



Bougainville Copper Limited

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 re-commencement of operations. There have been no company employees on Bougainville Island since March 1990.

Since inception until cessation of operations on 15 May, 1989 the mine had produced concentrate containing 3.1 million tonnes of copper, 306 tonnes of gold and 783 tonnes of silver. The production had a value of K5.1 billion which represented approximately 44% of Papua New Guinea's exports over that period.

During this time contributions to the government in the form of dividends, taxes and royalties totalled K1 078 million which represented approximately 17% of internally generated Papua New Guinea government revenue. 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 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 1990, the company employed 23 people, of whom 10 were citizens of Papua New Guinea, and continues to support 11 citizens of Papua New Guinea in tertiary studies.

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

Year in Brief

- Mine remained closed.
- Major retrenchment program commenced 7 January.
- Care and maintenance contracts let to local firms in February.
- No company employees on Bougainville from 24 March.
- All PNG defence force and police leave Bougainville in March.
- Insurance litigation settlement K76.3 million received in April.
- Care and maintenance contracts inoperable after May.
- Power generation ceased in June.
- Peace meeting between PNG government and secessionist leaders in August.
- PNG defence force on Buka Island in September.
- Net loss K14.6 million.
- Extent of deterioration and destruction of assets unknown.

		1990	1989
Concentrate production	(tonnes)	—	224 645
containing copper	(tonnes)	—	68 717
gold	(kilograms)	—	6 977
silver	(kilograms)	—	20 494
Net sales revenue	(K'000)	251	222 923
Net earnings/(loss) after tax	(K'000)	(14 585)	(20 611)
Earnings per share	(toea)	—	—
Shareholders' funds	(K'000)	551 062	565 647
Return on shareholders' funds	(per cent)	—	—
Gross dividends	(K'000)	—	—
per one kina share	(toea)	—	—
Depreciation and amortisation	(K'000)	51 505	47 309
Government royalties and taxation	(K'000)	5 950	28 492
Number of employees at 31 December		23	2 317

Notice of Meeting

The Annual General Meeting of Bougainville Copper Limited will be held at 4.30 p.m. on Monday, 15 April, 1991 at The Port Moresby Travelodge, Hunter St., Port Moresby, Papua New Guinea.

A separate Notice of Meeting is enclosed. All shareholders are cordially invited to attend.

Directors

D. S. Carruthers (Chairman)
R. J. Cornelius
J. J. Craig
P. G. F. Henderson, A.C.
I. R. Johnson
R. B. Moaina
M. R. Rayner
M. P. Togolo
D. C. Vernon

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Officers

J. L. Auna
(General Manager — Corporate Relations)
M. S. Koiri
(Secretary)



Statistical Summary

	1990	1989	1988	1987	1986	1985
Financial						
Earnings (K million)						
Net sales revenue and other income*****	80.2	231.6	493.4	415.4	342.7	317.6
Operating and other expenses****	36.8	181.7	244.8	227.5	223.7	221.5
Depreciation*****	51.5	47.3	43.9	49.4	47.3	47.6
Earnings/(loss) before taxation and exchange gains	(8.1)	2.6	204.7	138.5	71.7	48.5
Exchange gains/(losses)	(0.5)	2.5	(2.9)	5.7	2.3	(1.4)
Earnings/(loss) before taxation	(8.6)	5.1	201.8	144.2	74.0	47.1
Taxation	6.0	25.7	93.2	50.6	28.7	19.0
Net earnings/(loss)	(14.6)	(20.6)	108.6	93.6	45.3	28.1
Dividends	—	—	108.3	92.2	44.1	28.1
Earnings retained	(14.6)	(20.6)	0.3	(1.8)	1.2	—
Balance sheet (K million)						
Property, plant and equipment	545.9	595.8	570.0	527.8	550.1	558.5
Investments and loans	—	—	2.2	0.7	0.7	0.2
Current assets	64.7	59.5	250.1	260.3	190.1	160.4
Total assets	610.6	655.3	822.3	788.8	740.9	719.1
Shareholders' funds	551.1	565.6	586.2	586.0	587.7	586.5
Exchange fluctuation	—	—	0.2	0.3	(3.2)	(5.9)
Long term liabilities	47.7	46.9	23.7	24.8	48.1	52.4
Current liabilities	11.8	42.8	212.2	177.7	108.3	86.1
Funds employed	610.6	655.3	822.3	788.8	740.9	719.1
Production/Sales						
Mined						
Ore and waste removed (millions of tonnes)	—	33.27	89.78	83.53	79.16	73.62
Ore milled (millions of tonnes)	—	18.52	47.69	48.20	47.89	50.07
Ore grade						
Copper (per cent)	—	0.44	0.41	0.41	0.42	0.42
Gold (grams/tonne)	—	0.50	0.41	0.43	0.48	0.42
Produced						
Concentrate (thousands of dry tonnes)	—	224.6	552.0	585.5	586.6	581.8
Contained copper (thousands of dry tonnes)	—	68.7	166.0	178.2	178.6	175.0
Concentrate grade						
Copper (per cent)	—	30.1	30.1	30.4	30.5	30.1
Gold (grams/tonne)	—	31.0	25.1	25.8	27.9	24.7
Silver (grams/tonne)	—	91.2	87.7	86.4	85.9	79.3
Shipped						
Total concentrate (thousands of dry tonnes)	—	250.8	570.8	567.6	589.4	560.0
Destination:						
Japan (per cent)	—	40.2	45.4	32.6	43.2	44.1
Other Asian (per cent)	—	34.3	23.4	33.5	15.4	15.7
Europe (per cent)	—	25.5	27.7	33.9	41.4	40.2
All Other (per cent)	—	0.0	3.5	0.0	0.0	0.0
Values						
Gross concentrate sales value (before treatment and refining charges, freight, etc.) (K million)	0.3	260.0	561.0	489.4	417.9	381.3
Contribution by:						
Copper (per cent)	61	68	68	60	54	61
Gold (per cent)	38	31	30	38	44	37
Other						
US\$/Kina exchange rate	1.05	1.17	1.16	1.10	1.03	1.00
Average metal prices						
LME copper (US\$/lb)	119.8	129.0	117.9	81.0	62.3	64.3
London gold market (US\$/oz)	382.8	381.0	436.8	446.7	367.9	317.3
Return on shareholders' funds (per cent)	—	—	18.5	16.0	7.7	4.8
Earnings per share*** (toea)	—	—	27.1	23.3	11.3	7.0
Dividends per fully paid share*** (par value K1.00) (toea)	—	—	27.0	23.0	11.0	7.0
Number of shares issued at end of year (millions)	401	401	401	401	401	401
Number of shareholders at end of year	20 532	21 287	21 966	22 650	24 680	27 117
Debt/equity ratio	—	—	0.02/1	0.04/1	0.05/1	0.06/1
Work force at end of year						
Overseas	13	330	610	699	706	704
National	10	1 987	2 950	3 025	2 993	2 948

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 the 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 and 1990 include extraordinary items of K26.1 million and K28.7 million respectively
- ***** 1990 includes extraordinary items of K76.3 million for insurance litigation settlement and K51.5 million for depreciation.