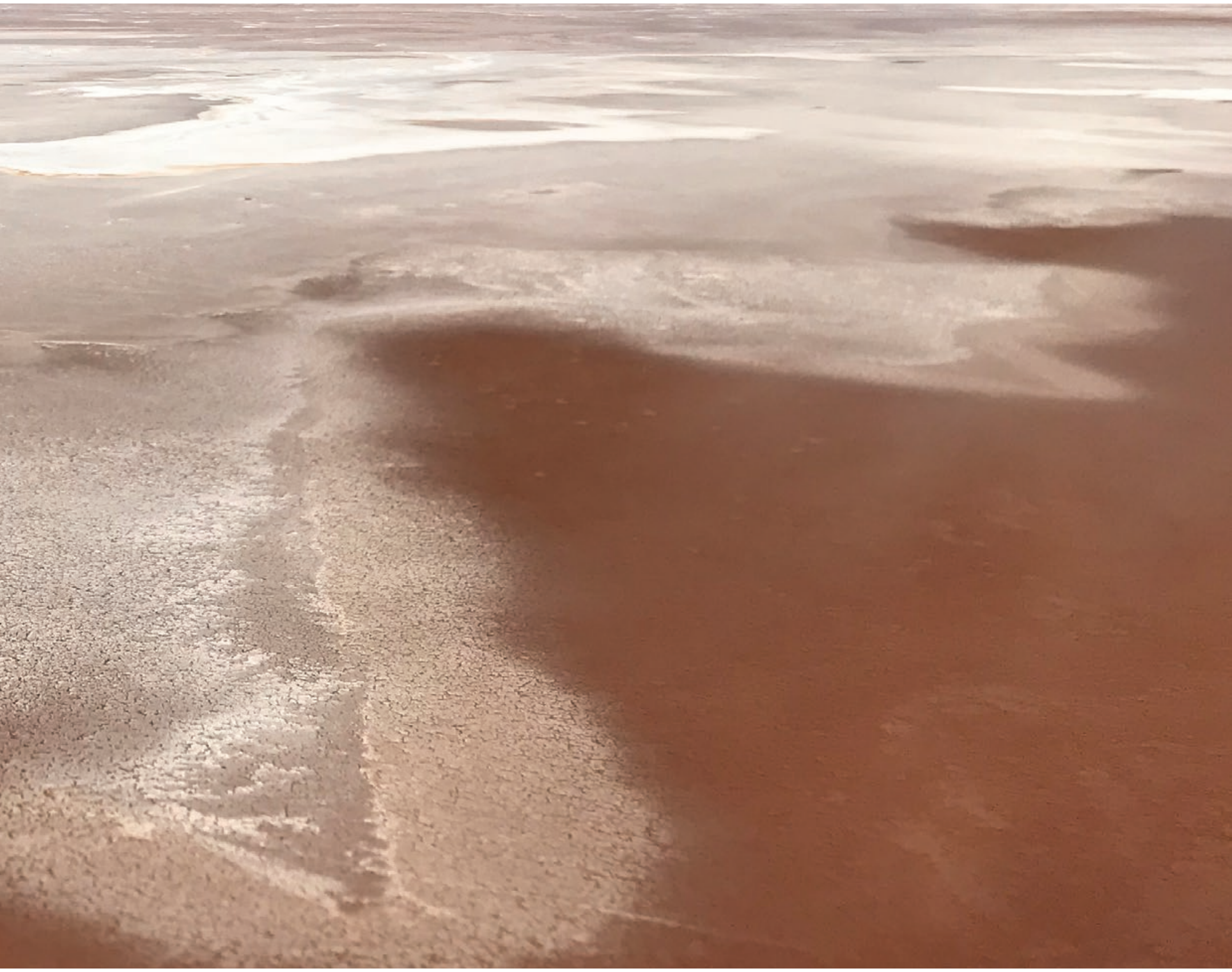
ANNUAL REPORT
2018

www.bciminerals.com.au
ABN 21 120 646 924

Salt crystallising naturally on the Mardie mudflats.



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BCI's current focus is on the accelerated development of its 100% owned Mardie Salt & Potash Project.

Mardie mudflats.

OUR COMPANY

BCI Minerals Limited (ASX:BCI) ("BCI") is an Australian-based resources company that is developing an industrial minerals business.

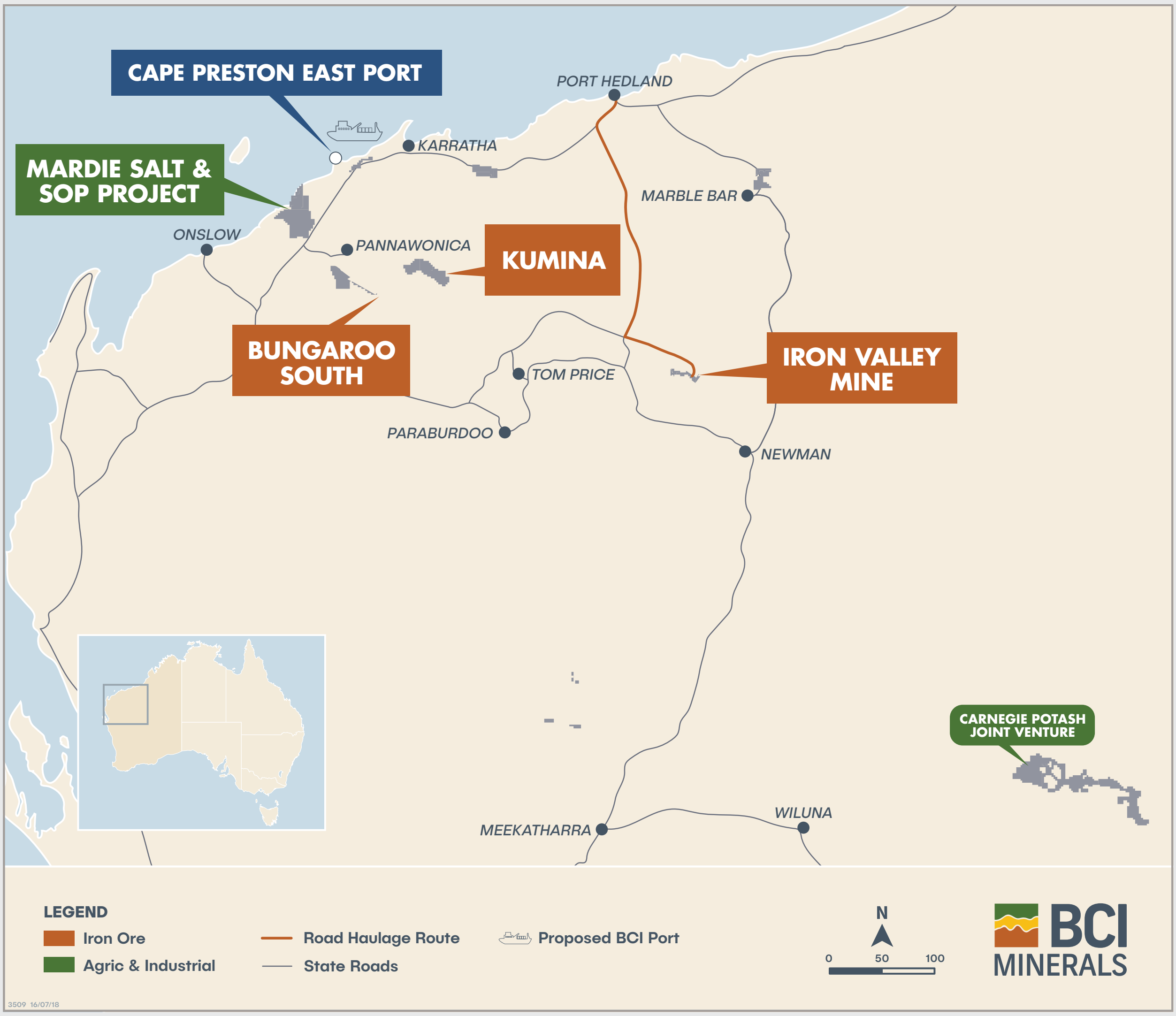
BCI's current focus is on the accelerated development of its 100% owned Mardie Salt & Potash Project, located on the West Pilbara coast in the centre of Australia's key salt production region. BCI has completed a positive Pre-Feasibility Study on a solar evaporation operation producing 3.5 million tonnes per annum ("Mtpa") salt and 75,000 tonnes per annum sulphate of potash. A Definitive Feasibility Study is underway with all key approvals and a Final Investment Decision targeted by late 2019.

In the second half of 2018, BCI has commenced a process for the divestment of its iron ore and exploration tenement portfolio, which includes Iron Valley, Kumina, Bungaroo South and other assets. BCI owned tenements contain a substantial hematite iron ore Mineral Resource of approximately 600Mt.[1]

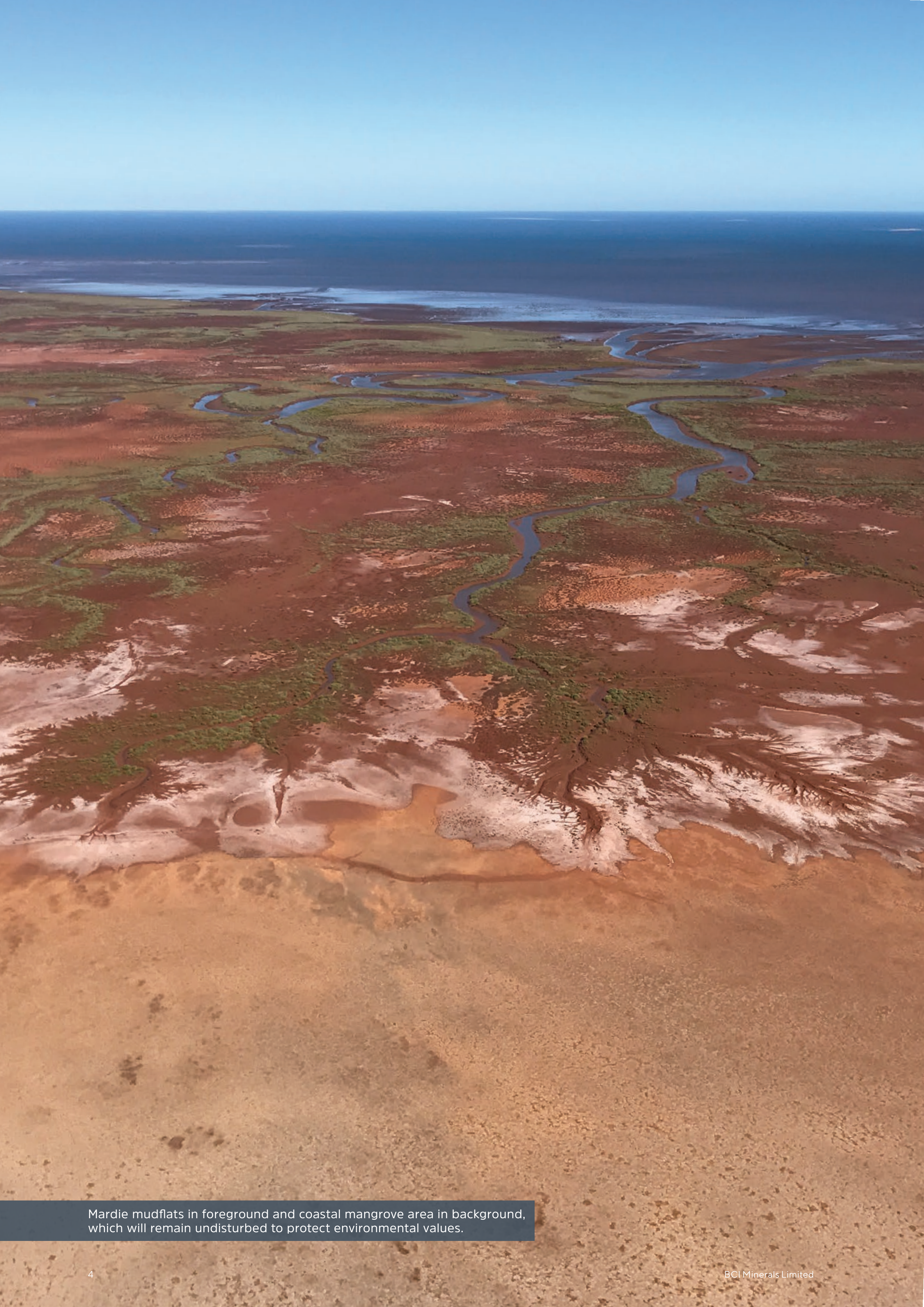
Iron Valley is a producing iron ore mine located in the Central Pilbara region of Western Australia, which is operated by Mineral Resources Limited (ASX:MIN). Iron Valley is generating quarterly royalty earnings for BCI.

Buckland is an iron ore development project located in the West Pilbara, comprising potential mines at Bungaroo South and Kumina, and a proposed 20Mtpa port facility at Cape Preston East.

In addition to these projects, BCI is a 30% joint venture partner of Kalium Lakes Limited (ASX:KLL) in the Carnegie Potash Project, and owns exploration tenements at Marble Bar (gold and lithium) and Black Hills (gold and base metals) in the Pilbara, Peak Hill (gold and base metals) in WA's Midwest region, and Munglinup (nickel and graphite) in southern WA. The Company's portfolio also includes potential iron ore royalties over the Nullagine (FMG), Koodaideri South (Rio Tinto) and Extension (AAMC) tenements.



[1] Refer to the Mineral Resources and Ore Reserves section on page 60.



Mardie mudflats in foreground and coastal mangrove area in background, which will remain undisturbed to protect environmental values.

CHAIRMAN'S REPORT

Dear Shareholders

I am pleased to present the 2018 annual report, the first under the Company's new name of BCI Minerals Limited. The name change from BC Iron Limited to BCI Mineral Limited in late 2017 was an important part of the Company's ongoing evolution, recognising that our interests and focus now extend well beyond iron ore.

In fact, BCI's industrial and agricultural mineral interests are now the core focus for the Company, particularly the Mardie Salt & Potash Project, which is being rapidly advanced through the study phases towards development.

The Company considers Mardie to be an attractive opportunity to create significant long-term shareholder value. Mardie's key differentiating attribute to typical resource projects is that it plans to derive products from seawater, as opposed to a finite resource, providing for a very long-life operation. Whilst unique in the mainstream resources space, this is a proven production method utilised by a number of existing Pilbara salt operations owned by major companies, which have been in production for up to five decades.

We have a very positive view of the market outlook for industrial salt and sulphate of potash, which both have favourable supply/demand dynamics over the next decade.

The iron ore market is challenging for junior iron ore companies, driven by the high levels of price discounting applied to iron ore products with sub-60% Fe grades, no evidence of a more favourable supply/demand mix emerging (in contrast to the outlook for salt), and the high cost faced by juniors for ore transport and access to infrastructure. The impact on BCI has been a material reduction in our Iron Valley income stream (refer the Managing Director's report) and an increasingly challenging pathway to development of our Buckland assets.

On a more positive note, we have been very pleased with the positive exploration results at Kumina, and Mineral Resources Limited has done an excellent job at Iron Valley, despite the challenging market conditions.

Given the overall environment, we have formed the view that BCI's iron ore assets are potentially most valuable if exploited by a larger company which can leverage a broader asset portfolio, economies of scale and lower cost logistics infrastructure.

The Company considers Mardie to be an attractive opportunity to create significant long-term shareholder value.

This led the Board to resolve to pursue a sale of our iron ore assets. We believe that monetising these assets would deliver a number of potential benefits, which include:

- Unlocking value for assets which are not fully valued in the Company's share price;
- Increasing the ability for management to focus clearly on driving the Mardie Salt & Potash Project through the study and development phases; and
- Providing means for BCI to fund Mardie through to a development decision without needing to raise additional equity.

At the time of writing, the iron ore divestment process is still underway. We expect to have been able to update shareholders on developments prior to the Annual General Meeting.

I would like to thank the BCI employees, Board, shareholders, business partners and all other stakeholders, for their continued support of the Company through the 2018 financial year, and into the current year.

We are optimistic about BCI's future. The next 12 months is an important time for the Company as Mardie progresses towards development and delivery of substantial value for all stakeholders.

Brian O'Donnell
Non-Executive Chairman

MANAGING DIRECTOR'S REPORT

Dear Shareholders

The 2018 financial year was an active year for BCI, both in relation to project activity and refinement of the Company's overall strategy.

Project activity undertaken during the year comprised value-adding investments in acquisition, exploration and study work across the portfolio and places BCI in a strong position for the future.

The Mardie Salt & Potash Project, which is now considered BCI's flagship development project, advanced materially during the year, with an initial Scoping Study completed in July 2017 and a positive Pre-Feasibility Study ("PFS"), including significant environmental surveys and geotechnical site work, completed in June 2018. Considering that the Project was essentially only a group of tenements with a value concept a couple of years ago, reaching this advanced study stage in a short period and with limited expenditure was a positive achievement for BCI.

The Mardie PFS[2] established a positive business case for production of 3.5Mtpa of high-purity industrial salt and 75ktpa of sulphate of potash ("SOP") via solar evaporation of seawater. The economics were robust, with a pre-tax NPV10 of A$335M, IRR of 20% and impressive annual EBITDA of approximately A$100M during steady-state operations. Estimated salt operating costs are competitive with existing suppliers of high-purity salt into Asia and SOP operating costs are forecast to be in the lowest quartile of the global cost curve given salt is carrying a large component of the costs.

A Definitive Feasibility Study ("DFS") is now underway and we are seeking to have this completed by the end of 2019, as well as have key environmental approvals and funding solutions in place to support the start of construction by early 2020.

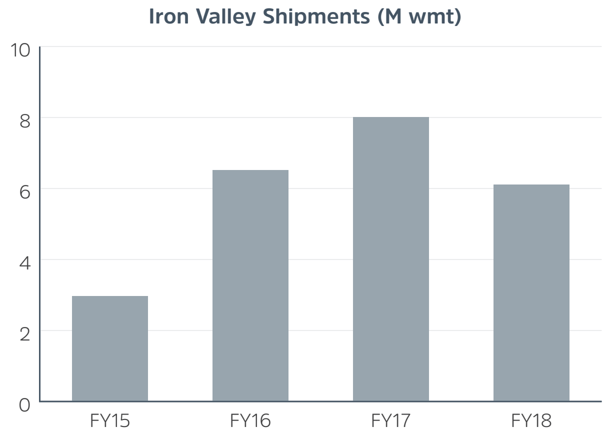
The DFS will seek to improve on the PFS parameters in a number of key areas, including assessing opportunities to increase salt production to 4Mtpa and SOP production to 100ktpa. We are also pursuing a standalone export facility at the Mardie site which has a number of key benefits, including eliminating road haulage costs to the Cape Preston East Port. These improvements would further enhance the economics of the Mardie development case.

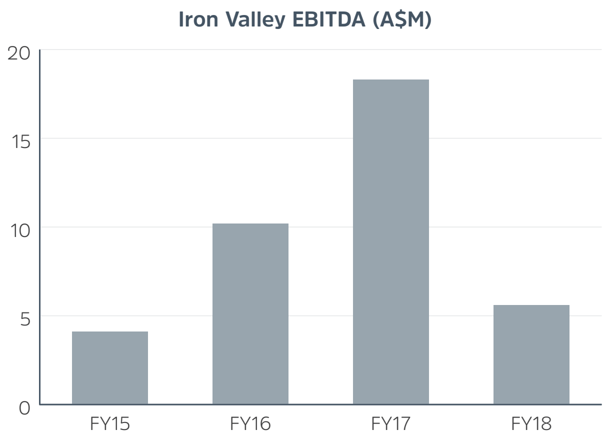
Mardie is a unique opportunity, given our view that it is the best remaining site in Western Australia to pursue a large-scale solar evaporation project and, once in production, can have a very long operating life due to the input resource being seawater. Large-scale solar evaporation operations have significant barriers to entry, but the Mardie site has excellent characteristics from a location, climate, and environmental perspective. BCI intends to deliver a sustainable and environmentally friendly Mardie Project, where solar energy is to drive the production of both salt and potash products.

The market outlook for both industrial salt and SOP is positive and the next decade appears a favourable time to be developing and operating a new salt and potash project. There are no directly comparable projects within smaller ASX-listed companies, further illustrating Mardie's uniqueness. BCI will actively engage with the investment community to convince them about the salt market potential and the Mardie Project opportunity.

In relation to our iron ore assets, the Iron Valley mine continues to generate positive cash flows for the Company. Operator Mineral Resources Limited ("MIN") shipped 6.1M wet metrics tonnes ("wmt') during the 2018 financial year, which generated revenue for BCI of A$33.0M and EBITDA of A$7.9M less a negative prior year adjustment of A$2.3M.

This was lower than 2017 financial year outputs from Iron Valley of 8.0M wmt shipped and BCI EBITDA of A$18.3M, reflecting the challenging market for iron ore products like Iron Valley. MIN is however a high-quality operator and deserves praise for its performance at Iron Valley in the current iron ore market.





[2] *Refer to BCI's announcement dated 1 June 2018. All material assumptions and technical parameters underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.*

Drilling at the Kumina J deposit.

During the last year, BCI rapidly completed several exploration campaigns at the Kumina iron ore tenements which were acquired in 2017, resulting in a maiden Mineral Resource estimate of 115Mt at 58.0% Fe in June 2018.[3] This is an outstanding achievement in a short period of time, particularly considering the starting base of very minimal previous exploration data. Strong upside potential exists at Kumina and the discovery of higher-grade bedded iron ore deposits during initial exploration makes it an attractive project in its own right.

As shareholders would be aware, BCI is now pursuing a sale of our iron ore development assets, and potentially our entire iron ore portfolio. Despite the long-term value potential of these assets, challenging iron ore market conditions and BCI's decision to focus on the Mardie Salt & Potash Project support this strategy.

In closing, I'd like to acknowledge the BCI Board for its rigour in protecting shareholder value, and for their engagement and ongoing support. As a result of the changes to our business model and the new focus on fewer projects, BCI made a significant reduction in staff numbers and overhead costs during the last year. I appreciate the contribution of current employees and those who have left the Company as a result of the restructuring during this period.

I firmly believe that BCI is entering an exciting time and we are well placed to capitalise on the potential of our Mardie Salt & Potash Project.

The Mardie Salt & Potash Project, which is now considered BCI's flagship development project, advanced materially during the year, with an initial Scoping Study completed in July 2017 and a positive Pre-Feasibility Study, including significant environmental surveys and geotechnical site work, completed in June 2018.

[3] *Refer to BCI's announcement dated 28 June 2018. BCI is not aware of any new information or data that materially affects the information included in that announcement.*

DIRECTORS' REPORT

(ISSUED 21 AUGUST 2018)

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 2018.

PRINCIPAL ACTIVITY

The principal activities of the Company during the course of the financial year were the development and exploration of assets in the Pilbara region of Western Australia, including the Mardie Salt Project, Iron Valley Iron Ore Mine, Buckland Iron Ore Project, and Carnegie Potash Project Joint Venture interest.

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

CHANGE OF COMPANY NAME

The Company changed its name to BCI Minerals Limited (formerly BC Iron Limited) in December 2017 in accordance with the special resolution passed by shareholders at the Annual General Meeting on 23 November 2017.

The new name of BCI Minerals Limited reflects a broadening of the Company's strategy over the last 12 months to increase focus on other commodities in addition to iron ore.

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	Chairman (Non-Executive)
Alwyn Vorster	Managing Director (Executive)
Martin Bryant	Director (Non-Executive)
Andrew Haslam	Director (Non-Executive)
Michael Blakiston	Director (Non-Executive)
Jenny Bloom	Director (Non-Executive)

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

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

Chairman (Non-Executive) appointed October 2014
Period of office at August 2018 – 3 years and 10 months

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, agricultural, advertising and investment sectors.

Mr O'Donnell is also a non-executive director of ASX-listed Capilano Honey Limited, 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, Fremantle Football Club Ltd and YMCA of Perth Inc. He is a Fellow of the Institute of Chartered Accountants and has 32 years' experience in the finance and investment industry.

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

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

Managing Director appointed 22 September 2016
Period of office at August 2018 – 1 year 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.

He has most recently been employed as Group Executive Mining at Australian Capital Equity Pty Limited (ACE), and other recent roles include Chief Executive Officer of API Management, and Managing Director of Iron Ore Holdings Ltd.

Mr Vorster is a non-executive director of ASX-listed Volt Resources Limited.

Mr Andrew (Andy) Malcolm Haslam *Grad Dip. Min, GAICD*

Director (Non-Executive) appointed September 2011
Period of office at August 2018 – 6 years and 11 months

Mr Haslam is a mining professional with over 30 years of operational and senior executive experience in the Australian mining industry. He was previously Managing Director of ASX-listed Vital Metals and in 2009 was appointed Managing Director of ASX-listed Territory Resources Ltd until late 2011. Most recently, Mr Haslam was Executive General Manager - Iron ore, with ASX 100 company Mineral Resources Limited. He is currently a non-executive director of ASX-listed uranium exploration company, Vimy Resources Limited and a senior consultant with STS Group, which works with tier one companies to convert strategic plans into operational improvements.

Mr Haslam is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

Ms Jenny Bloom *Grad. Dip Business Administration, GAICD*

Director (Non-Executive) appointed March 2017
Period of office at August 2018 – 1 year and 5 months

Ms Bloom has an extensive business background with experience in the private and public sector and is currently the Deputy Chair of the Waste Authority Western Australia. Ms Bloom held senior positions with Ansett Australia leading high level change projects across various areas of the business including major operational business realignment. Ms Bloom was seconded to the Victorian Government in 1997 and led the whole of government response to the sale of second tranche airports by the Federal Government.

Ms Bloom has owned and operated successful businesses in the Kimberley and was Councillor and Deputy Shire President for the Shire of Broome from 2009 to 2014 and an independent director of an Aboriginal corporation from 2008 to 2011.

Ms Bloom is a member of the Remuneration and Nomination Committee.

Mr Martin Bryant *B Bus, MAICD*

Director (Non-Executive) appointed May 2015
Period of office at August 2018 – 3 years and 3 months

Mr Bryant has extensive international business experience with a particular focus on Asia, having worked in various senior management roles in China, Vietnam and the Philippines over the last 20 years.

From 2007 to 2015, Mr Bryant was Managing Director and Chief Executive Officer of WesTrac China, a Caterpillar equipment dealer servicing China's Northern Provinces, which account for more than 60% of China's mining activity. During his tenure, Mr Bryant had direct exposure to China's domestic iron ore and steel industries. He led a significant expansion of the business and managed a major restructure to suit the economic downturn.

Prior to this, Mr Bryant held senior management positions with other equipment companies. He was Finance Director and Company Secretary for Vietnam-based V-TRAC Holdings from 1994 to 1996.

Mr Bryant is a member of the Remuneration and Nomination Committee.

Mr Michael Blakiston *B. Juris*

Director (Non-Executive) appointed March 2017
Period of office at August 2018 – 1 year and 5 months

Mr Blakiston is a partner in Gilbert + Tobin's Energy and Resources group. He has over 30 years' experience gained 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 Chairman of Precision Opportunities Fund Ltd, a specialist small to medium cap fund.

Mr Blakiston is the Chairman of the Audit and Risk Committee.

COMPANY SECRETARIES

The following individuals have acted as Company Secretary during the year:

Ms Susan Hunter *BCom, ACA, F Fin, MAICD, ACIS*

Appointed July 2018

Ms Hunter was appointed Company Secretary of BCI, effective 1 July 2018. Ms Hunter has over 23 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 Hunter is currently Company Secretary of several ASX listed companies.

Ms Rubini Ventouras *LLB B COM*

Appointed February 2017, resigned 1 July 2018.

Ms Ventouras was appointed General Counsel and Company Secretary of BCI in February 2017. Ms Ventouras has extensive legal and commercial experience involving exploration, project construction, HSE legislation, mining operations and marketing throughout Australasia, Asia and Europe.

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]
Total Number of Meetings held	**12**	**4**	**3**
B O'Donnell	12	4	2
A Vorster	12	4	3
M Bryant	11	4	3
A Haslam	12	4	3
M Blakiston	11	4	1
J Bloom	12	4	3

1. *Members of the Audit and Risk Committee are M Blakiston (Chair), B O'Donnell and A Haslam*
2. *Members of the Remuneration and Nomination Committee are A Haslam (Chair), J Bloom and M Bryant*

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 in the annual report or viewed 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	
	Direct	Indirect	Direct	Indirect
B O'Donnell	-	351,998	-	-
A Vorster	-	2,665,645	-	5,320,000
M Bryant	580,822	-	-	-
A Haslam	192,000	-	-	-
M Blakiston	-	-	-	-
J Bloom	60,000	-	-	-
Total	**832,822**	**3,017,643**	**-**	**5,320,000**

DIVIDENDS

No dividends have been declared in relation to the year ended 30 June 2018 (June 2017: 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 a development and exploration company, with assets in Western Australia, including the Mardie Salt Project, Buckland Iron Ore Project, Iron Valley Iron Ore Mine and Carnegie Potash Project Joint Venture interest.

Safety performance

BCI places a high priority on facilitating a safe working environment for all staff and contractors. No lost time injuries ("LTIs") were recorded for the year ended 30 June 2018 and the lost time injury frequency rate ("LTIFR") was zero (June 2017: 0.0).

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 Project

The 100% owned Mardie Project, which is located on the northwest coast of Western Australia in one of the world's premium locations for solar evaporation operations, has the potential to produce salt and sulphate of potash ("SOP") from seawater.

The salt and SOP markets both have a positive long-term outlook. Strong Asian demand growth for salt, driven by expected growth in the chlor-alkali industry, is forecast to result in a supply gap equal to approximately seven Mardie-sized projects emerging over the next decade. SOP's positive outlook is linked to an increasing Asian population driving food demand, lifestyle changes requiring high quality food, and the requirement for environmentally friendly fertilisers delivering high crop yields.

BCI released a positive PFS in June 2018, establishing a technically and financially viable business case for production of 3.5Mtpa of high purity industrial salt and 75ktpa of fertiliser grade SOP. The PFS demonstrated attractive financials including a pre-tax NPV of A$335M, IRR of 20% and annual EBITDA of >A$100M.

BCI has now commenced work on a Definitive Feasibility Study ("DFS"), targeting the delivery of an improved project scope and environmental approvals by late 2019. During the quarter, BCI referred Mardie to the Western Australian Environmental Protection Agency ("EPA") and the EPA has agreed to assess the Project at the Public Environmental Review ("PER") level, which was in line with BCI's expectations.

Buckland Iron Ore Project

Buckland is an iron ore development project located in the West Pilbara region of Western Australia, comprising proposed mines at Bungaroo South, Kumina and a BCI proposed transhipment port at Cape Preston East.

BCI acquired a number of prospective and underexplored West Pilbara tenements (Kumina and Cane River) from Mineralogy Pty Ltd in September 2017. Consideration for the acquisition was $9.0M in cash and an iron ore royalty of 2.0% of FOB revenue on the first 100Mt of iron ore mined, increasing to 3.5% of FOB revenue on any iron ore in excess of 100Mt mined, plus a 3.5% royalty on the value of any other minerals sold from the tenements.

The Kumina tenements are located within economic trucking distance from BCI's Cape Preston East Port and have the potential to host iron ore deposits which could support an increase in throughput of the Buckland Project to 15Mtpa and enhance the value and marketability of the proposed "Buckland Blend", or to be developed as a standalone project.

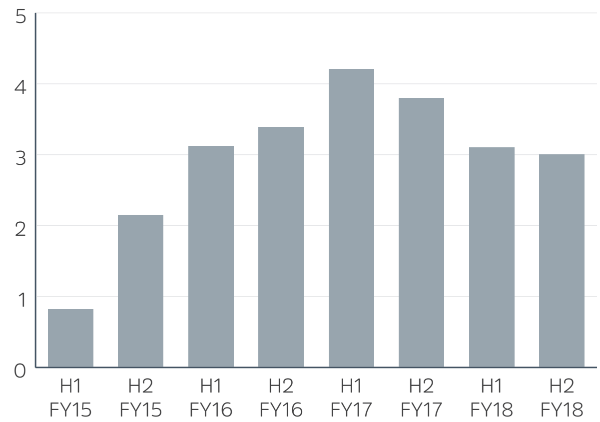
During the financial year, BCI completed a major drilling campaign and in June 2018 released a maiden Mineral Resource at Kumina A, E and J of 115.2Mt at 58.0% Fe (53% Fe cut-off) or 78.3Mt at 59.1% Fe (57% Fe cut-off).

Iron Valley Iron Ore Mine

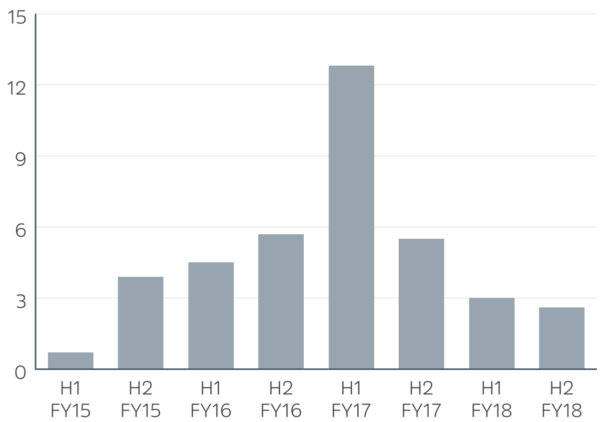
The Iron Valley Mine is operated by Mineral Resources Limited ("MIN") under an ore purchase agreement with BCI. MIN operates the mine at its cost and purchases iron ore from BCI at the mine gate at a price linked to MIN's received sales price. BCI is responsible for paying third party royalties related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

During the financial year MIN shipped 6.1 million wet metric tonnes ("M wmt") (June 2017: 8.0 wmt), which generated revenue for BCI of $33.0M (June 2017: $63.5M) and EBITDA of $5.6M, which was made up of EBITDA for the 2018 financial year shipments of $7.9M less a negative adjustment for final pricing for prior financial year shipments of $2.3M (June 2017: $18.3M).

Iron Valley Shipments (M wmt)



Iron Valley EBITDA (A$M)



Under the agreements with MIN, BCI's annual Iron Valley EBITDA for the next two years will at a minimum be in-line with the 2018 financial year.

Carnegie Potash Project

The Carnegie Potash Project is an exploration project located approximately 220km north-east of Wiluna, hosting a sub-surface brine deposit which could potentially be developed into a solar evaporation and processing operation that produces sulphate of potash (“SOP”).

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.

In the financial year, KLL progressed the Scoping Study, which was completed in July 2018 with a maiden Resource and Exploration Target estimate. The Scoping Study, which leveraged KLL’s technical knowledge, experience and intellectual property from their Beyondie Sulphate of Potash Project, confirmed Carnegie has the potential to be a technically and economically viable project.

BCI and KLL have agreed to proceed to a staged Pre-Feasibility Study, with an initial focus on securing tenure and access to all required tenements.

Exploration Tenements

BCI has a number of 100% owned early-stage exploration projects located throughout Western Australia, which are prospective for a range of minerals. BCI has completed initial value-adding exploration work at a number of these projects and intends to monetise these assets during the next year.

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 Heritage Management System 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 correct data is being gathered to measure the impacts to the environment and periodic reviews (inspections and audits) are conducted to assess performance against agreed regulatory targets.

During the year, BCI submitted a number of reports and compliance statements to State and Federal regulatory bodies detailing BCI’s performance against granted approvals. This includes all Annual Environmental Reports, Annual Compliance Reports, Compliance Assessment Reports and Emissions 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

Statement of profit or loss

The Company's loss after income tax for the financial year ended 30 June 2018 was $16.9M (June 2017: profit $5.7M), which is a result of reduced Iron Valley earnings driven by lower iron ore pricing and shipping volumes and increased expenditure on developing the Kumina Iron Ore Project and Mardie Salt Project.

The discontinued operations for the 2017 financial year is BCI's 75% interest in the Nullagine Joint Venture which was sold to Fortescue Metals Group Limited ("Fortescue") in March 2017.

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

	30 June 2018 A$M	30 June 2017 A$M
Continuing operations		
Revenue	33.4	64.0
Profit/(loss) after tax	(16.9)	7.1
Discontinued operations		
Loss after tax from discontinued operations	-	(1.4)
Net profit/(loss) after tax	**(16.9)**	**5.7**

The Company's EBITDA for the financial year ended 30 June 2018 was a loss of $14.4M (June 2017: $8.3M), which incorporates a positive EBITDA from Iron Valley of $5.6M (June 2017: $18.3M) and increased expenditure in progressing the Mardie Salt Project and Buckland Iron Ore project, including exploration of the Kumina tenements, and other exploration and business development activities.

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

	30 June 2018 A$M	30 June 2017 A$M
Continuing operations		
Iron Valley	5.6	18.3
Buckland and Kumina	(7.5)	(1.6)
Mardie	(2.9)	(0.2)
Exploration tenements	(2.6)	(1.8)
Business development	(1.1)	(0.7)
Corporate	(5.9)	(4.6)
EBITDA from continuing operations	**(14.4)**	**9.4**
Discontinued operations		
EBITDA from discontinued operations	-	(1.1)
Total EBITDA	**(14.4)**	**8.3**

Statement of cash flows

Cash and cash equivalents as at 30 June 2018 decreased to $13.1M (June 2017: $36.4M), primarily due to reduced Iron Valley income, acquisition of the Kumina tenements and expenditure on progressing the Buckland Iron Ore Project and Mardie Salt Project.

Statement of financial position

Net assets decreased to $90.6M (June 2017: $107.2M) primarily as a result of reduced Iron Valley income and increased expenditure on BCI's development projects.

Dividends

The Directors have not paid or declared any dividends since the commencement of the financial year ended 30 June 2018.

	2018	2017
(a) out of the profits for the year ended 30 June 2017 and retained earnings on fully paid ordinary shares (2016: nil).	Nil	Nil
(b) out of the profits for the year ended 30 June 2018 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 23 November 2017. All nine resolutions considered at the meeting were passed.

Board and Management Changes

Rubini Ventouras resigned as General Counsel and Company Secretary, effective 1 July 2018 and Susan Hunter was appointed Company Secretary. Ms Hunter has over 23 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.

PERFORMANCE RIGHTS

As at the date of this report, there were 10,590,000 Performance Rights on issue (30 June 2017: 11,052,271). Refer to the Remuneration Report for further details of Performance Rights outstanding.

Date Performance Rights Granted	Vesting Date	Fair Value at Grant Date	Number
25 May 2016	30 June 2018	$0.0690	1,320,000
25 May 2016	30 June 2019	$0.0690	2,000,000
19 December 2016	30 June 2018	$0.1350	528,000
14 March 2017	30 June 2018	$0.0830	792,000
21 August 2017	30 June 2019	$0.0264	1,750,000
21 August 2017	30 June 2020	$0.0154	1,450,000
29 November 2017	30 June 2020	$0.0077	2,000,000
18 May 2018	30 June 2019	$0.0145	400,000
18 May 2018	30 June 2020	$0.0115	350,000
Total			**10,590,000**

No Performance Rights holder has any right to be provided with any other share issue of the Company by virtue of their Performance Rights holding. None of the Performance Rights are listed on the ASX.

Shares issued as a result of conversion of performance rights

Since the end of the financial year, the Company issued no ordinary shares as a result of the conversion of performance rights.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

BCI expects EBITDA from Iron Valley during the 2019 financial year to be at a minimum in line with FY18 results.

The Company plans to focus on advancing the Mardie Salt and SOP Project Definitive Feasibility Study during the next year. That will include approvals, process plant design, pond designs and the construction of a small scale concentration and crystalliser ponds.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE REPORTING DATE

On the 9 August 2018, the Company received a notice of decision from the Australian Taxation Office, approving the Company's request for out of time objections to income tax returns for 30 June 2012 to 30 June 2014, which will result in a cash tax refund of $1.5M.

No other 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 financial year ended 30 June 2018.

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 2018 the Board of Directors is satisfied that the auditor, BDO, did not provide any non-audit services to the Company.

AUDIT INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution by the Directors.

Brian O'Donnell
Chairman

Perth, Western Australia
21 August 2018

Alwyn Vorster
Managing Director

Perth, Western Australia
21 August 2018

REMUNERATION REPORT
(ISSUED 21 AUGUST 2018)

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

For the purpose of this report the Key Management Personnel 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 Chairman
M Bryant	Non-executive Director
A Haslam	Non-executive Director
M Blakiston	Non-executive Director
J Bloom	Non-executive Director
Executive Director and Executives	
A Vorster	Managing Director
S Hodge	Chief Financial Officer
R Ventouras	General Counsel and Company Secretary (resigned 1 July 2018)

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee ("RNC") is a committee of the Board comprised of three independent Non-Executive Directors, being Mr Haslam (Chairman), Ms Bloom and Mr Bryant.

The role of the RNC is to assist the Board to fulfil its responsibilities with respect to employee and director remuneration, and board composition and diversity, by making recommendations to the Board on:

- The Company's People Policy which sets out the Company's approach to Remuneration, Diversity and Privacy;
- A Remuneration Framework which enables the Company to attract, retain and motivate high quality senior executives who create value for shareholders; and
- The selection, composition, performance and appointment of members of the Board so that it is effective and able to operate in the best interests of shareholders.

REMUNERATION STANDARD

The Remuneration Standard of the Company aims to:

- Reward employees fairly and responsibly in accordance with the Australian market;
- Provide competitive rewards that attract, retain and motivate employees;
- Ensure incentives provide fair reward in line with company and individual performance to deliver on the current and long term strategic activities; and
- Ensure a level of equity and consistency across BCI and alignment with BCI's culture.

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.

Fixed Remuneration

Non-Executive Directors' fixed remuneration comprise the following:
- Cash remuneration;
- Superannuation; and
- Insurances.

Performance Rights

At the November 2017 general meeting, shareholders approved the grant of Performance Rights to Ms Bloom.
The Performance Rights were issued on 29 November 2017 and are subject to the following Performance Conditions:

Vesting Date	30 June 2019
Performance Conditions	If the peak 30-day VWAP for FY18 is:
	<$0.20, 0% qualify for vesting
	>$0.20 and <$0.40, proportional vesting
	>$0.40, 100% qualify for vesting

EXECUTIVE REMUNERATION

The objective of the Company's executive remuneration is to ensure reward for performance is market competitive and appropriate for the results delivered. The executive remuneration is aligned with achievement of strategic and operational objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria in line with appropriate corporate governance practices:
- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation;
- Transparency; and
- Prudent capital management.

Fixed Remuneration

The components of executives' fixed remuneration are determined individually and may include:
- Cash remuneration;
- Superannuation; and
- Insurances, parking and other benefits.

Variable Remuneration

Short-term Incentives
Executives may receive a short-term incentive ("STI") of up to 25-30% of their 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 will be based on performance against annually agreed key performance indicators ("KPIs"). These KPIs will typically be aligned to specific operating and corporate objectives in relation to each financial year.

For the 2018 financial year, the Board exercised its discretion to award an STI based on the KPIs achieved during the year. Executive Key Management Personnel were in aggregate awarded an STI cash incentive of $131,236 (17% of their aggregate annual salary). The amount of the STI was included in the Company's financials for the 2018 year and was paid after year-end in the 2019 financial year.

For the 2017 financial year, the Board exercised its discretion to award an STI based on the KPIs achieved during year. Executive Key Management Personnel were in aggregate awarded an STI cash incentive of $130,966 (12% of their aggregate annual salary). The amount of the STI was included in the Company's financials for the 2017 year and was paid after year-end in the 2018 financial year.

Long-term Incentives
Longer term incentive awards will occur through the Performance Rights Plan ("PRP"). The PRP will form part of an "at risk" component of remuneration and Performance Rights will generally have a vesting period longer than one year. Performance hurdles will be based on company share price and/or other relevant shareholder return measures. The PRP will operate entirely at the discretion of the Company's Board and may be terminated, suspended or amended at any time, or from time to time, in it's entirely or in part in relation to any or all employees (except where contractual rights have been created).

At the November 2017 general meeting, shareholders approved the grant of Performance Rights to the Managing Director, Alwyn Vorster. The Performance Rights were issued on 29 November 2017 and are subject to the following Performance Conditions:

	Tranche 1	Tranche 2
Vesting Date	30 June 2019	30 June 2020
Performance Conditions	If the peak 30-day VWAP for FY18 is:	If the peak 30-day VWAP for FY19 is:
	<$0.20, 0% qualify for vesting	<$0.30, 0% qualify for vesting
	>$0.20 and <$0.40, proportional vesting	>$0.30 and <$0.60, proportional vesting
	>$0.40, 100% qualify for vesting	>$0.60, 100% qualify for vesting

Performance Rights issued to Key Management Personnel on 21 August 2017 are subject to the following Performance Conditions:

	Tranche 1	Tranche 2
Vesting Date	30 June 2019	30 June 2020
Performance Conditions	If the peak 30-day VWAP for FY18 or FY19 is:	If the peak 30-day VWAP for FY19 is:
	<$0.20, 0% qualify for vesting	<$0.25, 0% qualify for vesting
	>$0.20 and <$0.25, proportional vesting	>$0.25 and <$0.33, proportional vesting
	>$0.25, 100% qualify for vesting	>$0.33, 100% qualify for vesting

USE OF REMUNERATION CONSULTANTS

The Board and Remuneration Committee reviews executive remuneration annually, including assessment of:

- Advice from independent external remuneration consultants;
- Individual and business performance measurement against both internal targets and appropriate external comparatives; and
- General remuneration advice from both internal and independent external sources.

In the current financial year, the Board did not utilise an external remuneration consultant as a comprehensive benchmarking review was completed in the 2017 financial year (2017: SBS Integrated Pty Ltd: $12,500).

SERVICE AGREEMENTS

The remuneration and other terms of employment for executive Key Management Personnel 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 (Managing Director)	Base salary inclusive of superannuation of $499,300 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.
S Hodge (Chief Financial Officer)	Base salary inclusive of superannuation $295,979 reviewed at intervals to be determined by the Company. Employment can be terminated at twelve weeks' notice by Mr Hodge or by the Company. Certain agreed trigger events will lead to Mr Hodge having the option to terminate the contract and receive a payment equal to six months' total fixed remuneration.

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.

REMUNERATION OF KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 30 JUNE 2018

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

	Short Term			Post Employment	Share Based Payments			
	Salary and fees	Incentives (a)	Other benefits (b)	Super-annuation	Performance Rights (c)	Termination Payment	Total	% Performance Related (d)
	$	$	$	$	$	$	$	
Non-executive Directors								
B O'Donnell	129,452	-	10,874	12,298	-	-	152,624	0%
M Bryant	66,986	-	10,874	6,364	-	-	84,224	0%
A Haslam	75,205	-	10,874	7,144	-	-	93,223	0%
M Blakiston	73,973	-	10,874	7,027	-	-	91,874	0%
J Bloom	69,863	-	10,874	6,637	862	-	88,236	1%
	415,479	**-**	**54,370**	**39,470**	**862**	**-**	**510,181**	**0%**
Executive Director and Executives								
A Vorster	478,836	73,500	23,063	20,464	122,852	-	718,715	27%
S Hodge	271,727	39,925	23,001	20,464	62,627	-	417,744	25%
R Ventouras	258,192	17,541	18,094	22,412	42,273	-	358,512	17%
	1,008,755	**130,966**	**64,158**	**63,340**	**227,752**	**-**	**1,494,971**	**24%**
TOTAL	**1,424,234**	**130,966**	**118,528**	**102,810**	**228,614**	**-**	**2,005,152**	**18%**

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

b) *Other benefits include vehicles, fuel, parking, travel and insurances.*

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.*

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.*

REMUNERATION OF KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 30 JUNE 2017

The remuneration table below sets out the remuneration information for the directors and executives, including the managing director, who are considered to be Key Management Personnel of the Company.

	Short Term			Post Employment	Share Based Payments			
	Salary and fees	Incentives (a)	Other benefits (b)	Super-annuation	Performance Rights (c)	Termination Payment	Total	% Performance Related (d)
	$	$	$	$	$	$	$	
Non-executive Directors								
B O'Donnell	95,411	-	17,169	9,064	-	-	121,644	0%
A Kiernan	92,108	-	8,088	-	-	-	100,196	0%
M Bryant	66,983	-	17,169	6,364	29,000	-	119,516	24%
A Haslam	75,205	-	17,169	7,144	29,000	-	128,518	23%
M Blakiston	24,658	-	4,884	2,342	-	-	31,884	0%
J Bloom	23,288	-	4,884	2,212	-	-	30,384	0%
	377,653	**-**	**69,363**	**27,126**	**58,000**	**-**	**532,142**	**11%**
Executive Director and Executives								
A Vorster	447,115	-	27,066	24,899	250,710	-	749,790	33%
S Hodge	110,727	-	10,635	10,417	65,994	-	197,773	33%
R Ventouras	104,167	-	8,562	10,417	53,390	-	176,536	30%
B Duncan	59,361	-	4,615	15,733	-	331,903	411,612	0%
C Hunt	66,917	-	4,671	4,745	-	41,762	118,095	0%
I Goldberg	137,232	-	14,804	14,122	-	43,739	209,897	0%
	925,519	**-**	**70,353**	**80,333**	**370,094**	**417,404**	**1,863,703**	**20%**
TOTAL	**1,303,172**	**-**	**139,716**	**107,459**	**428,094**	**417,404**	**2,395,845**	**18%**

(a) Short term incentives relate to performance in the previous financial year. Please refer to section on short-term incentive payments above.
(b) Other benefits include vehicles, fuel, parking, travel and insurances.
(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.
(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.

PERFORMANCE RIGHTS ON ISSUE

The terms and conditions of Performance Rights granted to Key Management Personnel affecting remuneration in the current or future reporting periods are set out in the following table:

	Grant date	Date to vest	Expiry date	Risk free rate at grant date	Value per right at grant date	Number granted	Value at grant date	Number vested	Number lapsed
Non-executive Director									
J Bloom	29/11/2017	30/06/2019	28/11/2022	2.5%	$0.012	200,000	$2,340	NA	NA
Executive Director and Executives									
A Vorster	25/05/2016	30/06/2018	24/05/2021	2.2%	$0.069	2,000,000	$138,000	1,320,000	680,000
A Vorster	25/05/2016	30/06/2019	24/05/2021	2.4%	$0.069	2,000,000	$138,000	NA	NA
A Vorster	29/11/2017	30/06/2019	28/11/2022	2.5%	$0.012	2,000,000	$23,400	NA	NA
A Vorster	29/11/2017	30/06/2020	28/11/2022	2.5%	$0.008	2,000,000	$15,400	NA	NA
S Hodge	14/03/2017	30/06/2018	14/03/2024	2.9%	$0.083	700,000	$58,310	462,000	238,000
S Hodge	21/08/2017	30/06/2019	21/08/2022	2.6%	$0.026	1,000,000	$26,400	NA	NA
S Hodge	21/08/2017	30/06/2020	21/08/2022	2.6%	$0.015	1,000,000	$15,400	NA	NA
R Ventouras	14/03/2017	30/06/2018	14/03/2024	2.9%	$0.083	500,000	$41,650	330,000	170,000
R Ventouras	21/08/2017	30/06/2019	21/08/2022	2.6%	$0.026	500,000	$13,200	NA	NA
R Ventouras	21/08/2017	30/06/2020	21/08/2022	2.6%	$0.015	500,000	$7,700	NA	NA

A Monte Carlo simulation is used to value the Performance Rights. The Monte Carlo 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 are shown in the table above.

EQUITY INSTRUMENT DISCLOSURES

The interests of Key Management Personnel in shares at the end of the financial year 2018 are as follows:

	Balance at 1 July 2017	Acquired during year	Performance Rights converted during year	Disposed during the year	Owned on commencement of employment	Balance at 30 June 2018
Non-executive Directors						
B O'Donnell	51,998	300,000	-	-	-	351,998
M Bryant	248,822	200,000	132,000	-	-	580,822
A Haslam	60,000	-	132,000	-	-	192,000
J Bloom	-	60,000	-	-	-	60,000
Executive Director						
A Vorster	1,095,645	250,000	1,320,000	-	-	2,665,645
Total	**1,456,465**	**810,000**	**1,584,000**	**-**	**-**	**3,850,465**

The interests of Key Management Personnel in Performance Rights at the end of the financial year 2018 are as follows.

	Balance at 1 July 2017	Granted as compensation	Converted to shares	Rights lapsed/ cancelled	Balance at 30 June 2018
Non-executive Directors					
A Haslam	200,000	-	(132,000)	(68,000)	-
M Bryant	200,000	-	(132,000)	(68,000)	-
J Bloom	-	200,000	-	-	200,000
Executive Director and Executives					
A Vorster	6,000,000	4,000,000	(1,320,000)	(680,000)	8,000,000
S Hodge	1,000,000	2,000,000	-	(300,000)	2,700,000
R Ventouras	750,000	1,000,000	-	(250,000)	1,500,000
Total	**8,150,000**	**7,200,000**	**(1,584,000)**	**(1,366,000)**	**12,400,000**

COMPANY PERFORMANCE

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

		2018	2017	2016	2015	2014
Continuing operations						
Revenue	$million	33.4	64.0	40.4	281.2	471.4
Net profit/(loss) after tax	$million	(16.9)	7.1	(43.9)	(158.5)	71.8
Basic earnings/(loss) per share	Cents	(4.29)	2.2	(22.4)	(90.7)	58.0
Dividends paid per share	Cents	-	-	-	15.0	47.0
Share price (last trade day of financial year)	A$	0.14	0.14	0.11	0.29	3.20

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 $207K (2017: $71K). All transactions were on normal commercial terms and conditions. Refer to Note 27 for Related Party transactions.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2017 ANNUAL GENERAL MEETING

The Company received 97% of 'yes' votes cast on its remuneration report for the 2017 financial year.

OTHER INFORMATION

Insurance of officers

During the financial period, the Company incurred premiums of $96,308 (2017: $84,810) to insure the directors, company secretaries and officers of the Company. The liability insured is the indemnification of the Company against any legal liability to third parties arising out of any directors or officers duties in their capacity as a director or officer other than indemnification not permitted by law.

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 51 of this report for BDO's report on the Remuneration Report.

Signed in accordance with a resolution by the Directors.

Brian O'Donnell
Chairman

Perth, Western Australia
21 August 2018

Alwyn Vorster
Managing Director

Perth, Western Australia
21 August 2018

DIRECTOR'S DECLARATION

In the opinion of the Directors of BCI Minerals Limited:

a. the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001 including:*
   i. giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2018 and of its performance for the financial year ended 30 June 2018; and
   ii. complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.

b. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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
21 August 2018

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

www.bciminerals.com.au
ABN 21 120 646 924

FINANCIAL STATEMENT CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $000's	2017 $000's
Revenue from continuing operations			
Sale of goods		32,970	63,480
Other revenue		479	552
Total revenue from continuing operations	1	33,449	64,032
Foreign exchange gain/(loss)		-	80
Cost of sales	2	(29,954)	(47,796)
Administration expenses	2	(7,118)	(6,454)
Exploration and evaluation expenditure		(13,287)	(2,798)
Profit / (loss) before income tax		(16,910)	7,064
Income tax benefit / (expense)	5	-	-
Profit / (loss) after income tax from continuing operations		(16,910)	7,064
Discontinued operations			
Loss for the year from discontinued operations	4	-	(1,395)
Profit / (loss) for the year attributable to owners of BCI Minerals Limited		(16,910)	5,669
		Cents	Cents
Basic earnings / (loss) per share from continuing operations	18	(4.29)	2.23
Diluted earnings / (loss) per share from continuing operations	18	(4.26)	2.21
Basic loss per share from discontinued operations	4	-	(0.44)
Diluted loss per share from discontinued operations	4	-	(0.44)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES AS AT 30 JUNE 2018

	Notes	2018 $000's	2017 $000's
Current assets			
Cash and cash equivalents	6	**13,057**	36,376
Trade and other receivables	7	**7,213**	10,053
Total current assets		**20,270**	46,429
Non-current assets			
Receivables	7	**5,583**	4,931
Property, plant and equipment	8	**42,153**	44,996
Exploration and evaluation assets	9	**14,500**	4,600
Intangibles	10	**23,532**	23,532
Total non-current assets		**85,768**	78,059
Total assets		**106,038**	124,488
Current liabilities			
Trade and other payables	11	**9,373**	12,107
Provisions	12	**471**	294
Total current liabilities		**9,844**	12,401
Non-current liabilities			
Provisions	12	**5,583**	4,931
Total non-current liabilities		**5,583**	4,931
Total liabilities		**15,427**	17,332
Net assets		**90,611**	107,156
Shareholders' equity			
Contributed equity	14	**266,984**	266,735
Reserves	15	**5,542**	5,426
Accumulated losses	16	**(181,915)**	(165,005)
Total shareholders' equity		**90,611**	107,156

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2018

	Contributed equity $000's	Accumulated losses $000's	Reserves $000's	Total $000's
Balance at 1 July 2016	242,467	(170,674)	4,883	76,676
Profit for the year	-	5,669	-	5,669
Reclassification to profit or loss	-	-	-	-
Total comprehensive income	**-**	**5,669**	**-**	**5,669**
Transactions with equity holders in their capacity as equity holders				
Shares issued net of transaction costs	24,188	-	-	24,188
Performance Rights converted	80	-	(80)	-
Share based payments	-	-	623	623
Dividends paid	-	-	-	-
Balance at 30 June 2017	**266,735**	**(165,005)**	**5,426**	**107,156**
Loss for the year	-	(16,910)	-	(16,910)
Reclassification to profit or loss	-	-	-	-
Total comprehensive income	**-**	**(16,910)**	**-**	**(16,910)**
Transactions with equity holders in their capacity as equity holders				
Performance Rights converted	249	-	(249)	-
Share based payments	-	-	365	365
Dividends paid	-	-	-	-
Balance at 30 June 2018	**266,984**	**(181,915)**	**5,542**	**90,611**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $000's	2017 $000's
Cash flows from operating activities			
Receipts from customers		**35,833**	66,588
Payments to suppliers and employees		**(48,210)**	(55,320)
Management fees received		**-**	15
Interest received		**420**	577
Net cash flows from operating activities	6	**(11,957)**	11,860
Cash flows from investing activities			
Payments for mine property and development expenditure		**-**	(122)
Payments for plant and equipment		**(74)**	(1,598)
Payments for exploration project earn-ins		**(1,000)**	(500)
Payments for exploration and evaluation assets		**(9,000)**	-
Net cash flows from investing activities		**(10,074)**	(2,220)
Cash flows from financing activities			
Proceeds from issue of shares net of costs		**-**	24,189
Repayment of borrowings		**-**	(1,966)
Repayment of Royalty Rebate		**(1,288)**	(5,151)
Net cash flows from financing activities		**(1,288)**	17,072
Net increase / (decrease) in cash and cash equivalents		**(23,319)**	26,712
Cash and cash equivalents at beginning of year		**36,376**	9,450
Effect of exchange rate changes on cash and cash equivalents		**-**	214
Cash and cash equivalents at end of year	6	**13,057**	36,376

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2018

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 2018 were authorised for issue in accordance with a resolution of the Directors on 21 August 2018. 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 and exploration of assets in Western Australia, including the Mardie Salt Project, Iron Valley Iron Ore Mine, Buckland Iron Ore Project, and Carnegie Potash Project.

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

The Company has not adopted any new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2017.

Changes in accounting policy, estimates disclosures, standards and interpretations

The accounting policies adopted and estimates made are consistent with those of the previous financial year.

Discontinued operations

A discontinued operation is a component of the Consolidated Entity that has been disposed of or is classified as held for sale and that represents a major line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the profit or loss and other comprehensive income. Where a decision is made to treat a major line of business or area of operations as discontinued the comparative information is restated to reflect as if that major line of business or area of operations had been discontinued in the prior period.

The assets and liabilities held for sale are stated on the Statement of Financial Position at the lower of carrying value and fair value less cost to sell ("FVLCTS").

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 5: Income taxes
Note 8: Property, plant and equipment
Note 9: Exploration and evaluation
Note 10: Intangibles
Note 12: Provisions
Note 28: Share based payments

KEY NUMBERS

NOTE 1 – REVENUE

	2018 $000's	2017 $000's
Sales – Iron Valley	**32,970**	63,480
Interest revenue	**420**	552
Other income	**59**	-
Total	**33,449**	64,032

Accounting policy

Revenue is measured at the fair value of the gross consideration received or receivable. Revenue is recognised if it meets the criteria outlined below.

Sales – Iron Valley

Revenue from the sale of goods and disposal of other assets 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 risks and rewards 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 railhead which is typically at the bill of lading. MIN send monthly shipping information based 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, which is adjusted for any changes when pricing is finalised.

Interest revenue

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

NOTE 2 – EXPENSES

	2018 $000's	2017 $000's
Amortisation of mine properties	**2,837**	2,882
Royalties	**27,117**	44,914
Cost of sales	**29,954**	47,796
Employee benefits expense	**3,356**	2,456
Depreciation and amortisation	**80**	102
Share based payments	**365**	623
Non-executive directors' fees	**481**	408
Occupancy related expenses	**229**	327
Consultant and legal fees	**1,301**	1,435
Other	**1,306**	1,103
Administration expenses	**7,118**	6,454

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.

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.

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:

	2018	2017
CFR 62% Fe iron ore price (USD/dmt, nominal)		
Years 1-5	**64-69**	62-63
Years 6-10	**72-83**	67-75
Years 11-20	**85-96**	78-82
Foreign exchange rate (AUD:USD, nominal)		
Years 1-5	**0.76-0.77**	0.73-0.75
Years 6-10	**0.76**	0.74
Years 11-20	**0.76**	0.74
Inflation (% per annum)		
USD inflation rate	**2.8%**	1.7%

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; and
- the asset specific discount rate applicable to the cash generating unit.

NOTE 4 – DISCONTINUED OPERATIONS

As announced on 10 March 2017 the Company completed the sale of its interest in the Nullagine Joint Venture (Nullagine) to Fortescue Metals Group (Fortescue).

BCI agreed to sell to Fortescue its 75% interest and related assets in Nullagine, which included the following:

- 75% interest in the iron ore rights over the Nullagine tenements;
- 100% title in the Nullagine tenements;
- existing fixed assets and equipment;
- existing low-grade stockpiles; and
- all associated mining information.

Fortescue assumed BCI's liabilities and obligations, including the existing rehabilitation liability. BCI retained its obligation to pay deferred State Government Royalties A$3.9M (30 June 2017: A$1.3M).

As consideration for the sale, Fortescue paid $1 plus a royalty on 75% of the future iron ore that is mined from the Nullagine tenements. Specifically, the royalty is:

- 1.0% - 2.0% of free-on-board revenue received by Fortescue for direct shipping ore (≥55% Fe); and
- A$0.50 – A$1.50 per tonne for low grade ore (<55% Fe), adjusted for 15% yield loss.

A 50% reduction in the royalty rate will apply to all iron ore mined above 15 million tonnes, and a 75% reduction for all iron ore mined above 25 million tonnes.

Fortescue will initially pay BCI 33% of the agreed royalty in cash, until the total amount waived by BCI equals A$7.5M. Thereafter, Fortescue will pay BCI 100% of the agreed royalty. The amount to be waived by BCI is intended to offset the obligations Fortescue assumes as part of the transaction, including rehabilitation liabilities.

Loss from discontinued operations

	2018 $000's	2017 $000's
Revenue		
Sale of goods	-	-
Other income	-	292
Total revenue from discontinued operations	-	292
Foreign exchange gain/(loss)	-	(85)
Administration expenses	-	(1,186)
Exploration and evaluation expenditure	-	(183)
Impairment of mine property and other assets	-	(302)
Depreciation and amortisation	-	(242)
Loss before finance cost and income tax	-	(1,706)
Finance costs	-	311
Loss before income tax	-	(1,395)
Income tax benefit / (expense)	-	-
Loss after income tax from discontinued operations	-	(1,395)
Weighted average number of ordinary shares (basic)	394,597,863	316,706,617
Basic loss per share from discontinued operations (cents)	-	(0.44)

Cash flows from discontinued operations	2018 $000's	2017 $000's
Net cash flows from operating activities	-	(2,628)
Net cash flows from investing activities	-	(1,532)
	-	(4,160)

During the 2017 financial year, discontinued assets were remeasured at fair value less cost to sell, resulting in an impairment of $0.3M.

Accounting policy

The NJV was recognised as a joint operation and the Company recognised its direct right to the assets, liabilities, revenues and expenses of the joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Profit or loss on transactions with joint operations are eliminated to the extent of the Company's ownership interest.

NOTE 5 – INCOME TAXES

	2018 $000's	2017 $000's
Current tax expense/(benefit)		
Current period	(1,332)	336
Adjustments for prior periods	1,411	(93)
	79	243
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	1,169	877
De-recognition of deferred tax assets	(1,140)	(1,033)
Equity deferred tax movement	(79)	(243)
Adjustments for prior periods	(29)	156
	(79)	(243)
Income tax expense from discounted operation (excluding gain on sale)	-	-
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	(16,910)	7,064
Income tax at the statutory rate of 30 per cent (2017: 30 per cent)	(5,073)	2,119
Non-deductible expenses	110	187
Temporary differences derecognised	(1,061)	(1,033)
Tax losses not recognised	6,132	(1,429)
Recognised directly in equity	(79)	(243)
Under/(over) provided in prior periods and other	(29)	399
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 2018, the Company had unrecognised deferred tax assets relating to tax losses of $76.0M (2017: $71.0M). The Company also has an R&D off-set available of $5.7M (2017 $5.7M).

Deferred tax assets not recognised

	2018 $000's	2017 $000's
Temporary differences	**(5,027)**	(3,887)
Income Tax losses	**74,074**	69,382
Capital losses	**1,598**	1,598

Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2018 $000's	2017 $000's	2018 $000's	2017 $000's	2018 $000's	2017 $000's
Amounts recognised in Profit or Loss:						
Mine property, plant and development	**-**	-	**(2,757)**	(2,115)	**(2,757)**	(2,115)
Provisions	**141**	88	**-**	-	**141**	88
Intangibles	**-**	-	**(2,409)**	(2,409)	**(2,409)**	(2,409)
Exploration	**-**	-	**(781)**	(381)	**(781)**	(381)
Other items	**843**	618	**(302)**	(6)	**541**	612
Amounts recognised directly in equity:						
Share issue costs in equity	**238**	318	**-**	-	**238**	318
	1,222	1,024	**(6,249)**	(4,911)	**(5,027)**	(3,887)
Temporary differences derecognised	**-**	-	**5,027**	3,887	**5,027**	3,887
Tax assets/(liabilities)	**1,222**	1,024	**(1,222)**	(1,024)	**-**	-

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 2016	1,596	128	18,821	702	(18,558)	2,689
(Charged)/credited						
to profit or loss	(1,509)	190	(20,729)	(182)	18,558	(3,672)
to (under)/over prior period	1	-	(206)	98	-	(107)
directly to equity	-	-	2,114	-	-	2,114
At 30 June 2017	88	318	-	618	-	1,024
(Charged)/credited						
to profit or loss	**53**	**(80)**	**-**	**165**	**-**	**138**
to (under)/over prior period	**-**	**-**	**-**	**60**	**-**	**60**
At 30 June 2018	**141**	**238**	**-**	**843**	**-**	**1,222**

Movement in deferred tax liabilities

	Inventory $000's	Intangibles $000's	Mine property $000's	Exploration $000's	Other $000's	Temporary differences derecognised $000's	Total $000's
At 1 July 2015	(18)	(2,409)	-	(250)	(12)	-	(2,689)
(Charged)/credited							
to profit or loss	18	-	-	(132)	2	3,887	3,775
to (under)/over prior period	-	-	-	-	4	-	4
reclassification to deferred tax liability	-	-	(2,114)	-	-	-	(2,114)
At 30 June 2017	-	(2,409)	(2,114)	(382)	(6)	3,887	(1,024)
(Charged)/credited							
to profit or loss	**-**	**-**	**(650)**	**(399)**	**(259)**	**1,140**	**(168)**
to (under)/over prior period	**-**	**-**	**7**	**-**	**(37)**	**-**	**(30)**
At 30 June 2018	**-**	**(2,409)**	**(2,757)**	**(781)**	**(302)**	**5,027**	**(1,222)**

NOTE 6 – CASH AND CASH EQUIVALENTS

	2018 $000's	2017 $000's
Cash at bank	5,824	5,765
Cash on deposit	7,233	30,611
Total	13,057	36,376
Reconciliation of profit / (loss) after income tax to net cash flows from operating activities		
Net Profit / (loss)	(16,910)	5,669
Depreciation and amortisation	2,917	3,227
Share based payments	365	623
Impairment of non-financial assets	-	302
Finance costs	-	(311)
Foreign exchange (gains)/losses	-	4
Other	33	(345)
(Increase)/decrease in assets		
Trade and other receivables	2,841	3,641
Increase/(decrease) in liabilities		
Trade and other payables	(1,372)	(771)
Provisions	169	(179)
Net cash inflow/(outflow) by operating activities	(11,957)	11,860

Cash on deposit relates to 31-day term deposits held with financial institutions. See Note 19 – Financial risk management note for further details.

Accounting policy

For 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. There are no non-cash investing or financing activities.

NOTE 7 – TRADE AND OTHER RECEIVABLES

	2018 $000'S	2017 $000'S
Current		
Trade receivables and prepayments	7,171	10,007
Other receivables	43	46
Total current	7,213	10,053
Non-current		
Other receivables	5,583	4,931
Total non-current	5,583	4,931
Total trade and other receivables	12,796	14,984

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

As at 30 June 2018 no receivables were past due or impaired (2017: Nil).

Other current receivables include $16k for GST receivable (2017: $46k). Other non-current receivables include 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 19 for information on the risk management policy of the Company.

Accounting policy

Receivables from the sale of iron ore are recognised initially at fair value and, where the sales receivable is subject to final pricing during a quotation period in the future, are subsequently measured at the estimated fair value of the total consideration receivable. Other receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less allowance for impairment. Trade receivables are due for settlement within 5 days. Other receivables are due for settlement no more than 30 days from the date of invoice. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. The Company's sales are sold under an agreement, the historical loss rate is nil. Consequently, a general provision for 12-month expected credit loss has not been recognised.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	Mine Properties $000's	Plant and equipment $000's	Office furniture, equipment and IT $000's	Total $000's
Year ended 30 June 2017				
Opening net book value	49,710	3,125	93	52,928
Additions	122	-	66	188
Disposals	(2,063)	(2,527)	(1)	(4,591)
Depreciation and amortisation expense	(2,882)	(235)	(110)	(3,227)
Impairment	-	(302)	-	(302)
Closing net book value	**44,887**	**61**	**48**	**44,996**
At 30 June 2017				
Cost	51,659	856	1,589	54,104
Accumulated depreciation and amortisation	(6,772)	(795)	(1,541)	(9,108)
Net carrying amount	**44,887**	**61**	**48**	**44,996**
Year ended 30 June 2018				
Opening net book value	**44,887**	**61**	**48**	**44,996**
Additions	**-**	**19**	**55**	**74**
Reclassification of assets	**-**	**(50)**	**50**	**-**
Depreciation and amortisation expense	**(2,838)**	**(5)**	**(74)**	**(2,917)**
Closing net book value	**42,049**	**25**	**79**	**42,153**
At 30 June 2018				
Cost	**51,658**	**753**	**1,695**	**54,106**
Accumulated depreciation and amortisation	**(9,609)**	**(728)**	**(1,616)**	**(11,953)**
Net carrying amount	**42,049**	**25**	**79**	**42,153**

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.

Impairment

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. Refer to note 3 for details of impairment accounting policy. Assets assessed for impairment included the following:

Iron Valley
The Iron Valley mine property asset was tested for impairment. The recoverable amount has been assessed based on its FVLCD in line with the impairment policy (refer to note 3) and classified as level 3 under the fair value hierarchy. FVLCD was determined by estimating cash flows until the end of the life of mine plan, including anticipated expansions, of approximately 13 years. The discount rate used in determining FVLCD was 11.1%. Forecast iron ore price, foreign exchange and inflation assumptions used in the calculation of FVLCD are summarised in note 3.

The recoverable amount was determined to be significantly in excess of carrying value, and there are no reasonably possible changes in key assumptions that would cause the asset to be impaired.

Key judgement – Mine properties expenditure
Development activities commence after commercial viability and technical feasibility of the project is established. Judgement is applied by management in determining when a project is commercially viable and technically feasible.

Key estimate – Iron ore reserves
Iron ore reserves are estimates of the amount of product that can be economically and legally extracted from the Company's current mining tenements. In order to calculate ore reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Estimating the quantity and grade of ore reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This requires complex and difficult geological judgements and calculations to interpret the data.

As economic assumptions used to estimate reserves change, and as additional geological data is generated during the course of operations, estimates of reserves may vary from period to period. Changes in reported reserves may affect the Company's financial results and financial position in a number of ways, including the following:
- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation and amortisation charges in profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- the carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of tax benefits.

NOTE 9 – EXPLORATION AND EVALUATION

	2018 $000's	2017 $000's
Opening balance	**4,600**	4,100
Exploration earn-in	**1,000**	500
Exploration tenements acquisition	**9,000**	-
Unsuccessful exploration expenditure derecognised	**(100)**	-
Net carrying amount	**14,500**	4,600

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.

Exploration and evaluation costs

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

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.

During the financial year, BCI sole funded $1.0M to progress the Scoping Study, which was completed in July with a maiden Resource and Exploration Target estimate.

BCI acquired a number of prospective and underexplored West Pilbara tenements (Kumina and Cane River) from Mineralogy Pty Ltd in September 2017. Consideration for the acquisition was $9.0M in cash and BCI is also obliged to pay an iron ore royalty of 2.0% of FOB revenue on the first 100Mt of iron ore mined, increasing to 3.5% of FOB revenue on any iron ore in excess of 100Mt mined, and a 3.5% royalty on the value of any other minerals sold from the tenements.

These tenements are located within economic trucking distance from BCI's Cape Preston East Port and have the potential to host iron ore deposits which could support an increase in throughput of the Buckland Project to 15Mtpa and enhance the value and marketability of the proposed "Buckland Blend".

NOTE 10 – INTANGIBLES

	Notes	2018 $000's	2017 $000's
Opening balance		**23,532**	23,532
Impairment charge	3	**-**	-
Net carrying amount		**23,532**	23,532
Net carrying value of intangibles:			
Royalties		**15,502**	15,502
Port lease rights		**8,030**	8,030
Net carrying amount		**23,532**	23,532

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 pre-tax nominal discount rate used in determining FVLCD was 10.1%. 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 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 pre-tax nominal discount rate used in determining FVLCD was 10.1%. 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 reasonably possible changes in 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.

Port lease rights

The Company holds a lease at the Cape Preston East Port and through the purchase price allocation a value has been ascribed to the intellectual property associated with developing this port. The port is yet to be developed and the intangible asset will be amortised once the port is operational.

The Company has tested the asset for impairment with the recoverable amount assessed by reference to the FVLCD of the Buckland project, in line with the policy in note 3 and classified as level 3 under the fair value hierarchy. FVLCD for the Buckland project including mineral assets and the port access rights was determined by estimating cash flows over the project life of approximately 12 years. The pre-tax nominal discount rate used in determining FVLCD was 12.1%. Forecast iron ore price, foreign exchange and inflation assumptions used in the calculation of FVLCD are summarised in note 3.

The recoverable amount was determined to be in excess of carrying value, and there are no reasonably possible changes in 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 11 – TRADE AND OTHER PAYABLES

	2018 $000's	2017 $000's
Current		
Trade payables and accruals	9,373	12,107
Total	9,373	12,107

Accounting policy

These amounts represent liabilities for goods and services provided to the Company 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 19).

NOTE 12 – PROVISIONS

	2018 $000's	2017 $000's
Current		
Employee benefits	471	294
Total current	471	294
Non-current		
Rehabilitation	5,583	4,931
Total non-current	5,583	4,931
Total	6,054	5,225

Movement in Provisions in 2018

	Rehabilitation and site closure $000's	Employee benefits $000's	Total $000's
Opening balance 1 July 2017	4,931	294	5,225
Changes in rehabilitation estimate	507	-	507
Charged/(credited) to profit or loss:			
additional provisions recognised	-	443	443
unused amounts reversed	-	(8)	(8)
unwinding of discount (non-cash)	145	-	145
Amounts used during the year	-	(258)	(258)
Closing balance	**5,583**	**471**	**6,054**

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 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 balance 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 actual 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 13 – 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.

	2018 $000's	2017 $000's
Net debt to equity		
Total debt	-	-
Less cash and cash equivalents	13,057	36,376
Excess of cash over debt	13,057	36,376
Equity	90,611	107,156

Net debt as percentage of equity - not applicable as the Company has no debt.

NOTE 14 – CONTRIBUTED EQUITY

	2018		2017	
	Number	$000's	Number	$000's
Share capital				
Ordinary shares - fully paid	394,968,910	266,984	392,526,910	266,735
Movements in ordinary share capital				
Opening balance	392,526,910	266,735	196,196,992	242,467
Issue of shares under Employee Performance Rights Plan	2,442,000	249	66,463	80
Issue of shares under entitlement offer 18 November 16	-	-	196,263,455	24,188
Closing balance	394,968,910	266,984	392,526,910	266,735

Accounting policy

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

In November 2016, the Company successfully completed a pro-rata renounceable entitlement offer of 1 new share for every 1 share held at an issue price of $0.13 per share to raise $24.2M after costs.

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 15 – RESERVES

	2018 $000's	2017 $000's
Share based payments reserve		
Balance as at 1 July	10,648	10,105
Share based payments expense	365	623
Issue of shares under Employee Performance Rights Plan	(249)	(80)
Balance as at 30 June	10,764	10,648
Financial assets at fair value through other comprehensive income		
Balance as at 1 July	(9,009)	(9,009)
Balance as at 30 June	(9,009)	(9,009)
Options exercised reserve		
Balance as at 1 July	3,787	3,787
Balance as at 30 June	3,787	3,787
Total reserves	5,542	5,426

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. On adoption of AASB9 *Financial Instruments* investments in listed shares previously classified as available-for-sale were reclassified as financial assets at fair value through other comprehensive income.

The options exercised reserve is used to recognise the fair value of options exercised.

NOTE 16 – ACCUMULATED LOSSES

	2018 $000's	2017 $000's
Balance as at 1 July	(165,005)	(170,674)
Net profit / (loss)	(16,910)	5,669
Dividends paid	-	-
Balance as at 30 June	(181,915)	(165,005)

NOTE 17 – DIVIDENDS

	2018 $000's	2017 $000's
Dividend paid during the financial year (fully franked at 30 per cent)		
Final franked dividend for 2017: Nil (2016: Nil)	-	-
Interim franked dividend for 2018: Nil (2017: Nil)	-	-
Total dividends paid	-	-
Dividend declared not recognised as a liability (fully franked at 30 per cent)		
Final franked dividend for 2018: Nil (2017: Nil)	-	-

NOTE 18 – EARNINGS PER SHARE

	2018 $000's	2017 $000's
Earnings per share from continuing operations		
Profit / (loss) after income tax from continuing operations	(16,910)	7,064
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	394,597,863	316,706,617
Adjustments for calculation of diluted earnings per share:		
Vested Performance Rights outstanding at year end	2,640,000	2,442,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	397,237,863	319,148,617
Earnings per share attributable to the ordinary equity holders of the company	Cents	Cents
Basic earnings / (loss) per share	(4.29)	2.23
Diluted earnings / (loss) per share	(4.26)	2.21

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 19 – FINANCIAL RISK MANAGEMENT

The Company holds the following financial instruments:

	2018 $000's	2017 $000's
Financial assets		
Cash and cash equivalents	**13,057**	36,376
Trade and other receivables	**12,796**	14,984
	25,853	51,360
Financial liabilities		
Trade and other payables	**9,373**	12,107
	9,373	12,107

Market (including foreign exchange, commodity price 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 $13.1M (2017: $36.4M) held with banks with minimum long term external credit ratings of AA-.
- Trade receivables $7.0M (2017: $10.0M) 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.
- In the money derivatives Nil (2017: Nil) held with banks with minimum long term external credit ratings of AA-.

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 assets and liabilities

The table below groups undiscounted cash flows from the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities and net and gross settled derivative financial instruments.

	Less than 6 months $000's	6 - 12 months $000's	1-5 years $000's	Greater than 5 years $000's	Contractual cash flows $000's	Carrying amount $000's
Year ended 30 June 2018						
Financial liabilities						
Trade and other payables	9,372	-	-	-	9,372	9,372
Loans and borrowings	-	-	-	-	-	-
Total non-derivatives	9,372	-	-	-	9,372	9,372
Year ended 30 June 2017						
Financial liabilities						
Trade and other payables	12,107	-	-	-	12,107	12,107
Loans and borrowings	-	-	-	-	-	-
Total non-derivatives	12,107	-	-	-	12,107	12,107

GROUP STRUCTURE

NOTE 20 – 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 2018 %	Beneficial interest 2017 %
BC Iron Nullagine Pty Ltd	Australia	AUD	**100**	100
BCI (SA) Pty Ltd	Australia	AUD	**100**	100
BC Potash Pty Ltd (formerly BCI Finance 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
Buckland Minerals Transport Pty Ltd	Australia	AUD	**100**	100
Cape Preston Logistics Pty Ltd	Australia	AUD	**100**	100
Mardie Minerals Pty Ltd	Australia	AUD	**100**	100
Iron Valley Pty Ltd	Australia	AUD	**100**	100
Bungaroo South 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 (formerly Metal Holdings Pty Ltd)	Australia	AUD	**100**	100

Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BCI Minerals Limited as at 30 June 2018, 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 Consolidated Entity 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 Consolidated Entity.

NOTE 21 – SEGMENT INFORMATION

2018 Segment information

	Iron Valley $000's	Mardie $000's	Buckland $000's	Discontinued Operations $000's	Other $000's	Consolidated $000's
Segment revenue						
Sale of goods	32,970	-	-	-	-	32,970
Other revenue	-	-	-	-	479	479
Total	32,970	-	-	-	479	33,449
Segment results						
EBITDA	5,598	(2,885)	(7,501)	-	(9,625)	(14,413)
Interest revenue	-	-	-	-	420	420
Finance costs	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-
Depreciation and amortisation	(2,837)	-	-	-	(80)	(2,917)
Impairment	-	-	-	-	-	-
Profit / (loss) before income tax	2,761	(2,885)	(7,501)	-	(9,285)	(16,910)
Segment assets	54,657	800	16,930	-	33,652	106,039
Segment liabilities	10,767	-	-	-	4,660	15,427

2017 Segment information

	Iron Valley $000's	Mardie $000's	Buckland $000's	Discontinued Operations $000's	Other $000's	Consolidated $000's
Segment revenue						
Sale of goods	63,480	-	-	-	-	63,480
Other revenue	-	-	-	292	552	844
Total	63,480	-	-	292	552	64,324
Segment results						
EBITDA	18,277	(179)	(1,540)	(1,100)	(7,141)	8,317
Interest revenue	-	-	-	23	552	575
Finance costs	-	-	-	311	-	311
Foreign exchange	-	-	-	(85)	80	(5)
Depreciation and amortisation	(2,882)	-	-	(242)	(103)	(3,227)
Impairment	-	-	-	(302)	-	(302)
Profit / (loss) before income tax	15,395	(179)	(1,540)	(1,395)	(6,612)	5,669
Segment assets	59,704	800	8,030	-	55,955	124,489
Segment liabilities	14,309	-	-	-	3,024	17,333

Management has determined that the Company has five reportable segments, being Iron Valley, Mardie, Buckland, Discontinued Operations (Nullagine) and Other (Corporate and other Exploration).

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

Accounting policy

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

UNRECOGNISED ITEMS

NOTE 22 – COMMITMENTS

	2018 $000's	2017 $000's
Operating leases - buildings		
The Company has non-cancellable operating leases for office and storage buildings.		
Within one year	303	288
Greater than one year but not more than five years	74	294
More than five years	-	-
	377	582
Operating leases - vehicles		
The Company has non-cancellable operating leases for a vehicle.		
Within one year	1	5
Greater than one year but not more than five years	-	-
More than five years	-	-
	1	5
Capital commitments		
The Company currently has no Capital commitments.		

NOTE 23 – CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2018, the Company has no contingent liabilities or assets.

NOTE 24 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

On the 9 August 2018, the Company received a notice of decision from the Australian Taxation Office, approving the Company's request for out of time objections to income tax returns for 30 June 2012 to 30 June 2014, which will result in a cash tax refund of $1.5M.

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 2018.

OTHER NOTES

NOTE 25 – PARENT ENTITY

The following details information related to the parent entity, BCI Minerals Limited, as at 30 June 2018. The information presented here has been prepared using accounting policies consistent with those presented in the notes to the accounts.

	2018 $000's	2017 $000's
Statement of Financial Position		
Current assets	12,552	7,479
Total assets	123,068	119,509
Current liabilities	1,759	1,151
Total liabilities	37,477	915
Shareholders' equity		
Issued capital	266,984	266,735
Reserves	5,670	5,554
Accumulated losses	(187,063)	(153,695)
Total shareholders' equity	85,591	118,594
Loss for the year	(32,271)	(2,859)
Total comprehensive loss for the year	(32,271)	(2,859)

Included in note 22 are commitments incurred by the parent entity relating to the lease of offices.

NOTE 26 – AUDITOR'S REMUNERATION

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

	2018 $	2017 $
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit or review of financial reports for the Company	**58,950**	54,050
Non-audit services – assurance services	**7,889**	3,325
Total	**66,839**	57,375

NOTE 27 – RELATED PARTY TRANSACTIONS

a. Parent entity

BCI Minerals Limited is the parent entity.

b. Subsidiaries

Interests in subsidiaries are set out in note 20.

c. Joint operations

Interests in joint operations are set out in note 4.

d. Key management personnel

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

	2018 $	2017 $
Short-term employee benefits	**1,673,729**	1,578,585
Termination payments	**-**	467,195
Share based payments	**228,614**	428,094
Post-employment benefits	**102,811**	132,357
Total	**2,005,154**	2,606,230

e. Transactions with related parties

	2018 $	2017 $
Management fee income from joint operation	**-**	14,789
Payment for services made to other related parties	**207,101**	79,174

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 $207K (2017: $71K). All transactions were on normal commercial terms and conditions.

NOTE 28 – SHARE BASED PAYMENTS

During the 2011-2018 financial years, the Company provided share based payments to employees only, whereas in the 2010 financial year they were also granted to consultants and financers. An employee share option incentive plan was approved at the shareholder's annual general meeting of 16 November 2011. An Employee Performance Rights Plan was initially approved at the shareholder's annual general meeting of 19 November 2010 and a revised plan was approved at the Company's 2016 annual general meeting.

Under the terms of these plans, the Board may offer options and Performance 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.

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.

2018 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
21/08/2017	3,300,000	30/06/2019	$0.03	$0.19	0%
21/08/2017	2,450,000	30/06/2020	$0.02	$0.19	0%
27/10/2017	500,000	30/06/2019	$0.03	$0.15	0%
29/11/2017	2,200,000	30/06/2019	$0.01	$0.16	0%
29/11/2017	2,000,000	30/06/2020	$0.01	$0.16	0%
18/05/2018	1,000,000	30/06/2019	$0.01	$0.15	0%
18/05/2018	1,500,000	30/06/2020	$0.01	$0.15	0%

**Source: www.asx.com.au*

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

Grant date	21/08/2017	21/08/2017	27/10/2017	29/11/2017	29/11/2017	18/05/2018	18/05/2018
Vesting date	30/06/2019	30/06/2020	30/06/2019	30/06/2019	30/06/2020	30/06/2019	30/06/2020
Grant date share price	$0.19	$0.19	$0.15	$0.16	$0.16	$0.15	$0.15
Volatility (per cent)	94.4%	95.1%	94.4%	94.7%	94.4%	94.4%	95.1%
Dividend yield (per cent)	0%	0%	0%	0%	0%	0%	0%
Risk free rate	2.6%	2.6%	2.6%	2.5%	2.5%	2.6%	2.6%

2017 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
19/12/2016	400,000	30/06/2017	$0.15	$0.19	0%
19/12/2016	1,900,000	30/06/2017	$0.15	$0.19	0%
19/12/2016	1,400,000	30/06/2018	$0.14	$0.19	0%
14/03/2017	550,000	30/06/2017	$0.18	$0.21	0%
14/03/2017	1,200,000	30/06/2018	$0.08	$0.21	0%

**Source: www.asx.com.au*

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

Grant date	19/12/2016	19/12/2016	14/03/2017	14/03/2017
Vesting date	30/06/2017	30/06/2018	30/06/2017	30/06/2018
Grant date share price	$0.19	$0.19	$0.21	$0.21
Volatility (per cent)	108.9%	108.9%	105.2%	105.2%
Dividend yield (per cent)	0%	0%	0%	0%
Risk free rate	2.8%	2.8%	2.9%	2.9%

Summary of Performance Rights on issue

Vesting date	Opening balance at 1 July 2017	Rights granted during the year	Rights cancelled / lapsed during the year	Rights converted to shares during the year	Closing balance at 30 June 2018	Rights vested as at 30 June 2018
30/06/2017	4,250,000	-	(1,808,000)	(2,442,000)	-	NA
30/06/2018	4,802,271	-	-	-	4,802,271	2,640,000
30/06/2019	2,000,000	8,000,000	(1,000,000)	-	9,000,000	NA
30/06/2020	-	5,950,000	-	-	5,950,000	NA
Total	**11,052,271**	**13,950,000**	**(2,808,000)**	**(2,442,000)**	**19,752,271**	**2,640,000**

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 vesting condition not being satisfied, the previously recognised cumulative share based payment expense is reversed.

	2018 $	2017 $
Director benefits	**139,107**	308,710
Employee benefits	**225,471**	313,979
Total	**364,578**	622,689

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 costs
The cost 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.

NOTE 29 – 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

The following applicable accounting standards, amendment of standards and interpretations have recently been issued but are not yet effective. These standards have not been adopted by the Company as at the financial reporting date.

Standard title	Application date of the standard	Summary	Impact on Company's financial report
AASB 9 Financial Instruments	Periods beginning on or after 1 January 2018	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the investment. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income • The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the change in credit risk are also presented in profit or loss.	The Company has considered this standard and identified there will be minimal impact on the financial statements.
AASB 15 Revenue from Contracts with Customers	Periods beginning on or after 1 January 2018	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risk and rewards as is currently the case under IAS 18 Revenue.	The Company has considered this standard and identified there will be no impact on the financial statements.
AASB 16 Leases	Periods beginning on or after 1 January 2019	If a lessee has significant operating leases outstanding at the date of initial application, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. This will increase EBITDA as operating leases that were previously expensed will be amortised as a right-of-use asset, and an interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.	The Company has considered this standard and identified that future contractual arrangements may impact on the financial statements. Current contractual arrangements will not be impacted by the standard.

INDEPENDENT AUDITOR'S REPORT

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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 2018, 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 2018 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* (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 matter

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.

Carrying Value of Intangible Assets

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2018, we note that the carrying value of Intangible Assets is significant to the financial statement, as disclosed in note 10. An annual impairment test is required for intangible assets not being amortised under the Australian Accounting Standards. The assessment of the carrying value of Intangible Assets requires management to make significant accounting judgements and estimates in producing the discounted cash flow models used to determine whether the assets require impairment. Due the significance of the estimates and assumptions in this assessment we have identified this as a key audit matter. Refer to Note 10 for the detailed disclosures, which include the related accounting policies and the critical accounting judgements and estimates.	We evaluated management's impairment assessment for the Intangible assets by challenging the key estimates and assumptions used by management. Our procedures included, but were not limited to the following: • Analysing management's key assumptions used in the discounted cash flow models against external data and market information to determine their reasonableness; • Challenging the appropriateness of management's discount rates used in the discounted cash flow models in conjunction with our internal valuation experts; • Challenging assumptions around timing of future cash flows; • Comparing ore reserve to most recent available reserve statements; • Checking the mathematical accuracy of the discounted cash flow model; • Performing sensitivity analysis on key assumptions to determine if there would be a significant change to the carrying value of the asset; and • Assessed the adequacy of the Group's disclosures in respect of intangible asset carrying values and impairment assessment assumptions as disclosed in note 10 of the financial report.

Carrying Value of Mine Properties

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2018, we note that the carrying value of Mine Properties is significant to the financial statement, as disclosed in note 8. The assessment of the carrying value of Mine Properties requires management to make significant accounting judgements and estimates in producing the discounted cash flow model used to determine whether the assets require impairment in accordance with Australian Accounting Standards. Due to the significance of estimates and assumptions in this assessment, we have identified this as a key audit matter. Refer to Note 8 for the detailed disclosures, which include the related accounting policies and the critical accounting judgements and estimates.	We evaluated management's discounted cash flow model for Iron Valley by challenging the key estimates and assumptions used by management. Our procedures included, but were not limited to the following: • Analysing management's key assumptions used in the discounted cash flow model against external data and market consensus information to determine their reasonableness; • Challenging the appropriateness of management's discount rates used in the discounted cash flow model in conjunction with our internal valuation experts; • Checking the mathematical accuracy of the discounted cash flow model; • Performing sensitivity analysis on significant assumptions to determine if there would be a significant change to the carrying value of the asset; and • Assessing the adequacy of the Group's disclosures in respect of mine property carrying values and impairment assessment assumptions as disclosed in note 8 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in Directors' report for the year ended 30 June 2018, but does not include the financial report and our 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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_files/ar2.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 9 to 16 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of BCI Minerals Limited, for the year ended 30 June 2018, 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
Glyn O'Brien

Glyn O'Brien

Director

Perth, 21 August 2018

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF BCI MINERALS LIMITED

As lead auditor of BCI Minerals Limited for the year ended 30 June 2018, 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.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 21 August 2018

MINERAL RESOURCES AND ORE RESERVES

BCI has a substantial Mineral Resource and Ore Reserves base across its portfolio of operating and development projects in the Pilbara region of Western Australia. The Company's Mineral Resources and Ore Reserves are summarised in the following tables and further details are provided below.

MINERAL RESOURCES

Project	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Iron Valley	50	197.8	58.1	62.6	5.4	3.3	0.17	7.2
Kumina	53	115.2	58.0	62.6	5.7	3.2	0.10	7.5
Buckland	50	283.3	56.5	61.4	7.8	2.7	0.14	8.1
Total – Hematite	**Various**	**596.3**	**57.3**	**62.0**	**6.6**	**3.0**	**0.15**	**7.7**
Maitland River – Magnetite	26	1,106.0	30.4	30.8	44.0	2.3	0.06	1.2

ORE RESERVES

Project	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Iron Valley	54	95.4	58.4	63.1	5.0	3.1	0.18	7.4
Buckland	54	134.3	57.6	62.6	6.5	2.4	0.15	8.0
Total	**54**	**229.7**	**57.9**	**62.8**	**5.8**	**2.7**	**0.16**	**7.8**

IRON VALLEY

Mineral Resource and Ore Reserve estimates for Iron Valley as at 30 June 2018 are set out below, with a comparison to 30 June 2017 figures. The estimates have been completed by MIN, the operator of the Iron Valley mine. Mineral Resources reduced by 32.2Mt due to mining depletion and geological model updates from recent drilling. Ore Reserves reduced by 17.6Mt during the year, accounting for mining depletion, the revised Mineral Resource model and mine planning re-optimisation.

Iron Valley Mineral Resource Estimate (100% BCI, subject to iron ore sale agreement with MIN)

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Measured – In-situ	50	86.8	57.9	62.8	5.2	3.2	0.19	7.8
Measured – Stockpiles	50	5.2	56.1	60.1	8.3	3.7	0.14	6.6
Indicated	50	79.6	58.4	62.9	5.2	3.3	0.17	7.1
Inferred	50	26.1	57.8	61.3	6.6	3.9	0.14	5.6
Total as at 30-Jun-18	**50**	**197.8**	**58.1**	**62.6**	**5.4**	**3.3**	**0.17**	**7.2**
Total as at 30-Jun-17	*50*	*230.0*	*58.4*	*62.8*	*5.2*	*3.2*	*0.17*	*7.0*

Iron Valley Ore Reserve Estimate (100% BCI, subject to iron ore sale agreement with MIN)

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Proved – In-situ	54	56.6	58.4	63.3	4.6	3.1	0.19	7.7
Proved – Stockpiles	54	5.2	56.1	60.1	8.3	3.7	0.14	6.6
Probable – In-situ	54	33.6	58.6	63.1	5.0	3.2	0.16	7.2
Total as at 30-Jun-18	**54**	**95.4**	**58.4**	**63.1**	**5.0**	**3.1**	**0.18**	**7.4**
Total as at 30-Jun-17	*54*	*113.0*	*58.6*	*63.3*	*4.8*	*3.0*	*0.18*	*7.3*

Notes:
- *Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.*
- *CaFe means "calcined Fe" and equals Fe% / (1- LOI%).*
- *Stockpiles have been converted to dry tonnes based on a 7% moisture content.*
- *Stockpiles include 2.1Mt of post-process lump and fines products and 3.1Mt of pre-process ore.*

KUMINA

BCI acquired Kumina in September 2017 and rapidly completed initial exploration and drilling programmes. A maiden Mineral Resource estimate was completed in June 2018, as set out below.

Kumina Mineral Resource Estimate (100% BCI)

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Measured	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-
Inferred	53	115.2	58.0	62.6	5.7	3.2	0.10	7.5
Total as at 30-Jun-18	**53**	**115.2**	**58.0**	**62.6**	**5.7**	**3.2**	**0.10**	**7.5**
Total as at 30-Jun-17	-	-	-	-	-	-	-	-

Notes:

- *The Kumina Mineral Resource estimate includes deposits A, E and J.*
- *CaFe means "calcined Fe" and equals Fe% / (1- LOI%).*

BUCKLAND

Mineral Resource and Ore Reserve estimates for Buckland as at 30 June 2018 are set below, with a comparison to 30 June 2017 figures. There were no changes to the Mineral Resource and Ore Reserve estimates during the year.

Buckland Mineral Resource Estimate (100% BCI)

Deposit	Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Bungaroo South Area	Measured	50	30.9	57.4	62.1	6.7	3.0	0.15	7.6
	Indicated	50	224.0	56.6	61.6	7.8	2.4	0.15	8.1
	Inferred	50	3.4	54.7	59.4	10.2	3.0	0.13	7.9
Regional Satellite Deposits	Indicated	50	11.1	55.4	59.5	8.8	4.0	0.11	6.9
	Inferred	50	13.8	54.8	59.9	7.8	4.2	0.11	8.6
Sub-total	Measured	50	30.9	57.4	62.1	6.7	3.0	0.15	7.6
	Indicated	50	235.1	56.5	61.5	7.9	2.5	0.14	8.1
	Inferred	50	17.2	54.8	59.8	8.3	4.0	0.11	8.4
Total as at 30-Jun-18		**50**	**283.3**	**56.5**	**61.4**	**7.8**	**2.7**	**0.14**	**8.1**
Total as at 30-Jun-17		*50*	*283.3*	*56.5*	*61.4*	*7.8*	*2.7*	*0.14*	*8.1*

Buckland Ore Reserve Estimate (100% BCI)

Deposit	Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Bungaroo South Area	Proved	54	23.2	58.3	62.9	5.8	2.9	0.15	7.4
	Probable	54	111.1	57.5	62.6	6.6	2.3	0.15	8.1
Total as at 30-Jun-18		**54**	**134.3**	**57.6**	**62.6**	**6.5**	**2.4**	**0.15**	**8.0**
Total as at 30-Jun-17		*54*	*134.3*	*57.6*	*62.6*	*6.5*	*2.4*	*0.15*	*8.0*

Notes:

- *Bungaroo South Area is Bungaroo South and Dragon. Regional Satellite Deposits are Rabbit, Rooster and Snake.*
- *Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.*
- *CaFe means "calcined Fe" and equals Fe% / (1- LOI%).*

MAITLAND RIVER

The Mineral Resource estimate for Maitland River as at 30 June 2018 is set out below, with a comparison to 30 June 2017 figures. There was no change to the Mineral Resource estimate during the year.

Maitland River Mineral Resource Estimate (100% BCI)

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Measured	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-
Inferred	26	1,106.0	30.4	30.8	44.0	2.3	0.06	1.2
Total as at 30-Jun-18	26	1,106.0	30.4	30.8	44.0	2.3	0.06	1.2
Total as at 30-Jun-17	26	1,106.0	30.4	30.8	44.0	2.3	0.06	1.2

Notes:
- *Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.*
- *CaFe means "calcined Fe" and equals Fe% / (1- LOI%).*
- *The Mineral Resource estimate is for beneficiable feed ore, which requires beneficiation (upgrading).*
- *Indicative Davis Tube Recovery (grind size, P80 25μ) test work produced a beneficiated magnetite concentrate with weight yields ranging from 13-28%.*

MINERAL RESOURCES AND ORE RESERVES GOVERNANCE

BCI's Mineral Resources and Ore Reserves as at 30 June 2018 are reported in accordance with JORC (2012) guidelines except for the Maitland River Mineral Resource estimate, which is reported in accordance with JORC (2004) guidelines on the basis that the information has not materially changed.

In relation to Kumina, Buckland and Maitland River, the Mineral Resource and Ore Reserve estimates are completed by or under the guidance of a suitably qualified BCI or independent Competent Person. The estimates are based on industry standard techniques and standard company practices for public reporting.

In relation to Iron Valley, the Mineral Resource and Ore Reserve estimates are completed by or under the guidance of a suitably qualified MIN or independent Competent Person. BCI is satisfied with the procedures MIN has advised it has in place for Mineral Resource and Ore Reserve estimation. Suitably qualified BCI personnel have also reviewed the documentation and are comfortable with the methodologies used by MIN.

The Mineral Resources and Ore Reserves statement included in the Annual Report is reviewed and approved by a suitably qualified BCI Competent Person prior to its inclusion.

COMPETENT PERSONS STATEMENTS

The Mineral Resources and Ore Reserves statement in this report has been approved by Mr Paul Penna who is an employee of BCI Minerals Limited and a Member of the Australian Institute of Geoscientists. Mr Penna consents to the inclusion in this report of the Mineral Resources and Ore Reserves statement in the form and context in which it appears.

The information in this report that relates to the Mineral Resource estimate at Iron Valley is based on, and fairly represents, information which has been compiled by Mr Matthew Watson, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Mineral Resources Limited. Mr Watson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve estimate at Iron Valley is based on, and fairly represents, information which has been compiled by Mr Ross Jaine, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Mineral Resources Limited. Mr Jaine has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jaine consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the data that was used to compile the Mineral Resource estimate at Kumina is based on, and fairly represents, information which has been compiled by Mr Ian Shackleton. Mr Shackleton is a Member of the Australian Institute of Geoscientists and was a full-time employee of BCI Minerals Limited at the time the estimate was completed. Mr Shackleton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Shackleton consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to estimation of the Mineral Resource estimate at Kumina is based on, and fairly represents, information which has been compiled by Mr Rodney Brown. Mr Brown is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of SRK Consulting. Mr Brown has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Brown consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Mineral Resource estimates at Buckland is based on, and fairly represents, information which has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Widenbar and Associates. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve estimate at Buckland is based on, and fairly represents, information which has been compiled by Mr Alan G. Cooper, who was a Member of the Australasian Institute of Mining and Metallurgy and was a full-time employee of Snowden Mining Industry Consultants Pty Ltd at the time the estimate was completed. Mr Cooper had sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to the Mineral Resource estimate at Maitland River is based on, and fairly represents, information which has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Widenbar and Associates. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context in which they appear. It has been not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

SHAREHOLDER INFORMATION

(AS AT 30 SEPTEMBER 2018)

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as disclosed in substantial notices given to the Company are as follows:

Shareholder	Shares held	% of issued capital
Wroxby Pty Ltd	109,578,131	27.56

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholding	Number of holders	Number of shares	% of issued capital
1-1,000	1,565	729,904	0.18
1,001-5,000	2,252	6,334,093	1.59
5,001-10,000	1,045	8,179,195	2.06
10,001 – 100,000	1,923	67,277,762	16.92
100,001 and over	399	315,08,956	79.25
Total	**7,184**	**397,608,910**	**100.00**

UNMARKETABLE PARCELS

There were 3,216 members holding less than a marketable parcel of shares in the Company at $0.13 per unit.

TWENTY LARGEST SHAREHOLDERS

#	Shareholder	Shares held	% of issued capital
1	Wroxby Pty Ltd	102,114,132	25.68
2	Citicorp Nominees Pty Limited	17,983,856	4.52
3	J P Morgan Nominees Australia Limited	15,781,226	3.97
4	National Nominees Limited	8,877,177	2.23
5	Wroxby Pty Ltd	7,463,999	1.88
6	One Managed Invt Funds Ltd <Sandon Capital Inv Ltd A/C>	7,195,711	1.81
7	Mineralogy Pty Ltd	6,090,000	1.53
8	Mr Alwyn Petrus Vorster <The Vorster Family A/C>	3,985,645	1.00
9	Mr Benny Xu Zhang	3,037,461	0.76
10	One Managed Invt Funds Ltd <1 A/C>	3,000,000	0.75
11	HSBC Custody Nominees (Australia) Limited	2,776,364	0.70
12	Pacific L Pty Ltd <Pacific Level S/F A/C>	2,741,850	0.69
13	Foster Stockbroking Nominees Pty Ltd <No 2 Account>	2,644,908	0.67
14	Super Smart Investments Pty Ltd <Barry & Naomi King S/F A/C>	2,300,000	0.58
15	Ms Karen Anne Davies + Mr Bruce Donald Maclean <Maclean Super Fund A/C>	2,183,912	0.55
16	Minton Ltd	2,102,673	0.53
17	Mr Richard Cheng Shih Koo + Ms Cindy Bee Har Koo <Koo Super Fund A/C>	2,061,753	0.52
18	Mr Brian Maxwell Durham + Mrs Ann Marie Durham <B & A Durham Super Fund A/C>	2,000,000	0.50
19	Mr Timothy Francis Buckett	1,900,000	0.48
20	Mr George Chien Hsun Lu + Mrs Jenny Chin Pao Lu	1,785,000	0.45
	Total	**198,025,667**	**49.80**

VOTING RIGHTS

All issued shares carry voting rights on a one for one basis.

Unlisted Securities

Security type	Class	Number	Number of holders
Performance rights	1	10,000,000	12

CORPORATE DIRECTORY

BCI MINERALS LIMITED | ABN 21 120 646 924

Registered Office and Principal Place of Business

Level 1, 15 Rheola Street
West Perth, Western Australia 6005, Australia

Telephone:	+61 (08) 6311 3400
Facsimile:	+61 (08) 6311 3449
Website:	www.bciminerals.com.au
Email:	info@bciminerals.com.au

Postal Address

GPO Box 2811
Perth, Western Australia 6001

Executive Directors

Alwyn Vorster – Managing Director

Non-executive Directors

Brian O'Donnell – Chairman
Michael Blakiston
Jenny Bloom
Martin Bryant
Andrew Haslam

Company Secretary

Susan Hunter

Share Registry

Investors seeking information about their shareholdings should contact the company's share registry:

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, Western Australia 6000

Postal address:	GPO Box 2975, Melbourne Victoria 3001
Telephone:	1300 850 505 (within Australia)
	+61 3 9415 4000 (outside Australia)
Facsimile:	(03) 9473 2500 (within Australia)
	+61 3 9473 2500 (outside Australia)
Email:	web.queries@computershare.com.au
Website:	www.investorcentre.com/contact

The share registry can assist with queries on share transfers, dividend payments and changes of name, address or bank account details.

For security reasons you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) when communicating with the share registry.

Australian Securities Exchange Listing

BCI Minerals Limited securities are listed on the Australian Securities Exchange (ASX) under the code BCI.

Annual General Meeting

The 2018 Annual General Meeting of BCI Minerals Limited will be held at 2pm (AWST) on Thursday 22 November 2018 at the offices of BDO, 38 Station Street, Subiaco, Western Australia. Details of the business of the meeting will be provided in the Notice of Meeting.

Copies of the Chairman's and Managing Director's speeches will be available on the Company's website.

Financial Calendar*

September 2018 quarter report:	25 October 2018
Annual General Meeting:	22 November 2018
Half-year end:	31 December 2018

**Timing of events is subject to change*

BCI MINERALS LIMITED

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