

## DECEMBER 2017 QUARTERLY REPORT

- **Iron Valley Mine – quarterly BCI EBITDA of A\$3.0M from shipments of 1.5Mt (net of prior-quarter adjustments)**
- **Buckland Iron Ore Project – positive initial Kumina drilling results including multiple intersections of >20m at >58% Fe from shallow depth; studies and approvals progressing on 15Mtpa for 15 years business case**
- **Mardie Salt Project – significant environmental surveys completed; geotechnical and design work progressed; PFS completion targeted for Q2 2018**
- **Carnegie Potash Project – on-site exploration activity commenced; positive brine assay results and paleochannel geophysics confirmed prospectivity**
- **Exploration tenements – positive gold results from soil sampling and rock chip sampling at the Marble Bar Project**
- **Cash balance of A\$18.9M and debt free**

BCI Minerals Limited (ASX:BCI) ("BCI" or the "Company") presents its quarterly activities report for the period ended 31 December 2017. Refer to Attachment A which shows the location of BCI's projects.

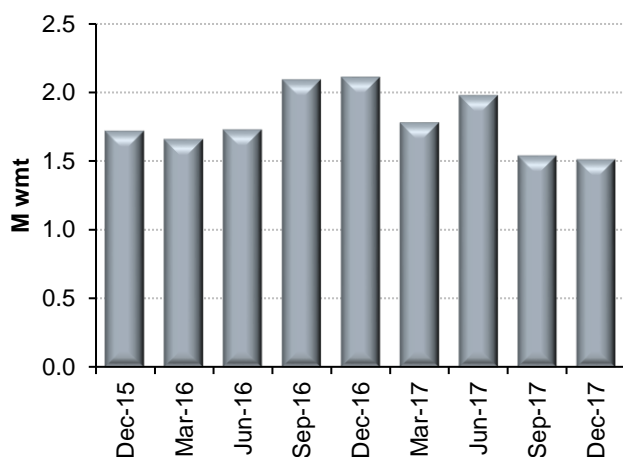
### IRON VALLEY MINE

Iron Valley produced a solid quarter for BCI, with EBITDA from December 2017 quarter shipments of A\$3.6M before prior-quarter adjustments of A\$0.6M, resulting in a net A\$3.0M BCI EBITDA.

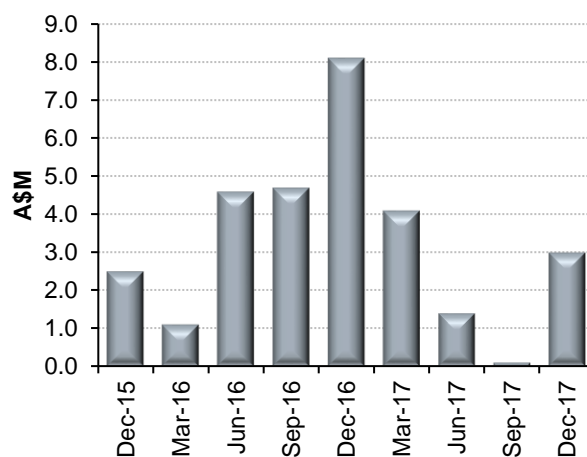
Iron Valley operator, Mineral Resources Limited ("MIN"), shipped 1.5 million wet metric tonnes ("M wmt") during the quarter, with approximately two-thirds being lump product.

The headline CFR 62% Fe iron ore price was steady at around US\$60/dmt in the first half of the quarter, before increasing to US\$75/dmt by the quarter-end. Overall, the CFR 62% Fe price averaged US\$66/dmt for the quarter (September 2017 quarter: US\$71/dmt). Iron Valley lump pricing in the quarter was reasonably strong, but discounts for 58-60% Fe fines products remained elevated.

Iron Valley Quarterly Shipments (M wmt)



Iron Valley Quarterly EBITDA (A\$M)



## CAPE PRESTON EAST PORT

The Cape Preston East Port is a proposed 20Mtpa transshipment port, which BCI envisages becoming a multi-commodity, multi-user facility which exports ~15Mtpa of Buckland Blend iron ore, ~3Mtpa of Mardie salt and ~2Mtpa of other products. Key approvals are in place, including a port lease agreement with the Pilbara Ports Authority for a 20Mtpa facility for 20 years (with rights to extend the term and expand the leased area – i.e. increase capacity).

BCI continues to progress engineering and design work for the Cape Preston East Port, where the current focus is on integrating salt export facilities proposed for the Mardie Salt Project with planned iron ore export infrastructure.

## 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 other deposits. It is one of BCI's current focus projects and BCI is targeting a 15Mtpa operation exporting through the Cape Preston East Port.

During the December quarter, BCI progressed exploration at the Kumina tenements, which were acquired from Mineralogy Pty Ltd in September 2017. Iron ore deposits discovered at Kumina have the potential to increase the tonnage available for the Buckland Project and enhance the quality of the "Buckland Blend".

Tenement reviews, site reconnaissance and geological mapping identified a number of iron ore targets which have the potential to host channel iron deposits, bedded iron deposits and detrital iron deposits. In December 2017, BCI commenced drilling on the Kumina A deposit, a channel iron deposit on the western margin of the tenement package which is contiguous with existing iron ore deposits owned by third parties. The drilling programme, which completed in January 2018, confirmed the presence of significant iron mineralisation at shallow depth.

A range of value adding activities are planned for 2018, including further exploration at Kumina A and other targets to define sufficient Mineral Resources to support a 15Mtpa for 15 years operation and completion of studies and approvals to integrate Kumina deposits with Bungaroo South and the Cape Preston East Port. BCI will also be seeking development and offtake partners for Buckland in 2018. An initial step towards this milestone occurred when BCI recently entered into a memorandum

of understanding with Sinosteel Australia in relation to marketing and offtake, engineering services and potential joint venture investment.

## **MARDIE SALT PROJECT**

The Mardie tenements are located on the coast in the West Pilbara region, approximately 50km south-west of the proposed Cape Preston East Port. The Mardie Salt Project has the potential to produce salt (NaCl) from solar evaporation of seawater.

Mardie is BCI's second focus project and BCI is currently advancing a Pre-Feasibility Study ("PFS"), which is expected to be completed in the June 2018 quarter. BCI made significant progress on the PFS during the quarter, completing material environmental, heritage and geotechnical activities.

In relation to environmental activities, a range of studies have been completed by reputable experts that have greatly improved BCI's understanding of the local and regional environment. The studies are de-risking the development case by informing project optimisation work to be completed for the PFS that focusses on maintaining the biological diversity and ecological integrity of the local and regional environments, which is integral for securing necessary environmental approvals.

A heritage risk assessment completed in late 2017 demonstrated that the Mardie Salt Project can be implemented with minimal impact to the heritage values in the area. BCI will continue to work with the Native Title claim groups in the region to ensure appropriate project design.

Infill geotechnical investigations have been completed utilising multiple methods to validate previous test work and increase the geotechnical understanding of the 100km<sup>2</sup> mudflat area. These investigations confirmed that the mudflats have a clay layer with low permeability which is suitable for the construction of solar evaporation ponds and crystallisers, without the costly requirement of lining the ponds.

BCI is also continuing to progress project design and engineering, including on the solar evaporation ponds and crystallisers and integration of salt facilities at Cape Preston East.

BCI will continue to rapidly progress the Mardie Salt Project, which has the potential to generate long term shareholder value via a long-life (>50 years) operation supplying 3.0-3.5Mtpa of high purity salt into the growing Asian chlor-alkali and soda ash industry.

## **CARNEGIE POTASH PROJECT**

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

BCI currently holds a 15% interest in the Carnegie Potash Project in a joint venture with ASX-listed potash development company, Kalium Lakes Limited ("Kalium"), who is the joint venture manager. BCI will have earned 30% at the conclusion of the Scoping Study (targeted for completion in the June quarter of 2018), and has rights to earn up to a 50% interest via sole-funding a further A\$9M in exploration and development expenditure through to completion of a definitive feasibility study.

Section 18 approval was granted by the Minister for Aboriginal Affairs in October 2017, allowing site exploration activities to proceed. An initial 64-hole auger drilling programme was completed in December 2017, with results received and announced in January 2018. Potassium results of up to 4,790mg/L (equivalent to a SOP grade of 10,674mg/L) were recorded, which confirms the prospectivity of the Carnegie Potash Project and compares favourably with other SOP projects in the region.

The joint venture also completed desktop geophysics studies and follow up geophysics traverses to identify potential paleochannel locations and drilling targets.

Completion of a positive Scoping Study has the potential to be a value milestone for BCI, given the market capitalisations of ASX-listed companies with completed Scoping Studies on an SOP project range from approximately A\$30-150M. The Carnegie Potash Project also presents important technical and commercial synergies with BCI's Mardie Salt Project.

## **EXPLORATION TENEMENTS**

BCI has a number of 100% owned early stage exploration projects in the Pilbara and Murchison regions of Western Australia. During the quarter, BCI increased activity at its Marble Bar, Black Hills, Maitland and Peak Hill projects.

### *Marble Bar*

The Marble Bar Project is located 20km north-east of the Marble Bar townsite and is prospective for both gold (structurally-controlled) and lithium.

During the quarter, BCI completed wide-spread soil sampling and rock chip sampling along two gold trends with a total strike length of 22km. Several gold soil anomalies were identified and rock chip assay results of greater than 3g/t Au were recorded from multiple locations (best result of 15.9g/t Au). A first-pass RC drilling programme is underway and due for completion in the March quarter 2018.

### *Black Hills*

The Black Hills tenements are located along strike and to the west of the historical Whim Creek mine, and are prospective for base metals.

During the quarter, BCI completed an induced polarisation ("IP") survey which identified a chargeability anomaly. A drilling programme is current underway to test the IP anomaly and extensions of historical drilling which intersected anomalous zinc grades.

BCI also undertook limited paleoplacer gold exploration during the quarter, including geological mapping, rock chip sampling and stream sediment sampling. No significant results were recorded.

### *Maitland*

The Maitland Project, which contains an existing magnetite iron ore Mineral Resource of 1,106Mt at 30.4% Fe, was identified as also being prospective for paleoplacer gold. BCI undertook limited mapping and sampling during the quarter. A number of anomalous results were recorded from stream sediment sampling, which are being followed up with infill stream sediment sampling.

### *Peak Hill*

The Peak Hill tenements are located in the Bryah Basin, which contains a number of current and historic mines including DeGrussa, Monty, Horseshoe Lights, Peak Hill and Fortnum. No material exploration activities were undertaken during the quarter. A helicopter-borne versatile time domain electromagnetic ("VTEM") survey is planned for completion during the March 2018 quarter to generate targets for drilling.

## **CORPORATE**

### *Cash and Debt Position*

BCI's cash balance as at 31 December 2017 was A\$18.9M (30 September 2017: A\$23.6M) and the Company remains debt free.

The A\$4.7M decline in cash was primarily due to increased expenditure across all of BCI's projects which delivered positive progress and milestones as announced in December 2017 and January 2018, and a reduced Iron Valley cash inflow of A\$0.1M which was based on BCI's September 2017 quarter EBITDA.

### *Health & Safety*

BCI is committed to providing a safe working environment for its staff and contractors. No lost time injuries were recorded during the quarter, which is a positive outcome given the significant exploration and study activities underway at multiple projects. BCI has now achieved a lost time injury free period of more than 2.5 years.

### *Annual General Meeting*

BCI's Annual General Meeting was held in West Perth on the 23 November 2017. All nine resolutions (seven ordinary resolutions and two special resolutions) were passed on a show of hands.

### *Change of Company Name*

Shareholders approved a change of company name from BC Iron Limited to BCI Minerals Limited at the Annual General Meeting on 23 November 2017. The change of name become effective on 4 December 2017 and BCI commenced trading on the ASX under the new name on 6 December 2017.

### *Business Development*

During the past 12 months, BCI has successfully diversified its commodity exposure and now holds a portfolio of assets across iron ore, salt, potash, gold and base metals. BCI's current focus is on advancing two 100% owned projects, Buckland Iron Ore and Mardie Salt, which are both proposed to export product through BCI's planned 20Mtpa Cape Preston East Port facility.

-ENDS-

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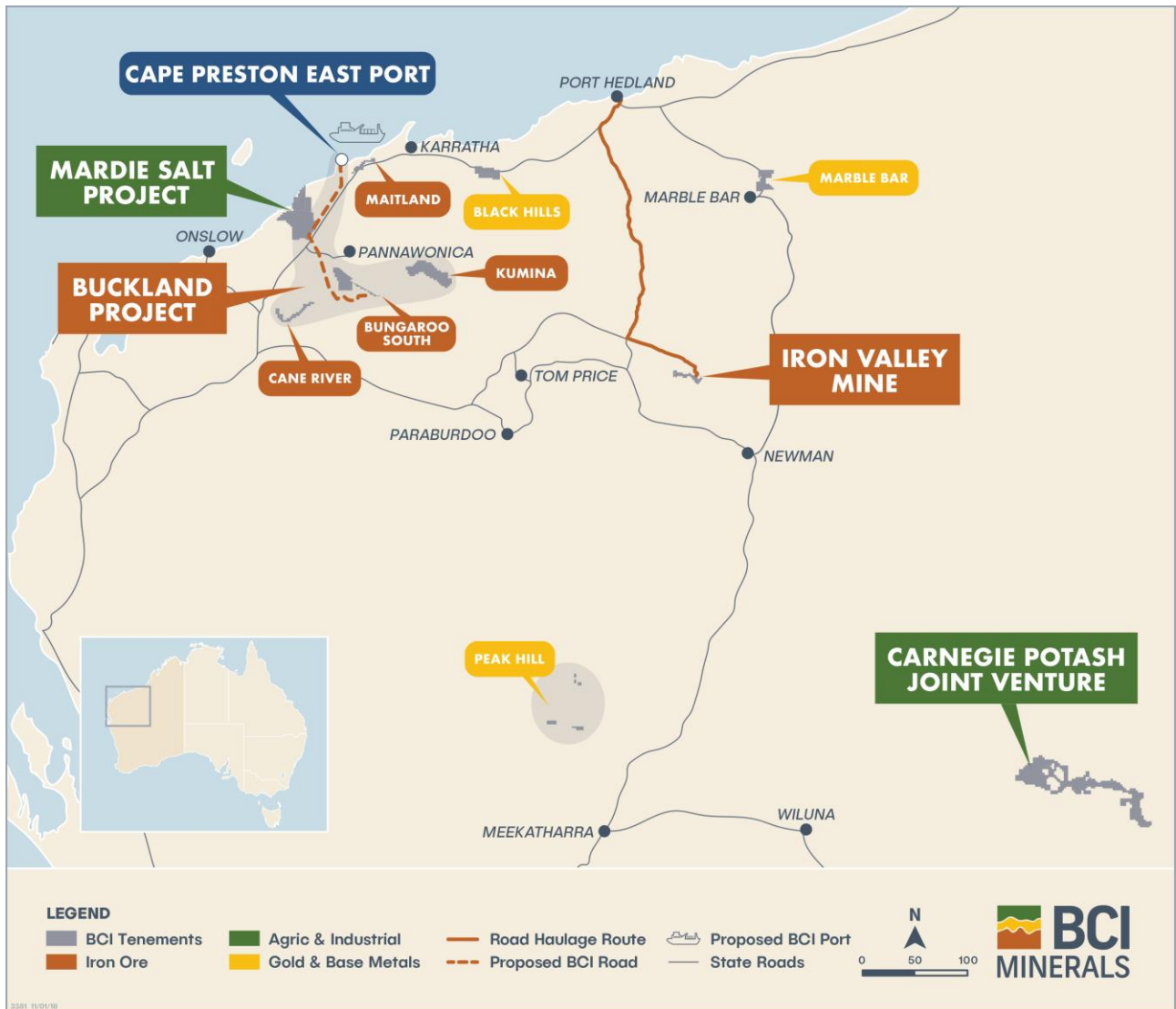
E: [info@bciminerals.com.au](mailto:info@bciminerals.com.au)

Alwyn Vorster  
Managing Director

Simon Hodge  
Chief Financial Officer

Brad Milne  
Investor Relations Manager

# ATTACHMENT A: LOCATION OF BCI PROJECTS



## ABOUT BCI MINERALS

BCI Minerals Limited (ASX:BCI) ("BCI") is an Australian-based resources company that is creating value from its attractive portfolio of mineral interests through discovery, de-risking and transactions. BCI's portfolio currently includes interests in iron ore, salt, potash and gold projects.

Iron Valley is an operating 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 (A\$18.3M EBITDA in FY17).

BCI is currently focused on advancing two 100% owned projects, Buckland Iron Ore and Mardie Salt, which are both proposed to export product through BCI's planned 20Mtpa Cape Preston East Port facility.

Buckland is an iron ore development project located in the West Pilbara region of Western Australia, comprising proposed mines at Bungaroo South, Kumina and other deposits. BCI is currently progressing an Integration Study on a 15Mtpa operation and plans to involve development and offtake partners in a joint venture structure.

Mardie is a salt project located on the West Pilbara coast in the centre of Australia's salt production region. BCI has completed a positive Scoping Study on a solar evaporation operation producing 3.0-3.5Mtpa salt and a Pre-Feasibility Study is due for completion in the first half of 2018.

In addition to these focus projects, BCI is a joint venture partner of Kalium Lakes Limited (ASX:KLL) in the Carnegie Potash Project, which is currently at a Scoping Study stage.

BCI is progressing gold and base metals exploration on its 100% owned Marble Bar, Black Hills and Peak Hill tenements in Western Australia.

The Company's portfolio also includes potential iron ore royalties over the Nullagine, Koodaideri South and Extension tenements.

## KEY STATISTICS

|                                   |  |                        |
|-----------------------------------|--|------------------------|
| <b>Shares on issue:</b>           | 395.0 million  |                        |
| <b>Cash and cash equivalents:</b> | \$18.9 million   | as at 31 December 2017 |
| <b>Board:</b>                     | Brian O'Donnell  | Non-Executive Chairman |
|                                   | Alwyn Vorster  | Managing Director      |
|                                   | Michael Blakiston  | Non-Executive Director |
|                                   | Jenny Bloom  | Non-Executive Director |
|                                   | Martin Bryant  | Non-Executive Director |
|                                   | Andy Haslam  | Non-Executive Director |
| <b>Major shareholders:</b>        | Wroxby Pty Ltd   | 27.7%                  |
| <b>Website:</b>                   | <a href="http://www.bciminerals.com.au">www.bciminerals.com.au</a> |                        |