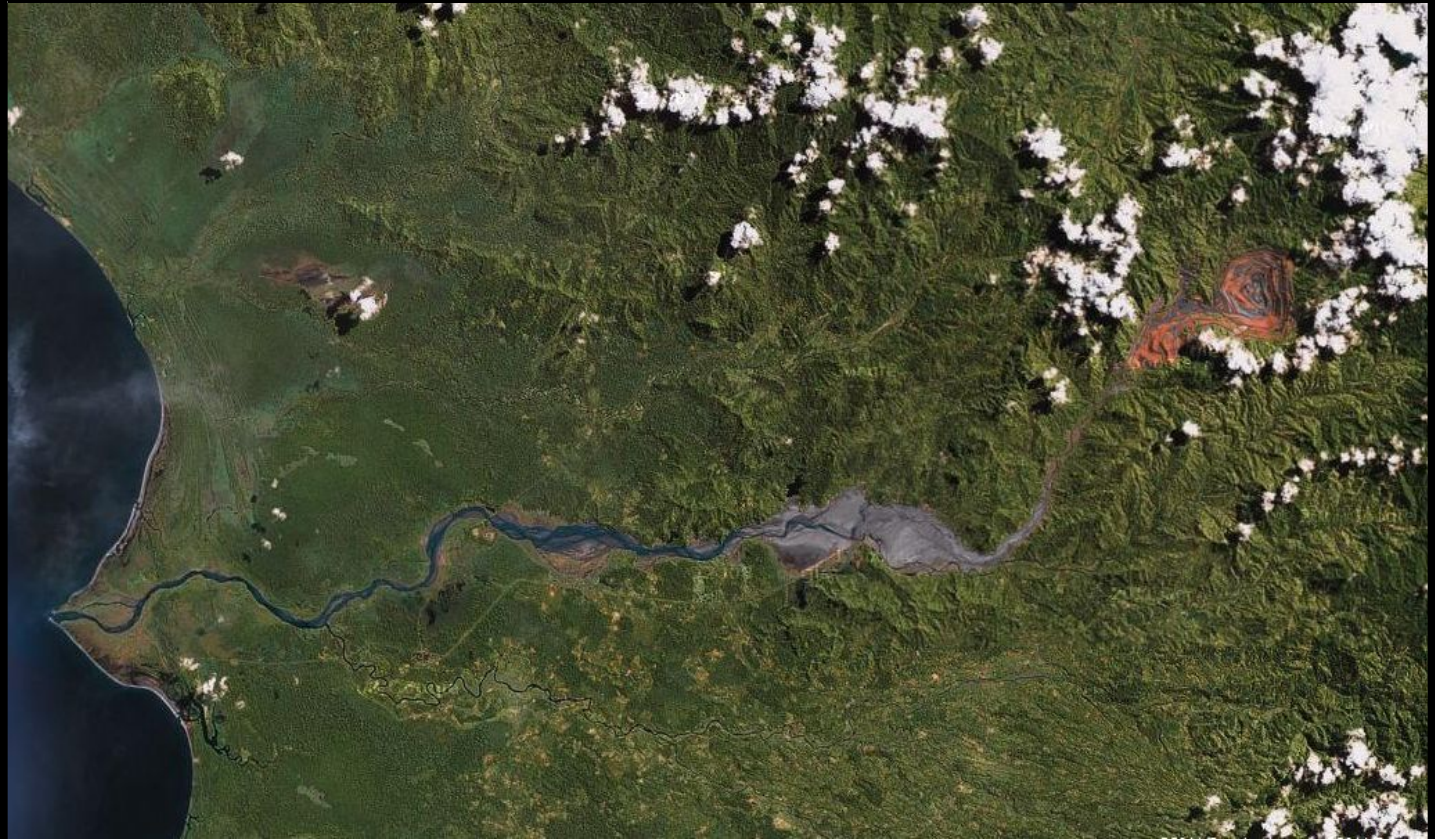


BOUGAINVILLE COPPER LIMITED

2011 Update

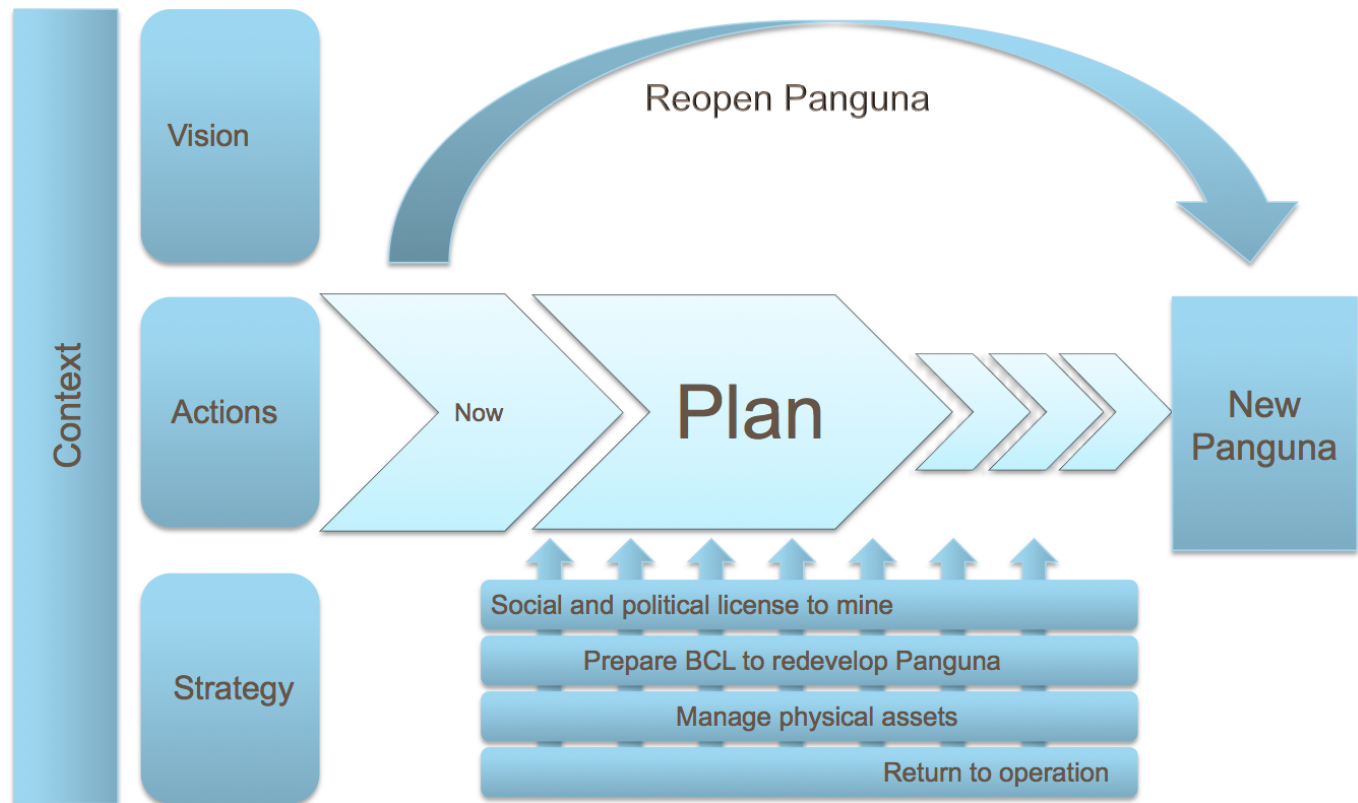


Agenda

- Context
- The New Panguna
- Vision
- Strategy
- 2010
- Path to redevelopment
- Tasks
- Risks and opportunities



Planning Process



Context



- Landowner support for reopening the mine is increasing;
- Militants are becoming more amenable to re-opening but are being replaced by outside parties with vested business interests opposed to reopening the mine;
- The current ABG and PNG governments are supportive but the political situation remains fluid;
- Reopening the mine and ABG economic independence are intertwined;
- Media attention is increasing;
- The project value has increased because of improved metal prices and scarcity of new copper supply.



The New Panguna



A direct partnership with Bougainville

- ABG and Landowners included in the negotiation of the new Bougainville Copper Agreement or Mining Development Contract (MDC);
- ABG and Landowners to become partners in the redevelopment and operation of the New Panguna via participation in the negotiations, governance and equity;
- Mine expansion and exploration rights included in the MDC;
- BCL benefits to focus on Bougainville communities.



The New Panguna



Development and benefits focused on Bougainville

- ABG income from Panguna will help make the Province economically self-reliant and accelerate social benefits such as health, education and employment;
- Revenue distribution strategy to maximize direct local community benefits, business development and social investments;
- Redevelopment options negotiated with stakeholders.



The New Panguna



Bougainvillean awareness and training

- BCL to present the impacts and benefits of mining;
- Landowners empowered to participate in negotiations;
- BCL to provide comprehensive vocational training



Vision



Reopen the Panguna Mine

The conditions required to achieve this are:

- Bougainville community and government support;
- Law and order re-established on Bougainville;
- Historic compensation and legal issues resolved;
- Certainty in regulatory and fiscal mining regimes;
- The ABG and PNG governments' positions clarified with respect to BCL equity and administration of mining law;
- Long term mining lease;
- Mining Development Contract negotiated; and,
- A mining operation acceptable to stakeholders negotiated.



Strategy



Achieve social and political license to operate.

- Engage with stakeholders to gain endorsement for redevelopment, resolve historic issues and negotiate a satisfactory MDC

Maintain the company

- Ensure BCL remains solvent, implement appropriate health and safety systems, manage risk, enhance the corporate image and manage the Mining Lease extension.

Manage physical assets

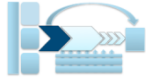
- Achieve safe access to the mining assets, survey the condition of the assets, update environmental baseline studies and determine remediation requirements.

Return to operation

- Determine the optimal development option acceptable to stakeholders, plan how to implement and ensure BCL has the resources to implement.



Where we are now



Social and political license to reopen the Panguna mine

- Engaged with the ABG and PNG government including visit to Buka
- Landowners forming associations and increasingly support mining
- BCF (Bougainville Copper Foundation) focused on education activities
- President Momis declared support for reopening Panguna
- PNG government sees BCA (Mining Development Contract) review as positive.
- Initial scopes of work for social mapping and social awareness project complete



Where we are now



Prepare BCL to redevelop Panguna

- Some progress with stakeholder, governance and regulatory requirements.
- Sufficient internal funds for programs to date.
- Updated JORC compliant mineral resource statement.
- Compliant with Rio Tinto HSE requirements
- Applied to extend lease to permit long term mining.
- Developing a position on historic compensation.
- Progressed the tax issue (funds paid into court, discovery complete).
- BCL is generally presented positively by media.
- ABG and PNG government preparing to negotiate MDC.
- Appointed an eminent Papua New Guinean to the BCL board.



Where we are now



Manage physical assets

- Limited access to site available for safety and environmental remediation.
- Density gauges removed from the ore processing facility.
- Engaging consultant to assess status of tailings in the Jaba River

Return to operation

- Developed a strategy for the New Panguna.
- Revised the OMS (order of magnitude) valuation.
- Identified resources for social mapping, social awareness and revising the OMS.
- Developing a plan and schedule on how to educate and train future workforce ready for mining startup.



Key Activities (1/2)



1. Communications Plan
 - Consistent messages tailored for stakeholders
2. Safe site access
 - Landowner engagement, environmental and asset assessment & technical studies
3. Historic compensation
 - Undertake Social mapping with the ABG to determine potential compensation recipients
4. Landowner and ABG endorsement
 - Undertake social awareness program with ABG to inform landowners on benefits and impacts of mining.
5. Law and order (Government and community responsibility)
 - Appropriate sponsorship of community initiatives



Key Activities (2/2)



6. Pursue timely ML extension
7. Government, ABG and landowner equity interests
8. Mining Development Contract, preparation, negotiation and legislation.
9. Study Schedule
 - Refresh OMS to assist stakeholder engagement
 - Environmental and asset surveys when site access safe
 - Initiate PFS (pre-feasibility study) when landowner and ABG support secured



Finance considerations

- Operating costs are increasing as BCL approaches redevelopment
- Operating costs will eventually exhaust current funds
- An unfavorable tax case outcome will reduce cash reserves by K40M.
- Analysis needed to determine when additional funding may be required.



Risks and Opportunities

(1/4)

Achieve social and political license to reopen the Panguna Mine

Risks

•Delay

- Landowners unable to form associations
- Militants and other vested parties delay access
- Site safety program delayed
- National election slows progress
- Relationship between ABG and PNG government slows progress
- Law and order in central Bougainville deteriorates
- Delay to social mapping and awareness surveys

•Third party interference

Opportunities

- ABG champions project and facilitates early access.
- Accelerated BCL and BCF social initiatives around the mine affected area.
- Government census in 2011 will provide initial social mapping data.



Risks and Opportunities

2/4

Prepare BCL to redevelop Panguna

Risks

- Experienced staff leave company
- Major shareholder doesn't support.
- Tax case loss could cost company 25% of cash
- US litigation impacts development commitment
- Mining Lease is not extended for long enough period
- Change in mineral ownership and land tenure

Opportunities

- Further enhance BCL reputation.
- BCL becomes a Rio Tinto priority project.
- Improved PNG/Bougainville risk profile.



Risks and Opportunities

3/4

Manage physical assets

Risks

- Mercury pollution from artisanal alluvial miners.
- Not being able to peacefully remove artisanal alluvial miners.
- Personnel injured at site.

Opportunities

- Goodwill generated from tailings remediation as requested by ABG
- Study recovery of alluvial gold from tailings as part of tailings remediation
- Regulate mining of alluvial gold for the benefit of landowners



Risks and Opportunities

(4/4)

Return to operation

Risks

- No acceptable tailings disposal method agreed (Rio Tinto or Landowners/ABG)
- Access to site denied because of third party vested interests
- Project value over estimated
- Copper and gold prices don't support redevelopment

Opportunities

- Rio Tinto supports dramatically accelerated project
- Project value improves
 - Grade underestimated
 - Capex overestimated
 - Fast track development schedule
 - More economical power sources such as hydro or geothermal.
 - Potential re-use of infrastructure
- New technology



Path to achieve the Vision

