

## APPENDIX 4D

### For the half-year ended 31 December 2019

This information should be read in conjunction with BCI Minerals Limited's Financial Report for the half-year ended 31 December 2019.

#### Company Details

Name of entity: BCI Minerals Limited

ABN: 21 120 646 924

#### Results for announcement to the market

|  | December<br>2019<br>\$000's | December<br>2018<br>\$000's | Up /<br>Down | %<br>Movement |
|--|-----------------------------|-----------------------------|--------------|---------------|
| Revenue from continuing operations                         | 39,396                      | 19,765                      | Up           | 99.3%         |
| Profit /(loss) after income tax from continuing operations | (4,125)                     | 15,598                      | Down         | (126%)        |
| Net profit/(loss) attributable to members                  | (4,125)                     | 15,598                      | Down         | (126%)        |

#### Dividends

No dividends have been declared for the half-year ended 31 December 2019 (31 December 2018: nil).

#### Net tangible asset backing

Net tangible asset backing per ordinary share: \$0.25 (June 2019: \$0.26).

#### Previous corresponding period

The previous corresponding period is the half-year ended 31 December 2018.

#### Auditor's review

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

#### Commentary on results for the period

The Company's net loss after income tax for the half-year ended 31 December 2019 was (\$4.1M), which is a result of earnings from Iron Valley and expenditure incurred to progress and develop the Mardie Salt Project and other exploration activities.

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



# FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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## DIRECTORS' REPORT

The Directors present their report on the results of the Consolidated Entity (referred to hereafter as "BCI" or the "Company") consisting of BCI Minerals Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2019.

### PRINCIPAL ACTIVITY

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

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

### DIRECTORS

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

|                   |                               |
|-------------------|-------------------------------|
| Brian O'Donnell   | Chairman (Non-Executive)      |
| Alwyn Vorster     | Managing Director (Executive) |
| Michael Blakiston | Director (Non-Executive)      |
| Jenny Bloom       | Director (Non-Executive)      |

### DIVIDENDS

No dividends have been declared in relation to the half-year ended 31 December 2019 (June 2019: Nil).

### ROUNDING OF AMOUNTS

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

### REVIEW OF OPERATIONS

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

The operations and results of the Company for the half-year ended 31 December 2019 are reviewed below. This review includes information on the financial position of the Company, and its business strategies and prospects for the remainder of the current financial year and for future financial years. It is recommended that this report is read in conjunction with the annual report for the year ended 30 June 2019 and considered together with any public announcements made by the Company during or since the half-year ended 31 December 2019 in accordance with the continuous disclosure requirements of the Australian Securities Exchange ("ASX") Listing Rules.

The previous corresponding period for profit or loss and cash flow is the half-year ended 31 December 2018.

#### Safety performance

BCI is committed to providing a safe working environment for all staff and contractors. No lost time injuries ("LTIs") have been recorded for more than 4.5 years and the lost time injury frequency rate ("LTIFR") at 31 December 2019 was zero (December 2018: 0.0).

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

#### Mardie Salt & Potash Project

BCI is focused on rapidly advancing its 100% owned Mardie Salt & Potash Project, a potential Tier 1 project located on the West Pilbara coast in the centre of Australia's key salt production region.

The Mardie Project will produce high-purity salt and sulphate of potash (“SOP”) via solar evaporation of seawater. Using an inexhaustible resource and a production process driven mainly by natural solar and wind energy, the Mardie Project is a sustainable opportunity to supply the salt and potash growth markets in Asia over many decades.

BCI completed a Pre-Feasibility Study (“PFS”) optimisation during 2019, which established a positive business case for producing 4.0Mtpa salt and 100ktpa SOP for export via a new port at the Mardie site. A Definitive Feasibility Study (“DFS”) is currently underway.

During the half-year, BCI progressed the DFS towards completion in the June 2020 quarter, with design & engineering completed for all key project areas and a final value engineering phase commenced to optimise designs, capital and operating costs.

Site-based trials continued, with the 1:40,000 small-scale trial ponds reaching steady-state operations and first raw salt samples being harvested. Designs and approvals for a large 32-hectare trial pond and pump station were finalised which should provide valuable knowledge of pond construction methodologies and materials. Establishment of a 36-bed accommodation village was completed at the Mardie site to support construction of the trial pond, which is planned to commence in April 2020 following the wet season.

BCI continued to make good progress in relation to tenure and approvals during the half-year. Environmental studies have been completed and the revised Environmental Review Document (“ERD”) for the Mardie Project was finalised. Mining Lease applications and the supporting Mining Proposal and Mine Closure Plan were submitted to the regulators.

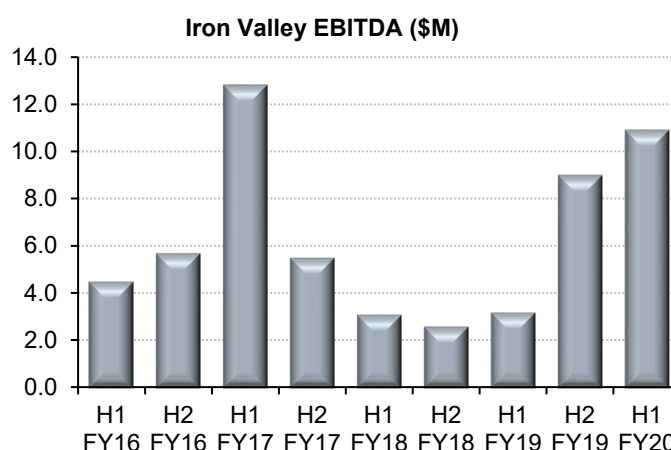
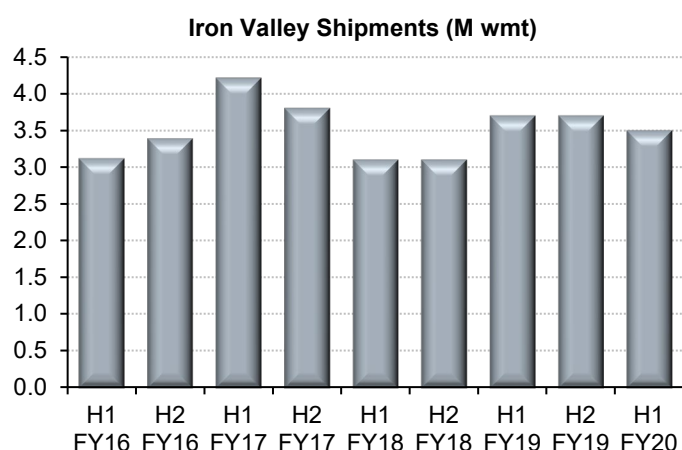
The land and marine areas required for the new Cape Preston West Port area were agreed with the Pilbara Ports Authority (“PPA”). A non-binding Terms Sheet with the PPA has been executed, setting out the key principles of the planned port lease documentation for developing the Mardie port facilities within the Cape Preston West Port area.

Offtake and funding workstreams are progressing well. BCI has signed 10 non-binding salt memoranda of understanding (“MOUs”) for potential offtake of up to 2.8Mtpa and two SOP MOUs for potential offtake of up to 80ktpa. Positive discussions continue to be held with the Federal Government’s Northern Australia Infrastructure Facility and a range of Australian and international banks about the potential provision of debt funding for the Mardie Project.

## Iron Valley Mine

The Iron Valley Mine is operated by MIN under an ore purchase agreement with BCI. MIN operates the mine and pays BCI a quarterly gross royalty to purchase the iron ore. From the gross royalty, BCI pays State Government, Native Title and private royalties.

MIN shipped 3.5 million wet metric tonnes (“Mwmt”) (December 2018: 3.7Mwmt), generating revenue for BCI of \$39.1M (December 2018: \$20.2M) and EBITDA of \$10.9M (December 2018: \$3.2M).



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

## Corporate

### Annual General Meeting

The Company's annual general meeting was held in Perth on 27 November 2019. All nine resolutions considered at the meeting were passed.

## REVIEW OF RESULTS

### Statement of profit or loss

The Company's net loss after income tax for the half-year ended 31 December 2019 was \$4.1M (December 2018: profit \$15.6M), which is a result of earnings from Iron Valley and increased expenditure on progressing and developing the Mardie Salt Project and other exploration activities.

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

|  | December 2019<br>A\$M | December 2018<br>A\$M |
|--|-----------------------|-----------------------|
| <b>Continuing operations</b>           |                       |                       |
| Net Revenue                            | 39.4                  | 19.8                  |
| Expenditure                            | (43.5)                | (18.3)                |
| Profit on sale of exploration tenement | -                     | 14.1                  |
| <b>Net profit/(loss) after tax</b>     | <b>(4.1)</b>          | <b>15.6</b>           |

The Company's EBITDA for the half-year ended 31 December 2019 was a loss of \$3.2M (December 2018: profit \$15.3M) which incorporates positive EBITDA of \$10.9M from Iron Valley and expenditure of \$11.2M on the Mardie Project.

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

|                              | December 2019<br>A\$M | December 2018<br>A\$M |
|------------------------------|-----------------------|-----------------------|
| <b>Continuing operations</b> |                       |                       |
| Iron Valley                  | 10.9                  | 3.2                   |
| Tenements & Other Interests  | (0.2)                 | 16.6                  |
| Mardie                       | (11.2)                | (1.9)                 |
| Other                        | (2.7)                 | (2.6)                 |
| <b>Total EBITDA</b>          | <b>(3.2)</b>          | <b>15.3</b>           |

### Statement of cash flows

Cash and cash equivalents as at 31 December 2019 of \$34.0M (June 2019: \$33.7M), increased over the 6 months as the inflow of cash from Iron Valley exceeded outflows for the Mardie Project and other operations.

### Statement of financial position

Net assets decreased to \$99.5M (June 2019: \$103.6M) primarily due to the decrease in amount receivable for the December quarter Iron Valley royalty.

The Company's gross debt position remained nil (June 2019: Nil).

At 31 December 2019, cash and cash equivalents exceeded debt by \$34.0M (June 2019: \$33.7M).

### Dividends

The Directors have not paid or declared any dividends since the commencement of the half-year ended 31 December 2019.

|  | 2019 | 2018 |
|--|------|------|
| a) out of the profits for the year ended 30 June 2019 and retained earnings on fully paid ordinary shares (2018: nil). | Nil  | Nil  |
| b) out of the profits for the half-year ended 31 December 2019 and retained earnings on fully paid ordinary shares.    | Nil  | Nil  |

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

On 12 February 2020 MIN announced that they plan to spend approximately \$50M on the Iron Valley mine and infrastructure. Discussions between BCI and MIN continue on co-operation to ensure Iron Valley remains viable over the longer term, particularly at low points in the iron ore price cycle.

BCI intends to continue advancing the Mardie Salt & Potash Project towards development. During the first half of CY2020, BCI aims to complete the Mardie DFS and progress key approval and tenure related matters with the aim of making a final development decision on Mardie by Q3 CY2020 and commencing first construction in early CY2021.

BCI is considering the divestment of its other iron ore assets and tenements, which would provide additional funding and management time to progress Mardie towards a final investment decision.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

## EVENTS SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial periods subsequent to the half-year ended 31 December 2019.

## AUDIT INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution by the Directors.

A handwritten signature in blue ink, appearing to read "B O'Donnell", with a large, stylized flourish at the end.

Brian O'Donnell  
Chairman  
Perth, Western Australia  
20 February 2020

A handwritten signature in blue ink, appearing to read "Alwyn Vorster", with a large, stylized flourish at the end.

Alwyn Vorster  
Managing Director  
Perth, Western Australia  
20 February 2020



## DIRECTORS' DECLARATION

In the opinion of the Directors of BCI Minerals Limited:

- a. the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* including:
  - i. giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2019 and of its performance for the half-year ended on that date; and
  - ii. complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- b. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in blue ink, appearing to read "B O'Donnell", is written over a faint, illegible stamp.

Brian O'Donnell  
Chairman  
Perth, Western Australia  
20 February 2020

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

|  | Notes | December 2019<br>\$000's | December 2018<br>\$000's |
|--|-------|--------------------------|--------------------------|
| <b>Revenue from continuing operations</b>  |       |                          |                          |
| Sale of goods  |       | 40,109                   | 20,222                   |
| Other revenue  |       | (713)                    | (457)                    |
| <b>Total revenue from continuing operations</b>                                    | 1     | 39,396                   | 19,765                   |
| Cost of sales  | 2     | (29,325)                 | (17,712)                 |
| Administration expenses  | 2     | (2,599)                  | (2,409)                  |
| Exploration and evaluation expenditure   |       | (11,621)                 | (3,374)                  |
| Profit / (Loss) on sale of asset   |       | 41                       | (3)                      |
| Profit on sale of exploration tenement   |       | -                        | 17,821                   |
| <b>Profit / (loss) before finance costs and income tax</b>                         |       | (4,108)                  | 14,088                   |
| Finance costs  | 7     | (17)                     | -                        |
| <b>Profit / (loss) before income tax</b>   |       | (4,125)                  | 14,088                   |
| Income tax benefit / (expense)   | 3     | -                        | 1,510                    |
| <b>Profit / (loss) after income tax from continuing operations</b>                 |       | (4,125)                  | 15,598                   |
| <b>Other comprehensive income/(expense)</b>  |       |                          |                          |
| Items that may be reclassified to profit or loss                                   |       |                          |                          |
| Changes in the fair value of cash flow hedges                                      |       | -                        | -                        |
| <b>Profit / (loss) for the year attributable to owners of BCI Minerals Limited</b> |       | (4,125)                  | 15,598                   |
|  |       | Cents                    | Cents                    |
| Basic profit / (loss) per share from continuing operations                         |       | (1.03)                   | 3.92                     |
| Diluted earnings / (loss) per share from continuing operations                     |       | (1.03)                   | 3.93                     |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
AS AT 31 DECEMBER 2019

|                                      | Notes | December 2019<br>\$000's | June 2019<br>\$000's |
|--------------------------------------|-------|--------------------------|----------------------|
| <b>Current assets</b>                |       |                          |                      |
| Cash and cash equivalents            |       | 34,025                   | 33,702               |
| Short term investments               |       | 529                      | 340                  |
| Trade and other receivables          |       | 10,417                   | 22,251               |
| <b>Total current assets</b>          |       | <b>44,971</b>            | <b>56,293</b>        |
| <b>Non-current assets</b>            |       |                          |                      |
| Receivables                          | 8     | 8,341                    | 8,285                |
| Property, plant and equipment        | 4     | 41,054                   | 39,683               |
| Exploration and evaluation assets    | 5     | 2,776                    | 2,575                |
| Intangibles                          | 6     | 23,532                   | 23,532               |
| Right of use assets                  | 7     | 867                      | -                    |
| <b>Total non-current assets</b>      |       | <b>76,570</b>            | <b>74,075</b>        |
| <b>Total assets</b>                  |       | <b>121,541</b>           | <b>130,368</b>       |
| <b>Current liabilities</b>           |       |                          |                      |
| Trade and other payables             |       | 12,354                   | 18,092               |
| Lease liabilities                    | 7     | 221                      | -                    |
| Provisions                           | 8     | 449                      | 379                  |
| <b>Total current liabilities</b>     |       | <b>13,024</b>            | <b>18,471</b>        |
| <b>Non-current liabilities</b>       |       |                          |                      |
| Lease liabilities                    | 7     | 658                      | -                    |
| Provisions                           | 8     | 8,341                    | 8,285                |
| <b>Total non-current liabilities</b> |       | <b>8,999</b>             | <b>8,285</b>         |
| <b>Total liabilities</b>             |       | <b>22,023</b>            | <b>26,756</b>        |
| <b>Net assets</b>                    |       | <b>99,518</b>            | <b>103,612</b>       |
| <b>Shareholders' equity</b>          |       |                          |                      |
| Contributed equity                   | 9     | 267,303                  | 267,212              |
| Reserves                             | 10    | 5,358                    | 5,418                |
| Accumulated losses                   | 11    | (173,143)                | (169,018)            |
| <b>Total shareholders' equity</b>    |       | <b>99,518</b>            | <b>103,612</b>       |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

|   | Contributed<br>equity<br>\$000's | Accumulated<br>losses<br>\$000's | Reserves<br>\$000's | Total<br>\$000's |
|---|----------------------------------|----------------------------------|---------------------|------------------|
| Balance at 1 July 2018  | 266,984                          | (181,915)                        | 5,542               | 90,611           |
| Profit for the year   | -                                | 12,897                           | -                   | 12,897           |
| Reclassification to profit or loss  | -                                | -                                | -                   | -                |
| <b>Total comprehensive profit</b>   | <b>-</b>                         | <b>12,897</b>                    | <b>-</b>            | <b>12,897</b>    |
| <b>Transactions with equity holders in their capacity as equity holders</b> |                                  |                                  |                     |                  |
| Performance Rights converted  | 228                              | -                                | (228)               | -                |
| Share based payments  | -                                | -                                | 104                 | 104              |
| <b>Balance at 30 June 2019</b>  | <b>267,212</b>                   | <b>(169,018)</b>                 | <b>5,418</b>        | <b>103,612</b>   |
| Loss for the period   | -                                | (4,125)                          | -                   | (4,125)          |
| Reclassification to profit or loss  | -                                | -                                | -                   | -                |
| <b>Total comprehensive loss</b>   | <b>-</b>                         | <b>(4,125)</b>                   | <b>-</b>            | <b>(4,125)</b>   |
| <b>Transactions with equity holders in their capacity as equity holders</b> |                                  |                                  |                     |                  |
| Performance Rights converted  | 91                               | -                                | (91)                | -                |
| Share based payments  | -                                | -                                | 31                  | 31               |
| <b>Balance at 31 December 2019</b>  | <b>267,303</b>                   | <b>(173,143)</b>                 | <b>5,358</b>        | <b>99,518</b>    |

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

|  | December 2019<br>\$000's | December 2018<br>\$000's |
|--|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>                  |                          |                          |
| Receipts from customers                                      | 50,821                   | 15,082                   |
| Payments to suppliers and employees                          | (48,493)                 | (20,236)                 |
| Income tax refund  | -                        | 1,510                    |
| Interest received  | 287                      | 259                      |
| Interest paid on lease liabilities                           | 7                        | (17)                     |
| <b>Net cash inflow / (outflow) from operating activities</b> | <b>2,598</b>             | <b>(3,385)</b>           |
| <b>Cash flows from investing activities</b>                  |                          |                          |
| Proceeds from disposal of exploration tenement               | -                        | 27,000                   |
| Proceeds from disposal of plant and equipment                | 41                       | 1                        |
| Payments for plant and equipment                             | (1,831)                  | (64)                     |
| Payments for investments                                     | (389)                    | -                        |
| <b>Net cash (outflow) / inflow from investing activities</b> | <b>(2,179)</b>           | <b>26,937</b>            |
| <b>Cash flows from financing activities</b>                  |                          |                          |
| Payment of lease liabilities                                 | 7                        | (96)                     |
| <b>Net cash outflow from financing activities</b>            | <b>(96)</b>              | <b>-</b>                 |
| <b>Net increase in cash and cash equivalents</b>             | <b>323</b>               | <b>23,552</b>            |
| Cash and cash equivalents at beginning of the year           | 33,702                   | 13,057                   |
| <b>Cash and cash equivalents at end of the period</b>        | <b>34,025</b>            | <b>36,609</b>            |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### NOTES TO THE FINANCIAL STATEMENTS

#### Preface to the notes

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

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

#### Basis of preparation

##### 1. Corporate information

The financial statements for BCI Minerals Limited for the half-year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 20 February 2020. BCI Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. BCI Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Company' or the 'Consolidated Entity'.

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

##### 2. Basis of preparation

These interim financial statements for the half-year ended 31 December 2019 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

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

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2019 and considered together with any public announcements made by the Company during the

half-year ended 31 December 2019 in accordance with the continuous disclosure requirements of the ASX Listing Rules.

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

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

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

##### 3.1 New and amended standards adopted by the group

AASB 16 – Leases became effective for annual reporting periods commencing on or after 1 January 2019 and is applicable to the Group for the interim reporting period. As a result of this standard, the group has revised its accounting policies regarding leases to comply with the new standard.

The impact from adopting the leasing standard and the new accounting policies are disclosed in note 7 below.

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

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

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

Except for the adoption of AASB 16, the accounting policies and estimates made are consistent with those of the previous financial year.

#### 5. Foreign currency

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### KEY NUMBERS

#### NOTE 1 – REVENUE

|                                    | December 2019<br>\$000's | December 2018<br>\$000's |
|------------------------------------|--------------------------|--------------------------|
| Sales – Iron Valley                | 40,109                   | 20,222                   |
| Net gain/(loss) on pricing changes | (1,000)                  | (716)                    |
| Interest revenue                   | 287                      | 259                      |
| Other income                       | -                        | -                        |
| <b>Total</b>                       | <b>39,396</b>            | <b>19,765</b>            |

#### NOTE 2 – EXPENSES

|                                 | December 2019<br>\$000's | December 2018<br>\$000's |
|---------------------------------|--------------------------|--------------------------|
| <b>Cost of sales</b>            |                          |                          |
| Amortisation of mine properties | 1,138                    | 1,484                    |
| Royalties                       | 28,187                   | 16,228                   |
| <b>Cost of sales</b>            | <b>29,325</b>            | <b>17,712</b>            |
| <b>Administration expenses</b>  |                          |                          |
| Employee benefits expense       | 1,235                    | 1,242                    |
| Depreciation and amortisation   | 138                      | 35                       |
| Share based payments            | 31                       | 47                       |
| Non-executive directors' fees   | 200                      | 272                      |
| Occupancy related expenses      | 320                      | 147                      |
| Consultant and legal fees       | 159                      | 89                       |
| Other                           | 516                      | 577                      |
| <b>Administration expenses</b>  | <b>2,599</b>             | <b>2,409</b>             |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### NOTE 3 – INCOME TAXES

|   | December 2019<br>\$000's | December 2018<br>\$000's |
|---|--------------------------|--------------------------|
| <b>Reconciliation of effective tax rate</b>   |                          |                          |
| <b>Profit / (loss) before tax</b>   | <b>(4,125)</b>           | <b>14,088</b>            |
| Income tax at the statutory rate of 30 per cent (2018: 30 per cent)   | (1,238)                  | 4,226                    |
| Non-deductible expenses   | 10                       | 14                       |
| Temporary differences derecognised  | (488)                    | (501)                    |
| Tax losses not recognised/(utilised)  | 1,661                    | (3,525)                  |
| Tax refund from prior years   | -                        | 1,510                    |
| Under/(over) provided in prior periods and other  | 55                       | (214)                    |
| <b>Income tax benefit reported in the Consolidated statement of profit or loss and other comprehensive income</b> | <b>-</b>                 | <b>1,510</b>             |

During the financial period, the Company received a tax refund of \$ nil (Dec 2018: \$1.5M) relating to prior financial years.

The Company recognises deferred tax assets relating to carried forward tax losses to the extent they can be utilised. The utilisation of the tax losses depends on the ability of the entities to generate sufficient future taxable profits. At 31 December 2019, the Company had unrecognised deferred tax assets relating to tax losses of \$74.9M (June 2019: \$73.1M). The Company also has an R&D off-set available of \$5.7M (June 2019 \$5.7M).

### NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

|   | Mine Properties<br>\$000's | Plant and<br>equipment<br>\$000's | Office furniture,<br>equipment and IT<br>\$000's | Total<br>\$000's |
|---|----------------------------|-----------------------------------|--|------------------|
| <b>Year ended 30 June 2019</b>            |                            |                                   |  |                  |
| Opening net book value                    | 42,049                     | 25                                | 79   | 42,153           |
| Additions                                 | -                          | 140                               | 16   | 156              |
| Disposals                                 | -                          | (3)                               | -  | (3)              |
| Depreciation and amortisation expense     | (2,547)                    | (22)                              | (54)   | (2,623)          |
| <b>Closing net book value</b>             | <b>39,502</b>              | <b>140</b>                        | <b>41</b>  | <b>39,683</b>    |
| <b>At 30 June 2019</b>                    |                            |                                   |  |                  |
| Cost                                      | 51,658                     | 870                               | 1,711  | 54,239           |
| Accumulated depreciation and amortisation | (12,156)                   | (730)                             | (1,670)  | (14,556)         |
| <b>Net carrying amount</b>                | <b>39,502</b>              | <b>140</b>                        | <b>41</b>  | <b>39,683</b>    |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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

|  | Mine Properties<br>\$000's | Plant and<br>equipment<br>\$000's | Office furniture,<br>equipment and IT<br>\$000's | Total<br>\$000's |
|--|----------------------------|-----------------------------------|--|------------------|
| <b>Half-year ended 31 December 2019</b>      |                            |                                   |  |                  |
| Opening net book value                       | 39,502                     | 140                               | 41   | 39,683           |
| Additions                                    | -                          | 2,524                             | 27   | 2,551            |
| Disposals                                    | -                          | (1)                               | (61)   | (62)             |
| Depreciation and amortisation expense        | (1,138)                    | (24)                              | 44   | (1,118)          |
| <b>Closing net book value</b>                | <b>38,364</b>              | <b>2,639</b>                      | <b>51</b>  | <b>41,054</b>    |
| <b>At 31 December 2019</b>                   |                            |                                   |  |                  |
| Cost   | 51,658                     | 3,393                             | 1,616  | 56,667           |
| Accumulated depreciation and<br>amortisation | (13,294)                   | (754)                             | (1,564)  | (15,613)         |
| <b>Net carrying amount</b>                   | <b>38,364</b>              | <b>2,639</b>                      | <b>51</b>  | <b>41,054</b>    |

During the half year ended 31 December 2019 the Group invested an amount of \$2.5m to construct a camp facility at the Mardie Operations site.

### NOTE 5 – EXPLORATION AND EVALUATION

|   | December 2019<br>\$000's | June 2019<br>\$000's |
|---|--------------------------|----------------------|
| Opening balance                                   | 2,575                    | 14,500               |
| Carrying value of tenements sold                  | -                        | (8,900)              |
| Write down of tenements to recoverable value      | -                        | (3,025)              |
| Exploration earn-in                               | 201                      | -                    |
| Unsuccessful exploration expenditure derecognised | -                        | -                    |
| <b>Net carrying amount</b>                        | <b>2,776</b>             | <b>2,575</b>         |

During the half-year ended 31 December 2019, the Company provided \$0.2M in further funding to the Carnegie Joint Venture (CJV). Carrying value of the investment at 31 December 2019 is \$1.7M (June 2019: \$1.5M).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### NOTE 6 – INTANGIBLES

|  | December 2019 | June 2019     |
|--|---------------|---------------|
|  | \$000's       | \$000's       |
| Opening balance                          | 23,532        | 23,532        |
| <b>Net carrying amount</b>               | <b>23,532</b> | <b>23,532</b> |
| <b>Net carrying value of intangibles</b> |               |               |
| Royalties                                | 15,502        | 15,502        |
| Port lease rights                        | 8,030         | 8,030         |
| <b>Net carrying amount</b>               | <b>23,532</b> | <b>23,532</b> |

#### 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.

#### 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.

No impairment was recognised at 31 December 2019 as no impairment indicators were present.

### NOTE 7 – ADOPTION OF AASB 16 LEASES

The Group has adopted AASB 16 with effect from 1 July 2019 (the 'adoption date') but has not restated comparatives for the June 2019 reporting period as allowed under AASB 16. All relevant contracts, other than short term contracts or those relating to low-value assets have been assessed to determine whether they are leases, or contain, leases. For initial adoption purposes the group has relied on the practical expedient where short term contracts include contracts that were for a total period greater than 12 months but that expire within 12 months or less of the adoption date.

As at 1 July 2019 the Group did not have any lease contracts which required right of use assets or lease liabilities to be recognised as the lease terms ended within 12 months of the date of initial application. Therefore no right of use asset or lease liability was recognised at this date.

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

Operating lease commitments disclosed at the end of the comparative reporting period are reconciled to the opening lease liability balance as follows:

|   | December 2019 |
|---|---------------|
|   | \$000's       |
| Operating lease commitments disclosed at 30 June 2019                     | 87            |
| Discounted at the Group's discount rate at the date of application        | 86            |
| Less: Short term leases recognised on a straight-line basis as an expense | (86)          |
| <b>Lease liabilities recognised on adoption on 1 July 2019</b>            | <b>0</b>      |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### NOTE 7 – ADOPTION OF AASB 16 LEASES (CONTINUED)

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

| Lease liabilities   | December 2019<br>\$000's |
|---|--------------------------|
| Recognised on adoption  | -                        |
| Additional lease contracts entered into during the interim period | 962                      |
| Add: Borrowing costs  | 17                       |
| Less: Payments  | (100)                    |
| <b>Lease liabilities as at 31 December 2019</b>                   | <b>879</b>               |
| <b>Disclosure in Statement of Financial Position</b>              |                          |
| Current lease liability   | 221                      |
| Non-current lease liability                                       | 658                      |
| <b>Total Lease liability</b>                                      | <b>879</b>               |
| <b>Right of use assets</b>  |                          |
| Recognised on adoption  | 0                        |
| Additional right of use assets recognised                         | 963                      |
| Accumulated amortisation  | (96)                     |
| <b>Right of use assets as at 31 December 2019</b>                 | <b>867</b>               |

The impact on the profit or loss due to adoption AASB 16 was not material, nor was there a material impact on Group earnings per share.

### NOTE 8 – PROVISIONS

| Current                  | December 2019<br>\$000's | June 2019<br>\$000's |
|--------------------------|--------------------------|----------------------|
| Employee benefits        | 449                      | 379                  |
| <b>Total current</b>     | <b>449</b>               | <b>379</b>           |
| <b>Non-current</b>       |                          |                      |
| Rehabilitation           | 8,341                    | 8,285                |
| <b>Total non-current</b> | <b>8,341</b>             | <b>8,285</b>         |
| <b>Total</b>             | <b>8,790</b>             | <b>8,664</b>         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### NOTE 8 – PROVISIONS (CONT'D)

#### Movement in Provisions in 2019

|                                       | Rehabilitation<br>and site<br>closure<br>\$000's | Employee<br>benefits<br>\$000's | Total<br>\$000's |
|---------------------------------------|--|---------------------------------|------------------|
| Opening balance 1 July 2019           | 8,285  | 379                             | 8,664            |
| Charged/(credited) to profit or loss: |  |                                 |                  |
| Additional provisions recognised      | 56   | 104                             | 160              |
| Amounts used during the year          | -  | (34)                            | (34)             |
| <b>Closing balance</b>                | <b>8,341</b>                                     | <b>449</b>                      | <b>8,790</b>     |

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 this contractual requirement to rehabilitate the site.

### NOTE 9 – CONTRIBUTED EQUITY

|  | December 2019      |                | June 2019          |                |
|--|--------------------|----------------|--------------------|----------------|
|  | Number             | \$000's        | Number             | \$000's        |
| <b>Share capital</b>                                   |                    |                |                    |                |
| Ordinary shares - fully paid                           | 398,928,910        | 267,303        | 397,608,910        | 267,212        |
| <b>Movements in ordinary share capital</b>             |                    |                |                    |                |
| Opening balance  | 397,608,910        | 267,212        | 394,968,910        | 266,984        |
| Issue of shares under Employee Performance Rights Plan | 1,320,000          | 91             | 2,640,000          | 228            |
| <b>Closing balance</b>                                 | <b>398,928,910</b> | <b>267,303</b> | <b>397,608,910</b> | <b>267,212</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### NOTE 10 – RESERVES

|  | December 2019<br>\$000's | June 2019<br>\$000's |
|--|--------------------------|----------------------|
| <b>Share based payments reserve</b>                                      |                          |                      |
| Balance as at 1 July   | 10,640                   | 10,764               |
| Share based payments expense (Refer to Note 13)                          | 31                       | 104                  |
| Issue of shares under Employee Performance Rights Plan                   | (91)                     | (228)                |
| Balance at the end of the period   | 10,580                   | 10,640               |
| <b>Financial assets at fair value through other comprehensive income</b> |                          |                      |
| Balance as at 1 July   | (9,009)                  | (9,009)              |
| Balance at the end of the period   | (9,009)                  | (9,009)              |
| <b>Options exercised reserve</b>   |                          |                      |
| Balance as at 1 July   | 3,787                    | 3,787                |
| Balance at the end of the period   | 3,787                    | 3,787                |
| <b>Total reserves</b>  | <b>5,358</b>             | <b>5,418</b>         |

### NOTE 11 – ACCUMULATED LOSSES

|  | December 2019<br>\$000's | June 2019<br>\$000's |
|--|--------------------------|----------------------|
| Balance as at 1 July                   | (169,018)                | (181,915)            |
| Net profit / (loss)                    | (4,125)                  | 12,897               |
| <b>Balance as at end of the period</b> | <b>(173,143)</b>         | <b>(169,018)</b>     |

### NOTE 12 – DIVIDENDS

During the half-year ended 31 December 2019, no dividends have been paid (June 19: Nil) and no dividends have been declared (June 19: Nil)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### NOTE 13 – SHARE BASED PAYMENTS

During the half year ended 31 December 2019 the Company granted Performance Rights to Directors and Employees as per below.

| Grant date | Granted during the year | Vesting date | Fair value per right at grant date | Share price on grant date* | Expected dividends |
|------------|-------------------------|--------------|------------------------------------|----------------------------|--------------------|
| 27/11/2019 | 5,500,000               | 30/11/2020   | \$0.0192                           | \$0.17                     | 0%                 |
| 27/11/2019 | 5,500,000               | 30/11/2022   | \$0.0409                           | \$0.17                     | 0%                 |

\*Source: [www.asx.com.au](http://www.asx.com.au)

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

| Grant date                | 27/11/2019 | 27/11/2019 |
|---------------------------|------------|------------|
| Vesting date              | 30/11/2020 | 30/11/2022 |
| Grant date share price    | \$0.17     | \$0.17     |
| Volatility (per cent)     | 47.6       | 59.9       |
| Dividend yield (per cent) | 0          | 0          |
| Risk free rate (per cent) | 0.78       | 0.78       |

### NOTE 14 – SEGMENT INFORMATION

|                                 | Iron Valley<br>\$000's | Mardie<br>\$000's | Tenements &<br>Other Interests<br>\$000's | Other<br>\$000's | Total<br>\$000's |
|---------------------------------|------------------------|-------------------|---|------------------|------------------|
| <b>Segment Earnings</b>         |                        |                   |   |                  |                  |
| Half-year ended December 2019   |                        |                   |   |                  |                  |
| Sales of goods                  | 40,109                 | -                 | -   | -                | 40,109           |
| Other revenue                   | (1,000)                | -                 | 5   | 282              | (713)            |
| EBITDA                          | 10,875                 | (11,182)          | (151)                                     | (2,662)          | (3,120)          |
| Profit/(loss) before income tax | 9,737                  | (11,182)          | (171)                                     | (2,509)          | (4,125)          |
| Half-year ended December 2018   |                        |                   |   |                  |                  |
| Sales of goods                  | 20,222                 | -                 | -   | -                | 20,222           |
| Other revenue                   | (716)                  | -                 | 6   | 253              | (457)            |
| EBITDA                          | 3,227                  | (1,871)           | 16,606                                    | (2,614)          | 15,348           |
| Profit/(loss) before income tax | 1,742                  | (1,871)           | 16,608                                    | (2,391)          | 14,088           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### NOTE 14 – SEGMENT INFORMATION (CONT'D)

|                                       | Iron Valley<br>\$000's | Mardie<br>\$000's | Tenements &<br>Other Interests<br>\$000's | Other<br>\$000's | Total<br>\$000's |
|---------------------------------------|------------------------|-------------------|---|------------------|------------------|
| <b>Segment Assets and Liabilities</b> |                        |                   |   |                  |                  |
| As at 31 December 2019                |                        |                   |   |                  |                  |
| Segment assets                        | 56,393                 | 3,354             | 8,030                                     | 53,764           | 121,541          |
| Segment liabilities                   | 18,057                 | 2,151             | -   | 1,815            | 22,023           |
| As at 30 June 2019                    |                        |                   |   |                  |                  |
| Segment assets                        | 69,188                 | 800               | 8,030                                     | 52,350           | 130,368          |
| Segment liabilities                   | 23,553                 | -                 | -   | 3,203            | 26,756           |

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

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

#### Accounting policy

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

### NOTE 15 – CONTINGENT LIABILITIES AND ASSETS

As at 31 December 2019, the Company has no contingent liabilities or assets.

### NOTE 16 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial periods subsequent to the half-year ended 31 December 2019.

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BCI Minerals Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of BCI Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Directors' responsibility for the Half-Year Financial Report

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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





## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO  


Glyn O'Brien

Director

Perth, 20 February 2020

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

As lead auditor for the review of BCI Minerals Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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



Glyn O'Brien  
Director

BDO Audit (WA) Pty Ltd  
Perth, 20 February 2020



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