



D/1270

## ***Bougainville Copper Limited***

During 1973 Bougainville Copper Limited became a public company and was listed on the Member Exchanges of the Australian Associated Stock Exchanges and the Stock Exchange Association of New Zealand in place of Bougainville Mining Limited.

The holding of shares in Bougainville Copper by the public has resulted in a closer identification with the operations of the Company in Papua New Guinea.

### **PRODUCTS**

Bougainville Copper Limited produces a mineral concentrate from ore mined and processed at Panguna. The concentrate contains copper together with lesser but significant proportions of gold and silver. Production is on a 24 hour a day basis.

### **LOCATION**

Mining and processing operations are carried out at Panguna in south-central Bougainville. Export shipments are made from Anewa Bay 26 km distant on the east coast. The two towns associated with the operation are at Panguna itself and at Arawa on the east coast.



## CONTENTS

HIGHLIGHTS	3
CHIEF EXECUTIVE STATEMENT	4
REVIEW OF OPERATIONS	6
DIRECTORS' REPORT	8
GOVERNANCE OF SOUTH AFRICAN COPPER LIMITED	9
FINANCIAL REVIEW	10-19
STATISTICAL SUMMARY	20
GENERAL INFORMATION	21
COMPANY HISTORY, TRAINING AND FACILITIES	22-24

# BOUGAINVILLE COPPER LIMITED

Incorporated in Papua New Guinea

## *Directors*

F. F. ESPIE, O.B.E.  
CHAIRMAN

R. W. BALLMER  
MANAGING DIRECTOR

J. L. AUNA

R. H. CARNEGIE

B. E. FAIRFAX-ROSS, C.B.E.

J. T. GUNTHER, C.M.G., O.B.E.

M. MORAUTA

J. T. RALPH

SECRETARY

J. C. RENNIE

REGISTERED OFFICE:  
PANGUNA, BOUGAINVILLE, P.N.G.

SHARE REGISTERS:  
MELBOURNE: 95 COLLINS STREET, MELBOURNE.  
CANBERRA: 78 NORTHBORNE AVENUE, CANBERRA CITY, A.C.T.  
PANGUNA: PANGUNA, BOUGAINVILLE ISLAND  
PAPUA NEW GUINEA.  
UNITED KINGDOM: CO-CENTRAL REGISTRAR LIMITED,  
1 REDCLIFF STREET, BRISTOL

STOCK EXCHANGES:  
LISTED ON THE PRINCIPAL EXCHANGES IN ALL  
AUSTRALIAN STATES AND NEW ZEALAND

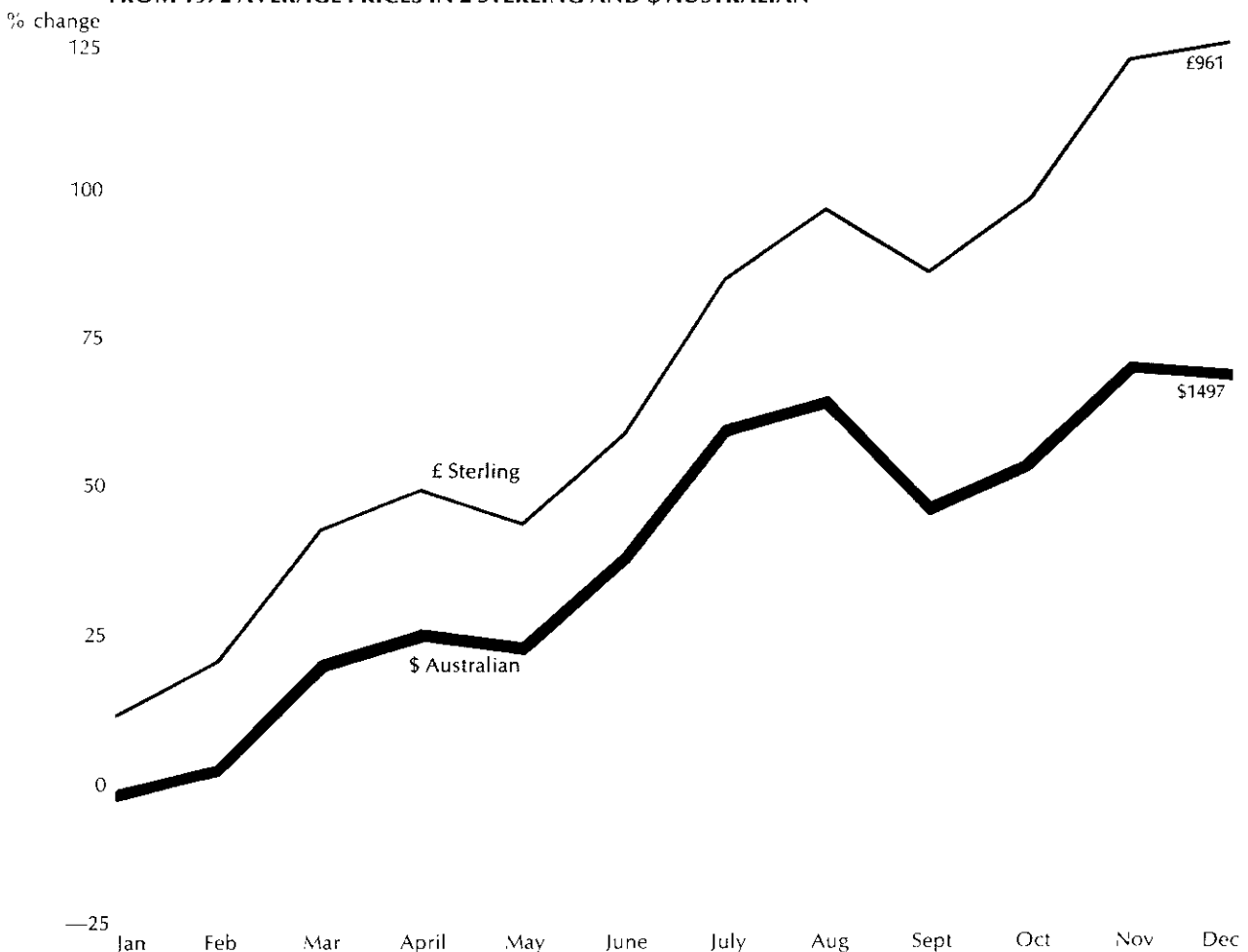
*The Bougainville Copper Limited Board of Directors meets in Port Moresby. Standing (from left): Mr. Fairfax-Ross, Mr. Morauta, Mr. Carnegie and the general manager, Mr. D. C. Vernon. Seated (from left): Mr. Ballmer, Dr. Gunther, Mr. Espie and Mr. Auna. Absent is Mr. Ralph.*



# Highlights 1973

- FEBRUARY** Devaluation of United States dollar by 10%.
- APRIL** Payment of first dividend of \$11 million to the then holding Company and the Papua New Guinea Government from 1972 earnings.
- MAY** Completion of sealing of Port-Mine access road.
- JULY** No. 9 ball mill and ancillary equipment fully operational at the concentrator.
- SEPTEMBER** Revaluation of Australian dollar by 5%. Arawa department store opened.
- OCTOBER** Scheme of Arrangement simplifying the ownership structure of the Company became effective. Bougainville Copper Limited listed on Australian and New Zealand Stock Exchanges.
- NOVEMBER** Payment of interim dividend of \$26,737,500 from 1973 earnings. Mine Training College catering for 500 apprentices and students opened.
- DECEMBER** Copper price on London Metal Exchange reached a record £Stg. 1135 per tonne. Production of copper in concentrate for the year reached 182,890 tonnes. Consolidated net earnings for the year: \$158,410,509.

**1973 MONTHLY AVERAGE COPPER PRICES AS PERCENTAGE CHANGES FROM 1972 AVERAGE PRICES IN £ STERLING AND \$ AUSTRALIAN**



Average 1972 prices, £Stg.428, \$A896.

Derived from Monthly Average Official London Metal Exchange Daily Cash Copper Wirebar Quotations.

# Chairman's Statement

The year 1973 has been a significant one for your Company. It marked the first full year of operations and one in which a corporate restructuring was effected which has simplified the structure of the companies and has resulted in a closer identification of public shareholders with Papua New Guinea where your Company is incorporated and where its operations are located.

Through a Scheme of Arrangement which became effective on 26th October, 1973, shareholders in Bougainville Mining received Bougainville Copper shares in exchange for their comparable Bougainville Mining shares in the ratio of six Copper shares for each five Mining shares previously held. Bougainville Copper Limited became the listed company on the Australian Associated Stock Exchanges and on the Stock Exchange Association of New Zealand with trading in the new shares commencing on 29th October, 1973.

The first full year of operations was most successful both in respect of the development which occurred and the financial results which were achieved. I am pleased to report that net earnings for the twelve months, after provision for amortisation and depreciation, amounted to \$158,410,509 of which \$13,828,207 related to realised exchange gains.

It is also pleasing to note that actual production of 182,890 tonnes of contained copper in concentrate exceeded the 1973 production target referred to at last year's Annual General Meeting of Bougainville Mining Limited.

Throughout the year, with the transfer of further responsibility from the Australian Government, the Government of Papua New Guinea progressively gained greater autonomy — culminating in self government on 1st December, 1973. The smooth transition to self government in accordance with an accelerated timetable is a tribute to the people of Papua New Guinea and their Government. Your directors have great faith in the future of Papua New Guinea as it moves towards full independence.

Cash dividend payments in respect of 1973 will total \$80,212,500 of which \$16,042,500 will be paid to the Papua New Guinea Government and the Investment Corporation of Papua New Guinea. The Papua New Guinea Government will also receive withholding tax amounting to approximately \$9.5 million on dividends paid to non-residents. Royalties payable to the Government in respect of 1973 operations amount to \$3.1 million.

Following criticism of the benefits derived by the Papua New Guinea Government under the terms of the Bougainville Copper Agreement, the Government sought the opinion of an international consultant. His report suggested some possible changes to the Agreement in the light of current thinking, but in doing so he pointed out that at the time of the negotiations of the Agreement its terms were not inappropriate and that these terms are comparable with those of other agreements in the new copper belt on the Western rim of the Pacific. This supports the opinion previously expressed by directors.

The excellent financial results for the year are largely attributable to the unprecedented escalation in metal prices. The London Metal Exchange average price of copper for the year 1972 was £Stg.428 (\$A896); for 1973 the average price was £Stg.728 (\$A1245) and reached an all time high of £Stg.1135 (\$A1778) on 5th December. Gold prices rose from US\$65 per ounce in January to US\$127 in July and closed on 31st December at US\$112 per ounce.

When converted to Australian dollars these metal price increases were not as large because of the currency realignments which occurred during 1973. The major currency movements were:

- the 10% devaluation of the United States dollar on 12th February.
- the 5% revaluation of the Australian dollar on 9th September.
- the general weakening of sterling in terms of the United States dollar and the Australian dollar, particularly during the latter half of the year.

The effect on the Company's revenue of changes in the US/Australian currency parity was partially offset by forward exchange cover taken out prior to the changes.

The relationship between market prices and changes in currency parities is a complex one and it should not be overlooked that high prices in terms of particular currencies may be due, at least in part, to a general weakening of the currencies in which the prices are quoted. On balance however it is clear that the Company gained substantially from the movement in prices which occurred during the year.

In addition the Company will enjoy the benefit of reduced loan balances outstanding of amounts repayable in United States dollars. Part of this benefit has already been reflected in 1973 earnings.

The uncertainty of the current world economic outlook, added to by the uncertainty of the present fuel crisis, is a matter of concern. Your directors are very conscious of the difficulties which could be encountered during 1974 and of the need for careful forward planning to minimise their effect.

In May, 1973 Sir Val Duncan and Sir Maurice Mawby resigned as directors of the Company. Messrs. R. H. Carnegie and J. T. Ralph, previously alternate directors were appointed to replace them. Also in May, Mr. J. L. Auna joined the Board as a representative of the Government of Papua New Guinea, following the resignation of Mr. D. Morland, the first Government representative appointed to the Board.

Your directors would like to express their appreciation to Sir Val Duncan, Sir Maurice Mawby and Mr. Morland for their untiring efforts, guidance, advice and leadership during their years of service as directors of the Company. As the Papua New Guinea Government's first nominee on the Company's Board, Mr. Morland, in no small way, contributed to the establishment of the sound relationship that the Company presently enjoys with the Papua New Guinea Government.

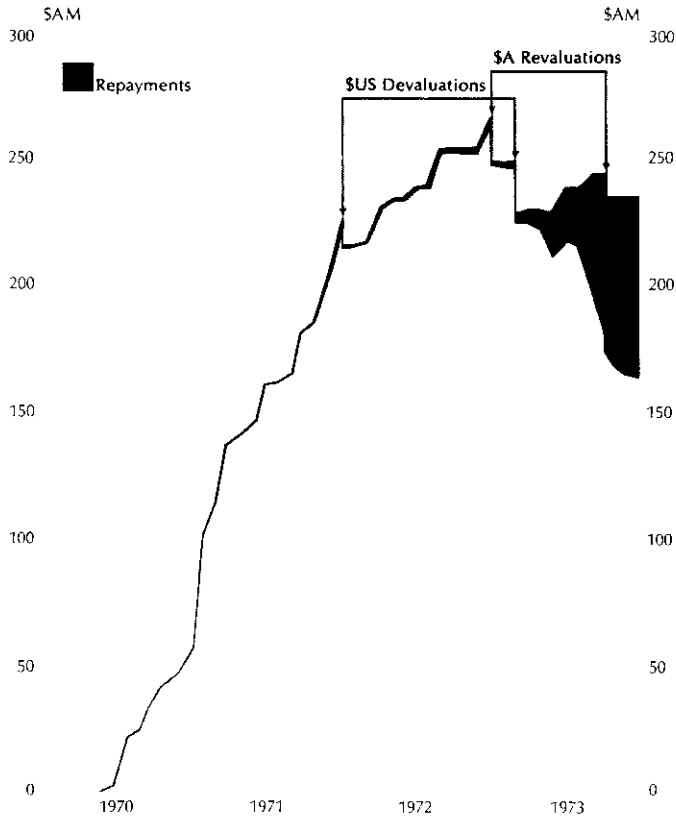
Your directors are most appreciative of, and express their thanks for, the energy, drive and enthusiasm displayed by the staff and employees of the Company. Their efforts during the year have contributed significantly to the progress that has been achieved.



F. F. ESPIE,  
Chairman.

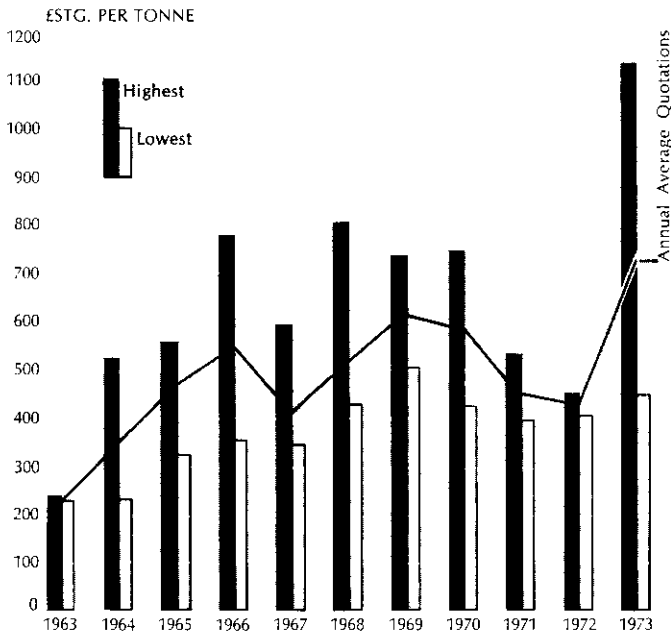
1st February, 1974.

### LOAN MOVEMENTS 1970-1973



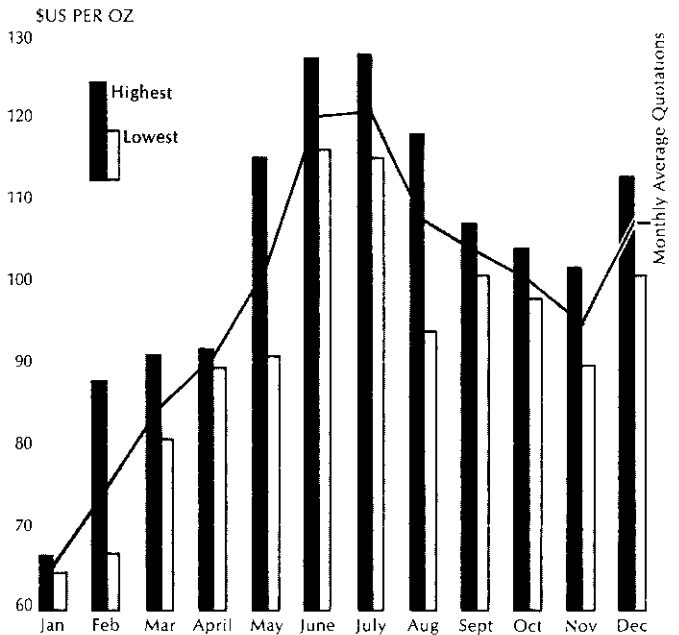
This graph shows movements in the Company's term loans including the effects of currency realignments. These realignments have affected the Australian dollar valuation of these loans which were borrowed predominantly in U.S. Dollars

### COPPER METAL PRICES 1963-1973



Annual Range and Annual Average Quotations of Official London Metal Exchange Daily Cash Copper Wirebar Quotations.  
(Source: London Metal Exchange.)

### MONTHLY GOLD PRICES—1973



Monthly Range and Monthly Average of Mean Price for Fine Gold on London Gold Market.  
(Source: Sharps Pixley and Company Limited, London.)

# Review of Operations

BY MANAGING DIRECTOR OF BOUGAINVILLE COPPER LIMITED

**ORE RESERVES:** A drilling programme to better define the orebody started in late 1973. There has been no increase in measured ore reserves which at the end of the year were approximately 890 million tonnes of ore averaging 0.47% copper and 0.54 grams of gold per tonne.

**PRODUCTION:** During 1973 a total of 56,649,837 tonnes of ore and waste was removed from the mine. Of this 29,140,383 tonnes of ore were milled and 182,890 tonnes of contained copper were produced. The statistics are set out in the table below.

PRODUCTION	Year ended 31st December, 1973
Ore Milled	29.14 million dry tonnes
Ore Grade — Copper	0.73 percent
— Gold	1.03 grams tonne
— Silver	1.99 grams tonne
Concentrate produced	650,172 dry tonnes
Concentrate Grade — Copper	28.13 percent
— Gold	31.62 grams/tonne
— Silver	69.00 grams/tonne

The mine and concentrator operation continued to improve throughout the year. The ninth ball mill line was commissioned in June with full load capacity being achieved the following month, thus increasing throughput to the level required to meet sales commitments. Decreasing ore grade and increasing ore hardness will require further expansion of grinding capacity in the future to enable the Company to meet its long-term sales agreements.

The mining operation experienced no major difficulties and production was carried on for the full 365 days. The concentrator also operated with no major problems during the year. However, two days' production was lost in June during the phase-in of the ninth ball mill and ancillary equipment. During this shut-down the opportunity was taken to carry out maintenance in critical

areas to ensure maximum production. Minor modifications to the concentrator are continuing with the objectives of further improving operations and reducing costs.

The quantity of non-sulphide ore mined is now small and is expected to have little effect on production in the long term.

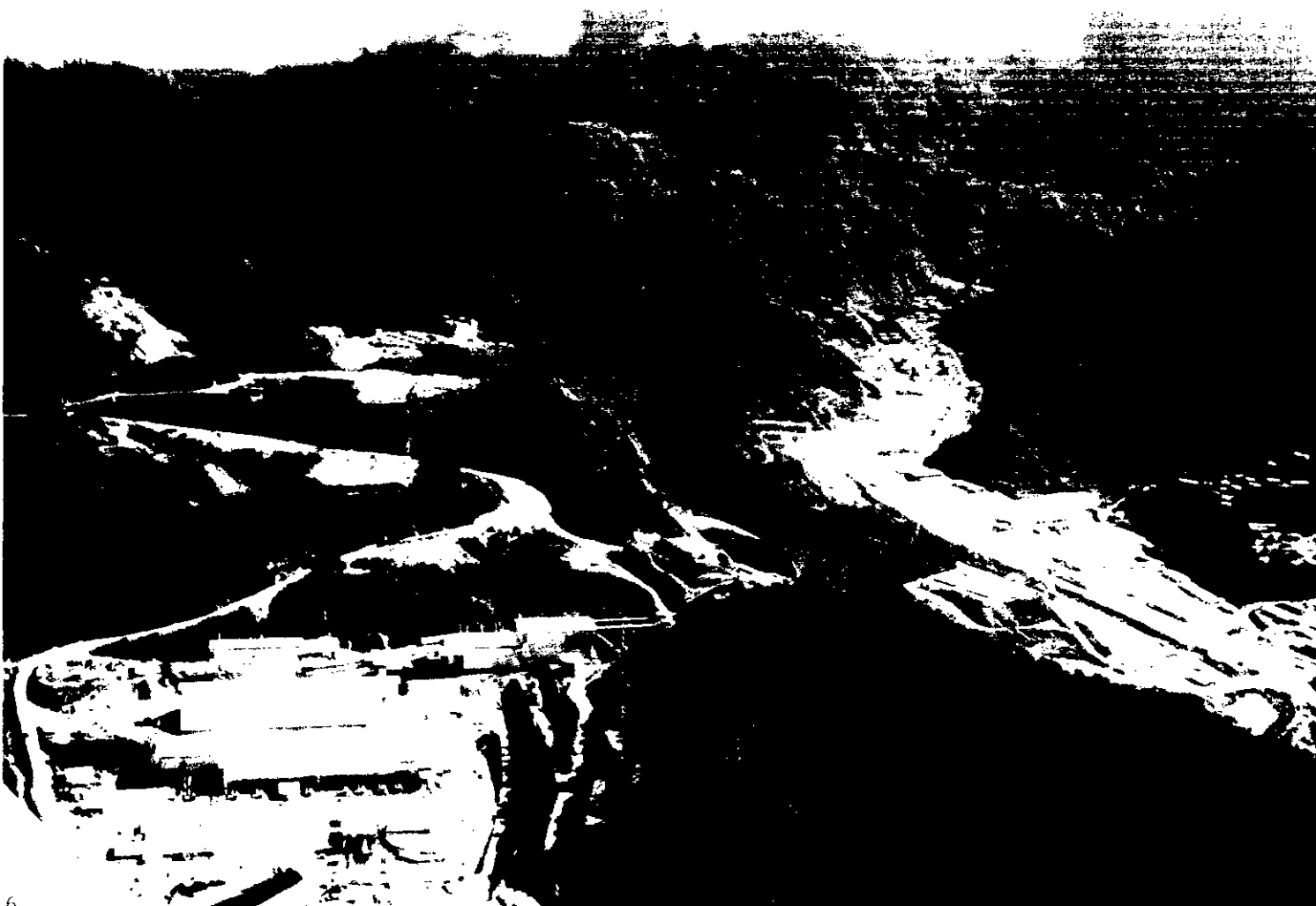
## MARKETING:

**SALES:** All buyers under the Company's sales agreements received deliveries at the contracted level during the year. These deliveries absorbed virtually all of the available production and hence no additional concentrate sales were made, although numerous enquiries for concentrates were received. Total sales for the year amounted to 637,652 dry tonnes of concentrate containing 179,541 tonnes of copper, 19,737 kilograms of gold and 43,258 kilograms of silver. These figures include 13,404 tonnes of tolled copper metal.

The tolling arrangement with the Japanese buyers, whereby 10% of the contractual base tonnage was to be converted to metal for sale by the Company outside Japan, was successfully concluded at the end of 1973. Only a small quantity of copper metal remained to be shipped from Japan by the buyers.

Major international currency changes during the year adversely affected the Company and the long-term buyers of the Company's concentrate. Requests were received from the Japanese buyers, Norddeutsche Affinerie (Germany) and Rio Tinto Patino (Spain) for an adjustment of terms to provide some compensation for losses they incurred due to the currency movements. Discussions were held with the buyers regarding these requests but no finality had been reached at the end of the year.

**PRICES:** There were unprecedented increases in metal prices during 1973. Copper prices on the London Metal Exchange reached new record levels. The official cash sellers' price for electrolytic copper wirebars increased from £Stg.450.00/tonne on 29th December, 1972 to a record high of £Stg.1135.00/tonne on 5th December, 1973. The average price was £Stg.727.73/tonne for 1973 compared with £Stg.428.08/tonne in 1972. Several factors including strong demand, supply restriction and general



Panguna, November, 1973. The concentrator area at lower left, town and services area centre, and the mine area on the right.



uncertainty are believed to have influenced price movements. Prices for gold and silver also increased strongly during the year. The average London Gold Market price for the year was US\$97.3 per ounce compared with US\$58.2 per ounce in 1972. The average price for silver during 1973 on the London Silver Market was 103.7 U.K. pence per ounce (67.3 U.K. pence per ounce in 1972).

These prices, when expressed in the currency of Papua New Guinea, currently the Australian dollar, did not rise as sharply because of the currency readjustments which occurred in 1973 between Sterling, the United States dollar and the Australian dollar. Still, their effects on the 1973 earnings of the Company were very significant and contributed substantially to the favourable results for the year.

**SHIPPING:** During the year there were 31 shipments of concentrate totalling 676,581 wet tonnes, the largest of which was 28,297 wet tonnes to Hamburg. Anewa Bay handled a total of 946,432 freight tonnes exceeding last year's figure by 179,642 tonnes.

**THE WORK FORCE, TRAINING AND EDUCATION:** The Company is heavily committed to the training of Papua New Guineans so that they may benefit by the employment opportunities created by the Company's operations. Approximately 3,500 of the Company's employees are involved in production activities with a further 500 in training. Service contractors dependent on Company operations employ approximately 1,000 people.

The Company had 330 apprentices in training during the year covering a variety of trades and it is planned to increase the apprentice stream to 350 in 1974. At the certificate level there were 100 trainees preparing for supervisory appointments. In the semi-skilled occupations a total of 1,000 operators and repairmen qualified during the year. Professional education is being provided for 50 scholarship holders at tertiary education centres in Papua New Guinea.

**COMMUNITY:** Monitoring of tailings and waste disposal has continued to enable the Company to minimise more effectively

the long term environmental impact of its operations. This work is being conducted with the assistance of consultants and in close liaison with representatives of the Government of Papua New Guinea.

Compensation and occupation fee payments will be finalised when settlement of land titles and occupation fee rights is completed. In all \$1,613,000 had been paid to 31st December, 1973 and annual payments of approximately \$400,000, including a portion of the royalties paid to the Government, will be paid to the 2,000 residents of the leased areas. The year 1973 saw construction of additional amenities and recreational facilities. These include an Olympic size swimming pool, a gymnasium and squash courts. At Panguna a church for use by all denominations was completed and dedicated during the year.

Some of the additional houses required for Company married accommodation were completed at Arawa during 1973. The housing construction programme will continue during 1974. The sealing of the Port-Mine access road was completed in the first half of the year.

1973 marked the opening of a retail complex at Arawa which included a department store operated by Arawa Enterprises Limited, a subsidiary company of the Panguna Development Foundation Limited, which was established to assist in the economic and social development of Papua New Guinea. The Board of Arawa Enterprises Limited has indicated its intention to offer 60% of the shares to Bougainvilleans in 1974.

Company activities aimed at assisting in the development of small businesses are conducted through a Business Advisory Service. An increasing commercial awareness is providing an impetus for the further development of the local economy of Bougainville.



R. W. BALLMER, Managing Director.

1st February, 1974.



# Directors' Report

To the Members:

**NET EARNINGS:** The Company's net earnings for 1973 amounted to \$158,410,509 after providing \$24,831,131 for depreciation and amortisation.

**CAPITAL:** The capital of the Company was restructured during the year both prior to and through the operation of the Scheme of Arrangement, details of which were approved by the shareholders of Bougainville Mining Limited and Bougainville Copper Limited. The major changes to the capital are listed below.

2,500,000 shares of \$1 each fully paid were issued for cash on 2nd February, 1973 to the three existing shareholders of the Company bringing the paid up capital to 132,500,000 shares of \$1 each fully paid.

On 8th August, 1973, the shares in the capital of the Company were subdivided by the issue of two 50 cent shares for each \$1 share. Also on 8th August, 1973, a further 2,375,000 shares of 50 cents each were issued to the three existing shareholders as fully paid by capitalisation of \$1,187,500 being part of the amount standing to the credit of the Unappropriated Earnings Account. This action was taken to provide the number of shares required to enable Bougainville Mining shareholders to receive six Bougainville Copper shares for each five shares held in Bougainville Mining.

As an integral part of the Scheme of Arrangement, the shares held by Bougainville Mining Limited in Bougainville Copper Limited were cancelled on the effective date of the Scheme and 213,900,000 ordinary shares of 50 cents each were allotted to Bougainville Mining shareholders on the basis of six Bougainville Copper Limited shares for every five Bougainville Mining Limited shares previously held. The date of this allotment was 26th October, 1973, and brought to a conclusion the re-organization of the capital of the Company.

At 31st December, 1973 the paid up capital of the Company was \$133,687,500 representing 267,375,000 shares on issue to shareholders.

**EXCHANGE FLUCTUATION:** As a result of the devaluation of the United States dollar on 12th February, 1973 and the revaluation of the Australian dollar on 9th September, 1973 additional unrealised gains of \$A29,166,507 arose in respect of loan borrowings by the Company which are repayable in United States dollars. This amount was transferred to the Exchange Fluctuation Account and added to similar unrealised gains of \$A24,173,497 which arose prior to 1st January, 1973.

It is intended that as exchange gains are realised they will be taken into earnings at the time of repayment of the United States dollar loans. Repayments of United States dollar loans in 1973 resulted in a realised exchange gain of \$A13,828,207 which was transferred from the Exchange Fluctuation Account to earnings. Of this \$A5,022,395 was in respect of voluntary prepayments made during the year.

The Company held certain cash balances in United States dollars at the time of these currency realignments. These balances were revalued in line with the exchange rate changes and resulted in a loss of \$A1,063,890. This loss has been charged against 1973 earnings.

**LOANS:** The majority of loan borrowings by the Company were drawn down prior to 1st January, 1973. However loan drawdowns totalling \$A14,946,373 were made during the year.

Repayments totalling \$A68,002,112 were made during the year. Outstanding loans at the 31st December, 1973, totalling \$A164,153,554 were as follows:

- Credit Agreement
  - (a) Seven year loans US\$67,400,000 (\$A45,310,924).

(b) Intermediate Term Loans US\$30,000,000 (\$A20,168,066).

- Japanese Cash Loan Agreement US\$26,000,000 (\$A17,478,991).
- Japanese Equipment Loan Agreement US\$18,393,172 (\$A12,365,159).
- Eximbank Loan Agreement US\$54,900,000 (\$A36,907,563).
- Deferred payment arrangements with Australian suppliers (guaranteed by Export Payments Insurance Corporation) \$A19,422,851.
- Commonwealth Savings Bank of Australia Housing Loan \$A12,500,000.

All loans, with the exception of the Commonwealth Savings Bank Housing Loan, deferred payment arrangements with Australian suppliers and overdraft facilities, are secured by a charge over shares issued by the Company to Conzinc Riotinto of Australia Limited, the Government of Papua New Guinea and the Investment Corporation of Papua New Guinea.

Following the Company re-organisation in 1973, shares directly held by the public in the Company are not encumbered.

**DIVIDENDS:** On 2nd February, 1973 the Company declared a maiden dividend of \$11,000,000 from 1972 earnings. This dividend was paid on 30th April to the then shareholders in the Company, being the Papua New Guinea Government, the Investment Corporation of Papua New Guinea and Bougainville Mining Limited. The amount paid to Bougainville Mining provided most of the funds for the dividend of 4.2 cents per share subsequently paid by that Company to its shareholders.

On 26th October, 1973 the directors declared an interim dividend for 1973 of 10 cents per share which was paid on 23rd November, 1973. A final dividend of 20 cents per share has been declared. This will be paid on 1st April, 1974 and in the case of non-P.N.G. residents withholding tax will be deducted. This dividend will bring the total dividend in respect of 1973 to 30 cents per share.

**DIRECTORS:** In accordance with Article 94 of the Company's Articles of Association, Messrs. F. F. Espie, O.B.E. and B. E. Fairfax-Ross, C.B.E., retire and being eligible, offer themselves for re-election.

**AUDITORS:** The retiring Auditors, Coopers & Lybrand, being eligible, offer themselves for re-appointment.

**STATUTORY:** In accordance with the provisions of Section 162 of the Companies Ordinance, 1963, as amended (1966), the directors state that in their opinion—

1. The results of the Company's operations in the year under review have not been materially affected by items of an abnormal character except as mentioned in this report.
2. No circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
3. No contingent liabilities have arisen since the balance date of the accounts, 31st December, 1973, and the date of this report, 1st February, 1974.
4. No contingent liability has become enforceable or is likely to become enforceable within twelve months from the date of this report which will materially affect the Company in its ability to meet its obligations as and when they fall due.

For and on behalf of the Board,



F. F. ESPIE, Chairman.

1st February, 1974.

# OWNERSHIP OF BOUGAINVILLE COPPER LIMITED

C.R.A. 53.6%

PUBLIC 26.4%

P.N.G. 20%

**C.R.A. 53.6%**

Conzinc Riotinto of Australia Limited, the largest shareholder in Bougainville Copper Limited, holds 53.6% of the issued capital. C.R.A. is a listed Australian public company in which public shareholders own 19.3%.

**PUBLIC 26.4%**

At 31st January, 1974 the public held 26.4% of the issued shares of Bougainville Copper Limited. This direct interest comprising over 70 million shares was held by 51,660 shareholders of whom 8,002 were listed on the Panguna Register.

**P.N.G. 20%**

The Papua New Guinea Government holds 50,448,113 shares in Bougainville Copper Limited and the Investment Corporation of Papua New Guinea 3,026,887 shares, the two holdings totalling 20% of the Company's issued capital.

**B.C.L.**

Bougainville Copper Limited is a Papua New Guinea company, formed in 1967 and has its main office at Panguna, Bougainville. The Company (formerly Bougainville Copper Pty. Limited) became a public company in 1973. At 31st January, 1974 there were 51,664 holders of the ordinary issued capital of the Company on which the voting rights on a poll were one vote for each share held. The distribution of the holders was:

1-1,000 shares	43,061
1,001-5,000 shares	7,202
5,001-10,000 shares	763
10,001 and over	638
	<hr/>
	51,664

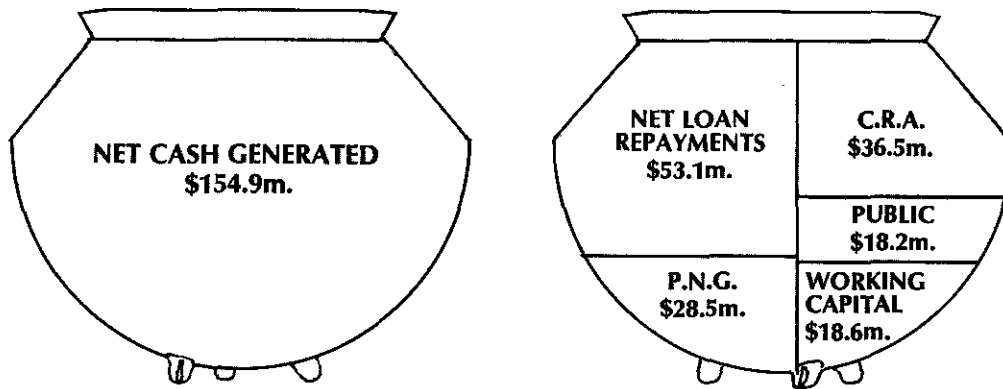
The percentage shareholding of the 20 largest holders was 79.93%.

## *Simplified Balance Sheet*

<b>WHAT WE OWN (ASSETS)</b>	<b>\$ Million</b>
MINE LEASES, TREATMENT PLANT, HOUSING, POWER STATION, PORT FACILITIES, ETC.	371.7
COPPER CONCENTRATE IN STORAGE AWAITING SHIPMENT AND STORES ON HAND	17.0
MONEY HELD BY BANKS ON DEPOSIT AND IN CASH	68.1
AMOUNTS OWED TO YOUR COMPANY MAINLY FOR COPPER CONCENTRATES RECENTLY SHIPPED	45.4
	<b>502.2</b>
<b>LESS WHAT WE OWE (LIABILITIES)</b>	
LONG TERM LOAN BORROWINGS TO BE REPAID AFTER 1974	127.4
SHORT TERM OVERDRAFT	2.7
LOAN BORROWINGS TO BE REPAID DURING 1974	36.8
AMOUNTS OWING TO SUPPLIERS AND OTHERS FOR GOODS AND SERVICES	14.9
MONEY SET ASIDE FOR PAYMENT OF DIVIDENDS TO THE COMPANY'S SHAREHOLDERS	53.5
	<b>235.3</b>
<b>AMOUNT REMAINING</b>	<b>266.9</b>
THIS AMOUNT (\$266.9 MILLION) IS RETAINED TO FINANCE OPERATIONS OF THE BUSINESS AND REPRESENTS:	
CONTRIBUTIONS BY THE COMPANY'S SHAREHOLDERS	133.7
PROFITS WHICH DIRECTORS CURRENTLY INTEND TO RETAIN IN THE BUSINESS	93.7
THE GAIN (BASED ON PRESENT EXCHANGE RATES AND NOT YET REALISED) ON FUTURE UNITED STATES LOAN REPAYMENTS. THIS GAIN RESULTS FROM THE INCREASE IN THE VALUE OF THE AUSTRALIAN DOLLAR COMPARED WITH THE UNITED STATES DOLLAR.	39.5

## ALLOCATION OF NET CASH GENERATED

**NET CASH GENERATED**—Net cash generated by the business (before paying royalty but after spending for new plant)  
**C.R.A.**—CRA dividends after withholding tax  
**P.N.G.**—PNG Government & Investment Corporation—dividends, royalty & withholding tax  
**PUBLIC**—Public dividends after withholding tax  
**NET LOAN REPAYMENTS**—Net loan repayments—loan repayments net of draw downs  
**WORKING CAPITAL**—Increase in working capital



The earnings of a company are either distributed to shareholders in the form of dividends or retained as shareholders' funds for use in the business. Businesses need money for many purposes including the purchase of new equipment and facilities, the repayment of loans, etc. Expenditure incurred for these purposes does not form part of the Statement of Earnings but may limit the amount that may be paid to shareholders as dividends.

During 1973 Bougainville Copper Limited incurred heavy expenditure on items of this nature; net loan repayments alone amounted to \$53.1 million.

Complete details of Bougainville Copper's Source and Application of Funds are shown on Page 19.



Arawa, the residential and municipal centre for company and government employees on Bougainville

## Statements of Earnings

YEAR ENDED 31ST DECEMBER

	NOTES	BOUGAINVILLE COPPER LIMITED & SUBSIDIARY COMPANY	BOUGAINVILLE COPPER LIMITED	
		1973 \$000	1973 \$000	1972 \$000
<b>NET SALES REVENUE</b>		<b>249,048</b>	<b>249,048</b>	95,695
Other Income		<u>3,331</u>	<u>2,925</u>	158
		<b>252,379</b>	<b>251,973</b>	95,853
<i>Less:</i>				
Cost of sales, financing and other costs		<u>79,597</u>	<u>79,441</u>	52,453
Depreciation and amortisation	2	<u>24,831</u>	<u>24,831</u>	14,520
Royalties		<u>3,118</u>	<u>3,118</u>	1,202
		<b>107,546</b>	<b>107,390</b>	68,175
		<b>144,833</b>	<b>144,583</b>	27,678
<i>Add:</i>				
Exchange gains realised on loan repayments		<u>13,828</u>	<u>13,828</u>	—
<b>EARNINGS (BEFORE TAXATION)</b>		<b>158,661</b>	<b>158,411</b>	27,678
Taxation—current	8	<u>107</u>	—	—
—dividend withholding	8	<u>143</u>	—	—
		<b>250</b>	—	—
<b>CONSOLIDATED NET EARNINGS</b>	1	<b>158,411</b>	<b>158,411</b>	27,678
<i>Add:</i>				
Unappropriated earnings brought forward		<u>16,678</u>	<u>16,678</u>	—
		<b>175,089</b>	<b>175,089</b>	27,678
<i>Less dividends:</i>				
Stock		<u>1,188</u>	<u>1,188</u>	—
Interim paid		<u>26,737</u>	<u>26,737</u>	—
Final payable		<u>53,475</u>	<u>53,475</u>	11,000
		<b>81,400</b>	<b>81,400</b>	11,000
<b>UNAPPROPRIATED EARNINGS CARRIED FORWARD</b>		<b>93,689</b>	<b>93,689</b>	16,678

This Statement of Earnings should be read in conjunction with the explanatory notes accompanying these accounts.

## Balance Sheets

AT 31ST DECEMBER

	NOTES	BOUGAINVILLE COPPER LIMITED & SUBSIDIARY COMPANY 1973 \$000	BOUGAINVILLE COPPER LIMITED 1973 \$000	1972 \$000
<b>CAPITAL AND RESERVES</b>				
<b>CAPITAL</b>				
Authorised	9	<u>135,000</u>	<u>135,000</u>	135,000
Paid up		133,688	133,688	130,000
<b>REVENUE RESERVES</b>				
Unappropriated Earnings	10	<u>93,689</u>	<u>93,689</u>	16,678
Total Capital and Reserves		<u>227,377</u>	<u>227,377</u>	146,678
<b>EXCHANGE FLUCTUATION</b>	11	39,512	39,512	24,173
<b>LIABILITIES</b>				
<b>MATURING LATER THAN ONE YEAR</b>				
Loans	12	127,368	127,368	203,864
Provisions	13	<u>177</u>	<u>177</u>	161
		127,545	127,545	204,025
<b>CURRENT</b>				
Bank Overdraft		2,681	2,681	5,460
Loan Instalments	12	36,785	36,785	42,512
Creditors	14	14,669	14,669	18,739
Income Tax		143	—	—
Dividend payable		53,475	53,475	11,000
		<u>107,753</u>	<u>107,610</u>	77,711
Contingent and Commitments	20	—	—	—
<b>TOTAL FUNDS</b>		<u>502,187</u>	<u>502,044</u>	452,587
These funds are represented by:				
<b>ASSETS</b>				
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
	15	371,665	371,665	378,676
<b>INVESTMENTS</b>				
	16	83	83	45
<b>CURRENT</b>				
Cash and bank balances		68	65	51
Short term deposits and loans		68,018	67,878	20,255
Debtors	17	45,351	45,351	36,557
Stocks and Stores	18	<u>17,002</u>	<u>17,002</u>	17,003
		130,439	130,296	73,866
<b>TOTAL ASSETS</b>		<u>502,187</u>	<u>502,044</u>	452,587

The notes attached hereto form part of these accounts and are to be read in conjunction herewith.

# Notes

## FORMING PART OF THE 1973 ACCOUNTS

	CONSOLIDATED	BOUGAINVILLE COPPER LIMITED	
	1973	1973	1972
	\$000	\$000	\$000

### 1. EARNINGS

Net earnings have been determined after allowing for:

DEDUCTIONS WHICH INCLUDE—

P.N.G. Royalties	3,118	3,118	1,202
Depreciation and Amortisation (Note 2)	24,831	24,831	14,520
Interest paid/payable (Note 3)	17,493	17,493	13,443
Provision for Long Service Leave (Note 4)	18	18	28
Grants and Donations (Note 5)	3,002	3,002	127
Bad and Doubtful Debts (Note 6)	41	41	—
Directors' Emoluments (Note 19)	4	4	3
Auditors' Remuneration (Note 7)	45	36	27
Income Tax (Note 8)	250	—	—
Loss on overseas cash balances (Note 11)	1,064	1,064	376
ADDITIONS WHICH INCLUDE—			
Interest on short term deposits	3,331	2,925	158
Exchange gain realised on loan repayments (Note 11)	13,828	13,828	—

### 2. DEPRECIATION

The amount charged against earnings is comprised of:

Depreciation on: buildings	8,667	8,667	5,800
plant, machinery and equipment	13,069	13,069	6,391
Amortisation of Mine Property	3,095	3,095	2,329
	<u>24,831</u>	<u>24,831</u>	<u>14,520</u>

### 3. INTEREST PAID/PAYABLE

Long term loans	17,495	17,495	21,676
Bank overdrafts	112	112	886
	<u>17,607</u>	<u>17,607</u>	<u>22,562</u>
less capitalised	114	114	9,119
	<u>17,493</u>	<u>17,493</u>	<u>13,443</u>

No interest was paid or is payable to related companies of Bougainville Copper Limited.

### 4. PROVISION FOR LONG SERVICE LEAVE

The amount charged against earnings was:

This provision relates to C.R.A. employees seconded to Bougainville Copper Limited. No statutory obligations have as yet arisen in respect of other employees.	18	18	28
--	----	----	----

### 5. GRANTS AND DONATIONS

The amount charged against earnings is comprised of:

Grant to Panguna Development Foundation	2,959	2,959	—
Other grants and donations	43	43	127
	<u>3,002</u>	<u>3,002</u>	<u>127</u>

The Panguna Development Foundation Limited was established in 1971 to assist in the economic, social and cultural development of Papua New Guinea. The grant made by Bougainville Copper Limited during 1973 will provide part of the total funds needed for the work of the Foundation.

### 6. BAD AND DOUBTFUL DEBTS

Bad debts written off against earnings comprise:

Trade debtors	—	—	—
Other debtors	2	2	—
Amounts set aside during the year for doubtful debts are in respect of:			
Trade debtors	—	—	—
Other debtors	39	39	—
	<u>41</u>	<u>41</u>	<u>—</u>

### 7. AUDITORS' REMUNERATION

Amounts paid/payable to Auditors for:

Auditing the accounts	33	32	27
Other Services	12	4	—
	<u>45</u>	<u>36</u>	<u>27</u>

No other benefits were received by the Auditors.



	CONSOLIDATED	BOUGAINVILLE COPPER LIMITED	
	1973	1973	1972
	\$000	\$000	\$000

## 8. TAXATION

Amounts provided/paid for:

Australian Income Tax	107	—	—
P.N.G. withholding tax	143	—	—
	<u>250</u>	<u>—</u>	<u>—</u>

Under the terms of the Mining Agreement earnings of Bougainville Copper Limited will be exempt from the liability for income tax until 31st March, 1975; from that date income and additional tax will be incurred.

The subsidiary company, Bougainville Mining Limited, provided for taxes in respect of transactions entered into prior to that company becoming a subsidiary as the result of the Scheme of Arrangement.

Withholding tax of 15% (\$3,150,205) was deducted from the interim dividend paid to non-resident shareholders of the Company on 23rd November, 1973. Withholding tax will also be payable, by non-residents of Papua New Guinea, on the final dividend provided from 1973 earnings.

## 9. CAPITAL

The authorised capital of \$135,000,000 was made up of 135,000,000 ordinary shares of \$1 each at 31st December, 1972. On 8th August, 1973 the par value of each \$1 share was divided into two shares of 50 cents each and at 31st December, 1973 authorised capital was 270,000,000 ordinary shares of 50 cents each.

2,500,000 shares of \$1 each fully paid were issued for cash on 2nd February, 1973 to shareholders of the Company bringing the total paid up capital to 132,500,000 shares of \$1 each fully paid. On 8th August, 1973 these shares were subdivided and issued capital became 265,000,000 shares of 50 cents each. Also on 8th August, 1973 a further 2,375,000 shares of 50 cents each were issued to shareholders as fully paid by capitalisation and distribution by way of a stock dividend of \$1,187,500, being part of the amount standing to the credit of the Unappropriated Earnings Account.

As an integral part of the Scheme of Arrangement 213,900,000 ordinary shares of 50 cents each held by Bougainville Mining Limited on and after 8th August, 1973 were cancelled on the effective date of the Scheme. The shareholders of Bougainville Mining were allotted 213,900,000 ordinary shares of 50 cents each on the basis of six Bougainville Copper Limited shares for every five Bougainville Mining Limited shares previously held. The date of this allotment was 26th October, 1973 and brought to a conclusion the re-organisation of the capital of the Company.

At 31st December, 1973 the paid up capital of the Company was \$133,687,500 represented by 267,375,000 ordinary shares of 50 cents each fully paid.

## 10. REVENUE RESERVES

Unappropriated earnings:

31st December, 1972	16,678	16,678	—
Net earnings for year	<u>158,411</u>	<u>158,411</u>	<u>27,678</u>
	175,089	175,089	27,678
Dividends paid/payable	81,400	81,400	11,000
31st December, 1973	<u>93,689</u>	<u>93,689</u>	<u>16,678</u>

The earnings of Bougainville Copper Limited are not wholly available for distribution to shareholders due to the restrictions imposed on the payment of dividends under the terms of the Credit Agreement dated 28th July, 1969 (as amended).

The subsidiary company, Bougainville Mining Limited, had unappropriated earnings at 31st December, 1972. This balance plus net earnings in 1973 were distributed to shareholders of Bougainville Mining prior to the share reconstruction as part of the Scheme of Arrangement.

The subsidiary company made no post-acquisition contribution to the consolidated net earnings of Bougainville Copper Limited.

## 11. CURRENCY CONVERSION: EXCHANGE FLUCTUATION

Current assets, current liabilities and long term loans have been converted to Australian currency at rates of exchange ruling at balance date. All other amounts have been converted at the rate of exchange prevailing at the date of each transaction. Due to currency realignments during 1973, a loss on conversion to Australian dollars of overseas cash balances was incurred totalling \$1,063,890 (1972, \$376,356).

Exchange fluctuation gains relating to long term loan repayment obligations are:

Unrealised 31st December, 1972	24,173	24,173	9,174
Further gains due to 1973 revaluations	<u>29,167</u>	<u>29,167</u>	<u>14,999</u>
	53,340	53,340	24,173
Gains realised on loan repayments	<u>13,828</u>	<u>13,828</u>	<u>—</u>
Unrealised 31st December, 1973	<u>39,512</u>	<u>39,512</u>	<u>24,173</u>

	CONSOLIDATED	BOUGAINVILLE COPPER LIMITED	
	1973	1973	1972
	\$000	\$000	\$000

## 12. LONG TERM LOANS

(a) Repayments due later than one year:			
Secured	110,174	110,174	184,890
Unsecured	17,194	17,194	18,974
	<u>127,368</u>	<u>127,368</u>	<u>203,864</u>
(b) Repayments due within one year:			
Secured	34,556	34,556	40,279
Unsecured	2,229	2,229	2,233
	<u>36,785</u>	<u>36,785</u>	<u>42,512</u>
<b>TOTAL OBLIGATIONS OUTSTANDING</b>	<b><u>164,153</u></b>	<b><u>164,153</u></b>	<b><u>246,376</u></b>

Total obligations at 31st December were in respect of borrowings as follows:

### BANK LOANS (secured other than by debentures)

	Repayable			
Credit Agreement:				
Seven year loans	1978	45,311	45,311	52,863
Intermediate term loans (4)	1974-1975	20,168	20,168	75,294
Other Bank loans:				
Eximbank loans	1974-1978	36,907	36,907	42,845
Housing loan (2)	1974-1978	12,500	12,500	12,500
Total Bank loans		<u>114,886</u>	<u>114,886</u>	<u>183,502</u>
OTHER SECURED LOANS				
Japanese cash loans	1974-1979	17,479	17,479	23,530
Japanese equipment loans	1974-1982	12,365	12,365	18,137
Total Secured loans (1)		<u>144,730</u>	<u>144,730</u>	<u>225,169</u>
UNSECURED LOANS				
Australian Equipment (3)	1974-1982	19,423	19,423	21,207
		<u>164,153</u>	<u>164,153</u>	<u>246,376</u>

(1) Except for the Housing Loan, the Secured loans are repayable in U.S. dollars and are secured by a charge over 194,000,676 shares in Bougainville Copper Limited issued in the names of Conzinc Riotinto of Australia Limited, the Administration of Papua New Guinea, and the Investment Corporation of Papua New Guinea. Interest rates on these loans during 1973 varied between 6% and 12.75%.

(2) The Commonwealth Savings Bank of Australia Housing Loan is secured by an equitable charge over certain of Bougainville Copper's housing leases in Arawa Township. Interest payments are at the rate of 8% per annum.

(3) Bougainville Copper entered into deferred payment arrangements with Australian suppliers of goods and services relating to the construction phase. Annual interest rates on these loans vary from 7.25% to 7.75%.

(4) Repayment dates for Intermediate loans are subject to certain provisions relating to prepayments. During 1973 an amount of \$US31,700,000 was voluntarily prepaid one year in advance.

## 13. PROVISION FOR LONG SERVICE LEAVE

Balance 31st December, 1972	161	161	122
Charged against earnings	18	18	28
Staff transfers	(2)	(2)	11
Balance 31st December, 1973	<u>177</u>	<u>177</u>	<u>161</u>

## 14. CREDITORS

Trade creditors and bills payable	4,911	4,911	9,832
Holding company	30	30	2,000
Other related companies:			
C.R.A. Group	3,077	3,077	362
R.T.Z. Group	106	106	36
Associate companies of C.R.A. Group	28	28	—
Other current liabilities			
Secured	3,533	3,533	4,788
Unsecured	2,984	2,984	1,721
	<u>14,669</u>	<u>14,669</u>	<u>18,739</u>

	CONSOLIDATED 1973 \$000	BOUGAINVILLE COPPER LIMITED 1973 \$000	1972 \$000	
<b>15. PROPERTY, PLANT AND EQUIPMENT</b>				
Freehold and leasehold land and buildings (at cost)	178,088	178,088	171,178	
less depreciation	14,467	14,467	5,800	
	<u>163,621</u>	<u>163,621</u>	<u>165,378</u>	
Plant, machinery and equipment (at cost)	169,253	169,253	157,505	
less depreciation	18,387	18,387	6,391	
	<u>150,866</u>	<u>150,866</u>	<u>151,114</u>	
Mine property (at cost)	62,073	62,073	62,112	
less amortisation	5,424	5,424	2,329	
	<u>56,649</u>	<u>56,649</u>	<u>59,783</u>	
Capital works in progress	529	529	2,401	
	<u>371,665</u>	<u>371,665</u>	<u>378,676</u>	
<b>16. INVESTMENTS</b>				
RELATED COMPANIES—shares not listed on a Stock Exchange at cost				
Subsidiary Company—				
Bougainville Mining Limited	—	—	—	
Other C.R.A. Group company	38	38	—	
	<u>38</u>	<u>38</u>	<u>—</u>	
OTHER COMPANIES—shares not listed on a Stock Exchange at cost				
	45	45	45	
	<u>83</u>	<u>83</u>	<u>45</u>	
Bougainville Mining Limited, incorporated in the Australian Capital Territory, is a 100% owned subsidiary of Bougainville Copper Limited. Issued capital of Bougainville Mining is 200 ordinary shares of 50 cents each fully paid.				
<b>17. DEBTORS</b>				
Trade debtors	42,383	42,383	34,063	
Subsidiary company	—	1	—	
Other related companies—				
C.R.A. Group	1,115	1,115	1,162	
R.T.Z. Group	19	19	186	
Other debtors and payments in advance	1,873	1,872	1,146	
less provision for doubtful debts	39	39	—	
	<u>1,834</u>	<u>1,833</u>	<u>1,146</u>	
	<u>45,351</u>	<u>45,351</u>	<u>36,557</u>	
<b>18. STOCKS AND STORES</b>				
Stocks and stores are valued at the lowest of cost, net realisable value and replacement price.				
<b>19. DIRECTORS' EMOLUMENTS</b>				
The total of emoluments received, or due and receivable (whether from the Company, or from a related corporation) by:				
	1973		1972	
	Company	Related	Company	Related
	\$000	\$000	\$000	\$000
(a) Directors of the Company engaged in the full-time employment of the Company or its related corporations (including all bonuses and commissions received or receivable by them as employees but not including the amount received or receivable by them by way of fixed salary as employees) were	—	6	—	24
and				
(b) Other Directors of the Company were	4	—	3	48

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**20. COMMITMENTS FOR CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES**

The approximate commitments for the purchase of land, buildings, plant and equipment not reflected in the Balance Sheet amount to \$3,410,000 (1972 \$8,000,000).

The Company has contingent obligations attaching to the terms of:

(a) the Credit Agreement dated 28th July, 1969 (as amended)

and

(b) the Mining Agreement covered by Papua New Guinea Ordinance No. 70 of 1967.

However no circumstance has yet arisen to suggest that an enforceable claim has or is likely to arise in respect of these obligations.

Except for the foregoing the Company and/or its subsidiary, Bougainville Mining Limited, has no contingent liabilities which are material in nature and/or amount.

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**21. ULTIMATE HOLDING COMPANY**

The ultimate holding Company is The Rio Tinto-Zinc Corporation Limited (incorporated in England).

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## DECLARATIONS

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**STATEMENT BY DIRECTORS**

In the opinion of the Directors of Bougainville Copper Limited the accompanying statement of earnings is drawn up so as to give a true and fair view of the results of the business of the Company for the period covered by the statement and the accompanying balance sheet is drawn up so as to exhibit a true and fair view of the state of affairs of the Company at the end of that period.

Signed at Port Moresby this 1st day of February, 1974.

On behalf of the Board

F. F. ESPIE, R. W. BALLMER

Directors

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**DECLARATION BY SECRETARY**

I, John Campbell Rennie, Secretary of Bougainville Copper Limited, do solemnly and sincerely declare that the accompanying balance sheet and statement of earnings of the Company are, to the best of my knowledge and belief correct.

And I make this solemn declaration by virtue of the Oaths, Affirmations and Statutory Declarations Ordinance 1962 conscientiously believing the statements contained herein to be true in every particular.

Declared at Port Moresby this 1st day of February, 1974.

J. C. RENNIE

Secretary

Before me:

GRAHAM STUART SWAN

Justice of the Peace

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**REPORT OF THE AUDITORS TO THE MEMBERS**

In our opinion, the balance sheets and statements of earnings set out on pages 12 to 18 are properly drawn up in accordance with the provisions of the Companies Ordinance 1963, as amended, so as to give a true and fair view of the state of affairs and the profits of the Company and of the Group.

The accounting and other records, including registers, of the Company examined by us have, in our opinion, been properly kept in accordance with the provisions of the Ordinance.

COOPERS & LYBRAND

Chartered Accountants

MELBOURNE. 8th February, 1974.

## CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

1972 \$'000		1973 \$'000
27,678	CONSOLIDATED NET EARNINGS	158,411
	CHARGES AGAINST EARNINGS NOT REQUIRING CURRENT OUTLAYS:	
14,520	— DEPRECIATION	24,831
—	— EXCHANGE GAIN ON LOANS	(13,828)
1,202	— ROYALTY PROVIDED	3,118
28	— OTHER	18
	LONG TERM BORROWINGS	14,946
5,000	ISSUE OF SHARES	3,687
12	MISCELLANEOUS	200
96,853		191,383

### *Source of Funds*

CONSOLIDATED NET EARNINGS	82.8%
CHARGES AGAINST EARNINGS NOT REQUIRING CURRENT OUTLAYS	7.4%
LONG TERM BORROWINGS	7.8%
ISSUE OF SHARES	1.9%
MISCELLANEOUS	0.1%

DIVIDENDS	11.1%
STOCK DIVIDEND	9.4%
ROYALTY PAID	35.5%
REPAYMENT OF LONG TERM BORROWINGS	1.5%
EXPENDITURE ON FIXED ASSETS	0.6%
INCREASE IN WORKING CAPITAL	41.9%

### *Application of Funds*

1972 \$'000		1973 \$'000
—	DIVIDENDS — INTERIM	26,737
11,000	— FINAL	53,475
	STOCK DIVIDEND	1,188
1,021	ROYALTY PAID	2,856
1,548	REPAYMENT OF LONG TERM BORROWINGS	68,002
36,263	EXPENDITURE ON FIXED ASSETS	17,916
47,021	INCREASE IN WORKING CAPITAL	21,209
96,853		191,383

82.8% 7.4% 7.8% 1.9% 0.1%

11.1% 9.4% 35.5% 1.5% 0.6% 41.9%

# Statistical Summary

		1973	1972 Nine months to December 31st
ORE AND WASTE REMOVED	(millions of tonnes)	56.65	46.75*
ORE MILLED	(millions of dry tonnes)	29.14	18.75
ORE GRADE—COPPER	(per cent)	0.73	0.78
—GOLD	(grams/tonne)	1.03	0.81
—SILVER	(grams/tonne)	1.99	2.08
CONCENTRATES PRODUCED	(dry tonnes)	650,172	395,092
CONTAINED COPPER PRODUCED	(tonnes)	182,890	111,399
CONCENTRATE GRADE—			
—COPPER	(per cent)	28.13	28.20
—GOLD	(grams/tonne)	31.62	27.50
—SILVER	(grams/tonne)	69.00	69.25
CONCENTRATE SHIPPED	(wet tonnes)	676,581	471,120**
WORK FORCE AT 31ST DECEMBER (Papua New Guinea)—			
—EXPATRIATE	(number)	929	971
—INDIGENOUS	(number)	2915	2594
AVERAGE METAL PRICES			
—COPPER			
London Metal Exchange cash sellers price for electrolytic wire bars	(£Stg./tonne)	727.73	427.58
—GOLD			
Mean of London Gold Market	(US\$/oz.)	97.3	61.8
—SILVER			
Spot price, London Silver Market	(UK pence/oz.)	103.7	70.6
NUMBER OF SHAREHOLDERS AT 31ST DECEMBER		45,353	46,726***
ISSUED CAPITAL AT 31ST DECEMBER (\$'000)		133,687	130,000
CONSOLIDATED NET EARNINGS (\$'000)		158,411	27,681
DIVIDENDS IN RESPECT OF YEAR (\$'000)		80,212	11,000

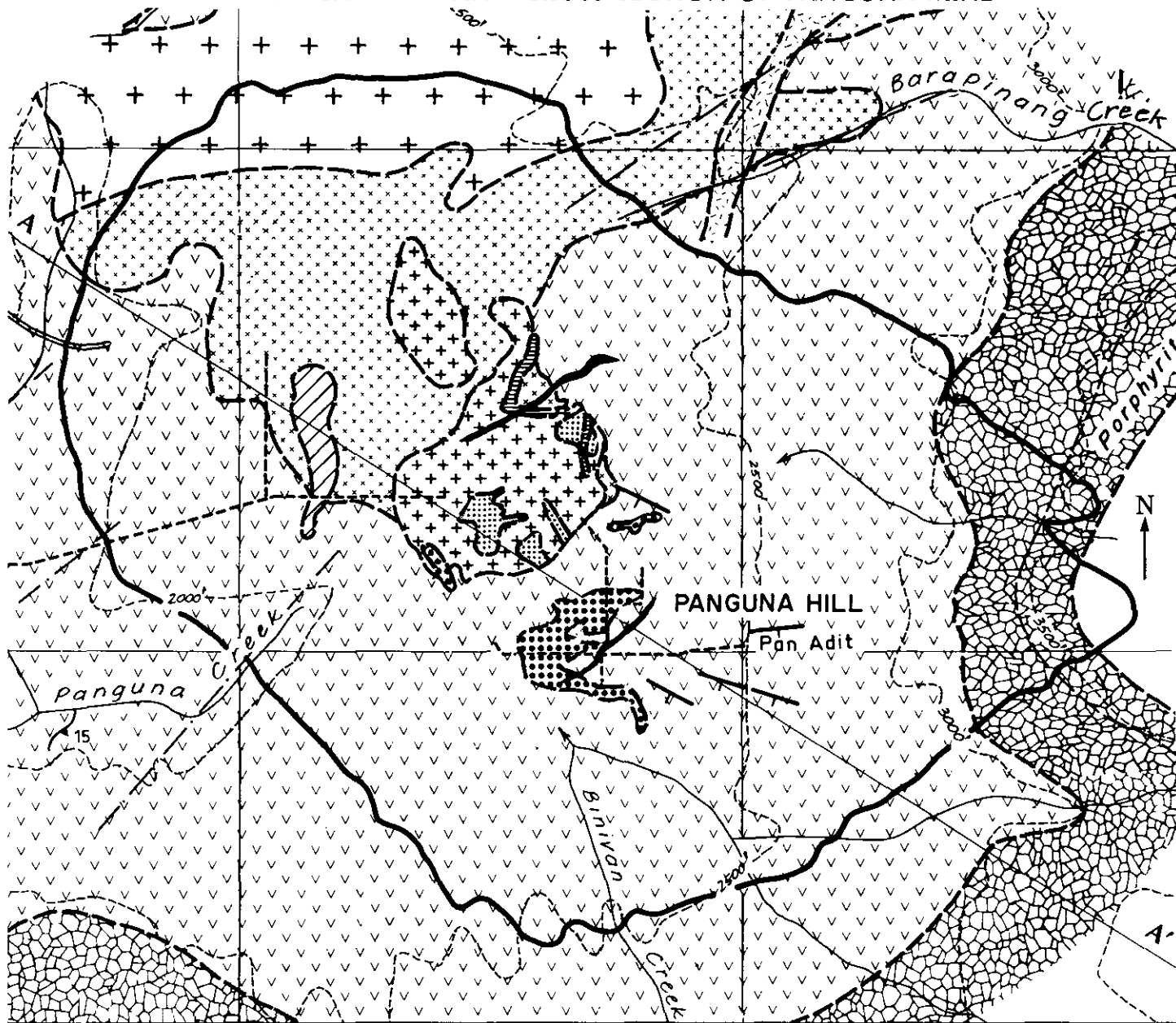
## NOTES:

\* 1972 figure is for full year.

\*\* 1972 figure is for full year and includes pre-production tonnage.









\*\*\*1972 figure is for Bougainville Mining Limited.

# GEOLOGICAL PLAN AND CROSS SECTION OF PANGUNA MINE











## LEGEND

### INTRUSIVE

-  Nautango Andesite
-  Biuro Granodiorite
-  Pebble Dykes and Breccia
-  Leucocratic Quartz Diorite
-  Felspar/Quartz Felspar Porphyry
-  Biotite Granodiorite
-  Biotite Diorite
-  Kawerong Quartz Diorite

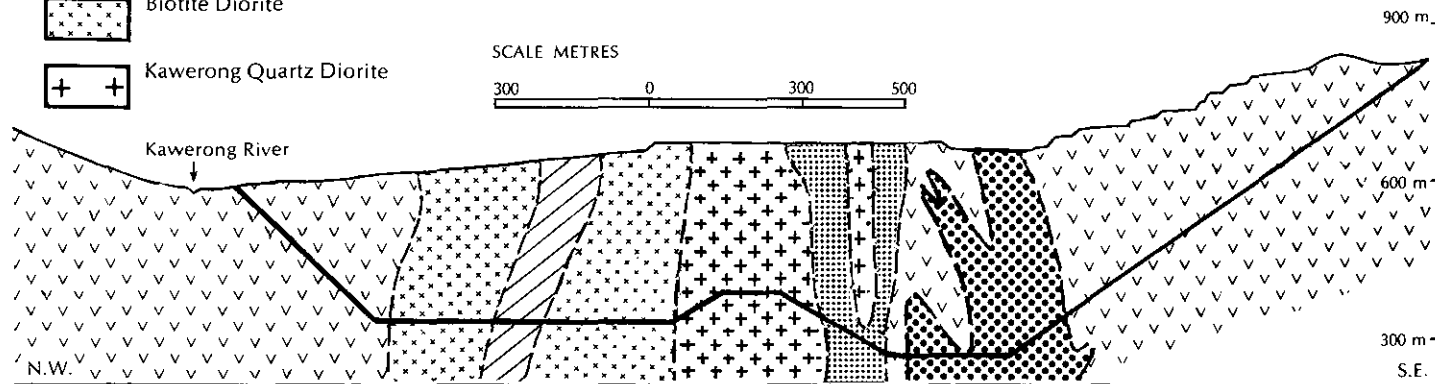
### EXTRUSIVE (Kieta volcanics)

-  Binivan Andesite Breccia
-  Panguna Andesite
-  Geological contact
-  Regional dip
-  Dip of volcanics
-  Pit boundary
-  Air photo lineament
-  Fault

### SCALE METRES



### LOCALITY



Cross Section of Mine along A—A'

# 10 years at Panguna



1.

Exploration of the Panguna orebody began in April, 1964. In the same year the first drill was carried in. In 1965 heavier drills were flown in by helicopter and it was not until 1967 that the first access track to Panguna was completed.

Bougainville Copper's rapid progress in the past two years has perhaps tended to obscure the painstaking build-up in earlier years. Exploration and evaluation occupied 5½ years and cost \$21 million, while a further 2½ years were needed for completion of construction and commencement of operations in April, 1972. During this period the workforce grew to over 10,000 at the peak of construction. To accommodate this number eleven camps were built in addition to the permanent towns at Panguna and Arawa. Some 85,000 metres of drilling were completed, pilot tests were undertaken, roads, port and power were provided in addition to the processing facilities.

Notwithstanding those requirements and despite the remoteness of the location and the difficult terrain, Bougainville Copper completed construction within budget and began its operations ahead of schedule.

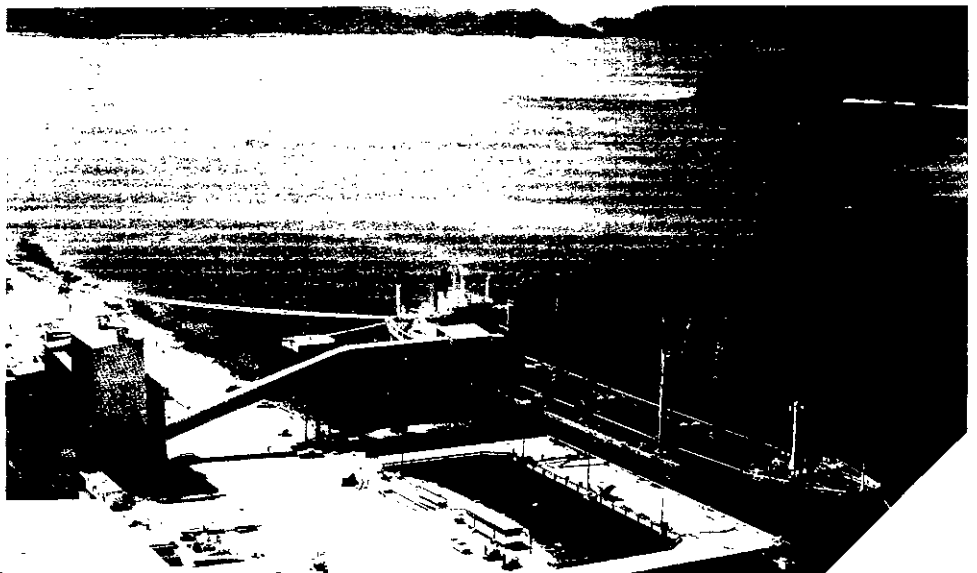


2.

1. Exploratory drilling, 1966.
2. Transporting fine crusher to mine site, 1970.
3. Construction of conveyors, 1971.
4. Loading copper concentrate, 1973.



3.



4.



# Training for the future

Bougainville Copper Limited continues to make a substantial contribution to employment and training in Papua New Guinea.

Among the major needs of any nation is the requirement for trained people who are able to assume increasing levels of responsibility. Bougainville Copper's training programme recognises national as well as company needs.

It educates and trains well beyond its own particular requirements. Scholarship holders, sponsored students, apprentices and trainees are not bonded and may, if they wish, elect to work elsewhere after training. In this sense Bougainville Copper's continuous training programme is a national asset providing a variety of skills.

In the four years to 31st December, 1973, a total of 4,386 Papua New Guineans completed vocational training at Panguna and an even greater number attended non-vocational courses. Papua New Guineans in vocational training at the end of 1973 numbered 785.

Together with its employment policies, the Company's training programme has resulted in considerable progress in the localisation of the Company work force.

1. Instruction on a 100-tonne ore truck simulator.

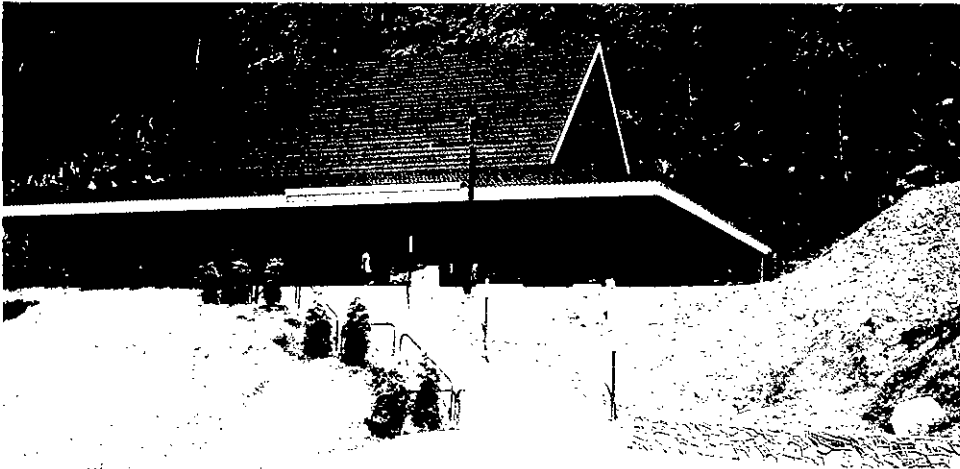
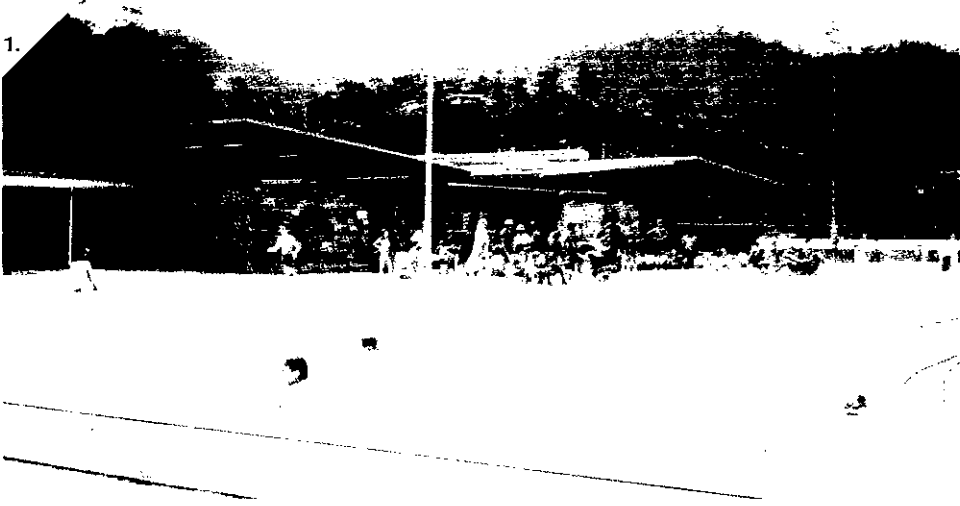
2. The Training Centre library, Panguna.

3. Training at the pit face.



# Community facilities

The towns of Arawa and Panguna provide a wide range of community facilities and amenities for employees and their families.



1. Olympic pool, Panguna
2. Inter-denominational church, Panguna
3. Part of the retail complex, Arawa

BOUGAINVILLE COPPER LIMITED



ANNUAL REPORT 1973  
AND NOTICE OF MEETING.