



BOUGAINVILLE
COPPER LIMITED

Notice to ASX - BOC

2 May 2019

**Annual General Meeting 2 May 2019
Bougainville Copper Limited**

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

This presentation has been posted on the Bougainville Copper website www.bcl.com.pg in the "Latest News" tab.

A video viewed, provided insight into our engagement in Bougainville and will be available on the Bougainville Face Book page, www.facebook.com/bougainvillecopper.

By order of the Board

Mark Hitchcock
Company Secretary

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facebook.

<https://www.facebook.com/BougainvilleCopper>



Chairman's Address 2019 Annual General Meeting Bougainville Copper Limited

2nd May 2019

AGM Welcome

On behalf of the board and management, I welcome you to the 2019 Annual General Meeting (AGM) of Bougainville Copper Limited (BCL).

The AGM provides me as Chairman with an opportunity to make a statement regarding the affairs of the Company, including the latest financial results and other matters.

Copies of this statement are available here today and will also be posted on the Company website and Facebook.

There will be an opportunity for you to ask any questions at the end of my remarks.

Overview

Bougainville Copper faced further challenges in 2018, with continued uncertainty around Panguna tenure coinciding with Bougainville's preparations for the upcoming referendum on its political future.

Regarding tenure, the Judicial Review of the Autonomous Bougainville Government's (ABG) decision not to grant an extension of our exploration licence (EL1) remains ongoing in the PNG National Court.

The Company maintains that the EL1 renewal process was legally and procedurally flawed and that our tenure rights should be upheld.

In other developments, the ABG introduced three bills into Parliament in late January, which if passed would result in major changes to Bougainville's mining laws.

One of the bills, for example, would allow a special Bougainville entity to be granted large-scale mining leases over all land in Bougainville not already subject to existing exploration licences or mining leases.

These bills were introduced with inadequate consultation and were met with widespread opposition, including landowners, who own Bougainville's minerals under local law, community leaders and even parliamentarians.

In February, debate on these bills was adjourned to allow the ABG Parliamentary Committee on Legislation to conduct community consultations. On invitation, I presented a submission to the Committee in March in which the Company's concerns were detailed.



BCL believes these bills are unnecessary.

Parliamentary debate is expected to resume next month (June) but strong levels of opposition appear to persist.

Separately, it is worth noting that an alternative Panguna development proposal by RTG Mining Inc. was firmly rejected by the ABG in March.

During 2018, BCL remained committed to respectful and ethical engagement with stakeholders in Bougainville and continues to retain strong levels of support amongst the Customary Heads and Landowners.

There have been limited engagements with the ABG due to the ongoing Judicial Review proceedings and the ABG's more recent interest in the preparing for the referendum and changes to the Bougainville Mining Act.

Regardless, the Directors remain of the view that BCL presents the best value proposition to redevelop Panguna – particularly given the strong majority ownership stake that the people of PNG and Bougainville have in the Company – and continue to work towards this eventuality.

The Company is embarking on a critical review to update the Panguna project economics and is also exploring opportunities with prospective development partners and investors which best align with our redevelopment proposal. BCL recognises that there are legacy issues that need to be addressed.

The ABG and the Independent State of Papua New Guinea remain BCL's equal largest shareholders, each owning 36.4 per cent of the Company's shares. The Prime Minister of Papua New Guinea has made a commitment to transfer 17.4% of its shares to the Panguna Landowners and the people of Bougainville.

In 2018, BCL was pleased to progress our community investment program in cooperation with ABG departments and other groups.

Through this program the Company provides support for worthwhile community projects in Central Bougainville in areas like education, health, agriculture and sport.

Last November we expanded our footprint in Bougainville with the establishment of an office in Arawa to complement our Buka office. The Arawa office is being upgraded and serves as a more central point of coordination for company activities. BCL has a significant administrative and management presence in Bougainville and PNG.

BCL respects the Bougainville Peace Agreement and efforts to promote unity. As a reflection of this we will ensure our on-the-ground activities do not impact on the referendum, which is scheduled for the 17th October this year.

It is important to note that in order to realise the Panguna redevelopment vision all stakeholders must work together, bearing in mind the types of challenges that a project of this complexity presents.

There is no straight forward path to follow, with ups and downs along the way that will inevitably include social, environmental, technical, financing, as well as political challenges.

We will need to work cooperatively with all stakeholders to achieve our objective of bringing the Panguna mine back into production.



Financial Results

The Company recorded a consolidated loss of K10.6 million for the year ended 31st December 2018, compared to a loss of K7.3 million the previous year. Expenditure was concentrated on tenure issues, stakeholder engagement and community project delivery.

A change in accounting standards for 2018 meant that realised gains on the sale of investments for the year of K4.1 million will no longer be recorded as income for the year in the Income statement. In the previous year K2.4 million of gains on sales were recorded as income.

Dividend and interest income for the year was K4.8 million compared to K5.2 million in 2017.

Operating expenses were K15.3 million compared to K14.8 in 2017. Details of major expenditure items are listed in note 5 on page 30 of the financial statements. Increases were noted in legal fees and community project expenditure.

The Company has sufficient funds to meet recurrent expenditure and remains debt free.

BCL will not pay a dividend.

Liquid & Total Assets

As of 31 December 2018, the Company's liquid assets included K1.1 million in cash and K98.7 million in Australian equity investments. The Company has total consolidated assets of K112.6 million.

Equities are only sold when necessary to fund ongoing operations. Accordingly, we have classified K10.0 million of available for sale investments as current for this purpose in 2019.

Project Tenure (EL1)

In April 2018 BCL was granted leave in the PNG National Court to seek a Judicial Review of the ABG's decision not to extend our exploration licence (EL1). The ABG's decision to refuse the extension was also stayed by the court.

On 22nd August 2018, these proceedings were joined by Panguna Minerals Limited, a company jointly 50 per cent owned by the Special Mining Lease Osikaiyang Landowners Association (SMLOLA) and Central Exploration Pty Ltd (which is 70 per cent owned by RTG Mining Inc.).

BCL is appealing this joinder in a three-judge bench Supreme Court hearing listed to be heard on 27th June 2019.

It should be noted that these actions were taken on behalf of all shareholders.

Separately, the indefinite mining reserve (moratorium) over the Panguna mining area gazetted by the ABG remains in place but does not apply to BCL as our application for the renewal of EL1 pre-existed the reservation.



Community Engagement

The Company maintained a strong presence in Bougainville, with a dedicated team of project and village liaison officers working across the project area. Some of these officers are here today. The team has been instrumental in delivering a wide range of community projects and activities during 2018.

In January, the Company was proud to support the ABG Department of Education in the provision of standards-based training for 400 teachers in the Kieta and Panguna districts, in preparation for changes to the elementary schooling curriculum.

In February, more than 300 people also benefitted from vanilla industry farming and production training which BCL also supported, as well as training for volleyball coaches and referees in August.

In addition, the Company provided sponsorship and support for other important events, such as:

- Arawa District Hospital official opening;
- Autonomous Region of Bougainville Day;
- The Bougainville Chocolate Festival;
- National Literacy Week; and
- Toniva Soccer Association grand final.

In collaboration with others, BCL's locally-based staff have also been distributing much-needed sports equipment throughout communities in Central Bougainville.

The Board

The composition of the board has remained unchanged since the last Annual General Meeting. The Board is however actively pursuing additional Bougainvillean appointments, and are conducting due diligence on one female Bougainvillean and one male Bougainvillean. In addition, requests have been made to the ABG for recommendations.

Changes will be made to the current board when new Bougainvillean Directors are appointed.

Bougainville Copper Foundation

The Bougainville Copper Foundation (BCF) is a fully-owned subsidiary of BCL and operates as a 'not-for-profit' company and is currently supporting student scholarships for Bougainvilleans.

Scholarships have been renewed for those 2018 recipients who reapplied for support to continue their studies in 2019. Due to the uncertainty surrounding the proposed changes to Bougainville's mining laws, the BCF has deferred awarding any new scholarships for 2019.

This will be reassessed once the situation becomes clearer.

Governance

BCL 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.



In addition, the Company has developed and complies with a comprehensive set of charters and policies which can be found on the BCL web site.

The Company has two board governance committees, a Remuneration and Nominations Committee and an Audit and Risk Committee which reviews enterprise risks and monitors risk mitigations.

BCL overall sets and adheres to the highest ethical standards in all its activities.

Health and Safety

The Company believes that a safe and healthy workforce is essential to its success and sustainability. It is therefore paramount that work is only undertaken when it is deemed safe to do so.

Conclusion and Looking Ahead

BCL looks to the year ahead with cautious optimism.

We will continue to assert our rights and will continue to progress studies and activities to prepare for BCL to develop the mine. BCL understands the issues and challenges involved better than any others.

We will remain respectfully and constructively engaged with key stakeholders, including the ABG and project area landowners and will continue to be supportive of local communities.

As a Company that is proudly majority owned by Papua New Guineans and Bougainvilleans, we are committed to landowner unity and have a great deal to offer in terms of contributing positively to Bougainville's future as the most viable option for Panguna's future redevelopment.

Your Company will continue to act in the best interests of all our shareholders.

Updates about BCL's activities are reported to the ASX and can also be found on our web site and recently launched Facebook page.

Following the formal part of today's meeting we will be playing a short video of some of our community interactions in Bougainville.

Thank you for your attendance and I am happy to take any questions at this time.

Annual General Meeting

2019



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EL APPLICATION AREA | 37.8 sq km

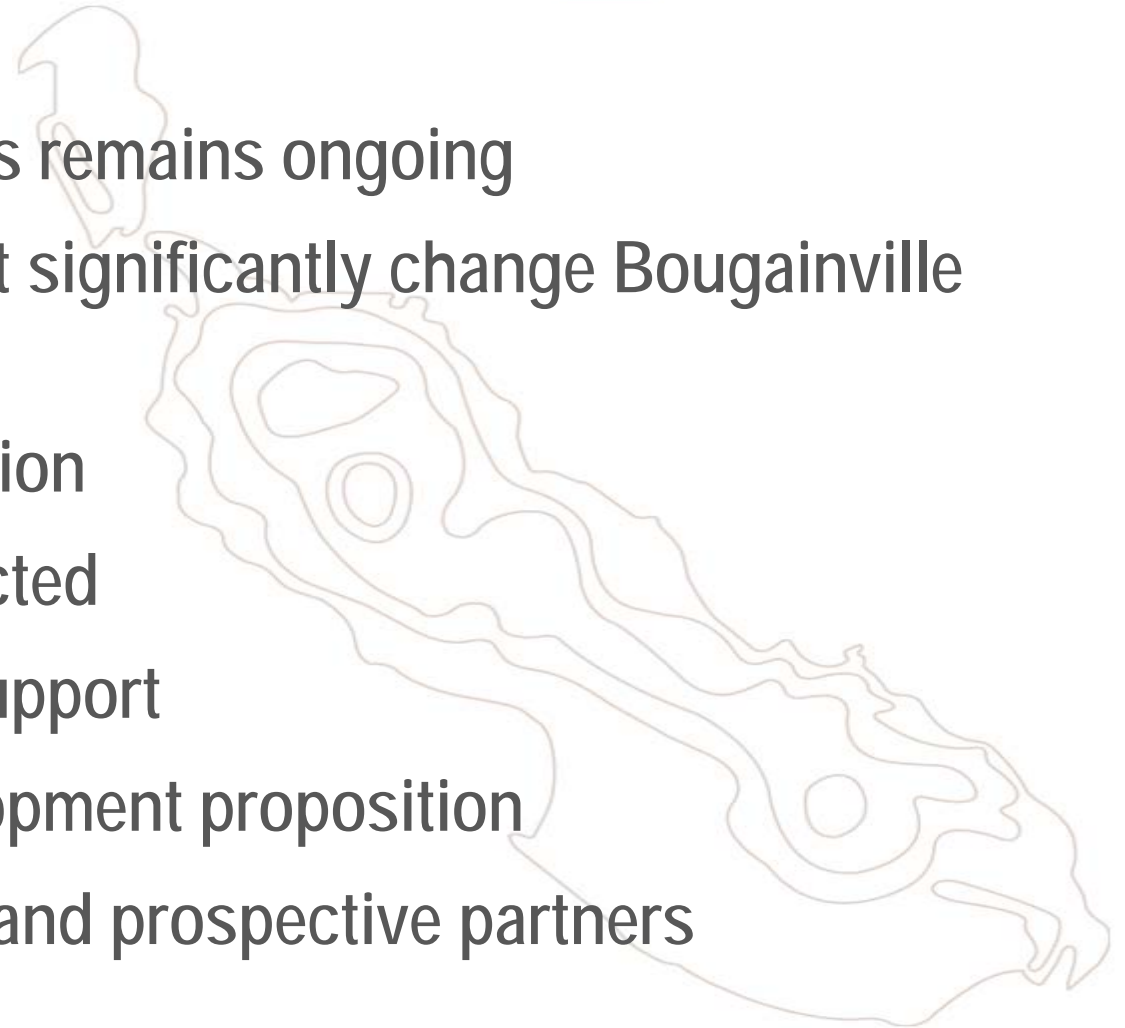




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Overview

- Judicial Review of EL1 process remains ongoing
- ABG introduces three bills that significantly change Bougainville Mining Laws
- Bills encounter strong opposition
- RTG Mining Inc. proposal rejected
- BCL retains strong levels of support
- Presents the best value development proposition
- Reviewing project economics and prospective partners



Supporting Bougainville

- ✓ *BCL remains committed to ethical engagement*
- ✓ *Progressed community investment program in 2018*
- ✓ *Supporting projects in education, health & sport*
- ✓ *Established new office in Arawa*
- ✓ *Fully respects peace process*





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Financial Results

Year Ended December 31, 2018

- Consolidated loss of K10.6 million
- Income K4.8m – (includes dividends & interest)
- Operating expenses K15.3m – (2017: K14.8m)
- Company remains debt free
- BCL will not pay a dividend



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Liquid & Total Assets

- ❑ Investments K108.7m(Australian listed equities)
 - Non current K98.7 m
 - Current K10.0m
- ❑ Cash and equivalents K1.1m
- ❑ Total consolidated assets K112.63m

Project Tenure (EL1)



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- BCL granted leave for Judicial Review in PNG National Court
- Review process remains ongoing
- Company appealing the joinder by Panguna Minerals Limited
- Panguna moratorium remains in place *(does not apply to BCL as EL1 renewal application pre-dated reservation)*



Community Engagement

BCL supported a range of community activities, including:

- Standards-based teacher training
- Vanilla industry production training
- Training for volleyball coaches and referees

The Company also backed events such as:

- Bougainville Day
- The Bougainville Chocolate Festival
- National Literacy Week



The Board

- The composition of the BCL board has remained unchanged since the last AGM
- Actively pursuing additional Bougainvillean appointments



Board members at the 2017 Annual General Meeting



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Bougainville Copper Foundation

- Since 1997 the BCF has supported more than 1,000 students
- Scholarships renewed for 2018 recipients to support their continued studies in 2019
- BCF has deferred awarding new scholarships in 2019 until situation with mining laws becomes clearer



Governance

- ASX compliance statement in Annual Report
- Company charters and policies can be found on web site
- Board reviews quality of risk assessments and mitigation actions
- BCL adheres to the highest ethical standards

Health and Safety

- Workplace safety essential to success and sustainability



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Conclusion & Looking Ahead

- Looking ahead with cautious optimism
- Continue to progress studies and activities
- Committed to promoting unity and contributing positively to Bougainville's future
- Continue to act in best interests of shareholders

Updates about BCL are reported to the ASX and can be found on our web site. Follow us on Face Book

Questions

2019

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