BCI: Dec'Q; Mardie Development Continues to De-risk, First Salt Sales <12 Months Away

BCI.ASX | BCI MINERALS LIMITED | MATERIALS | SALT

PRICE	TARGET PRICE	RECOMMENDATION
A$0.44/sh	**A$0.50/sh**	**SPECULATIVE BUY**
	(FROM A$0.47/sh)	(UNCHANGED)

Event

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

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

- Salt development **construction now 77% complete**, with construction cost of $1,043m to date. **On track for First Salt on Ship (FSOS) milestone end-CY26**.
- Net debt now increased to $355.2 million after $99.8 million draw during the quarter, in-line with our forecasts. Importantly **remaining estimated construction cost of $400 million is covered comfortably by available funding of $601 million.**
- At the end of the Q, brine levels in Ponds 1-9 were in-line with operational targets. Pond 9 density is trending in-line with forecast timing to enable transfer to the crystallisers (timing ~Jan-Mar'26) to meet the FSOS target in Q4CY26.
- **Additional earnings streams being progressed**; Sulphate of Potash (SOP) high-value fertiliser by-product trial crystallisers achieved steady-state operation, in-line with expectations. Batch test work during the Q enabled finalisation of pilot plant design, with award of package expected in Q1CY26.
- On 23 Dec'25, BCI issued 50.1m shares from the conversion of AusSuper's Series 1 Convertible Notes, eliminating $29.1m of debt at a conversion price of $0.5811/sh.
- Weaker salt import pricing during the quarter (CFR: US$46.7/t to Asia ex-China, US$38.5/t to China), reflected softer short-term demand from slower growth in the Chinese real estate market and domestic consumption. New demand from chlor-alkali plants under construction in India, China and Indonesia is expected to support stronger medium-term prices (we assume US$60/t CFR with US$11.2/t freight). Note, BCI has secured 62% offtake volumes for the first three years of production.

Impact

BCI is at an attractive entry point just under 12 months out from first salt sales, with the major development executing on 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 upgrade our Price Target to $0.50/sh** (from $0.47/sh) as a result of de-risking our Mardie salt-only DCF (95% vs 90% previously) due to progress made. 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

- Mardie development progress (Qrtly), budget revision, first salt sales (end-CY26)
- SOP & 100%-owned Cape Preston West Port 3rd-party toll opportunity progression

Analyst

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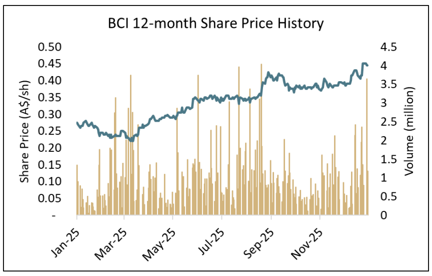
Market Statistics		
Share Price	0.44	A$/sh
Price Target	0.50	A$/sh
Valuation	0.50	A$/sh
Shares on issue (dil)	3218	m
Market Capitalisation	1416	A$m
Enterprise Value	1771	A$m
Net Cash/(Debt)	-355	A$m

Prod Forecast (FY)	2026F	2027F	2028F
Salt	1.3	3.5	4.7
SOP	0	0	0.02

Assumptions	2026F	2027F	2028F
Salt CIF (US$/mt)	60	60	60
SOP FOB (US$/mt)	600	600	600
AUD/USD (fx)	0.68	0.70	0.70

Key Financials	2026F	2027F	2028F
Revenue (A$m)	116.7	300.2	419.1
EBITDA (A$m)	13.3	133.4	211.3
Reported NPAT (A$m)	-60.9	34.1	100.1
GrossCashflow (A$m)	-49.1	65.3	142.5
Op. FCF (A$m)	-212.3	-35.3	96.2
Net Cashflow (A$m)	-98.9	-35.3	96.2
Div Yield (%)	0%	0%	0%
P/E (f.d.)	na	41.7	14.2
EV/EBITDA	133.4	13.3	8.4

Performance



Source: IRESS

Asset Valuation	A$m	A$/sh
(+) Mardie Salt Only	1,901	0.59
(+) 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)	-355	-0.11
Total	**1,627**	**0.50**

PROFIT & LOSS				
Yr End 30 June (A$m)	**2026F**	**2027F**	**2028F**	**2029F**
Revenue	**0.0**	**116.7**	**300.2**	**419.1**
(-) Operating Expenses	0.0	-51.3	-133.2	-186.4
(-) Project Dev and Eval Exp	-49.0	-30.6	-12.2	0.0
(-) Corporate O/H	-21.4	-21.4	-21.4	-21.4
(-) Other	0.0	0.0	0.0	0.0
EBITDA	**-70.4**	**13.3**	**133.4**	**211.3**
(-) D&A	-4.8	-11.9	-31.2	-42.3
(-) Impairment	0.0	0.0	0.0	0.0
(-) Other	0.0	0.0	0.0	0.0
EBIT	**-75.2**	**1.4**	**102.2**	**168.9**
(-) Net Finance	-42.6	-62.3	-68.0	-68.8
(+/-) Other (inc. sell-down c…	0.0	0.0	0.0	0.0
PBT	**-117.8**	**-60.9**	**34.1**	**100.1**
(-) Tax	0.0	0.0	0.0	0.0
Normalised NPAT	**-117.8**	**-60.9**	**34.1**	**100.1**
(+/-) Profit Disc Ops	0.0	0.0	0.0	0.0
Reported NPAT	**-117.8**	**-60.9**	**34.1**	**100.1**

PERFORMANCE RATIOS				
Growth & Margins	**2026F**	**2027F**	**2028F**	**2029F**
Revenue Growth	na	na	157%	40%
EBITDAX Growth	28%	-119%	905%	58%
NPAT Growth	-150%	48%	156%	-193%
EBITDAX Margin	na	11%	44%	50%
NPAT Margin	na	-52%	11%	24%
Risk Measures				
Net interest cover (x)	na	0.0	1.5	2.5
Net debt/equity (%)	89%	83%	84%	106%

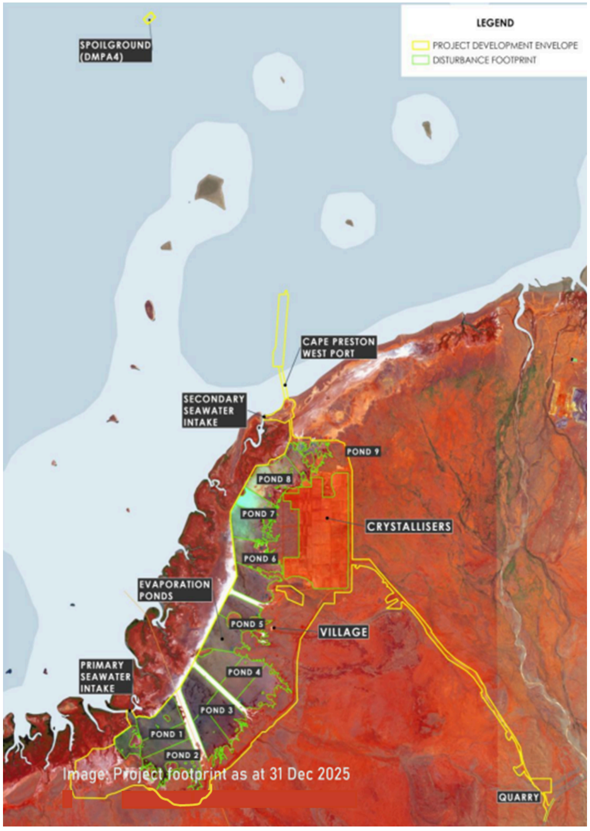
SHARE DATA/VALUATION				
Share Data	**2026F**	**2027F**	**2028F**	**2029F**
Issued shares (m)	2,940	3,222	3,222	3,222
Performance Rights (m)	14	14	14	14
Fully diluted shares (m)	3,240	3,240	3,240	3,240
Basic EPS (A$)	-4.01	-1.89	1.06	3.11
YoY change (%)	-246%	47%	-56%	293%
Fully diluted EPS (A$)	-3.64	-1.88	1.05	3.09
YoY change (%)	-250%	52%	-56%	293%
Dividend/share (A$)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%
Gross cashflow/share (A$)	-3	-2	2	4
NBV/share (A$)	21	22	23	26
NTA/Share (A$)	20	22	23	26
Valuation				
PER (Basic) (x)	na	na	41.5	14.2
PER (Fully diluted) (x)	na	na	41.7	14.2
P/CFPS (x)	na	na	21.8	10.0
Price/NBV (x)	2	2	2	2
Price/NTA (x)	2	2	2	2
Dividend Yield (%)	0%	0%	0%	0%
EV/EBITDA (x)	na	133.4	13.3	8.4
EV/EBIT (x)	na	1,254.6	17.3	10.5
EV/Revenue (x)	na	15.2	5.9	4.2

Forecast Production			
Attrib. Prod'n (Mt)	**2027F**	**2028F**	**2029F**
Salt	1.3	3.5	4.7
SOP	0.0	0.0	0.0
Total Production	**1.3**	**3.5**	**4.7**
Assumptions			
Salt CFR (US$/mt)	60	60	60
SOP FOB (US$/mt)	600	600	600
Fx (AUD/USD)	0.68	0.70	0.70

CASHFLOW				
Yr End 30 June (A$m)	**2026F**	**2027F**	**2028F**	**2029F**
Reported NPAT	**-117.8**	**-60.9**	**34.1**	**100.1**
(+) D&A	4.8	11.9	31.2	42.3
(+) Impairement	0.0	0.0	0.0	0.0
(+) Share based payments	0.0	0.0	0.0	0.0
(+/-) Other	0.0	0.0	0.0	0.0
Gross Cashflow	**-113.0**	**-49.1**	**65.3**	**142.5**
(-) Capital Expenditure	-377.5	-138.0	-90.0	-40.0
(-) Exploration	0.0	0.0	0.0	0.0
(+/-) Change in WC	-44.7	-25.3	-10.6	-6.3
Operating Free Cashflow	**-535.3**	**-212.3**	**-35.3**	**96.2**
(-) Acquistion	0.0	0.0	0.0	0.0
(+) Asset sale/farm-down	34.1	12.5	0.0	0.0
(+) Issue of equity	29.1	100.9	0.0	0.0
(-) Dividend	0.0	0.0	0.0	0.0
(+/-) Other	0.0	0.0	0.0	0.0
Net Cashflow	**-472.1**	**-98.9**	**-35.3**	**96.2**
BoP Net Cash	-291.2	-763.3	-862.2	-897.4
(+/-) Net Cashflow	-472.1	-98.9	-35.3	96.2
(+/-) AASB16 Adj.	0.0	0.0	0.0	0.0
EoP Net Cash*	**-763.3**	**-862.2**	**-897.4**	**-801.2**

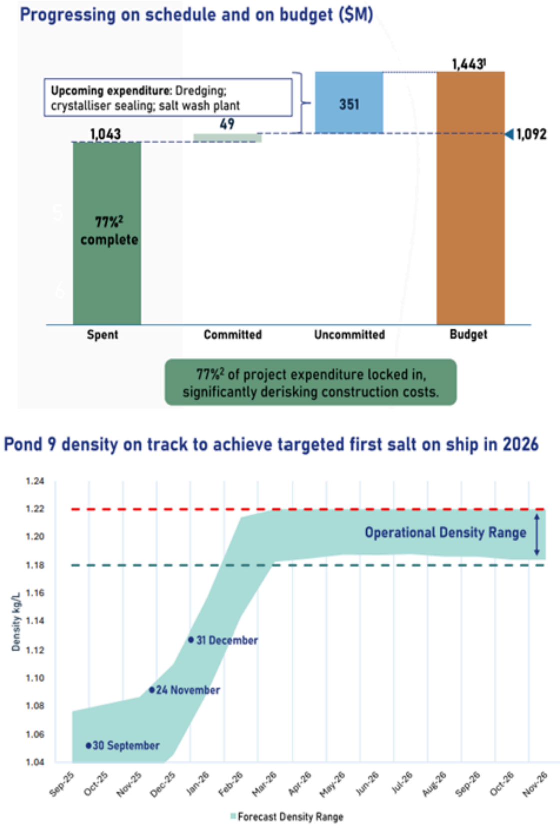
BALANCE SHEET				
Yr End 30 June (A$m)	**2026F**	**2027F**	**2028F**	**2029F**
Cash	20.0	20.0	20.0	116.2
Receivables	39.5	62.3	81.7	92.9
Investments	2.5	2.5	2.5	2.5
Other Assets	8.0	8.0	8.0	8.0
Total Current Assets	70.0	92.8	112.2	219.6
Receivables	0.0	0.0	0.0	0.0
PP&E	1,398.2	1,524.3	1,583.1	1,580.8
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	1,442.7	1,568.8	1,627.6	1,625.3
Total Assets	1,512.6	1,661.6	1,739.8	1,844.8
Payables	43.7	53.8	62.5	67.5
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	0.0	0.0	0.0	0.0
Other Liabilities	0.0	0.0	0.0	0.0
Total Current Liabilities	43.9	53.9	62.7	67.6
Payables	0.0	0.0	0.0	0.0
Lease Liability	0.0	0.0	0.0	0.0
Borrowings	783.3	882.2	917.4	917.4
Provisions	7.2	7.2	7.2	7.2
Other Liabilities	0.0	0.0	0.0	0.0
Total Non-Current Liabilit…	790.5	889.4	924.6	924.6
Total Liabilities	834.4	943.3	987.3	992.2
Net Assets	678.3	718.3	752.5	852.6
Contributed Equity	994.9	1,095.8	1,095.8	1,095.8
Reserves	2.9	2.9	2.9	2.9
Retained Earnings	-319.5	-380.4	-346.3	-246.1
Total Equity	678.3	718.3	752.5	852.6

Figure 1: Mardie Project Overview (Ponds 1-9 Filled)



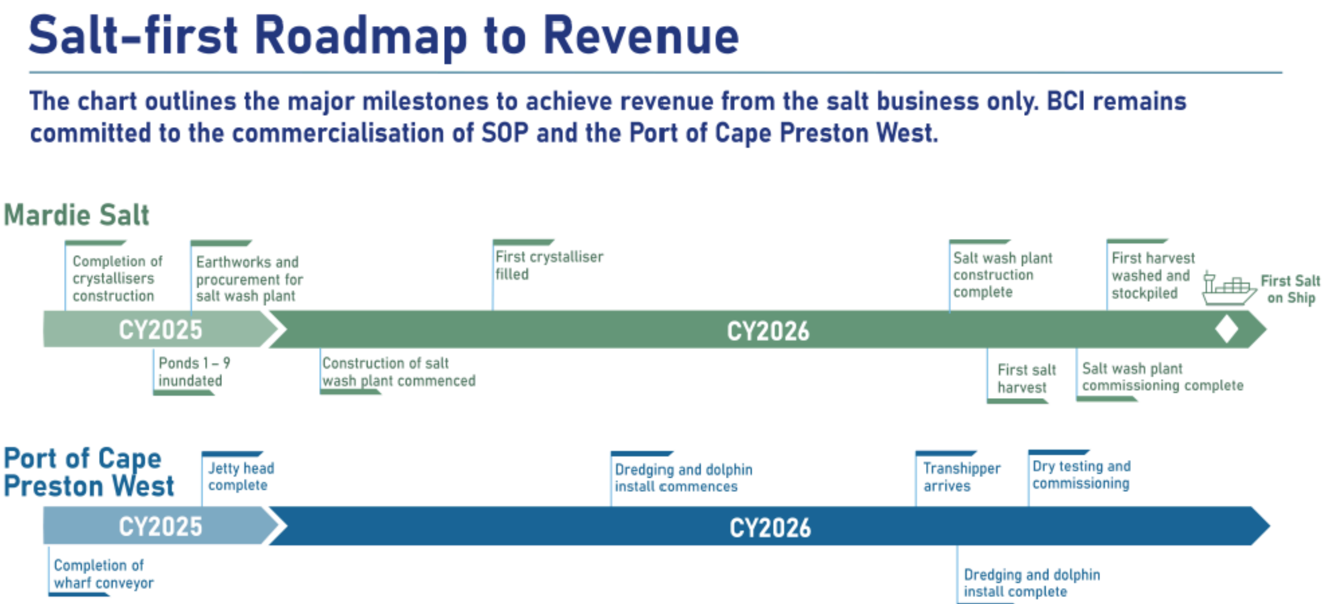
Source: Company Presentation

Figure 2: Construction, Budget and Pond 9 Density Schedule



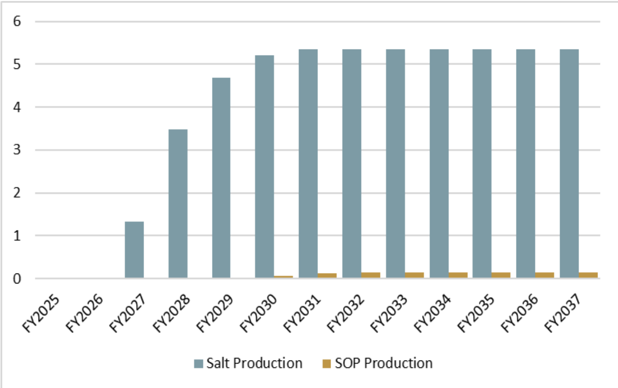
Source: Company Presentation

Figure 3: Mardie Revenue Streams Milestones



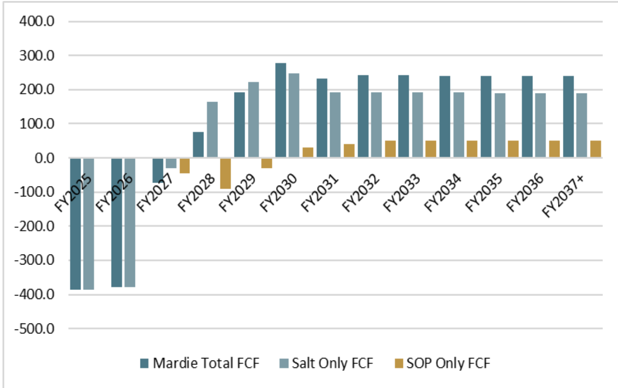
Source: Company Presentation

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



Source: Euroz Hartleys

Figure 5: Forecast Mardie FCFF 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	1,998	0.62	95%	1,898	0.59
(+) 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)	-355	-0.11	100%	-355	-0.11
Total	**1,887**	**0.58**		**1,624**	**0.50**

Source: Euroz Hartleys

Figure 7: BCI Valuation Metrics at Steady-state Production

	Annual	Implied EV		Annual	Implied EV		Payout Ratio	
	EBITDA	8x	10x	FCF	13x	15x	80%	100%
Salt-only	250	2000	2500	190	2470	2850	152	190
$/sh		0.62	0.77		0.76	0.88	0.047	0.059
SOP-only	70	560	700	50	650	750	40	50
$/sh		0.17	0.22		0.20	0.23	0.012	0.015
Mardie Total	320	2560	3200	240	3120	3600	192	240
$/sh		0.79	0.99		0.97	1.11	0.059	0.074

Source: Euroz Hartleys

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

AUD/USD	Salt CIF Long Term Pricing (US$/mt) 45	50	55	60	65	70	75
0.80	0.14	0.22	0.30	0.39	0.46	0.55	0.61
0.75	0.18	0.27	0.36	0.43	0.52	0.60	0.69
0.70	0.23	0.32	0.41	0.50	0.60	0.68	0.77
0.65	0.29	0.39	0.48	0.58	0.66	0.76	0.86
0.60	0.35	0.45	0.56	0.65	0.76	0.87	0.98
0.55	0.43	0.54	0.64	0.76	0.87	0.99	1.08

Source: Euroz Hartleys

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

AUD/USD	Salt CIF Long Term Pricing (US$/mt) 45	50	55	60	65	70	75
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)

Discount Rate	Salt CIF Long Term Pricing (US$/mt) 45	50	55	60	65	70	75
7%	0.29	0.40	0.50	0.61	0.71	0.80	0.91
8%	0.23	0.32	0.41	0.50	0.60	0.68	0.77
9%	0.18	0.26	0.33	0.42	0.50	0.57	0.66
10%	0.13	0.21	0.28	0.35	0.43	0.49	0.56

Source: Euroz Hartleys

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

Discount Rate	Salt CIF Long Term Pricing (US$/mt) 45	50	55	60	65	70	75
7%	950	1,287	1,608	1,962	2,315	2,605	2,950
8%	741	1,036	1,316	1,627	1,937	2,187	2,490
9%	573	835	1,083	1,359	1,636	1,854	2,123
10%	437	672	893	1,142	1,391	1,583	1,824

Source: Euroz Hartleys

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

SOP FOB Long Term Pricing (US$/t)	Salt CIF Long Term Pricing (US$/mt) 45	50	55	60	65	70	75
500	0.21	0.30	0.40	0.48	0.58	0.65	0.75
600	0.23	0.32	0.41	0.50	0.60	0.68	0.77
700	0.25	0.34	0.43	0.52	0.60	0.70	0.79
800	0.27	0.36	0.45	0.54	0.62	0.72	0.81
900	0.29	0.38	0.47	0.56	0.64	0.74	0.83
1,000	0.31	0.40	0.49	0.59	0.66	0.76	0.85

Source: Euroz Hartleys

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

SOP FOB Long Term Pricing (US$/t)	Salt CIF Long Term Pricing (US$/mt) 45	50	55	60	65	70	75
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$0.44 | Target price A$0.50 | Recommendation Speculative Buy;

Price, target price and rating as at 28 January 2026 (not covered)*

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