

## STRONG IRON ORE EARNINGS, MARDIE PROGRESSING

- Group net loss after tax of A\$4.1M for the half-year
- Iron Valley generated revenue for BCI of A\$39.1M and EBITDA of A\$10.9M from shipments of 3.5Mt in the half-year
- Mardie Salt & Potash Project expenditure of A\$11.2M incurred during the half-year, progressing Definitive Feasibility Study engineering, approvals, marketing and funding activities
- Capex of A\$2.5M for construction of 36-bed accommodation village at Mardie
- Cash balance at 31 December 2019 of A\$34M and zero debt

Commenting on the results, BCI's Managing Director, Alwyn Vorster, said: "BCI has recorded another robust financial reporting period. Our A\$34M cash position is higher than in the previous corresponding period and iron ore income remains strong. BCI's healthy balance sheet plus ongoing royalty earnings differentiates BCI from many other junior development companies and provides a solid platform to progress the Mardie Salt & Potash Project to a final investment decision, without the need for any further equity raisings."

BCI Minerals Limited (ASX:BCI) ("BCI" or the "Company") presents its financial results for the half-year ended 31 December 2019.

BCI recorded a net loss after tax of A\$4.1M for the half-year, made-up as follows:

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

BCI recorded a negative EBITDA of A\$3.2M for the half-year, with the contribution of each segment of the Group shown below.

	December 2019 A\$M	December 2018 A\$M
Iron Valley	10.9	3.2
Mardie	(11.2)	(1.9)
Tenements & Other Interests	(0.2)	16.6
Other	(2.7)	(2.6)
Total EBITDA	(3.2)	15.3

## **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 Mineral Resources Limited ("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.

Iron Valley continues to deliver positive royalty earnings and cash flow for BCI. 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).

MIN announced in November 2019 that significant additional Iron Valley capital investment is required in 2020 on waste stripping as well as road and bridge infrastructure upgrades. 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.

## **2020 Focus**

The Company 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.

-END-

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

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## 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 >99.5% NaCl) and sulphate of potash ("SOP") (typically >51% K<sub>2</sub>O) 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 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 in Q2 2020. A Final Investment Decision is targeted mid-2020 and first construction in early 2021.

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) (89Mt JORC Ore Reserve<sup>1</sup>). BCI's EBITDA from Iron Valley has ranged from A\$5.6-18.3M per annum, with FY19 delivering A\$12.3M.

## KEY STATISTICS

<b>Shares on issue:</b>	398.9 million	
<b>Cash and cash equivalents:</b>	A\$34.0 million	as at 31 December 2019
<b>Board:</b>	Brian O'Donnell	Non-Executive Chairman
	Alwyn Vorster	Managing Director
	Michael Blakiston	Non-Executive Director
	Jenny Bloom	Non-Executive Director
<b>Major shareholders (&gt;5%):</b>	Wroxby Pty Ltd	29.3%
<b>Website:</b>	<a href="http://www.bciminerals.com.au">www.bciminerals.com.au</a>	

1: Refer to BCI's announcement "Updated Mineral Resources and Ore Reserves" dated 25 October 2019 for further details. MIN has advised BCI that the additional approvals required to continue road haulage operations beyond December 2019 have been secured. BCI is otherwise not aware of any new information or data that materially affects the information included in that announcement.