

BCI: Development On Track, Attractive Entry Point ~12 Months Out From First Salt Sales

BCI.ASX | BCI MINERALS LIMITED | MATERIALS | SALT

PRICE
A\$0.38/sh

TARGET PRICE
A\$0.47/sh
(UNCHANGED)

RECOMMENDATION
SPECULATIVE BUY
(UNCHANGED)



Event

BCI is focused on developing the globally significant Mardie high-purity salt project on the Pilbara Coast, projected to be the third largest salt operation globally at 5.35 Mtpa, and the largest in Australia, targeting first salt on ship (FSOS) in Q4CY26.

The company reported its Sept'25 Quarterly Update with the following key points:

- Salt development **construction now 74% complete**, with total expenditure of \$1,221m to date. **On track for First Salt on Ship (FSOS) milestone end-CY26**.
- Net debt now increased to \$280 million after \$110.9 million draw during the quarter.
- Importantly BCI outlines **remaining estimated construction cost at \$441 million, covered comfortably by available funding of \$676 million**.
- Pond surface inundation at 93%, with pond 9 density runway portrayed within digital twin/dynamic modelled parameters to meet FSOS target.
- Key other works to meet FSOS target; salt wash plant construction, dredging.
- Additional earnings streams being progressed**; Cape Preston West Port third party tolling opportunity (DFS end-CY26), Sulphate of Potash (SOP) by-product (pilot plant design commenced).
- Salt import pricing (CFR: US\$50/t to Asia ex-China, US\$48/t to China) through the Jun'Q remained robust, although slight decrease QoQ (~-5%) due to lower freight costs (to Indonesia from Australia) and lower quality product (to China from India) impacting average prices. We assume LT US\$60/t CFR with US\$11.2/t freight costs.

Impact

BCI is at an attractive entry point just over 12 months out from first salt sales, with the major development executing nicely, on track of timing schedule and budget.

As a reminder, we model steady-state salt-only EBITDA of \$250 million p.a. with the potential to trade on a 10x+ EV/EBITDA multiple when online, given long-term (60 years) stable, low sustaining capex, high-margin returns, and a plan to payout 80-100% of FCF (~\$190m p.a.) at steady-state, salt-only production as dividends.

Action

We reiterate our **Speculative Buy** recommendation, given ongoing risks through construction, and our **Price Target of \$0.47/sh**, as BCI progresses, and de-risks, towards the first salt on ship milestone targeted for the December Quarter CY26.

Our valuation is based on a risked sum-of-the-parts valuation, primarily built on earnings from the Mardie salt project. Additional opportunities (port-tolling, SOP) present meaningful medium-term earnings and upside to our current valuation.

Catalysts

- Pond 9 brine density tracking, dredging sea dumping approval/completion, salt wash plant milestones (key work streams to meet first salt target)
- Mardie development progress (Qrtly), budget revision, first salt sales (end-CY26)
- SOP, 100%-owned Cape Preston West Port 3rd-party toll opportunity progression
- Salt and SOP market pricing

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Market Statistics

Share Price	0.38	A\$/sh
Price Target	0.47	A\$/sh
Valuation	0.47	A\$/sh

Shares on issue (dil)	3218	m
Market Capitalisation	1223	A\$m
Enterprise Value	1503	A\$m
Net Cash/(Debt)	-280	A\$m

Prod Forecast (FY)	2026F	2027F	2028F
Salt	0	1.3	3.5
SOP	0	0	0

Assumptions	2026F	2027F	2028F
Salt CIF (US\$/mt)	54	60	60
SOP FOB (US\$/mt)	600	600	600
AUD/USD (fx)	0.64	0.69	0.70

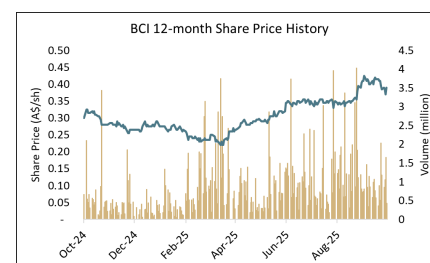
Key Financials	2026F	2027F	2028F
Revenue (A\$m)	0.0	114.8	297.8
EBITDA (A\$m)	-70.4	11.7	131.4
Reported NPAT (A\$m)	-119.5	-63.2	31.8

GrossCashflow (A\$m)	-114.7	-51.3	63.0
Op. FCF (A\$m)	-537.0	-214.3	-38.0
Net Cashflow (A\$m)	-502.9	-71.7	-38.0

Div Yield (%)	0%	0%	0%
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P/E (f.d.)	na	na	38.7
EV/EBITDA	na	128.1	11.4

Performance



Source: IRESS

Asset Valuation			
	A\$m	A\$/sh	
(+) Mardie Salt Only	1,713	0.53	
(+) Mardie SOP	163	0.05	
(+) Other (e.g. Port Tolling)	0	0.00	
(+) Dfrd Iron Bridge Payment	13	0.00	
(+) Investments	3	0.00	
(-) Corporate O/H	-97	-0.03	
(+/-) Net Cash/(Debt)	-280	-0.09	
Total	1,514	0.47	

Forecast Production			
Attrib. Prod'n (Mt)	2026F	2027F	2028F
Salt	0.0	1.3	3.5
SOP	0.0	0.0	0.0
Total Production	0.0	1.3	3.5
Assumptions			
Salt CFR (US\$/mt)	54	60	60
SOP FOB (US\$/mt)	600	600	600
Fx (AUD/USD)	0.64	0.69	0.70

PROFIT & LOSS				
Yr End 30 June (A\$m)	2025A	2026F	2027F	2028F
Revenue	0.0	0.0	114.8	297.8
(-) Operating Expenses	0.0	0.0	-51.0	-132.7
(-) Project Dev and Eval Exp	-39.5	-49.0	-30.6	-12.2
(-) Corporate O/H	-21.4	-21.4	-21.4	-21.4
(-) Other	5.8	0.0	0.0	0.0
EBITDA	-55.2	-70.4	11.7	131.4
(-) D&A	-5.0	-4.8	-11.9	-31.2
(-) Impairment	0.0	0.0	0.0	0.0
(-) Other	0.0	0.0	0.0	0.0
EBIT	-60.1	-75.2	-0.1	100.2
(-) Net Finance	0.0	-44.3	-63.1	-68.4
(+/-) Other (inc. sell-down c...)	0.0	0.0	0.0	0.0
PBT	-60.2	-119.5	-63.2	31.8
(-) Tax	0.0	0.0	0.0	0.0
Normalised NPAT	-60.2	-119.5	-63.2	31.8
(+/-) Profit Disc Ops	13.1	0.0	0.0	0.0
Reported NPAT	-47.1	-119.5	-63.2	31.8

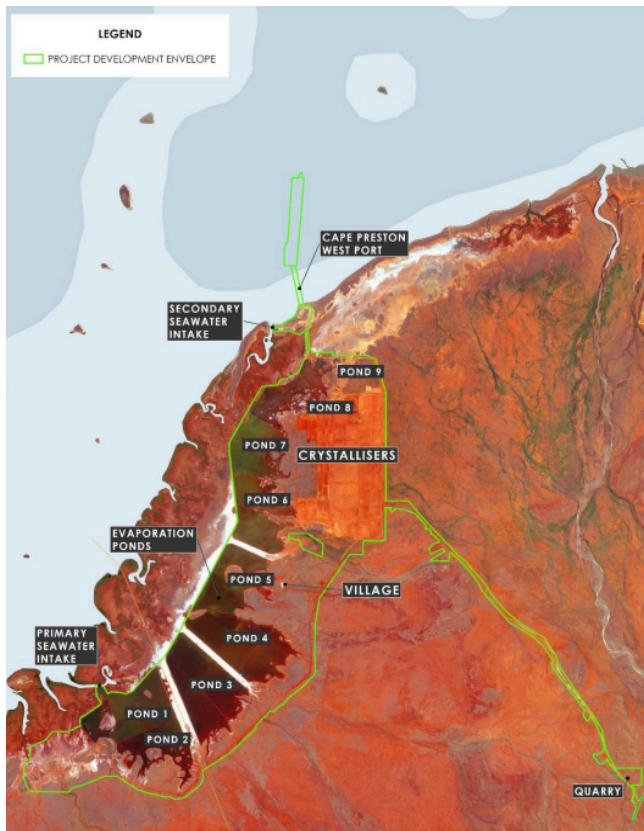
CASHFLOW				
Yr End 30 June (A\$m)	2025A	2026F	2027F	2028F
Reported NPAT	-47.1	-119.5	-63.2	31.8
(+) D&A	5.0	4.8	11.9	31.2
(+) Impairment	0.0	0.0	0.0	0.0
(+) Share based payments	2.6	0.0	0.0	0.0
(+/-) Other	1.1	0.0	0.0	0.0
Gross Cashflow	-38.4	-114.7	-51.3	63.0
(-) Capital Expenditure	-406.9	-377.5	-138.0	-90.0
(-) Exploration	0.0	0.0	0.0	0.0
(+/-) Change in WC	9.9	-44.7	-24.9	-10.9
Operating Free Cashflow	-435.4	-537.0	-214.3	-38.0
(-) Acquisition	0.0	0.0	0.0	0.0
(+) Asset sale/farm-down	26.0	34.1	12.5	0.0
(+) Issue of equity	0.0	0.0	130.0	0.0
(-) Dividend	0.0	0.0	0.0	0.0
(+/-) Other	-27.6	0.0	0.0	0.0
Net Cashflow	-437.0	-502.9	-71.7	-38.0
BoP Net Cash	145.8	-291.2	-794.1	-865.8
(+/-) Net Cashflow	-437.0	-502.9	-71.7	-38.0
(+/-) AASB16 Adj.	0.0	0.0	0.0	0.0
EOp Net Cash*	-291.2	-794.1	-865.8	-903.7

PERFORMANCE RATIOS				
Growth & Margins	2025A	2026F	2027F	2028F
Revenue Growth	na	na	na	160%
EBITDAX Growth	24%	28%	-117%	1020%
NPAT Growth	-207%	-154%	47%	150%
EBITDAX Margin	na	na	10%	44%
NPAT Margin	na	na	-55%	11%
Risk Measures				
Net interest cover (x)	na	na	na	1.5
Net debt/equity (%)	263%	82%	83%	83%

BALANCE SHEET				
Yr End 30 June (A\$m)	2025A	2026F	2027F	2028F
Cash	77.8	20.0	20.0	20.0
Receivables	39.0	39.5	61.9	81.7
Investments	2.5	2.5	2.5	2.5
Other Assets	8.0	8.0	8.0	8.0
Total Current Assets	127.3	70.0	92.4	112.2
Receivables	0.0	0.0	0.0	0.0
PP&E	1,025.4	1,398.2	1,524.3	1,583.1
Intangibles	15.5	15.5	15.5	15.5
ROUA	0.0	0.0	0.0	0.0
Other Assets	29.0	29.0	29.0	29.0
Total Non-Current Assets	1,069.9	1,442.7	1,568.8	1,627.6
Total Assets	1,197.3	1,512.6	1,661.2	1,739.8
Payables	52.8	43.7	53.7	62.5
Derivatives	0.0	0.0	0.0	0.0
Lease Liability	0.1	0.1	0.1	0.1
Borrowings	0.0	0.0	0.0	0.0
Provisions	1.1	0.0	0.0	0.0
Other Liabilities	0.0	0.0	0.0	0.0
Total Current Liabilities	54.1	43.9	53.9	62.7
Payables	0.0	0.0	0.0	0.0
Lease Liability	0.0	0.0	0.0	0.0
Borrowings	369.0	814.1	885.8	923.7
Provisions	7.2	7.2	7.2	7.2
Other Liabilities	0.0	0.0	0.0	0.0
Total Non-Current Liabilities	376.2	821.3	893.0	931.0
Total Liabilities	430.3	865.1	946.9	993.6
Net Assets	767.0	647.5	714.3	746.1
Contributed Equity	965.8	965.8	1,095.8	1,095.8
Reserves	2.9	2.9	2.9	2.9
Retained Earnings	-201.7	-321.2	-384.4	-352.6
Total Equity	767.0	647.5	714.3	746.1

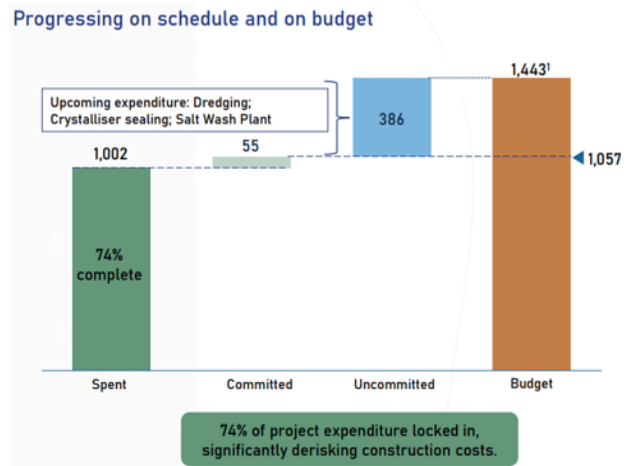
SHARE DATA/VALUATION				
Share Data	2025A	2026F	2027F	2028F
Issued shares (m)	2,890	2,890	3,222	3,222
Performance Rights (m)	14	14	14	14
Fully diluted shares (m)	3,240	3,240	3,240	3,240
Basic EPS (A\$)	-1.63	-4.14	-1.96	0.99
YoY change (%)	306%	-254%	47%	-50%
Fully diluted EPS (A\$)	-1.45	-3.69	-1.95	0.98
YoY change (%)	305%	-254%	53%	-50%
Dividend/share (A\$)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%
Gross cashflow/share (A\$)	-1	-4	-2	2
NBV/share (A\$)	24	20	22	23
NTA/Share (A\$)	23	20	22	23
Valuation				
PER (Basic) (x)	na	na	na	38.5
PER (Fully diluted) (x)	na	na	na	38.7
P/CFPS (x)	na	na	na	19.5
Price/NBV (x)	2	2	2	2
Price/NTA (x)	2	2	2	2
Dividend Yield (%)	0%	0%	0%	0%
EV/EBITDA (x)	na	na	128.1	11.4
EV/EBIT (x)	na	na	na	15.0
EV/Revenue (x)	na	na	13.1	5.0

Figure 1: Mardie Pond Filling Progress (1-7 full, 8+9 filling)

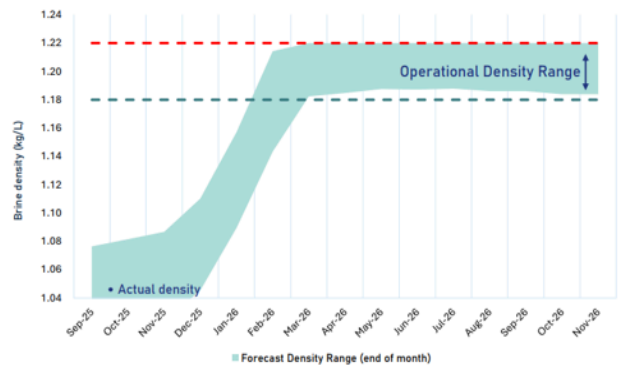


Source: Company Presentation

Figure 2: Construction, Budget and Pond 9 Density Schedule



Pond 9 density on track to produce high grade industrial salt



Source: Company Presentation

Figure 3: Mardie Revenue Streams Milestones

Salt-first Roadmap to Revenue

The chart outlines the major milestones to achieve revenue from the salt business only. BCI remains committed to the commercialisation of SOP and the Cape Preston West Port.

Mardie Salt

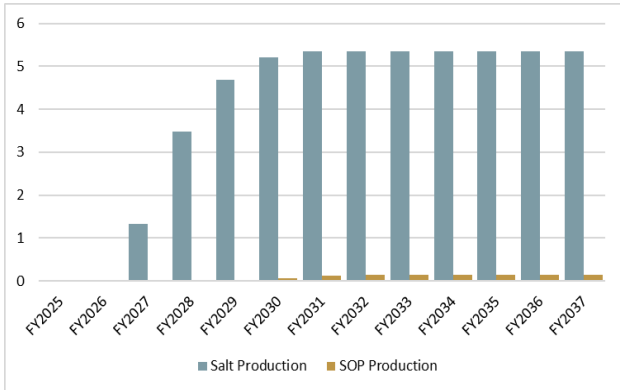


Cape Preston West Port



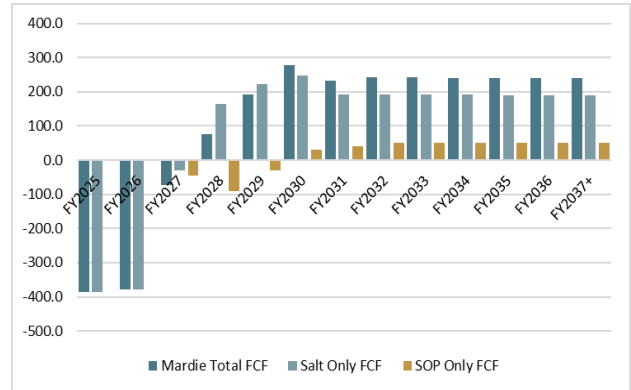
Source: Company Presentation

Figure 4: Forecast Mardie Salt and SOP Production (Mtpa)



Source: Euroz Hartleys

Figure 5: Forecast Mardie FCF Outlook



Source: Euroz Hartleys

Figure 6: Euroz Hartleys Sum-of-the-Parts Valuation

Asset Valuation	Unrisked A\$m	Unrisked A\$/sh	Valuation (Risking)	Risked A\$m	Risked A\$/sh.
(+) Mardie Salt Only	1,903	0.59	90%	1,713	0.53
(+) Mardie SOP	327	0.10	50%	163	0.05
(+) Other (e.g. port tolling)	0	0.00	0%	0	0.00
(+) Deferred Iron Bridge Payment	13	0.00	100%	13	0.00
(+) Investments (Agrimin, 10.89%)	3	0.00	100%	3	0.00
(-) Corporate O/H	-97	-0.03	100%	-97	-0.03
(+/-) Net Cash/(Debt)	-280	-0.09	100%	-280	-0.09
Total	1,868	0.58		1,514	0.47

Source: Euroz Hartleys

Figure 7: BCI Valuation Metrics at Steady-state Production

	Annual EBITDA	Implied EV 8x	Implied EV 10x	Annual FCF	Implied EV 13x	Implied EV 15x	Payout Ratio 80%	Payout Ratio 100%
Salt-only \$/sh	250	2000	2500	190	2470	2850	152	190
SOP-only \$/sh	70	560	700	50	650	750	40	50
Mardie Total \$/sh	320	2560	3200	240	3120	3600	192	240
		0.79	0.99		0.97	1.11	0.059	0.074

Source: Euroz Hartleys

Figure 8: Salt Price/Fx Valuation Sensitivity (\$/sh)

		Salt CIF Long Term Pricing (US\$/mt)						
		45	50	55	60	65	70	75
AUB/USD	0.80	0.13	0.21	0.28	0.36	0.43	0.51	0.57
	0.75	0.17	0.25	0.33	0.41	0.49	0.56	0.64
	0.70	0.22	0.30	0.39	0.47	0.57	0.64	0.73
	0.65	0.27	0.37	0.45	0.55	0.63	0.73	0.82
	0.60	0.33	0.43	0.54	0.63	0.73	0.83	0.94
	0.55	0.40	0.52	0.62	0.73	0.84	0.93	1.04

Source: Euroz Hartleys

Figure 9: Salt Price/Fx Valuation Sensitivity (EBITDA p.a.)

		Salt CIF Long Term Pricing (US\$/mt)						
		45	50	55	60	65	70	75
AUB/USD	0.80	107	141	174	208	241	274	308
	0.75	122	158	194	229	265	301	336
	0.70	140	178	216	254	292	331	369
	0.65	159	201	242	283	324	365	406
	0.60	183	227	272	316	361	406	450
	0.55	210	259	307	356	405	453	502

Source: Euroz Hartleys

Figure 10: Salt Price/Discount Rate/WACC Sensitivity (\$/sh)

		Salt CIF Long Term Pricing (US\$/mt)						
		45	50	55	60	65	70	75
Discount Rate	7%	0.28	0.38	0.48	0.57	0.68	0.76	0.86
	8%	0.22	0.30	0.39	0.47	0.57	0.64	0.73
	9%	0.17	0.24	0.33	0.40	0.48	0.54	0.62
	10%	0.13	0.19	0.27	0.33	0.40	0.46	0.53

Source: Euroz Hartleys

Figure 11: Salt Price/Discount Rate/WACC Sensitivity (A\$m)

		Salt CIF Long Term Pricing (US\$/mt)						
		45	50	55	60	65	70	75
Discount Rate	7%	896	1,214	1,556	1,852	2,187	2,461	2,788
	8%	695	974	1,275	1,533	1,827	2,063	2,350
	9%	535	783	1,051	1,278	1,540	1,746	2,000
	10%	405	627	869	1,071	1,306	1,488	1,716

Source: Euroz Hartleys

Figure 12: Salt Price/SOP Price Valuation Sensitivity (\$/sh)

		Salt CIF Long Term Pricing (US\$/mt)						
		45	50	55	60	65	70	75
SOP FOB Long Term Pricing (US\$/t)	500	0.20	0.28	0.37	0.45	0.54	0.62	0.71
	600	0.22	0.30	0.39	0.47	0.57	0.64	0.73
	700	0.24	0.32	0.40	0.50	0.59	0.66	0.75
	800	0.26	0.34	0.43	0.52	0.59	0.68	0.77
	900	0.27	0.37	0.45	0.54	0.61	0.70	0.79
	1,000	0.29	0.39	0.47	0.56	0.63	0.72	0.81

Source: Euroz Hartleys

Figure 13: Salt Price/SOP Price /Sensitivity (EBITDA p.a.)

		Salt CIF Long Term Pricing (US\$/mt)						
		45	50	55	60	65	70	75
SOP FOB Long Term Pricing (US\$/t)	500	189	227	265	303	342	380	418
	600	209	247	285	323	362	400	438
	700	229	267	305	343	382	420	458
	800	249	287	325	363	402	440	478
	900	269	307	345	383	422	460	498
	1,000	289	327	365	403	442	480	518

Source: Euroz Hartleys

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BCI Minerals Limited (BCI.ASX) | Price A\$0.38 | Target price A\$0.47 | Recommendation Speculative Buy;

Price, target price and rating as at 23 October 2025 (not covered)*

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