

BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

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

Overview

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

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

A total of K1,088 million was contributed to the National Government, which represented 62 per cent of the net cash generated by the project between 1972-1989. In addition, payments to the North Solomons Provincial Government and Panguna landowners, together with provisions made since 1990, amounted to K114 million. Further, Bougainville Copper's presence in the North Solomons Province had promoted the development of significant local business enterprises to provide goods and services required for the mining operation and for the residents of the province.

Bougainville Copper trained some 12,000 employees, including approximately 1,000 completing full trade apprenticeships and some 400 completing graduate and post graduate studies that resulted in considerable progress in the localisation of the company's employees and significantly added to the number of skilled workers elsewhere in the country's workforce. At the end of 2013, the company had no employees. The activities of the company are managed on a contracted services basis by a small team of Rio Tinto PNG Limited staff based in Port Moresby.

Since the suspension of mining operations the company has retained, in good standing, its mine lease and other leases on Bougainville. The company's special mining lease lapsed through effluxion of time on 10 April 2011 and in accordance with the applicable legislation the company is entitled to a 21 year extension which has been applied for but not as yet granted.

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

Bougainville Copper on-line

Information about Bougainville Copper is available on our website – www.bougainvillecopper.com.pg. The Annual Report and other information can be downloaded from this location.

Notice of meeting

The Annual General Meeting of Bougainville Copper will be held at 2pm on Tuesday, 6 May 2014 at the Grand Papua Hotel, Mary Street, Port Moresby, Papua New Guinea.

A separate Notice of Meeting is enclosed.

All shareholders are cordially invited to attend.

Directors

Peter Robert Taylor (chairman)

Adam James Burley

Robert Staley Burns

Dame Carol Anne Kidu

Sir Rabbie Langanai Namaliu

Secretary

Paul Derek Coleman

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