Canaccord Genuity Capital Markets

Lowering Target Price

Australian Equity Research
10 February 2022

BCI Minerals Limited
Bulk Materials - Producer

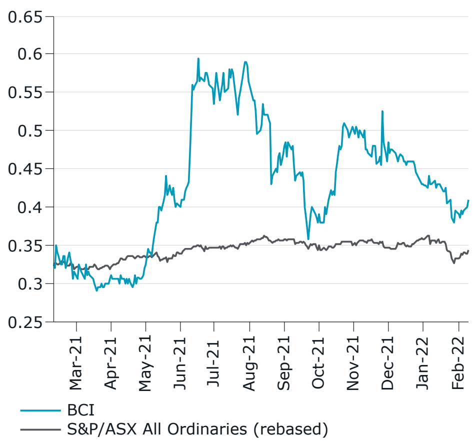
James Bullen | Analyst | Canaccord Genuity (Australia) Ltd. | jbullen@cgf.com | +61.2.9263.2728
James Farr | Associate Analyst | Canaccord Genuity (Australia) Ltd. | jfarr@cgf.com | +61.2.9263.2714

Rating	Price Target
SPECULATIVE BUY *unchanged*	**A$0.70↓** *from A$0.77*
BCI-ASX	Price **A$0.42**

Market Data

52-Week Range (A$) :	0.29 - 0.62
Avg Daily Vol (000s) :	2,166
Market Cap (A$M) :	250.7
Shares Out. (M) :	597.0
Dividend /Shr (A$) :	0.00
Dividend Yield (%) :	0.0
Net Debt (Cash) (A$M) :	(79.0)
Enterprise Value (A$M) :	171

FYE Jun	2020A	2021E	2022E	2023E
EBITDA (A$M)	3.6	25.0↓	11.1↓	11.2↓
Previous	-	*41.2*	*36.2*	*15.8*
Net Income (A$M)	0.4	22.0↓	9.5↓	7.8↓
Previous	-	*27.8*	*30.8*	*11.1*



Source: FactSet

Priced as of close of business 9 February 2022

BCI Minerals Ltd is a resource company, which engages in the exploration and development of assets in the Pilbara region of Western Australia. It operates through the following segments: Iron Valley, Mardie, Buckland and Other. The Other segment include corporate and other assets. The company was founded in 2006 and is headquartered in West Perth, Australia.

Canaccord Genuity (Australia) Limited has received a fee as Lead Manager, Partial Underwriter and Bookrunner to the BCI Minerals Limited Capital Raising announced 18 November 2021.

Mardie construction ramping up

Post its transformational $360mn capital raising BCI is primed to step beyond early-works at the Mardie Salt and SOP project. Key approvals (both State and Federal) have been rolling in and with commissioning of an expanded 200-bed camp underway we expect a step change in construction activities in the near future.

We retain our SPECULATIVE BUY rating, but have lowered our SOTP-based price target to $0.70 (from $0.77) due to lower iron ore price forecasts and dilution associated with the capital raising, partially offset by de-risking of Mardie.

A $1.2bn funding bridge has been built

The Mardie project has attracted substantial top tier bank and government agency support post significant due diligence, including: 1) NAIF who is supplying a $490mn, 15-year facility; 2) an approved $110mn facility from the EFA; and 3) $310mn from Westpac and Industrial and Commercial Bank of China (including a $120mn cost overrun facility and a $50mn bank guarantee facility).

This in combination with the $260mn in equity raised, $100mn from convertible notes and $100mn from cash reserves and future cash flow means BCI is fully funded for the $1.2bn development of Mardie.

The pricing signals are very clear

Channel checks indicate that spot pricing for salt is currently in the US$70/t range (CFR) in Asia. This is well above the US$50/t we assume for modelling purposes. With growth returning to Asia (IMF forecasting 7.5% in 2021 and 6.4% in 2022), and salt being inextricably tied to GDP given its multiple industrial uses, our pricing forecast could prove to be overly conservative.

SOP pricing is currently at record levels (US$900/t in Europe) on the back of improved crop prices, supply restrictions, energy prices and geopolitical risks. That said, with farmers margin now coming under pressure we have elected to retain our US$500/t forecast.

The economics are compelling

Our unrisked NPV8 for Mardie stands at $1,036mn (we risk this at 75% for our valuation) with an IRR of 14%, eight-year payback, A$220mn project EBITDA (salt & SOP) and 60+ year mine life. Given similar operations are trading on 10-12x EV/EBITDA, BCI, with its low capital intensity, and bottom quartile operating costs (after SOP by-product credits) remains highly undervalued, in our view.

A challenging construction environment

Cost inflation and labour shortages are clear challenges for WA based projects. BCI has partially ameliorated this risk through the use of fixed price contracts, e.g. $190mn for the marine structure, ~$70mn in budgeted contingency and a $120mn overrun facility, but we will be closely watching the company's performance over 2022.

Revising our iron ore assumptions and valuation

While iron ore prices have risen over recent months (currently at a six-month high of US$150/t), ongoing Chinese steel policies, in conjunction with weaker seasonal and underlying demand resulted in lower realised prices in the 1H'FY22. As a consequence, DecQ EBITDA was significantly lower at A$1.3m (positive adjustment expected in the MarQ). We believe larger quality discounts will continue throughout 2022 and as such have made some revisions to our penalty assumptions at Iron Valley. We have also updated our near-term and long-term pricing assumptions to US$110 and US$80/t (prior US$130/t and US$80/t), which decreases our valuation of the Iron Valley royalty to A$88mn.

Figure 1: Financial summary

FY Jun 30	2020A	2021A	2022E	2023E	2024E
PROFIT & LOSS (A$mn)					
Revenue	77	160	94	85	87
Operational Costs & Royalty	-53	-91	-66	-62	-63
Other Income	11	0	0	0	0
Business Devt & Expl	-19	-34	-10	-6	-6
Corporate & Other	-11	-10	-7	-7	-7
EBITDA	**4**	**25**	**11**	**11**	**12**
DD&A	-3	-3	0	0	0
Other	0	0	0	0	0
EBIT	**0**	**22**	**11**	**11**	**12**
Net Financing	0	0	0	0	-18
NPBT	**0**	**22**	**11**	**11**	**-7**
Tax	0	0	-2	-3	2
Normalised NPAT	**0**	**22**	**9**	**8**	**-5**
Sig Items, Discon Ops & Mins	0	0	0	0	0
Reported NPAT	**0**	**22**	**9**	**8**	**-5**
Effective income tax rate	0%	0%	15%	30%	30%
CASHFLOW (A$mn)					
Cash receipts	82	121	94	85	87
Payments to suppliers	-78	-112	-83	-74	-76
Interest received	0	0	0	0	0
Interest paid	0	0	0	0	-18
Other	0	0	43	0	0
Operating Cashflow	**4**	**9**	**54**	**11**	**-8**
Payments for PP&E	-3	-14	-25	-25	-25
Payments for Development	0	0	-236	-313	-265
Payments for Exploration	-4	-3	0	0	0
Asset Sales / (Purchases)	11	0	0	0	0
Other	0	0	-5	-10	-12
Investing Cashflow	**3**	**-17**	**-267**	**-349**	**-302**
Share Issuance / (Buyback)	0	46	260	0	0
Drawdown / (Repayment) of Debt	0	0	129	170	310
Dividends	0	0	0	0	0
Other	0	0	0	0	0
Financing Cashflow	**0**	**46**	**389**	**170**	**310**
Surplus / Defecit	8	38	177	-169	0
BALANCE SHEET (A$mn)					
Current Assets	58	137	285	116	117
Non-Current Assets	78	91	353	691	982
Total Assets	**136**	**228**	**637**	**808**	**1,098**
Current Liabilities	19	39	39	39	39
Non-Current Liabilities	13	16	145	315	625
Total Liabilities	**32**	**55**	**184**	**354**	**664**
Net Assets	**104**	**173**	**453**	**454**	**435**
Total Cash	42	79	256	87	87
Total Debt	1	0	129	299	609
Net Debt	**-41**	**-79**	**-127**	**211**	**521**

	2020	2021	2022E	2023E	2024E
KEY ASSUMPTIONS					
Salt (US$/tonne)	30	30	30	38	38
SOP (US$/tonne)	500	500	525	502	509
Iron ore fines (US$/tonne)	90	155	98	90	92
Iron ore lump (US$/tonne)	105	165	108	100	102
A$/US$	0.72	0.76	0.75	0.75	0.75
PRODUCTION					
Salt (kt)	0	0	0	0	0
SOP (kt)	0	0	0	0	0
RESERVES AND RESOURCES					
Iron Valley Resources	182.0Mt at 58.0% Fe				
Iron Valley Reserves	82.3Mt at 58.3% Fe				
PER SHARE DATA					
Average Shares (Diluted, M)	397	664	1202	1202	1202
EOP Shares (Diluted, mn)	397	1202	1202	1202	0
Normalised EPS (A¢/sh)	0.1	3.3	0.8	0.7	-0.4
CF PS (A¢/sh)	1.1	1.4	4.5	0.9	-0.6
FCF PS (A¢/sh)	2.0	-1.2	-17.7	-28.2	-25.8
RATIOS					
Dividend Yield	0%	0%	0%	0%	0%
PE	383.6	12.1	50.9	61.3	n/a
PCF (Debt Adj)	36.2	28.8	8.8	44.8	n/a
EV / EBITDA	33.1	16.0	31.8	61.8	45.3
Gearing (ND / ND + E)	n/a	n/a	n/a	32%	55%
Net Debt / EBITDA	-11.5x	-3.2x	-11x	19x	45x
Interest Cover	0x	550x	0.0x	0.0x	0.6x
ROE (Reported Profit / Av Equity)	0%	16%	3%	2%	n/a
ROIC	1%	24%	3%	1%	-1%
ROACE	0%	10%	2%	1%	-1%
FCF Yield	5%	-3%	-44%	-70%	-64%
DIVIDEND AND FRANKING					
Dividend (A¢/sh)	0	0	0	0	0
Payout ratio	0%	0%	0%	0%	0%
Franking Balance (A$mn)	0	0	0	0	0

VALUATION	**Risked**	**Unrisked**
Iron Valley	0.07	0.07
Mardie	0.64	0.86
EV adjustments	-0.02	-0.02
TOTAL	**0.70**	**0.92**
PREMIUM/(DISCOUNT)	0.0	
PRICE TARGET	**0.70**	

Source: Company reports, Canaccord Genuity estimates

Approved and funded for development

The DecQ was transformational for BCI from an approvals and funding perspective, and while there are some residual permits and debt finalisations still required, they are low risk, in our view.

The Mardie project has progressed dramatically…

The DecQ saw a number of major milestones for the project:

- $490mn 15-year NAIF facility and $110mn EFA facility approved. While the interest rate will be on commercial terms (we assume BBSY + 4.5%) the term and structuring (drawdown and repayment) have concessional elements which makes the project more attractive for private debt and equity participants.
- Westpac and Industrial and Commercial Bank of China provided credit approvals for $310m commitments for the Project. This included a $140mn 7.5-year construction facility, $120mn cost overrun facility and a $50mn bank guarantee facility for any performance bonds required under construction or operating contracts.
- State and Federal environmental approvals received for the Mardie Salt & Potash Project. Incremental permits for the optimised Mardie Project expected in October.
- Access Agreements have been executed with Santos as operator of the Varanus Island Gas Pipelines and Chevron as operator of the Gorgon Domestic Gas Pipeline
- Fixed Price contract awarded for the $190mn marine structure package. This is the largest direct capital works contract for the project.
- $260mn share placement, ~$129mn convertible note ($100mn cash +$29mn in HFR and AMN stock).

…while the macro backdrop for salt and potash has also improved

Channel checks indicate that spot pricing for salt is currently in the US$70/t range (CFR) in Asia as demand has bounced back and suppliers manage constraints. This is well above the US$50/t (assumes $12/t shipping) we assume for modelling purposes. With growth returning to Asia and salt being inextricably tied to GDP given its multiple industrial uses we continue to see material upside risk to our forecasts.

Figure 2: Salt prices in Asia are on the rise with channel checks suggesting pricing currently in the US$70/t range

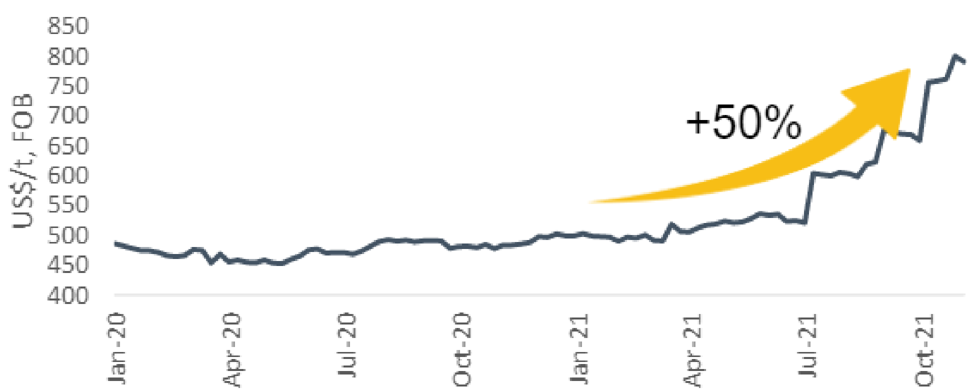
Source: Company reports

With regard to SOP the upside is potentially even more palpable versus our current forecasts given the current political tension between the West and Belarus/Russia who contribute ~1/3 of global MOP sales. As a consequence of this, plus record demand from farmers, MOP prices have achieved unprecedented levels (US$780/t in Brazil).

With SOP pricing often set by the energy intensive Manheim producers (a process which involves reacting MOP with sulphuric acid at 600-700°C), who provide almost 40% of the ~7.0Mtpa market, SOP is unsurprisingly also at record highs. That said, the pressure on farmers margins are becoming clearly apparent with rising 1) energy prices; 2) seed prices; 3) labour pressures; and 4) NPK fertilisers, **we have retained our US$500/t forecast** vs current spot at ~US$900/t in NW Europe (fob granular).

A sensitivity analysis is provided in our valuation section of this report.

Figure 3: SOP prices are at record highs



Source: Company reports, Canaccord Genuity estimates

An eye on cost escalation, some fortunate contract timing

Included within BCI's current capital cost estimate of $1,001mn is $76mn for contingency and growth, but additionally, the company has also arranged a $120mn cost overrun facility, which will provide incremental funding flexibility.

The company has also benefited from securing its largest capital works package at the back end of 2021 on a fixed price basis. The $190mn design & construct package includes jetty structure, transhipper mooring equipment, material handling system and navigation aid. It also was priced within the OFS capital estimate which, in our view, reinforces how realistic BCI's OFS estimates were.

We do however note that in its quarterly BCI stated:

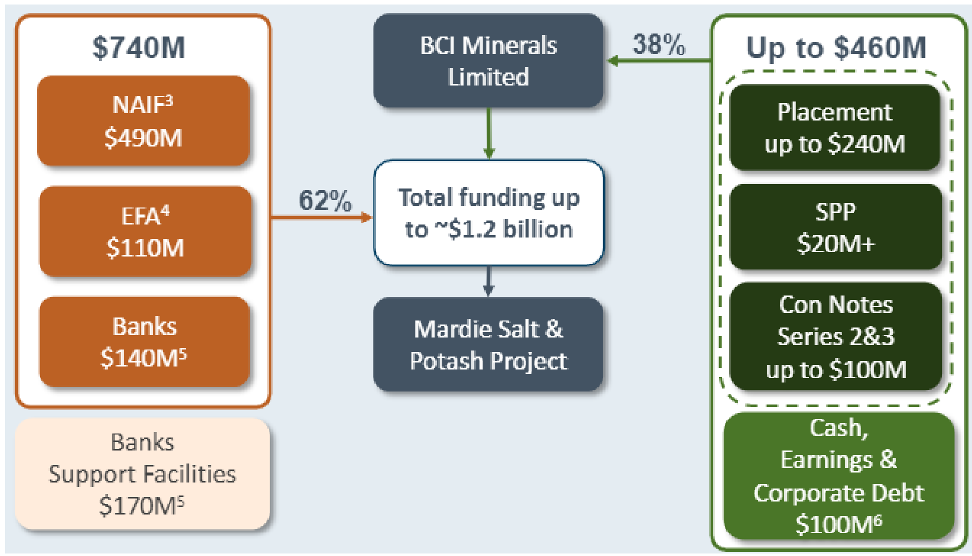
"Evidence of cost pressures due to external market conditions are emerging across multiple project areas such as flights, accommodation, fuel, labour, steel and shipping. BCI is focused on cost reduction initiatives to ensure overall budget can be maintained and has made contingency allowances for pressure of this type. Border reopening, when it occurs, should ameliorate cost pressures across the resource sector in Western Australia."

While clearly not unique to BCI, comments like this will rightly raise concerns within the investment community and we will be keeping a close eye on this during 2022.

Funding sources and uses

BCI's successful $360mn equity raising late in 2021 plus its existing cash balance and its cash earnings means that the company is fully funded for a ~$1.2bn development at Mardie. The company will contribute ~$460mn of equity before its first debt drawdown (forecast to be in 2H CY23).

Figure 4: Mardie sources and uses



Source: Company reports, Canaccord Genuity estimates

Details of equity raising and convertible (convertible treated as debt)

- $260m equity component (606mn shares at $0.43ps):
- Up to $129m in unsecured Convertible Notes issued by Australian Super:
  - Series 1: A 10-year, interest-free convertible note with a face value of $29.1mn and conversion price of $0.6235ps (46.7mn units issued). For BCI to acquire 31.1mn shares in Agrimin Limited and 26.3m shares in Highfield Resources Limited, investments previously held by Australian Super.
  - Series 2 & 3: Issue size of up to $50m each, with a term of eight years, 5% coupon and conversion price of $0.6235ps (total 160mn units issued). Series 2 notes are drawable at BCI's discretion prior to 30 September 2022 and Series 3 before 31 December 2022, with a 2% establishment fee incurred at drawdown.

Project refresher

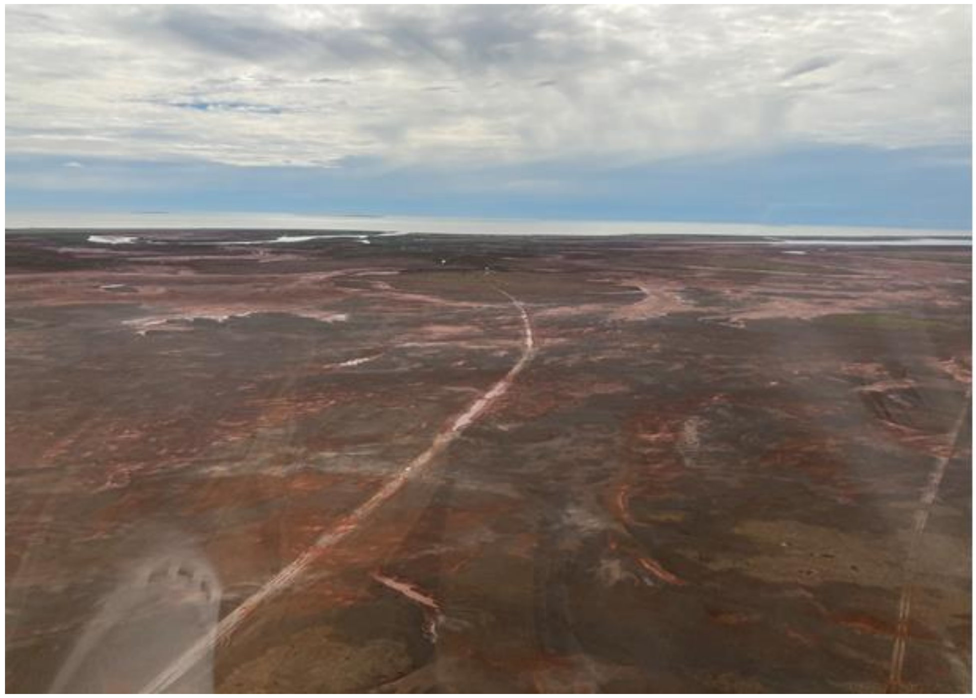
The Mardie Salt & SOP project is located along the West Pilbara coast, approximately 95km north–west of Onslow. BCI is developing the project to produce 5.35Mtpa of high purity, industrial grade salt (>99.5% NaCl) from seawater via solar evaporation. Through the processing of the remaining brine, the project will also aim to produce 140ktpa of SOP (>52% K2O).

Both salt and SOP will be exported from a purpose-built processing facility at the Mardie site.

Rich in competitive advantages

- **Climate**: The Pilbara coast is considered a 'Grassland climate', meaning it's hot all year round with a summer drought. Based on the analysis of monthly evaporation, rainfall and temperature data at the Dampier and Learmonth weather stations, conditions are considered ideal for solar evaporation, with results indicating a net evaporation rate of 2,970mm per annum.
- **Coastal setting**: Mardie is located 3-5km inland from the coast, allowing for easy access via two key inlets to an inexhaustible resource of stable quality seawater. The coastal setting also eliminates haulage costs to an onsite Port facility ideally situated for low cost shipping to Asian markets.
- **Topographical and geotechnical**: As seen in Figure 5, Mardie benefits from flat topography (critical for low capex intensity). Additionally it has a low permeability clay layer that extends across the planned pond footprint, which reduces the amount of product lost to seepage whilst also eliminating the need to line the ponds. Material surrounding the project is suitable for the construction of a low permeability sea wall which eliminates the need to transport suitable material up to site.
- **Minimal environmental and social impact**: BCI has completed Mardie's environmental and review documents (ERD) which were compiled over a three-year period and incorporate surveys, studies and reports prepared in collaboration the WA Environmental Protection Authority (EPA) and the Federal Department of Agriculture, Water and Environment (DAWE). The region does not contain a high level of biodiversity or heritage sites (Native Title agreements have been executed with two Traditional Owner groups and compensation arrangements agreed). While we acknowledge BCI is yet to receive all the environmental approvals required for project development, we believe the extensive work BCI has completed to date demonstrates a project that offers minimal environmental and social impact.

Figure 5: The site benefits from flat topography and favourable geotechnical properties



Source: Canaccord Genuity

Compelling econmics

Our assumptions for Mardie are consistent with the optimised DFS, but we have been more conservative with regards to commodity prices and forex.

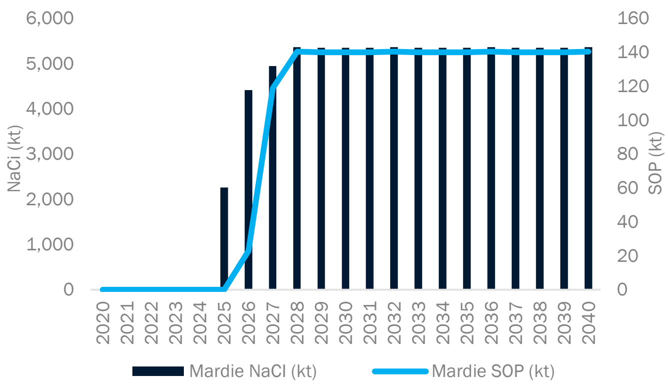
Figure 6: Optimised DFS versus CG assumptions

	DFS	Optimised DFS	CG forecast
Mine life once ramped up	60 years	60 years	60 years
upfront capex	A$779	A$913	A$913
Sustaining capex Salt	A$1/t	A$0.9/t	A$0.9/t
Sustaining capex SOP	A$15/t	A$11.8/t	A$11.8/t
Production rate Salt	4.4Mtpa	5.35Mtpa	5.35Mtpa
Production rate SOP	120ktpa	140ktpa	140ktpa
First production Salt	Mid 2024	late 2024	late 2024
AISC salt (FOB)	A$20/t	A$21.5/t	A$21.5/t
AISC SOP (FOB)	A$310/t	A$337/t	A$337/t
LT Salt price (FOB)	US$34/t	US$41/t	US$37.5/t
LT SOP price (FOB)	US$501/t	US$507/t	US$500
LT Forex	0.68	0.70	0.75

Source: Company reports, Canaccord Genuity estimates

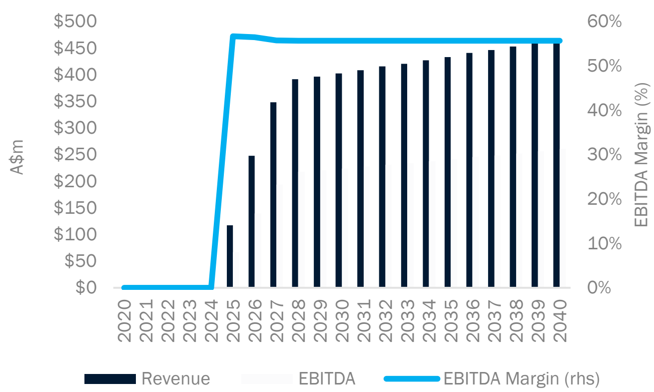
Figures 7 and 8 below illustrate our assumed production profile at Mardie, along with are modelled revenue and EBITDA profile out to 2040 (60-year life used for valuation).

Figure 7: Mardie NaCl and SOP production profile



Source: Company reports, Canaccord Genuity estimates

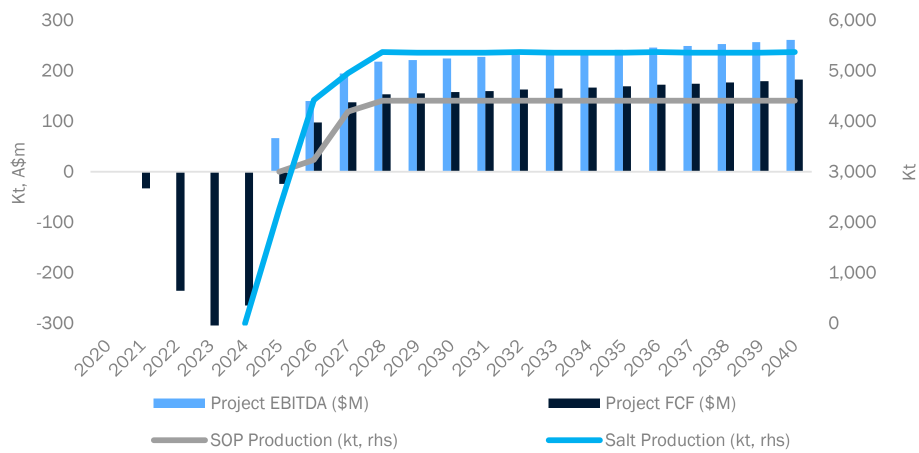
Figure 8: Mardie revenue and EBITDA profile as modelled



Source: Company reports, Canaccord Genuity estimates

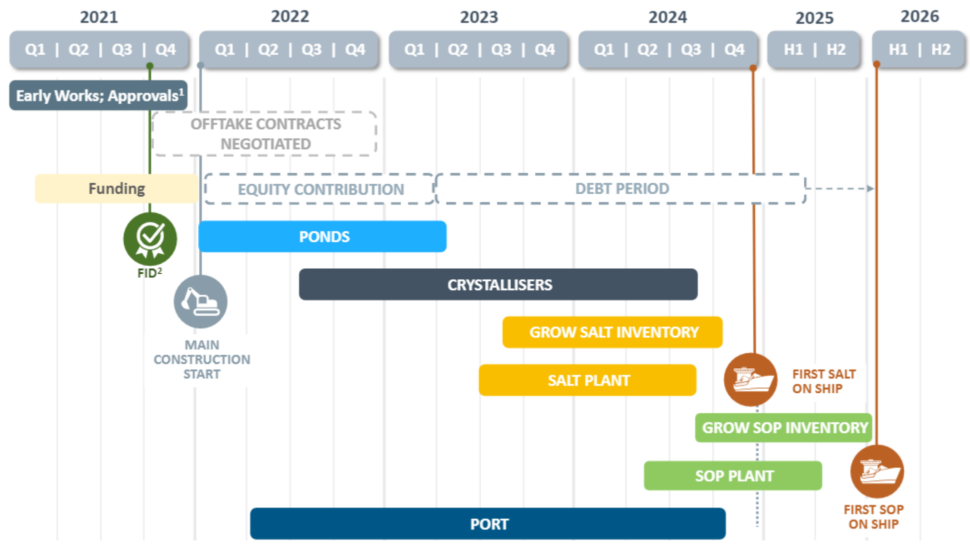
Our post-tax project cash flow estimates for the construction period and out to 2040 are shown in Figure 9. After a ~3.5-year construction period starting in early 2022, we forecast first salt sales to commence in very late 2024 and SOP sales commence in 1H 2026. We forecast free cash flows to become positive in 2026, ramping up to approximately $160m per annum by 2028 and maintained through the remainder of the 60+ year project.

Figure 9: EBITDA/FCF YoY over first 40 years at Mardie



Source: Company reports, Canaccord Genuity estimates

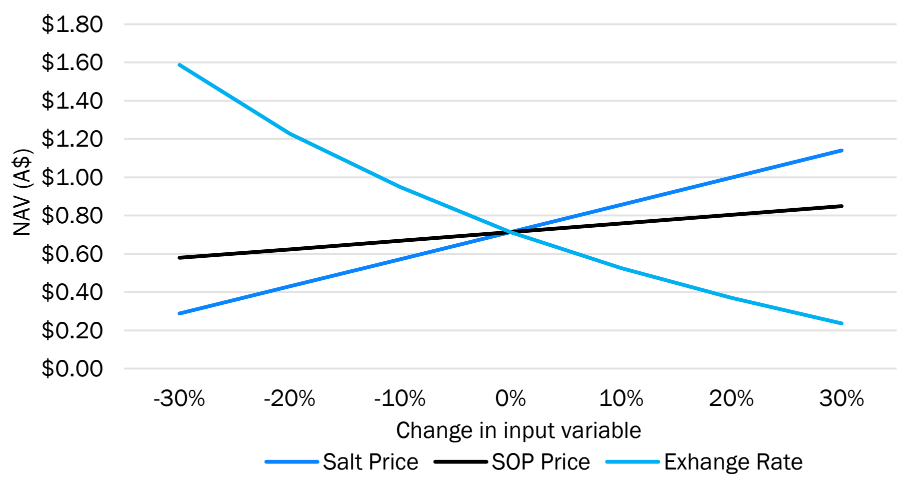
Figure 10: BCI's project schedule



Source: Company reports

Our valuation is mostly sensitive to changes in the exchange rate and salt price assumptions, as approximately 75% of the projects revenue is generated by salt which is priced in US$. The project valuation is less sensitive to changes in the SOP price assumption- which is due to the lower amount of revenue generated from the product.

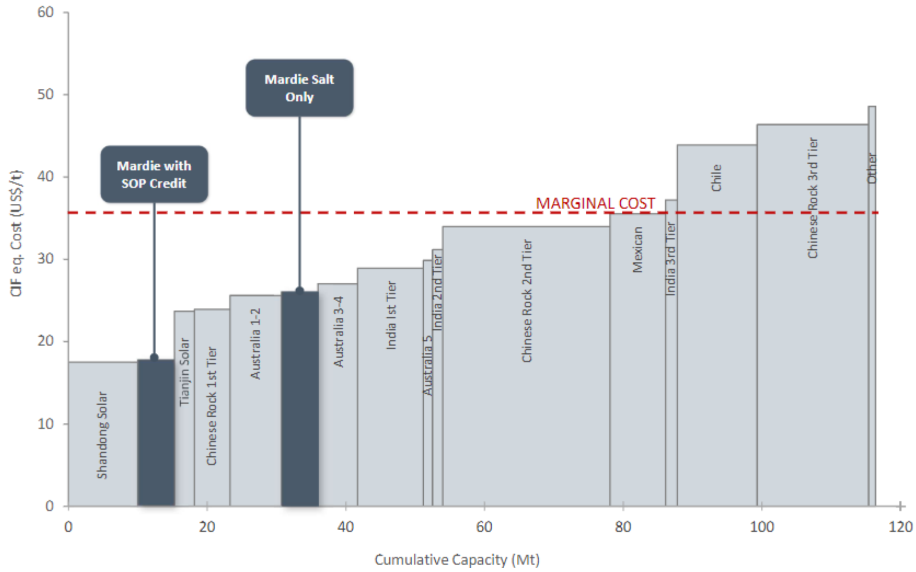
Figure 11: Risked valuation sensitivity – SOP price, salt price and USD:AUD



Source: Company reports, Canaccord Genuity estimates

Mardie has low capital intensity and sits firmly in the bottom quartile of the cost curve for operating costs (after SOP by-product credits).

Figure 12: Mardie is in the bottom quartile of the cost curve for its contestable market



Source: Company reports

Figure 13: Our sum-of-the-parts valuation for BCI

Asset	Equity %	Net Capacity ktpa	NPV A$mn	Risking %	Risked NPV A$mn	Risked NPV A$ps
Iron Valley		7500	88	100%	88	0.07
PRODUCTION ASSETS					**88**	**0.07**
Mardie		5,350	1036	75%	777	0.64
DEVELOPMENT ASSETS					**777**	**0.64**
RESOURCES		**0**			**0.0**	**0.00**
EXPLORATION		**0**			**0.0**	**0.00**
Net Debt, Balance sheet adj. & corp. overhead						**-0.02**
Premium / (Discount)						0.00
Price Target						**0.70**

Source: Canaccord Genuity estimates

Appendix: Important Disclosures

Analyst Certification

Each authoring analyst of Canaccord Genuity whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research, and (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer.

Analysts employed outside the US are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Sector Coverage

Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

Investment Recommendation

Date and time of first dissemination: February 09, 2022, 14:30 ET

Date and time of production: February 09, 2022, 00:40 ET

Target Price / Valuation Methodology:

BCI Minerals Limited - BCI

The price target of $0.70 is set using a SOTP-based methodology.

Risks to achieving Target Price / Valuation:

BCI Minerals Limited - BCI

BCI's exploration properties may never be brought into production

The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. To mitigate this risk, the company has undertaken systematic and staged exploration and testing programs on its mineral properties and progressively undertaken a number of technical and economic studies with respect to its projects. However, given a formal decision on development is yet to be taken, there can be no guarantee that the properties will be ultimately brought into production.

BCI's activities could require further capital

The development of the Mardie Salt & SOP project could run over budget and require additional capital. Failure to obtain sufficient financing may result in delaying or indefinite postponement of any development of the company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the company.

BCI is yet to receive all the required environmental permits for its optimised development plan

The company has received State and Federal approval for its original development proposal but has not received incremental approvals for the expanded optimised development. There is no guarantee that the company will receive these additional permits in a timely fashion.

BCI may be adversely affected by fluctuations in commodity prices

The price of salt and potash fluctuates and is affected by numerous factors beyond the control of the company. Future production and revenue, if any, from the company's mineral properties will be dependent upon the price of salt and potash being adequate to make these properties economic. The company does not currently engage in any hedging or derivative transactions to manage commodity price risk. This policy will be reviewed periodically going forward, as the company's operations change.

Global financial conditions may adversely affect BCI's growth and profitability

Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities.

Distribution of Ratings:

Global Stock Ratings (as of 02/09/22)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	661	68.85%	42.36%
Hold	130	13.54%	26.15%
Sell	10	1.04%	20.00%
Speculative Buy	155	16.15%	58.71%
	960*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.

NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier

SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the **Global Stock Ratings** table)

A list of all the recommendations on any issuer under coverage that was disseminated during the preceding 12-month period may be obtained at the following website (provided as a hyperlink if this report is being read electronically) http://disclosures-mar.canaccordgenuity.com/EN/Pages/default.aspx

Required Company-Specific Disclosures (as of date of this publication)

BCI Minerals Limited currently is, or in the past 12 months was, a client of Canaccord Genuity or its affiliated companies. During this period, Canaccord Genuity or its affiliated companies provided investment banking services to BCI Minerals Limited.

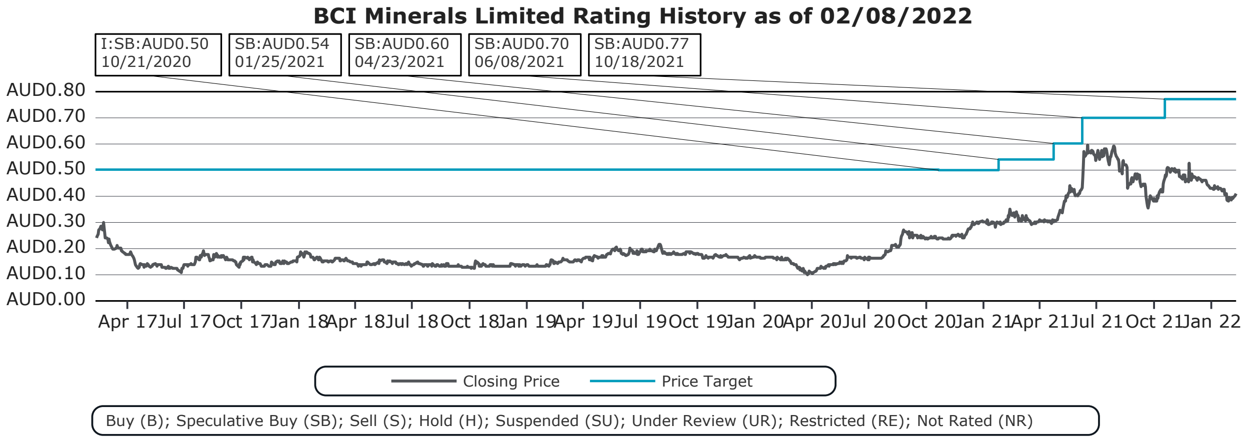
In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Investment Banking services from BCI Minerals Limited .

In the past 12 months, Canaccord Genuity or any of its affiliated companies have been lead manager, co-lead manager or co-manager of a public offering of securities of BCI Minerals Limited or any publicly disclosed offer of securities of BCI Minerals Limited or in any related derivatives.

Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Investment Banking services from BCI Minerals Limited in the next three months.

An analyst has visited the material operations of BCI Minerals Limited. Partial payment was received for the related travel costs.

Canaccord Genuity (Australia) Limited has received a fee as Lead Manager, Partial Underwriter and Bookrunner to the BCI Minerals Limited Capital Raising announced 18 November 2021.



Required Company-Specific Disclosures (as of date of this publication)

Past performance

In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

Online Disclosures

Up-to-date disclosures may be obtained at the following website (provided as a hyperlink if this report is being read electronically) http://disclosures.canaccordgenuity.com/EN/Pages/default.aspx; or by sending a request to Canaccord Genuity Corp. Research, Attn: Disclosures, P.O. Box 10337 Pacific Centre, 2200-609 Granville Street, Vancouver, BC, Canada V7Y 1H2; or by sending a request by email to disclosures@cgf.com. The reader may also obtain a copy of Canaccord Genuity's policies and procedures regarding the dissemination of research by following the steps outlined above.

General Disclaimers

See "Required Company-Specific Disclosures" above for any of the following disclosures required as to companies referred to in this report: manager or co-manager roles; 1% or other ownership; compensation for certain services; types of client relationships; research analyst conflicts; managed/co-managed public offerings in prior periods; directorships; market making in equity securities and related derivatives. For reports identified above as compendium reports, the foregoing required company-specific disclosures can be found in a hyperlink located in the section labeled, "Compendium Reports." "Canaccord Genuity" is the business name used by certain wholly owned subsidiaries of Canaccord Genuity Group Inc., including Canaccord Genuity LLC, Canaccord Genuity Limited, Canaccord Genuity Corp., and Canaccord Genuity (Australia) Limited, an affiliated company that is 80%-owned by Canaccord Genuity Group Inc.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Corp. a Canadian broker-dealer with principal offices located in Vancouver, Calgary, Toronto, Montreal, or Canaccord Genuity LLC, a US broker-dealer with principal offices located in New York, Boston, San Francisco and Houston, or Canaccord Genuity Limited., a UK broker-dealer with principal offices located in London (UK) and Dublin (Ireland), or Canaccord Genuity (Australia) Limited, an Australian broker-dealer with principal offices located in Sydney and Melbourne.

The authoring analysts who are responsible for the preparation of this research have received (or will receive) compensation based upon (among other factors) the Investment Banking revenues and general profits of Canaccord Genuity. However, such authoring analysts have not received, and will not receive, compensation that is directly based upon or linked to one or more specific Investment Banking activities, or to recommendations contained in the research.

Some regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of research. This research has been prepared in accordance with Canaccord Genuity's policy on managing conflicts of interest, and information barriers or firewalls have been used where appropriate. Canaccord Genuity's policy is available upon request.

The information contained in this research has been compiled by Canaccord Genuity from sources believed to be reliable, but (with the exception of the information about Canaccord Genuity) no representation or warranty, express or implied, is made by Canaccord Genuity, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Genuity has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Canaccord Genuity's judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

From time to time, Canaccord Genuity salespeople, traders, and other professionals provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Canaccord Genuity’s affiliates, principal trading desk, and investing businesses also from time to time make investment decisions that are inconsistent with the recommendations or views expressed in this research.

This research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this research may not be eligible for sale in some jurisdictions. This research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Genuity, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this research.

Research Distribution Policy

Canaccord Genuity research is posted on the Canaccord Genuity Research Portal and will be available simultaneously for access by all of Canaccord Genuity’s customers who are entitled to receive the firm's research. In addition research may be distributed by the firm’s sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Canaccord Genuity’s customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

Short-Term Trade Ideas

Research Analysts may, from time to time, discuss “short-term trade ideas” in research reports. A short-term trade idea offers a near-term view on how a security may trade, based on market and trading events or catalysts, and the resulting trading opportunity that may be available. Any such trading strategies are distinct from and do not affect the analysts' fundamental equity rating for such stocks. A short-term trade idea may differ from the price targets and recommendations in our published research reports that reflect the research analyst's views of the longer-term (i.e. one-year or greater) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. It is possible, for example, that a subject company's common equity that is considered a long-term ‘Hold' or 'Sell' might present a short-term buying opportunity as a result of temporary selling pressure in the market or for other reasons described in the research report; conversely, a subject company's stock rated a long-term 'Buy' or “Speculative Buy’ could be considered susceptible to a downward price correction, or other factors may exist that lead the research analyst to suggest a sale over the short-term. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm does not intend, and does not undertake any obligation, to maintain or update short-term trade ideas. Short-term trade ideas are not suitable for all investors and are not tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your salesperson for more information regarding Canaccord Genuity’s research.

For Canadian Residents:

This research has been approved by Canaccord Genuity Corp., which accepts sole responsibility for this research and its dissemination in Canada. Canaccord Genuity Corp. is registered and regulated by the Investment Industry Regulatory Organization of Canada (IIROC) and is a Member of the Canadian Investor Protection Fund. Canadian clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Corp. in their particular province or territory.

For United States Persons:

Canaccord Genuity LLC, a US registered broker-dealer, accepts responsibility for this research and its dissemination in the United States. This research is intended for distribution in the United States only to certain US institutional investors. US clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity LLC. Analysts employed outside the US, as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

For United Kingdom and European Residents:

This research is distributed in the United Kingdom and elsewhere Europe, as third party research by Canaccord Genuity Limited, which is authorized and regulated by the Financial Conduct Authority. This research is for distribution only to persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment Professionals) and 49(2) (High Net Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom or elsewhere in Europe to retail clients, as defined under the rules of the Financial Conduct Authority.

For Jersey, Guernsey and Isle of Man Residents:

This research is sent to you by Canaccord Genuity Wealth (International) Limited (CGWI) for information purposes and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This research has been produced by an affiliate of CGWI for circulation to its institutional clients and also CGWI. Its contents have been approved by CGWI and we are providing it to you on the basis that we believe it to be of interest to you. This statement should be read in conjunction with your client agreement, CGWI's current terms of business and the other disclosures and disclaimers contained within this research. If you are in any doubt, you should consult your financial adviser.

CGWI is licensed and regulated by the Guernsey Financial Services Commission, the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission. CGWI is registered in Guernsey and is a wholly owned subsidiary of Canaccord Genuity Group Inc.

For Australian Residents:

This research is distributed in Australia by Canaccord Genuity (Australia) Limited ABN 19 075 071 466 holder of AFS Licence No 234666. To the extent that this research contains any advice, this is limited to general advice only. Recipients should take into account their own personal circumstances before making an investment decision. Clients wishing to effect any transactions in any financial products discussed in the research should do so through a qualified representative of Canaccord Genuity (Australia) Limited or its Wealth Management affiliated company, Canaccord Genuity Financial Limited ABN 69 008 896 311 holder of AFS Licence No 239052.

For Hong Kong Residents:

This research is distributed in Hong Kong by Canaccord Genuity (Hong Kong) Limited which is licensed by the Securities and Futures Commission. This research is only intended for persons who fall within the definition of professional investor as defined in the Securities and Futures Ordinance. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity (Hong Kong) Limited. (Contact Tel: +852 3919 2561) in respect of any matters arising from, or in connection with, this research.

Additional information is available on request.