BOUGAINVILLE COPPER LIMITED

INCORPORATED IN PAPUA NEW GUINEA ARBN 007 497 869
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PRESS RELEASE

23 July 2003

BOUGAINVILLE COPPER LIMITED

HALF YEARLY RESULTS

The Directors of Bougainville Copper Limited announce the following results of the company (which have been the subject of an audit review) for the half-year ended 30 June 2003, together with the comparable results for the six months to 30 June 2002.

Financial Results

	Six months ended 30/6/2003 K'000	**Six months ended 30/6/2002 K'000**
Interest	5 385	4 596
Net exchange gain	992	113
Realised gain on disposal of investments	2	-
Unrealised gain on revaluation of investments	1 033	1 658
Dividends	283	65
	7 695	6 432
Less:		
General & administration expenses	2 705	1 937
Profit/(loss) before taxation	4 990	4 495
Income tax expense	-	-
Net Profit	4 990	4 495
Average A$/Kina exchange rate for period	0.4198	0.4980
Equivalent net profit in A$'000	2 094	2 239

The net profit of K4.99 million for the half-year is based on actual transactions for the period. The primary source of profit is interest on funds invested in Papua New Guinea and unrealised gains on investments (K1.6 million) in the Australian Stock Market. This has affected earnings for the period and is likely to have a similar effect on earnings in the next six months. Because unrealised gains or losses are set at a fixed date short term fluctuations in the market will be reflected in the results. A large part of costs are denominated in Australian dollars and therefore increased by the devaluation of the kina.

No provisions have been made for depreciation and amortisation and no further provision has been made for deterioration, damage and pilferage of assets beyond the amount of K350 million provided in 1991. On this basis, the net carrying value of fixed assets at balance date was K197.9 million and cash balances were K85.6 million.

The Chairman Mr Barry Cusack has announced his retirement from the Board to be effective from the 21st October 2003.

DIVIDEND

No interim dividend has been declared.

BORROWING

The company has no borrowings or borrowing facilities in place.

STOCK EXCHANGE

The standard proforma half yearly report and dividend announcement were lodged with the Australian Stock Exchange in accordance with official listing requirements.

Paul D Coleman
Company Secretary

Rules 4.2.A.3

Appendix 4D

Half yearly report

Name of entity

BOUGAINVILLE COPPER LIMITED

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half year ended ('current period')
007 497 869	√		30/06/03

Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

$K'000

Revenues from ordinary activities *(item 1.1)*	up	19.6%	to	7695
Profit (loss) from ordinary activities after tax attributable to members (*item 1.22*)	up	11.0%	to	4990
Profit (loss) from extraordinary items after tax attributable to members (*item 2.5(d)*)	gain (loss) of	-		-
Net profit (loss) for the period attributable to members *(item 1.11)*	up	11.0%	to	4990

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only - item 15.4)* Interim dividend *(Half yearly report only - item 15.6)*	Nil	Nil
Previous corresponding period *(Preliminary final report - item 15.5; half yearly report - item 15.7)*	Nil	Nil

+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) *(see item 15.2)*: N/A

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Nil

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

Condensed consolidated statement of financial performance

		Current period - $K'000	Previous corresponding period - $K'000
1.1	Revenues from ordinary activities *(see items 1.23 –1.25)*	7695	6432
1.2	Expenses from ordinary activities (*see items 1.26 & 1.27)*	2705	1937
1.3	Borrowing costs	-	-
1.4	Share of net profits (losses) of associates and joint venture entities (*see item 16.7*)	-	-
1.5	**Profit (loss) from ordinary activities before tax**	**4990**	**4495**
1.6	Income tax on ordinary activities *(see note 4)*	-	-
1.7	**Profit (loss) from ordinary activities after tax**	**4990**	**4495**
1.8	Profit (loss) from extraordinary items after tax (*see item 2.5*)	-	-
1.9	**Net profit (loss)**	**4990**	**4495**
1.10	Net profit (loss) attributable to outside +equity interests	-	-
1.11	**Net profit (loss) for the period attributable to members**	**4990**	**4495**

Non-owner transaction changes in equity

1.12	Increase (decrease) in revaluation reserves	-	-
1.13	Net exchange differences recognised in equity	-	-
1.14	Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15	Initial adjustments from UIG transitional provisions	-	-
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	-	-
1.17	**Total changes in equity not resulting from transactions with owners as owners**	-	-

Earnings per security (EPS)		Current period	Previous corresponding Period
1.18	Basic EPS	1.24 toea	1.12 toea
1.19	Diluted EPS	-	-

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
1.20	Profit (loss) from ordinary activities after tax (*item 1.7*)	4990	4495
1.21	Less (plus) outside +equity interests	-	-
1.22	**Profit (loss) from ordinary activities after tax, attributable to members**	**4990**	**4495**

Revenue and expenses from ordinary activities

(see note 15)

		Current period - $K'000	Previous corresponding period - $K'000
1.23	Revenue from sales or services	-	-
1.24	Interest revenue	5385	4596
1.25	Other relevant revenue	2310	1836
1.26	Details of relevant expenses-General and administration expenses		
	Related Party (reimbursement of expenses to related parties salaries, rent etc)	1175	900
	Other Administrative Expenses	1530	1037
1.27	Depreciation and amortisation excluding amortisation of intangibles *(see item 2.3)*	-	-
	Capitalised outlays		
1.28	Interest costs capitalised in asset values	-	-
1.29	Outlays capitalised in intangibles (unless arising from an +acquisition of a business)	-	-

Consolidated retained profits

		Current period - $K'000	Previous corresponding period - $K'000
1.30	Retained profits (accumulated losses) at the beginning of the financial period	(130732)	(130588)
1.31	Net profit (loss) attributable to members (*item 1.11*)	4990	4495
1.32	Net transfers from (to) reserves *(details if material)*	-	-
1.33	Net effect of changes in accounting policies	-	-
1.34	Dividends and other equity distributions paid or payable	-	(8014)
1.35	**Retained profits (accumulated losses) at end of financial period**	**(125742)**	**(134,107)**

Intangible and extraordinary items

		Consolidated - current period			
		Before tax $K'000 (a)	Related tax $K'000 (b)	Related outside +equity interests $K'000 (c)	Amount (after tax) attributable to members $K'000 (d)
2.1	Amortisation of goodwill	Nil	Nil	Nil	Nil
2.2	Amortisation of other intangibles	Nil	Nil	Nil	Nil
2.3	**Total amortisation of intangibles**	Nil	Nil	Nil	Nil
2.4	Extraordinary items (details)	Nil	Nil	Nil	Nil
2.5	**Total extraordinary items**	Nil	Nil	Nil	Nil

Comparison of half year profits

(Preliminary final report only)

		Current year - $K'000	Previous year - $K'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year (item 1.22 in the half yearly report)	4990	4495
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	-	-

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			
4.1	Cash	65901	100331	75938
4.2	Receivables	4840	5322	4788
4.3	Investments	-	-	-
4.4	Inventories	-	-	-
4.5	Tax assets	-	-	-
4.6	Other –Short term investments	19705	9885	39671
4.7	**Total current assets**	**90446**	**115538**	**120397**
	Non-current assets			
4.8	Receivables	3909	3909	3909
4.9	Investments (equity accounted)	-	-	-
4.10	Other investments	49082	18882	10681
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised *(see para .71 of AASB 1022)*	-	-	-
4.13	Development properties (+mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	547894	547894	547894
4.15	Intangibles (net)	-	-	-
4.16	Tax assets	-	-	-
4.17	Other –General Provision	(350000)	(350000)	(350000)
4.18	**Total non-current assets**	**250885**	**220685**	**212484**
4.19	**Total assets**	**341331**	**336223**	**332881**
	Current liabilities			
4.20	Payables	552	434	466
4.21	Interest bearing liabilities	-	-	-
4.22	Tax liabilities	-	-	-
4.23	Provisions exc. tax liabilities	830	830	831
4.24	Other (provide details if material)	-	-	-
4.25	**Total current liabilities**	**1382**	**1264**	**1297**
	Non-current liabilities			
4.26	Payables	4520	4520	4520
4.27	Interest bearing liabilities	-	-	-
4.28	Tax liabilities	6759	6759	6759
4.29	Provisions exc. tax liabilities	22073	22073	22073
4.30	Other (provide details if material)	-	-	-
4.31	**Total non-current liabilities**	**33352**	**33352**	**33352**

Condensed consolidated statement of financial position continued

4.32	**Total liabilities**	34734	34616	34649
4.33	Net assets	**306597**	**301607**	**298232**

	Equity			
4.34	Capital/contributed equity	401063	401063	401063
4.35	Reserves	31276	31276	31276
4.36	Retained profits (accumulated losses)	(125742)	(130732)	(134107)
4.37	**Equity attributable to members of the parent entity**	**306597**	**301607**	**298232**
4.38	Outside +equity interests in controlled entities	-	-	-
4.39	**Total equity**	**306597**	**301607**	**298232**

4.40	Preference capital included as part of 4.37	-	-	-

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.)

		Current period $K'000	Previous corresponding period - $K'000
5.1	Opening balance	-	-
5.2	Expenditure incurred during current period	-	-
5.3	Expenditure written off during current period	-	-
5.4	Acquisitions, disposals, revaluation increments, etc.	-	-
5.5	Expenditure transferred to Development Properties	-	-
5.6	**Closing balance as shown in the consolidated balance sheet** (*item 4.12*)	**Nil**	**Nil**

Development properties

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

		Current period $K'000	Previous corresponding period - $K'000
6.1	Opening balance	-	-
6.2	Expenditure incurred during current period	-	-
6.3	Expenditure transferred from exploration and evaluation	-	-
6.4	Expenditure written off during current period	-	-

6.5	Acquisitions, disposals, revaluation increments, etc.	-	-
6.6	Expenditure transferred to mine properties	-	-
6.7	**Closing balance as shown in the consolidated balance sheet** *(item 4.13)*	**Nil**	**Nil**

Condensed consolidated statement of cash flows

		Current period $K'000	Previous corresponding period - $K'000
	Cash flows related to operating activities		
7.1	Receipts from customers	-	-
7.2	Payments to suppliers and employees	(2691)	(1984)
7.3	Dividends received from associates	-	-
7.4	Other dividends received	283	65
7.5	Interest and other items of similar nature received	5927	5672
7.6	Interest and other costs of finance paid	-	-
7.7	Income taxes paid	-	-
7.8	Other (provide details if material)	-	-
7.9	**Net operating cash flows**	**3519**	**3753**
	Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	-	-
7.11	Proceeds from sale of property, plant and equipment	-	-
7.12	Payment for purchases of equity investments	(30108)	(6000)
7.13	Proceeds from sale of equity investments	987	-
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other (provide details if material)	-	-
7.17	**Net investing cash flows**	**(29121)**	**(6000)**
	Cash flows related to financing activities		
7.18	Proceeds from issues of +securities (shares, options, etc.)	-	-
7.19	Proceeds from borrowings	-	-
7.20	Repayment of borrowings	-	-
7.21	Dividends paid	-	(8014)
7.22	Other (provide details if material)	-	-
7.23	**Net financing cash flows**	**-**	**(8014)**
7.24	**Net increase (decrease) in cash held**	(25602)	**(10261)**
7.25	Cash at beginning of period *(see Reconciliation of cash)*	110216	125757
7.26	Exchange rate adjustments to item 7.25.	992	113

7.27 Cash at end of period *(see Reconciliation of cash)*	85606	115609

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

Nil

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
8.1 Cash on hand and at bank	65901	75938
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Other –Short term liquid investments	19705	39671
8.5 Total cash at end of period *(item 7.27)*	**85606**	**115609**

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
9.1 **Profit before tax / revenue** Consolidated profit (loss) from ordinary activities before tax (*item 1.5*) as a percentage of revenue (*item 1.1*)	64.8%	69.9%
9.2 **Profit after tax / +equity interests** Consolidated net profit (loss) from ordinary activities after tax attributable to members (*item 1.11*) as a percentage of equity (similarly attributable) at the end of the period (*item 4.37*)	1.63%	1.51%

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

Current year: 1.24 toea
Previous year: 1.12 toea
Diluted EPS is the same as Basic EPS

NTA backing
(see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	0.764	0.743

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

Nil

Control gained over entities having material effect

13.1	Name of entity (or group of entities)	Nil
13.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was +acquired	K N/A
13.3	Date from which such profit has been calculated	N/A
13.4	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	K N/A

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	Nil
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	K N/A
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	K N/A
14.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	K N/A

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	N/A
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	N/A
15.3	If it is a final dividend, has it been declared? *(Preliminary final report only)*	N/A

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
	(Preliminary final report only)			
15.4	**Final dividend:** Current year	Nil	Nil	Nil
15.5	Previous year	Nil	Nil	Nil
	(Half yearly and preliminary final reports)			
15.6	**Interim dividend:** Current year	Nil	Nil	Nil
15.7	Previous year	Nil	Nil	Nil

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

(Preliminary final report only)

		Current year	Previous year
15.8	+Ordinary securities	Nil	Nil
15.9	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
15.10	+Ordinary securities *(each class separately)*	-	-
15.11	Preference +securities *(each class separately)*	-	-
15.12	Other equity instruments *(each class separately)*	-	-
15.13	**Total**	**Nil**	**Nil**

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans	N/A

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Nil

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

Group's share of associates' and joint venture entities':	Current period $K'000	Previous corresponding period - $K'000
16.1 Profit (loss) from ordinary activities before tax	-	-
16.2 Income tax on ordinary activities	-	-
16.3 Profit (loss) from ordinary activities after tax	-	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	-	-
16.6 Adjustments	-	-
16.7 Share of net profit (loss) of associates and joint venture entities	Nil	Nil

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (*item 1.9*)	
	Current period	Previous corresponding period	Current period $K'000	Previous corresponding period - $K'000
17.1 Equity accounted associates and joint venture entities	-	-	-	-
17.2 Total	-	-	-	-
17.3 Other material interests	-	-	-	-
17.4 Total	Nil	Nil	Nil	Nil

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 (see note 14) (toea)	Amount paid up per security (see note 14) (toea)
18.1	**Preference +securities** *(description)*	-	-	-	-
18.2	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3	**+Ordinary securities**	401062500	401062500	-	-
18.4	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	-	-	-	-
18.5	**+Convertible debt securities** *(description and conversion factor)*	-	-	-	-
18.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
18.7	**Options** *(description and conversion factor)*	-	-	*Exercise price*	*Expiry date (if any)*
				-	-
18.8	Issued during current period	-	-	-	-
18.9	Exercised during current period	-	-	-	-
18.10	Expired during current period	-	-	-	-
18.11	**Debentures** *(description)*	-	-		
18.12	Changes during current period (a) Increases through issues	-	-		
	(b) Decreases through securities matured, converted	-	-		

18.13	**Unsecured notes** *(description)*	-	-
18.14	Changes during current period	-	-
	(a) Increases through issues	-	-
	(b) Decreases through securities matured, converted	-	-

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's +accounts should be reported separately and attached to this report.)

N/A

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Nil

Basis of financial report preparation

19.1 *This is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting.* ***It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.*** *The financial statements in this report are "condensed financial statements" as defined in the AASB 1029: Interim Financial Reporting. This report does not include all the noted of the type normally included in an annual financial report.*

There were no announcements made to the market during this period.

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Refer note 1.(a) of the Annual Report

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Nil

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

Nil

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

Nil

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Nil

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

Nil

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.	N/A

20.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: ξ initial service charges ξ management fees ξ other fees	N/A

Compliance statement

1 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 and International Accounting Standard 34: Interim Financial Reporting.

Identify other standards used	International Accounting Standards

2 This report, and the accounts upon which the report is based, use the same accounting policies.

3 The directors are able to declare that the financial report comprising Appendix 4D to the Australian Stock Exchange for the half year ended 30 June 2003:

a.) complies with International Accounting Standard IAS 34: Interim Financial Reporting, and the Australian Stock Exchange Listing Rules relating to half yearly financial reports, and

b.) gives a true and fair view of the entity's financial position as at 30 June 2003 and of its performance, as represented by the results of its operations and it's cash flows for the half year ended on that date;

except that the results of the company for the six months ended 30 June 2003 have been in the opinion of the directors, substantially affected by events of a material and unusual nature as noted in the annual report dated 31 December 2002. 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.

4 This report is based on +accounts to which one of the following applies.

☐	The +accounts have been audited.	√☐	The +accounts have been subject to review.
☐	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

5 The Independent Review Report to the Directors of Bougainville Copper Limited, completed and performed by our auditors is attached.

6 The entity has a formally constituted audit committee.

Sign here: .... Date: ..23 July 2003..........................
(Company Secretary)

Print name: ....Paul Coleman..

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Independent Review Report to the Directors of Bougainville Copper Limited

Qualified Review Statement

Because of the existence of the limitation in the scope of our work and the fundamental uncertainties, including the matters described in the qualification paragraphs below, and the effects of such adjustments, if any, as might have been determined to be necessary had the uncertainties not existed:

(a) we have not obtained all the information and explanations that we have required, and

(b) we are unable to, and do not express, an opinion as to whether the financial report of Bougainville Copper Limited is properly drawn up:

  (i) so as to give a true and fair view of the Company's state of affairs as at 30 June 2003 and its profit and cash flows for the half-year then ended; and

  (ii) in accordance with IAS 34: Interim Financial Reporting and ASX Listing Rules relating to half yearly financial reports.

Qualification

The financial report of Bougainville Copper Limited for the half-year ended 30 June 2003 has 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 1990. As explained in the attached note to the accounts, there continues to be considerable uncertainty surrounding the future of the Panguna mine, and the extent of deterioration, damage and pilferage of the Company's assets on Bougainville. 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 or when a reliable market price for the Panguna assets can be determined.

In our opinion, providing for the probable impairment loss from deterioration, damage or pilferage is the appropriate accounting treatment for the actual impairment which will have occurred in the period to 30 June 2003. However, as the actual extent of such impairment can only be established after the Company regains access to the mine site or a reliable market price can be determined, we recognise that, at present, the recoverable amount of the company's assets on Bougainville is not capable of reliable measurement or estimation. Accordingly the impairment provision made by directors in 1991 may eventually prove to be above or below the sum which is necessary to reflect this impairment. In the absence of all the necessary information and explanations we require, and for the reasons set out above, we are unable to form an opinion as to whether or not the impairment provision against the carrying amount of mine assets of K350 million is adequate or not. Accordingly we are unable to form an opinion as to whether or not the carrying value of the mine assets, as disclosed in these accounts, is properly stated.

The directors have established a provision of K22.1 million for compensation, rehabilitation and stabilisation for which the company may be liable as a consequence of cessation of operations. The Company's actual liability for these costs is subject to significant uncertainty, and we are unable to form an opinion as to whether the provision is fairly stated.

The mine assets, which represent 58% of the book value of total assets and 65% of the book value of net tangible assets, and the liability for compensation, rehabilitation and stabilisation, are of fundamental importance to the presentation of the accounts. In view of the significant uncertainty over the carrying amount of the mine assets and the liability for compensation, rehabilitation and stabilisation as set out above, we are unable to form an opinion as to whether or not the financial report gives a true and fair view of the state of affairs of the Company as at 30 June 2003 and the results for the half-year ended on that date.

Scope and summary of our role

The financial report – responsibility and content

The financial report comprises the attached half yearly report in the form of Appendix 4D of the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration thereon for the half year ended 30 June 2003. The preparation of the financial report is the responsibility of the directors of Bougainville Copper Limited.

The auditor's role and work

We conducted an independent review of the financial report in order for the Company to lodge the financial report with the ASX. Our role was to conduct the review in accordance with International Standards on Auditing ISA 910 applicable to review engagements. Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly a view in accordance with International Financial Reporting Standard IAS34: Interim Financial Reporting, other generally accepted accounting practices in Papua New Guinea, and ASX Listing Rules relating to half yearly financial reports which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

The review procedures performed were limited primarily to:

- inquiries of company personnel of certain internal controls, transactions and individual items
- analytical procedures applied to financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Independence

As auditor, we are required to be independent of the Company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Papua New Guinea Institute of Accountants and the Papua New Guinea Companies Act 1997

In addition to our statutory audit and review work, we were engaged to undertake tax services for the Company. In our opinion the provision of these services has not impaired our independence.

PricewaterhouseCoopers

PricewaterhouseCoopers

By: Jonathan C Seeto
Registered under the Accountants Act 1996
Port Moresby, Papua New Guinea

23 July 2003

Bougainville Copper Limited
Directors Declaration
For the Half Year Ended 30 June 2003

The directors declare that the financial report comprising Appendix 4D to the Australian Stock Exchange for the half-year ended 30 June 2003:

(a) complies with Internal Accounting Standard IAS 34: Interim Financial Reporting, and the ASX Listing Rules relating to half yearly financial reports, and

(b) gives a true and fair view of the entity's financial position as at 30 June 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

This declaration is made in accordance with a resolution of the directors.

Director

Director

Director

Director

Director

Director

Cairns

22 July 2003