



PANGUNA MINE PROJECT



ABG Briefing Presentation

**Buka, Bougainville
January 28, 2025**

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BCL Team Introduction

Sir Melchior Togolo – BCL Chairman

- Sir Mel has over 45 years of experience in public and private sector senior management roles including 35 years directly related to the mining and petroleum industries. This includes 15 years of experience with the North Solomons Provincial Government as Provincial Planner and later Provincial Secretary.
- In addition to being the Chairman of BCL, Sir Mel is also the Chairman of the Heritage Park Hotel (Honiara), Chairman of Loloata Island Resort and a board member of Credit Corporation PNG.

Johnny Auna – BCL CEO

- Mr. Auna joined BCL last year as the CFO & Company Secretary and was appointed as BCL's CEO on 13 January 2025. He is a CPA and has over 30 years of experience in the financial services sector including 15 years within the natural resources industry.
- Prior to joining BCL, he worked for the ABG as the Secretary Treasury & Finance and has held senior positions with MRDC, Metals Refining Operations, Mineral Resources Lihir Capital, Nambawan Super, Defense Force Retirement Benefit Fund and as a consultant with DFAT. Currently he also serves as a board member of the National Development Bank.



BCL Team Introduction (cont'd)

Derrick Kelly – BCL Corporate Advisor

- Mr. Kelly has worked in PNG for more than 20 years in the mining industry at the Lihir, Hidden Valley and Ok Tedi mine sites. He is an Engineering Geologist and has held senior roles in managing mines, processing plants and strategic development studies including more than 10 years as a General Manager for Ok Tedi.
- Prior to coming to PNG, he was a senior consultant providing engineering and management services across Canada, Australia and the Philippines.



Outline

1. BCL status update.
2. High-level summary of the Panguna Mine Project.
3. Bougainville economic modelling results.
4. Potential future funding structures.
5. Critical ingredient of success.
6. Next steps.



Meeting Objectives

1. **Provide ABG with an overview of the Panguna Mine Project.**
2. **Present preliminary indications of potential benefits (direct and indirect).**
3. **Discuss potential funding structure and philosophy.**
4. **Obtain formal approval and support from ABG, as the governing regulatory authority, to approach potential investors / mining partners.**



Bougainville Copper Limited

Current Status

- Bougainville Copper Limited (BCL) is an ASX listed company
 - Following transfer of shares from Rio Tinto in 2016:
 - 36.45% is held by the ABG and landowners.
 - 36.45% is held by the PNG government who have committed to transfer to the ABG.
 - Balance of 27.1% held by minority shareholders.
- BCL has a strong Bougainvillean influence
 - 4 of 6 directors are Bougainvilleans and 1 vacancy (due to a recent and untimely passing).
 - All senior management and 95% of employees are Bougainvilleans.
- BCL has strengthened its internal capability to enable project progress
 - The board includes both the former Chairman & the former MD/CEO of Ok Tedi.
 - Two former senior executives of Ok Tedi have been engaged to assist & advise.



2024 Milestones

EL01 & LACA

- On 31 January 2024, ABG Minister for Mineral and Energy Resources, Hon. Ishmael Toroama granted BCL a 5-year extension of EL01 (Panguna).
- The Landowner Access Compensation Agreement (LACA) was signed on 6 November 2024 .
- Both are totemic and significant milestones for the Panguna project.



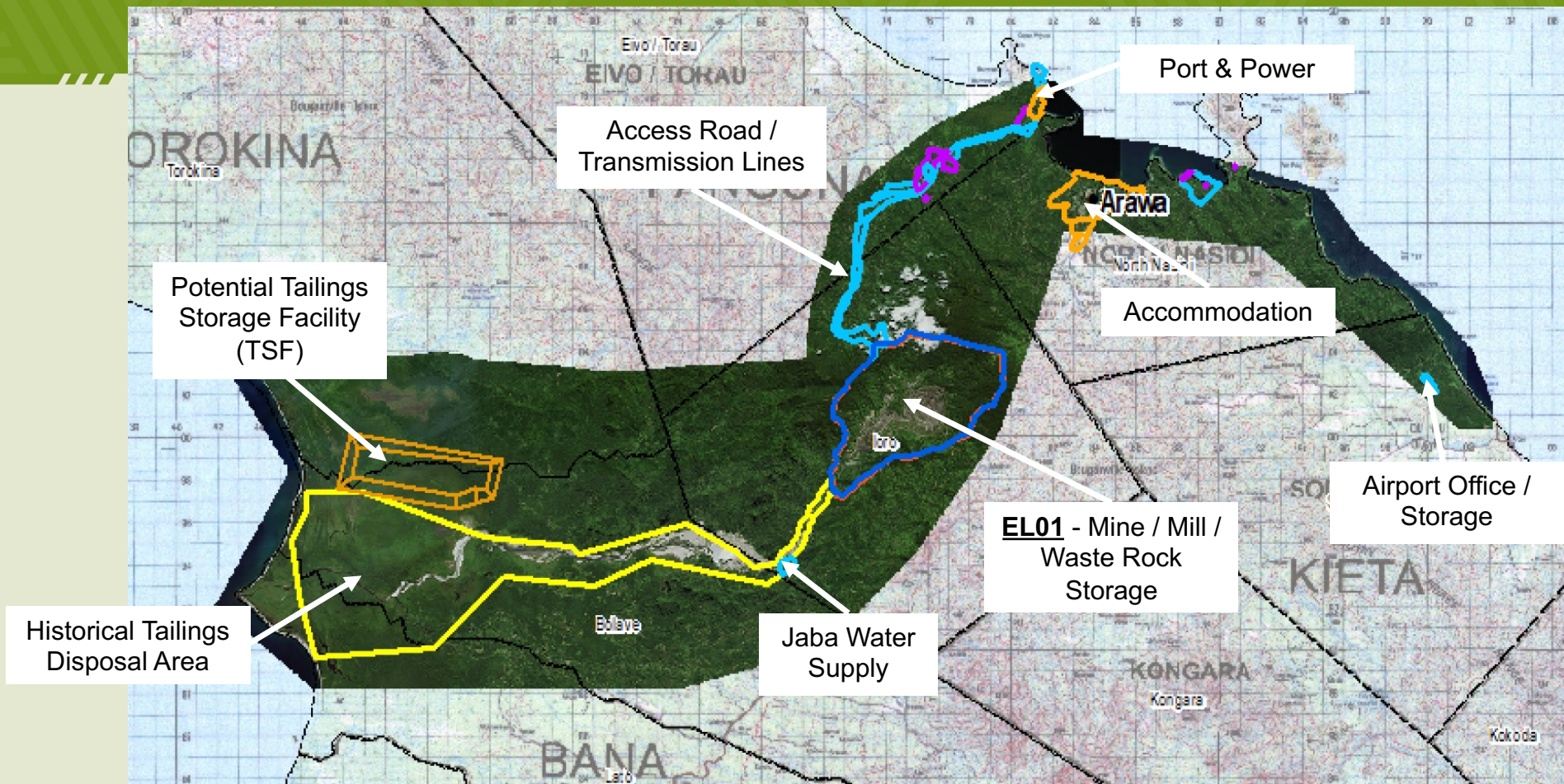
Project Progress

Business Cases & Investment Structures Prepared

- BCL's Intellectual Property (IP) relating to the Panguna deposit is a significant and valuable asset
 - Comprises a significant amount of geological data, technical reports & studies.
- BCL has engaged specialist advisors to accelerate development progress. To date:
 - Review of approximately 9,000 files / documents has been completed.
 - Financial models, business cases, and potential investment structures have been developed and endorsed by BCL board for further stakeholder review.
 - Financial modelling relevant to broader Bougainville economy.
 - Social mapping and landowner identification update studies are being undertaken.



Location & General Arrangement EL01 & Future Lease Requirements



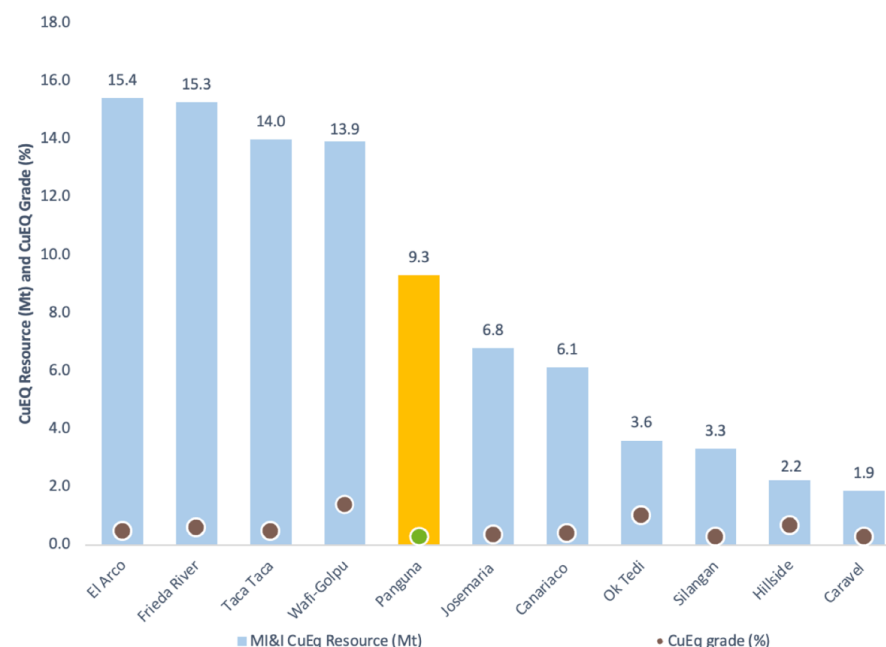
Project Scale

Panguna's Enormous Potential

- JORC Compliant Resource Statement as of 31 December 2023.
- With a resource of ~9.3Mt Copper equivalents (Cu EQ), Panguna compares favorably to other similar deposits.
- Significant potential for additional mineralisation in pit (open at depth) and exploration opportunities adjacent to EL01.

Resource Statement as at 31 December 2023					
	Tonnes (Mt)	Cu grade (%)	Au grade (g/t)	Cu (Mt)	Au (Moz)
Measured	0	-	-	-	-
Indicated	1,538	0.3	0.33	4.6	16.1
Inferred	300	0.3	0.4	0.7	3.2
Total	1,838	0.3	0.34	5.3	19.3

Resource and Grades of Comparable Projects (Cu Equiv)¹



Source: Capital IQ Pro, Company filings

Note: 1 Based on reported figures from most recent feasibility study / pre-feasibility study / concept study available for each project
2 Global cost curve sourced from Capital IQ Pro, Panguna total operating cost per pound of copper equivalent based on 2019 concept study

Project Scale

Production & Financial Modelling

- Indicative production averages:
 - Copper production of 150,000 t Cu & gold production of 500,000 oz Au per annum.
 - Mining rate of 110 million tonnes pa; Processing rate - start at 20 Mtpa and ramp up to 60 Mtpa.
- Conservative approach assumed in relation to environmental footprint
 - Power generation, tailings (TSF), waste rock dumps (WRD).
- Mine life of approx. 20 years, with potential to increase.
- Project likely to generate:
 - PGK 120 Billion (USD 36B) in revenue.
 - **PGK 40 Billion** (USD 12B) in direct benefits.



Bougainville Economy

Modelling of Indirect Benefits

- Modelling conducted by Dr. Theo Levantis and Prof. Satish Chand (UNSW) both of whom have extensive experience in PNG.
- PNG Government's computerised General Equilibrium Model (PNGGEM) was used.
- Three scenarios modelled:
 - Business as Usual (BAU) – Panguna mine does not restart.
 - Good Governance – Mine restarts and ABG spends revenues responsibly and for the good of the people of Bougainville (e.g. at least half of the revenue is diverted to public infrastructure projects and to improving education outcomes).
 - Wasteful Spending – Mine restarts and revenues are spent entirely under the guise of government administration with no discernible outcomes for productivity.



Economic Modelling

Key Assumptions

- Taxation – in line with current policy, no tax holidays and any taxes paid to PNG Government will be transferred back to ABG.
- Construction period ~ 4 years.
- Conservative metal prices (US\$):
 - \$3.50/lb Copper; \$1,500/oz Gold; \$20/oz Silver.
- Exchange Rate: 0.236 US\$/PGK in Year 1 decreasing to 0.142 US\$/PGK by Year 20.
- Panguna production profile based on high-level mining schedule.



Results

Gross Domestic Product

- Results are relative to the BAU scenario.
- Increases sharply once mine production starts.
- Mine production peaks in Year 7.
- After Year 7, trajectories start to diverge depending on Good Governance vs. Wasteful Spending Scenarios

Figure 2: Impact on non-resource GDP of the Panguna Mine reopening relative to the BAU scenario (K million 2024 prices)

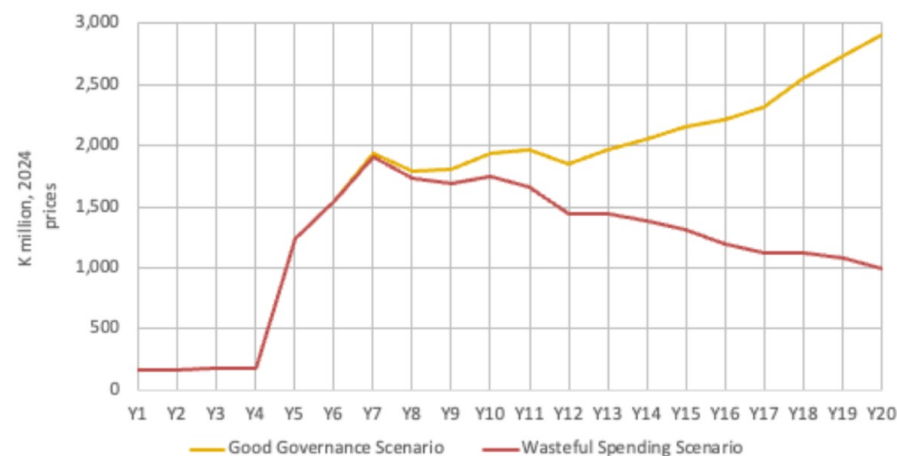


Table 4: Total economic impact for Bougainville of the Panguna Mine reopening relative to the BAU scenario (selected years)

	Year 4	Year 7	Year 10	Year 15	Year 20
<u>Non-resource GDP (K million, 2024 prices)</u>					
Good Governance Scenario	178	1,939	1,938	2,148	2,911
Wasteful Spending Scenario	178	1,912	1,742	1,317	993
<u>Non-resource GDP (%)</u>					
Good Governance Scenario	2.7	25.8	22.9	20.5	22.0
Wasteful Spending Scenario	2.7	25.4	20.6	12.6	7.5
<u>GDP (K million, 2024 prices)</u>					
Good Governance Scenario	171	14,820	13,197	9,555	7,779
Wasteful Spending Scenario	171	14,793	13,001	8,723	5,859
<u>GDP (%)</u>					
Good Governance Scenario	2.6	197.2	155.9	91.3	58.9
Wasteful Spending Scenario	2.6	196.8	153.5	83.3	44.4

Results

Employment Numbers

- “Dutch disease” accounted for in modelling
 - (i.e. resource project “crowding out” other export sectors economy)
- In both scenarios, Dutch disease causes rural employment to take a hit as soon as mine production commences.
- Significant difference in total results between scenarios.

Table 5: Total impact on employment over select years versus the BAU scenario (number of full-time equivalent jobs)

	Year 1-4	Year 5-10	Year 11-20	TOTAL
Rural				
Good Governance Scenario	-364	-1970	9623	7289
Wasteful Spending Scenario	-364	-2760	73	-3052
Industry				
Good Governance Scenario	141	8842	-5255	3728
Wasteful Spending Scenario	141	8823	-5456	3508
Services				
Good Governance Scenario	106	1854	-510	1450
Wasteful Spending Scenario	106	1860	-504	1462
TOTAL				
Good Governance Scenario	-117	8726	3858	12467
Wasteful Spending Scenario	-117	7923	-5887	1918



Bougainville Economy

Key Messages from Modelling Results

- The PNGGEM modelling analysis confirms that the reopening of the Panguna Mine provides Bougainville with a tremendous opportunity to catapult its economy forward.
- Long-term benefits will depend largely on the governance and management of the revenue generated:
 - Proper investment in infrastructure, education, and other growth-enabling factors could propel Bougainville onto a path of sustained economic development.
 - Poor governance could lead to missed opportunities and economic stagnation.
- If Panguna restarts, ABG and future Governments need to ensure revenues are invested appropriately for a successful outcome.



Mining Partner / Investor Engagement

Overarching Philosophy

- Ensure Bougainvilleans receive majority of financial and social benefits from the project throughout mine life.
- Develop a simple and transparent investment and benefit structure which cannot be abused or exploited by any of the parties.
- Negotiations to progress in the best interest of both Bougainvilleans and BCL's shareholders.
- Provide potential mining partner(s) / investors with confidence on the security of their investment.



Economic Sharing Mechanism Structure

Key Points & Principles

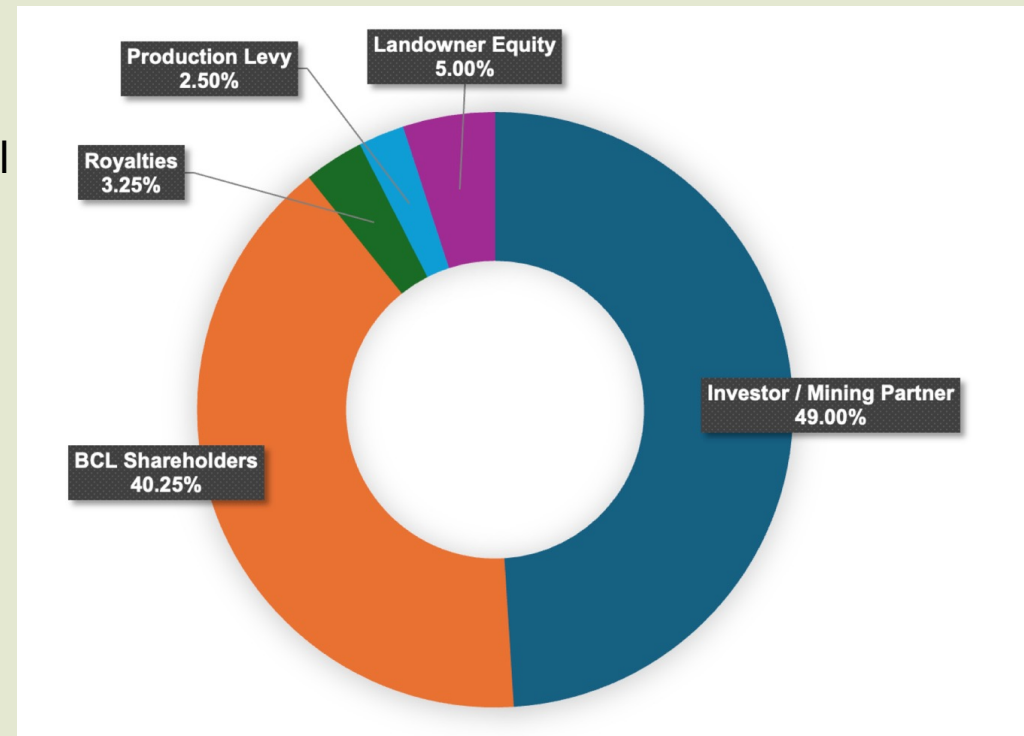
- Overall economic benefits to be shared on a cumulative basis based on a predetermined split.
- Economic benefits comprise of fiscal payments and social benefits received by Bougainvillean stakeholders as well as capital contribution from mining partner(s).
- Mining partner(s) to fund all capital required for project development.
 - Model is flexible to allow more than one investment party if required.
- Economic benefits split maintained regardless of changes in commodity price, capital or operating costs.



Project Benefit Distribution

Example of Potential Structure

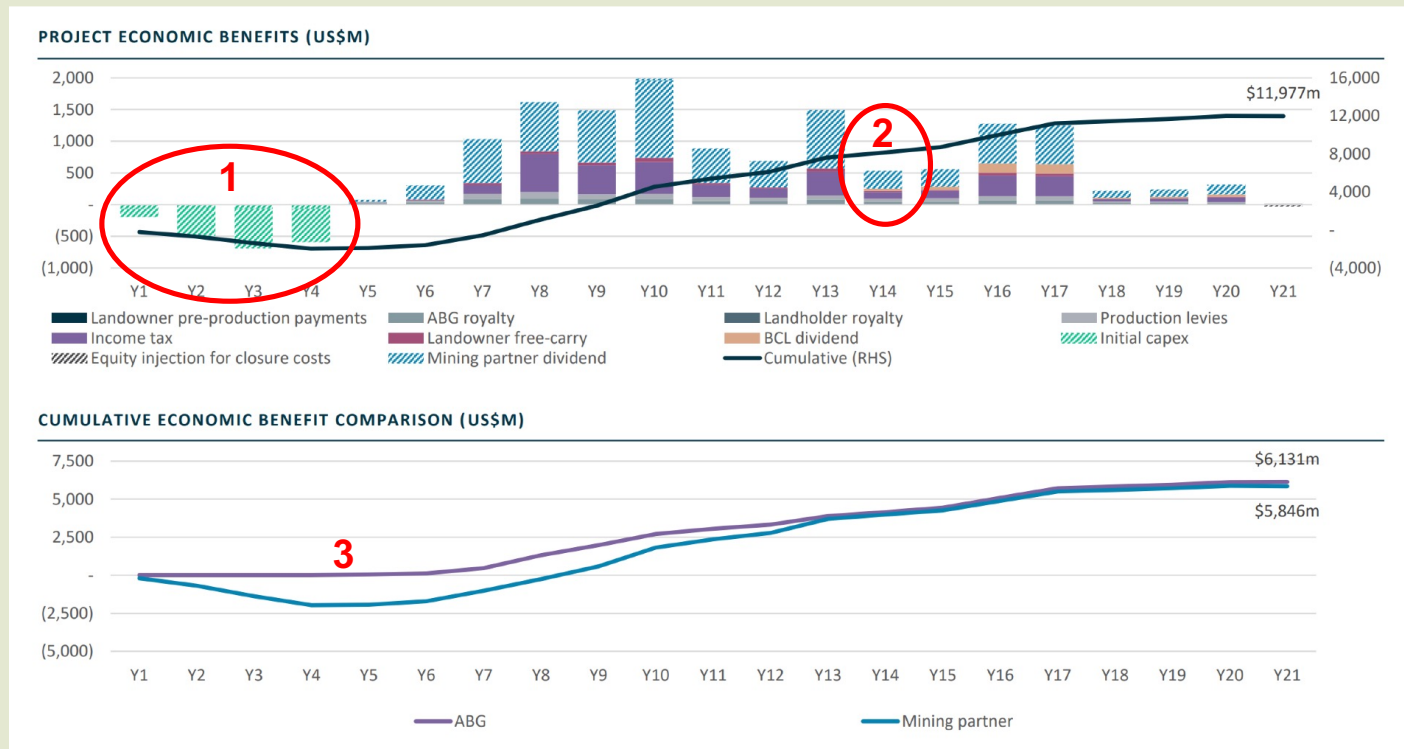
- Similar model successfully used for other resource projects in PNG (e.g. Porgera).
 - Indicative only and will be used as basis for initial discussions with potential mining partner(s).
- Bougainville parties to receive 51% of overall project benefits.
 - Royalties, levy and LO equity as per BMA.
- Mining partner receives 49% of project benefits as a result of their capital investment in the project.



Project Economic Benefits

Life of Mine Model

- 1 – Initial capital investment by Mining Partner (MP).
- 2 – Capital recovered by MP and BCL starts to receive dividends.
- 3 – Bougainville parties' benefits always "ahead of" MP throughout mine life.



Critical Ingredient to Project Success

Stakeholder Support

- ABG's granting of the 5-year licence extension for EL01 is a major show of confidence in BCL.
- Strong landowner support demonstrated by signing of LACA.
- In order to attract credible mining partner(s) to work with BCL and advance the project, ongoing support from all key stakeholders is essential to derisk the project.
 - Unexpected delays in progressing the project due to political or community issues will negatively impact the relationship with the potential partners.



Next Steps

- With formal support from ABG as the regulatory agency, pursue potential mining partner(s) to discuss the project and gauge interest in investment.
- Only progress negotiations with potential mining partner(s) who agree to the overall economic benefit sharing model and philosophy.
- Secure mining partner(s) and advance pre-feasibility and feasibility studies aligned with EL01 conditions.
- Ensure landowners, local communities, ABG and BCL's shareholders are well informed and supportive of overall progress and plans.



In Summary

- The Panguna Mine is a well-known and well-defined asset with significant upside potential.
 - BCL's existing IP contains a wealth of historical, accurate and reliable data.
- The project will bring substantial benefits and investment to the Bougainville region – both direct and indirect.
- Stakeholder support is critical for the project to advance further.
 - BCL thanks the ABG and landowners for the support they have provided to date and looks forward to ongoing support.
- BCL is committed to promoting and progressing the Panguna Project transparently with all key stakeholders.



THANK YOU

Comments / Questions?

