



BOUGAINVILLE
COPPER LIMITED

Notice to ASX

30 April 2020

2019 Annual Report

Attached is the 2019 Annual Report for Bougainville Copper Limited [ASX:BOC] which contains the full financial statements for the year ended 2019.

Also attached is the annual appendix 4G statement - Key to Disclosures Corporate Governance Council Principles and Recommendations, which reflects the contents of the Corporate Governance Statement detailed in the Annual Report on pages 19 to 29.

The Annual General Meeting of Bougainville Copper will be held at 1.00 pm on Thursday, 11th June 2020 at the Grand Papua Hotel, Mary Street, Port Moresby, Papua New Guinea. A webcast will be available for shareholders to access the meeting and vote. Details of the webcast link will be included in the notice of meeting. All shareholders are cordially invited to attend the Annual General Meeting.

By order of the Board.

Mark W Hitchcock
Company Secretary

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Postal Address: P O Box 1274, Port Moresby, Papua New Guinea

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Incorporated in Papua New Guinea A.R.B.N 007 497 869



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**Bougainville Copper Limited
(Incorporated in Papua New Guinea)**

A.R.B.N. 007 497 869

Annual Report

2019



BACKGROUND

From 1972 until 1989 when operations were suspended, Bougainville Copper Limited (Bougainville Copper or the Company) operated a large open pit mine and processing facility at Panguna on Bougainville Island in the North Solomons Province of Papua New Guinea (PNG) producing copper concentrate containing significant quantities of gold and silver. On the 15th May 1989 production was brought to a halt by militant activity.

In the seventeen years prior to 1989, the mine produced concentrate containing three million tonnes of copper, 306 tonnes of gold and 784 tonnes of silver. The production had a value of K5.2 billion which represented approximately 44 per cent of Papua New Guinea's exports over that period. Contributions to the National Government in the form of taxes, duties and dividends were approximately 17 per cent of internally generated Papua New Guinean Government revenue during that time.

A total of K1.1 billion was contributed to the National Government, which represented 62 per cent of the net cash generated by the project between 1972-1989. In addition, payments to the then North Solomons Provincial Government and Panguna landowners, together with provisions made since 1990, amounted to K114 million. Further, Bougainville Copper's presence in the North Solomons Province had promoted the development of significant local business enterprises, to provide goods and services required for the mining operation and for the residents of the province.

Bougainville Copper trained some 12,000 employees, including approximately 1,000 completing full trade apprenticeships and some 400 completing graduate and post-graduate studies that resulted in considerable progress in the localisation of the Company's employees, and significantly added to the number of skilled workers elsewhere in the country's workforce.

The Autonomous Bougainville Government (ABG) passed the Bougainville Mining Act 2015. This legislation challenges Bougainville Copper's previously established control of the mine assets and may amount to expropriation against the purposes of the National Government's Bougainville Copper Agreement Act (1967). Under the Bougainville Mining Act, the Special Mining Lease (SML) and Lease(s) for Mining Purposes, held by Bougainville Copper, were replaced by a two-year Exploration Licence (EL1) over the area of the SML. The Company applied for an extension of EL1 which the ABG refused in early 2018. Bougainville Copper commenced legal proceedings in the PNG National Court and has been granted leave to seek a Judicial Review of the renewal application process.

From 2016, the ABG and PNG Government have both held equal shares in Bougainville Copper of 36.4 per cent. More than 72.8 per cent of the company is owned by Papua New Guineans and Bougainvilleans. The remaining 27.2 per cent is held by public and institutional investors. Bougainville Copper is now an independently managed company and manages its own day to day activities.

In December 2019, PNG Prime Minister James Marape repeated previous commitments to transfer shares held by the national government for the benefit of the people of Bougainville. This is yet to occur.

BOUGAINVILLE COPPER ON-LINE

Information about Bougainville Copper is available on our web site [www.bcl.com.pg] and Facebook page [www.facebook.com/BougainvilleCopper]. The Annual Report and other information can be downloaded from the web site.

NOTICE OF MEETING

The Annual General Meeting of Bougainville Copper will be held at 1.00 pm on Thursday, 11th June 2020 at the Grand Papua Hotel, Mary Street, Port Moresby, Papua New Guinea. A webcast will be available for shareholders to access the meeting and vote. Details of the webcast link will be included in the notice of meeting. All shareholders are cordially invited to attend the Annual General Meeting.

Directors

Sir Melchior Pesa Togolo (Chairman)
Sir Rabbie Langanai Namaliu
Dame Carol Anne Kidu
Sir Moi Avei
Peter Maxwell Graham
David Miringtore Osikore

Secretary

Mark Wallace Hitchcock

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THE YEAR IN BRIEF

Bougainville Copper Limited remained active in Bougainville in 2019, taking a respectful and deliberately low-key approach to its engagement as the region prepared for, and successfully conducted an historic referendum on its political future. The Company continued to support a range of worthy community projects and activities.

The Autonomous Bougainville Government (ABG) deferred proposed amendments to local mining laws, until after the referendum, following strong community opposition. These were further considered by parliament in March 2020, but were voted down.

- **15th May 2019**, marks 30 years since the closure of the Panguna mine due to militant activity.
- **13th June 2019**, Bougainville's Legislation Committee tables adverse findings on the ABG's proposed amendments to Bougainville's mining laws.
- **15th June 2019**, Bougainville Copper the major sponsor of Autonomous Region of Bougainville (AROB) Day (AROB Day) activities in Arawa.
- **31st July 2019**, the ABG announces that further consideration of its proposed mining law amendments will be deferred until after the scheduled referendum.
- **3rd-5th August 2019**, the Company provides defensive driver training for its contract drivers and staff.
- **7th-8th August 2019**, Bougainville Copper participates in in the annual Bougainville Chocolate Festival in Arawa. The Company sponsors live radio broadcasts of the event and more than 500 people visit the Bougainville Copper information stall during the festival.
- **23rd August 2019**, the Company announces the appointment of Mr David Osikore to the board of directors.
- **2nd-6th of September 2019**, Bougainville Copper is the corporate sponsor for National Literacy Week activities in Bougainville, providing funding support and merchandise.
- **13-14th September 2019**, the Company supports the Buka Business Association with the staging of the first Mini Trade Expo to promote local SMEs.
- **November 2019**, Bougainville Copper supported the construction and fit out of two teachers' houses at Metonai Primary School and, also enhances water supply at Baiaruai-Kupe.
- **15-18th November 2019**, the Company sponsors a team of four young athletes who represented Bougainville at the PNG Air National Track and Field Championships in West New Britain.
- **23rd November-7th December 2019**, Bougainville holds a non-binding referendum on its political future with 98 per cent of people voting for independence.
- **December 2019**, the Company sponsors a New Dawn FM and ABG Health Department talk back radio program on health and wellbeing issues.
- **19th March 2020**, proposed mining law amendments reintroduced and rejected by Bougainville's parliament.
- **20th March 2020**, PNG government confirms first case of COVID-19 with a 21-day state of emergency (SOE) declared in Bougainville on 23rd March. This was then extended by two months.

INDEPENDENCE REFERENDUM

The referendum on Bougainville's political future was the most notable event of 2019. Scheduled as part of the Bougainville Peace Process, voting occurred between 23rd November and 7th December. The voting period was declared free, fair and peaceful with 98 per cent (176,928) of eligible voters supporting independence from Papua New Guinea with less than two per cent voting to remain part of PNG but with greater autonomy. The

referendum was “non-binding” and independence would need to be ratified by the PNG parliament. A period of consultation and negotiations between the PNG government and the ABG now follows based on the results. The 2020 Bougainville General and Presidential elections due to be held in June 2020 have been delayed. Election writs will be issued on 17th June with an actual poll date to be confirmed.

EL1 TENURE AND JUDICIAL REVIEW

On 10th April 2018, Bougainville Copper was granted leave in the PNG National Court to seek a Judicial Review of the January 2018 decision by the ABG to refuse an extension of Exploration Licence EL1 (covering Special Mining Lease 1 at Panguna). A restraining order was granted against the ABG from giving effect to or relying on the decision.

On 7th March 2019, PNG’s Supreme Court dismissed a Bougainville Copper application for leave to appeal a joinder to the Judicial Review proceedings by Panguna Minerals Limited (previously named Central Me’ekamui Exploration Ltd) – a company 50 per cent owned by the SMLOLA and Central Exploration Pty Ltd (which is 69 per cent owned by RTG Mining Inc.). Bougainville Copper requested that its application be further considered by a three-judge bench of the Supreme Court. On 7th February 2020, the application was refused, however Bougainville Copper noted that the difficulty of the question was reflected in the fact that the members of the bench were split as to the proper outcome. Panguna Minerals Limited will now definitely be a defendant to the proceedings, and its activities given due scrutiny.

Bougainville Copper welcomes the certainty that the ruling brings and looks forward to the prosecution of its claims against the defendants and remains confident of our tenement position. We are confident the court proceedings will uphold our rights.

The Judicial Review of the renewal application process will proceed in 2020.

PROPOSED MINING LAW CHANGES

In late January 2019, the ABG introduced three bills into Bougainville’s parliament that would result in significant changes to local mining laws if passed. One of the bills for example sought to amend the *Bougainville Mining Act 2015* to allow a new special entity to be granted large-scale mining leases over all land in Bougainville not currently subject to existing exploration licences or leases.

The bills were met with widespread opposition, including from landowners who believe their rights would be eroded and a virtual monopoly over Bougainville’s mineral resources created. The fact they resembled proposals put to the ABG by an external businessman whose company would purportedly benefit if passed exacerbated heightened community concern.

The bills were referred to the Bougainville Legislation Committee for consultation and review. Bougainville Copper detailed its objections in a submission to the committee.

On 13th June 2019, the legislation committee tabled its report to parliament. The committee noted that the bills had not been well drafted, lacked consultation and should not proceed in their current form. On 31st July 2019, the ABG announced, that based on the committee’s recommendations, there would be no further discussions on the proposed mining amendments until after the referendum with awareness programs to be conducted.

The amendments were reintroduced to Bougainville’s parliament on 19th March 2020 for further consideration but failed to pass.

MINING RESERVE

The indefinite mining reserve (moratorium) that the ABG put in place over the Panguna mining area back in April 2018, remains in place. This reserve does not apply to Bougainville Copper's EL1 exploration licence which pre-dates the moratorium.

LANDOWNER SUPPORT

Bougainville Copper retains strong levels of support among Customary Heads, the agents authorised to represent project area landowners.

The Company is supportive of the Panguna Development Company Limited (PDCL), whose membership comprises legally appointed block agents. It was established to promote economic opportunities, particularly associated with Panguna's future redevelopment. The PDCL rejects the validity of the Special Mining Lease Osikaiyang Landowners Association (SMLOLA). While vocal, the SMLOLA is afforded no status under the *Bougainville Mining Act 2015* in representing landowners, nor does the association own mineral rights.

On 22nd January 2020, Bougainville's President John Momis declared the SMLOLA null and void. This followed the ABG's March 2019 rejection of a Panguna development proposal from the SMLOLA and its nominated development partner RTG Mining Inc.

COMMUNITY ENGAGEMENT AND PROJECTS

The Company maintained an active presence in Bougainville throughout 2019 through the work of its project and village liaison officers and offices in Buka and Arawa. The engagement effort was respectful and intentionally low-key as Bougainville prepared for and conducted its landmark referendum.

Bougainville Copper continued its track record of supporting important annual community events such as the Bougainville Chocolate Festival, AROB Day and National Literacy Week. It also provided sponsorship for sports events and team participation.

The Company assisted the Buka Business Association with its first trade expo to promote local SMEs and supported a range of other worthwhile projects. These included the provision of vocational training for vanilla farmers and teachers, the construction of teachers' houses at Metonai Primary School and a water supply project at Baiaruai-Kupe.

BOARD

The board welcomed the appointment of director David Osikore on 23rd August 2019. David brings 30 years' experience in the exploration and mining industries in both Papua New Guinea and Australia to the role. He has extensive experience in PNG engaging with business, government and project area landowners and was born in Buin, Bougainville.

VALE ERIC TAPAKAU

Bougainville Copper sadly lost an esteemed colleague on 19th May 2019 with the untimely passing of Eric Tapakau following a brief illness. Eric, a respected former journalist, was an integral member of the Company's community engagement team, serving as a senior project officer up until the time of his passing.

Summary of Results

		Consolidated		Parent	
		2019	2018	2019	2018
Investment and other income	(K'000)	5,227	4,840	5,227	4,840
Operating loss after tax	(K'000)	(8,642)	(10,641)	(8,537)	(10,258)
Earnings per share	(toea)	(2.2)	(2.7)	(2.1)	(2.6)
Shareholders' funds	(K'000)	111,929	102,167	111,769	101,902
Return on shareholders' funds	(per cent)	(7.7)	(10.4)	(7.6)	(10.1)

CHAIRMAN'S STATEMENT AND THE YEAR IN REVIEW

OVERVIEW

Bougainville Copper operated in a somewhat constrained environment in 2019 as Bougainville prepared for and conducted its historic referendum to determine its political futures. This was a period when the local community needed to be united and free of major distractions. Accordingly, the Company was intentionally low-key as it went about its activities as a sign of respect to allow the process of the referendum to take its course in the region. The people of Bougainville are to be congratulated for the successful completion of the referendum which can only be described as a wonderful display of peace and unity with 98 per cent voting for independence.

For Bougainville Copper, 2019 continued to present uncertainty around Panguna in terms of project tenure. The Judicial Review process of the ABG's decision to refuse an extension of the Company's Exploration Licence (EL1) remained ongoing and will continue in 2020. In granting leave for the Judicial Review, the PNG National Court also stayed the ABG's decision to refuse the licence extension. We maintain that the application process was legally and procedurally flawed and was also undermined by others with vested interests but remain confident that our rights will be upheld through the court proceedings.

The ABG's decision in early 2019 to propose significant amendments to the *Bougainville Mining Act 2015* added further layers of complexity. One of the three amendment bills introduced would have effectively monopolised Bougainville's mineral resources by granting large-scale mining leases to a newly created special entity. The bills were met with widespread opposition, including from landowners who believed their rights would be eroded if they were passed. Bougainville Copper detailed its concerns in a submission to Bougainville's Legislation Committee as part of a public inquiry on the bills. In June 2019, the committee, in a report tabled in Bougainville's parliament, concluded that the bills were poorly drafted, lacked consultation and should not proceed in their current form. As a result, the bills were shelved with the ABG deferring further consideration until after the referendum. The amendments were reintroduced to parliament for further consideration on 19th March 2020 but failed to pass.

Despite these challenges, Bougainville Copper stays committed to working constructively towards realising the vision of redeveloping Panguna. We believe the Company presents the best value proposition as a majority, locally-owned company with unrivalled project knowledge and Intellectual Property (IP). Importantly, we also retain strong levels of support among the authorised representatives of the project area's customary landowners and within local communities.

The Company, led by our team on the ground in Bougainville and in cooperation with the ABG, again lent its support to a range of worthy community projects and events throughout the year.

It is particularly pleasing that 2019 ended on a positive note for Bougainville as a result of the referendum with people looking ahead with a sense of hope and optimism. In the new year, however, PNG and Bougainville, like the rest of the world has faced major disruptions in dealing with the COVID-19 pandemic.

RESULTS

Company expenditure during 2019 centred on engagement activities in Bougainville and support for various smaller-scale community projects in the Panguna project area.

Bougainville Copper Foundation Limited (BCF) remains a fully owned subsidiary of Bougainville Copper Limited and its results and balance sheet are consolidated as at 31st December 2019.

For the year ended 31st December 2019, the Group recorded a loss of K8.6 million compared to a loss of K10.6 million in the previous year.

The Company has total consolidated assets of K124 million with sufficient funds to cover planned recurrent expenditure in 2020 and remains debt free.

Bougainville Copper will not pay a dividend.

FINANCIAL ASSETS

Bougainville Copper's financial assets continue to be cash and Australian equities. Interest and dividends from these assets continue to partially fund the Company's ongoing activities. The investment strategy will be maintained through the coming year and equities will only be sold when necessary to fund ongoing Company operations.

A pandemic in relation to the Novel Coronavirus (COVID-19) was declared by The World Health Organisation on 11 March 2020. The outbreak has had a significant adverse impact on the global economy in early 2020, resulting in volatility in financial markets. The fair value of the Company's equity investments has fluctuated subsequent to the end of the financial year. The pandemic and resulting market volatility is in its earlier stages, and the full extent of exposures to and impacts on the Company are uncertain. The Company is assessing and closely monitoring emerging risks.

BOUGAINVILLE COPPER FOUNDATION

The Bougainville Copper Foundation (BCF) is a fully owned subsidiary of Bougainville Copper and operates as a 'not for profit Company' in supporting sponsorship for students. Due to the uncertainty created by proposed changes to Bougainville's mining laws and the refusal by the ABG to extend EL1, BCF has deferred the awarding of any new scholarships for 2019 and 2020.

1990/91 LANDOWNER COMPENSATION

In February 2017, Bougainville Copper commenced payment of K14.6 million to 2,123 landowners in agreed compensation for the period March 1990 to March 1991. Since then more than 98 per cent of payments have been made to individual landowners. K1.36 million in social inconvenience compensation has been provided for the area covered by the previous SML, but is yet to be paid due to the ongoing dispute within the SMLOLA or until an appropriate entity representative of landowners can be identified.

BOARD

The Company announced the additional appointment of David Osikore to the board of directors on 23rd August 2019. David brings 30 years' experience in the exploration and mining industries in both Papua New Guinea and Australia to the role. He has extensive experience in PNG engaging with business, government and project area landowners and was born in Buin, Bougainville.

GOVERNANCE AND RISK MANAGEMENT

Bougainville Copper has governance reporting obligations to the Australian Securities Exchange (ASX). A statement on the Company's compliance with the ASX Corporate Governance Principles and Recommendations is contained within this report. In addition, the Company has developed and complies with a comprehensive set of charters and policies. These can be found on the Bougainville Copper web site.

The Board and the Audit and Risk Committee reviews the quality of risk assessments and monitors the actions arising to mitigate risk. Bougainville Copper places uncompromising emphasis on hazard identification, risk assessment and risk management. Company management undertakes regular risk assessments to identify both significant risks and opportunities facing the Company. The Company also has a Remuneration and Nomination Committee.

SAFETY

Bougainville Copper believes that a safe and healthy workforce is essential to the Company's success and sustainability and is committed to achieving zero harm. It is paramount that work is only undertaken when it is deemed safe to do so. The Company for example adheres to a stringent travel approval process and in 2019 provided first aid training for staff and defensive driver training for contract drivers.

Like many companies, Bougainville Copper's activities in early 2020 have been restricted due to the measures introduced in PNG and Bougainville in response to the COVID-19 pandemic. A state of emergency was declared with travel restrictions and social distancing measures in place. In the interests of staff and visitor safety, Bougainville Copper took a decision to close its offices in Port Moresby, Buka and Arawa and allow its staff to work remotely during the COVID-19 lockdown period.

BOUGAINVILLE

There is a renewed sense of hope and optimism in Bougainville following the historic referendum which saw 98 per cent of people vote for independence from PNG, with 2020 also a general election year for Bougainville. The ABG and PNG national government are now in a period of consultation and negotiation regarding the referendum result. Due to the non-binding nature of the referendum any formal move to independence will need to be ratified by the PNG parliament. There is an increasing focus on developing Bougainville's economy to support greater levels of financial self-reliance and mineral development remains central to consideration.

COMMUNITY RELATIONS

Further building positive relationships with project area landowners and their communities remained a priority in 2019. The Company has 12 employees based in Bougainville with offices in Buka and Arawa. Project and village liaison officers were active in the community exchanging information and consulting with local people.

Bougainville Copper continued its track record of active community engagement in 2019 providing support and sponsorship for a range of worthwhile projects and events, including the Bougainville Chocolate Festival, AROB Day and National Literacy Week. The Company also supported a construction project at Metonai Primary School and a water supply project at Baiaruai-Kupe and provided sponsorship for local sporting events and athletes and for a health-based talk back radio program.

The Company's scope for direct community engagement in early 2020 was reduced by restrictions related to the COVID-19 pandemic, but this will return to normal levels once restrictions are eased.

MEDIA AND COMMUNICATIONS

Bougainville Copper has continued its engagement with local and international media and keeps the market informed with regular disclosures and statements that are published on both the Company and ASX web sites.

The Company also operates a successful Facebook page with social media a popular source of news and information in Bougainville and posts regular local stories on the *Bougainville Live* blog page on its web site.

IN CONCLUSION AND THE YEAR AHEAD

Bougainville Copper remains committed to constructive engagement with all its key stakeholders during this important post-referendum period for Bougainville. After some considerable uncertainty, the Company is hopeful that greater clarity will emerge around the Panguna project following the 2020 ABG general and presidential elections and as the Judicial Review of our exploration licence proceeds.

In recent years, the Company has made good gains in terms of building trust and positive relationships with project area landowners and their communities and this work will continue, particularly once the threat of COVID-19 passes. We will for example keep implementing our program of community support by backing worthwhile local projects, events and activities.

Above all else, we will always act in the best interests of all our shareholders in demonstrating Bougainville Copper's intrinsic value as a reliable project partner for the redevelopment of the Panguna resource.

Melchior Togolo



Executive Chairman

30 April 2020

DIRECTORS' REPORT

The Directors of Bougainville Copper present their report on the audited financial statements of the Company for the year ended 31st December 2019.

DIRECTORS:

The current Directors of Bougainville Copper at present are:

Sir Melchior Pesa Togolo CBE Kt

Appointed a Director from 20th October 2017 and as Chairman 21st February 2018.

Sir Melchior held several senior positions with Bougainville's former North Solomons Provincial Government between 1978 and 1990 including the role of Chief Secretary. Sir Melchior has almost twenty-five years in the minerals sector, and since 2006 has served as PNG Country Manager with Nautilus Minerals Inc. He served on the Bougainville Copper Board as an alternate member (1977-1980) and as a full Board Member between 1990 and 1993. and prior to that was the head of corporate affairs at Placer Dome Niugini Limited. Sir Mel serves on Boards both in PNG and overseas, including the Board of Oil Search, Panamex Singapore Holdings Limited, Heritage Park Hotel and Loloata Island Resort. He has previously served on the Boards of a number of leading PNG companies, including NASFUND. Sir Melchior was a founding member of the Business Council of Papua New Guinea and was President for six years. In 2004 he was awarded Commander of the British Empire for services to industry and commerce in PNG, and in June 2018 he was awarded a Knighthood for Services to Economic Development particularly in mining and petroleum. Sir Melchior holds masters' degrees in economics and geography.

Sir Rabbie L Namaliu GCL CSM KCMG BA MA HON.LLD

Appointed a Director from March 2011.

Sir Rabbie served as Prime Minister of Papua New Guinea between 1988 and 1992 and was a former Speaker of the PNG National Parliament between 1994 and 1997. Sir Rabbie first served as Foreign Affairs and Trade Minister from 1982 to 1984 and again as Minister for Foreign Affairs and Immigration from 2002 to 2006, and then Minister for Treasury between 2006 and 2007. Sir Rabbie served as Ministers for Primary Industry 1984 to 1987, Senior Minister for State and Tourism 1998 and Petroleum and Energy 1998 to 1999. Sir Rabbie is Chairman and Non-Executive Director of Kina Asset Management Limited, Non-Executive Director of Yandera Mining Limited, a subsidiary of Era Resources (formerly Marengo Mining) and Non-Executive Director of the Post Courier. Sir Rabbie has been the PNG Patron of YWAM Medical Ships since 2012 and is a Director. Sir Rabbie is a member of the PNG Institute of Directors and Chairman and Patron of several charitable organisations.

Dame Carol A Kidu Dr (Hon) DBE

Appointed a Director in April 2013.

Dame Carol retired from the Papua New Guinea Parliament in 2012 after fifteen years in politics. Dame Carol was the Minister for Community Development for nine years and finished her political career as Leader of the Opposition. Dame Carol focused on legislative and policy reform for social development. Dame Carol is a Director of MiBank PNG. Dame Carol has been awarded five honorary doctorates (UNRE- Rabaul, UPNG, Queensland University, Deakin University and James Cook University). Dame Carol is currently a member of the UNSG's Independent Accountability Panel (IAP) on Women, Children and Adolescents Health, SDGs.2030 and is the Founder and Patron of the Business and Professional Women's Club, the Sir Buri Kidu Heart Institute, and the Ginigoada Foundation. Since retirement from politics, she has developed the Tutu Beach Retreat and the Sir Buri Kidu Library/Learning Centre as on-going social enterprises.

Sir Moi Avei KCBE

Appointed a Director from 12th September 2016.

Sir Moi is a senior statesman of Papua New Guinea and former parliamentarian. He was Deputy Prime Minister from 2004 to 2006 and held ministerial portfolios including Higher Education, National Planning, Bougainville Affairs and Petroleum and Energy. He holds a Bachelor Degree from the University of Queensland, Australia. Sir Moi is the Chairman OK Tedi Mining, Pacific International Hospital and PNG Water Limited. He is also a Director of LABA (SPI) Logistics Limited and SPI Joint Venture Limited. He is Chairman of several landowner companies.

Peter Maxwell Graham CBE

Appointed a Director from 20th October 2017.

Mr Graham served as Managing Director of ExxonMobil PNG Limited from 2009 to 2015 and has over forty years' experience in senior technical and business leadership positions in the minerals, oil and gas sectors. He is currently Managing Director and Chief Executive Officer of OK Tedi Mining Limited, is an Independent Director and Chairman of Kumul Minerals Holdings Limited and served as Vice President of PNG Chamber of Mines and Petroleum from 2009 to 2011 and is a Director of Port Moresby General Hospital. In 2013 he was awarded Commander of the British Empire for services to the oil and gas industry and for Leadership in Community Development in PNG. He holds a Bachelor Degree in Chemical Engineering and a Masters Degree in Applied Science.

David Miringtoto Osikore

Appointed Director from 23rd August 2019.

Mr Osikore brings 30 years' experience in the exploration and mining industries in both Papua New Guinea and Australia having held positions with various exploration and mining companies, including Placer Dome Group of companies, Ingold, Renison Goldfields Limited, Porgera Joint Venture, Misima Mines, Placer PNG Explorations, Aurora Gold, Abelle Limited, Morobe Consolidated Goldfields, Harmony PNG and Pacific Niugini Minerals Limited as well as Bougainville Copper Ltd.

He was one of the founding directors of Pantoro Limited and served on its board from 2008 to 2016 and is also currently on the board of Pacific Niugini Minerals PNG, a limited subsidiary of Pantoro Limited. He holds a Bachelor of Science Degree (geology) from the University of Papua New Guinea and is a professional Member of the Australian Institute of Mining and Metallurgy (MAusImm).

FINANCIAL SUMMARY:

For the year ended 31st December 2019, the Company recorded a consolidated loss of K8.6 million compared to K10.6 million in 2018. Expenditure continued to be concentrated on tenure issues, stakeholder engagements, and delivery of small community projects. Income from interest and dividends was comparable with 2018.

ACTIVITIES:

Bougainville Copper produced copper concentrate containing gold and silver from a mine at Panguna in Central Bougainville, Papua New Guinea, from 1972 until operations were suspended due to militant activity in May 1989. The Company now derives investment income, and is conducting activities in Bougainville in relation to the Exploration Licence it holds over the previous Panguna Special Mining Licence area. The Company acquired a fully owned subsidiary when it acquired the shares in Bougainville Copper Foundation Limited in November 2016.

NET EARNINGS:

The net consolidated loss of Bougainville Copper for 2019 was K8.6 million (2018: K10.6 million).

TAXATION:

No future income tax benefits have been recognised in the accounts.

SHARE CAPITAL:

There was no change in the Company's capital structure during the year.

LONG TERM LOANS:

The Company has no loans and no long-term lines of credit are in place.

DIVIDENDS:

The Directors have not declared a dividend for 2019.

ACCOUNTING POLICIES:

BCL has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, BCL recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.5%.

DIRECTORS' INTERESTS:

Directors' interests in the share capital of the Company and its related companies as at 30th April 2020 were:

Sir Melchior Pesa Togolo		No interests
Sir Rabbie L Namaliu	Shares – Bougainville Copper Limited	1,000
Dame Carol A Kidu		No interests
Sir Moi Avei		No interests
Peter Graham		No interests
David Osikore	Shares – Bougainville Copper Limited	25,036

INTERESTS REGISTER:

There were no transactions recorded in the Interests register during the year, other than the Directors' interests in the shares of the Company as shown above.

AUDITORS:

The retiring auditors, PricewaterhouseCoopers, being eligible, offer themselves for re-appointment. Details of amounts paid to the auditors for audit and other services are shown in note 4 to the financial statements.

REMUNERATION OF EMPLOYEES:

The Company has a Remuneration and Nomination Committee. The Managing Director conducted an Annual Performance Review of the Senior Executives. The outcome of those reviews and recommendations regarding salary reviews was reported to the Remuneration and Nomination Committee. Each Senior Executive was provided feedback on their performance. The Company has nineteen full time employees.

REMUNERATION OF DIRECTORS:

The amount of Directors' remuneration, including the value of benefits, received during the year is shown in note 15 to the financial statements.

DONATIONS:

Bougainville Copper Limited does not make political donations. The Bougainville Copper Foundation continues to provide limited educational scholarships to Bougainvillean tertiary students. Bougainville Copper Limited provides funding and administrative support to the Foundation.

ENVIRONMENT:

Mining operations of the Company were suspended in 1989, and the Company has not had sufficient access to its mine site to assess environmental circumstances. The Company is not aware of any liability being incurred under any environmental legislation.

ADDITIONAL INFORMATION:

The Directors also state that:

1. There were no significant changes in the state of affairs of the Company during the year except as noted below.
2. The results of the Company during the financial year have not been, in the opinion of the Directors, substantially affected by events of a material and unusual nature other than contained in this report.
3. Events subsequent to balance date
The World Health Organisation declared a pandemic in relation to the Novel Coronavirus (COVID-19) on 11 March 2020. The outbreak has had a significant adverse impact on the global economy in early 2020. Resulting financial markets volatility has caused the fair value of the Company's investments to fluctuate subsequent to the end of the financial year. As the emergence of the situation is in its earlier stages, the full extent of exposures to and impacts on the Company are uncertain. The Company is assessing and closely monitoring emerging risks.

There is, at the date of this report, no other matter or circumstance that has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- (i) the company's operations in future financial years;
 - (ii) the results of those operations in future financial years; or
 - (iii) the company's state of affairs in future financial years.
4. No Director has an interest in any contract or proposed contract with the Company, nor is any Director party to any material contract involving Directors' interests, or in receipt of any loans or benefits other than the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts and the amount of fixed salary derived from the Company or from a related corporation.
5. No options over shares of the Company have been granted by the Company during the financial year or since the end thereof; no shares of the Company were issued during the year or have been issued since the end thereof by virtue of the exercise of any option granted by the Company; and no options over shares of the Company are outstanding at the date of this report.

Signed on 30th April 2020 in accordance with a resolution of the Directors of Bougainville Copper Limited.



Sir Melchior P Togolo
Chairman



Sir Rabbie L Namaliu
Director

MINERAL RESOURCE STATEMENT

In 2012, Bougainville Copper Limited (BCL) prepared an OMS (order of magnitude study) to evaluate the technical and financial viability of re-opening the Panguna mine. As part of the OMS a revised Mineral Resource was reported in accordance with the JORC code (2012). The 2012 Mineral Resource was estimated using geological, mine planning and production data archived in 1989. The archived data sets (including 80,778m of diamond drilling, 4,700m of underground sampling and production blast hole sampling) were reviewed and validated in 2012 by Rio Tinto and ex-BCL staff.

During the operating period the geological block model underestimated the copper production by approximately five per cent. This low bias was principally attributed to the drill spacing being too wide to sufficiently sample relatively narrow high grade zones within the ore body, and to material lost during the diamond drilling process. Although the bias has been identified, at this stage no upgrade has been applied to the remaining Mineral Resource. No additional geological data was collected from the deposit as part of the 2012 OMS, although potential remediation, redevelopment, mining and processing assumptions were updated.

The 31 December 2019 Mineral Resource is unchanged from the 31 December 2018 Mineral Resource. Technical studies supporting the statement are unchanged and remain current. The potential economic viability of the project has been confirmed by a recent evaluation update.

BCL lodged an application for a 5-year extension of EL01 with the Autonomous Bougainville Government Department of Mineral and Energy Resources (ABG-DoMER) in July 2016. A final decision on BCL's EL01 extension is yet to be made. A Judicial Review of the renewal application process for EL01 will proceed in 2020.

The Bougainville Mining Act 2015 states that until a decision is made on an exploration licence extension application, the term of the exploration licence is deemed to be extended. Thus EL01 remains extant.

The Mineral Resource is reported as DFO (direct feed ore) above a 0.24 per cent copper cut off grade and PCS (pre-concentrate screening) above cut off grades of 0.16 per cent to 0.20 per cent copper within a confining conceptual pit design based on conventional truck and shovel mining operations at 100 million tonnes per year and a potential 60 million tonnes per year processing rate.

Panguna Mineral Resources

	As at December 31 2018					As at December 31 2019				
	Tonnes (Mt)	Cu grade (%)	Au grade (g/t)	Cu (Mt)	Au (Moz)	Tonnes (Mt)	Cu grade (%)	Au grade (g/t)	Cu (Mt)	Au (Moz)
Measured	0	-	-	-	-	0	-	-	-	-
Indicated	1,538	0.30	0.33	4.6	16.1	1,538	0.30	0.33	4.6	16.1
Inferred	300	0.3	0.4	0.7	3.2	300	0.3	0.4	0.7	3.2
Total	1,838	0.30	0.34	5.3	19.3	1,838	0.30	0.34	5.3	19.3

Competent person statement

The information presented in this release relates to Mineral Resources determined for the Panguna project and contains details of mineralisation that has a reasonable prospect of being economically extracted in the future, but which is not yet classified as Proved or Probable Ore Reserves. This material is defined as a Mineral Resource under the JORC code (2012). Estimates of such material are based largely on geological information with only preliminary consideration of mining, economic and other factors. While in the judgement of the Competent Person there are realistic expectations that all or part of the Mineral Resources will eventually become Proved or Probable Ore Reserves, there is no guarantee that this will occur as the result depends on further technical and economic studies, prevailing economic conditions in the future, and legal and social considerations.

The information in this statement that relates to Mineral Resources is based on information compiled by Mr James Pocoe and Mr Gerald Clark who are members of the Australasian Institute of Mining and Metallurgy. Mr Pocoe is an independent geological consultant and Mr Clark is an independent geological consultant. Mr Pocoe and Mr Clark have experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they have undertaken to qualify as a competent person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Pocoe and Mr Clark both consent to the inclusion in the press release of the matters based on their information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

For the year ended 31st December 2019

This Corporate Governance Statement (CGS) is provided by the Directors of Bougainville Copper Limited, a company incorporated in Papua New Guinea A.R.B.N. 007 497 869 (Company) (ASX: BOC) pursuant to ASX Listing Rule 4.10.3 and reports against the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' 4th Edition, including the eight principles and 35 specific recommendations included therein (Recommendations). This CGS was approved by a resolution of the Board of the Company dated 30 April 2020 and is effective as at 30 April 2020 and is in addition to and supplements the Company's Appendix 4G which is lodged with the ASX together with this CGS. The following describes how the Company complies with the eight principles of the Recommendations.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Company has adopted a Board Charter (available at www.bcl.com.pg/charters-important-documents/), which underpins the strategic guidance and effective management oversight provided by the Board. The Board Charter discloses specific responsibilities and functions of the Board and provides for the division of responsibility between the Board and management by formal delegation and a system of Board reserved powers. The Company is an independently managed Papua New Guinea company with its key management comprising of a General Manager/Company Secretary and two Community Relations Consultants under consultancy services agreements. The Company has two Senior Project Officers, of which one is permanently based in Bougainville. The Company has scaled operations to manage delivery of community projects in the project affected area. The Chairman of the Board also acts as the Managing Director. The management team reports directly to the Chairman of the Board acting in the role of Managing Director.

The Board reviews the Board Charter on an annual basis. The roles and responsibilities of the Board, the Company's chairman, directors and management are outlined in various sections of this CGS and in the Company's Board Charter.

The Board is responsible for setting and reviewing the strategy and business plans of the Company, and for monitoring the performance of the Company against these plans. The directors also monitor compliance with policies prescribed by the Board in areas such as code of conduct, workplace health and safety, environment, business integrity, internal control and risk management. These policies are designed to ensure that the Company complies with the regulatory requirements governing its operations. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include those matters particularised in the Company's Board Charter. Management is separately responsible for the ongoing management of the Company in accordance with the strategy and business plans approved by the Board as outlined in the Company's Board Charter. During the Company's transition to a more active operational status the position of Managing Director is fulfilled by the Chairman of the Board. The management team reports directly to the Chairman of the Board acting in the role of Managing Director. In carrying out its responsibilities and powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders and all other stakeholders.

The Company undertakes such checks as it considers appropriate in order to verify a person's character, experience, education and background prior to their appointment or re-appointment as a director, or putting them forward to shareholders as a candidate for election or re-election as a director.

The Company has a Remuneration and Nomination Committee. The Remuneration and Nomination Committee reviews director competencies, Board succession planning and director selection and nominations, which are all carried out in accordance with the Remuneration and Nomination Committee Charter. The Remuneration and Nomination Committee Charter is available at www.bcl.com.pg/charters-important-documents/.

The members of the Remuneration and Nomination Committee are Sir Rabbie Namaliu (Chairman), Dame Carol Kidu, Sir Moi Avei and David Osikore (appointed 1 January 2020). The Company Secretary is available to attend meetings. All members of the Remuneration and Nomination Committee display strong business acumen.

The Company provides shareholders with all material information in its possession relevant to its decision on whether to elect or re-elect a director as part of the information circular for each annual general meeting of the Company.

Prior to the nomination of a prospective director for election or re-election, the Board obtains from the prospective candidate:

- details of other commitments of the candidate and an indication of time involved; and
- an acknowledgement to the Company that the candidate will have sufficient time to fulfil the responsibilities as a director.

When a candidate stands for election or re-election as a director, the following information is provided to shareholders on the Company's website and within the Company's Annual Report at page 13 to enable shareholders to make an informed decision in relation to that vote:

- biographical details, including relevant qualifications and experience and the skills the candidate will bring to the Board;
- details of any other material directorships currently held by the candidate;
- details of any relationship between the candidate and the Company, and the candidate and the directors of the Company;
- if the candidate is standing for re-election the term of office currently served by the director; and
- any other particulars required by law.

At the time of joining the Company, directors and senior executives are provided with and enter into written agreements setting out the terms of their appointment.

- (i) Directors – are provided with and enter into letters of appointment outlining their duties and responsibilities.
- (ii) Senior Executives – The Company retains the services of management under contracts of employment and consultants under consultancy services agreements.

The Company Secretary is accountable directly to the Board through the Chairman of the Board. Responsibilities of the Company Secretary include providing advice and support to the Board and its committees, managing the day to day governance of the Company and assisting with all matters to do with the proper functioning of the Board. The Company Secretary's role includes the responsibility for governance, administrative and legislative matters including ensuring that the Board's processes, procedures and policies are run efficiently and effectively. The Company Secretary has a direct line of communication with each director. The appointment of the Company Secretary is approved by resolution of the Board.

The Board has adopted a Diversity and Inclusion Policy (available at www.bcl.com.pg/company-policies/), which outlines the Company's commitment to ensuring a diverse mix of talent and skills amongst its directors, officers and employees to enhance the Company's financial performance.

The Board recognises the importance of diversity to corporate success and considers diversity when appointing people to the Board or contracting their services. The Diversity and Inclusion Policy details the Board's commitment to engaging directors, contracting management and employees with the best mix of qualifications, skills and experience to develop a cohesive team to achieve business success regardless of gender, age or cultural background.

Given the size of the Board, the limited operational status of the Company and the challenging labour market in Papua New Guinea, the Board considers that it is not practical to set measurable objectives for achieving gender diversity as recommended by Recommendation 1.5(c)(1). Furthermore, whilst gender diversity is important, the priority for the Company when recruiting is the diversity of experience, background and nationality. As the Company's operations develop, it will consider adopting and setting measurable objectives for achieving gender diversity.

1. In terms of the representation of women in the organisation, the Company has one female director, Dame Carol Kidu and five (5) of the nineteen (19) full time employees are female.
2. The Company is not a 'relevant employer' under the Workplace Gender Equality Act 2012 (Cth) because it is not a registered higher education provider or an employer of 100 or more employees in Australia.

The Company is not part of the S&P/ASX 300 Index at the commencement of the reporting period.

The Board has a practice of annual self-assessment. The process of evaluation and self-assessment takes the form of a questionnaire completed by each of the directors. Following collation, the results and the adequacy and appropriateness of the self-assessment process are considered and discussed by the directors at the next Board meeting, and follow-up actions will be determined. The Chairman of the Board is responsible for performing the collation and review of individual directors' responses and presents the results to the Board for discussion and action. In 2019, the Board performed its annual evaluation in accordance with the process described above, which:

- considered the performance of the directors and the Board and the adequacy of the Board's structures and processes, including the Board Charter;
- considered goals and objectives of the Board for the upcoming year; and
- considered whether any improvements or changes to the Board structures and processes, including the Board Charter, Audit and Risk Committee Charter, and Remuneration and Nomination Committee Charter were necessary or desirable.

The last review of self-assessment by the Board was concluded in February 2020.

The senior executives of the Company have employment contracts or consultancy service agreements that clearly set out the roles and responsibilities, and the Company's expectations in terms of performance. The Chairman of the Board in their capacity as Managing Director conducts an annual performance review of the senior executives in accordance to the documented expectations and prepares a report on the outcome of those reviews and recommendations regarding salary reviews, to the Remuneration and Nomination Committee. Each senior executive is provided with feedback on their performance and if required a development plan is agreed to support and align the ongoing contribution of that senior executive to the needs of the business. Performance reviews for the senior executives were conducted during the reporting period in accordance with the process described above.

PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

The Remuneration and Nomination Committee reviews Board succession planning and oversees the selection, appointment and re-appointment of directors to the Board, in accordance with the Remuneration and Nomination

Committee Charter. Where appointments are for senior executives, the Remuneration and Nomination Committee will make recommendations to the Board.

The Remuneration and Nomination Committee has adopted a formal charter which sets out the role and terms of reference of the Remuneration and Nomination Committee and the charter is reviewed regularly. The Remuneration and Nomination Committee Charter is available at www.bcl.com.pg/charters-important-documents/

The Remuneration and Nomination Committee held four scheduled meeting in 2019, and the attendance details of the 2019 meeting of the Remuneration and Nomination Committee are set out in the table below.

Director	Meetings attended	Meetings whilst in office
Sir Rabbie Namaliu (Committee Chairman)	Four	Four
Dame Carol Kidu	Three	Four
Sir Moi Avei	Four	Four

The Board determines the procedure for the selection and appointment of new directors and the re-election of incumbents in accordance with the Company's Constitution and having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.

Qualification for Board membership is related to the mix of skills and knowledge that the Board considers will best serve the interests of the Company and all of its shareholders. The Board seeks a mix of skills suitable for a Papua New Guinea Bougainville based resources company. The mix of skills comprised in the current Board, and that the Board would look to maintain, and build on, includes:

- mining and production industry expertise;
- expertise in management and governance;
- high level of business acumen;
- technical expertise;
- ability to think and plan strategically;
- relevant team oriented behavioural characteristics (such as effective communicators and listeners); and
- Papua New Guinea and Bougainville cultural, community, social and political knowledge and expertise.

The mix of skills of the current Board is set out in the Company's annual report on page 13.

The Board consists of six directors, of which Sir Rabbie Namaliu, Dame Carol Kidu, Sir Moi Avei, Peter Graham and David Osikore are independent non-executive directors. Sir Melchior Togolo is the Chairman and Managing Director. Each of the five independent directors are not in any other relationship with the Company which would affect their independent status, nor involved in the management of the Company and are not substantial shareholders of the Company.

The directors were appointed to the Board as follows:

- Sir Melchior Pesa Togolo - 20 October 2017
- Sir Rabbie Langanai Namaliu - 2 March 2011
- Ms Dame Carol Anne Kidu - 9 August 2012

- Sir Moi Avei - 12 September 2016
- Mr Peter Maxwell Graham - 20 October 2017
- Mr David Osikore - 23 August 2019

Directors appointed by the Board are required by the Company's Constitution to submit themselves for election for a further three years, by shareholders at the annual general meeting following their appointment.

Directors are subject to retirement by rotation at least every three years in accordance with the Company's Constitution, but may offer themselves for re-election anytime in the ensuing three years. There is no share ownership qualification for appointment as a director.

Five of the six directors are independent non-executive directors. For the purposes of determining a director's independence, the Board considers the following factors:

- whether within the last three years the director or a close family member is or has been employed in an executive capacity or part of the executive management of the Company or any of its child entities (if applicable);
- whether the director receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of the Company;
- whether within the last three years the director or a close family member has a material contractual relationship with the Company or any of its child entities (if applicable) other than as a director, the director's cross directorships or significant links with or involvement in other companies;
- whether within the last three years the director or a close family member has had, either directly or indirectly and whether as principal, employee or consultant, a material (more than 2% of the Company's or the counterparty's consolidated gross revenue per annum) business relationship with the Company or any of its child entities (if applicable), whether as an auditor, professional adviser, supplier or customer, or associated with someone with such a relationship;
- the director's length of service on the Board; and
- whether within the last three years the director or a close family member is, represents, or is or has been an officer or employee of, or professional adviser to a substantial holder.

All directors are required to, and do, bring independent judgment to bear on Board decisions and act in accordance with their statutory duties of good faith and proper purpose, and in the interests of all shareholders.

Any contracts which may exist or be entered into from time to time in the ordinary course of business between the Company and any company in which a director has declared an interest will be reviewed for materiality to both the Company and the other party to the contract.

All related party transactions, have been determined by the independent directors to be in the best interest of the Company.

The directors can seek independent professional advice, at the Company's expense, in furtherance of their duties. The Board has adopted a procedure for directors wishing to seek such advice to do so by arrangement with the Company Secretary.

Sir Mechior Togolo is the Chairman and Managing Director. The Board considers that its existing practices in having the Chairman fulfil the role of Managing Director is satisfactory to allow the Company to properly fulfil its

responsibilities effectively and is appropriate given the size of the Board, the Company's current ownership structure and the limited operational status of the Company's operations. The Board will continue to monitor and review the Managing Director role and will appoint a CEO where operationally desirable and strategically appropriate.

Directors receive formal appointment letters setting out, amongst other things, the expectations of their appointment. Incoming directors receive an induction to ensure they have a working knowledge of the Company, the political climate of the region in which its assets are situated, its culture and values and the metal mining industry. All directors are expected to maintain the skills required to effectively discharge their obligations to the Company and are provided with resources to help develop and maintain their skills and knowledge. Directors are encouraged to pursue and participate in appropriate continuing education and professional development opportunities so as to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Directors are provided with Board papers prepared by management prior to each Board meeting. These papers include an update from Company management, financial information and other strategy related documents. The directors also receive ongoing briefings on developments in laws, regulations and accounting standards.

PRINCIPLE 3: ACT LAWFULLY, ETHICALLY AND RESPONSIBLY

The Company values are outlined in the Company's Code of Conduct which acts as a meaningful statement of the way the Company and individuals do business. The Core values are:

- acting with integrity and honesty
- continuously pursuing high performance
- working effectively together
- caring about people

The Code of Conduct applies to all directors, officers, employees, consultants and contractors and is available online at www.bcl.com.pg/Company-Policies/ and a copy of each policy, code and charter is available in the investors page on the Company's website www.bcl.com.pg.

The Code of Conduct promotes business practices to maintain the Company's integrity and reflects the Company's commitment to ethical and responsible decision-making. It is a meaningful statement of the Company's core values and is promoted as such across the Company and reinforced by proper training and proportionate disciplinary action if it is breached. The Company's directors, senior executives, employees, consultants and contractors are required to comply with this policy when dealing with each other, shareholders, customers and the broader community. All consultants and contractors are required to maintain high standards of ethical behaviour in the execution of their duties and comply with all applicable laws and regulations in Papua New Guinea and in every other country in which the Company engages in business.

Other policies, codes and charters adopted by the Company which provide a framework for decisions and actions in relation to ethical conduct in employment include:

- Audit and Risk Committee Charter;
- Remuneration and Nomination Committee Charter; and
- Business Integrity Policy.

The Company has established a system for reporting violations of the Code of Conduct. Reports are done in writing to the Company Secretary.

The Company has a whistleblower policy (Tok Out) which is available online at www.bcl.com.pg/Company-Policies/.

The Company is committed to fostering a culture of trust in an environment that encourages reporting of misconduct and unethical behaviour and providing protection to those who speak out. The policy encourages employees to speak up about any unlawful, unethical or irresponsible behaviour within the organisation and applies to employees, suppliers of goods and services, directors and officers and relatives of the individuals listed. The policy provides protection to anyone that raises concerns under the policy through confidentiality, and protection from retaliation. There is an established a system for reporting the number, type and jurisdiction of concerns raised under the whistleblower (Tok Out) policy. Summaries are provided to the Audit and Risk Committee at least quarterly on a no names basis.

The Company has an anti-bribery and corruption policy which can be found in Part 4(b) of the Company's Code of Conduct which is available online at www.bcl.com.pg/Company-Policies/. There is an established system for reporting violations of the Code of Conduct with reports prepared in writing to the Company Secretary.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTS

The Company has an Audit and Risk Committee, which is appointed by the Board and is comprised of three directors. The Audit and Risk Committee provides the transparency, focus and independent judgement needed to oversee the Company's corporate reporting progress. The present members of the Audit and Risk Committee are, Managing Director Melchior Togolo and two independent non-executive directors, Peter Graham (committee chairman) and Sir Moi Avei. The Company Secretary and external auditors are available to attend meetings. All members of the Audit and Risk Committee are financially literate.

Two of the three directors are non-executive independent directors being Peter Graham (committee chairman) and Sir Moi Avei. The Company considers that the majority of the Audit and Risk Committee are independent directors and that this is satisfactory to allow the Audit and Risk Committee to properly fulfil its responsibilities effectively and is appropriate given the Company's current ownership structure and the limited operational status of the Company's operations. The Company will continue to monitor and review the Audit and Risk Committee's membership and will appoint committee members where operationally desirable and strategically appropriate.

The Audit and Risk Committee has adopted a formal charter which sets out the role and terms of reference of the Audit and Risk Committee and is reviewed regularly. The Audit and Risk Committee Charter is available at www.bcl.com.pg/charters-important-documents/, and includes information on the requirements for selecting an external auditor.

The qualifications and experience of the committee members is outlined in the Directors' Report on page 13 of the 2019 Annual Report.

The Audit and Risk Committee provides a formal structure for reviewing the Company's financial statements, accounting policies, control systems, risk management practices and taxation issues, and for liaison with the external auditors. The Audit and Risk Committee also reviews the adequacy of external audit arrangements on an annual basis.

The Audit and Risk Committee advises the Board of any matters that might have a significant impact on the financial condition of the Company and has the authority to investigate any matters within the terms of reference, having full access to the information and resources of the Company to fulfil its function. Related party transactions are considered by the Audit and Risk Committee. The Audit and Risk Committee reviews compliance with the Papua New Guinea Companies Act 1997, Corporations Act 2001 (Cth), where appropriate, and the requirements of the ASX and other regulatory requirements.

The Audit and Risk Committee held four scheduled meetings in 2019, and attendance details of the 2019 meetings of the Audit and Risk Committee are set out in the table below.

Director	Meetings attended	Meetings whilst in office
Peter Graham (Chairman)	Four	Four
Sir Moi Avei	Four	Four
Sir Melchior Togolo	Four	Four

Any work conducted by the external auditor, other than the statutory audit, is approved by the Audit and Risk Committee.

As a foreign registered company in Australia, the Company is not required to comply with section 295A of the Corporations Act 2001 (Cth) with respect to declarations in relation to financial statements by the CEO and CFO. However, the Board ensures that it receives the appropriate declarations and assurances including a declaration from the Chairman of the Board and the Company Secretary that accounts have been reviewed and, in their opinion:

- the financial records of the Company for the financial year ended 31 December 2019 have been properly maintained; and
- the financial statements for the financial year ended 31 December 2019 comply with the appropriate accounting standards; and
- the financial statements and notes give a true and fair view of the financial position and performance of the Company and are based on a sound system of risk management and internal control.

The annual and interim financial statements are audited or reviewed by the Company's external auditor prior to release to the market.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company makes full and immediate disclosure of material information to its shareholders and the market in accordance with its disclosure obligations under the ASX Listing Rules. In particular, to ensure that trading in its securities takes place in an informed market, the Company has adopted a Disclosure and Communications Policy, which is designed to ensure compliance with the ASX Listing Rules on continuous disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position. Established reporting systems are in place to ensure compliance with ASX requirements. The Disclosure and Communications Policy is available at www.bcl.com.pg/company-policies/.

Material market announcements are approved by the board at regular board meetings scheduled to coincide with ASX filing timetable requirements. Other material market announcements are circulated to the board via email.

Results presentations and transcripts of the Chairman's address at annual general meetings are released on the ASX Market Announcements Platform as soon as practically possible after the conclusion of the general meeting. Other presentations to new or substantive shareholders or investor analysts are released on the ASX Market Announcements Platform prior to the presentation. Any video presentations are linked via the company's Facebook page as soon as practically possible after the conclusion of the presentation. Refer to: <https://www.facebook.com/BougainvilleCopper>.

The entity is registered in Papua New Guinea (PNG). The Annual General meeting is held in the capital city of PNG in a central location easily accessible by all shareholders.

The Company's external auditor, PwC, attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Shareholders may submit written questions regarding the auditor's report to the auditors via the Company prior to the annual general meeting, and these questions and answers are made available at the annual general meeting

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company recognises the importance of effective communication with shareholders and the general investment community. Apart from the Company's compliance with its continuous disclosure obligations, the Company keeps investors informed of its corporate governance, financial performance, strategy and prospects via releases to the market via the ASX, the Company's website www.bcl.com.pg, information mailed and emailed to shareholders and general meetings of the Company. The information provided is balanced and understandable.

This communications program gives shareholders ready access to information and is contained within the Company's policies titled "Code of Conduct Policy" and "Disclosure and Communications Policy". The policies are available on the Company's website at <http://www.bcl.com.pg/company-policies/>.

The communications program includes an investor relations program to facilitate two-way communication with investors. The Company allows shareholders to send communications electronically to the Company via the Company website www.bcl.com.pg/contact/ and its security registry as detailed on www.bcl.com.pg/share-registrar.

The Company also encourages shareholders to attend the Company's annual general meeting and to ask questions of the Board and the auditor and/or to submit questions in writing in advance. At each annual general meeting the Board also ensures that:

- a representative of the Company's auditors is in attendance to respond directly to questions on audit related matters;
- information about the current developments is provided at the meeting, to make it easy for shareholders to participate and ask questions; and
- the chairman of the Board of directors presents an Address to the Annual General Meeting of current developments.

All substantive resolutions at a meeting of security holders are conducted by poll.

Shareholders may communicate via the Company's website www.bcl.com.pg/contact/, Facebook www.facebook.com/BougainvilleCopper/ and by telephone. Additionally, details of ASX announcements and Company reports are made available via the Company's website and are distributed to interested parties via email if requested.

The Company's share registry also engages with shareholders electronically. Shareholders can contact the Company's registrar, Computershare Investor Services Pty Ltd, to access their personal information and shareholdings. Contact details are on the Company's website. The share registrar also distributes statutory documents to shareholders such as annual reports and financial statements.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Company combines the Risk Committee function with the Audit and Risk Committee responsibilities. Please refer to *Principal 4 Safeguard Integrity of Corporate Reporting* for information regarding the composition and operation of the Audit and Risk Committee.

The Company has in place policies and procedures, including a risk identification and management framework (described below), which are continually being developed and updated to help manage material business risks. These policies and procedures have been adopted by the Board, with primary oversight by the Audit and Risk Committee, to ensure that potential business risks are identified and appropriate action is taken. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the Board with primary oversight from the Audit and Risk Committee. The Audit and Risk Committee Charter is available on the Company website www.bcl.com.pg/charters-important-documents/.

A summary of the Company's risk identification and management policies are set out below:

- the Company benefits from a Risk Management Policy, formally adopted by the Board, which can be accessed at www.bcl.com.pg/company-policies/, as well as practices on risk management and corporate assurance developed to manage the Company's business activities;
- the Audit and Risk Committee receives at least biannually a report from management to identify and review all of the business risks facing the Company. The Audit and Risk Committee report the findings to the Board;
- management provide an annual certificate of compliance to the Board and provides periodic reports and information confirming the status and effectiveness of the plans, controls, policies and procedures implemented to manage business risks. The Chairman of the Board and the Company Secretary endorse the certificate;
- Board approval is required before capital expenditure and revenue commitments exceed certain approved levels as outlined in the Authority Levels and Internal Controls Policy which is available at www.bcl.com.pg/company-policies/;
- the Company has in place a regulatory compliance program;
- safety, health, community and environmental policies are in place, with appropriate management systems which recognise the Company's commitment to achieving high standards of performance in all its activities in these areas; and
- a formal risk analysis involving senior management is facilitated at least annually which includes consultants specialising in risk management. The Company's risk register is updated and outcomes are reviewed by the Audit and Risk Committee and the Board.

Management provides reports to the Board (through the Audit and Risk Committee) relating to the effectiveness of the internal controls and the management of material business risk. In addition, the Board monitors the Company's material business risks on an ongoing basis.

The Company does not maintain an internal audit function. The Company has limited operations and is of a size that does not warrant an internal audit function. The Audit and Risk Committee regularly review the level of segregation particularly in relation to processes and procedures concerning matters such as payment authorisations and limits of authority and awareness and compliance with the Authority Levels and Internal Controls Policy. The Board and the Audit and Risk Committee maintains oversight of organisational risks including financial risks. The Audit and Risk Committee is responsible for reviewing and improving the Company's risk management framework and internal control processes.

The Company, as an inactive mining production Company, faces risks in its activities, including economic, regulatory, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for shareholders over the short, medium or long term. The Company manages these risks by having in place a number of risk identification and management policies as well as a Communities Policy, which are all available at www.bcl.com.pg/company-policies/.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Company does not have a separate remuneration committee as recommended by the Recommendations, but does combine the function within the Remuneration and Nomination Committee's responsibilities. Please refer to *Principle 2 Structure the Board to be effective and add value*, for information regarding composition and operation of the Remuneration and Nomination Committee.

The maximum limit for directors' remuneration is determined by shareholders in a general meeting. Within that limit the remuneration of directors is generally determined by the Board after taking into account data on market remuneration levels. At the 2009 annual general meeting, the shareholders approved an increase in non-executive directors' fees to A\$55,000, non-executive chairman fees to A\$110,000 and an additional A\$10,000 per annum for directors that are members of a Board committee. Directors are not entitled to retirement benefits.

The Company has nineteen (19) full time employees as part of the Company's team. Remuneration is governed by a Remuneration Policy, available at www.bcl.com.pg/company-policies/.

The Company has adopted a Rules for Dealing in BCL Securities Policy, which reinforces the prohibition against insider trading to all directors of the Company. The Rules for Dealing in BCL Securities Policy require that for all dealings in the Company's securities:

- directors and employees must advise the Chairman of the Board in writing, and receive approval in writing from the Chairman of the Board, if they intend to purchase or sell securities in the Company. In regard to his own dealings, the Chairman of the Board is required to notify the chairman of the Audit and Risk Committee; and
- no dealings in securities of the Company may take place in the period from the end of any relevant financial period to the trading day following announcement of the Company's annual results or half year results.

The Rules for Dealing in BCL Securities Policy is available at www.bcl.com.pg/company-policies/.

Statements of Comprehensive Income

Bougainville Copper Limited for the year ended 31 December 2019

	Notes	Consolidated 2019 K'000	2018 K'000	Parent 2019 K'000	2018 K'000
Income					
Interest		4	2	4	2
Dividends		5,223	4,838	5,223	4,838
		5,227	4,840	5,227	4,840
Cost and expenses					
Operating expenses	4	(13,492)	(15,298)	(13,387)	(14,915)
Exchange loss	7	(224)	(183)	(224)	(183)
		(13,716)	(15,481)	(13,611)	(15,098)
Finance costs		(153)	-	(153)	-
Loss before tax		(8,642)	(10,641)	(8,537)	(10,258)
Income tax	6	-	-	-	-
Loss after tax		(8,642)	(10,641)	(8,537)	(10,258)
Other comprehensive income (loss)					
Items that may not be subsequently reclassified to profit or loss (no tax effect):					
Changes in the fair value of available for sale financial assets	14	18,404	(12,977)	18,404	(12,977)
Total other comprehensive income (loss)		18,404	(12,977)	18,404	(12,977)
Total comprehensive income (loss) for the year		9,762	(23,618)	9,867	(23,235)
Basic and diluted earnings per share (toea)		(2.15)	(2.65)		

All amounts are expressed in Papua New Guinea Kina. Rounding to the nearest thousand Kina has been adopted. The notes on pages 34 to 55 form part of these accounts and are to be read in conjunction with them.

STATEMENTS OF CHANGES IN EQUITY

Bougainville Copper Limited for the year ended 31 December 2019

	Share capital	Fair value reserve	Accumulated Losses	Total
Consolidated	K'000	K'000	K'000	K'000
Brought forward at 01.01.18	401,063	60,165	(335,443)	125,785
Loss for the year	-	-	(10,641)	(10,641)
Other comprehensive income for the year	-	(12,977)	-	(12,977)
Transfer to retained earning on sale of investments	-	(4,123)	4,123	-
Balance at 31.12.18	401,063	43,065	(341,961)	102,167
Loss for the year	-	-	(8,642)	(8,642)
Other comprehensive loss for the year	-	18,404	-	18,404
Transfer to retained earning on sale of investments	-	(4,058)	4,058	-
Balance at 31.12.19	401,063	57,411	(346,545)	111,929

	Share capital	Fair value reserve	Accumulated Losses	Total
Parent	K'000	K'000	K'000	K'000
Brought forward at 01.01.18	401,063	60,165	(336,091)	125,137
Loss for the year	-	-	(10,258)	(10,258)
Other comprehensive income for the year	-	(12,977)	-	(12,977)
Transfer to retained earning on sale of investments	-	(4,123)	4,123	-
Balance at 31.12.18	401,063	43,065	(342,226)	101,902
Loss for the year	-	-	(8,537)	(8,537)
Other comprehensive loss for the year	-	18,404	-	18,404
Transfer to retained earning on sale of investments	-	(4,058)	4,058	-
Balance at 31.12.19	401,063	57,411	(346,705)	111,769

All amounts are expressed in Papua New Guinea Kina. Rounding to the nearest thousand Kina has been adopted. The notes on pages 34 to 55 form part of these accounts and are to be read in conjunction with them.

BALANCE SHEETS

Bougainville Copper Limited at 31 December 2019

Bougainville Copper Limited at 31 December 2019		Consolidated		Parent	
	Notes	2019 K'000	2018 K'000	2019 K'000	2018 K'000
Funds employed :					
Shareholders' funds					
Share capital	12	401,063	401,063	401,063	401,063
Fair value reserve	14	57,411	43,065	57,411	43,065
Accumulated losses		(346,545)	(341,961)	(346,705)	(342,226)
		111,929	102,167	111,769	101,902
Non-current liabilities					
Provisions	8 (d)	244	135	244	135
Other payables	8 (b)	194	194	194	194
Income tax	6 (b)	6,759	6,759	6,759	6,759
Lease Liability	13	1,024	-	1,024	-
		8,221	7,088	8,221	7,088
Current liabilities					
Provisions	8 (c)	1,827	1,952	1,827	1,952
Trade payables	8 (a)	1,301	1,421	1,301	1,408
Lease Liability	13	737	-	737	-
		3,865	3,373	3,865	3,360
Total liabilities		12,086	10,461	12,086	10,448
Total funds		124,015	112,628	123,855	112,350
These funds are represented by :					
Non-current assets					
Investments	5	109,434	98,736	108,334	97,636
Mine assets	9	-	-	-	-
Plant and Equipment	10	1,410	1,098	1,410	1,098
Right of use assets	13	1,665	-	1,665	-
Other receivables	11 b)	829	829	1,769	1,663
		113,338	100,663	113,178	100,397
Current assets					
Cash and cash equivalents		1,634	1,145	1,634	1,133
Other receivables	11 a)	1,043	820	1,043	820
Investments	5	8,000	10,000	8,000	10,000
		10,677	11,965	10,677	11,953
Total assets		124,015	112,628	123,855	112,350

Details of contingent liabilities and assets are shown in note 16. All amounts are expressed in Papua New Guinea kina. Rounding to the nearest thousand Kina has been adopted. The notes on pages 34 to 55 form part of these accounts and are to be read in conjunction with them.

For, and on behalf of, the board.



Sir Melchior P Togolo

Chairman

30th April 2020



Sir Rabbie L Namaliu

Director

STATEMENTS OF CASH FLOW

Bougainville Copper Limited for the year ended 31 December 2019

	Consolidated		Parent	
	2019	2018	2019	2018
	K'000	K'000	K'000	K'000
<i>Cash flows related to operating activities</i>				
Payments to suppliers	(12,585)	(15,212)	(12,468)	(14,842)
Interest received	4	2	4	2
Interest and finance costs	(153)	-	(153)	-
Dividends received	5,223	4,838	5,223	4,838
Net operating cash out flows	(7,511)	(10,372)	(7,394)	(10,002)
<i>Cash flows related to investing activities</i>				
Purchases of plant and equipment	(855)	(126)	(855)	(126)
Proceeds from sales of plant and equipment	7	-	7	-
Subsidiary Loan account movement	-	-	(105)	(286)
Sale of investment assets	9,706	9,314	9,706	9,314
Net investing cash in flows	8,858	9,188	8,753	8,902
<i>Cash flows related to financing activities</i>				
Repayment of lease liabilities	(634)	-	(634)	-
Net financing cash out flows	(634)	-	(634)	-
<i>Net decrease in cash and cash equivalents</i>	713	(1,184)	725	(1,100)
Cash and cash equivalents at beginning of year	1,145	2,512	1,133	2,416
Effect of exchange rate changes on cash and cash equivalents	(224)	(183)	(224)	(183)
Cash and cash equivalents at end of year	1,634	1,145	1,634	1,133

All amounts are expressed in Papua New Guinea Kina. Rounding to the nearest thousand Kina has been adopted. The notes on pages 34 to 55 form part of these accounts and are to be read in conjunction with them.

NOTES TO ACCOUNTS

The principal accounting policies applied in the preparation of these financial statements are set out below. Accounting policies relevant to mining operations are not presented due to mining operations having ceased in 1989. These policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements were authorised for issue in accordance with a Directors' resolution on 30th April 2020.

1. (A) BASIS OF PREPARATION

The financial statements of Bougainville Copper have been prepared in accordance with International Financial Reporting Standards (IFRS) and the PNG Companies Act 1997. The financial statements have been prepared under the historical cost convention, as modified by revaluation of investments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

New standards, amendments and interpretations to existing standards that have been adopted by the Company during the year and those have not been adopted are disclosed in 1. (D) and 1. (E).

1. (B) ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provided evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

MINE ASSETS

Mine assets were originally stated at cost or Directors valuation and subsequently depreciated and amortised at rates considered appropriate by the Company.

The Company ceased depreciating the mine assets from 1991 onwards. Subsequent impairment losses were recognised where the carrying value of the mine assets exceeded their recoverable amounts.

PLANT AND EQUIPMENT

The cost of purchased plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Plant and equipment are stated at cost less accumulated depreciation. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognised. All other repairs and maintenance are charged against income during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Depreciation is charged on a straight-line basis, so as to write-off the cost of the property and equipment to their residual value over their expected economic useful lives. The estimated economic lives are as follows:

Leasehold improvements	3 years
Motor vehicles	2-4 years
Office furniture and equipment	2-10 years

TAXATION

The income tax expense or revenue for the period, is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, 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 base of assets and liabilities, and their carrying amounts in the financial statements.

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 tax 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.

FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in PNG Kina, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and translation at year end exchange rates of monetary assets and liabilities determined in foreign currencies are recognised in determining profit.

PROVISIONS

Provision for compensation is recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

FINANCIAL ASSETS

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired. The company classifies its financial assets as investments, cash and cash equivalents and other assets.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

The Company classifies its financial assets as follows:

(i) Equity instruments

Equity instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company's management has elected, at initial recognition, to irrevocably designate an equity investment through other comprehensive income. The Company's policy is to designate equity investments as Fair Value through Other Comprehensive Income (FVOCI) when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in Other Comprehensive Income (OCI) and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

(ii) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits held at call with banks, and bank deposits and treasury bills with original maturities of three months or less.

(iii) Other receivables

Other receivables are recognised initially at fair value, less provision for impairment. They are presented as current assets unless collection is not expected for more than twelve months after the reporting date.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan and failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

FINANCIAL LIABILITIES

The Company's financial liabilities at balance sheet date consist of financial liabilities at amortised cost.

(i) Classification

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost.

(ii) Recognition and measurement

Financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are derecognised when extinguished.

IMPAIRMENT OF OTHER ASSETS

Other assets are tested for impairment 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 the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

REVENUE RECOGNITION

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

1. (C) ROUNDING OF AMOUNTS

All amounts have been rounded off to the nearest K'000, unless otherwise stated.

1. (D) STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN THE YEAR ENDED 31st DECEMBER 2019

The following standards, amendments and interpretations to existing standards became applicable for the first time during the accounting period beginning 1 January 2019.

- IFRS 16, 'Leases' removes the previous IAS 17 distinction between finance leases and operating leases and now requires a lessee to recognise a lease liability representing future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low-value assets.
- Amendment to IFRS 9 on prepayment features with negative compensation. This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.
- IFRIC 23, 'Uncertainty over income tax treatments' clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes' are applied where there is uncertainty over income tax positions. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty

over a tax treatment. A subsequent IC agenda decision also provided guidance on the presentation of uncertain tax positions.

- Annual improvements 2015 – 2017. These amendments include minor changes to:
 - IFRS 3 'Business combination' – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - IFRS 11 'Joint arrangements' – a company does not remeasure its previously held interest in a joint operation when it obtains control of the business.
 - IAS 12 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
 - IAS 23 'Borrowing costs' – a company treats as part of general borrowings any borrowings originally made to develop an asset when the asset is ready for its intended use or sale.
- Amendments to IAS 28 'Investments in associates' on long term interests in associates and joint ventures. These amendments clarify that long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using IFRS 9. This includes the impairment requirements in IFRS 9.
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The implementation of IFRS 16 Leases required the company to change its accounting policy as a lessee under lease contracts as set out in Notes 3 and 13. The other changes did not have any material impact on the company.

1. (E) STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER 2019 OR ADOPTED EARLY

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2020 or later periods, but the Company has not early adopted them:

- Amendments to IFRS 3 – definition of a business (effective 1 January 2020). This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- Amendments to IAS 1 and IAS 8 on the definition of 'material' (effective 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
 - use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting
 - clarify the explanation of the definition of material; and
 - incorporate some of the guidance in IAS 1 about immaterial information.
- Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform (effective 1 January 2020). Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. These amendments relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement

under both IAS 39 and IFRS 9. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

- IFRS 17 ‘Insurance contracts’ (effective 1 January 2021) replaces IFRS 4. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Company has conducted investigations and does not consider that there are any measurement or recognition issues arising from the release of these new pronouncements that will have a significant impact on the reported financial position or financial performance of the entity.

1. (F) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

1.(G) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

1.(H) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board has been identified as being the chief operating decision maker.

1.(I) LEASES AND RIGHT-OF-USE ASSETS

From 1 January 2019, right-of-use assets and lease liabilities arising from lease contracts are initially measured on a present value basis. Lease liabilities include the present value of all fixed payments (less any lease incentives receivable), variable lease payments that are based on an index or rate, any amounts expected to be paid under residual value guarantees, the exercise price of any purchase options that are reasonably certain to be exercised and any payments for terminating a lease if the lease term reflects the exercise of that termination option. The lease payments are discounted using the discount rate implicit in the lease, if that rate can be determined, or the company’s incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interest expense so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short term leases of 12 months or less and leases of low value assets (less than PGK equivalent of USD5,000) are recognised as an expense on a straight line basis. Variable lease payments that are not based on an index or rate are recognised as an expense as incurred.

Right-of-use assets are initially measured at cost, comprising the amount on initial recognition of the lease liability plus any lease payments made before commencement of the lease, any initial direct costs and the estimated costs of any restoration required upon completion of the lease contract. Right-of-use assets are subsequently measured at cost less depreciation and any impairment. Right-of-use assets are depreciated on a straight line basis over the shorter of the term of the lease and the asset’s useful life, unless there is a purchase option which is reasonably certain of being exercised, in which case the asset will be depreciated over its useful life.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

(I) MINE ASSETS

Mine production was suspended on 15th May 1989 because of attacks on employees. Following repeated instances of damage to mine facilities, the power supply lines and further attacks on employees, it became necessary to evacuate all remaining Company personnel from Bougainville in early 1990. Since the withdrawal of Company personnel from Bougainville, which was completed on 24th March 1990, there has been no care and maintenance of the Company's assets. Considerable deterioration of the assets has likely occurred in the intervening period, because of this lack of care and maintenance, their exposure to the elements, vandalism, pilferage and militant action. However, as sufficient access to the mine site had not been possible, the extent of the necessary write-downs was not capable of reliable measurement or estimation.

With the passage of time, it became clear that a major write-down of assets from their pre-closure levels would be required. To allow for this future write-down, the board recorded an impairment loss in 1991 for deterioration, damage and pilferage of K350 million, with this sum being classified as an extraordinary item.

During 2014, the Autonomous Bougainville Government passed the Bougainville Mining (Transitional Arrangement) Act 2014 (Transitional Act) which was replaced by the Bougainville Mining Act 2015 (The Act) on 1st April 2015. This legislation seeks to challenge the Company's control of the mine assets and may reflect an expropriation of assets for the purpose of the Bougainville Copper Act. In 2014 the Board impaired in full the carrying value of the mine assets. K167 million was charged against income and a reversal of K31 million in the revaluation reserve.

The Act converted the Special Mining Lease held by the Company to an Exploration Licence (EL1) for a period of two years from the date of the Transitional Act. In July 2016 the Company applied to extend the EL1. The ABG commenced the processing of the application in October 2017 and on 16th January 2018 issued a Notice of Refusal to grant the renewal of the application for the following reasons:

1. The required majority consent of the landowners was not evident during the Mining Wardens hearing and shows Bougainville Copper does not have the social licence to operate the mine.
2. The reopening of the Panguna Mine is a divisive issue, and has the potential to adversely affect the ABG's preparation for the conduct of the referendum given that it was Bougainville Copper's past operation of Panguna Mine that ignited the Bougainville Crisis which resulted in the loss of about 20,000 lives. Hence, it is in Bougainville's best interest to maintain peace and unity.

The Company commenced an action in the National Court of Papua New Guinea seeking leave for a Judicial Review of the renewal application process. Leave was granted on 10th April 2018. A restraining order was granted against the defendants, the ABG, from giving effect to or relying on the decision to refuse the application by Bougainville Copper for extension of EL1.

Panguna Minerals Limited, a company 50 per cent owned by SMLOLA and 50 per cent by Central Exploration Pty Ltd (a company 70 per cent owned by RTG Mining Inc) was joined to the proceedings on 22nd August 2018. An application by Bougainville Copper for leave to appeal the joinder decision was dismissed on 7th March 2019 by a single judge. The Board of Directors has requested the application for leave to appeal the joinder be listed before a full Supreme Court.

Bougainville Copper remains confident of our tenement position and believe the Judicial Review proceedings will uphold our rights.

Bougainville Copper, while adhering to the requirements of the Bougainville Mining Act 2015, also recognizes and maintains the tenements in accordance with the PNG National legislation and the Bougainville Copper Agreement.

The Directors of the Company continue to take all possible steps to protect and optimise tenure in Bougainville.

3. CHANGE IN ACCOUNTING POLICIES

IFRS 16 TRANSITIONAL IMPACT EFFECTIVE 1ST JANUARY 2019

BCL has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, BCL recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.5%.

	Consolidated 2019 K'000	Parent 2019 K'000
Operating lease commitments 1 January 2019	<u>2,894</u>	<u>2,894</u>
Discounted using the lessee's incremental borrowing rate at the date of initial application	2,535	2,535
(Less): short term leases recognised on a straight-line basis as expense	(45)	(45)
(Less): low-value leases not recognised as a liability	(129)	(129)
Lease liability recognised as at 1 January 2019	<u>2,361</u>	<u>2,361</u>
Of which are:		
Current lease liabilities	636	636
Non-current lease liabilities	<u>1,725</u>	<u>1,725</u>
Lease liability recognised as at 1 January 2019	<u>2,361</u>	<u>2,361</u>

The associated right-of-use assets for property leases were measured on a modified retrospective basis as if the new rules had always been applied. The right-of-use assets were measured at the amount equal to the lease liability amortised over the remaining term of the lease. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to commercial and residential properties totalling K2,361,000.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase to K2,361,000
- Lease liabilities – increase to K2,361,000

The impact on retained earnings on 1st January 2019 was nil.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date BCL relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a lease.

4. Operating Expenses	Consolidated		Parent	
	2019 K'000	2018 K'000	2019 K'000	2018 K'000
Remuneration of directors (note 14)	1,574	1,753	1,574	1,753
Board meetings	86	236	86	236
Auditors' remuneration				
- annual report and financial statements audit	115	110	115	110
- half year review	35	34	35	34
- taxation and consulting services	15	26	15	26
Share registry costs	346	331	346	331
Insurance	233	196	233	196
Legal fees	644	1,759	644	1,759
Document cataloguing	372	256	372	256
Order of magnitude costs	680	397	680	397
Social, technical and environmental studies	1,307	1,854	1,307	1,854
Community projects	1,450	575	1,450	575
Communication and media costs	454	351	454	351
Education scholarships	104	383	-	-
Corporate subscriptions	70	79	70	79
Administrative costs	3,322	4,453	3,322	4,453
Depreciation right of use assets	730	-	730	-
Depreciation on administration assets	533	580	533	580
Other operating expenses	1,422	1,925	1,421	1,925
	13,492	15,298	13,387	14,915

5. Investments

At fair value	Consolidated		Parent	
	2019	2018	2019	2018
	K'000	K'000	K'000	K'000
Opening balance	108,736	131,027	107,636	129,927
Movement in fair value reserve	14,346	(17,100)	14,346	(17,100)
Disposal of investments	(5,648)	(5,191)	(5,648)	(5,191)
Additions to investments	-	-	-	-
Acquisition of subsidiary	-	-	-	-
Closing balance	117,434	108,736	116,334	107,636

Original cost when purchased

Opening cost balance	65,671	70,862	64,571	69,762
Disposal of investments	(5,648)	(5,191)	(5,648)	(5,191)
Additions to investments	-	-	-	-
Acquisition of subsidiary	-	-	-	-
	60,023	65,671	58,923	64,571
Fair value reserve year end balance	57,411	43,065	57,411	43,065
Closing fair value balance	117,434	108,736	116,334	107,636

Investments are classified as follows:

Current	8,000	10,000	8,000	10,000
Non-current	109,434	98,736	108,334	97,636
	117,434	108,736	116,334	107,636

Investment assets held by the Company consist of ASX listed shares, and therefore have no fixed maturity date or coupon rate.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are categorised as level 1 within the fair value hierarchy. The company has not recognised any financial assets categorised within level 2 or level 3 fair value hierarchy.

The investment held by the subsidiary represents an investment in unlisted units held in the Pacific Balanced Fund.

The financial statements of the Pacific Balanced Fund or similar data for the 2019 Financial Year were not readily available to allow for the management to determine the fair valuation at balance date. The units are not traded. The carrying amount as disclosed above was determined based on an historic buy-back price of K2.75 per unit.

6. Taxation

(a) The following reconciliation discloses the items which caused the charge for income tax in the income statement to vary from the income tax prima facie payable on reported earnings:

	Consolidated		Parent	
	2019	2018	2019	2018
	K'000	K'000	K'000	K'000
Operating profit/(loss) before taxation	(8,642)	(10,641)	(8,537)	(10,258)
Prima facie income tax @ 30 per cent	(2,593)	(3,192)	(2,561)	(3,077)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	57	(24)	57	(24)
Potential tax benefit not recognised	2,536	3,216	2,504	3,101
Income tax expense/(credit)	-	-	-	-

(b) An agreement between the Independent State of Papua New Guinea and the previous majority shareholder of Bougainville Copper Ltd, Rio Tinto, provides for the deferral of income tax payable of K6,759,000 in respect of the 1989 year, until certain criteria have been met following successful recommencement of operations.

(c) The future income tax benefit relating to tax losses has not been brought to account because their realisation is not probable.

Available tax losses carried forward amount to K87,927,575 (2018 K79,580,195)

7. Exchange fluctuation

	Consolidated		Parent	
	2019	2018	2019	2018
	K'000	K'000	K'000	K'000
(a) Exchange gain/(loss) reflected in earnings arising from financial assets:	(224)	(183)	(224)	(183)
Gain/(loss)	(224)	(183)	(224)	(183)
(b) Foreign currency amounts included in current assets, non-current assets, current liabilities and non-current liabilities that are not effectively hedged are:				
Current assets	8,148	10,333	8,148	10,333
Non-current assets	108,334	97,636	108,334	97,636
Current liabilities	780	461	780	461
Kina equivalent of Australian dollars				

8. Liabilities

	Consolidated		Parent	
	2019	2018	2019	2018
	K'000	K'000	K'000	K'000
Trade Payables				
(a) Current				
Trade creditors	1,301	1,421	1,301	1,409
(b) Non current				
Other payables	194	194	194	194
Provisions (excluding impairment)				
c) Current				
Compensation *	1,628	1,771	1,628	1,771
Employee Entitlements	199	181	199	181
	1,827	1,952	1,827	1,952
d) Non Current				
Employee Entitlements	134	25	134	25
Make good provision - premises lease	110	110	110	110
	244	135	244	135
e) Movements in provisions				
	Compensation	Employee entitlements	Make good provision premises lease	
	K'000	K'000	K'000	
Opening balance	1,771	206	110	
Provisions recognised during the year	-	290	-	
Amounts used during year	(143)	(163)	-	
Closing balance	1,628	333	110	

* The Company has provided for March 1990 to March 1991 compensation to Landowner groups affected by the Company's former mine operations, based on known obligations. The Company has classified the provision as current as it has commenced the payment program.

9. Mine assets

The company has previously capitalised mine assets of:

	K'000
Mine development and building	395,153
Plant machinery and equipment	549,663
Mine Property	62,121
Capitalised work in progress	29,112
Total	1,036,049

Mine assets were fully depreciated or impaired in previous financial years.

During 2014, the Autonomous Bougainville Government passed the Bougainville Mining (Transitional Arrangement) Act 2014 (Transitional Act) which was replaced by the Bougainville Mining Act 2015 (The Act) on 1st April 2015. This legislation seeks to challenge the Company's control of the mine assets and may reflect an expropriation of assets for the purpose of the Bougainville Copper Act.

The Act converted the Special Mining Lease held by the Company to an Exploration Licence (EL1) for a period of two years from the date of the Transitional Act. In July 2016 the Company applied to extend the EL1. The ABG commenced the processing of the application in October 2017 and on 16th January 2018 issued a Notice of Refusal to grant the renewal of the application. The Company commenced legal proceedings in the PNG National Court and was granted leave on 10th April 2018 for a Judicial Review of the renewal application process. A restraining order was granted against the ABG, from giving effect to or relying on the decision to refuse the extension of EL1. So long as the restraining order is in place and, until a determination is made on that decision-making process, Bougainville Copper holds rights over EL1.

Bougainville Copper Limited, while adhering to the requirements of the Bougainville Mining Act 2015, also recognises and maintains the tenements in accordance with the PNG National legislation and the Bougainville Copper Agreement.

The Directors of the Company continue to take all possible steps to protect and optimise tenure in Bougainville.

10. Plant and Equipment

Consolidated and Parent	Leasehold assets	Motor Vehicles	Office furniture and equipment	Construction in progress	Total
	K'000	K'000	K'000	K'000	K'000
At 31 December 2018					
Cost	1,365	315	502	18	2,200
Accumulated depreciation	(741)	(176)	(185)	-	(1,102)
Net book value	624	139	317	18	1,098
Year ended 31 December 2019					
Opening net book amount	624	139	317	18	1,098
Additions	-	-	120	734	854
Disposals	-	-	(9)	-	(9)
Depreciation charge	(388)	(55)	(90)	-	(533)
Closing net book value	236	84	338	752	1,410
At 31 December 2019					
Cost	1,365	315	602	752	3,034
Accumulated depreciation	(1,129)	(231)	(264)	-	(1,624)
Net book value	236	84	338	752	1,410

11. Other receivables	Consolidated		Parent	
	2019 K'000	2018 K'000	2019 K'000	2018 K'000
a) Current				
Sundry receivables	42	20	42	20
Deposits and bonds	85	89	85	89
Prepayments	342	538	342	538
Goods and services tax receivable	574	173	574	173
	<u>1,043</u>	<u>820</u>	<u>1,043</u>	<u>820</u>
b) Non Current				
Withholding tax receivable	829	829	511	511
Related party receivables (Note 19)	-	-	1,258	1,152
	<u>829</u>	<u>829</u>	<u>1,769</u>	<u>1,663</u>

Withholding tax receivable will be offset against future tax payable.

12. Ordinary shares

The issued capital of the Company is 401,062,500 ordinary shares fully paid. No change in issued capital occurred during 2019.

13. Right-of-use assets and lease liabilities

BCL has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, BCL recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.5%.

Consolidated and Parent	Consolidated		Parent	
	2019 K'000	2018 K'000	2019 K'000	2018 K'000
Amounts recognised in the balance sheet				
(a) Right-of-use-assets				
Properties as at 1 January 2019	2,361	-	2,361	-
Additions	49	-	49	-
Remeasurements	(15)	-	(15)	-
Depreciation charges	(730)	-	(730)	-
Closing net book value 31 December 2019	<u>1,665</u>	<u>-</u>	<u>1,665</u>	<u>-</u>

13. Right-of-use assets and lease liabilities (continued)

	Consolidated		Parent	
	2019	2018	2019	2018
	K'000	K'000	K'000	K'000
(b) Lease liabilities				
Lease liabilities as at 1 January 2019	2,361	-	2,361	-
Additions	49	-	49	-
Remeasurements	(15)	-	(15)	-
Payments	(787)	-	(787)	-
Interest	153	-	153	-
Closing balance 31 December 2019	1,761	-	1,761	-
Lease Liabilities are classified as follows:				
Current	737	-	737	-
Non-current	1,024	-	1,024	-
	1,761	-	1,761	-
Minimum lease payments:				
Not later than 1 year	839	-	839	-
Later than 1 year and not later than 5 years	1,105	-	1,105	-
Later than 5 years	-	-	-	-
Total	1,944	-	1,944	-
Less: Unexpired finance charges	(183)	-	(183)	-
Total	1,761	-	1,761	-
Present value of lease liabilities:				
Not later than 1 year	737	-	737	-
Later than 1 year and not later than 5 years	1,024	-	1,024	-
Later than 5 years	-	-	-	-
Total	1,761	-	1,761	-
Amounts recognised in statement of comprehensive income				
Depreciation charge right-of-use-assets	730	-	730	-
Interest expense	153	-	153	-
Expense relating to short term leases (included in administrative costs)	61	-	62	-
Expense relating to leases of low values not recognised as a liability (included in administrative	40	-	40	-

13. Right-of-use assets and lease liabilities (continued)

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

BCL has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date BCL relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a lease.

Accounting for leasing activities

BCL leases offices and houses for its employees. Rental contracts are typically made for fixed periods of 2 to 3 years but may have extension options as described in (b) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by BCL. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

13. Right-of-use assets and lease liabilities (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(a) Variable lease payments

BCL does not have any property leases that contain variable payment terms that are linked to sales generated from other operations.

(b) Extension and termination options

Extension and termination options are included in a number of property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by BCL and not by the respective lessor.

(c) Residual value guarantees

BCL does not provide residual value guarantees in relation to its leases.

14. Fair value reserve

	Consolidated		Parent	
	2019 K'000	2018 K'000	2019 K'000	2018 K'000
Fair value reserve	57,411	43,065	57,411	43,065

This reserve records movements for Investment assets to fair value.

Refer note 1 (b) and note 20(g) for calculations for 'fair value'.

Opening balance	43,065	60,165	43,065	60,165
Movement	18,404	(12,977)	18,404	(12,977)
Fair value realised through disposal	(4,058)	(4,123)	(4,058)	(4,123)
Net movement	14,346	(17,100)	14,346	(17,100)
Closing balance	57,411	43,065	57,411	43,065

15. Remuneration of Directors

Directors' remuneration, including the value of benefits, received during the year is as follows:

	Consolidated		Parent	
	2019 K'000	2018 K'000	2019 K'000	2018 K'000
Sir Melchior P Togolo ⁽¹⁾	739	904	739	904
Sir Rabbie L Namaliu ⁽²⁾	157	162	157	162
Dame Carol A Kidu ⁽²⁾	157	162	157	162
Sir Moi Avei ⁽³⁾	318	313	318	313
Peter M Graham ⁽⁴⁾	157	162	157	162
Robert S Burns ⁽⁵⁾	-	50	-	50
David M Osikore ⁽⁶⁾	46	-	46	-
	<u>1,574</u>	<u>1,753</u>	<u>1,574</u>	<u>1,753</u>

(1) Short term benefits paid as Chairman K266,000, Audit and Risk Committee fee of K24,000 and K449,000 as Managing Director, (2018- Chairman K275,000, Audit and Risk Committee K25,000 and Managing Director K604,000). No other long-term benefits, post-employment benefits, termination benefits or share based payments are payable to the Directors.

(2) Short term benefits paid to the Directors comprise of a Base Director fee of K133,000 and Remuneration and Nomination Committee fees of K24,000, (2018- Director K137,000 and Remuneration and Nomination Committee K25,000). No other long-term benefits, post-employment benefits, termination benefits or share based payments are payable to the Directors.

(3) Short term benefits paid to Sir Moi Avei comprised of a Base Director fee of K133,000, Audit and Risk Committee fee of K24,000, Remuneration and Nomination Committee fees of K24,000 and an additional contract for Governmental discussions of K137,000 (2018- Director K137,000, Audit and Risk Committee K25,000, Remuneration and Nomination Committee K19,000 from 22nd May 2018 and additional contract fees K132,000). No other long term-benefits, post-employment benefits, termination benefits or share based payments are payable to the Directors.

(4) Short term benefits paid to the Directors comprise of a Base Director Fee of K133,000 and Audit and Risk Committee fees of K24,000, (2018- Director K137,000 and Audit and Risk Committee K25,000). No other long-term benefits, post-employment benefits, termination benefits or share based payments are payable to the Directors.

(5) Rob Burns retired as Chairman and Managing Director on 21st February 2018. Short term benefits paid in 2018 as Chairman were K46,000 and Audit and Risk Committee fees of K4,000.

(6) David Osikore was appointed a director 23rd August 2019. Short term benefits as a director comprise of a base fee of K46,000. No other long-term benefits, post-employment benefits, termination benefits or share based payments are payable to the Directors.

16. Contingent liabilities and assets

Bougainville Copper was defendant to an action commenced in the National Court by two plaintiffs seeking declarations that they are the lawful representatives of the mine site and the tailings disposal area Landowners and that the Mining Warden is the proper Judicial Officer to determine what, if any, compensation is due to Landowners for the period since the suspension of mining operations. A deed of release was executed by the two plaintiffs agreeing to the payment of statutory compensation for the 1990 year of operation including interest. The Company has made a provision in its accounts to cover the Landowner compensation. The proceedings in the National Court were concluded when a Notice of Discontinuance was filed and endorsed in the Buka National Court on 9th June 2016 and served on each plaintiff. Compensation payments commenced in February 2017.

A further claim has been made from another mine affected Landowner group. Discussions remain ongoing with the Land group to determine the amount, if any, of statutory compensation that may be due. No provision has been made for any liability that may arise from this further claim.

17. Mining tenements

Under the Mining Act of the Independent State of Papua New Guinea, the Company holds 100 per cent interest in leases: SML1, LMP B9, B6, B8, B7, B2, B10, B3; and prospecting authorities: Exploration Licenses 1, 2, 3, 4, 5, 6, 7A and 7B on Bougainville Island.

During 2014, the Autonomous Bougainville Government (ABG) passed the Bougainville Mining (Transitional Arrangement) Act 2014 (Transitional Act) which was replaced by the Bougainville Mining Act 2015 (The Act) on 1st April 2015. This legislation seeks to challenge the Company's control of the mine assets and may reflect an expropriation of assets for the purpose of the Bougainville Copper Act.

The Act converted the Special Mining Lease held by the Company to an Exploration Licence (EL1) for a period of two years from the date of the Transitional Act. In July 2016 the Company applied to extend the EL1. The ABG commenced the processing of the application in October 2017 and on 16th January 2018 issued a Notice of Refusal to grant the renewal of the application for the following reasons:

1. The required majority consent of the landowners was not evident during the Mining Wardens hearing and shows Bougainville Copper does not have the social licence to operate the mine.
2. The reopening of the Panguna Mine is a divisive issue and has the potential to adversely affect the ABG's preparation for the conduct of the referendum given that it was Bougainville Copper's past operation of Panguna Mine that ignited the Bougainville Crisis which resulted in the loss of about 20,000 lives. Hence, it is in Bougainville's best interest to maintain peace and unity.

Panguna Minerals Limited(PML), a company 50% owned by SMLOLA and 50% by Central Exploration Pty Ltd (a company 70% owned by RTG Mining Inc.) was joined to the proceedings on 22nd August 2018. BCL applied for leave to appeal the joinder decision. The leave to appeal was dismissed on 11th March 2019. The application for leave to appeal the joinder was then heard by a three-person bench of the Supreme court on 27th June 2019 and again refused on 6th February 2020, however BCL noted that the difficulty of the question was reflected in the fact that the members of the bench were split as to the proper outcome. PML will now definitely be a defendant to the proceeding, and its activities given due scrutiny.

BCL welcomes the certainty that the ruling brings and looks forward to the prosecution of its claims against the defendants, and remains confident of our tenement position and believe the court proceedings will uphold our rights. The Judicial Review of the renewal application process will proceed in 2020.

Bougainville Copper Limited, while adhering to the requirements of the Bougainville Mining Act 2015, also recognises and maintains the tenements in accordance with the PNG National Legislation and the Bougainville Copper Agreement.

The Directors of the Company continue to take all possible steps to protect and optimise tenure in Bougainville.

18. Segmental information

The Company carried on investment activities during the year. Its assets are primarily cash and equities listed on the Australian Securities Exchange.

19. Related party transactions

Transactions with Directors are disclosed in note 15.

The Company acquired 100 per cent of the issued share capital of Bougainville Copper Foundation (BCF) Limited on 24th November 2016. BCF has limited liquid assets and its activities are supported by the parent company a loan account.

The following amounts remained outstanding and receivable at the balance date:

	Consolidated		Parent	
	2019 K'000	2018 K'000	2019 K'000	2018 K'000
Bougainville Copper Foundation	-	-	1,258	1,153

With the exception of the above the Company did not enter into any other transactions with related parties.

20. Financial instruments

The Company's financial instruments include cash and cash equivalents, equity investments, receivables and accounts payable.

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, price and interest rate risks in respect of investment portfolios to determine market risk. The Company holds the following financial assets and liabilities:

	Consolidated		Parent	
	2019 K'000	2018 K'000	2019 K'000	2018 K'000
Cash and cash equivalents	1,634	1,145	1,634	1,133
Other receivables	1,872	1,649	2,812	2,483
Investments	117,434	108,738	116,334	107,636
Trade payables	(1,301)	(1,421)	(1,301)	(1,408)
Other payables	(194)	(194)	(194)	(194)

(a) Financial risk management

Bougainville Copper's activities expose it to a variety of financial risks, including the effects of changes in market prices, foreign currency exchange rates and interest rates. The Company monitors these financial risks and seeks to minimize the potential adverse effects on the financial performance of the Company. The Company does not use any derivative financial instruments to hedge these exposures.

(b) Foreign exchange risk

Bougainville Copper undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currencies arise. It is not the Company's policy to hedge these foreign currency risks. Details of exchange fluctuations and foreign currency amounts are shown in note 7.

With all other variables held constant, Bougainville Copper's exposure to this risk is measured by sensitivity analysis, as follows:

	Consolidated		Parent	
	2019	2018	2019	2018
Investments	K'000	K'000	K'000	K'000
Carrying amount at the balance date	116,334	107,636	116,334	107,636
Change in carrying amount of 'investments' and fair value reserve:				
	Consolidated		Parent	
	2019	2018	2019	2018
	K'000	K'000	K'000	K'000
Had PNG Kina weakened by 10 per cent against the Australian dollar:				
Increase in carrying amount and fair value reserve by:	12,926	11,960	12,926	11,960
Had PNG Kina appreciated by 10 per cent against the Australian dollar:				
Decrease in carrying amount and fair value reserve by:	10,576	9,785	10,576	9,785

(c) Price risk

A large amount of the Company's assets are held in shares of "Listed Investment Companies" (see note 5) listed on the Australian Securities Exchange. The value of these shares is subject to market conditions and the fluctuation in AUD / PGK exchange rate.

With all other variables held constant, Bougainville Copper's exposure to this risk is measured by sensitivity analysis, as follows:

	Consolidated		Parent	
	2019	2018	2019	2018
Investments	K'000	K'000	K'000	K'000
Carrying amount at the balance date	116,334	107,636	116,334	107,636
Change in carrying amount of 'investments' and fair value reserve:				
	Consolidated		Parent Entity	
	2019	2018	2019	2018
	K'000	K'000	K'000	K'000
Had the share price increased by 10 per cent:				
Increased in carrying amount and fair value reserve by:	11,633	10,764	11,663	10,764
Had the share price decreased by 10 per cent:				
Decrease in carrying amount and fair value reserve by:	11,633	10,764	11,663	10,764

(d) Interest rate risk

Bougainville Copper no longer holds financial assets at variable rates, which would expose the Company to cash flow interest rate risk.

(e) Credit risk

Bougainville Copper has no significant concentrations of net credit risk. The Company manages the credit risk of cash and cash equivalents held with banks and financial institutions by maintaining deposits with more than one bank or financial institutions. The minimum credit rating for the banks or financial institutions is B+.

(f) Liquidity risk

Bougainville Copper aims to prudently manage liquidity risk by maintaining sufficient cash and other liquid assets or the availability of funding through uncommitted credit facilities. The Company currently has no available credit facilities.

(g) Fair value estimation

Bougainville Copper is not in a position to determine the fair values of its previous mining operations receivables and payables due to the significant uncertainties arising from the suspension of mining operations. The face value of bank balances and short term liquid investments are assumed to approximate their fair values. Equity investments are carried at their fair value, being market price.

(h) Capital risk management

Bougainville Copper's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for 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.

21. Events occurring subsequent to balance date

The World Health Organisation declared a pandemic in relation to the Novel Coronavirus (COVID-19) on 11 March 2020. The outbreak has had a significant adverse impact on the global economy in early 2020. Resulting financial markets volatility has caused the fair value of the Company's investments to fluctuate subsequent to the end of the financial year. As the emergence of the pandemic and market volatility is in its earlier stages, the full extent of exposures to and impacts on the Company are uncertain. The Company is assessing and closely monitoring emerging risks.

There is, at the date of this report, no other matter or circumstance that has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) the company's state of affairs in future financial years.

Directors' Declaration

Directors' declaration Bougainville Copper Limited

In the Directors' opinion

- (a) the financial statements and notes set out on pages 30 to 55 are in accordance with the *PNG Companies Act 1997*, including:
 - (i) complying with Accounting Standards, the Companies Act 1997 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31st December 2019 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



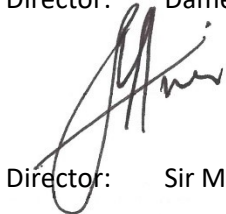
Director: Sir Melchior P Togolo



Director: Sir Rabbie L Namaliu



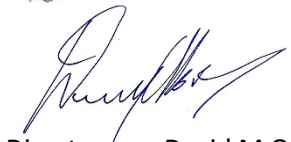
Director: Dame Carol A Kidu



Director: Sir Moi Avei



Director: Peter M Graham



Director: David M Osikore

Signed on 30th April 2020



Independent auditor's report

To the shareholders of Bougainville Copper Limited

Report on the audit of the financial statements of the Company and the Group

Our qualified opinion

We have audited the financial statements of Bougainville Copper Limited (the Company), which comprise the balance sheets as at 31 December 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flow for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2019 or from time to time during the financial year.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements:

- comply with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea; and
- give a true and fair view of the financial position of the Company and the Group as at 31 December 2019, and their financial performance and cash flows for the year then ended.

Basis for qualified opinion

Qualification

The Company's subsidiary holds an investment in an unlisted investment fund with a carrying value of K1.1 million at 31 December 2019. Management have not been provided with audited financial statements of the investee at 31 December 2019 and there is currently no active market for the sale of units in the investment fund. As a result, we have been unable to satisfy ourselves as to the valuation of K1.1 million of the investments recognised in the consolidated balance sheet at 31 December 2019.

Our audit

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of taxation and other non-audit services. The provision of these other services has not impaired our independence as auditor of the Company and the Group.

PricewaterhouseCoopers

PwC Haus, Level 6, Harbour City, Konedobu. PO Box 484, PORT MORESBY, PAPUA NEW GUINEA
T: (675) 321 1500 / (675) 305 3100, F: (675) 321 1428, www.pwc.com.pg

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Company and the Group, their accounting processes and controls and the industries in which they operate.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> For the purpose of our audit of the Group we used overall group materiality of 1% of the Group's net assets. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole. We chose Group net assets because, in our view, it is the metric against which the performance of the Group is most commonly measured and is a generally accepted benchmark. We selected 1% based on our professional judgement noting that it is also within the range of commonly acceptable related thresholds. 	<ul style="list-style-type: none"> We (PwC Papua New Guinea) conducted audit work over all the subsidiaries which comprise the Group consolidation. All subsidiaries of the Group are incorporated and operating in Papua New Guinea and audited by PwC Papua New Guinea. Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the matter referred to in the <i>Basis for qualified opinion</i> section and the following key audit matter to the Audit and Risk Committee: <ul style="list-style-type: none"> Accounting for / disclosure of impact of the implementation of the Bougainville Mining Act 2015. This matter is further described in the <i>Key audit matters</i> section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for qualified opinion* section, we have determined the matter described below to be a key matter to be communicated in our report.

Further, commentary on the outcomes of the particular audit procedures is made in that context.

Key audit matter	How our audit addressed the key matter
<p>Accounting for/ disclosure of impact of the implementation of the Bougainville Mining Act 2015</p> <p>(Refer to notes 2(i), 9 and 17 of the financial statements)</p> <p>Legislation passed in 2014 and 2015 by the Autonomous Bougainville Government (ABG) has challenged the company's control of the Panguna mine assets.</p> <p>The Special Mining Lease held by the company was converted to an exploration licence. In January 2018 the company's application to renew the exploration licence was refused by the ABG. The company commenced an action in the National Court of Papua New Guinea and was granted leave in April 2018 for a Judicial Review of the renewal application process.</p> <p>These events continue uncertainty around the future of exploration and mining operations at the Panguna mine and surroundings which impacts accounting for mine assets and related disclosures.</p>	<p>Our consideration and testing of the uncertainty of future exploration and mining operations has included:</p> <ul style="list-style-type: none"> - Confirming the mine assets remain fully depreciated or impaired, consistent with the accounting treatment in the prior financial year. - Reviewing correspondence and information the company has issued and received in relation to assessment of the impact of the relevant legislation, and compliance with the relevant legislation. - Reviewing the Director's assessment of the impact of the relevant legislative requirements and ongoing implications. - Reviewing the adequacy of financial statement disclosures in relation to the matter.

Information other than the financial statements and auditor's report

The directors are responsible for the annual report which includes other information. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the company, for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea and the Companies Act 1997 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are 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 ISAs 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 the financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and



where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies Act 1997 requires that in carrying out our audit we consider and report on the following matters. We confirm in relation to our audit of the financial statements for the year ended 31 December 2019:

- With the exception of the matter described in the *Basis for qualified opinion* section, we have obtained all the information and explanations that we have required;
- In our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Who we report to

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1997. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

A stylized, handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A stylized, handwritten signature in blue ink, likely belonging to Christopher Hansor.

Christopher Hansor
Partner
Registered under the Accountants Act 1996

Port Moresby
30 April 2020

Corporate Information

Bougainville Copper Limited (Incorporated in Papua New Guinea 1-1895)

Registered office:

5th Floor, BSP Haus,
Harbour City, Konedobu,
Port Moresby, Papua New Guinea

Telephone: + (675) 309 2800
Postal Address: P O Box 1274, Port Moresby, Papua New Guinea
Email: info@bcl.com.pg
Facebook: www.facebook.com/BougainvilleCopper
Website: www.bcl.com.pg

Principal registered office in Australia:

Bougainville Copper Limited
A.R.B.N. 007 497 869
Level 11, 307 Queen Street, Brisbane, QLD 4001

Telephone: + (61) 7 3218 3900
Facsimile: + (61) 7 3218 3901
Postal Address GPO Box 2268, Brisbane QLD 4001, Australia

Share register:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067 Australia.

Telephone: 1300 805 0505 (in Australia)
+ (61) 3 9415 4000 (outside Australia)
Facsimile: + (61) 3 9743 2500
Postal Address: GPO Box 2975
Melbourne, VIC 3001
E-mail: web.queries@computershare.com.au
Website: www.computershare.com/au

Stock exchanges:

Listed with the Australian Securities Exchange Limited (ASX: BOC)

Auditors:

PricewaterhouseCoopers
P O Box 484
Port Moresby, Papua New Guinea

Bankers:

Commonwealth Bank of Australia
Bank South Pacific

Solicitors:

Dentons

Twenty largest shareholders

The twenty largest shareholders as at 29th April 2020 and the number of shares held by each were:

	Name and Registered Address	Shares	% of Issued Shares
1.	BOUGAINVILLE MINERALS LTD BUKA, AUTONOMOUS REGION OF, BOUGAINVILLE, PAPUA NEW GUINEA	146,175,449	36.45
2.	THE INDEPENDENT STATE OF PAPUA NEW GUINEA\ C WARDS STRIP, WAIGANI, PAPUA NEW GUINEA	76,430,809	19.06
3.	EDA MINERALS LIMITED PORT MORESBY NATIONAL CAPITAL, DISTRICT, PAPUA NEW GUINEA	69,744,640	17.39
4.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED MELBOURNE VICTORIA, AUSTRALIA	59,611,083	14.86
5.	CITICORP NOMINEES PTY LIMITED MELBOURNE VICTORIA, AUSTRALIA	5,665,324	1.41
6.	NATIONAL NOMINEES LIMITED MELBOURNE VICTORIA, AUSTRALIA	2,708,371	0.68
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED SYDNEY NEW SOUTH WALES, AUSTRALIA	2,540,204	0.63
8.	BNP PARIBAS NOMINEES PTY LTD SYDNEY NEW SOUTH WALES, AUSTRALIA	1,217,154	0.30
9.	KLAUS KUETTNER BERLIN, GERMANY	1,151,799	0.29
10.	MRS JABINDERJIT KAUR PIARA SINGH KUALA LUMPUR, MALAYSIA	900,000	0.22
11.	BNP PARIBAS NOMS PTY LTD SYDNEY NEW SOUTH WALES, AUSTRALIA	790,832	0.20
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED SYDNEY NEW SOUTH WALES, AUSTRALIA	727,223	0.18
13.	FRANCISROSE PTY LTD SHELL COVE NEW SOUTH WALES, AUSTRALIA	600,000	0.15
14.	MR MALCOLM MCCOLL DEER PARK, VICTORIA, AUSTRALIA	600,000	0.15
15.	EVEREST ASTROLOGY PTY LTD HUONBROOK NEW SOUTH WALES, AUSTRALIA	566,668	0.14
16.	ANLYN'S INVESTMENTS PTY LTD BULLI, NEW SOUTH WALES, AUSTRALIA	566,666	0.14
17.	MR G PROCHASKA + MRS S PROCHASKA YEUNG NORTH RYDE, NEW SOUTH WALES, AUSTRALIA	550,000	0.14
18.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED MELBOURNE VICTORIA, AUSTRALIA	541,896	0.14
19.	NATIONAL NOMINEES LIMITED MELBOURNE VICTORIA, AUSTRALIA	505,837	0.13
20.	MR TREVOR RONALD RUGG COFFS HARBOUR NEW SOUTH WALES, AUSTRALIA	400,000	0.10
		371,993,955	92.75

Distribution of shares

As of 29th April 2020 the issued shares of the Company were 401,062,500 fully paid shares, each carrying one voting right. The number of shareholders was 14,823.

	Number	%
1 - 1,000 shares	12,471	0.60
1,001 - 5,000 shares	1,578	0.95
5,001 - 10,000 shares	354	0.71
10,001 shares and over	420	97.74
Total shareholders	14,823	100.00

There were 13,393 holdings of shares (90.35 per cent) which do not form a marketable parcel.

92.75 per cent of the total issued shares were held by or on behalf of the twenty largest shareholders.

The substantial shareholders were:

The Independent State of Papua New Guinea with 76,430,809 shares held in their own name and 69,744,640 held by Eda Minerals Limited, 36.4 percent. In December 2019, PNG Prime Minister James Marape committed to transfer the shares held by the national government for the benefit of the people of Bougainville. This is yet to occur.

The Autonomous Bougainville Government holds 146,175,449 shares through Bougainville Minerals Ltd, 36.4 percent.

Applicable jurisdiction

The Company is incorporated in Papua New Guinea and is not generally subject to Australian Corporations Law including, in particular, Chapter 6 of the Australian Corporation Law dealing with the acquisition of shares (including substantial shareholdings and take-overs), but is instead subject to the provisions of the Papua New Guinea Companies Act 1997 and Securities Act 1998.

Distribution of the Benefits

Bougainville Copper Limited year ended 31 December 2019

2019 **K million**
1972-2018

PNG Government

Corporate income tax *	-	541.2
Additional profits tax *	-	72.6
Group tax (PAYE)	2.0	126.3
Customs duty	-	104.1
Miscellaneous	-	14.5
Dividends *	-	167.4
Dividend WHT *	-	97.6
Good and Services tax Refundable or offset	(0.4)	(0.8)
	<u>1.6</u>	<u>1,122.90</u>

North Solomons Provincial Government

Royalties (95% to NSPG)	-	61.4
Non Renewable Resources Fund	-	1.8
Other taxes	-	12.0
	<u>-</u>	<u>75.2</u>

Landowners

Royalties (5% to Landowners)	-	3.2
Compensation	0.1	47.8
	<u>0.1</u>	<u>51.0</u>

Non-Government Shareholders

Dividends net of Dividend WHT *	-	582.1
---------------------------------	---	-------

Employees

Wages (less PAYE)	1.4	577.2
Total	<u>3.1</u>	<u>2,408.4</u>

Not included in the above table are the benefits received by the providers of goods and services to Bougainville Copper Limited. A Company survey in 1989 revealed that there were approximately 200 Bougainville based business enterprises dependent largely upon Bougainville Copper Limited's operation. These enterprises employed in excess of 4,000 people prior to the suspension of mining operations.

*These amounts relate to the referable year (i.e. the year in which the amount became due) and hence the cash effect on the PNG economy has a delayed impact.

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

BOUGAINVILLE COPPER LIMITED

ABN/ARBN

ARBN 00 497 869

Financial year ended:

31 DECEMBER 2019

Our corporate governance statement¹ for the period above can be found at:²

- | | | |
|-------------------------------------|-----------------------------------|---|
| <input checked="" type="checkbox"/> | These pages of our annual report: | Pages 19 to 29 |
| <input checked="" type="checkbox"/> | This URL on our website: | http://www.bcl.com.pg/charters-important-documents/ |

The Corporate Governance Statement is accurate and up to date as at *[insert effective date of statement]* and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: 30 April 2020

Name of authorised officer authorising lodgement: Mark Hitchcock

¹ "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “insert location” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate governance/charters/”).

⁵ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed a copy of our diversity policy at:</p> <p>.....</p> <p>[insert location]</p> <p>and we have disclosed the information referred to in paragraph (c) at:</p> <p>.....</p> <p>[insert location]</p> <p>and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>.....</p> <p>[insert location]</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>.....</p> <p>[insert location]</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>.....</p> <p>[insert location]</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>.....</p> <p>[insert location]</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p><input checked="" type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our board skills matrix at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	<input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at: [insert location] and, where applicable, the information referred to in paragraph (b) at: [insert location] and the length of service of each director at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and (2) any other material breaches of that code that call into question the culture of the organisation.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

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PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

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PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

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PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>

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7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	<p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed how our internal audit function is structured and what role it performs at: <i>[insert location]</i></p> <p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at: <i>[insert location]</i></p>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether we have any material exposure to environmental and social risks at: <i>[insert location]</i></p> <p>and, if we do, how we manage or intend to manage those risks at: <i>[insert location]</i></p>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input checked="" type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our policy on this issue or a summary of it at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input checked="" type="checkbox"/> and we have disclosed information about the processes in place at: [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

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-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><input type="checkbox"/> and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>