

BCI AND MRL AGREE TRANSACTIONS

BCI Minerals Limited (ASX:BCI) ("BCI" or the "Company") wishes to advise that it has agreed a series of arrangements with Mineral Resources Limited (ASX:MIN) ("MRL") to further optimise and rationalise BCI's iron ore portfolio. This includes amendments to existing arrangements plus new proposed transactions.

1. SALE OF BUCKLAND PROJECT

The Buckland Project includes the 134Mt Ore Reserve¹ at Bungaroo South, relevant haul road licences, designs, approvals and agreements. BCI and MRL have executed a binding agreement for the sale and purchase of the Buckland Project for consideration comprising cash payments of up to A\$20M, including A\$6M upon completion, A\$14M upon certain milestones being reached and a 1% FOB revenue royalty on iron ore mined from Bungaroo South. The transaction is unconditional and completion is targeted in early April 2020.

2. AMENDMENT TO IRON VALLEY AGREEMENT

Since 2014, MRL has been operating the Iron Valley mine and contributing 100% of capital and operating costs, with BCI receiving a quarterly gross royalty from which BCI pays third party royalties. Iron Valley has shipped a total of 34Mt since operations commenced, generating net royalties (EBITDA) for BCI of more than A\$60M.

As announced by MRL in November 2019, significant additional capital investment is required in 2020 on waste stripping and infrastructure upgrades. BCI has agreed to share in the cost of these activities to improve the longevity of the mine, by rebating a 40% portion of its net royalties to MRL until the total rebated amount reaches \$25M. The royalty rebate is subject to BCI receiving a minimum net royalty of A\$1.5M per quarter, and in the event that MRL suspends Iron Valley operations, the minimum \$1.5M net royalty to BCI will continue to be payable for at least the next two quarters.

These amendments will support MRL in developing additional areas of the 89Mt Ore Reserve¹ at Iron Valley and offer BCI improved income protection in a low iron ore price and/or tonnage environment, which occurred as example during the period from Q2 2017 to Q3 2018.

3. EARLY PAYMENT OF KUMINA DEFERRED CONSIDERATION

The Kumina iron ore transaction between BCI and MRL in late 2018 included an upfront cash payment of \$27M (paid by MRL in December 2018) and two deferred cash payments of A\$4M each upon certain production milestones. MRL has now agreed to pay the first of the deferred A\$4M payments to BCI on 31 March 2020, which is a number of years earlier than anticipated. At current iron ore prices, it is expected this \$4M payment will largely offset BCI's reduced 2020 income from the Iron Valley royalty rebate.

-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% 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 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. Project funding discussions are advancing, which includes BCI progressing through the Federal Government's Northern Australia Infrastructure Facility assessment process. 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 Reserve¹). BCI's EBITDA from Iron Valley has ranged from A\$5.6-18.3M per annum, with FY19 delivering A\$12.3M.

KEY STATISTICS

Shares on issue:	398.9 million	
Cash and cash equivalents:	\$34.0 million	as at 31 December 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 25 October 2019 for further details. BCI is not aware of any new information or data that materially affects the information included in that announcement.