BCI MINERALS LIMITED

Annual Report
2020

www.bciminerals.com.au
ABN 21 120 646 924

BCI Minerals Limited (ASX:BCI) is a Western Australian company that is developing a salt and potash business.

BCI MINERALS LIMITED

Contents

"BCI is rapidly advancing its 100% owned Mardie Salt & Potash Project, a potential Tier 1 project located on the West Pilbara coast in the centre of Australia's key salt production region."

Our Company

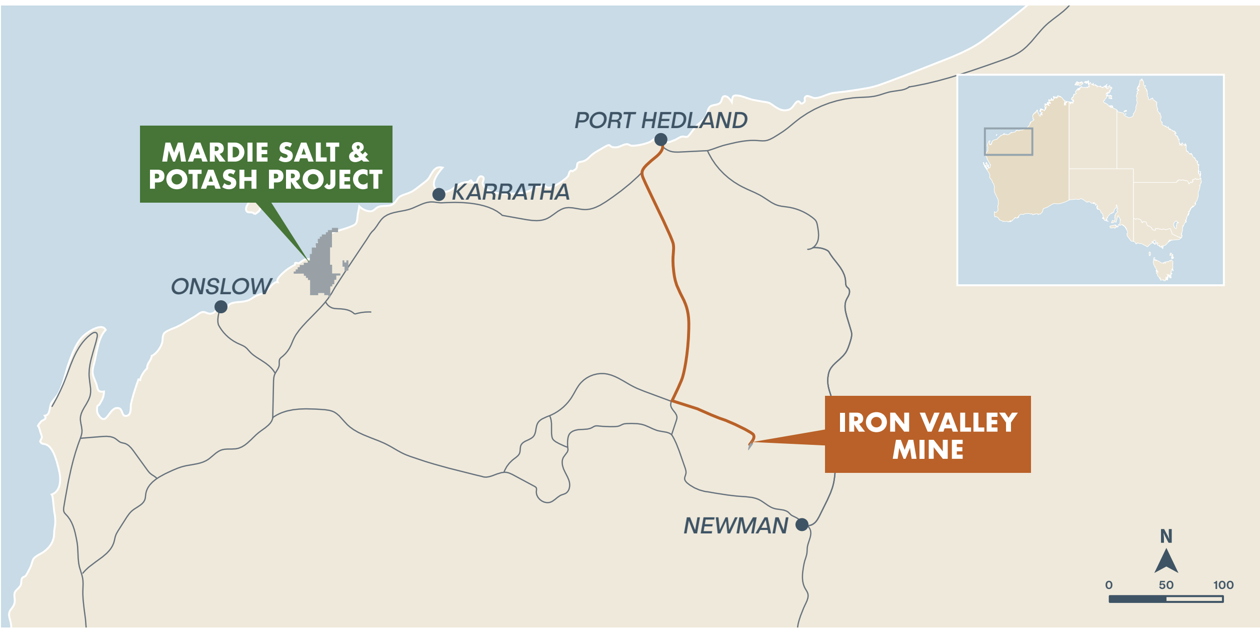
BCI Minerals Limited (ASX:BCI) is a Western Australian company that is developing a salt and potash business.

BCI is rapidly advancing its 100% owned Mardie Salt & Potash Project, a potential Tier 1 project located on the West Pilbara coast in the centre of Australia's key salt production region. A Definitive Feasibility Study (DFS) on the Mardie Project was completed in Q2 2020.

Mardie aims to produce 4.4Mtpa of high-purity salt (>99.5% NaCl) and 120ktpa of sulphate of potash (SOP) (>52% K_2O) via solar evaporation of seawater. Using an inexhaustible seawater resource and a production process driven mainly by natural solar and wind energy, Mardie is a sustainable opportunity to supply the salt and potash growth markets in Asia over many decades. BCI recently acquired adjacent tenements which provide capacity to optimise and expand the project beyond the DFS production levels.

With a final investment decision targeted in early 2021 and construction start by mid-2021, first salt sales can be achieved by mid-2024 and first SOP sales by mid-2025.

BCI receives quarterly royalty earnings from Iron Valley, an iron ore mine located in the Central Pilbara region of Western Australia which is operated by Mineral Resources Limited (ASX:MIN). BCI's EBITDA from Iron Valley for FY20 was A$23.0M.



“The DFS results reaffirmed to the Board that Mardie has all the attributes of a globally significant and multi-generational asset.”

Chairman's Report

Dear shareholders,

I am pleased to present BCI's Annual Report for the 2020 financial year – a period of significant operational and corporate progress for our Company.

BCI has a well-defined strategy to become a globally significant supplier of industrial and agricultural minerals through development of our 100% owned Mardie Salt & Potash Project, located on the Pilbara coast in Western Australia.

The BCI Board considers the Mardie Project has all the attributes of a Tier 1 project. We believe Mardie will be a large scale and low-cost operation which can create substantial value for shareholders and stakeholders over a long operating life. As testament to its scale, Mardie will be the largest solar salt project in Australia once constructed, and the third largest in the world. It will also be the first Australian operation producing both salt and sulphate of potash (SOP) from seawater. Large strides were taken in advancing the Mardie Project during the year, including the key milestone of delivering a robust Definitive Feasibility Study (DFS).

The reporting of the DFS results was the culmination of an incredible amount of work and commitment from the entire BCI organisation and I would like to thank all team members, contractors, consultants and stakeholders who played a role in delivering this excellent outcome.

The DFS results reaffirmed to the Board that Mardie has all the attributes of a globally significant and multi-generational asset, including healthy financial returns over many decades, product being sold into an attractive and growing export market, and a clearly defined development pathway. Mardie also has optimisation and future expansion potential from the recently acquired tenements located immediately to the north of the DFS project area. With these outcomes in mind, the Board was able to readily resolve to approve Mardie progressing towards a Final Investment Decision early in 2021.

In preparation for early works and construction, BCI is expanding its expertise with a number of senior executive appointments in recent months. BCI also added important skills to the Board with the appointment of Garret Dixon as Non-Executive Director. Garret has significant expertise in the areas of construction, contracting, civil engineering, and bulk commodity logistics, and will be a valuable contributor during Mardie's next phase.

The Board was very pleased to see Mardie awarded Major Project Status from the Federal Government in August 2020. This validates the Project's ability to deliver substantial long-term benefits to Australia, in the form of new multi-user export infrastructure, tax and royalty revenues and extensive employment opportunities.

BCI is excited about the positive impact that Mardie's development will have on northern Australia and we look forward to working closely with the local people and various stakeholders over the coming years. It is the Board's firm intent that BCI will establish a presence in the Karratha area and will become an active supporter of local content and services.

Although we have made it clear that our primary focus is on accelerating the development of Mardie, the performance of BCI's Iron Valley royalty should not be overlooked. It continues to deliver considerable cash flow to support our activities at Mardie. I would like to thank Iron Valley's operator, Mineral Resources Limited, for its outstanding work, which delivered considerable value to BCI shareholders in the year.

I would like to take this opportunity to thank BCI's Managing Director, staff and Board for their unwavering commitment and efforts over the past year. All involved can take comfort in knowing that they have played a significant role towards establishing BCI as a well-positioned and clearly focused salt and SOP development company.

BCI's shareholders have been tremendously supportive and BCI would like to sincerely thank you for this commitment. We were pleased to see a higher share price sustained through the year, indicating growing market recognition of the value of our assets. The successful completion of our entitlement issue after year-end was further indication of the shareholders' support of the Company, and the Board was especially pleased that the issue required no new shareholders to be introduced.

We look forward to the current financial year, which we expect to be another year of significant progress for the Company.

Brian O'Donnell
Non-Executive Chairman

Managing Director's Report

Dear shareholders,

Financial year 2020 has been a year of significant progress where BCI achieved a number of important milestones. We have delivered a positive definitive feasibility study (DFS), have significantly advanced approvals and tenure, and made solid progress in developing Mardie funding and offtake solutions. Progress across all these workstreams provided sufficient confidence for our major shareholders to support us with the recently completed interim entitlement issue. Proceeds from this equity raise will allow us to implement early construction works at Mardie over the next few months.

Robust DFS confirms Mardie's Tier 1 status

At an operational level, the major highlight for the year was the delivery of a very robust DFS for the Mardie Project. From both a technical and economic perspective, the DFS findings were encouraging and included some of the key outcomes that support Mardie's Tier 1 status:

- Production of 4.4Mtpa of high purity salt and 120ktpa of premium SOP fertiliser over an operating life of at least 60 years.
- Pre-tax NPV_7 of approximately A$1.2 billion.
- Annual EBITDA of A$197 million, which delivers total pre-tax net cash flow of more than A$10 billion.
- Low salt and SOP operating costs, meaning Mardie can be profitable throughout the commodity cycle.

BCI also acquired tenement rights immediately north of the existing Mardie footprint. This additional ground has the potential to add considerable value for shareholders through the optimisation and expansion of the evaporation ponds and crystallisers which could deliver an increase of production and lower overall operating costs.

Evaporation trials and offtake strategy

Another important operational milestone achieved was the delivery of first salt samples to prospective customers and testing laboratories. These samples were produced from our evaporation trial program based on a 1:40,000 scale version of the future pond and crystalliser layout. I am pleased to report that testing of these samples confirmed Mardie can produce the specification for high purity industrial salt, enhancing our credibility with potential customers.

BCI currently has 13 non-binding salt offtake memoranda of understanding with potential customers in the key markets of China, Japan and South East Asia which at this point would support the offtake of 4.5Mtpa salt per annum – more than the intended nameplate capacity of the Mardie Project. This is an important step in BCI's offtake strategy, and with the DFS now complete and product samples available, we will actively pursue several potential customers over the next year with a view to establishing binding offtake agreements.

Funding discussions advancing on track

BCI has entered the 2021 financial year in a robust financial position. The Company completed a fully underwritten A$48 million entitlement offer recently which gives BCI a very healthy cash balance of approximately A$82 million pro forma at the end of September 2020.

This capital raising was strongly supported by our major shareholders and is a pleasing vote of confidence in the potential of the Mardie Project. The funds raised deliver the necessary financial flexibility and confidence to accelerate early construction works over the next few months.

Looking further ahead, our team is making considerable progress in advancing discussions with potential debt providers to secure the funding required to develop Mardie.

A key pillar in the funding strategy will be securing long tenor debt funding and to this end we are maintaining a positive dialogue with the Northern Australia Infrastructure Facility (NAIF), an Australian Federal Government initiative. BCI has completed NAIF's strategic assessment and we are now well-advanced in the due diligence phase. Due diligence reviews by various technical and other experts are well-progressed, and positive dialogues are continuing with NAIF and various banks, supported by our advisors.

Strengthening our team and culture

As we approach the construction phase, we are proactively bolstering BCI's executive ranks so we have the necessary mix of leadership skills to deliver the project. We have recently made a number of senior appointments including Sam Bennett as Project Director, who will bring deep construction industry experience to BCI. We welcome these new employees to the BCI team and look forward to their important contribution to the business as activity ramps up. I am also pleased to advise we had no turnover in our executive team during the year.

With an expanding team and increased site activities come increased focus on two crucial management elements for the Board and the Executive Team – culture and safety. We have made positive progress in further developing our culture through refreshing our values statement and our approach to teamwork and performance.

From a safety perspective, we recorded no lost time injuries for the fourth consecutive year. Further strengthening of our safety systems and practices is underway as an important part of preparing for the commencement of early works and construction.

Record Iron Valley earnings

Iron Valley has been an important asset for BCI over the last 5 years, and the 2020 financial year delivered record financial results. Iron Valley operator, Mineral Resources Limited (MIN), shipped 6.7Mt of iron ore from the mine, which generated revenue for BCI of A$76.8 million and a record full-year EBITDA of A$23.0 million. Importantly, this contributed to a BCI group EBITDA of A$8.3 million and net profit after tax of A$0.4 million.

In line with our strategy to focus on Mardie, we continued to streamline our iron ore portfolio through a series of strategic transactions with MIN resulting in a A$10 million cash injection for the business during the year. These transactions included the sale of the Buckland Project for up to A$20 million in cash (including $6 million upon completion) plus a 1% FOB revenue royalty. BCI also received a A$4 million accelerated payment of deferred consideration from the Kumina transaction which was completed in 2019. BCI and MIN also agreed to a restructure of the existing Iron Valley arrangement to the benefit of both parties.

These outcomes are a credit to the constructive long-term relationship between BCI and MIN that has resulted in meaningful value being created for both companies, and I would like to acknowledge Chris Ellison and the broader MIN team.

Outlook

BCI has entered the new financial year with considerable momentum, as we arrive at an exciting inflection point in the Company's development, with the transition from exploration and studies towards construction and operation now in full swing.

Key targets for the BCI team over the next few months include securing environmental approvals and remaining project tenure, achieving debt commitments from lenders, and commencing the early works construction activities. The BCI team is working hard to achieve these important milestones.

I would like to thank BCI's shareholders for their ongoing support and shared vision towards developing Mardie as a world-class asset, and my fellow Board members and the BCI team for their commitment and support over the past 12 months in achieving positive progress.

I look forward to reporting further positive developments over the coming months as we embark on this exciting new phase of growth.

Alwyn Vorster
Managing Director

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 2020.

Principal Activity

The principal activities of the Company during the course of the financial year were the development 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)
Alwyn Vorster	Managing Director (Executive)
Michael Blakiston	Director (Non-Executive)
Jenny Bloom	Director (Non-Executive)
Garret Dixon	Director (Non-Executive)

Mr Garret Dixon was appointed as a Director of the Company on 18 June 2020.

Directors' Qualifications, Experience and Special Responsibilities

Mr Brian O'Donnell *B Com, FCA, MAICD*

Chair (Non-Executive) appointed October 2014
Period of office at August 2020 – 5 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, agricultural, financial services and investment sectors.

Mr O'Donnell is also a non-executive director of Bravo Holdco Pty Ltd (the holding company for Hive and Wellness Australia Pty Ltd - formerly Capilano Honey Limited), the West Australian Football Commission and The Guide Dog Foundation Pty Ltd (WA). He is a former director of Iron Ore Holdings Limited, Coates Group Holdings Pty Ltd, WesTrac Pty Ltd, Landis & Gyr AG, Fremantle Football Club Ltd and YMCA of Perth Inc. He is a Fellow of the Institute of Chartered Accountants and has 35 years' experience in the finance and investment industry.

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

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

Managing Director appointed 22 September 2016
Period of office at August 2020 – 3 year and 11 months

Mr Vorster has more than 25 years' experience with numerous large mining houses in technical and commercial management roles covering the total supply chain from mine to market for iron ore, coal and other minerals.

Recent roles include Group Executive Mining at Australian Capital Equity Pty Limited (ACE), Chief Executive Officer of API Management and Managing Director of Iron Ore Holdings Ltd.

Ms Jenny Bloom *Grad. Dip Business Administration, GAICD*

Director (Non-Executive) appointed March 2017
Period of office at August 2020 – 3 years and 5 months

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

Ms Bloom was a member of the Remuneration and Nomination Committee for the financial year and from 1 July 2020 was appointed Chair of that Committee.

Mr Michael Blakiston *B. Juris*

Director (Non-Executive) appointed March 2017
Period of office at August 2020 – 3 years and 5 months

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

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

Mr Blakiston is the Chair of the Audit and Risk Committee and held the position of Chair of the Remuneration and Nomination Committee for the financial year. Subsequent to the financial year end, Mr Blakiston has resigned from the Remuneration and Nomination Committee.

Mr Garret Dixon

Director (Non-Executive) appointed 18 June 2020
Period of office at August 2020 – 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).

Subsequent to the end of the financial year, Mr Dixon has been appointed a member of the Remuneration and Nomination Committee and as Chair of the Project Review Committee.

Company Secretary

Ms Susan Hunter *BCom, ACA, F Fin, MAICD, ACIS*

Company Secretary appointed July 2018

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

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

Meetings of Directors

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

	Board		Audit and Risk Committee*		Remuneration and Nomination Committee**	
Total Number of Meetings	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
B O'Donnell	9	9	4	4	-	-
A Vorster	9	9	-	-	-	-
M Blakiston	9	9	4	4	1	1
J Bloom	9	9	-	-	1	1
G Dixon***	1	1				

* *Members of the Audit and Risk Committee during the financial year ended 30 June 2020 were M. Blakiston (Chair) and B. O'Donnell (Member).*

** *Members of the Remuneration and Nomination Committee during the financial year ended 30 June 2020 were M. Blakiston (Chair) and J. Bloom (Member).*

*** *G. Dixon was appointed as an Independent Non-executive Director of the Company on 18 June 2020.*

Corporate Governance

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

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	
Director	**Direct**	**Indirect**	**Direct**	**Indirect**
B O'Donnell	-	676,322	-	-
A Vorster	-	5,305,645	-	5,000,000
M Blakiston	-	-	-	-
J Bloom	60,000	-	-	-
G Dixon	-	-	-	-
Total	**60,000**	**5,981,967**	**-**	**5,000,000**

Dividends

No dividends have been declared in relation to the year ended 30 June 2020 (June 2019: Nil).

Rounding of Amounts

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

Review of Operations

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

Safety performance

BCI places a high priority on facilitating a safe working environment for all staff and contractors. No lost time injuries ("LTIs") were recorded for the year ended 30 June 2020 and the lost time injury frequency rate ("LTIFR") was zero (June 2019: 0.0).

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

Operations

Mardie Salt & Potash Project

During the financial year, BCI's focus at the 100% owned Mardie Salt & Potash Project was on completing the Definitive Feasibility Study ("DFS") and progressing the funding, approvals, tenure and offtake aspects of the Project.

The DFS was announced on 1 July 2020, confirming the Project is a technically viable, economically attractive and sustainable development opportunity. The DFS demonstrates that Mardie can become a Tier 1 salt and SOP operation producing 4.4Mtpa of high purity salt and 120ktpa of premium SOP fertiliser, and generating a pre-tax NPV7 of approximately $1.2B and annual EBITDA of nearly $200M.

Funding for the Project was progressed with positive negotiations with the Northern Australia Infrastructure Facility ("NAIF") and a selection of Australian and International Banks. Completion of the DFS will allow detailed lender due diligence to commence in the first quarter of the 2021 financial year.

BCI continued to progress the approvals and tenure required for development of the Mardie Project. The Environmental Review Document ("ERD") was accepted by the WA Environmental Protection Authority ("EPA") during the final quarter of the financial year and released for public comment. EPA endorsement of the Mardie Project is targeted before the end of 2020, followed by final Ministerial approval in early 2021.

BCI continued to work closely with the Pilbara Ports Authority ("PPA") and the Department of Planning, Lands and Heritage to secure the tenure and agreements required to develop the Mardie Port facilities within the Cape Preston West Port area. Other tenure and access arrangements required for the Project were also progressed.

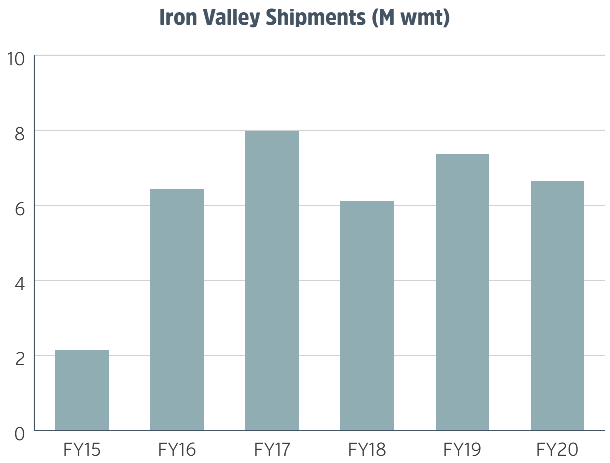
Engagement with potential buyers of Mardie's salt and SOP products advanced, with numerous non-binding offtake memoranda of understanding ("MOUs") signed. BCI now has 13 salt offtake MOUs in place across Asia together with two SOP offtake MOUs.

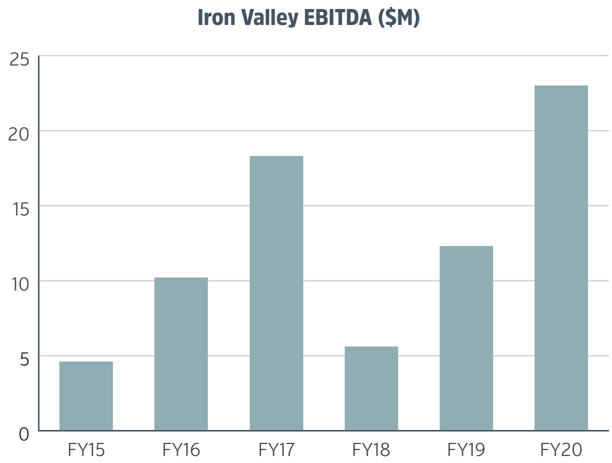
Provided all key approvals and tenure are secured, BCI is targeting a Final Investment Decision for the Mardie Project during the March 2021 quarter.

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.

In March 2020, BCI announced an amendment to the Iron Valley agreement with MIN and from 1 April 2020, BCI will rebate 40% of its net royalties to MIN, up to a total value of $25M. The rebate is subject to BCI receiving a minimum net royalty inflow of $1.5M per quarter. The revised agreement will assist MIN to develop additional mine areas and improve longevity of the mine.

During the financial year MIN shipped 6.7 million wet metric tonnes ("M wmt") (June 2019: 7.4 wmt), which generated revenue for BCI of $76.8M (June 2019: $54.3M) and EBITDA of $23.0M (June 2019: $12.3M).





Other Assets
In line with the previously announced strategy, BCI continued to divest non-core assets during the year.

In March 2020, BCI announced the sale of the Buckland Project to MIN for a cash consideration of up to $20M, with the first $6M received upon completion. A further $14M is payable upon certain production milestones being achieved and a 1% FOB royalty is payable on iron ore extracted from the Bungaroo South deposit.

Simultaneously, BCI secured the early payment of the first $4M of deferred consideration arising from the prior year sale of the Kumina deposit to MIN. A further $4M is payable to BCI upon achievement of certain production milestones from the Kumina deposit.

BCI has an interest in the Carnegie Potash Project, an SOP exploration project located approximately 220km north-east of Wiluna. BCI currently owns 30% in a joint venture with Kalium Lakes Limited ("KLL") and has rights to earn up to a 50% interest. KLL, the joint venture manager, continues to focus on securing tenure and access to all required tenements.

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

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

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

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

Review of Results

Statement of profit or loss

The Company's profit after income tax for the financial year ended 30 June 2020 was $0.4M (June 2019: $12.9M) with increased revenue recognised at Iron Valley and gains from the sale of assets offset by the investment required to develop the Mardie project and complete the Definitive Feasibility Study within the financial year. The result also includes a non-cash impairment charge of $5.0M recognised upon divestment of certain rights to develop the Cape Preston East Port relinquished upon sale.

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

	30 June 2020 $M	30 June 2019 $M
Revenue	77.2	54.8
EBITDA	8.3	16.4
Interest, tax depreciation and amortisation	(2.9)	(0.5)
Impairment of assets	(5.0)	(3.0)
Net profit/(loss) after tax	**0.4**	**12.9**

The Company's EBITDA for the financial year ended 30 June 2020 was $8.3M (June 2019: $16.4M), which incorporates a positive EBITDA from Iron Valley of $23.0M (June 2019: $12.3M), gains from divestments of $10.2M and increased investment in the Mardie project of $18.7M.

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

	30 June 2020 $M	30 June 2019 $M
Iron Valley	23.0	12.3
Gains from divestments	10.2	16.5
Mardie	(18.7)	(8.2)
Other	(6.2)	(4.2)
Total EBITDA	**8.3**	**16.4**

Statement of cash flows

Cash and cash equivalents as at 30 June 2020 increased to $41.5M (June 2019: $33.7M) with the positive movement resulting from increased receipts from Iron Valley and inflows from divestment of assets.

Statement of financial position

Net assets increased to $104.1M (June 2019: $103.6M) primarily due to the increase in cash held by the Group.

Dividends

The Directors have not paid or declared any dividends since the commencement of the financial year ended 30 June 2020.

	2020	2019
(a) out of the profits for the year ended 30 June 2019 and retained earnings on fully paid ordinary shares	Nil	Nil
(b) out of the profits for the year ended 30 June 2020 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 27 November 2019. All nine resolutions considered at the meeting were passed.

Performance Rights and Share Rights

As at the date of this report, there were 11,000,000 Performance Rights and 1,445,348 Share Rights on issue to employees under the Performance Right Plan and Share Right Plan, both approved at the November 2019 AGM. All rights remain unvested (30 June 2019: 1,320,000). 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

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

Likely Developments and Expected Results

The Company plans to focus on developing the Mardie Salt and SOP Project through to Final Investment Decision and subsequently the first round of funding to commence construction in the first half of 2021.

BCI expects to continue receiving revenue and EBITDA from Iron Valley during the 2021 financial year. The Company may also receive income from the divestment of exploration tenements and other assets during the year.

Significant Changes in State of Affairs

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

Matters Subsequent to the Reporting Date

On the 31st of July, the Company exercised the option to acquire additional tenement rights for land adjacent to the Mardie Project with a payment of $2.5M.

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 2020.

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 2020 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 25 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
20 August 2020

Alwyn Vorster
Managing Director
Perth, Western Australia
20 August 2020

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.

Directors	
B O'Donnell	Non-executive Chair
M Blakiston	Non-executive Director
J Bloom	Non-executive Director
G Dixon	Non-executive Director (Appointed 18 June 2020)
Executive Directors and Executives	
A Vorster	Managing Director
S Hodge	Chief Financial Officer
A Chamberlain	Project Director

Remuneration and Nomination Committee

The Remuneration and Nomination Committee ("RNC") is a committee of the Board comprised of two independent Non-Executive Directors, being Ms Bloom (Chair) and Mr Dixon. Prior to 1 July 2020, the Remuneration and Nomination Committee comprised Mr Blakiston (Chair) and Ms Bloom.

The role of the RNC is to assist the Board to fulfil its responsibilities with respect to employee and director remuneration, and board composition and diversity, by making recommendations to the Board on:
- The Company's People Policy which sets out the Company's approach to Remuneration, Diversity and Privacy;
- A Remuneration Framework which enables the Company to attract, retain and motivate high quality senior executives who create value for shareholders; and
- The selection, composition, performance and appointment of members of the Board so that it is effective and able to operate in the best interests of shareholders.

Remuneration Framework

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

Non-Executive Director Remuneration

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

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

Fixed Remuneration

Non-Executive Directors' fixed remuneration comprise the following:
- Cash remuneration; and
- Superannuation.

Executive Remuneration

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

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

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

Fixed Remuneration

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

- Base Salary;
- Superannuation; and
- Insurances, parking and other benefits.

Variable Remuneration

Short-term Incentives

Executives listed in this report may receive a short-term incentive ("STI") of up to 50 - 70% of their annual fixed remuneration. The STI is an "at risk" component of remuneration and payment may, at the Board's discretion, be in cash and/or equity. Measurement is based on performance against annually agreed key performance indicators ("KPIs"). These KPIs will typically be aligned to specific project and corporate objectives in relation to each financial year.

For the 2020 financial year, the Board exercised its discretion to award an STI based on the KPIs achieved during the year. Executive KMP were in aggregate awarded an STI cash incentive of $260,182 (21% of their aggregate annual salary) with an additional award of share rights valued at $261,000 (21% of aggregate annual salary). The STI cash incentive is recorded as an expense incurred by the Company during the financial year ended 30 June 2020 with the cash payment to Executives occurring post year-end in the 2021 financial year. Subsequent to year end, a total of 798,745 share rights were granted to KMP under the approved Share Right Plan. Rights granted are subject to a vesting period over which the fair value of such rights will be expensed.

For the 2019 financial year, the Board exercised its discretion to award an STI based on the KPIs achieved during year. Executives listed in this report were, in aggregate, awarded an STI cash incentive of $227,125 (25% of their aggregate annual salary). The STI was recorded as an expense incurred by the Company during the financial year ended 30 June 2019 with the payment to Executives occurring during the 2020 financial year.

Long-term Incentives

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

At the November 2019 Annual General Meeting, shareholders approved the grant of Performance Rights to the Managing Director, Alwyn Vorster. Performance Rights were issued on 27 November 2019 to Mr Vorster and Key Management Personnel and are subject to the following Performance Conditions:

	Tranche 1	Tranche 2
Test Date	1 December 2020	1 December 2022
Performance Period	1 December 2018 to 30 November 2020	1 December 2020 to 30 November 2022
Performance Conditions	Average share price over the performance period is $0.35 per share or higher	Average share price over the performance period is $0.50 or higher.

Use of Remuneration Consultants

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

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

In the relevant financial year, the Board engaged BDO as external remuneration consultant to provide a comprehensive benchmarking review of Executive Remuneration. Industry remuneration data has been sourced through Aon Hewitt, the Gold and General Mining Industry Remuneration report for the benchmarking of new positions and projected industry market movements. No recommendations on executive remuneration were sought from external consultants during the financial year.

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, at the date of release of this report, are shown in the table below.

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

Remuneration of Key Management Personnel for the Year Ended 30 June 2020

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

	Short Term			Post Employment	Share Based Payments			
	Salary and fees $	Incentives[a] $	Other benefits[b] $	Super-annuation $	Performance Rights[c] $	Termination Payment $	Total $	Performance Related[d] %
Directors								
B O'Donnell	132,527	-	-	9,223	-	-	141,750	0
M Blakiston	82,192	-	-	7,808	-	-	90,000	0
J Bloom	69,863	-	-	6,637	-	-	76,500	0
G Dixon[e]	-	-	-	-	-	-	-	0
	284,582	**-**	**-**	**23,668**	**-**	**-**	**308,250**	**0**
Executives								
A Vorster	512,387	119,832	13,395	21,003	46,775	-	713,392	23
S Hodge	321,897	63,931	13,346	21,003	16,839	-	437,016	18
A Chamberlain	354,492	43,362[f]	8,394	21,003	18,710	-	445,961	14
	1,188,776	**227,125**	**35,135**	**63,009**	**82,324**	**-**	**1,596,369**	**19**
TOTAL	**1,473,358**	**227,125**	**35,135**	**86,677**	**82,324**	**-**	**1,904,619**	**16**

(a) Short term incentives relate to performance in the previous financial year. Please refer to section on short-term incentive payments above.
(b) Other benefits include fuel, parking and insurances. Directors' and Officers' liability premiums have not been allocated to individual directors.
(c) Share-based payments represent the accounting expense incurred by the Company for the stated financial period, reflecting the terms of the Performance Rights as valued using a Monte Carlo simulation.
(d) Percentage performance related is the sum of short-term incentives and share based payments divided by total remuneration, reflecting the actual percentage of remuneration at risk for the year. Note that short-term incentives are reported in the year in which they are paid but relate to performance in previous reporting periods.
(e) Appointed 18 June 2020.
(f) Appointed 31 January 2019 – STI amount prorated.

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

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

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

(a) Short term incentives relate to performance in the previous financial year. Please refer to section on short-term incentive payments above.
(b) Other benefits include fuel, parking and insurances. Directors' and Officers' liability premiums have not been allocated to individual directors.
(c) Share-based payments represent the accounting expense incurred by the Company for the stated financial period, reflecting the terms of the Performance Rights as valued using a Monte Carlo simulation.
(d) Percentage performance related is the sum of short-term incentives and share based payments divided by total remuneration, reflecting the actual percentage of remuneration at risk for the year. Note that short-term incentives are reported in the year in which they are paid but relate to performance in previous reporting periods.
(e) Resigned 30 November 2018.
(f) A Chamberlain became a KMP on 31 January 2019.

Performance Rights on Issue

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

	Grant date	Date to vest	Expiry date	Risk free rate at grant date	Value per right at grant date	Number granted during the year	Value at grant date	Number vested	Number lapsed
Executives									
A Vorster	27/11/2019	30/11/2020	30/11/2022	0.68%	0.0186	2,500,000	46,500	-	-
A Vorster	27/11/2019	30/11/2022	30/11/2024	0.68%	0.0398	2,500,000	99,500	-	-
S Hodge	27/11/2019	30/11/2020	30/11/2022	0.68%	0.0186	900,000	16,740	-	-
S Hodge	27/11/2019	30/11/2022	30/11/2024	0.68%	0.0398	900,000	35,820	-	-
A Chamberlain	27/11/2019	30/11/2020	30/11/2022	0.68%	0.0186	1,000,000	18,600	-	-
A Chamberlain	27/11/2019	30/11/2022	30/11/2024	0.68%	0.0398	1,000,000	39,800	-	-

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.

Additional Share Rights are proposed to be issued to the Managing Director, Alwyn Vorster, subject to approval at the Company's next General Meeting.

	Grant date	Test date	Vesting date	Final conversion date	Value per right at grant date	Number granted during the year	Value at grant date	Number vested	Number lapsed
Executives									
S Hodge	31/7/2020	2/8/2021	4/8/2021	4/8/2023	0.1903	412,051	78,423	-	-
A Chamberlain	31/7/2020	2/8/2021	4/8/2021	4/8/2023	0.1903	386,694	73,597	-	-

Equity Instrument Disclosures

The interests of Directors and Executives in shares at the end of the financial year 2020 are as follows:

	Balance at 1 July 2019	Acquired during year	Performance Rights converted during year	Disposed during the year	Other changes	Balance at 30 June 2020
Directors						
B O'Donnell	351,998	324,324	-	-	-	676,322
M Blakiston	-	-	-	-	-	-
J Bloom	60,000	-	-	-	-	60,000
G Dixon	-	-	-	-	-	-
Executives						
A Vorster	3,985,645	-	1,320,000	-	-	5,305,645
S Hodge	462,000	-	-	-	-	462,000
A Chamberlain	-	-	-	-	-	-
Total	**4,859,643**	**324,324**	**1,320,000**	**-**	**-**	**6,503,967**

The interests of Executives in Performance Rights at the end of the financial year 2020 are as follows.

	Balance at 1 July 2019	Granted as compensation	Converted to shares	Rights lapsed/ cancelled	Balance at 30 June 2020
Executives					
A Vorster	4,000,000	5,000,000	(1,320,000)	(2,680,000)	5,000,000
S Hodge	2,750,000	1,800,000	-	(2,750,000)	1,800,000
A Chamberlain	-	2,000,000	-	-	2,000,000
Total	**6,750,000**	**8,800,000**	**(1,320,000)**	**(5,430,000)**	**8,800,000**

Company Performance

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

		2020	2019	2018	2017	2016
Continuing operations						
Revenue	$million	77.3	54.8	33.4	64.0	40.4
Net profit/(loss) after tax	$million	0.4	12.9	(16.9)	7.1	(43.9)
Basic earnings/(loss) per share	Cents	0.09	3.26	(4.29)	2.2	(22.4)
Dividends paid per share	Cents	-	-	-	-	-
Share price (last trade day of financial year)	A$	0.17	0.18	0.14	0.14	0.11

Transactions with Key Management Personnel

On 1 March 2017, Michael Blakiston was appointed as a Non-Executive Director of the Company. Mr Blakiston is a partner in the legal firm Gilbert + Tobin. During the current financial year, the Company made legal fee payments to Gilbert + Tobin of $511K (2019: $445K). All transactions were on normal commercial terms and conditions.

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

Voting and Comments Made at the Company's 2019 Annual General Meeting

The Company received 98% of 'yes' votes cast on its remuneration report for the 2019 financial year.

Other Information

Insurance of officers

During the financial period, the Company incurred premiums of $131,630 (2019: $111,241) to insure the directors, company secretaries and officers of the Company. The liability insured is the indemnification of the Company against any legal liability to third parties arising out of any directors' or officers' duties in their capacity as a director or officer other than indemnification not permitted by law.

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

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

Independent Audit of Remuneration Report

The Remuneration Report has been audited by BDO. Please see page 51 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
20 August 2020

Alwyn Vorster
Managing Director
Perth, Western Australia
20 August 2020

Director's Declaration

In the opinion of the Directors of BCI Minerals Limited:

a. the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* including:
   i. giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2020 and of its performance for the financial year ended 30 June 2020; and
   ii. complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.

b. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

c. the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

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

Brian O'Donnell
Chairman

Perth, Western Australia
20 August 2020

BCI Minerals Limited

Annual Financial Report

For the Year Ended 30 June 2020

www.bciminerals.com.au
ABN 21 120 646 924

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 2020

	Notes	2020 $000's	2019 $000's
Revenue from continuing operations			
Sale of goods		**76,793**	54,170
Other revenue		**466**	630
Total revenue from continuing operations	1	**77,259**	54,800
Cost of sales	2	**(56,231)**	(44,330)
Administration expenses	2	**(6,432)**	(5,419)
Exploration and evaluation expenditure		**(19,342)**	(9,655)
Loss on sale of asset		**-**	(3)
Profit on sale of exploration and intangible assets	8,9	**10,190**	19,019
Impairment on sale of exploration and intangible assets	8,9	**(5,030)**	(3,025)
Profit / (loss) before finance cost and income tax		**414**	11,387
Finance costs	10	**(37)**	-
Profit / (loss) before income tax		**377**	11,387
Income tax benefit / (expense)	4	**-**	1,510
Profit / (loss) after income tax from continuing operations attributable to owners of BCI Minerals Limited		**377**	12,897
		Cents	Cents
Basic earnings / (loss) per share from continuing operations	17	**0.09**	3.26
Diluted earnings / (loss) per share from continuing operations	17	**0.09**	3.26

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

Consolidated Statement of Financial Position

BCI Minerals Limited and its controlled entities for the year ended 30 June 2020

	Notes	2020 $000's	2019 $000's
Current assets			
Cash and cash equivalents	5	**41,548**	33,702
Short term investments		**552**	340
Trade and other receivables	6	**16,205**	22,251
Total current assets		**58,305**	56,293
Non-current assets			
Receivables	6	**12,295**	8,285
Property, plant and equipment	7	**39,848**	39,683
Exploration and evaluation assets	8	**6,425**	2,575
Intangibles	9	**18,502**	23,532
Right of use assets	10	**745**	-
Total non-current assets		**77,815**	74,075
Total assets		**136,120**	130,368
Current liabilities			
Trade and other payables	11	**18,345**	18,092
Lease liability	10	**231**	-
Provisions	12	**591**	379
Total current liabilities		**19,167**	18,471
Non-current liabilities			
Lease liability	10	**541**	-
Provisions	12	**12,295**	8,285
Total non-current liabilities		**12,836**	8,285
Total liabilities		**32,003**	26,756
Net assets		**104,117**	103,612
Shareholders' equity			
Contributed equity	14	**267,303**	267,212
Reserves	15	**5,455**	5,418
Accumulated losses	16	**(168,641)**	(169,018)
Total shareholders' equity		**104,117**	103,612

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 2020

	Contributed equity $000's	Accumulated losses $000's	Reserves $000's	Total $000's
Balance at 1 July 2018	266,984	(181,915)	5,542	90,611
Profit for the year	-	12,897	-	12,897
Total comprehensive income	**-**	**12,897**	**-**	**12,897**
Transactions with equity holders in their capacity as equity holders				
Performance Rights converted	228	-	(228)	-
Share based payments	-	-	104	104
Balance at 30 June 2019	**267,212**	**(169,018)**	**5,418**	**103,612**
Profit for the year	**-**	**377**	**-**	**377**
Total comprehensive income	**-**	**377**	**-**	**377**
Transactions with equity holders in their capacity as equity holders				
Performance Rights converted	**91**	**-**	**(91)**	**-**
Share based payments	**-**	**-**	**128**	**128**
Balance at 30 June 2020	**267,303**	**(168,641)**	**5,455**	**104,117**

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 2020

	Notes	2020 $000's	2019 $000's
Cash flows from operating activities			
Receipts from customers		**82,329**	39,794
Payments to suppliers and employees		**(78,412)**	(48,087)
Interest received		**466**	630
Income tax refund		**0**	1,510
Net cash flows provided by / (used) in operating activities	5	**4,383**	(6,153)
Cash flows from investing activities			
Proceeds from disposal of exploration tenements		**10,814**	27,294
Proceeds from disposal of plant and equipment		**0**	1
Payments for short term investments		**(189)**	(340)
Payments for plant and equipment		**(3,312)**	(157)
Payments for exploration and evaluation assets		**(3,850)**	-
Net cash flows from/(used in) investing activities		**3,463**	26,798
Cash flows from financing activities			
Net cash flows from financing activities		**-**	-
Net increase / (decrease) in cash and cash equivalents		**7,846**	20,645
Cash and cash equivalents at beginning of year		**33,702**	13,057
Cash and cash equivalents at end of year	5	**41,548**	33,702

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 2020

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 2020 were authorised for issue in accordance with a resolution of the Directors on 20 August 2020. 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

AASB 16 – Leases became effective for annual reporting periods commencing on or after 1 January 2019 and is applicable to the Group for the reporting period. As a result of this standard, the group has revised its accounting policies regarding leases to comply with the new standard.

The impact from adopting the leasing standard and the new accounting policies are disclosed in note 10 below.

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: Exploration and evaluation

Note 9: Intangibles

Note 12: Provisions

Note 27: Share based payments

KEY NUMBERS

Note 1 – Revenue

	2020 $000's	2019 $000's
Sales – Iron Valley	**80,283**	54,312
Net gain / (loss) on pricing changes	**(700)**	-
Rebate – Iron Valley	**(2,790)**	-
Sale of Goods	**76,793**	54,312
Interest revenue	**466**	630
Other income	**0**	(142)
Total	**77,259**	54,800

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 and 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.

Note 2 – Expenses

	2020 $000's	2019 $000's
Amortisation of mine properties	**2,493**	2,547
Royalties	**53,738**	41,783
Cost of sales	**56,231**	44,330
Employee benefits expense	**3,112**	2,891
Depreciation and amortisation	**872**	76
Share based payments	**128**	104
Non-executive directors' fees	**390**	466
Occupancy related expenses	**414**	395
Consultant and legal fees	**454**	170
Other	**1,062**	1,317
Administration expenses	**6,432**	5,419

Note 3 – Impairment of Non-Financial Assets

Accounting policy

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

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

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

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

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

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

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

Impairment assessment

The Company has completed its annual review of its assets for impairment. Based on these assessments, the Company has concluded that impairment of assets was not required, with the exception of impairment recognised on assets sold, refer to note 8 and 9 for further detail.

Revenue assumptions

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

	2020	2019
CFR 62% Fe iron ore price (USD/dmt, nominal)		
Years 1-5	**79-81**	71-81
Years 6-10	**80-81**	68-74
Years 11-20	**82-85**	76-92
Foreign exchange rate (AUD:USD, nominal)		
Years 1-5	**0.68-0.71**	0.74-0.78
Years 6-10	**0.69**	0.74
Years 11-20	**0.69**	0.74
Inflation (% per annum)		
USD inflation rate	**0.5**	2.2

Key estimates and judgements

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

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

Note 4 – Income Taxes

	2020 $000's	2019 $000's
Current tax expense/(benefit)		
Current period	-	94
Adjustments for prior periods	-	1,495
	-	1,589
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	**(127)**	(39)
De-recognition of deferred tax assets	**152**	(848)
Recognition of previously unrecognised tax losses	-	1,073
Equity deferred tax movement	**(80)**	(79)
Adjustments for prior periods	**55**	(186)
	-	(79)
Income tax (expense)/benefit reported in the Consolidated statement of profit or loss and other comprehensive income	-	1,510
Reconciliation of effective tax rate		
Profit / (loss) before tax	**377**	11,932
Income tax at the statutory rate of 30 per cent (2019: 30 per cent)	**113**	3,580
Non-deductible expenses	**39**	31
Temporary differences derecognised	**(127)**	(769)
Utilisation of tax losses	-	902
Tax losses not recognised	-	(3,650)
Recognised directly in equity	**(80)**	(79)
Under/(over) provided in prior periods and other	**55**	(15)
Tax refund from prior years	-	1,510
Income tax (expense)/benefit reported in the Consolidated statement of profit or loss and other comprehensive income	-	1,510

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 2020, the Company had unrecognised deferred tax assets relating to tax losses of $73.9M (2019: $73.1M). The Company also has an R&D off-set available of $1.3M (2019 $5.7M).

During the year, the Group recognised a capital gain for tax purposes upon the sale of the Buckland project. The gain of $13.7M, comprising consideration received during the current year and an estimate of the value of deferred contingent consideration receivable, has been offset against the current year income loss, carried forward capital losses and the R&D offset available.

Deferred tax assets not recognised

	2020 $000's	2019 $000's
Temporary differences	**(4,063)**	(5,875)
Income Tax losses	**73,902**	70,423
Capital losses	**-**	2,702

Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2020 $000's	2019 $000's	2020 $000's	2019 $000's	2020 $000's	2019 $000's
Amounts recognised in Profit or Loss:						
Mine property, plant and development	**-**	-	**(3,535)**	(3,296)	**(3,535)**	(3,296)
Provisions	**177**	113	**-**	-	**177**	113
Intangibles	**-**	-	**(900)**	(2,409)	**(900)**	(2,409)
Exploration	**-**	-	**(282)**	(591)	**(282)**	(591)
Other items	**802**	529	**(484)**	(381)	**318**	148
Amounts recognised directly in equity:						
Share issue costs in equity	**159**	160	**-**	-	**159**	160
	1,138	802	**(5,201)**	(6,677)	**(4,063)**	(5,875)
Temporary differences derecognised	**-**	-	**4,063**	5,875	**4,063**	5,875
Tax assets/(liabilities)	**1,138**	802	**(1,138)**	(802)	**-**	-

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 2018	141	238	-	843	-	1,222
(Charged)/credited						
to profit or loss	(28)	(79)	-	(339)	-	(446)
to (under)/over prior period			-	25	-	25
At 30 June 2019	113	160	-	529	-	802
(Charged)/credited						
to profit or loss	**64**	**(1)**	**-**	**273**	**-**	**336**
to (under)/over prior period			**-**	**-**	**-**	
At 30 June 2020	**177**	**159**	**-**	**802**	**-**	**1,138**

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 2018	(2,409)	(2,757)	(781)	(302)	5,027	(1,222)
(Charged)/credited						
to profit or loss	-	(486)	190	(79)	848	473
to (under)/over prior period	-	(53)	-	-	-	(53)
At 30 June 2019	(2,409)	(3,296)	(591)	(381)	5,875	(802)
(Charged)/credited						
to profit or loss	**1,509**	**(239)**	**309**	**(103)**	**(1,812)**	**(336)**
to (under)/over prior period	**-**	**-**	**-**	**-**	**-**	**-**
At 30 June 2020	**(900)**	**(3,535)**	**(282)**	**(484)**	**4,063**	**(1,138)**

Note 5 – Cash and Cash Equivalents

	2020 $000's	2019 $000's
Cash at bank	**9,711**	12,219
Cash on deposit	**31,837**	21,483
Total	**41,548**	33,702
Reconciliation of profit / (loss) after income tax to net cash flows from operating activities		
Net Profit / (loss)	**377**	12,897
Depreciation and amortisation	**3,147**	2,623
Impairment of exploration tenements	**5,000**	3,025
Share based payments	**128**	104
Gain on disposal of exploration tenements	**(10,161)**	(19,019)
Gain on disposal of plant and equipment	**(1)**	(3)
Other	**30**	8
(Increase)/decrease in assets		
Trade and other receivables	**5,805**	(14,415)
Increase/(decrease) in liabilities		
Trade and other payables	**(262)**	8,719
Provisions	**320**	(92)
Net cash inflow / (outflow) from operating activities	**4,383**	(6,153)

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

Accounting policy

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

Note 6 – Trade and Other Receivables

	2020 $000'S	2019 $000'S
Current		
Trade receivables and prepayments	**16,205**	21,566
Other receivables	**-**	685
Total current	**16,205**	22,251
Non-current		
Other receivables	**12,295**	8,285
Total non-current	**12,295**	8,285
Total trade and other receivables	**28,500**	30,536

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

As at 30 June 2020 no receivables were past due or impaired (2019: 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.

Accounting policy

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

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

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

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

Note 7 – Property, Plant and Equipment

	Mine Properties $000's	Plant and equipment $000's	Office furniture, equipment and IT $000's	Total $000's
Year ended 30 June 2019				
Opening net book value	42,049	25	79	42,153
Additions	-	140	16	156
Disposals	-	(3)	-	(3)
Depreciation and amortisation expense	(2,547)	(22)	(54)	(2,623)
Closing net book value	**39,502**	**140**	**41**	**39,683**
At 30 June 2019				
Cost	51,658	870	1,711	54,239
Accumulated depreciation and amortisation	(12,156)	(730)	(1,670)	(14,556)
Net carrying amount	**39,502**	**140**	**41**	**39,683**
Year ended 30 June 2020				
Opening net book value	39,502	140	41	39,683
Additions	-	2,979	335	3,314
Disposals	-	(1)	-	(1)
Reclassification of assets	-	5	(5)	-
Depreciation and amortisation expense	(2,492)	(597)	(59)	(3,148)
Closing net book value	**37,010**	**2,526**	**312**	**39,848**
At 30 June 2020				
Cost	51,658	3,853	957	56,468
Accumulated depreciation and amortisation	(14,648)	(1,327)	(645)	(16,620)
Net carrying amount	**37,010**	**2,526**	**312**	**39,848**

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.

Key judgement – ore reserves and mineral resources

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

Note 8 – Exploration and Evaluation

	2020 $000's	2019 $000's
Opening balance	**2,575**	14,500
Carrying value of tenements sold	**-**	(8,900)
Write down of tenements to recoverable value	**-**	(3,025)
Exploration earn-in	**200**	-
Exploration tenements acquisition	**3,650**	-
Unsuccessful exploration expenditure derecognised	**-**	-
Net carrying amount	**6,425**	2,575

Accounting policy

The Company accounts for exploration and evaluation activities as follows:

Acquisition and Exploration earn-in

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

Exploration and evaluation costs

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

Disposal of tenements

On the 31st of March 2020, the Group announced the sale of Buckland project to Mineral Resources Limited. As per the terms of the sale and purchase agreement, BCI received an amount of $6M on completion of the sale, a further $10M is payable to BCI upon first shipment of iron ore extracted from the area sold, with an additional $4M due one year after the date of first shipment of iron ore. The group is also entitled to a royalty equal to 1% of the FOB revenue earned from iron ore mined at Bungaroo South. No receivable has been recognised in relation to these future payments due to the uncertainty over the timing and development of the project by Mineral Resources Limited.

The tenements associated with the Buckland project had been carried at nil value however an impairment charge of $5.0M has arisen through change in value of associated intangible assets, refer to note 9 below.

In addition to the above, the group announced the early receipt of a $4M payment related to the sale of the Kumina tenements in the prior year. Other tenement sales during the financial year generated $0.2M, and the Group received the second Tranche payment of $0.6M due from disposal of a tenement in the prior year, taking the total cash receipts from divestment of assets to $10.8M.

Key judgement – Capitalisation of exploration and evaluation expenditure

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

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

During the financial year, BCI announced an agreement with Leichardt Industrials Pty Ltd to secure the right to purchase an additional tenement area adjacent to the Mardie project. An amount of $3.5M was paid in May for the right to acquire the southern tenement area and an option to acquire the rights for the remaining northern tenement area within the following 12 months. The additional tenement area provides optionality for future layout optimisation and expansion of the Mardie project.

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

Note 9 – Intangibles

	2020 $000's	2019 $000's
Net carrying value of intangibles:		
Royalties	**15,502**	15,502
Cape Preston East Port rights	**3,000**	8,030
Net carrying amount	**18,502**	23,532

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

Royalties

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

The Koodaideri South royalty asset has been tested for impairment with the recoverable amount assessed by reference to the FVLCD, in line 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 7.7%. 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 7.7%. 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.

Cape Preston East Port Rights

As disclosed at Note 8 above, during the year the Group disposed of all assets associated with the Buckland project and in this process, relinquished the certain previously held rights to develop and lease the Cape Preston East Port. An impairment charge of $5.0M has been recognised in the statement of comprehensive income to reflect the decline in value of the intangible assets associated with the Cape Preston East Port rights. The residual $3.0M intangible asset reflects the value associated with the remaining intellectual property being Ministerial Statement 949 ["MS949"], documentation of design and studies to support development of the port, all of which remain with the Group. The $3.0M carrying value of the asset is expected to be recovered in future through sale of the intellectual property asset on commercial terms.

Note 10 – Leases

The Group has adopted AASB 16 with effect from 1 July 2019 (the 'adoption date') but has not restated comparatives for the June 2019 reporting period as allowed under AASB 16. All relevant contracts, other than short term contracts or those relating to low-value assets have been assessed to determine whether they are leases, or contain, leases. For initial adoption purposes the group has relied on the practical expedient where short term contracts include contracts that were for a total period greater than 12 months but that expire within 12 months or less of the adoption date.

As at 1 July 2019 the Group did not have any lease contracts which required right of use assets or lease liabilities to be recognised as the lease terms ended within 12 months of the date of initial application. Therefore no right of use asset or lease liability was recognised at this date.

Lease liabilities have been measured at amounts equal to the net present value of remaining lease payments over the remaining term of the lease, discounted at the Group's incremental borrowing rate. The weighted average interest rate applied was 4.7%. The discount rate used in calculating the carrying amount of lease liabilities considers the circumstances applicable over the underlying leased assets, in particular the lease value, the term and economic environment.

Operating lease commitments disclosed at the end of the comparative reporting period are reconciled to the opening lease liability balance as follows:

	June 2020 $000's
Operating lease commitments disclosed at 30 June 2019	87
Discounted at the Group's discount rate at the date of application	86
Less: Short term leases recognised on a straight-line basis as an expense	(86)
Lease liabilities recognised on adoption on 1 July 2019	**0**

Right of use assets were measured at amounts equal to the carrying value of their respective lease liabilities on the adoption date, adjusted for incentives, accruals and prepayments relating to the contractual agreement. Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. There are no onerous lease contracts that would require adjustment to the right of use assets on the adoption date.

Lease liabilities	June 2020 $000's
Recognised on adoption	-
Additional lease contracts entered into during the interim period	962
Add: Borrowing costs	37
Less: Payments	(227)
Lease liabilities as at 30 June 2020	**772**
Disclosure in Statement of Financial Position	
Current lease liability	231
Non-current lease liability	541
Total Lease liability	**772**
Right of use assets	
Recognised on adoption	0
Additional right of use assets recognised	964
Accumulated amortisation	(218)
Right of use assets as at 30 June 2020	**745**

The impact on the profit or loss due to adoption AASB 16 was not material, nor was there a material impact on Group earnings per share.

Note 11 – Trade and Other Payables

	2020 $000's	2019 $000's
Current		
Trade payables and accruals	**18,345**	18,092
Total	**18,345**	18,092

Accounting policy

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

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe (refer to Note 18).

Note 12 – Provisions

	2020 $000's	2019 $000's
Current		
Employee benefits	**591**	379
Total current	**591**	379
Non-current		
Rehabilitation	**12,295**	8,285
Total non-current	**12,295**	8,285
Total	**12,886**	8,664

Movement in Provisions in 2020

	Rehabilitation and site closure $000's	Employee benefits $000's	Total $000's
Opening balance 1 July 2019	8,285	379	8,664
Changes in rehabilitation estimate	3,898		3,898
Unwinding of discount (non-cash expense)	112	-	112
Amounts provided during the year	-	212	212
Closing balance	**12,295**	**591**	**12,886**

Accounting policy

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

Employee benefits, salaries and annual leave

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

Employee benefits – long service leave

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

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

Rehabilitation

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

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

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

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

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

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

Note 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.

	2020 $000's	2019 $000's
Net debt to equity		
Total debt	**-**	-
Less cash and cash equivalents	**41,548**	33,207
Excess of cash over debt	**41,548**	33,207
Equity	**104,117**	103,612

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

Note 14 – Contributed Equity

	2020		2019	
	Number	$000's	Number	$000's
Share capital				
Ordinary shares - fully paid	**398,928,910**	**267,303**	397,608,910	276,212
Movements in ordinary share capital				
Opening balance	**397,608,910**	**267,212**	394,968,910	266,984
Issue of shares under Employee Performance Rights Plan	**1,320,000**	**91**	2,640,000	228
Closing balance	**398,928,910**	**267,303**	397,608,910	267,212

Accounting policy

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

Terms and conditions of ordinary shares

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

Note 15 – Reserves

	2020 $000's	2019 $000's
Share based payments reserve		
Balance as at 1 July	**10,640**	10,764
Share based payments expense	**128**	104
Issue of shares under Employee Performance Rights Plan	**(91)**	(228)
Balance as at 30 June	**10,677**	10,640
Financial assets at fair value through other comprehensive income		
Balance as at 1 July	**(9,009)**	(9,009)
Balance as at 30 June	**(9,009)**	(9,009)
Options exercised reserve		
Balance as at 1 July	**3,787**	3,787
Balance as at 30 June	**3,787**	3,787
Total reserves	**5,455**	5,418

Nature and purpose of reserves

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

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

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

Note 16 – Accumulated Losses

	2020 $000's	2019 $000's
Balance as at 1 July	**(169,018)**	(181,915)
Net profit / (loss)	**377**	12,897
Balance as at 30 June	**(168,641)**	(169,018)

Note 17 – Earnings per Share

	2020 $000's	2019 $000's
Earnings per share from continuing operations		
Profit / (loss) after income tax from continuing operations	**377**	12,897
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**398,712,517**	397,237,863
Adjustments for calculation of diluted earnings per share:		
Vested Performance Rights outstanding at year end	**-**	1,320,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	**398,712,517**	398,557,863
Earnings per share attributable to the ordinary equity holders of the company	**Cents**	**Cents**
Basic earnings / (loss) per share	**0.09**	3.26
Diluted earnings / (loss) per share	**0.09**	3.26

Accounting policy

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

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

Note 18 – Financial Risk Management

The Company holds the following financial instruments:

	2020 $000's	2019 $000's
Financial assets		
Cash and cash equivalents	**41,548**	33,702
Short term investments	**553**	340
Trade and other receivables	**28,500**	30,536
	70,601	64,578
Financial liabilities		
Trade and other payables	**18,345**	18,092
	18,345	18,092

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

a. Market risk

i. Foreign exchange risk

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

ii. Commodity price risk

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

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

b. Credit risk

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

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

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

- Cash and cash equivalents $41.5M (2019: $33.7M) held with banks with minimum long term external credit rating of AA-.
- Short term investments $0.5 M (2019: $0.3) held with banks with a minimum long term external credit rating of AA-
- Current trade and other receivables $16.2M (2019: $22.2M) due from existing customers are backed by an agreement with quarterly invoices paid within 5 working days. There has been no history of default in the past.
- Non-current receivables $12.3M (2019: $8.3M) due from Mineral Resources Limited under a contractual arrangement as described in Note 6. No default is expected.

c. Liquidity risk

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

Maturity analysis of financial assets and liabilities

Financial liabilities comprise trade and other payables which have a maturity of less than six months and lease liabilities with a fixed payment commitment of up to 4 years.

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 2020 %	Beneficial interest 2019 %
BC Iron Nullagine Pty Ltd	Australia	AUD	**100**	100
BCI (SA) Pty Ltd	Australia	AUD	**100**	100
BC Potash Pty Ltd	Australia	AUD	**100**	100
BC Gold Pty Ltd	Australia	AUD	**100**	100
BC Pilbara Iron Ore Pty Ltd	Australia	AUD	**100**	100
PEL Iron Ore Pty Ltd	Australia	AUD	**100**	100
Buckland Minerals Transport Pty Ltd*	Australia	AUD	**0**	100
Cape Preston Logistics Pty Ltd*	Australia	AUD	**0**	100
Mardie Minerals Pty Ltd	Australia	AUD	**100**	100
Iron Valley Pty Ltd	Australia	AUD	**100**	100
Bungaroo South Pty Ltd*	Australia	AUD	**0**	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

** Subsidiaries sold during the year ended 30 June 2020.*

Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BCI Minerals Limited as at 30 June 2020, and the results of all subsidiaries for the year then ended.

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

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

Note 20 – Segment Information

2020 Segment Information

	Iron Valley $000's	Mardie $000's	Buckland $000's	Other $000's	Consolidated $000's
Segment revenue					
Sales revenue	76,793	-	-	-	76,793
Other revenue	-	-	-	466	466
Total	**76,793**	**-**	**-**	**466**	**77,259**
Segment results					
EBITDA	22,968	(18,722)	9,950	(5,853)	8,343
Interest revenue	-	-	-	466	466
Finance costs	-	-	-	(37)	(37)
Depreciation and amortisation	(2,493)	(577)		(295)	(3,365)
Impairment of assets	-	-	(5,030)		(5,030)
Profit / (loss) before income tax	**20,475**	**(19,299)**	**4,920**	**(5,719)**	**377**
Segment assets	65,162	7,533	-*	63,425	136,120
Segment liabilities	26,817	2,042	-	3,144	32,003

** Assets previously held by Buckland entities now transferred to Other following sale of Buckland project.*

2019 Segment Information

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

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

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

Accounting policy

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

UNRECOGNISED ITEMS

Note 21 – Commitments

The Company has two property leases and a lease for vehicles at the Mardie project site. Future lease commitments are now disclosed as per AASB 16 – Leases, refer to note 10 for further detail (30 June 2019: $87k).

Note 22 – Contingent Liabilities and Assets

As at 30 June 2020, the Company has no 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 Note 8.

Note 23 – Events Occurring After the Reporting Period

On the 31st of July, the Company exercised the option to acquire additional tenement land adjacent to the Mardie Project with a payment of $2.5M.

Other than disclosed above, 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 2020.

OTHER NOTES

Note 24 – Parent entity

The following details information related to the parent entity, BCI Minerals Limited, as at 30 June 2020. The information presented here has been prepared using accounting policies consistent with those presented in the notes to the accounts.

	2020 $000's	2019 $000's
Statement of Financial Position		
Current assets	**39,261**	33,481
Total assets	**172,319**	141,438
Current liabilities	**2,587**	1,125
Total liabilities	**13,390**	53,937
Shareholders' equity		
Issued capital	**267,303**	267,212
Reserves	**5,583**	5,546
Accumulated losses	**(193,155)**	(185,257)
Total shareholders' equity	**79,731**	87,501
Profit / (Loss) for the year	**(7,898)**	1,805
Total comprehensive income / (loss) for the year	**(7,898)**	1,805

Included in note 21 are commitments incurred by the parent entity relating to the lease of offices.

Note 25 – Auditor's Remuneration

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

	2020 $	2019 $
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit or review of financial reports for the Company	**61,000**	65,896
Non-audit services – other services	**20,350**	10,211
Non-audit services – tax services	**-**	52,312
Total	**81,350**	128,419

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.

	2020 $	2019 $
Short-term employee benefits	**1,735,618**	1,400,515
Share based payments	**82,324**	89,505
Post-employment benefits	**86,677**	86,424
Total	**1,904,619**	1,576,444

d. Transactions with related parties

	2020 $	2019 $
Payment for services made to other related entities	**1,133,863**	445,095

On 1 March 2017, Michael Blakiston was appointed as a Non-Executive Director of the Company. Mr Blakiston is a partner in the legal firm Gilbert + Tobin. During the current financial year, the Company made legal fee payments to Gilbert + Tobin of $511K (2019: $445K). 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 $623K (2019: nil). 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 27 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. Refer to the Remuneration Report in the Directors' Report for more information.

2020 – Performance Rights

Grant date	Granted during the year	Vesting date	Fair value per right at grant date	Share price on grant date*	Expected dividends
27/11/2019 – Tranche 1	5,500,000	30/11/2020	$0.0186	$0.18	0%
27/11/2019 – Tranche 2	5,500,000	30/11/2022	$0.0398	$0.18	0%

**Source: www.asx.com.au*

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

Grant date	27/11/2019 Tranche 1	27/11/2019 Tranche 2
Vesting date	30/11/2020	30/11/2022
Grant date share price	$0.18	$0.18
Volatility (per cent)	48.0	60.1
Dividend yield (per cent)	0	0
Risk free rate (per cent)	0.68	0.68

2019 – Performance Rights

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

**Source: www.asx.com.au*

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

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

Summary of Performance Rights on issue

Vesting date	Opening balance at 1 July 2019	Rights granted during the year	Rights cancelled /lapsed during the year	Rights converted to shares during the year	Closing balance at 30 June 2020	Rights vested since 30 June 2020
30/06/2019	3,925,000	-	(2,605,000)	(1,320,000)	-	-
30/06/2020	5,400,000	-	(5,400,000)	-	-	-
30/11/2020	-	5,500,000	-	-	5,500,000	-
30/11/2022	-	5,500,000	-	-	5,500,000	-
Total	**9,325,000**	**11,000,000**	**(8,005,000)**	**(1,320,000)**	**11,000,000**	**-**

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.

	2020 $	2019 $
Director benefits	**82,324**	51,962
Employee benefits	**45,675**	66,022
Total	**127,999**	117,984

Accounting policy

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

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

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

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

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

Note 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.

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 2020, 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 2020 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.

Carrying Value of Mine Properties and Intangible Assets

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2020, we note that the carrying values of Mine Properties and Intangible Assets are significant to the financial statements, as disclosed in Note 7 and Note 9. An annual impairment test is required for Intangible Assets not being amortised under the Australian Accounting Standards. The assessment of the carrying values of Mine Properties and Intangible Assets requires management to make significant accounting judgements and estimates to determine whether the assets require impairment. Due to the significance of the estimates and assumptions in these assessments, we have identified this as a key audit matter. Refer to Note 3, Note 7 and Note 9 for detailed disclosures, which include the related accounting policies and critical accounting judgements and estimates.	Our procedures included, but were not limited to the following: • Analysing management's key assumptions used in the discounted cash flow models against external data and market information to determine their reasonableness; • Challenging the appropriateness of management's discount rates used in the discounted cash flow models in conjunction with our internal valuation experts; • Challenging assumptions around timing of future cash flows; • Reviewing mathematical accuracy of the discounted cash flow models; • Performing sensitivity analysis on significant assumptions to determine if there would be a significant change to the carrying value of the assets; and • Assessing the adequacy of the Groups' disclosure in respect of mine property carrying values and impairment assessment assumptions as disclosed in Note 3, Note 7 and Note 9 of the financial report.

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 2020, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the mineral resources and ore reserves information, which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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.

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

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 9 to 15 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of BCI Minerals Limited, for the year ended 30 June 2020, 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

Glyn O'Brien

Glyn O'Brien

Director

Perth, 20 August 2020

Auditor's Independence Declaration

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of BCI Minerals Limited for the year ended 30 June 2020, 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.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 20 August 2020

Additional ASX Information

(as at 13 October 2020)

Substantial Shareholders

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

Shareholder	Shares held	% of issued capital
Wroxby Pty Ltd	236,750,238	39.6
Sandon Capital Pty Ltd	36,277,729	6.1

Distribution of Shareholdings

Size of shareholding	Number of holders	Number of shares	% of issued capital
1-1,000	1,360	598,553	0.10
1,001-5,000	1,963	5,536,390	0.93
5,001-10,000	938	7,307,535	1.22
10,001 – 100,000	1,746	59,075,192	9.87
100,001 and over	392	525,876,163	87.88
Total	**6,399**	**598,393,833**	**100.00**

Unmarketable Parcels

There were 2,066 members holding less than a marketable parcel of shares in the Company at $0.245 per share.

Twenty Largest Shareholders

#	Shareholder	Shares held	% of issued capital
1	Wroxby Pty Ltd	134,636,106	22.50
2	Wroxby Pty Ltd	102,114,132	17.06
3	J P Morgan Nominees Australia Limited	33,772,722	5.64
4	Ryder Capital Management Pty Ltd <BCI A/C>	24,873,512	4.16
5	Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C>	18,333,276	3.06
6	One Managed Invt Funds Ltd <Sandon Capital Inv Ltd A/C>	18,157,751	3.03
7	National Nominees Limited	13,419,961	2.24
8	Citicorp Nominees Pty Limited	9,966,960	1.67
9	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	7,319,599	1.22
10	Mineralogy Pty Ltd	6,090,000	1.02
11	One Managed Invt Funds Ltd <1 A/C>	6,000,000	1.00
12	HSBC Custody Nominees (Australia) Limited – A/C 2	5,616,081	0.94
13	Mr Alwyn Petrus Vorster <The Vorster Family A/C>	5,305,645	0.89
14	Mr Dennis Jonathan Kar Que Lum <Dennis J K Q Lum A/C>	4,034,407	0.67
15	Ms Karen Anne Davies + Mr Bruce Donald Maclean <Maclean Super Fund A/C>	3,275,868	0.55
16	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	2,933,656	0.49
17	HSBC Custody Nominees (Australia) Limited	2,620,457	0.44
18	Mr Richard Cheng Shih Koo + Ms Cindy Bee Har Koo <Koo Super Fund A/C>	2,469,944	0.41
19	Mr Graham Stewart Campbell + Mrs Heather Roslyn Campbell <GS & HR Campbell S/F A/C>	2,295,000	0.38
20	Glyde Street Nominees Pty Ltd <J Pitt Super Fund A/C>	2,000,000	0.33
20	Perth Capital Pty Ltd	2,000,000	0.33
	Total	**407,235,077**	**68.05**

Voting Rights

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

Unlisted Securities

Security type	Number	Number of holders
Performance rights	11,000,000	5
Share rights	1,445,348	4

Mineral Resources and Ore Reserves

BCI's Mineral Resources and Ore Reserves are at the Iron Valley iron ore mine. Iron Valley is 100% owned by BCI and is being operated by Mineral Resources Limited (MIN) under a royalty-type agreement. MIN operates the mine at its cost and purchases Iron Valley product from BCI at a price linked to MIN's realised sale price.

Estimates for Iron Valley as at 30 June 2020 are set out below, with a comparison to 30 June 2019 figures. Mineral Resources reduced by 7.9Mt and Ore Reserves reduced by 6.7Mt during the year due to mining depletion and stockpile adjustments.

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

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Measured – In-situ	50	78.6	57.7	62.6	5.3	3.2	0.19	7.9
Measured – Stockpiles	50	2.8	55.5	59.5	8.3	3.8	0.16	6.8
Indicated – In-situ	50	74.5	58.5	63.0	5.1	3.2	0.17	7.2
Inferred – In-situ	50	26.1	57.8	61.3	6.6	3.9	0.14	5.6
Total at 30 June 2020	**50**	**182.0**	**58.0**	**62.6**	**5.5**	**3.3**	**0.17**	**7.3**
Total at 30 June 2019	*50*	*189.9*	*58.0*	*62.5*	*5.5*	*3.3*	*0.17*	*7.2*

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

Classification	Cut-off % Fe	Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Proved – In-situ	54	49.3	58.2	63.1	4.7	3.1	0.19	7.9
Proved – Stockpiles	54	2.8	55.5	59.5	8.3	3.8	0.16	6.8
Probable – In-situ	54	30.2	58.6	63.2	5.0	3.1	0.16	7.3
Total at 30 June 2020	**54**	**82.3**	**58.2**	**63.0**	**4.9**	**3.1**	**0.18**	**7.6**
Total at 30 June 2019	*54*	*89.0*	*58.3*	*63.0*	*5.0*	*3.1*	*0.18*	*7.5*

Notes:

- *Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.*
- *CaFe means "calcined Fe" and equals Fe% / (1- LOI%).*
- *Stockpiles have been converted to dry tonnes based on a 6% moisture content.*
- *Stockpiles include 0.2Mt of post-process lump and fines products and 2.8Mt of pre-process ore.*

Mineral Resources and Ore Reserves Governance

Iron Valley Mineral Resource and Ore Reserve estimates are completed by or under the guidance of a suitably qualified MIN or independent Competent Person in accordance with JORC (2012) guidelines. BCI is satisfied with the procedures MIN has advised it has in place for Mineral Resource and Ore Reserve estimation. Suitably qualified BCI personnel have also reviewed the documentation and are comfortable with the methodologies used by MIN.

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

Competent Persons Statements

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

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

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

Corporate Directory

BCI Minerals Limited ABN 21 120 646 924

Registered Office and Principal Place of Business

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

Postal Address

GPO Box 2811
Perth, Western Australia 6001, Australia

Executive Directors

Alwyn Vorster – Managing Director

Non-executive Directors

Brian O'Donnell – Chairman
Michael Blakiston
Jenny Bloom
Garret Dixon

Company Secretary

Susan Hunter

Share Registry

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

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, Western Australia 6000

Postal address:	GPO Box 2975, Melbourne Victoria 3001
Telephone:	1300 850 505 (within Australia)
	+61 3 9415 4000 (outside Australia)
Facsimile:	(03) 9473 2500 (within Australia)
	+61 3 9473 2500 (outside Australia)
Email:	web.queries@computershare.com.au
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.

Annual General Meeting

The 2020 Annual General Meeting of BCI Minerals Limited will be held at 2pm (AWST) on Thursday 26 November 2020 at the offices of BDO, 38 Station Street, Subiaco, Western Australia. Details of the business of the meeting will be provided in the Notice of Meeting.

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

Financial Calendar*

September 2020 quarter report:	27 October 2020
Annual General Meeting:	26 November 2020
Half-year results:	24 February 2021

**Timing of events is subject to change*

BCI MINERALS
LIMITED

Level 2, 1 Altona Street, West Perth,
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