



**Bougainville Copper Limited**

ANNUAL  
REPORT **2015**



## 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 15 May 1989 production was brought to a halt by militant activity.

In the 17 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 K1,088 million 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 company has no employees. The activities of the company are managed on a contracted services basis by a small team of Rio Tinto PNG Limited staff based in Port Moresby.

Following the conclusion of the peace process the company has re-engaged with the people of Bougainville and has been re-evaluating the development options.

Bougainville Copper is owned 53.83 per cent by Rio Tinto Limited. The Papua New Guinean Government owns 19.06 per cent, while public shareholders hold the remaining 27.11 per cent of the share capital.

## Bougainville Copper on-line

Information about Bougainville Copper is available on our website – [www.bcl.com.pg](http://www.bcl.com.pg). The Annual Report and other information can be downloaded from this location.

## Notice of meeting

The Annual General Meeting of Bougainville Copper will be held at 2pm on Wednesday, 1 June 2016 at the Grand Papua Hotel, Mary Street, Port Moresby, Papua New Guinea. A separate Notice of Meeting is enclosed.

All shareholders are cordially invited to attend.

## Directors

Peter Robert Taylor (chairman)

Adam James Burley

Robert Staley Burns

Dame Carol Anne Kidu

Sir Rabbie Langanai Namaliu

## Secretary

Mark Wallace Hitchcock

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## The year in brief

- The Autonomous Bougainville Government (ABG) passed the Bougainville Mining Act 2015 which came into force on 1 April 2015. Under the Bougainville Mining Act the company is deemed to hold an exploration licence (EL) as at 8 September 2014 for a period of two years. The Bougainville Mining Regulations 2016 has now come into effect, and accordingly, the company has been provided with documentation from the Department of Mineral and Energy Resources confirming the grant of EL1 to the company. The grant of the EL took effect on 8 September 2014 and will expire on 7 September 2016. The company intends to apply for renewal of EL1 under the Bougainville Mining Act. The legal impact upon Bougainville Copper's rights under the Bougainville Copper Agreement remains unclear.
- In April 2015 a 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 K71.1 million considered recoverable.
- The company continues to engage with the key stakeholders who have an interest in the potential re-development of the Panguna mine.
- Planning of a Bel Kol event, a customary Bougainvillean process to be held between the company and the people of Bougainville, was further postponed 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 twelve month period March 1990 to March 1991.
- A Rio Tinto review of its options for its 53.83 per cent stake in the company is ongoing and the board continues to engage with Rio Tinto regarding the status of the review.

		2015	2014
Investment income	(K'000)	<b>4,837</b>	4,944
Operating loss after tax	(K'000)	<b>(37,863)</b>	(175,739)
Earnings per share	(toea)	<b>(9.441)</b>	(43.818)
Shareholders' funds	(K'000)	<b>115,335</b>	151,403
Return on shareholders' funds	(per cent)	<b>(32.828)</b>	(116.074)

## Chairman's statement and our year in review – 2015

In 2015 Bougainville Copper continued work to secure a sustainable tenement position, earn a strong social licence to operate and proactively assess our strategic options.

During the year, the Autonomous Bougainville Government passed the Bougainville Mining Act that seeks to cancel all of the company's tenements, leaving the company with a single exploration licence covering the area of the special mining lease granted under Papua New Guinean national legislation. The Autonomous Bougainville Government has now finalised the mining regulations supporting the Act and the company's exploration licence has been registered. The Company is in the process of assessing the degree to which these regulations are workable.

Since the Bougainville Mining Act was passed, no parties have been able to apply for any new exploration or mining related leases due to the absence of supporting mining regulations and a continuing moratorium on exploration in Bougainville.

Our work to protect our rights and optimise tenure in Bougainville is ongoing.

A key focus is to transparently engage with stakeholders, including local people, customary landholders and governments, to better understand the views of those with an interest in the potential re-development of the Panguna mine. A central theme of this engagement is planning for Bel Kol, a customary process aimed to be held between the company and the people of Bougainville. Although numerous constructive discussions were held, the Bel Kol ceremony did not occur in 2015 due, in part, to disruption caused by a small interest group from outside the project area. Bel Kol is planned to take place in 2016 and the board remains committed to the ceremony.

After the ABG announced its new mining law in 2014, the company's majority shareholder Rio Tinto announced a review of its position regarding its shareholding in the company. The review remains in progress.

### Results

For the year ended 31 December 2015, the company recorded an after tax loss of K37.9 million 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, reflecting the reduced spending due to the tenure uncertainty and the delay of Bel Kol.

A tax expense of K31.4 million included the de-recognition of interest withholding tax benefits of K4.4 million, which occurred as a result of the tax case resolution. K39.7 million tax was refunded from the K71.1 million previously believed recoverable.

Income was K4.8 million as planned. Expenditure of K11.3 million was lower than planned with expenditure for Bel Kol delayed. The company supported the Bougainville Copper Foundation with a K1.0 million contribution allowing the continuation of education scholarships in 2016.

The company has sufficient funds to cover its recurrent expenditure under the two year plan and remains debt free.

### Investment strategy

Bougainville Copper's liquid assets continue to be cash and Australian equities. The company's financial position is therefore linked to the performance of the Australian equities market.

Although global and Australian equities markets are experiencing some volatility we intend to continue with the current investment strategy for as long as the investment committee deems this to be the best option, or until such time as equities need to be sold to fund mine planning and development.

### Taxation

An ongoing taxation dispute with the Internal Revenue Commission of Papua New Guinea was settled via mediation on 2 April 2015.

### Governance and Risk Management

Bougainville Copper has governance reporting obligations to the Australian Securities Exchange (ASX) and to Rio Tinto (as service provider). A statement on the company's compliance with the ASX Corporate Governance Principles and Recommendations is contained within this report. In addition, the company complies with Rio Tinto's comprehensive range of policies including safety, environment, financial management and other governance practices.

The management of Bougainville Copper undertakes regular risk assessments, and these identify risks and opportunities facing the company. The company has also undergone a number of reviews to ensure compliance with its own policies and those of major shareholder Rio Tinto.

## Chairman's statement and our year in review – continued

### Safety

Bougainville Copper is particularly safety conscious and has in place a comprehensive set of standards to ensure that it provides a safe working environment and that its people comply with best practice safety procedures. The company complies with the requirements of the Rio Tinto safety policy.

### Studies

In 2015 there was limited work done to refine the previously published Order of Magnitude Study.

The 2012 Order of Magnitude Study is based on many assumptions including commodity prices, market demand, investor risk, opportunity costs, security of tenure and others. In brief it describes a new mine at Panguna processing between 60 million and 90 million tonnes of ore per annum, over a mine life of 24 years, with a 2015 capital cost of US\$5.9 billion.

Many of the assumptions, including the size and quality of the resource, the life of the mine and start-up costs, may change significantly when the company gains access to the mine site and conducts a rigorous assessment.

Funding to progress technical and baseline studies will remain limited until uncertainties of tenure and access to Central Bougainville are clarified. Accordingly, the Joint Panguna Negotiation Coordination Committee, consisting of officials from the: National Government, ABG representatives, customary landowner and company delegates, has not been active during the period.

### Bel Kol

The ABG Bel Kol Events Committee is tasked with organising the customary ceremony known as Bel Kol, which has been described as a cooling of the heart, or a lowering of the emotional temperature. This sensitive ceremony has been in planning for some time. Planning has had the positive result of facilitating better understanding between the company, ABG, ex-combatants and community leaders.

The company has been a member of the Bel Kol Events Committee since November 2014. Despite a recent cessation of visits to Arawa by company representatives, planning for Bel Kol continues. Bel Kol is now planned for 2016.

In 2015, a small interest group, the self-described 'Central Bougainville Hardliners' made threats against Bel Kol. A positive outcome in response has been an apparent galvanising and unifying of support in the broader community for Bel Kol. The agenda for Bel Kol has received greater support more recently from the Me'ekamui factions in Panguna, ex-combatants, customary landowners, and other community groups.

### Legacy land access claims

During former mine operations at Panguna the PNG mining legislation framework required the company to maintain a land access-related compensation agreement with customary landowners.

This agreement acted as a vehicle for landowners to grant access to the company, and to offset disturbances caused to landowners in the normal course of operating the mine. Discussions are progressing on the payment method to settle a dispute relating to the period March 1990 to March 1991, after the mine ceased operating.

### Bougainville Copper Foundation

The company continued to support the work of the Bougainville Copper Foundation, an independent, "not-for-profit" organisation that has been funded by Bougainville Copper since its inception. The company contributed K1.0 million in late 2015 to support 2016 activities.

As in previous years, the Foundation funded scholarships of more than 100 Bougainvillean students during 2015. The Foundation also undertakes special projects on a needs basis. The Foundation is proud of its achievements and those of its former scholars who are contributing to the development of Bougainville.

### Events on Bougainville

After a peaceful and successful general election for the Autonomous Bougainville Government, the new House of Representatives was sworn in on 15 June 2015. The board was pleased to note that Chief Dr. John Momis was re-elected President, and for the first time a women candidate successfully contested an open seat.

As part of the ongoing program of drawing down powers, the ABG passed the Bougainville Mining Act 2015. The direct effects of this on the company have been discussed previously.

## Chairman's statement and our year in review – continued

Funding arrangements under the Bougainville Peace Agreement remain an issue in the National Government and ABG relations. Along with ongoing support for education, health and law and order development, there has been significant investment in the road infrastructure by National Government and donor agencies.

Supported by the ABG and the Department of Veteran's Affairs, Peace and Referendum, local communities have been continuing to reconcile differences from the crisis. It is encouraging that Me'ekamui factions are increasingly participating in the process.

The relationship between President Momis, his Government and the company remains engaged and cordial.

### In conclusion

The company's priority is to secure a sustainable tenement position and social licence sufficient to underpin any potential decision to proceed with mine development. The board continues to proactively assess its strategic options.

To move to the next stage of project development, the company encourages a united effort from all stakeholders in critical issues, such as; tenure, security, site access, and sovereign risk assurance.

For your further information, reports and commentary on company activities are regularly reported to the Australian Securities Exchange and associated media, and can also be accessed on our website.

Despite the challenging market conditions, the board's continued vision is to return to active exploration and profitable, sustainable mining.



**Peter R Taylor**

Chairman and Managing Director.  
18 March 2016

## Directors' report

The directors of Bougainville Copper present their report on the audited financial statements of the company for the year ended 31 December 2015.

**Review:** For the year ended 31 December 2015, the company had a K6.4 million loss before tax and an after tax loss of K37.9 million, which included K27.0 million to settle the tax case and K4.4 million de-recognition of interest withholding tax benefits.

**Directors:** The current directors of Bougainville Copper at present are:

**Adam J Burley** Master of Geology (Hons)  
Appointed a director in October 2013.

Adam Burley joined Rio Tinto in 2000 as an exploration geologist and has worked in various leadership roles throughout Africa, Europe and North America. Adam is currently director of strategy and business development, Rio Tinto Copper and Coal group. Adam has broad based experience across multiple commodities and has led projects through exploration, project development and execution, and divestment. Adam has also held corporate and strategic roles including general manager of strategy for Rio Tinto Copper's growth and innovation group and executive assistant to the Rio Tinto chief executive.

**Robert S Burns** FRMIT (Primary Metallurgy) FAusIMM MAICD  
Appointed a director in January 2006.

Robert Burns is a former employee of the Rio Tinto group. His 40 years experience in operational and technical roles include seven years with the company. Robert's Rio Tinto roles include senior project manager Resource Developments, general manager Wimmera Industrial Minerals, general manager Kelian Equatorial Mining, managing director Northparkes/Peak Mines, general manager Improving Performance Together Team, chairman Northparkes Mines Joint Venture and chief advisor Technology and Innovation. Robert retired from the Rio Tinto Group effective 31 July 2009. Other current roles include chairman of India Pacific Resources and EMR Capital investment committee.

**Dame Carol A Kidu** DBE  
Appointed a director in April 2013.

Dame Carol retired from the Papua New Guinea parliament in 2012 after 15 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 established the parliamentary committee on HIV in 2003 and the Papua New Guinea parliamentary group on population and

development in 2008. Dame Carol has been awarded four honorary doctorates (UNRE- Rabaul, UPNG, Queensland University and Deakin University). She is the inaugural Sir Ebia Olewale Chair of PNG Studies at Deakin University. Dame Carol is the principal of CK Consultancy Limited.

**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 national parliament between 1994 and 1997. Sir Rabbie served as Foreign Affairs and Immigration Minister from 2002 to 2006 and Minister for Treasury between 2006 and 2007. Sir Rabbie is chairman and non-executive director of Kina Securities Limited, Kina Asset Management Limited, Kina Institutional Superannuation Services, the Kina Group and Kramer Ausenco. Sir Rabbie is a non-executive director of InterOil Corporation, Marengo Mining Limited and the Post Courier. Sir Rabbie is a member of the PNG Institute of Directors.

**Peter R Taylor** BA BSc LLB LLM FAICD  
Appointed chairman in October 2003.

Peter Taylor was formerly with a major Australian law firm and admitted to practise law in PNG and Australia. Peter's last 30 years with the Rio Tinto Group include the roles of General Corporate Counsel, Rio Tinto Exploration general manager Commercial, Commercial advisor to RTZ and general manager Commercial Business Development. Currently Peter is a director of several Rio Tinto Group companies. Community and business affiliations include former chairman of international development agency Australian Business Volunteers and immediate past president of the Australia Papua New Guinea Business Council. Peter was appointed a director of Bougainville Copper in April 1997 and managing director in March 2000.

**Activities:** Bougainville Copper has produced copper concentrate containing gold and silver from a mine at Panguna, Bougainville, Papua New Guinea, from 1972 until operations were suspended due to militant activity, in May 1989. The company now derives investment income. The company has no subsidiaries.

**Net earnings:** The net loss after tax of Bougainville Copper for 2015 was K37.9 million (2014: K175.7 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.

## Directors' report – continued

**Long term loans:** The company has no loans and no lines of credit are in place.

**Dividends:** The directors have not declared a dividend for 2015.

**Accounting policies:** There have been no changes made in the company's accounting policies during 2015.

**Directors' interests:** Directors' interests in the share capital of the company and its related companies as at 18 March 2016 were:

<b>Adam J Burley</b>	No interests
<b>Robert S Burns</b>	
Shares – Rio Tinto Limited	531
<b>Dame Carol A Kidu</b>	No interests
<b>Sir Rabbie L Namaliu</b>	
Shares – Bougainville Copper Limited	1,000
<b>Peter R Taylor</b>	
Shares - Rio Tinto Limited	39,702
Conditional shares awarded under the Mining Companies Comparative Plan - Rio Tinto Limited	17,497
Options - Rio Tinto Share Option Plan	2,311

**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 3 to the financial statements.

**Remuneration of employees:** The company had no employees during the year. All administrative services were provided by Rio Tinto PNG Limited on an at cost basis.

**Remuneration of directors:** The amount of directors' remuneration, including the value of benefits, received during the year is shown in note 13 to the financial statements.

**Donations:** Bougainville Copper made no political donations during the year. The Bougainville Copper Foundation continues to provide educational and other support. Bougainville Copper provides administrative support to the Foundation.

**Environment:** Mining operations of the company were suspended in 1989 and the company has been denied 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. Except as reported in this Annual Report, there were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:
  - (i) operations of the company
  - (ii) results of those operations or
  - (iii) state of affairs of the company in the financial year subsequent to 31 December 2015.
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 18 March 2016 in accordance with a resolution of the directors of Bougainville Copper.



**Peter R Taylor**  
Chairman and  
managing director



**Robert S Burns**  
Director

## Resource statement

In 2012, Bougainville Copper 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 by Rio Tinto and ex Bougainville Copper 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 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 all updated.

The 2015 Mineral Resource is a restatement of the 31 December 2014 figures after reconfirmation of economic viability. Technical studies supporting the statement remain current and an updated JORC Table 1 fact sheet outlining additional technical assumptions supporting this resource statement can be found on the company web site at [www.bcl.com.pg](http://www.bcl.com.pg)

The Mineral Resource is quoted 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 and a potential 60 million tonnes a year processing rate.

## 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 and prevailing economic conditions in the future.*

*The information in this statement that relates to mineral resources is based on information compiled by Mr Perry Collier and Mr Gerald Clark who are members of the Australasian Institute of Mining and Metallurgy. Mr Collier is a full-time employee of Rio Tinto and Mr Clark is an independent geological consultant. Mr Collier 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 Collier 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.*

## Panguna Mineral Resource Update

	As at December 31 2014					As at December 31 2015				
	Tonnes (Mt)	Cu grade (%)	Au grade (g/t)	Cu (Mt)	Au (Moz)	Tonnes (Mt)	Cu grade (%)	Au grade (g/t)	Cu (Mt)	Au (Moz)
<b>Resource</b>										
Measured	0	0.00	0.00	0	0	0	0.00	0.00	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	0.30	0.40	0.7	3.2	300	0.30	0.40	0.7	3.2
<b>Total</b>	<b>1,838</b>	<b>0.30</b>	<b>0.34</b>	<b>5.3</b>	<b>19.3</b>	<b>1,838</b>	<b>0.30</b>	<b>0.34</b>	<b>5.3</b>	<b>19.3</b>

## Corporate governance statement

For the year ended 31 December 2015

### Overview

The board of Bougainville Copper Limited (board) considers high standards of corporate governance critical to business integrity and performance and to maximising the overall long-term return to shareholders. The board is committed to ensuring that a relevant, efficient and effective corporate governance framework is maintained.

A description of the corporate governance structures and practices in place at Bougainville Copper Limited (company) is set out below. The board endorses the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations (third edition) (ASX Principles) and unless otherwise stated, complies with the ASX Principles.

The company adopted the third edition of the ASX Principles (released in March 2014 by the ASX Corporate Governance Council) in 2014.

As detailed below, to support its corporate governance framework, the company has adopted a number of the policies of the Rio Tinto Group (Rio Tinto) as Rio Tinto Limited is a substantial shareholder of the company holding 53.83 per cent of the shares. Given the size of the company, its non-operational status and ownership structure, it is practical for the company to adopt certain Rio Tinto policies, which reflect Rio Tinto's extensive presence in the global mining industry. Further, the company does not have any employees and instead contracts a management team, including the services of Peter Taylor, from Rio Tinto as chief executive officer, under a services agreement. The board annually reviews these adopted policies to ensure they are still relevant to the company and if required, will make adjustments as to how these policies apply to the company. The Rio Tinto policies adopted by the board can be accessed at the corporate governance section of Rio Tinto's website at: [www.riotinto.com/aboutus/policies-standards-and-guidance-5243.aspx](http://www.riotinto.com/aboutus/policies-standards-and-guidance-5243.aspx)

These policies are:-

- The way we work (Code of Conduct)
- Human rights policy
- Business integrity standard
- Corporate governance guidance
- Risk policy and standard
- Antitrust standards and guidance notes
- Diversity and inclusion policy
- Environment policy

- Health policy
- Community relations policy
- Sustainable development policy
- Safety policy

### The board's responsibility for laying the foundations for management and oversight

The board is responsible for setting and reviewing the strategy and business plans of the company, and monitoring the performance of the company against these plans. The directors also monitor compliance with policies prescribed by the board in areas such as workplace health and safety, environment, business ethics, internal control and risk management. These policies are designed to ensure that the company complies with the regulatory requirements governing its operations.

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 board has adopted a charter which underpins the strategic guidance and effective management oversight provided by the board, and defines the division of responsibility between board and management by formal delegation and a system of board reserve powers. The board reviews the board charter on an annual basis. The board's charter is available on the company's website at: [www.bcl.com.pg](http://www.bcl.com.pg)

The company secretary is accountable directly to the board through the chairman. 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 board is structured to add value

The board consists of four non-executive directors and one executive director. The chairman is Peter R Taylor who is also managing director and an executive of Rio Tinto. Adam J Burley is an executive of the Rio Tinto copper and coal group and is a non-executive director of the company. Robert S Burns, Sir Rabbie L Namaliu and Dame Carol A Kidu are independent non-executive directors.

## Corporate governance statement - continued

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.

Details of the directors, their skills, length of service, experience and expertise relevant to their position as a director are shown on page 6.

### Chairman and managing director

Peter Taylor is both the chief executive officer of the company and chairman of the board. This is a departure from the ASX Principles as the chairman of the board is not an independent director and the role of chief executive officer and chairman of the board are filled by the same individual.

The company has not followed the recommendation in the ASX Principles of having an independent chairman, as the board considers that Peter, while not an independent director, can exercise independence when performing his role as chairman of the board and can commit time to performing that role.

The board believes that Peter is able to facilitate a collaborative board and constructive relationships between the board and management. Further, the majority of board members are independent directors.

The company has not followed the recommendation in the ASX Principles of having a separate chief executive officer and chairman of the board, as the board has set and codified the authority levels for the respective roles of chairman and chief executive officer such that the combined roles do not result in unfettered power being held by a single member of the board. Further, given that the company is not operational and cash flow is limited, the board considers that good governance is not adversely affected by the roles of chairman of the board and chief executive officer being performed by the same person.

The company contracts the services of Peter as chief executive officer of the company under a service agreement with Rio Tinto. The difficult labour market in Papua New Guinea makes it hard to attract executives with the right background, skill and experience. Given Peter's extensive experience in the mining sector and in management, the board considers that he has the suitable skills and experience to be an effective chief executive officer for the company.

The chief executive officer's performance is subject to review in accordance with Rio Tinto's performance evaluation system as described in the 2015 annual report of the Rio Tinto Group.

Peter's performance as chief executive officer was reviewed during 2015 by Rio Tinto in accordance with its performance evaluation system. The board reviews Peter's performance as a director when the board conducts its annual self-assessment which is discussed later.

The company does not employ or contract any other senior executives.

### Board meetings

The board held four scheduled meetings during 2015, and did not meet for any unscheduled meetings. The board meeting attendance details for directors are set out below.

Director	Meetings attended	Meetings whilst in office
Adam J Burley	3	4
Robert S Burns	4	4
Dame Carol A Kidu	4	4
Sir Rabbie L Namaliu	3	4
Peter R Taylor	4	4

### Particulars of directors' interests in shares and options

The particulars of the directors' interests in shares in the company and related bodies corporate as at 18 March 2016 are set out on page 7.

Each of the directors has given a general notice in accordance with PNG Companies Act 1997 (and consistent with the *Corporations Act 2001* (Cth) (Corporations Act)) stating that he/she is an officer and/or member of certain specified corporations and, as such, is to be regarded as having an interest in any contract which may be made between the company and those corporations.

### Independence of directors

Robert Burns, Carol Kidu and Rabbie Namaliu are independent non-executive directors and are not in any other relationship with the company affecting their independent status.

For the purposes of determining director independence, the board considers the following factors:

## Corporate governance statement - continued

- whether within the last three years the director or a close family member has:
  - been a part of the executive management of the company,
  - been employed in a senior position with Rio Tinto,
  - received additional remuneration from the company or Rio Tinto, or
  - been a partner, director or senior provider of material professional services to the company;
- whether the director or a close family member is, or is associated with, a substantial shareholder (more than five per cent of the voting shares) in the company or in Rio Tinto;
- the director's cross directorships or significant links with or involvement in other companies;
- the director's length of service on the board; and
- 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 per cent of the company's or the counterparty's consolidated gross revenue per annum) business relationship with the company or with Rio Tinto, whether as an auditor, professional adviser, supplier or customer.

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, including those with Rio Tinto, have been determined by the independent directors to be in the interests 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.

### Selection and appointment of board members

The company does not have a nomination committee as recommended by the ASX Principles. The board considers that its existing practices in reviewing director competencies, board succession planning, board performance evaluation and director selection and nomination, carried out in accordance with the board charter, are satisfactory and are appropriate given the size of the board, the company's current ownership structure and the non-operational status of the company's operations.

The board oversees the appointment and induction process for directors and the selection, appointment and succession planning process of the company's executive management. The appropriate skill mix, personal qualities, expertise and diversity are factors taken into account in each case. When a vacancy exists or there is a need for particular skills, the board determines the selection criteria based on the required skills.

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 strategically;
- relevant team oriented behavioural characteristics (such as effective communicators and listeners); and
- Papua New Guinea cultural, community, social and political awareness expertise.

The company undertakes such checks as it considers appropriate in order to verify a director's character, experience, education and background prior to their appointment, or putting them forward to shareholders as a candidate for election. The company ensures that it provides shareholders with all material information in its possession relevant to its decision on whether to elect or re-elect a director.

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

## Corporate governance statement - continued

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, other than the managing director, are subject to retirement by rotation at least every three years in accordance with the constitution, but may offer themselves for re-election. There is no share ownership qualification for appointment as a director.

The board will continue to monitor and review the director selection process with appropriate actions implemented where operationally desirable and strategically appropriate.

### Directors' access to information

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. 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 the managing director, financial information and other strategy related documents.

### Evaluating performance of the board

The board has a policy and practice of annual self-assessment.

In 2015 the board performed its annual evaluation 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 and audit and risk committee charter, were necessary or desirable.

The process of evaluation and self-assessment took 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 were considered and discussed by the directors at the next board meeting, and follow-up actions were determined.

### Code of conduct

The board charter requires that the board complies with the Rio Tinto code of conduct - *The way we work*. It is available online at [www.riotinto.com/aboutus/policies-standards-and-guidance-5243.aspx](http://www.riotinto.com/aboutus/policies-standards-and-guidance-5243.aspx). *The way we work* promotes practices to maintain the company's integrity and reflects the company's commitment to ethical and responsible decision-making. The company's consultants and contractors are required to comply with this policy. 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.

The company has also adopted Rio Tinto's confidential whistle blower program known as '*Speak-Out*'. Employees are encouraged to report any concerns, including any suspicion of violation of financial reporting or environmental procedures, through an independent third party and without fear of recrimination. A process has been established for the investigation of any matters reported.

### Diversity

The board is committed to engaging directors and contracting management 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. The board has not adopted a formal diversity policy as recommended by the ASX Principles as it follows the Rio Tinto Diversity and Inclusion Policy, which is available at [www.riotinto.com/aboutus/policies-standards-and-guidance-5243.aspx](http://www.riotinto.com/aboutus/policies-standards-and-guidance-5243.aspx). The board recognises the importance of diversity to corporate success and considers diversity when appointing people to the board or contracting their services.

Given the size of the board, the non-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 the ASX Principles. Further, while gender diversity is important, the priority for the company when recruiting is diversity of experience, background and nationality.

## Corporate governance statement - continued

In terms of the representation of women in the organisation, the company has one female director and fifty per cent of the staff contracted from Rio Tinto under a service agreement (as the company has no employees) are women.

### Safeguarding the integrity in financial reporting

The audit and risk committee is appointed by the board and comprises of three non-executive, independent directors. The present members of the audit and risk committee are Robert Burns (chairman), Dame Carol Kidu and Sir Rabbie Namaliu. The company secretary and external auditors are available to attend meetings. All members of the audit and risk committee are financially literate.

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 the About Us section on the company's website, and includes information on the requirements for selecting an external auditor.

The 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 and internal auditors. The committee also reviews the adequacy of internal and external audit arrangements on an annual basis.

The 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 including where they relate to Rio Tinto. The committee reviews compliance with the Papua New Guinea Companies Act 1997, Corporations Act, where appropriate, and the requirements of the ASX and other regulatory requirements.

The audit and risk committee held four scheduled meetings during 2015, and attendance details of the 2015 meetings of the audit and risk committee are set out in the table below. The names and qualifications of the members are set out in the Directors' report on page 6.

Director	Meetings attended	Meetings whilst in office
Robert S Burns (chairman)	4	4
Dame Carol A Kidu	4	4
Sir Rabbie L Namaliu	3	4

Any work conducted by the external auditor, other than the statutory audit, is approved by the audit and risk committee.

### Making 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 Rio Tinto's continuous disclosure standards, which form part of Rio Tinto's corporate governance standards, and is available at the corporate governance section of Rio Tinto's website at: [www.riotinto.com/aboutus/shareholder-communication-5244.aspx](http://www.riotinto.com/aboutus/shareholder-communication-5244.aspx).

Established reporting systems are in place to ensure compliance with ASX requirements.

### Respecting the rights of shareholders

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 takes steps to ensure that its shareholders and other stakeholders are kept informed through:

- communicating effectively with shareholders through releases to the market via the ASX, the company's website, information mailed and emailed to shareholders and general meetings of the company;
- allowing shareholders to send communications to the company and its security registry electronically;
- giving shareholders ready access to balanced and understandable information about the company and its strategy;
- providing information about the current developments at the annual general meeting and making it easy for shareholders to participate and ask questions;
- having the company's auditor, PricewaterhouseCoopers, attend the annual general meeting and available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report; and

## Corporate governance statement - continued

- providing shareholders a mechanism to submit written questions regarding the auditor's report to the auditors via the company prior to the annual general meeting, and making available these questions and answers at the annual general meeting.

### Purchase and sale of the company's securities

The company has adopted the "rules for dealing in securities of BCL, its subsidiary and associated companies" (BCL Rules For Dealing) adapted from the Rio Tinto rules, which reinforces to all directors of the company the prohibition against insider trading. This share trading policy is available on the company's website [www.bcl.com.pg](http://www.bcl.com.pg)

The BCL Rules For Dealing require that for all dealings in the company's securities:

- directors must advise the chairman of the board in writing, and receive approval in writing from the chairman, if they intend to purchase or sell securities in the company. In regard to his own dealings, the chairman 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.

Rio Tinto's share trading policy, "Rules for dealing in securities of Rio Tinto, its subsidiary and associated companies" (Rio Tinto Rules For Dealing) applies to the company's chief executive officer and employees of Rio Tinto who are contracted to the company. Participation in Rio Tinto's long term incentive plans which involve the issue of Rio Tinto securities is subject to and conditional upon compliance with the Rio Tinto Rules For Dealing. The Rio Tinto Rules For Dealing also contain a prohibition on hedging or limiting the exposure to economic risk in relation to securities issued under Rio Tinto long term incentive plans.

### Recognising and managing risk

The company, as a dormant mining and production company, faces risks in its activities, including economic, 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 does not have a separate risk committee (as recommended by the ASX Principles), but does combine the function within the audit committee responsibilities. The company does have in place policies and procedures, including a risk identification and management framework (described below), which are continually being developed and updated to help manage these risks. These policies and procedures have been adopted by the board, with primary oversight by the audit committee, to ensure that potential business risks are identified and appropriate action taken.

A summary of the company's risk identification and management policies is set out below:

1. the company benefits from Rio Tinto's knowledge, policies and practices on risk management and corporate assurance developed to manage its diverse business activities covering a variety of commodities and operational locations. In 2008 the company formally adopted Rio Tinto "Risk Policy and Standard", which can be accessed on Rio Tinto website [www.riotinto.com/aboutus/policies-standards-and-guidance-5243.aspx](http://www.riotinto.com/aboutus/policies-standards-and-guidance-5243.aspx);
2. the audit and risk committee biannually receives a report from management and conducts a risk evaluation to identify and review all of the business risks facing the company;
3. management provide an annual certificate of compliance to the board and provide periodic reports and information confirming the status and effectiveness of the plans, controls, policies and procedures implemented to manage business risks;
4. board approval is required before capital expenditure and revenue commitments exceed certain approved levels;
5. a regulatory compliance program;
6. safety, health and environmental policies which are supported by a set of standards and management systems which recognise the company's commitment to achieving high standards of performance in all its activities in these areas; and
7. a formal risk analysis involving the senior management was facilitated by a professional facilitator specialising in risk issues. This analysis resulted in an updating of the company's risk register. The outcomes were reviewed by the board and audit committee.

## Corporate governance statement - continued

In the reporting period, the audit committee undertook a review of the company's risk management framework.

In 2015, management provided 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 chief executive officer has provided a declaration to the board that:

- the financial records of the company for the financial year ending 31 December 2015 have been properly maintained;
- the financial statements for the financial year ended 31 December 2015 comply with the accounting standards; and
- the financial statements and notes for the financial year are based on a sound system of risk management and internal controls.

The company does not have any employees as the company's management team, including the services of Peter Taylor, chief executive officer, is provided by Rio Tinto under a service agreement.

The remuneration of the chief executive officer and staff contracted from Rio Tinto is governed by the compensation policies applied by Rio Tinto and discussed in its annual report, which is available at [www.riotinto.com](http://www.riotinto.com). The board annually reviews the service agreement with Rio Tinto to ensure that consideration under the service agreement is fair and appropriate.

Approved by the board and current as at 18 March 2016.

## Remunerating fairly and responsibly

The company does not have a remuneration committee or remuneration policy as recommended by the ASX Principles. The company has not followed this recommendation as the board does not believe a separate remuneration committee or policy would benefit the company and its shareholders given the company has a small board, does not have any employees and is not operational. Further, the company's shareholders vote on and approve the limits within which the board can set non-executive director remuneration.

In determining non-executive director remuneration, 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 2008 annual general meeting, the shareholders approved an increase in directors' fees to A\$55,000 and an additional A\$10,000 per annum for directors that are members of the audit and risk committee. Directors are not entitled to retirement benefits. Prior to Robert Burns' retirement from Rio Tinto on 31 July 2009, his director's fees were paid directly to Rio Tinto. Peter Taylor, the managing director and Adam Burley, an executive of Rio Tinto Copper group, do not receive directors' fees.

## Statement of comprehensive income

<i>Bougainville Copper Limited year ended 31 December 2015</i>		<b>2015</b>	2014
	Notes	<b>K'000</b>	K'000
<b>Income</b>			
Interest		<b>1,029</b>	970
Exchange gains	6	<b>30</b>	-
Dividends		<b>3,778</b>	3,974
		<b>4,837</b>	4,944
<b>Cost and expenses</b>			
Operating expenses	3	<b>(11,282)</b>	(14,057)
Impairment expense	8	-	(166,618)
Exchange losses	6	-	(8)
		<b>(11,282)</b>	(180,683)
		<b>(6,445)</b>	(175,739)
<b>Profit (loss) before tax</b>		<b>(6,445)</b>	(175,739)
Income tax	5	<b>(31,418)</b>	-
<b>Profit (loss) after tax</b>		<b>(37,863)</b>	(175,739)
<b>Other comprehensive income (loss)</b>			
Items that may be subsequently reclassified to profit or loss (no tax effect):			
Increase/(decrease) in fair value of available for sale financial assets	12	<b>1,795</b>	(3,375)
Items that will not be reclassified to profit or loss (no tax effect):			
Reversal of asset revaluation reserve on impairment of mine assets	9	-	(31,276)
		<b>1,795</b>	(34,651)
<b>Total other comprehensive income (loss)</b>		<b>1,795</b>	(34,651)
		<b>(36,068)</b>	(210,390)
<b>Total comprehensive income (loss) for the year</b>		<b>(36,068)</b>	(210,390)
Basic and diluted earnings per share (toea)		<b>(9.44)</b>	(43.82)

## Statement of changes in equity

	Share capital	Asset revaluation reserve	Fair value reserve	Accumulated losses	Total
	K'000	K'000	K'000	K'000	K'000
Brought forward at 01.01.14	401,063	31,276	40,207	(110,753)	361,793
Profit (loss) for the year	-	-	-	(175,739)	(175,739)
Other comprehensive income (loss) for the year	-	(31,276)	(3,375)	-	(34,651)
Balance at 31.12.14	401,063	-	36,832	(286,492)	151,403
Profit (loss) for the year	-	-	-	(37,863)	(37,863)
Other comprehensive income (loss) for the year	-	-	1,795	-	1,795
Balance at 31.12.15	401,063	-	38,627	(324,355)	115,335

All amounts are expressed in Papua New Guinea Kina. Rounding to the nearest thousand kina has been adopted. The notes on pages 19 to 30 form part of these accounts and are to be read in conjunction with them.

## Balance Sheet

<i>Bougainville Copper Limited at 31 December 2015</i>	Notes	<b>2015</b> K'000	<b>2014</b> K'000
<b>Funds employed:</b>			
<b>Shareholders' funds</b>			
Share capital	11	<b>401,063</b>	401,063
Fair value reserve	12	<b>38,627</b>	36,832
Accumulated losses		<b>(324,355)</b>	(286,492)
		<b>115,335</b>	151,403
<b>Non-current liabilities</b>			
Provisions	7(b)	<b>14,447</b>	14,219
Other payables	7(b)	<b>305</b>	305
Income tax	5(b)	<b>6,759</b>	6,759
		<b>21,511</b>	21,283
<b>Current liabilities</b>			
Trade payables	7(a)	<b>1,566</b>	4,631
<b>Total funds</b>		<b>138,412</b>	177,317
<b>These funds are represented by:</b>			
<b>Non-current assets</b>			
Available for sale financial assets	4	<b>108,953</b>	102,021
Mine assets	8	-	-
		<b>108,953</b>	102,021
<b>Current assets</b>			
Cash and cash equivalents		<b>28,951</b>	4,668
Other receivables	10(a)	<b>508</b>	70,628
		<b>29,459</b>	75,296
<b>Total assets</b>		<b>138,412</b>	177,317

Details of contingent liabilities and assets are shown in note 14. All amounts are expressed in Papua New Guinea kina. Rounding to the nearest thousand kina has been adopted. The notes on pages 19 to 30 form part of these accounts and are to be read in conjunction with them.

## Statement of cash flows

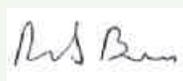
<i>Bougainville Copper Limited year ended 31 December 2015</i>	<b>2015</b>	2014
	<b>K'000</b>	K'000
<b>Cash flows from operating activities</b>		
Payments to suppliers	(14,121)	(13,092)
Interest received	4,912	159
Receipt from IRC settlement	34,820	-
Dividends received	2,240	3,974
Net operating cash flows	<u>27,851</u>	<u>(8,959)</u>
<b>Cash flows from investing activities</b>		
Purchase of available for sale financial assets	(3,598)	-
Net investing cash flows	<u>(3,598)</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Net cash flow	24,253	(8,959)
Cash and cash equivalents at beginning of year	4,668	13,553
Effect of exchange rate changes on cash and cash equivalents	30	74
Cash and cash equivalents at end of year	<u>28,951</u>	<u>4,668</u>

All amounts are expressed in Papua New Guinea Kina. Rounding to the nearest thousand Kina has been adopted. The notes on pages 19 to 30 form part of these accounts and are to be read in conjunction with them.

For, and on behalf of, the board.



**Peter R Taylor**  
Chairman & managing director  
18 March 2016



**Robert S Burns**  
Chairman audit & risk committee

## Notes to accounts

*These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.*

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 18 March 2016.

### 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 available for sale financial assets.

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.

Standards, amendments and interpretations to existing standards that are not yet effective have not been early adopted by the company.

### 1.(b) Accounting policies

#### 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.

#### 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 related 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.

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

### Investments

#### (i) Available for sale financial assets

Investments in marketable equity securities (shares in other corporations) are classified as "available for sale financial assets". Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available for sale; these are included in non-current assets unless management has the express intention of holding the investments for less than twelve months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the company commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available for sale investments are subsequently carried at fair value. Changes in the fair value of available for sale investments are recognised as a separate component of equity until the investment is sold, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in determining profit. For investments that are actively traded in organised financial markets, fair value is determined by reference to the Australian Securities Exchange quoted market bid prices at the close of business on the balance sheet date.

### Impairment of investments

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. In the case of equity investments classified as available for sale, a significant or prolonged decline in fair value of the security below its cost is considered an indicator that the assets are impaired.

#### (i) Assets carried at cost

For loans and receivables, the amount of loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using observable market price.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

#### (ii) Assets classified as available for sale

If there is objective evidence of impairment for available for sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognised in the statement of comprehensive income, is removed from equity and recognised in the statement of comprehensive income.

Impairment losses on equity instruments that were recognised in the statement of comprehensive income are not reversed through the statement of comprehensive income in a subsequent period.

If the fair value of a debt instrument classified as available for sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

Impairment testing on receivables and other assets is described below.

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

### 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.

### 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.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expense. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expense in the statement of comprehensive income.

### 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 assets 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) New and amended standards adopted by the company

There were no new standards applicable for the first time during the accounting period beginning 1 January 2015 that resulted in a material change in accounting policies or disclosures of the company.

### 1.(e) New standards and interpretations not yet adopted by the company

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period and have not been early adopted by the company:

- IFRS 9: Financial instruments on the classification and measurement of financial assets and liabilities, hedge accounting and recognition of impairment losses.

The entity has conducted initial investigations and does not consider that standards that are not yet effective will have a material impact on the entity in the current or future reporting periods and on foreseeable transactions.

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

### 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.

## 2. Critical accounting estimates and assumptions

#### (i) Mine assets

Mine production was suspended on 15 May 1989 because of attacks on employees. Following repeated instances of damage to mine facilities and the power line and further attacks on employees, it became necessary to evacuate all remaining company personnel from Bougainville early in 1990. There continues to be uncertainty surrounding the future of the Panguna mine. Since the withdrawal of company personnel from Bougainville was completed on 24 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 access to the mine site has 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 directors 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 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. 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.

#### (ii) Income taxes

Refer to note 10 for information regarding the company's mediated settlement of the tax dispute with the IRC.

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

Bougainville Copper Limited at 31 December 2015	2015 K'000	2014 K'000
<b>3. Operating expenses</b>		
Remuneration of directors (note 13)	906	928
Auditors' remuneration - auditing the financial statements	159	113
- taxation services	40	37
Share registry costs	212	236
Insurance	204	159
Management fees – related party (note 18)	4,196	5,048
Legal fees – IRC tax case	268	194
Provision and accruals reversed	-	(4,211)
Bad debts	-	3,909
Order of magnitude costs	73	357
Social, technical and environmental studies	1,389	4,363
Communication and media costs	865	951
Compensation	240	306
Corporate subscriptions	148	159
Goods and services tax	470	553
Contribution to a related party (note 18)	1,000	40
Other operating expenses	1,112	915
	<b>11,282</b>	<b>14,057</b>

## 4. Available for sale financial assets

### Non-current

At fair value

Opening balance	102,021	105,396
Movement in fair value reserve	1,795	(3,375)
Additions to available for sale financial assets	5,137	-
<b>Closing balance</b>	<b>108,953</b>	<b>102,021</b>
Original cost when purchased		
Opening cost balance	65,189	65,189
Additions to available for sale financial assets	5,137	-
	<b>70,326</b>	65,189
Fair value reserve year end balance	38,627	36,832
<b>Closing fair value balance</b>	<b>108,953</b>	<b>102,021</b>

Available for sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The company's available for sale financial assets comprise of shares held in publicly listed investment companies traded on the Australian Stock Exchange. 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.

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

Bougainville Copper Limited at 31 December 2015	2015 K'000	2014 K'000
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### 5. 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:

Operating profit/(loss) before taxation	<b>(6,445)</b>	(175,739)
Prima facie income tax @ 30 per cent	<b>(1,934)</b>	(52,722)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	-	47,605
Potential tax benefit not recognised	<b>1,934</b>	5,117
Tax expense on IRC mediated settlement	<b>27,013</b>	-
De-recognised withholding tax credits	<b>4,405</b>	-
Income tax expense/(credit)	<b>31,418</b>	-

- (b) An agreement between the Independent State of Papua New Guinea and 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 K46,473,684 (2014: K44,602,806).

### 6. Exchange fluctuation

- (a) The exchange gain/(loss) reflected in earnings arising from financial assets:

Gain/(loss)	<b>30</b>	(8)
	<b>30</b>	(8)

- (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	<b>87</b>	4,408
Non-current assets	<b>108,953</b>	102,021
Current liabilities	<b>42</b>	42
Non-current liabilities	-	-

Kina equivalent of Australian dollars

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

Bougainville Copper Limited at 31 December 2015	<b>2015</b> <b>K'000</b>	2014 K'000
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### 7. Liabilities

#### Trade Payables

(a) Current		
Trade creditors	251	42
Related corporations (note 18)	1,315	4,589
	<b>1,566</b>	4,631
(b) Non-current		
Other payables	<b>305</b>	305

Payables that have been carried forward since the suspension of mining operations have been classified as non-current liabilities, as the directors consider they are unlikely to be settled within the following year.

#### Provisions (excluding impairment)

Provision for compensation		
Opening balance	14,219	13,913
Provision raised and recognised during the year	228	306
Closing balance	<b>14,447</b>	14,219

The company has provided for compensation to landowner groups affected by the company's former mine operations, based on known obligations.

### 8. Mine assets

The company has previously capitalised mine assets of:

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

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 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. 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.

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

Bougainville Copper Limited at 31 December 2015

### 9. Asset revaluation reserve

In 1980 mine assets were revalued by K300 million. A majority of the reserve created by this revaluation was distributed to shareholders by way of bonus shares leaving a residual amount of K31.3 million. With the directors' decision to impair in full the mine assets in 2014, the remaining balance in the reserve was reversed against equity as detailed in other comprehensive income in the 2014 statement of comprehensive income.

### 10. Other receivables

	2015 K'000	2014 K'000
Sundry receivables	2	-
Interest receivable	13	-
Interest receivable on monies paid to the Supreme Court	-	4,390
Monies paid to the Supreme Court and IRC	-	61,833
Withholding tax receivable	493	4,405
	<b>508</b>	<b>70,628</b>

The PNG Internal Revenue Commission (IRC) had previously disallowed Bougainville Copper's claimed tax depreciation on its Bougainville assets on the grounds that Bougainville Copper lost/surrendered control of its assets in 1990, and therefore the assets should have been totally depreciated in that year, and that the availability of depreciation to offset against Bougainville Copper's investment income had lapsed through the passage of time. The IRC had issued assessments on that basis.

Bougainville Copper's objections to the assessments were rejected by the IRC and Bougainville Copper had appealed to the National Court. The case went to final mediation in 2015. Bougainville Copper had paid in previous years K61.8 million to the IRC or the Supreme Court pending resolution of the substantive tax appeals. Including interest the amount totaled K66.7 million (2014: K66.2 million). A further K4.4 million of interest withholding tax accumulated over this period. At 31 December 2014 the directors considered the amount would be recovered as they considered they had a fully supportable position.

A settlement was negotiated on 2 April 2015. K39.7 million was received by Bougainville Copper in interest and refunded tax. The remaining K27.0 million of monies paid in previous years and the accumulated K4.4 million withholding tax credits were expensed in the statement of comprehensive income as income tax expense.

### 11. Ordinary shares

The issued capital of the company is 401,062,500 ordinary shares fully paid. No change in issued capital occurred during 2015.

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

Bougainville Copper Limited at 31 December 2015	2015 K'000	2014 K'000
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### 12. Fair value reserve

Fair value reserve	38,627	36,832
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This reserve records movements for available for sale financial assets to fair value. Refer note 1 (b) and note 19(g) for calculations for 'fair value'.

Opening balance	36,832	40,207
Movement	1,795	(3,375)
Fair value realised through disposal	-	-
Net movement	1,795	(3,375)
Closing balance	38,627	36,832

### 13. Remuneration of directors

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

Robert S Burns*	135	150
Dame Carol A Kidu*	135	150
Sir Rabbie L Namaliu*	135	150
Peter R Taylor**	501	478
	906	928

\* Short term benefits paid to the directors comprise of a base fee of K114,000 and audit and risk committee fee of K21,000. No other long term benefits, post-employment benefits, termination benefits or share based payments are payable to the directors.

\*\* Peter R Taylor is the managing director and is employed by the Rio Tinto Group which pays his salary and entitlements. A portion of the benefits are re-charged under the Management Services Agreement. The amount indicated in the above table is the proportion of remuneration benefits which have been re-charged to the company.

### 14. Contingent liabilities and assets

Bougainville Copper is 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. The company has made a provision in its accounts to cover an award of landowner compensation.

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

Bougainville Copper Limited at 31 December 2015

### 15. 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 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. 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.

### 16. Parent entities

The holding company is Rio Tinto Limited (incorporated in Australia), which at 31 December 2015 owns 53.8% (2014: 53.8%) of the issued ordinary shares of Bougainville Copper Limited.

Transactions undertaken with the related parties are disclosed at note 18.

### 17. Segmental information

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

### 18. Related party transactions

Transactions with directors are disclosed in note 13.

The company made a K1,000,000 contribution to Bougainville Copper Foundation Limited during the year. The contribution is to be used for the provision of future education scholarships.

In 2015 the company paid fees of K4,196,032 (2014: K5,048,151) for the provision of office space, staff and related services to Rio Tinto PNG Limited and K6,115 (2014: K81,563) for technical studies to Rio Tinto Technology.

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

	<b>2015</b> <b>K'000</b>	2014 K'000
Rio Tinto PNG Limited	<b><u>1,315</u></b>	<u>4,589</u>

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

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

Bougainville Copper Limited at 31 December 2015

### 19. 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:

	<b>2015</b> <b>K'000</b>	2014 K'000
Cash and cash equivalents	<b>28,951</b>	4,668
Other receivables	<b>508</b>	70,628
Available for sale financial assets	<b>108,953</b>	102,021
Trade payables	<b>(1,566)</b>	(4,631)
Other payables and Income Tax	<b>(7,064)</b>	(7,064)

#### (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 6.

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

<b>Available for sale financial assets</b>	<b>K'000</b>
Carrying amount at the balance date	<u>108,953</u>
Change in carrying amount of 'available for sale financial assets' and fair value reserve:	
Had PNG Kina weakened by 10 per cent against the Australian dollar:	
Increase in carrying amount and fair value reserve by:	12,106
Had PNG Kina appreciated by 10 per cent against the Australian dollar:	
Decrease in carrying amount and fair value reserve by:	9,905

## Notes to accounts - continued

These notes form part of the 2015 financial statements of Bougainville Copper Limited and should be read in conjunction with them.

### Bougainville Copper Limited at 31 December 2015

#### (c) Price risk

A large amount of the company's assets are held in shares of "Listed Investment Companies" (see note 3) 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:

<b>Available for sale financial assets</b>	<b>K'000</b>
Carrying amount at the balance date	<u>108,953</u>
Change in carrying amount of 'available for sale financial assets' and fair value reserve:	
Had the share price increased by 10 per cent:	
Increased in carrying amount and fair value reserve by:	10,895
Had the share price decreased by 10 per cent:	
Decrease in carrying amount and fair value reserve by:	10,895

#### (d) Interest rate risk

Bougainville Copper no longer holds 'held to maturity 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.



## *Independent Auditor's Report to the shareholders of Bougainville Copper Limited*

### *Report on the financial statements*

We have audited the accompanying financial statements of Bougainville Copper Limited (the Company), which comprise the balance sheet as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

### *Directors' responsibility for the financial statements*

The Directors are responsible for the preparation of these financial statements such that they give a true and fair view in accordance with generally accepted accounting practice in Papua New Guinea and the Companies Act 1997 and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation of financial statements that give a true and fair view of the matters to which they relate, 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 Company's internal control. An audit so includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the accompanying financial statements:

1. comply with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea; and
2. give a true and fair view of the financial position of the Company as at 31 December 2015, and its financial performance and cash flows for the year then ended.

### *Emphasis of matter*

We draw attention to Notes 2 (i) and 8 of the financial statements which describe 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. The mine assets were fully depreciated or impaired in previous financial years. Our opinion is not qualified in respect of this matter.

### *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 2015:

1. we have obtained all the information and explanations that we have required;
2. in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records; and
3. we have no relationship with, or interests in, the Company other than in our capacities as auditor and tax advisors. These services have not impaired our independence as auditor of the Company.



## Independent Auditor's Report to the shareholders of Bougainville Copper Limited - continued

### Restriction on distribution or use

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.

PricewaterhouseCoopers

GE Burns  
Partner

Registered under the Accountants Registration Act 1996  
Port Moresby, 24 March 2016

### 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**

### Directors' declaration

Directors' declaration Bougainville Copper Limited  
In the directors' opinion:

- (a) the financial statements and notes set out on pages 16 to 30 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 31 December 2015 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: Peter R Taylor

Director: Adam J Burley

Director: Robert S Burns

Director: Carol A Kidu

Director: Rabbie L Namaliu

Signed on 18 March 2016.

## Corporate information

### Bougainville Copper Limited

(Incorporated in Papua New Guinea)

#### Registered office:

5th Floor, BSP Haus,  
Harbour City,  
Port Moresby, Papua New Guinea  
Telephone: +(675) 3092800  
Facsimile: +(675) 3092898  
Website: [www.bcl.com.pg](http://www.bcl.com.pg)

#### Principal registered office in Australia:

Bougainville Copper Limited  
A.R.B.N. 007 497 869  
Level 33 120 Collins Street, Melbourne, VIC 3000  
Telephone: + (613) 92833333  
Facsimile: + (613) 92833707

#### Share registers:

c/o Kina Securities Limited  
2nd Floor, Deloitte Tower, Douglas Street  
Port Moresby  
Papua New Guinea  
Telephone: +(675) 308 7000  
Facsimile: +(675) 308 7001  
E-mail: [kina@kina.com.pg](mailto:kina@kina.com.pg)  
Postal address: P O Box 1141 Port Moresby,  
Papua New Guinea

c/o Computershare Registry Services Pty Ltd  
Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067 Australia.  
Telephone: 1300 805 0505 (in Australia)  
+(613) 9415 4000 (outside Australia)  
Facsimile: +(613) 9743 2500  
Postal Address: GPO Box 2975 EE  
Melbourne, VIC 3001  
E-mail: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
Website: [www.computershare.com](http://www.computershare.com)

#### Stock exchanges:

Listed with the Australian Securities Exchange Limited

#### Auditors:

PricewaterhouseCoopers  
PO Box 484  
Port Moresby, Papua New Guinea

#### Bankers:

Commonwealth Bank of Australia  
Bank South Pacific  
Australia & New Zealand Banking Group (PNG)  
Limited

#### Solicitors:

Allens Linklaters  
Gadens  
Donaldson Whiting & Grindal

## Corporate information - continued

### Twenty largest shareholders

The twenty largest shareholders as at 18 March 2016 and the number of shares held by each were:

	<b>Name and Registered Address</b>	<b>Shares</b>	<b>% of issued shares</b>
1	Rio Tinto Limited Melbourne VIC	215,920,089	53.83
2	The Independent State of Papua New Guinea	76,430,809	19.06
3	JP Morgan Nominees Australia Limited Melbourne VIC	57,917,192	14.44
4	National Nominees Limited Melbourne VIC	7,373,220	1.84
5	Citicorp Nominees Pty Limited Melbourne VIC	5,736,399	1.43
6	HSBC Custody Nominees (Australia) Limited Sydney NSW	3,015,496	0.75
7	Klaus Kuettner Germany	1,151,799	0.29
8	Pershing Australia Nominees Pty Limited Sydney NSW	1,068,000	0.27
9	Jabinderjit Singh Kuala Lumpur	900,000	0.22
10	Franisrose Pty Limited Shell Cove NSW	600,000	0.15
11	Everest Astrology Pty Limited Hunbrook NSW	566,668	0.14
12	Anlyn's Investments Pty Limited Bulli NSW	566,666	0.14
13	BNP Paribas Pty Limited Royal Exchange NSW	555,373	0.14
14	ABN Ambro Clearing Sydney Nominees Pty Limited Sydney NSW	543,557	0.14
15	The Noble Hope for Construction Pty Limited Condell Park NSW	450,000	0.11
16	Garry Raymond Churchill Clifton Beach QLD	448,000	0.11
17	Belmark Pty Limited Glenside SA	400,000	0.10
18	Deep Valley Pty Limited Stamford QLD	380,336	0.09
19	Richard Sallie Nedlands WA	375,581	0.09
20	Anthony Patrick Cahill Ascot Vale VIC	370,000	0.09
		<b>374,769,185</b>	<b>94.43</b>

## Corporate information - continued

### Distribution of shares

As at 18 March 2016: The issued shares of the company were 401,062,500 fully paid shares, each carrying one voting right. The number of shareholders was 15,108.

The distribution of holdings of the issued shares was

	Number	%
1 - 1,000 shares	12,691	84.00
1,001 - 5,000 shares	1,641	10.86
5,001 - 10,000 shares	367	2.43
10,001 - shares and over	409	2.71
<b>Total shareholders</b>	<b>15,108</b>	<b>100.00</b>

There were 13,728 holdings of shares (90.87 per cent) which do not form a marketable parcel.

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

The substantial shareholders were:

Rio Tinto Limited, its wholly owned subsidiary Rio Tinto Base Metals Pty Limited and RTZ Limited 215 920 089 shares (53.83 per cent); Rio Tinto plc has an interest in the same shares through its wholly-owned subsidiaries' (Tinto Holdings Australia Pty Limited, Melbourne, Vic., Rio Tinto Australian Holdings Limited, Rio Tinto Pacific Holdings Limited and Rio Tinto International Holdings Limited, all of London, UK) interests in Rio Tinto Limited and Rio Tinto Base Metals Pty Limited; The Independent State of Papua New Guinea 76 430 809 shares (19.06 per cent).

### 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

<i>Bougainville Copper Limited at 31 December 2015</i>	<b>2015</b>	K million 1972-2014
<b>PNG Government</b>		
Corporate income tax *	<b>27.0</b>	514.2
Additional profits tax *	-	72.6
Group tax (PAYE)	-	122.2
Customs duty	-	104.1
Miscellaneous	<b>4.4</b>	10.1
Dividends *	-	167.4
Dividend WHT *	-	97.6
	<b>31.4</b>	1,088.2
<b>North Solomons Provincial Government</b>		
Royalties (95% to NSPG)	-	61.4
Non Renewable Resources Fund	-	1.8
Other taxes	-	12.0
	-	75.2
<b>Landowners</b>		
Royalties (5% to Landowners)	-	3.2
Compensation	-	35.0
	-	38.2
<b>Non-Government Shareholders</b>		
Dividends net of Dividend WHT *	-	582.1
<b>Employees</b>		
Wages (less PAYE)	-	575.6
Total	-	2,359.3

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.

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## Statistical summary

FINANCIAL	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Earnings (K million)</b>																			
Operating and other expenses****	4.8	4.9	9.4	6.2	8.2	12.1	16.7	9.0	8.3	7.9	7.4	16.1	11.7	13.0	19.6	18.3	12.4	6.1	10.7
Depreciation*****	11.3	180.6	3.1	11.4	10.5	8.9	8.0	9.2	4.9	4.4	5.0	4.7	4.1	4.6	3.8	4.8	5.2	4.8	5.0
Earnings/(loss) before taxation and exchange gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)	(6.5)	(175.7)	6.3	(5.2)	(2.3)	3.2	5.8	(0.2)	3.4	3.5	2.4	11.4	7.6	8.4	15.8	13.5	7.2	1.4	5.7
Earnings/(loss) before taxation	0.0	0.5	(0.2)	(1.4)	(0.4)	2.9	(4.6)	0.2	0.2	(0.4)	3.1	0.3	-	-	0.4	0.5	-	-	6.6
Income tax	(6.5)	(175.7)	6.8	(5.4)	(3.7)	2.8	8.7	(4.8)	3.6	3.7	2.0	14.5	7.9	8.4	15.8	13.9	7.7	1.4	5.7
Additional profits tax	31.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net earnings/(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	(37.9)	(175.7)	6.8	(5.4)	(3.7)	2.8	8.7	(4.8)	3.6	3.7	2.0	14.5	7.9	8.4	15.8	13.9	7.7	1.4	5.7
Earnings/(losses) retained	-	-	-	-	-	-	-	-	-	-	-	8.0	-	-	-	-	-	-	-
	(37.9)	(175.7)	6.8	(5.4)	(3.7)	2.8	8.7	(4.8)	3.6	3.7	2.0	14.5	(0.1)	8.4	15.8	13.9	7.7	1.4	5.7
<b>Balance Sheet (K million)</b>																			
Property, plant and equipment	-	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	198.6	200.1	200.6	200.7
Investments and loans	108.9	102.0	105.4	99.9	90.2	28.8	145.7	98.8	204.7	176.6	128.2	121.2	18.9	3.1	-	-	-	-	-
Current and other non-current assets	29.5	75.3	87.4	74.5	79.0	74.7	58.1	31.1	36.1	38.7	31.7	31.4	119.4	135.4	131.0	114.4	100.7	87.7	85.4
Total assets	138.4	177.3	390.7	372.3	367.1	401.4	401.7	327.8	438.7	413.2	357.8	350.5	336.2	336.4	328.9	312.3	299.3	287.8	286.0
Shareholders' funds	115.3	151.4	361.8	334.7	322.5	364.7	365.5	293.3	404.0	378.2	323.3	316.1	301.6	301.8	293.3	277.5	263.6	255.9	254.5
Exchange fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non current liabilities	21.5	21.3	25.2	33.4	33.4	33.4	33.4	33.4	33.6	33.7	33.4	33.4	33.4	33.4	33.4	33.5	35.3	6.8	6.8
Current liabilities	1.6	4.6	3.7	4.2	11.2	3.3	2.8	1.1	1.1	1.3	1.1	1.0	1.2	1.2	2.2	1.3	0.4	25.1	24.7
Funds employed	138.4	177.3	390.7	372.3	367.1	401.4	401.7	327.8	438.7	413.2	357.8	350.5	336.2	336.4	328.9	312.3	299.3	287.8	286.0
<b>PRODUCTION / SALES</b>																			
<b>Mined</b>																			
Ore and waste removed (millions of tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ore milled (millions of tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ore grade																			
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Produced</b>																			
Concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contained copper (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Concentrate grade																			
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Silver (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Shipped</b>																			
Total concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Destination:																			
Japan (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asian (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Values</b>																			
Gross concentrate sales value (before treatment and refining charges, freight, etc.) (K million)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution by:																			
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>OTHER</b>																			
US\$/Kina exchange rate	.3619	.3890	.4429	.4906	.4309	.3881	.3821	.3747	0.3636	0.3344	0.33	0.30	0.25	0.26	0.36	0.39	0.48	0.69	0.76
Average metal prices																			
LME copper (US\$/lb)	247.1	311.6	332.2	360.7	342.6	339.7	231.9	319.5	323.66	305.50	130.01	79.95	70.65	66.2	82.1	71.4	75.2	105.6	104.0
London gold market (US\$/oz)	1,145	1,266	1,411	1,667	1,575	1,222	970	872	691.00	602.00	409.55	363.89	310.14	276.5	280.0	280.0	294.0	335.3	387.0
Return on shareholders' funds (per cent)	(32.828)	(116.074)	1.873	(1.621)	(1.139)	0.772	2.380	(1.632)	0.888	0.967	0.60	4.6	2.6	2.8	5.4	5.0	2.9	0.5	2.2
Earnings per share*** (toea)	(9.441)	(43.818)	1.690	(1.352)	(0.916)	0.702	2.169	(1.19)	0.895	0.912	0.50	3.61	1.96	2.10	3.93	3.5	1.9	0.3	1.4
Dividends per fully paid share*** (par value K1) (toea)	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-
Number of shares issued at end of year (millions)	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401
Number of shareholders at end of year	15,108	15,212	15,346	15,394	15,463	15,534	15,468	15,495	15,504	15,698	16,072	16,374	16,519	16,812	17,021	17,260	18,183	18,182	18,041
Debt/equity ratio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workforce at end of year																			
Overseas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
National	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes: Bonus dividends of 4.0 and 6.7 toea per fully paid share were made in 1979 and 1980 respectively and have been included in dividend figures for those years.

\*Full year figures; but commercial production commenced 1 April, 1972

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972*	
5.5	2.2	1.7	2.2	3.3	80.2	231.6	493.4	415.4	342.7	317.6	310.9	392.9	283.2	296.4	338.7	343.1	225.1	205.3	208.9	193.1	292.6	252.4	95.9	
4.9	3.6	4.1	5.1	316.6	36.8	181.7	244.8	227.5	223.7	221.5	234.8	228.1	207.2	210.8	174.8	144.1	125.0	126.8	117.5	107.2	92.5	81.8	53.3	
-	-	-	-	-	51.5	47.3	43.9	49.4	47.3	47.6	46.5	47.0	44.2	43.3	43.8	40.7	40.4	36.2	31.1	29.6	28.5	24.8	14.5	
0.6	(1.4)	(2.4)	(2.9)	(313.3)	(8.1)	2.6	204.7	138.5	71.7	48.5	29.6	117.8	31.8	42.3	120.1	158.3	59.7	42.3	60.3	56.3	171.6	145.8	28.1	
9.2	(0.3)	1.5	0.1	(0.4)	(0.5)	2.5	(2.9)	2.6	2.3	(1.4)	(2.8)	(16.3)	(3.3)	1.1	2.6	3.5	10.3	(0.1)	1.3	2.3	9.5	12.9	(0.4)	
7.2	7.8	(2.7)	(1.4)	(313.2)	(8.6)	5.1	201.8	141.1	74.0	47.1	26.8	101.5	28.5	43.4	122.7	161.8	70.0	42.2	61.6	58.6	181.1	158.7	27.7	
-	-	-	-	-	6.0	25.7	70.0	50.6	28.7	19.0	15.2	46.9	17.3	20.6	39.6	57.5	22.0	13.7	20.3	12.4	49.1	0.3	-	
-	-	-	-	-	-	-	23.2	-	-	-	-	-	-	-	11.6	20.4	-	-	-	-	17.4	-	-	
7.2	7.8	(2.7)	(1.4)	(313.2)	(14.6)	(20.6)	108.6	90.5	45.3	28.1	11.6	54.6	11.2	22.8	71.5	83.9	48.0	28.5	41.3	46.2	114.6	158.4	27.7	
-	-	-	-	-	-	-	108.3	92.2	44.1	28.1	16.0	52.1	10.0	20.1	80.2	106.9	40.1	21.4	26.7	26.7	73.5	81.4	11.0	
7.2	7.8	(2.7)	(1.4)	(313.2)	(14.6)	(20.6)	0.3	(1.7)	1.2	-	(4.4)	2.5	1.2	2.7	(8.7)	(23.0)	7.9	7.1	14.6	19.5	41.1	77.0	16.7	
200.7	200.8	201.4	201.5	545.9	545.9	595.8	570.0	527.8	550.1	558.5	576.2	594.9	622.8	611.2	610.8	325.4	340.1	352.2	350.4	346.0	352.2	371.7	378.7	
-	-	-	-	-	-	-	2.2	0.7	0.7	0.2	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	
76.0	65.6	56.2	56.8	56.5	64.7	59.5	250.1	260.3	190.1	160.4	152.9	185.3	155.9	148.7	148.4	201.0	125.8	137.1	136.0	129.5	205.6	130.4	73.9	
276.7	266.3	257.0	258.2	258.0	610.6	655.3	822.3	788.8	740.9	719.1	729.3	780.5	778.8	760.0	759.3	526.5	466.0	489.4	486.5	475.6	557.9	502.2	452.6	
248.8	241.6	233.8	236.4	237.9	551.1	565.6	586.2	586.0	587.7	586.5	586.5	590.9	588.4	587.2	584.5	294.5	317.5	309.7	302.5	287.9	268.4	227.4	146.7	
-	-	-	-	-	-	-	0.2	0.3	(3.2)	(5.9)	(5.3)	(4.7)	(5.4)	1.5	5.1	5.4	9.0	14.6	9.0	11.5	19.1	39.5	24.2	
6.8	6.8	6.8	6.8	6.8	47.7	46.9	23.7	24.8	48.1	52.4	52.5	51.6	125.6	80.1	25.7	36.2	42.1	53.3	101.7	106.8	121.1	127.5	204.0	
21.1	17.9	16.4	15.0	13.3	11.8	42.8	212.2	177.7	108.3	86.1	95.6	142.7	70.2	91.2	144.0	190.4	97.4	111.8	73.3	69.4	149.3	107.8	77.7	
276.7	266.3	257.0	258.2	258.0	610.6	655.3	822.3	788.8	740.9	719.1	729.3	780.5	778.8	760.0	759.3	526.5	466.0	489.4	486.5	475.6	557.9	502.2	452.6	
-	-	-	-	-	-	33.27	89.78	83.53	79.16	73.62	74.40	81.00	76.22	77.56	79.76	75.97	79.05	70.79	58.54	56.40	56.00	56.65	46.75	
-	-	-	-	-	-	18.52	47.69	48.20	47.89	50.07	46.52	47.73	41.74	37.53	37.62	36.17	38.12	34.11	31.21	31.08	30.14	29.14	21.89	
-	-	-	-	-	-	0.44	0.41	0.41	0.42	0.42	0.42	0.46	0.47	0.51	0.46	0.55	0.60	0.61	0.64	0.64	0.70	0.73	0.76	
-	-	-	-	-	-	0.50	0.41	0.43	0.48	0.42	0.48	0.55	0.60	0.59	0.50	0.75	0.82	0.90	0.87	0.80	1.02	1.03	0.77	
-	-	-	-	-	-	224.6	552.0	585.5	586.6	581.8	542.3	636.9	598.6	576.4	510.4	584.7	658.6	615.6	596.8	596.0	640.8	650.2	438.1	
-	-	-	-	-	-	68.7	166.0	178.2	178.6	175.0	164.4	183.2	170.0	165.4	146.8	170.8	198.6	182.3	176.5	172.5	184.1	182.9	124.0	
-	-	-	-	-	-	30.1	30.1	30.4	30.5	30.1	30.3	28.8	28.4	28.7	28.8	29.2	30.2	29.6	29.6	28.9	28.7	28.1	28.3	
-	-	-	-	-	-	31.0	25.1	25.8	27.9	24.7	28.9	28.3	29.3	29.2	27.5	33.7	35.5	36.3	33.9	30.5	32.0	31.6	27.3	
-	-	-	-	-	-	91.2	87.7	86.4	85.9	79.3	81.9	74.4	72.1	73.5	72.2	76.3	79.8	77.0	76.1	71.0	72.3	69.0	69.3	
-	-	-	-	-	-	250.8	570.8	567.6	589.4	560.0	550.8	636.1	599.6	596.2	494.4	586.5	640.9	614.8	605.8	587.0	665.8	625.2	434.4	
-	-	-	-	-	-	40.2	45.4	32.6	43.2	44.1	51.9	47.0	46.6	49.8	54.5	56.0	51.0	54.8	42.3	42.7	51.5	54.8	48.1	
-	-	-	-	-	-	34.3	23.4	33.5	15.4	15.7	12.3	11.0	6.6	3.3	4.1	3.7	3.2	1.6	1.7	1.7	0.0	0.0	0.0	
-	-	-	-	-	-	25.5	27.7	33.9	41.4	40.2	35.8	42.0	45.1	45.4	41.4	40.3	42.0	39.9	46.5	53.8	41.9	37.8	49.4	
-	-	-	-	-	-	0.0	3.5	0.0	0.0	0.0	0.0	0.0	1.7	1.5	0.0	0.0	3.8	3.7	9.5	1.8	6.6	7.4	2.5	
-	-	-	-	-	0.3	260.0	561.0	489.4	417.9	381.3	373.4	454.6	343.6	355.2	386.3	407.0	294.5	266.3	260.3	219.4	307.4	270.8	118.8	
-	-	-	-	-	61	68	68	60	54	61	53	52	51	54	51	60	64	66	74	69	74	83	83	
-	-	-	-	-	38	31	30	38	44	37	45	46	47	44	46	37	34	32	24	29	25	16	16	
0.79	1.01	1.02	1.04	1.05	1.05	1.17	1.16	1.10	1.03	1.00	1.11	1.19	1.35	1.48	1.50	1.41	1.42	1.27	1.26	1.31	1.43	1.42	1.19	
133.1	105.0	87.0	103.0	106.0	119.8	129.0	117.9	81.0	62.3	64.3	62.4	71.9	67.1	79.0	99.2	89.8	61.9	59.3	63.6	55.9	93.3	80.9	48.6	
384.5	384.0	360.0	344.0	362.2	382.8	381.0	436.8	446.7	367.9	317.3	360.8	423.5	375.6	459.9	614.7	304.7	193.5	147.8	124.8	160.9	158.7	97.3	58.2	
2.9	3.2	-	-	-	-	-	18.5	15.4	7.7	4.8	2.0	9.3	1.9	3.9	12.2	28.5	15.1	9.2	13.7	16.0	42.7	69.7	18.9	
1.8	1.9	-	-	-	-	-	27.1	22.6	11.3	7.0	2.9	13.6	2.8	5.7	17.8	20.9	12.0	7.1	10.3	11.5	28.6	39.5	6.9	
401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	267	267	267	267	267	267	267	260**
18,452	18,765	19,189	19,851	19,982	20,532	21,287	21,966	22,650	24,680	27,117	30,435	32,834	36,486	38,027	38,326	38,750	40,935	43,820	50,082	54,129	55,558	45,353	46,726	
-	-	-	-	-	-	-	.002/1	.004/1	0.05/1	0.06/1	0.09/1	0.10/1	0.20/1	0.17/1	0.05/1	0.15/1	0.19/1	0.37/1	0.40/1	0.44/1	0.52/1	0.72/1	0.62/1	
-	-	-	1	6	13	330	610	699	706	704	749	751	756	801	877	851	855	853	858	942	980	929	971	
-	-	-	1	6	10	1,987	2,950	3,025	2,993	2,948	2,987	3,058	3,174	3,377	3,416	3,314	3,243	3,063	2,989	3,094	3,242	2,915	2,594	

\*\* 1972 figure is for Bougainville Mining Limited

\*\*\* 1972 to 1979 figures are after adjustment for the 1980 capital reconstruction

\*\*\*\* 1989, 1990 and 1991 include extraordinary items of K26.1 million, K28.7 million and K309.2 million respectively

\*\*\*\*\* 1990 includes extraordinary items of K76.3 million for insurance litigation settlement and K51.5 million for depreciatio

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