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BOUGAINVILLE
COPPER LIMITED

Notice to ASX **30 August 2019**

BOUGAINVILLE COPPER LIMITED (BOC)

The directors of Bougainville Copper Limited announce the following results of the company for the six months ended 30 June 2019 together with comparable results for the six months to 30 June 2018. An update of recent events is also included. The results have been independently reviewed.

The result for the six months ended 30 June 2019 for the group was a net operating loss of K3.9 million (AUD$1.61m*) compared to net loss of K7.2 million (AUD$2.84m*) in the corresponding period last year.

The results of the Bougainville Copper Foundation Limited have been consolidated.

Financial Results	**Consolidated 2019 K'000**	**Consolidated 2018 K'000**
Income		
Interest	4	-
Dividends	2,921	2,269
	2,925	2,269
Less: General and administration expenses	6,313	9,239
Depreciation	525	223
Net Profit / (loss) after tax	(3,913)	(7,193)
Average AUD$/Kina exchange rate for the period	0.4119	0.3943
Equivalent net loss in AUD$'000	$ (1,612)	$ (2,836)

(* Average exchange rates for the 6 months in each reporting period)

Expenditure in 2019 decreased K2.9 million compared to the first half of 2018. Legal fees were significantly reduced following the application in 2018 for leave for a Judicial review for EL1. Community program expenditure increased as the company continued to engage and support projects and events in Bougainville and administration expenses reduced.

Dividend income was derived from investments in ASX listed shares. Investments of K3.4 million were realised with a capital gain of K1.4 million recorded in retained profits.

The company has adopted International Financial Reporting Standard 16 (IFRS16) and has recognised right-of-use assets and lease liabilities for operating leases which had previously been classified as operating expenses. Depreciation of the right-of-use assets amounted to K224,048. The introduction of IFRS16 did not impact on the reported loss reported for the period.

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Recent Events of Significance

Overview

Bougainville Copper Limited has remained active in Bougainville and continues to support worthwhile community projects, while at the same time further building relationships with customary landowners from the Panguna project area.

The Company has taken a respectful and deliberately low-key approach to its engagement activities as Bougainville continues its preparation for the upcoming referendum.

The Judicial Review process regarding the status of Bougainville Copper's project tenure remains ongoing.

EL1 tenure

Bougainville Copper was granted leave in the PNG National Court back on 10th April 2018 for a Judicial Review of the decision by the Autonomous Bougainville Government (ABG) to refuse an extension of Exploration Licence EL1. A stay was also granted against the ABG, from giving effect to, or relying on, the decision to refuse the exploration licence extension.

On 7th March 2019 the Supreme Court in PNG dismissed Bougainville Copper's application for leave to appeal an earlier joinder (22nd August 2018) of Panguna Minerals Limited – a company 50 per cent owned by the Special Mining Lease Osikaiyang Landowners Association (SMLOLA) and Central Exploration Pty Ltd (which is 69 per cent owned by RTG Mining Inc.) – to the Judicial Review proceedings. The Company requested that the application for leave then be considered by a three-judge bench of the Supreme Court with a hearing held on 27th June 2019. A decision on the joinder remains pending.

Bougainville Copper believes the court judicial review proceedings will uphold our rights.

Mining law legislation

In early 2019 the ABG introduced three bills to Bougainville's parliament that if passed would result in significant changes to Bougainville mining laws. One of the bills seek 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 an existing exploration licence of leases.

The bills were met with widespread opposition, including landowners who believe the bills if passed would erode their rights and effectively create a monopoly over Bougainville's mineral resources. The bills reflected proposals put to the ABG by an outside businessman linked to a company that would purportedly stand to gain if they were to pass.

The bills were referred to Bougainville's Parliamentary Legislative Committee for inquiry. On 13th March 2019 Bougainville Copper's chairman presented a submission to the committee objecting to the proposed bills.

On the 13th June 2019 the Legislative Committee tabled its report in Bougainville's 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 but intended to conduct awareness programs regarding the bills.

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Landowner support

Bougainville Copper has maintained strong levels of support among Customary Heads, the agents authorised to represent project area block owners.

The Company is supportive of the Panguna Development Company Limited (PDCL), an entity whose members comprise legally appointed block agents. PDCL was established to seek and promote economic opportunities, particularly associated with Panguna's future development, and to represent the interests of project area landowners via their Customary Heads. PDCL rejects the validity of the SMLOLA that purports to represent landowners.

On 16th July 2019 the PDCL released a public statement reaffirming that the SMLOLA was not an approved organisation under the *Bougainville Mining Act 2015*, and therefore lacked the authority to speak on behalf of, or represent, Panguna landowners. This was followed by a formal notice and petition from Customary Heads to the SMLOLA's chairman calling on the association to cease claiming to be an entity that has the authority to represent landowners.

Rejection of alternative proposal

The SMLOLA and its nominated Panguna development partner RTG Mining Inc. presented a development proposal to the ABG in late January 2019. On 12th March 2019 RTG confirmed that the ABG had rejected the proposal. *ABC* media reported that a letter from president John Momis to the company made it clear the rejection from the Bougainville Executive Committee (BEC) was emphatic and, also applied to any future proposals.

Community engagement

Bougainville Copper has continued to support worthwhile community projects and events in Bougainville, always with the endorsement of the ABG.

In late February for example, the Company partnered with the ABG's Department of Education to provide standards-based curriculum training for 400 teachers in central Bougainville. In March local staff also distributed sporting equipment to communities in the Kieta and Panguna districts.

Bougainville Copper had a community information stall at the Bougainville Chocolate Festival at Arawa in early August which attracted more than 500 visitors. The company also sponsored live radio broadcasts of the event.

The company remains committed to supporting community programs in areas such as health, education and sport.

Referendum preparations

Bougainville has continued its preparations towards an historic referendum on the political future of the autonomous region, a central pillar of the Bougainville Peace Agreement. The referendum is now scheduled to commence on the 23rd November 2019.

Bougainville Copper fully supports the referendum and the broader peace process.

Board composition

The Company was pleased to announce the appointment of 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 at different levels of business, government and with project area landowners; holds a Bachelor of Science Degree (geology) from the University of Papua New Guinea and is a professional Member of the Australian Institute of Mining and Metallurgy (MAusImm). He was born in Buin, Bougainville.

Vale Eric Tapakau

Bougainville Copper sadly lost an esteemed colleague on the 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 Bougainville community engagement team and served as a senior project officer up until the time of his death.

2019 Dividend

The Directors have not declared a dividend in respect of the six months ended 30 June 2018.

Borrowing

No borrowings were outstanding at mid-year end.

Stock Exchange

The standard Appendix 4D half yearly report and Independent Auditors Review Report is attached in accordance with the Australian Stock Exchange official listing requirements.

By Order of the Board

Mark Hitchcock
Company Secretary

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Rules 4.2.A.3

Appendix 4D

Half yearly report

Name of entity

BOUGAINVILLE COPPER LIMITED (BOC)

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half year ended ('current period')
007 497 869	√		30 June 2019

Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

				K'000
Revenues from ordinary activities *(item 1.1)*	Increased	28.9 %	to	2,925
Profit (loss) from ordinary activities after tax attributable to members (*item 1.22*)	Decreased	45.6 %	to	(3,913)
Profit (loss) from extraordinary items after tax attributable to members (*item 2.5)*	gain (loss) of	-		-
Net profit (loss) for the period attributable to members *(item 1.11)*	Decreased	45.6 %	to	(3, 913)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only - item 15.4)* Interim dividend *(Half yearly report only - item 15.6)*	Nil	Nil
Previous corresponding period *(Preliminary final report - item 15.5; half yearly report - item 15.7)*	Nil	Nil

+Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) *(see item 15.2)*: N/A

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:
Nil

This is a half yearly report and should be read in conjunction with the 2018 annual financial report.

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Condensed consolidated statement of comprehensive income

		Consolidated Current period K'000	Consolidated Previous corresponding period K'000
1.1	Revenues from ordinary activities *(see items 1.23 –1.25)*	**2,925**	2,269
1.2	Expenses from ordinary activities (*see items 1.26 & 1.27)*	**6,838**	9,462
1.3	Borrowing costs	**-**	-
1.4	Share of net profits (losses) of associates and joint venture entities (*see item 16.7*)	**-**	-
1.5	**Profit (loss) from ordinary activities before tax**	**(3,913)**	(7,193)
1.6	Income tax on ordinary activities *(see note 4)*	**-**	-
1.7	**Profit (loss) from ordinary activities after tax**	**(3,913**	(7,193)
1.8	Profit (loss) from extraordinary items after tax (*see item 2.5*)	**-**	-
1.9	**Net profit (loss)**	**(3,913)**	(7,193)
1.10	Net profit (loss) attributable to outside + equity interests	**-**	-
1.11	**Net profit (loss) for the period attributable to members**	**(3,913)**	(7,193)
Other comprehensive income			
1.12	Increase (decrease) in revaluation reserves	**-**	-
1.13	Net exchange differences recognised in equity	**-**	-
1.14	Other revenue, (expense) and initial adjustments recognised directly in equity	**-**	-
1.15	Increase (decrease) in fair value of investments	**5,409**	(7,215)
1.16	Other comprehensive income for the period (items 1.12 to 1.15)	**5,409**	(7,215)
1.17	**Total comprehensive income (loss) for the period**	**1,496**	(14,408)

Earnings per security (EPS)		Consolidated Current period	Consolidated Previous corresponding Period
1.18	Basic EPS	**(0.98) toea**	(1.79) toea
1.19	Diluted EPS	**(0.98) toea**	(1.79) toea

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Notes to the condensed consolidated statement of comprehensive income

Profit (loss) from ordinary activities attributable to members	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
1.20 Profit (loss) from ordinary activities after tax (*item 1.7*)	**(3,913)**	(7,193)
1.21 Less (plus) outside +equity interests	**-**	-
1.22 Profit (loss) from ordinary activities after tax, attributable to members	**(3,913)**	(7,193)

Revenue and expenses from ordinary Activities	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
1.23 Revenue from sales or services	**-**	-
1.24 Interest revenue	**4**	-
1.25 Other relevant revenue-		
Dividends received	**2,921**	2,269
Foreign exchange gain /(loss)	**-**	-
1.26 Details of relevant expenses - General and administration expenses		
Other Administrative Expenses	**6,313**	9,239
1.27 Depreciation and amortisation excluding amortisation of intangibles *(see item 2.3)*	**525**	223
Capitalised outlays		
1.28 Interest costs capitalised in asset values	**-**	-
1.29 Outlays capitalised in intangibles (unless arising from an +acquisition of a business)	**-**	-

Retained profits	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	**(341,961)**	(335,443)
1.31 Net profit (loss) attributable to members (*item 1.11*)	**(3,913)**	(7,193)
1.32 Net transfers from (to) reserves *(details if material)*	**1,428**	2,569
1.33 Net effect of changes in accounting policies	**-**	-
1.34 Dividends and other equity distributions paid or payable	**-**	-
1.35 Retained profits (accumulated losses) at end of financial period	**(344,446)**	(340,067)

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Intangible and extraordinary items

		Current period			
		Before tax K'000 (a)	Related tax K'000 (b)	Related outside + equity interests K'000 (c)	Amount (after tax) attributable to members K'000 (d)
2.1	Amortisation of goodwill	Nil	Nil	Nil	Nil
2.2	Amortisation of other intangibles	Nil	Nil	Nil	Nil
2.3	**Total amortisation of intangibles**	Nil	Nil	Nil	Nil
2.4	Extraordinary items (details)	Nil	Nil	Nil	Nil
2.5	**Total extraordinary items**	Nil	Nil	Nil	Nil

Comparison of half year profits

(Preliminary final report only)

		Consolidated Current year K'000	Consolidated Previous year K'000
3.1	Profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year (item 1.22 in the half yearly report)	**(3,913)**	(7,193)
3.2	Profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	-	-

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Condensed Consolidated Balance Sheet

		Consolidated at end of current period K'000	Consolidated as shown in last annual report K'000	Consolidated as in last half yearly report K'000
	Current assets			
4.1	Cash	**731**	1,145	1,458
4.2	Receivables	**777**	820	635
4.3	Investments	**6,622**	10,000	6,508
4.4	Inventories	-	-	-
4.5	Tax assets	-	-	-
4.6	Other –Held-to-maturity financial assets	-	-	-
4.7	**Total current assets**	**8,130**	11,965	8,601
	Non-current assets			
4.8	Receivables	**829**	829	829
4.9	Investments	**104,145**	98,736	111,641
4.10	Inventories	-	-	-
4.11	Exploration and evaluation expenditure capitalised *(see para .71 of AASB 1022)*	-	-	-
4.12	Development properties (+mining entities)	-	-	-
4.13	Other property, plant and equipment (net)	**1,352**	1,098	1,612
4.14	Right-of-use asset	**1,515**	-	-
4.15	Intangibles (net)	-	-	-
4.16	Tax assets	-	-	-
4.17	Other –General Provision	-	-	-
4.18	**Total non-current assets**	**107,841**	100,663	114,082
4.19	**Total assets**	**115,971**	112,628	122,683
	Current liabilities			
4.20	Payables	**1,718**	1,421	2,175
4.21	Interest bearing liabilities	-	-	-
4.22	Tax liabilities	-	-	-
4.23	Provisions exc. tax liabilities	**1,933**	1,952	2,044
4.24	Other- lease liability	**404**	-	-
4.25	**Total current liabilities**	**4,055**	3,373	4,219
	Non-current liabilities			
4.26	Payables	**194**	194	194
4.27	Interest bearing liabilities	-	-	-
4.28	Tax liabilities	**6,759**	6,759	6,759
4.29	Provisions for compensation	**144**	135	134
4.30	Other – Lease Liability	**1, 156**	-	-
4.31	**Total non-current liabilities**	**8,253**	7,088	7,087
4.32	**Total liabilities**	**12,308**	10,461	11,306
4.33	**Net assets**	**103,663**	102,167	111,377

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Condensed consolidated balance sheet continued

	Equity	Consolidated at end of current period K'000	Consolidated as shown in last annual report K'000	Consolidated as in last half yearly report K'000
4.34	Capital/contributed equity	**401,063**	401,063	401,063
4.35	Reserves	**47,046**	43,065	50,381
4.36	Retained profits (accumulated losses)	**(344,446)**	(341,961)	(340,067)
4.37	**Equity attributable to members of the parent entity**	**103,663**	102,167	111,377
4.38	Outside + equity interests in controlled entities	-	-	-
4.39	**Total equity**	**103,663**	102,167	111,377
4.40	Preference capital included as part of 4.37			
		-	-	-

Notes to the condensed consolidated balance sheet

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

		Current period K'000	Previous corresponding period - K'000
5.1	Opening balance	-	-
5.2	Expenditure incurred during current period	-	-
5.3	Expenditure written off during current period	-	-
5.4	Acquisitions, disposals, revaluation increments, etc.	-	-
5.5	Expenditure transferred to Development Properties	-	-
5.6	**Closing balance as shown in the balance sheet** (*item 4.12*)	**Nil**	**Nil**

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

		Current period K'000	Previous corresponding period - K'000
6.1	Opening balance	-	-
6.2	Expenditure incurred during current period	-	-
6.3	Expenditure transferred from exploration and evaluation	-	-
6.4	Expenditure written off during current period	-	-
6.5	Acquisitions, disposals, revaluation increments, etc.	-	-
6.6	Expenditure transferred to mine properties	-	-
6.7	**Closing balance as shown in the balance sheet** *(item 4.13)*	**Nil**	**Nil**

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Condensed consolidated statement of cash flows

		Consolidated Current period K'000	Consolidated Previous corresponding period K'000
	Cash flows related to operating activities		
7.1	Receipts from customers	-	-
7.2	Payments to suppliers and employees	**(5,922)**	(8,704)
7.3	Dividends received from associates	-	-
7.4	Other dividends received	**2,921**	2,269
7.5	Interest and other items of similar nature received	**4**	-
7.6	Interest and other costs of finance paid	**(61)**	-
7.7	Income taxes paid	-	-
7.8	Receipts from settlement of taxation matters	-	-
7.9	**Net operating cash flows**	**(3,058)**	(6,435)
	Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	**(562)**	(283)
7.11	Proceeds from sale of property, plant and equipment	**7**	-
7.12	Proceeds from sale of investments	**3,377**	5,664
7.13	Purchase of investments	-	-
7.14	Disputed tax payments	-	-
7.15	Loans repaid by other entities	-	-
7.16	Payment to held-to-maturity financial assets	-	-
7.17	**Net investing cash flows**	**2,822**	5,381
	Cash flows related to financing activities		
7.18	Proceeds from issues of +securities (shares, options, etc.)	-	-
7.19	Proceeds from borrowings	-	-
7.20	Repayment of borrowings	-	-
7.21	Other - Repayment of finance lease liabilities	**(178)**	-
7.22	**Net financing cash flows**	**(178)**	-
7.23	**Net increase (decrease) in cash held**	**(414)**	(1,054)
7.24	Cash at beginning of period *(see Reconciliation of cash)*	**1,145**	2,512
7.25	Exchange rate adjustments to item 7.25.	-	-
7.26	**Cash at end of period** *(see Reconciliation of cash)*	**731**	1,458

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Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

Nil

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the statement of cash flows) to the related items in the accounts is as follows.		Consolidated Current period K'000	Consolidated Previous corresponding period K'000
8.1	Cash on hand and at bank	**731**	1,458
8.2	Deposits at call	**-**	-
8.3	Bank overdraft	**-**	-
8.4	Other –Short term liquid investments	**-**	-
8.5	**Total cash at end of period** *(item 7.26)*	**731**	1,458

Other notes to the condensed consolidated financial statements

Ratios		Consolidated Current period	Consolidated Previous corresponding Period
9.1	**Profit before tax / revenue** Profit (loss) from ordinary activities before tax (*item 1.5*) as a percentage of revenue (*item 1.1*)	**(133.8%)**	(317.0%)
9.2	**Profit after tax / +equity interests** Net profit (loss) from ordinary activities after tax attributable to members (*item 1.11*) as a percentage of equity (similarly attributable) at the end of the period (*item 4.37*)	**(3.8%)**	(6.5%)

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Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

Consolidated Current year: (0.98) toea
Consolidated Previous year: (1.79) toea
Diluted EPS is the same as Basic EPS

NTA backing

(see note 7)

	Consolidated Current period Kina	Consolidated Previous corresponding period Kina
11.1 Net tangible asset backing per +ordinary security	0.258	0.277

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

Nil

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	Nil
13.2 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was +acquired	N/A
13.3 Date from which such profit has been calculated	N/A
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

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Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	Nil
14.2	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
14.5	Contribution to profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	N/A
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	N/A
15.3	If it is a final dividend, has it been declared? *(Preliminary final report only)*	N/A

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
	(Preliminary final report only)			
15.4	**Final dividend:** Current year	Nil	Nil	Nil
15.5	Previous year	Nil	Nil	Nil
	(Half yearly and preliminary final reports)			
15.6	**Interim dividend:** Current year	Nil	Nil	Nil
15.7	Previous year	Nil	Nil	Nil

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

(Preliminary final report only)

		Current year	Previous year
15.8	+Ordinary securities	Nil	Nil
15.9	Preference +securities	Nil	Nil

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

		Current period K'000	Previous corresponding period - K'000
15.10	+Ordinary securities *(each class separately)*	-	-
15.11	Preference +securities *(each class separately)*	-	-
15.12	Other equity instruments *(each class separately)*	-	-
15.13	**Total**	**Nil**	**Nil**

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Nil

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

Group's share of associates' and joint venture entities':	Consolidated Current period K'000	Consolidated Previous corresponding period K'000
16.1 Profit (loss) from ordinary activities before tax	-	-
16.2 Income tax on ordinary activities	-	-
16.3 Profit (loss) from ordinary activities after tax	-	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	-	-
16.6 Adjustments	-	-
16.7 Share of net profit (loss) of associates and joint venture entities	Nil	Nil

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (*item 1.9*)	
17.1 Equity accounted associates and joint venture entities	Current Period	Previous corresponding period	Current period K'000	Previous corresponding period - $K'000
	-	-	-	-
17.2 Total	-	-	-	-
17.3 Other material interests	-	-	-	-
17.4 Total	Nil	Nil	Nil	Nil

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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)
18.1	**Preference +securities** *(description)*	-	-	-	-
18.2	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3	**+Ordinary securities**	401,062,500	401,062,500	100	100
18.4	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	-	-	-	-
18.5	**+Convertible debt securities** (*description and conversion factor)*	-	-	-	-
18.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
18.7	**Options** *(description and conversion factor)*	-	-	*Exercise price*	*Expiry date (if any)*
				-	-
18.8	Issued during current period	-	-	-	-
18.9	Exercised during current period	-	-	-	-
18.10	Expired during current period	-	-	-	-
18.11	**Debentures** *(description)*	-	-		
18.12	Changes during current period (a) Increases through issues	-	-		
	(b) Decreases through securities matured, converted	-	-		

18.13	**Unsecured notes** *(description)*	-	-
18.14	Changes during current period	-	-
	(a) Increases through issues	-	-
	(b) Decreases through securities matured, converted	-	-

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 114: Segment Reporting* and for half year reports, *AASB 134: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's $^{+}$accounts should be reported separately and attached to this report.)

Bougainville Copper Limited operates in one segment only.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 134: Interim Financial Reporting.* The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Nil

Basis of financial report preparation

19.1 This is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and IAS 34: Interim Financial Reporting. ***It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.*** *The financial statements in this report are "condensed consolidated financial statements" as defined in IAS 34: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report.*

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19.2 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 applying for leave to apply for a Judicial Review of the decision not to renew the exploration licence. Leave was granted 5 April 2018 and the ABG's decision to refuse the EL renewal was stayed pending the final determination of the Substantive Judicial Review. BCL's tenure of EL1 is deemed to continue until the EL extension is determined through the Judicial review process.

   Panguna Minerals Limited, a company 50% owned by SMLOLA and 50% by Central Exploration Pty Ltd (a company 69% owned by RTG Mining Inc) was joined to the proceedings on 22 August 2018. BCL applied for leave to appeal the joinder decision in the Supreme Court, which was heard on 27 June 2019, with a decision reserved until the next Supreme Court sitting in October 2019.

   BCL believes the court proceedings will uphold the tenement rights, and continues to contribute to education, health, community and sporting events, along with delivery of community projects in Central Bougainville.

   The ABG confirmed a Mining Reservation over the Panguna area on 23 April 2018. The Reservation does not impact BCL's tenure of 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 and optimise 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 at 30 June 2019.

   Management have not been provided with the 2017 or 2018 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 whether the fair value of the investment of K1.1 million is fairly stated.

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19.3 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

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

Nil

19.5 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 measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *IAS 34: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *IAS 8*: Accounting Policies, Changes in Accounting Estimates and Errors.

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%.

Operating lease commitments as at 31 December 2018	2,594
Discounted using the lessee's incremental borrowing rate of at the date of initial application	2,265
(Less): short-term leases recognised on a straight-line basis as expense	-
(Less): low-value leases not recognised as a liability	(127)
(Less): Contracts outside IFRS 16	(399)
Lease liability recognised as at 1 January 2019	**1,739**
Of which are:	
Current lease liability	367
Non-current lease liability	1,372
	1,739

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. The right-of use assets were measured at the amount equal to the lease liability and amortised over the remaining term of the lease.

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

	30 June 2019 PGK '000	1 January 2019 PGK '000
Properties	1,515	1,739
Total right-of-use assets	**1,515**	**1,739**

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

- right-of-use assets – increase to K1,739
- lease liabilities – increase to K1,739.

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

19.6 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

19.7 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 87.9% has been paid up to 31 July 2019 (87.6% 31 July 2018).

A further claim has been made from another mine affected landowner group. Discussions 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 as noted in 19.2.1 is resolved. No provision has been made for any liability that may arise from this further claim.

Additional disclosure for trusts

20.1	Number of units held by the management company or responsible entity or their related parties.	N/A
20.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: initial service charges management fees other fees	N/A

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Condensed Consolidated Statement of Changes in Equity

		Contributed Equity K'000	Reserves K'000	Accumulated losses K'000	Total K'000
21.1	Balance at 1 January 2017	401,063	40,486	(328,142)	113,407
21.2	Total comprehensive income for the period	-	9,515	(4,212)	(5,303)
21.3	Balance at 30 June 2017	401,063	50,001	(332,354)	118,710
21.4	Total comprehensive income for the period	-	10,164	(3,089)	7,075
21.5	Balance at 31 December 2017	401,063	60,165	(335,443)	125,785
21.6	Total comprehensive income for the period	-	(7,215)	(7,193)	(14,408)
21.7	Transfer to retained earnings on sale of investments		(2,569)	2,569	-
21.8	Balance at 30 June 2018	401,063	50,381	(340,067)	111,377
21.9	Total comprehensive income for the period	-	(5,762)	(3,448)	(9,210)
21.10	Transfer to retained earnings on sale of investments	-	(1,554)	1,554	-
21.9	Balance at 31 December 2018	401,063	43,065	(341,961)	102,167
21.10	Total comprehensive income for the period	-	5,409	(3,913)	1,496
21.11	Transfer to retained earnings on sale of investments		(1,428)	1,428	-
21.1	Balance at 30 June 2019	401,063	47,046	(344,446)	103,663

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Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX and International Accounting Standard 34: Interim Financial Reporting.

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 4D to the Australian Stock Exchange for the half year ended 30 June 2019:

a.) complies with International Accounting Standard IAS 34: Interim Financial Reporting, and the Australian Stock Exchange Listing Rules relating to half yearly financial reports, and

b.) gives a true and fair view of the entity's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date;

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Report on review of interim financial information

to the Directors of Bougainville Copper Limited

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Bougainville Copper Limited (the Company) and its subsidiaries (the Group) as at 30 June 2019 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

The Group holds an investment in an unlisted investment fund with a carrying value of K1.1 million at 30 June 2019. Management have not been provided with audited financial statements of the investee at 30 June 2019 and there is currently no active market for the sale of units in the investment fund. As a result, we have been unable to satisfy ourselves as to the valuation of K1.1 million of the investments recognised at 30 June 2019.

Qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Section 19.2 of Appendix 4D which describes the continued significant uncertainty surrounding the future of the Panguna mine and related assets particularly in relation to the Company's rights to those assets. The mine assets were fully depreciated or impaired in previous financial years. Our conclusion is not qualified in respect of this matter.

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Report on review of interim financial information

to the Directors of Bougainville Copper Limited

Restriction on distribution or use

This report is made solely to the Directors of the Company, as a body. Our review work has been undertaken so that we might state to the Directors those matters which we are required to state to them in our review report and for no other purpose. We do not accept or assume responsibility to anyone other than the Directors of the Company, as a body, for our review work, for this report or for the conclusions we have formed.

PricewaterhouseCoopers

Christopher Hansor
Partner
Registered under the Accountants Act 1996

Port Moresby
30 August 2019