

HALF YEAR RESULTS

MARDIE FUNDING AND APPROVALS SECURED - CONSTRUCTION UNDERWAY

- **\$1.2B funding solution obtained to develop the Mardie Salt & Potash Project**
- **Early enabling construction well-advanced for seawater intake structure and accommodation village**
- **All required WA State and Federal approvals secured allowing main construction to commence**
- **Reduced Iron Valley royalty earnings of \$13.6M in the half year (down 20% from the previous period)**
- **Group EBITDA of negative \$2.9M and NPAT of negative \$5.5M recorded for the half year**
- **Cash balance of A\$334.1M and zero net debt at 31 December 2021**

BCI Minerals Limited (ASX:BCI) ('BCI' or the 'Company') is pleased to announce its financial results for the half year ended 31 December 2021.

BCI's Managing Director Alwyn Vorster said: *"In 2018, the BCI Board committed to the vision of BCI becoming a globally significant, sustainable industrial minerals business, with salt and potash as its initial focus. During the last six-months, BCI has made significant progress towards that vision, with our Mardie Project advancing to main construction. Although we benefited greatly from healthy iron ore prices leading up to the last quarter, this changed when rapidly declining prices had a negative impact on our Iron Valley royalties."*

Like all industry participants, BCI is not immune to the current labour and cost pressures, and we are focussing on minimising impacts on the Mardie schedule and cost estimates. With the rapid increase in the size of our workforce since mid-2021, BCI is also undergoing a cultural transformation to ensure we attract and retain highly skilled and engaged people to successfully deliver and operate Mardie."

FINANCIAL PERFORMANCE

BCI recorded a net loss after tax of A\$5.5M for the half year, the result of reduced earnings from Iron Valley and ongoing expenditure to progress and develop the Mardie Salt and Potash Project.

	December 2021 \$M	December 2020 \$M
Net Revenue	34.2	53.1
Expenditure	(39.7)	(53.1)
Net profit/(loss) after tax	(5.5)	0.0

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BCI recorded negative EBITDA of A\$2.9M for the half year, with the contribution of each segment shown below.

	December 2021 \$M	December 2020 \$M
Iron Valley	13.6	17.1
Mardie	(10.5)	(12.6)
Tenements & Other Interests	-	(0.2)
Other	(6.0)	(2.3)
Total EBITDA	(2.9)	2.0

MARDIE SALT & POTASH PROJECT

BCI continued to progress its 100% owned Mardie Salt & Potash Project with the focus for the period on achieving a Final Investment Decision via the completion of funding arrangements, trialling of construction methodologies, contracting for and establishing infrastructure, and advancing Project approvals and tenure.

The Optimised Feasibility Study (OFS) findings announced on 21 April 2021 demonstrated that Mardie can become a Tier 1 salt and SOP operation producing 5.35Mtpa of high purity salt and 140ktpa of premium SOP fertiliser, generating a pre-tax NPV₇ of approximately \$1.6B and annual EBITDA of nearly \$260M.

Toward that end, BCI achieved key milestones during the period including securing the final components of the ~\$1.2B funding required to develop the Mardie Salt & Potash Project:

- \$360M of equity was secured by a strongly supported \$240M placement of new shares at \$0.43 to institutional investors, an oversubscribed share purchase plan at the same price raising \$20.6M and the ability to raise up to \$100M through the issue of convertible notes to AustralianSuper Pty Ltd with a conversion price of \$0.6235.
- Commercial debt facilities totalling \$310M (including a \$140M construction loan facility plus \$170M facilities for cost overruns and guarantee requirements) were committed by lead arrangers Westpac Banking Corporation and Industrial and Commercial Bank of China Limited.
- These funds, together with commitments from the Northern Australia Infrastructure Facility (\$490M) and Export Finance Australia (\$110M), as well as ongoing Iron Valley royalty earnings, pre-existing BCI cash reserves and potential corporate debt, supplemented by potential asset sales and other receipts, will be used to develop the Project to OFS specifications.

On site at Mardie, commissioning of the expanded 200-bed camp is underway including a new reverse osmosis water supply and water treatment plant. A further 200 beds will be added in the coming months to accommodate peak construction workforce.

Investigative works continued in the second half of 2021 to provide confidence about key assumptions, including materials availability, construction methodology, pond wall settlement, pumping rates, pond floor water retention, and cost and schedule assumptions. The northern embankment trial was successfully

completed, and key learnings from the embankment trial were applied to the construction of the southern trial pond (Pond 0) adjacent to the primary seawater intake station.

A contract for the seawater pump structure was awarded to Ertech Geomarine in 2H 2021 and involves the design, procurement, construction, and commissioning of all the detailed earthworks, piling, structural steel, concrete, mechanical and electrical installations required to accommodate and operate six 3,000 litres per second pumps within the pump structure. Manufacturing and factory acceptance testing of the pumps is complete and delivery to site is imminent.

The largest direct capital works contract for the Project was awarded during the period to McConnell Dowell Constructors (Australia) Pty Ltd for the ~\$190M marine structures package. The design and construct package includes jetty structure, transhipper mooring equipment, material handling system and navigation aids. The contract was awarded on a fixed-price basis and within the Optimised Feasibility Study capital estimate. Final design and procurement have commenced, and jetty construction is scheduled from Q4 2022.

Mardie approval and tenure targets were met during the period including environmental approval gained from both the State and Federal Governments for the Definitive Feasibility Study (DFS) development footprint. In November 2021 the Western Australian Minister for Environment approved the implementation of the Mardie Project which was supported by the environmental approval notice issued by the Commonwealth Government's Department of Water, Agriculture and Environment (DAWE) in January 2022.

The Port of Cape Preston West Indigenous Land Use Agreement (ILUA) was executed during the period allowing the creation of a new port reserve. The ILUA is a tripartite agreement between the Wirrawandi Aboriginal Corporation (WAC), the Western Australian Government and BCI. The Mardie port facilities will be located within and adjacent to the Cape Preston West port land and the Pilbara Ports Authority (PPA) has approved the Development Application for these facilities. Port licences and approvals are expected in time for marine construction to commence in late 2022.

Access agreements were executed in December 2021 with gas pipeline operators Santos and Chevron whose Varanus Island Gas Pipeline and Gorgon Domestic Gas Pipeline cross the southern area of the Project. These agreements lifted the objections to Mining Leases which were granted post balance date. Following this, all secondary approvals required for construction to commence were granted, namely the Mardie Mining Proposal, the Part V Works Approval and consents under Section 18 of the Aboriginal Heritage Act 1972.

With significant progress made regarding Mardie funding, contracting, construction methodology, tenure and approvals during the period a Final Investment Decision was made by the Board in October 2021.

Additional Mardie tenements acquired after the DFS-based Environmental Review Document (ERD) submission will allow for a layout optimisation and expansion of production. This optimisation and expansion area outlined in the OFS will be subject to further environmental assessment and approvals over the next 12-months.

Main construction for the DFS footprint commenced in February 2022.

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 at its cost and purchases iron ore from BCI at the mine gate at a price linked to MIN's received sales price. BCI is responsible for paying third party royalties and securing key approvals.

During the half year ended 31 December 2021, MIN shipped 2.93 million wet metric tonnes (Mwmt) (December 2020: 2.9Mwmt), generating revenue for BCI of \$34.1M (December 2020: \$53.0M) and EBITDA of \$13.6M (December 2020: \$17.1M). The result for the half year reflects the recent decline in market pricing for iron ore, combined with higher discounts applied to product shipped during the period.

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.

EXECUTIVE TEAM CHANGES

BCI continues to transition to the construction and operational phases of the Mardie Project with the appointments of Kim Boekeman as Head of People and Culture and Kerryl Bradshaw as Chief Financial Officer and Jim Cooper leaving the business.

SAFETY PERFORMANCE

BCI is committed to providing a safe working environment for all staff and contractors and has been focused on incident prevention programs including critical control implementation. No lost time injuries (LTIs) have been recorded for more than 6 years and the lost time injury frequency rate (LTIFR) at 31 December 2021 was zero (December 2020: 0.0). During the half-year period, there was 1 recordable injury and the total recordable injury frequency rate (TRIFR) for the half year is 5.1 (June 2021: 7.3).

Mineral Resources Limited (ASX: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.

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

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ABOUT BCI MINERALS

BCI Minerals Limited (ASX:BCI) is an Australian-based mineral resources company which is developing an industrial minerals business, with salt and potash as initial focus.

BCI is rapidly advancing its 100% owned Mardie Salt & Potash Project, a potential Tier One project located on the Pilbara coast in the centre of Western Australia's key salt production region. Mardie has been designed to produce 5.35Mtpa of high-purity salt (>99.5% NaCl) and 140ktpa of Sulphate of Potash (SOP) (>52% K₂O) via solar evaporation of seawater. Using an inexhaustible seawater resource and a production process driven mainly by natural solar and wind energy, Mardie will be a sustainable supplier to the global salt and potash growth markets, delivering benefits to BCI stakeholders over many decades. Main construction of the Mardie Project commenced in early 2022, which will allow first salt sales to be achieved by the end of 2024 and first SOP sales by early 2026.

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). BCI's other assets include substantial shareholdings in Agrimin Limited (ASX:AMN) and Highfield Resources Ltd (ASX:HFR), potential royalties and/or deferred payments from iron ore projects at Koodaideri South, Bungaroo South, Kumina and Nullagine, and a 30% joint venture interest in the early-stage Carnegie Potash Project.

KEY STATISTICS

Shares on issue	1,206.1 million	
Cash in bank	\$334.1 million	as at 31 December 2021
Board	Brian O'Donnell	Non-Executive Chairman
	Alwyn Vorster	Managing Director
	Michael Blakiston	Non-Executive Director
	Garret Dixon	Non-Executive Director
	Richard Court	Non-Executive Director
	Chris Salisbury	Non-Executive Director
Major shareholders	Wroxby Pty Ltd	39.5%
	AustralianSuper Pty Ltd	14.3%
	Ryder Capital Ltd (and related)	9.2%
Website:	www.bciminerals.com.au	