

Since 1972 Bougainville Copper Limited has 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, and had not recommenced by the time this report went to print.

During 1989 the Company mined 33.3 million tonnes of material. Of this, 18.5 million tonnes of ore were treated to produce 224 645 tonnes of concentrate. This concentrate contained 68 717 tonnes of copper, 6 977 kilograms of gold and 20 494 kilograms of silver. Concentrate sales of 250 773 tonnes had a gross sales value of K260.0 million (of which copper and gold contributed 68% and 31% respectively).

Since inception until cessation of operations on 15 May, 1989 the mine has produced concentrate containing 3.1 million tonnes of copper, 306 tonnes of gold and 783 tonnes of silver. The production had a value of K5.1 billion which represents approximately 44% of Papua New Guinea's exports over that period. During this time contributions to the Government in the form of dividends, taxes and royalties totalled K1 033 million which represent approximately 17% of internally generated Papua New Guinea Government revenue. Further, the Company's presence in the North Solomons Province has 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.

The Company has been a major employer in the country employing 2 317 persons at 31 December, 1989 of whom 1 987 were Papua New Guinea citizens.

Company training programs have resulted in considerable progress in the localisation of the Company's employees and have also added significantly to the number of skilled workers elsewhere in the country's workforce.

Bougainville Copper Limited is owned 53.6% by CRA Limited. The Papua New Guinea Government owns 19.1% while the remaining 27.3% of the share capital is held by public shareholders.

Directors

D. S. Carruthers (Chairman)
R. J. Cornelius
J. J. Craig
P. G. F. Henderson, A.C.
I. R. Johnson
R. B. Moaina
M. R. Rayner
D. C. Vernon

Officers

R. J. Cornelius
(Managing Director)
J. L. Auna
(General Manager – Personnel Services)
C. S. Evanson
(General Manager – Commercial)
I. Garside
(General Manager – Technical Services)
S. J. Jopling
(General Manager – Support Services)
L. K. Tan
(General Manager – Mine)
C. G. Thorne
(General Manager – Concentrator)
J. Van der Linden
(General Manager – Environment and
Community Relations)
M. S. Koiri
D. E. Coyle
(Secretaries)

Notice of Meeting

The Annual General Meeting of Bougainville Copper Limited will be held at 10.00 a.m. on Wednesday, 11 April, 1990 at The Port Moresby Travelodge, Hunter St., Port Moresby, Papua New Guinea.

A separate Notice of Meeting is enclosed. All shareholders are cordially invited to attend.

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	1989	1988	1987	1986	1985	1984
Financial						
Earnings (K million)						
Net sales revenue and other income	231.6	493.4	415.4	342.7	317.6	310.9
Operating and other expenses****	181.7	244.8	227.5	223.7	221.5	234.8
Depreciation	47.3	43.9	49.4	47.3	47.6	46.5
Earnings before taxation and exchange gains	2.6	204.7	138.5	71.7	48.5	29.6
Exchange gains/(losses)	2.5	(2.9)	5.7	2.3	(1.4)	(2.8)
Earnings before taxation	5.1	201.8	144.2	74.0	47.1	26.8
Taxation	25.7	93.2	50.6	28.7	19.0	15.2
Net earnings	(20.6)	108.6	93.6	45.3	28.1	11.6
Dividends	—	108.3	92.2	44.1	28.1	16.0
Earnings retained	(20.6)	0.3	(1.8)	1.2	—	(4.4)
Balance sheet (K million)						
Property, plant and equipment	595.8	570.0	527.8	550.1	558.5	576.2
Investments and loans	—	2.2	0.7	0.7	0.2	0.2
Current assets	59.5	250.1	260.3	190.1	160.4	152.9
Total assets	655.3	822.3	788.8	740.9	719.1	729.3
Shareholders' funds	565.6	586.2	586.0	587.7	586.5	586.5
Exchange fluctuation	—	0.2	0.3	(3.2)	(5.9)	(5.3)
Long term liabilities	46.9	23.7	24.8	48.1	52.4	52.5
Current liabilities	42.8	212.2	177.7	108.3	86.1	95.6
Funds employed	655.3	822.3	788.8	740.9	719.1	729.3
Production/Sales						
Mined						
Ore and waste removed	(millions of tonnes)	33.27	89.78	83.53	79.16	73.62
Ore milled	(millions of tonnes)	18.52	47.69	48.20	47.89	50.07
Ore grade						
Copper	(per cent)	0.44	0.41	0.41	0.42	0.42
Gold	(grams/tonne)	0.50	0.41	0.43	0.48	0.42
Produced						
Concentrate	(thousands of dry tonnes)	224.6	552.0	585.5	586.6	581.8
Contained copper	(thousands of dry tonnes)	68.7	166.0	178.2	178.6	175.0
Concentrate grade						
Copper	(per cent)	30.1	30.1	30.4	30.5	30.1
Gold	(grams/tonne)	31.0	25.1	25.8	27.9	24.7
Silver	(grams/tonne)	91.2	87.7	86.4	85.9	79.3
Shipped						
Total concentrate	(thousands of dry tonnes)	250.8	570.8	567.6	589.4	560.0
Destination:						
Japan	(per cent)	40.2	45.4	32.6	43.2	44.1
Other Asian	(per cent)	34.3	23.4	33.5	15.4	15.7
Europe	(per cent)	25.5	27.7	33.9	41.4	40.2
All Other	(per cent)	0.0	3.5	0.0	0.0	0.0
Values						
Gross concentrate sales value (before treatment and refining charges, freight, etc.)	(K million)	260.0	561.0	489.4	417.9	381.3
Contribution by:						
Copper	(per cent)	68	68	60	54	61
Gold	(per cent)	31	30	38	44	37
Other						
US\$/Kina exchange rate		1.17	1.16	1.10	1.03	1.00
Average metal prices						
LME copper	(US\$/lb)	129.0	117.9	81.0	62.3	64.3
London gold market	(US\$/oz)	381.0	436.8	446.7	367.9	317.3
Return on shareholders' funds	(per cent)	—	18.5	16.0	7.7	4.8
Earnings per share***	(toea)	—	27.1	23.3	11.3	7.0
Dividends per fully paid share***						
(par value K1.00) (1988 interim 12t/share)	(toea)	—	27.0	23.0	11.0	7.0
Number of shares issued at end of year	(millions)	401	401	401	401	401
Number of shareholders at end of year		21 287	21 966	22 650	24 680	27 117
Debt/equity ratio		—	.002/1	.004/1	0.05/1	0.06/1
Work force at end of year (in PNG)						
Overseas		330	610	699	706	704
National		1 987	2 950	3 025	2 993	2 948

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 the dividend figures for those years.

* Full year figures; but commercial production commenced 1 April 1972

** 1972 figure is for Bougainville Mining Limited

*** 1972 to 1979 figures are after adjustment for the 1980 capital reconstruction

**** 1989 includes extraordinary items of K26.1 million.