BOUGAINVILLE COPPER LIMITED

Media Release

20 February 2015

BOUGAINVILLE COPPER LIMITED

The directors of Bougainville Copper Limited announce the following audited results of the company for the year ended 31 December 2014 together with comparable results for twelve months to 31 December 2013.

Results

For the year ended December 31 2014, an operating loss of K9.1 million, compared to a planned loss of K10.8 million, and an impairment of K166.6 million has been recorded, resulting in an overall loss of K175.7 million. The full impairment in the value of all the mine assets of K198 million has been accounted for as a charge against income, and as a reversal of the assets revaluation reserve of K31 million previously held within other comprehensive income. The impairment was raised because of the Bougainville Government's "interim mining act" and its impact on the company.

Financial Results	**2014** **K'000**	**2013** **K'000**
Realised gain on disposal of investments	-	4,647
Exchange gains	-	494
Interest	970	832
Dividends	3,974	3,959
	4,944	9,932
Less:		
General and administration expenses	(18,268)	(11,314)
Exchange Losses	(8)	-
Impairment charge	(166,618)	-
Write-back of provision	4,211	8,160
	(180,683)	(3,154)
Profit/(Loss) before taxation	(175,739)	6,778
Income tax expense	-	-
Net profit /(loss)	(175,739)	6,778
Equivalent net profit/(loss) in A$'000	(75,708)	3,026

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Incorporated in Papua New Guinea A.R.B.N 007 497 869

2014 DIVIDEND

The Directors have not declared a dividend in respect of 2014.

BORROWING

No borrowings were outstanding at year-end.

SIGNIFICANT EVENTS

- During the year the Autonomous Bougainville Government passed legislation that increases uncertainty about the company's tenement situation.

- For the year ended December 31, 2014, an operating loss of K9.1 million and an impairment of K166.6 million resulted in an overall loss of K175.7 million. A full impairment in the value of all the mine assets of K198 million has been accounted for as a charge against income, and as a reversal of the assets revaluation reserve of K31 million previously held within other comprehensive income. The impairment was raised because of the Bougainville Government's "interim mining act" and its impact on the company.

- Quality engagement with key stakeholders has been enhanced by regular meetings in Arawa.

- A Bel Kol ceremony did not occur in 2014 with the company but is at the advanced stages of planning, and is expected to take place in Arawa during 2015.

- Several work programs were commenced but were deferred pending clarification of tenure.

- Towards the end of 2014, a court-sanctioned mediation regarding the tax dispute was scheduled but deferred by the IRC.

- Rio Tinto announced it is an appropriate time to review all options for its stake in Bougainville Copper.

MINERAL RESOURCE

The 2014 Mineral Resource is a re-statement of the 31 December 2013 figures after reconfirmation of economic viability. Technical studies supporting the statement remain current and an updated JORC Table 1 fact sheet outlining additional technical assumptions supporting this resource statement is attached.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The Annual General Meeting of the company will be held at the Grand Papua Hotel, Port Moresby at 11.00am on Wednesday 29th April, 2015.

The Annual Report and Notice of Meeting will be mailed to shareholders on or about 23 March, 2015.

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

BOUGAINVILLE COPPER LIMITED

Bougainville Copper Ltd - New Panguna Table 1

The following table provides a summary of important assessment and reporting criteria used at Bougainville Copper Ltd - New Panguna for the reporting of mineral resources in accordance with the Table 1 checklist in *The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition)*. Criteria in each section apply to all preceding and succeeding sections.

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling techniques	• No fundamental resource data has been collected from the deposit since the suspension of operations in 1989. • Initial diamond core drilling of the 0.3 per cent copper contour at an approximate spacing of 122m (400 feet) and comprised 253 holes for 80,778m. This phase of drilling was completed in 1969 prior to commencement of mining in 1972. Two adits, crosscuts and rises, totalling 4,700 m were excavated. Approximately 3,700 m of these underground excavations were pre-drilled and sampled. • Further in-pit and extension drilling was carried out up the cessation of operations in 1989. • Sampling interval usually 3m unless there was a change of core size, poor recovery, or retention of core for records. • A representative 3m sample retained every 60m. • A 0.1 metre bulk density sample collected approximately every 10m. • Approximately 0.5 kilograms per metre of core sampled for metallurgical testing. • All primary assaying completed in an on-site laboratory. • Copper assay determined by aqua regia digest and atomic absorption spectrometry. • Gold determined by aqua regia/ methyl isobutyl ketone digest and atomic absorption spectrometry. • Reconciliation of blast hole and metallurgical plant data with the reserve model, indicates that the copper and gold drill hole composite database is biased towards underestimation in several key domains due to a combination of the following: o mineralisation loss during core loss

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	◦ core loss (minor) ◦ vertical drill holes failing to intersect sufficient sub-vertical mineralised fractures and veins ◦ drill hole spacing too wide ◦ variable diamond drill hole core size
Drilling techniques	• PQ, HQ, NQ and minor BQ diamond core, mix of standard and triple-tube coring.
Drill sample recovery	• Some sample recovery data recovered from data archives, assessment of available data completed. • No recovery-grade relationship identified, but a sampling bias (towards underestimation) due to loss of fines has been documented. • Triple-tube drilling and improved mud systems introduced to combat loss of fines
Logging	• Detailed logging sample by sample (3m intervals). • Core photos taken but not recovered from data archives.
Sub-sampling techniques and sample preparation	• Whole core submitted for assay. • Sample preparation procedures developed by sampling expert. • Duplicate core samples (riffle-split sample of whole-core crushed to 90% passing -3mm) taken at a rate of 1 in 10 samples for check assaying and checking sample preparation.
Quality of assay data and laboratory tests	• Assay quality assurance and control (QAQC) techniques applied during the initial resource definition program mainly consisted of internal and external check assaying and comparisons with bulk underground samples. • Limited documentation pertaining to QAQC techniques and results from 1970 recovered from data archives. Documental evidence suggests that check assaying continued to be used to verify results.
Verification of sampling and assaying	• Duplicate core samples taken at a rate of 1 in 10 samples for check assaying and checking sample preparation. • Internal and external check assaying used to verify assays. • Holes twinned in the oxide and transition zone mainly to test for sulphide oxidation rate in response to lower than expected flotation recovery. • No twinned holes were drilled specifically to assess grade repeatability and continuity. There are several instances where two or more holes intersected in the course of drilling.
Location of data points	• Drill hole collars surveyed using a theodolite. Early exploration drilling was down-hole surveyed by Tropari directional surveying instrument and acid etching. • Bougainville Copper Limited drilling was down-hole surveyed by Tropari and multi-shot down-hole camera. • Detailed satellite digital elevation model generated over project area as part of 2012 Order of Magnitude Study.
Data spacing and distribution	• The 2012 Mineral Resource was estimated using geological, mine planning and production data archived in 1989. The archived data sets (including 80,778m of diamond drilling, 4700m of underground sampling and production blast hole sampling) were reviewed and validated by Rio Tinto and ex-BCL staff. • Diamond drilling on a regular 120m x 120m grid – combined with 17 years of production

	history, sufficient to define indicated and inferred mineral resources. • Copper and gold drill hole composite database is biased towards underestimation due mainly to too wide drill hole spacing.
Orientation of data in relation to geological structure	• Copper and gold drill hole composite database is biased towards underestimation due in part to vertical drill holes failing to intersect sufficient sub-vertical mineralised fractures and veins.
Sample security	• All primary assaying completed in an on-site laboratory.
Audits or reviews	• Sampling techniques and data verified during 2008 Order of Magnitude study.

SECTION 2: REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
Mineral tenement and land tenure status	• Bougainville Copper Ltd is entitled to the renewal of the special mining lease under the national governments Bougainville Copper act. Furthermore the Autonomous Bougainville Government recognises that BCL has the rights to an exploration licence for the purpose of the Bougainville Mining (transitional arrangements) Act.
Exploration done by other parties	• CRA Exploration was granted authority to prospect over area including Panguna deposit in 1963. • Initial diamond core drilling of the 0.3 per cent copper contour at an approximate spacing of 122m (400 feet) and comprised 253 holes for 80,778m. This phase of drilling was completed in 1969 prior to commencement of mining in 1972.
Geology	• The Panguna orebody is a porphyry copper/gold deposit in Miocene andesites and Pliocene intrusive rocks. The major host rock is Panguna Andesite and has been intruded by diorites and granodiorites. The mineralisation occurs primarily in two forms :- o vein infilling or coating, associated with fracture and joint planes, o disseminated in the rock.
Drill hole Information	• The 2012 Mineral Resource was estimated using geological, mine planning and production data archived in 1989. The archived data sets (including 80,778m of diamond drilling, 4700m of underground sampling and production blast hole sampling) were reviewed and validated by Rio Tinto and ex-BCL staff. • Diamond drilling on a regular 120m x 120m grid – combined with 17 years of production history, sufficient to define indicated and inferred mineral resources. • Copper and gold drill hole composite database is biased towards underestimation due mainly to too wide drill hole spacing.
Data aggregation methods	• The resource model has not been updated since the suspension of operations in 1989. The resource model recovered from archives utilised domain-based geostatistics (ordinary kriging) introduced in 1981 with assistance and on-going review from contemporary geostatistical experts.

	• Diamond drill holes are generally drilled on a 122 metre x 122 metre grid with some in-fill holes in areas of complex geology. The DDH cores were logged and assayed in three metre lengths. The nominal three metre assays were composited to 15 m bench equivalents by rock type. Provided at least nine metres of one rock type was available in a bench intersection, a composite assay value was calculated for each 15 m bench. As most of the drill holes were vertical, the majority of composites were equivalent to a down-hole composite. Minor rock types were grouped with the five major ones, depending on their similarity and statistical distribution. The 15 metre composite assay database was used for subsequent geostatistical analysis and kriging.
Relationship between mineralisation widths and intercept lengths	• The approximate plan dimensions of the Mineral Resource are 2km x 3km, with mineralisation occurring from surface (existing open pit void) and extending to over 450m below surface. • Reconciliation of blast hole and metallurgical plant data with the reserve model, indicates that the copper and gold drill hole composite database is biased towards underestimation in several key domains due to a combination of the following: o mineralisation loss during core loss o core loss (minor) o vertical drill holes failing to intersect sufficient sub-vertical mineralised fractures and veins o drill hole spacing too wide o variable diamond drill hole core size
Diagrams	• Not applicable - no Exploration Results being reported.
Balanced reporting	• Not applicable - no Exploration Results being reported.
Other substantive exploration data	• The DDH grades used for the initial evaluation were validated by bulk sampling of two adits and associated rises, totalling 4,700 m.
Further work	• Further work pending access to the Panguna site.

SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	Commentary
Database integrity	• Resource model recovered directly from data archives and imported into modern mining software.
Site visits	• No site visits by Competent Persons undertaken since mine closure (1989). Mr G Clarke (ex-BCL Geology Manager at Panguna Mine) is a JORC Competent Person for the reporting of the Mineral Resource.

Geological interpretation	• High confidence in geological interpretation, well understood geology (multiple journal publications, 17 years of production history) • Geology model accurately transferred to resource model • Grade continuity controlled by geological units. Geological control used in grade estimation. • Original section/plan interpretations not recovered, geological assessment based on coded model geology only
Dimensions	• Mineral Resource estimate based on the evaluation of the resource model recovered from data archives against a conceptual design to extend the existing open pit mining void. • Approximate plan dimensions of the Mineral Resource are 2km x 3km • Mineralisation occurs from surface and extends to over 450m below surface.
Estimation and modelling techniques	• The resource model has not been updated since the suspension of operations in 1989. The resource model recovered from archives utilised domain-based geostatistics (ordinary kriging) introduced in 1981 with assistance and on-going review from contemporary geostatistical experts. • Resource model validated as part of the 2008 Order of Magnitude Study. • Resource model supported a 17 year mining operation at Panguna. • Independent estimate produced as part of the 2012 Order of Magnitude Study and contained metal of 2012 estimate reconciles globally within 5 per cent. • Low-grade molybdenum mineralisation modelled and assessed as part of 2008 Order of Magnitude Study.
Moisture	• Tonnages are estimated on a dry basis.
Cut-off parameters	• Based on 60Mtpa ore processing capacity, cut-off grades for direct feed and pre-concentration and screening ore were calculated by applying recovery, cost and Rio Tinto long-term price assumptions (11 August 2012). • Costs were estimated using industry data derived from similar operations and the cut off grade assumptions remain valid after applying broker consensus metal prices. • Historically both direct feed and pre-concentration and screening ore were mined from the Panguna open pit.
Mining factors or assumptions	• The conceptual open pit mine design was prepared based on conventional open pit mining techniques and a range of power generation and tailings storage options. The Mineral Resource estimate is based on an open pit operation.
Metallurgical factors or assumptions	• The Panguna processing plant operated successfully from 1972 to 1989. The 2012 Order of Magnitude Study assumed that the existing processing equipment was not suitable for re-use i and allowed for a completely new plant. Ore processing throughput and recovery parameters were estimated based on historic performance and potential improvements available using current technologies and practices.
Environmental factors or assumptions	• Panguna is an historical mine site with and existing open pit void, waste dumps, tailings disposal and infrastructure sites. There is no obligation for rehabilitation however the 2012 OMS does include expenditure allowances to undertake some work.
Bulk density	• The resource model recovered from data archives did not include density data. Historical

	bulk density values determined by standard water displacement methods were applied to the resource model by rock type. These figures were ratified by Mr G Clarke (ex-BCL Geology Manager) and are consistent with the primary ore bulk density of 2.51t/m3 from the 1969 feasibility study.
Classification	• Measured - Despite the 17 years of historical production, no measured material is defined due to uncertainty in the resource model evidenced by comparisons with grade control data, historical production reconciliation and other technical documentation. • Indicated - Indicated material is defined within the volume intersected by the nominal 122m x 122m drilling grid. • Inferred - All other material outside the volume intersected by the nominal 122m x 122m drilling grid is classified as Inferred.
Audits or reviews	• Independent estimate produced as part of the 2012 Order of Magnitude Study and contained metal of 2012 estimate reconciles globally within 5 per cent.
Discussion of relative accuracy/ confidence	• The definition of Indicated and Inferred Mineral Resources only is appropriate for the level of study and the geological confidence imparted by the nominal 122m x 122m drilling grid,

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		√	31/12/14

For announcement to the market

				K'000
Revenues from ordinary activities	down	50.22%	to	4,944
Loss from ordinary activities after tax attributable to members	-	-	to	175,739
Profit (loss) from extraordinary items after tax attributable to members		-		-
Loss for the period attributable to members	-	-	to	175,739

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	**4,944**	**9,932**
Expenses from ordinary activities	**(14,065)**	**(3,154)**
Impairment expense	**(166,618)**	**-**
Share of net profits (losses) of associates and joint venture entities	-	-
Profit (loss) from ordinary activities before tax	**(175,739)**	**6,778**
Income tax on ordinary activities	**-**	**-**
Profit (loss) from ordinary activities after tax	**(175,739)**	**6,778**
Profit (loss) from extraordinary items after tax	**-**	**-**
Net profit (loss)	**(175,739)**	**6,778**
Net profit (loss) attributable to outside equity interests	**-**	**-**
Net profit (loss) for the period attributable to members	**(175,739)**	**6,778**
Other comprehensive income		
Write-back of asset revaluation reserve	**(31,276)**	**-**
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	**(3,375)**	**20,354**
Total other comprehensive income	**(34,276)**	**20,354**
Total comprehensive income for the period	**(210,390)**	**27,132**

Earnings per security (EPS)	Current period	Previous corresponding Period
Basic EPS	(43.818) toea	1.6900 toea
Diluted EPS	(43.818) toea	1.6900 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	(175,739)	6,778
Less (plus) outside equity interests	-	-
Profit (loss) from ordinary activities after tax, attributable to members	**(175,739)**	**6,778**

Revenue and expenses from ordinary activities

	Current period – K'000	Previous corresponding period - K'000
Revenue from sales or services	-	-
Interest revenue	970	832
Other relevant revenue -		
Dividends	3,974	3,959
Gain on disposal of investments	-	4,647
Foreign exchange gains	-	494
Details of relevant expenses-General and administration expenses –		
Exchange losses	8	-
Related Party (reimbursement of expenses to related parties salaries, rent etc)	5,130	4,653
Other Administrative Expenses	13,138	6,661
Provisions and accruals written back	(4,211)	(8,160)
Impairment expense	166,618	-
Depreciation and amortisation excluding amortisation of intangibles	-	-

Accumulated losses

	Current period – K'000	Previous corresponding period - K'000
Accumulated (losses) at the beginning of the financial period	(110,753)	(117,531)
Net profit (loss) attributable to members	(175,739)	6,778
Net transfers from (to) reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Accumulated (losses) at end of financial year	**(286,492)**	**(110,753)**

Intangible and extraordinary items

Nil

Comparison of half year profits

(Preliminary final report only)

	Current period - K'000	Previous corresponding period - K'000
Profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year	(5,561)	1,120
Profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	(170,178)	5,658

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	4,668	13,553	10,828
Receivables	70,628	69,950	70,195
Investments	-	-	-
Inventories	-	-	-
Tax assets	-	-	-
Other –Held-to-maturity financial assets	-	-	-
Total current assets	**75,296**	**83,503**	**81,023**
Non-current assets			
Receivables	-	3,909	3,909
Investments (equity accounted)	-	-	-
Available-for-sale financial assets	102,021	105,396	109,556
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	(547,894)	(350,000)	(350,000)
Total non-current assets	**102,021**	**307,199**	**311,359**
Total assets	**177,317**	**390,702**	**392,382**
Current liabilities			
Payables	4,631	3,720	6,801
Interest bearing liabilities	-	-	-
Tax liabilities	-	-	-
Provisions	-	-	-
Other (provide details if material)	-	-	-
Total current liabilities	**4,631**	**3,720**	**6,801**
Non-current liabilities			
Payables	305	4,517	4,517
Interest bearing liabilities	-	-	-
Tax liabilities	6,759	6,759	6,759
Provision for compensation	14,219	13,913	13,913
Other (provide details if material)	-	-	-
Total non-current liabilities	**21,283**	**25,189**	**25,189**
Total liabilities	**25,914**	**28,909**	**31,990**
Net assets	**151,403**	**361,793**	**360,392**

Condensed statement of financial position continued

Equity			
Capital/contributed equity	401,063	401,063	401,063
Reserves	36,832	71,483	75,643
Accumulated losses	(286,492)	(110,753)	(116,314)
Equity attributable to members of the parent entity	**151,403**	**361,793**	**360,392**
Outside +equity interests in controlled entities	-	-	-
Total equity	**151,403**	**361,793**	**360,392**

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	(13,092)	(11,970)
Dividends received from associates	-	-
Other dividends received	3,974	3,959
Interest and other items of similar nature received	159	183
Interest and other costs of finance paid		
Income taxes paid	-	-
Other – Monies paid to the Supreme Court	-	-
Net operating cash flows	**(8,959)**	**(7,828)**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	-	-
Proceeds from disposal of available-for-sale financial assets	-	19,500
Payment for purchases of equity investments	-	-
(Purchase)/Proceeds of held-to-maturity investments	-	-

Loans to other entities	-	-
Loans repaid by other entities	-	-
Other (provide details if material)	-	-
Net investing cash flows	**-**	**19,500**
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	(8,959)	11,672
Cash at beginning of period	13,553	1,387
Exchange rate adjustments	74	494
Cash at end of period	4,668	13,553

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	4,668	13,553
Deposits at call	-	-
Bank overdraft	-	-
Other –Short term liquid investments	-	-
Total cash at end of period	**4,668**	**13,553**

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	(3,554.46 %)	68.24%

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	(116.07 %)	1.87%

Earnings per security (EPS)

Current year (43.8184) toea
Previous year 1.6900 toea
Diluted EPS is the same as Basic EPS

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	K0.3775	K0.9021

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)

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

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	100	100
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.

These financial statements were authorised for issue in accordance with a directors' resolution on 18 February 2015.

1.(a) Basis of preparation

The financial statements of Bougainville Copper 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:

Mine assets were originally stated at cost or directors valuation and subsequently depreciated and amortised at rates considered appropriate by the company.

As a consequence of suspension 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 could not be proved because the lack of access to Bougainville prevented a detailed assessment of the nature or extent of those losses. No depreciation charge has been made since 1991 until 2014.

In 2014 the Autonomous Bougainville Government passed the Bougainville Mining (Transitional Arrangement) Act 2014 which converts the Special Mining Lease held by the company to an

Exploration Licence along with the right to apply for a mining lease. This legislation seeks to challenge the company's control of the mine assets and may reflect an expropriation of assets for the purpose of the Bougainville Copper Act.

The directors of the company continue to question and challenge this legislation to understand exactly what the impact may be to its control over the mine assets of the company. The directors have taken the view to impair in full the carrying value of the mine assets at this stage, which is reflected by a charge of K167 million against income and the reversal of the asset revaluation reserve of K31 million, as presented in the statement of comprehensive income.

***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 base of assets and liabilities and their carrying amounts in the 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 determining profit.

Provisions:

Provision for compensation is 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 determining profit. 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.

Impairment of investments

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. In the case of equity investments classified as available for sale, a significant or prolonged decline in fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at cost
For loans and receivables, the amount of loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using observable market price.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors credit rating), the reversal of he previously recognised impairment loss is recognised in the statement of comprehensive income.

(ii) Assets classified as available for sale
If there is objective evidence of impairment for available for sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognised in the statement of comprehensive income, is removed from equity and recognised in the statement of comprehensive income.

Impairment losses on equity instruments that were recognised in the statement of comprehensive income are not reversed through the statement of comprehensive income in a subsequent period.

If the fair value of a debt instrument classified as available for sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

Impairment testing on receivables and other assets is described below.

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.

Other receivables

Other receivables are recognised initially at fair value, less provision for impairment. They are presented as current assets unless collection is not expected for more than twelve months after the reporting date.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probably that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expense. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expense in the statement of comprehensive income.

Impairment of other assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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 likely 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 recorded an impairment loss in 1991 for deterioration, damage and pilferage of K350 million, with this sum being classified as an extraordinary item.

During the year, the Autonomous Bougainville Government passed the Bougainville Mining (Transitional Arrangement) Act 2014 which converts the Special Mining Lease held by the company to an Exploration Licence along with the right to apply for a mining lease. This legislation seeks to challenge the company's control of the mine assets and may reflect an expropriation of assets for the purpose of the Bougainville Copper Act.
The directors of the company continue to question and challenge this legislation to understand exactly what the impact may be to its control over the mine assets of the company. The directors have taken the view to impair in full the carrying value of the mine assets at this stage, which is reflected by a charge of K167 million against income and the reversal of the asset revaluation reserve of K31 million, as presented in the statement of comprehensive income.

(ii) Income taxes

Refer to notes 9 and 13 for information regarding the company's ongoing tax dispute with the IRC.

1.(d) Rounding of amounts

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

1.(e) Capital risk management

Bougainville Copper'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.

1.(f) New and amended standards adopted by the company

There were no new standards applicable for the first time during the accounting period beginning 1 January 2014 that resulted in a material change in accounting policies or disclosures of the company.

1.(g) New standards and interpretations not yet adopted by the company

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2014 reporting period and have not been early adopted by the company. The entity has conducted investigations and does not consider that standards that are not yet effective will have a material impact on the entity in the current or future reporting periods and on foreseeable transactions.

1.(h) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

. the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.

. by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

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	Grand Papua Hotel, Mary Street, Port Moresby Papua New Guinea
Date	29 April 2015
Time	11.00am
Approximate date the +annual report will be available	23 March 2015

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 2012	401,063	33,543	(112,107)	322,499
21.2	Total comprehensive income for the period	-	(2,503)	(3,259)	(5,762)
21.3	Balance at 30 June 2012	401,063	31,404	(115,366)	316,737
21.4	Total comprehensive income for the period	-	20,089	(2,165)	17,924
21.5	Balance at 31 December 2012	401,063	51,129	(117,531)	334,661
21.6	Total comprehensive income for the period	-	(1,104)	1,120	16
21.7	Balance at 30 June 2013	401,063	50,025	(116,411)	334,677
21.8	Total comprehensive income for the period	-	21,458	5,658	27,116
21.9	Balance at 31 December 2013	401,063	71,483	(110,753)	361,793
21.10	Total comprehensive income for the period	-	4,160	(5,561)	(1,401)
21.11	Balance at 30 June 2014	401,063	75,643	(116,314)	360,392
21.12	Total comprehensive Income for the period	-	(38,811)	(170,178)	(208,989)
21.13	Balance at 31 December 2014	401,063	36,832	(286,492)	151,403

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 2014:

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 2014 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date;

except that the results of the company for the twelve months ended 31 December 2014 have been in the opinion of the directors, substantially affected by events of a material and unusual nature. As a consequence of suspension 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 until 2014.
In 2014 the passing of the Bougainville Mining (Transitional Arrangement) Act 2014 by the Autonomous Bougainville Government has resulted in the Special Mining Lease held by the company being converted to an Exploration Lease, which appears to remove the company's right to operate the mine and possibly reflect expropriation of the mine assets. Accordingly, the directors consider there has been a full impairment in value of all the mine assets of K198 million which been accounted for as a charge against income and as a write-back of the asset revaluation reserve previously held within other comprehensive income.

The entity has a formally constituted audit committee

Sign here: .... Date: 20 February 2015
(~~Director~~/Company Secretary)

Print name: **Paul Derek Coleman**

Independent Auditor's Report
to the shareholders of Bougainville Copper Limited

Report on the financial statements
We have audited the accompanying financial statements of Bougainville Copper Limited (the Company), which comprise the balance sheet as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements
The Directors are responsible for the preparation of these financial statements such that they give a true and fair view in accordance with generally accepted accounting practice in Papua New Guinea and the Companies Act 1997 and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Because of the matter described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial performance.

Basis for disclaimer of opinion on the financial performance
The financial statements of the Company for the year ended 31 December 2013 included a disclaimer of opinion as we were unable to determine whether the impairment provision in relation to the mine assets was adequate and the carrying value of the mine assets was properly stated at that time. In addition, the mine assets had not been depreciated for the period from the closure of the mine, which was a departure from International Financial Reporting Standards.

For the reasons set out in notes 1 (c) and 7 of the financial statements the mine assets were impaired to a nil value during the 2014 financial year. As the opening balances for mine assets enter into the determination of the financial performance for the year ended 31 December 2014 we were unable to determine whether any adjustments might have been necessary in respect of expenses for impairment recognised during the year and the loss for the year reported in the statement of comprehensive income.

Disclaimer of opinion on the financial performance
In our opinion, because of the significance of the matter described in the basis for disclaimer of opinion on the financial performance paragraph above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial performance for the year ended 31 December 2014.

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Independent Auditors' Report

Bougainville Copper Limited

Opinion on the financial position and cash flows

In our opinion, the accompanying financial statements:

1. comply with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea; and
2. give a true and fair view of the financial position of the Company as at 31 December 2014, and its cash flows for the year then ended.

Emphasis of matter

We draw attention to Notes 1(c) and 7 of the financial statements which describe the continued significant uncertainty surrounding the future of the Panguna mine and related assets particularly in relation to the Company's rights to those assets. While these assets have been impaired to a nil value they continue to be recorded as assets of the Company until the position regarding rights to the assets is clarified to the satisfaction of the Board. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

The Companies Act 1997 requires that in carrying out our audit we consider and report on the following matters. We confirm in relation to our audit of the financial statements for the year ended 31 December 2014:

1. with the exception of the matters described above we have obtained all the information and explanations that we have required;
2. in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records; and
3. we have no relationship with, or interests in, the Company other than in our capacities as auditor and tax advisors. These services have not impaired our independence as auditor of the Company.

Restriction on distribution or use

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1997. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

PricewaterhouseCoopers

Grant E Burns
Engagement Leader

Stephen C Beach
Partner
Registered under the Accountants Registration Act 1996

Port Moresby
20 February 2015