



BOUGAINVILLE
COPPER LIMITED

A tropical landscape with a large palm tree in the foreground, rolling green hills in the middle ground, and a bright blue sky with scattered white clouds. The scene is lush and vibrant.

**Bougainville Copper Limited
Presentation to Shareholders
Development of a New Panguna Project
February 2017**

- The material in this presentation has been prepared by Bougainville Copper Limited ARBN 007 497 869 (**BCL**) and is general background information about BCL activities current as at 22 February 2017 and has been prepared without taking account of any particular reader's financial situation, objectives or needs. This information is given in summary form and does not purport to be complete and should be read in conjunction with BCL's other periodic and continuous disclosure announcements lodged with ASX. Information in this presentation, including forecast financial information, is not and should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities in BCL. Before acting on any information contained in this presentation, readers should consider the appropriateness of the information having regard to their particular financial situation, objectives and needs, any relevant offer document and, in particular, readers should seek independent financial, legal, taxation or other advice before making any investment decision. Buying and selling securities and project development involves risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.
- This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to BCL's businesses and operations current and proposed, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Except as required by law or regulation, BCL does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information contained in this presentation, actual future events and results may vary in a materially positive or negative manner from the forward looking statements and the assumptions on which those statements are based. Forecasts and hypothetical examples included in this presentation involve subjective judgement and analysis and are subject to significant uncertainty and contingencies, many of which may be outside BCL's control, or may be unknown to BCL. Given these uncertainties and contingencies, readers are cautioned not to place undue reliance on these forward looking statements. Past performance is not a reliable indication of future performance.
- Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this presentation. By reading this presentation, to the extent permitted by law, the reader releases BCL and its affiliates, and any of their respective directors, officers, employees, representatives, agents or advisers from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising in relation to any reader relying on anything contained in or omitted from this presentation



BCL is an independently managed PNG company, listed in Australia.

BCL Board

Rob Burns (Chairman)

Sir Rabbie Namaliu (Independent Director)

Dame Carol Kidu (Independent Director)

Sir Moi Avei (Independent Director)

Peter Taylor - Advisor to the Board

BCL Management

Brad Stone (Executive General Manager)

Mark Hitchcock (CFO and Company Secretary)

Justin (Ted) Rogers (Bougainville Manager)



- Purpose
- Current situation
- What will be different this time
- BCL developer of choice
- Our values and development principles
- The funding challenge
- Staged development
- Why is the BCL Proposal of Value to Bougainville
- Key tasks
- Summary
- What's next

Purpose

1. To present a proposal for development of a new Panguna
2. To obtain commitment and support for BCL's vision

Return to active exploration and profitable, sustainable mining. The new Panguna will be for the benefit of the stakeholders



- ABG is a major shareholder
- ABG is the regulator
- Uncertainty is and has been the barrier to development:
 - Ownership
 - Tenure
 - Safe and secure access
 - Project development support
 - Regulatory and tax regime
 - Funding
 - Project viability
- BCL is best placed to undertake project development

What is different about the new Panguna – we have all learned from the past

- Bougainville and BCL inclusive project
- Landowner and community involvement in development decisions
- Development is on Bougainville terms with ABG as regulator
- Operating in a new era of environmental and social responsibility
- Majority owned by Bougainville shareholders
- Respected Board of directors with strong understanding of Bougainville
- Experienced management team with well established Bougainville relationships
- Bougainville based benefits

And what is not different is BCL's commitment to:

- Employment and training
- Local business development
- Community infrastructure

- Project knowledge and intellectual property
- Tenure in place
- Bougainvillean families remember the contribution that BCL made
- Positive relations with Bougainvillean stakeholders
- Acted respectfully and contributed to Bougainville since mine closure
- Credible and respected organisation with strong values:
 - Respected board of PNG directors
 - High quality, experienced management team
 - Professional and realistic approach
 - High standard of corporate governance
 - Full suite of policies that we live by
 - Comprehensive network to draw on: International, PNG, Bougainville

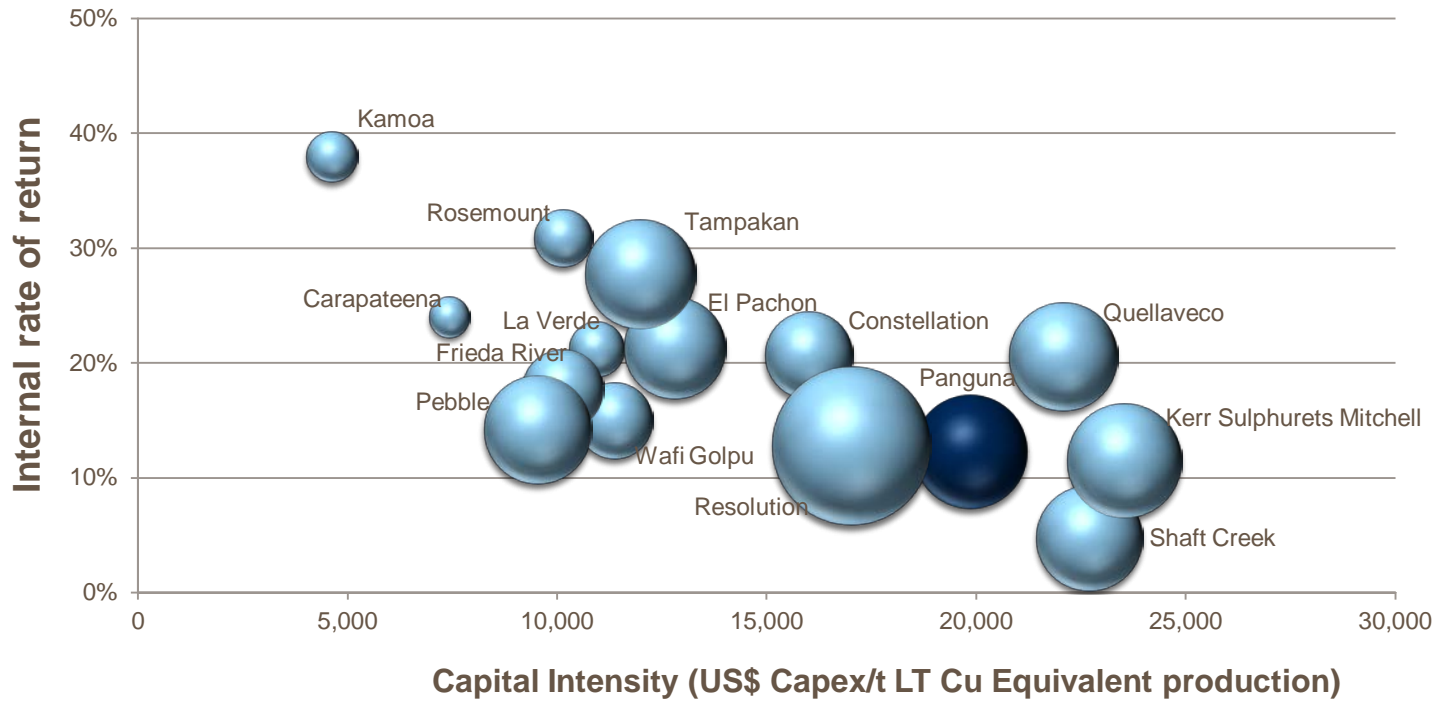


- The development of the new Panguna will be for the benefit of Bougainville and all shareholders
- Full involvement of landowners and community is essential
- Major shareholder support is essential
- The agreed way forward must be honoured
- Project will need to proceed in a staged manner
- Commitment to industry leading-practice



- Need to raise significant funds at two different stages of the project:
 - Feasibility studies >\$100 million
 - Construction – multi billions (?)
- Feasibility Funding (high risk stage):
 - Equity raising will be unlikely at current share price
 - May need to introduce a strategic partner
- Construction Funding:
 - Large projects have limited funding options, and must have:
 - High financial returns
 - Low sovereign risk, including social risk
 - Be internationally competitive

Copper Projects with Capital Spend >US\$1B



Bubble size denotes forecast capital expenditure

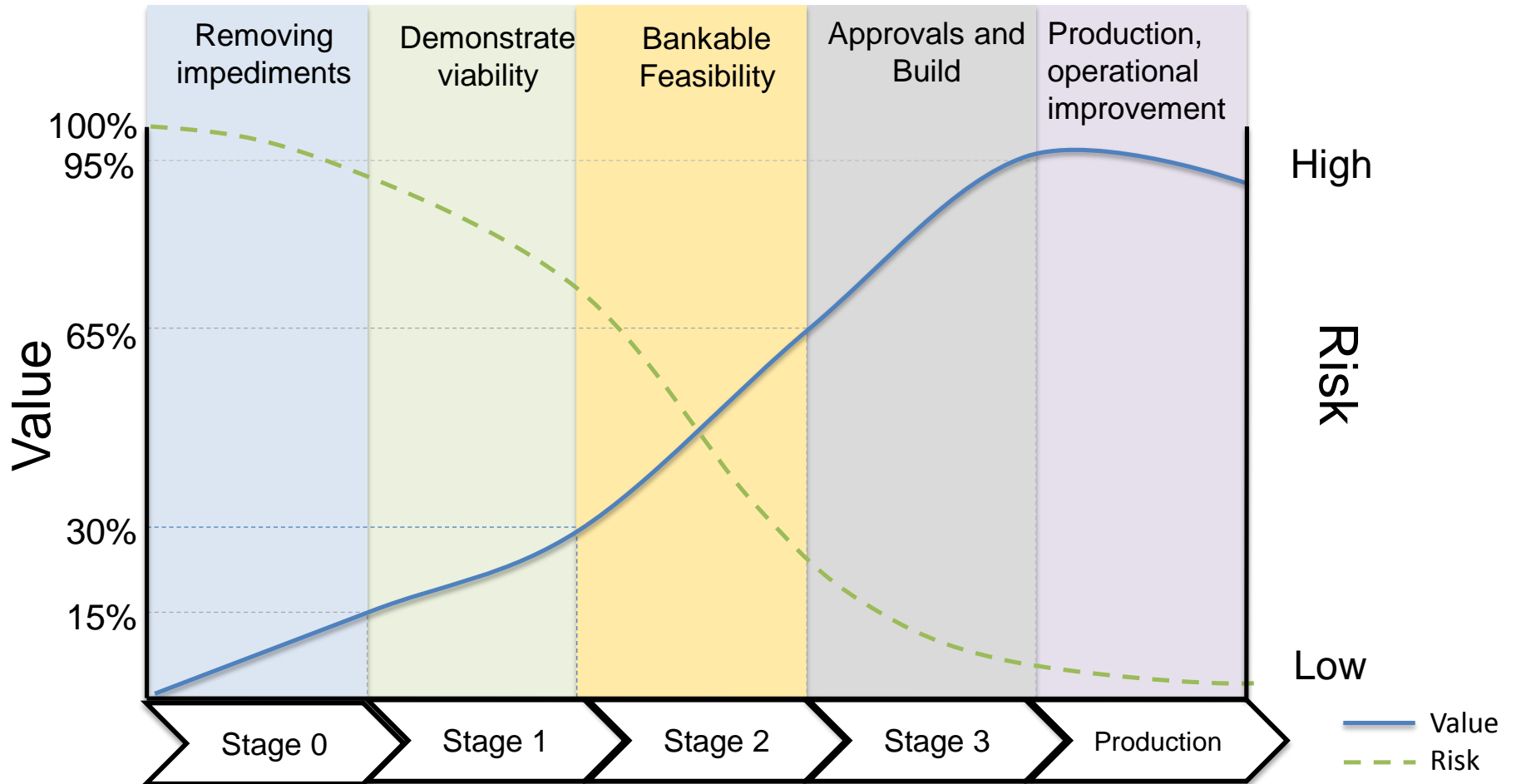


- Stage 0** Remove the impediments to development
- Stage 1** Demonstrate project viability to identify and secure funding for bankable feasibility study
- Stage 2** Undertake bankable feasibility study, obtain permits and approvals and secure funding
- Stage 3** Build the mine

- Why staged development – reduces risk and provides justification for funding and developer to invest
- Staged project development adds cumulative value by proving viability and reducing risk



Staged Development - Value versus Risk





Timeline: Target by December 2017 – Budget of K12.5 million

- Resolve the 17.4% shareholding Rio Tinto transferred to the PNG government
- ABG to formalise and announce support for BCL as developer
- Reserve land needed for project
- Unimpeded safe and secure access to project area
- Agreement between both Governments:
 - To work together to develop Panguna mine:
 - As shareholders
 - As regulators
 - To work together with BCL on mine development
- Immediately open an office in Buka
- Scope Stage 1 activities



Timeline: Target by mid 2019 – Budget K25 million

- Undertake scoping study to demonstrate technical, social and financial viability
- Expand resource tenure
- Consolidate community support for project development
- Initiate the detail of a project agreement
- Funding options:
 - Introduce strategic investor
 - Equity raising
- Establish a safe local presence – Arawa office
- Initiate environmental and social baseline studies

Timeline: Target end 2020, Feasibility studies could require up to 18 months – Budget >K250 million

- Monitor referendum outcome
- Complete bankable feasibility study
- Undertake ESIA and EIS
- Landowner MOA
- Finalise “project agreement”
- Permitting
- Prepare for Stage 3
 - Funding
 - Decision to mine

- Obtain shareholder agreement and alignment
- Undertake Stage 0 remove project impediments using internal resources
- Seek approval to proceed to Stage 1 (demonstrated viability) with agreed scope
- Obtain equity funding or developer funding to finance Stage 2 (Bankable feasibility study)
- Seek approval to proceed to Stage 2 with agreed scope
- Obtain project approvals, permits and project funding and proceed to Stage 3 (Project build)



- Substantial existing Bougainville shareholding
- Contributes fiscal independence
- BCL understands the realities and challenges:
 - BCL has always been in country
 - BCL is committed in the long term to the people of Bougainville
- Value of existing data, knowledge and experience:
 - Reduces cost and timeline to development
 - BCL understands:
 - The knowhow of historical mine and processing operations
 - The real potential of the project economics
 - Leads to development of a higher value, sustainable project



- BCL is here and ready to go, and already delivering
- BCL is best positioned to succeed
- BCL is committed to Bougainville and we have demonstrated so
- We understand and respect the culture
- Progress requires ABG and landowner's unwavering support



- Thank you for your attention
- I invite your comments, suggestions and questions
- Summarise feedback