



BOUGAINVILLE COPPER LIMITED (BOC)

The directors of Bougainville Copper Limited announce the following results of the company for the six months ended 30 June 2018 together with comparable results for the six months to 30 June 2017, along with an update of recent events. The results have been independently reviewed.

The result for the six months ended 30 June 2018 for the group was a net operating loss of K7.2 million (AUD\$2.84m*) compared to net loss of K4.2 million (AUD\$1.73m*) in the corresponding period last year.

The results of the Bougainville Copper Foundation Limited have been consolidated.

Financial Results	Consolidated 2018 K'000	Consolidated 2017 K'000
Income		
Exchange gains	-	9
Interest	-	21
Dividends	2,269	2,195
	<u>2,269</u>	<u>2,225</u>
Less: General and administration expenses	9,239	6,233
Depreciation	223	204
Net Profit / (loss) after tax	<u>(7,193)</u>	<u>(4,212)</u>
Average AUD\$/Kina exchange rate for the period	0.3943	0.4101
Equivalent net loss in AUD\$'000	(2,836)	(1,727)

(* Average exchange rates for the 6 months in each reporting period)

Investments of K5.7 million were realised with a capital gain of K2.6.

Expenditure increased K3.0 million, as the company increases staff capacity to deliver community programs within the tenement area, and for legal fees to instigate the Judicial Review proceedings for EL1, discovery proceedings in Melbourne, and support to Landowner agents in the tenement area.

Recent Events of Significance

Overview

Bougainville Copper Limited has remained active in Bougainville and remains committed to advancing the objective of resuming exploration and profitable and sustainable mining at Panguna.

The first half of 2018 has however presented new challenges for the company. This includes the decision by the Autonomous Bougainville Government (ABG) not to extend Bougainville Copper's exploration licence (EL1) over the Panguna project area.

In a separate decision, the ABG has also imposed a mining reservation over the tenement area.

Bougainville Copper has been granted leave in the PNG National Court to seek a Judicial Review of the decision by the ABG not to grant an extension of EL1. This matter remains ongoing.

The company believes it retains strong levels of support among the project area's customary landowners and has continued its work in Bougainville to further build relationships with key stakeholders. This extends to supporting worthwhile community projects. Relations with the ABG also remain cordial.

The Board

In February, director Mel Togolo accepted the board's nomination as chairman, replacing the retiring Robert Burns. In June, Bougainville-born Mr Togolo was awarded a knighthood in the 2018 Queen's Birthday Honours List for his services to economic development, particularly in the mining and petroleum sectors and to the community

EL1 Tenure

On 16 January 2018, Bougainville Copper received formal notice of the ABG's decision not to grant an extension of EL1. The company believes this decision was legally and procedurally flawed and on 25 January 2018 commenced legal proceedings in the PNG National Court seeking a Judicial Review. The board took this decision to protect the interests of all shareholders.

Leave was granted for a Judicial Review on 10 April 2018 and the decision not to renew the EL was stayed. The matter returned to the National Court on 22 August 2018 where a joinder application was granted. The Board is considering its position in respect to any appeal rights.

Bougainville Copper's application for extension of EL1 remains undecided and is deemed to have been extended pending any final court determination.

Mining Moratorium

In February 2018, the ABG announced an indefinite mining reservation over the Panguna tenement area which was subsequently gazetted. This does not apply to the company's application for the extension of EL1, which pre-existed the reservation.

Landowner Association Leadership Dispute

The current challenges are exacerbated by an unresolved leadership dispute within the Special Mining Lease Osikaiyang Landowners Association (SMLOLA), one of nine associations relevant to the project area. The matter remains before both the PNG National and Supreme Courts and is also subject to a mediation process.

By its own admission in the National Court, SMLOLA is not an "approved" organisation under the Bougainville Mining Act 2015. In our view any claim that SMLOLA holds mineral rights in Panguna is therefore incorrect.

Bougainville Copper continues to be actively engaged with landowner representatives from the project area.



Victorian Supreme Court

Bougainville Copper commenced proceedings in the Supreme Court of Victoria, Australia, seeking the discovery of documents from RTG Mining Inc. and Central Exploration Pty Ltd relating to their activities in the Panguna tenement area. A hearing was held between 17-21 May 2018 and the matter awaits a determination by the court.

17.4% Shareholding

The Independent State of PNG and ABG remain the company's largest shareholders, each with 36.4% of the shares. The PNG government plans to transfer 17.4% of the PNG shareholding to the people of Bougainville, including landowners. At a meeting of the governments' Joint Supervisory Body on 29 June 2018 it was agreed that the two chief secretaries would meet to discuss the legal status of the shares to be transferred in the near future.

Community Engagement

Bougainville Copper continued its track record of supporting local community activities. The company supported the official opening of the Arawa District Hospital and Bougainville Day events. It also partnered with Australian donors and PARK Social Soccer Co to distribute footballs to elementary schools in the Panguna district.

The company has also committed to supporting other community programs in areas such as health, education and sport over the next six months.

2018 Dividend

The Directors have not declared a dividend in respect of the six months ended 30 June 2018.

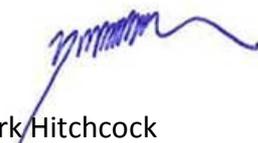
Borrowing

No borrowings were outstanding at mid-year end.

Stock Exchange

The standard Appendix 4D half yearly report and Independent Auditors Review Report is attached in accordance with the Australian Stock Exchange official listing requirements.

By Order of the Board



Mark Hitchcock
Company Secretary



Appendix 4D

Half yearly report

Name of entity

BOUGAINVILLE COPPER LIMITED (BOC)

ABN or equivalent company
reference

007 497 869

Half yearly
(tick)Preliminary
final (tick)

Half year ended ('current period')

30 June 2018

Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

K'000

Revenues from ordinary activities (<i>item 1.1</i>)	Increased	2.0 %	to	2,269
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>)	Increased	70.8 %	to	(7,193)
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5</i>)	gain (loss) of	-	-	
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	Increased	70.8 %	to	(7,193)
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (<i>Preliminary final report only - item 15.4</i>)		Nil		Nil
Interim dividend (<i>Half yearly report only - item 15.6</i>)				
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)		Nil		Nil
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)	N/A			
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market: Nil				

This is a half yearly report and should be read in conjunction with the 2017 annual financial report.

Condensed consolidated statement of comprehensive income

	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
1.1 Revenues from ordinary activities (<i>see items 1.23 –1.25</i>)	2,269	2,225
1.2 Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>)	9,462	6,437
1.3 Borrowing costs	-	-
1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>)	-	-
1.5 Profit (loss) from ordinary activities before tax	(7,193)	(4,212)
1.6 Income tax on ordinary activities (<i>see note 4</i>)	-	-
1.7 Profit (loss) from ordinary activities after tax	(7,193)	(4,212)
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit (loss)	(7,193)	(4,212)
1.10 Net profit (loss) attributable to outside ⁺ equity interests	-	-
1.11 Net profit (loss) for the period attributable to members	(7,193)	(4,212)
Other comprehensive income		
1.12 Increase (decrease) in revaluation reserves	-	-
1.13 Net exchange differences recognised in equity	-	-
1.14 Other revenue, (expense) and initial adjustments recognised directly in equity	-	-
1.15 Increase (decrease) in fair value of available-for-sale financial assets	(7,215)	9,515
1.16 Other comprehensive income for the period (items 1.12 to 1.15)	(7,215)	9,515
1.17 Total comprehensive income (loss) for the period	(14,408)	5,303

Earnings per security (EPS)	Consolidated Current period	Consolidated Previous corresponding Period
1.18 Basic EPS	(1.79) toea	(1.05) toea
1.19 Diluted EPS	(1.79) toea	(1.05) toea

Notes to the condensed consolidated statement of comprehensive income

Profit (loss) from ordinary activities attributable to members	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	(7,193)	(4,212)
1.21 Less (plus) outside ⁺ equity interests	-	-
1.22 Profit (loss) from ordinary activities after tax, attributable to members	(7,193)	(4,212)

Revenue and expenses from ordinary Activities	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
1.23 Revenue from sales or services	-	-
1.24 Interest revenue	-	21
1.25 Other relevant revenue- Dividends received	2,269	2,195
Foreign exchange gain /(loss)	-	9
1.26 Details of relevant expenses-General and administration expenses Related Party (reimbursement of expenses to related parties - salaries, rent etc) Other Administrative Expenses	9,239	6,233
1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)	223	204
Capitalised outlays		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	-	-

Retained profits	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	(335,443)	(328,142)
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	(7,193)	(4,212)
1.32 Net transfers from (to) reserves (<i>details if material</i>)	2,569	-
1.33 Net effect of changes in accounting policies	-	-
1.34 Dividends and other equity distributions paid or payable	-	-
1.35 Retained profits (accumulated losses) at end of financial period	(340,067)	(332,354)

Intangible and extraordinary items

		<i>Current period</i>			
		Before tax K'000 (a)	Related tax K'000 (b)	Related outside +equity interests K'000 (c)	Amount (after tax) attributable to members K'000 (d)
2.1	Amortisation of goodwill	Nil	Nil	Nil	Nil
2.2	Amortisation of other intangibles	Nil	Nil	Nil	Nil
2.3	Total amortisation of intangibles	Nil	Nil	Nil	Nil
2.4	Extraordinary items (details)	Nil	Nil	Nil	Nil
2.5	Total extraordinary items	Nil	Nil	Nil	Nil

Comparison of half year profits
(Preliminary final report only)

		Consolidated Current year K'000	Consolidated Previous year K'000
3.1	Profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report)	(7,193)	(4,212)
3.2	Profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	-	-

Condensed Consolidated Balance Sheet

	Consolidated at end of current period K'000	Consolidated as shown in last annual report K'000	Consolidated as in last half yearly report K'000	
Current assets				
4.1	Cash	1,458	2,512	5,912
4.2	Receivables	635	636	308
4.3	Investments	6,508	12,000	-
4.4	Inventories	-	-	-
4.5	Tax assets	-	-	-
4.6	Other –Held-to-maturity financial assets	-	-	-
4.7	Total current assets	8,601	15,148	6,220
Non-current assets				
4.8	Receivables	829	829	829
4.9	Investments (equity accounted)	-	-	-
4.10	Investments	111,641	119,027	123,992
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)	-	-	-
4.13	Development properties (+mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	1,612	1,553	1,190
4.15	Intangibles (net)	-	-	-
4.16	Tax assets	-	-	-
4.17	Other –General Provision	-	-	-
4.18	Total non-current assets	114,082	121,409	126,011
4.19	Total assets	122,683	136,557	132,231
Current liabilities				
4.20	Payables	2,175	1,418	432
4.21	Interest bearing liabilities	-	-	-
4.22	Tax liabilities	-	-	-
4.23	Provisions exc. tax liabilities	2,044	2,269	6,005
4.24	Other (provide details if material)	-	-	-
4.25	Total current liabilities	4,219	3,687	6,437
Non-current liabilities				
4.26	Payables	194	194	194
4.27	Interest bearing liabilities	-	-	-
4.28	Tax liabilities	6,759	6,759	6,759
4.29	Provisions for compensation	134	132	131
4.30	Other (provide details if material)	-	-	-
4.31	Total non-current liabilities	7,087	7,085	7,084
4.32	Total liabilities	11,306	10,772	13,521
4.33	Net assets	111,377	125,785	118,710

Condensed consolidated balance sheet continued

Equity	Consolidated at end of current period K'000	Consolidated as shown in last annual report K'000	Consolidated as in last half yearly report K'000
4.34 Capital/contributed equity	401,063	401,063	401,063
4.35 Reserves	50,381	60,165	50,001
4.36 Retained profits (accumulated losses)	(340,067)	(335,443)	(332,354)
4.37 Equity attributable to members of the parent entity	111,377	125,785	118,710
4.38 Outside ⁺ equity interests in controlled entities	-	-	-
4.39 Total equity	111,377	125,785	118,710
4.40 Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated balance sheet

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period K'000	Previous corresponding period - K'000
5.1 Opening balance	-	-
5.2 Expenditure incurred during current period	-	-
5.3 Expenditure written off during current period	-	-
5.4 Acquisitions, disposals, revaluation increments, etc.	-	-
5.5 Expenditure transferred to Development Properties	-	-
5.6 Closing balance as shown in the balance sheet (item 4.12)	Nil	Nil

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period K'000	Previous corresponding period - K'000
6.1 Opening balance	-	-
6.2 Expenditure incurred during current period	-	-
6.3 Expenditure transferred from exploration and evaluation	-	-
6.4 Expenditure written off during current period	-	-
6.5 Acquisitions, disposals, revaluation increments, etc.	-	-
6.6 Expenditure transferred to mine properties	-	-
6.7 Closing balance as shown in the balance sheet (item 4.13)	Nil	Nil

Condensed consolidated statement of cash flows

	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
Cash flows related to operating activities		
7.1	Receipts from customers	-
7.2	Payments to suppliers and employees	(8,704)
7.3	Dividends received from associates	-
7.4	Other dividends received	2,269
7.5	Interest and other items of similar nature received	19
7.6	Interest and other costs of finance paid	-
7.7	Income taxes paid	-
7.8	Receipts from settlement of taxation matters	-
7.9	Net operating cash flows	(6,435)
Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	(283)
7.11	Proceeds from sale of property, plant and equipment	-
7.12	Proceeds from available-for-sale-assets	5,664
7.13	Purchase of available-for-sale financial assets	-
7.14	Disputed tax payments	-
7.15	Loans repaid by other entities	-
7.16	Payment to held-to-maturity financial assets	-
7.17	Net investing cash flows	5,381
Cash flows related to financing activities		
7.18	Proceeds from issues of ⁺ securities (shares, options, etc.)	-
7.19	Proceeds from borrowings	-
7.20	Repayment of borrowings	-
7.21	Other (provide details if material)	-
		-
7.22	Net financing cash flows	-
7.23	Net increase (decrease) in cash held	(1,054)
7.24	Cash at beginning of period (see Reconciliation of cash)	19,283
7.25	Exchange rate adjustments to item 7.25.	9
7.26	Cash at end of period (see Reconciliation of cash)	5,912

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on assets and liabilities but did not involve cash flows are as follows. (*If an amount is quantified, show comparative amount.*)

Nil

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the statement of cash flows) to the related items in the accounts is as follows.	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
8.1 Cash on hand and at bank	1,458	5,912
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Other –Short term liquid investments	-	-
8.5 Total cash at end of period (item 7.26)	1,458	5,912

Other notes to the condensed consolidated financial statements

Ratios	Consolidated Current period	Consolidated Previous corresponding Period
Profit before tax / revenue		
9.1 Profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	(317.0%)	(189.3%)
Profit after tax / +equity interests		
9.2 Net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	(6.5%)	(3.5%)

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: *Earnings Per Share* are as follows.

<p>Consolidated Current year: (1.79) toea Consolidated Previous year: (1.05) toea Diluted EPS is the same as Basic EPS</p>

NTA backing <i>(see note 7)</i>	Consolidated Current period Kina	Consolidated Previous corresponding period Kina
11.1 Net tangible asset backing per ⁺ ordinary security	0.277	0.296

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

- 12.1 Discontinuing Operations

Nil

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	Nil
13.2 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	N/A
13.3 Date from which such profit has been calculated	N/A
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	Nil
14.2	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
14.5	Contribution to profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	N/A
15.2	⁺ Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺ securities are not ⁺ CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺ securities are ⁺ CHESS approved)	N/A
15.3	If it is a final dividend, has it been declared? (<i>Preliminary final report only</i>)	N/A

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	Nil	Nil	Nil
15.5	Previous year	Nil	Nil	Nil
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	Nil	Nil	Nil
15.7	Previous year	Nil	Nil	Nil

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	Nil	Nil
15.9 Preference +securities	Nil	Nil

**Half yearly report - interim dividend (distribution) on all securities or
Preliminary final report - final dividend (distribution) on all securities**

	Current period K'000	Previous corresponding period - K'000
15.10 +Ordinary securities (<i>each class separately</i>)	-	-
15.11 Preference +securities (<i>each class separately</i>)	-	-
15.12 Other equity instruments (<i>each class separately</i>)	-	-
15.13 Total	Nil	Nil

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). (*For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting*)

Nil

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
	16.1 Profit (loss) from ordinary activities before tax	-
16.2 Income tax on ordinary activities	-	-
16.3 Profit (loss) from ordinary activities after tax	-	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	-	-
16.6 Adjustments	-	-
16.7 Share of net profit (loss) of associates and joint venture entities	Nil	Nil

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current Period	Previous corresponding period	Current period K'000	Previous corresponding period - \$K'000
17.1 Equity accounted associates and joint venture entities	-	-	-	-
17.2 Total	-	-	-	-
17.3 Other material interests	-	-	-	-
17.4 Total	Nil	Nil	Nil	Nil

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of +securities	Total number	Number quoted	Issue price per security (toea)	Amount paid up per security (toea)
18.1 Preference +securities <i>(description)</i>	-	-	-	-
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3 +Ordinary securities	401,062,500	401,062,500	100	100
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	-	-	-	-
18.5 +Convertible debt securities <i>(description and conversion factor)</i>	-	-	-	-
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
18.7 Options <i>(description and conversion factor)</i>	-	-	<i>Exercise price</i>	<i>Expiry date (if any)</i>
			-	-
18.8 Issued during current period	-	-	-	-
18.9 Exercised during current period	-	-	-	-
18.10 Expired during current period	-	-	-	-
18.11 Debentures <i>(description)</i>	-	-		
18.12 Changes during current period (a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		

18.13	Unsecured notes <i>(description)</i>	-	-
18.14	Changes during current period	-	-
	(a) Increases through issues	-	-
	(b) Decreases through securities matured, converted	-	-

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 114: Segment Reporting* and for half year reports, *AASB 134: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

Bougainville Copper Limited operates in one segment only.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 134: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Nil

Basis of financial report preparation

19.1 This is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and IAS 34: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period. The financial statements in this report are "condensed consolidated financial statements" as defined in IAS 34: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report.

- 19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

1. During 2014, the Autonomous Bougainville Government passed the Bougainville Mining (Transitional Arrangement) Act 2014 (Transitional Act) which was replaced by the Bougainville Mining Act 2015 (The Act) on 1 April 2015. 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.

The Act converted the Special Mining Lease held by the company to an Exploration Licence (EL) for a period of two years from the date of the Transitional Act. In July 2016 the company applied to extend the EL. The ABG commenced the processing of the application in October 2017 and on 16 January 2018 issued a Notice of refusal to grant the renewal of the application for the following reasons:

1. The required majority consent of the landowners was not evident during the Mining Wardens hearing and shows BCL does not have the social licence to operate the mine.
2. The reopening of the Panguna Mine is a divisive issue and has the potential to adversely affect the ABG's preparation for the conduct of the referendum given that it was BCL's past operation of Panguna Mine that ignited the Bougainville crisis which resulted in the loss of about 20,000 lives. Hence, it is in Bougainville's best interest to maintain peace and unity.

The company has commenced an action in the National Court of Papua New Guinea applying for leave to apply for a Judicial Review of the decision not to renew the exploration licence. Leave was granted 10 April 2018 and the ABG's decision to refuse the EL renewal was stayed pending the final determination of the Substantive Judicial Review.

BCL's tenure of EL1 is deemed to continue until the EL extension is determined through the Judicial review process.

The ABG confirmed a Mining Reservation over the Panguna area on 23 April 2018. The Reservation does not impact BCL's tenure of EL1.

The matter returned to the National Court on 22 August 2018 where a joinder application was granted. The Board is considering its position in respect to any appeal rights.

Bougainville Copper Limited while adhering to the requirements of the Bougainville Mining Act 2015, also recognises and maintains the tenements in accordance with the PNG National legislation and the Bougainville Copper agreement.

The directors of the company continue to take all possible steps to protect and optimise tenure in Bougainville.

2. On 24 November 2016, the Company acquired a subsidiary (Bougainville Copper Foundation Limited). The subsidiary holds an investment in an unlisted investment fund. The investment is classified as an available-for sale asset at a carrying value of K1.1 million.

Management have not been provided with the 2017 audited financial statements of the investee and the investee is unable to confirm the value of units held by the various investors.

Accordingly, the Company has been unable to determine whether the fair value of the investment of K1.1 million is fairly stated.

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Nil

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

Nil

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *IAS 34: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors*.)

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated interim financial information.

On the date of initial application of IFRS 9, BCL classified its financial assets comprising equity investments as those to be measured subsequently at fair value through other comprehensive income (OCI). Measurement of the equity investments at fair value and the recognition of fair value gains or losses through OCI is consistent with BCL's existing policies. On disposal of investments, cumulative gains and losses are reclassified from reserves to retained earnings. Prior to the adoption of IFRS 9, cumulative gains and losses were reclassified from reserves to profit or loss on disposal of the investments.

Dividends from such investments continue to be recognised in profit or loss as other income when BCL's right to receive payments is established.

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Nil

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

The company has made provision for statutory compensation for the 1990 year of operation, inclusive of interest. Payments commenced in February 2017 and 87.6% has been paid up to 31 July 2018.

A further claim has been made from another mine affected landowner group. Discussions continue with the land group to determine the amount, if any, of statutory compensation may be due. No provision has been made for any liability that may arise from this further claim.

Additional disclosure for trusts

20.1	Number of units held by the management company or responsible entity or their related parties.	N/A
20.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: <ul style="list-style-type: none"> • initial service charges • management fees • other fees 	N/A

Condensed Consolidated Statement of Changes in Equity

	Contributed Equity K'000	Reserves K'000	Accumulated losses K'000	Total K'000	
21.1	Balance at 1 January 2016	401,063	38,627	(324,355)	115,335
21.2	Total comprehensive income for the period	-	812	(3,747)	(2,935)
21.3	Balance at 30 June 2016	401,063	39,439	(328,102)	112,400
21.4	Total comprehensive income for the period	-	1,047	(40)	1,007
21.5	Balance at 31 December 2016	401,063	40,486	(328,142)	113,407
21.6	Total comprehensive income for the period	-	9,515	(4,212)	5,303
21.7	Balance at 30 June 2017	401,063	50,001	(332,354)	118,710
21.8	Total comprehensive income for the period	-	10,164	(3,089)	7,075
21.9	Balance at 31 December 2017	401,063	60,165	(335,443)	125,785
21.10	Total comprehensive income for the period	-	(7,215)	(7,193)	(14,408)
21.11	Transfer to retained earnings on sale of investments		(2,569)	2,569	-
21.12	Balance at 30 June 2018	401,063	50,381	(340,067)	111,377

Compliance statement

- 3 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX and International Accounting Standard 34: Interim Financial Reporting.

Identify other standards used

International Financial Reporting Standards

- 2 This report, and the accounts upon which the report is based, use the same accounting policies.
- 3 The directors are able to declare that the financial report comprising Appendix 4D to the Australian Stock Exchange for the half year ended 30 June 2018:
- a.) complies with International Accounting Standard IAS 34: Interim Financial Reporting, and the Australian Stock Exchange Listing Rules relating to half yearly financial reports, and
 - b.) gives a true and fair view of the entity's financial position as at 30 June 2018 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date;



Report on review of interim financial information to the Directors of Bougainville Copper Limited

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Bougainville Copper Limited (the Company) and its subsidiaries (the Group) as at 30 June 2018 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

The Group holds an investment in an unlisted investment fund with a carrying value of K1.1 million at 30 June 2018. Management have not been provided with audited financial statements of the investee at 30 June 2018 and there is currently no active market for the sale of units in the investment fund. As a result, we have been unable to satisfy ourselves as to the valuation of K1.1 million of the investments recognised at 30 June 2018.

Qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Section 19.2 of Appendix 4D which describes 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 conclusion is not qualified in respect of this matter.

PricewaterhouseCoopers

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Report on review of interim financial information
to the Directors of Bougainville Copper Limited

Restriction on distribution or use

This report is made solely to the Directors of the Company, as a body. Our review work has been undertaken so that we might state to the Directors those matters which we are required to state to them in our review report and for no other purpose. We do not accept or assume responsibility to anyone other than the Directors of the Company, as a body, for our review work, for this report or for the conclusions we have formed.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Christopher Hansor'.

Christopher Hansor
Partner
Registered under the Accountants Act 1996

Port Moresby
24 August 2018