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

10 February 2010

BOUGAINVILLE COPPER LIMITED

The directors of Bougainville Copper Limited announce the following audited results of the company for the year ended 31 December 2009 together with comparable results for twelve months to 31 December 2008.

Results

For the year ended 31 December 2009 the net profit was K8.7 million (AUD$4.3 million) compared with a loss of K4.8 million (AUD$2.3 million) the previous year. In addition there was an unrealised K63.6 million capital gain which together with the net profit equates to a 24.6 per cent increase in shareholder funds. Operating expenses in this reporting period were in line with those of last year. The higher net profit this year is attributable realised gains on the sale of investments and exchange gains. The tax dispute legal fees continue to be a drain on revenue.

Financial Results

	2009 K'000	2008 K'000
Realised gain on disposal of investments	6 358	-
Interest	603	974
Exchange gain	3 178	-
Dividends	6 529	8 053
	16 668	9 027
Less:		
General and administration expense	7 661	9 176
Exchange Losses	306	4 637
	7 967	13 813
Profit/(Loss) before taxation	8 701	(4 786)
Income tax expense	-	-
Net profit /(loss)	8 701	(4 786)
Equivalent net profit/(loss) in A$'000	4 270	(2 328)

2009 DIVIDEND

The Directors have not declared a dividend in respect of 2009.

BORROWING

No borrowings were outstanding at year-end.

ANNUAL REPORT

The Annual General Meeting of the company will be held at the Crowne Plaza Hotel, Port Moresby at 10.00 am on Thursday, 29 April 2010.

The Annual Report and Notice of Meeting will be mailed to shareholders on or about 26 March 2010.

STOCK EXCHANGE

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

By order of the Board.

PAUL D COLEMAN
Company Secretary

Rules 4.1, 4.3

Appendix 4E

Preliminary final report

Name of entity

BOUGAINVILLE COPPER LIMITED

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
007 497 869		√	31/12/09

For announcement to the market

				K'000
Revenues from ordinary activities	up	84.65%	to	16,668
Profit (loss) from ordinary activities after tax attributable to members	up		to	8,701
Profit (loss) from extraordinary items after tax attributable to members	gain (loss) of	-		-
Net profit (loss) for the period attributable to members	up		to	8,701

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend Interim dividend	Nil	Nil
Previous corresponding period	Nil	Nil

Record date for determining entitlements to the dividend.	N/A

Condensed statement of comprehensive income

	Current period - K'000	Previous corresponding period - K'000
Revenues from ordinary activities	16,668	9,027
Expenses from ordinary activities	7,967	13,813
Borrowing costs	-	-
Share of net profits (losses) of associates and joint venture entities	-	-
Profit (loss) from ordinary activities before tax	**8,701**	**(4,786)**
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	**8,701**	**(4,786)**
Profit (loss) from extraordinary items after tax	-	-
Net profit (loss)	**8,701**	**(4,786)**
Net profit (loss) attributable to outside equity interests	-	-
Net profit (loss) for the period attributable to members	**8,701**	**(4,786)**
Other comprehensive income		
Increase (decrease) in revaluation reserves	-	-
Net exchange differences recognised in equity		
Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
Increase (decrease) in fair value of available-for-sale financial assets	63,564	(105,986)
Total other comprehensive income	**63,564**	**(105,986)**
Total comprehensive income (loss) for the period	**72,265**	**(110,772)**

Earnings per security (EPS)	Current period	Previous corresponding period
Basic EPS	2.169 toea	(1.193) toea
Diluted EPS	2.169 toea	(1.193) 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
Profit (loss) from ordinary activities after tax	8,701	(4,786)
Less (plus) outside equity interests	-	-
Profit (loss) from ordinary activities after tax, attributable to members	**8,701**	**(4,786)**

Revenue and expenses from ordinary activities

	Current period – K'000	Previous corresponding period - K'000
Revenue from sales or services	-	-
Interest revenue	603	974
Other relevant revenue -		
Dividends	6,529	8,053
Gain on disposal of investments	6,358	-
Foreign exchange gains	3,178	-
Details of relevant expenses-General and administration expenses –		
Exchange losses	306	4,637
Related Party (reimbursement of expenses to related parties salaries, rent etc)	3,657	3,259
Other Administrative Expenses	4,004	5,917
Depreciation and amortisation excluding amortisation of intangibles	-	-

Retained profits

	Current period – K'000	Previous corresponding period - K'000
Retained profits (accumulated losses) at the beginning of the financial period	(119,950)	(115,164)
Net profit (loss) attributable to members	8,701	(4,786)
Net transfers from (to) reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Retained profits (accumulated losses) at end of financial period	**(111,249)**	**(119,950)**

Intangible and extraordinary items
Nil

Comparison of half year profits
(Preliminary final report only)

	Current year - K'000	Previous year - K'000
Profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year	1,840	113
Profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	6,861	(4,889)

Condensed statement of financial position	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			
Cash	438	968	119
Receivables	17,523	17,525	18,005
Investments	-	-	-
Inventories	-	-	-
Tax assets	-	-	-
Other –Held-to-maturity financial assets	36,210	8,704	13,679
Total current assets	**54,171**	**27,197**	**31,803**
Non-current assets			
Receivables	3,909	3,909	3,909
Investments (equity accounted)	-	-	-
Available-for-sale financial assets	145,672	98,753	178,720
Inventories	-	-	-
Exploration and evaluation expenditure capitalised *(see para .71 of AASB 1022)*	-	-	-
Development properties (+mining entities)	-	-	-
Other property, plant and equipment (net)	547,894	547,894	547,894
Intangibles (net)	-	-	-
Tax assets	-	-	-
Other – General Provisions	(350,000)	(350,000)	(350,000)
Total non-current assets	**347,475**	**300,556**	**380,523**
Total assets	**401,646**	**327,753**	**412,326**
Current liabilities			
Payables	1,940	312	-
Interest bearing liabilities	-	-	-
Tax liabilities	-	-	-
Provisions exc. tax liabilities	830	830	849
Other (provide details if material)	-	-	-
Total current liabilities	**2,770**	**1,142**	**849**
Non-current liabilities			
Payables	4,517	4,517	4,517
Interest bearing liabilities	-	-	-
Tax liabilities	6,759	6,759	6,759
Provisions exc. tax liabilities	22,073	22,073	22,073
Other (provide details if material)	-	-	-
Total non-current liabilities	**33,349**	**33,349**	**33,349**
Total liabilities	**36,119**	**34,491**	**34,198**
Net assets	**365,527**	**293,262**	**378,128**

Condensed statement of financial position continued

Equity			
Capital/contributed equity	401,063	401,063	401,063
Reserves	75,713	12,149	92,116
Retained profits (accumulated losses)	(111,249)	(119,950)	(115,051)
Equity attributable to members of the parent entity	**365,527**	**293,262**	**378,128**
Outside +equity interests in controlled entities	-	-	-
Total equity	**365,527**	**293,262**	**378,128**

Notes to the condensed statement of financial position

Exploration and evaluation expenditure capitalised

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

Nil

Development properties

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

Nil

Condensed statement of cash flows

	Current period K'000	Previous corresponding period - K'000
Cash flows related to operating activities		
Receipts from customers	-	-
Payments to suppliers and employees	(6,360)	(10,163)
Dividends received from associates	-	-
Other dividends received	6,529	8,053
Interest and other items of similar nature received	626	979
Interest and other costs of finance paid		
Income taxes paid	-	-
Other – Monies paid to the Supreme Court	-	-
Net operating cash flows	**795**	**(1,131)**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	-	-
Proceeds from disposal of available-for-sale financial assets	23,003	-
Payment for purchases of equity investments	-	-

(Purchase)/Proceeds of held-to-maturity investments	(24,882)	1,322
Loans to other entities	-	-
Loans repaid by other entities	-	-
Other (provide details if material)	(532)	825
Net investing cash flows	**(2,411)**	**2,147**
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc.)	-	
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Dividends paid	-	-
Other	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(1,616)	1,016
Cash at beginning of period	968	358
Exchange rate adjustments	1,086	(406)
Cash at end of period	438	968

Non-cash financing and investing activities

Not applicable

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period K'000	Previous corresponding period - K'000
Cash on hand and at bank	438	968
Deposits at call	-	-
Bank overdraft	-	-
Other –Short term liquid investments	-	-
Total cash at end of period	**438**	**968**

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding period

Profit before tax / revenue Profit (loss) from ordinary activities before tax as a percentage of revenue	52.20%	(53.02)%
Profit after tax / equity interests Net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	2.38%	(1.63)%

Earnings per security (EPS)

Current year 2.169 toea
Previous year (1.193) toea
Diluted EPS is the same as Basic EPS

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	K0.9114	K0.7312

Discontinuing Operations

Not applicable

Control gained over entities having material effect

Not applicable

Loss of control of entities having material effect

Not applicable

Dividends (in the case of a trust, distributions)

Not applicable

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
	(Preliminary final report only) **Final dividend:** Current year	Nil	Nil	Nil
	Previous year	Nil	Nil	Nil

	(Half yearly and preliminary final reports) **Interim dividend:** Current year	Nil	Nil	Nil
	Previous year	Nil	Nil	Nil

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

(Preliminary final report only)

	Current year	Previous year
+Ordinary securities	Nil	Nil
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
+Ordinary securities *(each class separately)*		
Preference +securities *(each class separately)*		
Other equity instruments *(each class separately)*		
Total	**Nil**	**Nil**

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

Not applicable

Material interests in entities which are not controlled entities

Not applicable

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

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

(Preliminary final report only)

	Current year	Previous year
+Ordinary securities	Nil	Nil
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
+Ordinary securities *(each class separately)*		
Preference +securities *(each class separately)*		
Other equity instruments *(each class separately)*		
Total	**Nil**	**Nil**

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

Not applicable

Material interests in entities which are not controlled entities

Not applicable

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)
+Ordinary securities	401,062,500	401,062,500	-	-
Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	-	-	-	-

Basis of financial report preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. Accounting policies relevant to mining operations are not presented due to mining operations having ceased in 1989. These policies have been consistently applied to all years presented, unless otherwise stated.

1.(a) Basis of Preparation

The financial statements of Bougainville Copper Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the PNG Companies Act 1997. The financial statements have been prepared under the historical cost convention, as modified by revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the accounting policy note on significant risks and uncertainties.

Standards, amendments and interpretations to existing standards that are not yet effective have not been early adopted by the Company.

1.(b) Accounting Policies

Mine Assets:

As a consequence of cessation of mining activities in 1989, an impairment loss of K350 million was made for deterioration, damage or pilferage of company assets on Bougainville. The accuracy of that provision cannot be proved because the lack of access to Bougainville prevents a detailed assessment of the nature or extent of those losses. No depreciation charge or increase to the impairment loss has been made since 1991. The Directors consider that any further review of the impairment loss at this time would be completely arbitrary because of the continuing lack of access to the mine.

***Taxation*:**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Foreign Currency Translation:

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in PNG Kina, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and translation at year end exchange rates of monetary assets and liabilities determined in foreign currencies are recognised in the income statement.

Provisions:

Provisions for compensation, rehabilitation and stabilisation are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

***Investments*:**

(i) Available-for-sale financial assets

Investments in marketable equity securities (shares in other corporations) are classified as "available-for-sale financial assets". Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investments for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the company commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Changes in the fair value of available-for-sale investments are recognised as a separate component of equity until the investment is sold, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. For investments that are actively traded in organised financial markets, fair value is determined by reference to the Australian Securities Exchange quoted market bid prices at the close of business on the balance sheet date.

(ii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These are measured at cost with accrued interest included in other receivables.

Cash and Cash Equivalents:

Cash and cash equivalents comprises cash on hand, deposits held at call with banks, and bank deposits and treasury bills with original maturities of three months or less.

Revenue Recognition:

Interest income is recognised on a time-proportion basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

1.(c) Critical Accounting Estimates and Assumptions

(i) Carrying Value of Mine Assets

Mine production was suspended on 15 May 1989 because of attacks on employees. Following repeated instances of damage to mine facilities and the power line and further attacks on employees, it became necessary to evacuate all remaining company personnel from Bougainville early in 1990. There continues to be uncertainty surrounding the future of the Panguna mine. Since the withdrawal of company personnel from Bougainville was completed on 24 March 1990, there has been no care and maintenance of the company's assets. Considerable deterioration of the assets has occurred in the intervening period, because of this lack of care and maintenance, their exposure to the elements, vandalism, pilferage and militant action. However, as access to the mine site has not been possible, the extent of the necessary write-downs is not capable of reliable measurement or estimation.

With the passage of time, it became clear that a major write-down of assets from their pre-closure levels would be required. To allow for this future write-down, the directors made a impairment loss in 1991 for deterioration, damage and pilferage of K350 million, with this sum being classified as an extraordinary item.
The exact quantum of this provision should not be viewed as a precise calculation reflecting an accurate estimate of the present value of losses or likely costs of repair. Rather, the reduction in carrying value should be seen as a broad estimate of the total service potential likely to have been lost to the operation in respect of the whole inventory of assets carried in the books.

While directors have made this 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 that 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.

(ii) Income Taxes

The PNG Internal Revenue Commission (IRC) has disallowed BCL's claimed tax depreciation on its Bougainville Assets on the ground that BCL lost/surrendered control of its assets in 1990, and therefore the assets should have been totally depreciated in that year and that the availability of depreciation to offset against BCL's investment income has lapsed through the passage of time. The IRC has issued assessments on that basis. BCL's objections to the assessments were rejected by the IRC and BCL has appealed to the National Court. A hearing date is yet to be set. Our advisors and senior Australian counsel have advised there are good arguments in support of BCL on this matter and have a better than average chance of succeeding against the IRC.

The IRC issued garnishee notices under the Income Tax Act to all the PNG banks requiring them to pay any funds held by them for BCL to the IRC. BCL obtained an injunction preventing the execution of the garnishee but this injunction has since been dismissed. BCL appealed the dismissal of the injunction to the Supreme Court. The Supreme Court heard the appeal, and handed down its decision on the 2nd February 2007, and ordered that the funds being held by the court be paid to the IRC.

There were no significant changes in the state of affairs of the company during the year except on 13 August 2009 the National Court granted a summary judgement requiring payment of the amended assessments prior to the hearing of the substantive appeal against the tax assessments. BCL appealed to the supreme court on the National Court decision and on 19 October 2009 a stay was granted in relation to the National Court's decision.

The IRC lodged an appeal against the Supreme Court's stay order on 26 November 2009 which has yet to be heard. The company believes that its position is supportable and the amounts paid are recoverable. Meanwhile the substantive appeal against the tax assessment is pending. In the event the IRC is successful, the impact would be a write off of monies paid to date to the IRC and recognition of any other liability arising from the Court's decision. In the event the court rules against the company or legislation is passed requiring payment, the Company will face a substantial drain on its liquid assets. The latest assessment by the IRC of K45,889,606 represents K15,725,529 primary tax and the balance penalties and interest.

BCL believes its view of the law is correct and accordingly no provision has been recognised for these amounts. The company has received expert advice on the matter including that of senior Australian legal counsel. The company has lodged formal objections and will strenuously defend the claim.

1(d) Rounding of Amounts

All amounts have been rounded off to the nearest K'000, unless otherwise stated.

1(e) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Additional disclosure for trusts

Not applicable

Audit

This report is based on accounts which are in the process of being audited.

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	Crowne Plaza, Hunter Street, Port Moresby Papua New Guinea
Date	29 April 2010
Time	10.00am

Approximate date the +annual report will be available	26 March 2010

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 2008	401,063	118,135	(115,164)	404,034
21.2	Total comprehensive income for the period	-	(105,986)	(4,786)	(110,772)
21.3	Balance at 31 December 2008	401,063	12,149	(119,950)	293,262
21.4	Total comprehensive income for the period	-	63,564	8,701	72,265
21.5	Balance at 31 December 2009	401,063	75,713	(111,249)	365,527

Compliance statement

This report has been prepared in accordance with Australian International Financial Reporting Standards (AIFRS), other AIFRS authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used	International Financial Reporting Standards

This report, and the accounts upon which the report is based, use the same accounting policies as described above.

The directors are able to declare that the financial report comprising Appendix 4E to the Australian Stock Exchange for the year ended 31 December 2009:

a.) complies with International Financial Reporting Standards and the Australian Stock Exchange Listing Rules and

b.) gives a true and fair view of the entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and it's cash flows for the year ended on that date;

except that the results of the company for the twelve months ended 31 December 2009 have been in the opinion of the directors, substantially affected by events of a material and unusual nature. 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.

The entity has a formally constituted audit committee.

Sign here: .... Date: 10 February 2010
(~~Director~~/Company Secretary)

Print name: **Paul Derek Coleman**