

## DECEMBER 2023 QUARTERLY REPORT

- **Debt providers signed a Syndicated Facility Agreement (SFA) for the total \$981M debt package to fund the “salt first” portion of the Mardie Salt and Potash Project.**
- **BCI received \$25M of convertible note funding from Ryder Capital entities.**
- **Construction of rock embankments was completed on ponds 1, 2a, and 2b.**
- **State approval for the Optimised Mardie Project was granted under the Environmental Protection Act 1986**
- **Mardie Port and the Pilbara Ports Authority (PPA) executed an Infrastructure Delivery Agreement for the Port of Cape Preston West.**
- **BCI appointed Chief Financial Officer, Steve Fewster, who commenced in December.**
- **Cash balance of \$99.6M as at 31 December 2023.**

BCI Minerals Ltd (ABN 21 120 646 924) (ASX:BCI) (BCI or the Company) presents its quarterly activities report for the period ended 31 December 2023.

### MARDIE SALT AND POTASH PROJECT

#### Funding

During the December quarter, BCI made significant progress on project funding, culminating in the signing of the Syndicated Facility Agreement (SFA) on 19 December 2023<sup>1</sup>.

This agreement secures \$981 million in project finance debt for the “salt first” portion of the Mardie Salt and Potash Project with key debt lenders including Northern Australia Infrastructure Facility, Export Finance Australia, Export Development Canada, Industrial and Commercial Bank of China Limited, and Westpac Banking Corporation.

Financial close for the debt remains conditional on satisfying typical project finance conditions precedent including equity funding, approvals, and expert report updates, which the Company aims to fulfill during the H2 FY24. First drawdown of the debt is anticipated in Q1 FY25, subject to the satisfaction of further conditions, including conditions relating to binding offtake agreements and the execution of a number of key project contracts.

The execution of the SFA is an important milestone that will assist with funding to support all aspects of the Mardie Project, excluding the Sulphate of Potash (SOP) plant construction as communicated in BCI's FY23 results presentation.

As announced in December<sup>2</sup>, the \$981M Project finance facilities are fully underpinned by forecast salt revenues only, in what BCI describes as the “salt first” phase of the project. The “salt first” capital estimate is unchanged from the Base Case cost of \$1,287 million plus contingency of \$156 million and the capital

<sup>1</sup> Refer to ASX announcement dated 20/12/23 “Syndicated Facility Agreement for The Mardie Project Finance Debt Completed”.

<sup>2</sup> Refer to ASX announcement dated 20/12/23 “Syndicated Facility Agreement for The Mardie Project Finance Debt Completed”.

estimate for the entire Mardie Salt and Potash Project remains at \$1,421 million plus \$208 million in contingency<sup>3</sup>.

Between late 2024 and early 2025, BCI expects to complete the design and cost development studies on the SOP plant. BCI plans to source the funding for the SOP plant either from debt or from excess cash flows, or a combination of both.

Discussions with Indonesian potential new investors progressed during the quarter. BCI continues to assess the best options for shareholders in funding the Project.

As announced previously<sup>4</sup>, BCI has received strong and ongoing support from our existing shareholders, indicating robust confidence in the deliverability of the Mardie Project. BCI is currently engaged in advanced discussions with potential equity providers and underwriters to obtain commitments to fund completion of the “salt first” portion of the Mardie Salt and Potash Project. These discussions were materially advanced during the December quarter, and have continued during January.

## Health and Safety

The December quarter saw the continuation of BCI’s fatality prevention strategies with a review being conducted of our Critical Control Standards and Critical Control Verifications (CCV). In addition, BCI commenced assuring the Fatality prevention Critical Control Verification process by reviewing CCV’s across the different risks to ensure compliance and that the focus questions address the key fatality prevention requirements, with positive results being identified. Risk and control effort to create a psychologically safe workplace also continued.

Further, during the quarter, the Project team and contracting partners conducted comprehensive preparations for the 23/24 cyclone season.

The TRIFR on a rolling 12-month basis was 8.8 at the end of December, with no recordable injuries during the quarter.

## Project Update

The December quarter was marked by significant development on the Mardie Project, achieving overall progress of 30.9%.

Building on the previous quarter, the project’s road infrastructure continued to evolve, culminating in the completion of the North-South Road. Additionally, 50% of the causeway culverts for the temporary access road have been fabricated on site.

The construction of rock embankments to strengthen the project’s pond walls also gained momentum. Notably, over 70,500 tonnes of rock armour were delivered during the quarter and rock placement was completed on ponds 1, 2a, and 2b. Meanwhile, the installation on pond 3 is ongoing, with 47% completion at the end of December. Costs for these activities are tracking to plan.

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<sup>3</sup> Refer to ASX announcement 22/11/23 “2023 Annual General Meeting Chairman’s & Managing Director’s Address”.

<sup>4</sup> Refer to ASX announcements dated 22/11/23 “2023 Annual General Meeting Charman’s & Managing Director’s Address” and 23/10/23 “Annual Report”.

BCI anticipates the commencement of operations by filling ponds one and two during Q3 FY24, contingent on final environmental approvals. Civil works for ponds 6 to 9 have also commenced, including topsoil stripping and the establishment of access roads and borrow pits.

Major civil works at Transfer Stations 2-3 were completed during the quarter. This includes the installation of generators, pump mounts, handrails, and structural steelwork. The remaining tasks involve minor earth works and electrical cable work.

The marine structures package reached 47% completion at the end of the quarter. Following a further environmental approval, piling continued during the quarter, subject to certain conditions. This has facilitated progress on the jetty to the 25<sup>th</sup> set of piles (J25), contributing to an overall jetty completion rate of 14.75%.



**Figure 1: Transfer station 2-3**



**Figure 2: Pond 3 spillway**



**Figure 3: Pond 6 access road**



**Figure 4: Jetty progress – 14.75%**

BCI has also continued to make considerable progress in engineering and design. Progress on the Secondary Seawater Intake channel and pond design stands at 50%. Additionally, engineering efforts for the salt wash plant have advanced, with an agreed initial layout, and pilot plant testing awarded. Test work on the SOP flowsheet has also commenced at a specialist facility.

The salt wash plant FEED is underway with 30% design review completed in this reporting period. The initial layout has been approved by the BCI team and a class 4 estimate has been produced to  $\pm 30\%$  accuracy. The 30% review is based on layout, positioning and initial quantities only. Constructability and optimisation has not been investigated at present. Cost increases may occur once the installation contractor market is tested.

Dredging costs in terms of contractor pricing further matured as we have verified the top end costs with submissions from potential tenderers RN Dredging and Hall. Going forward the dredging strategy is under review by BCI and there is the potential for a slight decrease in dredge volume offset by increased complexity due to a change in dredge methodology which may include dredging after the jetty head works have been completed. The risk of dredge contractor challenges due to the limited extent of boreholes and uncertainty in associated dredged material properties remains, and allowances are being made for growth.

Progress on the Transshipment vessel (TSV) package was made during the quarter with a delegation from preferred tenderer Canadian Shipping Lines (CSL) attending a Mardie site visit. TSV costs depend on shipyard pricing and final contractual allowances currently under negotiation. CSL is continuing to seek deliverable proposals from shipyards for construction of the Mardie TSV. CSL intends to provide an existing repurposed TSV as an interim measure during Mardie salt export ramp up, but timing and cost of the permanent, custom made TSV for Mardie is not yet known. A better understanding is expected in the next quarter. TSV costs will be reported in operating expenditure by BCI, given the proposed BOOT nature of this contract.

During the quarter work has progressed on the power station package with a focus on the ramp up profile and demand phasing across the Project. A suite of tender documents has been completed including a detailed scope of work. Expressions of interest have been received through the Industry Capability Network and suitable proponents have been selected to receive the full request for tender. The current power station pricing range accuracy is estimated as  $+25\%$  /  $-15\%$ , based on initial market pricing obtained in the quarter. The scope, battery limits and power ramp up profile will now be issued to the market for firm BOOT pricing. The key variable is volatility in gas prices, and the scale of this will be investigated as part of the tender process. It is noted that power station costs are treated as operating expenditure in the Mardie financial model, due to the assumption that the power station will be procured under a BOOT model.

While there remains some uncertainty in relation to final pricing of these contracts, BCI notes that contingency of \$156M has been allowed for possible cost overruns<sup>5</sup>, and despite the substantial progress on construction, none of this contingency, on a net basis, has been used to date.

## Sustainability and Approvals

BCI continues to work closely with the State and Federal Government departments to secure approvals for the completion of the Mardie Project.

As previously announced<sup>6</sup>, State approval for the Optimised Mardie Project (OMP) was granted on October 19, 2023, under Section 45(3) of the *Environmental Protection Act 1986* (WA). This milestone initiated the Commonwealth approvals process, and BCI is currently engaged in finalising this phase in close coordination with the relevant Government department personnel.

<sup>5</sup> For the "salt first" portion of the Mardie Project.

<sup>6</sup> Refer to ASX announcement 31/10/23 "September 2023 Quarterly Report"



BCI aims to commence operations and filling evaporation ponds in Q3 FY24, pending these final environmental approvals, concurrent with the construction of the remaining components of the “salt first” phase of the Mardie Project. During this quarter BCI received approval from the Federal regulators on our Benthic Communities Habitat Monitoring and Management Plan, which is a key milestone towards the commencement of operations. BCI is targeting to obtain the Federal OMP environmental approval, the associated OMP Mining Lease and final approvals to commence operations within Q3 FY24.

The final Optimised Mardie Project approvals and approvals to commence filling of evaporation ponds has taken longer than anticipated due to approval delays outside of BCI’s control. A review of the Project Schedule to assess the impacts on the First Salt on Ship target date, has been undertaken. While all efforts will continue to be focussed on holding schedule, given this delay, First Salt on Ship may be likely to occur during early Q2 FY27, assuming final approvals are obtained during February 2024. The BCI team will continue to pursue all avenues to achieve FSOS as soon as possible. Any additional costs as a result of this delay are anticipated to be absorbed in the available contingency.

Another milestone in the December quarter included BCI, through its subsidiary Mardie Port Pty Ltd as trustee of the Mardie Port Trust, signing an Infrastructure Delivery Agreement (IDA) with Pilbara Ports. The IDA is an important milestone in the development of the Mardie Salt and Potash Project as it provides the terms under which the Port infrastructure will be developed and is a key component in the successful delivery of the Mardie Project.

Under the IDA, BCI through its subsidiary, has acquired rights of access from Pilbara Ports to complete all the marine and land side infrastructure for the Port. Pilbara Ports will enter into a Lease and Licence with BCI’s subsidiary Mardie Port Pty Ltd as trustee of the Mardie Port Trust for the operation of the Port over a 50 year term from the date of first occupying the site. The IDA will regulate the terms under which the Port construction is completed and certified, and the Final Lease will be executed subject to the Port works achieving Practical Completion under the IDA.

As part of our ongoing commitment to environmental stewardship, BCI conducted baseline monitoring of algal mats and samphire communities near the Mardie Project. The surveys fulfilled commitments to the Wirrawandi Aboriginal Corporation and Robe River Kuruma Aboriginal Corporation, as well as the environmental monitoring program outlined in the Benthic Communities and Habitats Monitoring and Management Plan. Traditional Owners actively participated in the surveys, contributing traditional ecological knowledge.

Motion sensor cameras were installed at 20 sites across the Project to establish a baseline for introduced fauna, enabling BCI to conduct long-term monitoring and assess changes in population dynamics.

As BCI continues to build the Mardie Project, BCI is committed to maintaining focus on compliance with social and environmental obligations. No material breaches were recorded in the December quarter. BCI has been in discussions with the Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) in relation to allegations of historical non-compliances with the *Environmental Protection and Biodiversity Conservation Act 1999* (Cth) and has been assisting the Department with its investigations into the allegations. BCI maintains that it has not contravened the EPBC Act as alleged and continues to cooperate with the DCCEEW in relation to its investigations.

## Executive appointments

BCI was pleased to announce on 4 December 2023, the appointment of Steve Fewster as Chief Financial Officer. Mr Fewster has been the CFO of several listed and large private companies, responsible for delivering strategic financial leadership. He has over 20 years' experience in the resources sector in both operational and financial roles, delivering capital management and business transformation.

## Salt Market

Average quarterly import prices of salt into Asia have been relatively constant, with the average quarterly salt prices between US\$52/t and US\$53/t CFR.

Recent increases in caustic soda demand have seen a slight growth in Chinese salt prices.

Offtake discussions have progressed with a number of interested counterparties throughout the Asian market, including Indonesian counterparties<sup>7</sup>.

BCI is continuing negotiations for salt offtake with Itochu Corporation (as announced in June 2023) and the parties have mutually agreed to extend those negotiations to 31 March 2024.

BCI and a Chinese counterparty are in substantially progressed negotiations in relation to a salt offtake agreement to take up to 1.3mt/a over a 3 year period. The offtake agreement has been signed by GM Procurement of the Chinese counterparty and the parties are in the process of finalising formal execution of the agreement.

BCI aims to substantially progress salt offtake arrangements during H2 FY23.

## CASH AND DEBT POSITION

BCI's cash balance at 31 December 2023 was \$99.6M (30 September 2023: \$121M). With ongoing Iron Valley royalty earnings and these cash resources, BCI has sufficient funding to cover current contracted works. During the quarter, BCI received \$25M of convertible note funding from Ryder Capital entities.

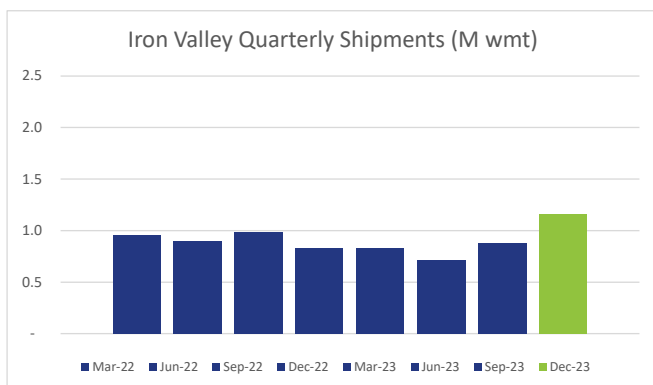
As outlined above, on 19 December 2023, BCI entered into a SFA which provides \$981M in project financing to execute the "salt first" phase of the Mardie Project. Drawdown under the facilities is subject to various conditions as set out in the Company's announcement on 20 December 2023<sup>8</sup>.

## Iron Valley

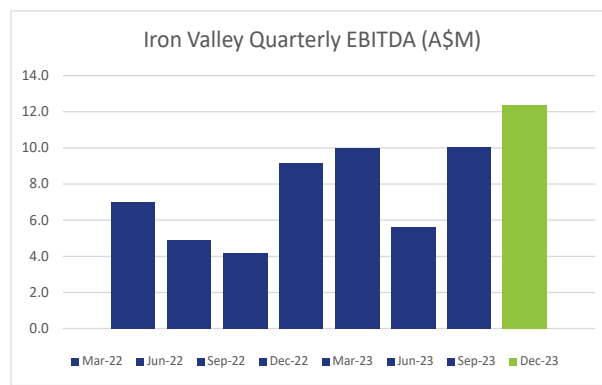
BCI EBITDA from Iron Valley for the December 2023 quarter was \$12.8M, comprising \$12.4M from 1.2M wmt shipped iron ore for the quarter, plus adjustments for finalisation of prior period provisional pricing and volume adjusted income. The December 2023 quarter result reflects provisional FOB prices based on an average headline 62% Fe iron ore price of US\$127/t, (prior quarter US\$114/t).

<sup>7</sup> Until binding offtake agreements are executed, there is no certainty that binding offtake arrangements will be entered into on terms (or timing) acceptable to BCI. Further ASX announcements will be made as and when offtake arrangements are finalised.

<sup>8</sup> Refer to ASX announcement 20/12/23 "Project Finance Update: Syndicated Facility Agreement for the Mardie Project Finance Debt Completed".



**Figure 7: Iron Valley Quarterly Shipments (M wmt)**



**Figure 8: Iron Valley Quarterly EBITDA (A\$M)**

BCI is in ongoing discussions with Mineral Resources Limited (ASX:MIN) who operate Iron Valley in relation to mine planning and operational activities. While MIN has indicated that the central pit will be mined out by end of FY24, BCI will continue to progress mining plans for the development of the northern pit to ensure maximum value can be realised from the asset. Production from the northern pit is likely to commence well after the central pit has been exhausted. Revenue from Iron Valley supports some BCI corporate overheads. BCI would respond as necessary if Iron Valley revenues do not achieve expected levels.

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

**For further information:**

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**ABOUT BCI MINERALS**

BCI Minerals Limited (ASX: BCI) is an Australian-based mineral resources company which is developing an industrial minerals business, with salt and potash as its initial focus.

BCI is developing its 100% owned Mardie Salt & Potash Project, a potential Tier One project located on the Pilbara coast in the centre of Western Australia's key salt production region. Mardie has been designed to produce approximately 5Mtpa of high-purity salt (>99.5% NaCl) and 140ktpa of Sulphate of Potash (SOP) (>52% K<sub>2</sub>O) via solar evaporation of seawater. Main construction of the Mardie Project commenced in early 2022. BCI receives quarterly royalty earnings from Iron Valley, an iron ore mine located in the Central Pilbara region of Western Australia which is operated by Mineral Resources Limited (ASX: MIN).

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

## KEY STATISTICS

|                            |  |                        |
|----------------------------|--|------------------------|
| <b>Shares on issue:</b>    | 1,214.8M   |                        |
| <b>Cash in bank:</b>       | \$99.6M  | As at 31 December 2023 |
| <b>Board:</b>              | Brian O'Donnell  | Non-Executive Chairman |
|                            | David Boshoff  | Managing Director      |
|                            | Gabrielle Bell   | Non-Executive Director |
|                            | Richard Court  | Non-Executive Director |
|                            | Garret Dixon   | Non-Executive Director |
|                            | Chris Salisbury  | Non-Executive Director |
|                            | Miriam Stanborough   | Non-Executive Director |
|                            | Stephanie Majteles   | Company Secretary      |
| <b>Major shareholders:</b> | Wroxby Pty Ltd   | 39.2%                  |
|                            | AustralianSuper Pty Ltd  | 14.7%                  |
|                            | Ryder Capital Ltd (and related)                                    | 9.8%                   |
| <b>Website:</b>            | <a href="http://www.bciminerals.com.au">www.bciminerals.com.au</a> |                        |

## FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements. These forward-looking statements are based on BCI's current expectations and beliefs concerning future events at the date of this announcement and are expressed in good faith. BCI believes that the expectations reflected in such forward-looking statements are reasonable. However, these expectations and forward-looking statements are only predictions and are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Consequently, forward-looking statements should not be relied on as a guarantee of future performance. Other than as required by law, including the ASX Listing Rules, BCI does not undertake or assume any obligation to update or revise any forward-looking statement contained in this announcement or its attachments. Except for statutory liability which cannot be excluded, BCI, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in these forward-looking statements and excludes all liability (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in forward-looking statements or any error or omission.