BCI Minerals Annual Report

2023

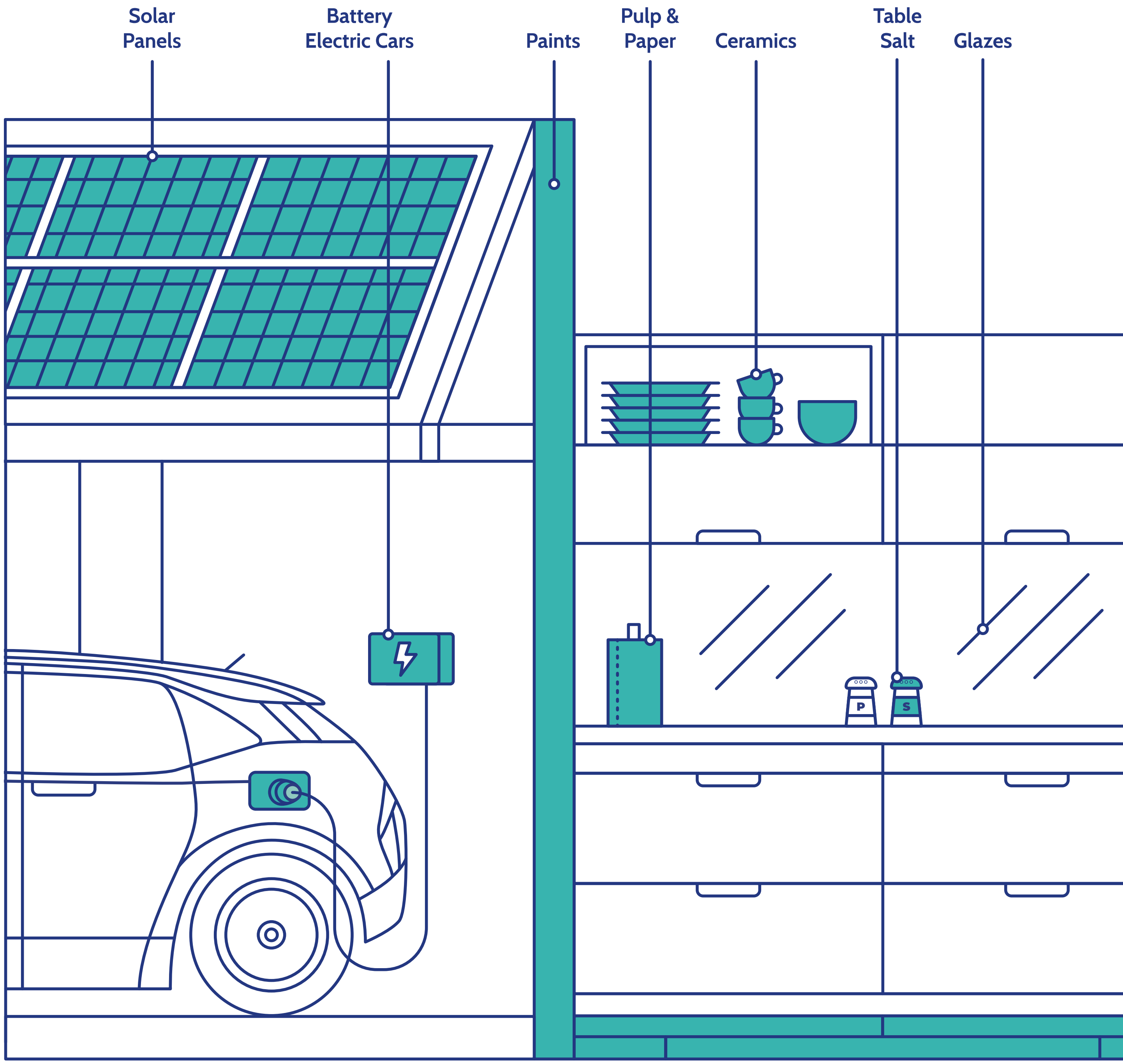
BCI MINERALS

Salt:

a valuable commodity

Salt is one of the world's most precious commodities. An essential element in thousands of manufacturing processes that impact our daily lives, including the production of glass, paper, paints, aluminium and pvc. Salt is also at the forefront of the energy transition as a critical mineral in the development of emerging clean technologies, including solar panels and battery systems.

It's an incredibly versatile commodity integral to the success of so many businesses, and it's why the demand for salt continues to grow, right around the world.

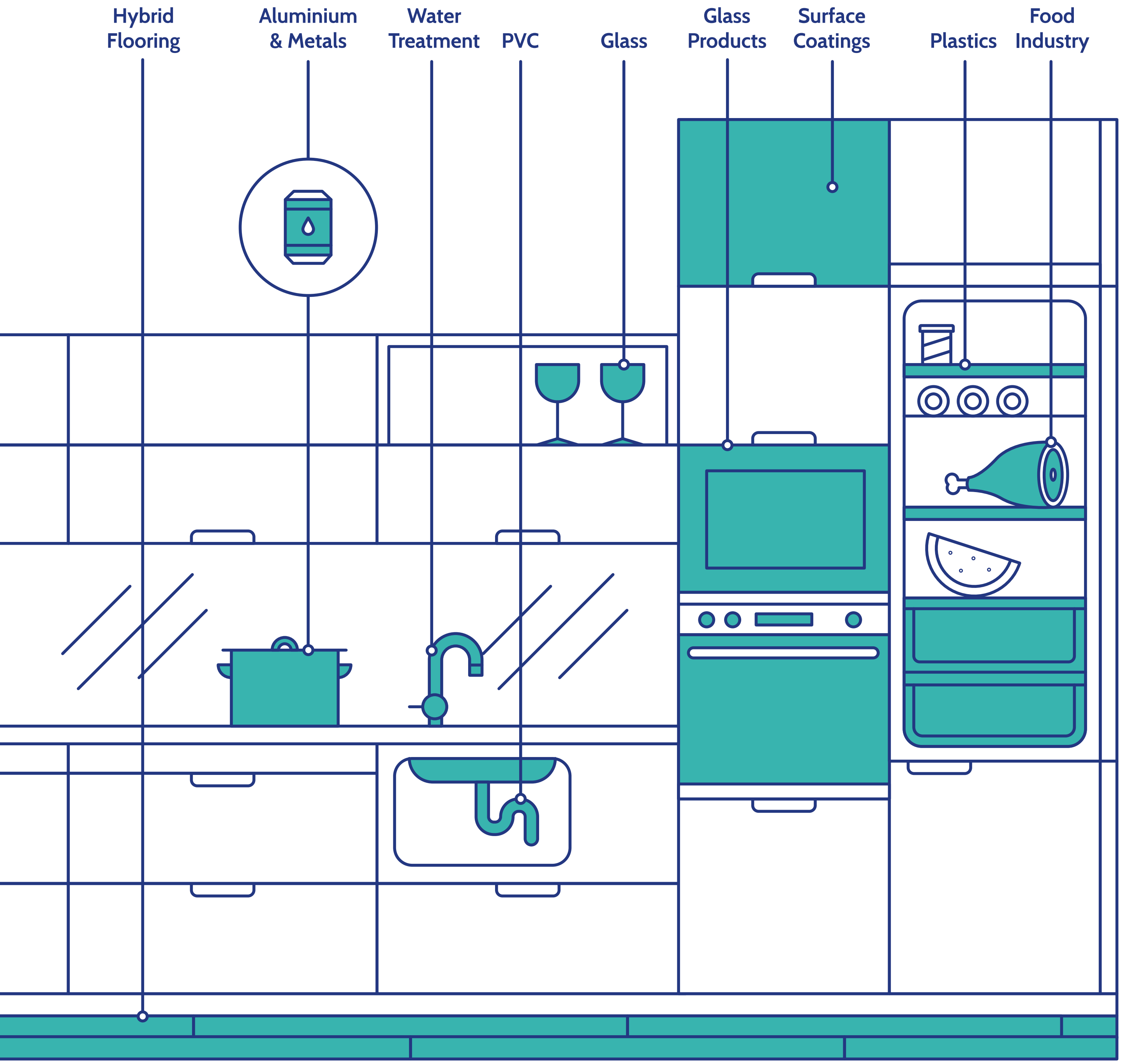


There is also increasing demand for fertiliser as the world looks for greater food security. Efficient use of productive land will be integral in achieving this and Sulphate of Potash has an important role to play.

Potash:

a valuable nutrient

Potash is a product derived from waste that is utilised to improve the outcomes of agriculture, helping to feed the world. It has become known for helping plants to become more drought-resistant, improve in size, shape and colour, including improving disease resistance.



Acknowledgment

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

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

About this report

This annual report summarises BCI Minerals Limited's project and financial results for the financial year ended 30 June 2023.

All references to 'BCI Minerals', 'BCI', 'the Company', 'we', 'us' and 'our' refer to BCI Minerals Limited (ABN 21 120 646 924). References in this report to a 'year' are to the financial year ended 30 June 2023 unless otherwise stated. Unless otherwise stated, all dollar figures are expressed in Australian dollars (AUD). All references to 'Indigenous' people are intended to include Aboriginal and Torres Strait Islander people.

Contents

About BCI

BCI Minerals is an industrial minerals business helping to grow and strengthen the resources sector in Western Australia.

Our vision

To be a globally significant, sustainable industrial minerals business, with salt and potash as the initial focus.

Our purpose

To create sustainable value for stakeholders by providing resources the world needs for generations to come.

BCI Minerals is an Australian-based mineral resources company developing an industrial minerals business, with salt and potash as its initial focus. The Company is rapidly progressing with its 100% owned Mardie Salt and Potash Project, a future Tier 1 solar evaporation project that will be a supplier of high-purity salt and Sulphate of Potash (SOP) for generations.

Our purpose is underpinned by a strategy that centres around maximising the efficiency of our operations, cementing sustainability as a key focus, and discovering new opportunities to generate value for all our stakeholders. BCI's Strategy is founded on delivering Mardie with excellence.

Our Values

People & Assets

Environment & Community

Integrity

Performance

Accountability

Teamwork

Reshaping the future of resources

OUR PERFORMANCE

Year in review

Mardie Salt and Potash Project

During FY23, BCI completed construction of the primary seawater intake station, the accommodation village, and Ponds one to four. Several assets remain underway, including transfer stations, pond five, road infrastructure, and the marine package.

25%
Construction progress overall

$227M
Construction spend during FY23

$369M
Cumulative capital spend

$585M
Awarded in contracts

People

People are the lifeblood of any business, and it's no different at BCI. Our team brings diverse perspectives, which foster a high-performance culture that is focused on efficient delivery.

Workplace Diversity:

40%
Female employees

60%
Male employees

14%
Indigenous employees on site

3%
of overall employees are Indigenous

Financials

$66.4M
Total Revenue

$12.6M
Group EBITDA

$431.5M
Net assets

$102.5M
Gross debt

$109.5M
Cash and cash equivalents

$60.9M
Revenue from Iron Valley

$30.7M
Iron Valley EBITDA

The total recordable injury frequency rate (TRIFR)[1] on a rolling 12-month basis was 4.1 at the end of June. This is a decrease from a TRIFR of 6.1 at the end of June 2022.

1 TRIFR – Total Recordable Injury Frequency Rate: Total number of injuries including medical treatment injuries (MTI), restricted work injuries (RWI) and lost time injures (LTI) per million hours worked (includes BCI employees and contractors).

CHAIR'S LETTER

Positioning BCI for success

FY23 has been another highly successful year for BCI, marked by significant milestones for the Mardie Salt and Potash Project – the Company's primary focus.

Construction progress has been promising, and we strongly believe Mardie will become one of the most sustainable, long-lasting, and naturally renewable resource projects globally, providing long-term value to shareholders and benefiting the community.

During FY23, BCI focused the project delivery plan initially on salt production while progressing SOP plant design. The company also prioritised critical path activities, completing the cost and design review, progressing funding and offtake discussions, and progressing approvals needed to complete the Mardie Project.

Despite challenges in the global resources sector, I am delighted to share that our overall project economics have improved over the past year. Further, the latest financial modelling demonstrates that salt earnings are projected to deliver an attractive investment and debt profile.

To address industry-wide cost pressures and project delays, BCI commenced a thorough review of all material packages and operational costs in July 2022. This comprehensive review, supported by quantitative risk assessments by external experts, has successfully optimised and de-risked the design, cost, and development schedule of the Mardie Project.

The results of the review have been highly encouraging, increasing the robustness of the Mardie Project's design and improving our confidence in the cost forecast. The Mardie Project, including SOP, now has an improved project NPV of $2.6B compared to $1.5B at the Final Investment Decision (FID) stage, along with an increased EBITDA of $384M at full production, representing a 50% improvement from the FID EBITDA of $256M.

Although global costs have increased for construction, so too have the long-run prices of salt, due to an increase in market demand and an anticipated shortfall in supply at the time BCI expects to deliver First Salt on Ship (CY2026). Asian salt markets are projected to increase consumption by 22% by 2030, and Mardie is well-positioned to capitalise on this exciting opportunity.

During FY23, BCI's salt offtake discussions have progressed well, with several interested counterparties in the Asian market. BCI announced potential offtake relationships with Japan's Itochu Corporation in June 2023, and PT Mineral Industri Indonesia (MIND ID) in early July 2023. BCI is actively seeking to further progress these and other offtake discussions through FY24, particularly as demand for high-purity salt is projected to grow.

BCI believes the Mardie Project will deliver significant shareholder returns in coming decades. We are appreciative of the ongoing support provided by our shareholders. In December 2022, shareholders approved the issue of $100M of convertible notes to AustralianSuper, and a further $60M of convertible notes issued to Wroxby and AustralianSuper were approved by shareholders in June 2023. Of these, $100M was drawn in December 2022 and $60M in July 2023, allowing BCI to award further contracts and support construction spend into Q4 CY2023.

Project financing discussions progressed during FY23. Since year-end, we have been pleased to announce credit approvals for $800M of project finance from the North Australia Infrastructure Fund (NAIF), Export Finance Australia (EFA) and two commercial banks. Export Development Canada provided a Letter of Interest (LOI) to participate in BCI's project finance and, in October 2023, approved a $150M project finance facility. The two commercial banks also increased their credit approvals to a combined commitment of $181M in October, delivering the total $981M of project finance required for the Mardie salt project from all key debt providers.

Equity and offtake discussions are continuing to progress well with several parties, and further strategic investment is being explored. At 30 June 2023, $585M worth of project contracts have been awarded, and I am pleased to report that to date, BCI has completed packages in line with - or under - the new base-capital cost estimates. This success is a result of BCI's unwavering commitment to tight cost control and effective contract management, led by our Managing Director, David Boshoff, who has made an excellent contribution since his appointment in November 2022. The Board is also appreciative of the leadership shown by our Chief Financial Officer, Kerryl Bradshaw, who served as Interim CEO leading up to David's appointment.

Once completed, the Mardie Project will be the first major salt project developed in Australia in 25 years, and the only Australian operation to produce both commercially saleable salt and SOP fertiliser.

The Mardie Project has strong green credentials. Ideally located on the Pilbara coast in the centre of Western Australia's key salt production region, the project's key raw materials are seawater from the Indian Ocean, sun and wind. Solar and wind energy provide over 99% of the energy required for salt and potash production, making Mardie a highly sustainable project. We also closely collaborate with stakeholders to achieve sustainability goals in other priority areas, including safety and wellbeing, our relationships with Traditional Owners and local communities, and environmental compliance.

BCI Minerals has established strong ties with the Traditional Owners of the land on which we operate, and has agreements and partnerships in place with both the Wirrawandi and Robe River Kuruma Aboriginal Corporations. This commitment is further reflected in our recently adopted Reconciliation Action Plan, which will evolve alongside the project.

The necessary approvals to finalise the construction of the Mardie Project further progressed during FY23. Native Title agreements are in place, and the Port Indigenous Land Use Agreement (ILUA) has been successfully finalised. Additionally, BCI achieved a significant milestone in December when the Cape Preston West Port reserve was vested, marking a major development for our key infrastructure.

To 30 June, we have invested $369M in project capital, including the primary seawater intake station, the 400-bed accommodation village, and ponds one to four - with pond five at 95% completion. Several other assets are also under construction, including transfer stations, road infrastructure, and the purpose-built jetty. Overall, construction progress was at approximately 25% at the end of June 2023.

While our core focus remains on completing the Mardie Project, we also acknowledge the ongoing contribution from the Iron Valley Mine. Our collaboration with Mineral Resources Limited (ASX:MIN) generated revenue of $60.9M in FY23, with an EBITDA of $30.7M. We extend our appreciation to MIN for its continuous support.

I would like to express my appreciation to my fellow Board members for their support and dedication to unlocking the clear potential of your Company and the Mardie Project.

With the positive progress we have achieved, the Board is confident in our team's ability to deliver the Project, under the leadership of David Boshoff, his direct reports, and the full BCI team.

In conclusion, I am optimistic about the future and the significant value that our Company is poised to create. I thank all of our valued shareholders for your ongoing support and trust in BCI Minerals.

Brian O'Donnell
Chair

MANAGING DIRECTOR'S LETTER

Delivering on our commitments

I am delighted to share my inaugural letter addressed to shareholders as the Managing Director of BCI Minerals.

It is a source of great pride and honour to work with such a highly capable team dedicated to delivering a project that will hold a unique and environmentally sustainable position in the community as a premier salt and potash producer for generations to come.

I'd like to start by acknowledging the Board for their ongoing support and Kerryl Bradshaw, CFO, for facilitating the transition as Interim CEO before my commencement, and her ongoing commitment and contribution to BCI and the Project.

I cannot overstate the immense technical and economic potential that the Mardie Salt and Potash Project holds, promising significant benefits for BCI shareholders, the community and the Australian economy for generations to come. Since joining the team in November 2022, I have witnessed remarkable progress in the construction of the project and growing confidence in our ability to meet our commitments.

At the core of our approach lies the firm belief in doing what we say we will do. High performance is achieved by having well-defined goals and clear accountability – it is 1000 small, good leadership decisions that will enable us to deliver on our commitments time and time again.

As a team, we have prioritised an outcome-oriented mindset to deliver on business objectives.

This means that we continue to build a culture that fosters high performance and standards whilst holding ourselves accountable for delivering efficiently on our commitments.

At BCI, we are responsible for a high standard of behaviour that ensures a safe, respectful, and inclusive culture where diverse experiences, perspectives, backgrounds, and ideas are valued at all levels. The health and wellbeing of our teams and the surrounding communities continue to be a priority for BCI.

FY23 has seen us focus our efforts on verifying the effectiveness of our critical controls and strengthening our risk management process to ensure we prevent fatalities. We also continue to monitor Total Recordable Injury Frequency Rate (TRIFR) as a lag indicator.

While it is pleasing to see an improvement in our TRIFR to 4.1 on a rolling 12-month basis ending 30 June, down from 6.1 in June 2022, with an increase in construction activities we anticipate an increase in safety risk exposure. Our relentless focus on safety will continue in FY24.

During FY23, we have prioritised the delivery of critical path activities and finalisation of the cost and design review while also progressing our funding package to

Maintaining a safe work environment is deeply ingrained in BCI's culture

deliver on the base case. This involved streamlining the project, cultivating critical relationships with stakeholders, and implementing stringent cost control measures.

Project financing discussions are at an advanced stage with $800M credit approved in August 2023 and a further $150M approved by Export Development Canada in October 2023. The two commercial banks also increased their credit approvals to a combined commitment of $181M in October, delivering the total $981M of debt finance required for the Mardie salt project. We also continue to receive support from NAIF, EFA, and our commercial lenders. We look forward to finalising funding arrangements by the end of 2023 to enable BCI to progress the development of Mardie within its intended timeframe.

Throughout the course of FY23, the project achieved several significant construction milestones focused on the brine circuit, marine package, and access works.

The primary seawater intake station was completed during FY23, along with the 400-person accommodation village. BCI staff and contractors are currently occupying the village.

Progress on evaporation ponds continues to make headway with the completion of ponds one to four and pond 5 at 95% complete as of 30 June 2023, (all excluding rock wall placement). We expect to commence operation of these ponds during Q2 FY24 once environmental approvals have been finalised, alongside the construction of the remainder of the Mardie Project.

The road construction packages are on track, with the North South Road and Mardie Road reaching 70% completion by 30 June 2023. Additionally, the North West Coastal Highway intersection achieved practical completion at the end of FY23, providing safe access to the site for the life of operations and during heavy haulage campaigns for construction.

Significantly, marine structures design and construction contractor McConnell Dowell (MCD) mobilised to site during the year. Activity in May saw the installation of the first pile at the jetty island, signalling the commencement of the 2.4km purpose-built jetty, and overall progress has advanced to 35% at the end of the financial year.

Our priorities for the upcoming year include advancing several essential facilities in accordance with critical path activities, continuing to develop the brine circuit, and extending jetty construction.

Finally, I would like to extend my gratitude to all team members, shareholders, and partners for their unwavering support and commitment to the Mardie Project. BCI has a solid base with strong industry support, and our profile is gaining increasing interest across the sector. This is an exciting time for BCI as we focus on delivering a project that will create long-term value for our shareholders and opportunities for the local community.

David Boshoff
Managing Director

EXECUTIVE MANAGEMENT TEAM

Experience to deliver

BCI's executive management team collectively holds over 100 years of combined experience and industry knowledge relevant for the delivery of the Mardie Salt and Potash Project.

David Boshoff
Managing Director

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

Prior to joining BCI Minerals, David held the role of Chief Operating Officer and then Chief Executive Officer at Bravus Mining and Resources. During this time, he led the start-up of the Carmichael mine to full production and executed a number of large capital projects with full safety, schedule, scope and capital cost accountability.

Prior to joining Bravus Mining and Resources, David was the General Manager at BHP's Mt Arthur and Daunia mines and was instrumental in commencing production ramp-up on schedule at BHP's Caval Ridge mine.

David holds an Executive Masters in Business Administration from the University of Melbourne Business School and is a graduate of the Australian Institute of Company Directors. He also holds a Master in Mining Engineering from the University of Pretoria.

Stephanie Majteles
General Counsel &
Company Secretary

Stephanie recently celebrated five years at BCI, and has been General Counsel since January 2019.

Stephanie has over 18 years' experience in the projects and resources industries, with significant experience at top-tier law firm, Freehills and in-house at Rio Tinto. She held senior advisor roles providing strategic development and approvals advice to Rio Tinto Iron Ore.

She is responsible for the management of the Legal, Risk and Compliance and Company Secretarial functions and has extensive experience in providing project development and operational advice, mining and resources law, project acquisitions and divestments, tenure and land access, project funding, commercial contracts and corporate governance.

Kerryl Bradshaw
Chief Financial Officer

Kerryl was appointed Chief Financial Officer in January 2022 and has more than 20 years' senior leadership experience in projects, finance, and technology roles, leading significant value-creating business transformations within the Resources, Engineering, and Services Industries. Kerryl's appointment reflects her broad and diverse experience in senior resources sector roles.

She previously held senior international roles at Rio Tinto driving business development, was APAC Regional Director at Worley and a Director of Resources Industry at Microsoft with responsibility for advancing the business in the global mining, infrastructure, oil and gas, and manufacturing sectors.

Kerryl is a board member of Infrastructure WA, a College member of the Minerals Research Institute of Western Australia (MRIWA), and a member of the CSIRO Climate and Energy Advisory Group.

Tim Deighton
Project Director

Tim Deighton was appointed Project Director in April 2023 and brings more than 25 years' experience in construction, engineering and project management.

Joining BCI Minerals from ACCIONA, Tim held the roles of Project Consortium and Joint Venture Director on the East Rockingham Waste to Energy Project. Prior to this, Tim served as the Executive General Manager at Primero Group and General Manager for Major Projects at Mineral Resources Limited.

Tim is a commercially astute leader with the skills and experience needed to manage high value and complex multidisciplinary projects.

Arron Minchin
Head of External Relations

Arron Minchin was appointed Head of External Relations in May 2023 and brings more than 20 years' experience across the Private, State and Local Government sectors with exposure to Government, Mining, Sport and Recreation and Community Safety industries.

Joining BCI Minerals from the City of Karratha, Arron served as Director of Community Services for four years, with a core focus on regional development. Prior to this, Arron held leadership roles at the Department of Primary Industries and Regional Development and BHP.

Arron has strong insight into the issues and opportunities that exist in regional Western Australia and a track record of finding innovative ways to deliver on commitments.

OUR FOCUS

Mardie Salt and Potash Project

The Mardie Project is a future tier 1 solar evaporation project that will be a sustainable supplier of salt and potash for generations.

The Mardie Salt and Potash Project will become the first major salt project developed in Australia in over 25 years and the only Australian operation to produce both commercially saleable salt and Sulphate of Potash (SOP) fertiliser.

Ideally located on the Pilbara coast in the centre of Western Australia's key salt production region, the project will harness an abundant natural seawater resource concentrated through solar and wind evaporation to produce salt and SOP that will supply the growing chemical and agricultural markets.

The Pilbara region already hosts five successful solar evaporation salt projects that have operated for up to half a century, producing high-quality salt. The Mardie Project is projected to annually produce approximately 5Mt of salt and 120-140 thousand tonnes of SOP for 60 years, making it the largest salt project in Australia and the third-largest solar salt project globally.

Mardie's long life, scale, low operating costs, and high-quality products will provide employment, development, and multi-generational benefits not only to the Pilbara region but to the broader Australian economy.

Progress Update

The 2023 financial year was marked by significant construction progress, with a cumulative $369M already spent on completing the primary seawater intake station, the 400-bed accommodation village, and civil works on evaporation ponds one to four. In addition, several assets remain under construction including road infrastructure and a purpose-built jetty.

Pleasingly, BCI has delivered several packages in line or under cost estimates, with savings allocated to other works underway.

The necessary approvals to finalise the construction of the Project continue to progress well. BCI expects the finalised conditions from the State and Federal Governments, in accordance with the state's Environmental Protection Act and the Federal Environmental Protection and Biodiversity Conservation Act, to be provided during Q4 2023. Early in the year, another important achievement was reached through the gazettal and proclamation by the Western Australian Government of the Port of Cape Preston West.

The culmination of these approvals will enable BCI to continue delivering critical path milestones. As of the end of June 2023, the overall project progress stands at approximately 25%.

Design Optimisation

Through FY23, designs have been reviewed and improved to enhance efficiency, strengthen design maturity, and provide cost confidence. Quantitative risk assessments and external expert assistance were employed to optimise various aspects of the project, such as the gas corridor and outer wall, embankment profiles, pond walls, process pilot plants, evaporation rates, and flood modelling.

The optimised design of transfer stations 5/6 and 6/7 has been finalised, while the design process for crystalliser lift stations and the secondary seawater distribution system is set to commence. Notably, the design of the primary and secondary crystallisers has been completed, and the issued-for-construction drawings have been released. The design for the KTMS (raw material for SOP production) crystallisers is scheduled for completion in CY2024.

Construction FY24 Focus

Construction of the crystalliser structure will commence at the end of 2023 to enable salt pavement production and the growing of the first salt crystals for salt wash plant commissioning. The engineering and design effort will then move to focus on the SOP closed circuit testing and award to a technical expert.

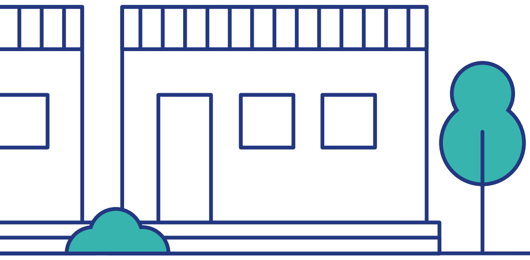
BCI's project delivery team will continue to optimise construction to reduce complexity and cost and ensure delivery within the schedule.

Construction

Construction has focused on the brine circuit (seawater intake, evaporation ponds and transfer stations), marine works, and access works during the year, with BCI achieving several milestones.

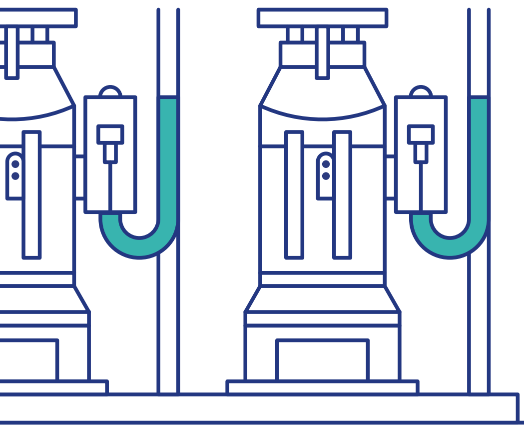
The project delivery plan has been re-aligned to focus first on salt production, and then on SOP as a by-product. This phased approach aligns the delivery of salt and SOP products with the natural process from seawater to salt and bitterns to potash, and ensures we capture industry learnings as the SOP plant design progresses.

BCI anticipates the primary seawater intake station will begin operation, filling Ponds one and two, in the second half of 2023. This signals the commencement of operations for BCI and aligns with expected First Salt on Ship in mid-2026.



Mardie Accommodation Village

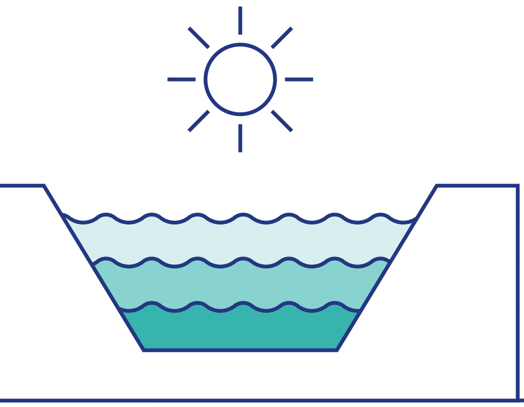
The 400-bed accommodation village and facilities, which houses both construction and operations personnel on site, is complete and the final Certificate of Occupancy was received in September 2022.



Primary Seawater Intake Station

The seawater intake pump station will maintain the inflow of seawater to the Pond system. The main pump structure includes six 3,000 -litres-per-second pumps, which will pump 160 gigalitres of water into the evaporation ponds each year – equivalent to approximately 70,000 Olympic swimming pools.

The primary seawater intake station was completed in December 2022, with all pumps tested and commissioned.

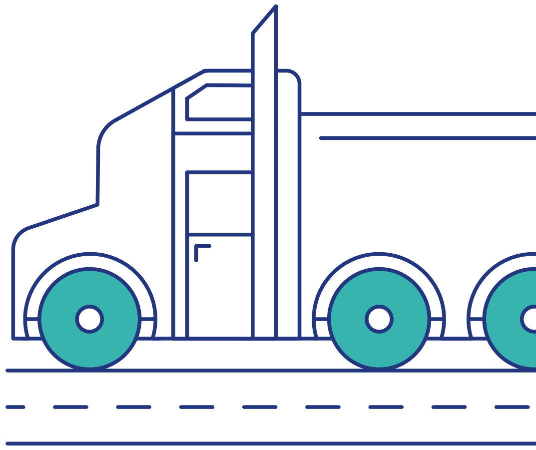


Evaporation Ponds

Mardie's mudflats provide the ideal floor for evaporation ponds. During the year, civil works on ponds one to four were completed and final works are underway for Pond five.

Ponds one and two are ready to accept brine from the primary seawater intake once environmental approvals allow and placement of rock armouring has been completed along the gas corridor. Ponds six to nine is under review to award.

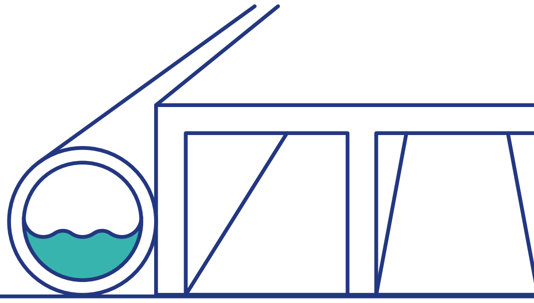
Roads



The road network provides access throughout the Mardie Project site, while also incorporating levies and drainage systems that act as flood protection to key areas. Significant work has been undertaken on the North South Road and Mardie Road, which has reached 70% completion at the end of June 2023.

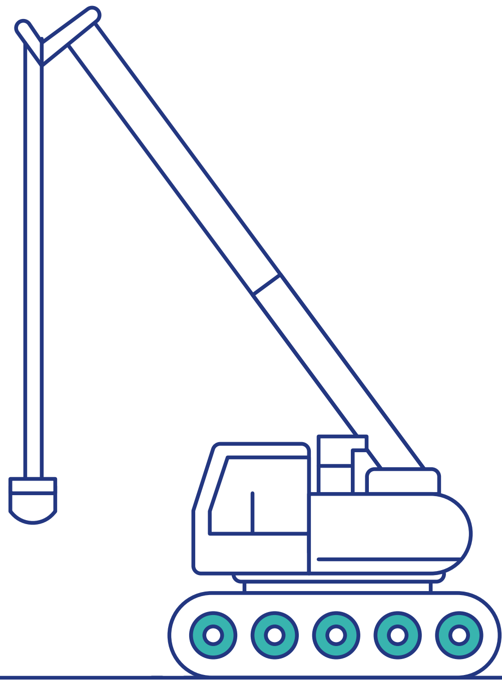
The North West Coastal Highway intersection comprises a deviation road and turn off to the new Mardie Road. The intersection was completed at the end of FY23 and will provide safe access to site for the life of operations and during heavy-haulage campaigns for construction.

Brine Transfer Stations



The transfer stations move brine from one pond to the next, often over existing infrastructure like the gas pipeline. The bulk earthworks are complete at Transfer Station 2/3 and installation of the pumps has commenced. Equipment has been ordered for stations 3/4, 5/6 and 6/7.

Marine Structures Package

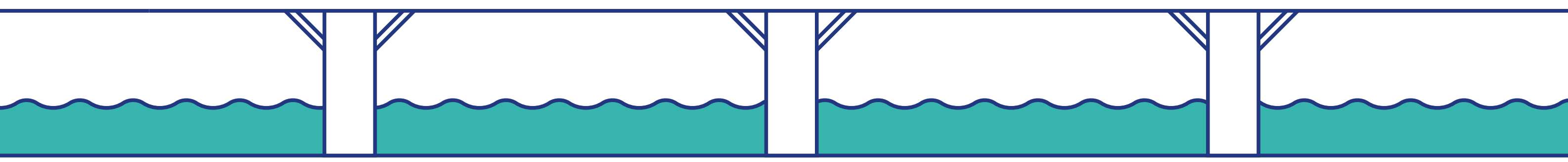


The largest direct capital works contract for the Project was awarded to McConnell Dowell Constructors (Aust) Pty Ltd (MCD) for the ~$190 million marine structures package.

MCD mobilised to site in April and has commenced with site establishment and assembly of the traveller, with 35% of works complete by end of FY23. Activity in May saw the installation of the first pile at jetty island, signalling the commencement of the 2.4 km purpose-built jetty. Since then, MCD have installed a transporter and crawler crane that enables further piling activities to proceed.

Fabrication of jetty components is taking place both locally and abroad. To date a total of 200 piles, 84 headstocks, 74 conveyor galleries, and 64 roadway support beams have been delivered to site.

BCI will continue to focus on critical path activities to deliver First Salt on Ship by mid 2026, including completion of pond construction, the road networks, transfer stations, and marine packages.



Sustainability is a key pillar at BCI

BCI is committed to the responsible use of natural resources, ensuring fair treatment of all people involved with, or impacted by, our operations, and the long-term wellbeing of our environment.

BCI has developed a set of sustainability principles that balance the elements of social responsibility, environmental management and economic viability to achieve sustainability outcomes.

Developing our approach to sustainability

Following the creation of our Sustainability Strategy in May 2022, we continue to develop our approach to sustainability by improving our processes and the way we implement, monitor, report, and plan for sustainability matters. Our goal is to be clear and structured in our approach to sustainability, to enable us to fulfil our commitments to our sustainability principles and achieve the targets we set for our business.

In FY23, we focused on working with our Sustainability Committee to create a roadmap for undertaking key strategic sustainability activities during the year, and to align the review of our performance and risks with our sustainability goal setting.

In FY24, BCI will be updating its Sustainability Strategy to include longer-term goals reflecting the outcomes that BCI aims to achieve in the coming years.

Message from Sustainability Committee Chair

I am pleased to share the progress made by BCI Minerals this year in embedding sustainable practices across our business and strengthening relationships with all our stakeholders.

As we continue to build the Mardie Project, we maintain our focus on Environmental, Social and Governance (ESG) obligations and challenge ourselves to exceed expectations. I thank our committed team for their contribution to the many initiatives contained in this report and welcome feedback from our stakeholders.

Ms Miriam Stanborough AM

Sustainability Principles and Pillars

Provide a Safe Environment

We believe that a fundamental part of operating sustainably is ensuring the health, safety and wellbeing of our workforce and the surrounding communities. To achieve this, we work with care and integrity to provide safety standards, culture and leadership. We aim to integrate health and safety culture and systems into all aspects of our business and actively seek continuous improvement.

Harness Renewable Resources

The Mardie Project aims to create sustainable value for multiple stakeholders, drawing from an abundant natural seawater resource. Over 99% of the energy required for Mardie operations is designed to come from renewable solar and wind power utilised for the evaporation process.

Minimise Environmental Impact

Our systematic approach to environmental management is a key driver to maintaining a sustainable impact to the environment, ongoing compliance, and continued improvement in our environmental performance. We believe that it is the responsibility of all staff and contractors to act as custodians of the environment and this is reinforced through site-specific inductions and training programs.

Maximise Value, Minimise Waste

Mardie is expected to be the first Australian salt project to recycle the bitterns from salt operations to produce sulphate of potash (SOP) as a secondary product. SOP production aligns with the Western Australian Government's long-standing objective for the resources industry to include downstream processing and value-adding in project development. We are also exploring opportunities to create further value by utilising seawater and bitterns to create other commercial and beneficial by-products.

Promote Community Prosperity

BCI values cultivating and sustaining meaningful, enduring relationships with our communities and the Traditional Owners of the land and waters where we operate. This forms the bedrock of our social licence to operate.

We actively foster sustainable partnerships that deliver value and prosperity for regional communities, Traditional Owners, and stakeholders. We have a unique opportunity to encourage and support positive socio-economic development in regional Western Australia.

We are privileged to work with the Yaburara and Mardudhunera people and the Robe River Kuruma people to create opportunities for employment, training, royalty payments and improved cultural awareness. We are committed to carrying out our activities in a way which preserves cultural heritage and respects the Traditional Owners' connection to the land.

Sustainability reporting

BCI applies a materiality process to determine its sustainability topics, as shown in the Materiality Matrix (Figure 1). These material topics are used to guide BCI's sustainability targets and reporting, and to inform business decisions where applicable.

Material sustainability topics are selected by reviewing industry benchmarks and considering feedback from key stakeholders, including Traditional Owners, affected communities, shareholders, employees, government regulators, proposed lenders, potential customers and contractors. Topics are evaluated and prioritised to ensure that they align to BCI's overall purpose, Sustainability Principles and strategic focus.

This approach follows the Global Reporting Initiative (GRI) framework, and BCI will seek to mature its reporting processes in FY24, taking into account guidance and requirements issued by the Federal Government in relation to sustainability reporting, as well as industry best practice.

The following pages provide a summary of activities undertaken by BCI during the year in relation to each of the material sustainability topics, with reference to BCI's Sustainability Principles and targets.

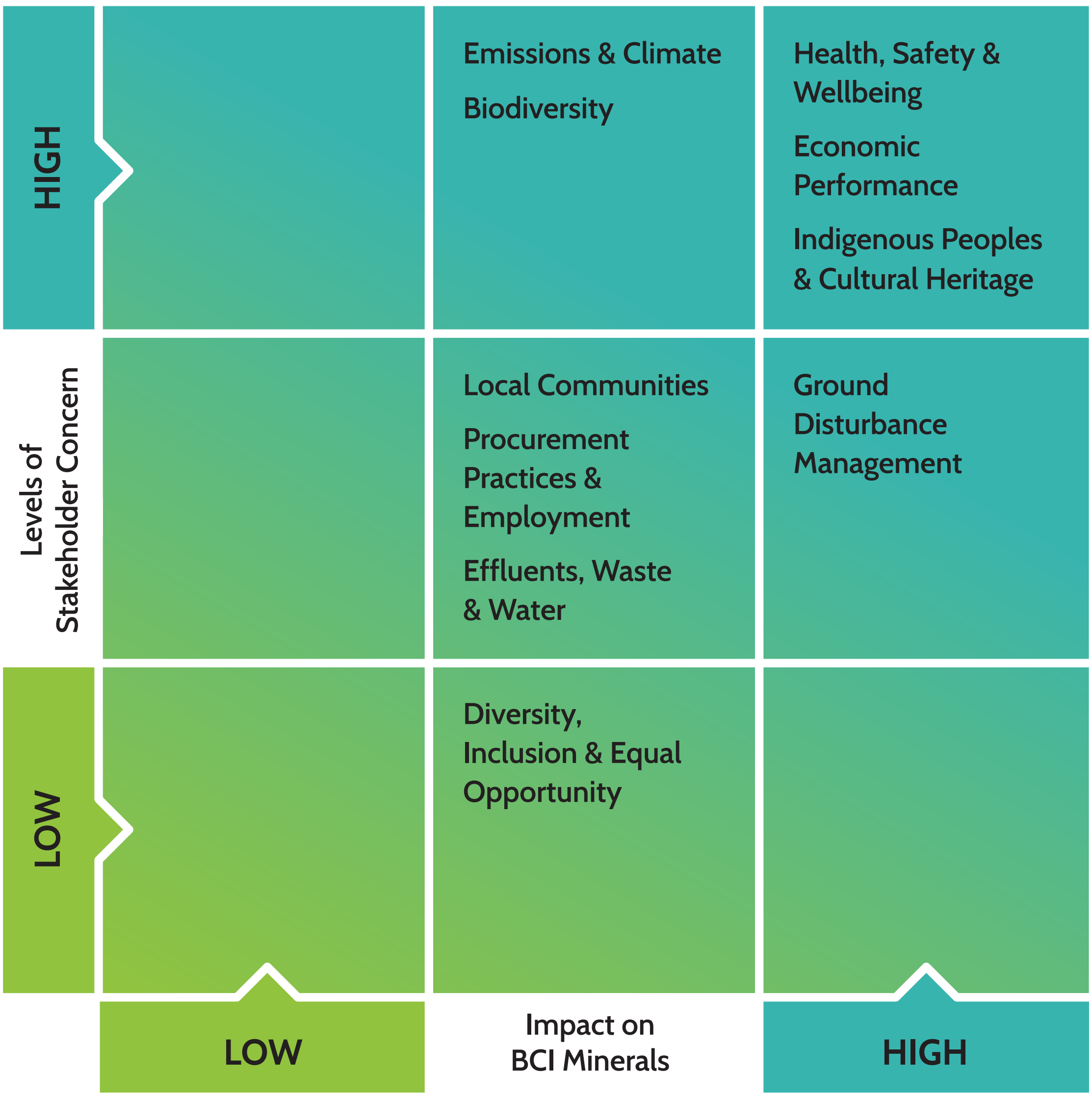


Figure 1: Materiality Matrix

Sustainability is an essential business activity

Health, Safety and Wellbeing

Pillar: Partnerships and People		
Principle	**FY23 Targets**	**FY23 Performance**
Provide a Safe Environment	• Zero fatalities • TRIFR[1]<8	• Zero fatalities for FY23 • TRIFR[1] for FY23 = 4.1 (FY22 = 6.1)

3 GOOD HEALTH AND WELL-BEING

Objective: Ensure BCI employees, contractors and visitors go home safely.

BCI places the highest priority on providing a safe and healthy working environment for all employees and contractors. We are committed to creating a caring, responsible, safe, and healthy culture where everyone is empowered to be health and safety leaders. By collaborating closely with teams and partners through FY23, BCI has emphasised risk assessment, implemented effective controls, and provided comprehensive training and induction programs for our workforce. FY23 has seen BCI focus its efforts on verifying the effectiveness of critical controls and strengthening risk management processes to ensure we prevent fatalities. We also continue to monitor our Total Recordable Injury Frequency Rate[1] (TRIFR) as a lag indicator.

BCI has developed a health and safety strategy with a focus on three key areas: Mindset and Behaviour, Risk and Control, and Systems and Process.

Mindset and Behaviour – Support a healthy and resilient workforce

BCI recognises the importance of fostering a workplace that is free from sexual harassment, bullying, and discrimination. To address this, we conducted a comprehensive psychological safety risk assessment. Based on the findings, we developed a detailed plan with actionable steps to ensure our employees feel safe, respected, and supported. We also extended our commitment to maintaining a safe environment by actively engaging with contractors and incorporating expectations for safe behaviours, both during pre-qualification and on-site activities.

Our 'Village Rules' ensure consistent implementation of standards, complemented by regular weekly meetings and efficient site communication.

1 TRIFR – Total Recordable Injury Frequency Rate: total number of injuries including medical treatment injuries (MTI), restricted work injuries (RWI) and lost time injuries (LTI) per million hours worked (includes BCI employees and contractors).

Risk and Control – We manage risk and make informed decisions

Our primary focus remained on preventing fatalities through rigorous critical control verifications with our contract partners. We also enhanced our emergency response capabilities, enabling a swift and efficient response in case of unexpected events. Regular inspections and hazard reporting helped us identify potential weaknesses in safety systems for continuous improvement. Additionally, we focused on pre-task hazard assessments with contractors including Safe Work Method Statements (SWMS) and Job Hazard Analysis (JHA) to identify and mitigate risks associated with specific tasks. In our commitment to reducing traffic-related risks, we have increased the use of bus transport from the airport to our work sites. By minimising the number of light vehicles on public roads, we contribute to a safer environment for both our employees and the public.

Systems and Process – We implement standards and controls and learn and improve

We take compliance with Work Health and Safety requirements seriously. Our efforts have been directed towards maintaining compliance with regulations, ensuring the highest standards of safety across all our operations. We actively monitor the health and hygiene of our workforce to promote their physical and mental wellbeing. We encourage our employees and contractors to report incidents and hazards, allowing us to investigate and implement necessary measures promptly. We have forged strong partnerships with our contractors to ensure that lessons learned from investigations are shared, leading to a collective commitment to safety and improvement.

Key FY23 Peformance

During FY23, we introduced lead indicators to complement existing TRIFR lag indicators. By including these indicators for critical control verifications in the field, we can better anticipate and address potential risks before they escalate, ensuring the wellbeing of our workforce.

BCI recorded zero fatalities and achieved an improvement in our TRIFR, which was 4.1 on a rolling 12-month basis as at 30 June 2023. This is a decrease from a TRIFR of 6.1 at the end of June 2022.

Despite an increase in construction activity and almost 500,000 hours worked on site, we are pleased to report an overall improvement in our TRIFR despite the risk profile increasing.

FY24 Focus

During FY24, Project construction will ramp up, resulting in an increase in people on site, and risk exposure.

BCI will maintain an emphasis on Critical Risks and Critical Control Verifications, integrating lessons learned into our processes. This includes continuing to build a psychologically safe workplace with a focus on all aspects of psycho-social risk and implementing our critical controls and improvement plans. This includes a review of our BCI Values and integrating them into core business, and running Respectful Behaviours workshops. The introduction of Health & Safety Leadership and a Peer Support Programme to empower our leaders to foster a culture of safety and wellbeing.

By implementing these initiatives, we will create an environment where our workforce can thrive and perform at their best.

Diversity, Inclusion and Equal Opportunity

Pillar: Partnerships and People		
Principle	**FY23 Targets**	**FY23 Performance**
Provide a Safe Environment	• 5% Indigenous Australian employment at site • 20% female directors • 40% females in management positions • 43% female employment • 30% female employment at site	• 14% Indigenous employment at site, 3% overall • 23% female directors • 41% females in management positions • 40% female employment • 28% female employment at site

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Objective: Foster and promote a culture of diversity and inclusion across the organisation.

BCI is committed to establishing a safe, respectful and inclusive culture where diverse experiences, perspectives, backgrounds and ideas are valued and utilised. We believe this will lead to alternative ways to approach challenges, solve problems, and identify growth opportunities, which will result in a work environment where better decisions are made. Additionally, BCI is actively working towards establishing a multi-generational workforce.

BCI is committed to ensuring equitable compensation for employees possessing comparable skills, knowledge, qualifications, experience, and performance in the same or similar roles. The company maintains a steadfast focus on achieving pay equity and bolstering female representation across all organisational levels.

The BCI Board recognises that setting measurable objectives related to Diversity, Equity, and Inclusion (DEI) and diligently tracking performance against these objectives significantly contributes to the successful execution of corporate strategy.

To achieve the proposed measurable objectives, BCI has outlined the following three action areas within its strategy:

- Enhancing Awareness: BCI aims to promote inclusivity internally and externally through comprehensive training, education, and effective communication that reinforces BCI's expectations. Encouraging two-way feedback and fostering psychological safety aligned with BCI's core values and obligations are key aspects of this endeavour.
- Equal Opportunities: BCI provides equal opportunities for female employees to access training and development. The organisation remains committed to increasing female representation.
- Indigenous Engagement: BCI actively collaborates with suppliers to enhance Indigenous employment opportunities. Additionally, the Company partners with local communities to support initiatives such as BCI's Reconciliation Action Plan, cross-cultural training, and recruitment programs aimed at providing pathways to sustainable, long-term employment.

FY24 Focus

BCI will continue to focus on building and maintaining a culture that is diverse, inclusive, and provides equal opportunity.

Our succession planning includes identifying and developing diverse talent and we are also conducting a review of our values, placing a strong emphasis on promoting respectful behaviour throughout the organisation.

Additionally, attraction and retention of the BCI workforce includes a sustained focus on diversity and the psychological safety of the workforce.

Economic Performance

Pillar: Economic Viability + Partnerships And People	
Principle	**FY23 Target**
Promote Community Prosperity Maximise Value, Minimise Waste	On target construction of Mardie Project of approximately 5Mtpa of salt and 120-140ktpa of SOP to deliver annuity style returns to BCI shareholders, Traditional Owners, Local, State and Federal Governments

8 DECENT WORK AND ECONOMIC GROWTH

Objective: Build beneficial and respectful relationships with the community and all other stakeholders.

The Indian Ocean provides an abundant natural resource which will be concentrated at the Mardie Project through solar and wind evaporation to sustainably produce approximately 5Mt per annum of high-quality salt and 120-140 thousand tonnes per annum of sulphate of potash (SOP) for 60 years.

An independent public benefit assessment prepared for BCI in June 2023 estimated that during the construction phase of the Project, Mardie will generate a total of $548 million in Gross Domestic Product (GDP) for the Australian economy. Once operational, it is expected to contribute over 4.8 billion on GDP over its life.

FY24 Focus

During FY24, the Company will focus on key areas of Project economic development, including building mutually beneficial relationships with key offtake customers and completing the full funding package for Project construction. BCI will look at implementing an updated economic Performance objective that is more reflective of our Purpose and aligns closely with our sustainability pillars.

In the meantime, the direct economic value generated and distributed by BCI in the financial year to 30 June 2023 has comprised:

- $60.9 million in revenue from Iron Valley mine (FY22 - $65.2m) with $30.7 million EBITDA from its operation (FY22 - $27.8 million).
- $30.2 million in royalties distributed to third parties from Iron Valley (FY22 - $37.4 million). Royalties on all products sold from the Iron Valley mine are the obligation of BCI, the tenement holder.
- $369 million spent on construction at Mardie (cumulative to date), with completion of the Primary Seawater Intake Station, the 400-bed accommodation village, and civil works on evaporation Ponds 1 to 4. In addition, several assets remain under construction including road systems, transfer stations and a purpose-built jetty.
- $13.7 million paid to employees (FY22 $12.1 million).
- $19.2 million spent with local Pilbara suppliers (FY22 $10 million).
- $2.1 million spent on Traditional Owner businesses.

Emissions & Climate

Pillar: Environmental Protection + Economic Viability		
Principle	**FY23 Targets**	**FY23 Performance**
Harness Renewable Resources Mitigate Environmental Impact	• 99% of energy for production of salt and SOP to be derived from solar and wind • Production of salt via energy efficient solar evaporation of seawater rather than more emissions intensive rock salt and solution mining techniques used elsewhere • Production of SOP via more energy efficient flotation/schoenite process than the Mannheim process used by global peers • Develop emission reduction strategy	• Project design supports achieving this target in operational phase • Project design supports achieving this target in operational phase • Production of SOP still proposed to use the Schoenite flotation method • Due to a focus on the cost and design review in FY23, BCI did not develop an emission strategy in FY23. BCI will target developing an overall power strategy, including an emissions reduction strategy, in FY24

Objective: Reduce carbon emissions.

BCI has an **Environment Policy** which outlines the Company's goal to minimise impacts to the environment from its activities and highlights its commitment to the sustainable management and efficient use of natural resources. Key features of the policy include the development and implementation of strategies to reduce carbon emissions from BCI's activities as well as a commitment to the sustainable reduction of waste through elimination, reduction, recycling and re-use.

When fully operational, the energy required to process Mardie's salt and SOP is approximately 1,075 gigawatt hours per annum (GWhpa). More than 99% of this energy requirement relates to the evaporation process which is driven by natural sun and wind energy.

In addition, BCI aims to contribute to climate change mitigation by producing salt and SOP via lower energy and emissions-intensive processes than used in industrial production elsewhere. More than 50% of global salt is produced by energy and emissions-intensive rock salt mining (21% of global capacity) and solution mining (32% of global capacity). Mardie aims to contribute to global salt supply with salt produced by solar evaporation of seawater, a process that emits 95% less CO_2 than solution mining and 70% less CO_2 than rock salt mining.

Similarly, approximately 50% of the global SOP market is supplied by producers using the energy-intensive Mannheim process. BCI's plan is to produce SOP using the more energy efficient flotation/schoenite process which produces approximately 50% less emissions than the Mannheim process. Mardie's port location has the additional environmental benefit of reduced freight haulage-related emissions compared with landlocked domestic and international peers that require trucking of SOP to markets.

Biodiversity

Pillar: Environmental Protection		
Principle	**FY23 Targets**	**FY23 Performance**
Maximise Value, Minimise Waste	• Reduce design footprint in the Robe River Delta Mangrove Management Area to <20% • Minimise impact on Short Range Endemic (SRE) habitat; impact target of <10% (<100ha) of habitat area • Reduce mesquite weed in Project footprint by a minimum 5% per annum during the construction phase through active management actions	• The design of the footprint within the RRDMMA has been reduced to less than 3% of the total Project area • The impact on SRE habitat has been reduced to less <10% of SRE habitat area • More than 5% of the mesquite weed in the Project area was removed during the year

FY24 Focus

Through FY24 BCI will be conducting a number of monitoring programs, including:

- Marine turtle nesting surveys on mainland beaches during the nesting and hatching seasons.
- Monitoring of benthic communities and habitats (BCH) cover and health adjacent to the project area (including seagrass, mangroves, algal mat and samphire).
- Monitoring of migratory bird species and abundance within and adjacent to the project area.
- Monitoring of feral fauna species and abundance within and adjacent to the project area.
- Monitoring of groundwater levels and quality in the coastal and terrestrial bore networks across the project area.

Objective: Environmental constraints should be the primary input into the design.

BCI prioritised reducing Mardie's design footprint in the Robe River Delta Mangrove Management Area (RRDMMA) to ensure minimal adverse impact on the ecological function or processes that sustain mangrove habitats. Mangroves were designated regionally significant in the Environmental Protection Authority's (EPA) advice: Protection of Tropical Arid Zone Mangroves along the Pilbara Coastline (EPA 2001).

The design of the footprint within the RRDMMA was reduced from approximately 890ha down to approximately 310ha out of a total Project footprint area of 13,231ha. BCI has committed to limit direct disturbance to mangrove habitat within the RRDMMA to 4ha, and direct disturbance to mangrove habitat outside of the RRDMMA to 13ha. BCI anticipates that under its Optimised Mardie Design, it will be able to construct the Project with no direct disturbance to mangrove habitats within the RRDMAA.

The benthic zone is the ecological region at the lowest level of a body of water. A benthic communities and habitats monitoring and management plan (BCHMMP) has been prepared, detailing how impacts to mangroves will be monitored and managed. Baseline monitoring under the BCHMMP, including mangrove cover and health assessments, is scheduled to commence in Q4 2023.

At Mardie, spinifex grassland found on mudflat islands was identified by fauna consultants as being possible habitat for some short-range endemic (SRE) invertebrate species. To minimise residual impacts on these species, BCI reduced the proposed impact on this habitat type from 2,270 ha (or 30%) to 1,413 ha (or 19%).

BCI also commenced a research offset program in conjunction with the Western Australian Marine Science Institution (WAMSI), which includes research into the habitats and benthic communities of the intertidal mangrove, algal mat and samphire areas of the west Pilbara coast. This research will provide an understanding of how these habitats have changed over time, the capacity of the benthic communities and habitat to adapt to climate change, and the role of algal mat habitat in nutrient and energy flow in the intertidal system.

During the construction phase, BCI has a target to reduce mesquite weed in the project footprint by a minimum 5% per annum through active management actions. Mesquite is an introduced and invasive species, considered by the World Conservation Union as one of the world's most problematic invasive species which impacts the hydrological, energy, and nutrient cycling of ecosystems and has adverse consequences for biodiversity and primary production.

Mesquite weed management trials were completed at Mardie in October 2022 and May-June 2023. Mesquite above-ground vegetation was found to burn readily, and this was determined to be an effective method to dispose of this material, under strict control measures. Trials investigating the blending of mesquite below-ground material and associated topsoil with fill material found that the resulting material is suitable for use in crystalliser pond floor construction. 48.9ha of Mesquite was cleared in the trial area, with a total of 83.2ha across the project to date.

BCI has also developed and implemented a Marine Turtle Monitoring Program to collect baseline data for marine turtle nesting and hatching activity in the Mardie Region, including the Fortescue River and surrounding offshore islands, to further describe the nesting population and habitat.

Effluents, Waste & Water

Pillar: Environmental Protection + Economic Viability		
Principle	**FY23 Target**	**FY23 Performance**
Maximise Value, Minimise Waste	Further reduce waste by commercialising or utilising additional by-products	• Opportunities for the production of food colouring, red alga Asparagopsis taxiformis, and the use of bitterns in dust suppression have been reviewed • BCI has investigated ways of using seawater in place of freshwater for select construction activities

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

Objective: environmental constraints should be the primary input into the design. Meet or exceed environmental commitments during construction and operation.

Through FY23, BCI focused on conducting an in-depth review of the processes involved in the production of food colouring, particularly aiming to enhance efficiency and reduce any environmental impact. Additionally, we reviewed the opportunity for production of the red alga *Asparagopsis taxiformis*, which has shown promising results in reducing methane emissions in ruminants thereby potentially contributing to mitigating the agricultural industry's carbon footprint. We have also explored the use of bitterns, a by-product of desalination processes, for dust suppression purposes. Further work will be undertaken on these initiatives to confirm their viability.

FY24 Focus

As part of our ongoing efforts, BCI is actively working towards obtaining approval for an on-site landfill. This landfill will serve to minimise transport-related greenhouse gas emissions and reduce fuel consumption associated with waste transportation to the Karratha landfill. To achieve this target, we are focused on obtaining approval through a Works Approval under Part V of the *Environmental Protection Act 1986* for the construction of the landfill at our Mardie location.

Ground Disturbance Management

Pillar: Environmental Protection + Partnerships And People		
Principle	**FY23 Target**	**FY23 Performance**
Mitigate Environmental Impact	No breaches	No material breaches were recorded

14 LIFE BELOW WATER

Objective: Comply with social and environmental obligations.

A Ground Disturbance Permitting (GDP) system is in place at Mardie which requires all ground disturbing works to be assessed and approved. As part of the system, all ground disturbing works are reviewed against agreed project footprints, relevant consents and any heritage and environmental management requirements.

BCI's ground disturbance procedure outlines the minimum requirements for obtaining and implementing a GDP for all BCI projects and operations. It is a critical process in relation to BCI's ability to maintain compliance obligations throughout the life of the Project. It specifies the requirements for the approval, management, monitoring and auditing of ground disturbance activities across all BCI sites and activities and is a key controlling document within the Environmental and Social Management System (ESMS).

Whilst no material breaches were recorded, 12 ground disturbance procedure non-compliances occurred, some of which were clearing outside of the approved GDP boundary and one instance of clearing outside of the approved development envelope. These instances had no material environmental impact.

In FY23 revisions were made to the GDP procedure to further tighten controls. BCI has introduced a site-specific clearing permit procedure that validates approvals boundaries in the field. Reinforcement of internal clearing permit requirements and processes have been undertaken with Mardie staff.

Further, a Base Case disturbance footprint was created to evaluate whether the Project can be built within approval clearing limitations. This footprint included all project features (that were reviewed by the engineering team) and allocation of space for construction. The resultant disturbance footprint was assessed against proposed Optimised Mardie Project conditions to ensure compliance with pending environmental approvals.

FY24 Focus

BCI has made several critical updates to enhance the efficiency and accuracy of the GDP process. The primary objective now focuses on utilising a web viewer instead of hard copies, enabling comprehensive boundary checks and facilitating the examination of all constraint boundaries, regardless of their presentation on the prepared map.

Furthermore, to conduct ground disturbance surveys effectively, BCI is obtaining a Remotely Piloted Aircraft Operator's Certificate (ReOC) to enable the use of Remotely Piloted Aircraft (RPA).

These initiatives collectively aim to optimise outcomes and align with our commitment to environmental stewardship and compliance with industry best practices.

Local Communities

Pillar: Partnerships and People		
Principle	**FY23 Target**	**FY23 Performance**
Promote Community Prosperity	During the construction phase, award >$10M in contracts to Pilbara businesses	$19,206,703 spent on Pilbara business FY23

FY24 Focus

BCI is committed to strengthening its community relations by focusing on building respectful relationships with its community stakeholders. In pursuit of this objective, BCI has outlined several key initiatives to be implemented in the coming year.

Recognising the importance of contributing positively to the communities in which it operates, BCI is committed to developing a comprehensive Community Development Plan. This plan will outline BCI's strategies and initiatives to support local communities, fostering trust and cooperation and laying the foundation for stronger community relations. Further, we will continue to actively support regional Chamber of Commerce and Industry (CCI) bodies.

BCI is also working on a Partnership and Sponsorship Plan to focus on establishing meaningful partnerships with organisations and entities that align with BCI's Sustainability Strategy. By implementing a minimum of three partnerships, BCI seeks to amplify its positive impact on sustainability and community wellbeing, while delivering mutual benefits.

By prioritising respectful relationships and meaningful partnerships, BCI is striving to create a positive and lasting impact on the communities in which it operates.

Objective: Strengthen and maintain BCI's licence to operate; ensure local spend; encourage regional living; promote local and Indigenous contracting.

Mardie will be a multi-generational asset for northern Australia, delivering new multi-user export infrastructure, tax and royalty revenues, local jobs and contracts, and Indigenous engagement. When operational, the Project is expected to create 837 incremental ongoing jobs in Northern Australia and, in present value terms, the Project is expected to contribute over $4.8B to Northern Australia gross regional product (GRP) over its lifetime.

BCI's sustainability pillar is focused on promoting prosperity in our communities through employment, procurement spend, support programs, government taxes and royalties, and native title payments. As such, Mardie provides permanent employment opportunities in the Pilbara region across the skill spectrum, and additional upstream economic opportunities to local businesses.

In February 2023, BCI's Local Engagement Plan (LEP) was officially endorsed, reflecting our commitment to maximise the involvement of our host communities in our workforce and contribute to their local and regional development and growth. This initiative aims to foster employment opportunities, prosperity, and sustainability within these communities.

BCI actively participates in various local community events, including Community Business Breakfasts, Business Afterhours events, Grow Local events, and Indigenous Business Networking events organised by the City of Karratha, the Karratha and Districts Chamber of Commerce and Industry (KDCCI), and the Onslow Chamber of Commerce and Industry. Additionally, we proudly continue our sponsorship of the Wirrawandi Aboriginal Corporation (WAC) Ranger Program Partnership.

BCI continues to engage in discussions with WAC to explore potential opportunities at Mardie, acknowledging the Yaburara and Mardudhunera People as Traditional Owners of the land and waters affected by the Mardie Salt and Potash Project.

BCI is dedicated to empowering youth and promoting capacity building in Indigenous communities. To achieve this, we have provided funds for a community garden, facilitated SWANS personal safety workshops, supported sportspeople for interstate competitions, and supplied technology assets to enhance WAC's Ranger Program.

We have also continued our support for the Medical Services Housing Subsidy scheme in FY23, ensuring access to essential medical services for the community. This initiative aims to address the issue of high rental costs, which often discourage health professionals from considering employment in Karratha.

With BCI's sustainability pillars of minimising waste, promoting community prosperity and providing a safe environment in mind, BCI's team at the Mardie Village has partnered with Containers for Change and to date has diverted more than 33,000 containers from landfill. For every eligible container recycled at Mardie Village during the year, 10 cents was donated to Beyond Blue to help fund their work providing anxiety, depression and suicide prevention support. To date, BCI has donated over $3,000.

Overall, our commitment to our local communities remains unwavering as we strive to create positive and sustainable impacts while fostering mutually beneficial partnerships. Further, the Project's contribution towards economic diversity and enabling of population growth in the Pilbara region aligns closely with the Western Australian Government's Pilbara development plans, including the Pilbara Regional Investment Blueprint.

Through various initiatives and engagements, we are dedicated to contributing to the social, economic, and environmental wellbeing of the regions in which we operate.

Indigenous Peoples & Cultural Heritage

Pillar: Partnerships And People		
Principle	**FY23 Targets**	**FY23 Performance**
Promote Community Prosperity	• No heritage breaches; • 5% Indigenous employment at site	• There were no heritage breaches during FY23 • 14% Indigenous employment at site • 3% Indigenous employment overall

FY24 Focus

BCI has outlined several key initiatives to support its objective to foster strong relationships with the Mardie Traditional Owners. BCI will be undertaking a transition to in-person Cultural Awareness Training in Perth and at the Mardie Salt and Potash Project site. Through this training, BCI employees will gain a deeper understanding and appreciation of the cultural heritage, traditions, and values of the local Indigenous communities.

BCI is also committed to implementing a work readiness program specifically tailored for the Yaburara and Mardudhunera People. These workshops aim to equip participants with essential skills and knowledge, enabling them to make informed decisions about their career paths.

We strive to foster a positive and inclusive environment that supports the personal and professional growth of the Yaburara and Mardudhunera People while strengthening the bonds between the Indigenous community and our organisation.

Objective: Strengthen relationships with Indigenous people.

Forging strong relationships with the Traditional Owners of the land and waters upon which BCI operates is central to BCI's sustainability commitments. To this end, Implementation Committee Meetings (ICMs) have been instrumental in strengthening engagement with the Wirrawandi Aboriginal Corporation (WAC), Robe River Kuruma Aboriginal Corporation, and Karlka Nyiyaparli Aboriginal Corporation and their members. These gatherings take place quarterly or biannually and serve as platforms for monitoring, liaising, and fostering collaboration concerning the Land Access Deeds and the impact of BCI's assets. BCI acknowledges the significance of including and respecting Indigenous voices in decision-making processes.

Recognising the importance of representation, BCI Minerals has taken proactive steps to enhance workforce diversity. Currently, 14% of the company's personnel based at Mardie identify as Aboriginal or Torres Strait Islander. We have also initiated work readiness programs in partnership with WAC, preparing Indigenous individuals for potential employment in site operational roles from 2026. These initiatives signify the Company's commitment to supporting the local Indigenous community and creating opportunities for economic empowerment.

Further engagement with WAC was demonstrated during the 2022 Annual Community Open Day. During the event, WAC members attended and received a comprehensive briefing on the Project Operations at the Mardie site. This interaction fostered a deeper understanding of the Project's operations and allowed for open dialogue and exchange of information, strengthening ties between BCI and the local Indigenous community.

In line with its dedication to reconciliation, BCI Minerals has been officially accredited by Reconciliation Australia for its "Reflect" Reconciliation Action Plan (RAP). Set to commence in September 2023, this RAP lays the groundwork for future reconciliation initiatives and serves as a roadmap to foster a more inclusive and respectful workplace.

A significant milestone was marked when Traditional Owners officially opened the Mardie Village Mess during FY23, named Yawan. This name, derived from the Martuthunira (Mardudhunera) language, translates to "hot cooking stones", symbolising a place where food is prepared. Jetty construction contractor, McConnell Dowell, also received a traditional Welcome to Country and education session on Pilbara kinship by Traditional Owners when they mobilised to the Mardie site in April.

Finally, the proclamation of the Port of Cape Preston West was a significant milestone resulting from collaboration and agreement with the Western Australian Government and the Mardie Traditional Owners, including the Yaburara and Mardudhunera people, as well as the adjacent Robe River Kuruma people. This milestone followed the execution of the Indigenous Land Use Agreement, highlighting the importance of meaningful engagement and partnership in land use and development decisions that impact the Indigenous community.

These various initiatives and interactions underscore BCI Minerals' commitment to building strong and respectful relationships with the Indigenous community. We seek to create lasting positive impacts and support the cultural heritage and aspirations of the Traditional Owners.

Procurement Practices & Employment

Pillar: Partnerships And People + Economic Viability		
Principle	**FY23 Target**	**FY23 Performance**
Promote Community Prosperity Provide a Safe Environment	During the construction phase, award >$10M to Pilbara businesses with >$2M in contracts to registered Traditional Owner groups annually	• $19,206,703 spent on Pilbara business • $2,163,704 spent on Traditional Owner businesses

Objective: Ensure local spend; encourage regional living; promote local and Indigenous contracting.

The Mardie Project's Australian Industry Participation (AIP) Plan is considered when awarding all contracts, particularly contracts less than $1 million where local contractors and suppliers are given a local price preference. A hierarchy prioritising Traditional Owner, Pilbara Indigenous and Pilbara contractors and suppliers is in place for like-for-like tender and cost estimate submissions. Over the course of the 2023 financial year, BCI spent more than $19M on Pilbara businesses and over $2M on Traditional Owner businesses, exceeding our targets.

BCI incorporates Aboriginal employment and contracting considerations as part of the selection criteria in competitive tender processes. The engagement of Aboriginal and local sub-contractors and individuals is weighted in tender selection criteria to advantage contractors with Aboriginal and local engagement strategies and a history of Aboriginal and local sub- contractor engagement.

As part of BCI's Indigenous Engagement Strategy, as positions become available at Mardie, BCI will provide notice to the Yaburara, Mardudhunera and Kuruma People through the Implementation Committees or alternate means. Currently, 14% of the Company's personnel based at Mardie identify as Aboriginal or Torres Strait Islander. We have also initiated work readiness programs in partnership with WAC, preparing Indigenous individuals for potential employment in site operational roles in 2026. These initiatives signify the company's commitment to supporting the local Indigenous community and creating opportunities for economic empowerment.

FY24 Focus

We are committed to fostering opportunities through the Karratha and Districts Chamber of Commerce and Industry, actively engaging in quarterly business breakfast forums. Additionally, we are focusing on further partnerships with the traditional owner groups, exploring possibilities for the provision of a range of services to the Mardie Project.

To further enhance our commitment to human rights, we plan to conduct human rights training in FY24. Moreover, we will finalise a comprehensive human rights risk register, which will systematically record identified risks along with corresponding preventive measures and mitigation strategies. Through these initiatives, we aim to promote ethical and responsible business practices, supporting local communities and respecting the rights and wellbeing of all individuals involved in our operations.

OUR APPROACH

Corporate Governance

BCI minerals has adopted a corporate governance framework which forms the basis of a comprehensive system of control and accountability for the administration of Corporate Governance, through its board, its subcommittees and the executives.

The BCI Board is committed to fostering an appropriate culture through administering policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has substantially adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

BCI's Corporate Governance Statement is available on the corporate website together with the Company's:

- Code of Conduct
- Charters
- Policies.

The Company reviews its Corporate Governance Framework and policies annually to ensure they reflect any changes within the Company, accepted principles or good practice.

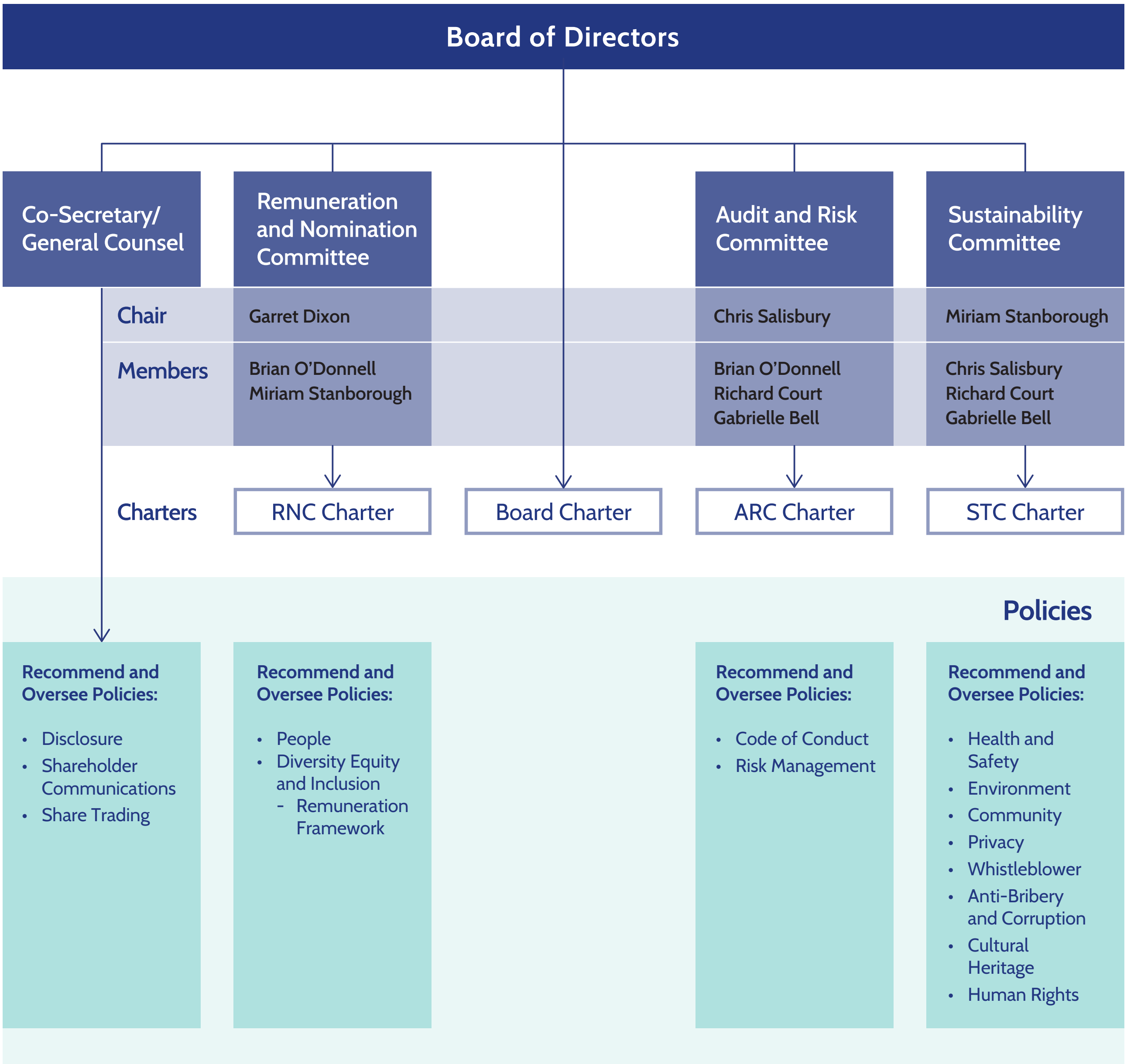


Figure: Corporate Governance Framework

Risk Management

BCI's Risk Management Policy is enabled through its Risk Management Framework. BCI manages its activities within budgets and operational and strategic plans. BCI acknowledges that there is risk associated with all business activity and the Board works with senior management to protect the health and safety of its workforce, maintain its licence to operate through upholding environmental, community and social obligations, ensure regulatory compliance, maintain budgets and access to funds, and safeguard assets.

The Risk Management Framework aims to drive an effective risk management culture by establishing a detailed risk appetite statement that is aligned to our strategy and is communicated throughout BCI, conducting regular reviews of our significant risks and testing our most critical controls. By doing this we ensure that BCI operates within its risk appetite and prioritises activities that achieve our strategic goals.

The Audit and Risk Committee assists the Board with oversight of BCI's risk management activities and reviews significant risks on a regular basis to ensure that our strategy, our risk appetite and our activities are aligned.

BCI has established multiple layers of governance and review over BCI's most significant risks. This includes bottom-up testing and verification of critical controls, reviews of significant risks and a top-down review of the BCI significant risk categories.

BCI's risk profile is actively managed by undertaking:

- Monthly executive review of BCI's significant risks that have been rated as outside of appetite or with identified control gaps
- Monthly risk management meetings for all teams to review risk management activities including control verification and risk reviews
- Annual risk review workshops to ensure a complete and accurate risk profile
- Regular review of the significant risk categories and risk management activities by the Audit & Risk Committee and the Board
- Regular second line verification of risk management activities across BCI.

Licence to Operate

BCI's commitment to sustainable business practices is embedded through its values and founded in the various legislative requirements, approvals held or to be held by BCI, and contractual rights and benefits granted to BCI under agreements with third parties.

BCI is committed to preserving its licence to operate and ensuring compliance with the licence to operate obligations relating to matters such as:

- health and safety
- land access and native title
- heritage protection
- tenure compliance
- environmental compliance
- pastoral access
- community engagement
- stakeholder engagement
- other legislative requirements relevant to BCI's business and the Project.

A culture of care and high-quality performance is the goal, with a target of zero material breaches of BCI policies and its licence to operate obligations.

BCI manages its obligations under its licence to operate through a dedicated system. All conditions are recorded with owners assigned and activities logged in the system. Compliance to BCI's obligations is tested through the risk framework and the BCI governance framework.

There were no material breaches of BCI's licence to operate during the reporting period.

A culture of care and high-quality performance is the goal, with a target of zero material breaches of BCI policies and its licence to operate obligations.

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2023

Contents

Directors' Report

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 2023.

Principal activity

The principal activities of the Company during the course of the financial year were the development and operation of assets in the Pilbara region of Western Australia, primarily focused on the Mardie Salt and Potash Project and Iron Valley Iron Ore Mine.

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	Chair (Non-Executive)
David Boshoff	Managing Director [a]
Alwyn Vorster	Managing Director [b]
Michael Blakiston	Director (Non-Executive) [c]
Garret Dixon	Director (Non-Executive)
Richard Court	Director (Non-Executive)
Chris Salisbury	Director (Non-Executive)
Miriam Stanborough	Director (Non-Executive)
Gabrielle Bell	Director (Non-Executive) [d]

(a) Mr David Boshoff was appointed as Managing Director to the Company on 21 November 2022.

(b) Mr Alwyn Vorster resigned from the Company on 1 September 2022.

(c) Mr Michael Blakiston resigned as a Director of the Company on 18 January 2023.

(d) Ms Gabrielle Bell was appointed as a Director of the Company on 18 January 2023.

Directors' Report continued...

Directors' qualifications, experience and special responsibilities

Mr Brian O'Donnell

B Com, FCA, MAICD

Chair (Non-Executive) appointed as a Director October 2014

Period of office at August 2023 – 8 years and 10 months

In addition to being Chair 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, food, agricultural and investment sectors.

Mr O'Donnell is a non-executive director of the West Australian Football Commission and The Guide Dog Foundation Pty Ltd (WA). He is a former director of Iron Ore Holdings Limited, Coates Group Holdings Pty Ltd, WesTrac Pty Ltd, Landis & Gyr AG, SocietyOne Holdings Pty Ltd and Fremantle Football Club Ltd. He is a Fellow of the Institute of Chartered Accountants and has 38 years' experience in the finance and investment industry.

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

Mr David Boshoff

Masters Mining Eng, GAICD, Exec MBA

Managing Director appointed 21 November 2022

Period of office at August 2023 – 9 months

Mr Boshoff commenced as Managing Director of BCI in November 2022. He has more than 20 years' leadership experience in the mining industry including delivery of large capital project.

Recent roles include Chief Executive Officer of Bravus Mining and Resources and General Manager of Mt Arthur Coal and Daunia mines (BHP).

Ms Gabrielle Bell

B. Juris LLB, B Chem Eng, GAICD

Director (Non-Executive) appointed January 2023

Period of office – 7 months

Ms Bell is a corporate lawyer and company director with broad experience working in Australia and South East Asia. Ms Bell is experienced in corporate governance, risk identification and legal transactions. Ms Bell serves as a non-executive director in the Australian property sector and the Victorian water sector and has previously held director roles in the Australian superannuation and public transport sectors.

Ms Bell is currently a non-executive director of South East Water Corporation, the chair of iota Services Pty Ltd and a non-executive director of Aware Real Estate Management Pty Ltd.

Ms Bell is a member of the Audit and Risk Committee and the Sustainability Committee.

Mr Garret Dixon

Director (Non-Executive) appointed 18 June 2020

Period of office at August 2023 – 3 years and 2 months

Mr Dixon has over 40 years of industry experience in the areas of mining, construction, contracting, civil engineering and bulk commodity logistics. Until recently, Mr Dixon held the position of Executive Vice President and President Bauxite of NYSE listed Alcoa Corporation, where he was responsible for the global bauxite mining business including seven bauxite mines on various continents.

His other experience includes positions as a Non-Executive Director of Watpac Limited, Managing Director at Gindalbie Metals Limited and Executive General Manager for Henry Walker Eltin (HWE).

Mr Dixon is the Chair of the Remuneration and Nomination Committee.

Ms Miriam Stanborough AM

BA(Hons), BE(Hons), MSc, MAusIMM, GAICD

Director (Non-Executive) appointed 14 June 2022

Period of office at August 2023 – 14 months

Ms Stanborough is a chemical engineer with more than 20 years' experience in the mineral processing industry across various commodities including copper, uranium, gold, silver, alumina, mineral sands and lithium. She has previously held senior roles at Monadelphous, Iluka Resources, Alcoa and WMC Resources across innovation and technology, technical development, production management, project management, business improvement, and human resources portfolios.

Ms Stanborough is currently a Non-Executive Director of Pilbara Minerals Limited (ASX:PLS), Non-Executive Director of Australian Vanadium (ASX:AVL), the Chair of the Minerals Research Institute of Western Australia (MRIWA), Director of ChemCentre, Deputy Chair of the Northern Agricultural Catchments Council (NACC NRM), and the Deputy Chair of Scouts WA.

Ms Stanborough is the Chair of the Sustainability Committee and member of the Remuneration and Nomination Committee.

Hon. Mr Richard Court AC

Director (Non-Executive) appointed 28 January 2021

Period of office at August 2023 – 2 years and 7 months

Mr Court had served as Australia's Ambassador to Japan from 2017 to 2020. He was also Premier and Treasurer of Western Australia from 1993 to 2001. His other previous corporate experience includes Chair of GRD Ltd, Chair of Iron Ore Holdings Ltd, Chair of National Hire Ltd, Chair of RISC Advisory Pty Ltd and Director of WesTrac Equipment Pty Ltd.

Mr Court is a member of the Audit and Risk Committee and the Sustainability Committee.

Mr Chris Salisbury

Director (Non-Executive) appointed 28 May 2021

Period of office at August 2023 – 2 years and 3 months

Mr Salisbury is a metallurgical engineer with more than 30 years' operational experience across a diverse range of commodities. From 2016 to 2020, he was Chief Executive at Rio Tinto Iron Ore responsible for optimising operations, developing and implementing the company's climate change program and improving safety culture and operational performance of a team comprising ~20,000 employees and contractors, across a network of 16 mines, 4 ports and other significant infrastructure. In this role, he was also responsible for the management of Rio Tinto's salt business (Dampier Salt) which has the capacity to produce 10Mt of industrial salt per annum from 3 operations.

Mr Salisbury is the Chair of the Audit and Risk Committee and a member of the Sustainability Committee.

Directors' Report
continued...

Company Secretary

Ms Susan Park
BCom, ACA, F Fin, FGIA; FCG; GAICD

Joint Company Secretary appointed July 2018, resigned 30 June 2023

Ms Park has over 25 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 Park is currently Company Secretary of several ASX listed companies.

Mrs Stephanie Majteles
LLB(Hons), GAICD

Joint Company Secretary appointed 30 June 2021, Company Secretary from 1 July 2023

Mrs Majteles has over 18 years' experience in the projects and resources industries, with significant experience at both a top tier law firm and in-house at a large global resources company. Ms Majteles has been Company Secretary of the BCI subsidiaries for 5 years, joint Company Secretary for 2 years and is responsible for the Company's legal, risk and compliance functions.

Meetings of directors

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

	Board		Audit and Risk Committee [1]		Remuneration and Nomination Committee[2]		Project Review Committee[3]		Sustainability Committee[4]	
Total Number of Meetings	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
B O'Donnell [5]	12	11	4	4	3	3	–	–	–	–
A Vorster [6]	3	3	–	–	–	–	–	–	–	–
M Blakiston [7]	5	5	2	2	1	1	–	–	–	–
D Boshoff [8]	8	8	–	–	–	–	–	–	–	–
G Dixon	12	11	–	–	3	3	1	1	–	–
R Court	12	12	4	4	–	–	–	–	5	5
C Salisbury	12	11	2	2	–	–	1	1	5	5
M Stanborough	12	12	–	–	2	2	1	1	5	5
G Bell [9]	7	7	2	2	–	–	–	–	2	2

1. Members of the Audit and Risk Committee during the financial year ended 30 June 2023 were M. Blakiston (Chair until 18 January 2023), C Salisbury (Chair from 18 January 2023), B. O'Donnell (Member) and R. Court (Member) and G Bell (Member) from date of appointment.
2. Members of the Remuneration and Nomination Committee during the financial year ended 30 June 2023 were G Dixon (Chair), A Vorster (Member) until his resignation on 1 September 2022, B O'Donnell (Member) from 18 January 2023 and M Stanborough (Member) from 18 January 2023.
3. Members of the Project Review Committee during the financial year ended 30 June 2023 were G Dixon (Chair), C Salisbury (member) and M Stanborough (member).
4. Members of the Sustainability Committee during the financial year 30 June 2023 were C. Salisbury (Chair until 18 January 2023 and became a Member), M Stanborough (Chair from 18 January 2023), R. Court (Member), G Bell (Member from 18 January 2023), and A. Vorster (Member) until he resigned on 1 September 2022.
5. The meeting not attended was an out of session meeting to ratify decisions made at a Committee meeting that was attended by all Directors.
6. A Vorster resigned from the company on 1 September 2022.
7. M Blakiston resigned from the company on 18 January 2023.
8. D Boshoff was appointed as the Managing Director of the Company on 21 November 2022.
9. G Bell was appointed as a Non-Executive director on 18 January 2023.

Directors' Report continued...

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 majority of ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company's detailed corporate governance policy statement can be found on the Company's web site at 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:

	Ordinary shares		Performance Rights		Share Rights	
Director	Direct	Indirect	Direct	Indirect	Direct	Indirect
B O'Donnell	-	1,156,254	-	112,219	-	-
D Boshoff[(1)]	-	-	-	2,152,816	-	-
G Dixon	-	-	-	67,687	-	-
R Court	-	819,768	-	81,309	-	-
C Salisbury	-	-	85,826	-	-	-
M Stanborough	-	5,896	136,622	-	-	-
G Bell	-	-	-	-	-	-
Total	-	**1,981,918**	**222,443**	**2,414,031**	-	-

1. D Boshoff was appointed as Managing Director on 21 November 2022.

Dividends

No dividends have been declared in relation to the year ended 30 June 2023 (June 2022: 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.

Operating and financial review

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. The total recordable injury frequency rate (TRIFR) on a rolling 12-month basis was 4.1 at end of June 2023 (June 2022:6.1). BCI is committed to providing a safe working environment for all staff and contractors and has been focused on incident prevention programs including critical control implementation.

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 Project

During the financial year, BCI continued to progress the 100% owned Mardie Project (Project or Mardie Project). The focus has been on advancing construction, completing the cost and design review, progressing funding and offtake negotiations and progressing approvals needed to complete the project.

As at 30 June 2023, $369M has been spent on the construction of Mardie Project. Progress on evaporation ponds continues to make headway, with the completion of the primary seawater intake station, ponds one to four, and pond five at 95% marking a significant milestone at the end of the year, with only rock protection to be applied.

Bulk earthworks for transfer stations 2/3 and 3/4 have been successfully completed and civil works are well advanced. Installation of the pumps at transfer station 2/3 has commenced, which upon completion will allow brine to be pumped from pond two to three.

The road construction packages are on track with the North South Road and Mardie Road reaching 70% completion at the financial year end. The Northwest Coastal Highway Intersection is now 100% complete, staying within the scheduled timeline and allocated budget.

Significant progress has been made on the marine structure package by design and construction (D&C) contractor, McConnell Dowell (MCD), with 35% complete at 30 June 2023. Activity in May saw the installation of the first pile at jetty island, signalling the commencement of the 2.4 km purpose-built jetty. Since then, MCD have installed a transporter and crawler crane that enabled further piling activities to continue.

The 400-bed accommodation village was also completed early in the year, and the final occupancy certificates have been received in September 2022. BCI staff and contractors are currently occupying the village.

More than half of the design and engineering stands at >95% complete. The optimised design of transfer stations 5/6 and 6/7 has been finalised, while the design process for crystalliser lift stations and the secondary seawater distribution system is set to commence. Notably, the design of primary and secondary crystallisers has been completed, and the issued for construction drawings have been released. The design for KTMS crystallisers is scheduled for completion in Q1 FY2024.

Moving forward, the focus will primarily be on advancing the construction of several essential facilities in accordance with critical path activities.

The gazettal and proclamation by the Western Australian Government of the Port of Cape Preston West also occurred during the year. The Port Reserve is now vested in the Pilbara Ports Authority (PPA) for the new multi-user port, and the proclamation of the Port Reserve land and waters provides the PPA the authority to enter into the Port lease documents with Mardie Port Pty Ltd as the foundation proponent.

Following a robust process on its cost and design review, BCI delivered an update to the market on 20 June 2023 of the Mardie Project, including an outcome of the review, improved level of design and base case cost estimate.

BCI has focused the project delivery plan initially on salt production, while progressing SOP plant design. This project phasing is supported by the prospective financiers, and we are progressing approvals for project finance based on salt only revenues. The financial model demonstrates that salt earnings are projected to deliver an attractive investment and debt profile. The case does include costs for progressing SOP plant design, as well as construction of SOP crystallisers.

Over the past 12 months, many elements of the Project have been reviewed by BCI's Project Team with the assistance of external experts to optimise the design, cost and development schedule. The review process has increased the robustness of the Project's design and confidence in the cost forecast, supported by quantitative risk assessments by external experts.

The base case retains First Salt on Ship targeted for mid-2026. This delivery lines up well with the salt marketing regimes in the Asian markets and

Directors' Report continued...

allows trial cargoes to be conducted for the Mardie product during the first year of production to BCI's key customers.

BCI successfully progressed offtake relationships with international parties during the year, for the supply of high purity Mardie salt into Asian markets.

BCI executed an offtake term sheet with Itochu Corporation on 27 June 2023, and the parties are working towards negotiating a formal binding salt offtake agreement by 31 December 2023. The relationship is expected to see Itochu purchase salt as Mardie's salt production ramps up to steady state with 500kt of salt in each of years 1 and 2, 600 kt in year 3, and 1000 kt in each of years 4 and 5. Itochu is one of the largest Japanese trading and investment companies, operating a diverse portfolio of businesses including a division involved in trading industrial chemicals. BCI intends to appoint Itochu as its preferred trading partner for Japan, Korea and Taiwan, subject to the execution of a formal offtake agreement.

As announced on 4 July 2023, BCI Minerals has also entered a non-binding Memorandum of Understanding (MOU) with PT Mineral Industri Indonesia (MIND ID) in relation to a potential offtake of up to 1mt per annum solar salt and a potential equity investment in BCI of up to A$100M for up to 9.9% of the shares in the company.

MIND ID is a State-Owned Enterprise (SOE) of the Indonesian Government and acts as the holding company for the Indonesian government's investment in the mining industry in Indonesia. The MOU contemplates a potential offtake agreement with an initial term of 5 years from supply commencement with the option to extend the term for a further 5-year period. The MOU provides a framework for further good faith negotiations with a view to entering into the formal binding documentation for the potential offtake and equity investment by December 2023.

The necessary approvals to finalise the construction of the Project continue to progress.

BCI presented an update to the WA Environmental Protection Authority Board for consideration in late April 2023 on the Optimised Mardie Project. The EPA draft conditions were released on 11 May 2023 for review, before publishing their final report on 19 June 2023 for public comment. The EPA's assessment forms part of the process for BCI to obtain the environmental approval needed to finalise construction of the Mardie Project. Open and consistent engagement with the EPA and Government has been vitally important during this process.

BCI continues work on obtaining finalised conditions from the Federal Government in accordance with the Environmental Protection and Biodiversity Conservation Act. Both State and Federal finalised conditions are forecast to be provided in Q4, CY 2023.

Additionally, a thorough review of all Heritage processes was conducted as part of the planned legislative changes and BCI remain confident that the work and systems are robust and will ensure the ongoing protection of key sites. Throughout this process, Traditional Owners of the land and waters upon which the Mardie Project is being constructed, the Yaburara and Mardudhunera People, have remained engaged in the Project.

BCI is pleased to have the continued support from its shareholders. In December 2022, shareholders approved the issue of a $100M convertible note by AustralianSuper, and a further $60M convertible notes committed by Wroxby and AustralianSuper in June 2023. These commitments have allowed BCI to award further contracts and support the ongoing construction activities. Drawdown of these convertible notes occurred in July, raising a total of $60M. BCI is progressing discussions with financiers regarding the full funding of the Project.

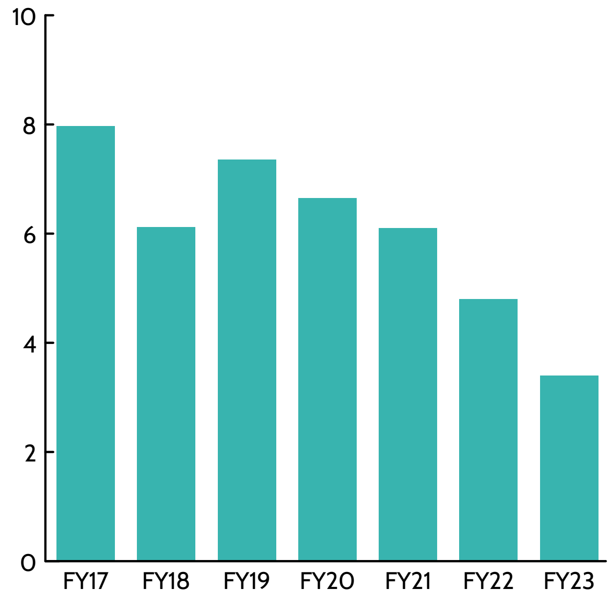
Project financing discussions are well advanced, with external firms engaged to support the equity funding process.

Iron Valley Iron Ore Mine

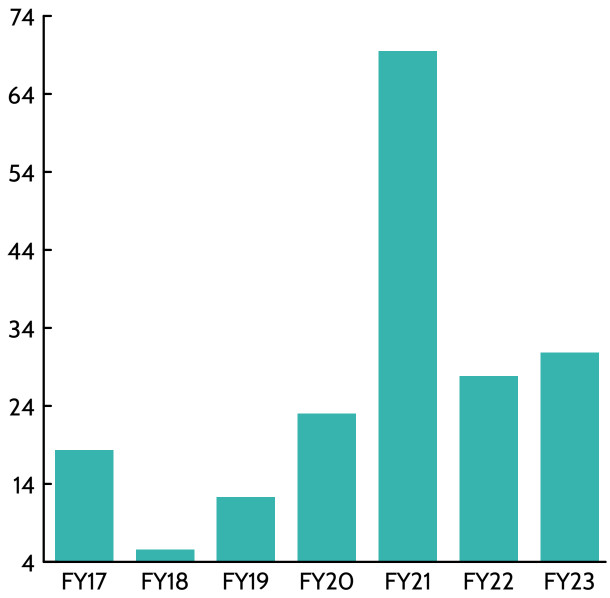
The Iron Valley Mine is operated by Mineral Resources Limited ("MIN") under an ore purchase agreement with BCI. MIN operates the mine at its cost and purchases iron ore from BCI at the mine gate at a price linked to MIN's received sales price. BCI is responsible for paying third party royalties and securing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

During the financial year MIN shipped 3.4 million wet metric tonnes ("M wmt") (June 2022: 4.8M wmt), which generated revenue for BCI of $61M (June 2022: $65.2M) and EBITDA of $30.7M (June 2022: $27.8M).

Iron Valley Shipments (M wmt)



Iron Valley EBITDA ($M)



Other Assets

BCI owns 2.78% of Highfield Resources Limited and 13% of Agrimin Limited shares, with a combined market value of $11.9M as at 30 June 2023, as well as deferred consideration and royalties receivable from Bungaroo South, Kumina and other iron ore assets. During the year, BCI received net proceeds of $9.3M from the sale of 15.58M shares in Highfield Resources Limited.

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. During the year, BCI submitted all compliance reports required under its approved conditions and licences.

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 Social Management System ("ESMS") 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 appropriate records are being maintained and periodic reviews (inspections and audits) are conducted to assess performance against regulatory conditions and the requirements of the ESMS.

Directors' Report continued...

Review of results

Consolidated statement of profit or loss

The Company's profit after income tax for the financial year ended 30 June 2023 was $9.4M (loss June 2022: $15.5M). The improvement of $24.9M arose mainly from a fair value gain on financial instruments, increased EBITDA from Iron Valley and increased interest income, offset by impairment of a joint venture.

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

	30 June 2023 $M	30 June 2022 $M
Revenue – sale of goods	61.0	65.2
EBITDA	12.6	(10.4)
Net finance costs, tax, depreciation and amortisation	(1.5)	(5.1)
Impairment of assets	(1.7)	-
Net profit / (loss) after tax	**9.4**	**(15.5)**

The Company's EBITDA for the financial year ended 30 June 2023 was $12.6M (June 2022: ($10.4M)), which incorporates a positive EBITDA from Iron Valley of $30.7M (June 2022: $27.8M), expenditure of $19.2M (June 2022: ($20.6M)) on the Mardie Project, and $1.1M from Other operations which includes a $19.2M gain on financial instruments.

The following table shows the EBITDA contribution for each segment (**Note 20**) of the Group:

	30 June 2023 $M	30 June 2022 $M
Iron Valley	30.7	27.8
Mardie	(19.2)	(20.6)
Other (a)	1.1	(17.6)
Total EBITDA	**12.6**	**(10.4)**

(a) Other includes a non-cash fair value gain on financial instruments (refer **Note 12** and **20**).

Consolidated statement of other comprehensive income

Other comprehensive income includes the impact in the change in the fair value of listed shares that have been designated as fair value through other comprehensive income. The loss for the year on the fair value recognition is ($18.3M), which is reversing the gain recognised in FY22 of $14.4M. Other comprehensive income also includes a gain on the sale of listed shares of $0.8M.

Consolidated statement of cash flows

Cash and cash equivalents as at 30 June 2023 decreased to $109.5M (June 2022: $232.0M) as the increased construction activity for Mardie progressed.

Consolidated statement of financial position

Total assets increased to $614.9M (June 2022: $538.4M) as the Mardie project construction progress increased across the period. Net assets decreased to $431.5M (June 2022: $434.2M).

Dividends

The Directors have not paid or declared any dividends since the commencement of the financial year ended 30 June 2023.

	2023	2022
(a) out of the profits for the year ended 30 June 2023 and retained earnings on fully paid ordinary shares	Nil	Nil
(b) out of the profits for the year ended 30 June 2022 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 24 November 2022. All fourteen resolutions considered at the meeting were passed.

Performance rights and share rights

As at the date of this report, there were 6,218,946 Performance Rights and 532,304 Share Rights on issue to Directors and Employees under the Performance Right Plan and Share Right Plan (30 June 2022: Performance Rights 12,885,203 and Share Rights 2,342,335). During the financial year, 5,248,763 performance rights vested while 9,861,497 performance rights were either cancelled or lapsed. During the financial year 1,429,675 share rights vested, of which 1,250,337 were converted to ordinary shares. Subsequent to the year end, a total of 1,328,254 share rights were exercised and 960,346 performance rights lapsed, and 731,307 performance rights were exercised. Refer to the Remuneration Report for further details of Performance Rights and Share Rights outstanding.

No Performance Right or Share Right holder has any right to be provided with any other share issue of the Company by virtue of their Performance Rights or Share Rights holding.

None of the Performance Rights or Share Rights are listed on the ASX.

Shares issued as a result of conversion of performance rights and share rights

During the financial year, 5,279,887 ordinary shares were issued following conversion of performance and share rights that were vested. Subsequent to year end, the Company has issued 2,059,561 ordinary shares following the conversion of performance and share rights.

Likely developments and expected results

BCI is engaged with debt and equity providers to obtain commitments to fund completion of the project. These activities are expected to advance materially during the first half of FY 2024.

During FY 2024, BCI will continue with award and construction of critical path contacts. BCI expects continued advancement of the McConnell Dowell jetty construction, the award and commencement of Ponds 6&7, the Salt Wash Plant and the commencement of the Crystallisers.

BCI anticipate the receipt of the approval of the EPA and EPBC for the northern tenements during the period and the commencement of operations with the filling of Ponds 1 & 2 commencing.

BCI expects to continue to receive revenue from Iron Valley.

The Company may also receive income from divestment of exploration tenements or other assets.

Directors' Report continued...

Risk management

BCI has a Risk Management Policy which is enabled through its Risk Management Framework which is aligned to the International Standard for risk management, ISO 31000. There is risk associated with all business activities and the Board works with senior management to safeguard assets, maintain our license to operate through upholding environmental, community and social obligation and ensuring regulatory compliance.

The Risk Management Framework aims to drive an effective risk management culture by establishing a process for regular review of business activities to objectively evaluate, monitor, review and report risks.

BCI's commitment to sustainable business practices are embedded through its values and founded in the various legislative requirements, approvals held or to be held by BCI, and contractual rights and benefits granted to BCI under agreements with third parties.

There are a number of potential known and unknown risks which may impact BCI's ability to develop and operate the Project, some of which are beyond the control of BCI. BCI applies the risk framework to identify relevant risks and ensure appropriate controls are developed. Key risks are identified below:

Funding risk

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

Project cost

Actual capital and operating costs may be higher than assumed. Capital costs and operating costs could be materially higher than estimated when the Project is implemented due to market and inflationary pressures on inputs such as fuel, labour, transport, and equipment, ocean freight, industrial disputes or suspension of operations.

Site incident

A serious incident onsite could result in significant penalties and delays and BCI may be liable for compensation.

Offtake

There is no certainty that BCI will be able to obtain acceptable binding offtake agreements (based on counterparty, tonnage or price). Offtake agreements may be entered into at a lower price than estimated and are subject to counterparty risk. Deterioration in Australia's trading relationships with potential offtake countries may adversely affect BCI's prospects for securing offtake agreements.

Commodity price and exchange rate risk

The future sale revenues are exposed to potentially unfavourable changes in commodity prices and exchange rates. Product prices are commonly expressed in US dollars, whereas the income of BCI is taken into account in Australian dollars. Adverse fluctuations in exchange rates may negatively impact the Australian dollar revenue received by BCI from sales.

Design changes

Design changes may result in increased Project cost or delays.

Key people retention

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

Licence to operate (LTO) and environmental breach

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

Tenure

Whilst BCI expects that it will be able to satisfy the conditions for renewal of granted mining leases, there is no guarantee that granted mining leases will be extended or renewed further than 42 years. The Cape Preston West Port lease has not yet been executed and terms may vary from those assumed.

Traditional Owner and community relationships

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

Gas pipeline breach

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

Environmental approvals

Failure to obtain environmental approvals or the imposition of conditions not favourable to BCI, or a delay in the grant of approvals may negatively impact Project implementation and BCI's ability to secure funding.

Wall failure

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

Extreme weather and other events

Extreme events such as cyclones, excessive rain, flooding and fires may cause damage to the Project which may result in additional costs or delays.

Production rates

Targeted production rates are based on assumptions including average weather conditions for rainfall and evaporation and observed seawater intake salinity levels. Production rates may differ if different conditions prevail.

Significant changes in state of affairs

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

Directors' Report continued...

Matters subsequent to the reporting date

Performance Rights and Share Rights

After year end, a total of 2,059,561 vested Performance and Share Rights were converted to ordinary shares.

Convertible notes

Subsequent to year end, the Company completed the issue of the $30 million in convertible notes to its two largest shareholders, Wroxby Pty Ltd (ACN 061 621 921) (Wroxby) and AustralianSuper Pty Ltd as trustee for AustralianSuper (ABN 65 714 394 898) (AustralianSuper) to raise a total of $60 million.

Contractor claims

Subsequent to year end, the Company notified a contractor that the contractor's site access may be delayed for certain areas of the site. The contractor has issued a claim under the contract for an extension of time and delay costs. The claim is currently being assessed in accordance with the terms of the contact.

Other than disclosed above, no matter or circumstance 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 2023.

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 2023 the Board of Directors is satisfied that the auditor, BDO Audit (WA) Pty Ltd, did not provide any non-audit services to the Company, as set out in **Note 27** 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
18 August 2023

David Boshoff
Managing Director
Perth, Western Australia
18 August 2023

Remuneration Report

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.

Non-Executive Directors	
B O'Donnell	Non-executive Chair
M Blakiston	Non-executive Director (resigned 18 January 2023)
M Stanborough	Non-executive Director
G Dixon	Non-executive Director
R Court	Non-executive Director
C Salisbury	Non-executive Director
G Bell	Non-executive Director (appointed 18 January 2023)
Executive Directors and Executives	
D Boshoff	Managing Director (appointed 21 November 2022)
A Vorster	Managing Director (resigned 1 September 2022)
K Bradshaw	Chief Financial Officer
S Bennett	Chief Development Officer (resigned 2 December 2022)

Remuneration governance

The roles and responsibilities of the Board, Remuneration & Nomination Committee ("RNC"), management and external advisors in relation to remuneration for Executive KMP and employees at BCI Minerals are outlined in the table below.

The RNC is a committee of the Board comprised of three Non-Executive Directors, two of whom are independent. The RNC Chair is an independent director.

The Company received 97.3% support for its Remuneration Report for the 2022 financial year.

The roles and responsibilities of our Board, Remuneration Committee, management and external advisors in relation to remuneration for Executive KMP and employees at BCI Minerals are outlined below.

Remuneration governance at BCI Minerals

Board of Directors

- Approves the Company's Remuneration Framework and satisfies itself that the Company's remuneration policies are aligned with the Company's vision, values, strategic objectives and risk appetite;
- Approves the remuneration arrangements for the Non-Executive Directors, approves the appointment and remuneration of the Managing Director and Senior Executives on recommendation from the RNC; and
- Approves the appointment of an External Remuneration Consultant.

Remuneration & Nomination Committee (RNC)

Established by the Board and operating under its own Charter to develop, review and make recommendations to the Board on matters such as:

- Remuneration strategy, framework and policies;
- Non-Executive Director, Managing Director and Senior Executive remuneration arrangements;
- The selection process for placement of Directors and senior management appointments;
- Incentive plans including eligibility, performance measures and outcomes for the Managing Director and Senior Executives;
- Retirement and other employee benefits; and
- Remuneration Reporting and disclosures.

The Committee may take input from other Board Committees, such as Audit and Risk Committees in discharging its duties and no member is able to deliberate or consider any aspect of their own remuneration.

The RNC reviews executive remuneration annually, including assessment of:

- The remuneration outcomes for Non-Executive Directors and Executive KMP;
- Individual and business performance measurement against both internal targets and appropriate external comparatives.

MD & Management

- Implementation of BCI's remuneration strategy, policy and practices;
- Provide information and recommendations to the RNC for consideration, including trends and market insights;
- The Managing Director may make recommendations to the RNC in relation to the performance and reward of the Managing Director's direct reports.

Remuneration Consultants

Remuneration Consultants were engaged through management for the purpose of providing information on remuneration-related issues, including benchmarking information and market data.

If a Remuneration recommendation is made, it must be provided directly to a Non-Executive Director, and shall be free of any management influence and must be disclosed in the Remuneration Report.

No remuneration recommendations were received by the Remuneration Committee in relation to Executive KMP in FY23.

Components of executive remuneration

The Company's Remuneration Framework relating to Executives listed in this report, enables the Board to find the right balance between remuneration outcomes that reward and incentivise our Executives, while also reflecting overall business performance and the shareholder experience. Details are set out in the table below. The Company will administer vesting decisions in relation to all relevant incentives for executives, including performance rights issued in the relevant year, in accordance with the methodology prescribed for that year.

<table>
<tr><th></th><th></th><th colspan="2">Variable Pay (at risk)</th></tr>
<tr><th></th><th>Fixed Remuneration</th><th>Short-Term Incentive</th><th>Long-Term Incentive</th></tr>
<tr><td>Why</td><td>Fixed Remuneration is set with reference to our competitor market and reflects size of role and each Executive's responsibilities, skills and experience.</td><td>Focuses effort on the key priorities for the year and reflects outcomes that are generally within management's control.</td><td>Aligned to the experience of our shareholders over the longer-term and designed to drive long-term performance and ownership behaviours.</td></tr>
<tr><td>Structure</td><td>Includes base salary and superannuation.
Fringe benefits such as insurance, parking and professional development support may also be provided.</td><td>Key Performance Indicators (KPIs) are selected each year to focus efforts on our key priorities to ensure success in the financial year and into the future. These may be made up of a combination of Financial, Project, Strategic or other measures.
The STI opportunity for Executive KMP is between 100% and 80% of Fixed Remuneration.
The STI payment may, at the Board's discretion, be in cash and/or equity.</td><td>The LTI opportunity for Executive KMP is up to 125% of Fixed Remuneration for the MD and up to 60% for other Executives.
Performance hurdles are primarily based on company share price and/or other relevant Total Shareholder Return ("TSR") measures.
Performance is measured over a two-year period with Vested Rights subject to an additional 12-month holding lock post-vesting.</td></tr>
<tr><td>Our approach</td><td>We benchmark Fixed Remuneration against appropriate competitor groups that reflect the market in which we operate.</td><td>For the relevant financial year, half the STI outcome will be paid in cash following the end of the financial year with the other half being provided in Share Rights with a 12-month service period for vesting and subject to an additional 12-month holding lock post-vesting.
Vested Share Rights must be exercised within two years of vesting.</td><td>The LTI is provided in Rights to BCI Minerals Limited shares, with a two year performance period commencing from the beginning of the relevant financial year with vesting commencing after the two year performance period.
Performance conditions:
TSR relative to an ASX All Ords Index Peer Group from the Material sector for like sized companies:
<table><tr><th>TSR Performance</th><th>Vesting</th></tr><tr><td>< 50th percentile</td><td>Zero</td></tr><tr><td>Between 50th and 75th percentile</td><td>Proportionate vesting from 50% to 100%</td></tr><tr><td>>75th percentile</td><td>100% vesting</td></tr></table>Vested Performance Rights must be exercised within two years of vesting.</td></tr>
</table>

Remuneration Report continued...

Company performance

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

Continuing operations		2023	2022	2021	2020	2019
Revenue – sale of goods	$million	61.0	65.2	160.2	77.3	54.8
Net profit/(loss) after tax	$million	9.4	(15.5)	22.0	0.4	12.9
Basic earnings/(loss) per share	Cents	0.84	(1.7)	4.02	0.09	3.26
Dividends paid per share	Cents	-	-	-	-	-
Share price (last trade day of financial year)	A$	0.24	0.27	0.55	0.17	0.18

FY23 remuneration – fixed remuneration

A review of remuneration of Executive KMP is undertaken each year to ensure that:

- reward levels are fair and responsible in accordance with the Australian market;
- BCI offers competitive, performance-based rewards that attract, retain and motivate; and
- incentives provide fair reward in line with company and individual performance to deliver on the current and long-term strategic objectives.

This review includes an analysis of market remuneration in comparison to a relevant peer and competitor group and development of company specific pay scales, including for Executives.

Short-term incentives

Executives listed in this report may receive a short-term incentive ("STI") of up to 125% of their STI if performance exceeds expectations. The STI is an "at risk" component of remuneration and payment may, at the Board's discretion, be in cash and/or equity. Measurement is based on performance against annually agreed key performance indicators ("KPIs"). These KPIs will typically be aligned to achievement of specific project and corporate objectives in relation to each financial year.

The KPIs for FY23 were based on:

- key project milestones for the Mardie Project including (but not limited to) funding, schedule and budget, offtake agreements, development progress, approvals and safety, sustainability and community measures;
- safety and wellbeing, including compliance with licence to operate;
- financial measures and systems; and
- individual performance targets range between 10%-20%.

Based on performance in the 2023 financial year relative to these KPIs, the Board assessed outcomes and exercised its discretion to award STI payments for Executive KMP. The STI outcomes for FY23 ranged between 80% and 95% with the Managing Director being awarded a 95% STI performance.

Long-term incentives - vested

Based on the two TSR performance metrics for the 2021 LTI, for the two-year performance period to 30 June 2023, the Board assessed the vesting outcome to be 0%, and the Performance Rights have lapsed.

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.

Non-Executive Directors' remuneration is comprised of cash fees and superannuation. At the discretion of the Board, a portion of the remuneration may be delivered in share-based remuneration.

Remuneration Report continued...

Remuneration of directors and key management personnel for the year ended 30 June 2023

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

	Short Term			Post Employment	Share Based Payments			
	Salary and fees $	Incentives (a) $	Other benefits (b) $	Superannuation $	Performance & Share Rights (c) $	Termination Payment $	Total $	Performance Related (d) %
Directors								
B O'Donnell	164,888	-	-	4,012	5,092	-	173,992	3
M Blakiston (e)	54,163	-	-	5,687	-	-	59,850	-
M Stanborough	90,185	-	-	9,469	4,597	-	104,251	4
G Bell (f)	40,035	-	-	4,204	-	-	44,239	-
G Dixon	93,666	-	-	9,835	3,071	-	106,571	3
R Court	87,964	-	-	9,236	8,966	-	106,166	8
C Salisbury	92,851	-	-	9,749	9,464	-	112,064	8
	623,752	-	-	**52,192**	**31,190**	-	**707,134**	**4**
Executives								
A Vorster (g)	113,350	281,161	250,622	6,875	104,207	-	756,215	51
D Boshoff (h)	470,657	-	3,355	18,381	79,831	-	572,224	14
K Bradshaw	558,089	56,880	4,404	41,089	113,036	-	773,498	22
S Bennett (i)	451,375	111,114	2,259	13,750	5,470	285,919	869,887	13
	1,593,471	**449,155**	**12,190**	**80,095**	**302,544**	**285,919**	**2,971,824**	**23**
Total	**2,217,222**	**449,155**	**12,190**	**132,287**	**333,734**	**285,919**	**3,678,958**	**19**

(a) Short-term incentives paid during the financial year 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 and Share Rights valued using market pricing at time of issue.

(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) M Blakiston resigned from the company on 18 January 2023.

(f) G Bell was appointed as a Non-executive Director of the company on 18 January 2023.

(g) A Vorster resigned from the company on 1 September 2022. Employee entitlements paid on resignation are included in other short-term benefits.

(h) D Boshoff was appointed Managing Director of the company on 21 November 2022.

(i) S Bennett resigned from the company on 2 December 2022.

Remuneration of directors and key management personnel for the year ended 30 June 2022

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

	Short Term			Post Employment	Share Based Payments			
	Salary and fees $	Incentives (j) $	Other benefits (k) $	Superannuation $	Performance & Share Rights (l) $	Termination Payment $	Total $	Performance Related (m) %
Directors								
B O'Donnell	151,820	-	-	3,463	14,585	-	169,868	9
M Blakiston	83,243	-	-	8,334	8,334	-	99,911	8
M Stanborough (n)	4,229	-	-	423	-	-	4,652	-
J Bloom (o)	36,818	-	-	3,682	-	-	40,500	-
G Dixon	88,350	-	-	8,835	8,787	-	105,972	8
R Court	81,000	-	-	8,100	5,306	-	94,406	6
C Salisbury	85,500	-	-	8,550	5,601	-	99,651	6
	530,960	-	-	**41,387**	**42,613**	-	**614,960**	**7**
Executives								
A Vorster	591,787	112,891	19,194	27,500	329,052	-	1,080,424	41
S Hodge (p)	182,140	50,575	7,499	14,896	85,760	-	340,870	40
K Bradshaw (q)	200,987	-	1,650	20,085	-	-	222,722	-
S Bennett (r)	468,801	56,830	5,064	27,500	173,519	-	731,714	24
	1,443,715	**220,296**	**33,407**	**89,981**	**588,331**	-	**2,375,730**	**32**
Total	**1,974,675**	**220,296**	**33,407**	**131,368**	**630,944**	-	**2,990,690**	**27**

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

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

(l) 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 and Share Rights valued using market pricing at time of issue.

(m) 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.

(n) Appointed 14 June 2022.

(o) Ceased role 20 December 2021.

(p) Ceased role 9 January 2022 as transferred to Head of Commercial role.

(q) Appointed to the Chief Financial Officer role on 10 January 2022.

(r) Appointed 28 February 2022, previously held the role of Project Director.

Remuneration Report continued...

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 as at the end of the financial reporting period.

	Grant date	Date to vest	Expiry date	Risk free rate at grant date	Value per right at grant date	Number granted at grant date	Value at grant date $	Number vested	Number lapsed
Directors									
B O'Donnell	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	295,313	37,800	-	(183,094)
M Blakiston	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	168,750	21,600	-	(168,750)
G Dixon	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	178,125	22,800	-	(110,439)
C Salisbury	25/11/2021	02/07/2024	03/07/2026	0.68%	0.287	85,826	24,632	-	-
R Court	25/11/2021	02/07/2024	03/07/2026	0.68%	0.287	81,309	23,336	-	-
M Stanborough	25/11/2022	01/07/2025	01/07/2027	3.19%	0.147	136,622	20,083	-	-
Executives									
A Vorster	27/11/2019	30/11/2020	30/11/2022	0.68%	0.0186	2,500,000	46,500	1,275,000	(1,225,000)
A Vorster	27/11/2019	30/11/2022	30/11/2024	0.68%	0.0398	2,500,000	99,500	1,750,000	(750,000)
A Vorster	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	1,529,209	195,739	290,550	(1,238,660)
A Vorster	25/11/2021	02/07/2024	03/07/2026	0.68%	0.287	942,983	270,636	-	(942,983)
D Boshoff	25/11/2022	01/07/2025	03/07/2027	3.19%	0.162	2,152,816	348,756	-	-
K Bradshaw	08/08/2022	01/07/2025	01/07/2026	3.31%	0.171	730,550	124,559	-	-
K Bradshaw	15/08/2022	03/07/2025	03/07/2025	3.31%	0.018	570,000	10,260	-	-
K Bradshaw	25/11/2022	01/07/2025	03/07/2027	3.19%	0.162	626,389	101,475	-	-
S Bennett	26/11/2020	30/06/2023	30/06/2025	0.07%	0.128	1,000,000	128,000	-	(1,000,000)
S Bennett	30/07/2021	02/07/2024	03/07/2026	0.03%	0.341	506,926	172,862	-	(506,926)

Subsequent to the year end, a portion of the PR 2021 performance rights were cancelled when the vesting formula was applied.

A Monte Carlo simulation is used to value all Performance Rights granted by the Company. The Monte Carlo valuation 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 is shown in the table above.

Share rights on issue

The terms and conditions of Share Rights granted to KMP affecting remuneration in the current or future reporting periods are set out in the following table as at the end of the financial reporting period.

	Grant date	Test date	Vesting date	Final conversion date	Value per right at grant date	Number granted at grant date	Value at grant date $	Number vested	Number lapsed
Executives									
K Bradshaw	08/08/2022	01/07/2023	01/07/2023	01/07/2025	0.247	189,354	46,770	-	-
S Bennett	08/08/2022	01/07/2023	01/07/2023	01/07/2025	0.247	369,899	91,365	-	(369,899)

(a) S Bennett was the Chief Development Officer and KMP until his resignation on 2 December 2022.

Equity instrument disclosures

The interests of Directors and Executives in Shares at the end of the financial year 2023 are as follows:

	Balance at 1 July 2022	Acquired during year	Performance and Share Rights converted during year	Disposed during the year	Other changes	Balance at 30 June 2023
Directors						
B O'Donnell	1,156,254	-	-	-	-	1,156,254
M Blakiston	-	-	-	-	-	-
M Stanborough	5,896	-	-	-	-	5,896
G Dixon	-	-	-	-	-	-
R Court	819,768	-	-	-	-	819,768
C Salisbury	-	-	-	-	-	-
G Bell	-	-	-	-	-	-
Executives						
A Vorster	5,375,413	-	4,433,779	(2,903,989)	-	6,905,203
D Boshoff	-	-	-	-	-	-
K Bradshaw	-	-	-	-	-	-
Total	**7,357,331**	**-**	**4,433,779**	**(2,903,989)**	**-**	**8,887,121**

Remuneration Report
continued...

The interests of Directors and Executives in Performance Rights at the end of the financial year are as follows.

	Balance at 1 July 2022	Granted as compensation	Converted to shares	Rights lapsed/ cancelled	Balance at 30 June 2023
Directors					
B O'Donnell	295,313	-	-	(183,094)	112,219
M Blakiston	168,750	-	-	(168,750)	-
R Court	81,309	-	-	-	81,309
C Salisbury	85,826	-	-	-	85,826
G Dixon	178,125	-	-	(110,439)	67,686
M Stanborough	-	136,622	-	-	136,622
G Bell	-	-	-	-	-
Executives					
A Vorster	6,247,192	-	(3,315,550)	(2,931,643)	-
D Boshoff	-	2,152,816	-	-	2,152,816
K Bradshaw	-	1,926,939	-	-	1,926,939
S Bennett	1,506,926	1,049,703	-	(2,556,629)	-
Total	**8,563,441**	**5,266,080**	**(3,315,550)**	**(5,488,272)**	**4,563,417**

Subsequent to the year end, a portion of the PR 2021 performance rights were cancelled when the vesting formula was applied.

The interests of Executives in Share Rights at the end of the financial year are as follows.

	Balance at 1 July 2022	Granted as compensation	Converted to shares	Rights lapsed/ cancelled	Balance at 30 June 2023
Executives					
A Vorster	1,118,228	-	(1,118,229)	-	-
K Bradshaw	-	189,354	-	-	189,354
S Bennett [(a)]	132,108	369,899	(132,108)	(369,899)	-
Total	**1,268,029**	**512,108**	**(1,250,337)**	**(369,899)**	**189,354**

(a) S Bennet was the Chief Development Officer until his resignation on 2 December 2022.

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.bciminerals.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 are shown in the table below.

Name	Terms/Notice periods/Termination payment
D Boshoff [(a)] (Managing Director)	Base salary inclusive of superannuation of $800,000 effective 21 November 2022 – 30 June 2023 ($836,000 effective 1 July 2023) reviewed at intervals to be determined by the Company. Employment can be terminated at six months' notice by Mr Boshoff or by the Company. If the Company elects to terminate the employment agreement for reasons other than Mr Boshoff's gross misconduct or default, Mr Boshoff will be entitled to a payment equal to six months' total fixed remuneration. Certain agreed trigger events will lead to Mr Boshoff having the option to terminate the contract and receive a payment equal to six months' total fixed remuneration.
A Vorster [(b)] (Managing Director)	Base salary inclusive of superannuation of $671,000 effective 1 July 2022 to 1 September 2022, until Mr Vorster's resignation.
K Bradshaw (Chief Financial Officer)	Base salary inclusive of superannuation $622,944 effective 1 July 2022 to-30 June 2023 ($625,763 effective 1 July 2023) reviewed at intervals to be determined by the Company. Employment can be terminated at three months' notice by Ms Bradshaw or by the Company. Certain agreed trigger events will lead to Ms Bradshaw having the option to terminate the contract and receive a payment equal to six months' total fixed remuneration.
S Bennett [(c)] (Chief Development Officer)	Base salary inclusive of superannuation $571,838 effective 1 July 2022 to 2 December 2022, until Mr Bennett's resignation.

(a) Mr David Boshoff was appointed Managing Director to the Company on 21 November 2022.

(b) Mr Alwyn Vorster resigned from the Company on 1 September 2022.

(c) Mr S Bennett resigned from the Company on 2 December 2022.

Transactions with key management personnel

On 1 March 2017, Michael Blakiston was appointed as a Non-Executive Director of the Company until his resignation on 18 January 2023. 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 $195K (2022: $483K). All transactions were on normal commercial terms and conditions.

Refer to **Note 26** for further detail on Related Party transactions.

Other information

Insurance of officers

During the financial period, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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 **117** 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
18 August 2023

David Boshoff
Managing Director
Perth, Western Australia
18 August 2023

Directors' 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 Company as at 30 June 2023 and of its performance for the financial year ended 30 June 2023; 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 Company 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
18 August 2023

Annual Financial Statement

FOR THE YEAR ENDED 30 JUNE 2023

Financial Statement Contents

Consolidated statement of profit or loss and other comprehensive income

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $000's	2022 $000's
Revenue from continuing operations			
Sale of goods		60,959	65,198
Other revenue		5,449	600
Total revenue from continuing operations	**1**	**66,408**	**65,798**
Other income	1,12	19,212	-
Cost of sales	2	(32,440)	(39,661)
Administration expenses	2	(22,806)	(20,952)
Project development and evaluation expenditure		(19,231)	(20,616)
Impairment of investments	3	(1,700)	-
Profit / (loss) before finance cost and income tax		**9,443**	**(15,431)**
Finance costs		(68)	(54)
Profit / (loss) before income tax		**9,375**	**(15,485)**
Income tax benefit / (expense)	4	-	-
Profit / (loss) after income tax from continuing operations attributable to owners of BCI Minerals Limited		**9,375**	**(15,485)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain in disposal of equity investment at fair value through other comprehensive income, net of tax		826	-
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	9,15	(18,257)	14,385
Total items that will not be reclassified subsequently to profit or loss		**(17,431)**	**14,385**
Total comprehensive (loss) / income for the year		**(8,056)**	**(1,100)**
Statutory earnings per share (EPS)		**Cents**	**Cents**
Basic earnings / (loss) per share from continuing operations	17	0.84	(1.70)
Diluted earnings / (loss) per share from continuing operations	17	0.84	(1.69)

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 2023

	Notes	2023 $000's	2022 $000's
Current assets			
Cash and cash equivalents	5	109,470	232,021
Short-term investments		317	657
Trade and other receivables	6	16,661	21,484
Derivative financial instruments		26	-
Other financial assets	9	11,906	38,666
Total current assets		**138,380**	**292,828**
Non-current assets			
Receivables	6	30,388	32,705
Property, plant and equipment	7	429,142	194,920
Exploration and evaluation assets		54	1,754
Intangibles	8	15,502	15,502
Right of use assets		1,453	684
Total non-current assets		**476,539**	**245,565**
Total assets		**614,919**	**538,393**
Current liabilities			
Trade and other payables	10	60,892	56,983
Lease liability		657	501
Provisions	11	673	1,274
Total current liabilities		**62,222**	**58,758**
Non-current liabilities			
Trade and other payables	10	613	8,048
Lease liability		875	276
Loans and borrowings	12	102,462	19,718
Provisions	11	17,286	17,357
Total non-current liabilities		**121,236**	**45,399**
Total liabilities		**183,458**	**104,157**
Net assets		**431,461**	**434,236**
Shareholders' equity			
Contributed equity	14	569,754	569,345
Reserves	15	13,660	27,045
Accumulated losses	16	(151,953)	(162,154)
Total shareholders' equity		**431,461**	**434,236**

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 2023

	Contributed equity $000's	Accumulated losses $000's	Reserves $000's	Total $000's
Balance at 1 July 2021	313,190	(146,669)	6,143	172,664
Loss for the year	-	(15,485)	-	(15,485)
Total comprehensive income	**-**	**(15,485)**	**14,385**	**(1,100)**
Transactions with equity holders in their capacity as equity holders				
Shares issued net of transaction costs	255,958	-	-	255,958
Performance Rights converted	197	-	(197)	-
Share based payments	-	-	932	932
Financial instruments recognised in equity	-	-	5,782	5,782
Balance at 30 June 2022	**569,345**	**(162,154)**	**27,045**	**434,236**
Profit for the year	-	9,375	-	9,375
Other comprehensive income	-	826	(18,257)	(17,431)
Total comprehensive income	**-**	**10,201**	**(18,257)**	**(8,056)**
Transactions with equity holders in their capacity as equity holders				
Shares transaction costs	(182)	-	-	(182)
Performance Rights converted	591	-	(591)	-
Share based payments	-	-	697	697
Financial instruments recognised in equity	-	-	4,766	4,766
Balance at 30 June 2023	**569,754**	**(151,953)**	**13,660**	**431,461**

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 2023

	Notes	2023 $000's	2022 $000's
Cash flows from operating activities			
Receipts from customers		70,242	102,940
Payments to suppliers and employees		(77,494)	(62,046)
Interest received		5,745	600
Borrowing costs		(406)	(1,886)
Income tax refund		0	0
Net cash flows (used in) / provided by operating activities	**5**	**(1,913)**	**39,608**
Cash flows from investing activities			
Proceeds from sale of assets held at fair value		9,337	-
Proceeds from disposal of plant and equipment		4	36
Proceeds from short-term investments		340	-
Payments for project development, plant and equipment	7	(229,351)	(142,715)
Payments for other plant and equipment	7	(231)	-
Net cash flows used in investing activities		**(219,901)**	**(142,679)**
Cash flows from financing activities			
(Costs) proceeds from issue of shares net of costs		(182)	256,155
Proceeds from borrowings	12	100,000	-
Repayment of lease liabilities		(555)	(498)
Net cash flows provided by financing activities		**99,263**	**255,657**
Net increase in cash and cash equivalents		**(122,551)**	**152,586**
Cash and cash equivalents at beginning of year		232,021	79,435
Cash and cash equivalents at end of year	**5**	**109,470**	**232,021**

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 2023

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 2023 were authorised for issue in accordance with a resolution of the Directors on 18 August 2023. 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

There are no new or amended standards adopted by the group during the reporting period.

Impact of standards issued but not yet applied by the entity

There are no new standards yet to be applied by the Group.

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: Intangibles
- Note 11: Provisions
- Note 12: Borrowings
- Note 27: Share-based payments.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Key Numbers

Note 1 – Revenue

	2023 $000's	2022 $000's
Sales – Iron Valley	60,159	62,998
Net gain on pricing changes	800	2,200
Sale of Goods	**60,959**	**65,198**
Interest revenue	5,449	600
Total revenue	**66,408**	**65,798**
Other income (refer Note 12)	**19,212**	-

Accounting policy

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 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, 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 or loss as part of trade receivables. The period between provisional pricing and final invoices is typically 30 to 90 days.

Interest revenue

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

Other income

Other income recognises a gain arising from a loan commitment option reflecting a respective decline in the fair value of a debt and conversion feature owing to an increase in market interest rates and reduction in the share price respectively.

Note 2 – Expenses

	2023 $000's	2022 $000's
Amortisation of mine properties	2,198	2,278
Royalties	30,242	37,383
Cost of sales	**32,440**	**39,661**
Employee benefits expense	13,740	12,120
Depreciation and amortisation	4,706	3,396
Share-based payments	697	932
Non-executive directors' fees	676	679
Occupancy related expenses	287	141
Consultant and legal fees	859	1,342
Other	1,841	2,342
Administration expenses	**22,806**	**20,952**

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.

Assets subject to impairment indicator assessment

The following assets have been assessed for indicators of impairment:

- Mine properties (Iron Valley Iron Ore Royalty Rights);
- Intangible assets (Koodaideri South Royalty and North Marillana Iron Ore Royalty);
- Project Development Assets (Mardie Salt & SOP); and
- Other Exploration asset (Carnegie JV).

Impairment assessment

The Company has completed its annual review of its assets for impairment. A provision for impairment has been recognised for the Carnegie JV as the Project Manager Kalium Lakes has suspended trading. Aside from this provision, based on the other asset assessments, the Company has concluded that no impairment indicators have been identified.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Revenue assumptions

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

	2023	2022
CFR 62% Fe iron ore price (USD/dmt, nominal)		
Years 1-5	98-90	84-99
Years 6-10	90	93-103
Years 11-20	90	106-133
Foreign exchange rate (AUD:USD, nominal)		
Years 1-5	0.68-0.75	0.76-0.80
Years 6-10	0.75	0.80
Years 11-20	0.70	0.80
Inflation (% per annum)		
AUD 5-yr inflation rate	2.5	2.5

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 commodity prices and exchange rates;
- production rates, production costs and capital expenditure including inflation factors;
- the timing of when production will commence- including 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

	2023 $000's	2022 $000's
Current tax expense/(benefit)		
Current period	-	-
Adjustments for prior periods	-	-
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	428	1,606
Equity deferred tax movement	(1,410)	(1,410)
Utilisation of carried forward tax losses now recognised	(3,990)	(5,877)
Recognition of deferred tax asset on losses and temporary adjustments now realised	4,972	5,681
Income tax (expense)/benefit reported in the Consolidated statement of profit or loss and other comprehensive income	-	-
Reconciliation of effective tax rate		
Profit / (loss) before tax	9,375	(15,485)
Income tax / (benefit) at the statutory rate of 30 per cent (2022: 30 per cent)	2,812	(4,645)
Non-deductible income and expenses	216	499
Other temporary differences derecognised	(6,591)	(125)
Equity deferred tax movement	(1,410)	(1,410)
Temporary differences (recognised)/derecognised	4,972	5,681
Under/(over) provided in prior periods and other	-	-
Income tax (expense)/benefit reported in the Consolidated statement of profit or loss and other comprehensive income	-	-

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

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 2023, the Company had unrecognised deferred tax assets relating to tax losses of $72.6M (2022: $68.5M). The Company has utilised all available R&D off-sets (2022: $Nil).

Deferred tax assets not recognised

	2023 $000's	2022 $000's
Temporary differences	(3,564)	(2,636)
Income Tax losses	72,550	68,510
Capital losses	-	-

Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2023 $000's	2022 $000's	2023 $000's	2022 $000's	2023 $000's	2022 $000's
Amounts recognised in Profit or Loss:						
Mine property, plant and development	-	-	(4,828)	(4,699)	(4,828)	(4,699)
Provisions	235	423	-	-	235	423
Intangibles	-	-	-	-	-	-
Exploration	-	-	(941)	(743)	(941)	(743)
Other items	612	1,016	(526)	(517)	86	499
Amounts recognised directly in equity:						
Share issue costs in equity	1,884	1,884	-	-	1,884	1,884
	2,731	**3,323**	**(6,295)**	**(5,959)**	**(3,564)**	**(2,636)**
Temporary differences derecognised	-	-	3,564	2,636	3,564	2,636
Tax assets/(liabilities)	**2,731**	**3,323**	**(2,731)**	**(3,323)**	-	-

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

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 2021	962	475	-	1,064	-	2,501
(Charged)/credited						
to profit or loss	(540)	1,409	-	(47)	-	822
to (under)/over prior period						
At 30 June 2022	**422**	**1,884**	**-**	**1,017**	**-**	**3,323**
(Charged)/credited						
to profit or loss	(187)	(500)	-	95	-	(592)
to (under)/over prior period						
At 30 June 2023	**235**	**1,384**	**-**	**1,112**	**-**	**2,731**

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 2021	-	(3,960)	(487)	(493)	2,439	(2,501)
(Charged)/credited						
to profit or loss	-	(739)	(256)	(24)	197	(822)
to (under)/over prior period	-	-	-	-	-	-
At 30 June 2022	**-**	**(4,699)**	**(743)**	**(517)**	**2,636**	**(3,323)**
(Charged)/credited						
to profit or loss	-	(129)	(198)	(9)	928	592
to (under)/over prior period	-	-	-	-	(3,564)	(3,564)
At 30 June 2023	**-**	**(4,828)**	**(941)**	**(526)**	**-**	**(2,731)**

Note 5 – Cash and cash equivalents

	2023 $000's	2022 $000's
Cash at bank and short-term deposits	84,110	210,021
Cash on deposit	25,360	22,000
Total	**109,470**	**232,021**
Reconciliation of profit / (loss) after income tax to net cash flows from operating activities		
Net profit / (loss)	9,375	(15,485)
Depreciation and amortisation	6,904	5,674
Provision for impairment	1,700	-
Fair value gain	(19,212)	-
Share based payments	697	951
Other	466	(268)
Decrease in assets		
Trade and other receivables	10,889	17,756
(Decrease) / increase/ in liabilities		
Trade and other payables	(14,472)	28,743
Provisions	569	3,977
Capitalised interest and borrowing costs	1,171	(1,740)
Net cash (outflow) / inflow from operating activities	**(1,913)**	**39,608**

Cash on deposit relates to 31-to-90-day term deposits held with financial institutions. See **Note 18** – Financial risk management note for further details.

Accounting policy

For consolidated 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.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 6 – Trade and other receivables

	2023 $000'S	2022 $000'S
Current		
Trade receivables	15,810	18,893
Prepayments	851	2,591
Total current	**16,661**	**21,484**
Non-current		
Other receivables	17,252	17,321
Prepayments	13,136	15,384
Total non-current	**30,388**	**32,705**
Total trade and other receivables	**47,049**	**54,189**

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

As at 30 June 2023 no receivables were past due or impaired (2022: Nil).

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 18 for information on the financial risk management policy of the Company.

Prepayments represent insurances and advance payments for contracts and facilities.

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	Development $000's	Total $000's
Year ended 30 June 2022					
Opening net book value	34,004	1,313	917	13,150	49,384
Additions	-	18,496	437	123,859	142,792
Disposals	-	(107)	-	-	(107)
Reclassification of assets	-	-	-	8,028	8,028
Depreciation and amortisation expense	(2,278)	(2,438)	(461)	-	(5,177)
Closing net book value	**31,726**	**17,264**	**893**	**145,037**	**194,920**
At 30 June 2022					
Cost	51,658	21,733	3,258	145,037	**221,686**
Accumulated depreciation and amortisation	(19,932)	(4,469)	(2,365)	-	**(26,766)**
Net carrying amount	**31,726**	**17,264**	**893**	**145,037**	**194,920**

	Mine Properties $000's	Plant and equipment $000's	Office furniture, equipment and IT $000's	Development $000's	Total $000's
Year ended 30 June 2023					
Opening net book value	31,726	17,264	893	145,037	194,920
Additions	-	4,466	490	235,584	240,540
Transfer	-	29,231	-	(29,231)	-
Depreciation and amortisation expense	(2,198)	(3,463)	(657)	-	(6,318)
Closing net book value	**29,528**	**47,498**	**726**	**351,390**	**429,142**
At 30 June 2023					
Cost	51,658	55,430	2,664	351,390	461,142
Accumulated depreciation and amortisation	(22,130)	(7,932)	(1,938)	-	(32,000)
Net carrying amount	**29,528**	**47,498**	**726**	**351,390**	**429,142**

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

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.

Assets acquired as part of the early construction at the Mardie project site will be depreciated on a straight-line basis over 2 to 3 years depending on the useful life of the assets.

Development

Development represents expenditure necessarily incurred during establishment and construction of a mining project that is in progress but yet to be complete. This expenditure includes the cost associated with studies and evaluation through to early construction cost of assets or infrastructure yet to be fully formed or ready for use. As tangible assets in the form of buildings or plant and equipment are completed, they will be transferred to the relevant classification and depreciated over their useful life. Other expenditure on project development that is not capitalised as plant or equipment will be capitalised as mine properties and amortised on a units of production basis over the expected life of the project.

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 – Intangibles

	2023 $000's	2023 $000's
Net carrying value of intangibles:		
Royalties	15,502	15,502
Net carrying amount	**15,502**	**15,502**

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 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 post-tax nominal discount rate used in determining FVLCD was 8.4% (2022:8.8%). 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 post-tax nominal discount rate used in determining FVLCD was 8.4% (2022: 8.8%). 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 probable changes to 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.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 9 – Other financial assets

	June 2023 $000's	June 2022 $000's
Financial assets at fair value through other comprehensive income		
Shares in listed Company A [a]	5,926	23,715
Shares in listed Company B [a]	5,980	14,951
Total other financial assets	**11,906**	**38,666**

(a) On initial recognition election was made to recognise changes in fair value through Other Comprehensive Income.

Investments in the equity of other listed entities are recognised on trade date and initially measured at fair value, net of transaction costs. Subsequent changes in the fair value of the equity investments will be recognised through other comprehensive income. The fair value of investments that are actively traded in an organised financial market is determined by reference to quoted market price on reporting date. Recognition of the financial asset in this manner is considered a Level 1 measurement of fair value.

Financial assets that are expected to be held for a period greater than 12 months are classified as a non-current asset.

Movement in other financial assets	June 2023 $000's	June 2022 $000's
Opening balance as at 1 July	38,666	29,093
Changes due to disposal	(8,503)	-
(Loss) / gain on fair value of asset through other comprehensive income (Refer Note 15)	(18,257)	9,573
Closing balance	**11,906**	**38,666**

Note 10 – Trade and other payables

	2023 $000's	2022 $000's
Current		
Trade payables and accruals	60,892	56,983
Total	**60,892**	**56,983**
Non-Current		
Trade payables	613	8,048
Total	**613**	**8,048**

Accounting policy

These amounts represent liabilities for goods and services provided to the Company and royalty obligations, 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 18**).

Note 11 – Provisions

	2023 $000's	2022 $000's
Current		
Employee benefits	673	1,274
Total current	**673**	**1,274**
Non-current		
Rehabilitation	17,286	17,357
Total non-current	**17,286**	**17,357**
Total	**17,959**	**18,631**

Movement in Provisions in 2023

	Rehabilitation and site closure $000's	Employee benefits $000's	Total $000's
Opening balance	17,357	1,274	18,631
Additional provision recognised	606	-	606
Changes in rehabilitation estimate	-	-	-
Unwinding of discount (non-cash expense)	(677)	-	(677)
Amounts used during the year	-	(601)	(601)
Closing balance	**17,286**	**673**	**17,959**

Movement in Provisions in 2022

	Rehabilitation and site closure $000's	Employee benefits $000's	Total $000's
Opening balance	15,932	791	16,723
Additional provision recognised	757	706	1,463
Changes in rehabilitation estimate	3,313	-	3,313
Unwinding of discount (non-cash expense)	(2,564)	-	(2,564)
Amounts used during the year	(81)	(223)	(304)
Closing balance	**17,357**	**1,274**	**18,631**

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

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 Consolidated 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 reporting 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 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 – Borrowings

	June 2023 $000's	June 2022 $000's
Non-current borrowings		
Convertible Note Series 1	22,445	19,718
Convertible Note Series 3	80,017	-
Net carrying amount	**102,462**	**19,718**

On 17 November 2021, the Group entered into a Convertible Note agreement with AustralianSuper Pty Ltd as trustee for AustralianSuper. The agreement comprises three series of Convertible Notes with conversion features and interest rates fixed at the agreement date. The Series 2 and 3 Notes are issuable at BCI's option and represent a derivative asset under the arrangement (the "loan commitment option").

During the interim period, the Series 2 and Series 3 were amalgamated, and the Company issued the Series 3 Notes to AustralianSuper with a face value of $100M. The Series 3 note has been issued in consideration for funds received. On the issuance of the Series 3 note, the loan commitment option was derecognised. The transaction was cash based and the key terms of the Series 3 Note are as follows:

Series 3 Convertible Note

- 5% interest bearing note
- 8 year term
- Convertible at the election of AustralianSuper any time between 3.0 years from issue to final repayment date
- Note is convertible to ordinary shares of the Company at a 45% premium and conversion price per ordinary share of $0.6235
- The conversion to ordinary shares is subject to certain anti-dilution clauses that may alter the conversion ratio in certain circumstances

A reconciliation of the Series 3 Convertible Note facility at inception is as follows;

	At inception $000's
Fair value of debt instrument	76,022
Fair value of conversion feature (refer **Note 15**)	4,766
Settlement of the loan commitment option (refer **Note 1**)	19,212
Value recognised on inception	**100,000**

The initial fair value of the liability portion of the convertible note was determined using an implied market rate of interest for an equivalent non-convertible liability at inception date. The liability, minus any transaction costs, will subsequently be recognised on an amortised cost basis until conversion or maturity of the note.

The fair value of the conversion option has been determined using a Black-Scholes option pricing model. The conversion option is recognised in shareholders equity at inception and not subsequently remeasured. The key inputs used to value the option are set out in the table below.

The fair value gain on loan commitment option is calculated as the difference arising between the face value of the note and the fair value of the liability portion of the convertible note and the fair value of the conversion option.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

The gain has been recognised in the profit and loss as a gain on a financial instrument. The gain arising from the loan commitment option reflects the respective decline in the fair value of the debt and conversion feature owing to increases in market interest rates and reduction in the share price respectively, relative to the terms of the convertible note at the date of the agreement.

The debt element of the convertible notes is measured at amortised cost. An 'effective interest rate' has been determined for the debt component based on the fair value interest rate adjusted for any debt issuance costs. Interest is recognised by applying this rate to the carrying amount (including accrued interest) in each period and is capitalised when funds are used for qualifying assets in accordance with Accounting Standards or otherwise charged to the profit and loss.

Key judgement

Convertible notes that have been determined to contain a debt and equity component are accounted for as a compound financial instrument with the debt component recognised at fair value on inception then at amortised cost through profit and loss while the equity component has been measured at fair value and recorded in reserves. In assessing the terms of the convertible note and the requirements for a conversion option to qualify as equity, the group has considered the conversion terms and anti-dilution clauses contained in the contractual agreement. Management have concluded that the anti-dilution clauses do not lead to a breach of the fixed-for-fixed criteria as the clauses simply maintain the relative rights of the Noteholders and shareholders.

When the fair value of financial assets or liabilities recorded in the financial statements cannot be derived from active markets, the fair value is determined using valuation techniques such as Black-Scholes option pricing models and discounted cash flow models. The inputs to these models are taken from observable markets where possible but where that is not feasible, a degree of judgement is required to establish fair value. These judgements include consideration of inputs such as market price volatility and risk-free interest rates. Changes in these assumptions may affect the fair value of financial instruments.

The Notes include a Prepayment Option as the Company has the right to redeem the Notes early. The valuation is based on the earlier potential repayment/redemption option of three years.

Key inputs to valuation of conversion option		
	Series 3	Series 1
Term to conversion	3.0 Years	3.5 years
Underlying share price	$0.255	$0.455
Conversion price	$0.6235	$0.6235
Volatility	50.0%	50.0%
Risk free rate	3.09%	0.86%
Number of convertible notes	160,384,924	46,672,013

Movement in borrowings 2023	Convertible Note Series 3 $'000	Convertible Note Series 1 $000's
Opening balance	-	**19,718**
Addition of debt instrument	76,022	-
Interest accretion	3,995	2,727
Closing balance	**80,017**	**22,445**

Note 13 – 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.

Note 14 – Contributed equity

	2023		2022	
	Number	$000's	Number	$000's
Share capital				
Ordinary shares - fully paid	1,206,200,521	569,345	1,206,200,521	569,345
Movements in ordinary share capital				
Opening balance	1,206,200,521	569,345	599,209,833	313,190
Issue of shares under Employee Performance Rights Plan	5,279,887	591	849,796	197
Placement and SPP Net of Costs	-	(182)	606,140,892	255,958
Closing balance	**1,211,480,408**	**569,754**	**1,206,200,521**	**569,345**

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.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 15 – Reserves

	2023 $000's	2022 $000's
Share-based payments reserve		
Balance as at 1 July	12,100	11,365
Share-based payments expense	697	932
Issue of shares under Employee Performance Rights Plan	(591)	(197)
Balance as at 30 June	**12,206**	**12,100**
Financial assets at fair value through other comprehensive income		
Balance as at 1 July	5,376	(9,009)
Day one gain on recognition of a financial asset	-	4,812
Change in fair value of financial assets at balance date (refer **Note 9**)	(18,257)	9,573
Balance as at 30 June	**(12,881)**	**5,376**
Equity reserve		
Balance as at 1 July	5,782	-
Financial instruments recognised in equity	4,766	5,782
Balance at the end of the period	**10,548**	**5,782**
Options exercised reserve		
Balance as at 1 July	3,787	3,787
Balance as at 30 June	**3,787**	**3,787**
Total reserves	**13,660**	**27,045**

Nature and purpose of reserves

The share-based payments reserve is used to recognise the fair value of incentives (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.

The equity reserve holds the equity component of the convertible notes and is not remeasured from inception. This value will remain in the reserve until the convertible notes are converted or repaid.

Note 16 – Accumulated losses

	2023 $000's	2022 $000's
Balance as at 1 July	(162,154)	(146,669)
Net profit / (loss)	9,375	(15,485)
Other comprehensive income	826	-
Balance as at 30 June	**(151,953)**	**(162,154)**

Note 17 – Earnings per share

	2023 $000's	2022 $000's
Earnings per share from continuing operations		
Profit / (loss) after income tax from continuing operations and other comprehensive income	10,201	(15,485)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,210,697,842	913,341,044
Adjustments for calculation of diluted earnings per share:		
Vested Performance Rights outstanding at year end	830,307	1,989,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,211,528,149	915,330,044
Earnings per share attributable to the ordinary equity holders of the company	**Cents**	**Cents**
Basic earnings/(loss) per share	0.84	(1.70)
Diluted earnings/(loss) per share	0.84	(1.69)

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.

Notes to the consolidated financial statements

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Risk management

Note 18 – Financial risk management

The Company holds the following financial instruments:

	2023 $000's	2022 $000's
Financial assets		
Cash and cash equivalents	109,470	232,021
Short-term investments	317	657
Shares in listed entities	11,906	38,666
Trade and other receivables	33,062	36,214
	154,755	**307,558**
Financial liabilities		
Trade and other payables	61,505	65,031
Loans and borrowings	102,462	17,978
	163,967	**83,009**

Market (including foreign exchange, commodity price, security price risk 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 $109.5M (2022: $232.0M) held with banks with minimum long term external credit rating of AA-.
- Short-term investments $0.3M (2022: $0.7M) held with banks with a minimum long term external credit rating of AA-.
- Current trade and other receivables $15.8M (2022: $18.9M) 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 $17.3M (2022: $17.3M) 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 liabilities

The table below analyses the Company's financial liabilities which comprise trade and other payables which have a maturity of less than six months and lease liabilities with a fixed payment commitment of up to 4 years. Loans and borrowings consist of equity conversion instruments which do not have any contractual cashflows associated with them.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Year ended 30 June 2023

	Carrying amount $000's	Within 1 yr $000's	Between 1 and 2 years $000's	Between 2 and 5 years $000's	Over 5 years $000's	Total contractual cashflows $000's
Financial liabilities						
Trade and other payables	61,505	60,892	613	-	-	61,505
Loans and borrowings	102,462	-	-	102,462	-	102,462
	163,967	**60,892**	**613**	**102,462**	**-**	**163,967**

Year ended 30 June 2022

	Carrying amount $000's	Within 1 yr $000's	Between 1 and 2 years $000's	Between 2 and 5 years $000's	Over 5 years $000's	Total contractual cashflows $000's
Financial liabilities						
Trade and other payables	65,031	56,983	8,048	-	-	65,031
Loans and borrowings	19,718	-	-	-	19,718	19,718
	84,749	**56,983**	**8,048**	**-**	**19,718**	**65,031**

d. Equity price risk

Equity price risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in the underlying share prices. The Group has exposure to equity price risk arising from its holding of listed equity securities.

Group structure

Note 19 – 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 2023 %	Beneficial interest 2022 %
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
Mardie Minerals Pty Ltd	Australia	AUD	100	100
Iron Valley 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
Mardie Holdings Pty Ltd	Australia	AUD	100	100
Mardie Project Company Pty Ltd	Australia	AUD	100	100
Mardie Mine Holdings Pty Ltd	Australia	AUD	100	100
Mardie Port Holdings Pty Ltd	Australia	AUD	100	100
Mardie Port 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 2023, 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 Company 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 Company.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 20 – Segment information

2023 Segment information

	Iron Valley $000's	Mardie $000's	Other $000's	Consolidated $000's
Segment revenue				
Sales revenue	60,959	-	-	60,959
Other revenue	-	-	34	34
Other income	-	-	19,212	19,212
Total	**60,959**	**-**	**24,661**	**80,205**
Segment results				
EBITDA	30,678	(19,198)	1,152	12,632
Interest revenue	-	-	5,415	5,415
Finance costs	-	-	(68)	(68)
Depreciation and amortisation	(2,198)	(3,880)	(826)	(6,904)
Impairment of assets	-	-	(1,700)	(1,700)
Profit / (loss) before income tax	**28,479**	**(23,078)**	**3,973**	**9,375**
Segment assets	60,847	419,124	125,663	605,634
Segment liabilities	17,286	45,414	111,465	174,165

2022 Segment information

	Iron Valley $000's	Mardie $000's	Other $000's	Consolidated $000's
Segment revenue				
Sales revenue	65,198	-	-	65,198
Other revenue	-	-	600	600
Total	**65,198**	**-**	**600**	**65,798**
Segment results				
EBITDA	27,782	(20,574)	(17,564)	(10,356)
Interest revenue	-	-	599	599
Finance costs	-	-	(54)	(54)
Depreciation and amortisation	(2,278)	(2,847)	(549)	(5,674)
Impairment of assets	-	-	-	-
Profit / (loss) before income tax	**25,504**	**(23,421)**	**(17,568)**	**(15,485)**
Segment assets	65,265	202,025	269,374	536,664
Segment liabilities	16,114	62,248	25,810	104,172

Management has determined that the Company has three reportable segments, being Iron Valley, Mardie 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.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Unrecognised items

Note 21 – Commitments

The Company has property leases and vehicle leases. Future lease commitments are now disclosed as per AASB 16 – Leases.

	2023 $000's	2022 $000's
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:	134,800	282,090
Balance as at 30 June	**134,800**	**282,090**

The Company has contracts with contractors for the progression of the Mardie Project that predominately rely on works to be completed within contractual terms prior to payment. Contracts may contain clauses that in the event of a default a claim can be raised to finalise works early. The total value remaining of contracts currently awarded is $134,800,000 (2022: $282,090,000). Activities are required to be undertaken before these commitments become due and payable.

Note 22 – Contingent liabilities and assets

There are contractual claims for extensions of time and associated delay costs, relating to approvals at Mardie resulting in access for the contractors to commence works at certain parts of the site. These claims are being assessed in accordance with the usual contract management processes.

Aside from the above disclosure, the Company has no further contingent liabilities or assets other than additional cash payments it may receive in respect of the sale of the Buckland project and Kumina tenements disclosed in prior years.

Note 23 – Events occurring after the reporting period

Performance Rights and Share Rights

After year end, a total of 2,059,561 vested Performance and Share Rights were converted to ordinary shares.

Convertible notes

Subsequent to year end, the Company completed the issue of the $30million in convertible notes to its two largest shareholders, Wroxby Pty Ltd (ACN 061 621 921) (Wroxby) and AustralianSuper Pty Ltd as trustee for AustralianSuper (ABN 65 714 394 898) (AustralianSuper) to raise a total of $60 million.

Contractor Claims

Subsequent to year end, the Company notified a contractor that the contractor's site access may be delayed for certain areas of the site. The contractor has issued a claim under the contract for an extension of time and delay costs. The claim is currently being assessed in accordance with the terms of the contact.

Other than disclosed above and throughout the report, 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 2023.

Other notes

Note 24 – Parent entity

The following details information related to the parent entity, BCI Minerals Limited, as at 30 June 2023. The information presented here has been prepared using accounting policies consistent with those presented in the notes to the accounts.

	2023 $000's	2022 $000's
Statement of Financial Position		
Current assets	97,123	210,801
Total assets	524,151	358,718
Current liabilities	8,277	6,048
Total liabilities	45,799	21,123
Shareholders' equity		
Issued capital	569,754	569,345
Reserves	13,787	27,173
Accumulated losses	(201,015)	(197,872)
Total shareholders' equity	**382,526**	**398,646**
Profit / (loss) for the year	4,913	(17,528)
Total comprehensive (loss) / income for the year	(17,431)	(3,143)

Parent Company Guarantees

BCI has provided guarantees in respect of Group companies, as per the following:

A Parent Company Guarantee ("PCG") granted by BCI in favour of Chevron Australia Pty Ltd (as the Gorgon Operator and agent for and on behalf of each of the Gorgon Joint Interest Owners) dated 23 December 2021 (guaranteeing the obligations of Mardie Minerals Pty Ltd under the Chevron Pipeline Access Agreement)

PCG granted by BCI in favour of Santos WA Northwest Pty Ltd (as the Varanus Operator and agent for and on behalf of each of the Santos Owners) dated 23 December 2021 (guaranteeing the obligations of Mardie Minerals Pty Ltd under the Chevron Pipeline Access Agreement).

PCG granted by BCI in favour of McConnell Dowell Constructors (Aust) Pty Ltd dated 10 February 2022 (guaranteeing the obligations of Mardie Minerals Pty Ltd under the Port Marine Structures – Design and Construct Contract dated on or about 21 December 2021.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 25 – Auditor's remuneration

The auditor of BCI Minerals Limited is BDO Audit Pty Ltd.

	2023 $	2022 $
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit or review of financial reports for the Company	79,500	77,320
Non-audit services – tax and remuneration advisory services	-	7,382
Total	**79,500**	**84,702**

Note 26 – Related party transactions

a. Parent entity

BCI Minerals Limited is the parent entity.

b. Subsidiaries

Interests in subsidiaries are set out in Note 19.

c. Key management personnel

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

	2023 $	2022 $
Short-term employee benefits	2,927,018	2,228,378
Termination payments	285,919	-
Share-based payments	333,734	630,944
Post-employment benefits	132,287	131,368
Total	**3,678,958**	**2,990,690**

d. Transactions with related parties

	2023 $	2022 $
Payment for services made to other related entities	1,204,404	1,164,079

On 1 March 2017, Michael Blakiston was appointed as a Non-Executive Director of the Company until his resignation on 18 January 2023. 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 $195,000 (2022: $483,000). All transactions were on normal commercial terms and conditions.

During the year, a company within the same consolidated group as Wroxby Pty Ltd, a substantial shareholder of the Company, provided the Company with rental premises for which payments were made in the amount of $1,009,000 (2022: $681,000). All transactions were on normal terms and conditions.

Note 27 – Share-based payments

During the current and prior financial years, the Company has provided share-based payments to employees. An Employee Performance Right Plan was initially approved at the shareholder's annual general meeting of 19 November 2010 and a revised Performance Right Plan and a Share Right Plan were approved at the Company's annual general meeting held on 26 November 2019.

Under the terms of these plans, the Board may offer Performance Rights or Share 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 during the financial year.

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. Performance conditions are required to be achieved that will determine the percentage of rights that are able to vest. These hurdles are primarily based on company share price as the relevant Total Shareholder Return ("TSR") (50% weighting) and the TSR relative to an appropriate peer group from the ASX All Ords index materials class (50% weighting). The performance rights are subject to a two-year performance period with vested rights subject to an additional twelve month holding lock post vesting.

2023 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
08/08/2022	3,677,829	1/07/2025	$0.171	$0.26	0%
15/08/2022	959,693	03/07/2024	$0.018	$0.25	0%
25/11/2022	514,063	30/06/2023	$0.26	$0.26	0%
25/11/2022	2,915,827	01/07/2025	$0.162	$0.26	0%
19/05/2023	809,625	3/07/2026	$0.162	$0.23	0%

*Source: www.asx.com.au.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

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

Grant date	08/08/2022 Tranche 1	15/08/2022 Tranche 2	25/11/2022 Tranche 3	25/11/2022 Tranche 4	19/05/2023 Tranche 5
Vesting date	1/07/2025	03/07/2024	30/06/2023	1/07/2025	03/07/2026
Grant date share price	$0.26	$0.25	$0.26	$0.26	$0.23
Volatility (per cent)	50.0	50.0	50.0	50.0	50.0
Dividend yield (per cent)	0	0	0	0	0
Risk free rate (per cent)	2.70	2.76	3.19	3.19	4.5

2022 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
25/11/2021	1,110,118	3/07/2024	$0.287	$0.53	0%
30/07/2021	868,188	3/07/2024	$0.341	$0.57	0%

*Source: www.asx.com.au.

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

Grant date	25/11/2021 Tranche 1	30/07/2021 Tranche 2
Vesting date	03/07/2024	03/07/2024
Grant date share price	$0.53	$0.57
Volatility (per cent)	50.0	47.5
Dividend yield (per cent)	0	0
Risk free rate (per cent)	0.07	0.03

Summary of Performance Rights on issue

Vesting date	Opening balance at 1 July 2022	Rights granted during the year	Rights cancelled / lapsed during the year	Rights converted to shares during the year	Closing balance at 30 June 2023	Rights vested since 30 June 2023
21/12/2020	1,989,000	-	-	(1,989,000)	-	-
21/12/2022	3,900,000	-	(2,150,000)	(1,750,000)	-	-
30/06/2023	5,027,303	514,063	(4,031,603)	(290,550)	1,219,213	(395,307)
03/07/2024	1,978,306	959,693	(1,839,602)	-	1,098,397	-
01/07/2025	-	6,593,656	(1,840,292)	-	4,753,364	-
03/07/2026	-	809,625	-	-	809,625	-
Total	**12,894,609**	**8,877,037**	**(9,861,497)**	**(4,029,550)**	**7,880,599**	**(395,307)**

Employee Share Rights

During the year the Company issued share-based payments in the form of Share Rights to employees as per below. The share rights are subject to a twelve month service period for vesting and subject to an additional twelve month holding lock post vesting.

2023 – Share Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
08/08/2022	1,362,695	01/07/2023	$0.247	$0.26	0%

*Source: www.asx.com.au.

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

Grant date	8/08/2022 Tranche 1
Vesting date	01/07/2023
Grant date share price	$0.26
Volatility (per cent)	50.0
Dividend yield (per cent)	0
Risk free rate (per cent)	2.65%

2022 – Share Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
31/07/2021	516,196	04/07/2022	$0.537	$0.57	0%
25/11/2021	262,431	04/07/2022	$0.499	$0.53	0%

*Source: www.asx.com.au.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

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

Grant date	31/07/2021 Tranche 1	25/11/2021 Tranche 2
Vesting date	04/07/2022	04/07/2022
Grant date share price	$0.57	$0.53
Volatility (per cent)	47.50	50.0
Dividend yield (per cent)	0	0
Risk free rate (per cent)	0.03	0.2

Summary of Share Rights on issue

Vesting date	Opening balance at 1 July 2022	Rights granted during the year	Rights cancelled / lapsed during the year	Rights converted to shares during the year	Closing balance at 30 June 2023	Rights vested since 30 June 2023
04/08/2021	1,553,115	-	-	(855,798)	697,317	-
04/07/2022	676,862	-	-	(410,682)	282,323	-
01/07/2023	-	1,362,695	(481,777)	-	880,918	(880,918)
Total	**2,229,977**	**1,362,695**	**(481,777)**	**(1,266,480)**	**1,860,558**	**(880,918)**

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 non-market vesting condition not being satisfied, the previously recognised cumulative share-based payment expense is reversed.

	2023 $	2022 $
Director benefits	215,228	371,665
Employee benefits	481,676	539,176
Total	**696,904**	**910,841**

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 valuation

The value 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 28 – 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.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2023

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

There are no new accounting standards, amendment of standards or interpretations that are yet to be implemented by the Group.

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 2023, 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 2023 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 (including Independence Standards)* (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.

Mardie development expenditure

Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 7, the Group recognised $351 million of Development expenditure as at 30 June 2023, relating to the Mardie Salt and Potash project within Property, plant and equipment, on the consolidated financial position. This represents a significant asset that includes a large volume of transactions on a long-term construction program. Due to the quantum of the costs incurred during the period and the significant increase in the operations of the Group we have identified the accounting for the Development expenditure as a key audit matter. The impairment of the project requires management to make significant accounting judgements and estimates. This is a key audit matter due to the quantum of the assets and the significant judgement involved in management's assessment of the recoverable amount.	Our audit procedures in this area included, but were not limited to: • Reviewing Board minutes and ASX announcements to understand the operational activity during the year; • Obtaining an understanding and testing of key transaction controls in place in relation to the capitalisation of development expenditure; • Understanding the process for project cost allocation and recording of expenditure relating to the various component of the project development; • Testing a sample of transactions to confirm whether they are capital in nature; • Obtaining the year end reconciliation of capital work in progress and testing a sample of items to supporting documentation to test the validity of expenditure; • Evaluating management's assessment of impairment indicators by reviewing key assumptions used including reviewing the updated mine model and financial base case; • Reviewing key contracts to understand the terms and conditions, comparing the accounting applied; and • Reviewing the related disclosures in the year end financial statements

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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 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, 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.

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**

Auditor's responsibilities for the audit of the Financial Report

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

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 14 to 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of BCI Minerals Limited, for the year ended 30 June 2023, 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

BDO

Phillip Murdoch
Director

Perth,

18 August 2023

Auditor's Independence Declaration

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF BCI MINERALS LIMITED

As lead auditor of BCI Minerals Limited for the year ended 30 June 2023, 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.

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd

Perth,

18 August 2023

Additional ASX Information

(as at 15 September 2023)

Substantial Shareholders

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

Rank	Shareholder	Shares held	% of issued capital	Date of Notice
1	Wroxby Pty Ltd	236,750,238	39.564%	14 October 2020
2	AustralianSuper Pty Ltd	168,914,852	14.01%	24 December 2021
3	Ryder Capital Limited	119,814,614	9.93%	24 December 2021

Distribution of Shareholdings

Range	Total holders	Units	% Units
1 - 1,000	1,204	526,314	0.04
1,001 - 5,000	2,467	6,910,405	0.57
5,001 - 10,000	1,104	8,694,976	0.72
10,001 - 100,000	2,558	89,470,156	7.37
100,001 Over	624	1,107,938,117	91.30
Total	**7,957**	**1,213,539,968**	**100.00**

Unmarketable Parcels

There were 1,760 members holding less than a marketable parcel of shares in the Company at $0.280 per share.

Twenty Largest Shareholders

Rank	Name	Units	% Units
1	WROXBY PTY LTD	476,285,122	39.25
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	212,662,407	17.52
3	RYDER CAPITAL MANAGEMENT PTY LTD <BCI A/C>	78,863,224	6.50
4	PALM BEACH NOMINEES PTY LIMITED	22,827,671	1.88
5	CITICORP NOMINEES PTY LIMITED	20,365,048	1.68
6	ONE MANAGED INVT FUNDS LTD <1 A/C>	20,274,031	1.67
7	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	19,500,000	1.61
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	10,646,640	0.88
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,247,325	0.60
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,364,748	0.52
11	MINERALOGY PTY LTD	6,090,000	0.50
12	MR ALWYN PETRUS VORSTER <THE VORSTER FAMILY A/C A/C>	4,852,635	0.40
13	MR DENNIS JONATHAN KAR QUE LUM <DENNIS J K Q LUM A/C>	4,034,407	0.33
14	BOND STREET CUSTODIANS LIMITED <TIMHAR - D65988 A/C>	4,000,000	0.33
15	MR TAI SIANG GOH	3,350,459	0.28
16	MS KAREN ANNE DAVIES + MR BRUCE DONALD MACLEAN <MACLEAN SUPER FUND A/C>	3,345,636	0.28
17	BOZ KAT PTY LTD <BOZ KAT FAMILY A/C>	2,718,436	0.22
18	BNP PARIBAS NOMS PTY LTD <DRP>	2,633,830	0.22
19	MR BRUCE MACLEAN	2,584,000	0.21
20	HEAGRA PTY LIMITED <GS & HR CAMPBELL SF A/C>	2,445,000	0.20
Total		**911,090,619**	**75.08**

Voting Rights

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

Performance Rights and Share Rights do not entitle the holders to vote in respect of that Performance Right or Share Right, until such time as the performance rights or share rights vest and are subsequently registered as ordinary shares.

Convertible Notes do not entitle the holders to vote in respect of that Convertible Note, until such time as the notes convert and are subsequently registered as ordinary shares.

Unlisted Securities

Security Type	Number	Number of holders
Performance Rights	6,218,946	10
Share Rights	532,304	2

Convertible Notes

Security Type	Number	Number of holders
Convertible Notes Series 1	46,662,048	1
Convertible Notes Series 3	160,384,924	1
2023 Convertible Notes	139,534,884	2

On Market Buy Back

There is no current on-market buy-back.

Restricted Securities

There are no restricted securities.

Corporate Directory

BCI Minerals Limited: ABN 21 120 646 924

Registered Office and Principal Place of Business

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Directors

Brian O'Donnell: Chair: Non-Executive

David Boshoff: Managing Director

Gabrielle Bell: Non-Executive Director

Miriam Stanborough AM: Non-Executive Director

Hon. Mr Richard Court AC: Non-Executive Director

Garret Dixon: Non-Executive Director

Chris Salisbury: Non-Executive Director

Company Secretary

Stephanie Majteles

Share Registry

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

Computershare Investor Services Pty Limited:
Level 17, 221 St Georges Terrace Perth, Western Australia 6000

Postal address: GPO Box 2975, Melbourne Victoria 3000

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

Website: 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.

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