

# **BOUGAINVILLE COPPER LIMITED**

(INCORPORATED IN PAPUA NEW GUINEA)

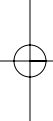
A.R.B.N. 007 497 869

## **ANNUAL REPORT 2007**



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# BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

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

## **The Company**

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

In the eighteen years prior to 1989, the mine had produced concentrate containing 3 million tonnes of copper, 306 tonnes of gold and 784 tonnes of silver. The production had a value of 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, the company's presence in the North Solomons Province had promoted the development of significant local business enterprises to provide goods and services required for the mining operation and for the residents of the province.

Company training programs for some 12,000 employees, including approximately 1,000 completing full trade apprenticeships and some 400 completing graduate and post graduate studies, had previously resulted in considerable progress in the localisation of the company's employees and also added significantly to the number of skilled workers elsewhere in the country's work-force. At the end of 2007, the company had no employees. The activities of the company are managed on a contracted services basis by a small team of Rio Tinto Minerals (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 Limited is owned 53.58 per cent by Rio Tinto Limited. The Papua New Guinea government owns 19.06 per cent, while public shareholders hold the remaining 27.36 per cent of the share capital.

## **Bougainville Copper on the Web**

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

## **Notice of Meeting**

The Annual General Meeting of Bougainville Copper Limited will be held at 2.00 pm on the 8th day of May, 2008 at the Crowne Plaza Hotel, Hunter Street, Port Moresby, Papua New Guinea.

A separate Notice of Meeting is enclosed.

All shareholders are cordially invited to attend.

## **Directors**

P R Taylor (Chairman)

B R Alexander

R S Burns

J E Leahy

Mr J Leahy was appointed as a director on 6 February 2007 and continues in office at the date of this report.

Mr D McLellan was a director from the beginning of the financial year until his retirement on 9 May 2007.

## **Secretary**

P D Coleman

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## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

**The Year in Brief**

- Mining operations remain suspended.
- Access to Panguna mine by the company still not possible.
- A 13.7 per cent growth in investment portfolio to K219 million.
- Preparation for a return to active Exploration and Mining.
- Increased shareholders' funds by 7 per cent to K404 million.

		<b>2007</b>	2006
Investment income	(K'000)	<b>8,966</b>	8,203
Operating profit	(K'000)	<b>3,589</b>	3,657
Earnings per share	(toea)	<b>0.895</b>	0.912
Shareholders' funds	(K'000)	<b>404,034</b>	378,240
Return on shareholders' funds	(per cent)	<b>0.888</b>	0.967

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## **Chairman's Statement & Year in Review – 2007**

### **Results**

For the year ended 31 December 2007 the net profit was K3.6 million (AUD\$1.5 million) compared with K3.7 million (AUD\$1.6 million) the previous year. In addition there was a K22 million capital growth which together with the net profit equates to a 7 per cent increase in shareholder funds. Although the profit for the two periods is similar, operating expenses rose in this reporting period, but the increased costs were offset by increased investment income.

Revenue increased by 9 per cent during the year due primarily to growth in dividends (+16 per cent) derived from the Investment Portfolio. General and administrative expenses grew by 10 per cent, reflecting nominal real growth in expenses, upward movements in PNG inflation rate, and AUD/PGK exchange rate fluctuations.

### **Investment Strategy**

Over the past several years BCL has maintained a strategy of investing its surplus cash in Australian equities. The move into equities was prompted by a sharp fall in PNG domestic interest rates and a lack of suitable alternative investments in PNG vis-a-vis the investment criteria established. The strong Australian equity market in the reporting year has again resulted in a positive return in Australian dollar terms, much of the unrealised gain being of a capital nature. Capital gains are not currently taxable in PNG. This is important for BCL given the Internal Revenue Commission (IRC) view that BCL cannot claim depreciation on its remaining Bougainville assets. It is intended to continue with this investment strategy in 2008. The IRC is taking a particularly aggressive approach to its tax claim and BCL's liquid funds may be considerably reduced if the IRC succeeds in requiring BCL to pay claimed additional tax and penalties pending the outcome of BCL's objection currently before the court. It requires that BCL sells equities to fund the claimed tax and penalties.

### **Tax Dispute**

The World Bank provided a loan to PNG to allow capacity building for the Government's mining sector. Some of those funds were used to carry out tax audits in the mining sector. Although BCL has been unable to mine at Panguna for over a decade it was 'selected' as the first resources company to be audited. The audit process took many months to complete and the company was required to spend considerable money

and management time complying with the audit process. It is understood the World Bank is proposing to provide further funding to the IRC for this purpose so the resources industry can expect further audits.

Suspension of the mining operations in 1989 resulted in considerable losses to the company. In line with normal practice the company offset those losses against revenue as well as claiming depreciation of its remaining mine assets. Despite this approach being accepted by the IRC every year since the suspension of mining operations, the audit resulted in reassessments being issued for the period 1990 – 2000. The basis for the claim is the company has no assets that can be depreciated. (See Note 13 to the financial statements).

BCL has taken expert advice and on the basis of that advice lodged formal objections to the amended assessments. The company has already paid approximately K13 million into the National Court in respect to the 'pay now litigate later' approach of the IRC. Late in 2007 the IRC issued additional court proceedings against BCL aimed at requiring the company to pay further monies in advance of BCL's challenge to the new assessments and penalties.

### **Dividend Policy**

The profit is insufficient to warrant a dividend being paid particularly given the uncertain impact the IRC claim will have on the company's cash position.

### **Review and Renegotiation of the Bougainville Copper Agreement (BCA)**

The company has proposed to the Government that litigation over claims arising from the suspension of mining operations will not expedite a return to mining or resolution of the outstanding issues, including claims by the company against the Government. BCL has long advocated negotiation as the best means of addressing all claims. The Autonomous Bougainville Government (ABG) agreed with this approach shortly after being formed and formally requested that the National Government expedite a renegotiation of the Bougainville Copper Agreement (BCA) as a formal process that would allow the main stakeholders to address a range of issues. The National Government agreed to a formal review and renegotiation of the BCA and that the ABG and mine lease landowners be invited to join the discussions.

## **Chairman's Statement & Year in Review – 2007**

The processes stalled for various reasons during 2007 but there is now optimism that the new Mineral Resources Authority (MRA) will help facilitate the negotiations. Landowner participation is considered very important and progress has been made with landowner reconciliation and agreement on how they will be represented in negotiations.

### **Bougainville**

There is a moratorium on new exploration and mining on Bougainville outside BCL's lease area. The ABG has given the National Government notice that it wants to take responsibility for exploration and mining under the Bougainville Constitution. It can do so when it demonstrates sufficient capacity. The World Bank has indicated a willingness to assist Bougainville to develop the relevant capacity. This initiative is most welcome and certainly far preferable to having private vested interests dominate the process.

I don't believe it is necessary for the ABG to draw down mining powers before either exploration or mine development can take place within the company's tenements. This is because the BCA already makes provision for such activity. With the commitment of landowners, the ABG and National Government progress towards reopening the mine can move forward and result in much needed economic development for Bougainville and PNG. The current economic cycle for the minerals industry presents an opportunity for the parties to benefit considerably. BCL has signalled its willingness to be involved but needs the support of landowners and governments.

### **Litigation**

The company is not a party to the class action litigation involving a group of Bougainville plaintiffs in the US Federal Court. Nonetheless the litigation does create uncertainty that the company cannot ignore. I have previously reported that at the Court of First Instance the case was dismissed in its entirety. The plaintiffs appealed and the matter was subsequently heard by three Federal Court of Appeals judges. A 2-1 decision of the Appeal Court reinstated the case. The defendants have petitioned the Federal Court to rehear the Appeal decision. Last year a panel of 11 Judges of the US Federal Court of Appeal heard the matter and has reserved judgment. Irrespective of the decision either party can seek leave of the Supreme Court to rehear the matter. These appeals that are considering

whether the US Courts can hear the matter at all and have not considered the merits of any of the allegations. The case is likely to remain a distraction from rebuilding the Bougainville economy for a long time to come. For BCL shareholders and others who might benefit from the mine this litigation is likely to have a negative impact.

A separate claim against the company concerning landowner compensation is still pending, however the plaintiffs in the case have expressed a willingness to bring their claims within the Bougainville Copper Agreement review and renegotiation process.

### **Corporate Governance**

BCL has governance reporting obligations to the Australian Securities Exchange [ASX] and internally to Rio Tinto Limited, its parent company. BCL has reported against ASX governance guidelines. As the name suggests these are 'guidelines' rather than mandatory rules. A statement on BCL compliance with the guidelines is contained in this Report. In addition BCL has responded to the Rio Tinto governance questionnaire, which incorporates the Group's comprehensive range of policy including safety, environment, financial management and many other risk management matters.

### **Safety**

The Rio Tinto Group is particularly safety conscious and has in place comprehensive requirements to ensure its employees and contractors comply with best practice safety procedures. BCL complies with the requirements of the Rio Tinto safety policy.

### **Year Ahead**

My hope that the BCA review and renegotiation would be revived in 2007 did not come to pass. I think it is better to get the process right than fast track it and fail. Both the ABG and landowners have some issues to resolve before they are able to participate meaningfully and I am pleased at the progress that has been made. In my view the real key to success is finding the right champion to drive the process and I am optimistic the MRA will be that champion. The opportunities that the current resources boom offer will not be maintained indefinitely. If the main stakeholders are to gain mutual economic benefit from Bougainville's mineral potential, a proper framework needs to be put in place without delay.

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

**Chairman's Statement & Year in Review – 2007**

During the year, more work was undertaken on preparing for the possible lifting of the moratorium on new exploration and mining. Targets are in the process of being identified within the company licences. There is no shortage of parties willing to participate in an exploration program with BCL. Work is also being undertaken to ensure the extensive mine database the company has is up to date and able to be utilised quickly and effectively if a resumption of mining is agreed.

The Board is committed to the vision: "Return to active Exploration and Profitable Mining" as outlined in our 3 year Strategic Plan.

Achievement of our vision to return to active exploration and profitable mining is dependent on Bougainville communities reconciling issues and living in harmony. Normalisation of society continues to be a major concern. Ongoing civil unrest and restrictions to free movement inhibit the ability to govern, and progress living standards and development projects.

I am heartened by the support BCL is receiving from a wide cross section of the Bougainville and PNG community for it to reopen the mine. There is a general recognition that redevelopment will be a major undertaking requiring the resources and expertise of an experienced and well resourced developer. With the industry consolidating at a rapid rate there are becoming fewer companies who fit the bill. The work that has been done through the year by BCL's major

shareholder, Rio Tinto, has shown just how valuable access to the right resources can be. It has been possible to apply new software and techniques to BCL's old data and reproduce it in a form that places BCL years ahead of any other potential developer without access to this very important data set. It is also possible that grades once designated as waste can be economically processed and thus prolong the life of the mine and substantially increase its output.

This year Mr. Bruce Alexander retires by rotation and has decided not to offer himself for re-election. Mr. Alexander has had a long association with PNG. Prior to joining the BCL Board he was Chairman of Westpac Bank in PNG and was President of the Australia PNG Business Council. Mr. Alexander joined the Board of BCL in May 1999. He was a member of the Audit Committee, which he chaired and the Investment Committee. I wish to thank Mr. Alexander for his long and valuable contribution to the company and wish him well for the future.



**Peter R Taylor**

Chairman & Managing Director

20 February 2008

## Directors' Report

The Directors of Bougainville Copper Limited present their report on the audited financial statements of the company for the year ended 31 December 2007.

**Review:** Operating profit for 2007 of K3.6 million was similar to that 2006 (K3.7 million). Although the profit for the two periods is similar, operating expenses rose in this reporting period but were offset by increased investment income.

The Board's strategic goal of an investment portfolio which generates sufficient cash flow to cover annual operating costs, with prospects of a steady capital gain, was again recorded in 2007 with capital appreciation of K22 million compared with 2006 (K34 million) being added to shareholders' funds.

**Directors:** The directors of Bougainville Copper Limited at balance date are:

### P R Taylor

Age 61 BA BSc LLB LLM

Formerly with a major national law firm. The last 23 years have been spent with the Rio Tinto Group. Appointed to the Board of Bougainville Copper Limited April 1997 and Managing Director March 2000. Appointed Chairman of Bougainville Copper Limited in October 2003. Currently a Director of several Rio Tinto Group companies including Rio Tinto Marine and Energy Resources Australia. Community and business affiliations include former Chairman of international development agency Australian Business Volunteers and currently Vice President of the Australia Papua New Guinea Business Council.

### B R Alexander

Age 65 FAICD

Independent Director. Forty years with Westpac Banking Corporation including five years as Chief Executive, Pacific Regional Banking and Chairman, Westpac Bank (PNG) Limited (1994-1999).

Over 20 years boardroom experience involving listed and unlisted companies and not for profit organizations covering finance, medical services, oil and gas, agriculture, as well as mining sectors. Experience includes extensive Board Committee duty as well as Chairmanship of 4 companies. Mr. Alexander's primary contributions are forthcoming in the areas of strategic review, governance and risk management.

Appointed a director of Bougainville Copper Limited in May 1999. Currently serves on the Investment and

Audit Committees, and is Chairman of the latter. Due to retire May 2008 by rotation.

### J E Leahy

Age 50 B.Juris LLB

Independent Director. Mr. Leahy has university qualifications in jurisprudence and in law and has been admitted to practise law in NSW, Australia and Papua New Guinea. Mr Leahy has more than 18 years experience in senior tax and management positions in Papua New Guinea. 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 Papua New Guinea.

Mr. Leahy is the past Chairman of the Bougainville Economic Development Task Force, Past President of the Australia Papua New Guinea Business Council in PNG, Past President of the Papua Club and is currently a member of the National Working Group on Removing Impediments to Business and Investment in PNG, and Vice President of the PNG Chamber of Commerce and Industry.

Mr. Leahy is currently employed by Peter Allan Lowing Lawyers and is a resident of PNG. Appointed a director of Bougainville Copper Limited February 2007.

### R S Burns

Age 58 FAIMM FRMIT (Primary Metallurgy)

Mineral Processing Metallurgist with 28 years experience in operations and technical roles with the Rio Tinto Group. Seven years with Bougainville Copper Limited. Other 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, currently Chief Advisor Technology and Innovation Melbourne. Chairman Northparkes Mines Joint Venture. Trustee Aus IMM Educational Endowment Fund. Appointed a director of Bougainville Copper Limited January 2006. Due to retire May 2008 by rotation.

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



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**Directors' Report**

**Net Earnings:** The net profit of Bougainville Copper Limited for 2007 was K3.6 million (2006: K3.7 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 2007.

**Accounting Policies:** There have been no changes made in the company's accounting policies during 2007.

**Directors' Interests:** Directors' interests in the share capital of the company and its related companies as at 20 February 2008 were:

P R Taylor	
Shares – Rio Tinto Limited	600
Conditional shares awarded under the Mining Companies Comparative Plan – Rio Tinto Limited.	7,718
Options – Rio Tinto Share Savings Plan	1,875
Options – Rio Tinto Share Option Plan	18,162
Options – Rio Tinto Management Share Plan	1,250
B R Alexander	
No interests	
J E Leahy	
No interests	
R S Burns	
Shares – Rio Tinto Limited	611
Conditional shares awarded under the Mining Companies Comparative Plan – Rio Tinto Limited.	4,583
Options – Rio Tinto Share Savings Plan	601
Options – Rio Tinto Share Option Plan	5,805
Options – Rio Tinto Management Share Plan	900

**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 Minerals (PNG) Limited on a cost reimbursement basis.

**Remuneration of Directors:** The amount of directors' remuneration, including the value of benefits, received during the year is shown in Note 12 to the Financial Statements.

**Donations:** The company 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. BCL 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 that, on 2 February 2007, the Supreme Court of PNG handed down a decision to the effect that the tax in dispute was required to be paid to the Internal Revenue Commission pending the resolution of the substantive appeal which has not yet occurred. The current claim, which is being disputed, is now K39,434,208 of which K15,752,529 is primary tax and the balance penalties.
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, and as set out in the Notes to the accounts.
3. Except as reported in this Annual Report, there were no matters or circumstances that have arisen since the end of the financial year and which significantly affected or may significantly affect:
  - (i) the operations of the company
  - (ii) the results of those operations or
  - (iii) the state of affairs of the company in the financial year subsequent to 31 December 2007.

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**Directors' Report**

4. The directors do not have an interest in any contract or proposed contract with the company, are not parties to any material contract involving directors' interests, and are not in receipt of any loans or benefits other than the aggregate amount of emoluments received or due and receivable by directors shown in the accounts and the amount of fixed salary derived from the company or from a related corporation.
5. No options over shares of the company have been granted by the company during the financial year or since the end thereof; no shares of the company were issued during the year or have been issued since the end thereof by virtue of the exercise of any option granted by the company; and no options over shares of the company are outstanding at the date of this report.

Signed this 20th day of February 2008 in accordance with a resolution of the directors of Bougainville Copper Limited.



**P R Taylor**

Chairman and Managing Director



**B R Alexander**

Director

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## Corporate Governance Statement

For the financial year ended 31 December 2007

### Governance Overview

The Board is responsible to ensure that Bougainville Copper Limited (BCL) is managed in a way that meets the goals and aspirations of all its shareholders, while paying due regard to the interests of external stakeholders and those factors consistent with good corporate citizenship. All comments in this statement reflect the revised ASX Corporate Governance Principles and Recommendations published in August 2007.

Corporate governance is defined as "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations". The Directors are committed to high standards of corporate governance for which they are accountable to shareholders, while recognising the need to provide control systems commensurate with the risks undertaken and absorbed by the company. As a consequence, Directors acknowledge and accept that good corporate governance will evolve with the changing circumstances of the company and must be tailored to meet those circumstances.

Management of BCL is provided via a Service Agreement with the major shareholder Rio Tinto Limited (RTL). The BCL Board as recent as February 2008 reaffirmed the continuance of the company's adoption of RTL governance principles with application of their practices and reporting systems where appropriate. RTL's risk management framework and Annual Internal Control Questionnaire process feature prominently. Management certifies annually to RTL and/or the Board that an effective system of internal control is being maintained, along with other specifics mentioned below.

The Directors are aware of the valuable contribution made to the company by its major shareholder RTL in terms of policies and practices. Notwithstanding this, the Directors acknowledge that they must, and do, act in the best interests of all shareholders.

Under the ASX Listing Rules, BCL is required to disclose the extent to which the ASX Corporate Governance Principles recommended have been followed in the reporting period. Directors are aligned with the stated principles and their desired effect and have adopted the "if not, why not" reporting philosophy. It should be noted that revised Principles (8) were issued by the ASX Corporate Governance Council in August 2007 with

application in BCL's case required by December 2008. Where new requirements are still to be addressed, reference is made below.

### Board Responsibilities and Charter

The Board has instituted a Charter and reviews its suitability on an annual basis. This last occurred in November 2007. The Charter can be accessed on the company's website. [www.bougainvillecopper.com.pg](http://www.bougainvillecopper.com.pg)

In the performance of its responsibilities and powers, the Board at all times recognises the over-riding requirement to act honestly, ethically, fairly, diligently and in accordance with the law in serving the interests of the company's shareholders, employees and the community.

The Directors approve strategy and business plans and monitor the performance of the company against these plans. The Directors also monitor compliance with the risk management framework, delegated authorities, PNG/Australian laws and regulations applicable to the company's business, and policies prescribed by the Board; in particular adoption of the Code of Conduct "The Way We Work".

The Board is aware that related party transactions must be considered carefully and these are vetted by the independent Directors on the Audit Committee. Directors associated with the relevant related party do not vote on transactions involving the related party.

The company's formalisation and disclosure of the functions reserved to the Board and those delegated to management are consistent with Principle 1.1.

### Board Composition and Independence

During the reporting period the Board consisted of at least four Directors. In August 2007, Directors resolved to add an additional independent Director to the Board and the search for a suitable candidate is currently incomplete.

The Board currently consists of two "independent" and two "non-independent" Directors. The latter, Messrs Taylor and Burns are current executives of RTL which holds a 53.58 per cent interest in the share capital of BCL.

Details of all Directors, their qualifications and experience are set out on page 6.

### **Corporate Governance Statement – continued**

Qualification for Board membership is related to the mix of skills and knowledge that the Board considers will be necessary to progress the short/medium term future of the company. As evolution of the company's Vision develops, additional Directors are expected to be appointed. With four Directors it is not considered practical or efficient to establish a Nominations Committee, therefore decisions relating to appointment of Directors are made by the full Board. Directors appointed by the Board are required by BCL's Constitution to submit themselves for election by shareholders at the Annual General Meeting following their appointment. There is no share ownership qualification for appointment as a Director. Directors are subject to retirement by rotation in accordance with BCL's Constitution, but may offer themselves for re-election. The person holding the position of Managing Director is not subject to retirement by rotation while holding that position.

For the past year, given the company's operating status, it has not been considered necessary to have more than four Directors and thus a majority of independent Directors, nor a need to split the roles of Chairman/Managing Director. The respective roles of Managing Director and Chairman have been codified with authority levels set for each position to ensure the combined roles do not result in unfettered power being held by a single member of the Board. Mr Taylor's performance as the company's Chief Executive is reviewed by RTL in keeping with its executive management practices (1.2). At this juncture, none of the recommendations for ASX Principle 2 are in place. The situation will continue to be monitored/reviewed over the coming year with appropriate actions implemented where operationally desirable and strategically appropriate prior to December 2008.

#### **Board Performance Self-Assessment**

The Board undertakes an annual performance evaluation (self-assessment) that:

- compares the requirements of the Charter with the performance of the Board;
- identifies goals and objectives or changes to this Charter deemed necessary or desirable.

The primary aim is to raise the effectiveness of the Board. The performance evaluation takes the form of an open discussion revolving around a summary

prepared by the Chairman of questionnaire responses completed by all Directors and which pertains to a broad cross-section of functions and behaviors experienced in the Board room. There has been no formal evaluation process for Committees and individuals.

#### **Ethical and Responsible Decision Making**

The Board has recently reaffirmed the adoption of the Rio Tinto Code of Conduct "The Way We Work" as the company's code as well as the "Speak Out" program which encourages communication and feedback by employees on ideas or concerns about the behavior of individuals without fear of recrimination. Employees of Rio Tinto engaged in BCL business are encouraged to report any unethical or illegal practices through this process. Details of both programs may be found on the company's website. [www.bougainvillecopper.com.pg](http://www.bougainvillecopper.com.pg)

BCL has also adopted the Rio Tinto policy concerning trading in company securities by Directors, senior executives and employees. Under the policy:

- Directors and senior managers must advise the Chairman if they intend to purchase securities in the company or any other company with which BCL is conducting business. In regard to his own dealings the Chairman is required to notify the full Board.
- No dealings in securities by directors and officers of the company may take place during the period two months immediately preceding the announcement of the company's annual results or half year results.

The company is therefore satisfying the requirements of Principles 3.1 and 3.2.

#### **Audit Committee and Risk Management**

The Audit Committee is appointed by the Board and currently comprises two of the four Directors; both non-executive independent Directors. The Committee currently consists of Messrs Alexander and Leahy with Mr Alexander elected Chairman. Both Directors have the desirable experience and expertise to serve on this Committee; Mr Alexander was previously a senior executive with Westpac Banking Corporation and Mr Leahy a partner of both Deloitte Touche Tohmatsu and PricewaterhouseCoopers. A formal Charter has been approved by the Board which is reviewed annually (August 2007) to ensure suitability. The Charter can be accessed on the company's website.

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**Corporate Governance Statement – continued**

Attendance details of the 2007 meetings of the Audit Committee are set out in the table below.

<b>Director</b>	<b>Meetings Attended</b>	<b>Meetings Whilst in Office</b>
B Alexander (Chairman)	4	4
J Leahy	4	4
D McLellan	2	2

As well as ensuring the company has a suitable risk management framework in place and it is operating effectively, the Committee oversees compliance on a range of key risk elements including legal and regulatory requirements impacting the company such as ASX Listing and Disclosure requirements, and key operational systems. The Committee has sought and received from the Chief Executive and Company Secretary a declaration vide s295A of the Corporations Act.

The company is compliant with Principle 4 and 7.2, 7.3. It will implement full requirements for 7.1 during 2008.

**Continuous Disclosure / Rights of Shareholders**

The Board recognises its obligations and the rights of shareholders to be suitably informed; qualitatively and with timeliness. It has taken the strategic decision to improve communications with shareholders and key stakeholders with the implementation by management of a Communication Plan as part of a special project (Corporate Image) commencing 2008.

BCL makes full and timely disclosures to its shareholders and the market in accordance with its legal and regulatory obligations. Established systems are in place to ensure compliance. The Managing Director and Company Secretary are responsible for such disclosures. The company's policies and procedures comply with Principle 5.1.

The Board informs shareholders and others of all major developments and complies with its continuous disclosure requirements. Any material information is announced to the Australian Stock Exchange in accordance with the Listing Rules. The company has an established website with links to relevant company information.

New communication policies are expected to flow from the Corporate Image project outlined in the 3 year

Strategic Plan. The company should be compliant with Principles 5 and 6 by end of 2008.

**Remuneration**

BCL does not have any employees and consequently does not have need for a Remuneration Committee. Management of BCL is provided by Rio Tinto under a Service Agreement between BCL and RTL. RTL select and appoint the staff consistent with the business needs, with overview by the Board. The remuneration of Executives and staff appointed to BCL are governed by the compensation policies applied within RTL.

The revised ASX Principles outline a number policies, practices and processes for implementation to provide transparency and clarity on executive remuneration for shareholders. The independent Directors will consult during 2008 with Rio Tinto on the pragmatic application of any features pertaining to Principle 8.

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 full Board after taking into account data on market remuneration levels. During 2007 there was no increase in individual Director remuneration at the rate of AUD\$30,000 plus AUD\$6,000 per annum for Committee members. Independent Directors also receive retirement benefits upon retirement which are fully provisioned. The Managing Director does not receive directors' fees. Mr. Burns Directors' fees are paid direct to RTL.

**Board Meetings**

The Board normally has four scheduled meetings per year and may meet at other times to deal with urgent issues. In 2007 there were four meetings of the Board and the attendance details for Directors are set out in the table below.

<b>Director</b>	<b>Meetings Attended</b>	<b>Meetings Whilst in Office</b>
B Alexander	4	4
R Burns	4	4
J Leahy	4	4
D McLellan	2	2
P Taylor	4	4

**Independent Professional Advice**

Directors may seek independent professional advice, both individually and collectively at BCL's expense.

***Corporate Governance Statement – continued***

Directors are required to give prior notice to the Chairman of their intention to seek independent professional advice and provide the names of any professional advisers they propose to instruct together with a brief summary of the subject matter. Any advice obtained by a Director must be made available to the other Directors.

***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 31 December 2007 are set out on page 7.

Each of the Directors has given a general notice in accordance with PNG corporations law (and consistent with the Australian Corporations Act 2001) 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 BCL and those corporations

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## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

**Income Statement**

<i>Bougainville Copper Limited year ended 31 December 2007</i>		<b>2007</b>	2006
	Notes	<b>K'000</b>	K'000
<b>Income</b>			
Interest		<b>938</b>	926
Realised gain on disposal of investments		-	571
Exchange gains		<b>631</b>	355
Dividends		<b>7,397</b>	6,351
		<b>8,966</b>	8,203
<b>Costs and expenses</b>			
General and administration expenses	2	<b>(4,858)</b>	(4,425)
Exchange losses	5	<b>(519)</b>	(121)
		<b>(5,377)</b>	(4,546)
<b>Operating profit</b>		<b>3,589</b>	3,657
Income tax	4	-	-
<b>Operating profit after tax</b>		<b>3,589</b>	3,657
Earnings per share (toea)		<b>0.895</b>	0.912

**Statement of Movements in Equity**

	<b>Paid up capital</b>	<b>Asset revaluation reserve</b>	<b>Fair value reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
Brought forward at 01.01.06	401,063	31,276	30,637	(122,410)	340,566
Operating profit – 2006	-	-	-	3,657	3,657
Fair value gains – 2006	-	-	34,017	-	34,017
Balance at 31.12.06	401,063	31,276	64,654	(118,753)	378,240
Operating profit – 2007	-	-	-	3,589	3,589
Fair value gains – 2007	-	-	22,205	-	22,205
Balance at 31.12.07	401,063	31,276	86,859	(115,164)	404,034

*All amounts are expressed in Papua New Guinea kina. Rounding to the nearest thousand kina has been adopted. The Notes on pages 16 to 22 form part of these accounts and are to be read in conjunction with them.*

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

**Balance Sheet**

<i>Bougainville Copper Limited at 31 December 2007</i>		<b>2007</b>	2006
	Notes	<b>K'000</b>	K'000
<b>Funds employed:</b>			
<b>Shareholders' Funds</b>			
Ordinary shares	10	<b>401,063</b>	401,063
Asset revaluation reserve	8	<b>31,276</b>	31,276
Fair value reserve	11	<b>86,859</b>	64,654
Accumulated losses		<b>(115,164)</b>	(118,753)
		<b>404,034</b>	378,240
<b>Non-Current Liabilities</b>			
Provisions	6(b)	<b>22,073</b>	22,073
Other payables	6(b)	<b>4,736</b>	4,888
Income tax	4(b)	<b>6,759</b>	6,759
		<b>33,568</b>	33,720
<b>Current Liabilities</b>			
Trade payables	6(a)	<b>1,137</b>	1,318
		<b>438,739</b>	413,278
<b>Total Funds</b>			
<b>These funds are represented by:</b>			
<b>Non-Current Assets</b>			
Available-for-sale financial assets	3	<b>204,739</b>	176,620
Other receivables	9(b)	<b>3,909</b>	3,909
Mine assets	7	<b>197,894</b>	197,894
		<b>406,542</b>	378,423
<b>Current Assets</b>			
Cash and cash equivalents		<b>358</b>	1,352
Held-to-maturity financial assets		<b>14,291</b>	16,025
Other receivables	9(a)	<b>17,548</b>	17,478
		<b>32,197</b>	34,855
		<b>438,739</b>	413,278
<b>Total Assets</b>			

*Details of contingent liabilities and assets are shown in Note 13. All amounts are expressed in Papua New Guinea kina. Rounding to the nearest thousand kina has been adopted. The Notes on pages 16 to 22 form part of these accounts and are to be read in conjunction with them.*



## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

**Statement of Cash Flows**

<i>Bougainville Copper Limited year ended 31 December 2007</i>	<b>2007</b> <b>K'000</b>	2006 K'000
<b>Cash flows from operating activities</b>		
Payments to suppliers	<b>(5,731)</b>	(4,359)
Interest received	<b>889</b>	943
Dividends received	<b>7,397</b>	6,351
Net operating cash flows	<b>2,555</b>	2935
<b>Cash flows from investing activities</b>		
Payments for purchase of shares in non-related entities	<b>(5,914)</b>	(3,178)
Proceeds from sale of shares in non-related entities	-	1,123
Increment in held-to-maturity investments	<b>(889)</b>	(837)
Proceeds from held-to-maturity investments	<b>3,355</b>	350
Net investing cash flows	<b>(3,448)</b>	(2,542)
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Net cash flow	<b>(893)</b>	393
Cash and cash equivalents at beginning of year	<b>1,352</b>	847
Effect of exchange rate changes on cash and cash equivalents	<b>(101)</b>	112
Cash and cash equivalents at end of year	<b>358</b>	1,352

*All amounts are expressed in Papua New Guinea kina. Rounding to the nearest thousand kina has been adopted. The Notes on pages 16 to 22 form part of these accounts and are to be read in conjunction with them.*

For, and on behalf of, the board.



**P R Taylor**  
Chairman & Managing Director

20 February 2008



**B R Alexander**  
Director

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

**Notes to Accounts**

*These notes form part of the 2007 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 1990. These policies have been consistently applied to all years presented, unless otherwise stated.

**1.(a) Basis of Preparation**

The financial statements of Bougainville Copper Limited 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.

**1.(b) Accounting Policies****Mine Assets:**

As a consequence of cessation of mining activities in 1990, 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 of 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:**

Tax effect accounting procedures are followed. Any current liability for income tax is based on estimated taxable income for the year. The components of this taxable income can differ from those which make up the earnings before tax for the year and these

differences are either permanent differences or temporary differences. Permanent differences are disclosed in Note 4. Temporary differences arise because the tax base of some assets and liabilities is different from their accounts carrying value. The tax effect of these temporary differences is classified as either deferred income tax liability or future income tax benefit in the balance sheet. Future income tax benefits are not recognised unless their realisation is probable. Future income tax benefits therefore have not been recognised pending the development of a clearer view of the timing of recommencement of operations.

**Foreign Currency 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 the income statement.

**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.

**Investments:****(i) Available-for-sale financial assets**

Investments in marketable 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. Gains or losses on 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 the income statement. 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.

**Significant Risks and Uncertainties**

Mine production was suspended on 15 May 1989

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

There continues to be considerable uncertainty surrounding the future of the Panguna mine. Since the withdrawal of company personnel from Bougainville was completed on 24 March 1990, there has been no care and maintenance of the company's assets. Considerable deterioration of the assets has occurred in the intervening period, because of this lack of care and maintenance, their exposure to the elements, 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 is clear that a major write-down of assets from their pre-closure levels will be required. To allow for this future write-down, the directors made a 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 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.

Refer to Note 9 and 13 for information regarding the company's ongoing tax dispute with the IRC.

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

<i>Bougainville Copper Limited year ended 31 December 2007</i>	<b>2007</b>	2006
	<b>K'000</b>	K'000
<b>2. General and administrative expenses</b>		
Remuneration of Directors (Note 12)	<b>1,358</b>	1,046
Auditors' remuneration - auditing the accounts	<b>32</b>	17
- taxation services	<b>79</b>	46
- other	<b>2</b>	4
(The auditors have received no other benefits)		
Insurance	<b>187</b>	156
Management fees – related party (Note 17)	<b>2,084</b>	1,535
Other general and administrative expenses	<b>1,116</b>	1,621
	<b>4,858</b>	4,425

**3. Available-for-sale financial assets****Non-current**

At fair value

Shares-listed	<b>204,739</b>	176,620
	<b>204,739</b>	176,620

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 before taxation	<b>3,589</b>	3,657
Prima facie income tax @ 30 per cent	<b>1,077</b>	1,097
Future tax benefit now recognised	<b>(1,077)</b>	(1,097)
Income tax expense	<b>-</b>	-

- (b) An agreement between the Independent State of Papua New Guinea and Rio Tinto Limited provides for the deferral of income tax payable in respect of the 1989 year until certain criteria have been met following successful recommencement of operations.
- (c) The future income tax benefit relating to tax losses has not been brought to account because their realisation is not probable.  
Available tax losses carried forward amount to K104,038,253 (2006: K106,795,700).

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

<i>Bougainville Copper Limited year ended 31 December 2007</i>	<b>2007</b>	2006
	<b>K'000</b>	K'000

**5. Exchange Fluctuation**

(a) The net exchange gain/(loss) reflected in earnings arose from:		
Related party transactions	<b>(519)</b>	(121)
(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>14,533</b>	17,459
Non-current assets	<b>204,739</b>	176,620
Current liabilities	<b>37</b>	66
Non-current liabilities	<b>219</b>	370
Kina equivalent of Australian dollars		

**6. Liabilities**

Trade payables

(a) Current		
Provision for care and maintenance	<b>830</b>	830
Trade creditors	<b>39</b>	66
Related corporations	<b>268</b>	422
	<b>1,137</b>	1,318
(b) Non-current		
Other payables	<b>4,736</b>	4,888

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

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

<i>Bougainville Copper Limited year ended 31 December 2007</i>	<b>2007</b> <b>K'000</b>	2006 K'000
<b>7. 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.*

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

<i>Bougainville Copper Limited year ended 31 December 2007</i>	<b>2007</b>	2006
	<b>K'000</b>	K'000

**8. 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.

**9. Other Receivables**

(a) Current		
Sundry receivables	<b>86</b>	66
Interest receivable	<b>66</b>	16
Monies paid to the Supreme Court	<b>12,991</b>	12,991
Withholding tax receivable	<b>4,405</b>	4,405
	<b>17,548</b>	17,474
(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 by State owned entities, and are considered subject to offset on settlement against amounts owing to the 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 BCL's claimed tax depreciation on its Bougainville Assets on the ground that BCL 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 that depreciation to offset against BCL's investment income has now lapsed through passage of time. The IRC has issued assessments on that basis. BCL's objections to the assessments were rejected by the IRC and BCL has appealed to the National Court. The outcome is unknown; our advisors and Senior Australian Counsel state that BCL has very good arguments in this matter and have a better than average chance of succeeding against the IRC. The IRC issued garnishee notices under the Income Tax Act to all the PNG banks requiring them to pay any funds held by them for BCL to the IRC. BCL obtained an injunction preventing the execution of the garnishee but this injunction has since been dismissed. BCL appealed the dismissal of the injunction to the Supreme Court. The Supreme Court heard the appeal, and handed down its decision on the 2nd February 2007, and ordered that the funds being held by the court be paid to the IRC. The company believes that its position is supportable and the amounts paid are recoverable (refer also Note 13). Meanwhile the substantive appeal against the tax assessment is pending. In the unlikely event that the IRC is successful, the impact would be a write off of monies paid to date to the IRC and a recognition of the liability and any other liability arising from this reassessment.

**10. Ordinary Shares**

The issued capital of the company is 401,062,500 ordinary shares fully paid. No change in issued capital occurred during 2007.

<b>11. Fair Value Reserve</b>	<b>2007</b>	2006
	<b>K'000</b>	K'000
Fair value reserve	<b>86,859</b>	64,654

This reserve records movements for available-for-sale financial assets to fair value. Refer Note 1(b)(i) and Note 18(f) for calculations of 'fair value'.

**12. Remuneration of Directors**

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

B R Alexander	<b>88</b>	79
R S Burns**	<b>75</b>	79
J E Leahy	<b>81</b>	-
D H McLellan***	<b>242</b>	79
P R Taylor*	<b>872</b>	809
	<b>1,358</b>	1,046

\* Mr 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.

\*\* Amount paid directly to Rio Tinto. See Note 17.

\*\*\* Mr McLellan retired on 9th May 2007. He was paid K30,048 in Directors Fees and K212,107 in retirement benefits during this reporting period.

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

*Bougainville Copper Limited year ended 31 December 2007*

### **13. Contingent liabilities and assets**

Bougainville Copper Limited 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 of K15.8 million and penalties of K36.6 million arising out of the audit. BCL's tax returns for those and all other years were prepared on BCL's considered view of the appropriate tax law. BCL believes its view of the law is correct and accordingly no provision has been recognised for these amounts (refer Note 9). 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.

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

### **14. 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.

### **15. Holding company**

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

### **16. 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 Stock Exchange.

### **17. Related Party Transactions**

Transactions with directors are disclosed in Note 12.

In 2007 the company paid fees of K19,378 (2006 K20,927) for managing investment funds and accounting fees to Rio Tinto Services Limited and K1,918,006 (2006 K1,694,642) for the provision of office space, staff and related services to Rio Tinto Minerals (PNG) Limited and K146,246 (2006 K405,008) for the Panguna restart studies, mine planning data conversion and Directors fees for Mr. R Burns to Rio Tinto Technology and Innovation.

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

### **18. Financial Instruments**

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

#### **(a) Financial risk management**

The company'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**

The company 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.

#### **(c) Price risk**

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

#### **(d) Credit risk**

The company has no significant concentrations of net credit risk.

#### **(e) Liquidity risk**

The company aims to prudently manage liquidity risk by maintaining sufficient cash and other liquid assets or the availability of funding through uncommitted credit facilities.

#### **(f) Fair value estimation**

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



## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

**Independent Audit Report***Independent Audit Report to the Members of Bougainville Copper Limited***Report on the financial statements**

We have audited the accompanying financial statements of Bougainville Copper Limited which comprise the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

**Directors' responsibility for the financial statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, other generally accepted accounting practice in Papua New Guinea and with the requirements of the Papua New Guinea Companies Act 1997. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion.

**Bases for qualification**

The financial report of Bougainville Copper Limited for the year ended 31 December 2007 has been prepared with the inclusion of the company's mine assets at their 1 January 1991 book value, with 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 Note 1(b) to the accounts, there continues to be considerable uncertainty surrounding the future of the Panguna mine, and the extent of deterioration, damage and pilferage of the company's assets on Bougainville. While the directors have made this impairment provision in good faith based on the limited information available to them, it must be recognised that the actual extent of the necessary write-downs can only be established when access to the mine site by appropriate company representatives is again possible or when a reliable market price for the Panguna assets can be determined.

In our opinion, providing for the probable impairment loss from deterioration, damage or pilferage is the appropriate accounting treatment for the actual impairment which will have occurred in the period to 31 December 2007. However, as the actual extent of such impairment can only be established after the company regains access to the mine site or a reliable market price can be determined, we recognise that, at present, the recoverable amount of the company's assets on Bougainville is not capable of reliable measurement or estimation. Accordingly the impairment provision made by directors in 1991 may eventually prove to be above or below the sum which is necessary to reflect this impairment. In the absence of all the necessary information and explanations we require, and for the reasons set out above, we are unable to form an opinion as to whether or not the impairment provision against the carrying amount of mine assets of K350 million is adequate or not. Accordingly we are unable to form an opinion as to whether or not the carrying value of the mine assets, as disclosed in these accounts, is properly stated.

The directors have established a provision of K22.1 million for compensation, rehabilitation and stabilisation for which the company may be liable. The company's actual liability for these costs is subject to significant

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uncertainty, and we are unable to form an opinion as to whether the provision is fairly stated.

The mine assets, which represent 45 per cent of the book value of total assets and 49 per cent of the book value of net tangible assets, and the liability for compensation, rehabilitation and stabilisation, are of fundamental importance to the presentation of the accounts. In view of the significant uncertainty over the carrying amount of the mine assets and the liability for compensation, rehabilitation and stabilisation as set out above, we are unable to form an opinion as to whether or not the financial report gives a true and fair view of the financial position of the company as at 31 December 2007 and its performance for the year ended on that date.

#### **Qualified audit opinion**

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

- (a) we have not obtained all the information and explanations that we have required, and
- (b) we are unable to, and do not express, an opinion as to whether the financial report of Bougainville Copper Limited:
  - (i) gives a true and fair view of the financial position of Bougainville Copper Limited as at 31 December 2007 and its performance for the year then ended; and
  - (ii) is presented in accordance with the Companies Act 1997, International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea.

This opinion must be read in conjunction with the qualification paragraphs above and the rest of our audit report.

#### **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:

- (i) in our opinion proper accounting records have been kept by the company, so far as appears from our examination of those records;
- (ii) we have obtained all the information and explanations we have required; and

- (iii) in conducting our audit we followed applicable independence requirements of CPA Papua New Guinea.

**PricewaterhouseCoopers**  
by **J.C. Seeto**  
**Registered under**  
**the Accountants Registration Act (1996)**  
**Port Moresby,**  
**on this 20th day of February, 2008**

#### **Directors' declaration**

Directors' declaration Bougainville Copper Limited  
31 December 2007

In the directors' opinion:

- (a) the financial statements and notes set out on pages 16 to 22 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 and consolidated entity's financial position as at 31 December 2007 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 Taylor



Director: John Leahy



Director: Bruce Alexander



Director: Robert Burns

Signed at this 20th day of February 2008.

## BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

**Corporate Information****Bougainville Copper Limited**

(Incorporated in Papua New Guinea)

**Registered Office:**

6th 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  
2nd 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  
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 Stock Exchange Limited

**Auditors:**

PricewaterhouseCoopers  
P O Box 484  
Port Moresby, Papua New Guinea

**Bankers:**

Commonwealth Bank of Australia  
Bank South Pacific

**Solicitors:**

Allens Arthur Robison  
Gadens Lawyers

**Twenty largest shareholders**

The twenty largest shareholders as at 19th February 2008 and the number of shares held by each were:

Name and Registered Address	Shares	% of Issued Shares
1. Rio Tinto Limited Melbourne VIC	214,887,966	53.58
2. The Independent State of Papua New Guinea	76,430,809	19.06
3. ANZ Nominees Limited Melbourne VIC	32,789,966	8.18
4. Citicorp Nominees Pty Limited Melbourne VIC	30,886,890	7.70
5. National Nominees Limited Melbourne VIC	8,945,294	2.23
6. HSBC Custody Nominees (Australia) Limited Sydney NSW	7,426,049	1.85
7. J P Morgan Nominees Australia Limited Sydney NSW	2,033,338	0.51
8. Franz Heinrich Rast Bulli NSW	1,657,440	0.41
9. James West Auckland New Zealand	1,529,511	0.38
10. Merrill Lynch (Australia) Nominees Pty Limited Melbourne VIC	1,235,383	0.31
11. Bell Potter Nominees Pty Limited Melbourne VIC	900,000	0.22
12. Mrs Francis Claire Fox Whealers Hill VIC	771,765	0.19
13. The Noble Hope for Construction Pty Ltd Condell Park NSW	700,000	0.17
14. Deep Investments Pty Limited Pymble NSW	629,343	0.16
15. Estate late Mr Donald Ranaweera MBE Colombo Sri Lanka	625,000	0.16
16. Mr Anthony Patrick Cahill Ascot Vale VIC	470,130	0.12
17. Deep Valley Pty Limited Virginia QLD	377,000	0.09
18. Customer Company INC London United Kingdom	281,968	0.07
19. Mr Daniel Ronald Watson Glenside SA	250,000	0.06
20. Mr Lewis Haswell Finey Fairy Meadow NSW	240,446	0.06
	<b>383,068,298</b>	<b>95.51</b>

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**Corporate Information****Distribution of shares**

As at 19th February 2008: The issued shares of the company were 401,062,500 fully paid one kina shares, each carrying one voting right. The number of shareholders was 15,504.

The distribution of holdings of the issued shares was:

		%
1 - 1,000 shares	13,126	84.66
1,001 - 5,000 shares	1,758	11.34
5,001 - 10,000 shares	328	2.12
10,001 - shares and over	292	1.88
Total Shareholders	<u>15,504</u>	<u>100.00</u>

There were 11,892 holdings of shares (76.70 per cent) which do not form a marketable parcel.

95.51 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 and its wholly-owned subsidiary Rio Tinto Base Metals Pty Limited 214,887,966 shares (53.58 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.

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**Distribution of the Benefits***Bougainville Copper Limited year ended 31 December 2007*

	<b>2007</b>	<b>K million 1972-2007</b>
<b>PNG Government</b>		
Corporate income tax*	-	514.2
Additional profits tax*	-	72.6
Group tax (PAYE)	-	122.2
Customs duty	-	104.1
Miscellaneous	-	10.1
Dividends*	-	167.4
Dividend WHT*	-	97.6
	-	1,088.2
<b>North Solomons Provincial Government</b>		
Royalties (95% to NSPG)	-	61.4
Non Renewable Resources Fund	-	1.8
Other taxes	-	12.0
	-	75.2
<b>Landowners</b>		
Royalties (5% to Landowners)	-	3.2
Compensation	-	35.0
	-	38.2
<b>Non-Government Shareholders</b>		
Dividends net of Dividend WHT*	-	582.1
<b>Employees</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.*

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## Statistical Summary

FINANCIAL	2007	2006	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
<b>Earnings (K million)</b>																
Net sales revenue and other income*****	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	2.2	3.3
Operating and other expenses****	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	5.1	316.6
Depreciation*****	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings/(loss) before taxation and exchange gains	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)	(2.9)	(313.3)
Exchange gains/(losses)	0.2	0.2	(0.4)	3.1	0.3	-	-	0.4	0.5	-	-	6.6	9.2	(0.3)	1.5	0.1
Earnings/(loss) before taxation	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)	(1.4)	(313.2)
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional profits tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net earnings/(loss)	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)	(1.4)	(313.2)
Dividends paid	-	-	-	-	8.0	-	-	-	-	-	-	-	-	-	-	-
Earnings/(losses) retained	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)	(1.4)	(313.2)
<b>Balance Sheet (K million)</b>																
Property, plant & equipment	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	201.4	201.5
Investments and loans	204.7	176.6	128.2	121.2	18.9	3.1	-	-	-	-	-	-	-	-	-	-
Current and other non-current assets	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	56.8	56.5
Total assets	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	258.2	258.0
Shareholders' funds	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	236.4	237.9
Exchange fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long term liabilities	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	6.8	6.8
Current liabilities	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	15.0	13.3
Funds employed	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	258.2	258.0
<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	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	1.04	1.05
Average metal prices																
LME copper (US\$/lb)	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	103.0	106.0
London gold market (US\$/oz)	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	344.0	362.2
Return on shareholders' funds (per cent)	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)	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 K1.00) (toea)	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-
Number of shares issued at end of year (millions)	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401
Number of shareholders at end of year	-	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	19 851	19 982
Debt/equity ratio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workforce at end of year																
Overseas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	6
National	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	6

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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