

MARCH 2018 QUARTERLY REPORT

- **Buckland Iron Ore Project: High grade bedded iron deposit targets identified at Kumina tenements and major drilling programme underway**
- **Mardie Salt Project: PFS to be completed during Q2 2018. Results to date confirm a positive project business case**
- **Iron Valley Mine: BCI EBITDA of A\$0.7M from 1.5Mt shipments. EBITDA impacted by increased effective State Government royalty rate**
- **Cash balance of A\$17.5M and debt free**

BCI Minerals Limited (ASX:BCI) ("BCI" or the "Company") presents its quarterly activities report for the period ended 31 March 2018.

BUCKLAND IRON ORE PROJECT

Buckland is an iron ore development project located in the West Pilbara region of Western Australia, comprising potential mines at Bungaroo South and Kumina, for export through the BCI proposed Cape Preston East Port.

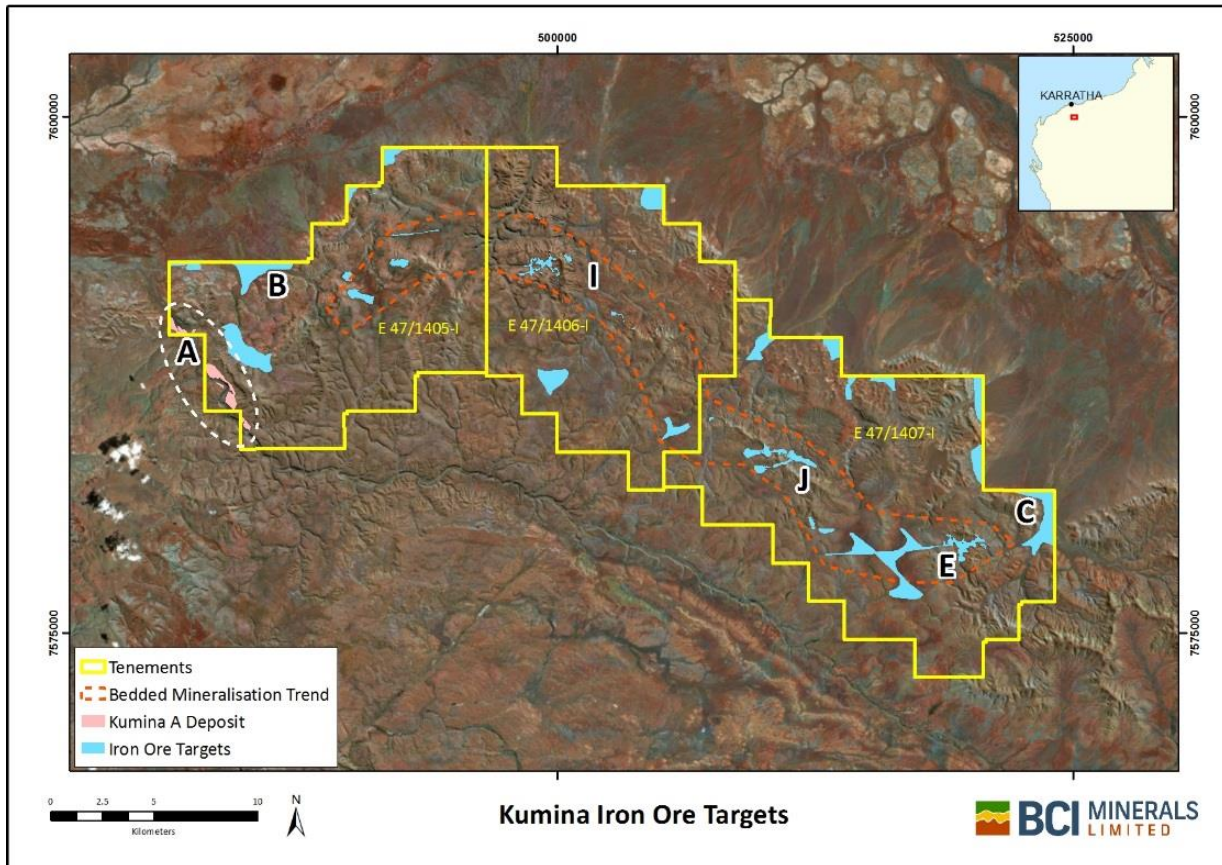
During the March 2018 quarter, excellent progress was made with exploration at the Kumina tenements, where ongoing positive results will increase the tonnage available for the Buckland Project and increase the quality of the "Buckland Blend".

A 67-hole phase 1 drilling programme was completed at Kumina A (a channel iron deposit ("CID")), where multiple intercepts of >20m at >58% Fe and <0.10% P were recorded from shallow depth.

BCI also completed initial reconnaissance, mapping and rock chip sampling across the tenement package to generate higher grade bedded iron deposit ("BID") targets. This initial exploration was highly encouraging at targets E and J, where rock chip samples taken from a large area returned results of greater than 60% Fe from the majority of samples and included results of up to 67% Fe.

A major drilling contract was entered into late in the quarter to complete a 300-hole programme at BID targets E and J as well as CID targets B and C. Drilling is currently underway and is planned to be completed during the June 2018 quarter. The Company is planning to complete a maiden Mineral Resource estimate for Kumina by mid-2018, which will include the Kumina A deposit and some of the targets currently being drilled.

Figure 1: Kumina Iron Ore Targets



Once the Kumina resource results are known, BCI will engage potential development and offtake partners for Buckland. This will include advancing the discussions with Sinosteel Australia, with whom BCI entered into a memorandum of understanding in early 2018 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 BCI's proposed Cape Preston East Port. The Mardie Salt Project has the potential to produce salt and sulphate of potash ("SOP") 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 continued to progress the PFS during the quarter. The layout and design of the concentrator ponds and crystallisers has been finalised, taking into consideration latest results from geotechnical, environmental and heritage work.

A contract was awarded to Salt Partners for the design of a salt processing and purification plant. Salt Partners is a Swiss-based independent firm of consultants and engineering contractors active in the field of salt and chloralkali production, processing and hypersaline biotechnology. Salt Partners has a strong industry reputation based on more than 45 years of experience gained in salt and chloralkali projects successfully completed on all continents. It is envisaged that the Mardie plant will utilise Salt Partners' proprietary HYDROSAL® salt purification process with counter-current hydro-extraction of impurities to deliver a high purity salt product suitable for use in chlor-alkali production, at low processing losses and cost.

In relation to SOP production, K-UTECH AG Salt Technologies from Germany continued to advance its processing and design work, which is expected to be completed shortly.

Market-related studies and investigations are continuing to point towards a strong salt demand outlook in the Asian chemical industry, where experts are expecting a supply gap of more than 25Mtpa to develop over the next decade (equal to seven Mardie-sized projects).

During the quarter, BCI prepared and submitted the required documentation to refer the Mardie Salt Project to the State and Federal environmental regulatory agencies. Feedback on the specific type of environmental review process and timeframes for approval is expected during the June 2018 quarter.

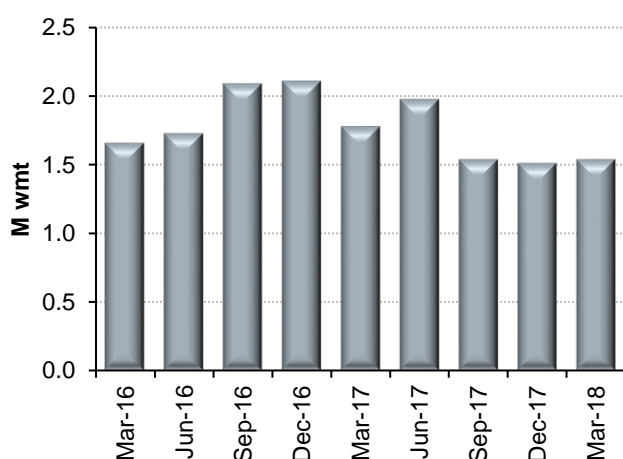
Following completion of the PFS, BCI plans to determine the preferred pathway forward for the Mardie project, which could include seeking a joint venture partner to fund a proportion of future study and development costs, and/or pursuing a spin-out and separate listing of the project.

IRON VALLEY MINE

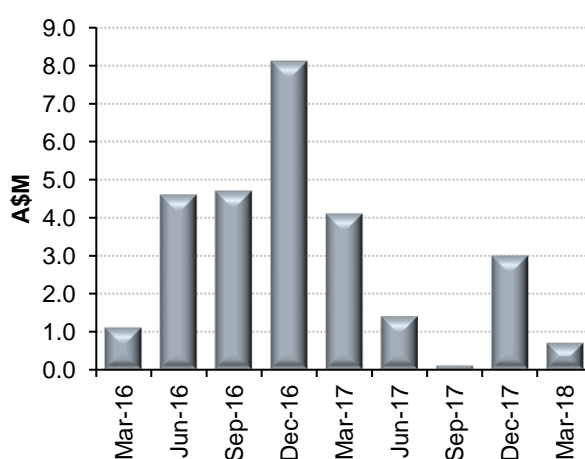
The Iron Valley mine operator, Mineral Resources Limited (“MIN”), shipped 1.5 million wet metric tonnes (“M wmt”) during the quarter, with approximately 60% being lump product. Shipping rates have been stable at around 1.5M wmt per quarter for the past three quarters, however MIN has indicated that, subject to market conditions, exports are expected to be more heavily weighted towards the second half of FY18.

BCI’s EBITDA from Iron Valley was A\$0.7M for the quarter, which included a small positive prior quarter adjustment of A\$0.1M. BCI’s EBITDA in the March 2018 quarter was impacted by an increase in the effective State Government royalty rate to more than 8% of the Iron Valley FOB received price, which is above the iron ore royalty rate of 7.5% applicable to exporters. BCI is currently in consultation with the relevant regulatory body regarding potential options to address this discrepancy.

Iron Valley Quarterly Shipments (M wmt)



Iron Valley Quarterly EBITDA (A\$M)



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 a 30% interest at the completion of the Scoping Study, due in the June quarter.

In early January 2018, the results of an initial 64-hole auger drilling programme were announced, with potassium results of up to 4,790mg/L (equivalent to a SOP grade of 10,674mg/L), which compares favourably with other projects in the region. Further on-site activities were delayed by several significant rain events which were experienced during the quarter.

Desktop activities were further progressed by the Carnegie Joint Venture manager, Kalium, during the quarter. Desktop hydrogeological studies have been completed. Exploration targets along the interpreted paleochannel have been identified and permits of work secured for future drilling and pump testing. This drilling programme is now underway. A review of product transport and export options has also been completed. Overall, the Scoping Study programme is well advanced and completion is targeted for mid-year.

EXPLORATION TENEMENTS

BCI has a number of 100% owned early stage exploration projects in the Pilbara and Murchison regions of Western Australia. BCI is completing initial value-adding exploration programmes and plans to monetise these projects at appropriate value points.

Black Hills

The Black Hills tenements are located ~70km east south-east of Karratha, along strike from the historical Whim Creek mine. Black Hills is prospective for base metals, platinum group elements and vanadium-titanium.

During the quarter, BCI completed an 11-hole RC and diamond drilling programme for a total of 1,906m, to follow up base metals drilling by a previous owner and test new targets. Drilling intersected volcanic massive sulphide mineralisation in several holes and results are currently being assessed with potential for follow-up drilling.

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.

BCI completed an initial 11-hole RC drilling programme for a total of 796m to test a number of previously identified gold targets. Results were encouraging, with significant intercepts recorded in several holes. Further reviews of historical data and follow-up soil and rock chip sampling has also generated additional gold targets.

BCI also completed preliminary lithium exploration work during the quarter. Two soil anomalies were identified with elevated Li, Cs, Ga and Ta levels and rock chip sampling produced encouraging results. Further work on the project's lithium potential is currently being scoped.

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. A helicopter-borne versatile time domain electromagnetic (“VTEM”) survey was completed during the March 2018 quarter and is currently being interpreted by Southern Geoscience Consultants.

CORPORATE

Cash and Debt Position

BCI’s cash balance as at 31 March 2018 was A\$17.5M (31 December 2017: A\$18.9M) and the Company remains debt free.

Expenditure for the quarter was A\$4.3M, as BCI continued to invest in value-adding exploration and study activities ahead of several key milestones which are expected during the June 2018 quarter. Iron Valley contributed a cash inflow of A\$2.9M which reflected BCI’s December 2017 quarter EBITDA less minor tenure maintenance costs.

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 and BCI’s lost time injury free period is now approaching three years.

Project Team Appointments

In light of positive progress being made with its key projects, BCI has formed and mandated the Buckland Iron Ore Steering Committee and Board of Mardie Mineral Pty Ltd (100% owned subsidiary which holds the Mardie Salt Project) to steer these projects towards development decisions. BCI has appointed a new senior resource industry expert to each of these entities.

Michael le Page, who has 40 years’ international resources experience including significant salt experience, has been appointed as Non-Executive Director of Mardie Minerals Pty Ltd. Kevin Watters, who has more than 40 years of operational and project development experience in predominantly iron ore and mineral sands projects, has been appointed to the Buckland Iron Ore Steering Committee.

-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 resources company that is developing an iron ore and industrial minerals business.

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.

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 potential mines at Bungaroo South and Kumina. BCI is currently conducting a large exploration programme targeting higher grade ore from the Kumina tenements, and is progressing an Integration Study on a 15Mtpa operation. Development is proposed to occur within a future joint venture structure.

Mardie is a salt and sulphate of potash ("SOP") project located on the West Pilbara coast in the centre of Australia's key salt production region. BCI is completing a Pre-Feasibility Study on a solar evaporation operation producing 3.5Mtpa salt and 50ktpa SOP.

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 and graphite exploration on its 100% owned Munglinup tenements in Western Australia.

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

KEY STATISTICS

Shares on issue:	395.0 million	
Cash and cash equivalents:	\$17.5 million	as at 31 March 2018
Board:	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
Major shareholders:	Wroxby Pty Ltd	27.7%
Website:	www.bciminerals.com.au	