

IRON VALLEY EARNINGS UPDATE

- **Previous estimate of BCI's FY19 Iron Valley EBITDA was between A\$6M and A\$12M**
- **Based on stronger recent iron ore pricing and lower A\$:US\$ exchange rates, BCI now confirms its FY19 Iron Valley EBITDA is expected to be in the range of A\$11M to A\$12M**

BCI Minerals Limited (ASX:BCI) ("BCI" or the "Company") advises that an increased BCI EBITDA from Iron Valley is expected for the June 2019 quarter compared to the levels reported for the first three quarters of the financial year ending 30 June 2019 ("FY19").

Iron Valley is a mine in the Central Pilbara region that is operated by Mineral Resources Limited ("MIN") and has Ore Reserves of 95Mt at 58.4% Fe as at 30 June 2018.¹ BCI receives a quarterly royalty from MIN and from this, pays WA State Government royalties, Native Title royalties and a private royalty.

Factors which determine BCI's royalty income include tonnes shipped from Iron Valley, proportion of lump and fines, CFR 62% Fe iron ore prices, quality discounts, A\$:US\$ exchange rates and shipping freight rates.

BCI's EBITDA from Iron Valley has ranged between A\$5.6M (FY18) and A\$18.3M (FY17) since operations commenced in 2014. BCI previously reported its EBITDA from Iron Valley for the first nine months of FY19 was A\$6.0M from 5.5Mt shipped and that it expects Iron Valley EBITDA for FY19 of between A\$6M and A\$12M.²

Iron ore prices have increased significantly during the last six months due to global supply issues and ongoing strong steel demand. Prices have been particularly strong in the June 2019 quarter to date, with the CFR 62% Fe iron ore price averaging US\$96/dmt in April and May and the spot price currently at US\$105/dmt. This compares to an average of US\$74/dmt for the first 9 months of FY19. Discounts for 58% Fe iron ore products have also reduced materially and are at the lowest level in more than 3 years, and this has translated to a reduction in discounts for Iron Valley product.

Despite the majority of recent Iron Valley shipments being iron ore fines, which has a lower price than lump, overall pricing for Iron Valley product has been strong, particularly in April and May 2019. BCI now expects FY19 EBITDA from Iron Valley to be between A\$11M and A\$12M³, which is at the upper limit of the previous estimate. This implies an estimated June 2019 quarter EBITDA of A\$5M to A\$6M.

If the iron ore market and MIN production levels remain at current levels, FY20 is expected to be another positive year for BCI's Iron Valley royalty. Potential further upside exists if the proportion of lump shipped by MIN returns to long range average levels.

¹ Refer to BCI's announcement "Updated Mineral Resources and Ore Reserves" dated 18 October 2018 for further details. BCI is not aware of any new information or data that materially affects the information included in that document.

² Refer to page 15 of BCI's announcement "Corporate Presentation" dated 20 May 2019.

³ Based on actual shipment and pricing data up to the end of May 2019 and a range of BCI assumptions for June 2019 based on recent shipment and pricing results.

With a cash position of A\$34.8M as at 31 May 2019 and strong royalty earnings from Iron Valley, BCI is in an excellent position to continue advancing its Tier 1 development project, the Mardie Salt & Potash Project.

-END-

For further information:

P: +61 8 6311 3400

E: info@bciminerals.com.au

Alwyn Vorster
Managing Director

Simon Hodge
Chief Financial Officer

Brad Milne
Investor Relations Manager

ABOUT BCI MINERALS

BCI Minerals Limited (ASX:BCI) ("BCI") is an Australian-based company that is developing a salt and potash business supported by iron ore royalty earnings.

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.

Mardie will produce high-purity salt (typically 99.7% NaCl) and sulphate of potash ("SOP") (typically 51% K₂O) via solar evaporation of seawater. Using an inexhaustible resource and a production process driven mainly by natural solar and wind energy, Mardie is a sustainable opportunity to supply the salt and potash growth markets in Asia over many decades.

The long-term demand outlook for both salt and SOP is positive. Salt, or NaCl, is an essential mineral used extensively in modern life. High purity salt produced at Mardie will be used in chemical and industrial processes that create thousands of everyday products. Demand in this market segment, particularly in Asia, is expected to grow strongly over the next decade and result in a supply deficit.

Increasing population and urbanisation requires more and better-quality food to be produced from less arable land. SOP is a premium fertiliser providing two key nutrients – potassium and sulphur – which improves plant growth and makes it drought resistant. SOP is mostly used on high value crops where yield increases deliver larger financial benefits.

Following a positive Pre-Feasibility Study in 2018, a Definitive Feasibility Study on a 4Mtpa salt and 100ktpa SOP operation is underway and due to be completed by late 2019. Key approvals are expected to be in place by early 2020 and a Final Investment Decision (FID) is targeted by Q1 2020.

BCI receives quarterly royalty earnings from Iron Valley, an iron ore mine located in the Central Pilbara region of Western Australia which is operated by Mineral Resources Limited (ASX:MIN) (95Mt JORC Ore Reserve¹). BCI's EBITDA from Iron Valley has ranged from A\$5.6-18.3M per annum and is expected to range from A\$11-12M for FY19.

A process is underway for the divestment of BCI's iron ore and exploration portfolio. The first transaction completed in December 2018, with the sale of the Kumina iron ore tenements to MIN for total consideration of A\$35M cash, of which \$8M is still to be received after operations commence.

KEY STATISTICS

Shares on issue:	397.6 million	
Cash and cash equivalents:	\$34.8 million	as at 31 May 2019
Board:	Brian O'Donnell	Non-Executive Chairman
	Alwyn Vorster	Managing Director
	Michael Blakiston	Non-Executive Director
	Jenny Bloom	Non-Executive Director
Major shareholders (>5%):	Wroxby Pty Ltd	29.3%
Website:	www.bciminerals.com.au	

1: Refer to BCI's announcement "Updated Mineral Resources and Ore Reserves" dated 18 October 2018 for further details. BCI is not aware of any new information or data that materially affects the information included in that announcement.