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.

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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Statistical Summary																															·
FINANCIAL	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	199	2 1991	1990	198	1988	1987	1986	1985	1984	1983	1982	1981	1990	1979	1978	1977	1976	1975	19741	1973 1972°
Earnings (K million)																														· · · · · · · · · · · · · · · · · · ·	
Net sales revenue and other income****	16.1	11.7	13.0	19.6		12.4	6.1	10.7	5.5	2.2	1.7	2.2		80.2				342.7	317.6		392.9			338.7	343.1			208.9			52.4 95.9
Operating and other expenses**** Depreciation*****	4.7	4.1	4.6	3.8	4.8	5.2	4.8	5.0	4.9	3.6	4.1	5.1	316.6	36.8					221.5	234.8	228.1		210.8	174.8	144.1	125.0	126.8	117.5	107.2		81.8 53.3
Earnings/(loss) before taxation and exchange gains			- 04	- 1E 0	125		14	5.7	0.6	- 11 41	- 15-71	- 10.01		51.5				47.3	47.6	46.5	47.0	44.2	43.3	43.8	40.7 158.3	40.4	36.2 42.3	31.1 60.3	29.6 56.3		24.8 · 14.5 45.8 28.1
Exchange gains/(losses)	11.4 3.1	0.3	8.4	15.8	13.5 0.4	0.5	1.4	<u></u>	6.6	(1.4) 9.2	(2.4)	(2.9) 1.5	<u> </u>	(8.1			138.5 2.6	71.7	48.5	29.6 (2.8)	117.8 (16.3)	31.8	42.3	120.1 2.6	3.5	59.7 10.3	42.3 (0.1)	1.3	2.3		12.9 (0.4)
Earnings/(loss) before taxation	14.5	7.9	8.4	15.8		7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)		(8.6				74.0	47.1	26.8	101.5	28.5	43.4	122.7	161.8	70.0	42.2	61.6	58.6		58.7 27.7
Income tax		-			-			-	•		12.17		- 1010.21	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\					19.0	15.2	46.9	17.3	20.6	39.6	57.5	22.0	13.7	20.3	12.4		0.3
Additional profits tax	-	•					-		-							- 23.2		•	•	•	-	•	-	11.6	20.4	-	•	-		17.4	
Net earnings/(loss)	14.5	7.9	8.4	15.8	13.9	7.7	1.4	5.7	7.2	7.8	(2.7)	(1.4)	(313.2)	(14.6	(20.6				28.1	11.6	54.6	11.2	22.8	71.5	83.9	48.0	28.5	41.3	46.2		58.4 27.7
Dividends paid	-	8.0	- 04-	· ·	- 100	·					, (0.7)	-	1040.01			- 108.3	92.2	44.1	28.1	16.0	52.1	10.0	20.1	80.2	106.9	40.1	21.4	26.7	26.7		81.4 11.0
Earnings/(losses) retained	14.5	(U. 1)	8.4	15.8	13.9		1.4	5.7	1.2	7.8	(2.7)	(1.4)	(313.2)	(14.6	(20.6	0.3	(1.7)	1.2	<u> </u>	(4.4)	2.5	1.2	2.7	(8.7)	(23.0)	7.9	7.1	14.6	19.5	41.1	77.0 16.7
Balance Sheet (K million)														÷																	
Property, plant & equipment	197.9	197.9	197.9	197.9	197.9	198.6	200.1	200.6	200.7	200.7	200.8	201.4	201.5	545.9	595			550.1	558.5	576.2	594.9	622.8	611.2	610.8	325.4	340.1	352.2		346.0		71.7 378.7
Investments and loans Current and other non-current assets	121.2 31.4	18.9 119.4	3.1 135.4	131.0	114,4	100.7	87.7	OF A	76.0	65.6	56.2	56.8	re e			- 22		0.7	0.2	0.2	0.3	0.1	0.1 148.7	0.1	<u>0.1</u> 201.0	0.1	<u>0.1</u> 137.1	0.1	0.1 129.5	0.1 205.6 1	0.1 - 30.4 73.9
Total assets	350.5	336.2	336.4	328.9	312.3	299.3	287.8	85.4 286.0	276.7	266.3	257.0	258.2	56.5 258.0	64.7 610.6			260.3 788.8	190.1 740.9	160.4 719.1	152.9 729.3	185.3 780.5		760.0	148.4 759.3	526.5	125.8 466.0	489.4	136.0 486.5	475.6		02.2 452.6
Shareholders' funds	316.1	301.6	301.8	293.3	277.5	263.6	255.9	254.5	248.8	241.6	233.8	236.4	237.9	551.			786.8 586.0	<u>740.9</u> 587.7	586.5	586.5	590.9		587.2	584.5	294.5	317.5	309.7	302.5	287.9		27.4 146.7
Exchange fluctuation									5.0			230.1				- 0.2		(3.2)	(5.9)	(5.3)	(4.7)	(5.4)	1.5	5.1	5.4	9.0	14.6	9.0	11.5		39.5 24.2
Long term liabilities	33.4	33.4	33.4	33.4	33.5	35.3	6.8	6.8	6.8	6.8	6.8	6.8	8.8	47.	46.	23.7	24.8	48.1	52.4	52.5	51.6	125.6	80.1	25.7	36.2	42.1	53.3	101.7	106.8		27.5 204.0
Current liabilities	1.0	1.2	1.2	2.2	1.3	0.4	25.1	24.7	21.1	17.9	16.4	15.0	13.3	11.0				108.3	86.1	95.6	142.7	70.2	91.2	144.0	190.4	97.4	111.8	73.3	69.4		07.8 77.7
Funds employed	350.5	336.2	336.4	328.9	312.3	299.3	287.8	286.0	276.7	266.3	257.0	258.2	258.0	610.0	655.	3 822.3	788.8	740.9	719.1	729.3	780.5	778.8	760.0	759.3	526.5	466.0	489.4	486.5	475.6	557.9 5	02.2 452.6
PRODUCTION / SALES														I I																	
Mined														i																	
Ore and waste removed (millions of tonnes) Ore milled (millions of tonnes)		•					•		•		•		<u> </u>	_	33.2			79.16	73.62		81.00		77.56	79.76	75.97		70.79	58.54			6.65 46.75
Ore milled (millions of tonnes) Ore grade	·								-					_	18.5	2 47.69	48.20	47.89	50.07	46.52	47.73	41.74	37.53	37.62	36.17	38.12	34.11	31.21	31.08	30.14 2	9.14 21.89
Copper (per cent)	•													—i ——	0.4	4 0.41	0.41	0.42	0.42	0.42	0.46	0.47	0.51	0.46	0.55	0.60	0.61	0.64	0.64	0.70	0.73 0.76
Gold (grams/tonne)															0.5		0.43		0.42	0.42	0.55	0.60	0.59	0.50	0.75	0.82	0.90	0.87	0.80		1.03 0.77
Produced														_		<u> </u>	0.10		<u> </u>	<u> </u>											
Concentrate (thousands of dry tonnes)		_					٠.					٠ -	-		224.	552.0	585.5	586.6	581.8	542.3	636.9	598.6	576.4	510.4	584.7	658.6	615.6	596.8	596.0	640.8	50.2 438.1
Contained copper (thousands of dry tonnes)	•				-			-	•	•					68.				175.0	164.4	183.2	170.0	165.4	146.8	170.8	198.6	182.3	176.5	172.5	184.1 1	82.9 124.0
Concentrate grade																															
Copper (per cent)						<u> </u>	·····		·····			<u>-</u>	<u> </u>	_	· <u>30.</u>		30.4		30.1	30.3	28.8	28.4	28.7	28.8	29.2	30.2	29.6	29.6	28.9		28.1 28.3 31.6 27.3
Gold (grams/tonne) Silver (grams/tonne)			-			<u> </u>		— <u>:</u>	<u>-</u>		<u>-</u>	<u>-</u>	·		- <u>31.</u> 91.			27.9 85.9	24.7 79.3	28.9 81.9	28.3 74.4	29.3 72.1	29.2 73.5	27.5 72.2	33.7 76.3	35.5 79.8	36.3 77.0	33.9 76.1	30.5 71.0		31.6 27.3 69.0 69.3
	 -			<u>-</u>										_ 	91.	2 01.1	00.4	00.0	/3.3	01.3	74.4	12.1	13.3	. 122	70.3	73.0	77.0	70.1	71.0	72.0	<u> </u>
Shipped Total concentrate (thousands of dry tonnes)	_	_	_		_)	- 250	8 570.8	567.6	589.4	560.0	550.8	636.1	599.6	596.2	494.4	586.5	640.9	614.8	605.8	587.0	665.8 6	25.2 434.4
Destination:								_							230.	3 3/0.0	307.0	300.7	300.0	300.0	WU.1	300.0	- XXI.E	7,77,7	3.0.0	010.0		000.0	- 		
Japan (per cent)		•	·····	-	-		•			-	•	-	 -		40.	2 45.4	32.6	43.2	44.1	51.9	47.0	46.6	49.8	54.5	56.0	51.0		42.3	42.7	51.5	
Other Asian (per cent)	-		-	•	-			-					•		34.				15.7	12.3	11.0	6.6	3.3	4.1	3.7	3.2	1.6	1.7	1.7	0.0	0.0 0.0
Europe (per cent)	<u>-</u>			·			<u>-</u> -								25.				40.2	35.8	42.0	45.1	45.4	41.4	40.3	42.0	39.9	46.5	53.8		37.8 49.4
All other (per cent) Values				<u> </u>	<u> </u>	<u> </u>			<u></u>			···- <u>·</u>		_	· 0.	35	0.0	0.0	0.0	0.0	0.0	1.7	1,5	0.0	0.0	3.8	3.7	9.5	1.8	6.6	7.4 2.5
Gross concentrate sales value (before treatment																															
and refining charges, freight, etc.) (K million)		-	-	-	-			-		-				0.3	3 260.	0 561.0	489.4	417.9	381.3	373.4	454.6	343.6	355.2	386.3	407.0	294.5	266.3	260.3	219.4	307.4 2	70.8 118.8
Contribution by:											-			- - - -																	
Copper (per cent)		-			-	-	-			-			-		6	3 68	60	54	61	53	52	51	54	51	60	64	66	74	69	74	83 83 16 16
Gold (per cent)			-	-	-	-			-			-		38					37	45	46	47	44	46	37	34	32	24	29	25	16 16
OTHER																															
US\$/Kina exchange rate	0.30	0.25	0.26	0.36	0.39	0.48	0.69	0.76	0.79	1.01	1.02	1.04	1.05	1.05	5 1.1	7 1.16	1.10	1.03	1.00	1.11	1.19	1.35	1.48	1.50	1.41	1.42	1 <i>2</i> 7	1.26	1.31	1.43	1.42 1.19
Average metal prices															***		0			,											
LME copper (USc/lb)			66.2	82.1	71.4	75.2			133.1	105.0	87.0	103.0		119.0					64.3	62.4	71.9	57.1	79.0	99.2	89.8	61.9	59.3	63.6	55.9		80.9 48.6
London gold market (US\$/oz) Return on shareholders' funds iner cent)			276.5		280.0	294.0					360.0	344.0		382.6	381.								459.9	614.7	304.7	193.5	147.8	124.8	160.9		97.3 58.2
	4.6 3.61	2.6 1.96	2.8	5.4	5.0	2.9	0.5	2.2	2.9	3.2	<u>.</u>	· ·		_		- 18.5			4.8	2.0	9.3	1.9	3.9	122	28.5	15.1	9.2	13.7	16.0		69.7 18.9 39.5 6.9
Dividends per fully paid share (toea) Dividends per fully paid share (par value K1.00) (toea)	3.61	1.96	2.10	3.93	3.5	1.9	0.3	1.4	1.8	1.9		•	- :		<u> </u>	- 27.1			7.0	2.9 4.0	13.6 13.0	2.8 2.5	5.7 5.0	17.8 20.0	20.9 26.7	12.0 10.0	7.1 5.3	10.3 6.7	11.5 6.7		39.5 6.9 20.0 2.7
Number of shares issued at end of year (millions)	401	401	401	401	401	401	401	401	401	401	401	401	401		40	- 27.0 1 401		11.0 401	7.0 401	4.U 401	401	401	401	401	267	267	267	267	267		267 260**
Number of shareholders at end of year	16 374			17 021	17 260	18 183				18 765		19 851			21 28							36 486						50 082			353 46 726
Debt/equity ratio				-	-		•		•		-				- 2120	002/1				0.09/1		0.20/1		0.05/1							72/1 0.62/1
Workforce at end of year														_															_		
Overseas National	 -		<u>.</u>	·			-				<u> </u>	1	6	1;			-			749	7 51	756	801	877	851	855	853	858	942		929 971
Ivational	·		•	·	-		•	<u> </u>	•			1	6	_ 1	198	7 2950	3 025	2 993	2 948	2 987	3 058	3 174	3 377	3 416	3 314	3 243	3 063	2 989	3 094	3 242 2	915 2 594

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

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

^{**** 1989, 1990} and 1991 include extraordinary items of K26.1 million, K28.7 million and K309.2 million respectively ***** 1990 includes extraordinary items of K76.3 million for insurance litigation settlement and K51.5 million for depreciation.