

APPENDIX 4D FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

This information should be read in conjunction with BCI Minerals Limited's Interim Financial Report for the half-year ended 31 December 2022.

Company Details

Name of entity: BCI Minerals Limited
ABN: 21 120 646 924

Results for announcement to the market

	December 2022 \$000	December 2021 \$000	Up / Down	% Movement
Revenue from continuing operations	19,868	34,244	Down	(42%)
Profit /(loss) after income tax from continuing operations	3,204	(5,511)	Up	158%
Net profit/(loss) attributable to members	3,204	(5,511)	Up	158%

Dividends

No dividends have been declared for the half-year ended 31 December 2022 (December 2021: nil).

Net tangible asset backing

Net tangible asset backing per ordinary share: \$0.36 (2021: \$0.35).

Previous corresponding period

The previous corresponding period is the half-year ended 31 December 2021.

Audit

This report is based on financial statements which have been audited by BDO Audit (WA) Pty Ltd.

Commentary on results for the period

The Company's profit after income tax for the half-year ended 31 December 2022 was \$3.2M, reflecting reduced earnings from Iron Valley, gain on financial instruments and ongoing expenditure to progress and develop the Mardie Salt and Potash Project.

Detailed commentary on the results for the half-year is contained in the ASX release and the interim financial report that accompany this announcement.



FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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DIRECTORS' REPORT

The Directors present their report on the results of the Consolidated Entity (referred to hereafter as 'BCI' or the 'Company') consisting of BCI Minerals Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activities of the Company during the course of the half-year were the development of assets in the Pilbara region of Western Australia, including the Mardie Salt & Potash Project. The Company also receives iron ore royalty earnings from the Iron Valley Mine.

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

DIRECTORS

The names of directors of the Company in office during the half-year and up to the date of this report unless otherwise stated are:

Brian O'Donnell	Chair (Non-Executive)
David Boshoff	Managing Director (Executive) ^(a)
Gabrielle Bell	Director (Non-Executive) ^(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)
Alwyn Vorster	Managing Director (Executive) ^(d)

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

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

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

(d) Mr Alwyn Vorster resigned as a Director of the Company on 1 September 2022

DIVIDENDS

No dividends have been declared in relation to the half-year ended 31 December 2022 (June 2022: Nil).

ROUNDING OF AMOUNTS

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 half-year report are rounded off to the nearest thousand dollars, unless otherwise indicated.

REVIEW OF OPERATIONS

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

The operations and results of the Company for the half-year ended 31 December 2022 are reviewed below. This review includes information on the financial position of the Company, its business strategies and prospects for the remainder of the current financial year and for future financial years. It is recommended that this report is read in conjunction with the annual report for the year ended 30 June 2022 and considered together with any public announcements made by the Company during or since the half-year ended 31 December 2022 in accordance with the continuous disclosure requirements of the Australian Securities Exchange ('ASX') Listing Rules.

The previous corresponding period for profit or loss and cash flow is the half-year ended 31 December 2021.

Safety performance

BCI places the highest priority on providing a safe working environment for all staff and contractors.

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 and prevention of psychosocial hazards. The total recordable injury frequency rate (TRIFR) is 1.0 (June 2022: 4.1).

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.

Mardie Salt & Potash Project

During the half year, BCI continued to progress the 100% owned Mardie Salt & Potash Project with the focus for the period on contracting and establishing infrastructure, continuing Project approvals and advancing construction works.

The marine structures work package remained on schedule at the end of December with progress of completion at 25%. Design activities continued, with all marine structure packages now more than 90% design completed. The Traveller fabrication has been completed and the fabrication of steel work is 65% complete (with jetty piles 87% complete).

The first shipment of marine structure materials arrived and was unloaded in Dampier in the first week of December 2022 (300 piles, 40 headstocks, 34 roadway and 29 conveyor modules). Additionally, the Company awarded the contract for the causeway and lay down area for jetty construction in December 2022, with mobilisation occurring in January 2023.

The primary sea water intake (PSI) station was completed during the period with all six of the 3,000 litres/second capacity pumps installed and pre-commissioning undertaken.

Pond construction continued to progress during the half with Ponds 1 and 2 completed, and design and procurement for Ponds 3-5 also completed. Construction works for this package are 52% complete as at half-year end.

The 400-bed accommodation village was also completed during the period, and occupancy certificates have been received. BCI staff and contractors from SRG Global (Ponds 1 and 2), Q-Birt (Ponds 3-5) and Ertech Marine (Seawater Intake Station) are currently occupying the village.

The gazettal and proclamation by the Western Australian Government of the Port of Cape Preston West also occurred during period. 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, which is expected to occur in H1 2023.

The Company further advised that following shareholder approval obtained at the 24 November 2022 Annual General Meeting, the Company has drawn down \$100 million from AustralianSuper Pty Ltd as trustee for

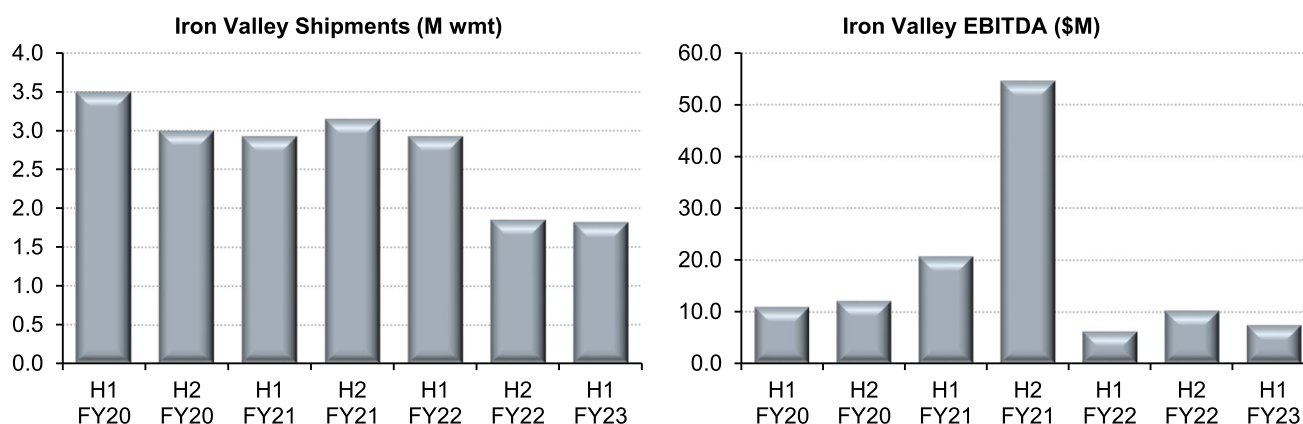
AustralianSuper ('AustralianSuper') in Series 3 Convertible Notes. Funds raised will be used to fund pre-development costs, capex costs of the construction of the Mardie assets, funding and transaction costs and pre-production operational expenditure.

Iron Valley 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 interim period MIN shipped 1.82 million wet metric tonnes (Mwmt) (December 2021: 2.93Mwmt), generating revenue for BCI of \$17.4M (December 2021: \$34.1M) and EBITDA of \$5.4M (December 2021: \$13.6M). The result for the half year reflects the recent decline in market pricing for iron ore, combined with higher discounts applied to product shipped during the period.

BCI's Iron Valley EBITDA is impacted by volumes shipped, movements in Platts CFR 62% iron ore pricing, lump premiums, product discounts, product sales terms including quotation periods, freight rates, AUD:USD foreign exchange rates and state and private royalties payable on ore sales.



Other Assets

BCI owns 7% of Highfield Resources Limited and 13% of Agrimin Limited shares, with a combined market value of \$27.2M as at 31 December 2022, as well as deferred consideration and royalties receivable from Bungaroo South, Kumina and other iron ore assets. BCI also owns an interest in the Carnegie Potash Project, an SOP exploration project located approximately 220km north-east of Wiluna. BCI currently owns 30% in this joint venture with Kalium Lakes Limited ("KLL") and has rights to earn up to a 50% interest.

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.

REVIEW OF RESULTS

Consolidated statement of profit or loss

The Company's net profit after income tax for the half-year ended 31 December 2022 was \$3.2M (December 2021 loss :(\$5.5M), which is the result of reduced earnings from Iron Valley, gain on financial instruments and ongoing expenditure to progress and develop the Mardie Project.

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

	December 2022 A\$M	December 2021 A\$M
Continuing operations		
Net Revenue and income	39.1	34.2
Expenditure	(35.9)	(39.7)
Net profit/(loss) after tax	3.2	(5.5)

The Company's EBITDA for the half-year ended 31 December 2022 was \$4.2M (December 2021: Loss (\$2.9M)) which incorporates EBITDA of \$5.4M from Iron Valley, expenditure of \$11.2M on the Mardie Project, and \$10M from other operations which includes a gain on financial instruments of \$19M.

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

	December 2022 A\$M	December 2021 A\$M
Continuing operations		
Iron Valley	5.4	13.6
Mardie	(11.2)	(10.5)
Other	10.0	(6.0)
Total EBITDA	4.2	(2.9)

Consolidated statement of cash flows

Cash and cash equivalents as at 31 December 2022 comprised \$201.5M (June 2022: \$232.0M). The decrease over the half year is due to continuation of Mardie Project construction as well as inflows from the convertible notes issued during December along with the receipt of funds from Iron Valley royalties.

Consolidated statement of financial position

Net assets of \$431.1M (June 2022: \$434.2M), reflects the continuation of the investment into developing the Mardie Project.

The Company's gross debt position has increased to \$97.6M during the period following recognition of the debt component attributed to the Series 3 Convertible Note issued to Australian Super (June 2022: \$19.7M).

At 31 December 2022, cash and cash equivalents exceeded debt by \$103.9M (June 2022: \$212.3M).

Dividends

The Company has not paid or declared any dividends since the commencement of the half-year ended 31 December 2022.

	2022	2021
a) out of the profits for the year ended 30 June 2022 and retained earnings on fully paid ordinary shares (2021: nil).	Nil	Nil
b) out of the profits for the half-year ended 31 December 2022 and retained earnings on fully paid ordinary shares.	Nil	Nil

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

BCI is finalising its review of Mardie project design and the cost to complete, and 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 second half of FY 2023. BCI expects to release the updated Mardie business case by April 2023, following finalisation of the reviews currently in progress.

BCI expects the mobilisation of the McConnell Dowell jetty construction team to begin prior to 30 June 2023.

Other construction activities during this period include the development of the causeway and lay down area, and increasing occupancy at the site village. Additionally, BCI will continue construction of ponds and roads, and anticipates filling of Ponds 1 and 2 to commence.

BCI expects to continue to receive revenue from Iron Valley.

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the Company's state of affairs.

EVENTS SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period 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 half-year ended 31 December 2022.

AUDIT 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.

Signed in accordance with a resolution by the Directors.

A handwritten signature in black ink, appearing to read "Brian O'Donnell".

Brian O'Donnell
Chair
Perth, Western Australia
24 February 2023

A handwritten signature in black ink, appearing to read "David Boshoff".

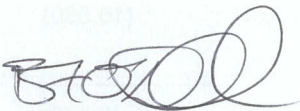
David Boshoff
Managing Director
Perth, Western Australia
24 February 2023

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 Consolidated Entity as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- b. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Brian O'Donnell
Chair
Perth, Western Australia
24 February 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

BCI MINERALS LIMITED AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31
DECEMBER 2022

	Notes	December 2022 \$000's	December 2021 \$000's
Continuing operations			
Sale of goods	1	17,438	34,074
Other revenue	1	2,430	170
Other income	1,7	19,212	-
Cost of sales	2	(13,161)	(21,781)
Administration expenses	2	(11,350)	(7,412)
Exploration and evaluation expenditure		(11,324)	(10,530)
Foreign Exchange (loss)/gain		(16)	-
Profit / (loss) before finance costs and income tax		3,229	(5,479)
Finance costs		(25)	(32)
Profit / (loss) before income tax		3,204	(5,511)
Income tax benefit / (expense)	3	-	-
Profit / (loss) after income tax from continuing operations		3,204	(5,511)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	6,9	(11,422)	12,048
(Loss) / profit and Other Comprehensive Income		(8,218)	6,357
		Cents	Cents
Basic profit / (loss) per share from continuing operations		0.27	(0.88)
Diluted earnings / (loss) per share from continuing operations		0.26	(0.88)

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 31 DECEMBER 2022

	Notes	December 2022 \$000's	June 2022 \$000's
Current assets			
Cash and cash equivalents		201,459	232,021
Short term investments		317	657
Trade and other receivables		20,251	21,484
Other financial assets	6	27,244	38,666
Total current assets		249,271	292,828
Non-current assets			
Receivables		17,625	32,705
Property, plant and equipment	4	332,669	194,920
Exploration and evaluation assets		1,754	1,754
Intangibles	5	15,502	15,502
Right of use assets		1,723	684
Total non-current assets		369,273	245,565
Total assets		618,544	538,393
Current liabilities			
Trade and other payables		61,587	56,983
Lease liabilities		576	501
Provisions		785	1,274
Total current liabilities		62,948	58,758
Non-current liabilities			
Trade and other payables		8,048	8,048
Loans and borrowings	7	97,587	19,718
Lease liabilities		1,205	276
Provisions		17,660	17,357
Total non-current liabilities		124,500	45,399
Total liabilities		187,448	104,157
Net assets		431,096	434,236
Shareholders' equity			
Contributed equity	8	569,870	569,345
Reserves	9	20,176	27,045
Accumulated losses		(158,950)	(162,154)
Total shareholders' equity		431,096	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 HALF-YEAR ENDED 31 DECEMBER 2022

	Note	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
Profit for the year		-	(5,511)	-	(5,511)
Other comprehensive income		-	-	12,048	12,048
Total comprehensive profit / (loss)		-	(5,511)	12,048	6,537
Transactions with equity holders in their capacity as equity holders					
Contribution of equity net of transaction costs		256,350	-	-	256,350
Performance and share rights converted		142	-	(142)	-
Share based payments		-	-	466	466
Financial Instruments recognised in equity		-	-	5,782	5,782
Balance at 31 December 2021		569,682	(152,180)	24,297	441,799
Balance at 1 July 2022		569,345	(162,154)	27,045	434,236
Profit for the period		-	3,204	-	3,204
Other comprehensive income	6	-	-	(11,422)	(11,422)
Total comprehensive profit / (loss)		-	3,204	(11,422)	(8,218)
Transactions with equity holders in their capacity as equity holders					
Contribution of equity net of transaction costs		(66)	-	-	(66)
Performance and share rights converted	9	591	-	(591)	-
Share based payments	6	-	-	378	378
Financial Instruments recognised in equity	7	-	-	4,766	4,765
Balance at 31 December 2022		569,870	(158,950)	20,176	431,096

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 HALF-YEAR ENDED 31 DECEMBER 2022

	December 2022 \$000's	December 2021 \$000's
Cash flows from operating activities		
Receipts from customers	29,686	102,940
Payments to suppliers and employees	(25,091)	(62,504)
Interest received	2,437	171
Interest paid	(194)	(32)
Net cash inflow / (outflow) from operating activities	6,838	40,575
Cash flows from investing activities		
Proceeds from disposal of property plant and equipment	4	-
Payments for project development, plant and equipment	(137,106)	(41,657)
Payments for other plant and equipment	(216)	-
Payments/Receipt of investments	340	(364)
Net cash (outflow) / inflow from investing activities	(136,978)	(42,021)
Cash flows from financing activities		
Proceeds from issue of shares net of costs	(65)	256,350
Proceeds from borrowings	7 100,000	-
Payment of lease liabilities	(357)	(211)
Net cash inflow / (outflow) from financing activities	99,578	256,139
Net (decrease) / increase in cash and cash equivalents	(30,562)	254,693
Cash and cash equivalents at beginning of the year	232,021	79,435
Cash and cash equivalents at end of the period	201,459	334,128

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

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.

Basis of preparation

1. Corporate information

The financial statements for BCI Minerals Limited for the half-year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 24 February 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 course of the half-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.

2. Basis of preparation

These interim financial statements for the half-year ended 31 December 2022 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial statements do not include all the notes of the type normally included in an annual financial report, and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2022 and considered together with any public announcements made by the Company during the half-year ended 31 December 2022 in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The half-year 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 half-year report are rounded off to the nearest thousand dollars, unless otherwise indicated.

3. New, revised or amending Accounting Standards and Interpretations adopted

3.1 New and amended standards adopted by the group

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

3.2 Impact of standards issued but not yet applied by the entity

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

4. Changes in accounting policy, estimates disclosures, standards and interpretations

The accounting estimates and policies remain consistent with those disclosed in the previous financial year.

5. 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.

6. Significant accounting estimates and judgements

In the process of applying the group's accounting policies, management has made significant accounting judgements that will affect the amounts recognised in the financial statements.

The significant judgements that have been applied during the reporting period are discussed below.

6.1 Fair Value of Convertible Notes

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.

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. 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.

KEY NUMBERS

NOTE 1 – REVENUE AND OTHER INCOME

	December 2022	December 2021
	\$000's	\$000's
Sales – Iron Valley	16,638	31,874
Release of provision for pricing changes	800	2,200
Interest revenue	2,430	170
Fair value gain (note 7)	19,212	-
Total	39,080	34,244

NOTE 2 – EXPENSES

	December 2022	December 2021
	\$000's	\$000's
Cost of sales		
Amortisation of mine properties	1,149	1,338
Royalties	12,012	20,443
Cost of sales	13,161	21,781
Administration expenses		
Employee benefits expense	6,972	3,913
Depreciation and amortisation	2,220	1,455
Share based payments (note 9)	378	466
Non-executive directors' fees	357	332
Occupancy related expenses	199	35
Consultant and legal fees	385	473
Other	839	738
Administration expenses	11,350	7,412

NOTE 3 – INCOME TAXES

	December 2022 \$000's	December 2021 \$000's
Reconciliation of effective tax rate		
Profit / (loss) before tax	2,793	(5,511)
Income tax at the statutory rate of 30 per cent (2022: 30 per cent)	(838)	(1,653)
Origination and reversal of temporary differences	(854)	140
Equity deferred tax movement	(1,661)	-
Temporary differences derecognised	(103)	(1,115)
Tax losses not recognised/(utilised)	3,456	2,628
Income tax benefit reported in the Consolidated statement of profit or loss and other comprehensive income	-	-

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 31 December 2022, the Company had unrecognised deferred tax assets relating to tax losses of \$68.6M (June 2022: \$60.4M).

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

	Mine Properties \$000's	Plant and equipment \$000's	Office furniture and IT \$000's	Mine 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

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Mine Properties	Plant and equipment	Office furniture and IT	Mine Development	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Half-year ended 31 December 2022					
Opening net book value	31,726	17,264	893	145,037	194,920
Additions	-	4,443	164	136,237	140,844
Depreciation and amortisation expense	(1,149)	(1,670)	(276)	-	(3,095)
Closing net book value	30,577	20,037	781	281,274	332,669
At 31 December 2022					
Cost	51,658	26,176	3,422	281,274	362,530
Accumulated depreciation and amortisation	(21,081)	(6,139)	(2,641)	-	(29,861)
Net carrying amount	30,577	20,037	781	281,274	332,669

NOTE 5 – INTANGIBLES

	December 2022	June 2022
	\$000's	\$000's
Net carrying value of intangibles		
Royalties	15,502	15,502
Net carrying amount	15,502	15,502

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, 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 8.8%. Forecast iron ore price, foreign exchange and inflation assumptions are used in the calculation of FVLCD.

The North Marillana Extension royalty asset has been tested for impairment with the recoverable amount assessed by reference to the FVLCD, 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 8.8%. Forecast iron ore price, foreign exchange and inflation assumptions are used in the calculation of FVLCD.

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. No impairment was recognised at 31 December 2022.

NOTE 6 – OTHER FINANCIAL ASSETS

	December 2022 \$000's	June 2022 \$000's
Financial assets at fair value through other comprehensive income		
Shares in listed Company A ^(a)	15,284	23,715
Shares in listed Company B ^(a)	11,960	14,951
Total other financial assets	27,244	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 are 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	December 2022 \$000's	June 2022 \$000's
Fair value at acquisition / opening balance	38,666	29,093
(Loss) / Gain on fair value of asset through other comprehensive income (Refer Note 9)	(11,422)	9,573
Closing balance	27,244	38,666

NOTE 7 – BORROWINGS

	December 2022 \$000's	June 2022 \$000's
Non-current borrowings		
Convertible Note Series 1	20,994	19,718
Convertible Note Series 3	76,593	-
Net carrying amount	97,587	19,718

NOTE 7 – BORROWINGS (CONTINUED)

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 9)	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 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. 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.

NOTE 7 – BORROWINGS (CONTINUED)

Key inputs to valuation of conversion option	
Term to conversion	3.0 Years
Underlying share price	\$0.255
Strike price	\$0.624
Volatility	50.0%
Risk free rate	3.09%
Number of convertible notes	160,384,924

NOTE 8 – CONTRIBUTED EQUITY

	December 2022		June 2022	
	Number	\$000's	Number	\$000's
Share capital				
Ordinary shares - fully paid	1,211,480,408	569,870	1,206,200,521	569,345
Movements in ordinary share capital				
Opening balance	1,206,200,521	569,345	599,209,833	313,190
Placement and SPP Net of Costs	-	(66)	606,140,892	255,958
Issue of shares under Employee Performance Rights and Share Rights Plan	5,279,887	591	849,796	197
Closing balance	1,211,480,408	569,870	1,206,200,521	569,345

NOTE 9 – RESERVES

	December 2022	June 2022
	\$000's	\$000's
Share based payments reserve		
Balance as at 1 July	12,100	11,365
Share based payments expense (Refer to Note 2)	378	932
Issue of shares under Employee Performance Rights Plan	(591)	(197)
Balance at the end of the period	11,887	12,100
Financial instruments 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 to Note 6)	(11,422)	9,573
Balance at the end of the period	(6,046)	5,376

NOTE 9 – RESERVES (CONTINUED)

Equity reserve

Balance as at 1 July	5,782	-
Financial instruments recognised in equity (Refer to Note 7)	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 at the end of the period	3,787	3,787

Total reserves	20,176	27,045
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NOTE 10 – DIVIDENDS

During the half-year ended 31 December 2022, no dividends have been paid (June 22: Nil) and no dividends have been declared (June 22: Nil)

NOTE 11 – SHARE BASED PAYMENTS

During the half year ended 31 December 2022 the Company granted Share Rights and Performance Rights to Directors and Employees as per below.

Type	Grant date	Granted during the period	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
Share Rights	08/08/2022	880,918	1/07/2023	\$0.247	\$0.26	0%
Performance Rights	08/08/2022	2,268,910	1/07/2025	\$0.162	\$0.26	0%
Performance Rights	15/08/2022	570,000	3/07/2024	\$0.0175	\$0.25	0%
Performance Rights (1)	25/11/2022	334,063	1/07/2025	\$0.255	\$0.255	0%
Performance Rights (2)	25/11/2022	2,915,827	1/07/2025	\$0.162	\$0.255	0%

*Source: www.asx.com.au

The fair value of Share Rights and Performance Rights on grant date was determined as follows:

Grant date	Share Rights 08/08/2022	Performance Rights 08/08/2022	Performance Rights 15/08/2022	Performance Rights (1) 25/11/2022	Performance Rights (2) 25/11/2022
Vesting date	1/7/2023	1/7/2025	3/7/2024	30/06/2023	1/7/2025
Grant date share price	\$0.26	\$0.26	\$0.25	\$0.255	\$0.255
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)	2.65%	2.70%	2.76%	3.19%	3.19%

NOTE 11 – SHARE BASED PAYMENTS (CONTINUED)

Share Rights issued to Directors and Employees are subject to the following Vesting Conditions:

Grant date	Test Date	Grant Price	Performance Period	Vesting or Performance Conditions	Conversion Period
8 August 2022	1 July 2023	\$0.26	Continuation of employment until 1 July 2023	Vesting of the Share Rights is subject to the continuation of employment until 1 July 2023	Vested Share Rights must be converted on or before 1 July 2025. Shares issued upon conversion of the Share Rights are subject to a 12 month hold lock from the vesting date

Performance Rights issued to Directors and Employees are subject to the following Vesting Conditions:

Grant date	Test Date	Grant Price	Performance Period/Conditions	Vesting or Performance Conditions	Conversion Period
8 August 2022	1 July 2024	\$0.26	Service condition : vesting of Performance Rights is subject to continuation of employment until 1 July 2024	Performance conditions are: Total shareholder return (aTSR) over the period (50% weighting): Below 10% annual TSR, zero PRs vest. From 10% up to 20% annual TSR, proportionate vesting of 0% to 100%. 20% and above TSR, 100% vest. Relative TSR to peer group over the period (50% weighting) Below 50% percentile, zero PR's vest Between 50 th and 75 th percentile, proportionate vesting from 50% to 100%. Equal to or above 75 th percentile, 100% vest.	Vested Performance Rights must be converted on or before 1 July 2027. Shares issued upon conversion of Performance Rights are subject to a 12 month hold lock from vesting date.

<p>15 August 2022</p>	<p>3 July 2023</p>	<p>\$0.25</p>	<p>Service condition : vesting of Performance Rights is subject to continuation of employment until 3 July 2023</p>	<p>Performance conditions are: Total shareholder return (aTSR) over the period (50% weighting): Below 10% annual TSR, zero PRs vest. From 10% up to 20% annual TSR, proportionate vesting of 0% to 100%. 20% and above TSR, 100% vest Relative TSR to peer group over the period (50% weighting) Below 50% percentile, zero PR's vest Between 50th and 75th percentile, proportionate vesting from 50% to 100%. Equal to or above 75th percentile, 100% vest.</p>	<p>Vested Performance Rights must be converted on or before 3 July 2026. Shares issued upon conversion of Performance Rights are subject to a 12 month hold lock from vesting date.</p>
<p>25 November 2022</p> <p>Performance Rights (1)</p>	<p>1 July 2024</p>	<p>\$0.255</p>	<p>Service condition vesting of Performance Rights is subject to continuation of employment until 3 July 2024</p>	<p>Performance conditions are: Total shareholder return (aTSR) over the period (50% weighting): - Below 10% annual TSR, zero PRs vest. - From 10% up to 20% annual TSR, proportionate vesting of 0% to 100%. - 20% and above TSR, 100% vest. Relative TSR to peer group over the period (50% weighting) - Below 50% percentile, zero PR's vest Between 50th and 75th percentile, proportionate vesting from 50% to 100%. Equal to or above 75th percentile, 100% vest.</p>	<p>Vested Performance Rights must be converted on or before 3 July 2025. Shares issued upon conversion of Performance Rights are subject to a 12 month hold lock from vesting date.</p>
<p>25 November 2022</p> <p>Performance Rights (2)</p>	<p>1 July 2024</p>	<p>\$0.255</p>	<p>Service condition vesting of Performance Rights is subject to continuation of employment until 3 July 2025</p>	<p>Performance conditions are: - Relative TSR to peer group over the period (50% weighting) -Below 50% percentile, zero PR's vest -Between 50th and 75th percentile, proportionate vesting from 50% to 100%. -Equal to or above 75th percentile, 100% vest.</p>	<p>Vested Performance Rights must be converted on or before 3 July 2027. Shares issued upon conversion of Performance Rights are subject to a 12 month hold lock from vesting date.</p>

NOTE 12 – SEGMENT INFORMATION

	Iron Valley \$000's	Mardie \$000's	Other \$000's	Total \$000's
Segment Earnings				
Half-year ended December 2022				
Sales of goods	17,438	-	-	17,438
Other income	-	-	21,642	21,642
EBITDA	5,426	(11,280)	10,037	4,184
Profit/(loss) before income tax	4,276	(13,176)	12,104	3,204
Half-year ended December 2021				
Sales of goods	34,074	-	-	34,074
Other income	-	-	170	170
EBITDA	13,598	(10,489)	(5,965)	(2,856)
Profit/(loss) before income tax	12,260	(11,677)	(6,094)	(5,511)

	Iron Valley \$000's	Mardie \$000's	Other \$000's	Total \$000's
Segment Assets and Liabilities				
As at 31 December 2022				
Segment assets	56,112	330,886	231,128	618,127
Segment liabilities	17,659	67,498	102,284	187,442
As at 30 June 2022				
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 activities. All segments have been aggregated to form the consolidated information presented in the financial statements.

Revenue derived from iron ore sales is derived from customers located in Australia 100%.

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.

NOTE 13 – COMMITMENTS

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

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.

NOTE 14 – CONTINGENT LIABILITIES AND ASSETS

There are contractual claims for extensions of time and associated delay costs, relating to approvals and weather events at Mardie resulting in access for the contractors to 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 15 – RELATED PARTY TRANSACTIONS

On the 25th of November 2022 and following approval at the AGM, the Company granted 2,289,438 Performance Rights to Directors of the Company. Refer to Note 11 for further detail and valuation of Rights granted.

NOTE 16 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period 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 half-year ended 31 December 2022.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BCI Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of BCI Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth

24 February 2023



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

As lead auditor for the review of BCI Minerals Limited for the half-year ended 31 December 2022, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Phillip Murdoch', with a long horizontal flourish extending to the right.

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd

Perth

24 February 2023



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