



BOUGAINVILLE COPPER LIMITED

INCORPORATED IN PAPUA NEW GUINEA ARBN 007 497 869

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Press Release

20 April 2009

Company Announcements Office
Australian Securities Exchange Limited

Dear Sir / Madam

Annual General Meeting

The attached material will be presented at the Annual General meeting in Port Moresby Papua New Guinea today.

This presentation will be posted on the Bougainville Copper website www.bougainvillecopper.com.pg

Yours faithfully

Paul Coleman
Company Secretary



**CHAIRMANS ANNUAL GENERAL MEETING ADDRESS
CROWNE PLAZA PORT MORESBY MONDAY 20 FEBRUARY
2009**

Ladies and gentlemen in this presentation I would like to address

- The results
- Strategy and Development
- The Order of Magnitude Study
- Other developments and activities

Results

First a summary of the 2008 results contained in the Annual Report.

For the year ended 31 December 2008 there was a net loss of K4.8 million, compared with a profit of K3.6 million in the previous year.

The net loss is largely attributable to expenses associated with mine restart studies, tax dispute legal fees and unfavourable movement of the Australian dollar against the PNG Kina.

Operating expenses are in line with the last reporting period.

There has also been an unrealised capital loss of K105.9 million due to the sharp fall in the Australian equities, market in line with a global stock market decline, reducing the value of your company's investments.

This reversal of previous unrealised capital gains on investments in equities, together with the operating loss, equates to a 27.4 percent decrease in shareholders funds.

The Board believes that over time values on the Australian equities market will recover, and have in fact improved since the reporting period.

The company has sufficient funds to cover its needs and is debt free.

Now taxation

The issues regarding the taxation dispute between Bougainville Copper Limited and the Internal Revenue Commission have been fully laid out in previous reports to shareholders and are addressed again in the Annual Report. BCL's appeal against the assessments and penalties is before the National Court.

Of significance this year was a proposal in the budget papers to introduce legislation to change the tax law with the specific effect of striking out BCL's tax appeal.

This proposal was not passed into law, but it remains a concern to the company and it should be a concern for any investor in PNG that tax rules may be changed on an ad hoc basis for short term gain to State revenue or to defeat an appeal by a particular taxpayer.

It sends a message that reduces Papua New Guinea's credibility as a safe and reliable country in which to invest by creating uncertainty and investment risk and this company makes clear its opposition to detrimental retrospective changes to law and the operating environment.

Strategy and Development

Throughout 2008 the company has maintained its strategic plan which has as its main objective a return to profitable mining on Bougainville, for the benefit of all stakeholders. The three year plan is a rolling plan which means each year it is updated to cover the coming three years

Although it has not yet been possible for company representatives to visit Bougainville to assess the state of the company's assets and to conduct audits relating to safety and the environment, there have been several significant developments.

During the year, the first President of the Autonomous Bougainville Government Mr Joseph Kabui passed away.

A new President, Mr James Tanis, has been elected. President Tanis has wasted no time in engaging with various parties including the company and landowners. Discussions with BCL have been constructive and the President has committed himself to reconciliation and weapons disposal. These are key issues for the company which will assist where appropriate

It is recognised on all sides that peace and good order are pre-requisites to any return of company representatives or contractors to conduct safety and environment audits and rehabilitation programs which would in themselves provide early economic and social benefits to landowners and the wider population.

BCL has provided material assistance to the operation of the recently opened District Office at Panguna, and has facilitated the visit of Panguna landowners to a recent conference on mining and the environment held in Madang.

The Bougainville Copper Foundation, administered with the assistance of your company, is providing school materials for children at Panguna and is supporting a larger than ever program of tertiary study assistance, aimed at producing graduates with skills beneficial to the advancement of Bougainville society

Issues that are of importance between the National and Bougainville Governments include the drawdown of mining powers to Bougainville, the re-negotiation of the Bougainville Copper Agreement and the World Bank capacity building program.

The company suggests that all of these issues should be given impetus, to provide Bougainville with the opportunity to benefit from a resumption of activity leading to full scale mining. This is particularly so in the light of the present downturn in the global mining and metals cycle, which will have an adverse impact on the whole PNG economy.

BCL needs access to the mine site firstly to undertake a comprehensive review of environment and safety needs as well as to assess the condition of company assets and whether assumptions made in the order of magnitude study about site conditions are justified.

Secondly the company needs to engage with landowners and the Government on future benefit sharing. The mining project to be economically viable, requires a realistic tax and compensation regime.

BCL believes it can play an important part in the future prosperity of Bougainville but needs local support to convince lenders that Bougainville is a safe place to invest.

Order of Magnitude Study

Bougainville Copper Limited now has a clearer appreciation of the potential of its assets on Bougainville, and the benefits that could be derived by all stakeholders from a return to mining.

The order of magnitude study supports economic mining and the potential for all on Bougainville to benefit from the economic activity it will generate, including local businesses and the direct and indirect employment it will create. Infrastructure and services will also vastly improve.

A number of assumptions were made in conducting the study. I emphasise the study has a degree of accuracy of + or – 30% and is not a substitute for the far more detailed bankable feasibility study that will be needed to support redevelopment. It is not intended to undertake that additional and costly work until landowners and Government clearly support mine redevelopment that is profitable.

The study indicates that to optimise returns a processing rate of 50 million tonnes of ore per annum is required. This is a similar annual rate to that being achieved prior to mining being suspended. The project is also very dependant on a copper price in the range US\$1.50-2.00 lb and gold at US\$655-800oz. With these prices grades of 0.33% copper and 0.37 grams per tonne gold are feasible. At these grades the resource exceeds one billion tonnes.

Lower metal prices may still be economically viable but the cut-off grade would have to rise and the size of the resource would reduce as would mine life.

The key findings are that the project is economically viable based on the key assumptions at a processing rate of 50 million tonnes of ore per year. The resource used for this study will support a mine life of approximately 17 years. The capital cost is high at US\$3.8 billion but it has been assumed that most mine site facilities will need to be replaced. This will be reassessed once mine access is available. As mentioned earlier the project is also very dependent on robust long term metal prices.

The purpose of the study was to determine the technical and financial feasibility of redeveloping the Panguna operation. The study does not address landowner, community, ABG and PNG National Government issues and considerations. I repeat it is not a substitute for the far more detailed and expensive "bankable feasibility" study that will be required to get finance for development. There are also complex tax, compensation and social issues that need to be resolved before development can proceed.

The project has only a modest net present value given the high projected cost and low grades so it cannot afford high imposts at the development stage.

Although the study is based on particular assumptions and infrastructure there are many choices and final decisions to be made. The study assumes a workforce of approximately 2500 direct employees. There will be many more indirect jobs created. There are numerous tailings disposal options but the one adopted for this study is the previously approved shallow marine disposal. Modern technology now presents more options including the possibility of on shore storage and deep marine disposal. These options will be given more detailed attention at the appropriate time and in consultation with Government regulators and landowners. Another high capital and recurrent expense is power. The study has selected coal fired power on a cost/environment trade off. There are other options including possible hydro and geothermal power sources that need further investigation.

I will show later a possible timeline for development. In summary it is expected to take at least four years to redevelop the mine once all necessary approvals are obtained. The mining rate is expected to be in the order of 73 million tonnes of material a year based on a strip ratio of 0.5 to 1.0. This is a very low strip ration made possible because past mining allows direct access to ore. Of the 73 million tonnes mined about 50 million tonnes will be ore grade. This quantity of ore will permit an average annual production of concentrate containing 160,000 tonnes of copper and 500,000 ounces of gold. There is the potential to economically recover molybdenum and to heap leach waste rock to recover additional copper.

The resource estimate is based on historical company records. A JORC compliant resource estimate was reported to ASX earlier this year as follows;

Class	MT	Cu%	Au g/t
Indicated	1000	0.33	0.37
Inferred	64	0.28	0.41
Total	1064	0.33	0.37

The projected development timeline which will require an estimated 4-6 years and is dependant on an acceptable mining regime being agreed with Government and landowners.

I mentioned earlier that the total capital required is in the order of US3.8 billion. In arriving at this figure it needs to be remembered that access to site to assess the condition of facilities is not available, so the estimate is based on limited re-use of facilities. It is also worth mentioning that estimates were made at the height of the mining boom and it is reasonable to assume that some of the costs have now come down. I have provided a table showing capital costing.

The size of the final pit will depend largely on metal prices and the capacity of the plant and equipment to mine and process. The pit for annual processing capacity 50Mt/y is shown as the largest outline in the diagram.

The accompanying map shows the mine location and the area where west coast marine tailings would take place if approved.

BCL has 7 granted tenements adjacent to the Panguna mining lease which are in good standing and await exploration save for a National Government imposed moratorium on exploration on Bougainville

Other developments and activities

The outlook for redevelopment continues to improve. The company believes it has a viable plan to reopen the mine however it needs to maintain rigor in dealing with the multitude of issues needing attention as part of the process on the path to redevelopment. The company is debt free and has sufficient funds to meet its expenses in the immediate future. Engagement with landowners and Government is frequent and positive. Relations between all parties continue to improve. It is encouraging that support for mine redevelopment is on the increase.

An awareness program is being initiated for all stakeholders on the implications of a re-start of mining.

BCL is determined to include the Autonomous Bougainville Government and the Landowners in discussions on moving the project forward

Peter Taylor
Chairman

Attachments/ slide presentation



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Bougainville Copper Limited

42nd Annual General Meeting



Bougainville Copper Limited

42nd Annual General Meeting

Chairman's Address

Agenda

- Results
- Strategy and Development
- Order of Magnitude Study
- Other developments and activities





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2008 Results

**Net loss K4.8 million
(2007 + K3.6m)**

- restart studies
- tax dispute
- exchange rates
- operating expenses
normal

2008 Results

Unrealised capital loss
of K105.9 million

- better than ASX 200
- values have improved
- sufficient funds
- debt free





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Taxation

**Claim for additional tax
and penalties**

• **before the National Court**

• **proposal to change tax
law**

• **uncertainty and
investment risk**

• **retrospective law**

Strategy and Developments

Mine redevelopment

- mine site access
- new President
- discussions with BCL
- reconciliation and weapons disposal





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Strategy and Developments

- **peace and good order**
- **safety and environment**
- **economic and social
benefits**
- **District Office and
landowner assistance**

Bougainville Copper Foundation

Supported by BCL

- school materials for children at Panguna

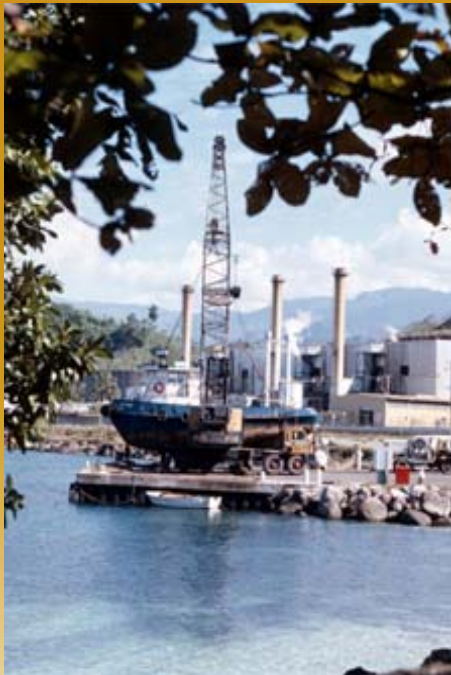
- tertiary study assistance

- graduates with beneficial skills





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Key Issues

- **mining powers to Bougainville**
- **Bougainville Copper Agreement**
- **World Bank capacity building program**

Additional issues of importance

- safety and the environment
- sharing of benefits
- BCL's role





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Order of Magnitude Study

- something for all stakeholders
- underpins the Bougainville economy
- services and jobs

Order of Magnitude Study

Key assumptions

- accuracy of + or – 30%
- 50Mt/y processing rate
- copper US\$1.5-2.0 lb
gold US\$655-800oz
- resource 1064Mt
0.33% Cu 0.37g/t Au





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Order of Magnitude Study

Key findings

- economically viable at 50Mt/y
- resource can support more than 17 yrs
- high capital around US\$3.8b
- sensitive to metal prices

Order of Magnitude Study

Cautions

- bankable feasibility study needed
- Landowners and Government issues
- tax, compensation and social issues
- modest NPV





Order of Magnitude Study

Ongoing considerations

- workforce of 2500
- acceptable tailings disposal option
- acceptable power generation option

Order of Magnitude Study

Development

- four years
(excluding approvals)
- mining rate 73 million
tonnes per year
- strip ratio, waste to ore
0.5:1
- Production 160,000t Cu,
500,000 oz Au per year
- Upside opportunities





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Order of Magnitude Study

Resource

•Class	MT	Cu%	Au g/t
•Indicated	1000	0.33	0.37
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Development Schedule

Low technical risk

Rigorous study process to be followed to receive shareholder approvals and obtain project financials

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
Pre-feasibility (12 months)	→					
Approvals (3 months)	→					
Feasibility (16 months)		→				
Approvals (3 months)			→			
EPCM (21 months)			→	→		
Commissioning & ramp up (6 months)					→	

Capital Costs

- Access to site to assess condition of facilities not available
- Estimate based on limited re-use of facilities
- Estimate undertaken at height of mining boom

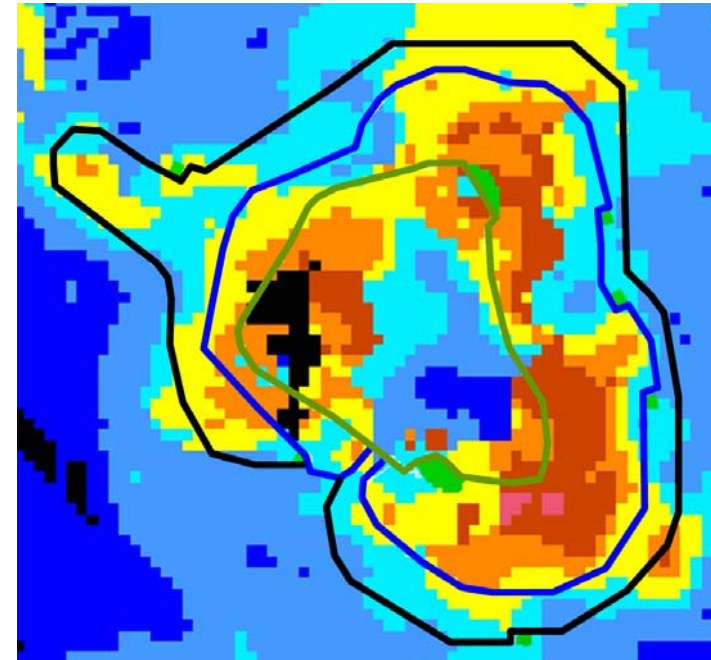
	\$M
Mining	384
Processing	732
Tailings	204
Power	461
Infrastructure	287
Accommodation	230
Construction Owners Costs	808
Contingency	688
Total	3794

Ultimate pit size

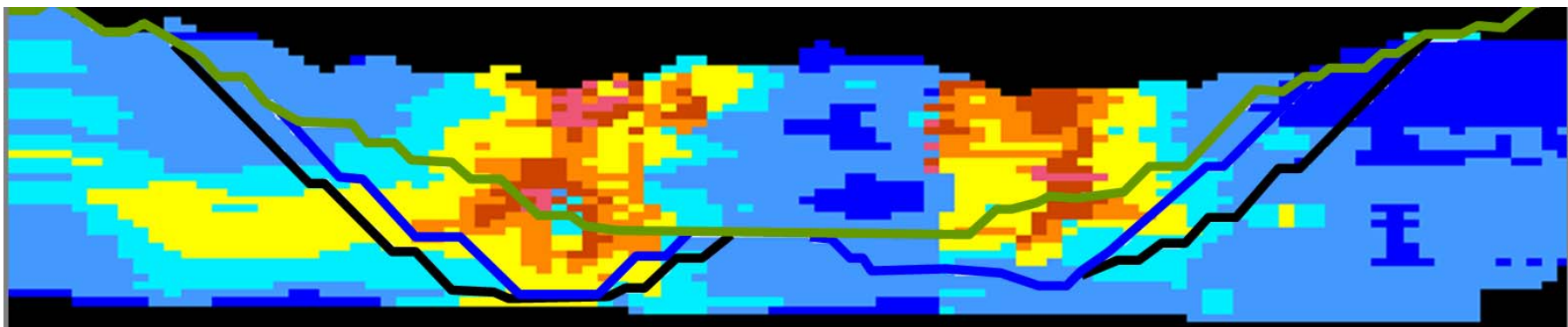
- Pit limits are defined by plant capacity and prices
- Pit for annual processing capacity of 50Mt/y is shown as largest outline

Equivalent Cu grades

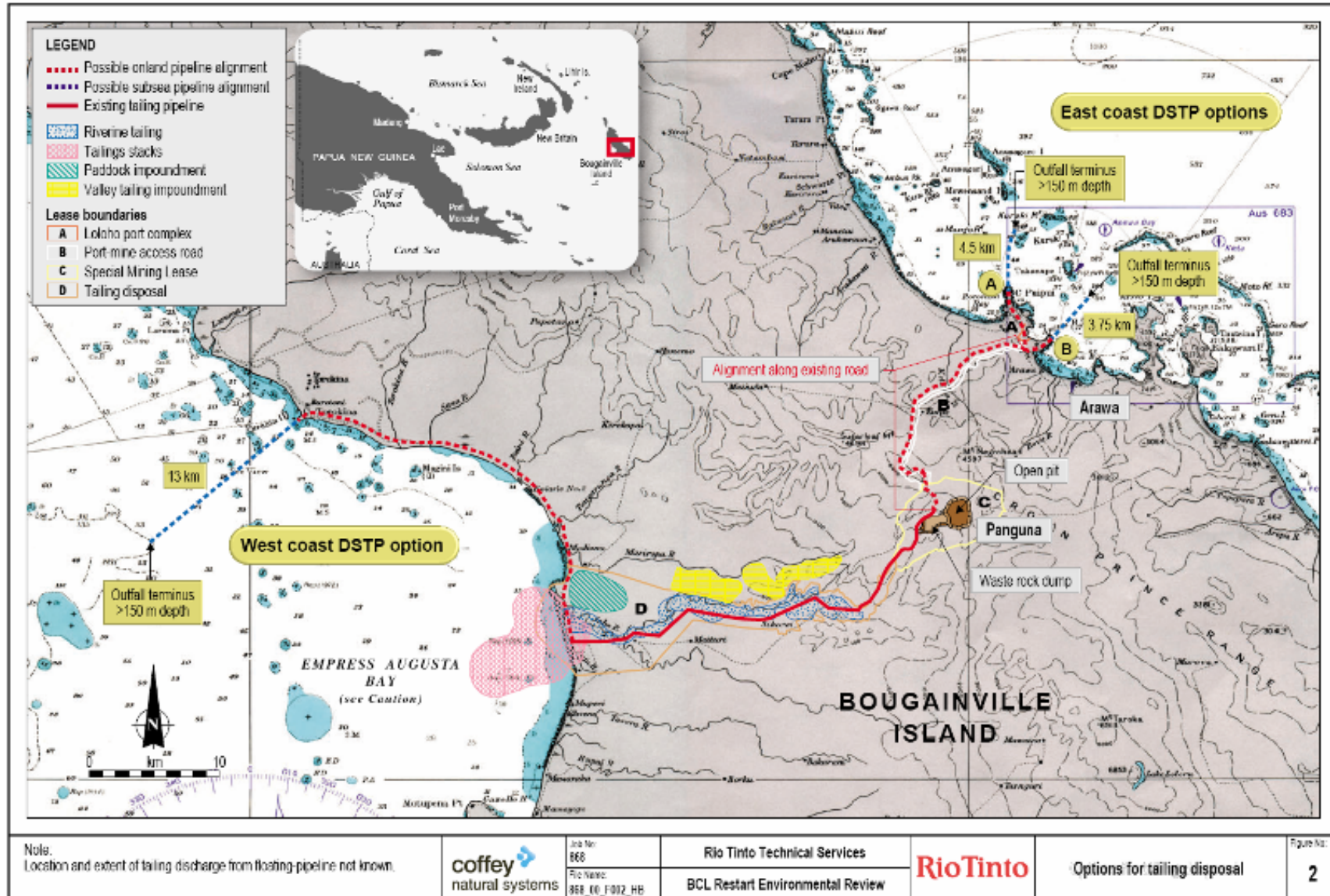
0.001 <=	■
0.100 <=	■
0.250 <=	■
0.350 <=	■
0.500 <=	■
0.750 <=	■
1.000 <=	■
2.000 <=	■

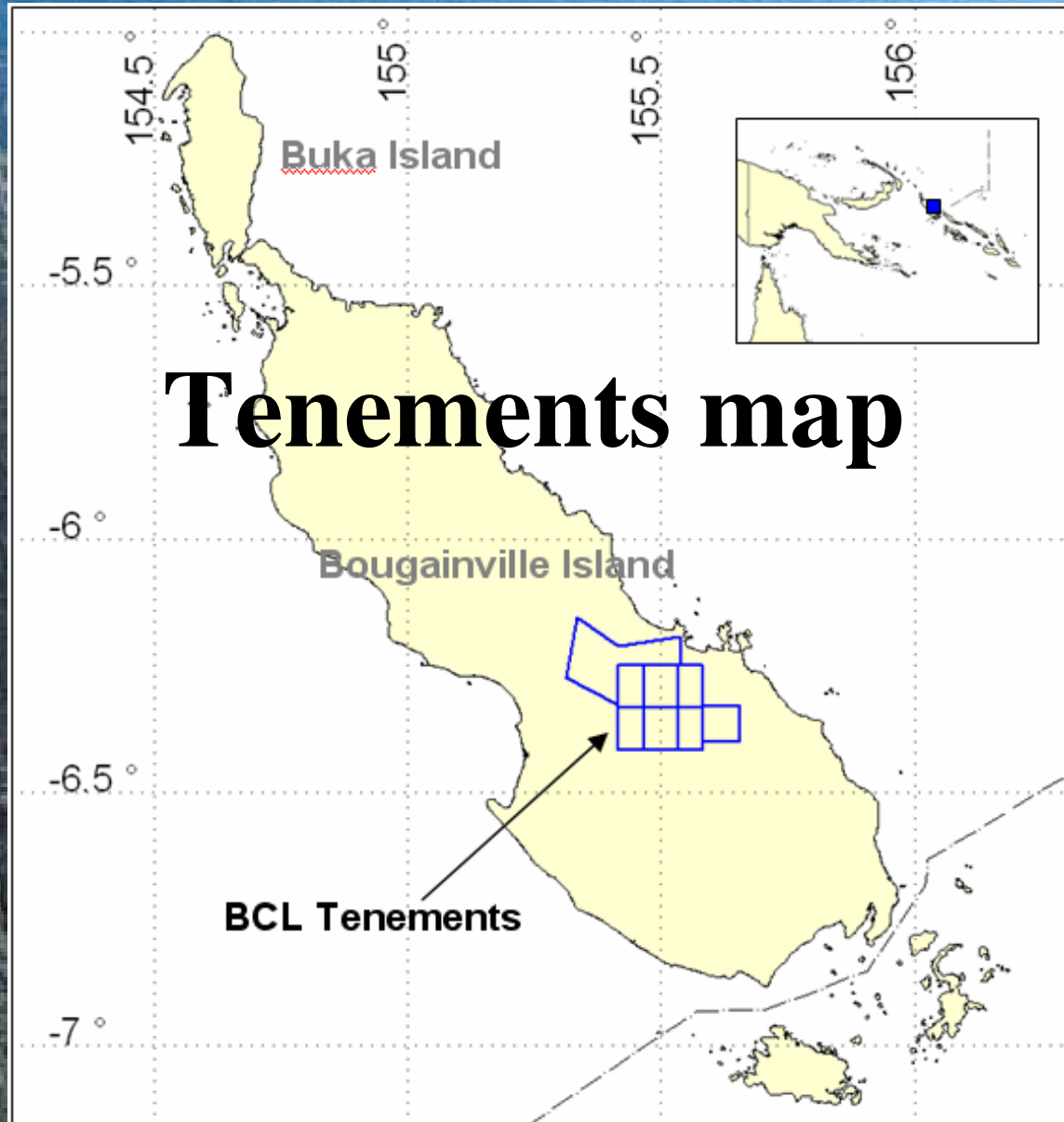


— Current pit
— Pit 50Mt/y



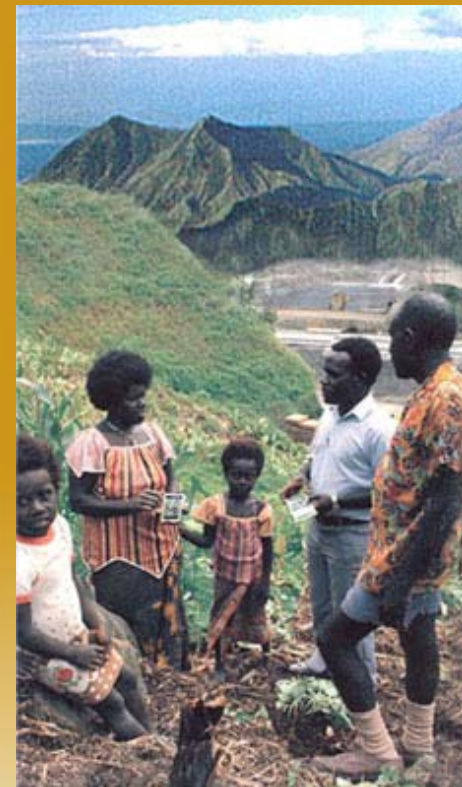
Tailings Disposal Options





Outlook

- viable program
- debt free company
- engagement with stakeholders
- relationships improving
- increasing support for mine redevelopment





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42nd Annual General Meeting

Chairman's Report



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