BELL POTTER

4 June 2021

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BCI Minerals Ltd (BCI)

Iron Valley's financing capability

Recommendation
Buy (unchanged)
Price
$0.42
Target (12 months)
$0.69 (previously $0.57)

GICS Sector

Materials

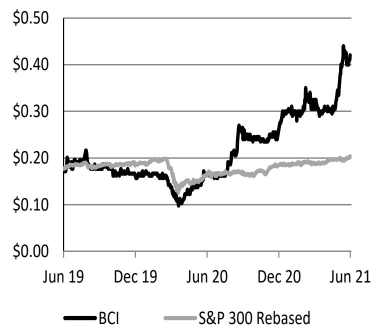
Expected Return	
Capital growth	**64%**
Dividend yield	**0%**
Total expected return	**64%**

Company Data & Ratios	
Enterprise value	**$176m**
Market cap	**$252m**
Issued capital	**599m**
Free float	**75%**
Avg. daily val. (52wk)	**$177,601**
12 month price range	**$0.152-$0.445**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	0.35	0.31	0.17
Absolute (%)	21.74	37.70	152.00
Rel market (%)	17.97	30.13	126.10

Absolute Price



SOURCE: IRESS

Iron Valley to provide meaningful Mardie financing

BCI is benefiting from strong iron ore prices through both the cash flows generated by its iron ore operations and that these cash flows materially reduce and quantum of new equity required to support the Mardie Salt and SOP project's development. Compared with our base case iron ore price assumptions, we estimate that if benchmark iron ore prices hold at US$200/t for FY22 and US$150/t for FY23, BCI's new equity requirement to fund Mardie falls by around 80% from our base case assumption to only $30m. This lower equity requirement would flow through to a +50% increase in our BCI valuation through lower shareholder dilution alone.

In total, Mardie will require around $1.2b in capital funding over a four year project development period. The Northern Australia Infrastructure Facility has conditionally approved a $450m long-tenor loan. Assuming a mix of 65% debt and 35% equity and taking into account BCI's current cash ($76m at 31 March 2021), the new equity call is around $350m. However, at benchmark iron ore prices of US$150-200/t, BCI expect that Iron Valley could generate $90-150m EBITDA per year, materially reducing the new equity requirement to fund Mardie.

In this report we have incorporated Bell Potter Securities' latest iron ore price outlook and made minor changes to our Iron Valley assumptions, resulting in EPS changes: FY21 now 8.6cps (previously 5.9cps); FY22 now 7.8cps (previously 2.8cps) and FY23 now 1.5cps (previously 1.1cps).

Investment thesis: Buy, Target Price $0.69/sh

BCI combines an iron ore royalty-like business with a large scale salt and fertiliser project. BCI's current EV is around 3x its 2022 iron ore EBITDA alone. The optimised Mardie Salt and SOP Project has the potential to add significant value and has appeal to ESG concerned debt and equity investors. NAIF financing, BCI's supportive share register and continued strength in iron ore prices mitigate some of the Mardie project's financing risks.

Earnings Forecast

Year ending 30 June	2020a	2021e	2022e	2023e
Sales (A$m)	77	171	157	78
EBITDA (A$m)	(4)	48	62	18
NPAT (reported) (A$m)	(10)	46	62	18
NPAT (adjusted) (A$m)	0	46	62	18
EPS (adjusted) (¢ps)	0.1	8.6	8.9	2.1
EPS growth (%)	-97%	8990%	4%	-77%
PER (x)	444.2x	4.9x	4.7x	20.4x
FCF Yield (%)	5%	-3%	-41%	-87%
EV/EBITDA (x)	-40.5x	3.7x	2.8x	9.7x
Dividend (¢ps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	-	-	-	-
ROE (%)	-9%	30%	22%	5%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Iron Valley's financing capability

Benefiting from strong iron ore prices

BCI is benefiting from strong iron ore prices in more ways than one.

- Higher iron ore prices flow directly through to a higher earnings stream from the Iron Valley royalty-like arrangement with MIN.
- Higher iron ore prices increase BCI's cash reserves; a stronger cash position will reduce the quantum of additional equity (and therefore shareholder dilution) which will be required to fund the Mardie Salt and SOP project.

Potential reduction in new equity required for Mardie

We've run a number of iron ore price scenarios to quantify how higher iron ore prices will reduce BCI's need for additional equity to fund the Mardie project capital cost. In total, Mardie will require around $1.2b in funding. With a target of 65% debt funding, the BCI's equity call is around $420m, or $350m when the company's 31 March 2021 cash balance of $76m is taken into account.

Using BCI's published Iron Valley earnings sensitivity and its mid-point volume estimate of 7Mtpa, at iron ore prices of US$150-200/t Iron Valley could generate $90-150m EBITDA. If even higher volumes and prices are achieved, the iron ore business will generate further cash flow and lower the additional equity BCI will be required to raise for Mardie.

Iron ore price scenario analysis

The following charts outline our estimate of BCI's Mardie capital requirements and the likely sources of those funds under a number of iron ore price scenarios.

Our key assumptions are:

- BCI will maintain a cash position which we deem is sufficient to fund project capital;
- Iron Valley will produce 7Mtpa iron ore (the mid-point of BCI's estimates);
- Iron Valley EBITDA is relatively aligned with actual cash flows to BCI;
- Equity will be drawn in early 2022, ahead of debt financing (from the June 2022 quarter) and a $450m NAIF loan (conditional, from mid-2023); and
- We have conservatively excluded early Mardie project salt earnings.

Our key iron ore price scenarios are:

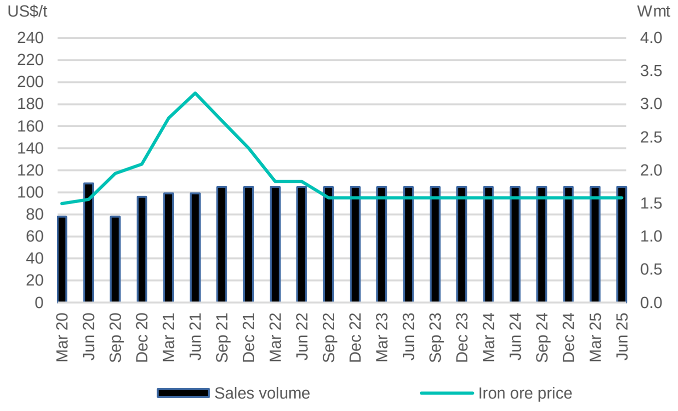
- Bell Potter base case iron ore forecasts (Figures 1-2);
- Scenarios 1-3: A range of benchmark iron ore price outlooks ranging from averages of US$180-220/t in FY22 and US$135-165/t in FY23 (Figures 3-8); and
- Scenario 4: Benchmark iron ore prices average current spot levels (US$211/t) over FY22-23 (Figures 9-10).

Under all scenarios, we assume benchmark iron ore prices return to average our long run estimate by FY24 (US$95/t).

<u>Our analysis shows that under our iron ore price assumptions (which look increasingly conservative), BCI will require $150m equity by the end of the March 2022 quarter. However, should iron ore prices hold at US$200/t for FY22, BCI's equity funding requirement drops to $30m. Under scenarios three and four, BCI may be able to finance Mardie without the need to raise equity until later in the project build.</u>

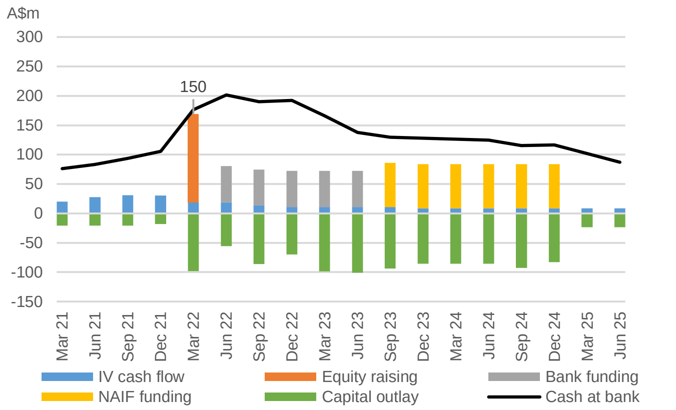
Bell Potter base case iron ore price assumptions

Figure 1 - BPe base case: iron ore price vs sales volume



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

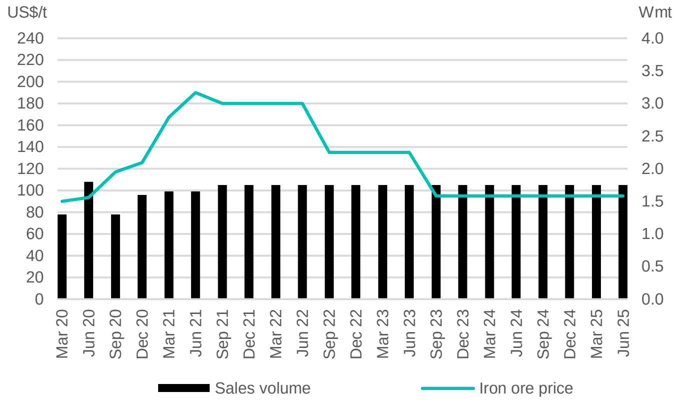
Figure 2 - BPe base case: capital costs and financing schedule



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

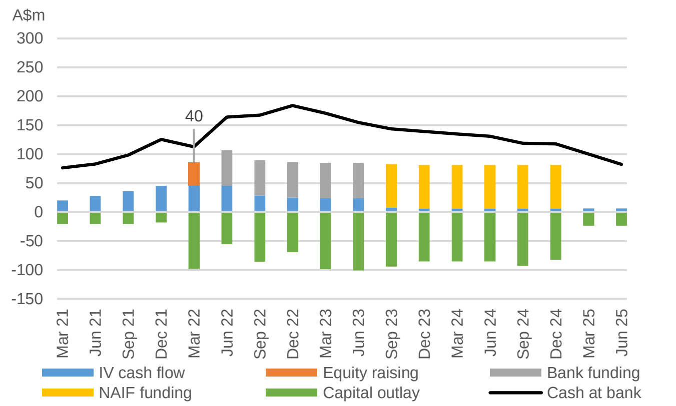
Scenario 1: US$180/t in FY22, US$135/t in FY23

Figure 3 - Scenario 1: iron ore price vs sales volume



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

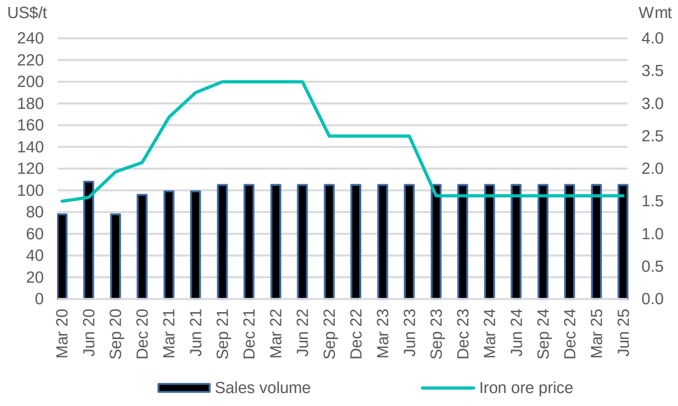
Figure 4 - Scenario 1: capital costs and financing schedule



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

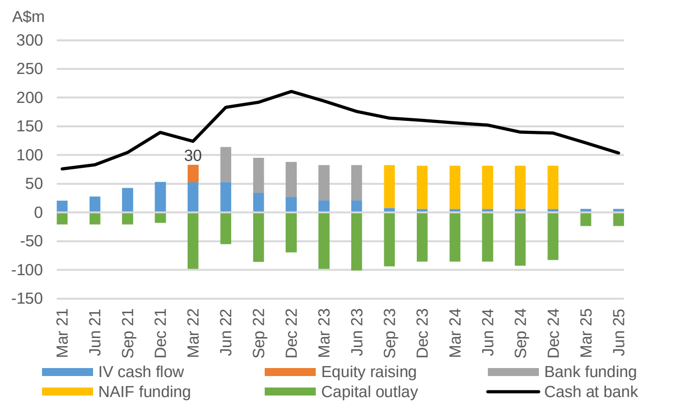
Scenario 2: US$200/t in FY22, US$150/t in FY23

Figure 5 - Scenario 2: iron ore price vs sales volume



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

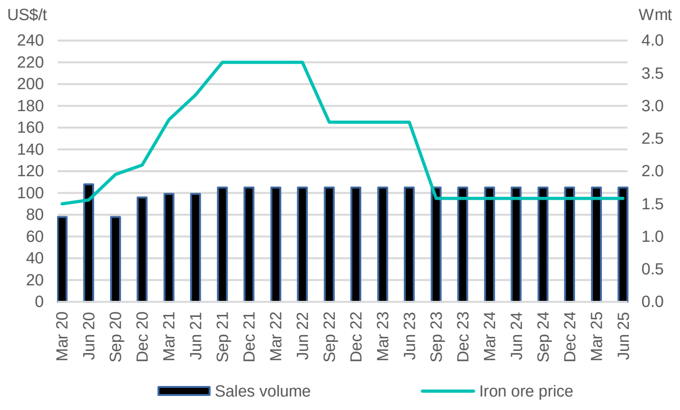
Figure 6 - Scenario 2: capital costs and financing schedule



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

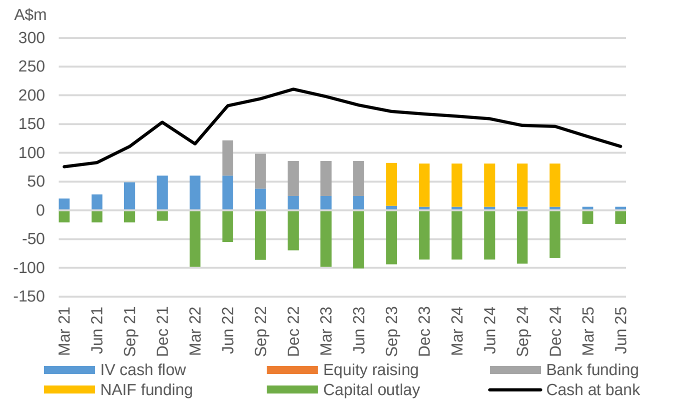
Scenario 3: US$220/t in FY22, US$165/t in FY23

Figure 7 - Scenario 3: iron ore price vs sales volume



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

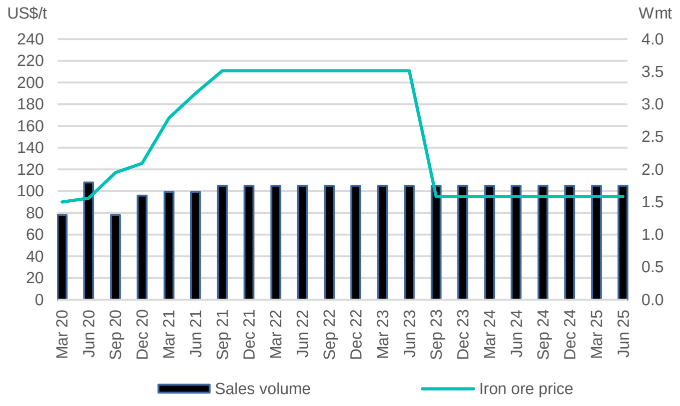
Figure 8 - Scenario 3: capital costs and financing schedule



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

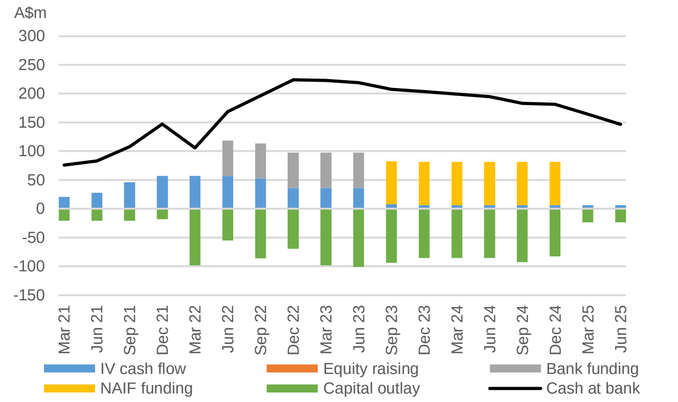
Scenario 4: US$211/t in FY22 and FY23

Figure 9 - Scenario 4: iron ore price vs sales volume



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 10 - Scenario 4: capital costs and financing schedule



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Analysis supported by BCI's published iron ore leverage

The company's May 2021 Corporate Presentation provides an insight into the company's Iron Valley earnings profile under different iron ore price and sales volume assumptions, and is represented in the table below. BCI's analysis also assumes:

- FX rate of 0.75 A$/US$;
- Iron ore freight (Western Australia to China) rate of US$11/dmt; and
- Overall iron ore product discount of 15% relative to the CFR 62% Fe benchmark to account for product grade and quality.

BCI's earnings analysis provides the basis for our scenario analysis. However, our analysis applies Bell Potter currency assumptions and assumes annual Iron Valley sales of 7Mt, the midpoint of BCI's analysis range.

Table 1 - BCI's Iron Valley earnings analysis (A$m)

Volume (w mt)	Iron ore price (CFR 62% Fe, US$/dmt) 75	100	125	150	175	200
6.0	8	23	50	77	104	130
6.5	8	25	54	83	112	141
7.0	9	27	58	90	121	152
7.5	10	29	63	96	129	163
8.0	10	31	67	102	138	174

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Mardie project capital assumptions & development timeline

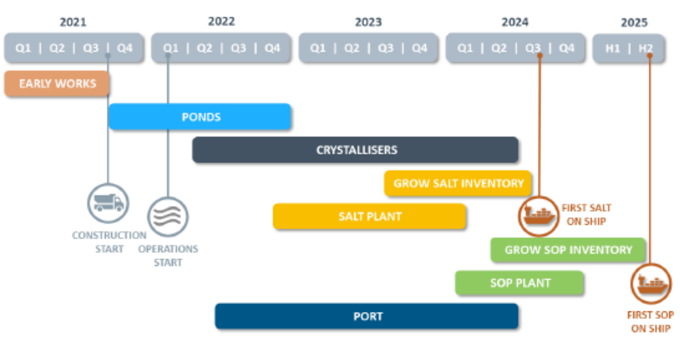
The following table summarises the estimated capital costs for the Mardie project, as defined in the Optimised Feasibility (OFS), released in April 2021. In total, including working capital, we estimate a funding requirement of more than $1.2b spread over the development timeline from now until commercial production declaration and positive free cash flow in 2025.

Table 2 - Mardie capital cost assumptions

Capex summary	$m
Salt	276
SOP	115
Port	223
Supporting infrastructure	103
Services	15
Other	5
Direct costs	**737**
Indirects (PMC and Construction Facilities)	56
Owner's costs	36
Contingency and growth allowance	84
Total capital cost	**913**
Planned early construction capital cost	63
Main construction capital cost	**850**

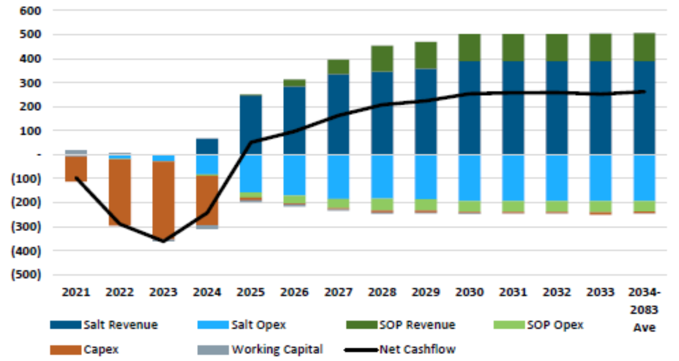
SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 11 – Mardie project schedule



SOURCE: BCI OFS

Figure 12 – Pre-tax Project Cash Flows ($Am)



SOURCE: BCI OFS

Risked & diluted valuation

Risked valuation summary

Our valuation is $0.69/sh and conservatively factors in:

- A 15% risk discount on the Mardie Salt & SOP project to account for stage of development (early construction works and pre statutory approvals);
- Bell Potter's iron ore price outlook (consistent with consensus, significantly lower than current spot levels); and
- A $100m near term capital raising (within nine months) at a 15% discount to the current BCI share price.

Note: The $100m near term capital raising does not reflect the full equity requirement for the Mardie Salt & SOP project. We believe that factoring in the full equity requirement unfairly dilutes a valuation where the company's share price should increasingly reflect the value in the Mardie Salt & SOP project as de-risking milestones are met (definitive offtake agreements, debt financing, statutory approvals).

Table 3 - Risked valuation summary

	Previous	New
Mardie Salt & Potash project (unrisked) $m	335	335
Risk discount to account for project stage %	15%	15%
Mardie Salt & Potash project (risked) $m	284	284
Iron Valley agreement $m	118	179
Value of core projects (risked) $m	403	463
Corporate & admin $m	-25	-25
Enterprise value (risked) $m	**378**	**438**
Net debt / (cash) $m	-76	-76
Equity value (risked, undiluted) $m	**454**	**514**
Assumed near-term capital raise $m	$100m	$100m
Assumed raise price $/sh (15% discount)	$0.27/sh	$0.35/sh
Current shares on issue m	599m	599m
In the money options & rights m	9m	9m
Assumed capital raising dilution m	370m	286m
Diluted shares on issue m	**979m**	**894m**
Net debt / (cash) (including raising) A$m	-176m	-176m
Equity value (risked, undiluted) $m	554m	614m
Equity value (risked, undiluted) $/sh	**$0.57/sh**	**$0.69/sh**
Current share price		$0.41/sh
Equity value upside to current share price %		68%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Valuation benefit from strong iron ore prices

As previously highlighted, the longer the current strength in iron ore prices continues, the less new equity (and less dilution) will be required to find the Mardie Salt & SOP project.

The following table highlights the reduction in new equity required under Scenarios 1-4, compared with our base case estimates. Assuming this equity is raised at the current BCI share price less a 15% discount, the table shows the reduction in dilution under these scenarios and the implied uplift in valuation.

Table 4 - Scenario comparison: BCI valuation

	New equity required	New shares at current share price	Dilution compared with base case	Valuation uplift from base case	Implied valuation
	$m	m	%	%	$/sh
Base case	**150**	**430**			**0.69**
Scenario 1	40	98	-32%	48%	1.02
Scenario 2	30	73	-35%	53%	1.06
Scenario 3	0	0	-42%	72%	1.19
Scenario 4 - Spot	0	0	-42%	72%	1.19

SOURCE: BELL POTTER SECURITIES ESTIMATES

Earnings change & outlook

Changes to earnings estimates

Following this report, we have made the following adjustments to our financial model:

- Upgraded our average iron ore price forecasts from US$145/t in FY22 to US$152/t and US$125/t in FY23 to US$131/t;
- Made operational adjustments to our Iron Valley royalty assumptions; and
- Made minor adjustments to our debt and equity financing assumptions.

The EPS upgrades mostly reflect changes to our Iron Valley royalty operational assumptions and higher revised iron ore price assumptions. We note positive EPS changes due to positive dilution effects from a higher BCI share price now factored into our equity raising assumptions.

Table 5 - Changes to earnings estimates

	Previous			New			Change		
Year ending 30 Jun	**2021e**	**2022e**	**2023e**	**2021e**	**2022e**	**2023e**	**2021e**	**2022e**	**2023e**
Production (wmt)	6.2	7.6	7.6	**6.2**	**7.0**	**7.0**	0%	-8%	-8%
Sales (A$m)	145	126	83	**171**	**157**	**78**	18%	25%	-6%
EBITDA (A$m)	34	27	16	**48**	**62**	**18**	39%	127%	12%
NPAT (reported) (A$m)	31	23	13	**46**	**62**	**18**	46%	164%	40%
NPAT (adjusted) (A$m)	31	23	13	**46**	**62**	**18**	46%	164%	40%
EPS (adjusted) (¢ps)	5.9	2.8	1.1	**8.6**	**8.9**	**2.0**	46%	222%	93%
Dividend (¢ps)	-	-	-	**-**	**-**	**-**	0%	0%	0%
Valuation ($/sh)	**0.57**			**0.69**			**21%**		

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

News flow & value catalysts

- **Mid-2021:**
  1. **Updates on debt funding arrangements:** We expect further commercial lenders to join in Mardie project debt financing.
  2. **Ministerial approvals and project land tenure.**
- **September 2021 quarter:** BCI Board take Mardie project FID.
- **Ongoing:** Further Mardie project salt and SOP offtake MoUs and the conversion of existing MoUs to conditional binding offtake agreements.

Historical and expected Iron ore price

The following chart represents historical and expected iron ore prices (62% Fe, CFR China). Consensus Economics' estimates have been adjusted from nominal to real 2021 dollars.

Figure 13 - Iron ore Fe 62% US$/t CFR Qingdao, - Historical & expected prices

SOURCE: BLOOMBERG, CONSENSUS ECONOMICS & BELL POTTER SECURITIES ESTIMATES

BCI Minerals Ltd (BCI)

Company description

BCI's key assets are the Mardie Salt and SOP project and a portfolio of iron ore tenements. A DFS on Mardie was published in July 2020 outlining a project capable of producing 4.4Mtpa salt and 120ktpa SOP and with a pre-tax NPV (7% discount rate) of $1,197m. BCI's key iron ore asset is its Iron Valley Resource which is mined under agreement by Mineral Resources Ltd (MIN) and provides a royalty-like earnings stream. BCI also has a number of royalty agreements on other iron ore tenements at earlier stages of development.

Investment thesis: Buy, Target Price $0.69/sh

BCI combines an iron ore royalty-like business with a large scale salt and fertiliser project. BCI's current EV is around 3x its 2022 iron ore EBITDA alone. The optimised Mardie Salt and SOP Project has the potential to add significant value and has appeal to ESG concerned debt and equity investors. NAIF financing, BCI's supportive share register and continued strength in iron ore prices mitigate some of the Mardie project's financing risks.

Valuation methodology

Principal inputs into our valuation of BCI are discounted cash flow models of:

- Mardie Salt & SOP project, with parameters consistent with the July 2020 DFS, however, using more conservative discount rate and foreign exchange assumptions and a risk discount applied to account for project stage.
- Iron Valley agreement with MIN, operating at on average 7.6Mtpa and generating annual EBITDA of around $13m until 2030 assuming a long term iron ore price of US$75/t (real).
- Other assets assessed on the basis of the royalty agreement, the in-ground value of the iron ore and a discount to account for risks associated with timing and development.
- Corporate costs and tax assets.

Investment risks

Risks include, but are not limited to:

- Commodity price and exchange rate fluctuations. The future earnings and valuations of exploration, development and operating resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- Infrastructure access. Bulk commodity producers are particularly reliant upon access to transport infrastructure. Access to infrastructure is often subject to contractual agreements, permits, and capacity allocations. Agreements are typically long-term in nature (+10 years). Infrastructure can be subject to outages as a result of weather events or the actions of third party providers.
- Operating and capital cost fluctuations. Markets for exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour markets.
- Resource growth and mine life extensions. Future earnings forecasts and valuations may rely upon resource and reserve growth to extend mine lives.
- Sovereign risks. Mining companies' assets can be located in countries other than Australia and are subject to the sovereign risks of that country.
- Regulatory changes risks. Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies.
- Environmental risks. Resources companies are exposed to risks associated with environmental degradation as a result of their exploration and mining processes. Fossil fuel producers (coal) may be particularly exposed to the environmental risks of end markets including the electricity generation and steel production industries.
- Operating and development risks. Resources companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single operation company. Development assets can be subject to approvals timelines or weather events, causing delays to commissioning and commercial production.
- Occupational health and safety risks. Resources companies are particularly exposed to OH&S risks given the physical nature and human resource intensity of operating assets.
- Funding and capital management risks. Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments, and managing debt repayments.
- Merger/acquisition risks. Risks associated with value transferred during merger and acquisition activity.
- COVID-19 risks: Resources companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.

BCI Minerals Ltd

as at 4 June 2021

Recommendation	Buy
Price	$0.42
Target (12 months)	$0.69

Table 6 - Financial summary

Date		4/06/21
Price	A$/sh	0.42
Target price	A$/sh	0.69

Bell Potter Securities
Stuart Howe (showe@bellpotter.com.au, +61 3 9235 1856)
Joseph House (jhouse@bellpotter.com.au, +61 3 9235 1624)

PROFIT AND LOSS

Year ending 30 June	Unit	2019a	2020a	2021e	2022e	2023e
Revenue	$m	54	77	171	157	78
Expenses	$m	(59)	(81)	(123)	(95)	(60)
EBITDA	$m	**(5)**	**(4)**	**48**	**62**	**18**
Depreciation & amortisation	$m	(3)	(6)	(2)	-	-
EBIT	$m	(8)	(10)	46	62	18
Net interest expense	$m	1	0	0	-	-
Profit before tax	$m	(8)	(10)	46	62	18
Tax expense	$m	2	-	-	-	-
NPAT (reported)	$m	**(6)**	**(10)**	**46**	**62**	**18**
NPAT (adjusted)	$m	**13**	**0**	**46**	**62**	**18**

CASH FLOW STATEMENT

Year ending 30 June	Unit	2019a	2020a	2021e	2022e	2023e
OPERATING CASH FLOW						
Receipts from customers	$m	40	82	135	183	87
Payments to suppliers and employees	$m	(48)	(78)	(95)	(118)	(65)
Tax paid	$m	2	-	-	-	-
Net interest	$m	1	0	0	-	-
Other	$m	-	-	(0)	-	-
Operating cash flow	$m	**(6)**	**4**	**40**	**65**	**22**
INVESTING CASH FLOW						
Capex	$m	(0)	(7)	(44)	(184)	(342)
Disposal of assets	$m	27	11	0	-	-
Other	$m	(0)	-	(3)	-	-
Investing cash flow	$m	**27**	**3**	**(47)**	**(184)**	**(342)**
FINANCING CASH FLOW						
Debt proceeds/(repayments)	$m	-	-	-	-	531
Dividends paid	$m	-	-	-	-	-
Proceeds from share issues (net)	$m	-	-	46	96	-
Other	$m	-	-	(0)	-	-
Financing cash flow	**$m**	-	-	46	96	531
Change in cash	**$m**	**13**	**34**	**42**	**81**	**57**
Free cash flow	$m	21	8	(7)	(120)	(320)

BALANCE SHEET

Year ending 30 June	Unit	2019a	2020a	2021e	2022e	2023e
ASSETS						
Cash	$m	34	42	81	57	268
Receivables	$m	22	16	52	27	17
Inventories	$m	-	-	-	-	-
Capital assets	$m	42	46	91	275	617
Other assets	$m	32	32	32	32	32
Total assets	**$m**	**130**	**136**	**256**	**391**	**935**
LIABILITIES						
Creditors	$m	18	18	46	23	18
Borrowings	$m	-	-	-	-	531
Provisions	$m	8	12	13	13	13
Other liabilities	$m	0	1	2	2	2
Total liabilities	**$m**	**27**	**32**	**60**	**38**	**563**
NET ASSETS	**$m**					
Share capital	$m	267	267	313	409	409
Reserves	$m	5	5	6	6	6
Accumulated losses	$m	(169)	(169)	(123)	(61)	(43)
Non-controlling interest	$m	-	-	-	-	-
SHAREHOLDER EQUITY	**$m**	**104**	**104**	**196**	**354**	**372**
Weighted average shares	m	397	399	532	691	876

FINANCIAL RATIOS

Year ending 30 June	Unit	2019a	2020a	2021e	2022e	2023e
VALUATION						
EPS	Ac/sh	3.3	0.1	8.6	8.9	2.1
EPS growth (Acps)	%	0%	-97%	8990%	4%	-77%
PER	x	12.9x	444.2x	4.9x	4.7x	20.4x
DPS	Ac/sh	-	-	-	-	-
Franking	%	0%	0%	0%	0%	0%
Yield	%	0%	0%	0%	0%	0%
FCF/share	Ac/sh	5.2	2.0	(1.2)	(17.3)	(36.5)
FCF yield	%	12%	5%	-3%	-41%	-87%
EV/EBITDA	x	-34.0x	-40.5x	3.7x	2.8x	9.7x
LIQUIDITY & LEVERAGE						
Net debt / (cash)	$m	(34)	(42)	(81)	(57)	263
Net debt / Equity	%	-33%	-40%	-41%	-16%	71%
Net debt / Net debt + Equity	%	-48%	-66%	-70%	-19%	41%
Net debt / EBITDA	x	6.5x	9.6x	-1.7x	-0.9x	14.6x
EBITDA /net int expense	x	-8.2x	-10.1x	326.7x	0.0x	0.0x
PROFITABILITY RATIOS						
EBITDA margin	%	-10%	-6%	28%	39%	23%
EBIT margin	%	-15%	-13%	27%	39%	23%
Return on assets	%	-	-7%	23%	19%	3%
Return on equity	%	-	-9%	30%	22%	5%

ASSUMPTIONS - Prices (nominal)

Year ending 30 June	Unit	2019e	2020e	2021e	2022e	2023e
Iron ore price (62% CFR China)	US$/t	80	94	152	131	95
Salt price (CFR Asia)	US$/t			-	-	-
SOP price (FOB Australia)	US$/t			-	-	-
FX	US$/A$	0.72	0.67	0.74	0.73	0.73

ASSUMPTIONS - Sales (equity)

Year ending 30 June	Unit	2019e	2020e	2021e	2022e	2023e
Iron ore sales	Mt	7.4	7.2	6.2	7.0	7.0
Salt sales	Mt	-	-	-	-	-
SOP sales	kt	-	-	-	-	-

SEGMENT EBITDA

Year ending 30 June	Unit	2019a	2020a	2021e	2022e	2023e
Iron Valley	$m	10	21	65	67	23
Mardie Salt & SOP	$m	-	-	-	-	-
Other	$m	(15)	(25)	(18)	(5)	(5)
Total	**$m**	**(5)**	**(4)**	**48**	**62**	**18**

VALUATION

Shares on issue m			599
Shares and rights on issue m			608
Diluted shares on issue (following assumed raising) m			886
Valuation		**A$m**	**A$/sh**
Mardie Salt & Potash project (unrisked)	$335m		
Risk discount to account for project stage	15%		
Mardie Salt & Potash project (risked)		$284m	
Iron Valley agreement		$179m	
Value of core projects (risked)		**$463m**	
Corporate & admin		-$25m	
Enterprise value (risked)		$438m	
Net debt / (cash) (including raising)		-$176m	
Equity value of core projects (risked)		**$614m**	**0.69**

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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Disclosure: Bell Potter Securities acted as joint lead manager for BCI's $48m equity raising in September 2020 and received fees for that service.

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