



BOUGAINVILLE COPPER LIMITED

Press Release

29 April 2015

Company Announcements Office
Australian Stock Exchange Limited

Dear Sir/Madam,

**Annual General Meeting – 29 April 2014
Bougainville Copper Ltd**

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

Mark Hitchcock
Company Secretary



**Chairman's Address to Annual General Meeting of
Bougainville Copper Limited
April 29 2015**

The Annual General Meeting gives me an opportunity, as chairman, to make a statement concerning the up-to-date affairs of the company. Copies of this statement will be distributed as you leave today, and with your permission, I would now like to present it.

Mining Legislation

The most significant event to impact the company in 2014 was the passing of new mining legislation by the Autonomous Bougainville Government, which creates uncertainty regarding Bougainville Copper's rights to mining and exploration licences. The Bougainville Mining Act 2015 was passed on April 1, substantially mirrors the clauses of the Interim Mining Act, which has reclassified the existing Special Mining Lease as an Exploration Licence. There remains uncertainty over the seven (7) leases for mining purposes.

The Company made applications for new licenses and to affirm rights which appear to have been impacted by the interim ABG mining legislation. These applications have been declined. The final "Bougainville Mining Act 2015" prevents the Mining Registrar from accepting or registering applications for tenements before October 1, 2015.

The company is taking some comfort from correspondence and continued dialogue with the ABG and President Momis where he acknowledges that the company is a holder of a Special Mining Lease prior to the Act coming into force. The Act substitutes the "SML" with an Exploration Licence. The Company will seek formal granting of the exploration licence and exclusive access to the SML area.

Given the potential impact of the new legislation, the Board has decided to take a full impairment of the value of the mine assets, and to restrict the flow of funds into some of BCL's work programs. The impairment dramatically decreased the value of the company fixed assets and has resulted in a corresponding impairment expense in the Statement of Comprehensive Income. I will discuss the impact of the impairment shortly when I summarise the 2014 results.

Company representatives continue to engage with the National Government and the Autonomous Bougainville Government seeking clarification of the company's rights, and at the same time to explore legal options, as well as taking steps to protect BCL's priority position should re-commencement of mining at Panguna be viable and approved.

The company's major shareholder Rio Tinto announced in August 2014 "In light of recent developments in Papua New Guinea, including the new mining legislation passed earlier this month by the Autonomous Bougainville Government, Rio Tinto has decided now is an appropriate time to review all options for its 53.83 per cent stake in Bougainville Copper Ltd".

The review is ongoing.

President John Momis has emphasised that the new mining legislation was needed to address unregulated mining activity on Bougainville, and was not aimed at discouraging BCL. President Momis has supported redevelopment of the Panguna mine, subject to community support.

Given the uncertainty the company has minimised its Bougainville work programs.

Financial Results

The results for the year ended December 31, 2014 as reported in the Annual Report, record an operating loss of K9.1 million and an impairment charge of K166.6 million which equates to an overall loss of K175.7 million. This compares with the profit of K6.8 million in the previous year. The impairment charge reflects the diminishing rights of the company to the mine assets and resources with the directors acting prudently in impairing the mining assets completely. We continue to seek advice regarding all our options.

The value of the mining assets in 2013 was K197.9 million and after the asset revaluation reserve of K31.3 was reversed the net impact of the impairment recorded in the statement of comprehensive income was 166.6 million.

Revenue from Interest and Dividends (K4.9m) was slightly lower than budget (K5.1m).

Operational expenditure overall (K14.1m) was lower than budget (K15.9), reflecting the scaling back of work programs.

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.

Taxation

I am pleased to report to the shareholders that the company has negotiated a settlement with the Commissioner of the Internal Revenue Commission (IRC) in PNG. A scheduled second mediation occurred on 2nd April 2015. I am able to report the court has confirmed the company will receive back K39.7 million from the funds held on term deposit with the Registrar of the High Court. This concludes this long outstanding matter.

There was a total of K70.6 million reported in the 2014 Financial Statements as receivable. The IRC was paid K13.0 million in addition to K4.4 million of interest withholding tax. K14.0 million was agreed to be paid to the IRC in settlement from

the K53.2 million, held on IBD for the national court, which leaves the Company with around K40 million.

Financial Assets and Investment strategy

At the end of 2014 Bougainville Copper's liquid assets were K4.7 million in cash and K102 million in Australian equities. The company's financial position is linked to the performance of the Australian equities market, which is in a positive phase.

In 2014 Bougainville Copper's Australian Equities Portfolio, performed broadly in line with the Australian Stock Market.

It is intended to continue with the current investment strategy, for as long as the investment committee deems this to be the best option, or until such time as equities need to be sold to fund further work programs.

The company's cash position is enhanced as a result of the conclusion of the taxation dispute.

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 has adopted policies that seek to comply with Rio Tinto's comprehensive range of policies including safety, environment, financial management and other governance practices. The company has chosen to "early adopt" the latest edition of the ASX principles, for the 2014 Financial Statements, one year before the mandatory adoption date.

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.

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 2014, as in previous years, the Foundation had more than 100 Bougainville students on scholarships. Many are continuing to be supported in 2015.

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.

The Foundation continues to review its objectives and future direction. As mentioned, the Foundation is an independent body, and it is hoped that its range of activities will not be materially reduced by the factors that are now constraining some of BCL's social and work programs.

I will now report on some other current events which have a bearing on the company's prospects and its progress towards the vision of reopening the mine.

Work Programs

In view of recent actions of the Bougainville legislature, funding to progress all studies and welfare programs will be limited until uncertainties of tenure and the legislative regime are clarified.

During the period, limited work continued to refine the 2013 Order of Magnitude Study, which is an exercise aimed at giving the company guidance as to the most appropriate and cost effective way to re-develop the Panguna resource. It is one of the Board's major tools in evaluating options going forward.

The Order of Magnitude Study is based on many assumptions including commodity prices, market demand, investor risk, opportunity costs, security of tenure and others. In brief it describes a new mine at Panguna processing between 60 million and 90 million tonnes of ore per annum, over a mine life of 24 years, with an estimated capital cost of 5.2 billion US dollars, as estimated in 2013. Further, more detailed studies, such as a pre-feasibility study and a feasibility study are required to confidently determine the potential economic viability of re-opening the mine. Only upon completion of those studies will the Board be sufficiently informed to take a decision whether or not to proceed with financing and commencement of construction.

The time-line to first production could be between five and seven years from the date of approval and financing.

Many of the assumptions, including the size of the resource, the life of the mine, and the start-up cost, may vary significantly when the company gains access to the former mine site and undertakes further work.

Several other studies were initiated by the company, in conjunction with the Bougainville Administration, aimed at providing a clearer picture of the environmental conditions, the needs of the population, training and employment readiness, as well as land ownership and social mapping. However the company is not in a position to commit to funding these studies until tenure is assured.

Bel Kol

Representatives of the customary landowners from the mine lease areas have requested that Bougainville Copper perform a cultural ceremony with them, "Bel Kol".

The ceremony is aimed at restoring relationships between Bougainville Copper, landowners, the Autonomous Bougainville Government, ex-combatants and community leaders.

Significant progress was made towards Bel Kol by the end of 2014. A senior Bougainville Copper manager began regular travel and participated in discussions in Central Bougainville.

Bel Kol is now postponed until after the Bougainville elections. As a gesture of goodwill, the company will make commitments to support programs focused towards health and education initiatives.

The company has asked for open access to Panguna and the area covered by the original Special Mining Lease, assurances of safety, and an invitation to establish a presence in Arawa, as a base for field work, baseline studies and social mapping previously mentioned, and for the recruitment of local people to participate in drilling and other evaluation and de-risking programs

A training program has been jointly designed, to be supported by the company, to prepare members of the “lost generation” for work opportunities.

Joint Panguna Negotiations

The Joint Panguna Negotiation Coordination Committee (JPNCC) consisting of National Government and ABG representatives, together with landowner and company delegates, was active in 2014 in defining several baseline studies and preparing to implement them.

The JPNCC has established a Multi Trust Fund, to manage joint monies including aid, and to conduct the process of tendering and awarding the baseline studies, in order to vest the findings of studies with arms-length transparency, and credibility with all parties. The Trust Fund formally came into effect in November 2014.

Senior PNG statesman Sir Peter Barter accepted chairmanship of the Multi Trust Fund, and as a respected Bougainville peace-maker, reminded the people of his long held view that there can be no meaningful autonomy without a viable economy.

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.

Events on Bougainville

There have been a number of developments in Bougainville, including Prime Minister Peter O’Neil who visited Bougainville and Panguna in January 2014, and visited again in December 2014 to re-open the Aropa airport.

Australia’s Foreign Affairs Minister Julie Bishop visited the region.

Preparations for elections to the Parliament of the Autonomous Bougainville Region are gathering pace, polling scheduled for May 2015, with results known during June.

President John Momis is one of nine candidates seeking election.

There has been a re-structure of the Bougainville Public Service administration.

The relationship between President Momis, his government, and the Board and management of Bougainville Copper remains cordial.

The regulatory regime and the company's position

The practical effect of the permanent mining legislation requires further clarification so that the long term mining regime for Bougainville is settled, allowing the company to factor these terms into its assessment of the viability of the potential mine redevelopment.

The next phase of study, a pre-feasibility study on reopening the mine, will be very expensive, and requires certainty of a workable mining regime and conditions prior to committing the study funds.

I wish to restate that even if further studies confirm that recommencement of mining is economically attractive, mining at Panguna cannot recommence unless all parties: the Landowners, the Autonomous Bougainville Government, the National Government of PNG, and BCL, are acting in close accord, now and into the future.

Funding and sovereign risk assurance for the project will require a united effort. Investors also need a fair and stable regulatory regime that gives them the confidence to commit to a project that will require billions of dollars of investment.

Conclusion

Let me assure you that the vision to return to active exploration and profitable, sustainable mining remains, with the active support of many local stakeholders.

The Board and Management of Bougainville Copper Ltd are well positioned to recognise the opportunities inherent in recent challenges, and to maintain progress in a new year.

I believe the economic self-sufficiency of Bougainville needs the successful development of Panguna.

The company faces the coming year with resolve and determination.

For your further information, I remind you that reports and commentaries of the company's activities are regularly reported to the Australian Securities Exchange and associated media, and can also be accessed on our website.

Thank you for your attention.



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Bougainville Copper Limited
Welcome to the 2015 Annual General Meeting



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Bougainville Copper Limited Chairman's Report 2014

new mining legislation

**Special Mining Lease reclassified as
Exploration Licence**

Correspondence and continued dialogue

Full impairment of mine assets



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Bougainville Copper Limited

Clarification of company's rights

Protect BCL's priority position

Rio Tinto reviewing all options

President Momis supportive of Panguna redevelopment



Results

- Year ended December 31, 2014
 - Operating loss of K9.1 million
 - Impairment charge of K166.6 million
 - Overall loss of K175.7 million
 - 2013 profit K6.8 million
 - Revenue from interest and dividends (K4.9m) slightly lower than budget (K5.1m)
 - Operational expenditure (K14.1m) lower than budget (K15.9m)
 - directors have not declared a dividend



Taxation dispute

- Company has negotiated a settlement with IRC
 - second mediation confirmed by the court
 - company will receive back K39.7 million
 - concludes this long outstanding matter
 - K14.0 million was agreed to be paid to IRC in settlement



Investment Strategy

- Assets in cash (K4.7m) and equities (K102 m)
 - linked to performance of ASX
 - intention to maintain current strategy
 - taxation dispute resolution enhances cash position





Governance

- BCL has reporting obligations to ASX and shareholders
 - BCL seeks to comply with Rio Tinto's practices
 - report of compliance contained in Annual Report
 - chosen to early adopt latest ASX principles



Safety and Risk Management

- BCL safety conscious
 - comprehensive set of safety standards
 - safe working environment for employees and contractors
 - compliance with best safety practice
 - compliance with Rio Tinto safety policy





Bougainville Copper Foundation

- Continued support for more than 20 years
 - not for profit, activities funded by BCL
 - more than 100 students on scholarships 2014
 - emphasis on education, peace and good governance
 - building knowledge base of Bougainville
 - Foundation is an independent body





Studies and work programs limited

- Order of Magnitude Study major exercise
 - most effective and profitable way to re-develop Panguna
 - major tool in evaluating options
 - up-dated commodity prices, market demand, costs
 - describes a new mine at Panguna
 - mine life 24 years, estimated capital cost US\$5.2 billion
 - further studies required to be confident of proceeding





Timeline and other assumptions

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Pre-feasibility (24 months)	→						
Approvals (3 months)			▲				
Feasibility (12 months)			→				
Approvals (3 months)				▲			
Construction (33 months)				→			
Production							◇



Activities

- several other studies planned
- clearer picture of the state of the mine area and environment
- needs of the population
- land ownership and social mapping
- company not in a position to fund studies until tenure is assured





Bel Kol

- Proposed to be held at Arawa
 - ceremony aimed at restoring relationships
 - significant progress made in 2014
 - Bel Kol postponed until after elections
 - company will support health and education





Arising from Bel Kol

Bel Kol outcomes sought

- open access to Panguna and lease areas
- assurances of safety
- invitation to establish Arawa office as a base for studies and field activities
- recruitment of local men and women for evaluation activities
- training programs for work readiness





Negotiation Committee active

Joint Panguna Negotiation Coordination Committee

- government, landowner and company representatives
- defining baseline studies
- multi trust fund established
- giving transparency to findings





Bougainville peace-maker

Multi Trust Chairman

- Sir Peter Barter accepts role
- “No meaningful autonomy without a viable economy”





Negotiations

Negotiations Active

- fruitful dialogue maintained
- wide range of interest groups





Visits of the Prime Minister

- Prime Minister Peter O'Neill visited Bougainville in January 2014, and again this year
- first such visits since the 1990's
- visited Buin, Siwai, Panguna
- re-opening of Aropa airport
- Bougainville voting scheduled
- President Momis standing





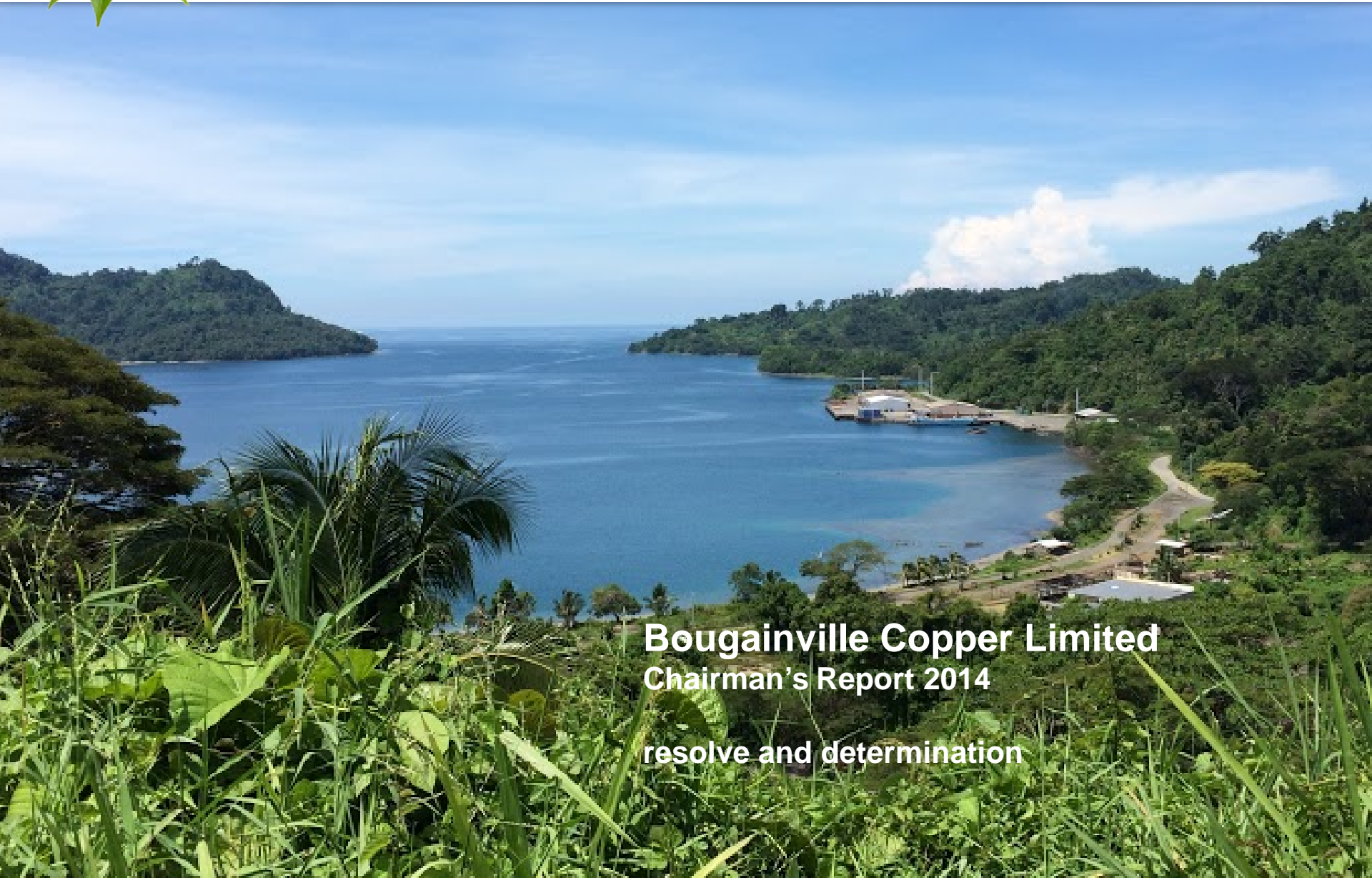
Effect of Mining Legislation

- requires further clarification, to enable company to assess viability
- next phase, pre-feasibility, very expensive
- all parties must be in close accord, now and into the future
- funding and sovereign risk assurance require united effort
- investors need a fair and stable regulatory regime





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Bougainville Copper Limited
Chairman's Report 2014

resolve and determination



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**Bougainville Copper Limited
Annual General Meeting 2015**