

## HD Corporate News: Rio Tinto Reviews Mine, 25 Years After It Closed

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SYDNEY -- Rio Tinto has maintained control of its closed Bougainville **copper** mine through decades of independence clashes in Papua New Guinea.

But as the mine today edges toward restarting after a quarter-century and **copper** prices are strong, Rio might head for the exit.

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The Anglo-Australian **company** on Monday said it was reviewing its options for its controlling **stake** in Bougainville **Copper** Ltd., after the government passed new laws that could strip the **company** of its lease on its Panguna mine.

When Panguna -- one of the world's biggest **copper** deposits -- started **operations** in 1972, Papua New Guinea saw the project in Bougainville as a path to riches.

But islanders soon became envious that revenue that was flowing to government coffers in Port Moresby rather than to Bougainville schools, health clinics and local incomes. Those frustrations, combined with worries over the mine's poor environmental record, burst into violence in 1989 when militants forced the mine to shut down.

Just before it closed, the mine was producing around 166,000 metric tons of **copper** and 450,000 troy ounces of **gold** a year. That is enough **copper** for 7.3 **million** typical American-made cars.

This year, however, there were signs that the mine was on the path to being rebuilt as rising demand from **China** for **copper** in apartment buildings and electric grids pushed prices higher.

**Mining** executives, landowners and the Bougainville and national governments have been working toward a reconciliation ceremony known as a bel kol -- "best translated as a cooling of the heart, or a lowering of the emotional temperature," said Peter Taylor, the chairman of Bougainville **Copper** for more than a decade.

But **mining** laws were passed this month that will transfer **mining** regulation to Bougainville's autonomous government from Papua New Guinea's national government.

Under the legislation, Bougainville **Copper** -- in which Papua New Guinea's government holds a 19% interest -- would lose its **mining** lease for Panguna. It would be exchanged for an exploration license. Rio Tinto would have to reapply for the lease.

"Rio Tinto has decided now is an appropriate time to review all options for its 54% **stake** in Bougainville **Copper**," said the **company**, which is reviewing the implications of the **mining** bill. Private shareholders own 27% of Bougainville **Copper**.

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