



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

Chairman's Annual General Meeting Statement 2007

Results

The after tax profit, although modest at K3.7 million, was pleasing given the Board strategy is to generate annually sufficient dividend and interest income to cover operating expenses.

As a consequence of the company's investment strategy, the great bulk of investment gains will come in the form of unrealised increases in the value of the company's share portfolio which was K34 million for 2006. Accordingly Shareholder funds increased by K37.7 million to K378.2 million in 2006, over half of which is readily convertible into cash and provides the company flexibility to commence feasibility studies and other work aimed at achieving the company vision of returning to exploration and profitable mining in PNG. Some shareholders may be disappointed that a dividend has not been declared but the Board believes the retention of funds to apply towards realising the potential value locked up in the company's mining and exploration tenements on Bougainville will better serve the company in the foreseeable future.

Bougainville Assets

The Media has reported on other companies' plans for the Panguna ore body. I wish to reassure shareholders that "Special Mining Lease No. 1" over the Panguna mine area and associated leases, including seven adjacent exploration licences, are held in good standing solely by BCL. They are the only tenements for exploration or mining current on Bougainville.

BCL has not entered into any arrangement with any other resources company relating to exploration or mining save for the long standing management agreement with Rio Tinto and an agreement with Rio Tinto Exploration Limited to undertake a review of the companies exploration data. BCL has also entered into a technical assistance agreement, on a fee for service basis, with Rio Tinto. I don't dismiss the possibility that BCL will want partners for future exploration or mining but if and when the time comes the process will be transparent and BCL will make relevant public announcements. I encourage shareholders to visit the company website, www.BCL.com.pg, for information released by the company. Formal notices to the Australian Stock Exchange can be obtained either through the link on the BCL webpage or by searching "BOC" on the ASX website www.ASX.com.

Landowner and Government Negotiations

I have advised shareholders previously that the National Executive Council has agreed to engage with the company and Bougainville stakeholders in a 'review and renegotiation' of the Bougainville Copper Agreement (BCA). It is envisaged these processes will have two complementary components. Firstly there are technical aspects of the BCA that need addressing. The legislation that encompasses the BCA did not anticipate many of the events that occurred as a result of the suspension of mining in 1989. Among these events was the establishment of the new Autonomous Bougainville Government and its request to draw down mining rights currently administered by the National Government. The second component will cover the pragmatic issues of landowner compensation, equity participation, profit sharing and environmental management of any new or re-established operations.

The Board does not favour approaching the question of reactivating exploration and mining in a piecemeal fashion. A comprehensive and collaborative plan with a high degree of consensus by the key stakeholders is highly desirable. The way to achieve this is for all parties to work together to come up with a mutually acceptable and economically achievable plan. However BCL must reserve the right to veto any proposals agreed by various stakeholders that are not in the best interests of its shareholders. Although the proposed process stalled last year, for reasons outside the control of the company, I believe the new and now operational Mineral Resources Authority is the right vehicle to act as the independent champion of the process.

The Year Ahead

I mentioned in the Annual Report that the Board has adopted a comprehensive plan to cover the coming three years. What we hope to do is not guaranteed but given the apparent shift in attitude to exploration and mining among some landowners and Government members, Directors believe the time is right to prepare BCL to take advantage of opportunities that might arise.

A lot has to be agreed before exploration and mining can take place but the key players appear willing to at least look seriously at the possibilities. Put very simply this requires settling outstanding issues and agreeing terms for the future. Not so simple will be satisfying all the expectations.

BCL has already committed (as has the National Government) to contribute to the cost of the BCA review process. This may be expensive but is essential expenditure if BCL and the other parties are to take advantage of the economic opportunities now available in the resources sector. A lot of goodwill will be required by all sides and present indications are there is a willingness to give it a go.

The staff of Rio Tinto Minerals [PNG] Ltd, which manages the day to day affairs of the company from its Port Moresby office, have again done a great job with very limited resources. If my hopes for the coming year are fulfilled the team will need to be supported with additional resources.

To my fellow directors go my thanks for their support and guidance during the year.

As I mentioned in the Annual Report long serving director, David McLellan, is retiring at this Annual General meeting. I and the company owe David special thanks for the manner in which he has discharged his director duties over the past 8 years. David has been the

Chairman of the Audit Committee since its inception and has done an excellent job in ensuring the Committee has achieved the requirements of its Charter in a timely and quality fashion. He has also been a valued member of the Investment Committee where his good counsel has proved extremely beneficial. I wish David and his wife Margaret a very happy future.

Mr. John Leahy was appointed to the Board during the year. John has had a long association with PNG and BCL in a range of professional and voluntary capacities. John is required by the BCL constitution to submit himself for election today. I support the election of John Leahy as a director of the company.

Peter R Taylor
Chairman & Managing Director

Wednesday, 9 May 2007