



# Annual Report

## 2019



*Vast area of mudflats at the Mardie Salt & Potash Project*



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*Geotechnical drilling within the evaporation pond footprint at the Mardie Salt & Potash Project*

# Our Company

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

BCI is focused on 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 will produce high-purity salt (typically >99.5% NaCl) and sulphate of potash ("SOP") (typically >51% K<sub>2</sub>O) via solar evaporation of seawater. Using an inexhaustible 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.

The long-term demand outlook for both salt and SOP is positive. Salt is an essential mineral used extensively in modern life. High purity salt produced at Mardie will be used in chemical and industrial processes that create thousands of everyday products. Demand in this market segment, particularly in Asia, is expected to grow strongly over the next decade and result in a supply deficit.

Increasing population and urbanisation requires more and better-quality food to be produced from less arable land. SOP is a premium fertiliser providing two key nutrients – potassium and sulphur – which improves plant growth and makes it drought resistant. SOP is mostly used on high value crops where yield increases deliver larger financial benefits.

BCI is focused on 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.

Following a positive Pre-Feasibility Study in 2018, a Definitive Feasibility Study on a 4Mtpa salt and 100ktpa SOP operation is underway and due to be completed in Q1 2020. Key approvals are expected to be in place by Q2 2020 and a Final Investment Decision is targeted by Q2 2020.

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) (89Mt JORC Ore Reserve). BCI's EBITDA from Iron Valley has ranged from A\$5.6-18.3M per annum, with FY19 delivering A\$12.3M.





*Salt naturally crystallising on the Mardie mudflats.*

# Chairman's Report

Dear Shareholders

I am pleased to present BCI Minerals' 2019 annual report. Over the last 12 months, BCI has delivered a healthy net profit and made positive progress on advancing the Mardie Salt & Potash Project towards development.

The Mardie Project, which BCI considers a potential Tier 1 project, is an attractive and unique opportunity to establish a long-term operation of significant scale on the Pilbara coast of Western Australia.

BCI is planning to sustainably and competitively produce both salt and sulphate of potash ("SOP") over an operating life of at least 60 years. Whilst salt production is a well-established industry in Western Australia, there have been no new large-scale operations built in the last 20 years, and Mardie represents an excellent opportunity to capture some of the expected growth in Asian salt demand over the next decade.

The long-term outlook for SOP fertiliser is also attractive given ongoing population growth and the reducing availability of land for agriculture, leading to higher crop yields being required. Mardie's SOP production will form part of an emerging industry in Australia, which has no existing production.

Overall, the Project has potential to provide shareholders with substantial value creation and long-term returns. Importantly, Mardie can also benefit a much broader range of stakeholders, including in the north-west region of Western Australia, through jobs, contracting opportunities and the payment of significant taxes and royalties over many decades.

It was also a positive year for BCI's iron ore business, with A\$27M received from the sale of the Kumina tenements in late-2018 and improved iron ore market conditions delivering a healthy A\$12.3M in EBITDA from the Iron Valley royalty in FY19.

**"The Company considers Mardie to be an attractive opportunity to create significant long-term shareholder value."**

I would like to thank BCI employees and the BCI Board for your ongoing contribution. I would particularly like that acknowledge the contribution of previous Board members, Andy Haslam and Martin Bryant, who resigned in late-2018 after 7 years and 3 years respectively of valuable service.

I would also like to acknowledge Iron Valley operator, Mineral Resources Limited, and our other business partners and stakeholders, including our shareholders, for their continued support of the Company through FY19, and into the current year.

The next 12 months is a critical phase in Mardie's development. Significant work is underway to finalise the studies, approvals, offtake and funding solutions over this period. We are positive about the progress being made on all fronts, and remain committed to rapidly developing the Mardie Project for the benefits of shareholders and all stakeholders.



**Brian O'Donnell**  
*Non-Executive Chairman*

# Managing Director's Report

Dear Shareholders

BCI's long-term vision is to become a globally significant producer of industrial and agricultural minerals, and we plan to initially achieve this by developing the Tier 1 Mardie Salt & Potash Project.

The Mardie Project has a number differentiating points from existing and new salt and SOP projects. It would be the first salt operation in Australia producing SOP from further processing of waste from the salt operation. It would also be the only operation producing SOP from seawater and being located on the coast, will enjoy logistics and cost benefits compared to other prospective Western Australian SOP operations.

The Company's activities during FY19 have been focused on completing the Mardie Project's Definitive Feasibility Study ("DFS") which includes detailed design and costing, securing tenure and approvals, developing offtake relationships and progressing financing solutions.

The DFS commenced during FY19 following completion of the Pre-Feasibility Study ("PFS"), with an initial aim of ensuring an optimal project development case was taken forward. A number of revisions to the PFS development case were adopted including increased production of 4 million tonnes per annum of salt and 100,000 tonnes per annum of SOP, and export of both products from a new port facility at the Mardie site, effectively eliminating all road haulage costs.

To that end, BCI released a positive PFS Optimisation Study on the improved development case in May 2019. Key financial metrics from the study included a pre-tax NPV10 of A\$560M, pre-tax IRR of 20% and steady-state EBITDA of A\$155M per annum – all improvements relative to the PFS.<sup>1</sup>

Led by BCI's Project Director, Tony Chamberlain, with support from engineering firms GR Engineering and Worley as well as a range of other contractors and service providers, the DFS is progressing well. At the time of writing, it is more than 60% complete and on track to be finished in early 2020.

BCI has also progressed the Mardie environmental approvals process, with the draft Environmental Review Document being submitted to the Western Australian Environmental Protection Authority ("EPA") in mid-2019. Following three years of environmental studies and ongoing engagement with the EPA, we are confident a project case has been established which appropriately protects the environmental values of the region, and are aiming to receive EPA endorsement by Q2 2020.

Site activity at Mardie has increased significantly during FY19, with small-scale trial ponds and pan evaporators constructed to conduct site specific evaporation trials and produce raw salt samples for processing test work (SOP) and customer samples (salt and SOP). First raw NaCl salts have recently begun crystallising in the trial ponds.



*Small-scale trial ponds at the Mardie Salt & Potash Project*

Site activity is planned to ramp-up further during Q4 2019, with the BCI Board recently approving a A\$15M large-scale trial pond programme. This will involve construction of 2.3km of pond walls to establish a 32-hectare trial pond and construction of the main seawater intake facility with one out of the six large seawater pumps installed. The large-scale trial pond programme is an important de-risking exercise with a number of objectives including testing construction methods and materials for the pond walls and confirming pond floor permeability over a large area.

Enhancing our understanding of the salt and SOP markets and developing offtake relationships has been an important activity during 2019. We have expanded our marketing capability through the appointment of an experience salt marketing executive with 20 years' salt sales experience in Asia. We now have a good level of salt-specific experience in our project and marketing teams, enhancing the credibility of BCI as developer of the Mardie Project.

Our ongoing market studies and customer engagement programmes continue to galvanise BCI's view of a positive outlook for the salt and SOP markets over the next decade and customer interest in Mardie's products. We have now agreed five salt MOUs with Asian chemical companies for more than 2Mtpa of production and have numerous other positive discussions ongoing for additional salt and SOP MOUs. Developing suitable offtake will be critical to securing funding for the Mardie Project.

<sup>1</sup> Refer to BCI's announcement dated 17 May 2019. All material assumptions and technical parameters underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.





Iron Valley Mine

Initial funding discussions with potential debt and equity providers have been positive. After factoring in financing costs, interest during construction, working capital and appropriate overrun allowances, Mardie's all-in funding requirement will likely be more than A\$600M, depending on the final cost structure. BCI will aim to secure a large proportion of long tenor debt to manage shareholder dilution and with this in mind, the Northern Australia Infrastructure Facility ("NAIF") or similar concessional long tenor financing sources will be key to the financing of Mardie. NAIF is a A\$5b Federal Government initiative established to encourage development of projects in northern Australia. Mardie has successfully completed NAIF's strategic assessment phase and is currently the subject of the due diligence phase. BCI is also actively discussing Mardie with a range of other potential financiers.

To summarise, the high-level timeline for the Mardie Project is to finalise the DFS by early-2020, secure environmental approval by Q2 2020 and progress offtake and financing solutions to a level that will support a final investment decision during Q2 2020.

Whilst the Mardie Project is BCI's key focus, Iron Valley is also an important asset for the Company. Iron Valley operator, Mineral Resources Limited ("MIN") continued to deliver solid operating results and an improvement in iron ore market conditions in the second half of FY19 contributed towards BCI generating A\$12.3M in EBITDA from Iron Valley in FY19. In testament to the turnaround in the iron ore market, half of the FY19 EBITDA was earned in the June 2019 quarter alone.

**"The Mardie Salt & Potash Project, which is now considered BCI's flagship development project, advanced materially during the year."**

BCI had success with its iron ore asset sale programme in late-2018, agreeing to sell the Kumina tenements to MIN for A\$35M, of which an initial A\$27M was received upon completion. Together with Iron Valley earnings, this has provided BCI with sufficient funding to reach a final investment decision for Mardie, based on the current timetable.

Overall, the positive Iron Valley earnings and a gain on sale of Kumina of A\$17.8M resulted in BCI returning to profit in FY19, with group EBITDA of A\$16.2M and net profit after tax of A\$12.9M.

I'd like to thank the Board for its ongoing support and acknowledge BCI staff for their efforts to deliver on the Company's objectives. I'd also like to express appreciation to our long-term shareholders, including major shareholder Wroxby Pty Ltd, who are prepared to be patient while we are creating a project with a multi-generational life.

We are entering an important time in Mardie's development and I believe we can establish a foundation for long-term value creation during this period.

**Alwyn Vorster**  
Managing Director

# Directors' Report

(Issued 23 August 2019)

The Directors present their report on the results of the Consolidated Entity (referred to hereafter as the Company) consisting of BCI Minerals Limited ("BCI") and the entities it controlled at the end of, or during the year ended 30 June 2019.

## Principal Activity

The principal activities of the Company during the course of the financial year were the exploration and development of assets in the Pilbara region of Western Australia, including the Mardie Salt Project, Iron Valley Iron Ore Mine, Buckland Iron Ore Project, and Carnegie Potash Project.

There has been no significant change in the nature of the Company's activities during the financial year.

## Directors

The names of directors of the Company in office during the financial year and up to the date of this report are:

**Brian O'Donnell** Chairman (Non-Executive)  
**Alwyn Vorster** Managing Director (Executive)  
**Michael Blakiston** Director (Non-Executive)  
**Jenny Bloom** Director (Non-Executive)

Martin Bryant and Andrew Haslam were directors of the Company until their resignation on 30 November 2018.

## Directors' Qualifications, Experience and Special Responsibilities

**Mr Brian O'Donnell** *B Com, FCA, MAICD*  
*Chairman (Non-Executive) appointed October 2014*  
*Period of office at August 2019 – 4 years and 10 months*

In addition to being Chairman of BCI, Mr O'Donnell is Director, Finance and Investments for the Australian Capital Equity Pty Limited (ACE) group, which includes BCI's largest shareholder, Wroxby Pty Ltd. He is a director of various ACE group companies, including companies active in the property, agricultural, financial services and investment sectors.

Mr O'Donnell is also a non-executive director of Bravo Holdings Pty Ltd (the holding company for Hive and Wellness Australia Pty Ltd - formerly Capilano Honey Limited), the West Australian Football Commission and The Guide Dog Foundation Pty Ltd (WA). He is a former director of Capilano Honey Limited, Iron Ore Holdings Limited, Coates Group Holdings Pty Ltd, WesTrac Pty Ltd, Landis & Gyr AG, Fremantle Football Club Ltd and YMCA of Perth Inc. He is a Fellow of the Institute of Chartered Accountants and has 34 years' experience in the finance and investment industry.

Mr O'Donnell is a member of the Audit and Risk Committee.

**Mr Alwyn Vorster** *BSc (Hons) Geology, MSc (Mineral Economics) and MBA*

*Managing Director appointed 22 September 2016*  
*Period of office at August 2019 – 2 year and 11 months*

Mr Vorster commenced as Chief Executive Officer of BCI in May 2016 and was appointed as Managing Director in September 2016. He has more than 25 years' experience with numerous large mining houses in technical and

commercial management roles covering the total supply chain from mine to market for iron ore, coal and other minerals.

Recent roles include Group Executive Mining at Australian Capital Equity Pty Limited (ACE), Chief Executive Officer of API Management and Managing Director of Iron Ore Holdings Ltd. Mr Vorster was a non-executive director of Volt Resources Limited until 30 June 2019.

**Ms Jenny Bloom** *Grad. Dip Business Administration, GAICD*  
*Director (Non-Executive) appointed March 2017*  
*Period of office at August 2019 – 2 year and 5 months*

Ms Bloom has an extensive business background with experience in the public and private sectors in Western Australia and Victoria. She was most recently the Deputy Chair and Member of the Waste Authority Western Australia for eight years and was a member of the Program and Risk Committee. She is a non-executive director of Breaking the Silence (Inc) and is a director of various private businesses. Ms Bloom previously held an elected position as a Councillor and Deputy Shire President for the Shire of Broome and as an independent director of a Broome based Aboriginal Corporation.

Ms Bloom is a member of the Remuneration and Nomination Committee.

**Mr Michael Blakiston** *B. Juris*  
*Director (Non-Executive) appointed March 2017*  
*Period of office at August 2019 – 2 year and 5 months*

Mr Blakiston is a partner in Gilbert + Tobin's Energy and Resources group. He has over 30 years' experience gained across a range of jurisdictions. He advises in relation to asset acquisition and disposal, project structuring, joint ventures and strategic alliances, development agreements and project commercialisation, capital raisings and company merger and acquisitions.

Mr Blakiston has served on numerous ASX listed companies and not-for-profit boards and is currently the Chairman of Precision Opportunities Fund Ltd, a specialist small to medium cap fund.

Mr Blakiston is the Chairman of the Audit and Risk Committee and Chairman of the Remuneration and Nomination Committee.

## Company Secretary

**Ms Susan Hunter** *BCom, ACA, F Fin, MAICD, ACIS*  
*Appointed July 2018*

Ms Hunter was appointed Company Secretary of BCI, effective 1 July 2018.

Ms Hunter has over 23 years' experience in the corporate finance industry and extensive experience in company secretarial and non-executive director roles with ASX, AIM and TSX listed companies.

Ms Hunter is currently Company Secretary of several ASX listed companies.

## Meetings of Directors

The number of meetings held during the year and the number of meetings attended by each director was as follows:

Total Number of Meetings	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
B O'Donnell	8	8	3	3	-	-
A Vorster	8	8	-	-	-	-
M Bryant (a)	4	3	-	-	-	-
A Haslam (b)	4	4	1	1	1	1
M Blakiston	8	8	3	3	2	2
J Bloom	8	8	-	-	2	2

(a) Mr Bryant was eligible to attend four Board meetings

(b) Mr Haslam attended all meetings to which he was eligible

## Corporate Governance

In recognising the need for high standards of corporate behaviour and accountability, the Directors of BCI Minerals Limited support and have adhered to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company's detailed corporate governance policy statement can be found in the annual report or viewed on the Company's web site at [www.bciminerals.com.au](http://www.bciminerals.com.au).

## Directors' Interests and Benefits

The relevant interest of each director in the shares, Performance Rights and options over shares issued by the Company at the date of this report is as follows:

Director	Ordinary shares		Performance Rights	
	Direct	Indirect	Direct	Indirect
B O'Donnell	-	351,998	-	-
A Vorster	-	3,985,645	-	1,320,000
M Blakiston	-	-	-	-
J Bloom	60,000	-	-	-
<b>Total</b>	<b>60,000</b>	<b>4,337,643</b>	<b>-</b>	<b>1,320,000</b>

## Dividends

No dividends have been declared in relation to the year ended 30 June 2019 (June 2018: Nil).

## Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## Review of Operations

BCI is an Australian-based company that is developing a salt and potash business supported by iron ore royalty earnings.

## Safety performance

BCI places a high priority on facilitating a safe working environment for all staff and contractors. No lost time injuries ("LTIs") were recorded for the year ended 30 June 2019 and the lost time injury frequency rate ("LTIFR") was zero (June 2018: 0.0).

Mineral Resources Limited is responsible for Occupational Health and Safety matters at Iron Valley and therefore BCI does not report safety performance for the Iron Valley site.

## Operations

### Mardie Salt & Potash Project

BCI is focused on 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 will produce high-purity salt (typically >99.5% NaCl) and sulphate of potash ("SOP") (typically >51% K<sub>2</sub>O) via solar evaporation of seawater. Using an inexhaustible 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.

A PFS Optimisation Study was concluded during the June 2019 quarter, delivering an enhanced development case with improved project economics. The development case envisages salt production of 4Mtpa and SOP production of 100ktpa over an operating life of 60 years, with salt and SOP product exported via a new port at Mardie.

A Definitive Feasibility Study ("DFS") is currently underway and due to be completed in the March 2020 quarter, with DFS engineering approximately 30% complete as at 30 June 2019.

BCI is also progressing the approvals and tenure required for development of the Mardie Project. BCI submitted its Environmental Review Document in April 2019 and endorsement by the Environmental Protection Authority is targeted by early 2020. BCI has received in-principle approval from the Western Australian State Government for a new port at the Mardie site and BCI is now working closely with the Pilbara Ports Authority to establish the tenure and agreements required for the port.

BCI is targeting a Final Investment Decision for the Mardie Project by end of the March 2020 quarter, once the DFS is complete and key approvals are in place.

### Iron Valley Iron Ore Mine

The Iron Valley Mine is operated by Mineral Resources Limited ("MIN") under an ore purchase agreement with BCI. MIN operates the mine at its cost and purchases iron ore from BCI at the mine gate at a price linked to MIN's received sales price. BCI is responsible for paying third party royalties related to the project and securing key approvals.

During the financial year MIN shipped 7.4 million wet metric tonnes ("M wmt") (June 2018: 6.1 wmt), which generated revenue for BCI of \$54.3M (June 2018: \$33.0M) and EBITDA of \$12.3M (June 2018: \$5.6M), which was made up of EBITDA for the current financial year shipments of \$12.4M less a negative adjustment for final pricing for prior financial year shipments of \$0.1M.

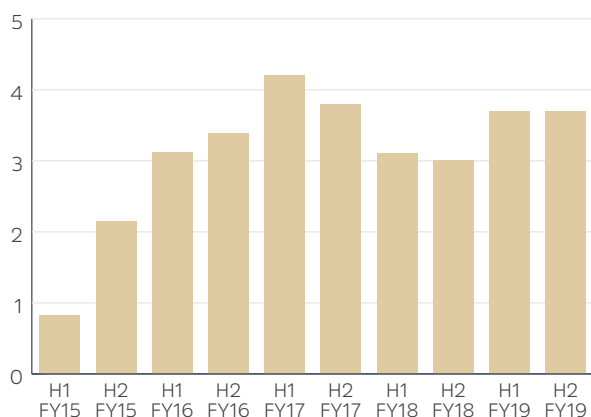
### Other Assets

During the year BCI commenced a process to divest its other iron ore assets and exploration tenements, with the aim of providing additional funding and management time to advance the Mardie Salt & Potash Project.

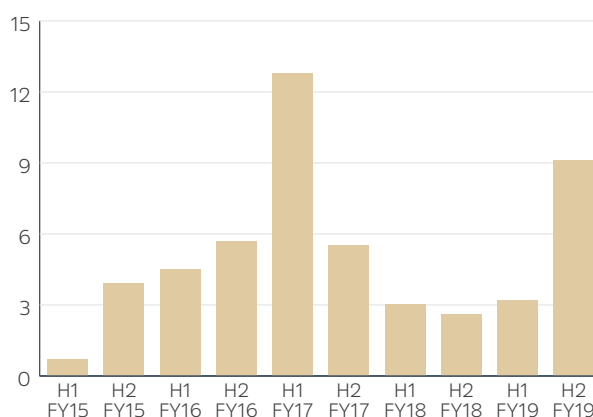
Discussions are ongoing about potential transactions in relation to its other assets, which include the Bungaroo South tenements and the Cape Preston East port rights, known as the Buckland Project.

The Buckland Project is a 100% owned iron ore development project located in the West Pilbara, comprising a potential 8Mtpa mine at Bungaroo South, private haul road and 20Mtpa transshipment port facility at Cape Preston East. Bungaroo South and its satellite deposits have Mineral Resources of 283Mt at 56.5% Fe and Ore Reserves of 134Mt at 57.6% Fe. A definitive feasibility study was completed in 2014 and all key approvals and tenure are in place for the mine, road and port.

Iron Valley Shipments (M wmt)



Iron Valley EBITDA (A\$M)



In October 2018, BCI entered into an agreement to sell the Kumina Iron Ore Project to MIN for total cash consideration of A\$35M. The transaction completed in December 2018 and BCI received the first cash payment of A\$27M from MIN. A further two cash payments of A\$4M each are due upon first export of iron ore from Kumina and 12 months after first export.

In the June 2019 quarter, BCI sold two Western Australian exploration tenement packages for a combined consideration of \$1.2M.

BCI also has an interest in the Carnegie Potash Project, an SOP exploration project located approximately 220km north-east of Wiluna. BCI currently holds a 30% interest in a joint venture with Kalium Lakes Limited ("Kalium") and has rights to earn up to a 50% interest. Kalium, the joint venture manager, completed a Scoping Study in July 2018 and is proceeding with a staged Pre-Feasibility Study, with the current focus on securing tenure and access to all required tenements.

### **Environmental Regulation**

BCI is committed to minimising its environmental impact, with an appropriate focus on continuous monitoring of environmental matters and compliance with environmental regulations.

BCI's exploration, mining and development activities are the subject of various State and Commonwealth environmental regulations. Compliance with these environmental regulations is managed through the Environment and Heritage Management System and a series of other tools used to identify, analyse and control key risks associated with the environmental impact from the Company's activities. A compliance program is implemented on an annual basis to ensure correct data is being gathered to measure the impacts to the environment and periodic reviews (inspections and audits) are conducted to assess performance against agreed regulatory targets.

During the year, BCI submitted a number of reports and compliance statements to State and Federal regulatory bodies detailing BCI's performance against granted approvals. This includes all Annual Environmental Reports, Annual Compliance Reports, Compliance Assessment Reports and Emissions Reports which were all submitted on time and endorsed by the regulators.

There have been no material breaches of the Company's licences, permits and approvals during the financial year.

## **Review of Results**

### **Statement of profit or loss**

The Company's profit after income tax for the financial year ended 30 June 2019 was \$12.9M (June 2018: loss \$16.9M), which is a result of increased Iron Valley earnings driven by higher iron ore pricing and higher shipping volumes, the gain arising on the sale of Kumina and other exploration tenements offset by increased expenditure on developing the Mardie Salt and Potash Project.

The following table provides a summary of the Company's statement of profit and loss:

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>A\$M</b>	<b>A\$M</b>
Revenue	54.8	33.4
Profit/(loss) after tax	12.9	(16.9)
<b>Net profit/(loss) after tax</b>	<b>12.9</b>	<b>(16.9)</b>

The Company's EBITDA for the financial year ended 30 June 2019 was \$16.2M (June 2018: loss of \$14.4M), which incorporates a positive EBITDA from Iron Valley of \$12.3M (June 2018: \$5.6M).

The following table shows the EBITDA contribution for each segment of the Group:

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>A\$M</b>	<b>A\$M</b>
Iron Valley	12.3	5.6
Buckland (including gain on sale of Kumina)	16.5	(7.5)
Mardie	(8.2)	(2.9)
Other	(4.4)	(9.6)
<b>Total EBITDA</b>	<b>16.2</b>	<b>(14.4)</b>

### **Statement of cash flows**

Cash and cash equivalents as at 30 June 2019 increased to \$33.7M (June 2018: \$13.1M), primarily due to the cash received in connection with the sale of Kumina and higher Iron Valley receipts.

## Statement of financial position

Net assets increased to \$103.6M (June 2018: \$90.6M) primarily as a result of the gain on sale of Kumina.

## Dividends

The Directors have not paid or declared any dividends since the commencement of the financial year ended 30 June 2019.

	2019	2018
(a) out of the profits for the year ended 30 June 2018 and retained earnings on fully paid ordinary shares	Nil	Nil
(b) out of the profits for the year ended 30 June 2019 and retained earnings on fully paid ordinary shares.	Nil	Nil

## Corporate

### Annual General Meeting

The Company's annual general meeting was held in Perth on 22 November 2018. All four resolutions considered at the meeting were passed.

## Performance Rights

As at the date of this report, there were 1,320,000 Performance Rights on issue that were vested as shares to be issued (30 June 2018: 19,752,271). Refer to the Remuneration Report for further details of Performance Rights outstanding.

No Performance Rights holder has any right to be provided with any other share issue of the Company by virtue of their Performance Rights holding. None of the Performance Rights are listed on the ASX.

## Shares issued as a result of conversion of performance rights

Since the end of the financial year, the Company issued no ordinary shares as a result of the conversion of performance rights.

## Likely Developments and Expected Results

The Company plans to focus on advancing the Mardie Salt and SOP Project Definitive Feasibility Study which is due for completion in the March 2020 quarter.

BCI expects to continue receiving revenue and EBITDA from Iron Valley during the 2020 financial year. The Company may also receive income from the divestment of exploration tenements and other assets during the year.

## Significant changes in state of affairs

There were no significant changes in the Company's state of affairs not otherwise included in this report.

## Matters subsequent to the reporting date

No matter or circumstances has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial periods subsequent to the financial year ended 30 June 2019.

## Audit independence and non-audit services

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to the independent auditor's report and forms part of the Directors' Report.

### Non-audit services

For the year ended 30 June 2019 the Board of Directors is satisfied that the auditor, BDO Audit (WA) Pty Ltd, did not provide any non-audit services to the Company set out in Note 24 to the Financial Statements that compromised the auditor independence requirements of the *Corporations Act 2001*.

Signed in accordance with a resolution by the Directors.



**Brian O'Donnell**  
Chairman

Perth, Western Australia  
23 August 2019



**Alwyn Vorster**  
Managing Director

Perth, Western Australia  
23 August 2019

# Remuneration Report

(Issued 23 August 2019)

The Remuneration Report outlines the remuneration arrangements in place for Directors and other Key Management Personnel ("KMP") of the Company in accordance with section 308 (3c) of the *Corporations Act 2001*.

For the purpose of this report the KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any directors of the Company.

## Directors

B O'Donnell	Non-executive Chairman
M Bryant	Non-executive Director (resigned 30 November 2018)
A Haslam	Non-executive Director (resigned 30 November 2018)
M Blakiston	Non-executive Director
J Bloom	Non-executive Director

## Executives

A Vorster	Managing Director
S Hodge	Chief Financial Officer
A Chamberlain	Project Director (appointed 31 January 2019)

## Remuneration and Nomination Committee

The Remuneration and Nomination Committee ("RNC") is a committee of the Board comprised of two independent Non-Executive Directors, being Mr Blakiston (Chairman) and Ms Bloom.

The role of the RNC is to assist the Board to fulfil its responsibilities with respect to employee and director remuneration, and board composition and diversity, by making recommendations to the Board on:

- The Company's People Policy which sets out the Company's approach to Remuneration, Diversity and Privacy;
- A Remuneration Framework which enables the Company to attract, retain and motivate high quality senior executives who create value for shareholders; and
- The selection, composition, performance and appointment of members of the Board so that it is effective and able to operate in the best interests of shareholders.

## Remuneration Standard

The Remuneration Standard of the Company aims to:

- Reward employees fairly and responsibly in accordance with the Australian market;
- Provide competitive rewards that attract, retain and motivate employees;
- Ensure incentives provide fair reward in line with company and individual performance to deliver on the current and long term strategic objectives; and
- Ensure a level of equity and consistency across BCI and alignment with BCI's culture.

## Non-Executive Director Remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors and are reviewed annually by the Board. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$900,000 in aggregate and was approved by shareholders at the annual general meeting on 19 November 2014. This amount is separate from any specific tasks the directors or their related entities may take on for the Company.

## Fixed Remuneration

Non-Executive Directors' fixed remuneration comprise the following:

- Cash remuneration; and
- Superannuation.

## Performance Rights

At the November 2017 general meeting, shareholders approved the grant of 200,000 Performance Rights to Ms Bloom subject to Performance Conditions disclosed in the 2018 Annual Report.

All of the Performance Rights lapsed during the year.

## Executive Remuneration

The objective of the Company's executive remuneration is to ensure reward for performance is market competitive and appropriate for the results delivered. The executive remuneration is aligned with achievement of strategic and project objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria in line with appropriate corporate governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation;
- Transparency; and
- Prudent capital management.

### Fixed Remuneration

The components of executives' fixed remuneration are determined individually and may include:

- Cash remuneration;
- Superannuation; and
- Insurances, parking and other benefits.

### Variable Remuneration

#### Short-term Incentives

Executives may receive a short-term incentive ("STI") of up to 20-70% of their fixed remuneration. The STI is an "at risk" component of remuneration and payment may, at the Board's discretion, be in cash and/or equity. Measurement will be based on performance against annually agreed key performance indicators ("KPIs"). These KPIs will typically be aligned to specific operating and corporate objectives in relation to each financial year.

For the 2019 financial year, the Board exercised its discretion to award an STI based on the KPIs achieved during the year. Executive KMP were in aggregate awarded an STI cash incentive of \$227,125 (25% of their aggregate annual salary). The amount of the STI was included in the Company's financials for the 2019 year and was paid after year-end in the 2020 financial year.

For the 2018 financial year, the Board exercised its discretion to award an STI based on the KPIs achieved during year. Executive KMP were, in aggregate, awarded an STI cash incentive of \$131,236 (17% of their aggregate annual salary). The amount of the STI was included in the Company's financials for the 2018 year and was paid after year-end in the 2019 financial year.

#### Long-term Incentives

Longer term incentive awards will occur through the Performance Rights Plan ("PRP"). The PRP will form part of an "at risk" component of remuneration and Performance Rights will generally have a vesting period longer than one year. Performance hurdles will be based on company share price and/or other relevant shareholder return measures. The PRP will operate entirely at the discretion of the Company's Board and may be terminated, suspended or amended at any time, or from time to time, in its entirety or in part in relation to any or all employees (except where contractual rights have been created).

At the November 2017 general meeting, shareholders approved the grant of Performance Rights to the Managing Director, Alwyn Vorster. The Performance Rights were issued on 29 November 2017 and are subject to the Performance Conditions disclosed in the 2018 Annual Report.

Performance Rights were issued to KMP on 21 August 2017 and 23 August 2018 are subject to the Performance Conditions disclosed in the 2018 Annual Report in respect of the 21 August 2017 issue.

## Use of Remuneration Consultants

The Board and Remuneration Committee reviews executive remuneration annually, including assessment of:

- Advice from independent external remuneration consultants;
- Individual and business performance measurement against both internal targets and appropriate external comparatives; and
- General remuneration advice from both internal and independent external sources.

In the current financial year, the Board did not utilise an external remuneration consultant to provide a comprehensive benchmarking review. Industry remuneration data has been sourced through Aon Hewitt, the McDonald Gold and General Mining Industry Remuneration report for the benchmarking of new positions and projected industry market movements.

## Share Trading Policy

The trading of shares by all employees is subject to, and conditional upon, compliance with the Company's share trading policy which is available on the Company's website: [www.bcminerals.com.au](http://www.bcminerals.com.au). Directors and employees may not engage in short-term or speculative trading of the Company's securities and are prohibited from trading in financial products issued or created over, or in respect of the Company's securities during a non-trading period.



## Service Agreements

The remuneration and other terms of employment for executive KMP are covered in formal employment contracts. The key terms of their employment contracts, at the date of release of this report, are shown in the table below.

Name	Terms/Notice periods/Termination payment
A Vorster (Managing Director)	<p>Base salary inclusive of superannuation of \$524,300 reviewed at intervals to be determined by the Company.</p> <p>Employment can be terminated at three months' notice by Mr Vorster or by the Company. If the Company elects to terminate the employment agreement for reasons other than Mr Vorster's gross misconduct or default, Mr Vorster will be entitled to a payment equal to six months' total fixed remuneration. Certain agreed trigger events will lead to Mr Vorster having the option to terminate the contract and receive a payment equal to twelve months' total fixed remuneration.</p>
S Hodge (Chief Financial Officer)	<p>Base salary inclusive of superannuation \$338,836 reviewed at intervals to be determined by the Company.</p> <p>Employment can be terminated at twelve weeks' notice by Mr Hodge or by the Company. Certain agreed trigger events will lead to Mr Hodge having the option to terminate the contract and receive a payment equal to six months' total fixed remuneration.</p>
A Chamberlain (Project Director)	<p>Base salary inclusive of superannuation \$375,804 reviewed at intervals to be determined by the Company.</p> <p>Employment can be terminated at three months' notice by Mr Chamberlain or by the Company. Certain agreed trigger events will lead to Mr Chamberlain having the option to terminate the contract and receive a payment equal to six months' total fixed remuneration.</p>

## Remuneration of Key Management Personnel for the Year Ended 30 June 2019

The remuneration table below sets out the remuneration information for the directors and executives, which includes the managing director, who are considered to be KMP of the Company.

	Short Term		Other benefits (b)	Post Employment	Share Based Payments	Termination Payment	Total	Performance Related (d)
	Salary and fees	Incentives (a)		Super-annuation	Performance Rights (c)			%
	\$	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>								
B O'Donnell	129,452	-	-	12,298	-	-	141,750	0
M Bryant (e)	27,911	-	-	2,652	-	-	30,563	0
A Haslam (e)	31,335	-	-	2,977	-	-	34,312	0
M Blakiston	78,767	-	-	7,483	-	-	86,250	0
J Bloom	69,863	-	-	6,637	1,478	-	77,978	2
	<b>337,328</b>	<b>-</b>	<b>-</b>	<b>32,047</b>	<b>1,478</b>	<b>-</b>	<b>370,853</b>	<b>0</b>
<b>Executives</b>								
A Vorster	478,836	75,000	12,201	20,531	50,484	-	637,052	20
S Hodge	283,340	56,236	13,601	20,531	37,543	-	411,251	23
A Chamberlain (f)	140,161	-	3,812	13,315	-	-	157,288	0
	<b>902,337</b>	<b>131,236</b>	<b>29,614</b>	<b>54,377</b>	<b>88,027</b>	<b>-</b>	<b>1,205,591</b>	<b>18</b>
<b>Total</b>	<b>1,239,665</b>	<b>131,236</b>	<b>29,614</b>	<b>86,424</b>	<b>89,505</b>	<b>-</b>	<b>1,576,444</b>	<b>14</b>

(a) Short term incentives relate to performance in the previous financial year. Please refer to section on short-term incentive payments above.

(b) Other benefits include fuel, parking and insurances. Directors' and Officers' liability premiums have not been allocated to individual directors.

(c) Share-based payments represent the accounting expense incurred by the Company for the stated financial period, reflecting the terms of the Performance Rights as valued using a Monte Carlo simulation.

(d) Percentage performance related is the sum of short-term incentives and share based payments divided by total remuneration, reflecting the actual percentage of remuneration at risk for the year. Note that short-term incentives are reported in the year in which they are paid but relate to performance in previous reporting periods.

(e) Resigned 30 November 2018.

(f) A Chamberlain became a KMP on 31 January 2019.

## Remuneration of Key Management Personnel for the Year Ended 30 June 2018

The remuneration table below sets out the remuneration information for the directors and executives, which includes the managing director, who are considered to be KMP of the Company.

	Short Term		Other benefits (b)	Post Employment	Share Based Payments	Termination Payment	Total	Performance Related (d)
	Salary and fees	Incentives (a)		Super-annuation	Performance Rights (c)			%
	\$	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>								
B O'Donnell	129,452	-	10,874	12,298	-	-	152,624	0
M Bryant	66,986	-	10,874	6,364	-	-	84,224	0
A Haslam	75,205	-	10,874	7,144	-	-	93,223	0
M Blakiston	73,973	-	10,874	7,027	-	-	91,874	0
J Bloom	69,863	-	10,874	6,637	862	-	88,236	1
	<b>415,479</b>	<b>-</b>	<b>54,370</b>	<b>39,470</b>	<b>862</b>	<b>-</b>	<b>510,181</b>	<b>0</b>
<b>Executives</b>								
A Vorster	478,836	73,500	23,063	20,464	122,852	-	718,715	27
S Hodge	271,727	39,925	23,001	20,464	62,627	-	417,744	25
R Ventouras (e)	258,192	17,541	18,094	22,412	42,273	-	358,512	17
	<b>1,008,755</b>	<b>130,966</b>	<b>64,158</b>	<b>63,340</b>	<b>227,752</b>	<b>-</b>	<b>1,494,971</b>	<b>24</b>
<b>Total</b>	<b>1,424,234</b>	<b>130,966</b>	<b>118,528</b>	<b>102,810</b>	<b>228,614</b>	<b>-</b>	<b>2,005,152</b>	<b>18</b>

(a) Short term incentives relate to performance in the previous financial year. Please refer to section on short-term incentive payments above.

(b) Other benefits include vehicles, fuel, parking, travel and insurances.

(c) Share-based payments represent the accounting expense incurred by the Company for the stated financial period, reflecting the terms of the Performance Rights as valued using a Monte Carlo simulation.

(d) Percentage performance related is the sum of short-term incentives and share based payments divided by total remuneration, reflecting the actual percentage of remuneration at risk for the year. Note that short-term incentives are reported in the year in which they are paid but relate to performance in previous reporting periods.

(e) Ceased to be a KMP on 30 June 2018

## Performance Rights On issue

The terms and conditions of Performance Rights granted to KMP affecting remuneration in the current or future reporting periods are set out in the following table.

	Grant date	Date to vest	Expiry date	Risk free rate at grant date	Value per right at grant date	Number granted during the year	Value at grant date	Number vested	Number lapse
<b>Directors</b>									
J Bloom	29/11/2017	30/06/2019	28/11/2022	2.5%	\$0.012	200,000	\$2,340	-	200,000
<b>Executives</b>									
A Vorster	25/05/2016	30/06/2019	24/05/2021	2.4%	\$0.069	2,000,000	\$138,000	1,320,000 *	680,000 *
A Vorster	29/11/2017	30/06/2019	28/11/2022	2.5%	\$0.012	2,000,000	\$23,400	-	2,000,000
A Vorster	29/11/2017	30/06/2020	28/11/2022	2.5%	\$0.008	2,000,000	\$15,400	-	2,000,000 *
S Hodge	21/08/2017	30/06/2019	21/08/2022	2.6%	\$0.026	1,000,000	\$26,400	-	1,000,000 *
S Hodge	21/08/2017	30/06/2020	21/08/2022	2.6%	\$0.015	1,000,000	\$15,400	-	1,000,000 *
S Hodge	23/08/2018	30/06/2020	21/08/2022	2.5%	\$0.010	750,000	\$7,425	-	750,000 *

\* Performance Rights vested or lapsed subsequent to 30 June 2019, remaining value to be expensed in financial year 2020

A Monte Carlo simulation is used to value all of the Performance Rights. The Monte Carlo simulates the Company's share price and depending on the hurdle arrives at a value based on the number of Performance Rights that are likely to vest. The risk-free rate of the Performance Rights on the date granted are shown in the table above.

## Equity Instrument Disclosures

The interests of KMP in shares at the end of the financial year 2019 are as follows:

	Balance at 1 July 2018	Acquired during year	Performance Rights converted during year	Disposed during the year	Other changes	Balance at 30 June 2019
<b>Directors</b>						
B O'Donnell	351,998	-	-	-	-	351,998
M Bryant (a)	580,822	-	-	-	(580,822)	-
A Haslam (a)	192,000	-	-	-	(192,000)	-
J Bloom	60,000	-	-	-	-	60,000
<b>Executives</b>						
A Vorster	2,665,645	-	1,320,000	-	-	3,985,645
S Hodge	-	-	462,000	-	-	462,000
A Chamberlain	-	-	-	-	-	-
<b>Total</b>	<b>3,850,465</b>	<b>-</b>	<b>1,782,000</b>	<b>-</b>	<b>(772,822)</b>	<b>4,859,643</b>

(a) Resigned 30 November 2018; Other Changes represents balance as at resignation date.

The interests of KMP in Performance Rights at the end of the financial year 2019 are as follows.

	Balance at 1 July 2018	Granted as compensation	Converted to shares	Rights lapsed/ cancelled	Balance at 30 June 2019
<b>Directors</b>					
J Bloom	200,000	-	-	(200,000)	-
<b>Executives</b>					
A Vorster	8,000,000	-	(1,320,000)	(2,680,000)	4,000,000
S Hodge	2,700,000	750,000	(462,000)	(238,000)	2,750,000
A Chamberlain	-	-	-	-	-
<b>Total</b>	<b>10,900,000</b>	<b>750,000</b>	<b>(1,782,000)</b>	<b>(3,118,000)</b>	<b>6,750,000</b>

## Company performance

The table below shows key financial measures of company performance over the past five years.

		2019	2018	2017	2016	2015
<b>Continuing operations</b>						
Revenue	\$million	54.8	33.4	64.0	40.4	281.2
Net profit/(loss) after tax	\$million	13.4	(16.9)	7.1	(43.9)	(158.5)
Basic earnings/(loss) per share	Cents	3.38	(4.29)	2.2	(22.4)	(90.7)
Dividends paid per share	Cents	-	-	-	-	15.0
Share price (last trade day of financial year)	A\$	0.18	0.14	0.14	0.11	0.29

## Transactions with Key Management Personnel

On 1 March 2017, Michael Blakiston was appointed as a Non-Executive Director of the Company. Mr Blakiston is a partner in the legal firm Gilbert + Tobin. During the current financial year, the Company made legal fee payments to Gilbert + Tobin of \$445K (2018: \$207K). All transactions were on normal commercial terms and conditions. Refer to Note 25 for Related Party transactions.

## Voting and comments made at the Company's 2018 Annual General Meeting

The Company received 99% of 'yes' votes cast on its remuneration report for the 2018 financial year.

## Other information

### Insurance of officers

During the financial period, the Company incurred premiums of \$111,241 (2018: \$96,308) to insure the directors, company secretaries and officers of the Company. The liability insured is the indemnification of the Company against any legal liability to third parties arising out of any directors' or officers' duties in their capacity as a director or officer other than indemnification not permitted by law.

No liability has arisen under this indemnity as at the date of this report.

The Company has entered into indemnity deeds with each director and officer. Under the deeds, the Company indemnifies each director and officer to the maximum extent permitted by law against legal proceedings or claims made against or incurred by the directors or officers in connection with being a director or officer of the Company, or breach by the Company of its obligations under the deed.

### Independent audit of Remuneration Report

The Remuneration Report has been audited by BDO. Please see page 43 of this report for BDO's report on the Remuneration Report.

Signed in accordance with a resolution by the Directors.



**Brian O'Donnell**  
*Chairman*

Perth, Western Australia  
23 August 2019



**Alwyn Vorster**  
*Managing Director*

Perth, Western Australia  
23 August 2019

# Director's Declaration

In the opinion of the Directors of BCI Minerals Limited:

- a. the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 including:
  - i. giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2019 and of its performance for the financial year ended 30 June 2019; and
  - ii. complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- b. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.
- c. the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001 (Cth)*.

This declaration is made in accordance with a resolution of the Directors and is signed on their behalf by:



**Brian O'Donnell**  
*Chairman*

Perth, Western Australia  
23 August 2019





# Annual Financial Report

For the Year Ended 30 June 2019

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

BCI Minerals Limited and its controlled entities for the year ended 30 June 2019

	Notes	2019 \$000's	2018 \$000's
<b>Revenue from continuing operations</b>			
Sale of goods		54,170	32,970
Other revenue		630	479
<b>Total revenue from continuing operations</b>	1	<b>54,800</b>	33,449
Cost of sales	2	(44,330)	(29,954)
Administration expenses	2	(5,419)	(7,118)
Exploration and evaluation expenditure		(9,655)	(13,287)
Loss on sale of asset		(3)	-
Write down of exploration tenements	8	(3,025)	-
Profit on sale of exploration tenements	8	19,019	-
<b>Profit / (loss) before income tax</b>		<b>11,387</b>	(16,910)
Income tax benefit / (expense)	4	1,510	-
<b>Profit / (loss) after income tax from continuing operations attributable to owners of BCI Minerals Limited</b>		<b>12,897</b>	(16,910)
		Cents	Cents
Basic earnings / (loss) per share from continuing operations	16	3.26	(4.29)
Diluted earnings / (loss) per share from continuing operations	16	3.25	(4.26)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

BCI Minerals Limited and its controlled entities as at 30 June 2019

	Notes	2019 \$000's	2018 \$000's
<b>Current assets</b>			
Cash and cash equivalents	5	33,702	13,057
Short term investments		340	-
Trade and other receivables	6	22,251	7,213
<b>Total current assets</b>		<b>56,293</b>	20,270
<b>Non-current assets</b>			
Receivables	6	8,285	5,583
Property, plant and equipment	7	39,683	42,153
Exploration and evaluation assets	8	2,575	14,500
Intangibles	9	23,532	23,532
<b>Total non-current assets</b>		<b>74,075</b>	85,768
<b>Total assets</b>		<b>130,368</b>	106,038
<b>Current liabilities</b>			
Trade and other payables	10	18,092	9,373
Provisions	11	379	471
<b>Total current liabilities</b>		<b>18,471</b>	9,844
<b>Non-current liabilities</b>			
Provisions	11	8,285	5,583
<b>Total non-current liabilities</b>		<b>8,285</b>	5,583
<b>Total liabilities</b>		<b>26,756</b>	15,427
<b>Net assets</b>		<b>103,612</b>	90,611
<b>Shareholders' equity</b>			
Contributed equity	13	267,212	266,984
Reserves	14	5,418	5,542
Accumulated losses	15	(169,018)	(181,915)
<b>Total shareholders' equity</b>		<b>103,612</b>	90,611

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

BCI Minerals Limited and its controlled entities for the year ended 30 June 2019

	Contributed equity \$000's	Accumulated losses \$000's	Reserves \$000's	Total \$000's
Balance at 1 July 2017	266,735	(165,005)	5,426	107,156
Loss for the year	-	(16,910)	-	(16,910)
<b>Total comprehensive income</b>	<b>-</b>	<b>(16,910)</b>	<b>-</b>	<b>(16,910)</b>
<b>Transactions with equity holders in their capacity as equity holders</b>				
Performance Rights converted	249	-	(249)	-
Share based payments	-	-	365	365
<b>Balance at 30 June 2018</b>	<b>266,984</b>	<b>(181,915)</b>	<b>5,542</b>	<b>90,611</b>
Profit for the year	-	12,897	-	12,897
<b>Total comprehensive income</b>	<b>-</b>	<b>12,897</b>	<b>-</b>	<b>12,897</b>
<b>Transactions with equity holders in their capacity as equity holders</b>				
Performance Rights converted	228	-	(228)	-
Share based payments	-	-	104	104
<b>Balance at 30 June 2019</b>	<b>267,212</b>	<b>(169,018)</b>	<b>5,418</b>	<b>103,612</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

BCI Minerals Limited and its controlled entities for the year ended 30 June 2019

	Notes	2019 \$000's	2018 \$000's
<b>Cash flows from operating activities</b>			
Receipts from customers		39,794	35,833
Payments to suppliers and employees		(48,087)	(48,210)
Interest received		630	420
Income tax refund		1,510	-
<b>Net cash flows used in operating activities</b>	5	<b>(6,153)</b>	(11,957)
<b>Cash flows from investing activities</b>			
Proceeds from disposal of exploration tenements		27,294	-
Proceeds from disposal of plant and equipment		1	-
Payments for short term investments		(340)	-
Payments for plant and equipment		(157)	(74)
Payments for exploration project earn-ins		-	(1,000)
Payments for exploration and evaluation assets		-	(9,000)
<b>Net cash flows from/(used in) investing activities</b>		<b>26,798</b>	(10,074)
<b>Cash flows from financing activities</b>			
Repayment of Royalty Rebate		-	(1,288)
<b>Net cash flows from financing activities</b>		<b>-</b>	(1,288)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>20,645</b>	(23,319)
Cash and cash equivalents at beginning of year		13,057	36,376
<b>Cash and cash equivalents at end of year</b>	5	<b>33,702</b>	13,057

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

BCI Minerals Limited and its controlled entities for the year ended 30 June 2019

## Preface to the notes

The notes include information which is required to understand the financial statements and is material and relevant to the operations and the financial position and performance of the Company. Information is considered relevant and material if:

- The amount is significant due to its size or nature;
- The amount is important in understanding the results of the Company;
- It helps to explain the impact of significant changes in the Company's business; or
- It relates to an aspect of the Company's operations that is important to its future performance.

The notes are organised into the following sections:

- Basis of preparation;
- Key numbers;
- Capital;
- Risk management;
- Group structure;
- Unrecognised items; and
- Other notes.

## Basis of preparation

### Corporate information

The financial statements for BCI Minerals Limited for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 23 August 2019. BCI Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. BCI Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Company' or the 'Consolidated Entity'.

The principal activities of the Company during the financial year were the development of assets in the Pilbara region of Western Australia, including the Mardie Salt & Potash Project. The Company also receives revenue from the Iron Valley Iron Ore Mine under the terms of an Iron Ore Sale and Purchase Agreement.

### Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out in the notes to the accounts. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB"), and the Corporations Act 2001. BCI Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are presented in Australian dollars. The Company is of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument amounts in the directors' report and annual financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

## **Compliance with IFRS**

The consolidated financial statements of BCI Minerals Limited comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

## **Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and cash flow hedges at fair value through other comprehensive income.

## **New, revised or amending Accounting Standards and Interpretations adopted**

### ***New and amended standards adopted by the group***

A number of new or amended standards become applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standards:

- AASB 9 Financial Instruments (Note 6); and
- AASB 15 Revenue from Contract with Customers (Note 1).

The impact of the adoption of these standards did not have any material impact on the group's accounting policies and did not require retrospective adjustments.

## **Changes in accounting policy, estimates disclosures, standards and interpretations**

Except for matters relating to the adoption of new Australian Accounting Standards referred to above, the accounting policies adopted and estimates made are consistent with those of the previous financial year.

## **Foreign currency**

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## **Comparatives**

Where applicable, comparatives have been adjusted to conform with current year presentation.

## **Key estimates and judgements**

In the process of applying the Company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

- Note 3: Impairment of non-financial assets
- Note 4: Income taxes
- Note 7: Property, plant and equipment
- Note 8: Exploration and evaluation
- Note 9: Intangibles
- Note 11: Provisions
- Note 26: Share based payments

## Key Numbers

### Note 1 – Revenue

	2019 \$000's	2018 \$000's
Sales – Iron Valley	54,312	32,970
Interest revenue	630	420
Other income	(142)	59
<b>Total</b>	<b>54,800</b>	<b>33,449</b>

#### Accounting policy

Revenue is measured at the fair value of the gross consideration received or receivable. Revenue is recognised if it meets the criteria outlined below.

#### Sales – Iron Valley

Revenue from contracts with customers for the sale of goods is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of control to the customer, no further work or processing is required by the Company, the quantity and quality of the goods has been determined with reasonable accuracy, the price can be reasonably estimated, and collectability is reasonably assured.

The Company receives revenue from Mineral Resources Limited (“MIN”) based on a mine gate sale agreement based on MIN's realised price. The Company recognises revenue when the ore passes over the ships rail which is typically at the bill of lading. MIN send monthly shipping information based on either a provisional basis at the date of shipment or the subsequent final pricing, which is typically once the vessel has arrived at its destination and quotation pricing has been determined. BCI recognises revenue on provisionally priced sales based on the estimated fair value of the total consideration, which is adjusted for any changes when pricing is finalised. Provisionally priced sales for which price finalisation is referenced to the relevant metal price index have an embedded commodity derivative. The embedded derivative is carried at fair value through profit and loss as part of trade receivables. The period between provisional pricing and final invoices is typically approximately 30 to 90 days.

#### Interest revenue

Interest revenue is recognised on a time proportionate basis using the effective interest method.

### Note 2 – Expenses

	2019 \$000's	2018 \$000's
Amortisation of mine properties	2,547	2,837
Royalties	41,783	27,117
<b>Cost of sales</b>	<b>44,330</b>	<b>29,954</b>
Employee benefits expense	2,891	3,356
Depreciation and amortisation	76	80
Share based payments	104	365
Non-executive directors' fees	466	481
Occupancy related expenses	395	229
Consultant and legal fees	170	1,301
Other	1,317	1,306
<b>Administration expenses</b>	<b>5,419</b>	<b>7,118</b>

## Note 3 – Impairment of Non-Financial Assets

### Accounting policy

Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount.

The valuation used by BCI to determine recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") and value in use ("VIU").

Accounting standards require that the valuation technique used be consistent with one of three commonly accepted approaches outlined below:

- Level 1 Market - The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business. Examples relevant to BCI include earnings multiples or JORC reserve/resource multiples;
- Level 2 Cost - The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost); and
- Level 3 Income - The income approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts. Examples include Net Present Value ("NPV") techniques.

FVLCD is an NPV calculation which is consistent with the Level 3 income approach.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of impairment at each reporting period.

### Impairment assessment

The Company has completed its annual review of its assets for impairment. Based on these assessments, the Company has concluded that impairment of assets was not required.

### Revenue assumptions

Cash flow projections used to estimate recoverable amounts include assumptions on revenue. The assumptions used for revenue in impairment testing are summarised below:

	2019	2018
<b>CFR 62% Fe iron ore price (USD/dmt, nominal)</b>		
Years 1-5	<b>71-81</b>	64-69
Years 6-10	<b>68-74</b>	72-83
Years 11-20	<b>76-92</b>	85-96
<b>Foreign exchange rate (AUD:USD, nominal)</b>		
Years 1-5	<b>0.74-0.78</b>	0.76-0.77
Years 6-10	<b>0.74</b>	0.76
Years 11-20	<b>0.74</b>	0.76
<b>Inflation (% per annum)</b>		
USD inflation rate	<b>2.2</b>	2.8

### Key estimates and judgements

The recoverable amount of mine property, plant and equipment and intangible assets is estimated on the basis of the discounted value of future cash flows. The estimates of future cash flows are based on significant assumptions including:

- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction and the timing of access to these reserves and resources;
- future iron ore prices and exchange rates based on forecasts by a range of recognised economic forecasters as well as recent spot prices and rates;
- production rates, production costs and capital expenditure based on approved budgets and projections including inflation factors;
- the timing of when production will commence from projects for which royalties are payable to the Company; and
- the asset specific discount rate applicable to the cash generating unit.



## Note 4 – Income Taxes

	2019 \$000's	2018 \$000's
<b>Current tax expense/(benefit)</b>		
Current period	94	(1,332)
Adjustments for prior periods	1,495	1,411
	<b>1,589</b>	79
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal of temporary differences	(39)	1,169
De-recognition of deferred tax assets	(848)	(1,140)
Recognition of previously unrecognised tax losses	1,073	-
Equity deferred tax movement	(79)	(79)
Adjustments for prior periods	(186)	(29)
	<b>(79)</b>	(79)
<b>Income tax expense/(benefit) reported in the Consolidated statement of profit or loss and other comprehensive income</b>	<b>1,510</b>	-
<b>Reconciliation of effective tax rate</b>		
Profit / (loss) before tax	11,932	(16,910)
Income tax at the statutory rate of 30 per cent (2017: 30 per cent)	3,580	(5,073)
Non-deductible expenses	31	110
Temporary differences derecognised	(769)	(1,061)
Utilisation of tax losses	902	-
Tax losses not recognised	(3,650)	6,132
Recognised directly in equity	(79)	(79)
Under/(over) provided in prior periods and other	(15)	(29)
Tax refund from prior years	1,510	-
<b>Income tax benefit reported in the Consolidated statement of profit or loss and other comprehensive income</b>	<b>1,510</b>	-

### Accounting policy

The income tax expense on income for the financial year is the tax payable on the current financial period's taxable income based on the national income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### Significant judgement

The Company is subject to income taxes in Australia. Significant judgement is required in determining the provisions for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be subject to change. The Company estimates its tax liabilities based on the Company's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Company recognises deferred tax assets relating to carried forward tax losses to the extent they can be utilised. The utilisation of the tax losses depends on the ability of the entities to generate sufficient future taxable profits. At 30 June 2019, the Company had unrecognised deferred tax assets relating to tax losses of \$73.1M (2018: \$76.0M). The Company also has an R&D off-set available of \$5.7M (2018 \$5.7M).

## Deferred tax assets not recognised

	2019 \$000's	2018 \$000's
Temporary differences	(5,875)	(5,027)
Income Tax losses	70,423	74,074
Capital losses	2,702	1,598

## Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2019 \$000's	2018 \$000's	2019 \$000's	2018 \$000's	2019 \$000's	2018 \$000's
<b>Amounts recognised in Profit or Loss:</b>						
Mine property, plant and development	-	-	(3,296)	(2,757)	(3,296)	(2,757)
Provisions	113	141	-	-	113	141
Intangibles	-	-	(2,409)	(2,409)	(2,409)	(2,409)
Exploration	-	-	(591)	(781)	(591)	(781)
Other items	529	843	(381)	(302)	148	541
Amounts recognised directly in equity:						
Share issue costs in equity	160	238	-	-	160	238
	802	1,222	(6,677)	(6,249)	(5,875)	(5,027)
<b>Temporary differences derecognised</b>	-	-	5,875	5,027	5,875	5,027
<b>Tax assets/(liabilities)</b>	802	1,222	(802)	(1,222)	-	-

## Movements in deferred tax assets

	Provisions \$000's	Share issue costs \$000's	Mine property \$000's	Other \$000's	Temporary differences derecognised \$000's	Total \$000's
At 1 July 2017	88	318	-	618	-	1,024
<b>(Charged)/credited</b>						
to profit or loss	53	(80)	-	165	-	138
to (under)/over prior period	-	-	-	60	-	60
At 30 June 2018	141	238	-	843	-	1,222
<b>(Charged)/credited</b>						
to profit or loss	(28)	(79)	-	(339)	-	(446)
to (under)/over prior period	-	-	-	25	-	25
<b>At 30 June 2019</b>	113	160	-	529	-	802

## Movement in deferred tax liabilities

	Intangibles \$000's	Mine property \$000's	Exploration \$000's	Other \$000's	Temporary differences derecognised \$000's	Total \$000's
At 1 July 2017	(2,409)	(2,114)	(382)	(6)	3,887	(1,024)
<b>(Charged)/credited</b>						
to profit or loss	-	(650)	(399)	(259)	1,140	(168)
to (under)/over prior period	-	7	-	(37)	-	(30)
At 30 June 2018	(2,409)	(2,757)	(781)	(302)	5,027	(1,222)
<b>(Charged)/credited</b>						
to profit or loss	-	(486)	190	(79)	848	473
to (under)/over prior period	-	(53)	-	-	-	(53)
<b>At 30 June 2019</b>	(2,409)	(3,296)	(591)	(381)	5,875	(802)

## Note 5 – Cash and Cash Equivalents

	2019 \$000's	2018 \$000's
Cash at bank	12,219	5,824
Cash on deposit	21,483	7,233
<b>Total</b>	<b>33,702</b>	<b>13,057</b>
<b>Reconciliation of profit / (loss) after income tax to net cash flows from operating activities</b>		
Net Profit / (loss)	12,897	(16,910)
Depreciation and amortisation	2,623	2,917
Write down of exploration tenements	3,025	-
Share based payments	104	365
Gain on disposal of exploration tenements	(19,019)	-
Loss on disposal of plant and equipment	(3)	-
Other	8	33
<b>(Increase)/decrease in assets</b>		
Trade and other receivables	(14,415)	2,841
<b>Increase/(decrease) in liabilities</b>		
Trade and other payables	8,719	(1,372)
Provisions	(92)	169
<b>Net cash used in operating activities</b>	<b>(6,153)</b>	<b>(11,957)</b>

Cash on deposit relates to 31-day term deposits held with financial institutions. See Note 17 – Financial risk management note for further details.

### Accounting policy

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. There are no non-cash investing or financing activities.

## Note 6 – Trade and Other Receivables

	2019 \$000's	2018 \$000's
<b>Current</b>		
Trade receivables and prepayments	21,566	7,171
Other receivables	685	43
<b>Total current</b>	<b>22,251</b>	<b>7,213</b>
<b>Non-current</b>		
Other receivables	8,285	5,583
<b>Total non-current</b>	<b>8,285</b>	<b>5,583</b>
<b>Total trade and other receivables</b>	<b>30,536</b>	<b>12,796</b>

Due to the short-term nature of current receivables, their carrying amount is approximate to their fair value.

As at 30 June 2019 no receivables were past due or impaired (2018: Nil).

Other current receivables include \$36k for GST receivable (2018: \$16k). Other non-current receivables represent an estimate of the amount payable by the operator of the Iron Valley operation for fulfilment of rehabilitation obligations at the end of operations.

Refer to Note 17 for information on the Financial risk management policy of the Company.

### Accounting policy

Trade receivables are amounts due from customers for commodities sold in the ordinary course of business.

#### Trade Receivables that are Provisionally Priced

Trade receivables that contain an embedded derivative relating to the provisional pricing of iron ore are measured at fair value. At each reporting date the provisional priced receivable is marked to market based on the forward selling price for the quotation period stipulated in the contract until the quotation period expires and the change in value is recognised in the profit or loss.

#### Other Trade Receivables

Trade receivables that do not contain an embedded derivative are measured at the amount of consideration that is unconditional. The Group holds trade receivables with the objective to collect the contractual cash flows and measures them at amortised cost.

The Group applies the simplified impairment methodology permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## Note 7 – Property, Plant and Equipment

	Mine Properties \$000's	Plant and equipment \$000's	Office furniture, equipment and IT \$000's	Total \$000's
<b>Year ended 30 June 2018</b>				
Opening net book value	44,887	61	48	44,996
Additions	-	19	55	74
Reclassification of assets	-	(50)	50	-
Depreciation and amortisation expense	(2,838)	(5)	(74)	(2,917)
<b>Closing net book value</b>	<b>42,049</b>	<b>25</b>	<b>79</b>	<b>42,153</b>
<b>At 30 June 2018</b>				
Cost	51,658	753	1,695	54,106
Accumulated depreciation and amortisation	(9,609)	(728)	(1,616)	(11,953)
<b>Net carrying amount</b>	<b>42,049</b>	<b>25</b>	<b>79</b>	<b>42,153</b>
<b>Year ended 30 June 2019</b>				
Opening net book value	42,049	25	79	42,153
Additions	-	140	16	156
Disposals	-	(3)	-	(3)
Depreciation and amortisation expense	(2,547)	(22)	(54)	(2,623)
<b>Closing net book value</b>	<b>39,502</b>	<b>140</b>	<b>41</b>	<b>39,683</b>
<b>At 30 June 2019</b>				
Cost	51,658	870	1,711	54,239
Accumulated depreciation and amortisation	(12,156)	(730)	(1,670)	(14,556)
<b>Net carrying amount</b>	<b>39,502</b>	<b>140</b>	<b>41</b>	<b>39,683</b>

### Accounting policy

#### Mine Properties

Once a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings, plant and equipment is transferred and capitalised as mine property. Mine property costs include past capitalised exploration and evaluation costs, pre-production development costs, development excavation, development studies and other subsurface and permanent installation expenditure pertaining to that area of interest.

Mine property costs are accumulated in respect of each separate area of interest. Costs associated with commissioning new assets in the period before they are capable of operating in the manner intended by management, are capitalised. Mine property costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

When an area of interest is abandoned, or the Directors decide that it is not commercial or technically feasible, any accumulated cost in respect of that area is written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs written off to the profit or loss to the extent that they will not be recoverable in the future.

Amortisation of mine property costs is charged on a unit of production basis over the life of economically recoverable reserves once production commences.

Mine property assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, mine property is allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

#### Plant and equipment

Plant and equipment, including mechanical, electrical, field and computer equipment as well as furniture, fixtures and fittings, is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over either its expected useful life of 2.5 to 5 years for furniture, computers and equipment, or the life of the mine for plant and equipment.

Spare parts, stand-by equipment and servicing equipment is classified as property, plant and equipment if they are expected to be used during more than one period. Otherwise they are classified as inventory.

### Key judgement – ore reserves and mineral resources

Amortisation of mine property assets is based on the depletion of economically recoverable reserves. The rate of amortisation is re-assessed on a prospective basis when ore reserves are changed for the appropriate ore body in accordance with the JORC 2012 Guidelines.

## Note 8 – Exploration and Evaluation

	2019 \$000's	2018 \$000's
Opening balance	14,500	4,600
Carrying value of tenements sold	(8,900)	-
Write down of tenements to recoverable value	(3,025)	-
Exploration earn-in	-	1,000
Exploration tenements acquisition	-	9,000
Unsuccessful exploration expenditure derecognised	-	(100)
<b>Net carrying amount</b>	<b>2,575</b>	<b>14,500</b>

### Accounting policy

The Company accounts for exploration and evaluation activities as follows:

#### Acquisition and Exploration earn-in

Exploration and evaluation costs arising from acquisitions and earn-ins are carried forward where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment of economically recoverable reserves otherwise they are written down to their recoverable amount.

#### Exploration and evaluation costs

Costs arising from on-going exploration and evaluation activities are expensed as incurred.

#### Disposal of tenements

As announced on 21 December 2018, the Company completed the sale of the Kumina tenements, originally acquired from Mineralogy Pty Ltd in September 2017, to Mineral Resources Limited (ASX: MIN) for total consideration of A\$35M cash including a first cash payment of A\$27M received in December 2018, resulting in a gain of \$17.8M. A further two cash payments of A\$4M each are due upon first export of iron ore from Kumina and twelve months after first export. No receivable has been recognised for these payments as development of the Kumina mine is yet to be announced by MIN.

In addition to the sale of Kumina, other tenement sales during the year have resulted in an overall profit on sale of exploration tenements of \$19.0M.

#### Key judgement – Capitalisation of exploration and evaluation expenditure

The Company has capitalised acquired exploration and evaluation expenditure and earn-in expenditure on the basis that either it is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental rehabilitation obligations) and changes to commodity prices.

BCI currently holds a 30% interest in the Carnegie Potash in a joint venture with ASX-listed potash development company, Kalium Lakes Limited ("KLL"), who is the joint venture manager. BCI has rights to earn up to a 50% interest through sole-funding the Pre-Feasibility Study and Feasibility Study phases.

## Note 9 – Intangibles

	Notes	2019 \$000's	2018 \$000's
<b>Net carrying value of intangibles:</b>			
Royalties		15,502	15,502
Port lease rights		8,030	8,030
<b>Net carrying amount</b>		<b>23,532</b>	23,532

The intangible assets were acquired through Iron Ore Holdings Limited as follows:

### Royalties

The Company holds royalties over the Koodaideri South and North Marillana Extension tenements. The assets have a finite life reflecting the underlying resource and will be amortised as the resource is depleted. Production has not commenced at either Koodaideri South or North Marillana and hence the assets remain unamortised.

The Koodaideri South royalty asset has been tested for impairment with the recoverable amount assessed by reference to the FVLCD, in line with the policy in note 3 and classified as level 3 under the fair value hierarchy. FVLCD was determined using an income approach based on the net present value of future cash flows projected over the estimated mine life of 32 years. The pre-tax nominal discount rate used in determining FVLCD was 11.2%. Forecast iron ore price, foreign exchange and inflation assumptions used in the calculation of FVLCD are summarised in Note 3.

The North Marillana Extension royalty asset has been tested for impairment with the recoverable amount assessed by reference to the FVLCD, in line with the policy in note 3 and classified as level 3 under the fair value hierarchy. FVLCD was determined using an income approach based on the net present value of future cash flows projected over the estimated mine life of 10 years. The pre-tax nominal discount rate used in determining FVLCD was 11.2%. Forecast iron ore price, foreign exchange and inflation assumptions used in the calculation of FVLCD are summarised in Note 3.

The recoverable amounts were determined to be in excess of carrying values, and there are no reasonably possible changes in key assumptions that would cause the asset to be impaired. Refer to Note 3 for details of the key estimates and judgements applied in determining the recoverable amount.

### Port lease rights

The Company holds a lease at the Cape Preston East Port and a value has been ascribed to the intellectual property associated with developing this port. The port is yet to be developed and the intangible asset will be amortised once the port is operational.

The Company has tested the asset for impairment with the recoverable amount assessed by reference to the FVLCD of the Buckland project, in line with the policy in note 3 and classified as level 3 under the fair value hierarchy. FVLCD for the Buckland project including mineral assets and the port access rights was determined by estimating cash flows over the project life of approximately 12 years. The pre-tax nominal discount rate used in determining FVLCD was 12.2%. Forecast iron ore price, foreign exchange and inflation assumptions used in the calculation of FVLCD are summarised in Note 3.

The recoverable amount was determined to be in excess of carrying value, and there are no reasonably possible changes in key assumptions that would cause the asset to be impaired. Refer to Note 3 for details of the key estimates and judgements applied in determining the recoverable amount.

## Note 10 – Trade and other payables

	2019 \$000's	2018 \$000's
<b>Current</b>		
Trade payables and accruals	18,092	9,373
<b>Total</b>	<b>18,092</b>	9,373

### Accounting policy

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe (refer to Note 17).

## Note 11 – Provisions

	2019 \$000's	2018 \$000's
<b>Current</b>		
Employee benefits	379	471
<b>Total current</b>	<b>379</b>	<b>471</b>
<b>Non-current</b>		
Rehabilitation	8,285	5,583
<b>Total non-current</b>	<b>8,285</b>	<b>5,583</b>
<b>Total</b>	<b>8,664</b>	<b>6,054</b>

### Movement in Provisions in 2019

	Rehabilitation and site closure \$000's	Employee benefits \$000's	Total \$000's
Opening balance 1 July 2018	5,583	471	6,054
Changes in rehabilitation estimate	2,543	-	2,543
Unwinding of discount (non-cash expense)	159	-	159
Amounts used during the year	-	(92)	(92)
<b>Closing balance</b>	<b>8,285</b>	<b>379</b>	<b>8,664</b>

### Accounting policy

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

#### *Employee benefits, salaries and annual leave*

Liabilities for salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

#### *Employee benefits – long service leave*

The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

### *Rehabilitation*

The Company has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they are situated.

A provision is raised for the estimated cost of settling the rehabilitation and restoration obligations existing at balance date, discounted to present value using an appropriate discount rate. When provisions for rehabilitation are initially recognised, the corresponding cost is capitalised as an asset within mine properties and amortised accordingly.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, costs are charged to the profit or loss in the period in which the work is undertaken.

At each reporting date the rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, changes to the estimated lives of operations, new regulatory requirements and revisions to discount rates. Changes to the rehabilitation liability are added to or deducted from the related rehabilitation asset and amortised accordingly.

### **Key estimate – Rehabilitation**

The Company's accounting policy for the recognition of rehabilitation provisions requires significant estimates in determining the estimated cost for the rehabilitation of disturbed areas, removal of infrastructure and site closure at a point in the future. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

A provision is made for the estimated cost to rehabilitate the Iron Valley site, which is offset by a receivable from Mineral Resources Limited recognising the contractual requirement to rehabilitate the site.

## Note 12 – Capital Risk Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company defines capital as equity and net debt. Net debt is defined as borrowings less cash and cash equivalents, and equity as the sum of share capital, reserves and accumulated losses/retained earnings.

	2019 \$000's	2018 \$000's
<b>Net debt to equity</b>		
Total debt	-	-
Less cash and cash equivalents	33,207	13,057
Excess of cash over debt	33,207	13,057
Equity	103,612	90,611

Net debt as percentage of equity - not applicable as the Company has no debt.

## Note 13 – Contributed Equity

	2019		2018	
	Number	\$000's	Number	\$000's
<b>Share capital</b>				
Ordinary shares - fully paid	397,608,910	276,212	394,968,910	266,984
<b>Movements in ordinary share capital</b>				
Opening balance	394,968,910	266,984	392,526,910	266,735
Issue of shares under Employee Performance Rights Plan	2,640,000	228	2,442,000	249
<b>Closing balance</b>	397,608,910	267,212	394,968,910	266,984

### Accounting policy

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are recorded in equity as a deduction, net of tax, from the proceeds.

### Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

## Note 14 – Reserves

	2019 \$000's	2018 \$000's
<b>Share based payments reserve</b>		
Balance as at 1 July	10,764	10,648
Share based payments expense	104	365
Issue of shares under Employee Performance Rights Plan	(228)	(249)
<b>Balance as at 30 June</b>	10,640	10,764
<b>Financial assets at fair value through other comprehensive income</b>		
Balance as at 1 July	(9,009)	(9,009)
<b>Balance as at 30 June</b>	(9,009)	(9,009)
<b>Options exercised reserve</b>		
Balance as at 1 July	3,787	3,787
<b>Balance as at 30 June</b>	3,787	3,787
<b>Total reserves</b>	5,418	5,542

### Nature and purpose of reserves

The share based payments reserve is used to recognise the fair value of options (not exercised), Performance Rights and equity-settled benefits issued in settlement of share issue costs.

Changes in the fair value of investments such as equities measured at fair value through other comprehensive income, are recognised in other comprehensive income and accumulated in a separate reserve within equity. On adoption of AASB 9 *Financial Instruments* investments in listed shares previously classified as available-for-sale were reclassified as financial assets at fair value through other comprehensive income.

The options exercised reserve is used to recognise the fair value of options exercised.



## Note 15 – Accumulated Losses

	2019 \$000's	2018 \$000's
Balance as at 1 July	(181,915)	(165,005)
Net profit / (loss)	12,897	(16,910)
<b>Balance as at 30 June</b>	<b>(169,018)</b>	<b>(181,915)</b>

## Note 16 – Earnings Per Share

	2019 \$000's	2018 \$000's
<b>Earnings per share from continuing operations</b>		
Profit / (loss) after income tax from continuing operations	13,442	(16,910)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	397,237,863	394,597,863
<b>Adjustments for calculation of diluted earnings per share:</b>		
Vested Performance Rights outstanding at year end	1,320,000	2,640,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	398,557,863	397,237,863
<b>Earnings per share attributable to the ordinary equity holders of the company</b>		
	<b>Cents</b>	<b>Cents</b>
Basic earnings / (loss) per share	3.26	(4.29)
Diluted earnings / (loss) per share	3.25	(4.26)

### Accounting policy

Basic earnings per share is calculated by dividing net profit after income tax attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the financial year.

Diluted earnings per share is calculated using net profit after income tax attributable to equity holders of the Company adjusted for the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

## Risk management

### Note 17 – Financial Risk Management

The Company holds the following financial instruments:

	2019 \$000's	2018 \$000's
<b>Financial assets</b>		
Cash and cash equivalents	33,702	13,057
Short term investments	340	-
Trade and other receivables	30,536	12,796
	<b>64,578</b>	25,853
<b>Financial liabilities</b>		
Trade and other payables	18,092	9,373
	<b>18,092</b>	9,373

Market (including foreign exchange, commodity price and interest rate risk), credit and liquidity risks arise in the normal course of the Company's business. Primary responsibility for identification and control of financial risk rests with senior management under directives approved by the Board.

#### a. Market risk

##### i. Foreign exchange risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency in which they are measured. The Company is not exposed to foreign exchange risk on trade receivables.

##### ii. Commodity price risk

The Company's revenue is exposed to commodity price fluctuations, specifically iron ore prices. The Company measures exposure to commodity price risk by monitoring and stress testing the Company's forecast financial position to sustained periods of low iron ore prices on a regular basis.

Trade receivables outstanding at year end are subject to potential changes in future iron ore prices.

#### b. Credit risk

Credit risk arises from cash and cash equivalents and deposits with financial institutions, and from receivables from customers for iron ore sales. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted in accordance with ratings guidelines of major global credit rating agencies. For customers, credit reference checks are undertaken. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

The credit quality of financial assets that are neither past due nor impaired can be summarised as follows:

- Cash and cash equivalents \$33.7M (2018: \$13.1M) held with banks with minimum long term external credit rating of AA-
- Short term investments \$0.3M (2018: \$nil) held with banks with a minimum long term external credit rating of AA-
- Current trade and other receivables \$22.2M (2018: \$7.2M) due from existing customers are backed by an agreement with quarterly invoices paid within 5 working days. There has been no history of default in the past.
- Non-current receivables \$8.3M (2018: \$5.6M) due from Mineral Resources Limited under a contractual arrangement as described in Note 11. No default is expected.

#### c. Liquidity risk

Prudent liquidity management involves the maintenance of sufficient cash and access to capital markets. It is the policy of the Board to ensure that the Company is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Company has sufficient working capital and preserving the 15% share issue limit available to the Company under the ASX Listing Rules.

#### Maturity analysis of financial assets and liabilities

Financial liabilities comprise trade and other payables which have a maturity of less than six months.

## Group structure

### Note 18 – Subsidiaries

The consolidated financial statements include the financial statements of BCI Minerals Limited and the subsidiaries listed in the following table.

	Country of incorporation	Functional currency	Beneficial interest	
			2019 %	2018 %
BC Iron Nullagine Pty Ltd	Australia	AUD	100	100
BCI (SA) Pty Ltd	Australia	AUD	100	100
BC Potash Pty Ltd	Australia	AUD	100	100
BC Gold Pty Ltd	Australia	AUD	100	100
BC Pilbara Iron Ore Pty Ltd	Australia	AUD	100	100
PEL Iron Ore Pty Ltd	Australia	AUD	100	100
Buckland Minerals Transport Pty Ltd	Australia	AUD	100	100
Cape Preston Logistics Pty Ltd	Australia	AUD	100	100
Mardie Minerals Pty Ltd	Australia	AUD	100	100
Iron Valley Pty Ltd	Australia	AUD	100	100
Bungaroo South Pty Ltd	Australia	AUD	100	100
Mal's Ridge Pty Ltd	Australia	AUD	100	100
Maitland River Pty Ltd	Australia	AUD	100	100
BCI Exploration Pty Ltd	Australia	AUD	100	100

### Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BCI Minerals Limited as at 30 June 2019, and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of an asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Consolidated Entity.

## Note 19 – Segment Information

### 2019 Segment information

	Iron Valley \$000's	Mardie \$000's	Buckland \$000's	Other \$000's	Consolidated \$000's
<b>Segment revenue</b>					
Sales revenue	54,312	-	-	-	54,312
Other revenue	(142)	-	-	630	488
<b>Total</b>	<b>54,170</b>	<b>-</b>	<b>-</b>	<b>630</b>	<b>54,800</b>
<b>Segment results</b>					
EBITDA	12,296	(8,200)	16,499	(4,190)	16,405
Interest revenue	-	-	-	630	630
Write down of tenements	-	-	-	(3,025)	(3,025)
Depreciation and amortisation	(2,547)	-	-	(76)	(2,623)
<b>Profit / (loss) before income tax</b>	<b>9,749</b>	<b>(8,200)</b>	<b>16,499</b>	<b>(6,661)</b>	<b>11,387</b>
Segment assets	69,188	800	8,030	52,350	130,368
Segment liabilities	23,553	-	-	3,203	26,756

### 2018 Segment Information

	Iron Valley \$000's	Mardie \$000's	Buckland \$000's	Other \$000's	Consolidated \$000's
<b>Segment revenue</b>					
Sales revenue	32,970	-	-	-	32,970
Other revenue	-	-	-	479	479
<b>Total</b>	<b>32,970</b>	<b>-</b>	<b>-</b>	<b>479</b>	<b>33,449</b>
<b>Segment results</b>					
EBITDA	5,598	(2,885)	(7,501)	(9,625)	(14,413)
Interest revenue	-	-	-	420	420
Depreciation and amortisation	(2,837)	-	-	(80)	(2,917)
<b>Profit / (loss) before income tax</b>	<b>2,761</b>	<b>(2,885)</b>	<b>(7,501)</b>	<b>(9,285)</b>	<b>(16,910)</b>
Segment assets	54,657	800	16,930	33,652	106,039
Segment liabilities	10,767	-	-	4,660	15,427

Management has determined that the Company has four reportable segments, being Iron Valley, Mardie, Buckland and Other (Corporate and other assets).

Sales revenue comprises iron ore sales from a single location to a single customer in Australia.

#### Accounting policy

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Company's Board. Internal reporting is provided to the Board on a consolidated basis.

## Unrecognised Items

### Note 20 – Commitments

The Company has two property leases and a lease for certain office equipment all of which expire within one year. The total minimum future payments under the leases at 30 June 2019 is \$87k (30 June 2018: \$378k of which \$74k was due between one and five years).

### Note 21 – Contingent Liabilities and Assets

As at 30 June 2019, the Company has no contingent liabilities or assets other than additional cash payments in respect of the sale of the Kumina tenements disclosed in Note 8.

### Note 22 – Events Occurring after the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial periods subsequent to the year ended 30 June 2019.

## Other notes

### Note 23 – Parent Entity

The following details information related to the parent entity, BCI Minerals Limited, as at 30 June 2019. The information presented here has been prepared using accounting policies consistent with those presented in the notes to the accounts.

	2019 \$000's	2018 \$000's
<b>Statement of Financial Position</b>		
Current assets	33,481	12,552
Total assets	141,438	123,068
Current liabilities	1,125	1,759
Total liabilities	53,937	37,477
<b>Shareholders' equity</b>		
Issued capital	267,212	266,984
Reserves	5,546	5,670
Accumulated losses	(185,257)	(187,063)
<b>Total shareholders' equity</b>	<b>87,501</b>	<b>85,591</b>
Profit / (Loss) for the year	1,805	(32,271)
Total comprehensive income / (loss) for the year	1,805	(32,271)

Included in note 20 are commitments incurred by the parent entity relating to the lease of offices.

### Note 24 – Auditor's Remuneration

The auditor of BCI Minerals Limited is BDO Audit (WA) Pty Ltd

	2019 \$	2018 \$
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit or review of financial reports for the Company	65,896	58,950
Non-audit services – other assurance services	10,211	7,889
Non-audit services – tax services	52,312	-
<b>Total</b>	<b>128,419</b>	<b>66,839</b>

## Note 25 – Related Party Transactions

### a. Parent entity

BCI Minerals Limited is the parent entity.

### b. Subsidiaries

Interests in subsidiaries are set out in note 18.

### c. Key management personnel

Disclosures relating to Key Management Personnel are set out in the Audited Remuneration Report.

	2019 \$	2018 \$
Short-term employee benefits	1,400,515	1,673,729
Share based payments	89,505	228,614
Post-employment benefits	86,424	102,811
<b>Total</b>	<b>1,576,444</b>	<b>2,005,154</b>

### d. Transactions with related parties

	2019 \$	2018 \$
Payment for services made to other related parties	445,095	207,101

On 1 March 2017, Michael Blakiston was appointed as a Non-Executive Director of the Company. Mr Blakiston is a partner in the legal firm Gilbert + Tobin. During the current financial year, the Company made legal fee payments to Gilbert + Tobin of \$445K (2018: \$207K). All transactions were on normal commercial terms and conditions.

## Note 26 – Share Based Payments

During the 2011-2019 financial years, the Company provided share based payments to employees only, whereas in the 2010 financial year they were also granted to consultants and financiers. An employee share option incentive plan was approved at the shareholder's annual general meeting of 16 November 2011. An Employee Performance Rights Plan was initially approved at the shareholder's annual general meeting of 19 November 2010 and a revised plan was approved at the Company's 2016 annual general meeting.

Under the terms of these plans, the Board may offer options and Performance Rights at no more than nominal consideration to employees or directors (the latter subject to shareholder approval) based on a number of criteria, including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board considers relevant. These long-term incentives are provided to certain employees at the discretion of the Board to deliver long-term shareholder returns. Set out below is a summary of the Performance Rights granted by the Company.

### Employee Performance Rights

During the year the Company issued share based payments in the form of Performance Rights to directors and employees as per below. Refer to the Remuneration Report in the Directors' Report for more information.

### 2019 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
23/08/2018	2,050,000	30/06/2020	\$0.01	\$0.14	0%

\*Source: [www.asx.com.au](http://www.asx.com.au)

The fair value per Performance Right on grant date was determined as follows:

Grant date	23/08/2018
Vesting date	30/06/2020
Grant date share price	\$0.14
Volatility (per cent)	75.9
Dividend yield (per cent)	0
Risk free rate (per cent)	2.5

## 2018 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
21/08/2017	3,300,000	30/06/2019	\$0.03	\$0.19	0%
21/08/2017	2,450,000	30/06/2020	\$0.02	\$0.19	0%
27/10/2017	500,000	30/06/2019	\$0.03	\$0.15	0%
29/11/2017	2,200,000	30/06/2019	\$0.01	\$0.16	0%
29/11/2017	2,000,000	30/06/2020	\$0.01	\$0.16	0%
18/05/2018	1,000,000	30/06/2019	\$0.01	\$0.15	0%
18/05/2018	1,500,000	30/06/2020	\$0.01	\$0.15	0%

\*Source: [www.asx.com.au](http://www.asx.com.au)

The fair value per Performance Right on grant date was determined as follows:

Grant date	21/08/2017	21/08/2017	27/10/2017	29/11/2017	29/11/2017	18/05/2018	18/05/2018
Vesting date	30/06/2019	30/06/2020	30/06/2019	30/06/2019	30/06/2020	30/06/2019	30/06/2020
Grant date share price	\$0.19	\$0.19	\$0.15	\$0.16	\$0.16	\$0.15	\$0.15
Volatility (per cent)	94.4	95.1	94.4	94.7	94.4	94.4	95.1
Dividend yield (per cent)	0	0	0	0	0	0	0
Risk free rate (per cent)	2.6	2.6	2.6	2.5	2.5	2.6	2.6

### Summary of Performance Rights on issue

Vesting date	Opening balance at 1 July 2018	Rights granted during the year	Rights cancelled / lapsed during the year	Rights converted to shares during the year	Closing balance at 30 June 2019	Rights vested since 30 June 2019
30/06/2019	9,000,000	-	(2,435,000)	(2,640,000)	3,925,000	1,320,000
30/06/2020	5,950,000	2,050,000	(3,600,000)	-	5,400,000	-
<b>Total</b>	<b>11,052,271</b>	<b>2,050,000</b>	<b>(6,035,000)</b>	<b>(2,640,000)</b>	<b>9,325,000</b>	<b>1,320,000</b>

### a. Expenses arising from share-based payment transactions

Total expenses arising from share based payments recognised during the financial period as part of employee benefits expense were as follows. Where Performance Rights are forfeited or cancelled due to a vesting condition not being satisfied, the previously recognised cumulative share based payment expense is reversed.

	2019 \$	2018 \$
Director benefits	51,962	139,107
Employee benefits	66,022	225,471
<b>Total</b>	<b>117,984</b>	<b>364,578</b>

### Accounting policy

The fair value of share based payments granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or Performance Rights.

A Monte Carlo simulation is used to value Performance Rights. The Monte Carlo calculation simulates the Company's share price and depending on the hurdle arrives at a value based on the number of Performance Rights that are likely to vest.

The employee benefit expense recognised each period takes into account the most recent estimate of the options and Performance Rights. The impact of revision to original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to equity.

### Key estimate: Share-based payment costs

The cost of share-based payments to financiers is measured by reference to the difference between the nominal value and net present value of the finance facility provided. The net present value is determined based upon a market comparable discount rate applicable to similar size companies within the mining sector.

A Monte Carlo simulation has been used to value Performance Rights. The Monte Carlo calculation simulates the returns of the Company in relation to the peer group and arrives at a value based on the number of Performance Rights that are likely to vest.

## Note 27 – Other Accounting Policies

### Summary of other significant accounting policies

#### Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable, where an invoice has been issued. The net amount of GST recoverable from, or payable to, the taxation authority is included within receivables or payables in the statement of financial position.

The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

#### Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Company. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Company uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

#### Tax consolidation legislation

BCI Minerals Limited and its wholly owned Australian controlled entities have entered into the tax consolidation legislation. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, BCI Minerals Limited.

The entities entered into a tax funding agreement under which the wholly owned entities fully compensate BCI Minerals Limited for any current tax payable assumed and are compensated by BCI Minerals Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to BCI Minerals Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which where appropriate, is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

### New, revised or amending Accounting Standards and Interpretations adopted

The following applicable accounting standards, amendment of standards and interpretations have recently been issued but are not yet effective. These standards have not been adopted by the Company as at the financial reporting date.

Standard title	Application date of the standard	Summary	Impact on Company's financial report
AASB 16 Leases	Periods beginning on or after 1 January 2019	<p>If a lessee has significant operating leases outstanding at the date of initial application, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments.</p> <p>This will increase EBITDA as operating leases that were previously expensed will be amortised as a right-of-use asset, and an interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years.</p> <p>There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.</p>	<p>The Company has considered this standard and identified that future contractual arrangements will impact on the financial statements with new leases for operating premises giving rise to a right of use asset.</p> <p>Current contractual arrangements will not be impacted by the standard as the Company will elect to apply certain practical expedients in the standard on transition.</p>



# Independent Auditor's Report



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## INDEPENDENT AUDITOR'S REPORT

To the members of BCI Minerals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of BCI Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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### Carrying Value of Mine Properties

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 30 June 2019, we note that the carrying value of Mine Properties is significant to the financial statement, as disclosed in Note 7.</p> <p>The assessment of indicators of impairment and the assessment of carrying value of Mine Properties requires management to make significant accounting judgements and estimates. Due to the significance of estimates and assumptions in this assessment, we have identified this as a key audit matter.</p> <p>Refer to Note 3 and Note 7 for the detailed disclosures, which include the related accounting policies and the critical accounting judgements and estimates.</p>	<p>We evaluated management's assessment of indicators of impairment for Iron Valley as at 30 June 2019. Due to the market capitalisation being lower than the net assets of the Group we have cross checked management's assessment of indicators against the discounted cash flow model for the asset. Our procedures on the discounted cash flow model included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Analysing management's key assumptions used in the discounted cash flow model against external data and market consensus information to determine their reasonableness;</li><li>• Challenging the appropriateness of management's discount rates used in the discounted cash flow model in conjunction with our internal valuation experts;</li><li>• Reviewing mathematical accuracy of the discounted cash flow model;</li><li>• Performing sensitivity analysis on significant assumptions to determine if there would be a significant change to the carrying value of the asset; and</li><li>• Assessing the adequacy of the Groups' disclosure in respect of mine property carrying values and impairment assessment assumptions as disclosed in Note 3 and Note 7 of the financial report.</li></ul>



### Carrying Value of Intangible Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 30 June 2019, we note that the carrying value of Intangible Assets is significant to the financial statement, as disclosed in Note 9.</p> <p>An annual impairment test is required for intangible assets not being amortised under the Australian Accounting Standards.</p> <p>The assessment of the carrying value of Intangible Assets requires management to make significant account judgements and estimates in producing the discounted cash flow models used to determine whether the assets require impairment. Due the significance of the estimates and assumptions in this assessment we have identified this as a key audit matter.</p> <p>Refer to Note 3 and Note 9 for the detailed disclosures, which include the related accounting policies and the critical accounting judgements and estimates.</p>	<p>We evaluated management's impairment assessment for the Intangible Assets by challenging the key estimates and assumptions used by management. Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Analysing management's key assumptions used in the discounted cash flow models against external data and market information to determine their reasonableness;</li><li>• Challenging the appropriateness of management's discount rates used in the discounted cash flow models in conjunction with our internal valuation experts;</li><li>• Challenging assumptions around timing of future cash flows;</li><li>• Comparing ore reserve to most recent available reserve statements;</li><li>• Checking the mathematical accuracy of the discounted cash flow;</li><li>• Performing sensitivity analysis on key assumptions to determine if there would be a significant change to the carrying value of the asset; and</li><li>• Assessed the adequacy of the Group's disclosures in respect of intangible asset carrying values and impairment assessment assumptions as disclosed in Note 3 and Note 9 of the financial report.</li></ul>



#### **Other information**

The directors are responsible for the other information. The other information comprises the information contained in directors' report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

#### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.



## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of BCI Minerals Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, light-colored signature line.

**Glyn O'Brien**

**Director**

Perth, 23 August 2019

# Auditor's Independence Declaration



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38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

## DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF BCI MINERALS LIMITED

As lead auditor of BCI Minerals Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BCI Minerals Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a light blue horizontal line.

**Glyn O'Brien**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, 23 August 2019

# Mineral Resources and Ore Reserves

BCI has a substantial Mineral Resource and Ore Reserves base across its portfolio of operating and development projects in the Pilbara region of Western Australia. The Company's Mineral Resources and Ore Reserves are summarised in the following tables and further details are provided below.

## Mineral Resources

Project	Cut-off % Fe	Mt	Fe %	CaFe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Iron Valley	50	189.9	58.0	62.5	5.5	3.3	0.17	7.2
Buckland	50	283.3	56.5	61.4	7.8	2.7	0.14	8.1
<b>Total</b>		<b>473.2</b>						

## Ore Reserves

Project	Cut-off % Fe	Mt	Fe %	CaFe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Iron Valley	54	89.0	58.3	63.0	5.0	3.1	0.18	7.5
Buckland	54	134.3	57.6	62.6	6.5	2.4	0.15	8.0
<b>Total</b>		<b>223.3</b>						

## Iron Valley

Mineral Resource and Ore Reserve estimates for Iron Valley as at 30 June 2019 are set out below, with a comparison to 30 June 2018 figures. The estimates have been completed by MIN, the operator of the Iron Valley mine. Mineral Resources reduced by 7.9Mt accounting for mining depletion. Ore Reserves reduced by 6.4Mt during the year, due to mining depletion, updated iron ore price, exchange rate and cost assumptions.

### Iron Valley Mineral Resource Estimate (100% BCI, subject to iron ore sale agreement with MIN)

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Measured – In-situ	50	81.8	57.8	62.7	5.2	3.2	0.19	7.9
Measured – Stockpile	50	4.6	56.4	59.9	8.1	3.7	0.14	5.9
Indicated – In-situ	50	77.4	58.5	63.0	5.1	3.2	0.17	7.2
Inferred – In-situ	50	26.1	57.8	61.3	6.6	3.9	0.14	5.6
<b>Total as at 30-Jun-19</b>	<b>50</b>	<b>189.9</b>	<b>58.0</b>	<b>62.5</b>	<b>5.5</b>	<b>3.3</b>	<b>0.17</b>	<b>7.2</b>
Total as at 30-Jun-18	50	197.8	58.1	62.6	5.4	3.3	0.17	7.2

### Iron Valley Ore Reserve Estimate (100% BCI, subject to iron ore sale agreement with MIN)

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Proved – In-situ	54	52.3	58.3	63.2	4.7	3.1	0.19	7.8
Proved – Stockpiles	54	4.6	56.4	59.9	8.1	3.7	0.14	5.9
Probable – In-situ	54	32.2	58.6	63.2	5.0	3.1	0.16	7.2
<b>Total as at 30-Jun-19</b>	<b>54</b>	<b>89.0</b>	<b>58.3</b>	<b>63.0</b>	<b>5.0</b>	<b>3.1</b>	<b>0.18</b>	<b>7.5</b>
Total as at 30-Jun-18	54	95.4	58.4	63.1	5.0	3.1	0.18	7.4

#### Notes:

- Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.
- CaFe means "calcined Fe" and equals  $Fe\% / (1 - LOI\%)$ .
- Stockpiles have been converted to dry tonnes based on a 7% moisture content.
- Stockpiles include 1.1Mt of post-process lump and fines products and 3.5Mt of pre-process ore.

## Buckland

Mineral Resource and Ore Reserve estimates for Buckland as at 30 June 2019 are set below, with a comparison to 30 June 2018 figures. There were no changes to the Mineral Resource and Ore Reserve estimates during the year.

### Buckland Mineral Resource Estimate (100% BCI)

Deposit	Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Bungaroo South Area	Measured	50	30.9	57.4	62.1	6.7	3.0	0.15	7.6
	Indicated	50	224.0	56.6	61.6	7.8	2.4	0.15	8.1
	Inferred	50	3.4	54.7	59.4	10.2	3.0	0.13	7.9
Regional Satellite Deposits	Indicated	50	11.1	55.4	59.5	8.8	4.0	0.11	6.9
	Inferred	50	13.8	54.8	59.9	7.8	4.2	0.11	8.6
Sub-total	Measured	50	30.9	57.4	62.1	6.7	3.0	0.15	7.6
	Indicated	50	235.1	56.5	61.5	7.9	2.5	0.14	8.1
	Inferred	50	17.2	54.8	59.8	8.3	4.0	0.11	8.4
<b>Total as at 30-Jun-19</b>		<b>50</b>	<b>283.3</b>	<b>56.5</b>	<b>61.4</b>	<b>7.8</b>	<b>2.7</b>	<b>0.14</b>	<b>8.1</b>
Total as at 30-Jun-18		50	283.3	56.5	61.4	7.8	2.7	0.14	8.1

### Buckland Ore Reserve Estimate (100% BCI)

Deposit	Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Bungaroo South Area	Proved	54	23.2	58.3	62.9	5.8	2.9	0.15	7.4
	Probable	54	106.7	57.5	62.6	6.6	2.3	0.15	8.1
<b>Total as at 30-Jun-19</b>		<b>54</b>	<b>134.3</b>	<b>57.6</b>	<b>62.6</b>	<b>6.5</b>	<b>2.4</b>	<b>0.15</b>	<b>8.0</b>
Total as at 30-Jun-18		54	134.3	57.6	62.6	6.5	2.4	0.15	8.0

#### Notes:

- Bungaroo South Area is Bungaroo South and Dragon. Regional Satellite Deposits are Rabbit, Rooster and Snake.
- Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.
- CaFe means "calcined Fe" and equals  $Fe\% / (1 - LOI\%)$ .

## Mineral Resources and Ore Reserves Governance

BCI's Mineral Resources and Ore Reserves as at 30 June 2019 are reported in accordance with JORC (2012) guidelines.

In relation to Buckland, the Mineral Resource and Ore Reserve estimates are completed by or under the guidance of a suitably qualified BCI or independent Competent Person. The estimates are based on industry standard techniques and standard company practices for public reporting.

In relation to Iron Valley, the Mineral Resource and Ore Reserve estimates are completed by or under the guidance of a suitably qualified MIN or independent Competent Person. BCI is satisfied with the procedures MIN has advised it has in place for Mineral Resource and Ore Reserve estimation. Suitably qualified BCI personnel have also reviewed the documentation and are comfortable with the methodologies used by MIN.

The Mineral Resources and Ore Reserves statement included in the Annual Report is reviewed and approved by a suitably qualified BCI Competent Person prior to its inclusion.



## Competent Persons Statements

The Mineral Resources and Ore Reserves statement in this report has been approved by Mr Paul Penna who is an employee of BCI Minerals Limited and a Member of the Australian Institute of Geoscientists. Mr Penna consents to the inclusion in this report of the Mineral Resources and Ore Reserves statement in the form and context in which it appears.

The information in this report that relates to the Mineral Resource estimate at Iron Valley is based on, and fairly represents, information which has been compiled by Mr Matthew Watson, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Mineral Resources Limited. Mr Watson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve estimate at Iron Valley is based on, and fairly represents, information which has been compiled by Mr Ross Jaine, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Mineral Resources Limited. Mr Jaine has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jaine consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Mineral Resource estimates at Buckland is based on, and fairly represents, information which has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Widenbar and Associates. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve estimate at Buckland is based on, and fairly represents, information which has been compiled by Mr Alan G. Cooper, who was a Member of the Australasian Institute of Mining and Metallurgy and was a full-time employee of Snowden Mining Industry Consultants Pty Ltd at the time the estimate was completed. Mr Cooper has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

# Shareholder Information

(as at 30 September 2019)

## Substantial Shareholders

Substantial shareholders as disclosed in substantial notices given to the Company are as follows:

Shareholder	Shares held	% of issued capital
Wroxby Pty Ltd	115,579,126	29.1
Sandon Capital Pty Ltd	22,094,102	5.6

## Distribution of Shareholdings

Size of shareholding	Number of holders	Number of shares	% of issued capital
1-1,000	1,470	670,992	0.17
1,001-5,000	2,096	5,928,627	1.49
5,001-10,000	1,004	7,893,088	1.98
10,001 – 100,000	1,781	60,454,750	15.15
100,001 and over	341	323,981,453	81.21
<b>Total</b>	<b>6,692</b>	<b>398,928,910</b>	<b>100.00</b>

## Unmarketable Parcels

There were 2,597 members holding less than a marketable parcel of shares in the Company at \$0.185 per unit.

## Twenty Largest Shareholders

#	Shareholder	Shares held	% of issued capital
1	Wroxby Pty Ltd	102,114,132	25.60
2	J P Morgan Nominees Australia Limited	26,527,810	6.65
3	Wroxby Pty Ltd	14,263,508	3.58
4	Citicorp Nominees Pty Limited	13,287,165	3.33
5	Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C>	12,073,828	3.03
6	One Managed Invt Funds Ltd <Sandon Capital Inv Ltd A/C>	9,138,960	2.29
7	National Nominees Limited	9,106,360	2.28
8	Mineralogy Pty Ltd	6,090,000	1.53
9	One Managed Invt Funds Ltd <1 A/C>	6,000,000	1.50
10	Mr Alwyn Petrus Vorster <The Vorster Family A/C>	5,305,645	1.33
11	Pacific L Pty Ltd <Pacific Level S/F A/C>	3,000,000	0.75
12	HSBC Custody Nominees (Australia) Limited	2,444,603	0.61
13	HSBC Custody Nominees (Australia) Limited – A/C 2	2,358,021	0.59
14	Super Smart Investments Pty Ltd <Barry & Naomi King S/F A/C>	2,300,000	0.58
15	Ms Karen Anne Davies + Mr Bruce Donald Maclean <Maclean Super Fund A/C>	2,183,912	0.55
16	Mr Richard Cheng Shih Koo + Ms Cindy Bee Har Koo <Koo Super Fund A/C>	2,179,174	0.55
17	Minton Ltd	2,102,673	0.53
18	Mrs Jing Peng	1,691,151	0.42
19	Dr Dennis Jonathan Kar Que Lum <Dennis Jonathan Kar Que A/C>	1,645,224	0.41
20	Mr Brian Maxwell Durham + Mrs Ann Marie Durham <B & A Durham Super Fund A/C>	1,500,000	0.38
	<b>Total</b>	<b>225,312,166</b>	<b>56.49</b>

## Voting Rights

All issued shares carry voting rights on a one for one basis.

## Unlisted Securities

Nil.

# Corporate Directory

**BCI Minerals Limited ABN 21 120 646 924**

## Registered Office and Principal Place of Business

Level 2, 1 Altona Street  
West Perth, Western Australia 6005, Australia  
**Telephone:** +61 (08) 6311 3400  
**Facsimile:** +61 (08) 6311 3449  
**Website:** [www.bciminerals.com.au](http://www.bciminerals.com.au)  
**Email:** [info@bciminerals.com.au](mailto:info@bciminerals.com.au)

## Postal Address

GPO Box 2811  
Perth, Western Australia 6001, Australia

## Executive Directors

Alwyn Vorster – Managing Director

## Non-executive Directors

Brian O'Donnell – Chairman  
Michael Blakiston  
Jenny Bloom

## Company Secretary

Susan Hunter

## Share Registry

Investors seeking information about their shareholdings should contact the company's share registry:

## Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace  
Perth, Western Australia 6000

**Postal address:** GPO Box 2975, Melbourne Victoria 3001  
**Telephone:** 1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)  
**Facsimile:** (03) 9473 2500 (within Australia)  
+61 3 9473 2500 (outside Australia)  
**Email:** [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
**Website:** [www.investorcentre.com/contact](http://www.investorcentre.com/contact)

The share registry can assist with queries on share transfers, dividend payments and changes of name, address or bank account details.

For security reasons you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) when communicating with the share registry.

## Australian Securities Exchange Listing

BCI Minerals Limited securities are listed on the Australian Securities Exchange (ASX) under the code BCI.

## Annual General Meeting

The 2019 Annual General Meeting of BCI Minerals Limited will be held at 2pm (AWST) on Thursday 27 November 2019 at the offices of BDO, 38 Station Street, Subiaco, Western Australia. Details of the business of the meeting will be provided in the Notice of Meeting.

Copies of the Chairman's and Managing Director's speeches will be available on the Company's website.

## Financial Calendar\*

<b>September 2018 quarter report:</b>	22 October 2018
<b>Annual General Meeting:</b>	27 November 2018
<b>Half-year end:</b>	31 December 2018

*\*Timing of events is subject to change*



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