

# BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

## BALANCE SHEET

<i>Bougainville Copper Limited year ended 31 December, 2002</i>		2002	2001
	Notes	K'000	K'000
<b>FUNDS EMPLOYED:</b>			
<b>Shareholders' Funds</b>			
Paid up capital	10	401 063	401 063
Asset revaluation reserve	8	31 276	31 276
Accumulated losses		(130 732)	(130 588)
		<b>301 607</b>	<b>301 751</b>
<b>NON - CURRENT LIABILITIES</b>			
Provisions	6(b)	22 073	22 073
Other creditors	6(b)	4 520	4 522
Income tax	4(b)	6 759	6 759
		<b>33 352</b>	<b>33 354</b>
<b>CURRENT LIABILITIES</b>			
Creditors	6(a)	1 264	1 298
<b>TOTAL FUNDS</b>		<b>336 223</b>	<b>336 403</b>
<b>THESE FUNDS ARE REPRESENTED BY:</b>			
<b>NON - CURRENT ASSETS</b>			
Investments	3	18 882	3 115
Other debtors	9(b)	3 909	3 909
Mine assets	7	197 894	197 894
		<b>220 685</b>	<b>204 918</b>
<b>CURRENT ASSETS</b>			
Bank balances		100 331	87 647
Short term liquid investments		9 885	38 110
Other debtors	9(a)	5 322	5 728
		<b>115 538</b>	<b>131 485</b>
<b>TOTAL ASSETS</b>		<b>336 223</b>	<b>336 403</b>

Details of contingent liabilities and assets are shown in note 12.  
 All amounts are expressed in Papua New Guinea kina.  
 Rounding to the nearest thousand kina has been adopted.  
 The notes commencing on page 12 form part of these accounts  
 and are to be read in conjunction with them.

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## FOREIGN CURRENCY:

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

## PROVISIONS:

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

## INVESTMENTS:

At 1 January 2001 the company adopted IAS 39 and classified its investments in marketable securities (shares in other corporations) as 'available for sale'. 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 recognized 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. Realised and unrealized gains and losses arising from changes in the fair value of available-for-sale investments are included in the income statement in the period in which they arise.

Short term liquid investments comprise investments in treasury bills issued by the Bank of Papua New Guinea. These are all intended to be held to maturity, which is typically one to three months. These are measured at cost with accrued interest included in other debtors.

## Bougainville Copper Limited year ended 31 December, 2002

### 2. GENERAL AND ADMINISTRATIVE EXPENSES

	2002 K'000	2001 K'000
Remuneration of Directors (Note 11)	303	189
Auditors' remuneration - auditing the accounts	30	21
taxation and exchange control services	153	73
(The auditors have received no other benefits)		
Insurance	223	297
Management fees - related party (Note 16)	1 843	788
Other general and administrative expenses	1 551	202
	4 103	4 570

### 3. INVESTMENTS

	2002 K'000	2001 K'000
Non-current		
Quoted shares in other corporations - at market value	18 882	3 115
	18 882	3 115

# BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

## Statistical Summary

FINANCIAL	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
<b>Earnings (K million)</b>												
Net sales revenue and other income*****	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****	4.1	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	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)	0.3	-	-	0.4	0.5	-	-	6.6	9.2	(0.3)	1.5	0.1
Earnings/(loss) before taxation	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)	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	(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	198.6	200.1	200.6	200.7	200.7	200.8	201.4	201.5
Investments and loans	18.9	3.1	-	-	-	-	-	-	-	-	-	-
Current and other non-current assets	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	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	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	33.4	33.4	33.4	33.5	35.3	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Current liabilities	1.2	1.2	2.2	1.3	0.4	25.1	24.7	21.1	17.9	16.4	15.0	13.3
Funds employed	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)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ore grade</b>												
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Produced</b>												
Concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
Contained copper (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Concentrate grade</b>												
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-
Silver (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Shipped</b>												
Total concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Destination:</b>												
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)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contribution by:</b>												
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-
Gold (per cent)	-	-	-	-	-	-	-	-	-	-	-	-
<b>OTHER</b>												
US\$/Kina exchange rate	0.25	0.26	0.36	0.39	0.48	0.69	0.76	0.79	1.01	1.02	1.04	1.05
<b>Average metal prices</b>												
LME copper (US\$/lb)	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)	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)	2.6	2.8	5.4	5.0	2.9	0.5	2.2	2.9	3.2	-	-	-
Earnings per share*** (toea)	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
Number of shareholders at end of year	16 519	16 812	17 021	17 260	18 183	18 182	18 041	18 452	18 765	19 189	19 851	19 982
<b>Debt/equity ratio</b>												
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

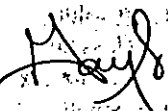
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## STATEMENT OF CASH FLOWS

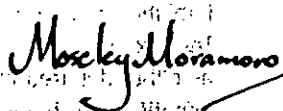
<i>Bougainville Copper Limited year ended 31 December, 2002</i>	2002 K'000	2001 K'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers	(3 999)	(5 495)
Interest received	9 619	12 967
Dividends received	174	-
Net Operating Cash Flows	5 794	7 472
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(8 014)	-
Net financing cash flows	(8 014)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchase of shares in non-related entities	(16 758)	(3 115)
Proceeds from sales of shares in non-related entities	3 148	-
Proceeds from sales of property, plant and equipment	-	12
Net investing cash flows	(13 610)	(3 103)
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>		
Net cash flow	(15 830)	4 369
Cash at beginning of year	125 757	121 368
Effect of exchange rate changes on cash held	289	20
Cash at end of year	110 216	125 757
<b>CASH COMPRISES</b>		
Bank balances	100 331	87 647
Short term liquid investments	9 885	38 110
	110 216	125 757

All amounts are expressed in Papua New Guinea kina.  
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The notes commencing on page 12 form part of these accounts and are to be read in conjunction with them.

For, and on behalf of, the Board.



P. R. Taylor



M. A. Moramoro

Managing Director Director

3 February 2003