

## 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.

In the seventeen years before cessation of operations in 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 K1088 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 work-force. At the end of 2003, 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.

Since the mine closed the company has retained, in good standing, its mine lease and other leases on Bougainville. Four years ago the company announced a change in strategic direction. Rather than maintain readiness to redevelop the mine the company announced

its desire to dispose of the Bougainville assets. It has developed a portfolio of cash and equities, including investments in PNG projects. Bougainville Copper Limited has let the National Government know it is ready to discuss disposal of the Bougainville assets when Bougainville leaders and the National Government consider it appropriate.

Bougainville Copper Limited is owned 53.58% by Rio Tinto Limited. The Papua New Guinea Government owns 19.06% while public shareholders hold the remaining 27.36% of the share capital.

## NOTICE OF MEETING

The Annual General Meeting of Bougainville Copper Limited will be held at 10.00am on the 5th day of May, 2004 at the Crowne Plaza, Hunter Street, Port Moresby, Papua New Guinea.

A separate Notice of Meeting is enclosed.

All shareholders are cordially invited to attend.

## DIRECTORS

P. R. Taylor (Chairman)  
B. R. Alexander  
K. Aua OBE  
B. L. Cusack (Chairman to 21 October 2003)  
D. H. McLellan  
M. A. Moramoro OBE

## SECRETARY

P. D. Coleman

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# BOUGAINVILLE COPPER LIMITED ANNUAL REPORT

## Statistical Summary

<b>FINANCIAL</b>	<b>2003</b>	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
<b>Earnings (K million)</b>													
Net sales revenue and other income*****	<b>16.1</b>	11.7	13.0	19.6	18.3	12.4	6.1	10.7	5.5	2.2	1.7	2.2	3.3
Operating and other expenses****	<b>4.7</b>	4.1	4.6	3.8	4.8	5.2	4.8	5.0	4.9	3.6	4.1	5.1	316.6
Depreciation*****	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings/(loss) before taxation and exchange gains	<b>11.4</b>	7.6	8.4	15.8	13.5	7.2	1.4	5.7	0.6	(1.4)	(2.4)	(2.9)	(313.3)
Exchange gains/(losses)	<b>3.1</b>	0.3	-	-	0.4	0.5	-	-	6.6	9.2	(0.3)	1.5	0.1
Earnings/(loss) before taxation	<b>14.5</b>	7.9	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional profits tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Net earnings/(loss)	<b>14.5</b>	7.9	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)
Dividends paid	-	8.0	-	-	-	-	-	-	-	-	-	-	-
Earnings/(losses) retained	<b>14.5</b>	(0.1)	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)
<b>Balance Sheet (K million)</b>													
Property, plant & equipment	<b>197.9</b>	197.9	197.9	197.9	197.9	198.6	200.1	200.6	200.7	200.7	200.8	201.4	201.5
Investments and loans	<b>121.2</b>	18.9	3.1	-	-	-	-	-	-	-	-	-	-
Current and other non-current assets	<b>31.4</b>	119.4	135.4	131.0	114.4	100.7	87.7	85.4	76.0	65.6	56.2	56.8	56.5
Total assets	<b>350.5</b>	336.2	336.4	328.9	312.3	299.3	287.8	286.0	276.7	266.3	257.0	258.2	258.0
Shareholders' funds	<b>316.1</b>	301.6	301.8	293.3	277.5	263.6	255.9	254.5	248.8	241.6	233.8	236.4	237.9
Exchange fluctuation	-	-	-	-	-	-	-	-	-	-	-	-	-
Long term liabilities	<b>33.4</b>	33.4	33.4	33.4	33.5	35.3	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Current liabilities	<b>1.0</b>	1.2	1.2	2.2	1.3	0.4	25.1	24.7	21.1	17.9	16.4	15.0	13.3
Funds employed	<b>350.5</b>	336.2	336.4	328.9	312.3	299.3	287.8	286.0	276.7	266.3	257.0	258.2	258.0
<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>0.30</b>	0.25	0.26	0.36	0.39	0.48	0.69	0.76	0.79	1.01	1.02	1.04	1.05
Average metal prices													
LME copper (US\$/lb)	<b>79.95</b>	70.65	66.2	82.1	71.4	75.2	105.6	104.0	133.1	105.0	87.0	103.0	106.0
London gold market (US\$/oz)	<b>363.89</b>	310.14	276.5	280.0	280.0	294.0	335.3	387.0	384.5	384.0	360.0	344.0	362.2
Return on shareholders' funds (per cent)	<b>4.6</b>	2.6	2.8	5.4	5.0	2.9	0.5	2.2	2.9	3.2	-	-	-
Earnings per share*** (toea)	<b>3.61</b>	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 K1.00) (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
Number of shareholders at end of year	<b>16 374</b>	16 519	16 812	17 021	17 260	18 183	18 182	18 041	18 452	18 765	19 189	19 851	19 982
Debt/equity ratio	-	-	-	-	-	-	-	-	-	-	-	-	-
Workforce at end of year													
Overseas	-	-	-	-	-	-	-	-	-	-	-	1	6
National	-	-	-	-	-	-	-	-	-	-	-	1	6

**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