



BOUGAINVILLE
COPPER LIMITED

Press Release

1 June 2016

Company Announcements Office
Australian Stock Exchange Limited

Dear Sir/Madam,

Annual General Meeting – 1 June 2016
Bougainville Copper Limited

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

This presentation will in due course be posted on the Bougainville Copper website www.bcl.com.pg/

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Mark Hitchcock'.

Mark Hitchcock
Company Secretary

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Chairman's Address to the Annual General Meeting of Bougainville Copper Limited

1st June 2016

The Annual General Meeting is an opportunity for me as chairman to make a statement concerning the up to date affairs of the company. Copies of this statement are available here today and will be posted on our website.

Financial Results

The results for the year ended December 31, 2015 as reported in the Annual Report, recorded a loss after tax of K 37.9 million. A tax expense of K31.4 million was expensed as a result of resolution of a previously reported tax case. The loss of K37.9 million compares with an overall loss of K175.7 million in 2014 which included an asset impairment charge of K166.6 million.

Revenue from interest and dividends from investments was K4.8 million compared to a budget of K5.0 million.

Operating expenses were K11.3 million compared to a budget of K13.6 million reflecting scaling back of work programs driven by tenure uncertainty.

The company will not pay a dividend.

The company has sufficient funds to cover its recurrent expenditure under the current three year plan and is debt free.

Liquid Assets and Investment Strategy

At the end of 2015 the company's liquid assets were K29.5 million in cash and \$A 50.0 million (K108.9 million) in Australian listed equities. The company's investments are linked to the performance of the Australian equities market.

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 the annual report. In addition, the company complies with Rio Tinto's comprehensive range of policies including safety, environment, financial management and other governance practices.

Safety and Risk Management

Bougainville Copper is particularly safety conscious and has in place a comprehensive set of safety standards to ensure that it provides a safe working environment and that its employees and contractors comply with best practice safety procedures. The company complies with the requirements of the Rio Tinto safety policy.

The management of Bougainville Copper undertakes regular risk reviews. The aim of these workshops is to identify risks and opportunities facing the company, and to allocate responsibility for each to a member of the management team. The company has ensured compliance with its own policies.

Bougainville Copper Foundation

Bougainville Copper has continued to support the work of the Bougainville Copper Foundation. This is an independent, “not for profit” company that has been funded by Bougainville Copper since its inception.

In 2015, as in previous years, the Foundation had more than 100 Bougainville students on scholarships. Many are continuing to be supported in 2016.

The Foundation also undertakes “special projects” on a needs basis with the emphasis placed on education, peace and good governance.

The Foundation is proud of its achievements and those of its former scholars who are contributing to the development of Bougainville.

Rio Tinto Review

On 18 August 2014, following the announcement of the proposed new Bougainville Mining Act, Rio Tinto announced a strategic review of its shareholding in BCL. The Rio Tinto review remains ongoing and the Board continues to engage with Rio Tinto regarding the status of the review.

Strategy

The company’s priority is to secure its tenement position and a sustainable social license sufficient to underpin any potential decision to proceed with mine study and development. The Board continues to proactively assess its strategic options.

Tenement Position

The company continues to maintain in good standing all tenements under the Bougainville Copper Agreement. In August 2014 The Bougainville Government passed what was titled an interim mining act that among other things purported to cancel all of BCL’s mining tenements held under the BCA (SML1, 7 ELs and associated leases for mining purposes – about 67,000 hectares) and replaced the special mining lease (SML1) with an exploration licence (EL1 - 3770 hectares). To preserve optionality, BCL has prepared applications for additional tenements it will need for the potential redevelopment of the mine.

Government Relations

The relationship between President Momis, his government, and the Board and management of Bougainville Copper remains cordial. In early April management joined a business delegation to Buka where there was an opportunity to meet with the President and a number of ministers as well as business leaders. Support for BCL was strong among the group we met.

That is not to say there isn’t some opposition and challenges. A letter addressed to me from a group of ex-combatants and one to President Momis in reaction to the ABG debating the lifting of the moratorium on exploration and mining outside the BCL area suggests there are some vested interest

groups who oppose the return of BCL as well as opposition to some mining related Government policy.

Community Relations

The company has had positive engagement with many of the local interest groups from the project area, including landowners. Bel Kol is part of this process. Preparations for Bel Kol are continuing.

The relationship with landowners is mainly positive and agreement has been reached to settle long-standing claims relating to the year following the suspension of mining operations.. While there are some landowners opposed to reopening the mine for a range of reasons there appears to be a clear majority in favour of redevelopment.

Throughout the year, company management maintained its own fruitful dialogue with a wide range of Bougainvillean interest groups, through regular meetings at Buka, Arawa and Kieta, with landowners, ex-combatants, women's groups, ABG agencies, aid donors and other stakeholders.

There is a wide range of interests, and we are trying to listen to them all.

Tailings and Mining

Since mining was suspended the company has not had access to the former mine and tailings area. I have received reports that in addition to artisanal mining there is now industrial scale reprocessing of former mine tailings.

Events on Bougainville

Although there is continuing growth in commercial activity throughout Bougainville, the Autonomous Region is still very dependent on funding from the National Government and aid donors.

The date for the referendum has been set for June 2019. The National Government has committed support to fund the referendum preparations.

It is important that the long term regime for Bougainville is determined so the company can factor this into its studies for potential redevelopment.

Conclusion

Reports and commentary on company activities are regularly reported to the Australian Securities Exchange and associated media, and can also be accessed on our website.

In conclusion, the vision to return to active exploration and profitable, sustainable mining remains. The company is well positioned to recognise the opportunities inherent in recent challenges, and to maintain progress in a new year.

I believe a majority of the Bougainville people, who will soon participate in a referendum on Independence, clearly see the importance of economic self-sufficiency that could potentially be provided by mineral resource exploration and development.

Thank you for your attention.

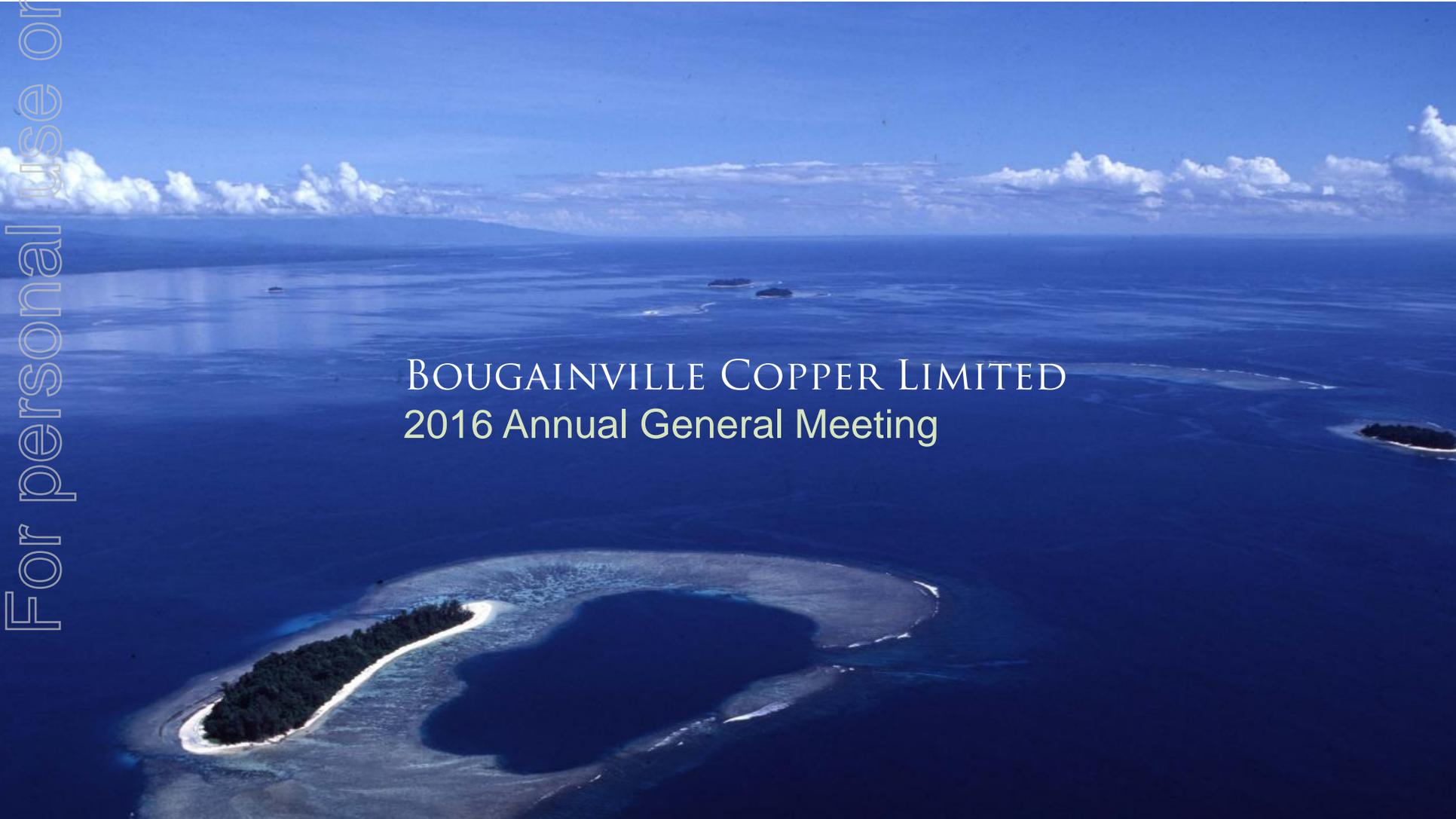
There is a microphone available, and I would be pleased to answer any questions you may have.



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2016 Annual General Meeting





Financial Results

Year ended 31 December 2015:

- Loss after tax - K37.9 million
- Tax Expense - K31.4 million (resolution of tax case)
- Previous year loss - K175.7 million (inc. asset impairment charge of 166.6 million)
- Revenue from interest & dividends – K4.8 million (budget of K5 million)
- Company will not pay a dividend
- Company has sufficient funds to cover its recurrent expenditure and is debt free



Liquid assets and investment strategy

At the end of 2015:

- Company liquid assets – K29.5 million
- Australian liquid equities – K108.9 million
- Financial position linked to the performance of Australian equities market
- Performance of equities was broadly in line with Australian Stock market



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Governance

- **Australian Securities Exchange (ASX)**
Statement on compliance with the ASX Corporate Governance Principles and Recommendations is contained within the annual report



- **Rio Tinto**
BCL complies with Rio Tinto policies including safety, environment, financial management and other governance practices

RioTinto



Safety and risk management



- Comprehensive safety standards ensure a safe working environment
- BCL complies with the requirements of the Rio Tinto safety policy
- Regular risk reviews are undertaken to identify risks and opportunities facing the company
- The company has ensured compliance with its own policies



Bougainville Copper Foundation

Continued support for the work of the Bougainville Copper Foundation

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- In 2015 over 100 students were supported with scholarships
- BCF can undertake special projects related to education, peace and good governance
- The Foundation is proud of its achievements and those of its former students who are contributing to the development of Bougainville



Rio Tinto review



- On 18 August 2014 Rio Tinto announced a strategic review of its shareholding in BCL
- The review remains ongoing

- BCL Board continues to engage with Rio Tinto regarding the status of the review



Strategy

The company's priority is to secure its tenement position and a sustainable social license sufficient to underpin any potential decision to proceed with mine study and development

The Board continues to proactively assess its strategic options



Tenement position

- The company continues to maintain the tenements under the Bougainville Copper Agreement in good standing
- Bougainville Government mining act purported to cancel tenements under the BCA
- The Special Mining Lease has been replaced with an Exploration License
- BCL has prepared applications for additional tenements it will need for the potential redevelopment of the mine



Government relations



- The relationship with President Momis and his government remains cordial
- In April, BCL management joined a business delegation to Buka where ministers and business leaders expressed support for BCL
- Some opposition to the return of BCL and ABG policy from vested interest groups



Community relations



- Relationships with landowners are mainly positive
- Bel Kol preparations are continuing
- Settlement reached to settle long-standing claims relating the year after suspension of mining
- Majority of landowners in favour of redevelopment
- Dialogue held in Buka, Arawa and Kieta with landowners, ex-combatants, women's groups, ABG agencies, aid donors and other stakeholders



Tailings and mining



- BCL has not had access to mine and tailings area since the suspension of mining
- There is some artisanal, small-scale mining
- There are also reports of industrial scale reprocessing of mine tailings



Events on Bougainville



- Bougainville is dependent on funding from the National Government and aid donors
- The date for the referendum has been set for June 2019. The National Government has committed support to fund the referendum preparations.
- Long term regime must be settled so the company can factor this in to its studies for potential redevelopment



Conclusion

- The vision to return to active exploration and profitable, sustainable mining remains.
- The company is well positioned to recognise the opportunities inherent in recent challenges, and to maintain progress in a new year.
- The Bougainville people, who will soon participate in a referendum on Independence, clearly see the importance of economic self-sufficiency that could potentially be provided by mineral resource exploration and development.
- Reports and commentary on company activities are regularly reported to the Australian Securities Exchange and associated media, and can also be accessed on our website – www.bcl.com.pg



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