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BORGARNE  
Copper Limited  
Annual Report 1989



Since 1972 Bougainville Copper Limited has 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 had not recommenced by the time this report went to print.

During 1989 the Company mined 33.3 million tonnes of material. Of this, 18.5 million tonnes of ore were treated to produce 224 645 tonnes of concentrate. This concentrate contained 68 717 tonnes of copper, 6 977 kilograms of gold and 20 494 kilograms of silver. Concentrate sales of 250 773 tonnes had a gross sales value of K260.0 million (of which copper and gold contributed 68% and 31% respectively).

Since inception until cessation of operations on 15 May, 1989 the mine has 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 represents 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 033 million which represent approximately 17% of internally generated Papua New Guinea Government revenue. Further, the Company's presence in the North Solomons Province has 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.

The Company has been a major employer in the country employing 2 317 persons at 31 December, 1989 of whom 1 987 were Papua New Guinea citizens.

Company training programs have resulted in considerable progress in the localisation of the Company's employees and have also added significantly to the number of skilled workers elsewhere in the country's workforce.

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.

**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  
D. C. Vernon

**Officers**

R. J. Cornelius  
(Managing Director)  
J. L. Auna  
(General Manager – Personnel Services)  
C. S. Evanson  
(General Manager – Commercial)  
I. Garside  
(General Manager – Technical Services)  
S. J. Jopling  
(General Manager – Support Services)  
L. K. Tan  
(General Manager – Mine)  
C. G. Thorne  
(General Manager – Concentrator)  
J. Van der Linden  
(General Manager – Environment and  
Community Relations)  
M. S. Koiri  
D. E. Coyle  
(Secretaries)

**Notice of Meeting**

The Annual General Meeting of Bougainville Copper Limited will be held at 10.00 a.m. on Wednesday, 11 April, 1990 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.

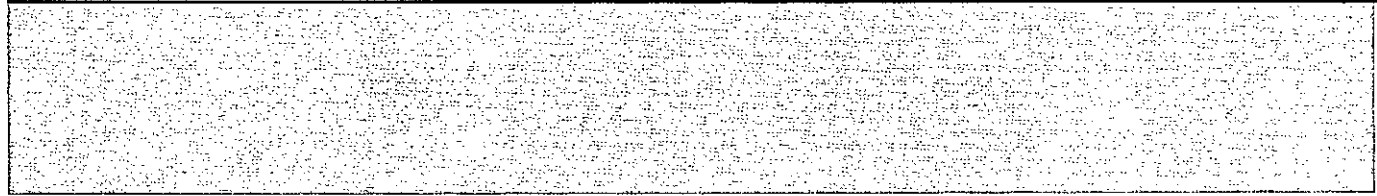
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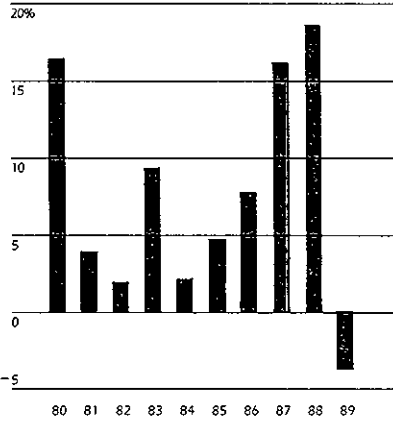
## Year in Brief

- Attacks on Company property resulting in cessation of production since 15 May.
- Two employees killed and 20 injured in the violence.
- 231 days production lost.
- Decision on December 28th to retrench workforce.
- First ever net loss K20.6 million.
- First time no dividend declared or paid.
- A new finance facility was arranged in December (unutilised at year end).
- Capital expenditure K73.3 million, program now suspended.
- 15th ball mill commissioned.
- 10 new Euclid R190 haul trucks commissioned.
- 2 new P & H 2800 XPA electric rope shovels commissioned.

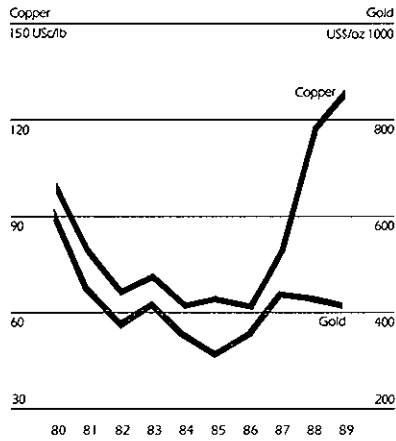
		<b>1989</b>	1988
Concentrate production	(tonnes)	<b>224 645</b>	552 012
containing copper	(tonnes)	<b>68 717</b>	165 957
gold	(kilograms)	<b>6 977</b>	13 862
silver	(kilograms)	<b>20 494</b>	48 414
Net sales revenue	(K'000)	<b>222 923</b>	482 776
Net earnings/(loss) after tax	(K'000)	<b>(20 611)</b>	108 588
Earnings per share	(toea)	-	27.1
Shareholders' funds	(K'000)	<b>565 645</b>	586 256
Return on shareholders' funds	(per cent)	-	18.5
Gross dividends	(K'000)	-	108 287
per one kina share	(toea)	-	27.0
Depreciation and amortisation	(K'000)	<b>47 309</b>	43 941
Government royalties and taxation	(K'000)	<b>28 492</b>	99 190
Number of employees at 31 December		<b>2 317</b>	3 560



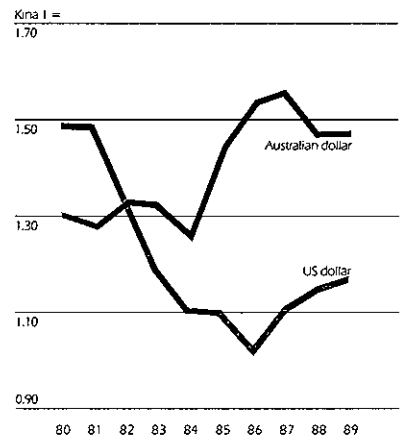
**Return on shareholders' funds**



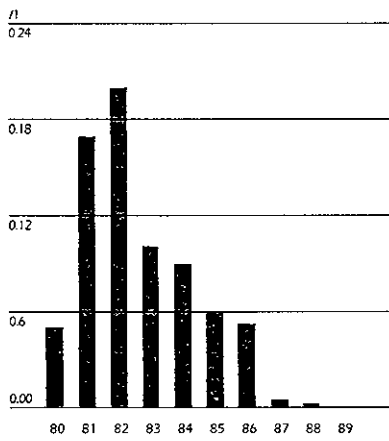
**Copper & gold prices**



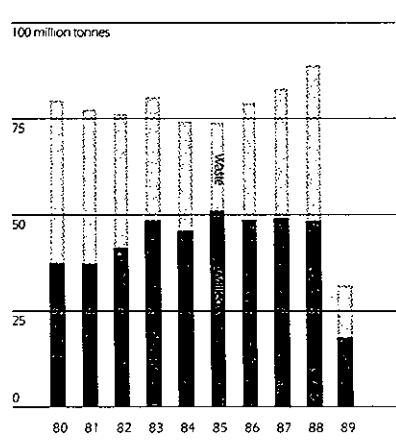
**Average exchange rates to kina**



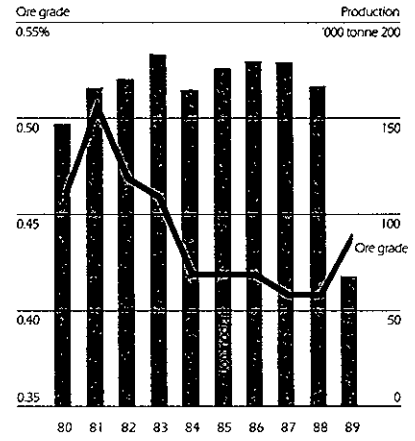
**Debt equity ratio\***



**Material mined**

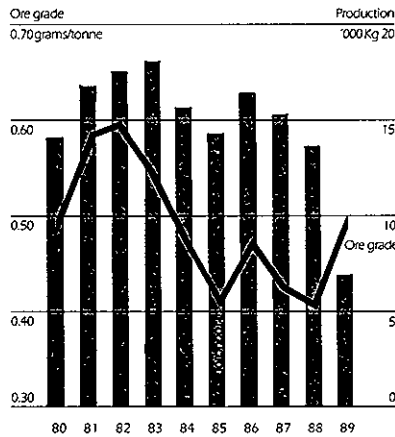


**Copper ore grade & production of contained copper**



\*Ratio of year end loans outstanding to shareholders' funds.

**Gold ore grade & production of contained gold**



## Chairman's Statement

The year was dominated by repeated attacks by militants on Company employees and facilities, resulting in 231 days lost production. Two employees lost their lives and twenty more were injured in the violence during the year.

The Company made a net loss of K20.6 million, the first in its history. Altogether, reports suggest that more than eighty people have died in the violence in Bougainville since the beginning of 1989. Several hundred police and Defence Force personnel were sent to the island, but were unable to bring the situation under control. As was reported in letters to shareholders and in the media, the Board eventually decided that it was unsafe for employees to remain on the island and early this year proceeded to give effect to this decision.

The dispersal of this highly trained, experienced and very effective workforce is a tragedy, not only for Bougainville Copper, but also for Papua New Guinea.

Since the commencement of operation in 1972, cash generated and distributed from the mining operation has totalled approximately K1 600 million, of which approximately K1 000 million has been Papua New Guinea's share in the form of taxes, royalties and dividends. In addition, the Company has provided training for approximately 12,000 employees. Of these, approximately 1000 completed full trade apprenticeships and some 400 completed graduate and post graduate studies under Company sponsorship.

The impact of the loss of production on the Papua New Guinea economy will be considerable. Despite the suspension of operations last year, the Company contributed more than K200 million to the Papua New Guinea economy in 1989 in the form of wages and salaries, purchases of supplies and services, and tax payments on 1988 earnings. Consequently, there was only limited effect on the economy last year — the principal impact will be from this year onwards.

At all stages during the crisis there have been close consultations between the Company and the Government, and the Government has recognised that until a peaceful environment can be restored in Bougainville, the Company had no option but to scale down its establishment and eventually withdraw employees from the island.

The two major shareholders, CRA Limited and the Papua New Guinea Government, demonstrated their support for the Company providing K45 million in loan facilities towards the end of 1989. The important thing now is to conserve our resources until such time as operations can be resumed. At present it is extremely difficult to foresee when this might be.

Legal proceedings were instituted by the Company against its Insurers under the 1988/89 insurance policy in respect of claims for material damages and business interruption losses. The issues involved were complex. The hearing of the case commenced on 12 February and only this morning the parties reached agreement in principle to settle the litigation on payment to the Company of A\$102.5 million (K75 million) with the parties bearing their own legal costs.

Mr J. T. Ralph and Mr W. J. N. Davis have retired as Directors, and Mr M. R. Rayner and Mr I. R. Johnson have joined the Board. I would like to take this opportunity to pay tribute to the contributions of John Ralph and Bill Davis, both of whom were associated with the original development of BCL's operations. John Ralph served as a Director from the Company's inception and had much to do with its early success. His wise counsel was always invaluable.

Many people have suffered as a result of the violence in Bougainville. My sympathies go particularly to employees and their families who have been directly affected. The performance of employees during this period of extreme duress has been magnificent. No words of mine can adequately express our appreciation of their fortitude and resilience through the crisis.



**D.S. Carruthers**  
Chairman  
22 February, 1990

## Bougainville Crisis:

Following attacks by militant land-owners on Company facilities towards the end of 1988, there were further attacks on facilities in April and May 1989, culminating in suspension of operations on 15 May 1989. With the exception of an abortive attempt to resume production in early September, the mine remained inoperative for the rest of the year as a result of continued attacks on employees and facilities. Altogether 231 days production were lost during the year as a result of these attacks.

Two employees died and twenty were injured during the year as a result of the violence. Power supplies to the mine were cut by the felling of several power pylons with the use of explosives.

In the face of deteriorating law and order, the Government declared a State of Emergency on 26 June 1989, and with extensions, this remained in force through to the end of the year.

Several attempts were made by the Government during the year to settle landowners' grievances, without success. These involved an offer by the Government of substantial public works together with the provision of part of the Government's equity in the mine and an increased share of royalties for the landowners.

The Company in turn offered expenditure on community projects of some K40 million, conditional on the re-establishment of profitable operations. These offers, and efforts by the Provincial Government and Churches to establish dialogue with the militants failed to resolve the crisis.

As a result, the Board decided towards the end of the year that it was necessary to substantially reduce the size of the Company's establishment in Bougainville. A major retrenchment program commenced on 7 January 1990 and with further attacks on Company employees taking place in January, it was decided that no Company employees should remain on Bougainville until the situation improved. Arrangements were made for care and surveillance of the facilities to be taken over by local contractors and for a small management group to be moved to Port Moresby to facilitate a resumption of operations when it is safe to do so.

Damage to facilities is estimated to be approximately K8 million, involving principally the power pylons, administrative and workshop buildings, a process water pump station and a number of items of mobile equipment. Repairs to date have been confined to the power reticulation system, where eight of the ten pylons toppled have been replaced.

## Ore Reserves:

The recoverable proved ore reserves at the end of 1989 are estimated at 496 million tonnes of average grade 0.42% copper and 0.55 grams per tonne gold.

The recovery of this ore will require the mining of an additional amount of measured mineral resource which is estimated at 520 million tonnes 0.22% copper and 0.18 grams per tonne gold.

This material is suitable for upgrading by screening, yielding an estimated 195 million tonnes of mill feed averaging 0.34% copper and 0.28 grams per tonne gold.

Accordingly, total available mill feed at the end of 1989 is estimated at 691 million tonnes averaging 0.40% copper and 0.47 grams per tonne gold.

## Production:

Production statistics were as follows:

	Year Ended 31/12/89	Year Ended 31/12/88
Material mined (millions of tonnes)		
Ore	18.5	47.7
Waste	14.8	42.1
Waste/Ore ratio	0.80/1	0.88/1
Ore grade		
Copper (per cent)	0.44	0.41
Gold (grams/tonne)	0.50	0.41
Silver (grams/tonne)	1.41	1.25
Concentrate produced (dry tonnes)		
	224 645	552 012
Concentrate grade		
Copper (per cent)	30.1	30.1
Gold (grams/tonne)	31.0	25.1
Silver (grams/tonne)	91.2	87.7
Contained metal in concentrate		
Copper (tonnes)	68 717	165 957
Gold (kilograms)	6 977	13 862
Silver (kilograms)	20 494	48 414

## Mine:

Prior to 15 May when production from the pit ceased completely, mining activities were affected by intermittent work stoppages due to the toppling of power pylons and to meetings requested by pit employees on security issues related to the Bougainville Crisis. From time to time, shovels at the outer perimeter of the pit were shut down outside of daylight hours because of fears by the operators on their personal safety.

Consequently, production fell to 33.3 million tonnes or 31.7% of the planned target for the year. The total production consisted of 18.5 million tonnes of mill feed and 14.8 million tonnes of waste. Material processed at the pre-concentration screening plant contributed 9.9 million tonnes to mill feed and 4.5 million tonnes to waste. Copper grade, inclusive of pre-concentration product, was higher at 0.44% and gold grade improved to 0.50 grams/tonne. The improvement to head grades was not expected to be sustained throughout the year.

Since 15 May, all mining equipment has been maintained on a ready to mine basis. Sixteen of the thirty Euclid R190 replacement haul trucks had been commissioned with a further six units delivered but not assembled. It has been agreed with the suppliers to cancel the purchase of the remaining eight units with no cost penalty.

Further measures taken to conserve cash include the sale in December of one of the three new P&H 2800XPA electric rope shovels which were delivered during the year and the suspension of the purchase of one new unit of primary blasthole drill. In addition, the construction of the input crushing and conveying system has been suspended. These measures will not affect production significantly on resumption of mining.

The drilling programme within the Special Mining Lease has been suspended indefinitely after militants chased the drillers away and set the drill on fire in April.

#### **Concentrator:**

Concentrate production was 224 645 (1988: 552 012) tonnes containing 68 717 (1988: 165 957) tonnes of copper, 6 977 (1988: 13 862) kilograms of gold and 20 494 (1988: 48 414) kilograms of silver.

The No. 15 Ball Mill and its associated flotation expansion was commissioned in March.

Construction of extensions to the Fine Crushing and Screening facilities required for the No. 15 Ball Mill was suspended in May along with work on the Tailings Pipeline Project because of attacks against Company property and personnel. Likewise, work on other projects including MP1000 Crusher Installation, Flotation Columns and Hydrocyclone re-orientation was also suspended.

Fatigue cracks detected in 1988 have been repaired in all but one ball mill.

#### **Operating Costs:**

Production costs were at budgeted levels until cessation of operations.

The costs of keeping a workforce in readiness with no production output makes comparison with previous years irrelevant.

#### **Capital Expenditure:**

Capital Expenditure totalled K73 million for 1989. Major projects are mentioned in the Mine and Concentrator reports. Equipment for the powerhouse turbine upgrade was purchased and installation was completed in Unit No. 2. The tailings pipeline has been installed but ancillary works, particularly the slurry station, are yet to be completed.

Capital expenditure for projects approved and in progress at the end of 1989 totalled K160 million of which K77 million remains to be spent. Expenditure remaining is subject to review depending on date of restart.

#### **Marketing:**

Apart from one small shipment made up from material normally retained as work in process all shipments ceased in May resulting in total sales during 1989 of 250 773 (1988: 570 783) dry tonnes of concentrate containing 76 696 (1988: 171 470) tonnes of copper 7 593 (1988: 14 382) kilograms of gold and 22 826 (1988: 49 873) kilograms of silver.

As a result of the mine's closure force majeure notices were issued to all buyers as it became obvious contractual commitments could not be met. Although the impact of this was largely negated in the early months by freely available alternate sources of feed the combined effects of other mine stoppages saw a squeeze develop in clean concentrate during the third quarter. This situation had eased somewhat by the middle of the fourth quarter as these other mines resumed production.

As a measure of the history and close association of BCL and its buyers all chose to support the Company and its endeavours wherever possible. This augurs well for the Company's eventual re-entry to the market.

Although the copper price came off the unsustainable highs of the early part of the year it still managed to average US\$129/lb during 1989 versus US\$118/lb in 1988.

Although supply disruptions were a factor, unexpectedly strong demand, particularly in Europe and Asia, was the driving force.

Gold recovered from its mid September low of US\$357.70/oz to reach a yearly high of US\$415.80/oz on 24 November, 1989. This turnaround appeared to be triggered by technically orientated trading which led to short covering by a number of bullion houses and a resurgence in interest by investors.

#### **Finance:**

The kina is set daily based on a fixed basket of currencies. In the beginning of the year the basket was adjusted to reduce the weighting towards the Australian dollar and increase emphasis to the US dollar.

The kina was relatively stable following this adjustment, particularly in the second half of the year.

However, the Government announced a ten per cent devaluation on 9 January 1990 reducing the value of the kina from US\$1.15 to US\$1.04.

The Company had significant cash reserves at the time production ceased in mid May, and benefited from continued cash inflows from deferred payments on sales made before the stoppage. The main impact of the stoppage on cash receipts was felt in the second half. The capital works programme has been suspended and other measures undertaken to conserve cash.

At year end cash reserves were almost depleted and a K45 million unsecured temporary funding facility was provided by the two major shareholders, CRA Limited and the Government of Papua New Guinea, pro rata to their shareholdings to enable the Company to meet essential expenditure requirements.

The facility will be available for the next two years unless the lenders decide to increase or reduce this period. Repayment of the facility will take first priority on surplus cash generated once production is resumed.

Under the terms of the Company's US\$115 million multi option facility, it could not be utilised with the mine not operating and so was cancelled. No other committed lines of credit are in place.

#### **Personnel:**

The total number of direct Company employees at the end of 1989 was 2 317 (1988: 3 560) including 1 987 (1988: 2 950) citizens of Papua New Guinea.

Retrenchment of 568 employees together with resignations, substantially reduced the workforce. The retrenchment of nearly all the remaining workforce is expected to be completed in early 1990.

A team of Company apprentices competed successfully in the 1989 PNG Work Skills Competition in Port Moresby winning eleven of the twelve gold medals. The planned participation in the International Work Skills Olympics in Birmingham, England was cancelled.

It is a tragedy that the Company's training facilities were forced to close. Indentures of 239 apprentices were suspended and efforts are being made to have them transferred to other organisations in Papua New Guinea. The Company remains committed to fund the cost of 24 Papua New Guineans currently studying overseas.

#### **Environmental:**

The Company continued its research and monitoring programmes in the fields of rehabilitation and revegetation of the Jaba River tailings deposits and waste dump areas; aquatic and marine biology; hydrology and meteorology and occupational health.

The report from the National Government's independent consultancy group on the environmental, socio-economic and health aspects of the Company's operation was received. A number of specific environmental issues were raised, many of which were already in hand before cessation of production, and the remainder were programmed for incorporation in the research and monitoring programme over the next two years.

#### **Community Relations:**

The Company makes cash payments to local landowners by way of restitution for various losses associated with the operations of the mine. The amounts paid in 1989 totalled K2.1 million. The level of payments is based on a 1986-1990 agreement with the landowners, and is well in excess of amounts required by legislation.

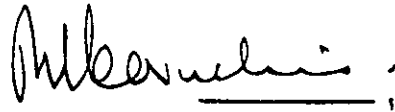
In August 1988, the Company and landowners developed a K3 million programme of works for the next two to three years. This latest programme includes bridges, crossings, major roads to some isolated villages and upgraded water supplies to some villages around the mine. Sabotage slowed progress on some projects and very little work has been done since May. Considerable assistance has been provided to set up some care centres for displaced local villagers and tangible support was given to the Government's survey and planned rehabilitation programme of destroyed village property.

Royalties paid amounted to K2.8 million in 1989. The Provincial Government share of this benefit was K2.7 million, with the remaining K0.1 million being paid to the landowners.

The Bougainville Copper Foundation, a charitable organisation established by the Company in 1971 and supported subsequently, continued its community development activities with emphasis in the North Solomons Province. As a result of its long term investments, the Foundation was largely self supporting, but continued to receive Company support in 1989, amounting to K0.35 million.

#### **Employees:**

In conclusion, I would like to express my appreciation to the employees and their families for the considerable support they have given throughout this most difficult and uncertain period.



**R.J. Cornelius**  
Managing Director  
22 February 1990



The Directors of Bougainville Copper Limited present their report on the audited financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December, 1989.

#### **Disruption to Operations:**

Increasing activity by militant landowners in Bougainville during 1989 caused frequent damage to the Company's facilities and led to a situation in which the safety of BCL employees could not be assured. In consequence, operations at the mine ceased on 15 May 1989. Operations have been suspended since that date because of continuing militant activity and repeated damage to facilities. The decision was taken at year end to retrench 2000 employees and place the mine on care and maintenance. In February 1990, it became necessary to withdraw all BCL personnel from the mine site at Panguna and the coastal support facilities at Arawa. The great majority of Company personnel have now been retrenched, pending restoration of law and order to a degree which would permit BCL employees to return safely to Panguna and Arawa. Contracts have been let to local (contracting) firms for the protection of Company assets. Costs incurred in this regard, together with other essential outgoings, will be expensed in the periods in which they arise.

The Directors intend that the mine will recommence operations, but recognise that this will not occur until law and order is restored on Bougainville Island and the safety of personnel is assured. At this stage it is not possible to determine how and when the situation on the island will be resolved, the extent of deterioration or damage to facilities which will occur, the possible timing of recommencement of operations, or the impact of these factors on the Company's future activities.

In view of the current disruption to normal operations the valuation of the assets becomes very uncertain. However, the Directors do not believe that at present there is a more appropriate alternative to the "going concern" basis upon which the accounts for the period to 31 December 1989 are presented. These include the Company's assets in Bougainville at their current book value. Shareholders are asked to consider specifically the information provided in Note 1 to the Accounts.

Asset values will be kept under review.

#### **Directors:**

The Directors of Bougainville Copper Limited at the date of this report are:

##### **D. S. Carruthers** (Chairman)

Age 59 B.Sc. Joined CRA in 1955. Extensive exploration and operational mining experience. CRA Group Executive since November 1984, appointed Director of CRA in July 1989 and responsible for CRA's base metal and ferrous activities. Appointed Chairman of BCL July 1986. Also Chairman of Pasmenco Limited.

##### **R. J. Cornelius** (Managing Director)

Age 57 B.Met.E., M.Eng.Sc. Joined CRA in 1958. Commenced BCL in 1982. General Manager - Concentrator until appointed Managing Director in 1987.

##### **J. J. Craig**

Age 41 F.C.A., Dipl. Bus. Stud. Fourteen years with CRA Group including four years BCL and three years RTZ. Currently Vice-President Finance CRA.

##### **P. G. F. Henderson, A.C.**

Age 61 M.A. Oxon. Joined Australian Department of Foreign Affairs 1951. Ambassador to the Philippines 1973-74. Deputy Secretary 1976-79. Secretary 1979-84. Retired Commonwealth Public Service 1985.

##### **I. R. Johnson,**

Age 49 B.Sc. (Hons). Joined CRA in 1970. Extensive exploration experience. Was Group Geologist of CRA Exploration until appointed Managing Director of CRA Minerals, Papua New Guinea, in February 1990.

##### **R. B. Moalna**

Age 40 B.Sc. Chief Government Geologist, Geological Survey Division, PNG Department of Minerals and Energy since February 1986. Experience in mineral and petroleum industry. Citizen of Papua New Guinea.

##### **M. R. Rayner**

Age 52 B.Sc. (Hons). Twenty-eight years with CRA Group. Appointed Managing Director Comalco 1978, and Chief Executive Officer 1979. CRA Group Executive since 1982. Currently Finance Director CRA, Deputy Chairman Comalco, Director Pasmenco and National Australia Bank.

##### **D. C. Vernon**

Age 61 Dip. Chem. Eng. Commenced CRA Group 1953 and Director of CRA 1979-86. Joined BCL in 1966; appointed General Manager 1973 and Managing Director 1975. Chairman of BCL from 1979 to July 1986. Patron of Australia-PNG Business Co-operation Committee.

#### **Activities:**

Bougainville Copper Limited has produced copper concentrate containing gold and silver from a mine at Panguna, North Solomons Province, Papua New Guinea, since 1972. The Company has two subsidiaries. BCL (Hong Kong) Limited arranges shipping contracts on behalf of the Company. BCL Services Pty. Ltd. leases an aircraft to the Company.

#### **Net Earnings:**

The net loss of Bougainville Copper Limited and its subsidiaries for 1989 totalled K20 611 000 after providing K47 309 000 for depreciation and amortisation, K2 759 000 for royalties, K25 733 000 for income tax and K26 118 000 for extraordinary items.

#### **Taxation:**

Taxation of K25 733 000 charged to earnings after deducting K8 387 000 for income tax relating to extraordinary items comprises K11 262 000 current tax, and an increase of K22 858 000 in the provision for future tax.

#### **Subsidiaries:**

No dividends were paid by BCL (Hong Kong) Limited or BCL Services Pty. Ltd.

#### **Share Capital:**

There was no change in the Company's capital structure during the year.

#### **Exchange Fluctuations:**

Exchange gains of K158 000 were realised on hedges of specific commitments; K484 000 on payment of dividends; and K2 277 000 on foreign currency receivables; and K669 000 from purchases of stores and services. In addition exchange losses of K33 000 were recorded on overseas borrowings; K623 000 from the translation of overseas bank balances and K385 500 on other items.

**Long Term Loans:**

No drawdowns were made during the year against long term loan arrangements. Repayments of K1 382 000 were made against existing loans, leaving a nil balance at the end of the year. The Multiple Option Facility was cancelled by the Company during December 1989.

As mentioned in the notes to the accounts a K45 million finance facility was entered into with the two major shareholders on 1 December 1989.

**Dividends:**

A final dividend in respect of 1988 earnings of fifteen toea per share was paid in May. No dividends have been declared in respect of 1989.

Withholding tax is deducted from dividends where required by the Chief Collector of Taxes.

**Review of Operations:**

A review of the operations of the Company during the financial year and the results of those operations are set out in the section entitled "Review of Operations", in this Annual Report (Pages 5-7).

**Auditors:**

The retiring Auditors, Coopers & Lybrand, being eligible, offer themselves for re-appointment.

**Statutory Information:**

In accordance with the provisions of Section 171 of the Companies Act (Chapter 146), the Directors state that:

1. In their opinion, the results of the Group's operations in the year under review have been materially affected by items of an abnormal character referred to above, details of which are mentioned in the Review of Operations on pages 5-7 in this Annual Report and in Note 1(a) to the Accounts.

2. For the reasons stated in the notes to the accounts, the Directors are uncertain that the current assets will realise at least the value at which they are shown in the accounts.

3. Apart from the abnormal occurrences stated in paragraph 1 above no other circumstances have arisen which render adherence to the method of valuation of assets or liabilities misleading or inappropriate with the proviso that if operations are unable to successfully recommence a substantial write down of asset values may be necessary.

4. No contingent liabilities have arisen since the balance date of the Group accounts, 31 December 1989, and the date of this report, 22 February 1990.

5. No contingent liabilities have become enforceable or are likely to become enforceable within twelve months from the date of this report which will materially affect the Group in its ability to meet its obligations as and when they fall due. Attention is drawn to note 1(a) in notes to the accounts concerning costs to be incurred in recommencing operations.

**Additional Information:**

The Directors also state that:

1. There were significant changes in the state of affairs of the Group during the year as set out in this Annual Report.

2. The results of the operations of the Company and the Group during the financial year have been, in the opinion of the Directors, substantially affected by events of a material and unusual nature as contained in this Report, and as set out in the notes to the accounts.

3. Save as reported in this Annual Report, there were no matters or circumstances which have arisen since the end of the financial year and which significantly affected or may significantly affect:

(i) the operations of the Group  
(ii) the results of those operations or  
(iii) the state of affairs of the Group in the financial year subsequent to 31 December 1989.

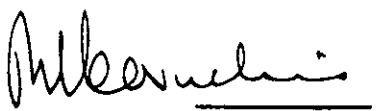
4. The Directors do not have an interest in any contract or proposed contract with the Company, are not parties to any material contract involving Directors' interests, and are not in receipt of any loans or benefits other than the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts and the amount of fixed salary derived from the Company or from a related corporation.

5. No options over shares of the Company or its subsidiaries have been granted by the Company or its subsidiaries during the financial year or since the end thereof; no shares of the Company or its subsidiaries were issued during the year or have been issued since the end thereof by virtue of the exercise of any option granted by the Company or its subsidiaries; and no options over shares of the Company or its subsidiaries are outstanding at the date of this Report.

Signed this 22nd day of February, 1990 in accordance with a resolution of the Directors of Bougainville Copper Limited.

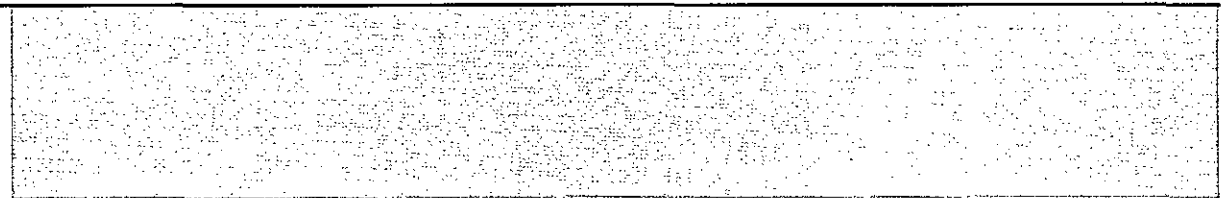


**D. S. Carruthers**  
Chairman



**R. J. Cornelius**  
Managing Director

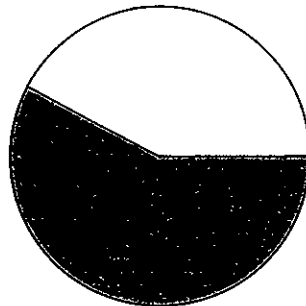
## Statement of Value Added



	<b>1989</b> K mill.	1988 K mill.
<b>Value Added</b>		
Sales made to external customers	<b>222.9</b>	482.8
Other income	<b>8.7</b>	10.6
<b>Total income</b>	<b>231.6</b>	493.4
Less: Materials and services brought in from outside the Company	<b>133.5</b>	163.3
<b>Total Value Added available for distribution</b>	<b>98.1</b>	330.1
<b>Distribution</b>		
To EMPLOYEES		
Wages, salaries, benefits, etc. (net of PAYE tax)	<b>40.1</b>	51.6
To GOVERNMENT		
Taxation, customs duties, royalties and other charges	<b>23.5</b>	115.6
Employees PAYE tax	<b>7.6</b>	10.0
Dividends withholding tax	-	14.5
Dividends	- <b>31.1</b>	20.6
To PROVIDERS OF CAPITAL (other than government)		
Dividends to shareholders (net of withholding tax)		
Overseas shareholders	-	71.9
PNG shareholders	-	1.3
	-	73.2
Interest to lenders	<b>0.2</b>	0.3
RETAINED in business to provide for asset replacement, expansion and protection of the Company and its employees in less favourable times.		
Depreciation and amortisation	<b>47.3</b>	43.9
Retained earnings	<b>(20.6)</b> <b>26.7</b>	0.4
	44.3	
<b>Total Value Added distributed</b>	<b>98.1</b>	330.1

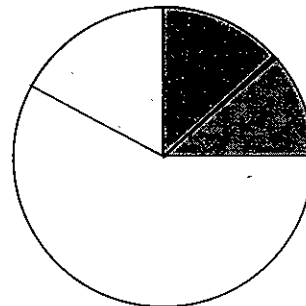
### Distribution of Value Added

Income K231.6m



■ Less materials and services of K133.5m.

Leaves K98.1m for Value Added distribution



□ Employees K40.1m.

■ Government K31.1m.

■ Providers of capital K0.2m.

■ Retained in business K26.7m.

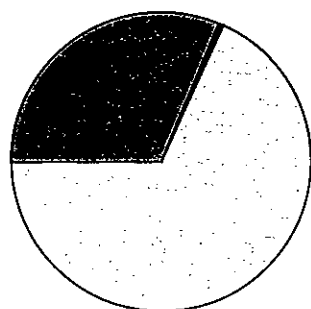
# Funds Statements

year ended 31 December, 1989  
Bougainville Copper Limited

	Consolidated		Bougainville Copper Limited	
	1989	1988	1989	1988
	K'000	K'000	K'000	K'000
<b>Sources of Funds</b>				
Earnings from operations before tax	31 240	201 825	31 239	201 820
Add items not using funds				
Depreciation and amortisation	47 309	43 941	46 971	43 569
Loss (Surplus) on disposal of non-current assets	(51)	1 004	(51)	1 004
Other items not using funds	(1 555)	4 958	(1 497)	4 988
	80 053	251 728	79 656	251 381
Proceeds on disposal of non-current assets	201	1 181	201	1 181
<b>Total sources of funds:</b>	<b>80 254</b>	<b>252 909</b>	<b>79 857</b>	<b>252 562</b>
<b>Applications of Funds</b>				
Extraordinary items involving an outflow of funds	23 962	—	23 962	—
Distribution to shareholders				
Dividend payment	60 159	124 329	60 159	124 329
Retiring debt				
Loan repayments	1 382	1 437	1 382	1 437
Acquiring non-current assets				
Property, plant and equipment	73 290	87 581	73 290	87 581
Income tax payment	91 799	47 326	91 803	47 314
Long service leave payments	4 664	2 738	4 664	2 738
Loan	—	2 000	—	2 000
<b>Total applications of funds:</b>	<b>255 256</b>	<b>265 411</b>	<b>255 260</b>	<b>265 399</b>
<b>Increase/(Decrease) in working capital for the year</b>	<b>(175 002)</b>	<b>(12 502)</b>	<b>(175 403)</b>	<b>(12 837)</b>
<b>Movements in working capital</b>				
Bank balances and short term deposits	(62 225)	(4 399)	(62 233)	(4 381)
Debtors for sale of concentrate	(106 163)	(5 041)	(106 163)	(5 041)
Other debtors	(6 342)	3 011	(6 740)	2 674
Stocks and stores	(15 916)	(3 785)	(15 916)	(3 785)
Creditors	15 644	(2 288)	15 649	(2 304)
<b>Increase/(Decrease) in working capital for the year</b>	<b>(175 002)</b>	<b>(12 502)</b>	<b>(175 403)</b>	<b>(12 837)</b>

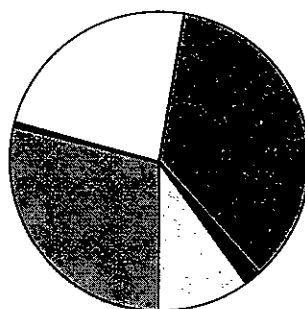
## Simplified Funds Statement

Source of Funds



- From operations K80.1m.
- Disposal of non-current assets K0.2m.
- Decrease in working capital K175.0m.

Application of Funds



- Acquiring non-current assets K73.3m.
- Retiring debt K1.4m.
- Distribution to shareholders K60.1m.
- Income tax paid K91.8m.
- Long service leave K4.7m.
- Extraordinary items K24.0m.

## Statements of Earnings

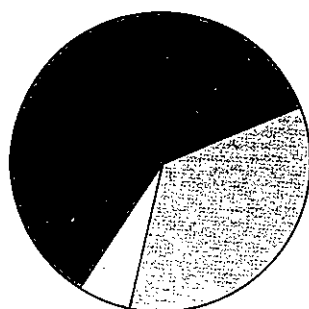
year ended 31 December 1989  
Bougainville Copper Limited

	Notes	Consolidated		Bougainville Copper Limited	
		1989 K'000	1988 K'000	1989 K'000	1988 K'000
<b>Income</b>					
Net sales revenue		<b>222 923</b>	482 776	<b>222 923</b>	482 776
Other income (net)		<b>8 679</b>	10 642	<b>8 679</b>	10 640
		<b>231 602</b>	493 418	<b>231 602</b>	493 416
<b>Costs and expenses</b>					
Costs of sales, general and administration expenses		<b>152 687</b>	238 531	<b>153 026</b>	238 906
Depreciation and amortisation	1	<b>47 309</b>	43 941	<b>46 971</b>	43 569
Government royalties		<b>2 759</b>	5 953	<b>2 759</b>	5 953
Interest		<b>154</b>	260	<b>154</b>	260
		<b>202 909</b>	288 685	<b>202 910</b>	288 688
Net exchange gain/(loss)	5	<b>2 547</b>	(2 908)	<b>2 547</b>	(2 908)
<b>Earnings before taxation</b>	2	<b>31 240</b>	201 825	<b>31 239</b>	201 820
Income tax attributable to operating profit	3	<b>34 120</b>	93 237	<b>34 116</b>	93 236
<b>Operating profit/(loss) after income tax</b>		<b>(2 880)</b>	108 588	<b>(2 877)</b>	108 584
Extraordinary items	4	<b>(26 118)</b>	—	<b>(26 118)</b>	—
Income tax credit attributable to extraordinary items		<b>8 387</b>	—	<b>8 387</b>	—
Extraordinary items after income tax		<b>(17 731)</b>	—	<b>(17 731)</b>	—
<b>Operating profit/(loss) and extraordinary items after income tax</b>	2	<b>(20 611)</b>	108 588	<b>(20 608)</b>	108 584
Add:					
Retained earnings brought forward		<b>153 917</b>	153 615	<b>153 903</b>	153 605
		<b>133 306</b>	262 203	<b>133 295</b>	262 189
Less:					
<b>Ordinary dividends</b>					
Interim paid		—	48 127	—	48 127
Final payable		—	60 159	—	60 159
		—	108 286	—	108 286
<b>Retained earnings carried forward</b>		<b>133 306</b>	153 917	<b>133 295</b>	153 903
<b>Net earnings per share (toea)</b>		—	27.1	—	27.1

All amounts are expressed in Papua New Guinea kina. Rounding to the nearest thousand kina has been adopted. The notes commencing on page 14 form part of these accounts and are to be read in conjunction with them.

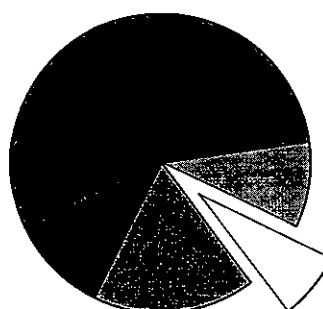
## Simplified Earnings Statement

Sales & other income K231.6m.



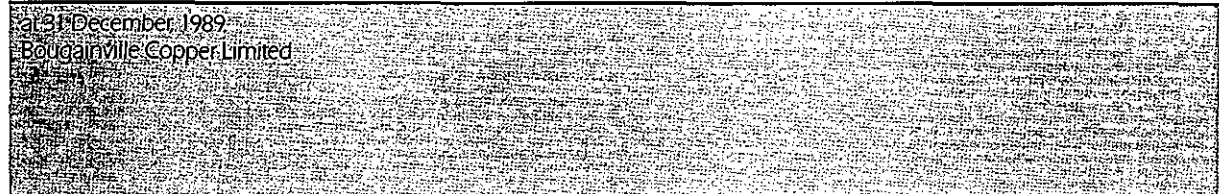
■ Copper  
▨ Gold  
□ Silver & other

Distribution K231.6m.



▨ Depreciation and amortisation K47.3m.  
■ Taxation & royalties K28.5m.  
■ Cost of sales & other expenses K150.3m.  
▨ Extraordinary items K26.1m.  
□ Net loss (K20.6m).

# Balance Sheets

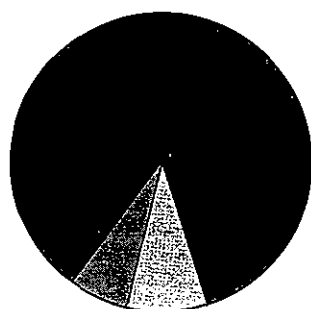


	Notes	Consolidated		Bougainville Copper Limited	
		1989 K'000	1988 K'000	1989 K'000	1988 K'000
<b>Funds employed by the group:</b>					
<b>Shareholders' funds</b>					
Paid up capital	13	401 063	401 063	401 063	401 063
Asset revaluation reserve		31 276	31 276	31 276	31 276
Retained earnings		133 306	153 917	133 295	153 903
		<b>565 645</b>	586 256	<b>565 634</b>	586 242
<b>Exchange fluctuation</b>	5	—	158	—	158
<b>Non-current liabilities</b>					
Income tax	3	7 088	—	7 088	—
Deferred income tax liability	3	42 589	22 590	42 589	22 590
Provision for long service leave		7 265	10 307	7 265	10 307
		<b>56 942</b>	32 897	<b>56 942</b>	32 897
<b>Current liabilities</b>					
Loans	6	—	1 348	—	1 348
Creditors	7	38 426	54 070	38 418	54 067
Income tax		4 376	96 593	4 370	96 593
Dividends payable		—	60 159	—	60 159
		<b>42 802</b>	212 170	<b>42 788</b>	212 167
<b>Total funds</b>		<b>665 389</b>	831 481	<b>665 364</b>	831 464
<b>These funds are represented by:</b>					
<b>Non-current assets</b>					
Future income tax benefit	3	10 102	9 164	10 102	9 164
Investments	8	—	156	963	1 517
Property, plant and equipment	9	595 811	570 039	594 848	568 678
Loan	12	—	2 000	—	2 000
		<b>605 913</b>	581 359	<b>605 913</b>	581 359
<b>Current assets</b>					
Bank balances and short term deposits		11 897	74 122	11 872	74 105
Debtors for sale of concentrate		1 071	107 234	1 071	107 234
Other debtors	10	7 579	13 921	7 579	13 921
Stocks and stores	11	38 929	54 845	38 929	54 845
		<b>59 476</b>	250 122	<b>59 451</b>	250 105
<b>Total assets</b>		<b>665 389</b>	831 481	<b>665 364</b>	831 464

Details of commitments and contingent liabilities and assets are shown in notes 15 and 16. All amounts are expressed in Papua New Guinea kina. Rounding to the nearest thousand kina has been adopted. The notes commencing on page 14 form part of these accounts and are to be read in conjunction with them.

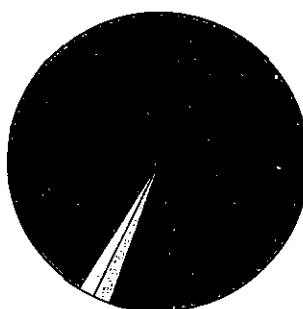
## Simplified Balance Sheet

Total funds K665.4m.



- Shareholders' funds K565.6m.
- ▨ Creditors & current income tax K57.2m.
- ▩ Income tax deferred K42.6m.

Total assets K665.4m.



- Property, plant & equipment K595.8m.
- ▨ Stocks & stores K38.9m.
- ▩ Amount owed by debtors K8.7m.
- ▨ Cash at bank K11.9m.
- ▩ Income tax benefits not yet realised K10.1m.

## Notes to the Accounts

These notes form part of the 1989 accounts and consolidated accounts of Bougainville Copper Limited and should be read in conjunction with them.

### 1.(a) Basis of Preparation

Following attacks on employees, mine production was suspended on 15 May 1989 as the safety of employees could not be assured. On 21 May a power pylon was felled, disrupting the supply of power to the mine, and over the succeeding months repeated instances of damage to the power line and mine facilities, and attacks on employees, prevented recommencement of operations.

On 28 December, 1989, the Directors decided that the operations should be placed on a "Care and Maintenance" basis as soon as possible. A programme was initiated to retrench approximately 2 000 employees in early 1990. The estimated costs of this programme and of rectification during 1989 of the damage to facilities have been included in the accounts as an Extraordinary Item as detailed in note 4.

During January 1990 the security situation deteriorated rapidly and it became necessary to withdraw all remaining Company personnel from Bougainville as soon as possible. Arrangements have been made for local contractors to provide necessary services and protection for Company assets. Henceforth the Company's total outgoings are expected to lie in the range of Kina 10-20 million per year until a decision is taken to recommence operations. These will be expensed as incurred.

There is considerable uncertainty surrounding the future of the Panguna mine. Consequently, it is not possible to determine adequately what value should be placed on the Company's assets on Bougainville.

Accordingly, the accounts of the Company are prepared on a going concern basis, as in previous years, and include the Company's assets in Bougainville at their current book value. The Directors believe that in the absence of a more suitable alternative this is an appropriate basis despite the temporary cessation of operations. The Directors intend that upon law and order being restored on Bougainville Island, the Company will resume and continue in operation, although it is not possible at present to determine when this might be achieved or the degree of damage and deterioration to assets which might be experienced during the period of suspension of operations. It should be noted that a major reduction in the value of the Company's assets (as disclosed in these accounts), would be necessary if the mine is ultimately unable to recommence operations successfully.

In continuing to adopt the present basis of preparation of the financial statements the Directors have taken steps to ensure all known material losses and liabilities have been brought to account.

Costs to be incurred in recommencing operations will include re-establishment and training of the workforce, restoration of facilities and stores and re-commissioning of plant and equipment. It is not possible to forecast an accurate cost of start-up, particularly without knowledge of the likely condition of the mine facilities and infrastructure after an as yet indeterminate time. Such costs are likely to be considerable. For example, if a decision to recommence operations were taken on 1 January 1991, they are estimated to be in the range of Kina 75-100 million, excluding costs relating to possible further damage to assets through vandalism, pilferage or militant action. The funding of the start-up will be addressed at the appropriate time.

In accordance with generally accepted accounting principles such costs will be brought to account when incurred. These amounts will be recognised on a capital and/or expense basis, as is appropriate.

Attention is drawn to other matters affected by the present circumstances on Bougainville:

- taxation (Note 3(f))
- insurance (Notes 4, 16)
- contingent liabilities (Note 16)
- finance (Note 17)

### 1.(b) Accounting Policies

The principal accounting policies adopted in the preparation of the Group accounts are stated to assist in a general understanding of the financial statements. It should be noted that the principal policies set out below are applicable only because the "going concern" basis has been adopted in these accounts for the reasons set out above.

The policies generally comply with Australian Accounting Standards and conform in all material respects with the International Accounting Standards which have been adopted in Papua New Guinea. They are consistent with those adopted in the previous period unless otherwise stated.

#### Cost Convention:

The results of operations and the financial position of the Company are accounted for under the historical cost convention, except that they reflect the revaluation in 1980 of certain major items of property, plant and equipment.

#### Depreciation and Amortisation:

Depreciation and amortisation are determined by dividing the written down value of assets by their remaining useful life or the estimated remaining life of the mine whichever is the lesser. Depreciation commences in the month following commissioning ready for use. Depreciation and amortisation continued during the period that mine operations have been suspended.

#### Employee Entitlements:

The amounts expected to be paid to employees for their pro-rata entitlements to long service, annual leave and sick leave, are accrued annually at current pay rates. As a result of the deterioration in conditions in Bougainville during the year, additional entitlements have been provided to employees for annual leave, leave fares and redundancy.

A retrenchment programme was commenced during the year as a direct result of the mine closure. Further retrenchments scheduled for January and February 1990 were announced in December 1989 and the associated additional entitlements provided for at the year end. These additional entitlements have been classified as extraordinary items.

**1.(b) Accounting Policies (continued)****Exploration, Research and Development Expenditure:**

Expenditure on exploration within the mining lease and on research and development is written off or provided for as incurred. Exploration has not been undertaken outside the mining lease.

**Repairs and Maintenance:**

Expenditure on repairs and maintenance is charged against income as incurred. Such costs, which were connected with the attacks on company facilities referred to above, have been classified as extraordinary items in 1989.

**Valuation of Stocks and Stores:**

Concentrate stocks are valued at the lower of direct production cost or net realisable value. Cost includes direct materials, services and overheads, but excludes depreciation and indirect overheads. Stores are valued at weighted average cost, excluding transportation costs, less a provision for obsolescent stores.

**Net Sales Revenue:**

Sales are recognised when the risk passes from the seller which is at the time when the concentrate enters the ship's hold. The final sales value can only be determined from weights, assays, prices and treatment charges applying after a shipment has arrived at its destination. Estimates based on world metal prices ruling up to year end are used for those shipments not due for final valuation until the following year. In addition, the estimated results of forward contracts existing at year end in relation to concentrates shipped are reflected in sales revenue. Variations in revenue arising from final pricing and out-turn adjustments are recognised in the following year. Unrealised gains and losses on forward metal sales, not related to shipments, are included in earnings before tax.

**Taxation:**

Tax effect accounting procedures are followed. The current liability for income tax is based on estimated taxable income for the year. The components of this taxable income differ from those which make up the earnings before tax for the year and these differences are either permanent differences or timing differences. Permanent differences are disclosed in Note 3. Timing differences arise because some items of revenue and expenditure are recognised for tax purposes during periods which differ from the periods in which they are included in earnings before tax. The tax effect of these timing differences is classified as either deferred income tax liability or future income tax benefit in the balance sheets.

**Foreign Currency:**

Monetary assets and liabilities in foreign currencies are translated into Papua New Guinea currency at the rates of exchange ruling at balance date. All other overseas transactions are translated at the rates of exchange applying when they occurred. Exchange gains and losses on overseas borrowings are recognised as they occur to reflect the full effect of exchange rate movements. Other monetary gains and losses are also recognised as they occur. Gains and losses on hedges (excluding hedges relating to specific commitments) are included in earnings for the period during which the exchange rate movements occurred.

**Subsidiaries:**

The Company has two wholly owned subsidiaries. BCL (Hong Kong) Limited, incorporated in Hong Kong, arranges shipping contracts on behalf of the Company. BCL Services Pty Ltd incorporated in Australia, leases an aircraft to the Company. These companies have been consolidated in accordance with conventional consolidation principles.

Consolidated		Bougainville Copper Limited	
1989	1988	1989	1988
K'000	K'000	K'000	K'000

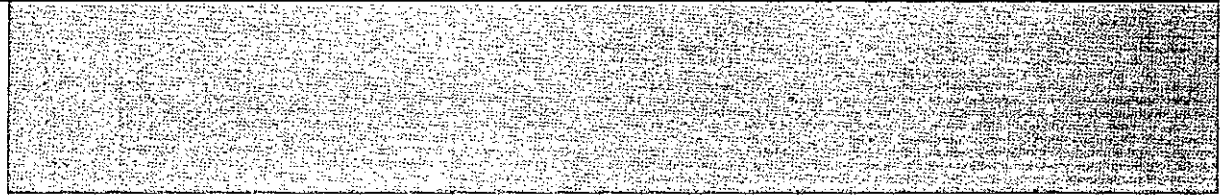
**2. Earnings before taxation**

Earnings before taxation have been determined after allowing for the following income and expense items:

Income:				
Interest on short term deposits	<b>8 679</b>	10 642	<b>8 679</b>	10 640
Expenses:				
Interest — on long term loans and standby facilities	<b>35</b>	249	<b>35</b>	249
— other	<b>119</b>	11	<b>119</b>	11
Provision for doubtful debts in respect of other debtors	<b>197</b>	—	<b>197</b>	—
Bad debts in respect of other debtors	<b>8</b>	—	<b>8</b>	—
Depreciation — on buildings	<b>18 575</b>	17 537	<b>18 575</b>	17 537
— on plant, machinery and equipment	<b>26 964</b>	24 634	<b>26 626</b>	24 263
Amortisation — of mine property	<b>1 770</b>	1 770	<b>1 770</b>	1 730
Loss/(profit) on disposal and retirement of fixed assets	<b>(51)</b>	1 004	<b>(51)</b>	1 004
Research and development expenditure	<b>416</b>	1 040	<b>416</b>	1 040
Directors' emoluments (Note 14)	<b>24</b>	24	<b>24</b>	24
Auditors' remuneration — auditing the accounts	<b>177</b>	97	<b>175</b>	96
— other services	<b>24</b>	12	<b>24</b>	12

(The auditors have received no other benefits)





	Consolidated		Bougainville Copper Limited	
	1989 K'000	1988 K'000	1989 K'000	1988 K'000

### 3. Taxation

(a) Taxation on earnings for the year comprises:

Current	11 904	95 824	11 900	95 823
Future	3 286	(2 595)	3 286	(2 595)
	<b>15 190</b>	93 229	<b>15 186</b>	93 228
Adjustments relating to previous years:				
Current	(642)	(160)	(642)	(160)
Future (Note 3(e))	19 572	168	19 572	168
Income tax expense on operating profit for the year	34 120	93 237	34 116	93 236
Income tax relating to extraordinary items (Note 4):				
Current	(4 590)	—	(4 590)	—
Future	(3 797)	—	(3 797)	—
	<b>25 733</b>	93 237	<b>25 729</b>	93 236

(b) The following reconciliation discloses the items which caused the charge for income tax in the statements of earnings to vary from the income tax prima facie payable on reported earnings:

Income tax prima facie payable on operating profit	10 934	70 638	10 934	70 637
Additional Profits Tax	—	23 242	—	23 242
Income tax prima facie recoverable on extraordinary items	(9 141)	—	(9 141)	—
Permanent differences				
— double deduction allowable	(678)	(1 281)	(678)	(1 281)
— non-allowable depreciation	4 480	432	4 480	432
— net losses not deductible	(71)	(65)	(71)	(65)
— extraordinary provisions not deductible	754	—	754	—
— other	525	103	521	103
— adjustments relating to previous years	18 930	168	18 930	168
	<b>25 733</b>	93 237	<b>25 729</b>	93 236

(c)

#### Deferred income tax liability:

Balance 1 January	22 590	23 276	22 590	23 276
Charged to earnings: current year	427	(869)	427	(869)
prior year adjustments	19 572	183	19 572	183
Balance 31 December	<b>42 589</b>	22 590	<b>42 589</b>	22 590

(d)

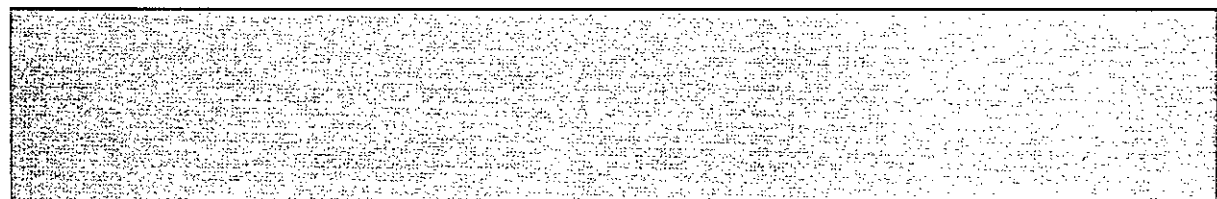
#### Future income tax benefit:

Balance 1 January	9 164	7 423	9 164	7 423
Credited to earnings: current year	938	1 726	938	1 726
prior year adjustments	—	15	—	15
Balance 31 December	<b>10 102</b>	9 164	<b>10 102</b>	9 164

The foregoing future income tax benefits will only be obtained when and if the Company earns future assessable income sufficient to enable these benefits to be realised.

(e) An error in the deferred taxation provision calculations was detected during the period. The cumulative effect since the revaluation of assets and extension of mine life in 1980 has been to understate the provision for deferred taxation by K19.572 million.

(f) The loan facility referred to in Note 17 provides for deferral of income tax payable in respect of the 1989 year until certain criteria have been met following successful recommencement of operations.



	Consolidated		Bougainville Copper Limited	
	1989 K'000	1988 K'000	1989 K'000	1988 K'000
<b>4. Extraordinary items</b>				
Repairs to Company property (income tax effect K 2 746 000)	5 100	--	5 100	--
Personnel costs including redundancy, extra travel and extra leave (income tax effect K5 641 000)	10 475	--	10 475	--
Investment writedown - Bougainville Limestone Mining (income tax effect K nil)	2 156	--	2 156	--
	<b>17 731</b>	--	<b>17 731</b>	--

As referred to in Note 1(a) to the accounts, some mine facilities have been destroyed or damaged during the period. Direct costs associated with repairing the damage to Company property and the additional personnel costs associated with this disruption have been classified and written off as extraordinary items. While insurance claims have been made (refer note 16), in respect of these costs and other losses associated with the disruption to operations, all proceeds of such claims will be brought to account as income only when received in subsequent periods.

#### 5. Exchange fluctuation

(a) The net exchange gain/(loss) reflected in earnings arose from:

Realised gain on hedges previously carried forward	158	--	158	--
Overseas borrowings	(33)	89	(33)	89
Overseas cash balances	(623)	2 493	(623)	2 493
Foreign currency hedging	--	(2 828)	--	(2 828)
Dividend payments	484	(551)	484	(551)
Foreign currency receivables	2 277	(2 505)	2 277	(2 505)
Stores and services purchasing variances	669	466	669	466
Other	(385)	(72)	(385)	(72)
Net exchange gain/(loss)	2 547	(2 908)	2 547	(2 908)
(b) Deferred gain on hedges of specific commitments	--	158	--	158
(c) Foreign currency amounts included in current assets and current liabilities that are not effectively hedged are:				
Current assets: kina equivalent of US dollars	4 320	128 800	4 320	128 800
kina equivalent of Australian dollars	1 873	33 716	1 873	33 716
Current liabilities: kina equivalent of US dollars	--	1 659	--	1 659
kina equivalent of Australian dollars	601	1 328	601	1 328

No foreign currency amounts are included in non-current assets and non-current liabilities.

#### 6. Long term loans

(a) Total long term loans are repayable as follows:

Within one year	--	1 348	--	1 348
Total outstanding obligations	--	1 348	--	1 348

All loans are unsecured.

(b) The following are the individual loans which make up the total outstanding loan obligations:

	Interest Rate 1989	Terminating/ Repayable		
Other loans				
John Brown Engineering (US dollars)	7.75%	1989	--	1 348
Total outstanding obligations			--	1 348

(c) The Company has previously had a US\$115m Multiple Option Facility with a consortium of international lenders. This facility was cancelled by the Company during 1989.

#### 7. Creditors

Trade creditors	18 415	35 283	18 407	35 283
Other creditors	19 334	15 624	19 334	15 621
Related corporations	677	3 163	677	3 163
Total	<b>38 426</b>	54 070	<b>38 418</b>	54 067

--	--

	Consolidated		Bougainville Copper Limited	
	1989 K'000	1988 K'000	1989 K'000	1988 K'000
<b>8. Investments</b>				
Advances to subsidiary companies	—	—	<b>963</b>	1 361
Unquoted shares at cost in:				
Other companies	—	156	—	156
Total	—	156	<b>963</b>	1 517

The investment in Bougainville Limestone Mining Pty Ltd (BLM) of K156 000 has been written off as an extraordinary item (Notes 4 & 12). BLM has been closed following the closure of the Panguna Mine and the future operation of BLM is uncertain.

### 9. Property, plant and equipment

(a) Mine development and buildings				
— at directors' 1980 valuation	<b>292 300</b>	292 300	<b>292 300</b>	292 300
Less accumulated depreciation	<b>147 125</b>	133 885	<b>147 125</b>	133 885
	<b>145 175</b>	158 415	<b>145 175</b>	158 415
— at cost	<b>100 150</b>	101 364	<b>100 150</b>	101 364
Less accumulated depreciation	<b>33 209</b>	27 896	<b>33 209</b>	27 896
	<b>66 941</b>	73 468	<b>66 941</b>	73 468
Net mine development and buildings	<b>212 116</b>	231 883	<b>212 116</b>	231 883
(b) Plant, machinery & equipment				
— at directors' 1980 valuation	<b>245 177</b>	245 453	<b>245 177</b>	245 453
Less accumulated depreciation	<b>140 352</b>	131 334	<b>140 352</b>	131 334
	<b>104 825</b>	114 119	<b>104 825</b>	114 119
— at cost	<b>232 070</b>	205 852	<b>230 263</b>	203 996
Less accumulated depreciation	<b>82 953</b>	65 788	<b>82 109</b>	65 293
	<b>149 117</b>	140 064	<b>148 154</b>	138 703
Net plant, machinery & equipment	<b>253 942</b>	254 183	<b>252 979</b>	252 822
(c) Mine property				
— at cost	<b>62 121</b>	62 121	<b>62 121</b>	62 121
Less accumulated amortisation	<b>44 434</b>	42 663	<b>44 434</b>	42 663
Net mine property	<b>17 687</b>	19 458	<b>17 687</b>	19 458
(d) Capitalised works in progress				
— at cost	<b>112 066</b>	64 515	<b>112 066</b>	64 515
Total property, plant & equipment — at cost or valuation	<b>1 043 884</b>	971 605	<b>1 042 077</b>	969 749
Less accumulated depreciation/amortisation	<b>448 073</b>	401 566	<b>447 229</b>	401 071
Net book value	<b>595 811</b>	570 039	<b>594 848</b>	568 678

The basis of valuation of these assets are set out in Note 1(b) of the accounts and attention is drawn to note 1(a) titled "Basis of Preparation".

### 10. Other debtors

Other debtors and payments in advance	<b>7 776</b>	13 844	<b>7 776</b>	13 844
Provision for doubtful debts	<b>(197)</b>	—	<b>(197)</b>	—
Subsidiary companies	—	77	—	77
Total	<b>7 579</b>	13 921	<b>7 579</b>	13 921

### 11. Stocks and stores

Unshipped concentrate	—	9 632	—	9 632
Stores	<b>40 429</b>	46 713	<b>40 429</b>	46 713
Provision for stores obsolescence	<b>(1 500)</b>	(1 500)	<b>(1 500)</b>	(1 500)
Total	<b>38 929</b>	54 845	<b>38 929</b>	54 845

The basis of valuation of these assets are set out in Note 1(b) of the accounts and attention is drawn to note 1(a) titled "Basis of Preparation".

### 12. Loan

In 1988, the Company made an unsecured loan of K2 000 000 to Bougainville Limestone Mining Pty. Limited, repayable in 1991. The recovery of this loan is now considered unlikely and has been written off as an extraordinary item (note 4 & 8).

### 13. Capital

The authorised capital of K425 000 000 consists of 425 000 000 ordinary shares of one kina each. The issued capital of the Company is 401 062 500 ordinary shares of one kina each, fully paid. No change in authorised or issued capital occurred during 1989.

### 14. Directors' emoluments

The total of the emoluments received, or due and receivable (whether from the Company or from related corporations) by:

(a) Directors of the Company engaged in the full-time employment of the Company or its related corporations (including all bonuses and commissions received or receivable by them as employees but not including the amount received or receivable by them by way of fixed salary as employees), was

(b) other Directors of the Company, was

No commissions for subscribing for, or agreeing to procure subscriptions for any shares in or debentures of the Company or any related corporations, were received or are due and receivable by any Director.

	1989		1988	
	Company K'000	Related Corporations K'000	Company K'000	Related Corporations K'000
(a)	—	—	—	—
(b)	24	—	24	—

	Consolidated		Bougainville Copper Limited	
	1989 K'000	1988 K'000	1989 K'000	1988 K'000
Approved capital expenditure				
(a) Committed — projects commenced	32 682	114 000	32 682	114 000
(b) Uncommitted — projects not commenced	42 856	32 500	42 856	32 500
	75 538	146 500	75 538	146 500
Operating lease commitments not reflected in the financial statements	1 891	6 330	1 891	6 330

### 16. Contingent liabilities and assets

Bougainville Copper Limited is contractually obliged to reimburse Shell Papua New Guinea Pty Limited for any retail sales tax payable by Shell on petroleum products sold to the Company. A claim for retail sales tax amounting to approximately K4 663 000 has been lodged by the North Solomons Provincial Government. However, the validity of the tax is being disputed by both Shell Papua New Guinea Pty Limited and the Company.

Legal proceedings were instituted by the Company against the Insurers under the 1988/89 Policy in respect of the Company's claims for material damage and business interruption losses. This litigation sought declarations as to the liability of Insurers to indemnify against such losses. The Company received legal advice not to combine such an action with a claim for quantum which would lead to the award of a specific sum at the conclusion of the trial. The issues involved in the litigation are factually and legally complex but the Company has received legal advice that the claims are justified. The hearing commenced on 12 February 1990 and on the morning of 22 February 1990, being the date of these accounts, the parties reached agreement in principle to settle the litigation on payment of A\$102.5 million (K75 million) to the Company on or before 5 April 1990 with the parties bearing their own legal costs.

As part of the initiatives developed in conjunction with the Government of Papua New Guinea in an attempt to resolve the current situation in Bougainville, the Company has made commitments of approximately K34m over 5 years, for additional benefits to be provided by it to lease area landowners and the North Solomons Province, conditional upon the mine successfully recommencing operations.

The Directors do not expect the Company to suffer any material loss as a result of the cancellation of purchase orders for either revenue or capital contracts.

### 17. Subsequent events

The Company has entered into an agreement with the Independent State of Papua New Guinea and CRA Limited, under which these shareholders will provide additional finance to the Company to a maximum of K45m for two years. This facility was unutilised at 31 December 1989, but drawdowns have commenced subsequent to the year end. Interest on these loans will accrue until repayment, which will have first priority from surplus cash generated after recommencement of operations, or from the proceeds of asset sales. This facility is unsecured.

On 9 January, 1990 the Kina was formally devalued by 10%. The exchange rates used in preparing these accounts do not reflect this devaluation.

### 18. Mining tenements

The Company holds 100% interest in leases: 1, B9, B6, B8, B7, B10, B3; and prospecting authorities: 1, 2, 3, 4, 5, 6, 7A and 7B on Bougainville Island.

### 19. Holding company

The holding company is CRA Limited (incorporated in Australia).

**Statement by Directors**

The Accounts of the Company have been prepared using the going concern basis of valuation for the reasons given in Note 1 to the Accounts. As explained in that Note it is not possible, at present, for the Directors to determine when the Company will resume operations at the Panguna Mine on Bougainville Island. If the mine is reopened by the Company in the near future continued use of the going concern basis of valuation would be appropriate. However if the Company is ultimately unable to recommence operations successfully a major reduction in the value of the Company's assets as disclosed in the Accounts would be necessary. As the Directors are unable to determine whether or not the Panguna Mine will be reopened in the near future they are unable to determine if the carrying value of the assets are or are not included in the Accounts on an appropriate basis of valuation.

Accordingly, the Directors are unable to form an opinion whether or not the accompanying statements of earnings and fund statements give a true and fair view of the results of the business of the Company and its subsidiaries for the period covered by the statements or that the accompanying balance sheets exhibit a true and fair view of the state of affairs of the Company and its subsidiaries at the end of that period.

Signed at Melbourne by the Chairman and at Bougainville by the Managing Director on this 22nd day of February, 1990.

On behalf of the Board  
D. S. CARRUTHERS  
Chairman.

R. J. CORNELIUS  
Managing Director.

**Declaration by Secretary**

I, Moses Samboro Koiri, Secretary of Bougainville Copper Limited, do solemnly and sincerely declare that for the reasons stated by the Directors of the Company in Note 1 to the Accounts the accompanying balance sheets, statements of earnings and funds statement of the Company and its subsidiaries have been prepared on a going concern basis and on this basis are to the best of my knowledge and belief, correct. And I make this solemn declaration by virtue of the Oaths, Affirmations and Statutory Declarations Act (Chapter 317), conscientiously believing that the statements contained herein to be true in every particular.

Declared at Bougainville this 22nd day of February, 1990.

M. S. KOIRI  
Secretary.

Before me:  
A. G. CORREN  
Commissioner for Oaths.

**Auditors' Report to the Members of Bougainville Copper Limited**

1. We have audited the balance sheets, statements of earnings and the funds statements (the accounts) set out on pages 11 to 19 in accordance with generally accepted auditing standards.

2. These accounts have been prepared using the going concern basis of valuation for the reasons, with which we concur, given in Note 1(a) to the accounts. As explained in that Note, it is not possible, at present, to determine when the company will resume operations at the Panguna mine on Bougainville Island. If the mine is re-opened by the company in the near future, continued use of the going concern basis of valuation would be appropriate. However, as explained by the directors, if the company is ultimately unable to recommence operations successfully, a major reduction in the value of the company's assets (as disclosed in the accounts) would be necessary.

3. As neither we nor the directors are able to determine whether or not the Panguna mine will be re-opened by the company in the near future, we also are unable to determine if the carrying value of the following assets are, or are not, included in the accounts on an appropriate basis of valuation:

	K'000s
Property, plant and equipment	595,811
Stocks and stores	38,929
Future income tax benefit	10,102
	644,842

4. These assets (which represent 97% of the book value of total assets and exceed the book value of net tangible assets) are of such fundamental importance to the presentation of the accounts, that we are consequently unable to form an opinion as to whether or not the accounts and group accounts give a true and fair view of the state of affairs of the company and the group as at 31 December 1989 and the results for the year ended on that date.

5. In our opinion, the accounting and other records, including registers, examined by us have been properly kept in accordance with the Companies Act (Chapter 146).

COOPERS & LYBRAND  
by B. J. Davies

Registered under the Accountants  
Registration Act (Chapter 89),  
Melbourne, Australia  
on 22nd day of February, 1990.

**Twenty largest shareholders**

The twenty largest shareholders as at 22 February, 1990 and the number of shares held by each were:

Name & Registered Address	Shares
CRA Limited, Melbourne, Vic.	210 788 514
The Independent State of Papua New Guinea	76 430 809
Citicorp Nominees Pty. Ltd., Melbourne, Vic.	19 165 955
ANZ Nominees Limited, Melbourne, Vic.	15 232 604
ISNY Nominees Pty. Limited, Melbourne, Vic.	9 823 487
National Nominees Limited, Melbourne, Vic.	7 938 548
Bank of New South Wales Nominees Pty. Ltd., Sydney, N.S.W.	5 602 968
Indosuez Nominees Pty. Ltd., Melbourne, Vic.	5 277 067
CRA Base Metals Pty. Limited, Melbourne, Vic.	4 099 452
Bougainville Copper Foundation, Panguna, PNG.	3 600 000
MLC Life Limited, North Sydney, N.S.W.	3 521 200
State Government Insurance Commission, Adelaide, S.A.	3 005 636
Pendal Nominees Pty. Ltd. Australia Square, N.S.W.	2 718 675
Chase AMP Nominees Limited, Sydney, N.S.W.	2 372 500
ISMG Nominees Pty. Ltd., Melbourne, Vic.	2 137 171
City of Bradford Metropolitan Council, Bradford, United Kingdom	637 000
Permanent Nominees (Australia) Limited, Sydney, N.S.W.	610 400
Barclays Australia Custodian Service Limited, Sydney, N.S.W.	545 275
Barclays Australia Investment Services Limited, Sydney, N.S.W.	420 000
Bow Lane Nominees Pty. Ltd. Melbourne, Vic.	386 500
	<u>374 313 761</u>

**Distribution of shares**

As at 22 February, 1990:

The issued shares of the Company were 401 062 500 fully paid one kina shares, each carrying one voting right. The number of shareholders was 21 287.

The distribution of holdings of the issued shares was:

1- 1 000 shares	17 133
1 001- 5 000 shares	3 434
5 001-10 000 shares	422
10 001 shares and over	298
Total shareholders	<u>21 287</u>

There were 14 111 holdings of shares numbering less than 500 shares which do not form a marketable parcel.

93.3% of the total issued shares were held by the 20 largest shareholders. The substantial shareholders were: CRA Limited and its wholly-owned subsidiary CRA Base Metals Pty. Limited — 214 887 966 shares (53.6%); The RTZ Corporation PLC has an interest in the same shares through its wholly-owned subsidiaries' (Tinto Holdings Australia Pty. Limited, Melbourne, Vic., R.T.Z. Australian Holdings Limited, RTZ Pacific Holdings Limited and RTZ International Holdings Limited, all of London, UK) interests in CRA Limited and CRA Base Metals Pty. Limited; The Independent State of Papua New Guinea — 76 430 809 shares (19.1%).

**Directors' interests**

Directors' interests in the share capital of the Company and its related companies as at 22 February, 1990 were:

D. S. Carruthers	800 CRA Shares 50 000 CRA (A) options
R. J. Cornelius	402 BCL shares 2 088 CRA shares 194 Comalco shares 20 000 CRA (A) options 800 CRA (B) options
J. J. Craig	No interests
P. G. F. Henderson, A.C.	No interests
I. R. Johnson	800 CRA (B) options
R. B. Moaina	No interests
M. R. Rayner	525 CRA shares 65 Comalco shares 800 CRA (B) options
D. C. Vernon	No interests

Abbreviations:

BCL — Bougainville Copper Limited

CRA — CRA Limited

CRA (A) — Options to acquire CRA shares allocated pursuant to the Senior Executive Share Plan 1987.

CRA (B) — Options to acquire CRA shares allocated pursuant to the CRA Group Employee Participation Scheme 1987.

Comalco — Comalco Limited

**Bougainville Copper Limited**

(Incorporated in Papua New Guinea)

**Registered Office:**

11th Floor,  
ANG House,  
Hunter Street,  
Port Moresby,  
Papua New Guinea.  
Telephone 212 044  
Telex NE22129  
Facsimile 213 634

**Principal Registered Office in Australia:**

Level 31, 55 Collins Street,  
Melbourne, Vic. 3000.  
Telephone (03) 658 3333  
Telex AA30108  
Facsimile (03) 658 3707

**Share Registers:**

Victoria: c/o Touche Ross Services  
Pty. Limited,  
Level 38, 525 Collins Street,  
Melbourne, Vic. 3000.  
Telephone (03) 618 0618.

Postal Address:

G.P.O. Box 2975EE,  
Melbourne, Vic. 3001.

A.C.T.: c/o Touche Ross Services  
Pty. Limited,  
80 Northbourne Avenue,  
Canberra City 2601, A.C.T.

P.N.G.: P.O. Box 1274, Port Moresby,  
Papua New Guinea.

United Kingdom: c/o Central Registration  
Limited, 1 Redcliff Street, Bristol  
BS1 6NT.

**Stock Exchanges:**

Listed with the Australian Stock  
Exchange Limited and the New Zealand  
Stock Exchange.

**Auditors:**

Coopers & Lybrand.

**Bankers:**

Bank of America NT & SA.  
Commonwealth Bank of Australia.  
Papua New Guinea Banking  
Corporation.

**Solicitors:**

Arthur Robinson & Hedderwicks,  
Gadens.

	1989	1988	1987	1986	1985	1984	
<b>Financial</b>							
<b>Earnings (K million)</b>							
Net sales revenue and other income	231.6	493.4	415.4	342.7	317.6	310.9	
Operating and other expenses****	181.7	244.8	227.5	223.7	221.5	234.8	
Depreciation	47.3	43.9	49.4	47.3	47.6	46.5	
Earnings before taxation and exchange gains	2.6	204.7	138.5	71.7	48.5	29.6	
Exchange gains/(losses)	2.5	(2.9)	5.7	2.3	(1.4)	(2.8)	
Earnings before taxation	5.1	201.8	144.2	74.0	47.1	26.8	
Taxation	25.7	93.2	50.6	28.7	19.0	15.2	
Net earnings	(20.6)	108.6	93.6	45.3	28.1	11.6	
Dividends	—	108.3	92.2	44.1	28.1	16.0	
Earnings retained	(20.6)	0.3	(1.8)	1.2	—	(4.4)	
<b>Balance sheet (K million)</b>							
Property, plant and equipment	595.8	570.0	527.8	550.1	558.5	576.2	
Investments and loans	—	2.2	0.7	0.7	0.2	0.2	
Current assets	59.5	250.1	260.3	190.1	160.4	152.9	
Total assets	655.3	822.3	788.8	740.9	719.1	729.3	
Shareholders' funds	565.6	586.2	586.0	587.7	586.5	586.5	
Exchange fluctuation	—	0.2	0.3	[3.2]	[5.9]	[5.3]	
Long term liabilities	46.9	23.7	24.8	48.1	52.4	52.5	
Current liabilities	42.8	212.2	177.7	108.3	86.1	95.6	
Funds employed	655.3	822.3	788.8	740.9	719.1	729.3	
<b>Production/Sales</b>							
<b>Mined</b>							
Ore and waste removed	(millions of tonnes)	33.27	89.78	83.53	79.16	73.62	74.74
Ore milled	(millions of tonnes)	18.52	47.69	48.20	47.89	50.07	46.52
Ore grade							
Copper	(per cent)	0.44	0.41	0.41	0.42	0.42	0.42
Gold	(grams/tonne)	0.50	0.41	0.43	0.48	0.42	0.48
<b>Produced</b>							
Concentrate	(thousands of dry tonnes)	224.6	552.0	585.5	586.6	581.8	542.3
Contained copper	(thousands of dry tonnes)	68.7	166.0	178.2	178.6	175.0	164.4
Concentrate grade							
Copper	(per cent)	30.1	30.1	30.4	30.5	30.1	30.3
Gold	(grams/tonne)	31.0	25.1	25.8	27.9	24.7	28.9
Silver	(grams/tonne)	91.2	87.7	86.4	85.9	79.3	81.9
<b>Shipped</b>							
Total concentrate	(thousands of dry tonnes)	250.8	570.8	567.6	589.4	560.0	550.8
Destination:							
Japan	(per cent)	40.2	45.4	32.6	43.2	44.1	51.9
Other Asian	(per cent)	34.3	23.4	33.5	15.4	15.7	12.3
Europe	(per cent)	25.5	27.7	33.9	41.4	40.2	35.8
All Other	(per cent)	0.0	3.5	0.0	0.0	0.0	0.0
<b>Values</b>							
Gross concentrate sales value (before treatment and refining charges, freight, etc.)	(K million)	260.0	561.0	489.4	417.9	381.3	373.4
Contribution by:							
Copper	(per cent)	68	68	60	54	61	53
Gold	(per cent)	31	30	38	44	37	45
<b>Other</b>							
US\$/Kina exchange rate		1.17	1.16	1.10	1.03	1.00	1.11
Average metal prices							
LME copper	(US\$/lb)	129.0	117.9	81.0	62.3	64.3	62.4
London gold market	(US\$/oz)	381.0	436.8	446.7	367.9	317.3	360.8
Return on shareholders' funds	(per cent)	—	18.5	16.0	7.7	4.8	2.0
Earnings per share***	(toea)	—	27.1	23.3	11.3	7.0	2.9
Dividends per fully paid share***	(par value K1.00) (1988 interim 12t/share)	—	27.0	23.0	11.0	7.0	4.0
Number of shares issued at end of year	(millions)	401	401	401	401	401	401
Number of shareholders at end of year		21 287	21 966	22 650	24 680	27 117	30 435
Debt/equity ratio		—	.002/1	.004/1	0.05/1	0.06/1	0.09/1
Work force at end of year (in PNG)							
Overseas		330	610	699	706	704	749
National		1 987	2 950	3 025	2 993	2 948	2 987

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 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 includes extraordinary items of K26.1 million.

1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972*
392.9	283.2	296.4	338.7	343.1	225.1	205.3	208.9	193.1	292.6	252.4	95.9
228.1	207.2	210.8	174.8	144.1	125.0	126.8	117.5	107.2	92.5	81.8	53.3
47.0	44.2	43.3	43.8	40.7	40.4	36.2	31.1	29.6	28.5	24.8	14.5
117.8	31.8	42.3	120.1	158.3	59.7	42.3	60.3	56.3	171.6	145.8	28.1
(16.3)	(3.3)	1.1	2.6	3.5	10.3	(0.1)	1.3	2.3	9.5	12.9	(0.4)
101.5	28.5	43.4	122.7	161.8	70.0	42.2	61.6	58.6	181.1	158.7	27.7
46.9	17.3	20.6	51.2	77.9	22.0	13.7	20.3	12.4	66.5	0.3	—
54.6	11.2	22.8	71.5	83.9	48.0	28.5	41.3	46.2	114.6	158.4	27.7
52.1	10.0	20.1	64.2	80.2	40.1	21.4	26.7	26.7	73.5	81.4	11.0
2.5	1.2	2.7	7.3	3.7	7.9	7.1	14.6	19.5	41.1	77.0	16.7
594.9	622.8	611.2	610.8	325.4	340.1	352.2	350.4	346.0	352.2	371.7	378.7
0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	—
185.3	155.9	148.7	148.4	201.0	125.8	137.1	136.0	129.5	205.6	130.4	73.9
780.5	778.8	760.0	759.3	526.5	466.0	489.4	486.5	475.6	557.9	502.2	452.6
590.9	588.4	587.2	584.5	294.5	317.5	309.7	302.5	287.9	268.4	227.4	146.7
(4.7)	1.5	1.5	5.1	5.4	9.0	14.6	9.0	11.5	19.1	39.5	24.2
51.6	125.6	80.1	25.7	36.2	42.1	53.3	101.7	106.8	121.1	127.5	204.0
142.7	70.2	91.2	144.0	190.4	97.4	111.8	73.3	69.4	149.3	107.8	77.7
780.5	778.8	760.0	759.3	526.5	466.0	489.4	486.5	475.6	557.9	502.2	452.6
81.00	76.22	77.56	79.76	75.97	79.05	70.79	58.54	56.40	56.00	56.65	46.75
47.73	41.74	37.53	37.62	36.17	38.12	34.11	31.21	31.08	30.14	29.14	21.89
0.46	0.47	0.51	0.46	0.55	0.60	0.61	0.64	0.64	0.70	0.73	0.76
0.55	0.60	0.59	0.50	0.75	0.82	0.90	0.87	0.80	1.02	1.03	0.77
636.9	598.6	576.4	510.4	584.7	658.6	615.6	596.8	596.0	640.8	650.2	438.1
183.2	170.0	165.4	146.8	170.8	198.6	182.3	176.5	172.5	184.1	182.9	124.0
28.8	28.4	28.7	28.8	29.2	30.2	29.6	29.6	28.9	28.7	28.1	28.3
28.3	29.3	29.2	27.5	33.7	35.5	36.3	33.9	30.5	32.0	31.6	27.3
74.4	72.1	73.5	72.2	76.3	79.8	77.0	76.1	71.0	72.3	69.0	69.3
636.1	599.6	596.2	494.4	586.5	640.9	614.8	605.8	587.0	665.8	625.2	434.4
47.0	46.6	49.8	54.5	56.0	51.0	54.8	42.3	42.7	51.5	54.8	48.1
11.0	6.6	3.3	4.1	3.7	3.2	1.6	1.7	1.7	0.0	0.0	0.0
42.0	45.1	45.4	41.4	40.3	42.0	39.9	46.5	53.8	41.9	37.8	49.4
0.0	1.7	1.5	0.0	0.0	3.8	3.7	9.5	1.8	6.6	7.4	2.5
454.6	343.6	355.2	386.3	407.0	294.5	266.3	260.3	219.4	307.4	270.8	118.8
52	51	54	51	60	64	66	74	69	74	83	83
46	47	44	46	37	34	32	24	29	25	16	16
1.19	1.35	1.48	1.50	1.41	1.42	1.27	1.26	1.31	1.43	1.42	1.19
71.9	67.1	79.0	99.2	89.8	61.9	59.3	63.6	55.9	93.3	80.9	48.6
423.5	375.6	459.9	614.7	304.7	193.5	147.8	124.8	160.9	158.7	97.3	58.2
9.3	1.9	3.9	16.3	27.4	15.3	9.3	14.0	16.6	46.2	84.1	18.9
13.6	2.8	5.7	17.8	20.9	12.0	7.1	10.3	11.5	28.6	39.5	6.9
13.0	2.5	5.0	20.0	26.7	10.0	5.3	6.7	6.7	18.3	20.0	2.7
401	401	401	401	267	267	267	267	267	267	267	260**
32 834	36 486	38 027	38 326	38 750	40 935	43 820	50 082	54 129	55 558	45 353	46 726
0.10/1	0.20/1	0.17/1	0.05/1	0.15/1	0.19/1	0.37/1	0.40/1	0.44/1	0.52/1	0.72/1	0.62/1
751	756	801	877	851	855	853	858	942	980	929	971
3 058	3 174	3 377	3 416	3 314	3 243	3 063	2 989	3 094	3 242	2 915	2 594



## Distribution of the Benefits

	1989	K Million 1988	1972-1989
<b>PNG Government</b>			
Corporate Income Tax*	25.7	93.2	581.5
Group Tax (PAYE)	7.6	10.0	120.3
Customs Duty	12.7	14.0	104.1
Miscellaneous	0.9	1.0	10.1
Dividends*	—	20.6	165.9
Dividend WHT*	—	14.5	96.5
	<b>46.9</b>	153.3	1 078.4
<b>NSP Government</b>			
Royalties (95% to NSPG)	2.7	5.7	61.4
Non Renewable Resources Fund	0.1	0.1	1.8
Other Taxes	1.0	1.3	12.0
	<b>3.8</b>	7.1	75.2
<b>Landowners</b>			
Royalties (5% to Landowners)	0.1	0.3	3.2
Compensation	2.1	1.5	21.0
	<b>2.2</b>	1.8	24.2
<b>Non-Government Shareholders</b>			
Dividends net of Dividend WHT	—	73.2	576.7
<b>Employees</b>			
Wages (less PAYE)	40.1	41.6	569.0
Total	<b>93.0</b>	277.0	2 323.5

Not included in the above table are the benefits received by the providers of goods and services to BCL. A company survey in 1989 revealed that there are approximately 200 Bougainville based business enterprises dependent largely upon BCL's operation. These enterprises employed in excess of 4,000 people prior to the mine closure.

\*These amounts refer to the referable year (i.e. the year in which the amount became due) and hence the cash effect on the PNG economy has a delayed impact.

Bougainville  
Copper Limited  
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