



BOUGAINVILLE COPPER LIMITED

INCORPORATED IN PAPUA NEW GUINEA ARBN 007 497 869

P.O.BOX 1274, PORT MORESBY, PAPUA NEW GUINEA

TEL: (675) 321 2044 FAX: (675) 321 3634

Press Release

06 August 2010

BOUGAINVILLE COPPER LIMITED (BOC)

The directors of Bougainville Copper Limited announce the following results of the company for the six months ended 30 June 2010 which have been independently reviewed together with comparable results for six months to 30 June 2009.

The result for the six months ended 30 June 2010 was a net profit of K2.8 million (AUD\$1.1m) compared to a net profit of K1.8 million (AUD\$0.9m) for the corresponding period last year.

Financial Results

	2010 K'000	2009 K'000
Interest	636	203
Exchange gain	-	2,112
Realised gain on disposal of investments	4,285	-
Dividends	<u>2,804</u>	<u>2,637</u>
	7,725	4,952
Less: General and administration expenses	4,184	3,112
Exchange losses - net	<u>730</u>	<u>-</u>
	4,914	3,112
Profit/(loss) before taxation	2,811	1,840
Income tax expense	<u>-</u>	<u>-</u>
Net profit	<u>2,811</u>	<u>1,840</u>
Average A\$/Kina exchange rate for period	0.3907	.5018
Equivalent net profit in A\$'000	1,098	923

In the first six-month recording period there have been a number of matters on which I wish to report.

BOUGAINVILLE ELECTIONS

The Bougainville elections concluded in a safe and orderly manner. Around 90% of the former members were not returned, including President Tanis who is replaced by Chief John Momis. The result was conclusive for the position of President and it was not necessary to go to preferences.

I met the new President in his first week in office. The meeting was both cordial and constructive. It was an opportunity for me to brief the President on the economic and technical issues in reopening Panguna and also to discuss the challenges his government and the company shared. I emphasised the importance of getting all interested parties to the negotiating table to discuss the future of the mine. I told the President BCL's first priority is safety and requested he do what he could to get company safety experts on the ground. We agreed to keep in regular contact and since the meeting the new Government has initiated a program to have a united mine lease landowner representative body elected. Once this is complete there is a proposal to commence a multi party renegotiation of the Bougainville Copper Agreement under which the company operates.

TAX CASE

By mutual agreement with the Internal Revenue Commission (IRC) the outstanding tax claimed amount of K48.8m was paid into court on condition the amount would be invested and that if BCL is successful in the substantive case the sum and interest earned would be return to BCL. This action ends that part of the action by the IRC seeking immediate payment to it of outstanding claimed tax, penalties and interest. The company's substantive objection is still waiting on a trial date but both sides are now actively working on the "discovery" process in preparation for the trial.

FUEL OIL ISSUE

A large quantity of heavy fuel oil formerly used in the power station remained at the company port after mining was suspended. Management was alerted some time ago to an unauthorised vessel removing some of this oil that was transported out of PNG without approval, presumably for sale. Recently a second ship arrived and proceeded to load most of the remaining oil. Subsequently PNG Customs, with the assistance of the Navy, intercepted the second ship at sea and escorted it Rabaul for breaching PNG Customs regulations. The authorities are currently pursuing a number of legal processes.

The company is looking at legal and other processes it can employ to stop illegal activity associated with its property while mindful of the limited capacity of Bougainville authorities to enforce court orders and the fact that armed criminals are assisting foreign interests in these activities.

DON VERNON SCHOLARSHIP

The BCL Don Vernon scholarship was launched in Brisbane in collaboration with the 30 year anniversary dinner of the Australia PNG Business Council. Don founded the Council when he was Managing Director of BCL. The dinner was a sell-out and was addressed by the PNG Deputy PM and Minister for Mines Sir Puka Temu. High Commissioners from both countries as well senior government officials and senior industry people attended. Arrangements are now being made through the University of Queensland to find an appropriate PNG scholar to take up this postgraduate award with priority being given to a Bougainville student.

THE NEXT SIX MONTHS

The company will focus on preparing for a formal engagement with landowners and the National and Bougainville Government over the future of the mine and settling all outstanding issues between the parties. The Bougainville Government has indicated its willingness to participate in such talks. All parties have agreed that it is necessary to establish a landowner group that can represent all landowner interests during negotiations. The Bougainville Government is taking the lead and the company has offered its assistance where appropriate. The new Bougainville Government has tenure of five years and the early signs are that it is interested in reopening the mine provided the local landowners are in agreement. A number of studies will be undertaken in preparation for negotiations of the Bougainville Copper Agreement.

2010 DIVIDEND

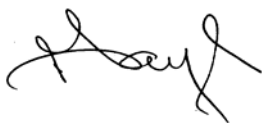
The Directors have not declared a dividend in respect of the six months ended 30 June 2010.

BORROWING

No borrowings were outstanding at year-end.

STOCK EXCHANGE

The standard proforma Appendix 4D was lodged with the Australian Stock Exchange in accordance with official listing requirements.



PETER TAYLOR
CHAIRMAN

Appendix 4D

Half yearly report

Name of entity

BOUGAINVILLE COPPER LIMITED (BOC)

ABN or equivalent company
reference

007 497 869

Half yearly
(tick)Preliminary
final (tick)

Half year ended ('current period')

30/06/10

Results for announcement to the market

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

K'000

Revenues from ordinary activities (<i>item 1.1</i>)	up	158.3%	to	12,793
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>)	up	52.8%	to	2,811
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5</i>)	gain (loss) of	-	-	-
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	up	52.8%	to	2,811
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (<i>Preliminary final report only - item 15.4</i>) Interim dividend (<i>Half yearly report only - item 15.6</i>)		Nil		Nil
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)		Nil		Nil
[†] Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)		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 2009 annual financial report.

Condensed statement of comprehensive income

	Current period - K'000	Previous corresponding period - K'000
1.1 Revenues from ordinary activities (<i>see items 1.23 –1.25</i>)	12,793	4,952
1.2 Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>)	9,982	3,112
1.3 Borrowing costs	-	-
1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>)	-	-
1.5 Profit (loss) from ordinary activities before tax	2,811	1,840
1.6 Income tax on ordinary activities (<i>see note 4</i>)	-	-
1.7 Profit (loss) from ordinary activities after tax	2,811	1,840
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit (loss)	2,811	1,840
1.10 Net profit (loss) attributable to outside ⁺ equity interests	-	-
1.11 Net profit (loss) for the period attributable to members	2,811	1,840
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 (attach details)	-	-
1.15 Increase (decrease) in fair value of available-for-sale financial assets	(20,058)	28,367
1.16 Other comprehensive income for the period (items 1.12 to 1.15)	(20,058)	28,367
1.17 Total comprehensive income for the period	(17,247)	30,207

Earnings per security (EPS)	Current period	Previous corresponding Period
1.18 Basic EPS	0.70 toea	0.46 toea
1.19 Diluted EPS	0.70 toea	0.46 toea

Notes to the condensed statement of comprehensive income

Profit (loss) from ordinary activities attributable to members

	Current period – K'000	Previous corresponding period - K'000
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	2,811	1,840
1.21 Less (plus) outside ⁺ equity interests	-	-
1.22 Profit (loss) from ordinary activities after tax, attributable to members	2,811	1,840

Revenue and expenses from ordinary activities

	Current period – K'000	Previous corresponding period - K'000
1.23 Revenue from sales or services	-	-
1.24 Interest revenue	636	203
1.25 Other relevant revenue-		
Dividends received	2,804	2,637
Gain on sale of investments	4,285	-
Foreign exchange gain /(loss)	(730)	2,112
1.26 Details of relevant expenses-General and administration expenses		
Related Party (reimbursement of expenses to related parties salaries, rent etc)	1,820	1,476
Other Administrative Expenses	2,364	1,636
1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)	-	-
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

	Current period – K'000	Previous corresponding period - K'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	(111,249)	(119,950)
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	2,811	1,840
1.32 Net transfers from (to) reserves (<i>details if material</i>)	-	-
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	(108,438)	(118,110)

Intangible and extraordinary items

		<i>Current period</i>			
		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)

		Current year - K'000	Previous year - K'000
3.1	Profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report)	2,811	1,840
3.2	Profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	-	6,861

Condensed balance sheet		At end of current period K'000	As shown in last annual report K'000	As in last half yearly report K'000
Current assets				
4.1	Cash	1,772	438	382
4.2	Receivables	66,393	17,523	17,740
4.3	Investments	-	-	-
4.4	Inventories	-	-	-
4.5	Tax assets	-	-	-
4.6	Other –Held-to-maturity financial assets	-	36,210	10,616
4.7	Total current assets	68,165	54,171	28,738
Non-current assets				
4.8	Receivables	3,909	3,909	3,909
4.9	Investments (equity accounted)	-	-	-
4.10	Available-for-sale financial assets	116,623	145,672	127,120
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)	-	-	-
4.13	Development properties ([†] mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	547,894	547,894	547,894
4.15	Intangibles (net)	-	-	-
4.16	Tax assets	-	-	-
4.17	Other –General Provision	(350,000)	(350,000)	(350,000)
4.18	Total non-current assets	318,426	347,475	328,923
4.19	Total assets	386,591	401,646	357,661
Current liabilities				
4.20	Payables	-	1,940	-
4.21	Interest bearing liabilities	-	-	-
4.22	Tax liabilities	-	-	-
4.23	Provisions exc. tax liabilities	4,962	830	843
4.24	Other (provide details if material)	-	-	-
4.25	Total current liabilities	4,962	2,770	843
Non-current liabilities				
4.26	Payables	4,517	4,517	4,517
4.27	Interest bearing liabilities	-	-	-
4.28	Tax liabilities	6,759	6,759	6,759
4.29	Provisions exc. tax liabilities	22,073	22,073	22,073
4.30	Other (provide details if material)	-	-	-
4.31	Total non-current liabilities	33,349	33,349	33,349
4.32	Total liabilities	38,311	36,119	34,192
4.33	Net assets	348,280	365,527	323,469

Condensed balance sheet continued

Equity				
4.34	Capital/contributed equity	401,063	401,063	401,063
4.35	Reserves	55,655	75,713	40,516
4.36	Retained profits (accumulated losses)	(108,438)	(111,249)	(118,110)
4.37	Equity attributable to members of the parent entity	348,280	365,527	323,469
4.38	Outside ⁺ equity interests in controlled entities		-	-
		348,280	365,527	323,469
4.39	Total equity			
4.40	Preference capital included as part of 4.37	-	-	-

Notes to the condensed 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

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

Condensed statement of cash flows

	Current period K'000	Previous corresponding period - K'000
Cash flows related to operating activities		
7.1	Receipts from customers	-
7.2	Payments to suppliers and employees	(3,681)
7.3	Dividends received from associates	-
7.4	Other dividends received	2,637
7.5	Interest and other items of similar nature received	262
7.6	Interest and other costs of finance paid	-
7.7	Income taxes paid	-
7.8	Other (provide details if material)	-
	(4,378)	(782)
7.9	Net operating cash flows	
Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	-
7.11	Proceeds from sale of property, plant and equipment	-
7.12	Proceeds from available-for-sale-assets	-
7.13	Proceeds from held-to-maturity financial assets	343
7.14	Disputed tax payments	-
7.15	Loans repaid by other entities	-
7.16	Payment to held-to-maturity financial assets	(261)
	5,907	82
7.17	Net investing cash flows	
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 (provide details if material)	-
	-	-
7.22	Net financing cash flows	
7.23	Net increase (decrease) in cash held	(700)
7.24	Cash at beginning of period (see Reconciliation of cash)	968
7.25	Exchange rate adjustments to item 7.25.	114
7.26	Cash at end of period (see Reconciliation of cash)	382

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.	Current period K'000	Previous corresponding period - K'000
8.1 Cash on hand and at bank	1,772	382
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 7.27)	1,772	382

Other notes to the condensed financial statements

Ratios	Current period	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)	22.0%	37.2%
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)	0.81%	0.57%

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.

Current year: 0.70 toea
Previous year: 0.46 toea
Diluted EPS is the same as Basic EPS

NTA backing

(see note 7)

- 11.1 Net tangible asset backing per ⁺ordinary security

Current period Toea	Previous corresponding Period - Toea
0.868	0.807

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

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? (<i>Preliminary final report only</i>)	N/A

Amount per security

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

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 <i>(each class separately)</i>	-	-
15.11 Preference +securities <i>(each class separately)</i>	-	-
15.12 Other equity instruments <i>(each class separately)</i>	-	-
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

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

Group's share of associates' and joint venture entities':	Current period K'000	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)	
	Current period	Previous corresponding period	Current period K'000	Previous corresponding period - \$K'000
17.1 Equity accounted associates and joint venture entities	-	-	-	-
17.2 Total	-	-	-	-
17.3 Other material interests	-	-	-	-
17.4 Total	Nil	Nil	Nil	Nil

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 (see note 14) (toea)	Amount paid up per security (see note 14) (toea)
18.1 Preference +securities <i>(description)</i>	-	-	-	-
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	-	-
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	-	-	-	-
18.5 +Convertible debt securities <i>(description and conversion factor)</i>	-	-	-	-
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
18.7 Options <i>(description and conversion factor)</i>	-	-	<i>Exercise price</i>	<i>Expiry date (if any)</i>
			-	-
18.8 Issued during current period	-	-	-	-
18.9 Exercised during current period	-	-	-	-
18.10 Expired during current period	-	-	-	-
18.11 Debentures <i>(description)</i>	-	-		
18.12 Changes during current period (a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		

18.13	Unsecured notes <i>(description)</i>	-	-
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.)

N/A

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

Basics 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 AASB 134: 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 financial statements" as defined in the AASB 134: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report.*

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.

Refer Note 1 of the 31 December 2009 annual report.

By mutual agreement with the Internal Revenue Commission (IRC) the outstanding tax claimed amount of K48.8m was paid into court on condition the amount would be invested and that if BCL is successful in the substantive case the sum and interest earned would be return to BCL. This action ends that part of the action by the IRC seeking immediate payment to it of outstanding claimed tax, penalties and interest. The company's substantive objection is still waiting on a trial date but both sides are now actively working on the "discovery" process in preparation for the trial.

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 *AASB 134: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors*.)

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.

Nil

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.

N/A

Identify:

- initial service charges
- management fees
- other fees

Condensed Statement of Changes in Equity

	Contributed Equity K'000	Reserves K'000	Retained Profits K'000	Total K'000
21.1 Balance at 1 January 2009	401,063	12,149	(119,950)	293,262
21.2 Total comprehensive income for the period	-	28,367	1,840	30,207
21.3 Balance at 30 June 2009	401,063	40,516	(118,110)	323,469
21.4 Total comprehensive income for the period	-	35,197	6,861	42,058
21.5 Balance at 31 December 2009	401,063	75,713	(111,249)	365,527
21.6 Total comprehensive income for the period	-	(20,058)	2,811	(17,247)
21.7 Balance at 30 June 2010	401,063	55,655	(108,438)	348,280

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 2010:
- 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 2010 and of its performance, as represented by the results of its operations and its cash flows for the half year ended on that date;

except that the results of the company for the six months ended 30 June 2010 have been in the opinion of the directors, substantially affected by events of a material and unusual nature as noted in the annual report dated 31 December 2009. The accounts have been prepared with the inclusion of the company's mine assets at their 1 January 1991 book value, with a separate general provision of K350 million having been made in 1991 for the value of the indeterminate level of deterioration, damage and pilferage of assets which has occurred in the period since the withdrawal of company personnel from Bougainville in early 1990. While the directors have made this impairment provision in good faith based on the limited information available to them, it must be recognised that the actual extent of the necessary write-downs can only be established when access to the mine site by appropriate company representatives is again possible. Accordingly, the 1991 provision may eventually prove to be above or below the sum which is necessary to reflect these losses. The directors believe that in the absence of reliable information and the lack of a more suitable alternative, this is the only appropriate basis to use, despite the current cessation of operations.

**Independent auditor's review report to the shareholders of
Bougainville Copper Limited**

Report on the half year financial report

We have reviewed the accompanying half year financial report of Bougainville Copper Limited (the 'Company'), which comprises the condensed statement of balance sheet as at 30 June 2010, and the condensed statements of comprehensive income, changes in equity and cash flow for the half-year then ended, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards, other generally accepted accounting practice in Papua New Guinea and with the requirements of the Papua New Guinea Companies Act 1997. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to issue a report on the half-year financial report based on our review. We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor to the Entity" in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the PNG Companies Act 1997 including: giving a true and fair view of the Company's financial position as at 30 June 2010 and its performance for the half year then ended on that date; and complying with International Financial Reporting Standard IAS34: Interim Financial Reporting and other generally accepted accounting practices in Papua New Guinea. As the auditor Bougainville Copper Limited, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Basis for disclaimed review statement

The financial report of Bougainville Copper Limited for the half-year ended 30 June 2010 has been prepared with the inclusion of the Company's mine assets at their 1 January 1991 book value, with a separate general impairment loss provision of K350 million having been made in 1991 for the value of the indeterminate level of deterioration, damage and pilferage of assets which has occurred in the period since the withdrawal of company personnel from Bougainville in 1990. As explained in note 1(b) to the annual financial report for the year ended 31 December 2009, there continues to be considerable uncertainty surrounding the future of the Panguna mine, and the extent of deterioration, damage and pilferage of the Company's assets on Bougainville. While the directors have made this impairment provision in good faith based on the limited information available to them, it must be recognised that the actual extent of the necessary write-downs can only be established when access to the mine site by appropriate Company representatives is again possible or when a reliable market price for the Panguna assets can be determined.

In our opinion, providing for the probable impairment loss from deterioration, damage or pilferage is the appropriate accounting treatment for the actual impairment which will have occurred in the period to 30 June 2010. However, as the actual extent of such impairment can only be established after the Company regains access to the mine site or a reliable market price can be determined, we recognise that, at present, the recoverable amount of the Company's assets on Bougainville is not capable of reliable measurement or estimation. Accordingly the impairment provision made by directors in 1991 may eventually prove to be above or below the sum which is necessary to reflect this impairment. In the absence of all the necessary information and explanations we require, and for the reasons set out above, we are unable to form an opinion as to whether or not the impairment provision against the carrying amount of mine assets of K350 million is adequate or not. Accordingly we are unable to form an opinion as to whether or not the carrying value of the mine assets, as disclosed in these accounts, is properly stated.

The directors have established a provision of K22.1 million for compensation, rehabilitation and stabilisation for which the Company may be liable. The Company's actual liability for these costs is subject to significant uncertainty, and we are unable to form an opinion as to whether the provision is fairly stated.

The mine assets, which represent 51% of the book value of total assets and 57% of the book value of net tangible assets, and the liability for compensation, rehabilitation and stabilisation, are of fundamental importance to the presentation of the accounts. In view of the significant uncertainty over the carrying amount of the mine assets and the liability for compensation, rehabilitation and stabilisation as set out above, we are unable to form an opinion as to whether or not the financial report gives a true and fair view of the financial position of the Company as at 30 June 2010 and its performance for the year ended on that date.

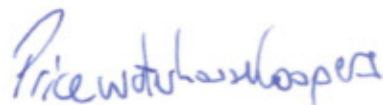
Disclaimed Review Statement

Based on our review, because of the existence of the limitation in the scope of our work and the significance of the matters described in the paragraphs above, we are unable to and do not provide any assurance as to whether the financial report of Bougainville Copper Ltd:

- gives a true and fair view of the Company's financial position as at 30 June 2010 and performance for the half-year then ended; and
- is in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*, and other generally accepted accounting practices in Papua New Guinea.

Other Matters

This report, including the statement, has been prepared for and only for the company's shareholders as a body in accordance with the PNG Companies Act 1997 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers



By: B Entwistle
Partner
Registered under the Accountants Act 1996



J Roberts
Engagement Leader

Port Moresby, Papua New Guinea

4 August 2010