



# BOUGAINVILLE COPPER LIMITED

INCORPORATED IN PAPUA NEW GUINEA ARBN 007 497 869

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

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## Press Release

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11 August 2011

### BOUGAINVILLE COPPER LIMITED (BOC)

The directors of Bougainville Copper Limited announce the following results of the company for the six months ended 30 June 2011 which have been independently reviewed together with comparable results for six months to 30 June 2010.

The result for the six months ended 30 June 2011 was a net loss of K3.8 million (AUD\$1.4m) compared to a net profit of K2.8 million (AUD\$1.1m) for the corresponding period last year.

#### Financial Results

	2011 K'000	2010 K'000
Interest	80	636
Exchange gain	-	5,068
Realised gain on disposal of investments	-	4,285
Dividends	<u>2,661</u>	<u>2,804</u>
	2,741	12,793
Less: General and administration expenses	6,086	4,184
Exchange losses	<u>434</u>	<u>5,798</u>
	6,520	9,982
Profit/(loss) before taxation	(3,779)	2,811
Income tax expense	—	—
Net profit/(loss)	<u>(3,779)</u>	<u>2,811</u>
Average A\$/Kina exchange rate for period	0.3726	.3907
Equivalent net profit/ (loss) in A\$'000	(1,408)	1,098

The high Australian currency has adversely affected costs. Income has been reduced as a consequence of the monies paid into court in relation to the tax dispute.

BCL is undertaking a number of activities in support of its long-term vision. A priority is landowner involvement so the company will develop an engagement program aimed at increasing awareness of the benefits of returning to mine production. Good progress is being made by the landowners in the establishment of companies that that once completed will enable an umbrella company to be formed that will represent all the landowners in the review of the Bougainville Copper Agreement.

President Momis supports the vision of returning to mining at Panguna and has publicly stated he believes the majority of the Bougainville population also supports reopening the mine.

The Chairman has been elected President of the Australia-Papua New Guinea Business Council. In that capacity he led a high-profile business delegation to Bougainville in May. The visit the visit was hosted by the President of Bougainville, John Momis. The delegation also met a wide range of leaders from politics, business and administration. The delegation was impressed with the enthusiasm for investment in Papua New Guinea and support for the reopening of the BCL's Panguna mine.

#### 2010 DIVIDEND

The Directors have not declared a dividend in respect of the six months ended 30 June 2011.

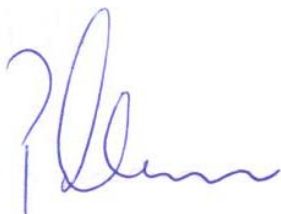
#### BORROWING

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.

By order of the Board.



PAUL D COLEMAN  
**Company Secretary**

# 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')

30/06/11

### 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> )	down	67.0%	to	2,307
Profit (loss) from ordinary activities after tax attributable to members ( <i>item 1.22</i> )		-		(3,779)
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> )		-		(3,779)
<b>Dividends (distributions)</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
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
<sup>†</sup> 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 2010 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> )	2,307	6,995
1.2 Expenses from ordinary activities ( <i>see items 1.26 &amp; 1.27</i> )	6,086	4,184
1.3 Borrowing costs	-	-
1.4 Share of net profits (losses) of associates and joint venture entities ( <i>see item 16.7</i> )	-	-
<b>1.5 Profit (loss) from ordinary activities before tax</b>	<b>(3,779)</b>	<b>2,811</b>
1.6 Income tax on ordinary activities ( <i>see note 4</i> )	-	-
<b>1.7 Profit (loss) from ordinary activities after tax</b>	<b>(3,779)</b>	<b>2,811</b>
1.8 Profit (loss) from extraordinary items after tax ( <i>see item 2.5</i> )	-	-
<b>1.9 Net profit (loss)</b>	<b>(3,779)</b>	<b>2,811</b>
1.10 Net profit (loss) attributable to outside <sup>+</sup> equity interests	-	-
<b>1.11 Net profit (loss) for the period attributable to members</b>	<b>(3,779)</b>	<b>2,811</b>
<b>Other comprehensive income</b>		
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	(17,931)	(20,058)
1.16 Other comprehensive income for the period (items 1.12 to 1.15)	(17,931)	(20,058)
<b>1.17 Total comprehensive income for the period</b>	<b>(21,710)</b>	<b>(17,247)</b>

<b>Earnings per security (EPS)</b>	Current period	Previous corresponding Period
1.18 Basic EPS	(0.94 toea)	0.70 toea
1.19 Diluted EPS	(0.94 toea)	0.70 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> )	(3,779)	2,811
1.21 Less (plus) outside <sup>+</sup> equity interests	-	-
<b>1.22 Profit (loss) from ordinary activities after tax, attributable to members</b>	<b>(3,779)</b>	<b>2,811</b>

### 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	80	636
1.25 Other relevant revenue-		
Dividends received	2,661	2,804
Gain on sale of investments	-	4,285
Foreign exchange gain /(loss)	(434)	(730)
1.26 Details of relevant expenses-General and administration expenses		
Related Party (reimbursement of expenses to related parties salaries, rent etc)	3,275	1,820
Other Administrative Expenses	2,811	2,364
1.27 Depreciation and amortisation excluding amortisation of intangibles ( <i>see item 2.3</i> )	-	-
<b>Capitalised outlays</b>		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an <sup>+</sup> 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	(108,434)	(111,249)
1.31 Net profit (loss) attributable to members ( <i>item 1.11</i> )	(3,779)	2,811
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	-	-
<b>1.35 Retained profits (accumulated losses) at end of financial period</b>	<b>(112,213)</b>	<b>(108,438)</b>

## 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
<b>2.3</b>	<b>Total amortisation of intangibles</b>	Nil	Nil	Nil	Nil
2.4	Extraordinary items (details)	Nil	Nil	Nil	Nil
<b>2.5</b>	<b>Total extraordinary items</b>	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)	(3,779)	2,811
3.2	Profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	-	4

<b>Condensed balance sheet</b>		At end of current period K'000	As shown in last annual report K'000	As in last half yearly report K'000
<b>Current assets</b>				
4.1	Cash	5,544	4,491	1,772
4.2	Receivables	66,238	66,330	66,393
4.3	Investments	-	-	-
4.4	Inventories	-	-	-
4.5	Tax assets	-	-	-
4.6	Other –Held-to-maturity financial assets	-	-	-
<b>4.7</b>	<b>Total current assets</b>	<b>71,782</b>	<b>70,821</b>	<b>68,165</b>
<b>Non-current assets</b>				
4.8	Receivables	3,909	3,909	3,909
4.9	Investments (equity accounted)	-	-	-
4.10	Available-for-sale financial assets	110,866	128,797	116,623
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised ( <i>see para .71 of AASB 1022</i> )	-	-	-
4.13	Development properties ( <sup>†</sup> 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)
<b>4.18</b>	<b>Total non-current assets</b>	<b>312,669</b>	<b>330,600</b>	<b>318,426</b>
<b>4.19</b>	<b>Total assets</b>	<b>384,451</b>	<b>401,421</b>	<b>386,591</b>
<b>Current liabilities</b>				
4.20	Payables	7,258	2,518	-
4.21	Interest bearing liabilities	-	-	-
4.22	Tax liabilities	-	-	-
4.23	Provisions exc. tax liabilities	831	831	4,962
4.24	Other (provide details if material)	-	-	-
<b>4.25</b>	<b>Total current liabilities</b>	<b>8,089</b>	<b>3,349</b>	<b>4,962</b>
<b>Non-current liabilities</b>				
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)	-	-	-
<b>4.31</b>	<b>Total non-current liabilities</b>	<b>33,349</b>	<b>33,349</b>	<b>33,349</b>
<b>4.32</b>	<b>Total liabilities</b>	<b>41,438</b>	<b>36,698</b>	<b>38,311</b>
<b>4.33</b>	<b>Net assets</b>	<b>343,013</b>	<b>364,723</b>	<b>348,280</b>

**Condensed balance sheet continued**

<b>Equity</b>				
4.34	Capital/contributed equity	401,063	401,063	401,063
4.35	Reserves	54,163	72,094	55,655
4.36	Retained profits (accumulated losses)	(112,213)	(108,434)	(108,438)
<b>4.37</b>	<b>Equity attributable to members of the parent entity</b>	<b>343,013</b>	<b>364,723</b>	<b>348,280</b>
4.38	Outside <sup>+</sup> equity interests in controlled entities	-	-	-
<b>4.39</b>	<b>Total equity</b>	<b>343,013</b>	<b>364,723</b>	<b>348,280</b>
<hr/>				
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	-
<b>5.6</b>	<b>Closing balance as shown in the balance sheet (item 4.12)</b>	<b>Nil</b>

**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	-
<b>6.7</b>	<b>Closing balance as shown in the balance sheet (item 4.13)</b>	<b>Nil</b>



## Condensed statement of cash flows

	Current period K'000	Previous corresponding period - K'000
<b>Cash flows related to operating activities</b>		
7.1	Receipts from customers	-
7.2	Payments to suppliers and employees	(7,855)
7.3	Dividends received from associates	-
7.4	Other dividends received	2,804
7.5	Interest and other items of similar nature received	673
7.6	Interest and other costs of finance paid	-
7.7	Income taxes paid	-
7.8	Other (provide details if material)	-
<b>7.9</b>	<b>Net operating cash flows</b>	<b>(4,378)</b>
<b>Cash flows related to investing activities</b>		
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	13,275
7.13	Proceeds from held-to-maturity financial assets	42,083
7.14	Disputed tax payments	(48,842)
7.15	Loans repaid by other entities	-
7.16	Payment to held-to-maturity financial assets	(609)
<b>7.17</b>	<b>Net investing cash flows</b>	<b>5,907</b>
<b>Cash flows related to financing activities</b>		
7.18	Proceeds from issues of <sup>+</sup> securities (shares, options, etc.)	-
7.19	Proceeds from borrowings	-
7.20	Repayment of borrowings	-
7.21	Other (provide details if material)	-
<b>7.22</b>	<b>Net financing cash flows</b>	<b>-</b>
7.23	<b>Net increase (decrease) in cash held</b>	<b>1,529</b>
7.24	Cash at beginning of period (see Reconciliation of cash)	438
7.25	Exchange rate adjustments to item 7.25.	(195)
<b>7.26</b>	<b>Cash at end of period</b> (see Reconciliation of cash)	<b>1,772</b>

## 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
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## 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	5,544	1,772
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Other –Short term liquid investments	-	-
<b>8.5 Total cash at end of period (item 7.27)</b>	<b>5,544</b>	<b>1,772</b>

## Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
<b>Profit before tax / revenue</b>		
9.1 Profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	(137.9%)	22.0%
<b>Profit after tax / +equity interests</b>		
9.2 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)	(1.10%)	0.81%

## 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: (0.94 toea)  
Previous year: 0.70 toea  
Diluted EPS is the same as Basic EPS

### NTA backing (see note 7)

	Current period Toea	Previous corresponding Period - Toea
11.1 Net tangible asset backing per <sup>+</sup> ordinary security	0.855	0.868

## 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 <sup>+</sup> 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	<sup>+</sup> Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if <sup>+</sup> securities are not <sup>+</sup> CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if <sup>+</sup> securities are <sup>+</sup> 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
<b>15.4</b>	<i>(Preliminary final report only)</i> <b>Final dividend:</b> Current year	Nil	Nil	Nil
15.5	Previous year	Nil	Nil	Nil
<b>15.6</b>	<i>(Half yearly and preliminary final reports)</i> <b>Interim dividend:</b> 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>	-	-
<b>15.13 Total</b>	<b>Nil</b>	<b>Nil</b>

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

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

N/A
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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':	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	-	-
<b>16.3 Profit (loss) from ordinary activities after tax</b>	-	-
16.4 Extraordinary items net of tax	-	-
<b>16.5 Net profit (loss)</b>	-	-
16.6 Adjustments	-	-
<b>16.7 Share of net profit (loss) of associates and joint venture entities</b>	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").)*

<i>Name of entity</i>	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
<b>17.1 Equity accounted associates and joint venture entities</b>	-	-	-	-
<b>17.2 Total</b>	-	-	-	-
17.3 Other material interests	-	-	-	-
<b>17.4 Total</b>	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)
<b>18.1 Preference +securities</b> <i>(description)</i>	-	-	-	-
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
<b>18.3 +Ordinary securities</b>	401,062,500	401,062,500	-	-
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	-	-	-	-
<b>18.5 +Convertible debt securities</b> <i>(description and conversion factor)</i>	-	-	-	-
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
<b>18.7 Options</b> <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	-	-	-	-
<b>18.11 Debentures</b> <i>(description)</i>	-	-		
18.12 Changes during current period (a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		

<b>18.13</b>	<b>Unsecured notes</b> <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 <sup>+</sup>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

### 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 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 noted 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(a) of the 2010 annual report.



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 2010	401,063	75,713	(111,249)	365,527
21.2 Total comprehensive income for the period	-	(20,058)	2,811	(17,247)
21.3 Balance at 30 June 2010	401,063	55,655	(108,438)	348,280
21.4 Total comprehensive income for the period	-	16,439	4	16,443
21.5 Balance at 31 December 2010	401,063	72,094	(108,434)	364,723
21.6 Total comprehensive income for the period	-	(17,931)	(3,779)	(21,710)
21.7 Balance at 30 June 2011	401,063	54,163	(112,213)	343,013

## 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
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- 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 2011:
- 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 2011 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 2011 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 2010. 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 balance sheet as at 30 June 2011, and the condensed statements of comprehensive income, changes in equity and cash flows for the half-year ended on that date, other explanatory notes and the directors' declaration.

### ***Directors' responsibility for the half-year report***

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view 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 and for such control as the directors determine is necessary to enable the preparations of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion 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 2011 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.



### *Independence*

In conducting our review, we have complied with the independence requirements of the *Papua New Guinea Companies Act 1997*.

### ***Basis for disclaimed review statement***

The financial report of Bougainville Copper Limited for the half-year ended 30 June 2011 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 2010, 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 2011. 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 58% 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 2011 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 half-year financial report of Bougainville Copper Ltd:

- gives a true and fair view of the Company’s financial position as at 30 June 2011 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*

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'B Entwistle', written over a light grey rectangular background.

By: B Entwistle  
Partner  
Registered under the Accountants Act 1996

A handwritten signature in black ink, appearing to read 'J.P. Roberts', written over a light grey rectangular background.

J Roberts  
Engagement Leader

Port Moresby, Papua New Guinea  
11 August 2011