

# BCI Minerals

Update of the Mardie Salt and Potash Project and Base Case

20 June 2023



BCI Minerals acknowledges and has deep respect for the ongoing physical and spiritual connection Aboriginal people have to the land associated with our projects.

BCI acknowledges the Traditional Custodians of country throughout Australia and pays respect to the **Whadjuk** people of the **Noongar nation** as the Perth Traditional Owners, the Mardie Traditional Owners the **Yaburara and Mardudhunera** people and also the **Robe River Kuruma** people and the Iron Valley Traditional Owners the **Nyiyaparli** people and their connections to land, sea and community.

We pay respect to the past and present Traditional Custodians and Elders of the lands we impact and the continuation of cultural, spiritual and educational practices of First Nations People.

# Important Notices

## **Not an Offer of Securities**

This document has been prepared by BCI Minerals Limited ABN 21 120 646 924 (“BCI”) and is provided for information purposes only. This document does not constitute an offer to sell, or a solicitation of an offer to buy, or a recommendation to purchase or sell any securities in any jurisdiction (in particular, the United States), or a securities recommendation. This document is not a prospectus, product disclosure statement or other offering document under Australian law or any other law, and will not be lodged with the Australian Securities and Investments Commission.

## **Mardie Project information**

The Mardie Salt and Potash Project (“Mardie”, “Mardie Project” or “Project”) aims to produce salt and SOP from a seawater resource, which is abundant, readily accessible and has a known and consistent chemical composition. The JORC Code does not apply to a project of this nature and accordingly JORC Ore Reserves and Mineral Resources are not reported. The new Mardie base case is based on material assumptions as outlined throughout this document and the Appendix, including capital and operating cost estimates, production targets, forecast financial information, the availability of funding and the finalisation of tenure and approvals. BCI has concluded that all material assumptions are based on reasonable grounds and there is a reasonable basis for making the forward-looking statements included in this announcement. However, there is no certainty that they will prove correct, or the outcomes will be achieved.

This document contains references to the Final Investment Decision for the Mardie Project (“FID”). Please refer to the ASX announcement dated 21 October 2021 (“Mardie Project – Financial Investment Decision Made”) for the FID announcement, and the ASX announcement dated 18 November 2021 (“Presentation - \$360M Capital Raising to Drive Development”) for further details of FID estimates and assumptions that are referred to in this document.

## **Summary Information Only**

This document contains a summary of information about BCI and the Mardie Project. The information is current as at the date of this document unless otherwise stated. The information in this document is general in nature and does not purport to be complete or to contain all the information which a prospective investor or financier may require in evaluating a possible investment in BCI or that would be required in a prospectus or a product disclosure statement prepared in accordance with the *Corporations Act 2001 (Cth)*.

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## **Forward-Looking Statements**

This document contains forward-looking statements regarding project development and operations, production rates, project life, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. These forward-looking statements are based on BCI’s current expectations and beliefs concerning future events at the date of this announcement and are expressed in good faith. BCI believes that the expectations reflected in such forward-looking statements are reasonable. However, these expectations and forward-looking statements are only predictions and are subject to risks, uncertainties and other factors, a number of which are set out in the Appendix to this document, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Consequently, forward-looking statements should not be relied on as a guarantee of future performance. Other than as required by law, including the ASX Listing Rules, BCI does not undertake or assume any obligation to update or revise any forward-looking statement contained in this announcement or its attachments. Except for statutory liability which cannot be excluded, BCI, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in these forward-looking statements and excludes all liability (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in forward-looking statements or any error or omission.

# Important Notices (continued)

## Risks

There are a number of potential known and unknown risks which may impact BCI's ability to develop and operate the Project in accordance with the base case forecast presented in this announcement, some of which are beyond the control of BCI. BCI applies a risk framework to identify relevant risks and ensure appropriate controls are developed to manage the identified risks.

## No Financial data

All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated.

This Presentation includes certain historical financial information extracted from BCI's audited consolidated financial statements and information released to ASX (collectively, the Historical Financial Information). The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the Australian Accounting Standards (AAS) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

## Consents

The Project Blue Group Limited ('Project Blue') has provided a report on the salt market to BCI (May 2023), from which information has been incorporated into this announcement including with respect to price forecasts. Project Blue consents to the inclusion of this information in this announcement in the form and context in which it appears.

Wood Mackenzie (Australia) Pty Ltd ('Wood Mackenzie') has provided a report on the salt market to BCI (April 2023), from which information has been incorporated into this announcement including with respect to price forecasts. Wood Mackenzie consents to the inclusion of this information in this announcement in the form and context in which it appears. Wood Mackenzie's report and/or any data or information therein, do not include, nor shall it be construed as including, advice, guidance or recommendations from Wood Mackenzie to take, or not to take, any actions or decisions in relation to any matter, including without limitation relating to investments or the purchase or sale of any securities, shares or other assets of any kind. Should any parties take any such action or decision based on Wood Mackenzie's report and/or data or information therein, the parties do so entirely at their own risk and Wood Mackenzie shall have no liability whatsoever for any loss, damage, costs or expenses incurred or suffered by those parties as a result. Wood Mackenzie's report and/or any data or information may contain forward looking statements including statements regarding Wood Mackenzie's intent, belief or current expectations. Undue reliance should not be placed on these forward-looking statements. Wood Mackenzie does not undertake any obligation to release the result of any revisions to these forward-looking statements to reflect events or circumstances after the relevant date of the issuance of its report. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Wood Mackenzie's control. Past performance is not a reliable indication of future performance.

Argus Media Ltd ('Argus') has provided a report on the SOP market to BCI (March 2023), from which information has been incorporated into this announcement including with respect to price forecasts. Argus consents to the inclusion of this information in this announcement in the form and context in which it appears.

Braemar ACM Shipbroking ('Braemar') has provided a report on seaborne freight data to BCI (December 2022), from which information has been incorporated into this announcement. Braemar does not assume any liability for the use that BCI has made of its report, including in this announcement, and neither Braemar nor any of its subsidiaries or its affiliates shall have any responsibility or liability to any person whatsoever in connection with its report and/or the information contained therein and/or any information derived from it and/or any use that any person makes of this announcement.

# Welcome and agenda

## BCI Minerals – an overview

- Video
- Vision, purpose, and values
- Our team
- Sustainability

## The Mardie Salt and Potash Project

- An overview
- Construction progress
- Approvals
- Cost and design review

## Outcomes

- Optimisation outcomes
- Confidence in design

## Marketing

- Market & Pricing
- Offtake Strategy

## Funding Update

- Funding & Timeline
- Economic Performance

## Closeout

- Recap
- Q&A

## Presenters:



David Boshoff  
*Managing Director*



Kerryl Bradshaw  
*Chief Financial Officer*

# BCI Minerals

## An overview



## BCI Minerals: video

Visit the BCI Minerals website to learn more about who we are, what we do, and how we're reshaping the face of resources in Western Australia.

[Click here to watch our corporate video](#)



# Vision, purpose, and values

Our **vision** is to be a globally significant, sustainable industrial minerals business, with salt and potash as the initial focus.

Our **purpose** is to create sustainable value for stakeholders, by providing resources the world needs for generations to come.



## Our Values



People and Assets



Environment and Community



Integrity



Performance



Accountability



Teamwork

# Committed to sustainability

Sustainability is a key enabler of BCI's vision.

Key sustainability attributes include:

- Drawing from an abundant natural seawater resource
- 99% of the energy required for operation to come from solar and wind (mainly for evaporation)
- Sulphate of potash (SOP) fertiliser developed as by-product of salt production
- Designed to minimise social, heritage and biodiversity impacts
- Strong employee safety and wellbeing initiatives
- Provide sustainable and growing financial returns

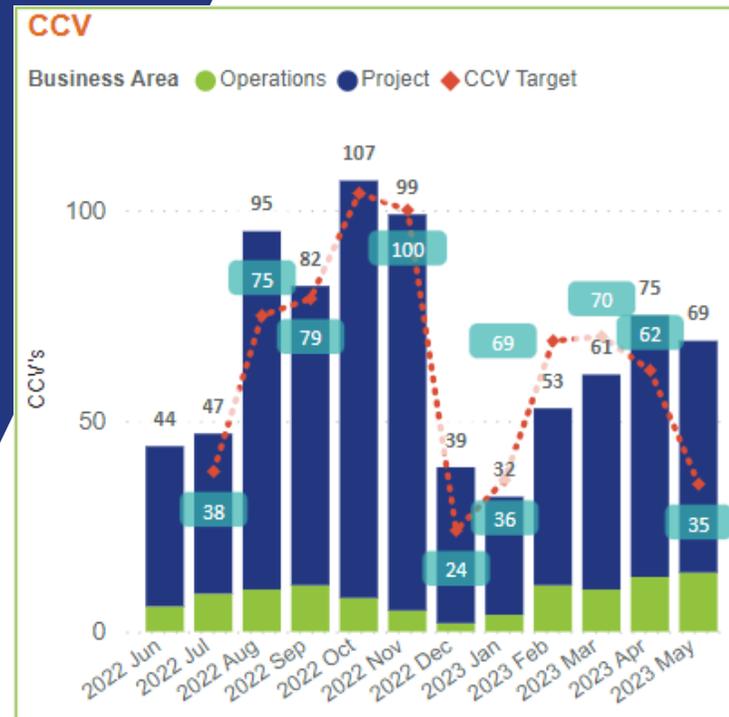


# Health, safety and wellbeing

BCI places the highest priority on providing a safe and healthy working environment for all staff and contractors.



- To ensure safety performance continues to improve, all BCI employees have safety as a KPI
- Fatality prevention is a key component of the Health & Safety KPI with the implementation and verification of Critical Controls (CCV) as well as TRIFR as a lag indicator.
- BCI's total recordable injury frequency rate (TRIFR) on a rolling 12-month basis is 5.4
- Strong employee safety and wellbeing initiatives in place



# BCI Executive team – delivery experience



**DAVID BSHOFF**  
Managing Director

David was appointed Managing Director in November 2022 and brings more than 20 years' leadership experience in the mining industry, including the delivery of large capital projects.



**KERRYL BRADSHAW**  
Chief Financial Officer

Kerryl has more than 20 years' senior leadership experience in projects, finance and technology roles, leading significant value-creating business transformations within the 20+ years focused on the Resources industry.



**ARRON MINCHIN**  
Head of External Relations

Arron brings more than 20 years' experience across the Private, State and Local Government sectors with exposure to Government, Mining, Sport and Recreation and Community Safety industries.



**STEPHANIE MAJTELES**  
General Counsel /  
Joint Company Secretary

Stephanie has over 18 years' experience in the projects and resources industries, with significant experience at both a top tier law firm and in-house at a large global resources company.



**TIM DEIGHTON**  
Project Director

Tim brings more than 25 years' experience in construction, engineering and project management.

# The Mardie Salt and Potash Project

## A progress update



# The Mardie Salt & Potash Project

Mardie is a future tier 1 solar evaporation project under construction that will be a **sustainable supplier of salt and potash for decades to come.**

The design and cost review has resulted in a **more robust and resilient project**, with an increased capital cost, and improved project economics.

Mardie is situated in an ideal location for producing high purity salt and potash, and is well positioned to supply salt into an **emerging deficit in key Asian markets**, and we expect first salt on ship in 2026.



## Site Conditions

- Ideal climate and conditions to produce high purity salt



## Estimated Production

- Direct coastal access to natural seawater resource
- Producing 5.35 Mtpa salt
- Producing 140ktpa SOP



## Port

- Direct access to Asian markets
- Port to include 2.4km jetty with conveyor, and 4.6km dredged channel



## Shipping

- Project to use 12,000dwt self-propelled, self-unloading transhipper
- Handymax, Panamax and Capesize vessels 28km offshore

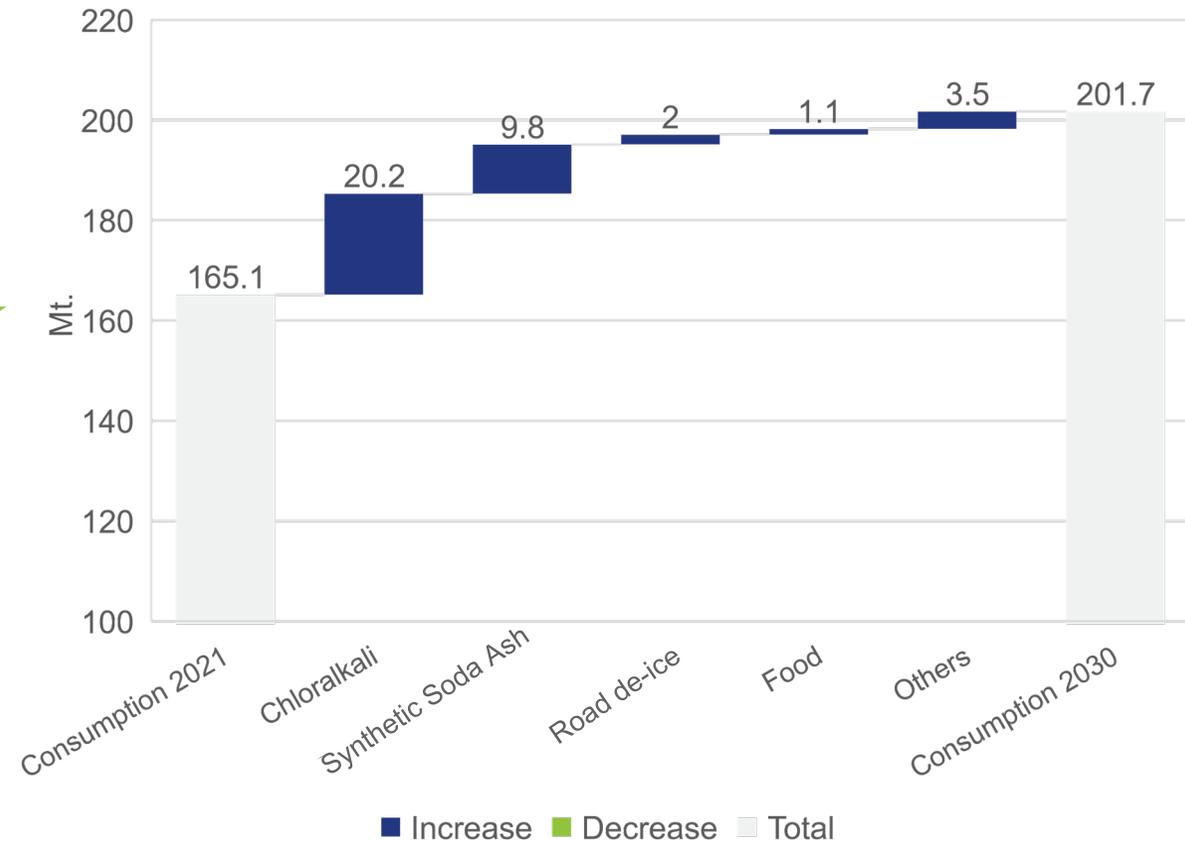
# Asian salt market outlook

Asian salt consumption is expected to rise significantly from 2021 to 2030, mainly driven by increase in chemical sector predominantly Chloralkali and Soda Ash industries.<sup>1</sup>

The result of this is an anticipated deficit in supply.



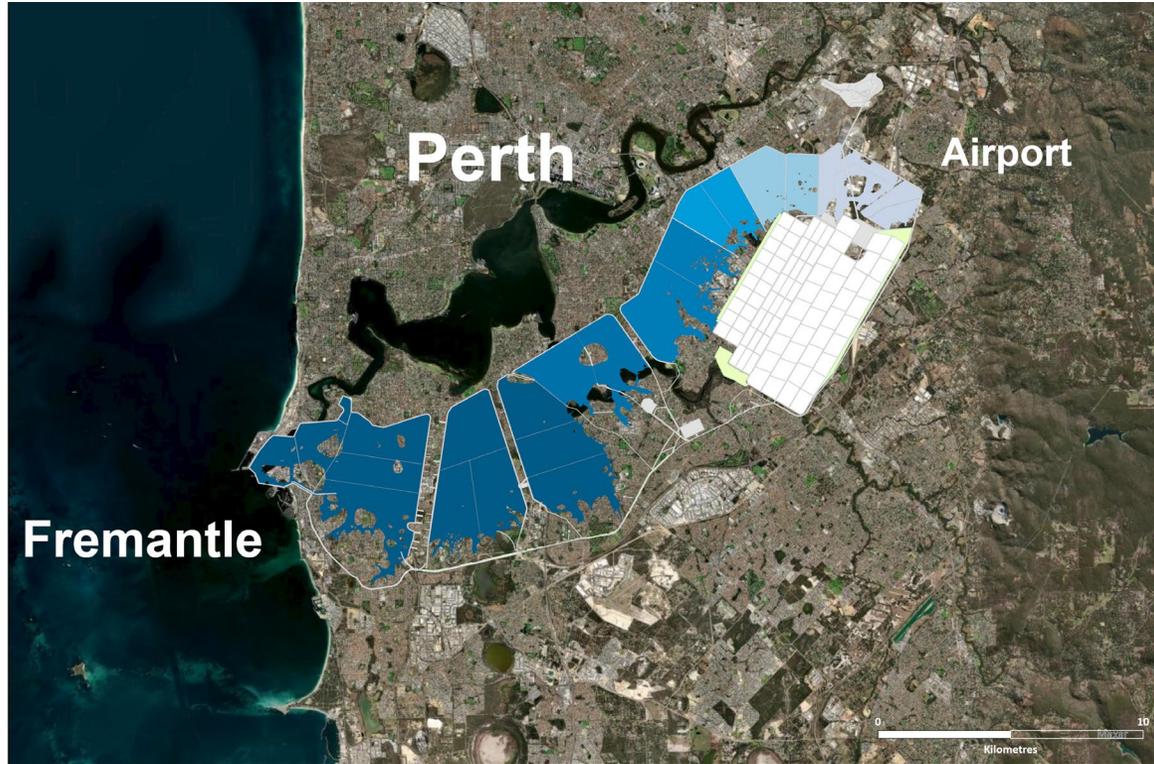
Asian Salt Consumption forecast by end-use 2021 to 2030



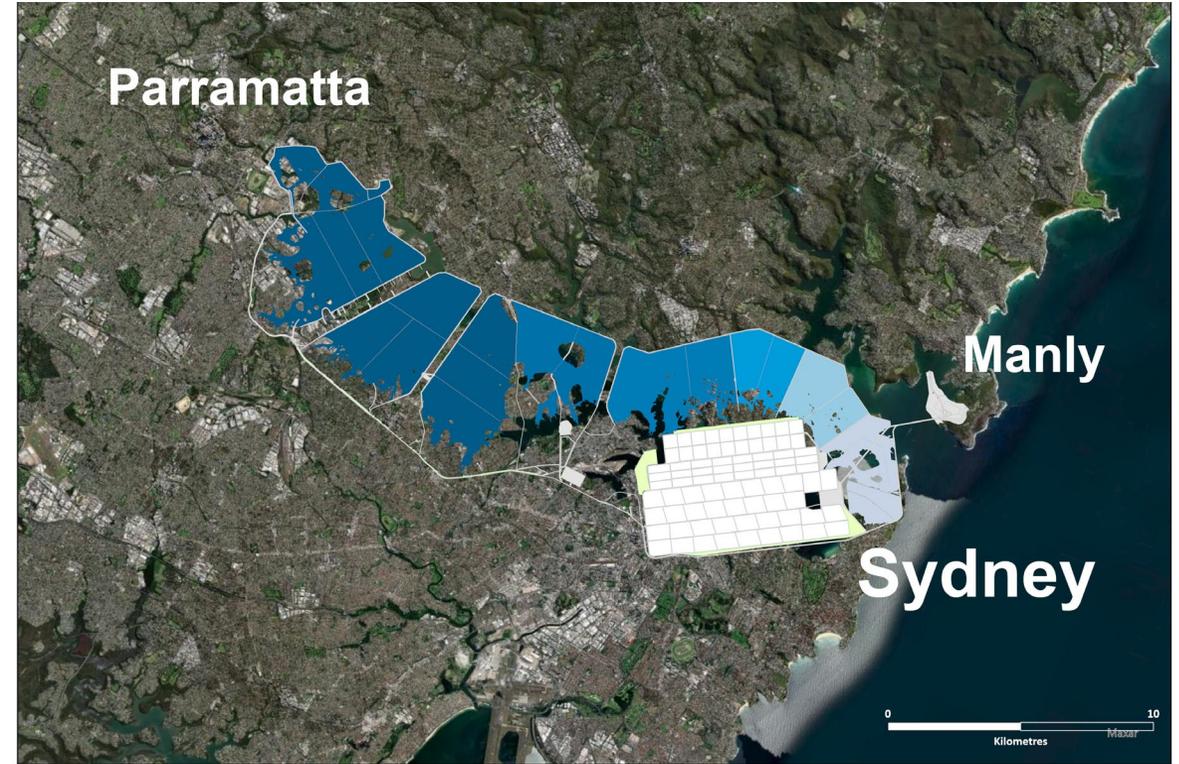
<sup>1</sup> Wood Mackenzie: Independent Salt Market Report developed for BCI Minerals (May 2023)

# Project Footprint v Perth and Sydney

## Mardie v Perth



## Mardie v Sydney



The project is over 30km in length, and more than 100km<sup>2</sup>.



# BCI at a glance: delivering the construction program since March 2022

- BCI is progressing well on the Mardie Project development.
- Major construction milestones have been achieved since commencement in March 2022.
- Contracts and packages completed in 2023 are being delivered in line with or under expected cost.
- Main Construction program will be completed H2 2026, and SOP circuit H2 2027.

Overall construction progress to March 2023<sup>1</sup>:



**\$1421M**

Base Capital <sup>2</sup>  
@

**\$208M**

Contingency

**\$307M**

Cumulative Capex spent to  
March 2023

**\$551M**

Awarded in contracts to  
March 2023

1. Construction progress based on capex spent to date as a percentage of estimated total capex under updated Mardie Base case (without contingency). Refer to Appendix on slides 42 to 44 for material underlying assumptions and risks.

2. Includes, \$307M already spent

# Mardie village



The 400-bed accommodation and facilities are complete and have received a Certificate of Occupancy.

# Primary seawater intake station completed

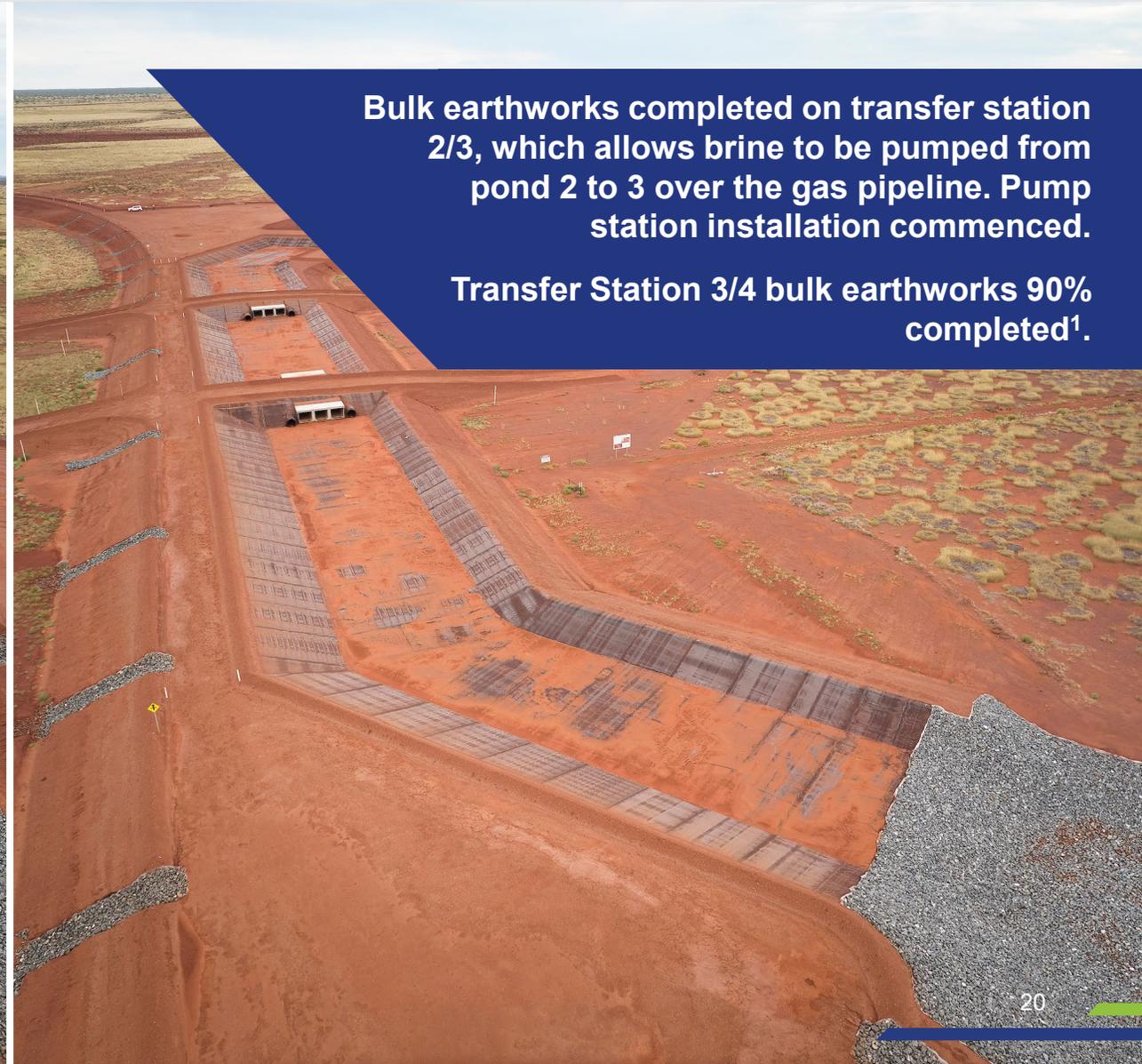


# Evaporation ponds 1 & 2

Ponds 1&2: civil works are complete, with rock armour planned to be placed in Q3, CY2023.



# Transfer Stations



**Bulk earthworks completed on transfer station 2/3, which allows brine to be pumped from pond 2 to 3 over the gas pipeline. Pump station installation commenced.**

**Transfer Station 3/4 bulk earthworks 90% completed<sup>1</sup>.**

*1. Progress based on amount spent as a percentage of contract award value under updated Mardie Base case. Refer to slides 42 to 44 for material underlying assumptions and risks.*

# Evaporation ponds 3 - 5

**Construction of Ponds 3 to 5 has reached 85%<sup>1</sup>. Positively, the contract is forecast to come in 10% under the awarded value for the package, providing increased confidence in the estimates for the remaining civil works.**



*1. Progress based on amount spent as a percentage of contract award value under updated Mardie Base case. Refer to slides 42 to 44 for material underlying assumptions and risks.*

# Roads: Upgrading North South Road

Roads have been developed to provide permanent access and flood protection to key areas across the Mardie Project area including upgrades to Mardie Road. The North South Road and Mardie Road have reached ~50% completion<sup>1</sup> at the end of May 2023.

*1. Progress based on amount spent as a percentage of contract award value under updated Mardie Base case. Refer to slides 42 to 44 for material underlying assumptions and risks.*

# Roads: Temporary Jetty Access Road



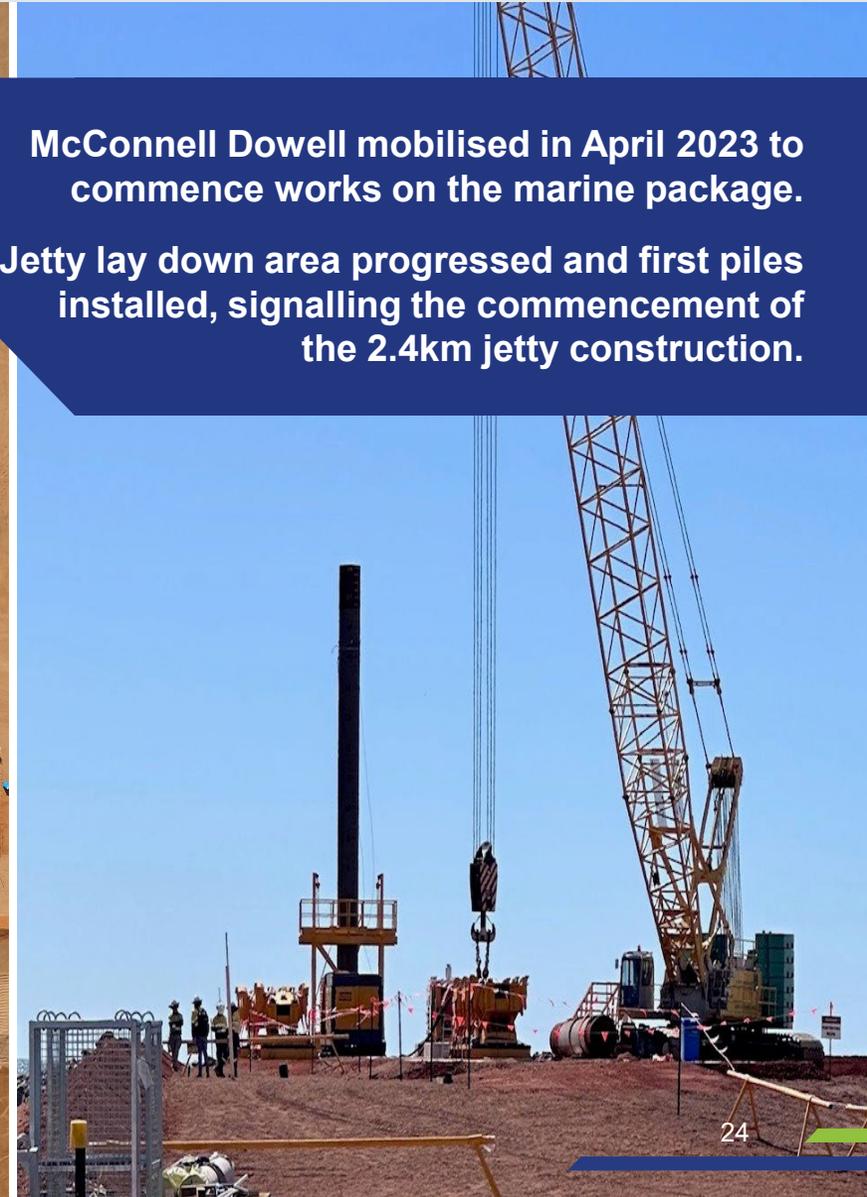
The Temporary Jetty Access Road has progressed to ~50%<sup>1</sup> at the end of May 2023. The causeway is now open for construction traffic.

*1. Progress based on amount spent as a percentage of contract award value under updated Mardie Base case. Refer to slides 42 to 44 for material underlying assumptions and risks.*

# Marine Structures



McConnell Dowell mobilised in April 2023 to commence works on the marine package. Jetty lay down area progressed and first piles installed, signalling the commencement of the 2.4km jetty construction.



# Positive Stakeholder Engagement

## Lenders / Investors



- Key financiers remain supportive of the Project<sup>1</sup>
- Objective to provide sustainable and growing financial returns for shareholders

## Approvals



- EPA approved the initial project scope footprint<sup>2</sup>.
- State and Federal Government approved project implementation.
- Optimised feasibility study (OFS) approvals targeted by Q4 2023 in time for quarry and crystalliser construction activities (an extension to the footprint).

## Native Title



- Key Native Title agreements in place
- Port Indigenous Land Use Agreement (ILUA) finalised<sup>3</sup>
- The Cape Preston West (CPW) Port Reserve was vested in the Pilbara Ports Authority (PPA) in December 2022.

## Tenure



- All Definitive Feasibility Study (DFS) mining tenure granted in Q1 2022, enabling construction activities to commence<sup>4</sup>
- Grant of OFS mining tenure targeted Q4 2023
- Preliminary Port tenure in place with Pilbara Ports Authority to commence jetty works<sup>5</sup>

Positive progress with key approvals on track.

<sup>1</sup>Refer to ASX announcements dated 24 November 2021 and 15 October 2021.

<sup>2</sup>Based on plans as outlined in Definitive Feasibility Study, refer to ASX announcement dated 25 November 2021 "Ministerial Approval for Mardie Project"; OFS approvals in progress and targeted Q4 2023

<sup>3</sup>Refer to ASX announcement dated 30 December 2021 "Cape Preston West Port – Approvals Progress"

<sup>4</sup>Refer to ASX announcement dated 9 February 2022 "Mardie Mining Leases Granted"

<sup>5</sup> Refer to ASX announcement dated 5 December 2022 "Mardie Project Update"



## Cost and design review

BCI has undertaken a full review of all capital packages, development schedule, production profile and operational costs to complete a compelling new Base Case.



Quantitative and technical independent reviews by industry experts, delivering a base case that **demonstrates strong returns to investors for generations.**



De-risking activities have **increased confidence in cost and performance** of estimates.



The design and cost review process has **incorporated lessons learned and increased overall robustness and operability** of the Project.

# Targeted steady state production rates retained

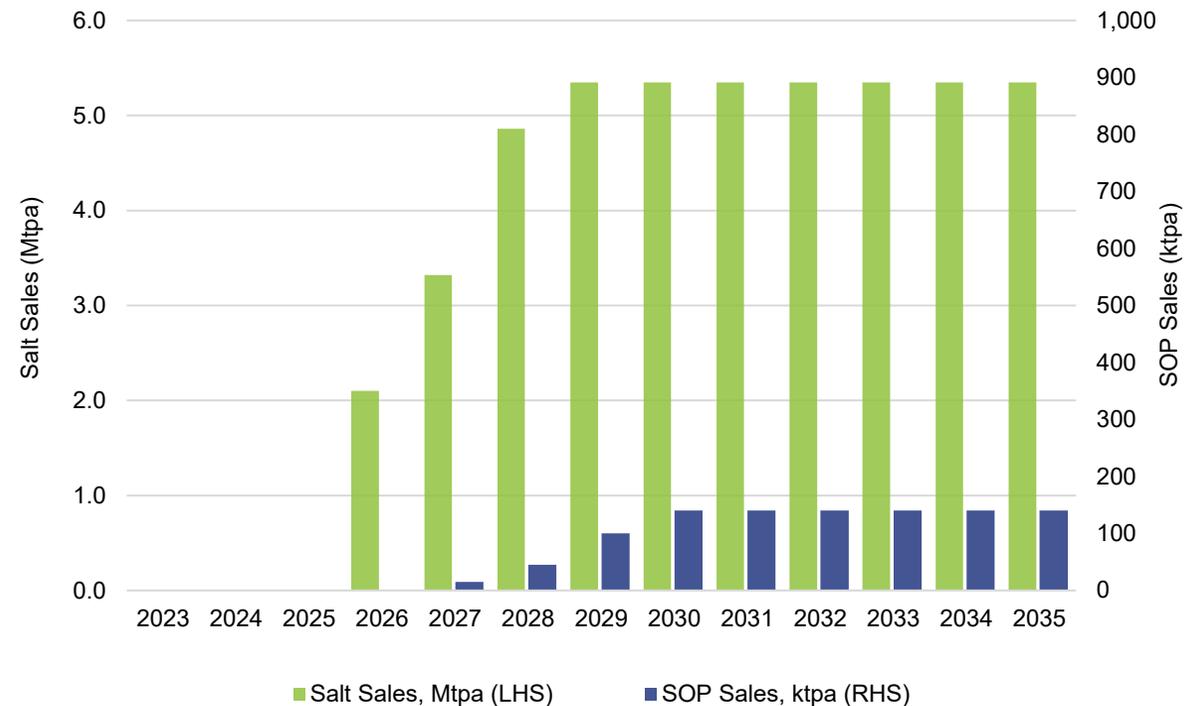
Targeted production levels are retained:

Salt Production  
**5.35 Mtpa**

SOP Production  
**140ktpa**

- Following the cost and design review, target Salt & SOP remain at FID levels
- First Salt on Ship is planned for H2, 2026
- First SOP on Ship is planned for H2, 2027

Salt and SOP Sales Ramp Up<sup>1</sup>

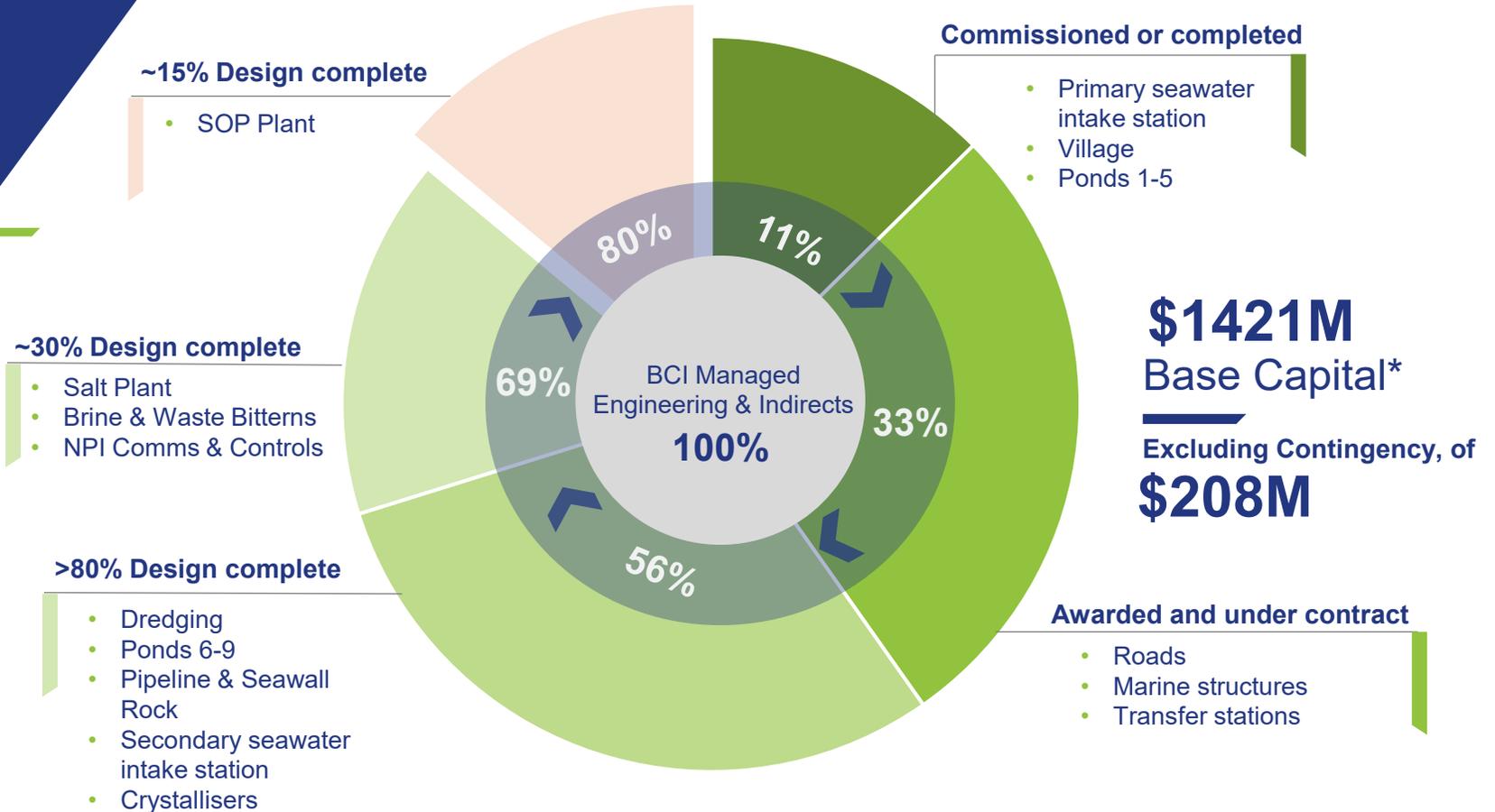
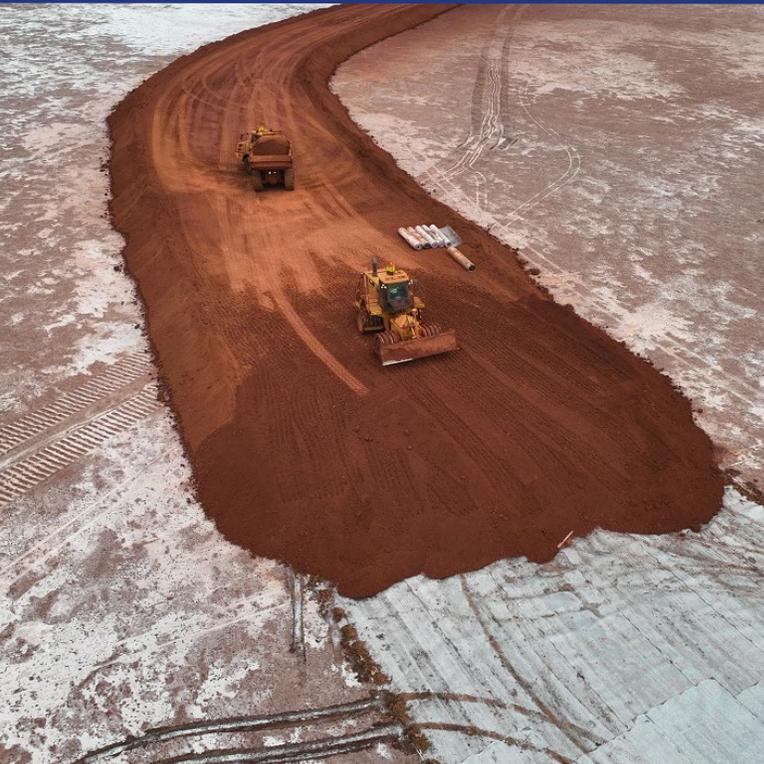


<sup>1</sup> Refer to Appendix on pages 42 - 44 for material underlying assumptions and risks

# Confidence in design

Of the \$1,421M\* Project Mardie base capital;

- 33% has been awarded and either constructed or under construction,
- 56% has a design maturity of 80% or above, and
- the Salt Plant is nearing award.



\*All percentages calculated from the base estimate \$1,421M which excludes contingency

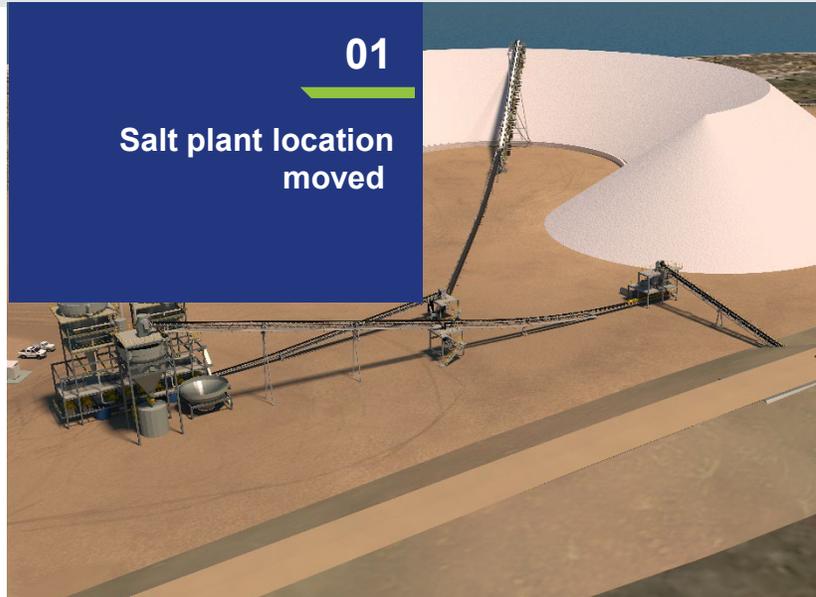
# The Mardie Salt and Potash Project

## Base Case



# Review outcomes

Projected EBITDA is substantially higher than the FID estimate, despite increased capital cost.



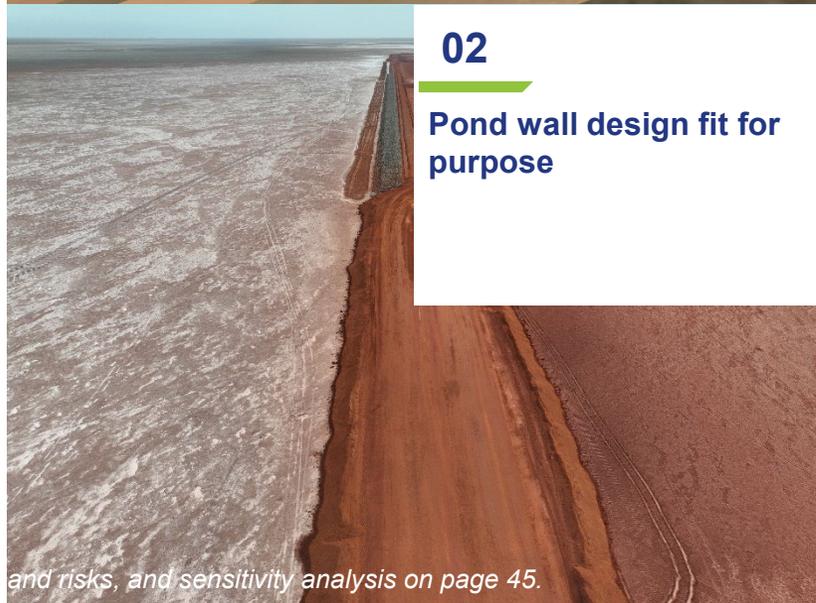
01

Salt plant location moved



03

Crystalliser layout optimisation



02

Pond wall design fit for purpose



04

Salt Confirmed as Primary Product, SOP as a by-product

<sup>1</sup> Refer to Appendix on pages 42 – 44 for material underlying assumptions and risks, and sensitivity analysis on page 45.

# The Mardie Salt and Potash Project

## Market update

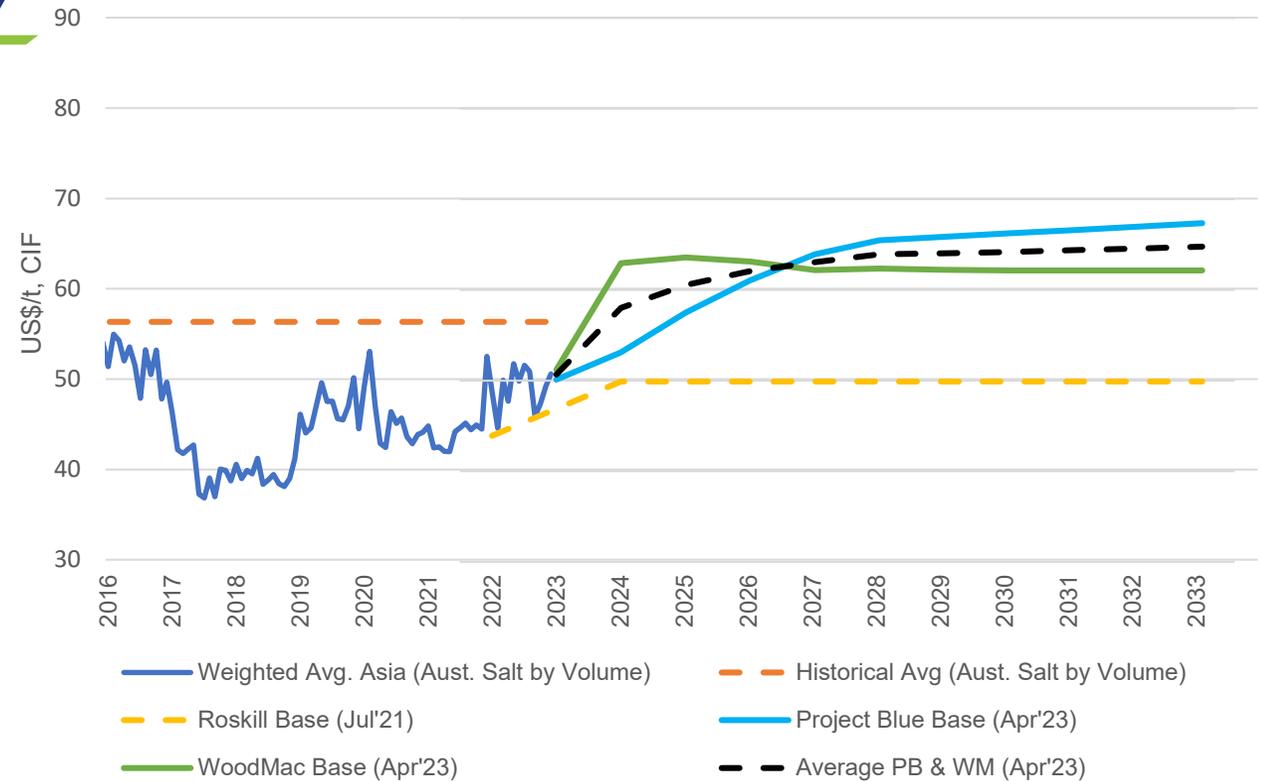
# Salt market pricing

Wood Mackenzie and Project Blue are forecasting long term salt price of US\$62<sup>1</sup>-67/t<sup>2</sup> (2023\$) for Australian salt delivered into Asia, from FID price of US\$49.60/t<sup>3</sup>

Significant uplift in the long term price forecasts recognise:

- Strong price trend observed in recent years
- Economic growth outlook in key markets particularly China & SEA
- Lagging supply capacity expansion
- Evidence of the emerging market supply deficit

Historical and Forecast Australian Salt Prices (Real US\$/t)



1. Wood Mackenzie 2030 salt price forecast (April 2023)

2. Project Blue 2030 salt price forecast (May 2023)

3. Refer to BCI ASX announcement 18 November 2021

"Presentation - \$360M Capital Raising to Drive Development"

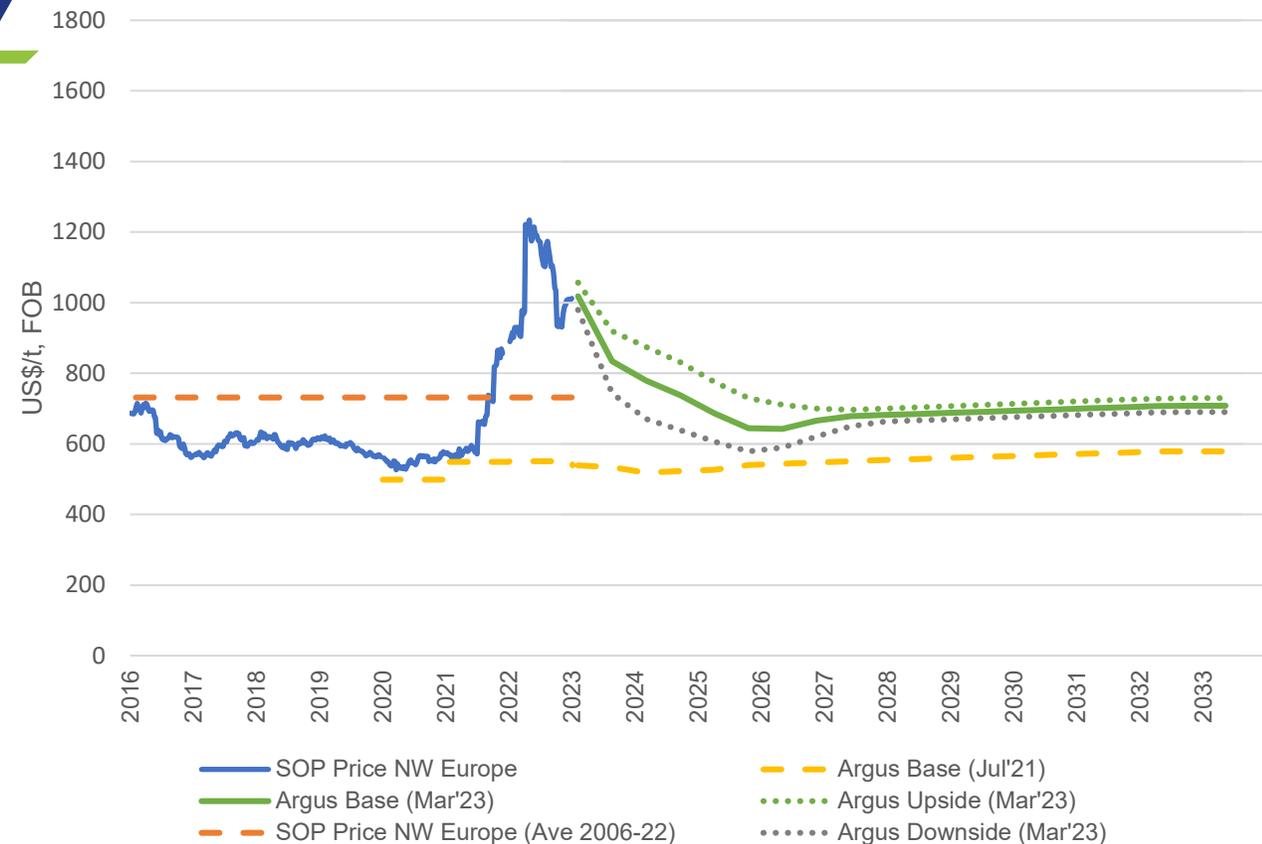
# SOP market pricing

Argus forecast increased long term 2040 SOP price to US\$666 (2022\$ FOB Mardie)<sup>1</sup> which converts to US\$708/t<sup>2</sup> (2023\$ FOB Mardie), from FID prices of US\$573/t<sup>3</sup>

The increase to SOP price forecasts driven by:

- Structural shift in the market following US sanctions against Belarus and the Russia/Ukraine conflict
- High inflationary environment
- Delays in new SOP projects expanding supply

Historical NW Europe SOP Price and Forecast Mardie SOP FOB Price (Real US\$/t)



<sup>1</sup> Argus SOP price forecast for FOB Mardie (March 2023)

<sup>2</sup> 2022\$ converted to 2023\$ by BCI

<sup>3</sup> Refer to BCI ASX announcement 18 November 2021

"Presentation - \$360M Capital Raising to Drive Development"

# Attractive & sustainable economic performance

Attractive project economics continue to support debt capacity and long-term equity returns

The Mardie Project is anticipated to deliver<sup>1</sup>:

- Project NPV<sub>7</sub> \$2.6Bn<sup>2</sup> compared to FID of NPV<sub>7</sub> \$1.5Bn<sup>2</sup>
- Positive operating cashflow from salt only, with SOP earnings providing upside
- Attractive and long-term net cash flows of ~\$378M p.a. (steady state) over the project life

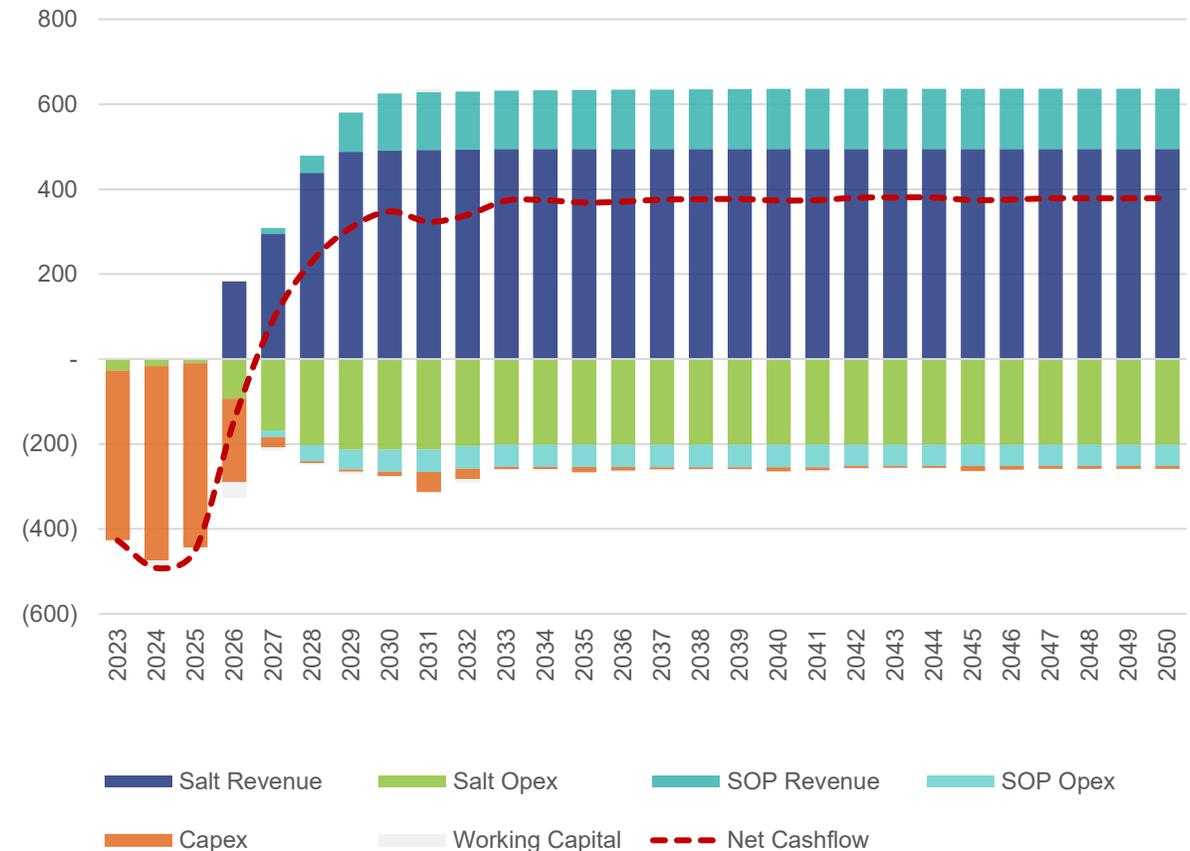
## Competitive Opex Est. Maintained

Assumption	Units	FID	Updated base case
Salt AISC	A\$/t FOB, Real LOM	21.5	23.0
SOP AISC	A\$/t FOB, Real LOM	337	385

<sup>1</sup> Refer to Appendix on pages 42 – 44 for material underlying assumptions and risks

<sup>2</sup> NPV is real, ungeared

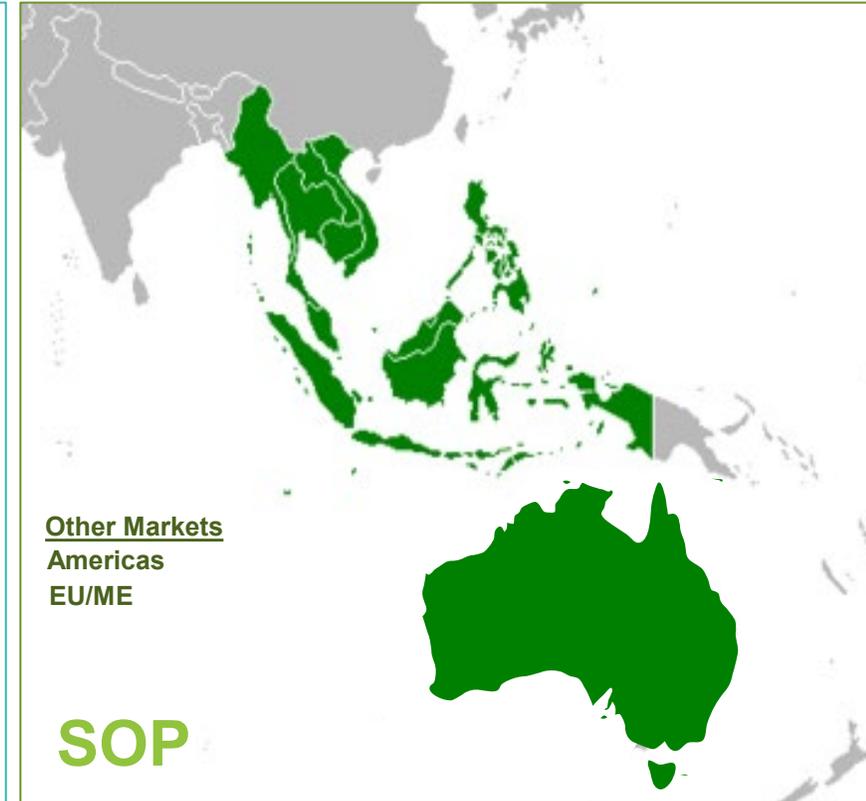
Project Cashflows to CY50 (A\$M, Real)



# Marketing strategy

## Offtake Partners

- Offtake discussions are progressing well with several counterparties, reflecting the strong market growth for salt and SOP
- Very active market and significant appetite in the commodity reflected by investment interest
- BCI will be seeking to significantly progress offtake discussions throughout 2H 2023



# The Mardie Salt and Potash Project

## Funding update



# Financing Progress – Key Messages

The current base case demonstrates strong equity returns and a robust debt capacity.

- Discussions are well progressed with project financiers
- BCI aims to execute project finance documents in Q3 2023, to fund all capex except the SOP plant
- BCI intends to raise the required equity for the project in Q4 2023, following execution of project finance documents
- Debt finance for the SOP plant is targeted for 2024, on completion of further design and cost development
- Discussions are in progress with several offtake and other parties who have also expressed interest in investing in the project



# Funding and Project Timeline\*



## MARDIE Salt and SOP Project

- <sup>1</sup> Subject to shareholder approval sought at 23 June 2023 EGM. Refer to ASX release dated 28 April 2023 titled 'BCI Secures \$60M of convertible Notes to Fund Mardie'
- <sup>2</sup> Refer to Notice of General Meeting and Explanatory Memorandum to Shareholders released to ASX on 24 May 2023
- <sup>3</sup> Excluding SOP Plant debt
- All dates are indicative

# In closing

BCI is confident in the deliverability of the Mardie Salt and Potash Project

- Skilled and highly motivated team
- Technically robust, independently validated optimised project design
- Attractive investment proposition with anticipated strong returns to investors for generations
- Low-cost producer
- Significant progress on construction
- High quality, sustainable operation promotes green credentials
- Buoyant long term commodity market
- Delivering long term benefits to the region and community





# Questions and answers

**THANK YOU**



# Appendix: Risks

## Project Risks

There are a number of potential known and unknown risks which may impact BCI's ability to develop and operate the Project in accordance with the base case forecast presented in this announcement, some of which are beyond the control of BCI. BCI applies a risk framework to identify relevant risks and ensure appropriate controls are developed. Key risks are identified below.

**Funding risk:** There is a risk that BCI is unable to secure (or there is a delay in securing) the required levels of debt or equity funding, or investors or lenders require additional significant contingencies or conditions, which could impact BCI's ability to complete the Project as per the Base Case. Debt facilities will be subject to BCI meeting certain conditions (including obtaining minimum offtake commitments, financial metrics and approvals) prior to debt drawdown, and any delay or inability to meet these conditions may result in delay or indefinite postponement of BCI's activities.

**Project cost:** Actual capital and operating costs may be higher than the estimates provided in this document. Capital costs and operating costs could be materially higher than new base case estimates when the Project is implemented due to market and inflationary pressures on construction inputs such as fuel, labour, transport, and equipment, ocean freight, industrial disputes or suspension of operations.

**Site incident:** A serious safety incident onsite during construction could result in significant penalties and delays and BCI may be liable for compensation.

**Offtake:** There is no certainty that BCI will be able to obtain acceptable binding offtake agreements (based on counterparty, tonnage or price) in order to support equity raise and/or debt requirements. Offtake agreements may be entered into at a lower price than used in the base case estimate, and are subject to counterparty risk. Deterioration in Australia's trading relationships with potential offtake countries may adversely affect BCI's prospects for securing offtake agreements.

**Commodity price and exchange rate risk:** The future sale of salt and SOP products exposes BCI to potentially unfavourable changes in commodity prices and exchange rates. Salt and SOP prices are expressed in US dollars, whereas the income of BCI is taken into account in Australian dollars. Adverse fluctuations in the AUD/USD exchange rate may negatively impact the Australian dollar revenue received by BCI from sales of salt and SOP.

**Design changes:** Design changes (for example resulting from new geotechnical data around the salt wash, SOP plants and the crystallisers) may result in increased Project cost or delays.

**Key people retention:** Loss of critical staff and high turnover could result in loss of knowledge, expertise and reduced productivity, which may have a detrimental impact on the Project.

**Licence to operate (LTO) and environmental breach:** Significant breach of environmental obligations, tenure, access or heritage approvals or conditions could result in significant penalties, suspension of construction or operating activities, or loss of tenure and ability to under the Project.

**Tenure:** Whilst BCI expects that it will be able to satisfy the conditions for renewal of granted mining leases, there is no guarantee that granted mining leases will be extended or renewed further than 42 years. Further, whilst BCI has the formal written support of the Minister for Ports for the creation of a port at Mardie, there is no guarantee that BCI will be able to secure the Mardie port lease and licence, development approvals and construction approvals on acceptable terms from the Pilbara Ports Authority, which could result in delay in development or a cost increase.

**Traditional Owner and community relationships:** Material breakdown in community and Traditional Owner relationships could negatively impact BCI's reputation and business, and damage to heritage sites could result in penalties, delay, or revocation of BCI's licence to operate the Project.

**Gas pipeline breach:** Failure to comply with obligations under pipeline owner agreements could result in potential forfeiture of tenure along the gas pipelines or damage to the pipelines resulting in remediation costs, potential loss of gas supply and temporary suspension of works.

**OFS environmental approvals:** Failure to obtain environmental approvals for the OFS footprint, or the imposition of conditions not favourable to BCI, or a delay in the grant of OFS approvals due to lack of Government department resources and/or public appeals, may negatively impact Project implementation and BCI's ability to secure funding.

**Wall failure:** Evaporation pond wall failure has multiple potential consequences including vehicle roll overs, cost over runs, schedule and ramp-up delays and production interruption.

**Cyclone damage or heavy rainfall events during construction:** Extreme weather events such as cyclones, excessive rain flooding and fires may cause damage to constructed portion of the Project which may result in additional costs or delays. Once in production, if flood waters enter the ponds it will increase total evaporation time and impact production rates.

**Approvals risk:** Assumptions made in relation to approvals that have not yet been obtained in respect of availability, terms and costs associated with those approvals do not eventuate and certain elements of the Project cost more, are delayed or constrained.

# Appendix: Assumptions

## Material Assumptions

In addition to the assumptions outlined throughout this document, BCI provides the following information in relation to the new Mardie base case.

**Capital costs:** The capital estimate has been prepared using the Project controls work breakdown structure derived for the base case. The capital cost estimate is structured in alignment with the contract packaging strategy. The estimate has been prepared based on individual estimates by project area completed from first principles utilising engineering information for all disciplines based upon recent market tenders and pricing as well as updated designs and quantities of contracted prices where appropriate. EPC Lump Sum and D&C Lump Sum contracts are proposed for key infrastructure including the Primary Seawater Intake (completed), Village (400 rooms complete), Marine Structure (awarded), Salt and SOP plants, and Non Process Infrastructure. These lump sum contracts will account for ~\$600M or 40% of the total capital estimate. The balance of the packages are proposed to be in a form of a Schedule of Rates contract. The capital estimate excludes the capital costs for components of infrastructure which are to be provided by contractors or service providers under a BOOT arrangement. These items are covered in the operating cost estimate.

**Operating costs:** All-in sustaining operating cost ('AISC') estimates conform to on average an Advancement of Cost Engineering International Class 2 level and are \$23.0/t FOB for salt and \$385/t FOB for SOP on a LOM average basis, and \$22.2/t FOB for salt and \$393/t FOB for SOP on a steady state basis. Salt operating costs include costs of operating ponds, salt crystallisers, the salt wash plant, salt sustaining capital, port handling and transshipping, marketing and royalties and corporate and administrative overheads. SOP operating costs include costs of KTMS crystallisers, SOP processing plant, bitters disposal, SOP sustaining capital, port handling and transshipping, marketing and royalties and corporate and administrative overheads. Operations commence upon completion of ponds 1 and 2 construction and operating costs are therefore incurred prior to first sales, and additional engineering, approvals, legal and funding costs are incurred during the construction period.

**Production:** Production and sales will occur over approximately 60 years and total 310Mt of salt and 7.9Mt of SOP. Salt sales will commence in H2 CY2026, with steady-state salt sales reaching 5.35Mtpa in 2029. SOP sales will commence in H2 2027, with steady-state SOP sales reaching 140ktpa in 2030.

**Salt pricing:** The base case uses a long term average salt price of US\$64.80/t which is based on the average of the Wood Mackenzie 7 year weighted Asian salt price forecast to 2030 of US\$62.2/t (Apr-23) and the Project Blue 10 year weighted Asian salt price forecast to 2033 of US\$67.4/t (May-23).

**SOP pricing:** The base case SOP price is based on the Argus 2040 SOP price forecast of US\$666 (real, 2022\$, FOB Mardie) (Mar-23). BCI has converted this number to US\$708 (FOB, real, 2023\$) for use in the base case financial model.

**Financial assumptions:** Other key financial assumptions regarding exchange rates and CPI that have been used to prepare forward looking financial information in this document are presented in the key BCFM assumptions table on the following slide.

# Appendix: Assumptions

The following table contains the key assumptions used in the base case financial model, both at FID and under the update base case:

Assumption	Units	FID	Updated base case
Base Case Capital Estimate	A\$M, nominal	905M	1,421M
Total contingency Reserve	A\$M, nominal	110M	208M
First Salt on Ship	HY	H2 CY24	H2 CY26
First SOP on Ship	HY	H2 CY26	H2 CY27
Salt Production	Mtpa	5.35	5.35 (5.1 – 5.5)
SOP Production	Ktpa	140	140 (130 – 145)
Salt Price	US\$/t CIF, Real, LT	49.6	64.8
SOP Price	US\$/t FOB, Real, LT	573	708
Salt Freight & Ins	US\$/t, Real LT	11.0	11.2
Salt AISC	A\$/t FOB, Real LOM	21.5	23.0
SOP AISC	A\$/t FOB, Real LOM	337	385
Exchange rate	AUD/USD, 2026+	0.70	0.70
CPI – LT Avg	% LT	2.0	2.0
Discount Rate	Real	7%	7%

# Appendix: Sensitivities

