

## Overview

From 1972 until 1989 when operations were suspended, Bougainville Copper Limited (Bougainville Copper) 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 2011, 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.

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](http://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 3pm on Tuesday, 1 May 2012 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)

Robert Staley Burns

John Edmund Leahy

Sir Rabbie Langanai Namaliu

Ian James Williams

## Secretary

Paul Derek Coleman

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# BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

## Statistical Summary

<b>FINANCIAL</b>	<b>2011</b>	2010	2009	2008	2007	2006	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
<b>Earnings (K million)</b>																		
Net sales revenue and other income*****	<b>8.2</b>	12.1	16.7	9.0	8.3	7.9	7.4	16.1	11.7	13.0	19.6	18.3	12.4	6.1	10.7	5.5	2.2	1.7
Operating and other expenses****	<b>10.5</b>	8.9	8.0	9.2	4.9	4.4	5.0	4.7	4.1	4.6	3.8	4.8	5.2	4.8	5.0	4.9	3.6	4.1
Depreciation*****	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings/(loss) before taxation and exchange gains	<b>(2.3)</b>	3.2	5.8	(0.2)	3.4	3.5	2.4	11.4	7.6	8.4	15.8	13.5	7.2	1.4	5.7	0.6	(1.4)	(2.4)
Exchange gains/(losses)	<b>(1.4)</b>	(0.4)	2.9	(4.6)	0.2	0.2	(0.4)	3.1	0.3	-	-	0.4	0.5	-	-	6.6	9.2	(0.3)
Earnings/(loss) before taxation	<b>(3.7)</b>	2.8	8.7	(4.8)	3.6	3.7	2.0	14.5	7.9	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional profits tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net earnings/(loss)	<b>(3.7)</b>	2.8	8.7	(4.8)	3.6	3.7	2.0	14.5	7.9	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)
Dividends paid	-	-	-	-	-	-	-	-	8.0	-	-	-	-	-	-	-	-	-
Earnings/(losses) retained	<b>(3.7)</b>	2.8	8.7	(4.8)	3.6	3.7	2.0	14.5	(0.1)	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)
<b>Balance Sheet (K million)</b>																		
Property, plant & equipment	<b>197.9</b>	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	198.6	200.1	200.6	200.7	200.7	200.8
Investments and loans	<b>90.2</b>	128.8	145.7	98.8	204.7	176.6	128.2	121.2	18.9	3.1	-	-	-	-	-	-	-	-
Current and other non-current assets	<b>79.0</b>	74.7	58.1	31.1	36.1	38.7	31.7	31.4	119.4	135.4	131.0	114.4	100.7	87.7	85.4	76.0	65.6	56.2
Total assets	<b>367.1</b>	401.4	401.7	327.8	438.7	413.2	357.8	350.5	336.2	336.4	328.9	312.3	299.3	287.8	286.0	276.7	266.3	257.0
Shareholders' funds	<b>322.5</b>	364.7	365.5	293.3	404.0	378.2	323.3	316.1	301.6	301.8	293.3	277.5	263.6	255.9	254.5	248.8	241.6	233.8
Exchange fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long term liabilities	<b>33.4</b>	33.4	33.4	33.4	33.6	33.7	33.4	33.4	33.4	33.4	33.4	33.5	35.3	6.8	6.8	6.8	6.8	6.8
Current liabilities	<b>11.2</b>	3.3	2.8	1.1	1.1	1.3	1.1	1.0	1.2	1.2	2.2	1.3	0.4	25.1	24.7	21.1	17.9	16.4
Funds employed	<b>367.1</b>	401.4	401.7	327.8	438.7	413.2	357.8	350.5	336.2	336.4	328.9	312.3	299.3	287.8	286.0	276.7	266.3	257.0
<b>PRODUCTION / SALES</b>																		
<b>Mined</b>																		
Ore and waste removed (millions of tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ore milled (millions of tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ore grade																		
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Produced</b>																		
Concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contained copper (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Concentrate grade																		
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Silver (grams/tonne)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Shipped</b>																		
Total concentrate (thousands of dry tonnes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Destination:																		
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution by:																		
Copper (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gold (per cent)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>OTHER</b>																		
US\$/Kina exchange rate	<b>.4309</b>	.3881	.3821	.3747	0.3636	0.3344	0.33	0.30	0.25	0.26	0.36	0.39	0.48	0.69	0.76	0.79	1.01	1.02
Average metal prices																		
LME copper (US\$/lb)	<b>342.6</b>	339.7	231.9	319.5	323.66	305.50	130.01	79.95	70.65	66.2	82.1	71.4	75.2	105.6	104.0	133.1	105.0	87.0
London gold market (US\$/oz)	<b>1 575</b>	1 222	970	872	691.00	602.00	409.55	363.89	310.14	276.5	280.0	280.0	294.0	335.3	387.0	384.5	384.0	360.0
Return on shareholders' funds (per cent)	<b>(1.139)</b>	0.772	2.380	(1.632)	0.888	0.967	0.60	4.6	2.6	2.8	5.4	5.0	2.9	0.5	2.2	2.9	3.2	-
Earnings per share*** (toea)	<b>(0.916)</b>	0.702	2.169	(1.19)	0.895	0.912	0.50	3.61	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)(toea)	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-
Number of shares issued at end of year (millions)	<b>401</b>	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401
Number of shareholders at end of year	<b>15 463</b>	15 534	15 468	15 495	15 504	15 698	16 072	16 374	16 519	16 812	17 021	17 260	18 183	18 182	18 041	18 452	18 765	19 189
Debt/equity ratio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workforce at end of year																		
Overseas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
National	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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.