



# BOUGAINVILLE COPPER LIMITED

Media Release

29 February 2015

## BOUGAINVILLE COPPER LIMITED

The directors of Bougainville Copper Limited announce the following Preliminary final results of the company for the year ended 31 December 2015 together with comparable results for twelve months to 31 December 2014.

### Results

For the year ended 31 December 2015, an after tax loss of K37.9 million was recorded compared with a planned loss of K8.0 million. The operating loss was K6.5 million compared to K9.1 million in the previous year. A tax expense of K27 million and the de-recognition of interest withholding tax benefits of K4.4 million occurred as a result of resolving a tax dispute with the Internal Revenue Commission of Papua New Guinea. Income was K4.8 million as planned. Expenditure of K11.3 million was lower than planned. The company contributed K1.0 million to the Bougainville Copper Foundation.

Financial Results	2015	2014
	K'000	K'000
<b>Income</b>		
Interest	1,029	970
Exchange Gains	30	
Dividends	3,778	3,974
	4,837	4,944
<b>Less Cost and Expenses</b>		
General and administrative Expenses	(11,282)	(18,268)
Exchange Losses	-	(8)
Impairment charge	-	(166,618)
Write-back of provision	-	4,211
	(11,282)	(180,683)
Profit/(loss) before tax	(6,445)	(175,739)
Income tax expense	(31,418)	-
Net profit/(loss)	(37,863)	(175,739)

### 2015 DIVIDEND

The Directors have not declared a dividend in respect of 2015.

### BORROWING

No borrowings were outstanding at year-end.

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Registered Office: Level 5, BSP Haus, Harbour City, Lot 2 on Allotment 34, Section 44, Granville, Port Moresby, NCD  
Incorporated in Papua New Guinea A.R.B.N 007 497 869

## **SIGNIFICANT EVENTS**

- The Autonomous Bougainville Government passed the final Bougainville Mining Act 2015 in March 2015. The Bougainville Mining Act seeks to replace the company's tenements with an exploration licence over the special mining lease area granted under National legislation. The legal impact upon Bougainville Copper's rights remains unclear and the Mining Regulations to support the Act are not yet finalised.
- In April 2015 court sanctioned mediation regarding an ongoing taxation dispute with the Internal Revenue Commission of Papua New Guinea, was settled. K39.7 million was refunded to the company from the K71.0 million considered recoverable.
- Planning of a Bel Kol event, a customary Bougainvillean process aimed to be held between Bougainville Copper and the people of Bougainville, was further post-poned to allow additional time for stakeholder engagement and alignment. Bel Kol is now planned to be held in 2016.
- Discussions progressed on a possible settlement with customary landowners for legacy land access claims relating to the 12 month period March 1990 to March 1991.
- The company continues to engage with the key stakeholders, who have an interest in the potential re-development of the Panguna mine.
- The Rio Tinto review of its position regarding its shareholding in the company, announced in August 2014, is ongoing.

## **STOCK EXCHANGE**

The standard proforma Appendix 4E was lodged with the Australian Stock Exchange in accordance with official listing requirements.

## **AUDIT**

This media release is based on accounts that are in the process of being audited.

## **ANNUAL GENERAL MEETING AND ANNUAL REPORT**

The Annual General Meeting of the company is scheduled to be held at the Grand Papua Hotel, Port Moresby at 2.00pm on Wednesday 1<sup>st</sup> June 2016.

The Annual Report and Notice of Meeting will be mailed to shareholders on or about 2 May 2016.

By order of the Board.



Mark W Hitchcock  
**Company Secretary**



# Appendix 4E

## Preliminary final report

Name of entity

BOUGAINVILLE COPPER LIMITED

ABN or equivalent company  
reference

007 497 869

Half yearly  
(tick)

☐

Preliminary  
final (tick)

☒

Financial year ended ('current period')

31/12/15

### For announcement to the market

K'000

R 000

Revenues from ordinary activities	Down	2.16%	to	4,837
Loss from ordinary activities after tax attributable to members	Down	78.45%	to	37,863
Loss for the period attributable to members	Down	78.45%	to	37,863
<b>Dividends (distributions)</b>	Amount per security		Franked amount per security	
Final dividend	Nil		Nil	
Interim dividend	Nil		Nil	
Previous corresponding period	Nil		Nil	
Record date for determining entitlements to the dividend.	N/A			

## **Report to Australian Stock Exchange**

The directors of Bougainville Copper Limited announce the following Preliminary final results of the company for the year ended 31 December 2015 together with comparable results for twelve months to 31 December 2014.

For the year ended 31 December 2015, an after tax loss of K37.9 million was recorded compared with a planned loss of K8.0 million. The operating loss was K6.5 million compared to K9.1 million in the previous year. An income tax expense of K27 million and the de-recognition of interest withholding tax benefits of K4.4 million occurred as a result of the tax dispute resolution. Income was K4.8 million as planned. Expenditure of K11.3 million was lower than planned. The company contributed K1.0 million to the Bougainville Copper Foundation.

### **The year in brief**

- The Autonomous Bougainville Government passed the final Bougainville Mining Act 2015 in March 2015. The Bougainville Mining Act seeks to replace the company's tenements with an exploration licence over the special mining lease area granted under National legislation. The legal impact upon Bougainville Copper's rights remains unclear and the Mining Regulations to support the Act are not yet finalised.
- In April 2015 court sanctioned mediation regarding an ongoing taxation dispute with the Internal Revenue Commission of Papua New Guinea, was settled. K39.7 million was refunded to the company from the K71.0 million considered recoverable.
- Planning of a Bel Kol event, a customary Bougainvillean process aimed to be held between Bougainville Copper and the people of Bougainville, was further post-poned to allow additional time for stakeholder engagement and alignment. Bel Kol is now planned to be held in 2016.
- Discussions progressed on a possible settlement with customary landowners for legacy land access claims relating to the 12 month period March 1990 to March 1991.
- The company continues to engage with the key stakeholders, who have an interest in the potential re-development of the Panguna mine
- The Rio Tinto review of its position regarding its shareholding in the company, announced in August 2014, is ongoing.

## Condensed statement of comprehensive income

	Current period - K'000	Previous corresponding period - K'000
Revenues from ordinary activities	4,837	4,944
Expenses from ordinary activities	(11,282)	(14,065)
Impairment expense	-	(166,618)
Share of net profits (losses) of associates and joint venture entities	-	-
<b>Profit (loss) from ordinary activities before tax</b>	<b>(6,445)</b>	<b>(175,739)</b>
Income tax on ordinary activities	(31,418)	-
<b>Profit (loss) from ordinary activities after tax</b>	<b>(37,863)</b>	<b>(175,739)</b>
Profit (loss) from extraordinary items after tax	-	-
<b>Net profit (loss)</b>	<b>(37,863)</b>	<b>(175,739)</b>
Net profit (loss) attributable to outside equity interests	-	-
<b>Net profit (loss) for the period attributable to members</b>	<b>(37,863)</b>	<b>(175,739)</b>
<b>Other comprehensive income</b>		
Write-back of asset revaluation reserve	-	(31,276)
Net exchange differences recognised in equity		
Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
Increase (decrease) in fair value of available-for- sale financial assets	1,795	(3,375)
Total other comprehensive income	1,795	(34,276)
<b>Total comprehensive income for the period</b>	<b>(36,068)</b>	<b>(210,390)</b>

<b>Earnings per security (EPS)</b>	Current period	Previous corresponding period
Basic EPS	(9.441) toea	(43.818) toea
Diluted EPS	(9.441) toea	(43.818) toea

## Notes to the condensed statement of comprehensive income

### Profit (loss) from ordinary activities attributable to members

	Current period – K'000	Previous corresponding period - K'000
Profit (loss) from ordinary activities after tax	<b>(37,863)</b>	(175,739)
Less (plus) outside equity interests	-	-
<b>Profit (loss) from ordinary activities after tax, attributable to members</b>	<b>(37,863)</b>	<b>(175,739)</b>

### Revenue and expenses from ordinary activities

	Current period – K'000	Previous corresponding period - K'000
Interest revenue	1,029	970
<i>Other relevant revenue -</i>		
Dividends	3,778	3,974
Foreign exchange gains	30	-
<i>Details of relevant expenses-</i>		
<i>General and administration expenses –</i>		
Exchange losses	-	8
Related Party (reimbursement of expenses to related parties salaries, rent etc)	5,202	5,130
Other Administrative Expenses	6,080	13,138
Provisions and accruals written back	-	(4,211)
Impairment expense	-	166,618

### Accumulated losses

	Current period – K'000	Previous corresponding period - K'000
Accumulated (losses) at the beginning of the financial period	<b>(286,492)</b>	(110,753)
Net profit (loss) attributable to members	<b>(37,863)</b>	(175,739)
Net transfers from (to) reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
<b>Accumulated (losses) at end of financial year</b>	<b>(324,355)</b>	(286,492)

### Intangible and extraordinary items

Nil

### Comparison of half year profits

(Preliminary final report only)

Profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year

Profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year

Profit (loss) from ordinary activities after tax attributable to members for the full year

Current period - K'000	Previous corresponding period - K'000
(34,039)	(5,561)
(3,824)	(170,178)
(37,863)	(175,739)

### Condensed statement of financial position

	At end of current period K'000	As shown in last annual report K'000	As in last half yearly report K'000
<b>Current assets</b>			
Cash	28,951	4,668	34,109
Receivables	508	70,628	359
<b>Total current assets</b>	<b>29,459</b>	<b>75,296</b>	<b>34,468</b>
<b>Non-current assets</b>			
Available-for-sale financial assets	108,953	102,021	104,943
Other property, plant and equipment (net)	-	-	-
<b>Total non-current assets</b>	<b>108,953</b>	<b>102,021</b>	<b>104,943</b>
<b>Total assets</b>	<b>138,412</b>	<b>177,317</b>	<b>139,411</b>
<b>Current liabilities</b>			
Payables	1,566	4,631	1,274
<b>Total current liabilities</b>	<b>1,566</b>	<b>4,631</b>	<b>1,274</b>
<b>Non-current liabilities</b>			
Payables	305	305	306
Tax liabilities	6,759	6,759	6,759
Provision for compensation	14,447	14,219	14,384
<b>Total non-current liabilities</b>	<b>21,511</b>	<b>21,283</b>	<b>21,449</b>
<b>Total liabilities</b>	<b>23,077</b>	<b>25,914</b>	<b>22,723</b>
<b>Net assets</b>	<b>115,335</b>	<b>151,403</b>	<b>116,688</b>
<b>Equity</b>			
Capital/contributed equity	401,063	401,063	401,063
Reserves	38,627	36,832	36,156
Accumulated losses	(324,355)	(286,492)	(320,531)
<b>Equity attributable to members of the parent entity</b>	<b>115,335</b>	<b>151,403</b>	<b>116,688</b>
Outside <sup>+</sup> equity interests in controlled entities	-	-	-
<b>Total equity</b>	<b>115,335</b>	<b>151,403</b>	<b>116,688</b>

## Notes to the condensed statement of financial position

### Condensed Statement of Changes in Equity

		Contributed Equity K'000	Reserves K'000	Retained Profits K'000	Total K'000
21.1	Balance at 1 January 2013	401,063	51,129	(117,531)	334,661
21.2	Total comprehensive income for the period	-	(1,104)	1,120	16
21.3	Balance at 30 June 2013	401,063	50,025	(116,411)	334,677
21.4	Total comprehensive income for the period	-	21,458	5,658	27,116
21.5	Balance at 31 December 2013	401,063	71,483	(110,753)	361,793
21.6	Total comprehensive income for the period	-	4,160	(5,561)	(1,401)
21.7	Balance at 30 June 2014	401,063	75,643	(116,314)	360,392
21.8	Total comprehensive income for the period	-	(38,811)	(170,178)	(208,989)
21.9	Balance at 31 December 2014	401,063	36,832	(286,492)	151,403
21.10	Total comprehensive income for the period	-	(676)	(34,039)	(34,715)
21.11	Balance at 30 June 2015	401,063	36,156	(320,531)	116,688
21.12	Total comprehensive Income for the period	-	2,471	(3,824)	(1,353)
21.13	Balance at 31 December 2015	<u>401,063</u>	<u>38,627</u>	<u>(324,355)</u>	<u>115,335</u>

### Exploration and evaluation expenditure capitalised

*(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)*

Nil

### Development properties

*(To be completed only by entities with mining interests if amounts are material)*

Nil



## Condensed statement of cash flows

	Current period K'000	Previous corresponding period - K'000
<b>Cash flows related to operating activities</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(14,121)	(13,092)
Dividends received from associates	-	-
Other dividends received (net of dividends reinvested)	2,240	3,974
Interest and other items of similar nature received	4,912	159
Interest and other costs of finance paid	-	-
Income taxes paid	-	-
Receipt from IRC settlement	34,820	-
<b>Net operating cash flows</b>	<b>27,851</b>	<b>(8,959)</b>
<b>Cash flows related to investing activities</b>		
Payment for purchases of property, plant and equipment	-	-
Proceeds from disposal of available-for-sale financial assets	-	-
Payment for purchases of equity investments	(3,598)	-
(Purchase)/Proceeds of held-to-maturity investments	-	-
Loans to other entities	-	-
Loans repaid by other entities	-	-
Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(3,598)</b>	<b>-</b>
<b>Cash flows related to financing activities</b>		
Proceeds from issues of securities (shares, options, etc.)	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Dividends paid	-	-
Other	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>24,253</b>	<b>(8,959)</b>
Cash at beginning of period	4,668	13,553
Exchange rate adjustments	30	74
<b>Cash at end of period</b>	<b>28,951</b>	<b>4,668</b>

### Non-cash financing and investing activities

Not applicable
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### Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period K'000	Previous corresponding period - K'000
Cash on hand and at bank	498	4,668
Deposits at call	28,453	-
Bank overdraft	-	-
Other –Short term liquid investments	-	-
<b>Total cash at end of period</b>	<b>28,951</b>	<b>4,668</b>

### Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding period
<b>Profit before tax / revenue</b> Profit (loss) from ordinary activities before tax as a percentage of revenue	(133.24 %)	(3,554.46%)
<b>Profit after tax / equity interests</b> Net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(32.83 %)	(116.07%)

### Earnings per security (EPS)

Current year (9.441) toea
Previous year (43.818) toea
Diluted EPS is the same as Basic EPS

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per <sup>+</sup> ordinary security	K0.2876	K0.3775

### Discontinuing Operations

Not applicable

### Control gained over entities having material effect

Not applicable

### Loss of control of entities having material effect

Not applicable

### Dividends (in the case of a trust, distributions)

#### Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
	<i>(Preliminary final report only)</i>			
	<b>Final dividend:</b> Current year	Nil	Nil	Nil
	Previous year	Nil	Nil	Nil
	<i>(Half yearly and preliminary final reports)</i>	Nil	Nil	Nil
	<b>Interim dividend:</b> Current year	Nil	Nil	Nil
	Previous year			

### Total dividend (distribution) per security (interim *plus* final)

(Preliminary final report only)

	Current year	Previous year
<sup>+</sup> Ordinary securities	Nil	Nil
Preference <sup>+</sup> securities	Nil	Nil

### Half yearly report - interim dividend (distribution) on all securities *or* Preliminary final report - final dividend (distribution) on all securities

	Current period K'000	Previous corresponding period - K'000
<sup>+</sup> Ordinary securities ( <i>each class separately</i> )	Nil	Nil
Preference <sup>+</sup> securities ( <i>each class separately</i> )	Nil	Nil
Other equity instruments ( <i>each class separately</i> )	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

### Details of aggregate share of profits (losses) of associates and joint venture entities

Not applicable

### Material interests in entities which are not controlled entities

Not applicable.

## Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of <sup>+</sup> securities	Total number	Number quoted	Issue price per security (toea)	Amount paid up per security (toea)
<b><sup>+</sup>Ordinary securities</b>	401,062,500	401,062,500	100	100
Changes during current period	-	-	-	-
(a) Increases through issues				
(b) Decreases through returns of capital, buybacks				

## Comments by Directors

### Basis of financial report preparation

Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

A tax expense of K27 million and the de-recognition of interest withholding tax benefits of K4.4 million occurred as a result of the tax dispute resolution.

A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

Nil

Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measure bases since the last annual report are disclosed as follows.

Nil

Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of reviews in estimates of amounts reported in previous annual reports if those revision have a material effect in this half year.

Nil

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report.

The potential claim for a health related matter allegedly relating to the period 1959 to 1973 was identified not to relate directly to the Company.

## Additional disclosure for trusts

Not applicable

## Audit

This report is based on accounts which are in the process of being audited.

## Annual meeting

*(Preliminary final report only)*

The annual meeting is scheduled to be held as follows:

Place

Grand Papua Hotel, Mary Street, Port Moresby Papua New Guinea
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Date

1 June 2016
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Time

2.00pm
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Approximate date the annual report will be available

2 May 2016
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## Compliance statement

- 1) This report has been prepared in accordance with Australian International Financial Reporting Standards (AIFRS), other AIFRS authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

International Financial Reporting Standards
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- 2) This report, and the accounts upon which the report is based, use the same accounting policies.
- 3) The directors are able to declare that the financial report comprising Appendix 4E to the Australian Stock Exchange for the year ended 31 December 2015:
- complies with International Financial Reporting Standards and the Australian Stock Exchange Listing Rules and
  - gives a true and fair view of the entity's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;
- 4) The independent audit report is likely to contain an emphasis of matter paragraph due to the continued significant uncertainty surrounding the nature of the Panguna mine and related assets particularly in relation to the Company's rights to those assets

During 2014, the Autonomous Bougainville Government passed the Bougainville Mining (Transitional Arrangement) Act 2014 which was replaced by the Bougainville Mining Act 2015 on 1 April 2015. The Act converts the Special Mining Lease held by the company to an Exploration Licence along with the right to apply for a mining lease. The Mining Registrar is not accepting or registering applications for tenements under the Act before 1 March 2016. 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.

To preserve the company's rights, the directors of the company continue to take all possible steps to protect and optimise tenure in Bougainville. The directors took the view in 2014 to impair in full the carrying value of the mine assets, reflected by a charge of K167 million against income and the reversal of the asset revaluation reserve of K31 million, as presented in the 2014 statement of comprehensive income.

The emphasis of matter in the independent audit report is likely to be as follows:

We draw attention to the notes of the financial statements which disclose the continued significant uncertainty surrounding the future of the Panguna mine and related assets particularly in relation to the Company's rights to those assets. While these assets have been impaired to a nil value they continue to be recorded as assets of the Company until the position regarding the rights to the assets is clarified to the satisfaction of the board. The opinion is not qualified in respect of this matter.

- 5) The entity has a formally constituted audit committee .



Sign here: .....  
(Company Secretary)

Date: 29 February 2016

Print name: **Mark Hitchcock**