



NOTES ON ACCOUNTS

1 CAPITAL

The authorised capital of 90,000,000 ordinary shares of \$1.00 each was subdivided into ordinary shares of 50 cents each by a resolution of shareholders dated 15th February, 1971. Movements in issued capital during 1971 were:

	Ordinary Shares of 50 cents each	
	Number	Paid-up Capital
		\$
Issued at 31st December, 1970	155,098,552	77,549,276
Issued during 1971:		
At par (fully paid)	2,234,375	1,117,187
At a premium of \$1.05 per share		
° fully paid	18,917,073	9,458,537
° paid to one cent each	2,000,000	20,000
	178,250,000	\$88,145,000

2 RESERVES

The transfer of \$19,862,927 to Share Premium Account comprises the premium of \$1.05 per share on the public share issue of 18,917,073 fully paid ordinary shares of 50 cents each.

3 EXCHANGE FLUCTUATION: CURRENCY CONVERSION

Previously loans were converted at the rates of exchange prevailing at the date of each transaction. Following the realignment of exchange rates for foreign currencies in 1971, loans have now been converted at the rate of exchange prevailing at the date of the Balance Sheet. The unrealised gain of \$9,174,178 has been credited to an Exchange Fluctuation account and it is intended that any exchange differences will be absorbed as profit or loss items at the time of loan repayments. All other amounts have been converted at the rate of exchange prevailing at the date of each transaction.

4 LOANS

° SECURED

A. The following secured loans are repayable in U.S. dollars and are secured by a charge over the 125,000,000 shares in Bougainville Copper registered in the names of Bougainville Mining and the Administration of Papua New Guinea. The loan repayment dates are subject to certain provisions relating to prepayments and deferrals.

	Repayable between	1971		1970	
		US\$	A\$	US\$	A\$
a) Credit Agreement					
Seven year loans	1978	67,400,000	56,591,100	—	—
Intermediate term loans	1973-1976	55,000,000	46,179,681	—	—
b) Japanese cash loans	1973-1979	30,000,000	25,188,917	20,000,000	17,879,492
c) Eximbank loans	1973-1978	45,280,799	38,019,143	25,661,724	23,009,041
d) Japanese equipment loans	1973-1982	21,034,539	17,661,242	8,786,175	7,867,684
		218,715,338	183,640,083	54,447,899	48,756,217

Annual interest rates on the above loans during 1971 varied between 6% and approximately 11%.

B. Commonwealth Savings Bank of Australia Housing Loan:

A\$12.5 million has been drawn down under this loan which is secured by an equitable charge over Bougainville Copper's housing leases in Arawa Township. Interest payments are at the rate of 8% per annum. Repayments are to be made over years 1974-1979.

° UNSECURED

Bougainville Copper has entered into deferred payment arrangements with Australian suppliers of goods and services. Repayments are to be made over years 1972-1982.

5 MINE PROPERTY AND CAPITAL WORKS IN PROGRESS

Included under this heading are audit fees of \$20,000 and interest payments of \$13,903,620 paid or to be paid by Bougainville Copper in respect of 1971.

6 INVESTMENTS

The 100,000,000 fully paid shares of \$1.00 each held by Bougainville Mining in Bougainville Copper are subject to a charge securing loans made to Bougainville Copper (see Note 4).

7 STOCKS AND STORES

Stocks and stores are stated at the lowest of cost, realisable value and replacement price.

8 COMMITMENTS

Capital commitments not reflected in the accounts total approximately \$8,505,000 (1970 \$81,500,000).

DECLARATIONS

DECLARATION BY SECRETARY

I, Christopher John Morcher, Secretary of Bougainville Mining Limited, do solemnly and sincerely declare that the accompanying balance sheets and statement of earnings of the Company are, to the best of my knowledge and belief, correct. And I make this solemn declaration by virtue of the Statutory Declarations Act 1959, and subject to the penalties provided by that Act for the making of false statements in statutory declarations conscientiously believing the statements contained in this declaration to be true in every particular.

C. J. MORCHER

Secretary

Declared at Melbourne in the State of Victoria this 24th day of February, 1972.

Before me:

D. M. BENSON

Justice of the Peace

REPORT OF THE AUDITORS TO THE MEMBERS

In our opinion, the balance sheets and statement of earnings set out on pages 8 and 9 are properly drawn up in accordance with the provisions of the Companies Ordinance 1962-1968, and so as to give a true and fair view of the state of affairs and the earnings of the Company and of the Group.

The accounting and other records, including registers, examined by us have, in our opinion, been properly kept in accordance with the provisions of the Ordinance.

COOPER BROTHERS & CO.

Chartered Accountants

MELBOURNE. 24th February, 1972.

STATEMENT BY DIRECTORS

In the opinion of the Directors of Bougainville Mining Limited the accompanying statement of earnings is drawn up so as to give a true and fair view of the results of the business of the Company for the period covered by the statement and the accompanying balance sheet is drawn up so as to exhibit a true and fair view of the state of affairs of the Company at the end of that period.

On behalf of the Board,

F. F. ESPIE, R. H. CARNEGIE

Directors

Signed at Melbourne this 24th day of February, 1972.