



BOUGAINVILLE
COPPER LIMITED

Press Release

27 April 2017

Company Announcements Office
Australian Stock Exchange

Dear Sir/Madam,

Annual General Meeting – 27 April 2017
Bougainville Copper Limited

The attached material was presented at the Annual General meeting in Port Moresby, Papua New Guinea today.

This presentation will in due course be posted on the Bougainville Copper website www.bcl.com.pg/

Yours faithfully

Mark Hitchcock
Company Secretary

Chairman's Address to the Annual General Meeting of Bougainville Copper Limited

27 April 2017

The Annual General Meeting is an opportunity for me as chairman to make a statement concerning the up to date affairs of the company. Copies of this statement are available here today and will be posted on our website.

Financial Results

The results for the year ended December 31, 2016 as reported in the Annual Report, recorded a loss after tax of K5.231 million for the parent company (2015 K37.863 million). The financial statements include a consolidated result after including the Bougainville Copper Foundation now a subsidiary of Bougainville Copper.

Revenue from interest and dividends for 2016 was K6.3 million (2015 K4.8 million) which included a K1.3 million gain arising on fair value of plant and equipment acquired.

Operating expenses for the year were K11.5 million compared with K11.3 million in 2015.

The company will not pay a dividend.

The company has sufficient funds to cover its recurrent expenditure under the current three year plan and is debt free.

Liquid Assets

At the end of 2016 the company's liquid assets were K18.9 million in cash (2015 K29 million) and K113.3 million (2015 K109 million) in Australian listed equities. The company's investments are linked to the performance of the Australian equities market and the A\$: K exchange rate. The company sold shares worth K1 million and reinvested dividends of K3.2 million during the year.

Progress as independently managed PNG company

Since becoming independently managed it is most pleasing to report that Bougainville Copper is making meaningful progress in our vision '**to return to active exploration and profitable sustainable mining. The New Panguna will be for the benefit of the stakeholders.**'

Highlights include

- Compliant and efficient transition from Rio Tinto to independently managed PNG company
- Appointment of Sir Moi Avei as Director with the approval of ABG and the National Government
- Preparation of a staged re-development plan for a New Panguna
- Acceptance of the staged development plan by the ABG, Landowners and PNG Government
- Material progress with respect to Stage zero of the re-development plan
- President Momis and Prime Minister O'Neill sponsored the formation of a Joint Steering Committee comprising representation from the ABG, Landowners, National Government and BCL to advance re-development.
- Historic compensation payments are well underway and planned to be completed by Q3 2017

Staged Redevelopment Plan - Stage zero remove impediments to development

Bougainville Copper's staged re-development plan is available on our website. In summary the plan comprises four stages

- Stage zero Removal of five impediments for development.
- Stage 1 Demonstrate project viability and sustained strong stakeholder support to secure bankable feasibility funding.
- Stage 2 Undertake bankable feasibility study, obtain permits and approvals and funding to build and operate
- Stage3 Build the mine

As mentioned material progress has already been achieved with respect to Stage zero. Two of the five development impediments have been resolved namely

- ABG and Landowner formal support and commitment and;
- Agreement between governments to work together.

The reservation of project land and resolution of the ultimate ownership of the 17.4% shareholding gifted to PNG government will need to be addressed by the Joint Steering Committee. Whilst the fifth impediment of safe and secure access is subject to a number of ongoing initiatives of the ABG, landowners and the community.

Joint Steering Committee

The ABG President John Momis and the PNG Prime Minister Peter O'Neill met recently and announced the plan to establish a Joint Steering Committee (JSC) to facilitate the staged development of a New Panguna mining project. The JSC is in the process of being formed and it will have joint representation from the ABG, National Government, Landowners and BCL, and it will be convened by an independent chairman. The formation of the JSC represents a major milestone in the development of a New Panguna mining project.

1990/91 Landowner Compensation

As noted in the annual report a comprehensive process has been adopted for the payment of agreed outstanding compensation for the period March 1990 to March 1991. The wide distribution involves 2123 individual payments. The community have validated payments. The ABG and BCL have jointly managed the process and delivered the payments.

The total payments of K14.5 million are 65% complete and due to be finalised by end Q3

Bougainville update

Bougainville Copper has increased engagement with Bougainville stakeholders and relationships continue to develop and strengthen. We are in the process of establishing an office in Buka. An office has been leased and the selection of the position of Manager Bougainville is being finalised.

We have enjoyed broad based community support as evidenced by BCL's presence in the Panguna communities for the first time since mine closure. There remain individual outspoken detractors of BCL. The most active detractors, in our view, have competing interests in our Panguna mineral rights, and are not representative. Predominantly it is these individuals who comment negatively on BCL in the broader media. Genuine community concerns and interests about the development are central to our engagement.

BCL is diligently protecting shareholders interests with respect to our mineral rights.

Governance

Following the transition from Rio Tinto management, Bougainville Copper as an independent company has developed its own set of company policies as outlined in the Annual Report. Bougainville Copper complies with these policies. Additionally Bougainville Copper has governance reporting obligations to the Australian Securities Exchange (ASX). A statement on the company's compliance with the ASX Corporate Governance Principles and Recommendations is contained within the annual report.

Safety and Risk Management

BCL believes that a safe and healthy workforce is essential to business success and sustainability and as such BCL is committed to achieving zero harm. BCL had zero reportable injuries in 2016.

Bougainville Copper places an uncompromising emphasis on hazard identification, risk assessment and risk management. The Board Audit and Risk committee reviews the quality of risk assessments and monitors the implementation of actions to mitigate risk.

Bougainville Copper Foundation

Bougainville Copper has continued to support the work of the Bougainville Copper Foundation (BCF). This is a "not for profit" fully owned subsidiary of Bougainville Copper. BCF has been funded and supported by Bougainville Copper since its inception.

In 2016, as in previous years, BCF funded more than 100 Bougainville students on tertiary scholarships at a cost of K1 million. Many students continue to be supported in 2017.

It is planned to undertake a review of the performance and activities of BCF in 2017.

Conclusion

I have outlined the significant progress, as an independently managed PNG company, has been achieved recently in the staged development of New Panguna.

The outlook is optimistic with the staged development having been embraced by Landowners, ABG and the National Government, and through the establishment of the JSC.

However I am conscious of the challenges ahead for Bougainville Copper. The staged development must be able to demonstrate an attractive, viable project that has strong sustained support in order to secure future project funding.

I acknowledge the strong contribution of the Board and Management.

Bougainville Copper will continue to actively engage with and be guided by the people of Bougainville. I am confident that working together we can develop the New Panguna mining project that will contribute to the Bougainville economy, provide income and services for the Bougainville community and support the wider PNG economy.

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.

Thank you for your attention.

There is a microphone available, and I would be pleased to answer any questions you may have.



BOUGAINVILLE
COPPER LIMITED



Bougainville Copper Limited
Welcome to the 2017 Annual General Meeting



BOUGAINVILLE
COPPER LIMITED



2017 AGM Presentation

27 April 2017



2016 Financial Results – parent company

- **Year ended December 31, 2016**
 - Loss after tax of K5.231 million (2015 K37.863 million)
 - Revenue from interest and dividends of K6.3 million (2015 K4.8 million)
 - Operating expense for the year was K11.5 million (2015 K11.3 million)

- **Liquid assets cash and Australian listed equities**
 - Cash K18.9 million (2015 K29.0 million)
 - Investments K113 million (2015 K109 million)



BOUGAINVILLE
COPPER LIMITED



Outstanding progress as independently managed PNG company

- Compliance and efficient transition to an independently managed PNG company
- Appointment of Sir Moi Avei as Director
- Preparation of proposal for staged development of New Panguna mining project
- Acceptance of the staged development plan by ABG , Landowners and National Government
- Material progress of Stage zero impediments to development
- President Momis and PM O'Neill agree to the establishment of a Joint Steering Committee to progress re-development
- Payment of outstanding historical compensation payments nearing successful completion



BOUGAINVILLE
COPPER LIMITED



Rio Tinto Divestment - a new era for BCL

- Changed shareholding
- Board changes
- Independent management
- Re affirmation of vision

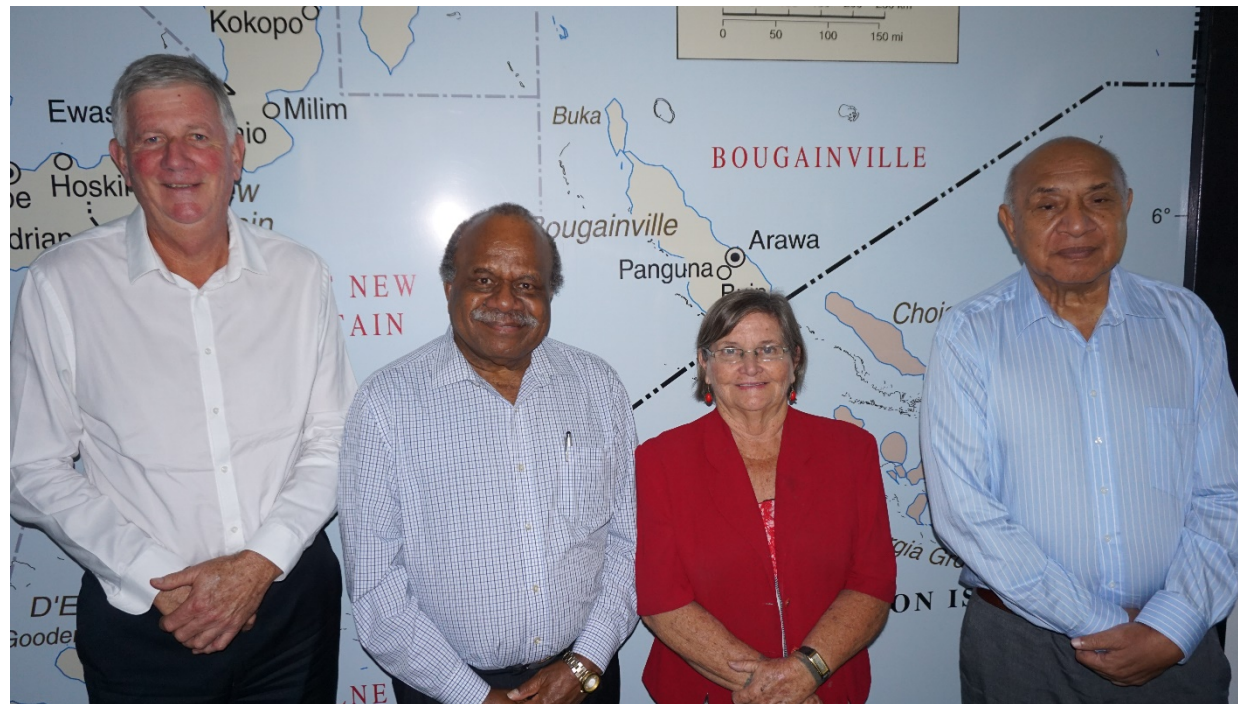
Return to active exploration and profitable sustainable mining. The New Panguna mining project will be for the benefit of the stakeholders.



BOUGAINVILLE
COPPER LIMITED



Bougainville Copper Board





BCL's Staged Development Plan – endorsed and underway

- Stage zero Remove impediments for development
- Stage 1 Demonstrate project viability and sustained strong support to secure funding for bankable feasibility study
- Stage 2 Undertake bankable feasibility study, obtain permits & approvals and secure funding
- Stage 3 Build the mine



BOUGAINVILLE
COPPER LIMITED



BCL Chairman Presentation to ABG in Buka – 22nd February





BOUGAINVILLE
COPPER LIMITED



Stage zero – Material progress being achieved

- ABG and Landowner formal support and commitment - *President Momis” The ABG and the landowners have committed to addressing the immediate challenges to progressing the Panguna project and look forward to working in partnership with BCL”*
- Agreement between both Govts to work together to develop the New Panguna – *Formation of JSC*
- Unimpeded safe and secure access – *Community forums have been held in Landowner communities and ABG progressing a number of initiatives to improve safe access*
- Reserve Land for project – *to be addressed through JSC*
- Resolve 17.4% shareholding Rio Tinto gifted to PNG Government – *to be addressed through JSC*
- Open BCL Buka Office – *office leased, selection of resident Manager Bougainville well advanced*
- Review organisational capability and Board composition – *planned for Q2 2017*



BOUGAINVILLE
COPPER LIMITED



Joint Steering Committee (JSC) – a major milestone

- In April President Momis and Prime Minister O'Neill agreed to the establishment of the JSC – *'to manage sovereign risk and take meaningful steps to start feasibility work'*
- JSC will have joint representation from the Landowners, ABG and National Government and BCL
- Convened by an independent chairman





1990/91 Landowner Compensation – successful

- Comprehensive and rigorous process jointly managed by ABG and BCL
- Wide distribution involving 2123 payments
- Community have validated payments before release
- Total payments of K14.5 million, 65% complete and due to be finalised by Q3 2017
- ABG and BCL have jointly managed the process and delivered the payments



BOUGAINVILLE
COPPER LIMITED



Compensation Community forum photos





BOUGAINVILLE
COPPER LIMITED



Bougainville Update

- BCL continues to develop and strengthen relationships with frequent engagements
- Establishing a Buka office and recruiting Manager Bougainville
- Broad community support evidenced
- Outspoken BCL detractors the most vocal have competing interest in our Panguna mineral rights
- Genuine community concerns and interests are central to our engagement
- Pursuing protection of BCL's mineral rights from competitor action



BOUGAINVILLE
COPPER LIMITED



Bougainville Copper Foundation

- BCF is a not for profit subsidiary of BCL
- In 2016 funded over 100 tertiary scholarships for Bougainville students
- Budget for 2017 is K860,000 for 96 scholarships
- Review of BCF activities planned for 2017



BOUGAINVILLE
COPPER LIMITED



Governance

- Developed a set of new company policies as an independently managed company
- BCL complies with these policies
- Company's compliance with ASX Corporate Governance Principles and Recommendations is contained in the annual report



BOUGAINVILLE
COPPER LIMITED



Safety and Risk Management

- BCL believes that a safe and healthy workforce is essential to business success and sustainability
- BCL is committed to achieving zero harm
- No reportable injuries in 2016

- BCL undertakes regular risk assessments to identify and manage risks and opportunities facing the company
- The Audit and Risk Committee reviews risk assessments and monitors implementation



Conclusion

- Significant progress in the staged development of the New Panguna mining project
- Optimistic outlook – staged development has been embraced by Landowners, ABG and the PNG government. Formation of the JSC a major mile stone
- Conscious of the challenges ahead in demonstrating an attractive, viable project that has strong and sustained support
- Acknowledge the outstanding contribution of the Board and Management
- Ongoing active engagement will be a key component of the development of the New Panguna mining project for the benefit of Bougainville and PNG
- Shareholder updates will be posted on our website and ASX