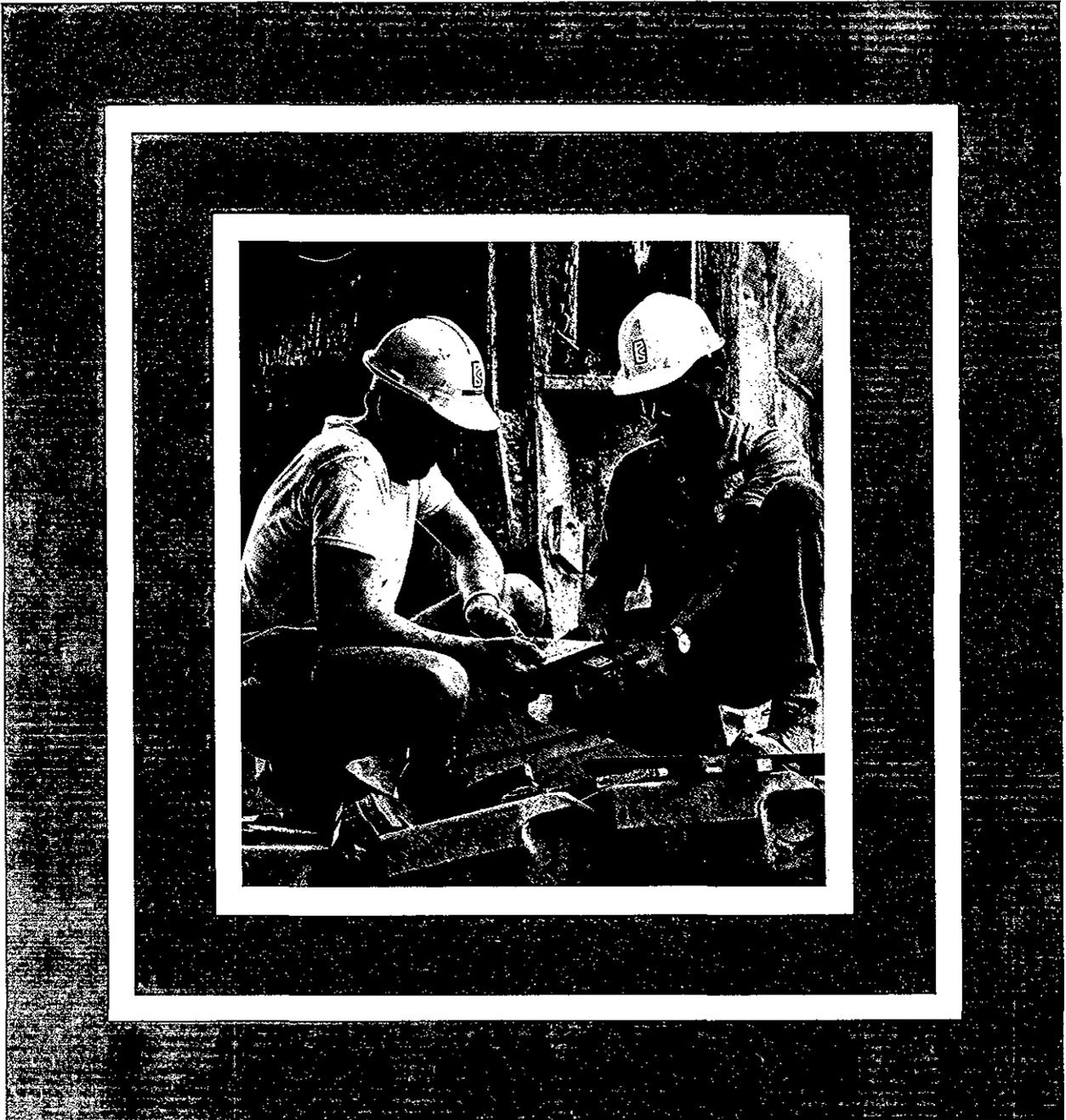
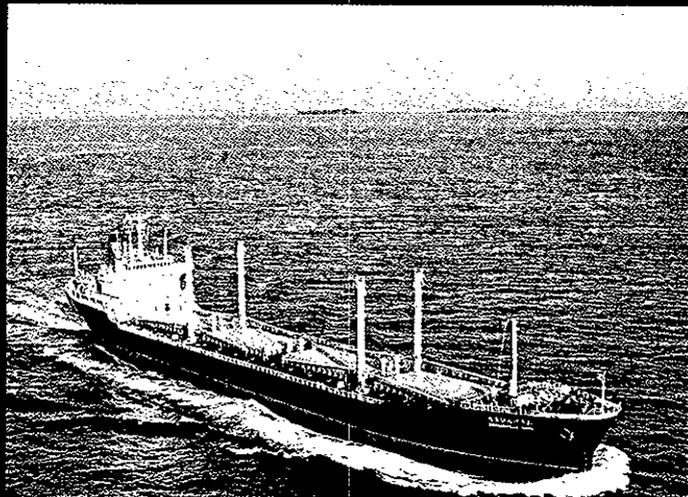




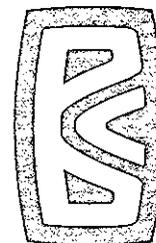
ANNUAL REPORT 1972 AND NOTICE OF MEETING





NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF BOUGAINVILLE MINING LIMITED WILL BE HELD ON THE 24TH FLOOR OF THE C.R.A. BUILDING, 95 COLLINS STREET, MELBOURNE, ON MONDAY, 9TH APRIL, 1973, AT 11.00 A.M.



BUSINESS

1. To receive and consider the Balance Sheet of the Company as at 31st December, 1972, and the Statement of Earnings of the Company for the year ended on that date.
2. To receive and consider the Consolidated Balance Sheet of the Company and its subsidiary as at 31st December, 1972, and Consolidated Statement of Earnings of the Company and its subsidiary for the year ended on that date.
3. To receive and consider the Reports of the Directors and Auditors.
4. To elect Directors. Sir Rupert Clarke, Bt., M.B.E., and Sir Val Duncan, O.B.E., retire in accordance with the Company's Articles of Association. These gentlemen, being eligible, offer themselves for re-election. A separate resolution will be proposed for the re-election of each of the above-named retiring Directors.
5. To appoint auditors and authorise the Directors to fix their fees. The retiring auditors Cooper Brothers & Co. have informed the Company of their intention henceforth to use the name Coopers and Lybrand, a name in which the firm also conducts business, and this firm, being eligible, offer themselves for re-appointment.
6. To transact any other business which may legally be brought forward.

PROXIES

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of that member. The proxy does not need to be a member. Members wishing to appoint a proxy should fill in the Proxy Form and post it so that it reaches the appropriate office of the Company at least 36 hours before the time of the meeting. If your shares are registered on the Canberra Register the Proxy Form should be sent to the Company's registered office at 78 Northbourne Avenue, Canberra City, A.C.T. 2601. If your shares are registered on a branch register the Proxy Form should be sent to the office at which the register is kept.

BY ORDER OF THE BOARD

B. W. MORGAN
Secretary

Dated 12th February, 1973. 95 Collins Street, Melbourne.

PLEASE DETACH FROM NOTICE OF MEETING BEFORE MAILING

PROXY FORM

BOUGAINVILLE MINING LIMITED
(Incorporated in the Australian Capital Territory)
78 NORTHBOURNE AVENUE, CANBERRA, A.C.T.
95 COLLINS STREET, MELBOURNE, VICTORIA.
PANGUNA, BOUGAINVILLE ISLAND, PAPUA NEW GUINEA.

NOTES

1. This proxy must reach the registered office of the Company (or in the case of shares on a branch register, the office where the register is kept) at least 36 hours before the time for holding the Meeting. A proxy need not be a member of the Company.
2. In the case of joint holders their proxy may be signed by any one holder.
3. In the case of a Corporation, the proxy must either be executed under its Common Seal or under Power of Attorney. In the latter case the Power of Attorney should previously have been noted by the Company.

I/WE, BEING (A) MEMBER(S) OF BOUGAINVILLE MINING LIMITED HEREBY APPOINT

.....OF.....

OR FAILING HIM.....OF.....

AS MY/OUR PROXY TO ATTEND AND VOTE FOR ME/US AND ON MY/OUR BEHALF AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON THE 9TH DAY OF APRIL, ONE THOUSAND NINE HUNDRED AND SEVENTY-THREE AND AT ANY ADJOURNMENT THEREOF.

SIGNATURE.....DATE.....

MEMBER'S FULL NAME.....
(BLOCK LETTERS)

ADDRESS.....



HIGHLIGHTS 1972

JANUARY:

First concentrate run through pipeline to port.

MARCH:

Commissioning of plant completed.

APRIL:

Commercial production commenced.
First commercial shipment made.

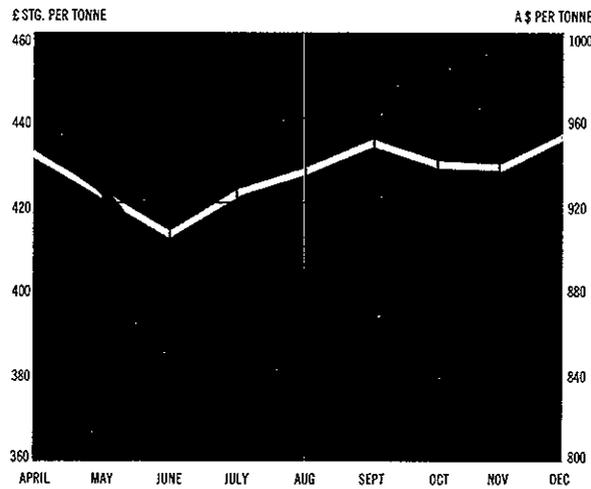
JULY:

Net earnings of \$6.593 million for half-year to 30th June announced.

DECEMBER:

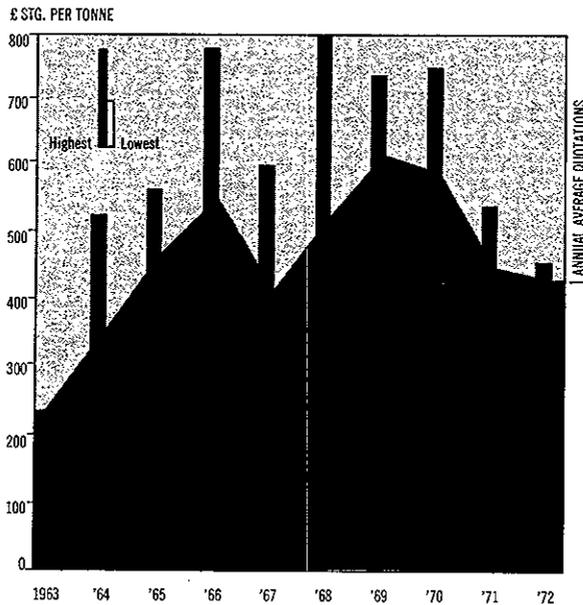
Production for year 1972:—

Tonnes of copper in concentrate:—	123,961
Consolidated net earnings for 1972:—	\$20,853,957
Net earnings per share:—	11.7 cents
Funds of Bougainville Mining shareholders:—	\$127,962,000



MONTHLY AVERAGE COPPER PRICES APRIL-DECEMBER 1972

Monthly Average Official London Metal Exchange Daily Cash Copper Wirebar Quotations. Quoted in £ Sterling (left hand scale) and converted to Australian Dollars (right hand scale). This graph shows the effects of the floating of the £ Sterling (June 1972) on the realisable Copper Price in Australian Dollars.



COPPER METAL PRICES 1963-1972

Annual Range and Annual Average Quotations of Official London Metal Exchange Daily Cash Copper Wirebar Quotations. (Source: London Metal Exchange.)

CHAIRMAN'S STATEMENT

1972 was an eventful year for the Company. Bougainville Copper commenced commercial production on 1st April, 1972, after successfully overcoming challenges of inclement climate and geographical location of the kind hitherto unparalleled in mining development. That commercial production commenced some three months ahead of schedule speaks highly of all personnel involved both in Papua New Guinea and throughout the world. I am pleased to report that consolidated earnings for the period 1st April-31st December, 1972, after provision for amortisation, depreciation and withholding tax, amounted to \$20,853,957.

I am also pleased to report that the April forecast annual production of 120,000 long tons (121,920 tonnes) of copper in concentrate was achieved. During 1972, Papua New Guinea's advance towards independence accelerated and responsibility in many areas was transferred from the Australian administration to the Papua New Guinea coalition government.

Late in 1972 the Papua New Guinea House of Assembly passed a resolution recommending guidelines for future mining ventures. Many of the guidelines reflect company policy and practice established over several years.

Bougainville Copper operates under an Agreement with the Papua New Guinea Government which, after considerable negotiation, became law in 1967 following affirmation by the elected House of Assembly. Through its 20% shareholding in Bougainville Copper, recognised by the presence of two government directors on the Board, the government has access to the details of Bougainville Copper's operations and will receive royalties and revenue from dividends as well as taxation on an increasing scale.

There has been some criticism of the benefits derived by the P.N.G. Government under the Agreement. The Company believes this criticism stems mainly from a lack of understanding of the Agreement as a whole; of the complex requirements of major lenders and the impact of repayments on the distribution of profits, and the resulting restriction on dividends in the years when the bulk of the repayments are made.

The directors believe that the existing Agreement is reasonable, that it will be recognised as laying down a basis for a commendable partnership with the Government of Papua New Guinea and that it will substantially assist in the development of the financial strength of that country.

During the year two events both outside the control of the Company adversely affected its net earnings.

The first of these was the institution by the P.N.G. Government of a 15% withholding tax on dividends paid by P.N.G. companies. Dividends paid by Bougainville Copper to Bougainville Mining are subject to this tax.

The second was the downward movement of sterling in terms of both the U.S. and Australian dollar during the period of commercial production which was not matched by a commensurate rise in the price of copper on the London Metal Exchange. In terms of Australian dollars, this resulted in a reduction in proceeds that Bougainville Copper received from its sales of copper in concentrate. Whilst the rise in the price of gold during 1972 increased the revenue from gold sales, the higher price was not sufficient to offset the reduced earnings from copper sales.

The decision of the Australian Government on 23rd December, 1972 to upvalue the Australian dollar against the U.S. dollar will further reduce the Australian dollar proceeds of sales by Bougainville Copper although some short term protection was obtained by taking out forward cover prior to the revaluation. Bougainville Copper will also receive some off-setting gains on loans which are repayable in U.S. dollars.

However, the directors believe that with the progress that has been made to date, Bougainville Copper can look forward to a successful future and the directors are confident that in the year 1973, a production of 175,000 tonnes of copper contained in concentrate may be expected.

In conclusion directors wish to thank the staff and all employees of the Company and its subsidiary for their diligent and effective service and the loyal response to the extra demands made on them in 1972, with the commencement of commercial production.



F. F. ESPIE,
CHAIRMAN.

12th February, 1973.

REVIEW OF OPERATIONS

BY MANAGING DIRECTOR OF BOUGAINVILLE COPPER PTY. LIMITED

ORE RESERVES: No further drilling to define further ore reserves was undertaken in the period and at the end of 1972 estimated ore reserves stood at approximately 900 million tonnes of ore averaging 0.48% copper and 0.55 grams of gold per tonne.

PRODUCTION: During 1972 a total of 46,753,200 tonnes of ore and waste was extracted from the mine. Of this 21,885,252 tonnes of ore were milled, and 123,961 tonnes of copper were produced.

Production for the nine months of commercial production ended 31st December is set out in the table below.

PRODUCTION*	Nine Months Ended 31st December, 1972	
Ore milled	18.75	millions of dry tonnes
Grade — copper	0.78	per cent
— gold	0.81	grams/tonne
— silver	2.08	grams/tonne
Concentrate produced	395,092	dry tonnes
Grade — copper	28.20	per cent
— gold	27.50	grams/tonne
— silver	69.25	grams/tonne

*Comprises commercial production. Pre-commissioning production of 3.135 million tonnes (43,023 dry tonnes concentrate) is excluded from the above figures.

The incidence of non-sulphide ore in the crust of the ore-body which affected production results in the early months has continued to diminish with the penetration of the ore-body beyond the oxide zone.

The progressive improvement in ore quality and concentrator performance during the year has enabled the April 1972 forecast of 120,000 long tons (121,920 tonnes) of copper contained in concentrate, to be achieved.

Operation of the processing facilities has been generally satisfactory but, as should be expected with any new mine, minor problems were encountered in the first months of operation. Modifications have been made to ball mill circuits and the installation of an additional ball mill, scheduled for completion in the latter part of 1973, will ensure greater concentrating capacity in future years.

The fleet of mine haul trucks was brought to its full complement of 52 by the delivery of eleven additional trucks during the year.

The mine and concentrator operated on a seven day week throughout the year except for two occasions when cyclonic conditions brought extremely heavy rain to the Panguna area. Measures taken to correct the defects have proved adequate in subsequent storms.

SHIPPING: During the year there were 23 concentrate shipments totalling some 471,120 wet tonnes, the largest of which was 27,690 wet tonnes destined for discharge at Hamburg. The port

handled 766,790 freight tonnes, making it the largest port in Papua New Guinea in terms of cargo handled.

WORKFORCE: With the institution of the operating phase, Bougainville Copper ended 1972 with a workforce somewhat in excess of 3,000 employees, of which 70% were Papua New Guineans.

There were no serious industrial disputes during 1972.

In mid-year, a new two-year agreement was reached with the Bougainville Mining Workers' Union relating to wages and working conditions.

TRAINING & EDUCATION: A new training centre was opened at Panguna early in the year to cater for apprenticeship training in all trades used on the mine site. Apprentices currently in training total 240 with a planned increase to 340 in 1973. Company scholarship holders attending tertiary institutions throughout Papua New Guinea include 22 at the University, 28 at the Institute of Technology and 38 at the Lae Technical College. Training courses for skilled, semi-skilled and junior supervisory personnel were continued throughout the year.

CONSTRUCTION OF FACILITIES: Construction of key operational facilities was completed by April 1972. The major items of construction associated with original project planning still outstanding are the sealing of the port-mine access road and the construction of additional amenities and recreational facilities at Panguna, including a new interdenominational church. These items are scheduled to be completed during 1973.

The final cost of the original project including exploration and development costs is expected to be within the overall budget of \$400 million.

At Arawa, the jointly developed company and Government town, construction has commenced on an additional 190 company residences.

MARKETING: SALES

Discussions with the Japanese buyers, Norddeutsche Affinerie (Germany) and Rio Tinto Patino (Spain) to consider their requests for revision of smelting and refining terms were successfully concluded in March and April on a basis satisfactory to all parties. The buyers had sought changes to the smelting and refining terms to assist them in meeting extra anti-pollution costs and cost disadvantages arising from the realignment of international currencies in late 1971.

The Japanese buyers had also requested that Bougainville Copper reduce contractual deliveries during 1972 and

1973 by 20%. However, following discussions, they agreed to accept deliveries of the full contractual tonnage from 1st April, 1972, but to toll smelt and refine 10% of this tonnage for sale of the tolled copper by Bougainville Copper outside Japan. This tolled copper metal has been sold. The tolling arrangement will continue until the end of 1973 when the Japanese buyers will revert to purchasing the full contractual tonnage.

Three new copper concentrate sales agreements were concluded by Bougainville Copper during the year. The first, with Norddeutsche Affinerie, covered a total of 40,000 wet tonnes of concentrate, 20,000 wet tonnes of which was subject to two buyer's options each of 10,000 tonnes. The first option was exercised while the second remains open.

Two other sales agreements were signed for the delivery of between 150,000 and 200,000 wet tonnes of concentrate in the period 1973-1976.

PRICES

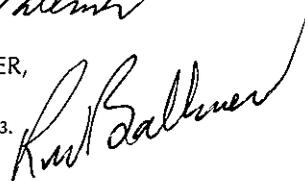
Prices for copper remained at low levels throughout the year, despite a recovery in demand for copper metal in the U.S.A., Japan and Europe towards the end of the period. A major reason for the depressed prices was the increase in the availability of supply of copper during 1972. Apart from Bougainville Copper, two other major mines commenced production during the year and there were additions to capacity at many existing mines.

While the rise in the price of gold during 1972 provided higher revenue receivable from gold sales, this increase provided only a partial offset for the low prices prevailing for copper on the London Metal Exchange.



R. W. BALLMER,
DIRECTOR.

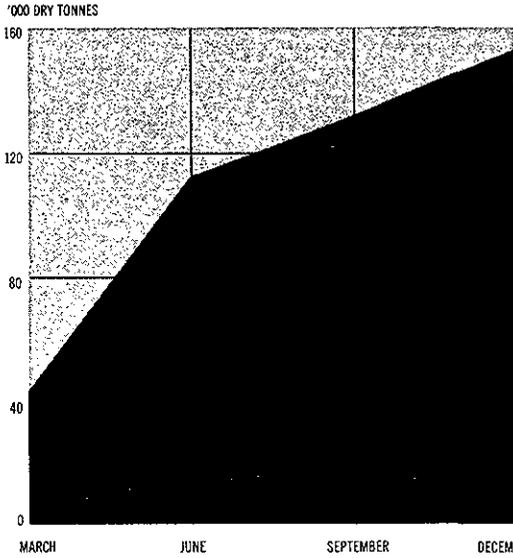
12th February, 1973.



RIGHT: PORTION OF THE 333 FLOTATION CELLS IN THE BOUGAINVILLE COPPER CONCENTRATOR BUILDING. TOTAL FLOTATION CAPACITY IS 76,500 C. FT. (2,166 C. METRES).

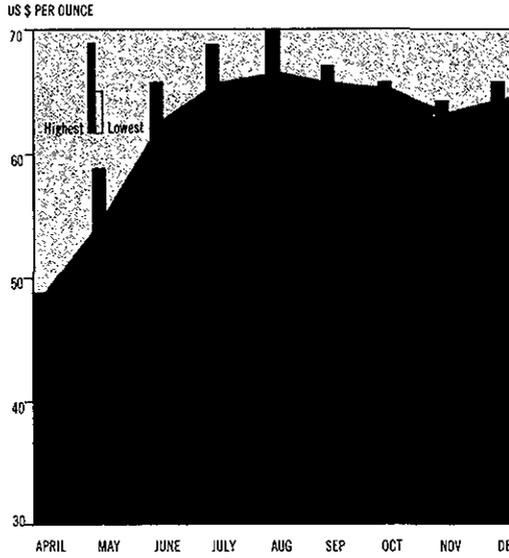
QUARTERLY PRODUCTION OF CONCENTRATES

For periods ended
31st March, 30th June, 30th September, 31st December 1972

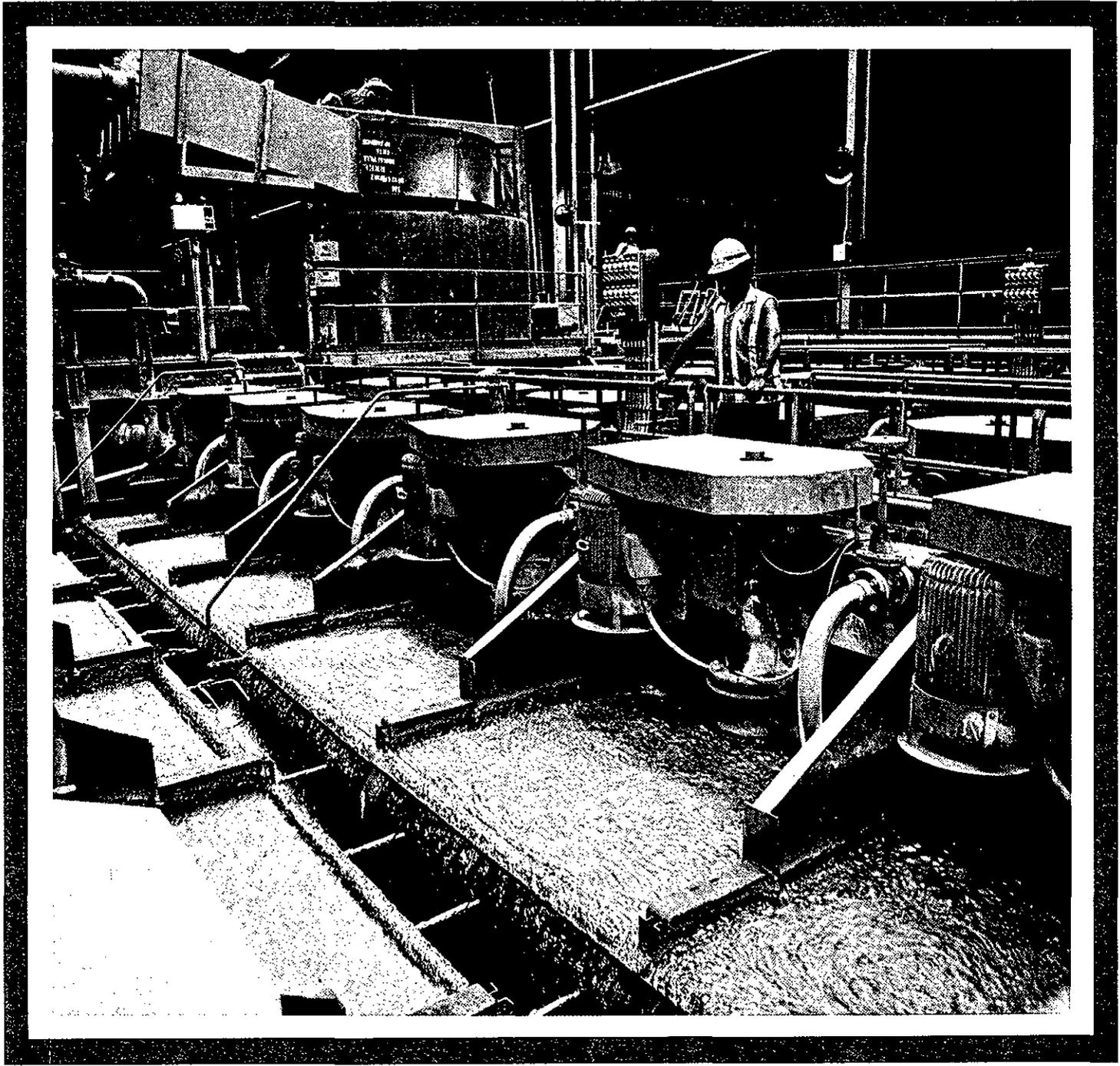
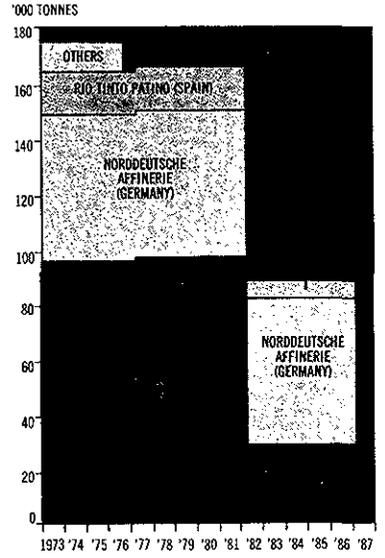


MONTHLY GOLD PRICES APRIL-DECEMBER 1972

Monthly Range and Monthly Average of Mean Price for Fine Gold on London Gold Market.
(Source: Sharps Pixley and Company Limited, London.)



CONTAINED COPPER FORWARD SALES



THE PANGUNA CONCENTRATOR
FACILITIES OF FINE CRUSHING,
SCREENING, GRINDING AND FLOTATION
TREAT SOME 80,000 TONNES OF ORE
EACH DAY. THE OPERATION IS
CONTINUOUS.



DIRECTORS' REPORT

To the Members:—

NET EARNINGS: The consolidated net earnings for 1972 of the Company amounted to \$20,854,000 after providing \$14,520,000 for depreciation and amortisation, and minority interest of \$5,536,000 and allowing \$1,320,000 for withholding tax.

CAPITAL: There was no change in the issued capital of the Company during the year and the issued and paid up capital remained at \$88,145,000 comprising 176,250,000 ordinary shares of \$0.50 cents each fully paid and 2,000,000 shares of 50 cents each paid to 1 cent.

During the year Share Issue Expenses of \$920,731 and Preliminary Expenses of \$35,522 were written off to Share Premium Reserve.

The Company's 80% owned subsidiary, Bougainville Copper Pty. Limited (incorporated in Papua New Guinea) increased its authorised capital from \$125,000,000 to \$135,000,000 and its paid-up capital from 125,000,000 shares of \$1 each fully paid to 130,000,000 shares of \$1 each fully paid during the year ended 31st December, 1972.

On 2nd February, 1973, a further 2,500,000 shares of \$1 each fully paid were issued to shareholders bringing the paid-up capital to 132,500,000 shares of \$1 each fully paid.

EXCHANGE FLUCTUATION: As a result of the unilateral revaluation of the Australian dollar on 23rd December, 1972, an additional unrealised gain of \$14,999,319 has arisen in respect of loan borrowings by Bougainville Copper which are repayable in U.S. dollars. This amount has been transferred to the Exchange Fluctuation Account.

It is intended that this unrealised gain together with a similar unrealised gain of \$9,174,178 which arose prior to 1st January, 1972, will be taken to earnings at the time of U.S. dollar loan repayments scheduled to commence in 1973.

Bougainville Copper held U.S. dollar cash balances at the time of the December revaluation and incurred a loss of \$376,257 on these balances. This loss has been reflected in 1972 earnings.

As stated elsewhere in this Annual Report, reduced revenue in Australian dollars will result from sales proceeds receivable in U.S. dollars subsequent to the revaluation. Forward cover contracts were taken out in the latter part of 1972 prior to the revaluation and this has lessened the impact of the revaluation on earnings both in 1972 and the early part of 1973.

LOANS: Bougainville Copper continued to draw down loans during 1972 as part of its overall financing programme. The following loans were outstanding at 31st December, 1972.

- Credit Agreement
 - (a) Seven year loans US\$67,400,000.
 - (b) Intermediate term loans US\$96,000,000.
 - Japanese cash loan agreement US\$30,000,000.
 - Japanese equipment loan agreement US\$23,100,000.
 - Eximbank loan agreement US\$54,600,000.
 - Deferred payment arrangements with Australian suppliers guaranteed by Export Payments Insurance Corporation A\$21,200,000.
 - Commonwealth Savings Bank of Australia housing loan A\$12,500,000.
- In addition Bougainville Copper has overdraft facilities with the Commonwealth Trading Bank.
- All loans, with the exception of the Commonwealth Savings Bank housing loan, the deferred payments arrangements with Australian suppliers and overdraft facilities are secured by a charge over all the shares issued by Bougainville Copper registered in the names of the Company, the Administration of Papua New Guinea and the Investment Corporation of Papua New Guinea. The housing loan is secured by an equitable charge over Bougainville Copper's housing leases in Arawa township; the deferred payment arrangements with Australian suppliers are guaranteed by the Export Payments Insurance Corporation.

DIVIDENDS: No dividends were declared or paid during the year by the Company. On 2nd February, 1973, Bougainville Copper declared a maiden dividend of \$11 million from 1972 earnings. As required by the terms of the Credit Agreement, Bougainville Copper is obliged to make a loan repayment of an equivalent amount.

The amount of dividends that can be paid by Bougainville Copper is restricted under the Credit Agreement while the greater part of that company's loan borrowings are outstanding.

Bougainville Mining expects to pay a first interim dividend in October, 1973.

DIRECTORS: In accordance with Article 94 of the Company's Articles of Association, Sir Rupert Clarke, Bt, MBE and Sir Val Duncan, OBE, retire and being eligible, offer themselves for re-election.

AUDITORS: The retiring auditors, Cooper Brothers & Co., have informed the Company of their intention henceforth to use the name Coopers & Lybrand, a name in which the firm also conducts business and this firm being eligible offer themselves for re-appointment.

STATUTORY: In accordance with the provisions of Section 162 of the Companies Ordinance, the Directors state that in their opinion:—

- 1 The results of the Company's operations in the year under review have not been materially affected by items of an abnormal character except as mentioned in this Report.
- 2 No circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- 3 Since the end of the period covered by the last Report (31st December, 1971), the Company has undertaken a contingent liability arising from the implied affirmation of the charge previously given over the Company's present and future shareholding in Bougainville Copper and rights associated with that shareholding to secure repayment of Bougainville Copper's indebtedness under its Credit Agreement and certain other borrowed moneys (the amount of such contingent liability being unascertainable) but has undertaken no other contingent liabilities.
- 4 No contingent liability has become enforceable or is likely to become enforceable within the succeeding period of twelve months which will materially affect the Company in its ability to meet its obligations as and when they fall due.

For and on behalf of the Board,



F. F. ESPIE,
CHAIRMAN.

12th February, 1973.





BOUGAINVILLE MINING LIMITED
AND SUBSIDIARY COMPANY

FINANCIAL STATEMENTS

AT 31ST DECEMBER, 1972

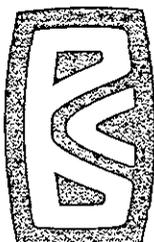
NOTES ON PAGES 12, 13 AND 14 FORM PART OF AND ARE TO BE READ
IN CONJUNCTION WITH THESE STATEMENTS.

STATEMENTS OF EARNINGS

	NOTES	BOUGAINVILLE MINING LIMITED AND SUBSIDIARY COMPANY		BOUGAINVILLE MINING LIMITED	
		1972 \$'000	1971 \$'000	1972 \$'000	1971 \$'000
NET SALES REVENUE		95,695	—	—	—
<i>Add:</i>					
Dividends receivable		—	—	7,480	—
Interest earned on short term deposits	3	404	170	245	170
		96,099	170	7,725	170
<i>Less:</i>					
Cost of sales and other expenses	6	39,186	63	178	63
Depreciation and amortisation	4	14,520	—	—	—
Interest	7	13,443	—	—	—
Royalties		1,202	—	—	—
Incorporation expenses written off		2	—	—	—
		68,353	63	178	63
EARNINGS BEFORE TAXATION		27,746	107	7,547	107
<i>Less:</i>					
Taxation—current	2	36	51	36	51
—dividend withholding		1,320	—	—	—
		1,356	51	36	51
<i>Less:</i>					
Minority shareholders' proportion of subsidiary company's earnings		5,536	—	—	—
CONSOLIDATED NET EARNINGS		20,854	56	7,511	56
<i>Plus:</i>					
Unappropriated earnings brought forward		56	—	56	—
UNAPPROPRIATED EARNINGS CARRIED FORWARD	13	20,910	56	7,567	56

BALANCE SHEETS

	NOTES	BOUGAINVILLE MINING LIMITED AND SUBSIDIARY COMPANY		BOUGAINVILLE MINING LIMITED	
		1972	1971	1972	1971
		\$'000	\$'000	\$'000	\$'000
CAPITAL AND RESERVES					
Ordinary shares		88,145	88,145	88,145	88,145
Share premium	8	18,907	19,863	18,907	19,863
Unappropriated earnings	13	20,910	56	7,567	56
FUNDS OF BOUGAINVILLE MINING SHAREHOLDERS		127,962	108,064	114,619	108,064
Funds of minority shareholders in subsidiary company		31,536	25,000	—	—
TOTAL CAPITAL & RESERVES		159,498	133,064	114,619	108,064
EXCHANGE FLUCTUATION ACCOUNT	9	24,173	9,174	—	—
DEFERRED LIABILITIES (maturing later than one year)					
Loans	10	203,863	213,215	—	—
Provision for long service leave		161	121	—	—
		204,024	213,336	—	—
CURRENT LIABILITIES					
Bridging loan—unsecured		—	8,000	—	—
Creditors	11	59,265	23,065	13	64
Bank overdraft		5,460	—	—	—
Withholding tax on dividend		1,320	—	—	—
Provision for income tax		87	51	87	51
		66,132	31,116	100	115
TOTAL LIABILITIES		270,156	244,452	100	115
TOTAL FUNDS		453,827	386,690	114,719	108,179
These funds are represented by:					
FIXED ASSETS					
Property, plant and equipment	12	378,676	356,933	—	—
INVESTMENTS					
Shares in unlisted subsidiary company (at cost)	13	—	—	104,000	100,000
Unquoted shares (at cost)		45	45	—	—
CURRENT ASSETS					
Cash and bank balances		78	834	27	69
Short term deposits		21,460	15,768	1,205	6,325
Debtors	14	36,565	6,373	9,487	838
Stocks and stores	15	17,003	5,791	—	—
		75,106	28,766	10,719	7,232
INTANGIBLE ASSETS					
Share issue and preliminary expenses	8	—	946	—	946
TOTAL ASSETS		453,827	386,690	114,719	108,179



BOUGAINVILLE MINING LIMITED
AND SUBSIDIARY COMPANY

NOTES TO THE ACCOUNTS

1 CAPITAL

The authorised and issued capital remained unchanged at:

Authorised 180,000,000 shares of 50 cents each		\$90,000,000
Issued 176,250,000 shares of 50 cents each fully paid	\$88,125,000	
2,000,000 shares of 50 cents each paid to 1 cent	\$20,000	\$88,145,000

2 EARNINGS

The consolidated net earnings for 1972 of the Company amounted to \$20,854,000 after providing \$14,520,000 for depreciation and amortisation and minority interest of \$5,536,000 and allowing \$1,320,000 for withholding tax. The subsidiary company commenced operations in 1972 and the income from its operations is exempt from income tax for three years from the date the company commenced commercial production.

The profits of the subsidiary are not wholly available for distribution to shareholders due to restrictions imposed on the payment of dividends under the terms of the Credit Agreement dated July 28th, 1969. In addition, the subsidiary is required to prepay certain loans by an amount equivalent to any dividend paid out of 1972 profits.

	BOUGAINVILLE MINING LIMITED AND SUBSIDIARY COMPANY		BOUGAINVILLE MINING LIMITED	
	1972	1971	1972	1971
	\$'000	\$'000	\$'000	\$'000

3 INCOME FROM INVESTMENTS

Interest received/receivable from short term deposits	404	170	245	170
---	-----	-----	-----	-----

4 DEPRECIATION AND AMORTISATION

Amount charged against earnings is comprised of:

Depreciation on—buildings,	5,800	—	—	—
plant, machinery and equipment	6,391	—	—	—
Amortisation of mine properties	2,329	—	—	—
	14,520	—	—	—

5 DIRECTORS' EMOLUMENTS

(excluding fixed salaries of full-time executive directors)

Directors of the Company engaged in full-time

employment by the Company and its related Companies

Other directors	3	—	—	—
	3	—	—	—

6 AUDITORS' REMUNERATION

The following amounts reflected in the cost of sales and other expenses shown in the statement of earnings, were paid to the auditors of Bougainville Mining

	39	21	12	1
--	----	----	----	---

7 INTEREST PAID/PAYABLE

No interest was paid or is payable by Bougainville Mining.

The following interest was paid or is payable by its subsidiary, Bougainville Copper:

Long term loans	21,676	13,407	—	—
Bank overdrafts	586	—	—	—
Short term loans	300	497	—	—
	22,562	13,904	—	—
Less capitalised	9,119	13,904	—	—
Total interest charged to earnings	13,443	—	—	—

8 RESERVES

The following movement occurred during the year in

Share Premium Reserve:

Balance 1st January, 1972	19,863	—	—	—
Less: share issue and preliminary expenses written off	956	—	—	—
Balance 31st December, 1972	18,907	—	—	—

9 EXCHANGE FLUCTUATION; CURRENCY CONVERSION

Current assets, current liabilities and long term loans have been converted into Australian currency at the rates of exchange ruling at balance date. The unrealised gain of \$24,173,000 (1971 \$9,174,000) arises from overseas loans and will be credited to earnings as loan repayments are made. All other amounts have been converted at the rate of exchange prevailing at the date of each transaction.

10 LIABILITIES MATURING LATER THAN ONE YEAR (SUBSIDIARY COMPANY)

• SECURED LOANS

(A) The following secured loans are repayable in U.S. dollars and are secured by a charge over the 130,000,000 shares in Bougainville Copper Pty. Limited issued in the names of Bougainville Mining Limited, the Administration of Papua New Guinea and the Investment Corporation of Papua and New Guinea. The loan repayment dates are subject to certain provisions relating to prepayments and deferrals.

	Repayable	1972		1971	
		US\$'000	A\$'000	US\$'000	A\$'000
BANK LOANS					
1 Credit Agreement					
Seven year loans	1978	67,400	52,863	67,400	56,591
Intermediate term loans	1973-1976	96,000	75,294	55,000	46,180
2 Eximbank loans					
	1973-1978	54,628	42,845	45,281	38,019
		218,028	171,002	167,681	140,790
OTHER					
Japanese cash loans	1973-1979	30,000	23,529	30,000	25,189
Japanese equipment loans	1973-1982	23,125	18,137	21,034	17,661
		271,153	212,668	218,715	183,640

Annual interest rates on the above loans during 1972 varied between 6% and 11%.

(B) Commonwealth Savings Bank of Australia Housing Loan \$12,500,000.

This loan is secured by an equitable charge over Bougainville Copper's housing leases in Arawa Township. Interest payments are at the rate of 8% per annum. Repayments are to be made over years 1974-1979.

• UNSECURED LOANS

Bougainville Copper has entered into deferred payment arrangements with Australian suppliers of goods and services relating to the construction phase.

The amount outstanding at balance date was \$21,207,000 repayable over the years 1973-1982.

Annual interest rates on above loans varied from 7¼% to 7¾%.

	BOUGAINVILLE MINING LIMITED AND SUBSIDIARY COMPANY		BOUGAINVILLE MINING LIMITED	
	1972 \$'000	1971 \$'000	1972 \$'000	1971 \$'000
11 CREDITORS				
Trade creditors	9,832	20,989	—	10
Other creditors	6,515	615	5	—
Related companies	406	166	8	54
	16,753	21,770	13	64
Loan instalments due within one year				
Bank loans (secured)	33,304	—	—	—
Other (secured)	6,975	—	—	—
Other (unsecured)	2,233	1,295	—	—
	59,265	23,065	13	64
12 PROPERTY, PLANT AND EQUIPMENT				
Freehold and leasehold land and buildings (at cost)	171,178	—	—	—
Less depreciation	5,800	—	—	—
	165,378	—	—	—
Plant, machinery and equipment (at cost)	157,505	—	—	—
Less depreciation	6,391	—	—	—
	151,114	—	—	—
Mine property (at cost)	62,112	—	—	—
Less amortisation	2,329	—	—	—
	59,783	—	—	—
Capital works in progress	2,401	356,933	—	—
TOTAL	378,676	356,933	—	—

13 INVESTMENTS

Bougainville Mining's only subsidiary is Bougainville Copper Pty. Limited which is incorporated in Papua New Guinea. The 104,000,000 fully paid shares of \$1.00 each held by Bougainville Mining in Bougainville Copper are subject to a charge securing loans made to Bougainville Copper (see Note 10).

Withholding tax will be payable upon the distribution of the retained earnings of the subsidiary for which no provision has been made.

	BOUGAINVILLE MINING LIMITED AND SUBSIDIARY COMPANY		BOUGAINVILLE MINING LIMITED	
	1972	1971	1972	1971
	\$'000	\$'000	\$'000	\$'000
14 DEBTORS				
Trade debtors and bills receivable	34,063	4,573	—	—
Subsidiary company	—	—	9,480	—
Other related companies	1,348	125	—	—
Other current debtors and payments in advance	1,154	1,675	7	838
	36,565	6,373	9,487	838

15 STOCKS AND STORES

Stocks and stores are valued at the lowest of cost, net realisable value and replacement price.

16 COMMITMENTS FOR CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

The approximate commitments for the purchase of land, buildings, plant and equipment not reflected in the Balance Sheet amount to \$8,000,000 (1971 \$8,505,000)

17 ULTIMATE HOLDING COMPANY

The ultimate holding company of the Company is The Rio Tinto-Zinc Corporation Limited (incorporated in England)

DECLARATIONS

DECLARATION BY SECRETARY

I, Brian William Morgan, Secretary of Bougainville Mining Limited, do solemnly and sincerely declare that the accompanying balance sheet and statement of earnings of the Company are, to the best of my knowledge and belief, correct. And I make this solemn declaration by virtue of the Statutory Declarations Act 1959, and subject to the penalties provided by that Act for the making of false statements in statutory declarations conscientiously believing the statements contained in this declaration to be true in every particular.

B. W. MORGAN

Secretary

Declared at Melbourne in the State of Victoria this 12th day of February, 1973.

Before me:

D. M. BENSON

Justice of the Peace

REPORT OF THE AUDITORS TO THE MEMBERS

In our opinion, the balance sheets and statements of earnings set out on pages 10 and 11 are properly drawn up in accordance with the provisions of the Companies Ordinance 1962 (as amended), and so as to give a true and fair view of the state of affairs and the results of the Company and of the Group.

The accounting and other records, including registers examined by us have, in our opinion, been properly kept in accordance with the provisions of the Ordinance.

COOPER BROTHERS & CO.

Chartered Accountants

MELBOURNE. 12th February, 1973.

STATEMENT BY DIRECTORS

In the opinion of the Directors of Bougainville Mining Limited the accompanying statement of earnings is drawn up so as to give a true and fair view of the results of the business of the Company for the period covered by the statement and the accompanying balance sheet is drawn up so as to exhibit a true and fair view of the state of affairs of the Company at the end of that period.

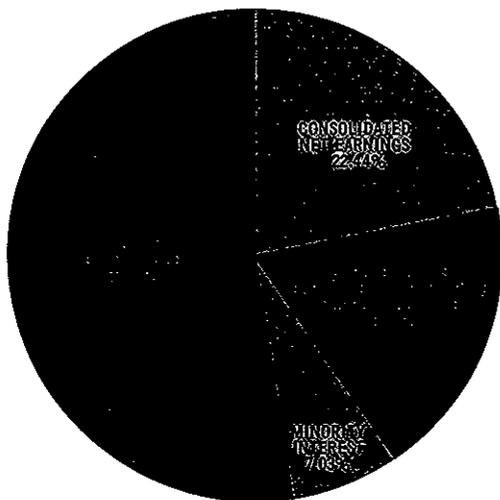
On behalf of the Board,

F. F. ESPIE, R. H. CARNEGIE

Directors

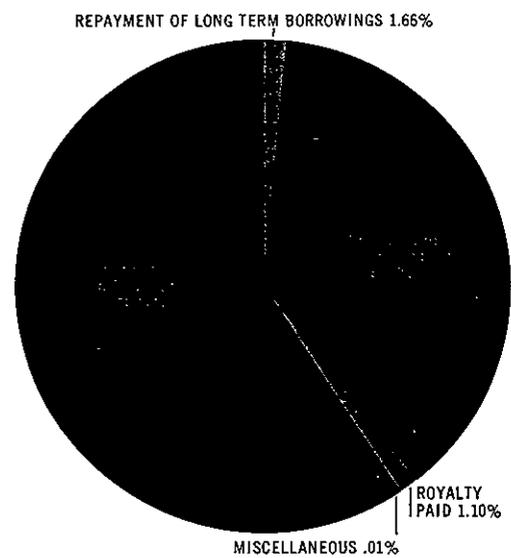
Signed at Melbourne this 12th day of February, 1973.

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS 1972



SOURCE OF FUNDS

	\$'000
CONSOLIDATED NET EARNINGS	20,854
CHARGES AGAINST EARNINGS NOT REQUIRING CURRENT OUTLAYS	
– DEPRECIATION PROVIDED	14,520
– TAXATION PROVIDED	1,356
– ROYALTY PROVIDED	1,202
– OTHER NON-CASH ITEMS	40
MINORITY INTEREST	6,536
LONG TERM BORROWINGS	48,413
	92,921



APPLICATION OF FUNDS

	\$'000
REPAYMENT OF LONG TERM BORROWINGS	1,549
EXPENDITURE ON FIXED ASSETS	36,263
ROYALTY PAID	1,021
MISCELLANEOUS	10
INCREASE IN WORKING CAPITAL	
– CASH FUNDS	7,476
– OTHER	46,602
	92,921

BOUGAINVILLE COPPER'S PORT AND
POWER SITE AT ANEWA BAY.
1. ROAD TO ARAWA TOWN
2. ROAD TO PANGUNA MINESITE
3. FUEL STORAGE
4. 135MW POWER STATION
5. FILTERING & DRYING
6. CONCENTRATE PRE-SHIPMENT STORAGE
7. BERTH AND SHIPLOADER



BENEFICIAL INTERESTS IN THE BOUGAINVILLE COPPER OPERATION

For the information of shareholders the relationship of beneficial interests (indicated by percentages) in Bougainville Copper is shown in the chart set out below.

B.M.L.: BOUGAINVILLE MINING (incorporated in 1969) which holds 80% of the issued share capital of Bougainville Copper is a holding company only. Its shares are listed on Australian and New Zealand Stock Exchanges. At 31st December, 1972, Bougainville Mining had 46,726 shareholders of whom 9,256 were resident in P.N.G.

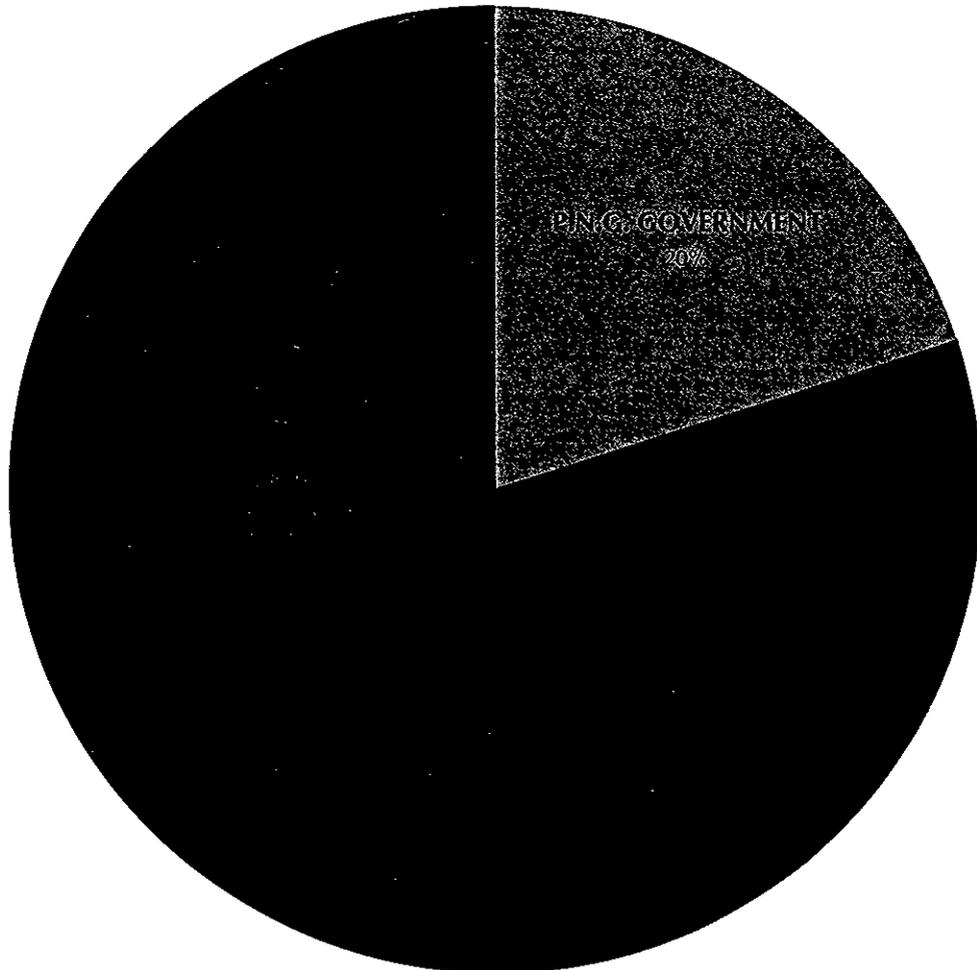
B.C.P.: BOUGAINVILLE COPPER is the company operating the Bougainville project and was formed in 1967. It is a company incorporated in P.N.G. with its main office at Panguna, Bougainville.

P.N.G. GOVERNMENT holds 20% of the issued capital of Bougainville Copper. At 31st December, 1972, this holding comprised 26 million \$1 ordinary shares of which one million were held by the Investment Corporation of Papua New Guinea, a P.N.G. Government authority.

N.B.H.C.: N.B.H.C. Holdings Limited is a newly created holding company registered in Australia in 1971. It has a beneficial interest in Bougainville Copper through its holding in Bougainville Mining. The public owns 66.8% of the issued shares of N.B.H.C. Holdings.

C.R.A.: Conzinc Riotinto of Australia Limited (incorporated in 1962) is the holding company for the group. C.R.A. has a beneficial interest in Bougainville Copper through its holding in Bougainville Mining and N.B.H.C. Holdings. The public owns 19.3% of the issued shares in C.R.A.

BOUGAINVILLE COPPER PTY. LIMITED



COMMUNITY RELATIONS

Bougainville Copper works to minimise any disruptive effect of its presence on the local people. Continued contact through village relations officers enables Bougainville Copper to keep informed of local matters while at the same time enabling villagers to be advised of company activities.

Bougainville Copper has sought to assist local people economically by creating marketing opportunities for the sale of locally grown products and by employing qualified people in demonstrating methods of improving livestock and agricultural productivity. A business advisory service also plays an active role in guiding local entrepreneurs in the conduct of their businesses.

On a broader basis, Bougainville Copper is working to ensure local ownership of many of the larger business enterprises necessary to directly support its operation and provide for the needs of its workforce and their families. Businesses including a supermarket and taverns are being developed under the auspices of Panguna Development Foundation Limited. Following the development stage of these enterprises, equity will be made available to the local people.

THE PRIMARY SCHOOL AT PANGUNA IS ONE OF A NUMBER OF SCHOOLS PROVIDED BY THE PAPUA NEW GUINEA GOVERNMENT FOR THE BOUGAINVILLE COPPER OPERATION. AT THE COASTAL TOWN OF ARAWA TWO OTHER PRIMARY SCHOOLS, A TECHNICAL COLLEGE AND A HIGH SCHOOL HAVE BEEN ESTABLISHED.





BOUGAINVILLE MINING LIMITED

ANNUAL REPORT 1972 AND NOTICE OF MEETING