



# BOUGAINVILLE COPPER LIMITED

INCORPORATED IN PAPUA NEW GUINEA ARBN 007 497 869

P.O.BOX 1274, PORT MORESBY, PAPUA NEW GUINEA

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**Notice to ASX**

**30 March 2012**

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## **2011 Annual Report**

Attached is the 2011 Annual Report which contains the full financial statements for 2011.

The Annual General meeting will be held at the Grand Papua Hotel in Port Moresby Papua New Guinea on the 1<sup>st</sup> May 2012 at 3.00 pm.

The Annual Report and notices of meeting will be mailed to shareholders and posted on the company's web site in due course.

PAUL D COLEMAN  
Company Secretary

**Bougainville Copper Limited**

**Annual Report  
2011**





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# BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

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*Incorporated in Papua New Guinea A.R.B.N. 007 497 869*

## Overview

From 1972 until 1989 when operations were suspended, Bougainville Copper Limited (Bougainville Copper) operated a large open pit mine and processing facility at Panguna on Bougainville Island in the North Solomons Province of Papua New Guinea (PNG) producing copper concentrate containing significant quantities of gold and silver. On 15 May, 1989 production was brought to a halt by militant activity.

In the 17 years prior to 1989, the mine produced concentrate containing three million tonnes of copper, 306 tonnes of gold and 784 tonnes of silver. The production had a value of K5.2 billion which represented approximately 44 per cent of Papua New Guinea's exports over that period. Contributions to the National Government in the form of taxes, duties and dividends were approximately 17 per cent of internally generated Papua New Guinea Government revenue during that time.

A total of K1,088 million was contributed to the National Government, which represented 62 per cent of the net cash generated by the project between 1972-1989. In addition, payments to the North Solomons Provincial Government and Panguna landowners, together with provisions made since 1990, amounted to K114 million. Further, Bougainville Copper'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.

Bougainville Copper trained some 12,000 employees, including approximately 1,000 completing full trade apprenticeships and some 400 completing graduate and post graduate studies that resulted in considerable progress in the localisation of the company's employees and significantly added to the number of skilled workers elsewhere in the country's workforce. At the end of 2011, the company had no employees. The activities of the company are managed on a contracted services basis by a small team of Rio Tinto PNG Limited staff based in Port Moresby.

Since the suspension of mining operations the company has retained, in good standing, its mine lease and other leases on Bougainville.

Bougainville Copper is owned 53.83 per cent by Rio Tinto Limited. The Papua New Guinea Government owns 19.06 per cent, while public shareholders hold the remaining 27.11 per cent of the share capital.

## Bougainville Copper on-line

Information about Bougainville Copper is available on our website – [www.bougainvillecopper.com.pg](http://www.bougainvillecopper.com.pg). The Annual Report and other information can be downloaded from this location.

## Notice of meeting

The Annual General Meeting of Bougainville Copper will be held at 3pm on Tuesday, 1 May 2012 at the Grand Papua Hotel, Mary Street, Port Moresby, Papua New Guinea.

A separate Notice of Meeting is enclosed.

All shareholders are cordially invited to attend.

## Directors

Peter Robert Taylor (chairman)

Robert Staley Burns

John Edmund Leahy

Sir Rabbie Langanai Namaliu

Ian James Williams

## Secretary

Paul Derek Coleman

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## The year in brief

- The past year has given Bougainville Copper more reason for optimism about the future of the company than any year out of the previous twenty.
- There are several activities underway that can positively assist the company in making a return to profitable operations.
- The most beneficial change has been the momentum developing from the Panguna landowners and other Bougainvilleans' focus on re-development agenda. The relationship between President John Momis, his Autonomous Bougainville Government (ABG), and Bougainville Copper's board and management remains cordial and engaged.
- The O'Neill government has publicly acknowledged the company's ongoing rights under the Bougainville Copper Agreement (BCA). Bougainville Copper's major shareholder, Rio Tinto, has confirmed its commitment to exploration and investment in Papua New Guinea, a commitment to the development of PNG that has been unwavering for half a century.
- Several studies have been initiated that will underpin both the re-negotiation of the Bougainville Copper Agreement and feasibility modelling planned by the company.
- Net loss for the year ended 31 December 2011 was K3.7 million (A\$1.5 million) compared with a profit of K2.8 million (A\$1.1 million) the previous year. Investment income was in line with the budget and additional interest of K2.2 million has been brought to account from funds paid to the Supreme Court in relation to the Internal Revenue Commission (IRC) tax dispute. Operating costs were generally in line with the budget.

		2011	2010
Investment income	(K'000)	<b>8,233</b>	17,596
Operating profit (loss)	(K'000)	<b>(3,673)</b>	2,815
Earnings per share	(toea)	<b>(0.916)</b>	0.702
Shareholders' funds	(K'000)	<b>322,499</b>	364,723
Return on shareholders' funds (per cent)		<b>(1.139)</b>	0.772

## Chairman's statement and our year in review – 2011

I can confidently say that 2011 has given me more reason for optimism about the future of this company than any year out of the previous two decades.

There are activities underway in several areas that can positively assist Bougainville Copper in making a return to profitable mining. Some of these are within our control, others less so.

The most beneficial change has been the focus of Panguna landowners and other Bougainvilleans on re-development agenda and the momentum that is beginning to build from their initiatives.

I will address these positive developments shortly, after a report on items of importance to the company and its shareholders that are recurrent, year on year.

### Results

For the year ended 31 December 2011, a loss of K3.7 million has been recorded, compared to a planned loss of K7.3 million. Overall, income and costs were generally within budget, administration and exchange losses being over budget, offset by a similar amount under budget for the Bougainville Copper Agreement renegotiation. Interest of K2.2 million earned on Supreme Court held bank deposits has been brought to account this year.

### Dividend policy

Due to the loss recorded and the need to preserve cash for future development the company will not pay a dividend.

### Investment strategy

Bougainville Copper's liquid assets continue to be cash and Australian equities. The Australian equity market has performed disappointingly compared with the previous reporting period resulting in lower returns on investments. We intend to continue with the current investment strategy, for as long as the Investment committee deems this to be the best option, or until such time as equities need to be sold to fund mine planning and development. It is expected that income for 2012 should improve in terms of percentage returns but the size of the investment portfolio continues to be reduced as a result of the tax dispute discussed below and ongoing project development activities.

The company has sufficient funds to cover its recurrent expenditure under the 2012 plan, and also to carry through to a pre-feasibility study in the medium term. The market has been kept aware of the company's

intention to raise development funds as and when the need arises.

### Tax dispute mediation

As reported in previous years, the company has lodged formal objections to a reassessment by the Internal Revenue Commission (IRC) of Bougainville Copper's claims for losses due to the suspension of mining operations in 1989, and for depreciation of its remaining mine assets. The case is ongoing in the National Court of Papua New Guinea.

The company paid approximately K13 million to the IRC during 2007, which is close to the claimed unpaid primary tax. A further K48.8 million was paid to the IRC during 2010 under the terms of a court-sanctioned arrangement to place the IRC in possession of funds sufficient to pay all outstanding assessments, penalties and interest claimed by the IRC. This arrangement also ensures that those funds are available for return to Bougainville Copper in the event that the company's challenges to the assessments are ultimately upheld by the courts. This money is invested and is bearing interest. The principal and interest will be returned to the company should it prevail in the substantive tax appeal.

In December 2011, Bougainville Copper and the IRC participated in a court initiated mediation, which brought the parties much closer to an agreed settlement of the disputed amounts, but ultimately failed to bridge the gap. The company's appeal has completed discovery and we are waiting on a trial date.

### Litigation in the United States

For a decade now, I have been reporting on litigation involving a small group of Bougainville plaintiffs in the US Federal Court. The matter involves allegations over the way the mine was operated and matters that occurred on Bougainville after operations were suspended. Bougainville Copper is not a party to the litigation but the subject matter relates to its activities and the litigation has the potential to impede redevelopment. The process of allowing a foreign court to decide local matters sends a negative message about Papua New Guinea (PNG) and Bougainville and it is not helpful in attracting investors. Most recently the Appeal Court, in a split decision, held that a limited number of the claims could proceed. Rio Tinto has asked the Supreme Court to hear the case.

## Chairman's statement and our year in review – continued

### Corporate governance

Bougainville Copper has governance reporting obligations to the Australian Securities Exchange (ASX) and internally to Rio Tinto Limited. A statement on Bougainville Copper's compliance with the ASX Corporate Governance Principles and Recommendations is contained in this report. In addition Bougainville Copper responds to the Rio Tinto Limited Internal Control Questionnaire which incorporates Rio Tinto's comprehensive range of policies including safety, environment, financial management and many other risk management matters.

### Risk management

The full board of Bougainville Copper participates in facilitated risk analysis. The aim of these exercises is to identify risks and opportunities for the company and allocate responsibility for each to a member of the management team. The company has also undergone a number of audits to ensure compliance with its own policies and those of Rio Tinto.

### Safety

Rio Tinto has safety as a core value and has in place a comprehensive set of safety standards to ensure that it provides a safe working environment and that its employees and contractors comply with best practice safety procedures. Bougainville Copper complies with the requirements of the Rio Tinto Safety policy.

### Bougainville Copper Agreement

Several new developments have occurred which should help facilitate the re-negotiation of the Bougainville Copper Agreement (BCA), which is necessary due to changed circumstances.

The Bougainville Copper Agreement is an act of the PNG National Parliament, and as such can only be modified or repealed by the Parliament. However, it is recognised by all stakeholders, including Bougainville Copper, that the Agreement was ratified in very different times and circumstances. In order to move forward, significant changes will need to be made to accommodate the views, rights and aspirations of all stakeholders including the landowners and the people of Bougainville.

There is widespread agreement today that Bougainville's economic future needs mining in order to fund services for the people from its own resources, as well as address

future questions of increased autonomy. The commencement of mining at Panguna cannot take place unless all parties – landowners, the Autonomous Bougainville Government (ABG), the National Government of PNG and Bougainville Copper – act in close accord, now and into the future.

Funding and sovereign risk assurance for the project will require a united effort. There will need to be a fair and stable mining regime that gives investors the confidence needed to commit to a project that could cost approximately US\$3 billion.

I am pleased to note that landowners in the six areas most closely affected by the mine's operations, including Panguna, the tailings areas, Arawa, and the road and port leases, have all but completed the formation of legally-based associations capable of providing genuine representation to the process of reviewing the Bougainville Copper Agreement. The process of incorporation, which involves both legal and customary commitments, is most welcome, and should bring us closer to the capacity required to review the BCA to the benefit of all stakeholders. It is a process conducted by the landowners with the support of the Autonomous Bougainville Government and President Momis, and without the participation of Bougainville Copper.

Prime Minister Peter O'Neill has confirmed in the Parliament that Bougainville Copper has, by right of the BCA, permits to operate at Panguna for a further 21 years from 2011. There are also encouraging indications that funding for Bougainville and the drawing down of powers to the ABG, including the power to license and regulate mining, will be invigorated under the O'Neill government.

### Bougainville

There were many positive developments from the Autonomous Bougainville Region during 2011.

The relationship between President John Momis, his government, and the Bougainville Copper's board and management remains cordial and engaged, including the invitation for company representatives to make further visits to the island. President Momis has stated his support for the re-opening of the mine. The momentum has produced landowner elections and increased focus on the re-start agenda is significantly due to the efforts of President Momis and his cabinet.

The World Bank initiative aimed at helping Bougainville

## Chairman's statement and our year in review – continued

develop its mining sector continues to be productive. It is directed towards increasing community benefits from all forms of mining, increasing the technical capacity to regulate mining activity, and thereby help facilitate the transfer of mining powers to Bougainville. This will be an important step because regulatory certainty is needed before a decision to mine can be made. Ideally the Bougainville mining regime will not be radically different to the current system; therefore a smooth transition from the old regime to the new should be possible. It should be noted the ABG Department of Mining is currently recruiting new technical staff.

The combined landowner groupings at Panguna have formed and activated the Panguna Management and Consultative Committee. One of its first achievements was endorsing an invitation to President Momis to visit Panguna, followed by an invitation to Bougainville Copper senior management to visit. Another positive development is the Committee's work on an agenda of issues to bring to the table when negotiations for future operations begin.

Increasing global demand for minerals continues to drive the company's largest shareholder, Rio Tinto Limited, into a new growth phase. Rio Tinto Exploration has applied for exploration licences in PNG, the first such applications since the mid 1990s. This is a good indicator that Rio Tinto plans to be an active participant in PNG's future mineral development. Rio Tinto continues to assist Bougainville Copper with world class technical expertise and management.

The Australian Government continues to be supportive of Bougainville, and has provided senior advisors to President Momis and the ABG. The Australia Papua New Guinea Business Council is active in maintaining a good relationship between Australia and the people of Bougainville. I am currently the president of that Business Council.

Increasingly, Bougainville has its place on the global map of resource development opportunities.

### The year ahead

In addition to the rolling plan that currently guides the operation of your company, the board has conducted two new planning exercises that give as much certainty as possible to decision-making on the path to a resumption of mining.

As we meet today, considerable work is already

underway in updating the Order of Magnitude Study which I discussed in 2009. Such a study will evaluate the potential of restarting operations and would form the basis of a pre-feasibility study. These studies will be extensive and undertaken in close partnership with Rio Tinto.

Our assets will receive a rigorous and important re-evaluation, exposing our potential operation to the matrix of current prices and costs.

We will keep landowners well informed of the company's intentions and planned activities. I want to stress that we want our host community to be involved at every step of the process, and this means providing them with all relevant information.

It is possible that further remediation work and other base line studies will be carried out on site with the co-operation of landowners and the ABG, to make areas safe whether mining proceeds or not. President Momis has been proactive in assisting the company carry out safety work. This work will be undertaken with the cooperation of the landowners, who will be informed and involved as appropriate.

The next phase of technical work, a pre-feasibility study on reopening the mine, will be very expensive so certainty is needed that a workable mining regime and conditions will be put in place before funding is committed. There will be some ongoing studies to provide information for the renegotiation of the BCA, and some of those studies will also be relevant to mine redevelopment. The vision to return to active exploration and profitable mining remains due to the active support from previously mentioned local stakeholders.

Bougainville Copper continues to support the work of the Bougainville Copper Foundation. This is an independent, not for profit organisation that has been funded by the company since its inception in 1971.

This year, as in previous years, the Foundation has funded scholarships for more than 100 Bougainvillean students. It also undertakes special projects on a needs basis with the emphasis being on education, peace and good governance. The Foundation is proud of its achievements and those of its former scholars who are contributing to the development of Bougainville. The company is also sponsoring the Don Vernon post graduate scholarship to Queensland University. The scholarship honours Don Vernon, past chairman of Bougainville Copper and founder of the Australia Papua New Guinea Business



## Chairman's statement and our year in review – continued

Council. The scholarship should add to the considerable weight of knowledge currently possessed within the ranks of Papua New Guinea mining professionals, and we are proud of the initiative.

We face the coming year with enthusiasm for the tasks ahead, and anticipate good progress toward the vision of reopening the mine. We have many initiatives in place,

believe we are ready to go, are engaged with the ABG and landowners, and recognise to a large extent, the timetable rests in their good hands.



**Peter R Taylor**

Chairman & Managing Director.

28 February 2012

## Directors' report

The directors of Bougainville Copper present their report on the audited financial statements of the company for the year ended 31 December 2011.

**Review:** The net loss for 2011 of K3.7 million compares to a profit of K2.8 million in 2010. Investment income was in line with the budget and additional interest of K2.2 million has been brought to account from monies paid to the Supreme Court in relation to the IRC tax dispute. Operating costs were generally in line with the budget. The tax dispute legal fees continue to be a drain on revenue.

**Directors:** The current directors of Bougainville Copper at present are:

**Robert S Burns** FRMIT (Primary Metallurgy) FAusIMM  
Appointed a director in January 2006

Robert Burns is a former employee of the Rio Tinto Group. His 40 years experience in operational and technical roles include seven years with the company. Robert's Rio Tinto roles include senior project manager Resource Developments, general manager Wimmera Industrial Minerals, general manager Kelian Equatorial Mining, managing director Northparkes/Peak Mines, general manager Improving Performance Together Team, chairman Northparkes Mines Joint Venture and chief advisor Technology and Innovation. Robert Burns retired from the Rio Tinto Group effective 31 July 2009. He is a trustee of the AusIMM Education Endowment Fund.

**John E Leahy** B.Juris LLB

Appointed a director in February 2007.

John Leahy has university qualifications in jurisprudence and in law and has been admitted to practise law in Australia and PNG. John has more than 19 years experience in senior tax and management positions in PNG. This experience includes being an AusAID expert adviser to the Department of Finance, assistant collector of Taxes and the managing partner with both Deloitte Touche Tohmatsu and later PricewaterhouseCoopers in PNG.

John Leahy is the past chairman of the Bougainville Economic Development Task Force, past president of the Australia Papua New Guinea Business Council in PNG and the Papua Club. He is currently a member of the National Working Group on Removing Impediments to Business and Investment in PNG, president of the PNG Chamber of Commerce and Industry and works for Leahy Lewin Nutley Sullivan Lawyers (formerly Peter Allan Lowing Lawyers). John is a resident of PNG.

**Sir Rabbie L Namaliu** GCL CSM KCMG BA MA HON.LLD  
Appointed a director from March 2011.

Sir Rabbie served as Prime Minister of Papua New Guinea between 1988 and 1992 and former Speaker of the National Parliament between 1994 and 1997. Sir Rabbie is a non-executive director of Marengo Mining Limited and Kina Securities Limited and chairman of Kina Asset Management Limited and Kramer Ausenco joint venture.

**Peter R Taylor** BA BSc LLB LLM FAICD

Appointed chairman in October 2003.

Peter Taylor was formerly with a major Australian law firm and admitted to practise law in PNG and Australia. Peter's last 25 years with the Rio Tinto Group include the roles of General Corporate Counsel, Rio Tinto Exploration general manager Commercial, Commercial advisor to RTZ and general manager Commercial Business Development. Currently Peter is a director of several Rio Tinto Group companies including Rio Tinto Marine and Energy Resources Australia. Community and business affiliation include former chairman of international development agency Australian Business Volunteers and currently president of the Australia Papua New Guinea Business Council.

Peter was appointed a director of Bougainville Copper in April 1997 and managing director in March 2000.

**Ian J Williams** AO B Eng (Electrical) FAusIMM FIEA

Appointed a director in May 2008.

Ian Williams has occupied a number of senior positions within the mining and processing industries. Ian holds a degree in Electrical Engineering and is a Fellow of the Australasian Institute of Mining and Metallurgy and of the Institute of Engineers. His diverse experience includes executive management of open cut and underground mining operations, brownfield expansions and new major mining projects. Ian was responsible for the establishment of two iron ore mines and associated infrastructure for Hamersley Iron Limited and the establishment of the Century Zinc mine in northwest Queensland.

**Activities:** Bougainville Copper 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 now derives investment income. The company has no subsidiaries.

## Directors' report – continued

**Net earnings:** The net loss of Bougainville Copper for 2011 was K3.7 million (2010: profit K2.8 million).

**Taxation:** No future income tax benefits have been recognised in the accounts.

**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:** The directors have not declared a dividend for 2011.

**Accounting policies:** There have been no changes made in the company's accounting policies during 2011.

**Directors' interests:** Directors' interests in the share capital of the company and its related companies as at 28 February 2012 were:

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### Robert S Burns

Shares – Rio Tinto Limited	5,343
Options – Rio Tinto Share Option Plan	438

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**John E Leahy** No interests

### Sir Rabbie L Namaliu

Shares – Bougainville Copper Limited	1,000
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### Peter R Taylor

Shares – Rio Tinto Limited	21,108
Conditional shares awarded under the Mining Companies Comparative Plan – Rio Tinto Limited	7,273
Options – Rio Tinto Share Option Plan	15,407

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### Ian J Williams

Shares – Rio Tinto Limited	3,048
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**Interests register:** There were no transactions recorded in the Interests register during the year, other than the directors' interests in the shares of the company as shown above.

**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:** The company had no employees during the year. All administrative services were provided by Rio Tinto PNG Limited on an at cost basis.

**Remuneration of directors:** The amount of directors' remuneration, including the value of benefits, received during the year is shown in Note 13 to the financial statements.

**Donations:** Bougainville Copper made no donations during the year. The company does not make donations to political parties. The Bougainville Copper Foundation continues to provide educational and other support. Bougainville Copper provides administrative support to the Foundation.

**Environment:** Mining operations of the company were suspended in 1989 and it has been denied access to its mine site to assess environmental circumstances. 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 except as noted below.
2. The results of the company during the financial year have not been in the opinion of the directors, substantially affected by events of a material and unusual nature other than contained in this report.
3. Except as reported in this Annual Report, there were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:
  - (i) operations of the company
  - (ii) results of those operations or
  - (iii) state of affairs of the company in the financial year subsequent to 31 December 2011.
4. No director has an interest in any contract or proposed contract with the company, nor is any director party to any material contract involving directors' interests, or 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.

## Directors' report – continued

Signed on 28 February 2012 in accordance with a resolution of the directors of Bougainville Copper.



**Peter R Taylor**  
Chairman and managing director



**John E Leahy**  
Director

### Resource statement

In 2008, Bougainville Copper prepared an Order of Magnitude Study (OMS) to evaluate the technical and financial viability of re-opening the Panguna mine. As part of the OMS a Joint Ore Reserves Committee (JORC) compliant mineral resource estimate was completed. The 2011 mineral resource has been estimated using geological, mine planning and production data archived in 1989. The archived data sets were reviewed and validated by Rio Tinto and former Bougainville Copper staff during 2011. No additional data was collected as part of the OMS.

The updated estimate confirms the significant size of the Panguna resource of over one billion tonnes of material containing 3.5 million tonnes of copper and 12.7 million ounces of gold (395 tonnes).

	Tonnes (M)	Cu (%)	Au (g/t)	Cu (Mt)	Au (Moz)
Measured resource	0	0.00	0.00	0	0
Indicated resource	1000	0.33	0.37	3.3	11.9
Inferred resource	64	0.28	0.41	0.2	0.8
<b>Total resource</b>	<b>1064</b>	<b>0.33</b>	<b>0.37</b>	<b>3.5</b>	<b>12.7</b>

The 2008 OMS was updated to reflect copper and gold price and capital and operating cost estimates as of December 2011. The updated costs have been applied to the 2011 OMS and provide a positive economic return.

### Competent person statement

*As required by the Australian Stock Exchange, the information presented here contains details of other mineralisation that has a reasonable prospect of being economically extracted in the future but which is not yet classified as proved or probable reserves. This material is defined as mineral resources under the JORC code. Estimates of such material are based largely on geological information with only preliminary consideration of mining, economic and other factors. While in the judgement of the competent person there are realistic expectations that all or part of the mineral resources will eventually become proved or probable reserves, there is no guarantee that this will occur as the result depends on further technical and economic studies and prevailing economic conditions in the future. The information in this report that relates to mineral resources is based on information compiled by Perry Collier and Gerald Clark who are members of the Australasian Institute of Mining and Metallurgy. Perry Collier is a full-time employee of Rio Tinto and has experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they have undertaken to qualify as a competent person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Gerald Clark is an external consultant and has experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they have undertaken to qualify as a competent person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Perry Collier and Gerald Clark consent to the inclusion in the press release of the matters based on their information in the form and context in which it appears.*

## Corporate governance statement

For the year ended 31 December 2011

### Overview

The board of Bougainville Copper Limited (board) considers high standards of corporate governance critical to business integrity and performance and to maximising the overall long term return to shareholders. The board is committed to ensuring that a relevant, efficient and effective corporate governance framework is maintained.

A description of the corporate governance structures and practices in place at Bougainville Copper Limited (company) is set out below. The board endorses the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations second edition with 2010 Amendments (ASX Principles) and unless otherwise stated, complies with the ASX Principles.

As detailed below, to support its corporate governance framework, the company has adopted a number of the policies of the Rio Tinto Group (Rio Tinto) as Rio Tinto Limited is a substantial shareholder of the company holding 53.83 per cent of the shares. Given the size of the company, its non-operational status and ownership structure, it is practical for the company to adopt certain Rio Tinto policies, which reflect Rio Tinto's extensive presence in the global mining industry. Further, the company does not have any employees and instead contracts a management team, including the services of Peter Taylor, from Rio Tinto as Chief Executive Officer, under a service agreement. The board annually reviews these adopted policies to ensure they are still relevant to the company and if required, will make adjustments as to how these policies apply to the company. The Rio Tinto policies adopted by the board can be accessed at the corporate governance section of Rio Tinto's website at: [www.riotinto.com](http://www.riotinto.com)

These policies are:

- The way we work (Code of Conduct)
- Human rights guidance
- Business integrity guidance
- Our key relationships
- Compliance guidance
- Corporate governance guidance
- Risk policy and standard
- Anti trust policy and guidance

### The board's responsibility for laying the foundations for management and oversight

The board is responsible for setting and reviewing the strategy and business plans of the company, and

monitoring the performance of the company against these plans. The directors also monitor compliance with policies prescribed by the board in areas such as workplace health and safety, environment, business ethics, internal control and risk management. These policies are designed to ensure that the company complies with the regulatory requirements governing its operations.

In carrying out its responsibilities and powers, the board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the company's shareholders and all other stakeholders.

The board has adopted a charter which underpins the strategic guidance and effective management oversight provided by the board, and defines the division of responsibility between board and management by formal delegation and a system of board reserve powers. The board reviews the board charter on an annual basis. The board's charter is available on the company's website at: [www.bougainvillecopper.com.pg](http://www.bougainvillecopper.com.pg)

### The board is structured to add value

The board consists of four non-executive directors and one executive director. The chairman is Peter R Taylor who is also managing director and an executive of Rio Tinto. Robert S Burns, as non-executive director, was until 31 July 2009 an executive of Rio Tinto. John E Leahy, Sir Rabbie L Namaliu and Ian J Williams are independent non-executive directors.

Qualification for board membership is related to the mix of skills and knowledge that the board considers will best serve the interests of the company and all of its shareholders.

Details of the directors, their skills, experience and expertise relevant to their position as a director are shown on page 7.

### Chairman and managing director

Peter Taylor is both the Chief Executive Officer of the company and chairman of the board. This is a departure from the ASX Principles as the chairman of the board is not an independent director and the role of Chief Executive Officer and chairman of the board are filled by the same individual.

The company has not followed the recommendation in

## Corporate governance statement – continued

the ASX Principles of having an independent chairman, as the board considers that Peter, while not an independent director, can exercise independence when performing his role as chairman of the board and can commit time to performing that role. The board believes that Peter is able to facilitate a collaborative board and constructive relationships between the board and management. Further, the majority of board members are independent directors.

The company has not followed the recommendation in the ASX Principles of having a separate Chief Executive Officer and chairman of the board, as the board has set and codified the authority levels for the respective roles of chairman and managing director such that the combined roles do not result in unfettered power being held by a single member of the board. Further, given that the company is not operational and cash flow is limited, the board considers that good governance is not adversely affected by the roles of chairman of the board and Chief Executive Officer being performed by the same person.

The company contracts the services of Peter as Chief Executive Officer of the company under a service agreement with Rio Tinto. The difficult labour market in Papua New Guinea makes it hard to attract executives with the right background, skill and experience. Given Peter's extensive experience in the mining sector and in management, the board considers that he has the suitable skills and experience to be an effective Chief Executive Officer for the company.

The Chief Executive Officer's performance is subject to review in accordance with Rio Tinto's performance evaluation system as described in the 2011 Annual report of the Rio Tinto Group.

Peter's performance as Chief Executive Officer was reviewed during 2011 by Rio Tinto in accordance with its performance evaluation system. The board reviews Peter's performance as a director when the board conducts its annual self-assessment which is discussed later.

The company does not employ or contract any other senior executives.

### Board meetings

The board held four scheduled meetings during 2011, and did not meet for any unscheduled meetings. The board meeting attendance details for directors are set out in the table following.

Director	Meetings attended	Meetings whilst in office
Robert S Burns	4	4
John E Leahy	4	4
Sir Rabbie L Namaliu	3	3
Peter R Taylor	4	4
Ian J Williams	4	4

### Particulars of directors' interests in shares and options

The particulars of the directors' interests in shares in the company and related bodies corporate as at 28 February 2012 are set out on page 8.

Each of the directors has given a general notice in accordance with PNG corporations law (and consistent with the *Corporations Act 2001* (Cth) (Corporations Act)) stating that he is an officer and/or member of certain specified corporations and, as such, is to be regarded as having an interest in any contract which may be made between the company and those corporations.

### Independence of directors

John Leahy, Rabbie Namaliu and Ian Williams, the majority of the board, are independent non-executive directors and are not in any other relationship with the company affecting their independent status.

For the purposes of determining director independence, the board considers the following factors:

- whether within the last five years the director or a close family member has:
  - been a part of the executive management of the company,
  - been employed in a senior position with Rio Tinto, or
  - received additional remuneration from the company or Rio Tinto;
- whether the director or a close family member is, or is associated with, a substantial shareholder (more than five per cent of the voting shares) in the company or in Rio Tinto;
- the director's cross directorships or significant links with or involvement in other companies;
- the director's length of service on the board; and
- whether within the last three years the director or a close family member has had, either directly or indirectly and whether as principal, employee or consultant, a material (more than 2 per cent of the



## Corporate governance statement – continued

company's or the counterparty's consolidated gross revenue per annum) business relationship with the company or with Rio Tinto, whether as an auditor, professional adviser, supplier, or customer.

All directors are required to, and do, bring independent judgment to bear on board decisions and act in accordance with their statutory duties of good faith and proper purpose, and in the interests of all shareholders.

Contracts in the ordinary course of business that exist between the company and a company in which a director has declared an interest, are reviewed for materiality to both the company and the other party to the contract.

All related party transactions, including those with Rio Tinto, have been determined by the independent directors to be in the interests of the company.

The directors can seek independent professional advice, at the company's expense, in furtherance of their duties. The board has adopted a procedure for directors wishing to seek such advice to do so by arrangement with the company secretary.

### Selection and appointment of board members

The company does not have a nomination committee as recommended by the ASX Principles. The board considers that its existing practices in reviewing director competencies, board succession planning, board performance evaluation and director selection and nomination, carried out in accordance with the board charter, are satisfactory and are appropriate given the size of the board, the company's current ownership structure and the non-operational status of the company's operations.

The board oversees the appointment and induction process for directors and the selection, appointment and succession planning process of the company's executive management. The appropriate skill mix, personal qualities, expertise and diversity are factors taken into account in each case. When a vacancy exists or there is a need for particular skills, the board determines the selection criteria based on the required skills.

Directors appointed by the board are required by the company's constitution to submit themselves for election by shareholders at the Annual General Meeting following their appointment. Non-executive directors are subject to retirement by rotation at least every three years in accordance with the constitution, but may offer themselves for re-election. There is no share ownership

qualification for appointment as a director.

The board will continue to monitor and review the director selection process over the coming year with appropriate actions implemented where operationally desirable and strategically appropriate.

### Director's access to information

Directors receive formal appointment letters setting out, amongst other things, the expectations of their appointment.

Incoming directors receive an induction to ensure they have a working knowledge of the company, the political climate of the region in which its assets are situated, its culture and values and the metal mining industry.

Directors are provided with board papers prepared by management prior to each board meeting. These papers include an update from the managing director, financial information and other strategy related documents.

### Evaluating performance of the board

The board has a policy and practice of annual self assessment.

In 2011 the board performed its annual evaluation which:

- considered the performance of the directors and the board and the adequacy of the board's structures and processes, including the board charter;
- set out goals and objectives of the board for the upcoming year; and
- considered whether any improvements or changes to the board structures and processes, including the board charter and audit committee charter, were necessary or desirable.

The process of evaluation and self assessment took the form of a questionnaire completed by each of the directors. Following collation, the results and the adequacy and appropriateness of the self assessment process were considered and discussed by the directors at the next board meeting, and follow-up actions were determined.

### Code of conduct

The board charter requires that the board complies with the Rio Tinto code of conduct – *The way we work*. It is available online at [www.riotinto.com/documents/The\\_way\\_we\\_work.pdf](http://www.riotinto.com/documents/The_way_we_work.pdf). *The way we work* promotes practices to maintain the company's integrity and reflects the company's

## Corporate governance statement – continued

commitment to ethical and responsible decision-making. The company's consultants and contractors are required to comply with this policy. All employees and contractors are required to maintain high standards of ethical behaviour in the execution of their duties and comply with all applicable laws and regulations in Papua New Guinea and in every other country in which the company engages in business.

The company has also adopted Rio Tinto's confidential whistleblower program known as '*Speak-Out*'. Employees are encouraged to report any concerns, including any suspicion of violation of financial reporting or environmental procedures, through an independent third party and without fear of recrimination. A process has been established for the investigation of any matters reported.

### Diversity

The board is committed to engaging directors and contracting management with the best mix of qualifications, skills and experience to develop a cohesive team to achieve business success regardless of gender, age or cultural background. The board has not adopted a formal diversity policy as recommended by the ASX Principles as it follows the Rio Tinto Diversity and Inclusion Policy, which is available at [www.riotinto.com](http://www.riotinto.com) in the corporate governance section. The board recognises the importance of diversity to corporate success and considers diversity when appointing people to the board or contracting their services.

Given the size of the board, the non-operational status of the company and the challenging labour market in Papua New Guinea, the board considers that it is not practical to set measurable objectives for achieving gender diversity as recommended by the ASX Principles. Further, while gender diversity is important, the priority for the company when recruiting is diversity of experience, background and nationality.

In terms of the representation of women in the organisation, 50 per cent of the staff contracted from Rio Tinto under a service agreement (as the company has no employees) are women. The company does not have any female directors or senior executives.

### Safeguarding the integrity in financial reporting

The audit committee is appointed by the board and comprises of three non-executive, independent directors. The present members of the audit committee are John

Leahy (chairman), Sir Rabbie Namaliu and Ian Williams. The company secretary and external auditors are available to attend meetings. All members of the audit committee are financially literate, and John Leahy has financial and accounting experience.

The audit committee has adopted a formal charter which sets out the role and terms of reference of the audit committee and is reviewed regularly. The audit committee charter is available at the corporate governance section on the company's website, and includes information on the requirements for selecting an external auditor.

The committee provides a formal structure for reviewing the company's financial statements, accounting policies, control systems, risk management practices and taxation issues, and for liaison with the external and internal auditors. The committee also reviews the adequacy of internal and external audit arrangements.

The committee advises the board of any matters that might have a significant impact on the financial condition of the company and has the authority to investigate any matters within the terms of reference, having full access to the information and resources of the company to fulfil its function. Related party transactions are considered by the audit committee including where they relate to Rio Tinto. The committee reviews compliance with the Papua New Guinea Companies Act 1997, Corporations Act, where appropriate, and the requirements of the ASX and other regulatory requirements.

The audit committee held four scheduled meetings during 2011, and attendance details of the meetings of the audit committee are set out in the table below. The names and qualifications of the members are set out in the Directors' report on page 7.

Director	Meetings attended	Meetings whilst in office
John E Leahy (chairman)	4	4
Sir Rabbie L Namaliu	3	3
Ian J Williams	4	4

Any work to be conducted by the external auditor other than the statutory audit is approved by the audit committee.

### Making timely and balanced disclosure

The company makes full and immediate disclosure of material information to its shareholders and the market in accordance with its disclosure obligations under the ASX Listing Rules. In particular, to ensure that trading in



## Corporate governance statement – continued

its securities takes place in an informed market, the company has adopted Rio Tinto's continuous disclosure standards, which form part of Rio Tinto's corporate governance standards and is available at the corporate governance section of Rio Tinto's website at: [www.riotinto.com](http://www.riotinto.com)

The board annually reviews Rio Tinto's continuous disclosure standards to ensure it adequately addresses the issues facing the company. Established reporting systems are also in place to ensure compliance.

### Respecting the rights of shareholders

The company recognises the importance of effective communication with shareholders and the general investment community. Apart from the company's compliance with its continuous disclosure obligations, the company takes steps to ensure that its shareholders and other stakeholders are kept informed through:

- communicating effectively with shareholders through releases to the market via the ASX, the company's website, information mailed and emailed to shareholders and general meetings of the company;
- giving shareholders ready access to balanced and understandable information about the company and its strategy;
- providing information about the current developments at the annual general meeting and making it easy for shareholders to participate and ask questions;
- having the company's auditor, PricewaterhouseCoopers, attend the annual general meeting and available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report;
- providing shareholders a mechanism to submit written questions regarding the auditors report to the auditors via the company prior to the annual general meeting, and making available these questions and answers at the annual general meeting.

### Purchase and sale of the company's securities

The company has adopted the "Rules for dealing in securities of BCL, its subsidiary and associated companies" (BCL Rules For Dealing) which reinforces to all directors of the company the prohibition against insider trading. This share trading policy is available on the company's website [www.bougainvillecopper.com.pg](http://www.bougainvillecopper.com.pg)  
The BCL Rules For Dealing require that for all dealings in

the company's securities:

- Directors must advise the chairman of the board in writing, and receive approval in writing from the chairman, if they intend to purchase or sell securities in the company. In regard to his own dealings, the chairman is required to notify the chairman of the audit committee; and
- No dealings in securities of the company may take place in the period from the end of any relevant financial period to the trading day following announcement of the company's annual results or half year results.

Rio Tinto's share trading policy, "Rules for dealing in securities of Rio Tinto, its subsidiary and associated companies" (Rio Tinto Rules For Dealing) applies to the company's Chief Executive Officer and employees of Rio Tinto who are contracted to the company. Participation in Rio Tinto's long term incentive plans which involve the issue of Rio Tinto securities is subject to and conditional upon compliance with the Rio Tinto Rules For Dealing. The Rio Tinto Rules For Dealing also contain a prohibition on hedging or limiting the exposure to economic risk in relation to securities issued under Rio Tinto long term incentive plans.

### Recognising and managing risk

The company has in place a range of policies and procedures to manage the risks associated with its operating activities. These policies and procedures have been adopted by the board, with primary oversight by the audit committee, to ensure that potential business risks are identified and appropriate action taken.

A summary of the company's risk identification and management policies is set out below:

1. The company benefits from Rio Tinto's knowledge, policies and practices on risk management and corporate assurance developed to manage its diverse business activities covering a variety of commodities and operational locations. In 2008 the company formally adopted Rio Tinto "Risk Policy and Standard", which can be accessed at Rio Tinto's website, [www.riotinto.com](http://www.riotinto.com)
2. The audit committee biannually receives a report from management and conducts a risk evaluation to identify and review all of the business risks facing the company.
3. Management provide an annual certificate of compliance to the board and provide periodic reports

## Corporate governance statement – continued

and information confirming the status and effectiveness of the plans, controls, policies and procedures implemented to manage business risks.

4. Board approval is required before capital expenditure and revenue commitments exceed certain approved levels.
5. A detailed internal control questionnaire process covering all of the company's material business risks is conducted annually.
6. A regulatory compliance program.
7. Safety, health and environmental policies which are supported by a set of standards and management systems which recognise the company's commitment to achieving high standards of performance in all its activities in these areas.
8. In 2010 a formal risk analysis involving the board and management was facilitated by a professional facilitator specialising in risk issues. This analysis resulted in an updating of the company's risk register.

In 2011, management provided reports to the board (through the audit committee) relating to the effectiveness of the internal controls and the management of the material business risk. In addition, the board monitors the company's material business risks on an ongoing basis.

The Chief Executive Officer has provided a declaration to the board, in accordance with section 295A of the Corporations Act, that:

- the financial records of the company for the financial year ending 31 December 2011 have been properly maintained in accordance with section 286 of the Corporations Act;
- the financial statements, and the notes referred to in section 259(3)(b) of the Corporations Act, for the financial year ended 31 December 2011 comply with the accounting standards; and
- the financial statements and notes for the financial

year give a true and fair view and are based on a sound system of risk management and internal controls.

### Remunerating fairly and responsibly

The company does not have a remuneration committee or remuneration policy as recommended by the ASX Principles. The company has not followed this recommendation as the board does not believe a separate remuneration committee or policy would benefit the company and its shareholders given the company has a small board, does not have any employees and is not operational. Further, the company's shareholders vote on and approve the limits within which the board can set non-executive director remuneration.

In determining non-executive director remuneration, the maximum limit for directors' remuneration is determined by shareholders in a general meeting. Within that limit the remuneration of directors is generally determined by the board after taking into account data on market remuneration levels. At the 2008 AGM, the shareholders approved an increase in directors' fees to A\$55,000 and an additional A\$10,000 per annum for directors that are members of the audit committee. Directors are not entitled to retirement benefits. Prior to Robert Burns' retirement from Rio Tinto on 31 July 2009, his directors' fees were paid directly to Rio Tinto. Peter Taylor, the managing director does not receive directors' fees.

The company does not have any employees as the company's management team, including the services of Peter Taylor, Chief Executive Officer, is provided by Rio Tinto under a service agreement.

The remuneration of the Chief Executive Officer and staff contracted from Rio Tinto is governed by the compensation policies applied by Rio Tinto and discussed in its annual report, which is available at [www.riotinto.com](http://www.riotinto.com). The board annually reviews the service agreement with Rio Tinto to ensure that consideration under the service agreement is fair and appropriate.

## Statement of comprehensive income

<i>Bougainville Copper Limited year ended 31 December 2011</i>		<b>2011</b>	2010
	Notes	<b>K'000</b>	K'000
<b>Income</b>			
Interest		<b>2,353</b>	696
Realised gain on disposal of investments		-	5,451
Exchange gains	5	-	5,477
Dividends		<b>5,880</b>	5,972
		<b>8,233</b>	17,596
<b>Costs and expenses</b>			
General and administration expenses	2	<b>(10,518)</b>	(8,883)
Exchange losses	5	<b>(1,388)</b>	(5,898)
		<b>(11,906)</b>	(14,781)
<b>Profit (loss) before tax</b>		<b>(3,673)</b>	2,815
Income tax	4	-	-
<b>Profit (loss) after tax</b>		<b>(3,673)</b>	2,815
<b>Other comprehensive income</b>			
Increase (decrease) in fair value of available-for-sale financial assets		<b>(38,551)</b>	(3,619)
<b>Total comprehensive income (loss) for the year</b>		<b>(42,224)</b>	(804)
Basic and diluted earnings per share (toea)		<b>(0.92)</b>	0.70

## Statement of changes in equity

	Share capital	Asset revaluation reserve	Fair value reserve	Accumulated losses	Total
	K'000	K'000	K'000	K'000	K'000
Brought forward at 01.01.10	401,063	31,276	44,437	(111,249)	365,527
Profit (loss) for the year	-	-	-	2,815	2,815
Other comprehensive income (loss) for the year	-	-	(3,619)	-	(3,619)
Balance at 31.12.10	401,063	31,276	40,818	(108,434)	364,723
Profit (loss) for the year	-	-	-	(3,673)	(3,673)
Other comprehensive income (loss) for the year	-	-	(38,551)	-	(38,551)
Balance at 31.12.11	401,063	31,276	2,267	(112,107)	322,499

All amounts are expressed in Papua New Guinea Kina. Rounding to the nearest thousand Kina has been adopted. The Notes on pages 19 to 28 form part of these accounts and are to be read in conjunction with them.

**Balance sheet**

<i>Bougainville Copper Limited at 31 December 2011</i>		<b>2011</b>	2010
	Notes	<b>K'000</b>	K'000
<b>Funds employed:</b>			
<b>Shareholders' funds</b>			
Ordinary shares	11	<b>401,063</b>	401,063
Asset revaluation reserve	9	<b>31,276</b>	31,276
Fair value reserve	12	<b>2,267</b>	40,818
Accumulated losses		<b>(112,107)</b>	(108,434)
		<b>322,499</b>	364,723
<b>Non-current liabilities</b>			
Provisions	6(b)	<b>22,073</b>	22,073
Other payables	6(b)	<b>4,517</b>	4,517
Income tax	4(b)	<b>6,759</b>	6,759
		<b>33,349</b>	33,349
<b>Current liabilities</b>			
Trade payables	6(a)	<b>11,232</b>	3,349
<b>Total funds</b>		<b>367,080</b>	401,421
<b>These funds are represented by:</b>			
<b>Non-current assets</b>			
Available for sale financial assets	3	<b>90,246</b>	128,797
Other receivables	10(b)	<b>3,909</b>	3,909
Mine assets	8	<b>197,894</b>	197,894
		<b>292,049</b>	330,600
<b>Current assets</b>			
Cash and cash equivalents		<b>6,494</b>	4,491
Held to maturity financial assets	7	-	-
Other receivables	10(a)	<b>68,537</b>	66,330
		<b>75,031</b>	70,821
<b>Total assets</b>		<b>367,080</b>	401,421

Details of contingent liabilities and assets are shown in note 14. All amounts are expressed in Papua New Guinea kina. Rounding to the nearest thousand kina has been adopted. The notes on pages 19 to 28 form part of these accounts and are to be read in conjunction with them.

**Statement of cash flows**

<i>Bougainville Copper Limited year ended 31 December 2011</i>	<b>2011</b>	2010
Notes	<b>K'000</b>	K'000
<b>Cash flows from operating activities</b>		
Payments to suppliers	<b>(2,610)</b>	(14,203)
Monies paid to the Supreme Court	-	(48,843)
Interest received	<b>121</b>	733
Dividends received	<b>5,880</b>	5,972
Net operating cash flows	<b>3,391</b>	(56,341)
<b>Cash flows from investing activities</b>		
Proceeds from available for sale financial assets	-	18,706
Increment in held to maturity investments	-	(637)
Proceeds/(Purchases) of held to maturity investments	-	42,226
Net investing cash flows	-	60,295
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Net cash flow	<b>3,391</b>	3,954
Cash and cash equivalents at beginning of year	<b>4,491</b>	438
Effect of exchange rate changes on cash and cash equivalents	<b>(1,388)</b>	99
Cash and cash equivalents at end of year	<b>6,494</b>	4,491

All amounts are expressed in Papua New Guinea Kina. Rounding to the nearest thousand Kina has been adopted. The Notes on pages 19 to 28 form part of these accounts and are to be read in conjunction with them.

For, and on behalf of, the board.



**Peter R Taylor**  
Chairman & managing director



**John E Leahy**  
Director

28 February 2012

## Notes to accounts

*These notes form part of the 2011 accounts of Bougainville Copper Limited and should be read in conjunction with them.*

The principal accounting policies applied in the preparation of these Financial statements are set out below. Accounting policies relevant to mining operations are not presented due to mining operations having ceased in 1989. These policies have been consistently applied to all years presented, unless otherwise stated.

### 1.(a) Basis of preparation

The Financial statements of Bougainville Copper have been prepared in accordance with International Financial Reporting Standards (IFRS) and the PNG Companies Act 1997. The Financial statements have been prepared under the historical cost convention, as modified by revaluation of available for sale financial assets.

The preparation of Financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial statements are disclosed in the accounting policy note on significant risks and uncertainties.

Standards, amendments and interpretations to existing standards that are not yet effective have not been early adopted by the company.

### 1.(b) Accounting policies

#### Mine assets:

As a consequence of suspension of mining activities in 1989, an impairment loss 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 impairment loss has been made since 1991. The directors consider that any further review of the impairment loss at this time would be completely arbitrary because of the continuing lack of access to the mine.

#### Taxation:

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities

attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the Financial statements.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Foreign currency translation:

##### (i) Functional and presentation currency

Items included in the Financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial statements are presented in PNG Kina, which is the company's functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and translation at year end exchange rates of monetary assets and liabilities determined in foreign currencies are recognised in determining profit.

#### Provisions:

Provisions for compensation, rehabilitation and stabilisation are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

## Notes to accounts – continued

These notes form part of the 2011 accounts of Bougainville Copper Limited and should be read in conjunction with them.

### Investments:

#### (i) Available for sale financial assets

Investments in marketable equity securities (shares in other corporations) are classified as “available for sale financial assets”. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available for sale; these are included in non-current assets unless management has the express intention of holding the investments for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the company commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available for sale investments are subsequently carried at fair value. Changes in the fair value of available for sale investments are recognised as a separate component of equity until the investment is sold, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in determining profit. For investments that are actively traded in organised financial markets, fair value is determined by reference to the Australian Securities Exchange quoted market bid prices at the close of business on the balance sheet date.

#### (ii) Held to maturity financial assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. These are measured at cost with accrued interest included in other receivables.

### Cash and cash equivalents:

Cash and cash equivalents comprises cash on hand, deposits held at call with banks, and bank deposits and treasury bills with original maturities of three months or less.

### Revenue recognition:

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

### 1.(c) Critical accounting estimates and assumptions

#### (i) Carrying value of mine assets

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 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, 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.

With the passage of time, it became clear that a major write-down of assets from their pre-closure levels would be required. To allow for this future write-down, the directors made an impairment loss 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 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



## **Notes to accounts – continued**

*These notes form part of the 2011 accounts of Bougainville Copper Limited and should be read in conjunction with them.*

provision may eventually prove to be above or below the sum that 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.

(ii) Income taxes

Refer to note 10 and 14 for information regarding the company's ongoing tax dispute with the IRC.

### **1.(d) Rounding of amounts**

All amounts have been rounded off to the nearest K'000, unless otherwise stated.

### **1.(e) Capital risk management**

Bougainville Copper's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### **1.(f) Changes in accounting standards**

(i) New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that have a material impact on the company.

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted:

IAS 19, 'Employee benefits' which was amended in June 2011 and does not impact on the company

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities (effective 1 January 2013).

IFRS 10, Consolidated financial statements (effective 1 January 2013).

IFRS 12, Disclosures of interests in other entities (effective 1 January 2013).

IFRS 13, Fair value measurement (effective 1 January 2012).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.



**BOUGAINVILLE COPPER LIMITED ANNUAL REPORT**

*Bougainville Copper Limited year ended 31 December 2011*

**2011**  
**K'000**                      2010  
K'000

**2. General and administrative expenses**

Remuneration of directors (note 13)	<b>3,603</b>	1,866
Auditors' remuneration	<b>95</b>	86
- auditing the accounts	<b>18</b>	10
- taxation services		
Share Registry costs	<b>482</b>	454
Insurance	<b>185</b>	227
Management fees – related party (note 18)	<b>2,657</b>	2,502
Legal Fees – IRC tax case	<b>632</b>	1,983
Repair, maintenance and removal	<b>528</b>	536
Corporate subscriptions	<b>173</b>	143
Goods and services tax	<b>569</b>	386
Other general and administrative expenses	<b>1,576</b>	1,144
	<b>10,518</b>	8,883

**3. Available for sale financial assets**

**Non-current**

At fair value

Opening cost balance	<b>128,797</b>	145,672
Movement in fair value reserve	<b>(38,551)</b>	(3,619)
Disposal of available for sale financial assets	-	(18,706)
Gain on disposal of available for sale financial assets	-	5,450
Closing balance	<b>90,246</b>	128,797

Original cost when purchased

Opening cost balance	<b>87,979</b>	101,235
Cost of available for sale financial assets disposed	-	(13,256)
	<b>87,979</b>	87,979
Fair value reserve year end balance	<b>2,267</b>	40,818
Closing fair value balance	<b>90,246</b>	128,797

Available for sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

**4. Taxation**

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

Operating profit/(loss) before taxation	<b>(3,673)</b>	2,815
Prima facie income tax @ 30 per cent	<b>(1,102)</b>	845
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	<b>(253)</b>	(3,267)
Potential tax loss not recognised	<b>(1,355)</b>	2,422
Income tax expense/(credit)	-	-

(b) An agreement between the Independent State of Papua New Guinea and Rio Tinto provides for the deferral of income tax payable of K6,759,000 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 K118,594,685 (2010: K114,078,545).

<i>Bougainville Copper Limited year ended 31 December 2011</i>	<b>2011</b>	2010
	<b>K'000</b>	K'000

### 5. Exchange fluctuation

(a) The net exchange gain/(loss) reflected in earnings arising from financial assets:		
Gain	-	5,477
Loss	<b>(1,388)</b>	(5,898)
	<b>(1,388)</b>	(421)
(b) Foreign currency amounts included in current assets, non-current assets, current liabilities and non-current liabilities that are not effectively hedged are:		
Current assets	<b>6,494</b>	4,491
Non-current assets	<b>90,246</b>	128,797
Current liabilities	<b>15</b>	-
Non-current liabilities	-	-
Kina equivalent of Australian dollars	-	-

### 6. Liabilities

Trade payables		
(a) Current		
Provision for care and maintenance	<b>831</b>	831
Trade creditors	<b>15</b>	-
Related corporations (note 18)	<b>10,386</b>	2,518
	<b>11,232</b>	3,349
(b) Non-current		
Other payables	<b>4,517</b>	4,517
Payables that have been carried forward since the suspension of mining operations have been classified as non-current liabilities, as the directors consider they are unlikely to be settled within the following year.		
Aged trade payables that are no longer considered payable have been written back.		
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.

### 7. Held to maturity financial assets

Opening balance	-	36,210
Interest received	-	637
Retirement of held to maturity financial assets	-	(46,603)
Additions to held to maturity financial assets	-	4,378
Exchange gains/(losses)	-	5,378
Closing balance	-	-

**BOUGAINVILLE COPPER LIMITED ANNUAL REPORT**

<i>Bougainville Copper Limited year ended 31 December 2011</i>	<b>2011 K'000</b>	2010 K'000
<b>8. Mine assets</b>		
(a) Mine development and buildings		
- at directors' 1980 valuation	<b>292,165</b>	292,165
- Less accumulated depreciation	<b>159,721</b>	159,721
	<b>132,444</b>	132,444
- at cost	<b>102,988</b>	102,988
Less accumulated depreciation	<b>38,664</b>	38,664
	<b>64,324</b>	64,324
Net mine development and buildings	<b>196,768</b>	196,768
(b) Plant, machinery & equipment		
- at directors' 1980 valuation	<b>245,177</b>	245,177
- Less accumulated depreciation	<b>148,866</b>	148,866
	<b>96,311</b>	96,311
- at cost	<b>304,486</b>	304,486
Less accumulated depreciation	<b>104,703</b>	104,703
	<b>199,783</b>	199,783
Net plant, machinery & equipment	<b>296,094</b>	296,094
(c) Mine property		
- at cost	<b>62,121</b>	62,121
Less accumulated amortisation	<b>46,204</b>	46,204
Net mine property	<b>15,917</b>	15,917
(d) Capitalised works in progress – at cost	<b>29,112</b>	29,112
Total property, plant & equipment		
- at cost or valuation	<b>1,036,049</b>	1,036,049
Less accumulated depreciation/amortisation	<b>498,158</b>	498,158
Net book value	<b>537,891</b>	537,891
Stores	<b>10,003</b>	10,003
Total mine assets	<b>547,894</b>	547,894
Less impairment loss	<b>350,000</b>	350,000
Net book value	<b>197,894</b>	197,894
Reconciliation of movement in net book value		
Net book value at beginning of year	<b>197,894</b>	197,894
Additions	-	-
Disposals	-	-
Net book value at end of year	<b>197,894</b>	197,894

The basis of valuation of these assets is 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 suspension of mining operations 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.

**9. Asset revaluation reserve**

Asset revaluation reserve	<b>31,276</b>	31,276
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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.

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

<i>Bougainville Copper Limited year ended 31 December 2011</i>	<b>2011</b> <b>K'000</b>	2010 K'000
<b>10. Other receivables</b>		
(a) Current		
Sundry receivables	<b>67</b>	92
Interest receivable on monies paid to the Supreme Court	<b>2,232</b>	-
Monies paid to the Supreme Court & IRC	<b>61,833</b>	61,833
Withholding tax receivable	<b>4,405</b>	4,405
	<b>68,537</b>	66,330
(b) Non-current		
Other receivables	<b>7,136</b>	7,136
Provision for doubtful debts	<b>(3,227)</b>	(3,227)
	<b>3,909</b>	3,909

Receivables that have been carried forward since the suspension of mining operations have been classified as non-current assets, as the directors consider they are unlikely to be settled within the following year. A significant proportion of these other receivables are receivable from State owned entities, and are considered subject to offset on settlement against amounts owing to State owned entities included in other payables (Note 6(b)). Long outstanding receivables that are no longer considered collectable have been written off.

The PNG Internal Revenue Commission (IRC) has disallowed Bougainville Copper's claimed tax depreciation on its Bougainville assets on the grounds that Bougainville Copper lost/surrendered control of its assets in 1990, and therefore the assets should have been totally depreciated in that year and that the availability of depreciation to offset against Bougainville Copper's investment income has lapsed through the passage of time. The IRC has issued assessments on that basis. Bougainville Copper's objections to the assessments were rejected by the IRC and Bougainville Copper has appealed to the National Court. A hearing date is yet to be set. Our advisors and senior Australian counsel have advised there are good arguments in support of Bougainville Copper on this matter and have a better than average chance of succeeding against the IRC.

Bougainville Copper has paid, in previous years, sums totaling K61.8 million to the IRC or the Supreme Court pending resolution of the substantive tax appeals. Including interest the amount now totals K64.1 million.

Bougainville Copper believes that its position is supportable and the amounts paid, together with the related accrued interest, are recoverable. Meanwhile the substantive appeal against the tax assessment is pending. In the event the IRC is successful, the impact would be a write off of monies paid to date to the IRC/Supreme Court and accrued interest and recognition of any other liability arising from the Court's decision which may result in a significant loss to Bougainville Copper. In the event Bougainville Copper is successful, the impact would be a return of the monies paid to the IRC/Supreme Court together with accrued interest which are carried as current receivables by Bougainville Copper.

Except as is noted there were no significant changes in the state of affairs of the company during the year.

### 11. Ordinary shares

The issued capital of the company is 401,062,500 ordinary shares fully paid. No change in issued capital occurred during 2011.

### 12. Fair value reserve

	<b>2011</b> <b>K'000</b>	2010 K'000
Fair value reserve	<b>2,267</b>	40,818

This reserve records movements for available for sale financial assets to fair value. Refer note 1(b)(i) and note 19(g) for calculations of 'fair value'.

### 13. Remuneration of directors

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

	<b>2011</b> <b>K'000</b>	2010 K'000
Robert S Burns	<b>134</b>	135
John E Leahy	<b>159</b>	160
Sir Rabbie L Namaliu	<b>120</b>	-
Peter R Taylor*	<b>3,031</b>	1,411
Ian J Williams	<b>159</b>	160
	<b>3,603</b>	1,866

\* Peter R Taylor is the managing director and is employed by the Rio Tinto Group which pays his salary and entitlements. A portion of the benefits are re-charged under the Management Services Agreement. The amount indicated in the above table is the proportion of the remuneration benefits which have been re-charged to the company.

*Bougainville Copper Limited year ended 31 December 2011*

#### 14. Contingent liabilities and assets

Bougainville Copper is defendant to an action commenced in the National Court by two plaintiffs seeking declarations that they are the lawful representatives of the mine site and the tailings disposal area landowners and that the Mining Warden is the proper judicial officer to determine what, if any, compensation is due to landowners for the period since the suspension of mining operations. The company has made a provision in its accounts to cover an award of landowner compensation.

The Internal Revenue Commission conducted an audit over several months as reported in 2003's Annual report. The audit covered the period from 1990 to 2002 inclusive. The Internal Revenue Commission has issued amended assessments claiming additional tax and penalties arising out of the audit. Bougainville Copper's tax returns for those and all other years were prepared on the considered view of the appropriate tax law. Bougainville Copper believes its view of the law is correct and accordingly no provision has been recognised for these amounts (refer Note 10).

Bougainville Copper has paid a sum of K61.8 million to the National Court on behalf of the IRC to cover all outstanding monetary claims by the IRC which is subject to their return to Bougainville Copper in the event that the assessments are not upheld by the courts. The company has received expert advice on the matter including that of senior Australian legal counsel. The company has lodged formal objections and will strenuously defend the claim, as a result this payment is held as an asset by Bougainville Copper.

#### 15. Mining tenements

The company holds 100 per cent 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.

#### 16. Holding company

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

#### 17. Segmental information

The company carried on investment activities during the year. Its assets are the Panguna mine and associated facilities on Bougainville Island, Papua New Guinea, cash and equities listed on the Australian Securities Exchange.

#### 18. Related party transactions

Transactions with directors are disclosed in note 13.

In 2011 the company paid fees of K2,656,610 (2010: K2,446,696) for the provision of office space, staff and related services to Rio Tinto PNG Limited, K21,809 (2010: 55,213) for compliance work to Rio Tinto Technology and K492,267 (2010: nil) for BCA renegotiation advice and insurance to Rio Tinto Services.

The following amounts remained outstanding and payable at the balance date:

	<b>2011</b>	2010
	<b>K'000</b>	K'000
Rio Tinto PNG Limited	<b>10,386</b>	2,518
Total	<b>10,386</b>	2,518

With the exception of the above the company did not enter into any other transactions with related parties.

*Bougainville Copper Limited year ended 31 December 2011*

## 19. Financial instruments

The company's financial instruments include cash and cash equivalents, equity investments, receivables and accounts payable.

The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, price and interest rate risks in respect of investment portfolios to determine market risk.

The company holds the following financial assets and liabilities:

	2011 K'000	2010 K'000
Cash and cash equivalents	6,494	4,491
Other receivables	72,446	70,239
Available for sale financial assets	90,246	128,797
Trade payables	(11,232)	(3,349)
Other payables and Income Tax	(11,276)	(11,276)

### (a) Financial risk management

Bougainville Copper's activities expose it to a variety of financial risks, including the effects of changes in market prices, foreign currency exchange rates and interest rates. The company monitors these financial risks and seeks to minimize the potential adverse effects on the financial performance of the company. The company does not use any derivative financial instruments to hedge these exposures.

### (b) Foreign exchange risk

Bougainville Copper undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currencies arise. It is not the company's policy to hedge these foreign currency risks. Details of exchange fluctuations and foreign currency amounts are shown in note 5.

With all other variables held constant, the Bougainville Copper's exposure to this risk is measured by sensitivity analysis, as follows:

Available for sale financial assets	K'000
Carrying amount at the balance date	<u>90,246</u>
Change in carrying amount of 'available for sale financial assets' and fair value reserve:	
Had PNG Kina weakened by 10 per cent against the Australian dollar: Increase in carrying amount and fair value reserve by:	10,027
Had PNG Kina appreciated by 10 per cent against the Australian dollar: Decrease in carrying amount and fair value reserve by:	8,204

### (c) Price risk

A large amount of the company's assets are held in shares of "Listed Investment Companies" (see note 3) listed on the Australian Securities Exchange. The value of these shares is subject to market conditions and the fluctuation in AUD / PGK exchange rate.

With all other variables held constant, Bougainville Copper's exposure to this risk is measured by sensitivity analysis, as follows:

Available for sale financial assets	K'000
Carrying amount at the balance date	<u>90,246</u>
Change in carrying amount of 'available for sale financial assets' and fair value reserve:	
Had the share price increased by 10 per cent: Increased in carrying amount and fair value reserve by:	9,025
Had the share price decreased by 10 per cent: Decrease in carrying amount and fair value reserve by:	9,025

### (d) Interest rate risk

Bougainville Copper no longer holds 'held to maturity financial assets' at variable rates, which expose the company to cash flow interest rate risk.

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*Bougainville Copper Limited year ended 31 December 2011*

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**(e) Credit risk**

Bougainville Copper has no significant concentrations of net credit risk.

**(f) Liquidity risk**

Bougainville Copper aims to prudently manage liquidity risk by maintaining sufficient cash and other liquid assets or the availability of funding through uncommitted credit facilities. The company currently has no available credit facilities.

**(g) Fair value estimation**

Bougainville Copper is not in a position to determine the fair values of its previous mining operations receivables and payables due to the significant uncertainties arising from the suspension of mining operations. The face value of bank balances and short term liquid investments are assumed to approximate their fair values. Equity investments are carried at their fair value, being market price.

## ***Independent auditor's report to the shareholders of Bougainville Copper Limited***

### ***Report on the financial statements***

We have audited the accompanying financial statements of Bougainville Copper Limited (the company), which comprise the balance sheet as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, and other explanatory notes.

### **Directors' responsibility for the financial statements**

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Practice in Papua New Guinea and the Companies Act 1997 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Because of the matters described in the basis for disclaimer of opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for disclaimer of opinion**

The financial statements of the company for the year ended 31 December 2011 have been prepared with the inclusion of the company's mine assets at their 31 December 1991 book value of K198 million. This book value is net of a separate general impairment loss provision of K350 million having been made in 1991 for the value of the indeterminate level of deterioration, damage and pilferage of assets which has occurred in the period since the withdrawal of company personnel from Bougainville in 1990. As explained in notes 1(b) and 1(c) to the financial statements, there continues to be considerable uncertainty surrounding the future of the Panguna mine, and the extent of deterioration, damage and pilferage of the company's assets on Bougainville. While the directors have made the impairment provision in good faith based on the limited information available to them, the actual extent of the necessary write-downs can only be established when access to the mine site by

appropriate company representatives is again possible or when a reliable market price for the Panguna mine assets can be determined.

In our opinion, providing for the probable impairment loss from deterioration, damage or pilferage is the appropriate accounting treatment for the actual impairment which will have occurred in the period to 31 December 2011. However as the actual extent of such impairment cannot presently be established, the recoverable amount of the company's assets on Bougainville is not capable of reliable measurement or estimation. Accordingly the impairment provision may eventually prove to be above or below the sum which is necessary to reflect this impairment. In the absence of all the necessary information and explanations we require, and for the reasons set out above, we are unable to form an opinion as to whether or not the impairment provision against the carrying amount of mine assets of K350 million is adequate or not and therefore whether the carrying value of the mine assets is properly stated.

The directors have established a provision of K22.1 million for compensation, rehabilitation and stabilisation for which the company may be liable. For the same reasons as set out above in relation to mine assets, the company's actual liability for these costs is subject to significant uncertainty, and we are unable to form an opinion as to whether the provision is fairly stated.

The values attributed to the mine assets and the liability for compensation, rehabilitation and stabilisation, are significant to the financial statements and are of fundamental importance to the presentation of the financial statements. In view of the significance of these matters we are unable to form an opinion as to whether or not the financial statements give a true and fair view of the financial position of the company as at 31 December 2011 and of its performance for the year ended on that date.

### **Disclaimer of opinion**

In our opinion, because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. Accordingly, we do not express an opinion on the financial statements.

### **Report on other legal and regulatory requirements**

The Papua New Guinea Companies Act 1997 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:



**Independent auditor's report to the shareholders of Bougainville Copper Limited - continued**

1. in our opinion proper accounting records have been kept by the company, so far as appears from our examination of those records;
2. with the exception of the matters described above we have obtained all the information and explanations we have required; and
3. in conducting our audit we followed applicable independence requirements of Certified Practising Accountants Papua New Guinea.


**Other Matters**

This report, including the opinion, has been prepared for and only for the company's shareholders as a body in accordance with the PNG Companies Act 1997 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*PricewaterhouseCoopers*

**PricewaterhouseCoopers**

  
**By: Brett Entwistle**  
 Partner  
 Registered under the Accountants Act 1996  
 Port Moresby

  
**By: Grant Burns**  
 Engagement Leader  
 28 February 2012

**Directors' declaration**

Directors' declaration Bougainville Copper Limited

In the directors' opinion:

- (a) the financial statements and notes set out on pages 16 to 28 are in accordance with the *PNG Companies Act 1997*, including:
  - (i) complying with Accounting Standards, the Companies Act 1997 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

 Director: Peter R Taylor

 Director: Robert S Burns

 Director: John E Leahy

 Director: Rabbie L Namaliu

 Director: Ian J Williams

Signed on 28 February 2012.

## Corporate information

### **Bougainville Copper Limited**

(Incorporated in Papua New Guinea)

#### **Registered office:**

6<sup>th</sup> Floor, Pacific Place,  
Cnr Champion Parade & Musgrave Street,  
Port Moresby, Papua New Guinea  
Telephone: +(675) 3092800  
Facsimile: +(675) 3213634  
E-mail: [info@bcl.com](mailto:info@bcl.com)  
Website: [www.bougainvillecopper.com.pg](http://www.bougainvillecopper.com.pg)

#### **Principal registered office in australia:**

Bougainville Copper Limited  
A.R.B.N. 007 497 869  
Level 33, 120 Collins Street, Melbourne, VIC 3000  
Telephone: +(613) 92833333  
Facsimile: +(613) 92833707

#### **Share registers:**

c/o Kina Securities Limited  
2<sup>nd</sup> Floor, Deloitte Tower, Douglas Street  
Port Moresby  
Papua New Guinea  
Telephone: +(675) 308 7000  
Facsimile: +(675) 308 7001  
E-mail: [kina@kina.com.pg](mailto:kina@kina.com.pg)  
Postal address: P O Box 1141 Port Moresby,  
Papua New Guinea

c/o Computershare Registry Services Pty Ltd  
Yarra Falls  
452 Johnston Street  
Abbotsford, VIC 3067 Australia.  
Telephone: 1300 805 0505 (in Australia)  
+(613) 9415 4000 (outside Australia)  
Facsimile: +(613) 9743 2500  
Postal Address: GPO Box 2975 EE  
Melbourne, VIC 3001  
E-mail: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
Website: [www.computershare.com](http://www.computershare.com)

#### **Stock exchanges:**

Listed with the Australian Securities Exchange Limited

#### **Auditors:**

PricewaterhouseCoopers  
P O Box 484  
Port Moresby, Papua New Guinea

#### **Bankers:**

Commonwealth Bank of Australia  
Bank South Pacific

#### **Solicitors:**

Allens Arthur Robinson  
Gadens Lawyers

### **Twenty largest shareholders**

The twenty largest shareholders as at 28 February 2012 and the number of shares held by each were:

Name and Registered Address	Shares	% of Issued Shares
1 Rio Tinto Limited Melbourne VIC	215,920,089	53.83
2 The Independent State of Papua New Guinea	76,430,809	19.06
3 J P Morgan Nominees Australia Limited Melbourne VIC	52,665,109	13.13
4 Citicorp Nominees Pty Limited Melbourne VIC	16,080,469	4.01
5 National Nominees Limited Melbourne VIC	8,008,920	2.00
6 HSBC Custody Nominees (Australia) Limited Sydney NSW	3,674,821	0.92
7 Mr Franz Heinrich Rast Bulli NSW	1,700,000	0.42
8 Pershing Australia Nominees Pty Limited Sydney NSW	1,029,268	0.26
9 Westco Nominees Limited Singapore	900,000	0.22
10 The Noble Hope for Construction Pty Ltd Condell Park NSW	610,000	0.15
11 ABN Amro Clearing Sydney Nominees Sydney NSW	593,782	0.15
12 Mr Anthony Patrick Cahill Ascot Vale VIC	380,000	0.09
13 Deep Valley Pty Limited Stamford QLD	377,000	0.09
14 Merrill Lynch (Australia) Nominees Pty Limited Melbourne VIC	367,512	0.09
15 Mr Garry Raymond Churchill Clifton Beach QLD	363,456	0.09
16 Dr Richard Sallie Nedlands WA	345,243	0.09
17 Mrs Sumithra Rambukwella Ranaweera Colombo, Sri Lanka	312,500	0.08
18 Mr Daniel Ronald Watson Glenside SA	300,000	0.07
19 Mr Douglas Leslie Gannon Glebe NSW	250,792	0.06
20 Mr Lewis Haswell Finney St Ives NSW	240,446	0.06
	<b>380,550,216</b>	<b>94.87</b>

## Corporate information – continued

### Distribution of shares

As at 28 February 2012: The issued shares of the company were 401,062,500 fully paid shares, each carrying one voting right. The number of shareholders was 15,463.

The distribution of holdings of the issued shares was:

		%
1 - 1,000 shares	12,998	84.06
1,001 - 5,000 shares	1,756	11.36
5,001 - 10,000 shares	353	2.28
10,001 - shares and over	356	2.30
Total shareholders	<u>15,463</u>	<u>100.00</u>

There were 11,722 holdings of shares (75.81 per cent) which do not form a marketable parcel.

94.87 per cent of the total issued shares were held by or on behalf of the twenty largest shareholders.

The substantial shareholders were:

Rio Tinto Limited, its wholly owned subsidiary Rio Tinto Base Metals Pty Limited and RTZ Limited 215 920 089 shares (53.83 per cent); 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 per cent).

### 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 1997 and Securities Act 1998.

## ***Distribution of the benefits***

<i>Bougainville Copper Limited year ended 31 December 2011</i>	<b>2011</b>	<b>K million 1972-2010</b>
<b><i>PNG Government</i></b>		
Corporate income tax*	-	514.2
Additional profits tax*	-	72.6
Group tax (PAYE)	-	122.2
Customs duty	-	104.1
Miscellaneous	-	10.1
Dividends*	-	167.4
Dividend WHT*	-	97.6
	-	1,088.2
<b><i>North Solomons Provincial Government</i></b>		
Royalties (95% to NSPG)	-	61.4
Non Renewable Resources Fund	-	1.8
Other taxes	-	12.0
	-	75.2
<b><i>Landowners</i></b>		
Royalties (5% to Landowners)	-	3.2
Compensation	-	35.0
	-	38.2
<b><i>Non-Government Shareholders</i></b>		
Dividends net of Dividend WHT*	-	582.1
<b><i>Employees</i></b>		
Wages (less PAYE)	-	575.6
Total	-	2,359.3

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

*\*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.*

# BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

## Statistical Summary

<b>FINANCIAL</b>	<b>2011</b>	2010	2009	2008	2007	2006	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
<b>Earnings (K million)</b>																		
Net sales revenue and other income*****	<b>8.2</b>	12.1	16.7	9.0	8.3	7.9	7.4	16.1	11.7	13.0	19.6	18.3	12.4	6.1	10.7	5.5	2.2	1.7
Operating and other expenses****	<b>10.5</b>	8.9	8.0	9.2	4.9	4.4	5.0	4.7	4.1	4.6	3.8	4.8	5.2	4.8	5.0	4.9	3.6	4.1
Depreciation*****	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings/(loss) before taxation and exchange gains	<b>(2.3)</b>	3.2	5.8	(0.2)	3.4	3.5	2.4	11.4	7.6	8.4	15.8	13.5	7.2	1.4	5.7	0.6	(1.4)	(2.4)
Exchange gains/(losses)	<b>(1.4)</b>	(0.4)	2.9	(4.6)	0.2	0.2	(0.4)	3.1	0.3	-	-	0.4	0.5	-	-	6.6	9.2	(0.3)
Earnings/(loss) before taxation	<b>(3.7)</b>	2.8	8.7	(4.8)	3.6	3.7	2.0	14.5	7.9	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional profits tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net earnings/(loss)	<b>(3.7)</b>	2.8	8.7	(4.8)	3.6	3.7	2.0	14.5	7.9	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)
Dividends paid	-	-	-	-	-	-	-	-	8.0	-	-	-	-	-	-	-	-	-
Earnings/(losses) retained	<b>(3.7)</b>	2.8	8.7	(4.8)	3.6	3.7	2.0	14.5	(0.1)	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)
<b>Balance Sheet (K million)</b>																		
Property, plant & equipment	<b>197.9</b>	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	198.6	200.1	200.6	200.7	200.7	200.8
Investments and loans	<b>90.2</b>	128.8	145.7	98.8	204.7	176.6	128.2	121.2	18.9	3.1	-	-	-	-	-	-	-	-
Current and other non-current assets	<b>79.0</b>	74.7	58.1	31.1	36.1	38.7	31.7	31.4	119.4	135.4	131.0	114.4	100.7	87.7	85.4	76.0	65.6	56.2
Total assets	<b>367.1</b>	401.4	401.7	327.8	438.7	413.2	357.8	350.5	336.2	336.4	328.9	312.3	299.3	287.8	286.0	276.7	266.3	257.0
Shareholders' funds	<b>322.5</b>	364.7	365.5	293.3	404.0	378.2	323.3	316.1	301.6	301.8	293.3	277.5	263.6	255.9	254.5	248.8	241.6	233.8
Exchange fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long term liabilities	<b>33.4</b>	33.4	33.4	33.4	33.6	33.7	33.4	33.4	33.4	33.4	33.4	33.5	35.3	6.8	6.8	6.8	6.8	6.8
Current liabilities	<b>11.2</b>	3.3	2.8	1.1	1.1	1.3	1.1	1.0	1.2	1.2	2.2	1.3	0.4	25.1	24.7	21.1	17.9	16.4
Funds employed	<b>367.1</b>	401.4	401.7	327.8	438.7	413.2	357.8	350.5	336.2	336.4	328.9	312.3	299.3	287.8	286.0	276.7	266.3	257.0
<b>PRODUCTION / SALES</b>																		
<b>Mined</b>																		
Ore and waste removed (millions of tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ore milled (millions of tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ore grade																		
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Produced</b>																		
Concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contained copper (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Concentrate grade																		
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Silver (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Shipped</b>																		
Total concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Destination:																		
Japan (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asian (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Values</b>																		
Gross concentrate sales value (before treatment and refining charges, freight, etc.) (K million)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution by:																		
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>OTHER</b>																		
US\$/Kina exchange rate	<b>.4309</b>	.3881	.3821	.3747	0.3636	0.3344	0.33	0.30	0.25	0.26	0.36	0.39	0.48	0.69	0.76	0.79	1.01	1.02
Average metal prices																		
LME copper (US\$/lb)	<b>342.6</b>	339.7	231.9	319.5	323.66	305.50	130.01	79.95	70.65	66.2	82.1	71.4	75.2	105.6	104.0	133.1	105.0	87.0
London gold market (US\$/oz)	<b>1 575</b>	1 222	970	872	691.00	602.00	409.55	363.89	310.14	276.5	280.0	280.0	294.0	335.3	387.0	384.5	384.0	360.0
Return on shareholders' funds (per cent)	<b>(1.139)</b>	0.772	2.380	(1.632)	0.888	0.967	0.60	4.6	2.6	2.8	5.4	5.0	2.9	0.5	2.2	2.9	3.2	-
Earnings per share*** (toea)	<b>(0.916)</b>	0.702	2.169	(1.19)	0.895	0.912	0.50	3.61	1.96	2.10	3.93	3.5	1.9	0.3	1.4	1.8	1.9	-
Dividends per fully paid share*** (par value K1)(toea)	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-
Number of shares issued at end of year (millions)	<b>401</b>	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401
Number of shareholders at end of year	<b>15 463</b>	15 534	15 468	15 495	15 504	15 698	16 072	16 374	16 519	16 812	17 021	17 260	18 183	18 182	18 041	18 452	18 765	19 189
Debt/equity ratio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workforce at end of year																		
Overseas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
National	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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.

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1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972*
2.2	3.3	80.2	231.6	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
5.1	316.6	36.8	181.7	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
-	-	51.5	47.3	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
(2.9)	(313.3)	(8.1)	2.6	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
1.5	0.1	(0.5)	2.5	(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)
(1.4)	(313.2)	(8.6)	5.1	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
-	-	6.0	25.7	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	-	-
(1.4)	(313.2)	(14.6)	(20.6)	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
(1.4)	(313.2)	(14.6)	(20.6)	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
201.4	201.5	545.9	595.8	570.0	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	-
56.8	56.5	64.7	59.5	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	129.5	205.6	130.4	73.9
258.2	258.0	610.6	655.3	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
236.4	237.9	551.1	565.6	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
6.8	6.8	47.7	46.9	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
15.0	13.3	11.8	42.8	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
258.2	258.0	610.6	655.3	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
-	-	-	33.27	89.78	83.53	79.16	73.62	74.40	81.00	76.22	77.56	79.76	75.97	79.05	70.79	58.54	56.40	56.00	56.65	46.75
-	-	-	18.52	47.69	48.20	47.89	50.07	46.52	47.73	41.74	37.53	37.62	36.17	38.12	34.11	31.21	31.08	30.14	29.14	21.89
-	-	-	0.44	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
-	-	-	0.50	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
-	-	-	224.6	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
-	-	-	68.7	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	30.1	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
-	-	-	31.0	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
-	-	-	91.2	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
-	-	-	250.8	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
-	-	-	40.2	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
-	-	-	34.3	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
-	-	-	25.5	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	53.8	41.9	37.8	49.4
-	-	-	0.0	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
-	-	0.3	260.0	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
-	-	61	68	68	60	54	61	53	52	51	54	51	60	64	66	74	69	74	83	83
-	-	38	31	30	38	44	37	45	46	47	44	46	37	34	32	24	29	25	16	16
1.04	1.05	1.05	1.17	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
103.0	106.0	119.8	129.0	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
344.0	362.2	382.8	381.0	436.8	446.7	367.9	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	58.2
-	-	-	-	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	401	401	401	401	267	267	267	267	267	267	267	260**
19 851	19 982	20 532	21 287	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
-	-	-	-	.002/1	.004/1	.005/1	.006/1	.009/1	.010/1	.020/1	.017/1	.005/1	.015/1	.019/1	.037/1	.040/1	.044/1	.052/1	.072/1	.062/1
1	6	13	330	610	699	706	704	749	751	756	801	877	851	855	853	858	942	980	929	971
1	6	10	1 987	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 K76.3 million for insurance litigation settlement and K51.5 million for depreciation.

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