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

8 February 2007

BOUGAINVILLE COPPER LIMITED

The directors of Bougainville Copper Limited announce the following audited results of the company for the year ended 31 December 2006 together with comparable results for twelve months to 31 December 2005.

Financial Results

	2006 K'000	**2005 K'000**
Interest	926	966
Net exchange gain/ (loss)	355	-
Realised gain on disposal of investments	15	1 069
Previously unrealised gain on disposal of investments	556	-
Dividends	6 351	5 399
	8 203	7 434
Less:		
General and administration expenses	4425	5759
Exchange Losses	121	1559
	4 546	7 318
Profit before taxation	3 657	116
Income tax expense	-	-
Net profit	3 657	116
Equivalent net profit in A$'000	1 574	48

During the year the mine at Panguna remained inoperative and thus income relates to investment activities.

For the year ended 31 December 2006 the net profit was K3.7 million (AUD$1.6) compared with K0.1 million (AUD$0.04 million) the previous year. The increase in profit is due to higher dividend income of K0.9 million and reduced expenses principally due to lower expenditure on the tax dispute and a K1.4 million reduction in exchange losses. Accordingly shareholder value increased by 11% to K378 million.

The Board's strategic goal of an investment portfolio which generates sufficient cash flow to cover annual operating costs, with prospects of a steady capital gain, was recorded in 2006 with capital gains of K34 million being added to shareholders' funds.

TAX DISPUTE

The company was audited by the Internal Revenue Commission (IRC) in 2003. As a result of that audit the IRC disallowed depreciation deductions it had accepted for a number years and issued assessments to the company requiring it to pay additional tax and penalties. The company has objected to those assessments and an appeal to the National Court has been filed.

The IRC also demanded payment of the claimed tax and penalties pending the hearing of the appeal. BCL opposed paying the tax until the substantive appeal was determined. On 2 February this year the PNG Supreme Court ruled the IRC could demand payment of the tax and penalties prior to the appeal being decided. A date has not yet been set for the hearing of the substantive appeal.

2006 DIVIDEND

The Directors have not declared a dividend in respect of 2006.

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 Wednesday 9 May 2007.

The Annual Report and Notice of Meeting will be mailed to shareholders on approximately 30 March 2007.

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		√	31/12/06

For announcement to the market

		K'000		
Revenues from ordinary activities	up	10.3%	to	8,203
Profit (loss) from ordinary activities after tax attributable to members	up	3065.9%	to	3,657
Profit (loss) from extraordinary items after tax attributable to members	gain (loss) of	-		-
Net profit (loss) for the period attributable to members	up	3065.9 %	to	3,657

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 consolidated statement of financial performance

	Current period - K'000	Previous corresponding period - K'000
Revenues from ordinary activities	8,203	7,434
Expenses from ordinary activities	4,546	7,318
Borrowing costs	-	-
Share of net profits (losses) of associates and joint venture entities	-	-
Profit (loss) from ordinary activities before tax	**3,657**	**116**
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	**3,657**	**116**
Profit (loss) from extraordinary items after tax	-	-
Net profit (loss)	**3,657**	**116**
Net profit (loss) attributable to outside equity interests	-	-
Net profit (loss) for the period attributable to members	**3,657**	**116**
Non-owner transaction changes in equity		
Increase (decrease) in revaluation reserves		-
Net exchange differences recognised in equity		
Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
Initial adjustments from UIG transitional provisions		
Total transactions and adjustments recognised directly in equity	-	-
Total changes in equity not resulting from transactions with owners as owners	-	-

Earnings per security (EPS)	Current period	Previous corresponding period
Basic EPS	0.912 toea	0.029 toea
Diluted EPS	0.912 toea	0.029 toea

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period – K'000	Previous corresponding period - K'000
Profit (loss) from ordinary activities after tax	3,657	116
Less (plus) outside equity interests	-	-
Profit (loss) from ordinary activities after tax, attributable to members	**3,657**	**116**

Revenue and expenses from ordinary activities

	Current period – K'000	Previous corresponding period - K'000
Revenue from sales or services	-	-
Interest revenue	926	966
Other relevant revenue	7,277	6,468
Details of relevant expenses-General and administration expenses	4,546	7,318
Depreciation and amortisation excluding amortisation of intangibles	-	-

Consolidated retained profits

	Current period – K'000	Previous corresponding period - K'000
Retained profits (accumulated losses) at the beginning of the financial period	(122,410)	(122,526)
Net profit (loss) attributable to members	3,657	116
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	**(118,753)**	**(122,410)**

Intangible and extraordinary items

Nil

Comparison of half year profits

(Preliminary final report only)

Current year - K'000	Previous year - K'000

Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year	1,075	(322)
Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	2,582	438

Condensed consolidated 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	1,352	847	2,504
Receivables	17,478	17,492	18,313
Investments	-	-	-
Inventories	-	-	-
Tax assets	-	-	-
Other –Held-to-maturity financial assets	16,025	15,295	11,082
Total current assets	**34,855**	**33,634**	**31,899**
Non-current assets			
Receivables	3,909	3,909	3,909
Investments (equity accounted)	-	-	-
Available-for-sale financial assets	176,620	139,976	150,923
Inventories	-	-	-
Exploration and evaluation expenditure capitalised *(see para .71 of AASB 1022)*	-	-	-
Development properties (+mining entities)	-	-	-
Other property, plant and equipment (net)	197,894	197,894	197,894
Intangibles (net)	-	-	-
Tax assets	-	-	-
Other	-	-	-
Total non-current assets	**378,423**	**341,779**	**352,726**
Total assets	**413,278**	**375,413**	**384,625**
Current liabilities			
Payables	488	375	14
Interest bearing liabilities	-	-	-
Tax liabilities	-	-	-
Provisions exc. tax liabilities	830	830	830
Other (provide details if material)	-	-	-
Total current liabilities	**1,318**	**1,205**	**844**
Non-current liabilities			
Payables	4,888	4,810	4,838
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	**33,720**	**33,642**	**33,670**

Condensed consolidated statement of financial position continued

Total liabilities	**35,038**	**34,847**	**34,514**
Net assets	**378,240**	**340,566**	**350,111**

Equity			
Capital/contributed equity	401,063	401,063	401,063
Reserves	95,930	61,913	70,383
Retained profits (accumulated losses)	(118,753)	(122,410)	(121,335)
Equity attributable to members of the parent entity	**378,240**	**340,566**	**350,111**
Outside +equity interests in controlled entities	-	-	-
Total equity	**378,240**	**340,566**	**350,111**

Notes to the condensed consolidated 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 consolidated 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	(4,358)	(6,390)
Dividends received from associates	-	-
Other dividends received	6,350	5,399
Interest and other items of similar nature received	943	1,030
Interest and other costs of finance paid		
Income taxes paid	-	-
Other – Monies paid to the Supreme Court	-	(12,991)
Net operating cash flows	**2,935**	**(12,952)**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	-	-

Proceeds from sale of property, plant and equipment	-	-
Payment for purchases of equity investments	(3,178)	(16,223)
Proceeds from sale of equity investments	1,123	6,491
Loans to other entities	-	-
Loans repaid by other entities	-	-
Other (provide details if material)	(487)	-
Net investing cash flows	**(2,542)**	**(9,732)**
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	393	(22,684)
Cash at beginning of period	847	23,155
Exchange rate adjustments	112	376
Cash at end of period	1,352	847

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	1,352	847
Deposits at call	-	-
Bank overdraft	-	-
Other –Short term liquid investments	-	-
Total cash at end of period	**1,352**	**847**

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding period
Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	44.58%	1.44%
Profit after tax / equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	1.04%	0.03%

Earnings per security (EPS)

Current year 0.912 toea
Previous year 0.029 toea
Diluted EPS is the same as Basic EPS

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	K0.9431	K0.8492

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 1991. 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). 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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement 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.

1.(b) Accounting Policies

Mine Assets

Following cessation of mining activities in 1991 a general provision of K350 million was made for deterioration, damage or pilferage of company assets on Bougainville. The accuracy of that provision cannot be proved because of 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 general provision has been made since 1991. The Directors consider that any further review of the general provision at this time would be completely arbitrary because of the continuing lack of access to the mine.

***Taxation*:**

Tax effect accounting procedures are followed. Any current liability for income tax is based on estimated taxable income for the year. The components of this taxable income can differ from those which make up the earnings before tax for the year and these differences are either permanent differences or temporary differences. Permanent differences are disclosed in note 4. Temporary differences arise because the tax base of some assets and liabilities is different from their accounts carrying value. The tax effect of these temporary differences is classified as either deferred income tax liability or future income tax benefit in the balance sheet. Future income tax benefits are not recognised unless their realisation is probable. Future income tax benefits therefore have not been recognised pending the development of a clearer view of the timing of recommencement of operations.

***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 recognized 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 securities (shares in other corporations) are classified as "available-for-sale". 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. Gains or losses on 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 organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

(ii) Held-to-maturity financial assets

Held-to-maturity financial assets 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.

Significant Risks and Uncertainties

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 considerable 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 is clear that a major write-down of assets from their pre-closure levels will 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, despite the current cessation of operations.

Contingent liabilities and assets
Bougainville Copper Limited is defendant to an action commenced in the National Court by two plaintiffs seeking declarations that they are the lawful representatives of the mine site and the tailings disposal area landowners and that the Mining Warden is the proper judicial officer to determine what, if any, compensation is due to landowners for the period since the mine closed suspension of mining operations. The company has made a provision in its accounts to cover an award of landowner compensation.

The Internal Revenue Commission conducted an audit over several months as reported in 2003's annual report. The audit covered the period from 1990 to 2002 inclusive. The Internal Revenue Commission has issued amended assessments claiming additional tax of K15.8 million and penalties of K36.6 million arising out of the audit. 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.

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 that depreciation to offset against BCL's investment income has now lapsed through 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. The outcome is unknown; our advisors and Senior Australian Counsel state that BCL has very good arguments in this matter and have a better than average chance of succeeding against the IRC, and accordingly no provision has been recognised for these amounts. 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, subsequent to the balance date, and ordered that the funds being sought by the IRC be paid to it. The company believes that it's position is supportable and the amounts paid are recoverable. Meanwhile the substantive appeal against the tax assessment is pending.

Audit report

These financial statements have been prepared by the Company in accordance with International Financial Standards and have been audited by the Company's Auditors.

A qualified audit opinion has been issued for reasons set out in the audit report – copy of the audit report has been attached to this report

Additional disclosure for trusts

Not applicable

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	9 May 2007
Time	10am
Approximate date the +annual report will be available	30 March 2007

Compliance statement

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

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 2006:

a.) complies with International Accounting 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 2006 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 2006 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: 8 February 2007
(~~Director~~/Company Secretary)

Print name: **Paul Derek Coleman**