

DECEMBER 2020 QUARTERLY RESULTS

STRONG EARNINGS AND MARDIE EARLY CONSTRUCTION

- **Record quarterly Iron Valley EBITDA to BCI of A\$10.0M from 1.6Mt shipments**
- **Mardie debt funding – NAIF conditional approval for a A\$450M loan**
- **Establishment of Mardie supporting infrastructure underway**
- **Mardie design optimisation work and approvals advanced**
- **Achievement of 2,000 days without a lost time injury**
- **Cash balance of A\$78.5M and zero debt**

BCI Minerals Limited (ASX:BCI) ('BCI' or the 'Company') is pleased to present its quarterly activities report for the period ended 31 December 2020.

MARDIE SALT & POTASH PROJECT

Mardie Site Activities

Site activities underway at Mardie include establishment of the accommodation village, access roads, site communications, fuel storage, water bores and initial power supply facilities. Additional accommodation units have been delivered to the Mardie site for expansion of the existing 36-bed village to 80 beds. The accommodation village expansion will facilitate the remainder of the early works program and construction of the larger construction village.

Figure 1: Accommodation Units Arriving at Mardie



Construction of a large scale trial pond is scheduled to commence in early Q2 2021. This program will test pond wall design, construction methodology and construction materials, providing valuable input into detailed design and the contracting process for the ponds and crystallisers.

Detailed Design and Optimisation

BCI continues to progress detailed design work for early construction packages with the support of BCI's study engineer GR Engineering Services. This program will further de-risk development of the Mardie Project and aims to develop project designs to a level suitable for entering into lower risk construction contracts.

Optimisation opportunities are also being evaluated in relation to project layout and production rates, execution schedules, upfront capital costs and operating costs. The potential for increased production in the final project footprint is enhanced through the availability of additional tenements secured by BCI immediately north of the Mardie Project.

Evaporation and Processing Trials

BCI's evaporation and crystallisation trials, including a 1:40,000 scale version of the ponds and crystallisers at the Mardie site and a crystallisation set-up at BCI's Perth based facilities, are continuing to produce raw salt and kainite-type mixed salts ('KTMS') for upcoming salt and SOP pilot plant programs.

Nagrom has been engaged to construct and operate a salt pilot plant. The pilot plant is currently being assembled and a minimum of 20 tonnes of high purity salt is scheduled to be processed in Q1 2021. Outcomes from the program will assist with flowsheet finalisation and generate additional salt samples for testwork by potential offtake customers. The SOP pilot plant program is currently being scoped and is scheduled to occur in Q2 2021. Approximately 1 tonne of KTMS has been generated by the evaporation and crystallisation trials to date and additional KTMS will be available for the program.

Figure 2: Salt Pilot Plant Under Construction



Funding

BCI achieved a key funding milestone during the quarter, with the Federal Government's Northern Australia Infrastructure Facility ('NAIF') making a positive investment decision to provide a loan facility for the Mardie Project. The NAIF loan facility is for a total of A\$450M to be used for construction and ramp-up of the Mardie Project and associated financing fees and costs, and will have an overall tenor of 15 years from financial close.

The approval is subject to BCI demonstrating meaningful progress with the Mardie Project by 31 March 2021 (or such later date agreed with NAIF), facility documents being entered into between the parties and satisfaction of conditions to funding.

NAIF's positive decision follows extensive discussions between the parties over a period of approximately 18 months, including detailed due diligence by a group of NAIF endorsed independent experts (including technical, approvals, financial and market).

The NAIF loan will be required alongside other debt tranches, and BCI is continuing detailed due diligence and discussions with several Australian and international banks regarding potential project finance debt. BCI has also initiated discussions and due diligence with Export Finance Australia regarding the potential provision of a medium tenor tranche of project finance debt.

Tenure and Approvals

The public review period for the Mardie Environmental Review Document ended in September 2020 and BCI has responded to the relatively limited number of submissions received. BCI continues to liaise with the Western Australian Environmental Protection Authority ('EPA') in these final stages of the environmental approvals process, and is targeting EPA endorsement of the Mardie Project in late Q1 2021 and final Ministerial approval by Q2 2021.

BCI continues to work closely with the Pilbara Ports Authority ('PPA') and the Department of Planning, Lands and Heritage ('DPLH') to secure the tenure and agreements required to develop the Mardie Port facilities within the new Cape Preston West Port area.

During the quarter, BCI entered into the required access agreement with the pastoral lease holder, Pastoral Management Pty Ltd. The final grant of Mining Leases and other Mining Act tenure remains subject to agreement of land access arrangements with the owners of gas pipelines in the south of the Mardie Project.

Community and Native Title

BCI is increasing its presence in the Pilbara region and its engagement with local communities and businesses as the Mardie Project approaches the construction phase. BCI has signed a lease for a regional office located in The Quarter in Karratha and awarded the fit-out contract to a local business.

Figure 3: Location of BCI's Regional Office in Karratha



BCI has developed an Australian Industry Participation Plan for the Mardie Project, which was approved by the Department of Industry, Science, Energy and Resources in early January 2021. The plan provides a framework for BCI's engagement with Australian and local entities regarding contracting and procurement opportunities at the Project.

An Indigenous Engagement Strategy ('IES') has been developed by BCI as part of the NAIF funding process. The IES provides a framework for engaging with the two Traditional Owner groups with an interest in the lands associated with the Mardie Project, complementing the existing Land Access Deeds in place with these groups. BCI is working closely with both groups to implement the IES, including contracting and employment opportunities.

BCI hosted representatives from the two Traditional Owner groups and from the Wadjuk Noongar people at an inaugural NAIDOC celebration event at BCI's Perth office during NAIDOC week. The event included a welcome to country, discussion of culture and connection to land (including land in the region of the Mardie Project) and a bush tucker lunch.

IRON VALLEY MINE

The December 2020 quarter produced a record result, with BCI EBITDA from Iron Valley of A\$10.0M, including a positive prior period adjustment of A\$0.7M. Iron Valley operator, Mineral Resources Ltd (ASX:MIN), shipped 1.6Mt for the December 2020 quarter comprising ~50% lump.

The record quarterly result was due to continued strong iron ore prices, which averaged ~US\$130/dmt for the quarter. Iron ore prices increased significantly in December and the current spot price is ~US\$170/dmt.

BCI also achieved a record half yearly result of A\$17.1M Iron Valley EBITDA from 2.9Mt shipments, which compares favourably to BCI's full year FY20 Iron Valley EBITDA of A\$23.0M.

Figure 4: Iron Valley Quarterly Shipments (M wmt)

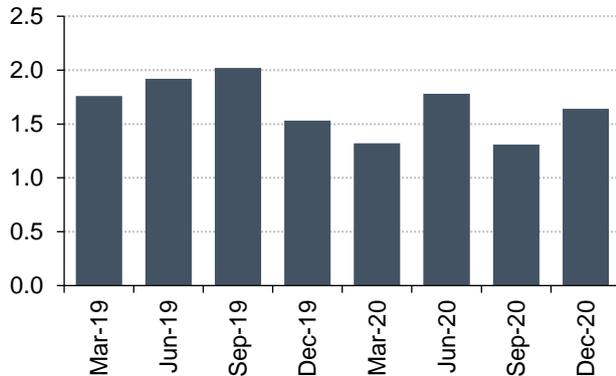
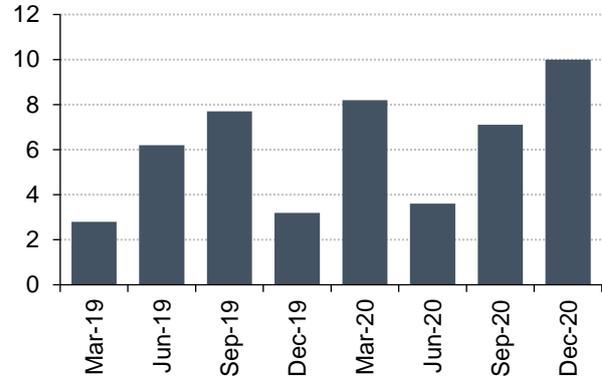


Figure 5: Iron Valley Quarterly EBITDA (A\$M)



CORPORATE

Cash and Debt Position

BCI’s cash balance at 31 December 2020 was A\$78.5M (30 September 2020: A\$55.6M) and the Company remains debt free. The cash position was strengthened by completion of the A\$48M interim entitlement offer in October 2020.

Health & Safety

BCI has an excellent safety record and is highly focused on continuing to provide a safe working environment for its staff and contractors as site activities at the Mardie Project increase. No lost time injuries (“LTI”) were recorded during the quarter and BCI achieved a significant milestone of 2,000 days or approximately 5.5 years without an LTI.

Annual General Meeting

BCI’s Annual General Meeting (‘AGM’) was held on 26 November 2020 in Perth, Western Australia and streamed to an audience of shareholders through a webcast platform. All 10 resolutions considered at the AGM were passed.

-END-

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

For further information:

Investors:

Brad Milne
 BCI Minerals – Manager Corporate Development
 Tel: +61 8 6311 3400
 E: brad.milne@bciminerals.com.au

Media:

Sam Burns
 Six Degrees Investor Relations
 Tel: +61 400 164 067
 E: sam.burns@sdir.com.au

ABOUT BCI MINERALS

BCI Minerals Limited (ASX:BCI) is an Australian-based company that is developing a salt and potash business supported by iron ore royalty earnings.

BCI is rapidly advancing its 100% owned Mardie Salt & Potash Project, a potential Tier 1 project located on the West Pilbara coast in the centre of Australia's key salt production region.

Mardie aims to produce 4.4Mtpa of high-purity salt (>99.5% NaCl) and 120ktpa of sulphate of potash (SOP) (>52% K₂O) via solar evaporation of seawater.¹ Using an inexhaustible seawater resource and a production process driven mainly by natural solar and wind energy, Mardie is a sustainable opportunity to supply the salt and potash growth markets in Asia over many decades. There is potential to optimise and expand the project beyond currently planned production levels.

With a Final Investment Decision targeted in Q2 2021 and construction start by mid-2021, first salt sales can be achieved by mid-2024 and first SOP sales by mid-2025.

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 EBITDA from Iron Valley for FY20 was A\$23.0M.

KEY STATISTICS

Shares on issue	598.4 million	
Cash in bank	\$78.5 million	pro-forma as at 31 December 2020
Board	Brian O'Donnell	Non-Executive Chairman
	Alwyn Vorster	Managing Director
	Michael Blakiston	Non-Executive Director
	Jenny Bloom	Non-Executive Director
	Garret Dixon	Non-Executive Director
Major shareholders	Wroxby Pty Ltd	39.6%
	Sandon Capital Pty Ltd	6.1%
Website:	www.bciminerals.com.au	

¹ Refer to ASX announcement dated 1 July 2020. BCI confirms that all material assumptions underpinning the production forecast and financial information derived from the production forecast have not materially changed and continue to apply.