295,313	37,800	-	-
M Blakiston	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	168,750	21,600	-	-
J Bloom	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	168,750	21,600	-	-
G Dixon	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	178,125	22,800	-	-
C Salisbury	25/11/2021	02/07/2024	03/07/2026	0.68%	0.287	85,826	24,632	-	-
R Court	25/11/2021	02/07/2024	03/07/2026	0.68%	0.287	81,309	23,336	-	-
Executives									
A Vorster	27/11/2019	30/11/2020	30/11/2022	0.68%	0.0186	2,500,000	46,500	1,275,000	(1,225,000)
A Vorster	27/11/2019	30/11/2022	30/11/2024	0.68%	0.0398	2,500,000	99,500	-	-
A Vorster	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	1,529,209	195,739	-	-
A Vorster	25/11/2021	02/07/2024	03/07/2026	0.68%	0.287	942,983	270,636		
S Hodge [(a)]	27/11/2019	30/11/2020	30/11/2022	0.68%	0.0186	900,000	16,740	459,000	(441,000)
S Hodge [(a)]	27/11/2019	30/11/2022	30/11/2024	0.68%	0.0398	900,000	35,820	-	-
S Hodge [(a)]	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	705,906	90,356	-	-
S Hodge [(a)]	30/07/2021	03/07/2024	03/07/2025	0.03%	0.341	361,262	123,190		
S Bennett	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	1,000,000	128,000	-	-
S Bennett	30/07/2021	02/07/2024	03/07/2026	0.03%	0.341	506,926	123,190		

a) S Hodge was the Chief Financial Officer and a KMP until his change of role on 9 January 2022.

Subsequent to the year end, a portion of the PR 2020 performance rights were cancelled when the vesting formula was applied.

A Monte Carlo simulation is used to value all Performance Rights granted by the Company. The Monte Carlo valuation simulates the Company's share price and depending on the hurdle, arrives at a value based on the number of Performance Rights that are likely to vest. The risk-free rate of the Performance Rights on the date granted is shown in the table above.

SHARE RIGHTS ON ISSUE

The terms and conditions of Share Rights granted to KMP affecting remuneration in the current or future reporting periods are set out in the following table as at the end of the financial reporting period.

	Grant date	Test date	Vesting date	Final conversion date	Value per right at grant date	Number granted at grant date	Value at grant date	Number vested	Number lapsed
Executives									
A Vorster	26/11/2020	02/08/2021	04/08/2021	04/08/2023	0.2550	855,798	218,228	855,798	-
A Vorster	25/11/2021	01/07/2022	04/07/2022	04/07/2024	0.4988	262,431	130.887	-	
S Hodge [(a)]	31/07/2020	02/08/2021	04/08/2021	04/08/2023	0.1903	412,051	78,423	422,051	-
S Hodge [(a)]	31/07/2021	01/07/2022	04/07/2022	04/07/2024	0.5368	117,569	63,105	-	-
S Bennett	30/07/2021	01/07/2022	04/07/2022	04/07/2024	0.5368	132,108	70,909	-	-

(a) S Hodge was the Chief Financial Officer and KMP until his change of role on 9th January 2022.

EQUITY INSTRUMENT DISCLOSURES

The interests of Directors and Executives in Shares at the end of the financial year 2022 are as follows:

	Balance at 1 July 2021	Acquired during year	Performance Rights converted during year	Disposed during the year	Other changes	Balance at 30 June 2022
Directors						
B O'Donnell	1,014,483	141,771	-	-	-	1,156,254
M Blakiston	-	-	-	-	-	-
M Stanborough	-	5,896	-	-	-	5,896
G Dixon	-	-	-	-	-	-
R Court	750,000	69,768	-	-	-	819,768
C Salisbury	-	-	-	-	-	-
Executives						
A Vorster	5,305,645	69,768	-	-	-	5,375,413
S Hodge	462,000	-	-	(130,000)	-	332,000
Total	**7,532,128**	**287,203**	**-**	**(130,000)**	**-**	**7,689,331**

The interests of Directors and Executives in Performance Rights at the end of the financial year are as follows.

	Balance at 1 July 2021	Granted as compensation	Converted to shares	Rights lapsed/ cancelled	Balance at 30 June 2022
Directors					
B O'Donnell	295,313	-	-	-	295,313
M Blakiston	168,750	-	-	-	168,750
R Court	-	81,309	-	-	81,309
C Salisbury	-	85,826			85,826
G Dixon	178,125	-	-	-	178,125
Executives					
A Vorster	5,304,209	942,983	-	-	6,247,192
S Hodge	2,064,906	361,262	-	-	2,426,168
K Bradshaw	-	-	-	-	-
S Bennett	1,000,000	506,926	-	-	1,506,926
Total	**9,011,303**	**1,978,306**	**-**	**-**	**10,989,609**

Subsequent to the year end, a portion of the PR 2020 performance rights were cancelled when the vesting formula was applied.

The interests of Executives in Share Rights at the end of the financial year are as follows.

	Balance at 1 July 2021	Granted as compensation	Converted to shares	Rights lapsed/ cancelled	Balance at 30 June 2022
Executives					
A Vorster	855,978	262,431	-	-	1,118,229
S Hodge*	412,051	117,569	-	-	529,620
S Bennett	-	132,108	-	-	132,108
Total	**1,268,029**	**512,108**	**-**	**-**	**1,779,957**

** S Hodge was the Chief Financial Officer until 9 January 2022.*

SHARE TRADING POLICY

The trading of shares by all employees is subject to, and conditional upon, compliance with the Company's share trading policy which is available on the Company's website: www.bciminerals.com.au. Directors and employees may not engage in short-term or speculative trading of the Company's securities and are prohibited from trading in financial products issued or created over, or in respect of the Company's securities during a non-trading period.

SERVICE AGREEMENTS

The remuneration and other terms of employment for executive KMP are covered in formal employment contracts. The key terms of their employment contracts, at the date of release of this report, are shown in the table below.

Name	Terms/Notice periods/Termination payment
A Vorster [(a)] (Managing Director)	Base salary inclusive of superannuation of $671,000 reviewed at intervals to be determined by the Company. Employment can be terminated at three months' notice by Mr Vorster or by the Company. If the Company elects to terminate the employment agreement for reasons other than Mr Vorster's gross misconduct or default, Mr Vorster will be entitled to a payment equal to six months' total fixed remuneration. Certain agreed trigger events will lead to Mr Vorster having the option to terminate the contract and receive a payment equal to twelve months' total fixed remuneration.
K Bradshaw (Chief Financial Officer)	Base salary inclusive of superannuation $480,344 reviewed at intervals to be determined by the Company. Employment can be terminated at twelve weeks' notice by Ms Bradshaw or by the Company. Certain agreed trigger events will lead to Ms Bradshaw having the option to terminate the contract and receive a payment equal to six months' total fixed remuneration.
S Bennett (Chief Development Officer, previously Project Director)	Base salary inclusive of superannuation $571,838 reviewed at intervals to be determined by the Company. Employment can be terminated at three months' notice by Mr Bennett or by the Company. Certain agreed trigger events will lead to Mr Bennett having the option to terminate the contract and receive a payment equal to six months' fixed remuneration

(a) Mr Alwyn Vorster gave notice of resignation to the Company on 15 July 2022, with a transition period of up to 6 months post resignation.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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. During the current financial year, the Company made legal fee payments to Gilbert + Tobin of $483K (2021: $720K). All transactions were on normal commercial terms and conditions.

Refer to Note 28 for further detail on Related Party transactions.

OTHER INFORMATION

Insurance of officers

During the financial period, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No liability has arisen under this indemnity as at the date of this report.

The Company has entered into indemnity deeds with each director and officer. Under the deeds, the Company indemnifies each director and officer to the maximum extent permitted by law against legal proceedings or claims made against or incurred by the directors or officers in connection with being a director or officer of the Company, or breach by the Company of its obligations under the deed.

INDEPENDENT AUDIT OF REMUNERATION REPORT

The Remuneration Report has been audited by BDO. Please see page 60 of this report for BDO's report on the Remuneration Report.

Signed in accordance with a resolution by the Directors.

Brian O'Donnell	Alwyn Vorster
Chairman	Managing Director
Perth, Western Australia	Perth, Western Australia
24 August 2022	24 August 2022

BCI MINERALS LIMITED

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 Company as at 30 June 2022 and of its performance for the financial year ended 30 June 2021; 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 Company will be able to pay its debts as and when they become due and payable.

c. the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001 (Cth)*.

This declaration is made in accordance with a resolution of the Directors and is signed on their behalf by:

Brian O'Donnell
Chairman
Perth, Western Australia
24 August 2022

	Notes	2022 $000's	2021 $000's
Revenue from continuing operations			
Sale of goods		**65,198**	160,156
Other revenue		**600**	326
Total revenue from continuing operations	1	**65,798**	160,482
Cost of sales	2	**(39,661)**	(93,630)
Administration expenses	2	**(20,952)**	(8,120)
Project development and evaluation expenditure		**(20,616)**	(34,487)
Profit on sale of exploration tenements	8	**-**	22
Impairment on sale of exploration and intangible assets	9	**-**	(2,255)
(Loss) / profit before finance cost and income tax		**(15,431)**	22,012
Finance costs		**(54)**	(40)
(Loss) / profit before income tax		**(15,485)**	21,972
Income tax benefit / (expense)	4	**-**	-
(Loss) / Profit after income tax from continuing operations attributable to owners of BCI Minerals Limited		**(15,485)**	21,972
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets at fair value through other comprehensive income		14,385	-
Total items that will not be reclassified subsequently to profit or loss		14,385	-
Total comprehensive (loss) / income for the year		**(1,100)**	**21,972**
Statutory earnings per share (EPS)		Cents	Cents
Basic earnings / (loss) per share from continuing operations	19	**(1.70)**	4.02
Diluted earnings / (loss) per share from continuing operations	19	**(1.69)**	4.01

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

	Notes	2022 $000's	2021 $000's
Current assets			
Cash and cash equivalents	5	**232,021**	79,435
Short term investments		**657**	681
Trade and other receivables	6	**21,484**	56,435
Other financial assets	10	**38,666**	
Total current assets		**292,828**	136,551
Non-current assets			
Receivables	6	**32,705**	15,816
Property, plant and equipment	7	**194,920**	49,384
Exploration and evaluation assets	8	**1,754**	9,728
Intangibles	9	**15,502**	15,502
Right of use assets	11	**684**	827
Total non-current assets		**245,565**	91,257
Total assets		**538,393**	227,808
Current liabilities			
Trade and other payables	12	**56,983**	37,548
Lease liability	11	**501**	395
Provisions	13	**1,274**	791
Total current liabilities		**58,758**	38,734
Non-current liabilities			
Trade and other payables	12	**8,048**	-
Lease liability	11	**276**	478
Loans and borrowings	14	**19,718**	-
Provisions	13	**17,357**	15,932
Total non-current liabilities		**45,399**	16,410
Total liabilities		**104,157**	55,144
Net assets		**434,236**	172,664
Shareholders' equity			
Contributed equity	16	**569,345**	313,190
Reserves	17	**27,045**	6,143
Accumulated losses	18	**(162,154)**	(146,669)
Total shareholders' equity		**434,236**	172,664

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

	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	-	21,972	-	21,972
Total comprehensive income	**-**	**21,972**	**-**	**21,972**
Transactions with equity holders in their capacity as equity holders				
Shares issued net of transaction costs	**45,872**	**-**	**-**	**45,872**
Performance Rights converted	**15**	**-**	**(15)**	**-**
Share based payments	**-**	**-**	**703**	**703**
Balance at 30 June 2021	**313,190**	**(146,669)**	**6,143**	**172,664**
Loss for the year	**-**	**(15,485)**	**-**	**(15,485)**
Other comprehensive income	**-**	**-**	**14,385**	**14,385**
Total comprehensive income	**-**	**(15,485)**	**14,385**	**(1,100)**
Transactions with equity holders in their capacity as equity holders				
Shares issued net of transaction costs	**255,958**	**-**	**-**	**255,958**
Performance Rights converted	**197**	**-**	**(197)**	**-**
Share based payments	**-**	**-**	**932**	**932**
Financial instruments recognised in equity	**-**	**-**	**5,782**	**5,782**
Balance at 30 June 2022	**569,345**	**(162,154)**	**27,045**	**434,236**

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

	Notes	2022 $000's	2021 $000's
Cash flows from operating activities			
Receipts from customers		**102,940**	120,822
Payments to suppliers and employees		**(62,046)**	(111,870)
Interest received		**600**	320
Borrowing costs		**(1,886)**	(46)
Income tax refund		**0**	0
Net cash flows provided by operating activities	5	**39,608**	9,226
Cash flows from investing activities			
Proceeds from disposal of exploration tenements		**0**	0
Proceeds from disposal of plant and equipment		**36**	301
Payments for short term investments		**-**	(166)
Payments for plant and equipment, IT and development	7	**(142,715)**	(14,185)
Payments for exploration and evaluation assets		**-**	(2,834)
Net cash flows used in investing activities		**(142,679)**	(16,884)
Cash flows from financing activities			
Proceeds from issue of shares net of costs		**256,155**	45,872
Repayment of lease liabilities		**(498)**	(327)
Net cash flows from financing activities		**255,657**	45,545
Net increase in cash and cash equivalents		**152,586**	37,887
Cash and cash equivalents at beginning of year		**79,435**	41,548
Cash and cash equivalents at end of year	5	**232,021**	79,435

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

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.

The notes are organised into the following sections:

- Basis of preparation;
- Key numbers;
- Capital;
- Risk management;
- Group structure;
- Unrecognised items; and
- Other notes.

BASIS OF PREPARATION

Corporate information

The financial statements for BCI Minerals Limited for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 24 August 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 financial 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.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out in the notes to the accounts. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB"), and the Corporations Act 2001. BCI Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

The 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 annual financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Compliance with IFRS

The consolidated financial statements of BCI Minerals Limited comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and cash flow hedges at fair value through other comprehensive income.

New, revised or amending Accounting Standards and Interpretations adopted

New and amended standards adopted by the group

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

Impact of standards issued but not yet applied by the entity

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

Changes in accounting policy, estimates disclosures, standards and interpretations

Except for matters relating to the adoption of new Australian Accounting Standards referred to above, the accounting policies adopted and estimates made are consistent with those of the previous financial year.

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.

Comparatives

Where applicable, comparatives have been adjusted to conform with current year presentation.

Key estimates and judgements

In the process of applying the Company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note 3: Impairment of non-financial assets
Note 4: Income taxes
Note 7: Property, plant and equipment
Note 8: Exploration and evaluation
Note 9: Intangibles
Note 13: Provisions
Note 14: Borrowings
Note 29: Share based payments

KEY NUMBERS

NOTE 1 – REVENUE

	2022 $000's	2021 $000's
Sales – Iron Valley	**62,998**	184,659
Net gain / (loss) on pricing changes	**2,200**	(2,300)
Rebate – Iron Valley	**-**	(22,203)
Sale of Goods	**65,198**	160,156
Interest revenue	**600**	320
Other income	**-**	6
Total	**65,798**	160,482

Accounting policy

Revenue is recognised if it meets the criteria outlined below.

Sales – Iron Valley

Revenue from contracts with customers for the sale of goods is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of control to the customer, no further work or processing is required by the Company, the quantity and quality of the goods has been determined with reasonable accuracy, the price can be reasonably estimated, and collectability is reasonably assured.

The Company receives revenue from Mineral Resources Limited ("MIN") based on a mine gate sale agreement based on MIN's realised price. The Company recognises revenue when the ore passes over the ships rail which is typically at the bill of lading. MIN send monthly shipping information on either a provisional basis at the date of shipment or the subsequent final pricing, which is typically once the vessel has arrived at its destination and quotation pricing has been determined. BCI recognises revenue on provisionally priced sales based on the estimated fair value of the total consideration, adjusted for any changes when pricing is finalised. Provisionally priced sales for which price finalisation is referenced to the relevant metal price index have an embedded commodity derivative. The embedded derivative is carried at fair value through profit or loss as part of trade receivables. The period between provisional pricing and final invoices is typically 30 to 90 days. In the prior year, the Company provided rebates from an agreement with MIN to rebate 40% of net royalties to MIN, up to a total value of $25M. This value has been reached and the rebate no longer applies.

Interest revenue

Interest revenue is recognised on a time proportionate basis using the effective interest method.

NOTE 2 – EXPENSES

	2022 $000's	2021 $000's
Amortisation of mine properties	**2,278**	3,006
Royalties	**37,383**	90,624
Cost of sales	**39,661**	93,630
Employee benefits expense	**12,120**	2,593
Depreciation and amortisation	**3,396**	1,967
Share based payments	**932**	703
Non-executive directors' fees	**679**	510
Occupancy related expenses	**141**	237
Consultant and legal fees	**1,342**	993
Other	**2,342**	1,117
Administration expenses	**20,952**	8,120

NOTE 3 – IMPAIRMENT OF NON-FINANCIAL ASSETS

Accounting policy

Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount.

The valuation used by BCI to determine recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") and value in use ("VIU").

Accounting standards require that the valuation technique used be consistent with one of three commonly accepted approaches outlined below:

- Level 1 Market - The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business. Examples relevant to BCI include earnings multiples or JORC reserve/resource multiples;
- Level 2 Cost - The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost); and
- Level 3 Income - The income approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts. Examples include Net Present Value ("NPV") techniques.

FVLCD is an NPV calculation which is consistent with the Level 3 income approach.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of impairment at each reporting period.

Assets subject to impairment indicator assessment

The following assets have been assessed for indicators of impairment

- Mine properties (Iron Valley Iron Ore Royalty Rights);
- Intangible assets (Koodaideri South Royalty and North Marillana Iron Ore Royalty);
- Project Development Assets (Mardie Salt & SOP); and
- Other Exploration asset (Carnegie JV).

Impairment assessment

The Company has completed its annual review of its assets for impairment. Based on these assessments, the Company has concluded that impairment of assets was not required. In the prior year, impairment was recognised on assets sold, refer to note 8 and 9 for further detail.

Revenue assumptions

Cash flow projections used to estimate recoverable amounts include assumptions on revenue. The assumptions used for revenue in impairment testing are summarised below:

	2022	2021
CFR 62% Fe iron ore price (USD/dmt, nominal)		
Years 1-5	**84-99**	106-161
Years 6-10	**93-103**	112-121
Years 11-20	**106-133**	123-145
Foreign exchange rate (AUD:USD, nominal)		
Years 1-5	**0.76-0.80**	0.77-0.78
Years 6-10	**0.80**	0.78
Years 11-20	**0.80**	0.78
Inflation (% per annum)		
AUD 5-yr inflation rate	**2.5**	1.9

Key estimates and judgements

The recoverable amount of mine property, plant and equipment and intangible assets is estimated on the basis of the discounted value of future cash flows. The estimates of future cash flows are based on significant assumptions including:

- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and resources;
- future iron ore prices and exchange rates based on forecasts by a range of recognised economic forecasters as well as recent spot prices and rates;
- production rates, production costs and capital expenditure based on approved budgets and projections including inflation factors;
- the timing of when production will commence from projects for which royalties are payable to the Company; and
- the asset specific discount rate applicable to the cash generating unit.

NOTE 4 – INCOME TAXES

	2022 $000's	2021 $000's
Current tax expense/(benefit)		
Current period	-	-
Adjustments for prior periods	-	-
	-	-
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	**1,606**	(1,387)
Equity deferred tax movement	**(1,410)**	(396)
De-recognition of deferred tax assets	-	-
Utilisation of carried forward tax losses now recognised	**(5,877)**	8,171
Recognition of deferred tax asset on losses and temporary adjustments now realised	**5,681**	(6,388)
Adjustments for prior periods	-	-
	-	-
Income tax (expense)/benefit reported in the Consolidated statement of profit or loss and other comprehensive income	-	-
Reconciliation of effective tax rate		
Profit / (loss) before tax	**(15,485)**	21,972
Income tax / (benefit) at the statutory rate of 30 per cent (2021: 30 per cent)	**(4,645)**	6,591
Non-deductible expenses	**499**	213
Other temporary differences derecognised	**(125)**	(20)
Equity deferred tax movement	**(1,410)**	(396)
Recognition of carried forward tax losses previously unrecognised	-	8,171
Utilisation of carried forward tax losses now recognised	-	(8,171)
Temporary differences (recognised)/derecognised	**5,681**	(6,388)
Under/(over) provided in prior periods and other	-	-
Income tax (expense)/benefit reported in the Consolidated statement of profit or loss and other comprehensive income	-	-

Accounting policy

The income tax expense on income for the financial year is the tax payable on the current financial period's taxable income based on the national income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Significant judgement

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provisions for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be subject to change. The Company estimates its tax liabilities based on the Company's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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 30 June 2022, the Company had unrecognised deferred tax assets relating to tax losses of $60.4M (2021: $67.2M). The Company has utilised all available R&D off-sets (2021: $Nil).

Deferred tax assets not recognised

	2022 $000's	2021 $000's
Temporary differences	**(2,636)**	(2,439)
Income Tax losses	**60,443**	67,215
Capital losses	**-**	-

Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2022 $000's	2021 $000's	**2022 $000's**	2021 $000's	**2022 $000's**	2021 $000's
Amounts recognised in Profit or Loss:						
Mine property, plant and development	**-**	-	**(4,699)**	(3,960)	**(4,699)**	(3,960)
Provisions	**423**	962	**-**	-	**423**	962
Intangibles	**-**	-	**-**	-	**-**	-
Exploration	**-**	-	**(743)**	(487)	**(743)**	(487)
Other items	**1,016**	1,064	**(517)**	(493)	**499**	571
Amounts recognised directly in equity:						
Share issue costs in equity	**1,884**	475	**-**	-	**1,884**	475
	3,323	2,501	**(5,959)**	(4,940)	**(2,636)**	(2,439)
Temporary differences derecognised	**-**	-	**2,636**	2,439	**2,636**	2,439
Tax assets/(liabilities)	**3,323**	2,501	**(3,323)**	(2,501)	**-**	-

Movements in deferred tax assets

	Provisions $000's	Share issue costs $000's	Mine property $000's	Other $000's	Temporary differences derecognised $000's	Total $000's
At 1 July 2020	177	159	-	802	-	1,138
(Charged)/credited						
to profit or loss	785	316	-	262	-	1,363
to (under)/over prior period			-	-	-	
At 30 June 2021	962	475	-	1,064	-	2,501
(Charged)/credited						
to profit or loss	**(540)**	**1,409**	**-**	**(47)**	**-**	**822**
to (under)/over prior period			**-**	**-**	**-**	
At 30 June 2022	**422**	**1,884**	**-**	**1,017**	**-**	**3,323**

Movement in deferred tax liabilities

	Intangibles $000's	Mine property $000's	Exploration $000's	Other $000's	Temporary differences derecognised $000's	Total $000's
At 1 July 2020	(900)	(3,535)	(282)	(484)	4,063	(1,138)
(Charged)/credited						
to profit or loss	900	(425)	(205)	(9)	(1,624)	(1,363)
to (under)/over prior period	-	-	-	-	-	-
At 30 June 2021	-	(3,960)	(487)	(493)	2,439	(2,501)
(Charged)/credited						
to profit or loss	**-**	**(739)**	**(256)**	**(24)**	**197**	**(822)**
to (under)/over prior period	**-**	**-**	**-**	**-**	**-**	**-**
At 30 June 2022	**-**	**(4,699)**	**(743)**	**(517)**	**2,636**	**(3,323)**

NOTE 5 – CASH AND CASH EQUIVALENTS

	2022 $000's	2021 $000's
Cash at bank and short term deposits	**210,021**	27,221
Cash on deposit	**22,000**	52,214
Total	**232,021**	79,435
Reconciliation of (loss) / profit after income tax to net cash flows from operating activities		
Net (loss) / profit	**(15,485)**	**21,972**
Depreciation and amortisation	**5,674**	**4,973**
Impairment on sale of exploration and intangible assets	**-**	**2,255**
Share based payments	**951**	**703**
Gain on disposal of exploration tenements	**-**	**(22)**
Other	**(268)**	**40**
(Increase)/decrease in assets		
Trade and other receivables	**17,756**	**(43,802)**
Increase/(decrease) in liabilities		
Trade and other payables	**28,743**	**22,630**
Provisions	**3,977**	**478**
Capitalised interest and borrowing costs	**(1,740)**	**-**
Net cash inflow / (outflow) from operating activities	**39,608**	**9,227**

Cash on deposit relates to 31 to 90 day term deposits held with financial institutions. See Note 20 – Financial risk management note for further details.

Accounting policy

For consolidated statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTE 6 – TRADE AND OTHER RECEIVABLES

	2022 $000'S	2021 $000'S
Current		
Trade receivables	**18,893**	55,856
Prepayments	**2,591**	579
Total current	**21,484**	56,435
Non-current		
Other receivables	**17,321**	15,816
Prepayments	**15,384**	-
Total non-current	**32,705**	15,816
Total trade and other receivables	**54,189**	72,251

Due to the short-term nature of current receivables, their carrying amount is approximate to their fair value.

As at 30 June 2022 no receivables were past due or impaired (2021: Nil).

Other non-current receivables represent an estimate of the amount payable by the operator of the Iron Valley operation for fulfilment of rehabilitation obligations at the end of operations.

Refer to Note 20 for information on the financial risk management policy of the Company.

Prepayments represent insurances and advance payments for contracts and facilities.

Accounting policy

Trade receivables are amounts due from customers for commodities sold in the ordinary course of business.

Trade Receivables that are Provisionally Priced

Trade receivables that contain an embedded derivative relating to the provisional pricing of iron ore are measured at fair value. At each reporting date the provisional priced receivable is marked to market based on the forward selling price for the quotation period stipulated in the contract until the quotation period expires and the change in value is recognised in the profit or loss.

Other Trade Receivables

Trade receivables that do not contain an embedded derivative are measured at the amount of consideration that is unconditional. The Group holds trade receivables with the objective to collect the contractual cash flows and measures them at amortised cost.

The Group applies the simplified impairment methodology permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	Mine Properties $000's	Plant and equipment $000's	Office furniture, equipment 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)	(1,904)	-	(22,338)
Net carrying amount	**34,004**	**1,313**	**917**	**13,150**	**49,384**

	Mine Properties	Plant and equipment	Office furniture, equipment and IT	Development	Total
	$000's	$000's	$000's	$000's	$000's
Year ended 30 June 2022					
Opening net book value	34,004	1,313	917	13,150	49,384
Additions	-	18,496	437	123,859	142,792
Disposals	-	(107)	-	-	(107)
Reclassification of assets	-	-	-	8,028	8,028
Depreciation and amortisation expense	(2,278)	(2,438)	(461)		(5,177)
Closing net book value	**31,726**	**17,264**	**893**	**145,037**	**194,920**
At 30 June 2022					
Cost	51,658	21,733	3,258	145,037	221,686
Accumulated depreciation and amortisation	(19,932)	(4,469)	(2,365)	-	(26,766)
Net carrying amount	**31,726**	**17,264**	**893**	**145,037**	**194,920**

Accounting policy

Mine Properties

Once a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings, plant and equipment is transferred and capitalised as mine property. Mine property costs include past capitalised exploration and evaluation costs, pre-production development costs, development excavation, development studies and other subsurface and permanent installation expenditure pertaining to that area of interest.

Mine property costs are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised. Mine property costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

When an area of interest is abandoned, or the Directors decide that it is not commercial or technically feasible, any accumulated cost in respect of that area is written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs written off to the profit or loss to the extent that they will not be recoverable in the future.

Amortisation of mine property costs is charged on a unit of production basis over the life of economically recoverable reserves once production commences.

Mine property assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, mine property is allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

Plant and equipment

Plant and equipment, including mechanical, electrical, field and computer equipment as well as furniture, fixtures and fittings, is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over either its expected useful life of 2.5 to 5 years for furniture, computers and equipment, or the life of the mine for plant and equipment.

Spare parts, stand-by equipment and servicing equipment is classified as property, plant and equipment if they are expected to be used during more than one period, otherwise they are classified as inventory.

Assets acquired as part of the early construction at the Mardie project site will be depreciated on a straight-line basis over 2 to 3 years depending on the useful life of the assets.

Development

Development represents expenditure necessarily incurred during establishment and construction of a mining project that is in progress but yet to be complete. This expenditure includes the cost associated with studies and evaluation through to early construction cost of assets or infrastructure yet to be fully formed or ready for use. As tangible assets in the form of buildings or plant and equipment are completed, they will be transferred to the relevant classification and depreciated over their useful life. Other expenditure on project development that is not capitalised as plant or equipment will be capitalised as mine properties and amortised on a units of production basis over the expected life of the project.

Key judgement – ore reserves and mineral resources

Amortisation of mine property assets is based on the depletion of economically recoverable reserves. The rate of amortisation is re-assessed on a prospective basis when ore reserves are changed for the appropriate ore body in accordance with the JORC 2012 Guidelines.

NOTE 8 – EXPLORATION AND EVALUATION

	2022 $000's	2021 $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
Unsuccessful exploration expenditure derecognised	**54**	-
Net carrying amount	**1,754**	9,728

Accounting policy

The Company accounts for exploration and evaluation activities as follows:

Acquisition and Exploration earn-in

Exploration and evaluation costs arising from acquisitions and earn-ins are carried forward where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment of economically recoverable reserves otherwise they are written down to their recoverable amount.

As announced during the prior year, the Group has secured rights to additional tenement areas adjacent to the Mardie Salt and Potash project tenement parcel. During the prior year, the Group exercised its option to acquire the remaining northern tenement area for a cash cost of $2.5M plus duties and taxes. In addition, during the financial year the Group secured rights to a third tenement area adjacent to the Mardie project and acquired the additional tenement area via an asset transfer agreement with a value of $0.74M recognised for the exploration asset received. The additional tenement areas acquired during the year provide optionality for future layout optimisation and expansion of the Mardie project.

Exploration and evaluation costs

Costs arising from on-going exploration and evaluation activities are expensed as incurred.

Disposal of tenements

During the prior financial year, the Group disposed of iron ore tenements with a carrying value of $0.27M under normal terms and conditions.

Key judgement – Capitalisation of exploration and evaluation expenditure

The Company has capitalised acquired exploration and evaluation expenditure and earn-in expenditure on the basis that either it is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental rehabilitation obligations) and changes to commodity prices.

BCI currently holds a 30% interest in the Carnegie Potash in a joint venture with ASX-listed potash development company, Kalium Lakes Limited ("KLL"), who is the joint venture manager. BCI has rights to earn up to a 50% interest through sole funding the Pre-Feasibility Study and Feasibility Study phases.

NOTE 9 – INTANGIBLES

	2022	2021
	$000's	$000's
Net carrying value of intangibles:		
Royalties	**15,502**	15,502
Net carrying amount	**15,502**	15,502

The intangible assets were acquired through Iron Ore Holdings Limited as follows:

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.

The Koodaideri South royalty asset has been tested for impairment with the recoverable amount assessed by reference to the FVLCD, in line the policy in note 3 and classified as level 3 under the fair value hierarchy. FVLCD was determined using an income approach based on the net present value of future cash flows projected over the estimated mine life of 32 years. The post-tax nominal discount rate used in determining FVLCD was 8.8%. Forecast iron ore price, foreign exchange and inflation assumptions used in the calculation of FVLCD are summarised in Note 3.

The North Marillana Extension royalty asset has been tested for impairment with the recoverable amount assessed by reference to the FVLCD, in line with the policy in note 3 and classified as level 3 under the fair value hierarchy. FVLCD was determined using an income approach based on the net present value of future cash flows projected over the estimated mine life of 10 years. The post-tax nominal discount rate used in determining FVLCD was 8.8%. Forecast iron ore price, foreign exchange and inflation assumptions used in the calculation of FVLCD are summarised in Note 3.

The recoverable amounts were determined to be in excess of carrying values, and there are no probable changes to key assumptions that would cause the asset to be impaired. Refer to Note 3 for details of the key estimates and judgements applied in determining the recoverable amount.

NOTE 10 – OTHER FINANCIAL ASSETS

	June 2022 $000's	June 2021 $000's
Financial assets at fair value through other comprehensive income		
Shares in listed Company A [(a)]	23,715	-
Shares in listed Company B [(a)]	14,951	
Total other financial assets	**38,666**	**-**

(a) On initial recognition election was made to recognise changes in fair value through Other Comprehensive Income

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	June 2022 $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 17)	9,573	-
Closing balance	**38,666**	**-**

NOTE 11 – LEASES

Lease liabilities have been measured at amounts equal to the net present value of remaining lease payments over the remaining term of the lease, discounted at the Group's incremental borrowing rate. The weighted average interest rate applied was 4.7%. The discount rate used in calculating the carrying amount of lease liabilities considers the circumstances applicable over the underlying leased assets, in particular the lease value, the term and economic environment.

Right of use assets were measured at amounts equal to the carrying value of their respective lease liabilities on the adoption date, adjusted for incentives, accruals and prepayments relating to the contractual agreement. Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. There are no onerous lease contracts that would require adjustment to the right of use assets on the adoption date.

Lease liabilities	**June 2022 $000's**	June 2021 $000's
Lease liability at 30 June	873	772
Additional lease contracts entered into during the period	354	408
Add: Borrowing costs	45	40
Less: Payments	(495)	(347)
Lease liabilities as at 30 June	**777**	873
Disclosure in Consolidated Statement of Financial Position		
Current lease liability	501	395
Non-current lease liability	276	478
Total Lease liability	**777**	873

Right of use assets	**June 2022** $000's	June 2021 $000's
Right of use assets at 30 June	827	745
Additional right of use assets recognised	354	409
Accumulated amortisation	(497)	(327)
Right of use assets as at 30 June	**684**	**827**

NOTE 12 – TRADE AND OTHER PAYABLES

	2022 $000's	2021 $000's
Current		
Trade payables and accruals	**56,983**	37,548
Total	**56,983**	37,548
Non-Current		
Trade payables	**8,048**	-
Total	**8,048**	-

Accounting policy

These amounts represent liabilities for goods and services provided to the Company and royalty obligations, prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe (refer to Note 20).

NOTE 13 – PROVISIONS

	2022 $000's	2021 $000's
Current		
Employee benefits	**1,274**	791
Total current	**1,274**	791
Non-current		
Rehabilitation	**17,357**	15,932
Total non-current	**17,357**	15,932
Total	**18,631**	16,723

Movement in Provisions in 2022

	Rehabilitation and site closure $000's	Employee benefits $000's	Total $000's
Opening balance 1 July 2021	15,932	791	16,723
Additional provision recognised	757	706	1,463
Changes in rehabilitation estimate	3,313	-	3,313
Unwinding of discount (non-cash expense)	(2,564)	-	(2,564)
Amounts used during the year	(81)	(223)	(304)
Closing balance	**17,357**	**1,274**	**18,631**

Accounting policy

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Employee benefits, salaries and annual leave

Liabilities for salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits – long service leave

The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Rehabilitation

The Company has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they are situated.

A provision is raised for the estimated cost of settling the rehabilitation and restoration obligations existing at reporting date, discounted to present value using an appropriate discount rate. When provisions for rehabilitation are initially recognised, the corresponding cost is capitalised as an asset within mine properties and amortised accordingly.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, costs are charged to the profit or loss in the period in which the work is undertaken.

At each reporting date the rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, changes to the estimated lives of operations, new regulatory requirements and revisions to discount rates. Changes to the rehabilitation liability are added to or deducted from the related rehabilitation asset and amortised accordingly.

Key estimate – Rehabilitation

The Company's accounting policy for the recognition of rehabilitation provisions requires significant estimates in determining the estimated cost for the rehabilitation of disturbed areas, removal of infrastructure and site closure at a point in the future. These uncertainties may result in future expenditure differing from the amounts currently provided.

A provision is made for the estimated cost to rehabilitate the Iron Valley site, which is offset by a receivable from Mineral Resources Limited recognising the contractual requirement to rehabilitate the site.

NOTE 14 – BORROWINGS

	June 2022 $000's	June 2021 $000's
Non-current borrowings		
Convertible Note	19,718	-
Net carrying amount	**19,718**	**-**

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 10. 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 (refer note 17)	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.

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.

The debt element of the convertible notes is measured at amortised cost. An 'effective interest rate' has been determined for the debt component based on the fair value interest rate adjusted for any debt issuance costs. Interest is recognized by applying this rate to the carrying amount (including accrued interest) in each period and is capitalised when funds are used for capital works or otherwise charged to the profit and loss.

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.

Key judgement

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.

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 15 – CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company defines capital as equity and net debt. Net debt is defined as borrowings less cash and cash equivalents, and equity as the sum of share capital, reserves and accumulated losses/retained earnings.

NOTE 16 – CONTRIBUTED EQUITY

	2022		2021	
	Number	**$000's**	Number	$000's
Share capital				
Ordinary shares - fully paid	**1,206,200,521**	**569,345**	599,209,833	313,190
Movements in ordinary share capital				
Opening balance	**599,209,833**	**313,190**	398,928,910	267,303
Issue of shares under Employee Performance Rights Plan	**849,796**	**197**	816,000	15
Placement and SPP Net of Costs	**606,140,892**	**255,958**	199,464,923	45,872
Closing balance	**1,206,200,521**	**569,345**	599,209,833	313,190

Accounting policy

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are recorded in equity as a deduction, net of tax, from the proceeds.

Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

NOTE 17 – RESERVES

	2022 $000's	2021 $000's
Share based payments reserve		
Balance as at 1 July	**11,365**	10,677
Share based payments expense	**932**	703
Issue of shares under Employee Performance Rights Plan	**(197)**	(15)
Balance as at 30 June	**12,100**	11,365
Financial assets 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 note 14)	**4,812**	
Change in fair value of financial assets at balance date (refer note 10)	**9,573**	
Balance as at 30 June	**5,376**	(9,009)
Equity reserve		
Balance as at 1 July	**-**	-
Financial instruments recognised in equity	**5,782**	
Balance at the end of the period	**5,782**	
Options exercised reserve		
Balance as at 1 July	**3,787**	3,787
Balance as at 30 June	**3,787**	3,787
Total reserves	**27,045**	6,143

Nature and purpose of reserves

The share-based payments reserve is used to recognise the fair value of options (not exercised), Performance Rights and equity-settled benefits issued in settlement of share issue costs.

Changes in the fair value of investments such as equities measured at fair value through other comprehensive income, are recognised in other comprehensive income and accumulated in a separate reserve within equity.

The equity reserve holds the equity component of the convertible notes and is not remeasured from inception. This value will remain in the reserve until the convertible notes are converted or repaid.

NOTE 18 – ACCUMULATED LOSSES

	2022 $000's	2021 $000's
Balance as at 1 July	**(146,669)**	(168,641)
Net (loss) / profit	**(15,485)**	21,972
Balance as at 30 June	**(162,154)**	(146,669)

NOTE 19 – EARNINGS PER SHARE

	2022 $000's	2021 $000's
Earnings per share from continuing operations		
(Loss) / profit after income tax from continuing operations	**(15,485)**	21,972
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**913,341,044**	546,393,720
Adjustments for calculation of diluted earnings per share:		
Vested Performance Rights outstanding at year end	**1,989,000**	1,989,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	**915,330,044**	548,382,720
Earnings per share attributable to the ordinary equity holders of the company	**Cents**	Cents
Basic (loss)/earnings per share	**(1.70)**	4.02
Diluted (loss)/earnings per share	**(1.69)**	4.01

Accounting policy

Basic earnings per share is calculated by dividing net profit after income tax attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the financial year.

Diluted earnings per share is calculated using net profit after income tax attributable to equity holders of the Company adjusted for the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

RISK MANAGEMENT

NOTE 20 – FINANCIAL RISK MANAGEMENT

The Company holds the following financial instruments:

	2022 $000's	2021 $000's
Financial assets		
Cash and cash equivalents	**232,021**	79,435
Short term investments	**657**	681
Shares in listed entities	**38,666**	-
Trade and other receivables	**36,214**	71,672
	307,558	151,788
Financial liabilities		
Trade and other payables	**65,031**	37,548
Loans and borrowings	**17,978**	-
	83,009	37,548

Market (including foreign exchange, commodity price, security price risk and interest rate risk), credit and liquidity risks arise in the normal course of the Company's business. Primary responsibility for identification and control of financial risk rests with senior management under directives approved by the Board.

a. Market risk

i. Foreign exchange risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency in which they are measured. The Company is not exposed to foreign exchange risk on trade receivables.

ii. Commodity price risk

The Company's revenue is exposed to commodity price fluctuations, specifically iron ore prices. The Company measures exposure to commodity price risk by monitoring and stress testing the Company's forecast financial position to sustained periods of low iron ore prices on a regular basis.

Trade receivables outstanding at year end are subject to potential changes in future iron ore prices.

b. Credit risk

Credit risk arises from cash and cash equivalents and deposits with financial institutions, and from receivables from customers for iron ore sales. For banks and financial institutions, only independently rated parties with a minimum rating of “A” are accepted in accordance with ratings guidelines of major global credit rating agencies. For customers, credit reference checks are undertaken. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company’s maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

The credit quality of financial assets that are neither past due nor impaired can be summarised as follows:

- Cash and cash equivalents $232.0M (2021: $79.4M) held with banks with minimum long term external credit rating of AA-.
- Short term investments $0.7M (2021: $0.7M) held with banks with a minimum long term external credit rating of AA-
- Current trade and other receivables $18.8M (2021: $56.4M) due from existing customers are backed by an agreement with quarterly invoices paid within 5 working days. There has been no history of default in the past.
- Non-current receivables $17.4M (2021: $15.8M) due from Mineral Resources Limited under a contractual arrangement as described in Note 6. No default is expected.

c. Liquidity risk

Prudent liquidity management involves the maintenance of sufficient cash and access to capital markets. It is the policy of the Board to ensure that the Company is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Company has sufficient working capital and preserving the 15% share issue limit available to the Company under the ASX Listing Rules.

Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities which comprise trade and other payables which have a maturity of less than six months and lease liabilities with a fixed payment commitment of up to 4 years. Loans and borrowings consist of equity conversion instruments which do not have any contractual cashflows associated with them.

Year ended 30 June 2022

	Carrying amount	Within 1 yr	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows
	$000's	$000's	$000's	$000's	$000's	$000's
Financial liabilities						
Trade and other payables	**65,031**	56,983	8,048	-	-	65,031
Loans and borrowings	**19,718**	-	-	-	19,718	-
	84,749	56,983	8,048	-	19,718	65,031

Year ended 30 June 2021

	Carrying amount	Within 1 yr	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows
	$000's	$000's	$000's	$000's	$000's	$000's
Financial liabilities						
Trade and other payables	**37,548**	37,548	-	-	-	37,548
	37,548	37,548	-	-	-	37,548

d. Equity price risk

Equity price risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in the underlying share prices. The Group has exposure to equity price risk arising from its holding of listed equity securities.

GROUP STRUCTURE

NOTE 21 – SUBSIDIARIES

The consolidated financial statements include the financial statements of BCI Minerals Limited and the subsidiaries listed in the following table.

	Country of incorporation	Functional currency	Beneficial interest	
			2022	2021
			%	%
BC Iron Nullagine Pty Ltd	Australia	AUD	**100**	100
BCI (SA) Pty Ltd	Australia	AUD	**100**	100
BC Potash Pty Ltd	Australia	AUD	**100**	100
BC Gold Pty Ltd	Australia	AUD	**100**	100
BC Pilbara Iron Ore Pty Ltd	Australia	AUD	**100**	100
PEL Iron Ore Pty Ltd	Australia	AUD	**100**	100
Mardie Minerals Pty Ltd	Australia	AUD	**100**	100
Iron Valley Pty Ltd	Australia	AUD	**100**	100
Mal's Ridge Pty Ltd	Australia	AUD	**100**	100
Maitland River Pty Ltd	Australia	AUD	**100**	100
BCI Exploration Pty Ltd	Australia	AUD	**100**	100
Mardie Holdings Pty Ltd	Australia	AUD	**100**	-
Mardie Project Company Pty Ltd	Australia	AUD	**100**	-
Mardie Mine Holdings Pty Ltd	Australia	AUD	**100**	-
Mardie Port Holdings Pty Ltd	Australia	AUD	**100**	-
Mardie Port Pty Ltd	Australia	AUD	**100**	-

Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BCI Minerals Limited as at 30 June 2022, and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of an asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

NOTE 22 – SEGMENT INFORMATION

2022 SEGMENT INFORMATION

	Iron Valley $000's	Mardie $000's	Buckland $000's	Other $000's	Consolidated $000's
Segment revenue					
Sales revenue	65,198	-	-	-	65,198
Other revenue	-	-	-	598	598
Total	**65,198**	**-**	**-**	**598**	**65,796**
Segment results					
EBITDA	27,782	(20,574)	-	(17,564)	(10,356)
Interest revenue	-	-	-	599	599
Finance costs	-	-	-	(54)	(54)
Depreciation and amortisation	(2,278)	(2,847)	-	(549)	(5,674)
Impairment of assets	-	-	-	-	-
Profit / (loss) before income tax	**25,504**	**(23,421)**	**-**	**(17,568)**	**(15,485)**
Segment assets	65,265	202,025	-	269,374	536,664
Segment liabilities	16,114	62,248	-	25,810	104,172

2021 SEGMENT INFORMATION

	Iron Valley $000's	Mardie $000's	Buckland $000's	Other $000's	Consolidated $000's
Segment revenue					
Sales revenue	160,156	-	-	-	160,156
Other revenue	-	-	-	326	326
Total	**160,156**	**-**	**-**	**326**	**160,482**
Segment results					
EBITDA	69,490	(34,419)	-	(6,173)	28,898
Interest revenue	-	-	-	320	320
Finance costs	-	-	-	(40)	(40)
Depreciation and amortisation	(3,006)	(1,547)	-	(420)	(4,973)
Impairment of assets	-	-	(2,233)	-	(2,233)
Profit / (loss) before income tax	**66,484**	**(35,966)**	**(2,233)**	**(6,313)**	**21,972**
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, Buckland and Other (Corporate and other assets).

Sales revenue comprises iron ore sales from a single location to a single customer in Australia.

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.

UNRECOGNISED ITEMS

NOTE 23 – COMMITMENTS

The Company has property leases and vehicle leases. Future lease commitments are now disclosed as per AASB 16 – Leases, refer to note 11 for further detail.

The Company has contracts with contractors for the progression of the Mardie Project that predominately rely on works to be completed within contractual terms prior to payment. Contracts may contain clauses that in the event of a default a claim can be raised to finalise works early. The total value remaining of contracts currently awarded is $282,090,000.

NOTE 24 – CONTINGENT LIABILITIES AND ASSETS

There are contractual claims for extensions of time and associated delay costs, relating to approvals and weather events at Mardie resulting in access for the contractors to certain parts of the site. These claims are being assessed in accordance with the usual contract management processes.

Aside from the above disclosure, the Company has no further contingent liabilities or assets other than additional cash payments it may receive in respect of the sale of the Buckland project and Kumina tenements disclosed in prior years.

NOTE 25 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

Performance Rights and Share Rights

On 8 August 2022, a total of 1,600,253 Performance Rights were granted to KMP under the approved Performance Rights Plan. Rights granted are subject to a vesting period over which the fair value of such rights will be expensed. On 26 July 2022, a total of 2,393,229 vested Performance and Share rights were converted to ordinary shares by a KMP.

Contractor Claims

Subsequent to year end, the Company notified a contractor that the contractor’s site access would be delayed due to a delay in the construction of the road leading to the contractor’s site. The contractor has issued a claim under the contract for an extension of time and delay costs. The claim is currently being assessed in accordance with the terms of the contact.

Other than disclosed above and throughout the report, no matters or circumstances have arisen since the end of the financial year 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 year ended 30 June 2022.

OTHER NOTES

NOTE 26 – PARENT ENTITY

The following details information related to the parent entity, BCI Minerals Limited, as at 30 June 2022. The information presented here has been prepared using accounting policies consistent with those presented in the notes to the accounts.

	2022	2021
	$000’s	$000’s

Statement of Financial Position		
Current assets	**210,801**	78,787
Total assets	**358,718**	188,806
Current liabilities	**6,048**	1,757
Total liabilities	**21,123**	67,217
Shareholders' equity		
Issued capital	**569,345**	313,190
Reserves	**27,173**	6,271
Accumulated losses	**(197,872)**	(191,641)
Total shareholders' equity	**398,646**	127,820
(Loss) / Profit for the year	**(17,528)**	(6,231)
Total comprehensive (loss) / income for the year	**(3,143)**	(6,231)

Included in note 23 are commitments incurred by the parent entity relating to the lease of offices.

PARENT COMPANY GUARANTEES

BCI has provided guarantees in respect of Group companies, as per the following:

A Parent Company Guarantee (“PCG”) granted by BCI in favour of Chevron Australia Pty Ltd (as the Gorgon Operator and agent for and on behalf of each of the Gorgon Joint Interest Owners) dated 23 December 2021 (guaranteeing the obligations of Mardie Minerals Pty Ltd under the Chevron Pipeline Access Agreement)

PCG granted by BCI in favour of Santos WA Northwest Pty Ltd (as the Varanus Operator and agent for and on behalf of each of the Santos Owners) dated 23 December 2021 (guaranteeing the obligations of Mardie Minerals Pty Ltd under the Chevron Pipeline Access Agreement).

PCG granted by BCI in favour of McConnell Dowell Constructors (Aust) Pty Ltd dated 10 February 2022 (guaranteeing the obligations of Mardie Minerals Pty Ltd under the Port Marine Structures – Design and Construct Contract dated on or about 21 December 2021.

NOTE 27 – AUDITOR'S REMUNERATION

The auditor of BCI Minerals Limited is BDO Audit (WA) Pty Ltd

	2022	2021
	$	$
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit or review of financial reports for the Company	**77,320**	62,000
Non-audit services – tax and remuneration advisory services	**7,382**	91,100
Total	**84,702**	153,100

NOTE 28 – RELATED PARTY TRANSACTIONS

a. Parent entity

BCI Minerals Limited is the parent entity.

b. Subsidiaries

Interests in subsidiaries are set out in note 21.

c. Key management personnel

Disclosures relating to Key Management Personnel are set out in the Audited Remuneration Report.

	2022	2021
	$	$
Short-term employee benefits	**2,228,378**	2,179,836
Termination payments	**-**	133,366
Share based payments	**630,944**	529,507
Post-employment benefits	**131,368**	112,032
Total	**2,990,690**	2,954,741

d. Transactions with related parties

	2022	2021
	$	$
Payment for services made to other related entities	**1,164,079**	1,338,221

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. During the current financial year, the Company made legal fee payments to Gilbert + Tobin of $483K (2021: $720K). All transactions were on normal commercial terms and conditions.

During the 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 $681K (2021: $618K). All transactions were on normal terms and conditions.

NOTE 29 – SHARE BASED PAYMENTS

During the current and prior financial years, the Company has provided share-based payments to employees. An Employee Performance Right Plan was initially approved at the shareholder's annual general meeting of 19 November 2010 and a revised Performance Right Plan and a Share Right Plan were approved at the Company's annual general meeting held on 26 November 2019.

Under the terms of these plans, the Board may offer Performance Rights or Share Rights at no more than nominal consideration to employees or directors (the latter subject to shareholder approval) based on a number of criteria, including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board considers relevant. These long-term incentives are provided to certain employees at the discretion of the Board to deliver long-term shareholder returns. Set out below is a summary of the Performance Rights granted by the Company during the financial year.

Employee Performance Rights

During the year the Company issued share-based payments in the form of Performance Rights to directors and employees as per below. Refer to the Remuneration Report in the Directors' Report for more information.

2022 – Performance Rights

Grant date	Granted during	Vesting date	Fair value per right	Share price on grant	Expected

	the year		at grant date	date*	dividends
25/11/2021	1,110,118	3/07/2024	$0.287	$0.53	0%
30/07/2021	868,188	3/07/2024	$0.341	$0.57	0%

*Source: www.asx.com.au

The fair value per Performance Right on grant date was determined as follows:

Grant date	25/11/2021 Tranche 1	30/07/2021 Tranche 2
Vesting date	03/07/2024	03/07/2024
Grant date share price	$0.53	$0.57
Volatility (per cent)	50.0	47.5
Dividend yield (per cent)	0	0
Risk free rate (per cent)	0.07	0.03

2021 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
26/11/2020	7,152,888	30/06/2023	$0.128	$0.26	0%
31/05/2021	620,000	30/06/2023	$0.285	$0.40	0%

*Source: www.asx.com.au

The fair value per Performance Right on grant date was determined as follows:

Grant date	26/11/2020 Tranche 1	31/05/2021 Tranche 2
Vesting date	30/06/2023	30/06/2023
Grant date share price	$0.26	$0.40
Volatility (per cent)	60.0	47.5
Dividend yield (per cent)	0	0
Risk free rate (per cent)	0.07	0.06

Summary of Performance Rights on issue

Vesting date	Opening balance at 1 July 2021	Rights granted during the year	Rights cancelled /lapsed during the year	Rights converted to shares during the year	Closing balance at 30 June 2022	Rights vested since 30 June 2022
30/11/2020	1,989,000	-	-	-	1,989,000	(1,275,000)
30/11/2022	3,900,000	-	-	-	3,900,000	-
30/06/2023	6,496,053	-	(1,468,750)	-	5,027,303	-
03/07/2024	-	1,978,306	-	-	1,978,306	
Total	**12,385,053**	**1,978,306**	**(1,468,750)**	**-**	**12,894,609**	**(1,275,000)**

Employee Share Rights

During the year the Company issued share based payments in the form of Share Rights to employees as per below. Refer to the Remuneration Report in the Directors' Report for more information.

2022 – Share Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
31/07/2021	516,196	04/07/2022	$0.537	$0.57	0%
25/11/2021	262,431	04/07/2022	$0.499	$0.53	0%

*Source: www.asx.com.au

The fair value per Share Right on grant date was determined as follows:

Grant date	31/07/2021 Tranche 1	25/11/2021 Tranche 2
Vesting date	04/07/2022	04/07/2022
Grant date share price	$0.57	$0.53
Volatility (per cent)	47.50	50.0
Dividend yield (per cent)	0	0
Risk free rate (per cent)	0.03	0.2

2021 – Share Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
31/07/2020	1,445,348	04/08/2021	$0.190	$0.190	0%
26/11//2020	855,798	04/08/2021	$0.255	$0.255	0%

*Source: www.asx.com.au

The fair value per Share Right on grant date was determined as follows:

Grant date	31/07/2020 Tranche 1	26/11/2020 Tranche 2
Vesting date	04/08/2021	04/08/2021
Grant date share price	$0.190	$0.255
Volatility (per cent)	60.0	60.0
Dividend yield (per cent)	0	0
Risk free rate (per cent)	0.07	0.07

Summary of Share Rights on issue

Vesting date	Opening balance at 1 July 2021	Rights granted during the year	Rights cancelled /lapsed during the year	Rights converted to shares during the year	Closing balance at 30 June 2022	Rights vested since 30 June 2022
04/08/2021	2,301,146	-	-	(748,031)	1,553,115	(855,798)
04/07/2022	-	778,627		(101,765)	676,862	(262,431)
Total	**2,301,146**	**778,627**	**-**	**(849,796)**	**2,229,977**	**(1,118,229)**

a. Expenses arising from share-based payment transactions

Total expenses arising from share-based payments recognised during the financial period as part of employee benefits expense were as follows. Where Performance Rights are forfeited or cancelled due to a non-market vesting condition not being satisfied, the previously recognised cumulative share-based payment expense is reversed.

	2022 $	2021 $
Director benefits	**371,665**	**308,519**
Employee benefits	**539,176**	**394,591**
Total	**910,841**	**703,110**

Accounting policy

The fair value of share-based payments granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or Performance Rights.

A Monte Carlo simulation is used to value Performance Rights. The Monte Carlo calculation simulates the Company's share price and depending on the hurdle arrives at a value based on the number of Performance Rights that are likely to vest.

The employee benefit expense recognised each period takes into account the most recent estimate of the options and Performance Rights. The impact of revision to original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to equity.

Key estimate: Share-based payment valuation

The value of share-based payments to financiers is measured by reference to the difference between the nominal value and net present value of the finance facility provided. The net present value is determined based upon a market comparable discount rate applicable to similar size companies within the mining sector.

A Monte Carlo simulation has been used to value Performance Rights. The Monte Carlo calculation simulates the returns of the Company in relation to the peer group and arrives at a value based on the number of Performance Rights that are likely to vest.

NOTE 30 – OTHER ACCOUNTING POLICIES

Summary of other significant accounting policies

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable, where an invoice has been issued. The net amount of GST recoverable from, or payable to, the taxation authority is included within receivables or payables in the statement of financial position.

The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Company. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Company uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Tax consolidation legislation

BCI Minerals Limited and its wholly owned Australian controlled entities have entered into the tax consolidation legislation. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, BCI Minerals Limited.

The entities entered into a tax funding agreement under which the wholly owned entities fully compensate BCI Minerals Limited for any current tax payable assumed and are compensated by BCI Minerals Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to BCI Minerals Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which where appropriate, is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

New, revised or amending Accounting Standards and Interpretations adopted

There are no new accounting standards, amendment of standards or interpretations that are yet to be implemented by the Group.

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INDEPENDENT AUDITOR'S REPORT

To the members of BCI Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BCI Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for convertible notes

Key audit matter	*How the matter was addressed in our audit*
During the year, BCI Minerals Limited ("the Company") entered into a convertible note arrangement with AustralianSuper Pty Ltd as trustee for Australian Super. The agreement comprises of 3 series of convertible notes with the Company issuing the first series during the period with a face value of $29.1m. The company received listed investments as consideration for the convertible note. Refer to Note 14 for further details. We have identified the accounting and valuation of the convertible notes as a key audit matter due to the complexity and judgements involved in determining the various conversion features which can have a significant effect on the classification of the components of this instrument together with complexities as to the initial and subsequent measurement of the identified components.	Our audit procedures in this area included, but were not limited to: • Reviewing the convertible note agreements to understand the key terms and conditions of the arrangement; • Assessing whether management's assessment of the classification of the components contained within the instrument was in accordance with accounting standards; • Reviewing management's independent expert valuation of the instrument, including assessing the methodology used; • Consulting with our internal accounting specialists on the accounting treatment adopted, specifically on the treatment of anti-dilution features on the notes issued; • Recalculating the fair value of the liability component; and • Assessing the adequacy of the related disclosures at Note 14 in the financial report.

Mardie development expenditure

Key audit matter	*How the matter was addressed in our audit*
The Group has significantly increased its development expenditure on the Mardie Salt and Potash project during the year as reflected in Note 7. This represents a significant increase in the volume, quantum and complexity of transactions for the Group. Due to the significance of the costs incurred during the period and level of transactional activity we have identified the accounting for development expenditure as a key audit matter.	Our audit procedures in this area included, but were not limited to: • Reviewing Board minutes and ASX announcements to understand the operational activity relating to the project; • Reviewing significant contracts to understand the key terms and conditions and evaluating any associated accounting impacts; • Understanding the process for project cost allocation and recording of expenditure relating to various components of the project development; • Obtaining an understanding of and testing key controls in relation to capital expenditure during the year; • Obtaining the year end reconciliation of capital work in progress and agreeing a sample of items to supporting source documentation; • Assessing the appropriateness of the classification of expenditure as either operating or capital; and • Reviewing the related disclosures in the year-end financial statements

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 21 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of BCI Minerals Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 24 August 2022

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

As lead auditor of BCI Minerals Limited for the year ended 30 June 2022, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 24 August 2022

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