



BOUGAINVILLE
COPPER LIMITED

Notice to ASX

27 February 2017

Development Plan for a New Panguna Project

Bougainville Copper Limited made a presentation to the two major shareholders late last week outlining the company's plan to develop the Panguna mine. A copy of the presentation is attached and may be viewed on the Company's website at the following link:

<http://www.bcl.com.pg/investors-2/charters-important-documents/>

By Order of the Board

Mark Hitchcock
Company Secretary



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The background of the slide is a scenic photograph of a tropical landscape. It features a tall palm tree in the foreground on the right, with its fronds reaching towards a bright blue sky filled with white, fluffy clouds. In the background, there are rolling green hills covered in dense vegetation. The overall scene is bright and sunny.

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

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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

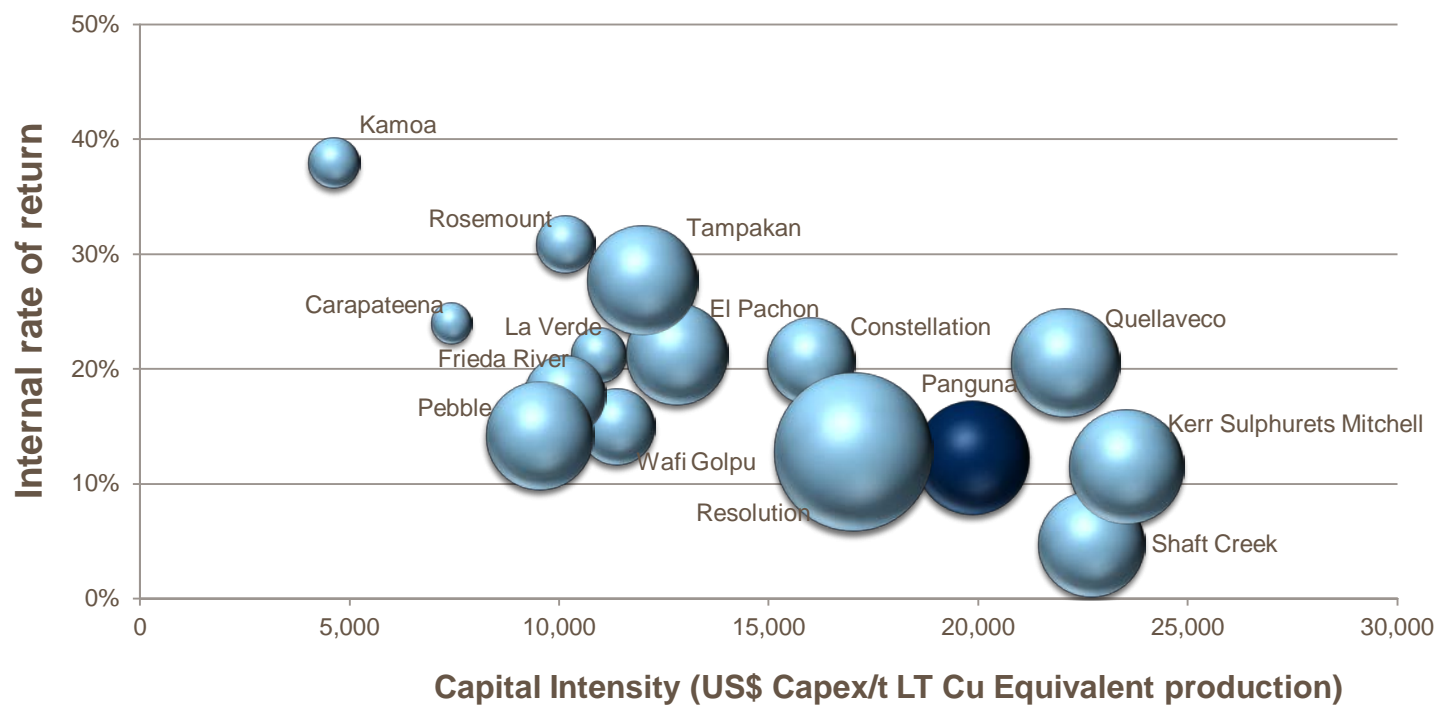


- The development of the new Panguna will be for the benefit of Bougainville and all shareholders
- Full involvement of landowners and community is essential
- Major shareholder support is essential
- The agreed way forward must be honoured
- Project will need to proceed in a staged manner
- Commitment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

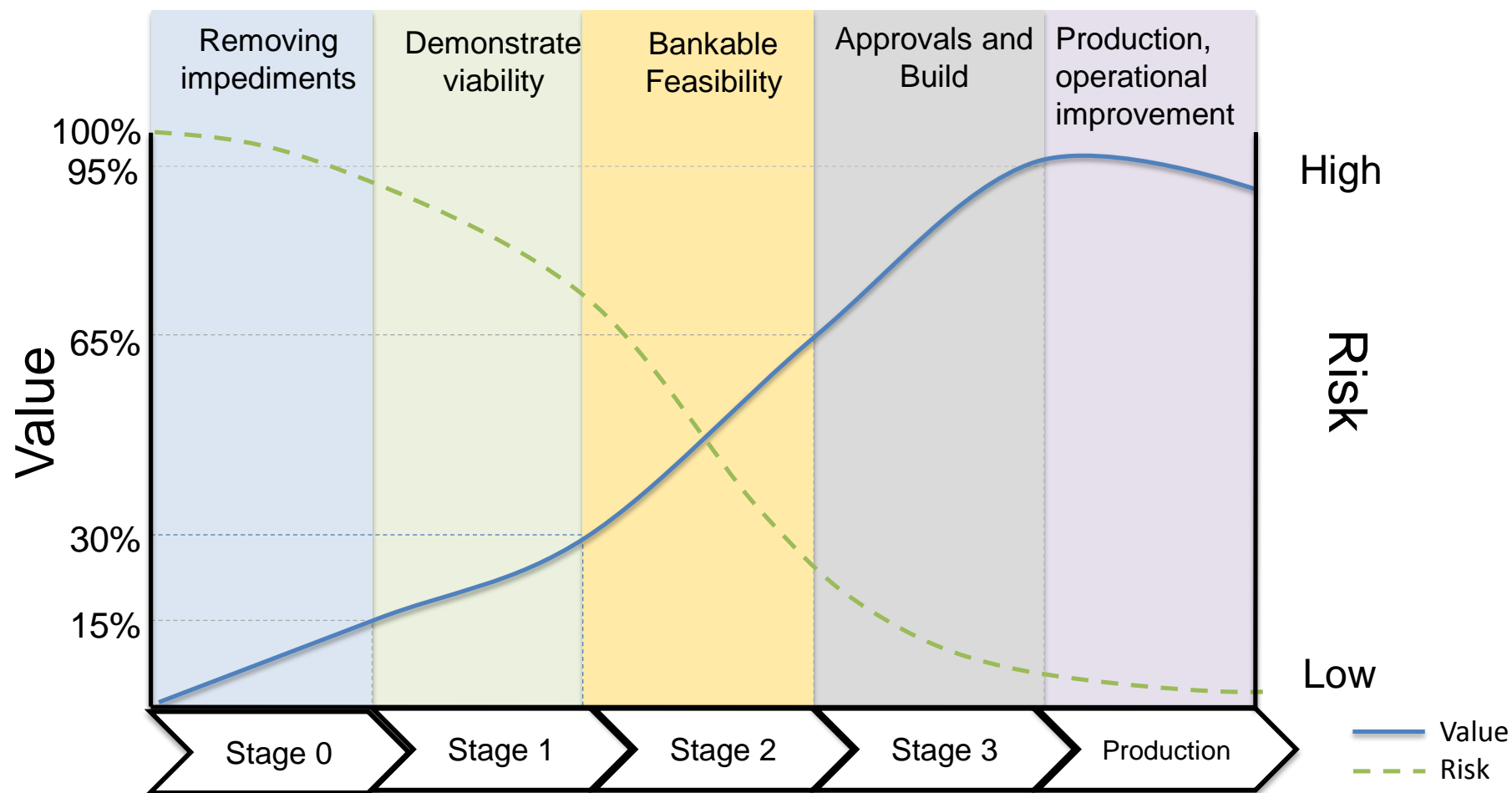


Stage 0	Remove the impediments to development
Stage 1	Demonstrate project viability to identify and secure funding for bankable feasibility study
Stage 2	Undertake bankable feasibility study, obtain permits and approvals and secure funding
Stage 3	Build the mine

- 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