

Bougainville Copper Limited

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

THE COMPANY

From 1972 until 1989 Bougainville Copper Limited 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 it is not possible to forecast a date for recommencement of operations.

Since inception until cessation of operations on 15 May, 1989 the mine had produced concentrate containing 3 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% of Papua New Guinea's exports through that period. Contributions to the National Government in the form of taxes, duties and dividends were approximately 17% of internally generated Papua New Guinea Government revenue over that period.

A total of K1 086 million has been contributed to the National Government which represents 62% of the net cash generated by the project. In addition, payments to the North Solomons Provincial Government and Panguna landowners, together with provisions made since 1990, amount to K114 million. Further, the company'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.

Company training programs for some 12 000 employees, including approximately 1 000 completing full trade apprenticeships and some 400 completing graduate and post graduate studies, had previously resulted in considerable progress in the localisation of the company's employees and also added significantly to the number of skilled workers elsewhere in the country's workforce. At the end of 1998, the company had no employees. The activities of the company are being managed on a contracted services basis by a small team of Rio Tinto Minerals (PNG) Limited staff based in Port Moresby.

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

NOTICE OF MEETING

The Annual General Meeting of Bougainville Copper Limited will be held at 10.00 am on Thursday, 18 March, 1999 at The Port Moresby Travelodge, Hunter Street, Port Moresby, Papua New Guinea. A separate Notice of Meeting is enclosed. All shareholders are cordially invited to attend.

DIRECTORS

B. L. Cusack (Chairman)
K. Aua
D. S. Karpin AM
D. H. McLellan
M. A. Moramoro OBE
P. R. Taylor

SECRETARY

P. D. Coleman

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Statistical Summary

FINANCIAL	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Earnings (K million)										
Net sales revenue and other income*****	12.4	6.1	107	5.5	2.2	1.7	2.2	3.3	80.2	231.6
Operating and other expenses*****	5.2	4.8	5.0	4.9	3.6	4.1	5.1	316.6	36.8	181.7
Depreciation*****	-	-	-	-	-	-	-	-	51.5	47.3
Earnings/(loss) before taxation and exchange gains	7.7	1.4	5.7	0.6	(1.4)	(2.4)	(2.9)	(313.3)	(8.1)	2.6
Exchange gains/(losses)	0.5	-	-	6.6	9.2	(0.3)	1.5	0.1	(0.5)	2.5
Earnings/(loss) before taxation	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)	(8.6)	5.1
Income tax	-	-	-	-	-	-	-	-	6.0	25.7
Additional profits tax	-	-	-	-	-	-	-	-	-	-
Net earnings/(loss)	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)	(14.6)	(20.6)
Dividends	-	-	-	-	-	-	-	-	-	-
Earnings/(losses) retained	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)	(14.6)	(20.6)
Balance sheet (K million)										
Property, plant and equipment	198.6	200.1	200.6	200.7	200.7	200.8	201.4	201.5	545.9	595.8
Investments and loans	-	-	-	-	-	-	-	-	-	-
Current assets	100.7	87.7	85.4	76.0	65.6	56.2	66.8	56.5	64.7	59.5
Total assets	299.3	287.8	286.0	276.7	266.3	257.0	258.2	258.0	610.6	655.3
Shareholders' funds	263.6	255.9	254.5	248.8	241.6	233.8	236.4	237.9	551.1	565.6
Exchange fluctuation	-	-	-	-	-	-	-	-	-	-
Long term liabilities	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	47.7	46.9
Current liabilities	28.9	25.1	24.7	21.1	17.9	16.4	15.0	13.3	11.8	42.8
Funds employed	299.3	287.8	286.0	276.7	266.3	257.0	258.2	258.0	610.6	655.3
PRODUCTION/SALES										
Mined										
Ore and waste removed (millions of tonnes)	-	-	-	-	-	-	-	-	-	33.27
Ore milled (millions of tonnes)	-	-	-	-	-	-	-	-	-	18.52
Ore grade										
Copper (per cent)	-	-	-	-	-	-	-	-	-	0.44
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	0.50
Produced										
Concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	224.6
Contained copper (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	68.7
Concentrate grade										
Copper (per cent)	-	-	-	-	-	-	-	-	-	30.1
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	31.0
Silver (grams/tonne)	-	-	-	-	-	-	-	-	-	91.2
Shipped										
Total concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	250.8
Destination:										
Japan (per cent)	-	-	-	-	-	-	-	-	-	40.2
Other Asian (per cent)	-	-	-	-	-	-	-	-	-	34.3
Europe (per cent)	-	-	-	-	-	-	-	-	-	25.5
All Other (per cent)	-	-	-	-	-	-	-	-	-	0.0
Values										
Gross concentrate sales value (before treatment and refining charges, freight, etc.) (K million)	-	-	-	-	-	-	-	-	0.3	260.0
Contribution by:										
Copper (per cent)	-	-	-	-	-	-	-	-	61	68
Gold (per cent)	-	-	-	-	-	-	-	-	38	31
OTHER										
US\$/Kina exchange rate	0.48	0.69	0.76	0.79	1.01	1.02	1.04	1.05	1.05	1.17
Average metal prices										
LME copper (US\$/lb)	75.2	105.6	104.0	133.1	105.0	87.0	103.0	106.0	119.8	129.0
London gold market (US\$/oz)	294.0	335.3	387.0	384.5	384.0	360.0	344.0	362.2	382.8	381.0
Return on shareholders' funds (per cent)	2.9	0.5	2.2	2.9	3.2	-	-	-	-	-
Earnings per share*** (toea)	1.9	0.3	1.4	1.8	1.9	-	-	-	-	-
Dividends per fully paid share*** (par value K100) (toea)	-	-	-	-	-	-	-	-	-	-
Number of shares issued at end of year (millions)	401	401	401	401	401	401	401	401	401	401
Number of shareholders at end of year	18 183	18 182	18 041	18 452	18 765	19 189	19 851	19 982	20 532	21 287
Debt/equity ratio	-	-	-	-	-	-	-	-	-	-
Work force at end of year										
Overseas	-	-	-	-	-	-	1	6	13	330
National	-	-	-	-	-	-	1	6	10	1 987

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