



BOUGAINVILLE COPPER LIMITED

The Board of Bougainville Copper Limited (BCL) announce the following preliminary final results of the company for the year ended 31 December 2017 together with comparable results for twelve months to 31 December 2016, together with a summary of significant events.

Results

For the year ended 31 December 2017, the Group recorded an operating loss of K7.3 million compared to K3.8 million loss in 2016. Income for the group in 2017 included realised gains on sales of investments.

Financial Results	Consolidated	
	2017	2016
	K'000	K'000
<i>Income</i>		
Interest and Dividends	5,238	4,695
Exchange Gains (Loss)	(102)	28
Other Income	-	3,012
Realised gain on sale Investments	2,397	-
	<u>7,533</u>	<u>7,735</u>
<i>Less Cost and Expenses</i>		
General and administrative Expenses	(14,834)	(11,522)
	<u>(14,834)</u>	<u>(11,522)</u>
Net profit/(loss)	<u>(7,301)</u>	<u>(3,787)</u>

2017 DIVIDEND

The Directors have not declared a dividend in respect of 2017.

BORROWING

No borrowings were outstanding at year-end.

SIGNIFICANT EVENTS

EL1 tenure

On 16th January 2018, BCL received formal notice from the Autonomous Bougainville Government (ABG) Mining Registrar of the refusal to grant an extension of the terms of Exploration Licence EL1 (covering the historic Special Mining Lease 1 at Panguna). BCL has commenced legal action in the PNG National Court seeking leave for a Judicial Review of the renewal application process. The application for leave was adjourned to the 5th April 2018. An interim restraining order was granted against the defendants, the ABG, from giving effect to or relying on the decision to refuse the application by BCL for extension of EL1. That restraining order also returns to court on 5 April 2018 and its continuation will depend on whether leave is granted by the PNG National Court to proceed to judicially review the decision by the Mining Registrar. So long as the interim restraining order is in place and, until a determination is made on that decision making process, BCL still holds rights over EL1.

Moratorium

On 23rd January 2018, the ABG gave notice of its decision to impose a mining reservation (moratorium) over the Panguna mining area for an indefinite period. The public have been invited to comment on the ABG's decision to impose a reservation by 26th March 2018. BCL intends to make a submission.

Landowner Issues and Support

The leadership of the SML landowner association remains unresolved and continues to be the subject of further National Court hearings and mediation. The Landowner leadership and associated disunity has been a major factor influencing the ABG decision not to renew the EL and impose a moratorium over the EL area.

308 of the 367 block holders representing the vast majority of land covering EL1 have expressed in writing that the Panguna mine be redeveloped and that they support BCL as the developer. The landowners through the Court mediation are seeking a fresh election to resolve the leadership dispute and are making representations to the ABG on the next steps for the Panguna mine.

ABG Relations

BCL continues to engage with the ABG in a positive manner and in good faith to advance the objective of re-developing the Panguna mine for the benefit of Bougainville and its people

Board

The board appointed director Mel Togolo as the new chairman effective 21st February 2018 following the retirement of Robert Burns.



STOCK EXCHANGE

The standard pro forma 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 at the Crowne Plaza Hotel, Port Moresby at 11.00am on Wednesday 26th April 2018.

The Annual Report and Notice of Meeting will be mailed to shareholders on or about 26th March 2018.

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')

31/12/17

For announcement to the market

K'000

Revenues from ordinary activities	Down	2.61%	to	7,533
Loss from ordinary activities after tax attributable to members	Up	92.79%	to	(7,301)
Loss for the period attributable to members	Up	92.79%	to	(7,301)
Dividends (distributions)	Amount per security	Franked amount per security		
Final dividend	Nil	Nil		
Interim dividend				
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 2017 together with comparable results for twelve months to 31 December 2016.

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 2017 and comparatives for the previous year.

For the year ended 31 December, 2017, the Group recorded a loss of K7.3 million compared to a budgeted loss of K14.4 million. During 2017 expenditure was concentrated on issues around tenure and stakeholder engagements including the ongoing payment of the 1990/91 landowner compensation payments. Income of the Group was K7.5 million including K2.4 million realised gains on sales of investments. Interest and dividend income was in line with budget.

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Board

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Condensed statement of comprehensive income

	Consolidated current period - K'000	Consolidated Previous corresponding period – K'000
Revenues from ordinary activities	7,533	7,735
Expenses from ordinary activities	(14,834)	(11,522)
Impairment expense	-	-
Share of net profits (losses) of associates and joint venture entities	-	-
Profit (loss) from ordinary activities before tax	(7,301)	(3,787)
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	(7,301)	(3,787)
Profit (loss) from extraordinary items after tax	-	-
Net profit (loss)	(7,301)	(3,787)
Net profit (loss) attributable to outside equity interests	-	-
Net profit (loss) for the period attributable to members	(7,301)	(3,787)
Other comprehensive income		
Increase (decrease) in fair value of available-for-sale financial assets	19,679	1,859
Total other comprehensive income	19,679	1,859
Total comprehensive income for the period	12,378	(1,928)

Earnings per security (EPS)	Consolidated current period	Consolidated Previous corresponding Period
Basic EPS	(1.82) toea	(0.94) toea
Diluted EPS	(1.82) toea	(0.94) 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	(7,301)	(3,787)
Less (plus) outside equity interests	-	-
Profit (loss) from ordinary activities after tax, attributable to members	(7,301)	(3,787)

Revenue and expenses from ordinary activities

	Consolidated current period – K'000	Consolidated Previous corresponding period - K'000
Interest revenue	28	148
<i>Other relevant revenue -</i>		
Dividends	5,210	4,547
Foreign exchange gains/(losses)	(102)	28
Other income	2,397	3,012
<i>Details of relevant expenses-</i>		
<i>General and administration expenses –</i>		
Related Party (reimbursement of expenses to related parties salaries, rent etc)	-	3,000
Other Administrative Expenses	14,834	8,522
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	(328,142)	(324,355)
Net profit (loss) attributable to members	(7,301)	(3,787)
Net transfers from (to) reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Accumulated (losses) at end of financial year	(335,443)	(328,142)

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
(4,212)	(3,747)
(3,089)	(40)
(7,301)	(3,787)

Condensed statement of financial position

	Consolidated at end of current period K'000	Consolidated as in last annual report K'000
Current assets		
Cash	2,512	19,283
Receivables	636	282
Available-for-sale financial assets	12,000	-
Total current assets	15,148	19,565
Non-current assets		
Available-for-sale financial assets	119,027	114,477
Other property, plant and equipment (net)	1,553	1,265
Other receivables	829	826
Total non-current assets	121,409	116,568
Total assets	136,557	136,133
Current liabilities		
Provisions	2,269	14,759
Payables	1,418	774
Total current liabilities	3,687	15,533
Non-current liabilities		
Payables	194	305
Tax liabilities	6,759	6,759
Provisions	132	129
Total non-current liabilities	7,085	7,193
Total liabilities	10,772	22,726
Net assets	125,785	113,407
Equity		
Capital/contributed equity	401,063	401,063
Reserves	60,165	40,486
Accumulated losses	(335,443)	(328,142)
Equity attributable to members of the parent entity	125,785	113,407
Outside ⁺ equity interests in controlled entities	-	-
Total equity	125,785	113,407

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
21.1	Balance at 31 December 2015	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

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	(26,708)	(12,751)
Dividends received from associates		-
Other dividends received (net of dividends reinvested)	5,210	1,342
Interest and other items of similar nature received	26	146
Interest and other costs of finance paid		-
Income taxes paid		-
Net operating cash flows	(21,472)	(11,263)
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(722)	-
Proceeds from disposal of available-for-sale financial assets	5,526	950
Payment for purchases of equity investments	-	-
Payment for Acquisition of subsidiary, net of cash acquired	-	617
Loans to other entities	-	-
Loans repaid by other entities	-	-
Other (provide details if material)	-	-
Net investing cash flows	4,804	1,567
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc.)	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Dividends paid	-	-
Other	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(16,668)	(9,696)
Cash at beginning of period	19,283	28,951
Exchange rate adjustments	(103)	28
Cash at end of period	2,512	19,283

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	2,512	15,782
Deposits at call	-	3,501
Bank overdraft	-	-
Other –Short term liquid investments	-	-
Total cash at end of period	2,512	19,283

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	(96.92%)	(48.96 %)
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	(5.80%)	(3.34 %)

Earnings per security (EPS)

Consolidated current year (1.82) toea
Consolidated Previous year (0.94) toea
Diluted EPS is the same as Basic EPS

NTA backing

	Consolidated current period	Previous corresponding period
Net tangible asset backing per ⁺ ordinary security	K0.3136	K0.2828

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. 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 seeking leave for a Judicial Review of the renewal application process. The application for leave was adjourned to the 5th April 2018. An interim restraining order was granted against the defendants, the ABG, from giving effect to or relying on the decision to refuse the application by BCL for extension of EL1. That restraining order also returns to court on 5 April 2018 and its continuation will depend on whether leave is granted by the PNG National Court to proceed to judicially review the decision by the Mining Registrar. So long as the interim restraining order is in place and, until a determination is made on that decision making process, BCL still holds rights over EL1.

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 is classified as an available-for sale asset with 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 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.

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 86.5% had been paid up to 31 January 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 that may be due. 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

Crowne Plaza, Corner of Hunter and Douglas Streets, Port Moresby Papua New Guinea

Date

26 April 2018

Time

11.00am

Approximate date the annual report will be available

26 March 2018

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 2017:
- 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 2017 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 2017 and the financial position at the date were impacted by the following events of a material and unusual nature.

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.

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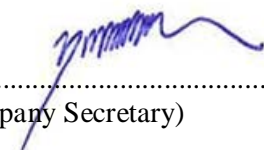
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- 3) The entity has a formally constituted audit and risk committee.

Sign here:


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(Company Secretary)

Date: 28 February 2018

Print name: **Mark Hitchcock**