

Analysts

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Authorisation

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BCI Minerals Ltd (BCI)

FY21: Iron Valley supports Mardie spend

Recommendation

Buy (unchanged)

Price

\$0.44

Target (12 months)

\$0.74 (unchanged)

GICS Sector

Materials

Expected Return

Capital growth	68%
Dividend yield	0%
Total expected return	68%

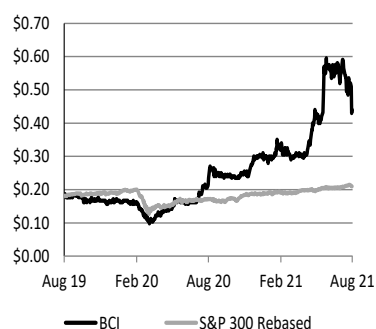
Company Data & Ratios

Enterprise value	\$155m
Market cap	\$264m
Issued capital	600m
Free float	75%
Avg. daily val. (52wk)	\$279,569
12 month price range	\$0.206-\$0.615

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.54	0.42	0.21
Absolute (%)	-17.76	6.02	113.71
Rel market (%)	-20.21	-0.29	90.31

Absolute Price



SOURCE: IRESS

Record Iron Valley earnings & balance sheet support

BCI reported FY21 Group EBITDA of \$28.9m (BP est. \$31.4m), with Iron Valley segment EBITDA of \$69.5m (previously reported). Group EBITDA includes \$34.5m in pre-development activity expenditure at the Mardie Salt and SOP Project. FY21 NPAT was \$22.0m (BP est. \$29.4m), with depreciation and amortisation higher than expected. At 31 July 2021, BCI's net cash position was \$110m (\$79m at 30 June 2021) following an after balance date Iron Valley cash receipt.

We have made no changes to our BCI operating assumptions as a result of this report. EPS changes relate to corporate expense revisions: FY22 -5%; FY23 now 2.8cps (previously 3.2cps); and FY23 now -1.2cps (previously -1.0cps).

Mardie project approvals & FID by end of 2021

The Mardie project timeline sees final project approvals, land tenure secured and FID by the end of 2021. BCI is in advanced stages of debt financing, with the Northern Australia Infrastructure Facility providing conditional approval for \$450m in long tenor debt. Major construction activities are scheduled to commence in early 2022 for first salt production from 1H FY24. Iron ore price strength will be a key variable in BCI's equity funding requirements. Despite the recent iron ore price weakness, we estimate that Iron Valley can generate annual EBITDA of \$68m at current levels (spot index price US\$131/t and 7.0mtpa sales volume). At these levels, we estimate BCI's new equity requirement will be \$220m, compared with \$250m using our base case assumptions. BCI are guiding to a maximum \$300m new equity capital requirement.

Investment thesis: Buy, Target Price \$0.74/sh

BCI combines an iron ore royalty-like business with a large scale salt and fertiliser project. BCI's current EV is around 2.4x its 2022 iron ore EBITDA alone. Mardie will add significant further value and has appeal to ESG concerned debt and equity investors. NAIF financing, BCI's supportive share register and continued strength in iron ore prices mitigate some of the Mardie project's financing risks.

Earnings Forecast

Year ending 30 June	2021a	2022e	2023e	2024e
Sales (A\$m)	160	166	91	118
EBITDA (A\$m)	29	66	24	33
NPAT (reported) (A\$m)	22	66	24	(11)
NPAT (adjusted) (A\$m)	22	66	24	(11)
EPS (adjusted) (eps)	4.0	9.6	2.7	(1.2)
EPS growth (%)	4152%	139%	-72%	-144%
PER (x)	10.9x	4.6x	16.1x	-36.3x
FCF Yield (%)	-3%	-35%	-82%	-91%
EV/EBITDA (x)	5.4x	2.3x	6.5x	4.8x
Dividend (eps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	-	-	-	-
ROE (%)	16%	26%	7%	-3%

SOURCE: BELL POTTER SECURITIES ESTIMATES

FY21: Iron Valley supports Mardie spend

Table 1 - FY21 result summary

Half / Full year	1H FY20 (actual)	2H FY20 (actual)	FY20 (actual)	1H FY21 (actual)	2H FY20 (actual)	FY21 (actual)	PCP Change %	FY21 (BP est.)	Actual vs. BP est. %
Iron ore sold (wMt)	3.6	3.6	7.2	2.9	3.1	6.0	-17%	6.0	
Revenue \$m	40.1	36.7	76.8	53.0	107.2	160.2	109%	172.3	-7%
EBITDA \$m	-3.1	-1.2	-4.3	2.0	26.9	28.9	N/A	31.4	-8%
EBIT \$m	-4.4	-5.8	-10.2	-0.1	21.8	21.7	N/A	29.2	-26%
NPAT \$m	-4.1	-5.7	-9.8	0.0	21.9	22.0	N/A	29.4	-25%
EPS cps	-1.03	1.12	0.09	0.01	4.0	4.02	4,152%	5.5	-27%
Segment EBITDA									
Iron Valley \$m	10.9	12.1	23.0	17.1	52.4	69.5	202%	69.5	0%
Mardie \$m	-11.2	-7.5	-18.7	-12.6	-21.9	-34.5	N/A	-32.7	N/A
Tenements & other \$m	-2.	6.9	4.0	-2.50	-3.7	-6.2	N/A	-5.4	N/A

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Key observations from the result

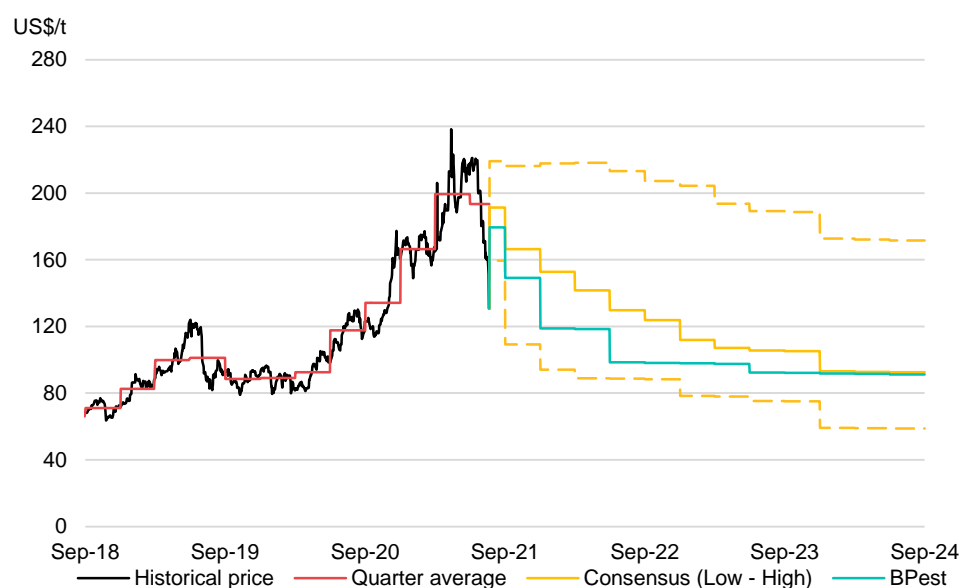
- Record earnings from Iron Valley:** Group EBITDA of \$28.9m was in line with our estimate and was supported by Iron Valley EBITDA of \$69.5m (previously announced). Group EBITDA includes \$34.5m exploration and development expense associated with the Mardie project. NPAT of \$22.0m was weaker than our estimate (\$29.4m) on higher depreciation and amortisation and a \$2.3m impairment relating to exploration and intangible assets sold. FY21 earnings benefited from elevated iron ore prices with benchmark iron ore prices (62% Fe CFR china) averaging US\$154/t in FY21, up 66% on US\$93/t in FY20.
- Cash position strengthened:** BCI reported a cash position of \$110m at 31 July 2021 and no debt. The company had previously reported a \$79m cash position for 30 June 2021. The updated cash balance incorporates a previously announced \$32m cash receipt relating to Iron Valley earnings.
- Mardie activities ramping up:** Mardie project capital expenditure incurred was \$17.6m (FY20: \$7.6m), reflecting a ramp-up of pre-development activities. BCI plan to spend over \$60m on early development activities before the commencement of major construction activities from early 2022.
- Mardie development outlook:** Securing all remaining environmental approvals, land tenure access and progressing funding options are the company's key objective in 1H FY22. FID is targeted in Q2 FY22 and commencement of main construction activities in early 2022. BCI is in ongoing discussions to advance a proportion of its salt and SOP offtake memorandum of understandings (MoUs) into binding agreements.

Historical and expected Iron ore price

The following chart represents historical and expected iron ore prices (62% Fe, CFR China). Consensus Economics' estimates have been adjusted from nominal to real 2021 dollars.

- The benchmark iron ore price index (62% Fe CFR China) has recently fallen 35% from US\$201/t on 28 July 2021 to US\$131/t now. This price compares with the June 2021 quarter average of US\$199/t and an average of US\$154/t over FY21.
- Quarter-to-date iron ore prices have averaged US\$193/t. If prices remain at spot levels for the remainder of the quarter, the September 2021 quarter average will be US\$165/t (BP est. US\$180/t).
- We currently expect prices to fall to an average of US\$150/t in the December 2021 quarter and then average US\$120/t for 2H FY22. Our long term price assumption is US\$95/t (real).

Figure 1 - Iron ore Fe 62% US\$/t CFR Qingdao, - Historical & expected prices



SOURCE: BLOOMBERG, CONSENSUS ECONOMICS & BELL POTTER SECURITIES ESTIMATES

News flow & value catalysts

- **2H 2021:**
 1. Environmental Ministerial approval and granting of project land tenure.
 2. Updates on debt funding arrangements: We expect further commercial lenders to join in Mardie project debt financing.
 3. BCI Board to take Mardie project FID.
- **Ongoing:** Further Mardie project salt and SOP offtake MoUs and the conversion of existing MoUs to conditional binding offtake agreements.

Iron Valley supplements Mardie funding

BCI's latest presentations outline a maximum new equity funding requirement for the Mardie Project of \$300m. Under our iron ore price outlook, we expect that cash flows from Iron Valley may reduce this new equity requirement to \$250m. Should iron ore prices remain at current spot levels (US\$131/t), our estimate for the new equity requirement drops to \$220m.

Persistently high iron ore prices provide another benefit: A stronger BCI share price and therefore less capital raising dilution.

Proposed Mardie funding mix: 60% debt / 40% equity

BCI's August 2021 corporate presentation outlines the company's financing strategy for the Mardie project; the \$1.2b total funding requirement is currently expected to be funded by around 60% debt (\$720m) and 40% equity (\$480m).

NAIF \$450M FACILITY CONDITIONALLY APPROVED; OTHER BANKS ENGAGED

A conditionally approved \$450m, 15 year tenor NAIF loan will support much of the total debt financing, with the remainder to be sourced from Australian and international banks and other debt providers.

MAXIMUM \$300M EQUITY REQUIREMENT EXPECTED

BCI is anticipating a **minimum** \$180m from current cash at bank and Iron Valley earnings will support the \$480m equity requirement, with a **maximum** \$300m to be sourced from new equity.

HIGH IRON ORE PRICES BOOST CASH RESERVES & REDUCE DILUTION

We calculate that BCI's call for new equity could be materially lower (than \$300m) should iron prices and Iron Valley's earnings remain elevated. Persistently high iron ore prices should also support higher BCI equity valuation, meaning that any new equity raised will be less dilutive.

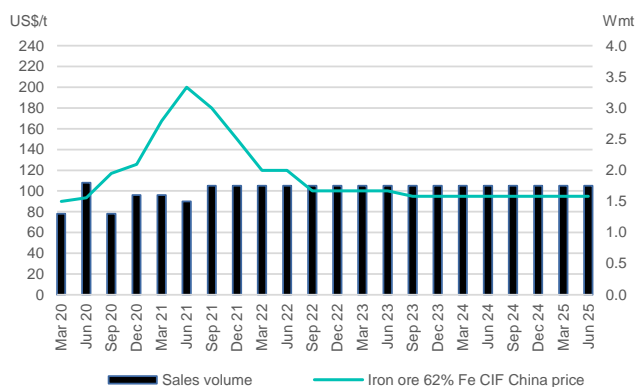
The following charts outline our estimate of BCI's Mardie capital requirements and the likely sources of those funds under two price scenarios:

1. Bell Potter Securities' iron ore price outlook; and
2. Benchmark iron ore prices remain at current levels resulting in a September 2021 quarter average of US\$165/t then holding at spot levels of US\$131/t from Q2 FY22 to the end of FY23.

Scenario 1: Bell Potter Securities' iron ore price outlook

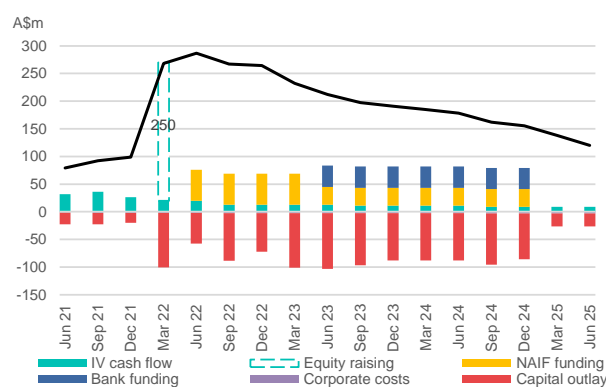
We assume iron ore prices to average US\$143/t in FY22, US\$100/t in FY23 and US\$95/t in the long run. Iron Valley shipments are held constant at 7.0Mtpa. Our analysis shows that BCI will require \$250m by the end of the March 2022 quarter.

Figure 2 - BPe base case: iron ore price vs sales volume



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 3 - BPe base case: capital costs and financing

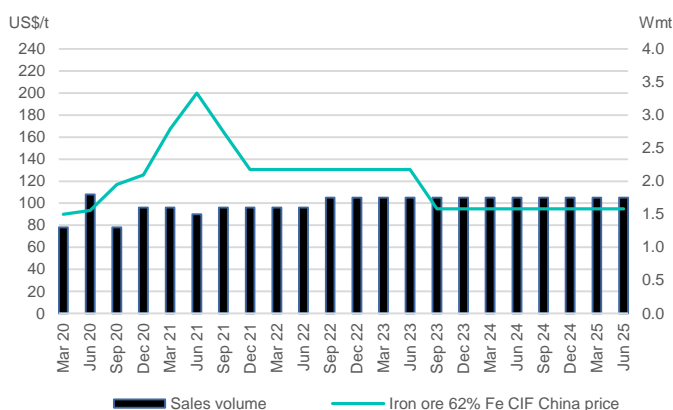


SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Scenario 2: Prices at spot US\$131/t from Q1 FY22 to FY23

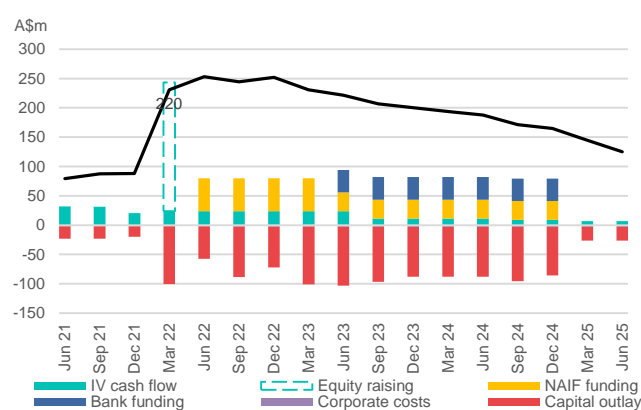
Under this scenario, prices average US\$165/t for the September 2021 quarter (assumes spot prices of US\$131/t for the remainder of the quarter) and then average US\$131/t per quarter to the end of FY23, before decreasing to our long run price estimate of US\$95/t. Iron Valley shipments are also constant at 7.0Mtpa. Our modelling suggest that BCI will require \$220m by the end of the March 2022 quarter under this scenario.

Figure 4 - Spot price scenario: iron ore price vs sales volume



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 5 - Spot price scenario: capital costs and financing



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

BCI valuation comparison

The table below outlines potential upside to our BCI valuation from lower dilution as higher iron ore prices assumptions are considered, compared with our price forecasts.

Table 2 - Scenario comparison: BCI valuation

	New equity required	New shares at current share price	Dilution compared with base case	Valuation uplift from base case	Implied valuation
	\$m	m	%	%	\$/sh
Base case	250	668			0.74
Spot price scenario	220	500	-13%	15%	0.85

SOURCE: BELL POTTER SECURITIES ESTIMATES

Earnings change & valuation summary

Changes to earnings estimates

Our EPS changes outlined in the table below mostly relate to revisions in our corporate expense assumptions.

Table 3 - Changes to earnings estimates

Year ending 30 Jun	Previous			New			Change		
	2022e	2023e	2024e	2022e	2023e	2024e	2022e	2023e	2024e
Production (wmt)	6.4	7.0	7.0	6.4	7.0	7.0	0%	0%	0%
Iron ore price (62% CFR China) (US\$/t)	143	100	95	143	100	95	0%	0%	0%
Sales (A\$m)	166	91	118	166	91	118	0%	0%	0%
EBITDA (A\$m)	69	26	35	66	24	33	-3%	-8%	-6%
NPAT (reported) (A\$m)	69	26	(8)	66	24	(11)	-3%	-8%	N/A
NPAT (adjusted) (A\$m)	69	26	(8)	66	24	(11)	-3%	-8%	N/A
EPS (adjusted) (¢ps)	10.2	3.2	(1.0)	9.6	2.7	(1.2)	-6%	-13%	N/A
Dividend (¢ps)	-	-	-	-	-	-	0%	0%	0%
Valuation (\$/sh)	0.74			0.74			0%		

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Risked valuation summary

The table below outlines our BCI valuation after incorporating BCI's FY21 financial results and increasing BCI's corporate cost allowance. Our Buy recommendation and \$0.74/sh target price remain unchanged.

Table 4 - Risked valuation summary

	Previous	New
Mardie Salt & Potash project (unrisked) \$m	335	466
Risk discount to account for project stage %	15%	15%
Mardie Salt & Potash project (risked) \$m	285	396
Iron Valley agreement \$m	204	127
Value of core projects (risked) \$m	488	523
Corporate & admin \$m	-60	-80
Enterprise value (risked) \$m	428	443
Net debt / (cash) \$m	-79	-109
Equity value (risked, undiluted) \$m	508	552
Assumed near-term capital raise \$m	\$100m	\$100m
Assumed raise price \$/sh (15% discount)	\$0.47/sh	\$0.37/sh
Current shares on issue m	600m	600m
In the money options & rights m	9m	15m
Assumed capital raising dilution m	213m	270m
Diluted shares on issue m	821m	885m
Net debt / (cash) (including raising) A\$m	-179m	-209m
Equity value (risked, undiluted) \$m	608m	652m
Equity value (risked, undiluted) \$/sh	\$0.74/sh	\$0.74/sh
Current share price		\$0.44/sh
Equity value upside to current share price %		68%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

BCI Minerals Ltd (BCI)

Company description

BCI's key assets are the Mardie Salt and SOP project and a portfolio of iron ore tenements. A DFS on Mardie was published in July 2020 outlining a project capable of producing 4.4Mtpa salt and 120ktpa SOP and with a pre-tax NPV (7% discount rate) of \$1,197m. BCI's key iron ore asset is its Iron Valley Resource which is mined under agreement by Mineral Resources Ltd (MIN) and provides a royalty-like earnings stream. BCI also has a number of royalty agreements on other iron ore tenements at earlier stages of development.

Investment thesis: Buy, Target Price \$0.74/sh

BCI combines an iron ore royalty-like business with a large scale salt and fertiliser project. BCI's current EV is around 2.4x its 2022 iron ore EBITDA alone. Mardie will add significant further value and has appeal to ESG concerned debt and equity investors. NAIF financing, BCI's supportive share register and continued strength in iron ore prices mitigate some of the Mardie project's financing risks.

Valuation methodology

Principal inputs into our valuation of BCI are discounted cash flow models of:

- Mardie Salt & SOP project, with parameters consistent with the July 2020 DFS, however, using more conservative discount rate and foreign exchange assumptions and a risk discount applied to account for project stage.
- Iron Valley agreement with MIN, operating at on average 7.0Mtpa and generating annual EBITDA of around \$26m until 2030 assuming a long term iron ore price of US\$95/t (real).
- Other assets assessed on the basis of the royalty agreement, the in-ground value of the iron ore and a discount to account for risks associated with timing and development.
- Corporate costs and tax assets.

Investment risks

Risks include, but are not limited to:

- Commodity price and exchange rate fluctuations. The future earnings and valuations of exploration, development and operating resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- Infrastructure access. Bulk commodity producers are particularly reliant upon access to transport infrastructure. Access to infrastructure is often subject to contractual agreements, permits, and capacity allocations. Agreements are typically long-term in nature (+10 years). Infrastructure can be subject to outages as a result of weather events or the actions of third party providers.
- Operating and capital cost fluctuations. Markets for exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour markets.
- Resource growth and mine life extensions. Future earnings forecasts and valuations may rely upon resource and reserve growth to extend mine lives.
- Sovereign risks. Mining companies' assets can be located in countries other than Australia and are subject to the sovereign risks of that country.
- Regulatory changes risks. Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies.
- Environmental risks. Resources companies are exposed to risks associated with environmental degradation as a result of their exploration and mining processes. Fossil fuel producers (coal) may be particularly exposed to the environmental risks of end markets including the electricity generation and steel production industries.
- Operating and development risks. Resources companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single operation company. Development assets can be subject to approvals timelines or weather events, causing delays to commissioning and commercial production.
- Occupational health and safety risks. Resources companies are particularly exposed to OH&S risks given the physical nature and human resource intensity of operating assets.
- Funding and capital management risks. Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments, and managing debt repayments.
- Merger/acquisition risks. Risks associated with value transferred during merger and acquisition activity.
- COVID-19 risks: Resources companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.

Table 5 - Financial summary

Date		22/08/21					Bell Potter Securities								
Price	A\$/sh	0.44					Stuart Howe (showe@bellpotter.com.au, +61 3 9235 1856)								
Target price	A\$/sh	0.74					Joseph House (jhouse@bellpotter.com.au, +61 3 9235 1624)								
PROFIT AND LOSS															
Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e	FINANCIAL RATIOS								
Revenue	\$m	77	160	166	91	118	Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e		
Expenses	\$m	(81)	(131)	(99)	(68)	(85)	VALUATION	Ac/sh	0.1	4.0	9.6	2.7	(1.2)		
EBITDA	\$m	(4)	29	66	24	33	EPS	%	-97%	4152%	139%	-72%	-144%		
Depreciation & amortisation	\$m	(6)	(7)	-	-	(16)	PER	x	465.3x	10.9x	4.6x	16.1x	-36.3x		
EBIT	\$m	(10)	22	66	24	16	DPS	Ac/sh	-	-	-	-	-		
Net interest expense	\$m	0	0	-	-	(27)	Franking	%	0%	0%	0%	0%	0%		
Profit before tax	\$m	(10)	22	66	24	(11)	Yield	%	0%	0%	0%	0%	0%		
Tax expense	\$m	-	-	-	-	-	FCF/share	Ac/sh	2.0	(1.4)	(15.4)	(36.2)	(40.1)		
NPAT (reported)	\$m	(10)	22	66	24	(11)	FCF yield	%	4%	-3%	-35%	-82%	-91%		
NPAT (adjusted)	\$m	0	22	66	24	(11)	EV/EBITDA	x	-35.6x	5.4x	2.3x	6.5x	4.8x		
CASH FLOW STATEMENT															
Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e	LIQUIDITY & LEVERAGE								
OPERATING CASH FLOW							Net debt / (cash)	\$m	(42)	(79)	(69)	246	595		
Receipts from customers	\$m	82	121	190	99	101	Net debt / Equity	%	-40%	-46%	-21%	68%	171%		
Payments to suppliers and employees	\$m	(78)	(112)	(112)	(72)	(71)	Net debt / Net debt + Equity	%	-66%	-85%	-26%	41%	63%		
Tax paid	\$m	-	-	-	-	-	Net debt / EBITDA	x	9.6x	-2.7x	-1.0x	10.3x	18.3x		
Net interest	\$m	0	0	-	-	(27)	EBITDA / net int expense	x	-10.1x	103.2x	0.0x	0.0x	-1.2x		
Other	\$m	-	-	-	-	-	PROFITABILITY RATIOS								
Operating cash flow	\$m	4	9	78	27	3	EBITDA margin	%	-6%	18%	40%	26%	28%		
INVESTING CASH FLOW							EBIT margin	%	-13%	14%	40%	26%	14%		
Capex	\$m	(7)	(17)	(184)	(342)	(352)	Return on assets	%	-7%	12%	22%	4%	-1%		
Disposal of assets	\$m	11	-	-	-	-	Return on equity	%	-9%	16%	26%	7%	-3%		
Other	\$m	-	0	-	-	-	ASSUMPTIONS - Prices (nominal)								
Investing cash flow	\$m	3	(17)	(184)	(342)	(352)	Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e		
FINANCING CASH FLOW							Iron ore price (62% CFR China)	US\$/t	94	155	143	100	95		
Debt proceeds/(repayments)	\$m	-	-	-	531	225	Salt price (CFR Asia)	US\$/t	-	-	-	-	22		
Dividends paid	\$m	-	-	-	-	-	SOP price (FOB Australia)	US\$/t	-	-	-	-	-		
Proceeds from share issues (net)	\$m	-	46	96	-	-	FX	US\$/A\$	0.67	0.75	0.74	0.73	0.73		
Other	\$m	-	(0)	-	-	-	ASSUMPTIONS - Sales (equity)								
Financing cash flow	\$m	-	46	96	531	225	Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e		
Change in cash	\$m	34	42	79	69	285	Iron ore sales	Mt	7.2	6.0	6.4	7.0	7.0		
Free cash flow	\$m	8	(8)	(106)	(315)	(349)	Salt sales	Mt	-	-	-	-	-0.5		
							SOP sales	kt	-	-	-	-	-		
BALANCE SHEET															
Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e	SEGMENT EBITDA								
ASSETS							Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e		
Cash	\$m	42	79	69	285	161	Iron Valley	\$m	21	70	74	32	26		
Receivables	\$m	16	56	32	24	41	Mardie Salt & SOP	\$m	-	-	-	-	15		
Inventories	\$m	-	-	-	-	-	Other	\$m	(25)	(41)	(8)	(8)	(8)		
Capital assets	\$m	46	59	244	586	921	Total	\$m	(4)	29	66	24	33		
Other assets	\$m	32	33	33	33	33	VALUATION								
Total assets	\$m	136	228	377	928	1,156	Shares on issue m						600		
LIABILITIES							Shares and rights on issue m							614	
Creditors	\$m	18	38	25	20	34	Diluted shares on issue (following assumed raising) m							885	
Borrowings	\$m	-	-	-	531	756	Valuation							A\$m	A\$/sh
Provisions	\$m	12	16	16	16	16	Mardie Salt & Potash project (unrisked)				\$466m				
Other liabilities	\$m	1	2	2	2	2	Risk discount to account for project stage				15%				
Total liabilities	\$m	32	55	42	569	808	Mardie Salt & Potash project (risked)							\$396m	
NET ASSETS	\$m						Iron Valley agreement							\$127m	
Share capital	\$m	267	313	409	409	409	Value of core projects (risked)							\$523m	
Reserves	\$m	5	6	6	6	6	Corporate & admin							-\$90m	
Accumulated losses	\$m	(169)	(147)	(80)	(56)	(67)	Enterprise value (risked)							\$443m	
Non-controlling interest	\$m	-	-	-	-	-	Net debt / (cash) (including raising)							-\$209m	
SHAREHOLDER EQUITY	\$m	104	173	335	359	348	Equity value of core projects (risked)							\$652m	0.74
Weighted average shares	m	399	548	690	870	870									

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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Analyst, Joseph House, has a long position in BCI.

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