

APPENDIX 4E PRELIMINARY FINAL RESULT

The Board of Bougainville Copper Limited (ASX: BOC) announce the following preliminary final results of the company for the year ended 31 December 2019, together with comparable results for the 12 months to 31 December 2018, including a summary of significant events.

Results

For the year ended 31 December 2019, the Group recorded a loss of K8.6 million compared to a loss of K10.6 million in the previous year. Realised gains on sales of investments for the year of K4.1 million are not recorded in the income statement but are reported by a transfer directly to retained earnings in Shareholders funds.

The fair valuation of investments increased by K18.4 million compared to a decrease of K13.0 million in the previous year.

During 2019 expenditure continued to be concentrated on tenure issues, stakeholder engagements and delivery of small community projects. Income from interest and dividend income was comparable with 2018.

Financial Results	Consolidated	
	2019	2018
	K'000	K'000
<i>Income</i>		
Interest and Dividends	5,227	4,840
Realised gain on sale Investments	-	-
	<u>5,227</u>	<u>4,840</u>
<i>Less Cost and Expenses</i>		
General and administrative Expenses	(13,645)	(15,298)
Exchange Gains (Loss)	(224)	(183)
	<u>(13,869)</u>	<u>(15,481)</u>
Net profit/(loss)	<u>(8,642)</u>	<u>(10,641)</u>
Equivalent net profit/(loss in A\$,000)	(3,564)	(4,412)

2019 DIVIDEND

The Directors have not declared a dividend in respect of 2019.

BORROWING

There are no borrowings on which there is an obligation to repay at this time.

SIGNIFICANT EVENTS

Independence Referendum

The people of Bougainville voted overwhelmingly (98 per cent) for independence (from PNG) during the referendum held in accordance with the Bougainville Peace Process. The referendum is non-binding and independence will need to be ratified by the PNG parliament. A period of consultation and negotiations between the PNG national government and the Autonomous Bougainville Government (ABG) is now underway.

EL1 Tenure

On 10th April 2018, Bougainville Copper was granted leave in the PNG National Court to seek a Judicial Review of the January 2018 decision by the ABG to refuse an extension of Exploration Licence EL1 (covering the Special Mining Lease 1 at Panguna). A restraining order was granted against the ABG from giving effect to or relying on the decision.

Panguna Minerals Limited, a company 50 per cent owned by the SMLOLA and Central Me'ekamui Exploration Pty Ltd (which is 69 per cent owned by RTG Mining Inc.) was joined to the proceedings. Bougainville Copper applied for leave to appeal the joinder in PNG's Supreme Court, which was dismissed on 7th March 2019. Bougainville Copper requested that its application be further considered by a three-judge bench of the Supreme Court. On 7th February 2020, the application was refused, however Bougainville Copper noted that the difficulty of the question was reflected in the fact that the members of the bench were split as to the proper outcome. Panguna Minerals Limited will now definitely be a defendant to the proceedings, and its activities given due scrutiny.

Bougainville Copper welcomes the certainty that the ruling brings and looks forward to the prosecution of its claims against the defendants and remains confident of our tenement position. We are confident the court proceedings will uphold our rights.

The Judicial Review of the renewal application process will proceed in 2020.

Proposed Mining Law Changes

In late January 2019, the ABG introduced three bills into Bougainville's parliament that would result in significant changes to local mining laws, if passed. One of the bills sought to amend the *Bougainville Mining Act 2015* to allow a new special entity to be granted large-scale mining leases over all land in Bougainville, not currently subject to existing exploration licences or leases.

The bills were met with widespread opposition, including by landowners who believe



their rights will be eroded and a virtual monopoly over Bougainville's mineral resources created. The bills were referred to the Bougainville Legislation Committee for consultation and review. Bougainville Copper detailed its objections in a submission to the Committee on 13th March 2019.

On 13th June 2019, the legislation committee tabled its report to parliament. The committee noted that the bills had not been well drafted, lacked consultation and should not proceed in their current form. On 31st July 2019, the ABG announced that based on the committee's recommendations, there would be no further discussions on the proposed mining amendments until after the referendum with awareness programs to be conducted. The Bills were as a consequence, withdrawn.

We understand the ABG intends to consider further and possibly reintroduce the amendment bills in 2020.

Shareholding

The PNG government and the ABG continue to hold equal shares in Bougainville Copper of 36.4 per cent. Any dealings in the shares held by the PNG government is still the subject of further post referendum consideration by the parties, as we understand it.

Mining Reserve

The indefinite mining reserve (moratorium) that the ABG put in place over the Panguna mining area in April 2018, remains in place. This reserve does not apply to Bougainville Copper's EL1 exploration licence which pre-dates the moratorium.

Landowner Support

Bougainville Copper retains strong levels of support among Customary Heads, the agents authorised to represent project area landowners.

The Company is supportive of Panguna Development Company Limited (PDCL), whose membership comprises of legally appointed block agents. PDCL was established to promote economic opportunities, particularly associated with Panguna's future redevelopment. PDCL openly rejects the validity of the Special Mining Lease Osikaiyang Landowners Association (SMLOLA). While vocal, SMLOLA is afforded no status under the Bougainville Mining Act 2015 in representing landowners nor does it own mineral rights.

On 22nd January 2020, Bougainville's President John Momis declared that landowner associations including SMLOLA null and void. The ABG had earlier in March 2019 rejected a Panguna development proposal from the SMLOLA and its nominated development partner RTG Mining Inc.

Community Projects and Engagement

The Company maintained an active presence in Bougainville throughout 2019 through



the work of its project and village liaison officers and has offices in Buka and Arawa. The engagement effort was respectful and intentionally low-key as Bougainville prepared for and conducted its independence referendum.

Bougainville Copper continued its track record of supporting important annual community events such as the Bougainville Chocolate Festival, AROB Day and National Literacy Week. It also provided sponsorship for sports events and team participation. The Company assisted the Buka Business Association with its first trade expo to promote local SMEs and supported a range of other worthwhile projects. These included the provision of vocational training for vanilla farmers and teachers, the construction of teachers' houses at Metonai Primary School and a water supply project at Baiaruai-Kupe.

Board

The board welcomed the appointment of director David Osikore on 23rd August 2019. David brings 30 years' experience in the exploration and mining industries in both Papua New Guinea and Australia to the role. He has extensive experience in PNG engaging with business, government and project area landowners and was born in Buin, Bougainville.

Vale the late Eric Tapakau

Bougainville Copper sadly lost an esteemed colleague on 19th May 2019 with the untimely passing of Eric Tapakau following a brief illness. Eric, a respected former journalist, was an integral member of the Company's community engagement team, serving as a senior project officer up until the time of his passing.

STOCK EXCHANGE

An Appendix 4E was lodged with the Australian Stock Exchange in accordance with official listing requirements.

AUDIT

This media release is based on accounts that are in the process of being audited.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The Annual General Meeting of the company is scheduled to be held in Port Moresby at 2.00pm on Tuesday 5th May 2020, at a venue yet to be confirmed.

The Annual Report and Notice of Meeting will be mailed to shareholders on or about 1st April 2020.

By order of the Board.



Mark W Hitchcock
Company Secretary



Appendix 4E

Preliminary final report

Name of entity

BOUGAINVILLE COPPER LIMITED

ABN or equivalent company
reference

007 497 869

Half yearly
(tick)

☐

Preliminary
final (tick)

☒

Financial year ended ('current period')

31/12/2019

For announcement to the market

K'000

K 000

Revenues from ordinary activities	Up	8.00 %	to	5,227
Loss from ordinary activities after tax attributable to members	Down	18.79 %	to	(8,642)
Loss for the period attributable to members	Down	18.79 %	to	(8,642)
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	Nil		Nil	
Interim dividend	Nil		Nil	
Previous corresponding period	Nil		Nil	
Record date for determining entitlements to the dividend.	N/A			

Report to Australian Stock Exchange

The directors of Bougainville Copper Limited announce the following Preliminary final results of the Company for the year ended 31 December 2019 together with comparable results for twelve months to 31 December 2018.

The Bougainville Copper Foundation Limited (BCF) is a fully owned subsidiary of BCL. The balance sheet of BCF is consolidated with BCL as at 31st December 2019 and comparatives for the previous year.

For the year ended 31 December, 2019, the Group recorded a loss of K8.6 million compared to a loss of K10.6 million in the previous year. Realised gains on the sale of investments for the year of K4.1 million are not recorded in the income statement but are reported by a transfer directly to retained earnings in Shareholders funds.

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The bills were met with widespread opposition, including by landowners who believe their rights will be eroded and a virtual monopoly over Bougainville's mineral resources created. The bills were referred to the Bougainville Legislation Committee for consultation and review. Bougainville Copper detailed its objections in a submission to the Committee on 13th March 2019.

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Condensed statement of comprehensive income

	Consolidated current period - K'000	Consolidated Previous corresponding period – K'000
Revenues from ordinary activities	5,227	4,840
Expenses from ordinary activities	(13,869)	(15,481)
Impairment expense	-	-
Share of net profits (losses) of associates and joint venture entities	-	-
Profit (loss) from ordinary activities before tax	(8,642)	(10,641)
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	(8,642)	(10,641)
Profit (loss) from extraordinary items after tax	-	-
Net profit (loss)	(8,642)	(10,641)
Net profit (loss) attributable to outside equity interests	-	-
Net profit (loss) for the period attributable to members	(8,642)	(10,641)
Other comprehensive income		
Increase (decrease) in fair value of Investments	18,404	(12,977)
Total other comprehensive income	18,404	(12,977)
Total comprehensive income for the period	9,762	(23,618)

Earnings per security (EPS)	Consolidated current period	Consolidated Previous corresponding Period
Basic EPS	(2.15) toea	(2.65) toea
Diluted EPS	(2.15) toea	(2.65) toea

Notes to the condensed statement of comprehensive income

Profit (loss) from ordinary activities attributable to members

	Consolidated current period – K'000	Consolidated Previous corresponding period - K'000
Profit (loss) from ordinary activities after tax	(8,642)	(10,641)
Less (plus) outside equity interests	-	-
Profit (loss) from ordinary activities after tax, attributable to members	(8,642)	(10,641)

Revenue and expenses from ordinary activities

	Consolidated current period – K'000	Consolidated Previous corresponding period - K'000
Interest revenue	4	2
<i>Other relevant revenue -</i>		
Dividends	5,223	4,838
Other income	-	-
<i>Details of relevant expenses-</i>		
<i>General and administration expenses –</i>		
Related Party (reimbursement of expenses to related parties salaries, rent etc)	-	-
Other Administrative Expenses	13,645	15,298
Foreign exchange gains/(losses)	224	183
Provisions and accruals written back	-	-
Impairment expense	-	-

	Consolidated current period – K'000	Consolidated Previous corresponding period - K'000
Accumulated (losses) at the beginning of the financial period	(341,961)	(335,443)
Net profit (loss) attributable to members	(8,642)	(10,641)
Net transfers from (to) reserves	4,058	4,123
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Accumulated (losses) at end of financial year	(346,545)	(341,961)

Intangible and extraordinary items

Nil

Comparison of half year profits

(Preliminary final report only)

Profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year

Profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year

Profit (loss) from ordinary activities after tax attributable to members for the full year

Consolidated current period - K'000	Consolidated Previous corresponding period - K'000
(3,913)	(7,193)
(4,729)	(3,448)
(8,642)	(10,641)

Condensed statement of financial position

	Consolidated at end of current period K'000	Consolidated as in last annual report K'000
Current assets		
Cash	1,634	1,145
Receivables	1,043	820
Investments	8,000	10,000
Total current assets	10,677	11,965
Non-current assets		
Investments	109,434	98,736
Other property, plant and equipment (net)	1,410	1,098
Right-of-use-asset	1,665	-
Other receivables	829	829
Total non-current assets	113,338	100,663
Total assets	124,015	112,628
Current liabilities		
Provisions	1,827	1,952
Payables	1,301	1,421
Other-lease liability	737	-
Total current liabilities	3,865	3,373
Non-current liabilities		
Payables	194	194
Tax liabilities	6,759	6,759
Provisions	244	135
Other-lease liability	1,024	-
Total non-current liabilities	8,221	7,088
Total liabilities	12,086	10,461
Net assets	111,929	102,167
Equity		
Capital/contributed equity	401,063	401,063
Reserves	57,411	43,065
Accumulated losses	(346,545)	(341,961)
Equity attributable to members of the parent entity	111,929	102,167
Outside ⁺ equity interests in controlled entities	-	-
Total equity	111,929	102,167

Notes to the condensed statement of financial position

Condensed Statement of Changes in Equity

	Contributed Equity K'000	Reserves K'000	Retained Profits K'000	Total K'000
Balance at 31 December 2017	401,063	60,165	(335,443)	125,785
Total comprehensive income for the period	-	(7,215)	(7,193)	(14,408)
Transfer to retained earnings on sale of investments	-	(2,569)	2,569	-
Balance at 30 June 2018	401,063	50,381	(340,067)	111,377
Total comprehensive income for the period	-	(5,762)	(3,448)	(9,210)
Transfer to retained earnings on sale of investments	-	(1,554)	1,554	-
Balance at 31 December 2018	401,063	43,065	(341,961)	102,167
Total comprehensive income for the period	-	5,409	(3,913)	1,496
Transfer to retained earnings on sale of investments	-	(1,428)	1,428	-
Balance at 30 June 2019	401,063	47,046	(344,446)	103,663
Total comprehensive income for the period	-	12,995	(4,729)	8,266
Transfer to retained earnings on sale of investments	-	(2,630)	2,630	-
Balance at 31 December 2019	401,063	57,411	(346,545)	111,929

Exploration and evaluation expenditure capitalised

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

Nil

Development properties

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

Nil

Condensed statement of cash flows

	Consolidated current period K'000	Consolidated Previous corresponding period - K'000
Cash flows related to operating activities		
Receipts from customers		-
Payments to suppliers and employees	(12,809)	(15,212)
Dividends received from associates		-
Other dividends received (net of dividends reinvested)	5,223	4,838
Interest and other items of similar nature received	4	2
Interest and other costs of finance paid	(153)	-
Income taxes paid		-
Net operating cash flows	(7,735)	(10,372)
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(855)	(126)
Proceeds from disposal of investment assets	9,706	9,314
Payment for purchases of equity investments	-	-
Payment for Acquisition of subsidiary, net of cash acquired	-	-
Loans to other entities	-	-
Loans repaid by other entities	-	-
Other (provide details if material)	7	-
Net investing cash flows	8,858	9,188
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc.)	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	(634)	-
Dividends paid	-	-
Other	-	-
Net financing cash flows	(634)	-
Net increase (decrease) in cash held	489	(1,184)
Cash at beginning of period	1,145	2,512
Exchange rate adjustments	-	(183)
Cash at end of period	1,634	1,145

Non-cash financing and investing activities

Not applicable

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Consolidated current period K'000	Previous corresponding period - K'000
Cash on hand and at bank	1,634	2,512
Deposits at call	-	-
Bank overdraft	-	-
Other –Short term liquid investments	-	-
Total cash at end of period	1,634	2,512

Other notes to the condensed financial statements

Ratios

	Consolidated current period	Previous corresponding Period
Profit before tax / revenue Profit (loss) from ordinary activities before tax as a percentage of revenue	(165.33%)	(219.86%)
Profit after tax / equity interests Net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(7.72%)	(10.42%)

Earnings per security (EPS)

Consolidated current year (2.16) toea Consolidated Previous year (2.65) toea Diluted EPS is the same as Basic EPS

NTA backing

	Consolidated current period	Previous corresponding period
Net tangible asset backing per ⁺ ordinary security	K0.2790	K0.2547

Discontinuing Operations

Not applicable

Control gained over entities having material effect

Not applicable

Loss of control of entities having material effect

Not applicable

Dividends (in the case of a trust, distributions)

Amount per security

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

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

(Preliminary final report only)

+Ordinary securities

Preference +securities

Current year	Previous year
Nil	Nil
Nil	Nil

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

+Ordinary securities *(each class separately)*

Preference +securities *(each class separately)*

Other equity instruments *(each class separately)*

Total

Current period K'000	Previous corresponding period - K'000
Nil	Nil
Nil	Nil
Nil	Nil
Nil	Nil

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

Not applicable

Material interests in entities which are not controlled entities

Not applicable.

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)
+Ordinary securities	401,062,500	401,062,500	100	100
Changes during current period	-	-	-	-
(a) Increases through issues				
(b) Decreases through returns of capital, buybacks				

Comments by Directors

Basis of financial report preparation

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. The Autonomous Bougainville Government passed the Bougainville Mining Act 2015 (BMA) on 1 April 2015. This legislation may seek 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 BMA converted the Special Mining Lease held by the company to an Exploration Licence (EL) for a period of two years from 8th September 2014, the date the Transitional Mining Act was created. 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 a renewal 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 commenced an action in the National Court of Papua New Guinea seeking leave for a Judicial Review of the renewal application process. Leave was granted on 10th April 2018. A restraining order was granted against the ABG, from giving effect to or relying on the decision to refuse the application by BCL for extension of EL1.

Panguna Minerals Limited(PML), a company 50% owned by SMLOLA and 50% by Central Exploration Pty Ltd (a company 70% owned by RTG Mining Inc) was joined to the proceedings on 22nd August 2018. BCL applied for leave to appeal the joinder decision. The leave to appeal was dismissed on 11th March 2019. The application for leave to appeal the joinder was then heard by a three-person bench of the Supreme court on 27th June 2019 and again refused on 6th February 2020, however BCL noted that the difficulty of the question was reflected in the fact that the members of the bench were split as to the proper outcome. PML will now definitely be a defendant to the proceeding, and its activities given due scrutiny.

BCL welcomes the certainty that the ruling brings and looks forward to the prosecution of its claims against the defendants, and remains confident of our tenement position and believe the court proceedings will uphold our rights.

The Judicial Review of the renewal application process will proceed in 2020.

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 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 has a carrying value of K1.1 million.

Management have not been provided with the 2017, 2018, and 2019 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 the fair value of the investment and accordingly whether the carrying value of the investment of K1.1 million is fairly stated.

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

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

Nil

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 measure bases since the last annual report are disclosed as follows.

BCL has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, BCL recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments as of 1 January 2019, being discounted at the lessee's incremental borrowing rate of 7.5%.

	K'000
Operating lease commitments as at 31 December 2018	2,594
Add: Leases for residential accommodation	300
Total Operating Lease Commitments 31 December 2018	2,894
Discounted using the lessee's incremental borrowing rate of 7.5% at the date of application	2,535
(Less): short-term leases recognised on a straight-line basis as expense	(45)
(Less): low-value leases not recognised as a liability	(129)
Lease liability recognised as at 1 January 2019	2,361
Of which are: Current lease liability	636
Non-current lease liability	1,725
Lease liability recognised as at 1 January 2019	2,361

The associated right-of-use assets for property leases were measured on a modified retrospective basis. The right-of use assets were measured at the amount equal to the lease liability and amortised over the remaining term of the lease.

The recognised right-of-use assets relate to the following types of assets:

	31 Dec 2019 K'000	1 January 2019 K'000
Properties	1,665	2,361
Total right-of-use assets	1,665	2,361

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase to K2,361
- lease liabilities – increase to K2,361.

The net impact on retained earnings on 1 January 2019 was nil.

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

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 88.8% (87.9% 2018) had been paid up to 31 December 2019.

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 that may be due have been put on hold until the Judicial review of the non-renewal of EL1 is resolved. No provision has been made for any liability that may arise from this further claim.

Additional disclosure for trusts

Not applicable

Audit

This report is based on accounts which are in the process of being audited.

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Port Moresby Papua New Guinea
5 May 2020
2.00 pm
1 April 2020

Date

Time

Approximate date the annual report will be available

Compliance statement

- 1) This report has been prepared in accordance with Australian International Financial Reporting Standards (AIFRS), other AIFRS authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

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 4E to the Australian Stock Exchange for the year ended 31 December 2019:
- complies with International Financial Reporting Standards and the Australian Stock Exchange Listing Rules and
 - gives a true and fair view of the entity's financial position as at 31 December 2019 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;

Except that the results for the company for the financial year 31 December 2019 and the financial position at the date were impacted by the following events of a material and unusual nature.

1. The Autonomous Bougainville Government passed the Bougainville Mining Act 2015 (BMA) on 1 April 2015. This legislation may seek 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 BMA converted the Special Mining Lease held by the company to an Exploration Licence (EL) for a period of two years from 8th September 2014, the date the Transitional Mining Act was created. 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 a renewal 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 commenced an action in the National Court of Papua New Guinea seeking leave for a Judicial Review of the renewal application process. Leave was granted on 10th April 2018. A restraining order was granted against the ABG, from giving effect to or relying on the decision to refuse the application by BCL for extension of EL1.

Panguna Minerals Limited(PML), a company 50% owned by SMLOLA and 50% by Central Exploration Pty Ltd (a company 70% owned by RTG Mining Inc) was joined to the proceedings on 22nd August 2018. BCL applied for leave to appeal the joinder decision. The leave to appeal was dismissed on 11th March 2019. The application for leave to appeal the joinder was then heard by a three-person bench of the Supreme court on 27th June 2019 and again refused on 6th February 2020, however BCL noted that the difficulty of the question was reflected in the fact that the members of the bench were split as to the proper outcome. PML will now definitely be a defendant to the proceeding, and its activities given due scrutiny.

BCL welcomes the certainty that the ruling brings and looks forward to the prosecution of its claims against the defendants, and remains confident of our tenement position and believe the court proceedings will uphold our rights.

The Judicial Review of the renewal application process will proceed in 2020.

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 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 has a carrying value of K1.1 million.

Management have not been provided with the 2017, 2018, and 2019 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 the fair value of the investment and accordingly whether the carrying value of the investment of K1.1 million is fairly stated.

3. The entity has a formally constituted audit and risk committee.

Sign here:

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(Company Secretary)

Date: 29 February 2020

Print name: **Mark Hitchcock**