



BOUGAINVILLE  
COPPER LIMITED

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**Notice to ASX - BOC**

**11 June 2020**

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**Annual General Meeting 11 June 2020  
Bougainville Copper Limited**

The attached material was presented at the Annual General meeting in Port Moresby, Papua New Guinea and broadcast on the Lumi shareholder platform today.

This presentation has been posted on the Bougainville Copper website [www.bcl.com.pg](http://www.bcl.com.pg) in the "Latest News" tab.

The introductory video viewed, was provided from the Landowner Company Panguna Development Company Ltd, a company owned and operated by Land Titles Commission registered agents for the blocks within the SML tenement. The video will be available at <https://youtu.be/N4X5eQ83aFw>.

By order of the Board



Mark Hitchcock  
**Company Secretary**

Telephone: (675) 309 2800

Postal Address: P O Box 1274, Port Moresby, Papua New Guinea

Registered Office: Level 5, BSP Haus, Harbour City, Lot 2 on Allotment 34, Section 44, Granville, Port Moresby, NCD

Incorporated in Papua New Guinea A.R.B.N 007 497 869



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



## Chairman's Address 2020 Annual General Meeting Bougainville Copper Limited

11th June 2020

### AGM Welcome

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

Copies of this statement are available here in the room and for those joining us online, it will also be made available on the Company web site and Facebook page.

### Overview

Bougainville Copper operated in a somewhat constrained environment in 2019 as Bougainville prepared for, and conducted, an historic referendum to determine its political future.

This was a period when the local community needed to be united and free of distractions. As a mark of respect, the Company was deliberately low-key as it went about its activities.

The people of Bougainville are to be warmly congratulated for the successful completion of the referendum. It can only be described as a remarkable display of peace and unity, with 98 per cent voting for independence.

In the background the Company conducted a comprehensive mine redevelopment study in 2019, to build on previous bodies of work in respect of the Panguna Project. The early outcomes are quite encouraging in terms of identifying a potentially viable, phased re-start strategy.

Unfortunately, however, uncertainty continues to surround our project tenure with the Judicial Review of the ABG's decision to refuse an extension of our Exploration Licence (EL1) expected to proceed in the PNG National Court this year.

The Company maintains that the EL1 application process was legally and procedurally flawed and was also undermined by others. In the interim, the court has stayed the ABG's decision to refuse the extension of our licence.

There has also been broader uncertainty around the resources sector due to the ABG's attempts to significantly amend the *Bougainville Mining Act 2015*.

If passed, one of the three amendment bills would effectively monopolise Bougainville's mineral resources through the granting of large-scale mining leases to a newly created special entity.

The bills were met with widespread opposition, including from landowners who believed their rights would be eroded if they were passed.



Bougainville Copper detailed its own concerns in a submission to Bougainville's Legislation Committee as part of a public inquiry.

In June 2019, the committee, in a report to parliament, concluded that the bills were poorly drafted, lacked consultation and should not proceed in their current form.

The ABG deferred further consideration until after the referendum. The amendments were reintroduced to parliament in March 2020 but failed to pass.

In relation to our major shareholders, the PNG Prime Minister, James Marape – following the referendum in December – committed to transferring the Independent State of PNG's entire 36.4 per cent shareholding in the Company to the people of Bougainville, with shares to be gifted to the ABG and landowners. These transfers are yet to occur.

Notwithstanding, the board of directors will continue to work cooperatively with our major shareholders, while at the same time always acting in the best interests of all shareholders.

The Company, led by our team in Bougainville and in cooperation with the ABG, again provided its support to a range of worthy community projects and events during 2019.

Like many companies, Bougainville Copper's activities in 2020 have been constrained due to the measures introduced in PNG and Bougainville in response to the COVID-19 pandemic.

## Financial Results

For the year ended 31<sup>st</sup> December 2019, the Group recorded a loss of K8.6 million, compared to a loss of K10.6 million the previous year.

During 2019, expenditure centred on engagement activities in Bougainville and support for various small-scale community projects in the Panguna project area.

The Company has total consolidated assets of K124 million with sufficient funds to cover planned recurrent expenditure in 2020 and remains debt free.

Bougainville Copper will not pay a dividend.

In view of current financial circumstances, the directors have resolved to reduce fees by 10% for the balance of 2020, and will be reviewed for 2021.

## Liquid & Total Assets

As of 31 December 2019, the Company's liquid assets included K1.6 million in cash and K116.3 million in Australian equity investments. The Company has total consolidated assets of K124 million compared to K112.6 million the previous year. Equities are only sold when necessary to fund ongoing Company operations.

## The Board

The Company announced the appointment of David Osikore to the board of directors on 23<sup>rd</sup> August 2019. David brings 30 years' experience in the exploration and mining industries in both Papua New Guinea and Australia to the role. He was born in Buin, Bougainville. David resigns in accordance to the Company's Constitution, and is available for reappointment. An



administration error means we will not vote on his re-election today. The Directors will re-appoint David after this meeting.

## Bougainville Copper Foundation

The Bougainville Copper Foundation (BCF) is a fully owned subsidiary of Bougainville Copper and operates as a 'not for profit Company' in supporting sponsorship for students.

Due to the uncertainty surrounding the Company's project tenure and proposed changes to local mining laws, BCF deferred the awarding of any new scholarships for 2019 and 2020.

## Governance

Bougainville Copper 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 this report. In addition, the Company has developed and complies with a comprehensive set of charters and policies.

## Health and Safety

The Company believes that a safe and healthy workforce is essential to its success and sustainability and is committed to achieving zero harm. It is therefore paramount that work is only undertaken when it is deemed safe to do so. The Company for example adheres to a stringent travel approval process and in 2019 provided first aid training for staff and defensive driver training for contract drivers.

## Mine Redevelopment Study

In 2019 Bougainville Copper carried out a mine redevelopment study, to examine options for a staged mine start-up and expansion strategy. This approach could result in the mine becoming operational sooner and with lower early capital cost.

This work builds on the 2012 Order of Magnitude Study that indicated the redevelopment was viable based on a similar scale to the original operation.

The latest study found that a staged redevelopment approach – as opposed to a single, large through-put development – is a potentially viable option.

## Community Engagement

The Company maintained an active presence in Bougainville throughout 2019 through the work of our project and village liaison officers.

We continued our track record of supporting important annual community events such as the Bougainville Chocolate Festival, AROB Day and National Literacy Week. We 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.



## Panguna Development Company Limited

The Company continues to enjoy constructive relations with customary landowners from the project area, including with members of the Panguna Development Company Limited (PDCL). The PDCL is a 100 per cent landowner owned and operated company whose members and board of directors are Land Titles Commission registered agents for the blocks within the SML tenement.

Bougainville Copper was approached in 2019, with a request for assistance from PDCL. The company is pleased to provide modest support to the PDCL during its establishment phase. Unfortunately, due to COVID-19 travel restrictions, members of the PDCL are not able to be present with us today, however, have compiled a short introductory video for us to share with you.

Video Link: <https://youtu.be/N4X5eQ83aFw>

## Vale Eric Tapakau

Bougainville Copper lost an esteemed colleague on 19<sup>th</sup> 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 and is sadly missed.

## Conclusion and Looking Ahead

Bougainville Copper will continue to constructively engage with all stakeholders during this important post-referendum period for Bougainville.

The Company is hopeful that greater clarity will emerge around the Panguna project following 2020's general and presidential elections – scheduled to begin on 12<sup>th</sup> August – and, also as a result of the Judicial Review.

In recent years, the Company has made gains in terms of building trust and positive relationships with project area landowners and their communities and this work will continue.

We will for example keep implementing our program of community support by backing worthwhile local projects and activities, particularly once the threat of COVID-19 passes.

Above all else, we will continue to act in the best interests of all our shareholders in demonstrating Bougainville Copper's intrinsic value as a reliable project partner for Panguna.

BCL stands ready to move forward once the licence tenure is resolved, if that is the will of Bougainvilleans

2020

# Annual General Meeting



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# Overview



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- Bougainville's historic non-binding referendum saw a remarkable 98 per cent vote for independence
- Judicial Review of EL1 process remains ongoing
- ABG attempts to significantly amend the *Bougainville Mining Act 2015* reintroduced in March 2020 but failed to pass





# Overview



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- In December 2019, PNG Prime Minister, James Marape, renewed commitments to transfer shares held by the national government for the benefit of the people of Bougainville. This has yet to occur.
- BCL activities in 2020 have been limited due to the SOE in both Bougainville and PNG in response to COVID-19
- BCL remains best value development proposition



# Financial Results



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## *Year Ended December 31, 2019*

- Consolidated loss of K8.6 million
- Income K5.2m – (includes dividends & interest)
- Operating expenses K13.5m – (2018: K15.3m)
- Company remains debt free
- BCL will not pay a dividend

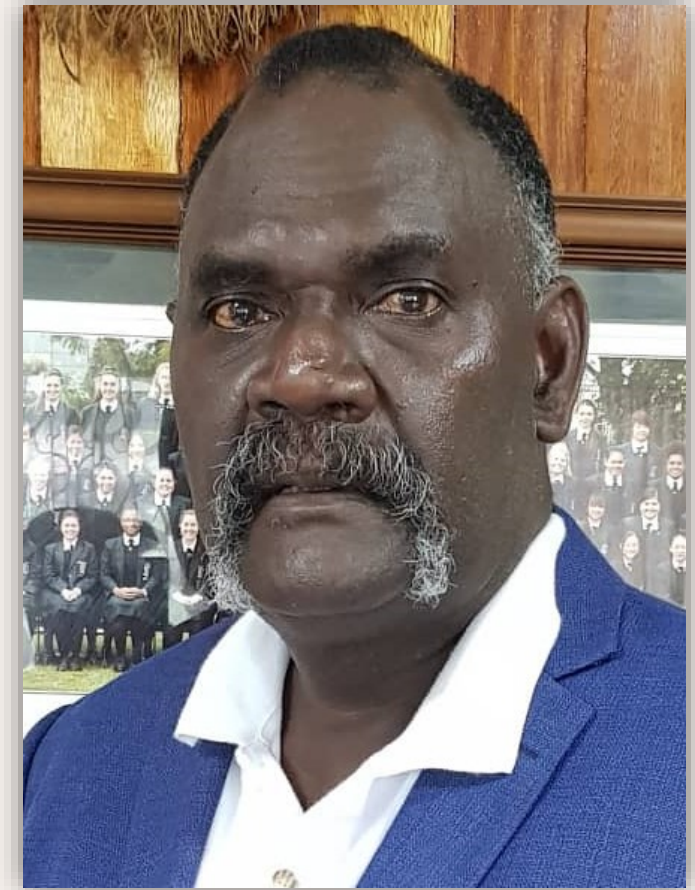
# Liquid & Total Assets

- Investments K117.4m (Australian listed equities)
- Cash and equivalents K1.6m
- Total consolidated assets K124 m



# The Board

- The board welcomed Bougainvillean born, Mr. David Osikore, as a director on 23 August 2019
- David brings 30 years' experience in the exploration and mining



Mr. David Osikore

# Bougainville Copper Foundation



- Since 1997 the BCF has supported more than 1,000 students
- BCF has deferred awarding new scholarships in 2019 and 2020 until situation with mining laws becomes clearer

# Governance



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- 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

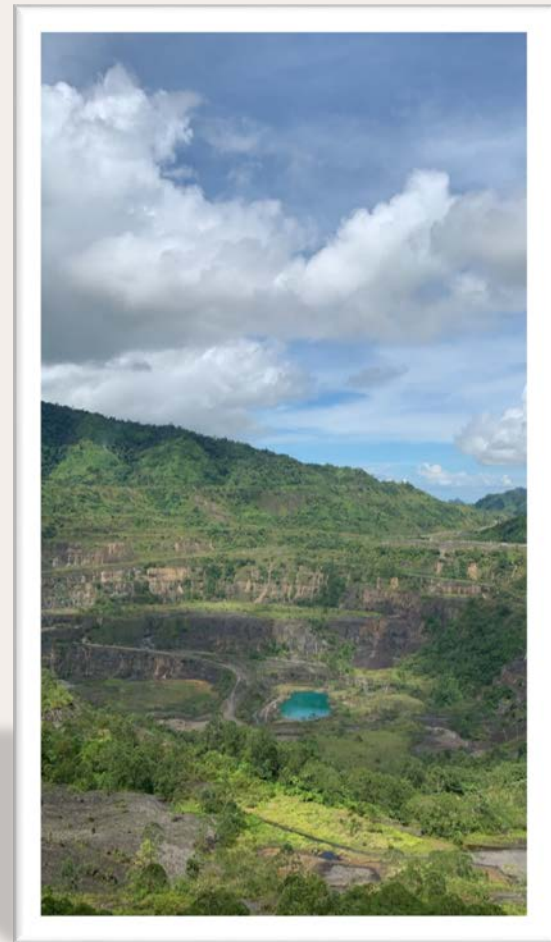


# Mine Redevelopment Study



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- BCL conducted a mine redevelopment study in 2019 to examine the options for a staged mine start-up and expansion strategy
- This is in addition to the 2012 Order of Magnitude study which indicated viable redevelopment to a similar scale to the original operation
- Result: a staged redevelopment approach may be a viable option



# Community Engagement



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BCL maintains an active presence in Bougainville through worth while projects;

- Vanilla industry production training
- Water supply project at Baiaruai-Kupe
- Construction of teachers' houses at Metonai Primary School

The Company also backed events such as:

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



# Panguna Development Company Limited



Video Located :

<https://youtu.be/N4X5eQ83aFw>



## Vale Eric Tapakau

- Bougainville Copper lost an esteemed colleague on 19<sup>th</sup> May 2019 with the untimely passing of Eric Tapakau
- Eric, a respected former journalist, was an integral member of the Company's community engagement team and is sadly missed



# Conclusion & Looking Ahead



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- Looking ahead with cautious optimism
- Continue to build support, trust and positive relationships with project landowners
- 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 Facebook @BougainvilleCopper*



# Thank you



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