

B.O.1627



ANNUAL REPORT 1999

# Bougainville Copper Limited

## THE COMPANY

From 1972 until 1989 Bougainville Copper Limited operated a large open pit mine and processing facility at Panguna on Bougainville Island in the North Solomons Province of Papua New Guinea producing copper concentrate containing significant quantities of gold and silver. On 15 May, 1989 production was brought to a halt by militant activity, and it is not possible to forecast a date for recommencement of operations.

Since inception until cessation of operations on 15 May, 1989 the mine had produced concentrate containing 3 million tonnes of copper, 306 tonnes of gold and 784 tonnes of silver. The production had a value of K52 billion which represented approximately 44% of Papua New Guinea's exports through that period. Contributions to the National Government in the form of taxes, duties and dividends were approximately 17% of internally generated Papua New Guinea Government revenue over that period.

A total of K1 086 million has been contributed to the National Government which represents 62% of the net cash generated by the project. In addition, payments to the North Solomons Provincial Government and Panguna landowners, together with provisions made since 1990, amount to K114 million. Further, the company's presence in the North Solomons Province had promoted the development of significant local business enterprises to provide goods and services required for the mining operation and for the residents of the province.

Company training programs for some 12 000 employees, including approximately 1 000 completing full trade apprenticeships and some 400 completing graduate and post graduate studies, had previously resulted in considerable progress in the localisation of the company's employees and also added significantly to the number of skilled workers elsewhere in the country's workforce. At the end of 1999, the company had no employees. The activities of the company are being managed on a contracted services basis by a small team of Rio Tinto Minerals (PNG) Limited staff based in Port Moresby.

Bougainville Copper Limited is owned 53.6% by Rio Tinto Limited. The Papua New Guinea Government owns 19.1% while the remaining 27.3% of the share capital is held by public shareholders.

## NOTICE OF MEETING

The Annual General Meeting of Bougainville Copper Limited will be held at 11.00 am on Wednesday, 3 May, 2000 at the Parkroyal, Hunter Street, Port Moresby, Papua New Guinea. A separate Notice of Meeting is enclosed. All shareholders are cordially invited to attend.

## DIRECTORS

B. L. Cusack (Chairman)  
B. R. Alexander  
K. Aua  
D. S. Karpin AM  
D. H. McLellan  
M. A. Moramoro OBE  
P. R. Taylor

## SECRETARY

P. D. Coleman

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# the year in brief

- Mine remained closed.
- Access to Panguna mine still not possible.
- Extent of deterioration and destruction of assets unknown.
- Slow progress on restoration of services to mainland Bougainville.
- Net profit K13.9 million.

	1999	1998
Concentrate production ..... (tonnes)	-	-
Net sales revenue ..... (K'000)	-	-
Interest earned ..... (K'000)	16 662	12 397
Operating profit ..... (K'000)	13 928	7 696
Earnings per share ..... (toea)	3.48	1.92
Shareholders' funds ..... (K'000)	277 546	263 618
Return on shareholders' funds ..... (per cent)	5.0	2.9
Depreciation and amortisation ..... (K'000)	-	-
Government royalties and taxation ..... (K'000)	-	-
Number of employees at 31 December .....	-	-

# chairman's statement

A good deal of progress has been made toward restoring basic infrastructure and services on Bougainville although the area around the mine site is still under the control of elements opposed to mining. Mine site landowners, in particular the current generation, may consider BCL an unacceptable neighbour.

There is nonetheless considerable optimism that a universally acceptable political solution for Bougainville will be achieved in the short term.

In the years following mine closure the Board was optimistic that peace would be achieved in the medium term and that economic and social conditions would be conducive to a resumption of operations. The Board's optimism for a resumption of operations, even in the medium term, has waned considerably culminating in studies being undertaken on alternative strategies for the company.

The economics of restarting the mine currently are not favourable. The prices of copper and gold are lower today in historic terms than 1989 while in real terms the situation is much worse. Most of the

company's plant and equipment has been badly damaged while fixtures such as roads, pipelines and even pit benches will have deteriorated considerably after a decade without maintenance.

The company's financial position, while satisfactory to continue on a "care and maintenance" basis, is not sufficient to do much more than a mine restart feasibility study. Its financial situation is not helped by the major devaluation of the Kina against currencies needed to fund redevelopment. It can't be assumed BCL would be able to raise the funding needed to reopen the mine. By government regulation the company is required to hold its cash reserves on shore in Kina. This regulation was put in place in 1995 when the Kina was floated. Although interest rates have generally been high resulting in an increase in profit for the year, any business holding Kina and required to fund foreign imports is severely disadvantaged.

The company has consulted widely on a range of issues that may affect its future. As a result a number of possible strategies for the future have been identified and are in the process of review by the Board.

Once the Board has finalised its deliberation and settled a position, shareholders will be informed and if appropriate a special general meeting will be called.

I am pleased to advise that Mr Bruce Alexander, the former chairman of Westpac Bank in PNG, was appointed to the Board during the year. Bruce has been a most valuable addition to the Board and I support his election at this meeting.



**B. L. Cusack**  
Chairman  
7 March, 2000

# the year in review

## ADMINISTRATION:

The "peace process" is now into its third year and the company has still not gained access to the Panguna mine site.

Whilst other areas such as Loloho and Arawa are accessible, because of sensitivities on Bougainville, BCL has elected not to send its representatives to the island.

The people of Bougainville will need to be party to any agreement on the future of the mine. The establishment of a government for Bougainville acceptable to its people and PNG is therefore required for an agreement to be concluded. It is hoped the political future of Bougainville will be settled during the coming year.

Shareholders were advised at the last annual general meeting that company property was being stolen and destroyed as part of a commercial scrap metal business. Legal action by the company has, we believe, stopped this illegal trade but not before considerable damage was caused to mine site and port infrastructure. For example, all that remains of the power station is the shell of the building and badly damaged generating equipment. The company has also received reports that virtually no mine site infrastructure has escaped damage.

The Board has considered whether it is in the shareholders' interest to list on the newly established Port Moresby Stock Exchange. Two advantages that might flow from such a listing are the potential to raise equity in the local market and the ability to trade locally. Given BCL has no immediate prospects of mine redevelopment there is no current need to raise equity. There is also no advantage for the vast majority of shareholders in a local listing as over 90% of shareholders do not hold a tradeable parcel of shares. Listing carries with it costs and additional administration. In the circumstances the Board does not propose at this stage that BCL be listed on the local exchange.

BCL continues to use the services of Rio Tinto Minerals (PNG) Limited (RTM) under modified terms of the management agreement which has been in place since

mining commenced. RTM provides management services "at cost". Under the original agreement a management fee was payable based on mine production in addition to reimbursement of costs.

## FINANCE AND ASSETS:

Interest earnings have increased from K124 million last financial year to K167 million in the current year. General and administration expenses for the year were held at the levels of the previous year despite a significant decline in the Kina/A\$ exchange rate. Some rationalisation of the balance sheet has taken place with respect to aged debtors and creditors giving rise to an abnormal gain of K1.6 million. As a result net profit for the year has increased by K6.2 to K13.9 million.

Total cash reserves at the end of the year stood at K106.9 million.

The company's main asset remains the Panguna mine and infrastructure. Although access to much of the infrastructure is not available to the company, it is assumed considerable deterioration has occurred. A decision was taken in 1991 to make a general provision of K350 million to allow for future write-down of the value of assets when their true value can be ascertained. This provision has not been increased since 1991 nor has depreciation been charged.

In previous years the directors had made provision for ongoing compensation to landowners with these funds being set aside in a separate interest bearing deposit. The directors consider that the provision held as at 31 December 1998 is adequate to cover the claims to which the company may be liable and accordingly no further provision has been made in 1999.

The provision for landowners' compensation has been re-named in recognition of the general nature of the company's potential obligations as a consequence of prolonged cessation of operations. Cash balances previously held in respect of this provision and shown under Other Debtors have been reclassified as Bank Balances.

## ORE RESERVES:

No exploration or other work took place on ore reserves during the year. At mine closure the recoverable proved ore reserves based on the 1989 estimates are 496 million tonnes of average grade 0.45% copper and 0.55 grams per tonne gold. Upgrading by screening adds 520 million tonnes of 0.22% copper and 0.18 grams per tonne gold. This would produce an additional 195 million tonnes of mill feed averaging 0.34% copper and 0.28 grams per tonne gold.

The total mineable mill feed was estimated at 691 million tonnes averaging 0.40% copper and 0.47 grams per tonne gold.

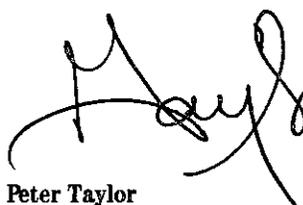
In 1989 the exchange rate was US\$1.17 to the Kina, the copper price was US\$1.29/lb. and gold US\$381/oz. By comparison 1999 averages have been US\$0.39 to the Kina, US\$0.71/lb. copper and US\$280/oz. gold and are unlikely to support the same level of ore reserves.

## COMING YEAR:

In the coming year consideration will be given to further rationalising the company's balance sheet particularly with regard to the remaining contingent liabilities and unrealised assets.

This year's annual report contains a statement on the environment. Work will continue in the coming year on analysing and defining likely environmental issues to be addressed arising from natural processes that have taken place in the ensuing decade.

A provision has now been established to provide funding for care and maintenance projects where there is access to company property. One such area is Loloho where consumables owned by the company have been disturbed or have naturally deteriorated and may require stabilising or containment.



**Peter Taylor**  
Managing Director  
7 March, 2000

# directors' report

The directors of Bougainville Copper Limited present their report on the audited financial statements of the company for the year ended 31 December, 1999.

## REVIEW:

The Panguna mine has not operated since 15 May, 1989 due to the crisis on Bougainville and the activities of armed militants, and it has not been possible for company employees to return to the mine since their withdrawal early in 1990.

Following withdrawal of employees from the island, a small management team was established in Port Moresby. This team has now been incorporated into Rio Tinto Minerals (PNG) Limited (RTM), a wholly owned subsidiary of Rio Tinto Limited. The company has a service agreement with RTM.

Restoration of services is continuing in all areas of Bougainville other than the area centred on Panguna. It is not possible to estimate when these services will extend to the whole island.

Any re-opening of the mine will be conditional upon restoration of law and order, satisfactory economic conditions and support from governments and landowners. The company maintains a watch on these factors.

## DIRECTORS:

The directors of Bougainville Copper Limited at the date of this report are:

### B. L. Cusack (Chairman)

Age 57 B Eng (Hons) M Eng Sci (Hons)  
Extensive experience within the Rio Tinto Group since 1966 including Managing Director of Dampier Salt, Hismelt and Hamersley Iron. Currently Managing Director of Rio Tinto Australia. Appointed director of Bougainville Copper Limited August, 1997.

### B. R. Alexander Age 57 FAIB FAICD

Forty years with Westpac Banking Corporation including five years as Chief Executive, Pacific Regional Banking and Chairman, Westpac Bank (PNG) Limited (1994-1999). Former President Australia PNG Business Council. Current Deputy Chairman, AESOP Business Volunteers Limited. Appointed director of Bougainville Copper Limited May, 1999.

### K. Aua Age 44 Bec

Former First Assistant Secretary, Department

of Foreign Affairs & Trade. Managerial roles in the private sector until joining the Department of Mining and Petroleum as Deputy Secretary in 1994. Appointed Secretary, Department of Mineral Resources in 1998. Appointed director of Bougainville Copper Limited October, 1998.

**D. S. Karpin** AM Age 57 B Com (Hons) MBA  
Company Director and Consultant. Chairman of the Monash Mount Eliza Business School Limited. Deputy Chairman of the Heytesbury Group. Director of Placer Dome Inc., John Holland Engineering and Construction Pty Ltd and ANUTECH Pty Ltd. Mr Karpin retired in March, 1996 from RTZ-CRA after a 22 year career. His final role was as Group Executive - Economic Resources with CRA Limited 1992 to 1996. His previous roles with CRA included Managing Director of Argyle Diamonds, Commercial Director of Hamersley Iron and Executive Manager - Commercial with Bougainville Copper Limited. Appointed director of Bougainville Copper Limited November, 1995.

### D. H. McLellan Age 64

Extensive experience of commercial business in Papua New Guinea as former Managing Director of Burns Philp (PNG) Ltd. Former President of PNG Employers Federation. Former Chairman of Australian Executive Overseas Program Ltd. Appointed director of Bougainville Copper Limited July, 1998.

**M. A. Moramoro** OBE Age 47 B Com MSc  
Former Vice Chancellor, PNG University of Technology 1983-90. Joined CRA Minerals (PNG) Pty Limited 1990 - General Manager Corporate Relations. Appointed Executive Director January, 1993 and Managing Director January, 1995. Resigned from Rio Tinto Minerals (PNG) Limited April, 1997 to join Chevron Niugini Limited. Appointed director of Bougainville Copper Limited April, 1993.

**P. R. Taylor** Age 53 BA BSc LLB LLM  
Currently Executive Director Rio Tinto Minerals (PNG) Limited. Former General Manager Commercial CRA Exploration Pty Limited, CRA Projects and Corporate Counsel CRA Services Limited. Appointed director of Bougainville Copper Limited April, 1997 and Managing Director March, 2000.

## ACTIVITIES:

Bougainville Copper Limited has produced copper concentrate containing gold and silver from a mine at Panguna, Bougainville, Papua New Guinea, from 1972 until operations were suspended due to militant activity in May, 1989. The company has no subsidiaries.

## NET EARNINGS:

The net profit of Bougainville Copper Limited for 1999 was K13 927 602 (1998 K7 696 433).

## TAXATION:

No future income tax benefits have been recognised in the accounts pending development of a clearer view of the potential for recommencement of operations.

## SHARE CAPITAL:

There was no change in the company's capital structure during the year.

## LONG TERM LOANS:

The company has no loans and no lines of credit are in place.

## DIVIDENDS:

No dividends have been declared in respect of 1999.

## ACCOUNTING POLICIES:

There have been no changes made in the company's accounting policies during 1999.

## MEETINGS OF DIRECTORS:

There were four full meetings of the company's directors held during the year ended 31 December, 1999, and the numbers of meetings attended by each director were:

B. L. Cusack	4
B. R. Alexander (appointed 1/5/99)	2
K. Aua	4
D. S. Karpin	3
D. H. McLellan	4
M. A. Moramoro	3
P. R. Taylor	4

## DIRECTORS' INTERESTS:

Directors' interests in the share capital of the company and its related companies as at 7 March, 2000 were:

B. L. Cusack	150 BCL shares 6 235 Rio Tinto Limited shares
B. R. Alexander	No interests
K. Aua	No interests

D. S. Karpin 1 398 Rio Tinto Limited shares  
417 Rio Tinto plc shares  
D. H. McLellan No interests  
M. A. Moramoro No interests  
P. R. Taylor 600 Rio Tinto Limited shares

#### INTEREST'S REGISTER:

There were no transactions recorded in the Interest's Register during the year, other than the directors' interests in the shares of the company as shown above.

#### THE YEAR IN REVIEW:

The company has not operated during the year and a review of 1999 activities is set out in the section entitled "The Year in Review", in this annual report (page 4).

#### AUDITORS:

The retiring auditors, PricewaterhouseCoopers, being eligible, offer themselves for re-appointment. Details of amounts paid to the auditors for audit and other services are shown in note 2 to the financial statements.

#### REMUNERATION OF EMPLOYEES:

There were no employees during the year.

#### REMUNERATION OF DIRECTORS:

The amount of directors' remuneration, including the value of benefits, received during the year is shown in note 10 to the financial statements.

#### DONATIONS:

The company did not make donations during the year.

#### ENVIRONMENT:

Mining operations of the company ceased in 1989 and it has been denied access to its mine site because of civil disorder since that year. The company is not aware of any liability being incurred under any environmental legislation.

#### ADDITIONAL INFORMATION:

The directors also state that:

1. There were no significant changes in the state of affairs of the company during the year as set out in this annual report.
2. The results of the operations of the company during the financial year have been, in the opinion of the directors,

substantially affected by events of a material and unusual nature as contained in this report, and as set out in the notes to the accounts.

3. Except as reported in this annual report, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect:

- (i) the operations of the company
  - (ii) the results of those operations or
  - (iii) the state of affairs of the company
- in the financial year subsequent to 31 December, 1999.

4. The directors do not have an interest in any contract or proposed contract with the company, are not parties to any material contract involving directors' interests, and are not in receipt of any loans or benefits other than the aggregate amount of emoluments received or due and receivable by directors shown in the accounts and the amount of fixed salary derived from the company or from a related corporation.

5. No options over shares of the company have been granted by the company during the financial year or since the end thereof; no shares of the company were issued during the year or have been issued since the end thereof by virtue of the exercise of any option granted by the company; and no options over shares of the company are outstanding at the date of this report.

6. During the year an audit committee of the Board of Directors was appointed. Members of the audit committee are B. R. Alexander, D. H. McLellan and M. A. Moramoro.

7. In the exercise of their duties as your directors, the Bougainville Copper Limited Board is committed to observing the highest standards of corporate governance and ethical standards. The Board has the responsibility to set the strategic direction of the company, review the financial performance, monitor achievement against objectives, review the management of business risk and report to the shareholders.

8. There are currently two directors who are full-time employees of the Rio Tinto Group and five independent non-executive directors

(one of whom is the Papua New Guinea government's representative). The Board seeks to maintain an appropriate blend of qualifications, skills and experience of directors commensurate with the size and activities of the company. The Board elects the Managing Director whilst one-third of all other directors, in accordance with the company's Constitution, retire at every annual general meeting, and may be eligible for re-election. The Chairman has the responsibility for overseeing the nomination of all directors and for the review of the Board's membership, in conjunction with all the Board members.

9. The directors shall be paid out of funds of the company by way of remuneration for their services as directors such sum (not exceeding A\$100,000 in total per annum) as the directors may from time to time determine.

10. The company is committed to the management of risks to protect the environment, company assets, earnings and reputation.

11. In exercising their duties as directors, the Board and individual members of it can seek independent professional advice at the company's expense. Requests for the provision of such advice are directed to the Chairman.

12. The company follows a continuous disclosure policy, making announcements to the Australian Stock Exchange when it becomes aware of information which might materially affect the price of its shares.

Signed this 7th day of March, 2000  
in accordance with a resolution of the directors of Bougainville Copper Limited.



P. R. Taylor Managing Director



M. A. Moramoro Director

# statement of cash flows

Bougainville Copper Limited  
year ended 31 December, 1999

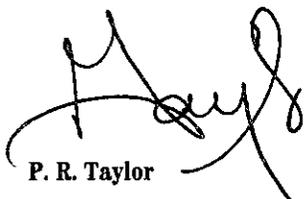
	1999 K'000	1998 K'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers .....	(3 942)	(4 910)
Interest received .....	15 873	11 289
Net operating cash flows .....	11 931	6 379
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of property, plant and equipment .....	663	1 988
Purchase of fixed assets .....	-	(6)
Net investing cash flows .....	663	1 982
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		
Net cash flow .....	12 594	8 361
Cash at beginning of year .....	93 896	85 054
Effect of exchange rate changes on cash held .....	440	481
Cash at end of year .....	106 930	93 896
<b>CASH COMPRISES</b>		
Bank balances .....	76 035	59 566
Short term liquid investments .....	30 895	34 330
	106 930	93 896

All amounts are expressed in Papua New Guinea kina.

Rounding to the nearest thousand kina has been adopted.

The notes commencing on page 10 form part of these accounts  
and are to be read in conjunction with them.

For, and on behalf of, the board.

  
P. R. Taylor  
Managing Director

  
M. A. Moramoro  
Director

7 March, 2000.

# statement of earnings

Bougainville Copper Limited  
year ended 31 December, 1999

	Notes	1999 K'000	1998 K'000
<b>INCOME</b>			
Interest.....	-	16 662	12 397
Net write off of aged debtors and creditors.....		1 590	-
Net exchange gain.....	4	440	481
		<b>18 692</b>	<b>12 878</b>
<b>COSTS AND EXPENSES</b>			
General and administration expenses.....	2	(4 764)	(5 182)
<b>OPERATING PROFIT</b> .....		<b>13 928</b>	<b>7 696</b>
Income tax.....	3	-	-
<b>OPERATING PROFIT AFTER TAX</b> .....		<b>13 928</b>	<b>7 696</b>
Earnings per share (toea).....		<b>3.48</b>	<b>1.92</b>

# statement of movements in equity

	Paid up capital	Asset revaluation reserve	Accumulated losses	Total K'000
Brought forward at 01.01.98.....	401 063	31 276	(176 417)	255 922
Operating profit - 1998.....	-	-	7 696	7 696
Balance at 31.12.98.....	401 063	31 276	(168 721)	263 618
Operating profit - 1999.....	-	-	13 928	13 928
	<b>401 063</b>	<b>31 276</b>	<b>(154 793)</b>	<b>277 546</b>

All amounts are expressed in Papua New Guinea kina. Rounding to the nearest thousand kina has been adopted.  
The notes commencing on page 10 form part of these accounts and are to be read in conjunction with them.

# balance sheet

Bougainville Copper Limited  
at 31 December, 1999

	Notes	1999 K'000	1998 K'000
<b>FUNDS EMPLOYED:</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Paid up capital .....	9	401 063	401 063
Asset revaluation reserve .....	7	31 276	31 276
Accumulated losses .....		(154 793)	(168 721)
		<b>277 546</b>	<b>263 618</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions .....	5(b)	22 073	22 073
Other creditors .....	5(b)	4 711	6 418
Income tax .....	3	6 759	6 759
		<b>33 543</b>	<b>35 250</b>
<b>CURRENT LIABILITIES</b>			
Creditors .....	5(a)	1 248	405
<b>TOTAL FUNDS</b> .....		<b>312 337</b>	<b>299 273</b>
<b>THESE FUNDS ARE REPRESENTED BY:</b>			
<b>NON-CURRENT ASSETS</b>			
Other debtors .....	8(b)	4 291	4 338
Mine assets .....	6	197 906	198 569
		<b>202 197</b>	<b>202 907</b>
<b>CURRENT ASSETS</b>			
Bank balances .....		76 035	59 566
Short term liquid investments .....		30 895	34 330
Other debtors .....	8(a)	3 210	2 470
		<b>110 140</b>	<b>96 366</b>
<b>TOTAL ASSETS</b> .....		<b>312 337</b>	<b>299 273</b>

Details of contingent liabilities and assets are shown in note 11.

All amounts are expressed in Papua New Guinea kina.

Rounding to the nearest thousand kina has been adopted.

The notes commencing on page 10 form part of these accounts  
and are to be read in conjunction with them.

# notes to accounts

These notes form part of the 1999 accounts of Bougainville Copper Limited and should be read in conjunction with them.

## 1. (a) BASIS OF PREPARATION

Mine production was suspended on 15 May, 1989 because of attacks on employees. Following repeated instances of damage to mine facilities and the power line and further attacks on employees, it became necessary to evacuate all remaining company personnel from Bougainville early in 1990.

There continues to be considerable uncertainty surrounding the future of the Panguna mine. Since the withdrawal of company personnel from Bougainville was completed on 24 March, 1990, there has been no care and maintenance of the company's assets. Considerable deterioration of the assets has occurred in the intervening period, because of this lack of care and maintenance, their exposure to the elements, and vandalism, pilferage and militant action. However, as access to the mine site has not been possible, the extent of the necessary write-downs is not capable of reliable measurement or estimation. At the same time, because the assets are not in use, normal depreciation charges, to reflect wear and tear from their utilisation in production, are not technically appropriate.

Nevertheless, with the passage of time, it is clear that a major write-down of assets from their pre-closure levels will be required. To allow for this future write-down, the directors made a general provision in 1991 for deterioration, damage and pilferage of K350 million, with this sum being classified as an extraordinary item.

The exact quantum of this provision should not be viewed as a precise calculation reflecting an accurate estimate of the present value of losses or the likely costs of repair. Rather, the reduction in carrying value should be seen as a broad estimate of the total service potential likely to have been lost to the operation in respect of the whole inventory of assets carried in the books.

While directors have made this 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.

Considerable future funding would be required to recommence operations, principally for the recruitment and training of the work-force, restoration of facilities, recommissioning or replacement of assets and re-establishment of working capital.

Expenditures would be brought to account when incurred, in accordance with generally accepted accounting principles. Some would be capitalised, but a significant proportion would be treated as expense. The source of this funding would be addressed at the appropriate time.

The directors note that the economic viability of resumed operations would depend upon a number of factors which they cannot accurately predict, including the cost of recommissioning, likely future operating costs, government and community requirements, funding arrangements, the market and economic outlook at the time. It is not possible at present to determine when this might be achieved or the degree of damage and deterioration to assets which might have occurred during the period of suspension of operations.

## 1. (b) ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the accounts are stated to assist in a general understanding of the financial statements. It should be noted that the principal policies set out below are applicable only because of the basis of accounting adopted for the reasons set out above. Accounting policies relevant to mining operations are not presented.

The policies generally comply with Australian Accounting Standards and conform in all material respects with the International Accounting Standards which have been adopted in Papua New Guinea. They are consistent with those adopted in the previous period unless otherwise stated.

**COST CONVENTION:**

The results of operations and the financial position of the company are accounted for under the historical cost convention, except that they reflect the revaluation in 1980 of certain major items of property, plant and equipment.

**DEPRECIATION AND AMORTISATION:**

Following cessation of mining activities, in 1991 a general provision of K350 million was made for deterioration, damage or pilferage of company assets on Bougainville. The accuracy of that provision cannot be proved, because the lack of access to Bougainville prevents a detailed assessment of the nature or extent of those losses. No depreciation charge or increase to the general provision has been made since 1991. The directors consider that any further review of the general provision at this time would be completely arbitrary because of the continuing lack of access to the mine.

**TAXATION:**

Tax effect accounting procedures are followed. Any current liability for income tax is based on estimated taxable income for the year. The components of this taxable income can differ from those which make up the earnings before tax for the year and these differences are either permanent differences or temporary differences. Permanent differences are disclosed in note 3. Temporary differences arise because the tax base of some assets and liabilities is different from their accounts carrying value. The tax effect of these temporary differences is classified as either deferred income tax liability or future income tax benefit in the balance sheet. Future income tax benefits are not recognised unless their realisation is probable. Future income tax benefits therefore have not been recognised pending the development of a clearer view of the timing of recommencement of operations.

**FOREIGN CURRENCY:**

Monetary assets and liabilities in foreign currencies are translated into Papua New Guinea currency at the rates of exchange ruling at balance date. All other overseas transactions are translated at the rates of exchange applying when they occurred. Exchange gains and losses on overseas borrowings are recognised as they occur to reflect the full effect of exchange rate movements. Other monetary gains and losses are also recognised as they occur. Gains and losses on hedges (excluding hedges relating to specific commitments) are included in earnings for the period during which the exchange rate movements occurred.

**PROVISIONS:**

Provision is made for compensation, rehabilitation and stabilisation for which the company may be liable as a consequence of cessation of operations. The amount previously shown as a liability for landowners' compensation has been reclassified as a provision, and the comparative amount has been restated on a consistent basis. Bank balances previously shown under Other Debtors in respect of this liability have been reclassified as part of Bank Balances.

Bougainville Copper Limited year ended 31 December, 1999	1999 K'000	1998 K'000
<b>2. GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Provision for doubtful debts in respect of other non-current debtors .....	490	420
Remuneration of Directors (Note 10) .....	125	65
Auditors' remuneration - auditing the accounts .....	10	9
- other services .....	14	8
(The auditors have received no other benefits)		
Care and maintenance .....	1 194	468
Compensation .....	-	1 358
Management fees - related party (Note 15) .....	1 544	933
Other general and administrative expenses .....	1 387	1 921
	<b>4 764</b>	<b>5 182</b>

Bougainville Copper Limited	<b>1999</b>	1998
year ended 31 December, 1999	<b>K'000</b>	K'000

### 3. TAXATION

(a) The following reconciliation discloses the items which caused the charge for income tax in the statements of earnings to vary from the income tax prima facie payable on reported earnings:

Operating profit before taxation.....	<b>13 928</b>	7 696
Prima facie income tax @ 35%.....	<b>4 875</b>	2 694
Non-taxable interest.....	-	(2 694)
Future tax benefit now recognised.....	<b>(4 875)</b>	-
Income tax expense.....	-	-

(b) An agreement between the Independent State of Papua New Guinea and Rio Tinto Limited provides for the deferral of income tax payable in respect of the 1989 year until certain criteria have been met following successful recommencement of operations.

(c) The future income tax benefit relating to tax losses has not been brought to account because their realisation is not probable. Available tax losses carried forward amount to K178 542 916 (1998 K228 850 535).

### 4. EXCHANGE FLUCTUATION

(a) The net exchange gain reflected in earnings arose from:

Overseas cash balances.....	<b>440</b>	481
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(b) Foreign currency amounts included in current assets and current liabilities that are not effectively hedged are:

Current assets: kina equivalent of US dollars.....	<b>648</b>	1 239
kina equivalent of Australian dollars.....	<b>589</b>	164
Current liabilities: kina equivalent of US dollars.....	<b>399</b>	322
kina equivalent of Australian dollars.....	<b>7</b>	32

No foreign currency amounts are included in non-current assets and non-current liabilities.

### 5. LIABILITIES

#### Creditors

(a) **Current**

Provision for care and maintenance.....	<b>835</b>	-
Trade creditors.....	<b>407</b>	373
Related corporations.....	<b>6</b>	32
	<b>1 248</b>	405

(b) **Non-current**

Other creditors.....	<b>4 711</b>	6 418
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Creditors that have been carried forward as current liabilities since the mine closure have been re-classified to non-current liabilities, as the directors consider they are unlikely to be settled within the following year. Aged creditors that are no longer considered payable have been written back. Comparatives for the prior year have been restated on a consistent basis.

Provision for compensation, rehabilitation and stabilisation.....	<b>22 073</b>	22 073
---	---------------	--------

The company has a provision for compensation, rehabilitation and stabilisation for which it may be liable as a consequence of cessation of operations. The directors consider that the provision held of K22.07 million is adequate to cover claims for which the company may be liable.

Bougainville Copper Limited year ended 31 December, 1999	1999 K'000	1998 K'000
<b>6. MINE ASSETS</b>		
(a) Mine development and buildings.		
- at directors' 1980 valuation.....	292 165	292 165
Less accumulated depreciation.....	159 721	159 721
	<u>132 444</u>	<u>132 444</u>
- at cost.....	102 988	102 988
Less accumulated depreciation.....	38 664	38 664
	<u>64 324</u>	<u>64 324</u>
Net mine development and buildings.....	<u>196 768</u>	<u>196 768</u>
(b) Plant, machinery & equipment		
- at directors' 1980 valuation.....	245 177	245 177
Less accumulated depreciation.....	148 866	148 866
	<u>96 311</u>	<u>96 311</u>
- at cost.....	304 486	304 486
Less accumulated depreciation.....	104 703	104 703
	<u>199 783</u>	<u>199 783</u>
Net plant, machinery & equipment.....	<u>296 094</u>	<u>296 094</u>
(c) Mine Property		
- at cost.....	62 121	62 121
Less accumulated amortisation.....	46 204	46 204
Net mine property.....	<u>15 917</u>	<u>15 917</u>
(d) Capitalised works in progress		
- at cost.....	29 124	29 787
Total property, plant & equipment		
- at cost or valuation.....	1 036 061	1 036 724
Less accumulated depreciation/amortisation.....	498 158	498 158
Net book value.....	<u>537 903</u>	<u>538 566</u>
Stores.....	10 003	10 003
Total mine assets.....	<u>547 906</u>	<u>548 569</u>
Less general provision for deterioration, damage and pilferage since the withdrawal of company personnel.....	350 000	350 000
Net book value.....	<u>197 906</u>	<u>198 569</u>
Reconciliation of Movement in Net Book Value.		
Net Book Value at beginning of year.....	198 569	200 069
Additions.....	-	6
Disposals.....	663	1 506
Net Book Value at end of year.....	<u>197 906</u>	<u>198 569</u>

The basis of valuation of these assets are set out in note 1.(b) of the accounts and attention is drawn to note 1.(a) titled "Basis of Preparation". Due to the loss of complete historical information following the closure of the mine it is not possible to reliably estimate the carrying amount that would have been included had mine assets been carried at original cost less accumulated depreciation.

Bougainville Copper Limited	1999	1998
year ended 31 December, 1999	K'000	K'000

### 7. ASSET REVALUATION RESERVE

Asset Revaluation Reserve.....	31 276	31 276
--------------------------------	--------	--------

In 1980 mine assets were revalued by K300 million. A majority of the reserve created by this revaluation was distributed to shareholders by way of bonus shares leaving a residual amount as shown in this note that has been carried forward.

### 8. OTHER DEBTORS

#### (a) Current

Other debtors.....	87	137
Interest receivable.....	1 383	2 333
Withholding tax receivable.....	1 740	-
	<u>3 210</u>	<u>2 470</u>

#### (b) Non-current

Other debtors.....	7 518	7 075
Provision for doubtful debts.....	(3 227)	(2 737)
	<u>4 291</u>	<u>4 338</u>

Debtors that have been carried forward as current assets since the mine closure have been re-classified to non-current assets, as the directors consider they are unlikely to be settled within the following year. A significant proportion of these other debtors are receivable from State owned entities, and are considered subject to offset on settlement against amounts owing to other State owned entities included in other creditors (Note 5 (b)). Aged debtors that are no longer considered collectable have been written off. Comparatives for the prior year have been restated on a consistent basis.

### 9. CAPITAL

The issued capital of the company is 401 062 500 ordinary shares, fully paid. No change in issued capital occurred during 1999.

### 10. REMUNERATION OF DIRECTORS

Directors' remuneration, including the value of benefits, received during the year is as follows:

B. L. Cusack.....	-	-
B. R. Alexander.....	22	-
K. Aua.....	-	-
D. S. Karpin.....	35	26
D. H. McLellan.....	34	13
M. A. Moramoro.....	34	26
P. R. Taylor.....	-	-

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## 11. CONTINGENT LIABILITIES AND ASSETS

Bougainville Copper Limited is contractually obliged to reimburse Shell Papua New Guinea Pty Limited for any retail sales tax payable by Shell on petroleum products sold to the company. A claim for retail sales tax amounting to approximately K4 663 000 has been lodged by the North Solomons Provincial Government. However, the validity of the tax is being disputed by both Shell Papua New Guinea Pty Limited and the company.

The directors do not expect the company to suffer any material loss as a result of the cancellation of purchase orders for either revenue or capital contracts.

As at 31 December 1999, there did not exist any contingent liabilities for termination benefits under service agreements with directors or persons who take part in the management of the company.

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## 12. MINING TENEMENTS

The company holds 100% interest in leases: 1, B9, B6, B8, B7, B2, B10, B3; and prospecting authorities: 1, 2, 3, 4, 5, 6, 7A and 7B on Bougainville Island.

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## 13. HOLDING COMPANY

The holding company is Rio Tinto Limited (incorporated in Australia).

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## 14. SEGMENTAL INFORMATION

The company did not trade during the year. Its only assets represent the Panguna mine and associated facilities on Bougainville Island, Papua New Guinea and limited plant and equipment in storage in the United States of America.

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## 15. RELATED PARTY TRANSACTIONS

Transactions with directors are disclosed in note 10.

In 1999 the company paid fees of K52 796 (1998 K73 381) to Rio Tinto Financial Services Limited for managing investment funds and K1 491 544 (1998 K859 500) to Rio Tinto Minerals (PNG) Limited for the provision of office space, staff and related services. With the exception of the above the company did not enter into any other transactions with related parties.

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## 16. FINANCIAL INSTRUMENTS

### (a) Foreign Exchange

The Company undertakes transactions in foreign currencies from time to time and holds bank balances denominated in foreign currencies. Exposures to foreign currency fluctuations arise from these activities. Details of exchange fluctuations and foreign currency amounts are shown in note 4.

### (b) Credit Risk

There are no significant concentrations of net credit risk.

### (c) Fair Values

The Company is not in a position to determine the fair values of its receivables and payables due to the significant uncertainties arising from the closure of the mine.

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# independent audit report

## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BOUGAINVILLE COPPER LIMITED

### Scope

We have audited the financial statements of Bougainville Copper Limited for the financial year ended 31 December 1999 as set out on pages 7 to 15.

These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements comply with generally accepted accounting practice, which includes International Accounting Standards and Statements of Accounting Standards issued by the PNG Institute of Accountants, and statutory requirements in Papua New Guinea so as to present a view which is consistent with our understanding of the company's financial position, the results of its operations and its cash flows. We believe that our audit provides a reasonable basis for our opinion.

Our firm provides taxation services to the company.

### Qualified Audit Opinion

These accounts have been prepared with the inclusion of the company's 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 is expected to have occurred in the period since the withdrawal of company personnel from Bougainville in early 1990. As explained in note 1. (a) to the accounts, it is not possible, at present, to determine when the company will resume operations at the Panguna mine on Bougainville Island, or to measure or estimate reliably the extent of deterioration, damage and pilferage of assets.

While the directors have made this 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 personnel is again possible.

In our opinion, providing for the probable loss from deterioration, damage or pilferage is the appropriate accounting treatment for the actual losses which will have occurred in the period to 31 December, 1999. However, as the actual extent of such losses can only be established after the company regains access to the mine site, we recognise that, at present, those losses are not capable of reliable measurement or estimation, either by directors or by us. Accordingly the provision made by directors in 1991 may eventually prove to be above or below the sum which is necessary to reflect these losses.

If the company is ultimately unable to recommence operations successfully at the Panguna mine, in our opinion, the company's mine assets, as disclosed in the accounts, would need to be written off, less any amounts which may be recovered by sale or compensation.

In the absence of all the necessary information and explanations we require, (because both we and the directors have been unable to obtain access to Bougainville Island) and for the reasons set out above, we are unable to form an opinion as to whether or not the provision against the net book value 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.

These assets which represent 63% of the book value of total assets and 72% of the book value of net tangible assets are of fundamental importance to the presentation of the accounts. In view of the uncertainty over the quantum of the general provision that has been made against these assets, as set out above, we are unable to form an opinion as to whether or not the accounts give a true and fair view of the state of affairs of the company as at 31 December, 1999 and the results for the year ended on that date.

In our opinion, except that the records of mine assets may not be a reflection of the existence and value of those assets on Bougainville Island, proper accounting records have been kept by the company as far as appears from our examination of those records.

PricewaterhouseCoopers  
by S. C. Beach  
Registered under the Accountants Registration Act (1996)  
Port Moresby,  
on this 7th day of March 2000.

# corporate information

## BOUGAINVILLE COPPER LIMITED

(Incorporated in Papua New Guinea)

### Registered Office:

6th Floor, Pacific Place,  
Cnr Champion Parade and Musgrave Street,  
Port Moresby  
Papua New Guinea  
Telephone: 3212044  
Facsimile: 3213634

### Principal Registered Office in Australia:

Bougainville Copper Limited  
A.R.B.N. 007 497 869  
Level 33, 55 Collins Street, Melbourne, Vic. 3000.  
Telephone: (03) 9283 3333  
Facsimile: (03) 9283 3707

### Share Registers:

c/o Deloitte Touche Tohmatsu  
8th Floor, Pacific Place,  
Cnr Champion Parade and Musgrave Street,  
Port Moresby  
Papua New Guinea  
Telephone: 321 1911  
Facsimile: 321 1389

### Postal Address:

PO Box 112 Port Moresby.

### c/o Computershare Registry Services Pty Ltd

Level 12, 565 Bourke Street, Melbourne, Vic. 3000.  
Telephone: (03) 9611 5711  
Facsimile: (03) 9611 5710

### Postal Address:

GPO Box 2975EE Melbourne, Vic. 3001

### Stock Exchanges:

Listed with the Australian Stock Exchange Limited

### Auditors:

PricewaterhouseCoopers  
PO Box 484  
Port Moresby  
Papua New Guinea

### Bankers:

Commonwealth Bank of Australia  
Papua New Guinea Banking Corporation  
Bank of New York

### Solicitors:

Arthur Robinson & Hedderwicks  
Gadens Lawyers

## TWENTY LARGEST SHAREHOLDERS

The twenty largest shareholders as at 7 March, 2000 and the number of shares held by each were:

Name and Registered Address	Shares	% of Issued Shares
1 Rio Tinto Limited Melbourne Vic	214 887 966	53.58
2 The Independent State of Papua New Guinea	76 430 809	19.06
3 ANZ Nominees Limited Melbourne Vic	25 224 480	6.29
4 Citicorp Nominees Pty Limited Melbourne Vic	23 795 554	5.93
5 Westpac Custodian Nominees Limited Sydney NSW	7 868 233	1.96
6 Chase Manhattan Nominees Limited Sydney NSW	5 520 531	1.38
7 HSBC Custody Nominees (Australia) Limited Sydney NSW	3 815 365	0.95
8 Bougainville Copper Foundation Port Moresby PNG	3 600 000	0.90
9 Public Officers Superannuation Fund Board Port Moresby PNG	2 561 500	0.64
10 National Nominees Limited Melbourne Vic	1 747 386	0.44
11 James West Brisbane Qld	1 529 511	0.38
12 Ronald James Kelly Broadbeach Qld	1 000 000	0.25
13 Carstock Nominees Pty Limited Melbourne Vic	850 000	0.21
14 Franz Heinrich Rast Bulli NSW	802 986	0.20
15 Deep Investments Pty Limited Pymble NSW	619 343	0.15
16 Deep Valley Pty Limited Virginia Qld	377 000	0.09
17 Abtourk (Sydney No 391) Pty Limited Brookvale NSW	300 000	0.07
18 S M George Pty Limited Brisbane Qld	300 000	0.07
19 Merrill Lynch (Australia) Nominees Pty Limited Sydney NSW	286 463	0.07
20 Custom Company Inc. New York USA	281 968	0.07
	<u>371 799 094</u>	<u>92.69</u>

## DISTRIBUTION OF SHARES

As at 7 March 2000: The issued shares of the company were 401 062 500 fully paid one kina shares, each carrying one voting right. The number of shareholders was 17 260.

The distribution of holdings of the issued shares was:

	Number of Shares	%
1 - 1 000 shares	13 951	80.83
1 001 - 5 000 shares	2 334	13.52
5 001 - 10 000 shares	506	2.93
10 001 - shares and over	469	2.72
Total shareholders	<u>17 260</u>	<u>100.00</u>

There were 15 568 holdings of shares (90.2%) which do not form a marketable parcel.

92.69% of the total issued shares were held by or on behalf of the 20 largest shareholders.

The substantial shareholders were:

Rio Tinto Limited and its wholly-owned subsidiary Rio Tinto Base Metals Pty Limited 214 887 966 shares (53.58%); Rio Tinto plc has an interest in the same shares through its wholly-owned subsidiaries' (Tinto Holdings Australia Pty Limited, Melbourne, Vic., Rio Tinto Australian Holdings Limited, Rio Tinto Pacific Holdings Limited and Rio Tinto International Holdings Limited, all of London, UK) interests in Rio Tinto Limited and Rio Tinto Base Metals Pty Limited; The Independent State of Papua New Guinea - 76 430 809 shares (19.06%).

## APPLICABLE JURISDICTION

The company is incorporated in Papua New Guinea and is not generally subject to Australian Corporations Law including, in particular, Chapter 6 of the Australian Corporation Law dealing with the acquisition of shares (including substantial shareholdings and take-overs), but is instead subject to the provisions of the Papua New Guinea Companies Act 1998 and Securities Act 1998.

## DIRECTORS' INTERESTS

Directors' interests in the share capital of the company and its related companies as at 7 March, 2000 were:

B. L. Cusack	150 BCL shares 6 235 Rio Tinto Limited shares
B. R. Alexander	No interests
K. Aua	No interests
D. S. Karpin	1 398 Rio Tinto Limited shares 417 Rio Tinto plc shares
D. L. McLellan	No interests
M. A. Moramoro	No interests
P. R. Taylor	600 Rio Tinto Limited shares

# statistical summary

<b>FINANCIAL</b>	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
<b>Earnings (K million)</b>											
Net sales revenue and other income*****	18.3	12.4	6.1	10.7	5.5	2.2	1.7	2.2	3.3	80.2	231.6
Operating and other expenses****	4.8	5.2	4.8	5.0	4.9	3.6	4.1	5.1	316.6	36.8	181.7
Depreciation*****	-	-	-	-	-	-	-	-	-	51.5	47.3
Earnings/(loss) before taxation and exchange gains	13.5	7.2	1.4	5.7	0.6	(1.4)	(2.4)	(2.9)	(313.3)	(8.1)	2.6
Exchange gains/(losses)	0.4	0.5	-	-	6.6	9.2	(0.3)	1.5	0.1	(0.5)	2.5
Earnings/(loss) before taxation	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)	(8.6)	5.1
Income tax	-	-	-	-	-	-	-	-	-	6.0	2.57
Additional profits tax	-	-	-	-	-	-	-	-	-	-	-
Net earnings/(loss)	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)	(14.6)	(20.6)
Dividends	-	-	-	-	-	-	-	-	-	-	-
Earnings/(losses) retained	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)	(14.6)	(20.6)
<b>Balance sheet (K million)</b>											
Property, plant and equipment	197.9	198.6	200.1	200.6	200.7	200.7	200.8	201.4	201.5	545.9	595.8
Investments and loans	-	-	-	-	-	-	-	-	-	-	-
Current and other non-current assets	114.4	100.7	87.7	85.4	76.0	65.6	56.2	56.8	56.5	64.7	59.5
Total assets	312.3	299.3	287.8	286.0	276.7	266.3	257.0	258.2	258.0	610.6	655.3
Shareholders' funds	277.5	263.6	255.9	254.5	248.8	241.6	233.8	236.4	237.9	551.1	565.6
Exchange fluctuation	-	-	-	-	-	-	-	-	-	-	-
Long term liabilities	33.5	35.3	6.8	6.8	6.8	6.8	6.8	6.8	6.8	47.7	46.9
Current liabilities	1.3	0.4	25.1	24.7	21.1	17.9	16.4	15.0	13.3	11.8	42.8
Funds employed	312.3	299.3	287.8	286.0	276.7	266.3	257.0	258.2	258.0	610.6	655.3
<b>PRODUCTION/SALES</b>											
<b>Mined</b>											
Ore and waste removed (millions of tonnes)	-	-	-	-	-	-	-	-	-	-	33.27
Ore milled (millions of tonnes)	-	-	-	-	-	-	-	-	-	-	18.52
Ore grade											
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	0.44
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	0.50
<b>Produced</b>											
Concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	224.6
Contained copper (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	68.7
Concentrate grade											
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	30.1
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	31.0
Silver (grams/tonne)	-	-	-	-	-	-	-	-	-	-	91.2
<b>Shipped</b>											
Total concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	250.8
Destination:											
Japan (per cent)	-	-	-	-	-	-	-	-	-	-	40.2
Other Asian (per cent)	-	-	-	-	-	-	-	-	-	-	34.3
Europe (per cent)	-	-	-	-	-	-	-	-	-	-	25.5
All Other (per cent)	-	-	-	-	-	-	-	-	-	-	0.0
<b>Values</b>											
Gross concentrate sales value (before treatment and refining charges, freight, etc.) (K million)	-	-	-	-	-	-	-	-	-	0.3	260.0
Contribution by:											
Copper (per cent)	-	-	-	-	-	-	-	-	-	61	68
Gold (per cent)	-	-	-	-	-	-	-	-	-	38	31
<b>OTHER</b>											
US\$/Kina exchange rate	0.39	0.48	0.69	0.76	0.79	1.01	1.02	1.04	1.05	1.05	1.17
Average metal prices											
LME copper (US\$/lb)	71.4	75.2	105.6	104.0	133.1	105.0	87.0	103.0	106.0	119.8	129.0
London gold market (US\$/oz)	280.0	294.0	335.3	387.0	384.5	384.0	360.0	344.0	362.2	382.8	381.0
Return on shareholders' funds (per cent)	5.0	2.9	0.5	2.2	2.9	3.2	-	-	-	-	-
Earnings per share*** (toea)	3.5	1.9	0.3	1.4	1.8	1.9	-	-	-	-	-
Dividends per fully paid share*** (par value K1.00) (toea)	-	-	-	-	-	-	-	-	-	-	-
Number of shares issued at end of year (millions)	401	401	401	401	401	401	401	401	401	401	401
Number of shareholders at end of year	17 260	18 183	18 182	18 041	18 452	18 765	19 189	19 851	19 982	20 532	21 287
Debt/equity ratio	-	-	-	-	-	-	-	-	-	-	-
Work force at end of year											
Overseas	-	-	-	-	-	-	-	1	6	13	330
National	-	-	-	-	-	-	-	1	6	10	1 987

Notes: Bonus dividends of 4.0 and 6.7 toea per fully paid share were made in 1979 and 1980 respectively and have been included in dividend figures for those years.

\*Full year figures; but commercial production commenced 1 April, 1972

\*\*1972 figure is for Bougainville Mining Limited

1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972*
493.4	415.4	342.7	317.6	310.9	392.9	283.2	296.4	338.7	343.1	225.1	205.3	208.9	193.1	292.6	252.4	95.9
244.8	227.5	223.7	221.5	234.8	228.1	207.2	210.8	174.8	144.1	125.0	126.8	117.5	107.2	92.5	81.8	53.3
43.9	49.4	47.3	47.6	46.5	47.0	44.2	43.3	43.8	40.7	40.4	36.2	31.1	29.6	28.5	24.8	14.5
204.7	138.5	71.7	48.5	29.6	117.8	31.8	42.3	120.1	158.3	59.7	42.3	60.3	56.3	171.6	145.8	28.1
(2.9)	2.6	2.3	(1.4)	(2.8)	(16.3)	(3.3)	1.1	2.6	3.5	10.3	(0.1)	1.3	2.3	9.5	12.9	(0.4)
201.8	141.1	74.0	47.1	26.8	101.5	28.5	43.4	122.7	161.8	70.0	42.2	61.6	58.6	181.1	158.7	27.7
70.0	50.6	28.7	19.0	15.2	46.9	17.3	20.6	39.6	57.5	22.0	13.7	20.3	12.4	49.1	0.3	-
23.2	-	-	-	-	-	-	-	11.6	20.4	-	-	-	-	17.4	-	-
108.6	90.5	45.3	28.1	11.6	54.6	11.2	22.8	71.5	83.9	48.0	28.5	41.3	46.2	114.6	158.4	27.7
108.3	92.2	44.1	28.1	16.0	52.1	10.0	20.1	80.2	106.9	40.1	21.4	26.7	26.7	73.5	81.4	11.0
0.3	(1.7)	1.2	-	(4.4)	2.5	1.2	2.7	(8.7)	(23.0)	7.9	7.1	14.6	19.5	41.1	77.0	16.7
670.0	527.8	550.1	558.5	576.2	594.9	622.8	611.2	610.8	325.4	340.1	352.2	350.4	346.0	352.2	371.7	378.7
2.2	0.7	0.7	0.2	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-
250.1	260.3	190.1	160.4	152.9	185.3	155.9	148.7	148.4	201.0	125.8	137.1	136.0	129.6	205.6	130.4	73.9
822.3	788.8	740.9	719.1	729.3	780.5	778.8	760.0	759.3	526.5	466.0	489.4	486.5	475.6	557.9	502.2	452.6
586.2	586.0	587.7	586.5	586.5	590.9	588.4	587.2	584.5	294.5	317.5	309.7	302.5	287.9	268.4	227.4	146.7
0.2	0.3	(3.2)	(5.9)	(5.3)	(4.7)	(5.4)	1.5	5.1	5.4	9.0	14.6	9.0	11.5	19.1	39.5	24.2
23.7	24.8	48.1	52.4	52.5	51.6	125.6	80.1	25.7	36.2	42.1	53.3	101.7	106.8	121.1	127.5	204.0
212.2	177.7	108.3	86.1	95.6	142.7	70.2	91.2	144.0	190.4	97.4	111.8	73.3	69.4	149.3	107.8	77.7
822.3	788.8	740.9	719.1	729.3	780.5	778.8	760.0	759.3	526.5	466.0	489.4	486.5	475.6	557.9	502.2	452.6
897.8	835.3	791.6	736.2	744.0	810.0	762.2	775.6	797.6	759.7	790.5	707.9	585.4	564.0	56.00	56.65	467.5
476.9	482.0	478.9	500.7	465.2	477.3	417.4	375.3	376.2	361.7	38.12	34.11	31.21	31.08	30.14	29.14	21.89
0.41	0.41	0.42	0.42	0.42	0.46	0.47	0.51	0.46	0.55	0.60	0.61	0.64	0.64	0.70	0.73	0.76
0.41	0.43	0.48	0.42	0.48	0.55	0.60	0.59	0.50	0.75	0.82	0.90	0.87	0.80	1.02	1.03	0.77
552.0	585.5	586.6	581.8	542.3	636.9	598.6	576.4	510.4	584.7	658.6	615.6	596.8	596.0	640.8	650.2	438.1
166.0	178.2	178.6	175.0	164.4	183.2	170.0	165.4	146.8	170.8	198.6	182.3	176.5	172.5	184.1	182.9	124.0
30.1	30.4	30.5	30.1	30.3	28.8	28.4	28.7	28.8	29.2	30.2	29.6	29.6	28.9	28.7	28.1	28.3
25.1	25.8	27.9	24.7	28.9	28.3	29.3	29.2	27.5	33.7	35.5	36.3	33.9	30.5	32.0	31.6	27.3
87.7	86.4	85.9	79.3	81.9	74.4	72.1	73.5	72.2	76.3	79.8	77.0	76.1	71.0	72.3	69.0	69.3
570.8	567.6	589.4	560.0	550.8	636.1	599.6	596.2	494.4	586.5	640.9	614.8	605.8	587.0	665.8	625.2	434.4
45.4	32.6	43.2	44.1	51.9	47.0	46.6	49.8	54.5	56.0	51.0	54.8	42.3	42.7	51.5	54.8	48.1
23.4	33.5	15.4	15.7	12.3	11.0	6.6	3.3	4.1	3.7	3.2	1.6	1.7	1.7	0.0	0.0	0.0
27.7	33.9	41.4	40.2	35.8	42.0	45.1	45.4	41.4	40.3	42.0	39.9	46.5	63.8	41.9	37.8	49.4
3.5	0.0	0.0	0.0	0.0	0.0	1.7	1.5	0.0	0.0	3.8	3.7	9.5	1.8	6.6	7.4	2.5
561.0	489.4	417.9	381.3	373.4	454.6	343.6	355.2	386.3	407.0	294.5	266.3	260.3	219.4	307.4	270.8	118.8
68	60	54	61	53	52	51	54	51	60	64	66	74	69	74	83	83
30	38	44	37	45	46	47	44	46	37	34	32	24	29	25	16	16
1.16	1.10	1.03	1.00	1.11	1.19	1.35	1.48	1.50	1.41	1.42	1.27	1.26	1.31	1.43	1.42	1.19
117.9	81.0	62.3	64.3	62.4	71.9	67.1	79.0	99.2	89.8	61.9	59.3	63.6	55.9	93.3	80.9	48.6
436.8	446.7	387.9	317.3	360.8	423.5	375.6	459.9	614.7	304.7	193.5	147.8	124.8	160.9	158.7	97.3	53.2
18.5	15.4	7.7	4.8	2.0	9.3	1.9	3.9	12.2	28.5	15.1	9.2	13.7	16.0	42.7	69.7	18.9
27.1	22.6	11.3	7.0	2.9	13.6	2.8	5.7	17.8	20.9	12.0	7.1	10.3	11.5	28.6	39.5	6.9
27.0	23.0	11.0	7.0	4.0	13.0	2.5	5.0	20.0	26.7	10.0	5.3	6.7	6.7	18.3	20.0	2.7
401	401	401	401	401	401	401	401	401	267	267	267	267	267	267	267	260**
21 966	22 650	24 680	27 117	30 435	32 834	36 486	38 027	38 326	38 750	40 935	43 820	50 082	54 129	55 558	45 353	46 726
0.02/1	0.04/1	0.05/1	0.06/1	0.09/1	0.10/1	0.20/1	0.17/1	0.05/1	0.15/1	0.19/1	0.37/1	0.40/1	0.44/1	0.52/1	0.72/1	0.62/1
610	699	706	704	749	751	756	801	877	851	855	853	858	942	980	929	971
2 950	3 025	2 993	2 948	2 987	3 058	3 174	3 377	3 416	3 314	3 243	3 063	2 989	3 094	3 242	2 915	2 594

\*\*\*1972 to 1979 figures are after adjustment for the 1980 capital reconstruction

\*\*\*\*1989, 1990 and 1991 include extraordinary items of K26.1 million, K28.7 million and K309.2 million respectively

\*\*\*\*\*1990 includes extraordinary items of K78.3 million for insurance litigation settlement and K51.5 million for depreciation.

# distribution of the benefits

Bougainville Copper Limited  
year ended 31 December, 1999

	K million		
	1999	1998	1972-1999
<b>PNG GOVERNMENT</b>			
Corporate income tax *.....	-	-	514.2
Additional profits tax *.....	-	-	72.6
Group tax (PAYE).....	-	-	122.2
Customs duty.....	-	-	104.1
Miscellaneous.....	-	-	10.1
Dividends *.....	-	-	165.9
Dividend WHT *.....	-	-	96.5
	-	-	1 085.6
<b>NSP GOVERNMENT</b>			
Royalties (95% to NSPG).....	-	-	61.4
Non Renewable Resources Fund.....	-	-	1.8
Other taxes.....	-	-	12.0
	-	-	75.2
<b>LANDOWNERS</b>			
Royalties (5% to Landowners).....	-	-	3.2
Compensation.....	-	14	35.0
	-	14	38.2
<b>NON-GOVERNMENT SHAREHOLDERS</b>			
Dividends net of Dividend WHT *.....	-	-	576.7
<b>EMPLOYEES</b>			
Wages (less PAYE).....	-	-	575.6
<b>TOTAL</b> .....	-	14	2351.3

Not included in the above table are the benefits received by the providers of goods and services to BCL. A company survey in 1989 revealed that there were approximately 200 Bougainville based business enterprises dependent largely upon BCL's operation. These enterprises employed in excess of 4,000 people prior to the mine closure.

\* These amounts relate to the referable year (i.e. the year in which the amount became due) and hence the cash effect on the PNG economy has a delayed impact.