

D/1274

Bougainville Copper Limited Annual Report 1977



Notice of Meeting

Contents

The Annual General Meeting of Bougainville Copper Limited is held at 10.00 a.m. on Wednesday 12th April, 1978 in the Conference Complex, Panguna, Bougainville, P.N.G.

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

Bougainville Copper Limited produces a concentrate containing copper, gold and silver from its mine at Panguna in central Bougainville. The concentrate is pumped in slurry form to the Company's port at Anewa Bay where it is dried before being shipped overseas.

Results in brief

		1977	1976
Sales to external customers	(K'000)	200 578	205 349
Net earnings after tax	(K'000)	28 531	41 368
Earnings per share	(toea)	10.7	15.5
Return on Shareholders' Funds	(per cent)	9.2	13.7
Dividends declared			
– gross dividends	(K'000)	21 390	26 738
– per share	(toea)	8	10
– times covered by earnings		1.3	1.6
Depreciation	(K'000)	36 203	31 103
Government Royalties	(K'000)	2 490	2 578
Taxation	(K'000)	13 724	20 303
Shareholders' Funds	(K'000)	309 656	302 515
Number of employees		3 916	3 931

1977 Highlights

January: The eighth mine shovel was commissioned.

March: The copper price on London Metal exchange reached its year's high, equivalent to 70.3 US cents/lb.

April: US\$25 million raised by Eurobond issue.

May: A 1976 final dividend of K13 368 750 was paid to shareholders. Tenth ball mill was commissioned.

July: The ninth mine shovel was commissioned.

August: The Government announced the change in its fiscal year to start from 1st January, 1978.

The copper price on the London Metal exchange fell to its year's low, equivalent to 51 US cents/lb.

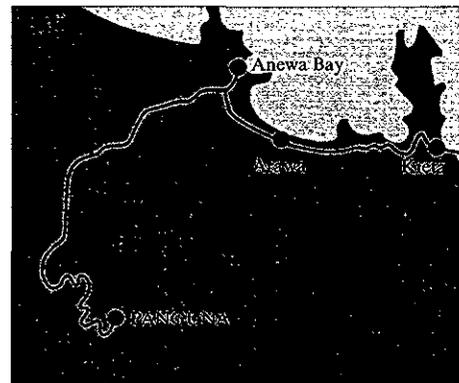
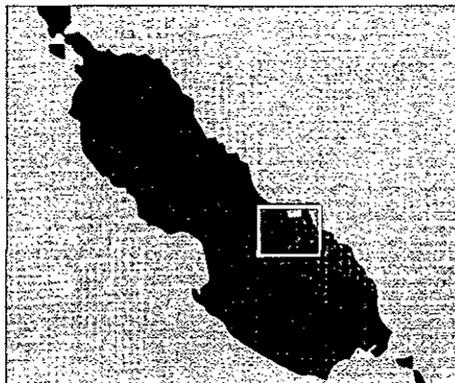
September: Construction of the pit drainage tunnel commenced.

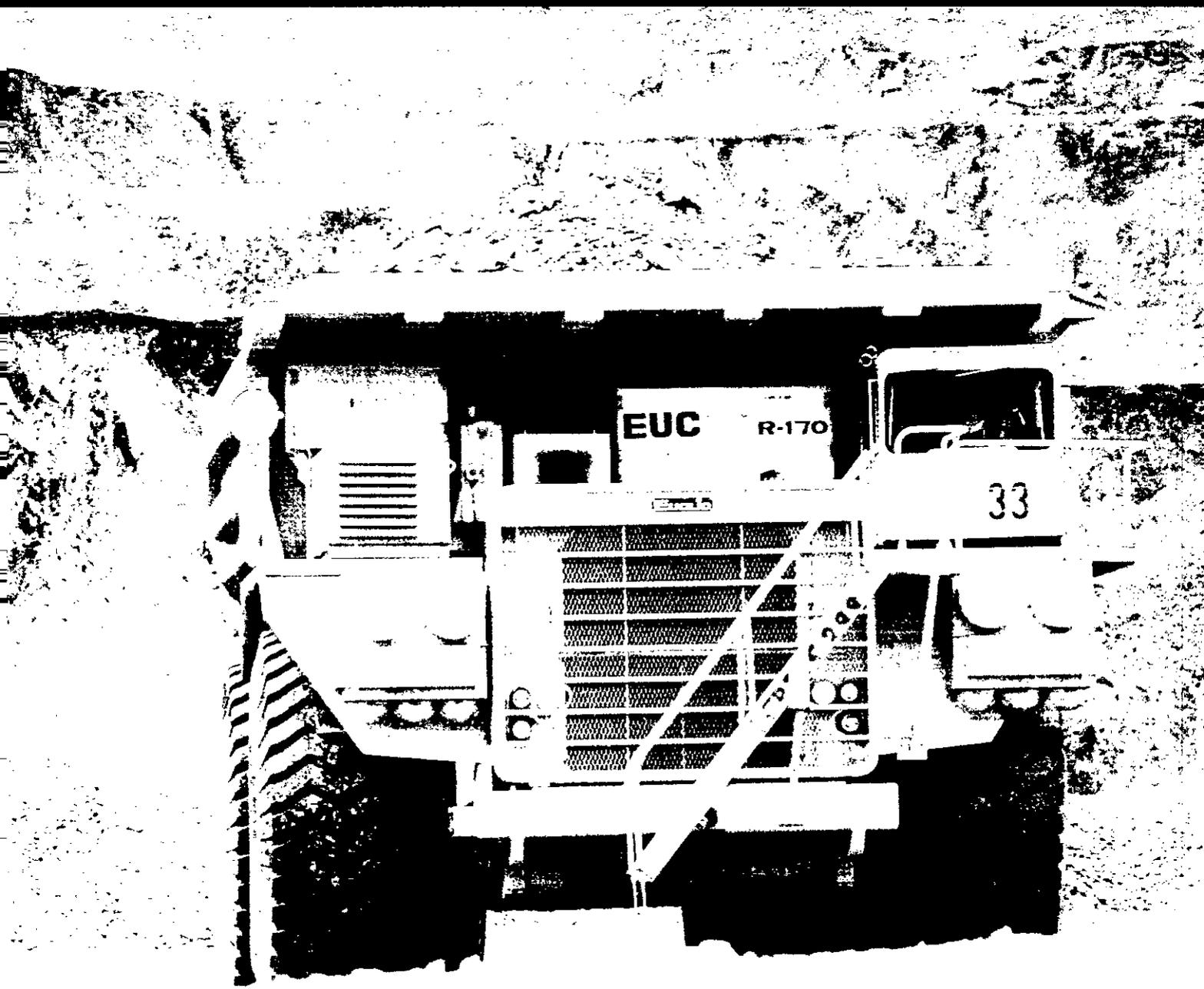
October: Commitment received from bankers for new loans of US\$60 million.

November: A 1977 interim dividend of K10 695 000 was paid to shareholders.

December: Shipments for the year totalled 614 819 dry tonnes of concentrate. Production of contained copper in concentrates totalled 182 291 tonnes.

Earnings for the year amounted to K28 530 923.





Directors

Officers

R170 HAUL TRUCK

Replacement of the original haul truck fleet with Euclid R170 haul trucks was completed during 1977. Thirty-seven trucks each with a capacity of 155 tonnes are now in service.

F. F. ESPIE, O.B.E.
(Chairman)

N. R. AGONIA

J. L. AUNA

R. H. CARNEGIE

B. E. FAIRFAX-ROSS, C.B.E.

P. W. QUODLING

J. T. RALPH

D. C. VERNON

Alternate Director

R. H. HARDING

Secretary

M. RANGAI

BOUGAINVILLE COPPER LIMITED
(Incorporated in Papua New Guinea)

Registered Office:
Panguna, Bougainville, P.N.G.

Share registers:
Melbourne: 95 Collins Street, Melbourne.
Canberra: 78 Northbourne Avenue, Canberra
City, A.C.T.
Panguna: Panguna, Bougainville Island, Papua
New Guinea.

United Kingdom: c/o Central Registration
Limited.

1 Redcliff Street, Bristol.

Stock Exchanges:
Listed on the principal exchanges
in all Australian states and New Zealand.

P. W. QUODLING
(General Manager)

J. D. ERICKSON
(Assistant General Manager)

J. R. TREZISE
(Assistant General Manager)

G. BILLARD
(Executive Manager – Commercial)

R. L. KAY
(Executive Manager – Mine)

Chairman's Statement



E. F. Espie, Chairman

The Company's net earnings in 1977 of K28 530 923 were K12 836 409 less than in the previous year. The year's average price for electrolytic copper wire bars on the London Metal Exchange was 7% less than in 1976 and this factor, combined with inflationary increases in operating costs, kept earnings at unsatisfactory levels.

1977 was marked by the inability of major Western countries to lift their economies above the depressed levels prevailing since 1973. Inflation rates were lower than in recent years, but still remained at unacceptable levels in many countries. Demand for consumer goods and services improved, but was not matched by growth in the capital equipment and construction industries, because of excess production capacity in many sectors. This lack of growth in the capital equipment and construction industries restricted demand for metals and kept metal prices at low levels.

The copper industry continues to produce at levels where consumption is insufficient to absorb high metal stockpiles. Current prices are the lowest in real terms for almost twenty years and recent estimates are that over 40% of

the Western world's producers are unable to cover their cash production costs. A number have closed down, particularly in North America and Australia. However a major problem exists with some developing countries, whose need for export revenue has caused them to continue to operate at maximum capacity. With the excess production capacity in the industry, high metal stocks and scheduled opening of new mines this year, copper prices are likely to stay at low levels for some time.

I referred in last year's Annual Report to attempts by the Governments of copper producing and consuming nations to establish a price stabilisation scheme for this commodity. Despite continued efforts on a number of fronts during the year, there has been a failure to agree and successfully introduce any such scheme. Because of the poor price outlook for copper, efforts to develop a viable scheme can be expected to continue. The Company will continue to monitor developments in consultation with the Papua New Guinea Government.

The Papua New Guinea Government's hard currency policy has assisted in keeping the level of inflation in the country at relatively

Average copper prices 1972-1977

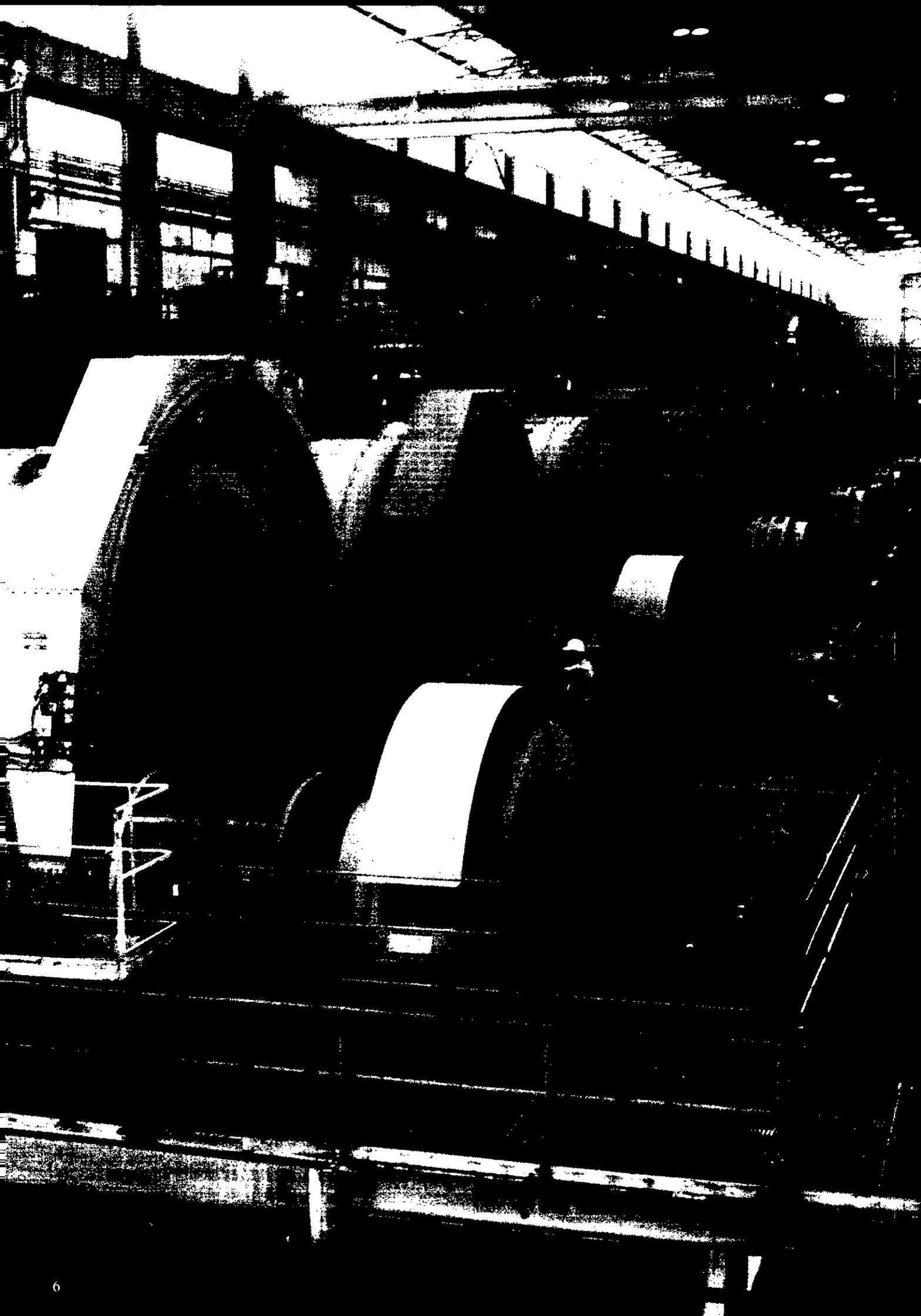
US c/lb
175
150
125
100
75
50
25
1972
1973
1974
1975
1976
1977

Average gold prices 1972-1977

US \$/oz
175
150
125
100
75
50
25
1972
1973
1974
1975
1976
1977

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

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



Statistical Summary

Mined	1977	1976	1975	1974	1973	1972*
Ore and Waste removed (millions of tonnes)	70.79	58.54	56.40	56.00	56.65	46.75
Ore Milled (millions of tonnes)	34.11	31.21	31.08	30.14	29.14	21.89
Ore Grade						
Copper..... (per cent)	0.61	0.64	0.64	0.70	0.73	0.76
Gold..... (grams/tonne)	0.90	0.87	0.80	1.02	1.03	0.77
Silver..... (grams/tonne)	1.86	1.96	1.87	2.12	1.99	2.06
Produced						
Concentrate (dry tonnes)	615 605	596 838	595 498	640 818	650 172	438 115
Contained Copper (tonnes)	182 291	176 519	172 477	184 083	182 890	123 961
Concentrate Grade						
Copper..... (per cent)	29.61	29.58	28.94	28.73	28.13	28.29
Gold..... (grams/tonne)	36.3	33.9	30.5	32.0	31.6	27.25
Silver..... (grams/tonne)	77.1	76.1	71.0	72.0	69.0	69.3
Shipped						
Total Concentrate (dry tonnes)	614 819	605 793	586 947	665 702	625 227	434 387
Shipped to:						
W. Germany.....	198 321	223 170	243 534	221 365	200 333	186 827
Japan.....	337 090	256 406	250 658	343 204	342 878	209 032
Spain.....	47 019	58 169	72 184	57 368	35 778	27 565
Other.....	32 389	68 048	20 562	43 765	46 238	10 963
Received						
Net Sales revenue (K'000)	200 578	205 349	184 754	279 825	249 048	95 695
Contribution by:						
Copper.....	114 699	142 021	117 505	194 159	203 422	75 226
Gold.....	81 282	59 253	63 706	81 417	43 623	19 328
Silver.....	4 597	4 075	3 543	4 249	2 003	1 141
Other Statistics						
Average Metal Prices						
Copper –						
L.M.E. cash sellers						
price for electrolytic						
wire bars (expressed in US\$/lb)	59.3	63.6	55.9	93.3	80.9	48.6
Gold –						
Mean of London						
Gold Market (US\$/oz.)	147.8	124.8	160.9	158.7	97.3	58.2
Silver –						
Spot price, London						
Silver Market (expressed in US\$/oz.)	4.6	4.4	4.4	4.7	2.5	1.7
Work force at 31st December (P.N.G.)						
Overseas (number)	853	858	942	980	929	971
National..... (number)	3 063	2 989	3 094	3 242	2 915	2 594
Number of Shareholders at 31st December	43 820	50 082	54 129	55 558	45 353	46 726**
Shareholders' Funds at 31st December (K'000)	309 656	302 515	287 884	268 423	227 377	146 679
Net Earnings (K'000)	28 531	41 368	46 199	114 579	158 411	27 679
Dividends in Respect of Year (K'000)	21 390	26 738	26 738	73 528	80 212	11 000
Return on Shareholders' Funds (per cent)						
–before extraordinary item.....	9.2	13.7	14.9	42.7	69.7	18.4
–after extraordinary item.....	9.2	13.7	16.0	42.7	69.7	18.4

NO. 10 BALL MILL

An additional ball mill (No. 10) was commissioned in May, 1977 to augment concentrator milling capacity. No. 10 mill has a length of 7.3 metres and a diameter of 5.5 metres and is driven by a 4100 kW motor (5500 h.p.).

NOTES:

* Full year figures; but commercial production commenced 1st April, 1972.

** 1972 figure is for Bougainville Mining Limited.

Review of Operations



P. W. Quodling, General Manager

Measured Ore Reserves:

The diamond drilling programme within the Special Mining Lease continued during the year. Measured ore reserves at the end of 1977 were estimated to be approximately 760 million tonnes, averaging 0.45% copper and 0.51 grams of gold per tonne.

Production:

During 1977, a total of 70 789 200 tonnes of ore and waste was removed from the pit. The ore content of 34 111 600 tonnes was processed in the concentrator to produce 182 291 tonnes of contained copper in concentrates. Production statistics were as follows:

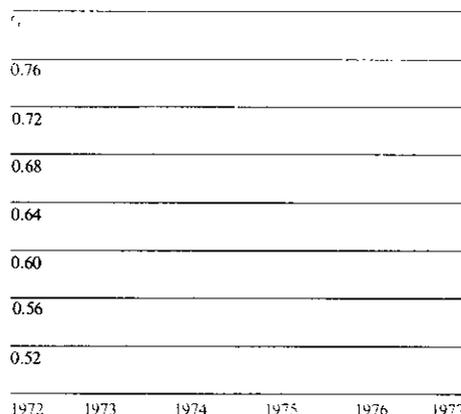
Production:	Year Ended 31/12/77	Year Ended 31/12/76
Material Mined (millions of tonnes)		
Ore	34.11	31.21
Waste	36.68	27.33
Waste/Ore ratio	1.07/1	0.88/1
Ore Grade		
Copper (per cent)	0.61	0.64
Gold - grams/tonne	0.90	0.87
Silver - grams/tonne	1.86	1.96
Concentrate Produced (dry tonnes)		
	615 605	596 838
Concentrate Grade		
Copper (per cent)	29.61	29.58
Gold - grams/tonne	36.3	33.9
Silver - grams/tonne	77.1	76.1
Contained Metal in Concentrates		
Copper - tonnes	182 291	176 519
Gold - kilograms	22 374	20 221
Silver - kilograms	47 430	45 413

The increase in material mined reflected the commissioning of two extra shovels during the year and the replacement of the last R105 Euclid trucks of the obsolete fleet with electric wheel R170 Euclids. The quantity of waste removed was substantially greater than in previous years, as overburden was stripped in areas being developed for future mining. The average grade of copper in the ore declined as the mine advanced into low grade sections of the orebody.

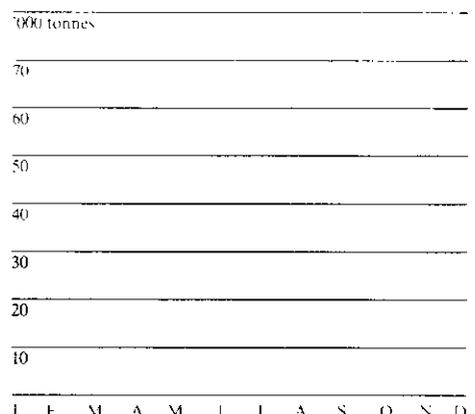
Concentrator throughput was increased with the commissioning of the tenth ball mill in May. This mill, which is 14% longer than those previously installed, is giving additional throughput commensurate with its extra length. The concentrator worked continuously throughout the year, apart from minor shutdowns for planned maintenance and modifications. A pilot plant commissioned late in the year successfully extracted copper from waste dump leach liquors by the cementation process.

Pressures continued on operating costs because of inflation in supplier countries and oil price rises. However, the effect of inflationary trends on production costs was offset to a significant extent by increases in plant capacity and improvement in equipment utilisation.

Copper ore grade 1972-1977



Monthly concentrate shipments 1977



Marketing:

Sales for 1977 totalled 614 819 dry tonnes of concentrate, containing 182 029 tonnes of copper, 22 333 kilograms of gold and 47 043 kilograms of silver. As in previous years, production was fully sold and Bougainville concentrates continue to be sought by potential buyers.

All commitments under long term contracts were fulfilled. The Japanese buyers returned to their full level of contractual deliveries and indicated their desire to take some tonnages, which were deferred from previous years' commitments, in 1978. A further spot sale was made to the People's Republic of China, which has expressed interest in arranging a long term contract.

Copper prices increased in the first quarter of the year, but continuing slow recovery by the major Western economies cut short the improvement. Prices dropped substantially to depressed levels in the second half of the year. The average London Metal Exchange cash sellers' price for electrolytic copper wire bars for 1977 was equivalent to US\$59.3 cents per pound compared with US\$63.6 cents per pound in 1976.

Demand for gold was strong, because of fluctuations of major currencies on foreign exchange



NORTH CHANNEL

Waste material is being dumped in the Kawerong Valley adjacent to the mine. The Kawerong River has been diverted through a concrete channel (left foreground) to permit dumping to continue. The flume to carry tailings from the concentrator can also be seen and the relocated Dapera village is at centre left. A cementation plant to recover copper leached from the waste dumps commenced operations towards the end of 1977.

Monthly average copper prices 1977

U.S. c. lb
85
80
75
70
65
60
55

Monthly average gold prices 1977

US\$ oz.
158
154
150
146
142
138
134

J F M A M J J A S O N D

U.S. equivalent Monthly Average Official London Metal Exchange Daily Cash Copper Wirebar Quotations

J F M A M J J A S O N D

Monthly Average of Mean Price for Fine Gold on London Gold Market.

(Source: Sharps Pixley and Company Limited, London.)

ASSEMBLY OF SHOVEL

Two additional P & M 2100 electric shovels were commissioned during 1977. Each shovel has a capacity of 11 000 tonnes per shift and weighs 425 tonnes. The shovels' components were shipped from Japan and assembled on site by B.C.L. tradesmen.



TRAINING VISITS TO BROKEN HILL.
Training and staff development continued during 1977. A number of mine staff visited mining operations in Australia to observe different operating environments and techniques. More officers prepare to go underground during a visit to Broken Hill.

markets. The average gold price on the London Gold Market for 1977 of US\$147.9 per ounce was substantially above the 1976 average of US\$124.8 per ounce. Silver prices rose slightly to average US\$4.6 per ounce (US\$4.4 per ounce in 1976).

Finance:

The Company met its 1977 loan obligations by making principal repayments of K25.6 million and paying interest of K11.1 million.

New loan funds totalling K28 million were drawn down during the year to finance capital expenditure. An initial draw down of US\$10 million (K8.1 million) was made against a US\$18 million facility arranged in December 1976 for the replacement of haul trucks. A US\$25 million (K19.9 million) Eurobond issue was made in May 1977 by the Company's wholly owned subsidiary, Bougainville Copper Finance N.V.

The Company has need for additional borrowings in 1978 to finance capital expenditure and working capital requirements and to repay the long term Commonwealth Trading Bank loan of US\$67.4 million due in the first quarter. A commitment has been received from the Bank of America and Commonwealth Trading Bank of Australia that each will

provide an equal share of loan funds up to a total of US\$60 million before the end of 1978. Funds will be drawn down as required and repaid over seven years. An additional loan of \$A4.2 million was arranged with the Export Finance and Insurance Corporation to finance the purchase of replacement crushers.

Exchange Rates:

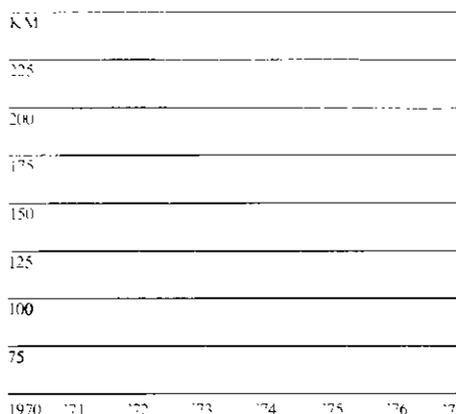
Papua New Guinea continued its hard currency policy for the kina in 1977, to reduce the effect of inflation on imported goods. Over the year the kina was revalued against the Australian dollar by 2% appreciating its value to A\$1.156 at year end.

Balance of payment deficits in the USA caused its currency to weaken and the kina effectively revalued by 7% to a year end value of \$US1.32. This movement decreased sales revenue, although some benefit was received from the reduction in debt servicing obligations and costs of imported goods.

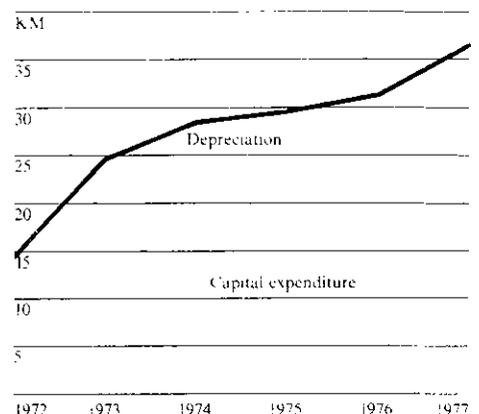
Capital Expenditure:

Capital expenditure totalled over K38 million for the year. A major emphasis was on the completion of the short term expansion in mine and concentrator capacity and the

Loans outstanding 1970-1977



Capital expenditure & depreciation 1972-1977



establishment of greater facilities to counter the long term decline in head grade. K6 million was spent completing the tenth ball mill and K2 million was spent on the haul truck replacement programme. Mining equipment costing K6 million was acquired to match mining capacity with that of the concentrator and to strip overburden from areas being developed for future mining. Additional housing and staff accommodation, costing K7 million was built. The pit gravity drainage scheme was commenced with expenditure of K2 million. This will enable the pit to be self draining. The project involves construction of a 6 kilometre tunnel to a level 300 metres below that of the present pit, with vertical connecting shafts.

At the end of the year, the workforce strength stood at 3 916, of which 3 063 were Papua New Guinea nationals.

Continued emphasis is being placed on the development of Papua New Guinea nationals in areas of greater responsibility within the Company. A number attended senior management and technical courses in Papua New Guinea and Australia. In addition visits were made to other mines in Australia to widen exposure to different types of operations.

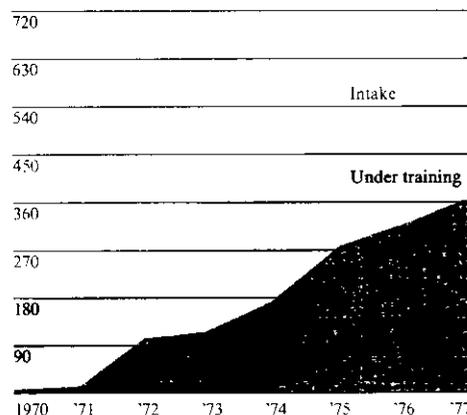


P. W. Quodling, General Manager.
7th February, 1978.

Staff Development:

The Company's training programme has continued successfully. Over 300 tradesmen have now qualified through the Mine Training College and some 70% have remained with the Company either practising their trade or undertaking further training for supervisory functions. A further 280 are training under the apprenticeship scheme.

Apprentice training (accumulative)
1970-1977



ENVIRONMENT

Forest trees are successfully growing in tailings following corrections of nitrogen, phosphorus and boron deficiencies.



RESEARCH VESSEL

Offshore surveys are being conducted to examine the physical and biological aspects of marine tailings disposal. After positioning the vessel using radar, the water quality at a number of depths is automatically measured and recorded.

Directors' Report

To the Members:

Net Earnings:

The Company's net earnings for 1977 totalled K28 530 923 after providing K36 203 094 for depreciation and amortisation, K2 489 843 for royalties and K13 724 132 for income tax.

Capital:

There was no change in the Company's capital structure during the year. At 31st December, 1977, the paid up capital of the Company was K133 687 500 representing 267 375 000 shares on issue to shareholders.

Exchange Fluctuation:

Repayment of U.S. and Australian dollar loans during 1977 resulted in a realised exchange gain of K2 177 370 which has been credited to 1977 earnings. The balance of the Exchange Fluctuation account at 31st December, 1977, was K14 607 930, which represents the unrealised portion of gains on outstanding loans at the prevailing exchange rate on 31st December, 1977.

The revaluation of the kina on 9th January, 1978 does not have a material effect on the current assets and current liabilities converted from foreign currencies at 31st December, 1977 and has not been reflected in the financial accounts at that date.

Loans:

Loan repayments totalling K25 634 842 were made during the year. At 31st December, 1977, outstanding loans, totalling K115 675 628, were as follows:

- Credit Agreement — Seven Year Loans \$US67 400 000 (K51 060 606)
- Housing Loan (Papua New Guinea Banking Corporation) — K2 906 730
- International Westminster Bank — \$US5 000 000 (K3 787 879)

- Bank of America Housing Loan — \$US12 000 000 (K9 090 909)
 - Bank of America Syndicate — \$US9 000 000 (K6 818 182)
 - Japanese Cash Loan \$US9 000 000 (K6 818 182)
 - Japanese Equipment Loan — \$US10 218 429 (K7 741 234)
 - Australian Equipment Loans — \$A9 844 720 (K8 512 512)
 - Loan from Finance Subsidiary (Funds obtained through issue of Guaranteed Bearer Notes) \$US25 000 000 (K18 939 394)
- All loans are secured by a charge over 194 500 676 shares in the Company owned by Conzinc Riotinto of Australia Limited, the Government of Papua New Guinea and the Investment Corporation of Papua New Guinea. This charge can become enforceable only after an event of default in respect of the Credit Agreement or in respect of the Japanese Cash and Equipment Loans if the Credit Agreement Loan has been repaid. The charge is not directly enforceable by the other lenders.

Dividends:

An interim dividend of 4 toea per share was declared on 18th August, 1977, and paid on 3rd November, 1977.

A final dividend of 4 toea per share has been declared and is payable on 4th May, 1978. Withholding tax will be deducted from dividends paid to shareholders who are not residents of Papua New Guinea. This dividend will bring the total dividend in respect of 1977 earnings to 8 toea per share.

Directors:

In accordance with Article 94 of the Company's Articles of Association, Mr. J. L. Auna and Mr. D. C. Vernon retire and, being eligible, offer themselves for re-election. In accordance with Article 85 of the Company's Articles of

Association, Mr. N. R. Agonia and Mr. P. W. Quodling hold office until the conclusion of the Annual General Meeting and, being eligible, offer themselves for election.

The closing date for the receipt of nominations for the office of Director is 24th March, 1978.

Auditors:

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

Statutory:

In accordance with the provisions of Section 162 of the Companies Act 1963, as amended to date, 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. No contingent liabilities have arisen since the balance date of the accounts, 31st December, 1977, and the date of this report, 7th February, 1978.
4. No contingent liability has become enforceable or is likely to become enforceable within twelve months from the date of this report 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.
7th February, 1978.

Simplified Balance Sheet

Bougainville Copper Limited

What we own (assets)

	K Million		
	1976	1977	
Mine leases, treatment plant, housing, power station, port facilities, etc.	350.4	352.2	72%
Copper concentrate in storage awaiting shipment and stores on hand	31.2	30.1	6%
Money held by banks on deposit and in cash	53.2	71.0	15%
Amounts owed to your company mainly for copper concentrates recently shipped.....	51.7	36.1	7%
	486.5	489.4	

Less what we owe (liabilities)

Long term loan borrowings to be repaid after 1978	100.7	52.0	32%
Short term overdraft	2.0	3.9	2%
Loan borrowings to be repaid during 1978	20.3	63.7	39%
Amounts owing to suppliers and others for goods and services	18.3	21.1	13%
Money set aside for payment of dividends to the Company's shareholders	13.4	10.7	6%
Money set aside for payment of income tax	20.3	13.7	8%
	175.0	165.1	

Amount remaining

	311.5	324.3	
This amount (K324.3 million) is retained to finance operations of the business and represents:			
Contributions by the Company's shareholders	133.7	133.7	41%
Profits which Directors currently intend to retain in the business.....	168.8	176.0	54%
The gain (based on present exchange rates and not yet realised) on future United States loan repayments. This gain results from the increase in the value of the kina compared with the United States dollar	9.0	14.6	5%

Statements of Earnings

year ended 31st December, 1977

Bougainville Copper Limited
and Subsidiary Company

	Notes	Consolidated	Bougainville Copper Limited	
		1977 K'000	1977 K'000	1976 K'000
NET SALES REVENUE		200 578	200 578	205 349
Other Income		2 513	2 513	3 097
		203 091	203 091	208 446
<i>Less:</i>				
Cost of sales, financing and other costs		124 320	124 317	114 695
Depreciation and amortisation	4	36 203	36 203	31 103
Royalties		2 490	2 490	2 578
		163 013	163 010	148 376
		40 078	40 081	60 070
<i>Add:</i>				
Exchange gains realised on loan repayments	11	2 177	2 177	1 601
EARNINGS (Before taxation)	3	42 255	42 258	61 671
Taxation – current	8	13 724	13 724	20 303
NET EARNINGS FOR YEAR		28 531	28 534	41 368
<i>Plus:</i>				
Unappropriated earnings brought forward		168 827	168 827	154 197
		197 358	197 361	195 565
<i>Less: Dividends</i>				
– Interim paid		10 695	10 695	13 369
– Final payable		10 695	10 695	13 369
		21 390	21 390	26 738
UNAPPROPRIATED EARNINGS CARRIED FORWARD		175 968	175 971	168 827

All amounts expressed in Papua New Guinea currency.

The notes attached hereto form part of these accounts and are to be read in conjunction with them.

Balance Sheets

at 31st December, 1977

Bougainville Copper Limited
and Subsidiary Company

	Notes	Consolidated	Bougainville Copper Limited	
		1977 K'000	1977 K'000	1976 K'000
CAPITAL AND RESERVES				
CAPITAL				
Authorised	9	<u>135 000</u>	<u>135 000</u>	135 000
Paid up		133 688	133 688	133 688
REVENUE RESERVES				
Unappropriated earnings	10	<u>175 968</u>	<u>175 971</u>	168 827
Total capital and reserves		<u>309 656</u>	<u>309 659</u>	302 515
EXCHANGE FLUCTUATION	11	14 608	14 608	9 031
LIABILITIES				
MATURING LATER THAN ONE YEAR:				
Loans	12	51 952	51 952	100 692
Long Service Leave		<u>1 360</u>	<u>1 360</u>	978
		<u>53 312</u>	<u>53 312</u>	101 670
CURRENT				
Bank overdraft		3 870	3 870	1 957
Loan instalments	12	63 724	63 724	20 325
Creditors	13	19 808	19 805	17 301
Income tax		13 749	13 749	20 365
Dividend payable		<u>10 695</u>	<u>10 695</u>	13 369
		<u>111 846</u>	<u>111 843</u>	73 317
Commitments & contingent liabilities	19	—	—	—
TOTAL FUNDS		<u>489 422</u>	<u>489 422</u>	486 533
These funds are represented by:				
ASSETS				
PROPERTY, PLANT AND EQUIPMENT	14	<u>352 228</u>	<u>352 228</u>	350 435
INVESTMENTS	15	<u>83</u>	<u>92</u>	83
CURRENT				
Cash and bank balances		3 350	3 341	2 383
Short term deposits and loans		67 546	67 546	50 770
Debtors	16	36 112	36 112	51 699
Stocks and stores	17	<u>30 103</u>	<u>30 103</u>	31 163
		<u>137 111</u>	<u>137 102</u>	136 015
TOTAL ASSETS		<u>489 422</u>	<u>489 422</u>	486 533

All amounts expressed in Papua New Guinea currency.

The notes attached hereto form part of these accounts
and are to be read in conjunction with them.

Notes forming part of the 1977 accounts

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

Bougainville Copper Limited
and Subsidiary Company

1. Accounting policies

In general, accounting policies and practices are adopted which follow the joint recommendations of the principal Australian Professional Accounting Bodies.

In particular, some of the practices are:

HISTORICAL COSTS

The financial accounts have been prepared under the historical cost convention and have not been adjusted to take account of the current cost of specific assets or their impact on operating results.

FIXED ASSETS

Mine property, buildings, plant, machinery and equipment are valued at cost less accumulated depreciation and amortisation.

DEPRECIATION AND AMORTISATION

Depreciation is provided on the straightline method by charges to income at rates based on estimated useful lives of the various assets. Additions are depreciated from the commencement of the month following their completion or installation.

Generally the assets are fully depreciated over the shorter of economic life or twenty years.

Borrowing costs incurred prior to the commencement of commercial operations have been capitalised and are being amortised over a five year period commencing 1st January, 1974. Borrowing costs incurred on loans since 1st January, 1974 have also been capitalised and are being amortised over five years.

STOCK VALUATIONS

Concentrate stocks are valued at cost, which is lower than net realisable value. Cost includes direct and indirect labour, materials and services, but excludes depreciation and overheads, except those directly related to production activities.

Other stocks and stores are valued at cost on a first in, first out basis, less allowance for obsolescence.

CURRENCY CONVERSION

Current assets, current liabilities and long term loans in foreign currencies are converted to Papua New Guinea currency at the rates of exchange ruling at 31st December. All other amounts in foreign currencies have been converted at the rates of exchange at the dates of the relevant transactions.

Unrealised gains on overseas loans are held in Exchange Fluctuation Account and transferred to Earnings as and when realised.

INCOME TAX

The provision for income tax is calculated on earnings before tax. Certain items of expense, principally depreciation and major consumable stock items, are deductible for tax purposes in periods different from those for accounting purposes, but at the present time such differences do not significantly affect the determination of the Company's liability for income tax.

NET SALES REVENUE

Sales revenue is recognised on shipment of concentrates from Bougainville. However, final sales values are determined by reference to weights, assays, prices and refining and smelting charges applying after a shipment has arrived at its destination. The values used in estimating sales revenue for 1977 shipments, not due for final pricing until 1978, are realistic. Any variation in sales revenue actually realised from the estimated revenue will be included in the accounts for next year.

2. Subsidiary company

A wholly owned subsidiary, Bougainville Copper Finance N.V. was incorporated on 13th April, 1977, in the Netherlands Antilles for fund raising purposes. This Company has been consolidated in accordance with generally accepted accounting principles.

	Consolidated	Bougainville Copper Limited	
	1977	1977	1976
	K'000	K'000	K'000
3. Earnings (before taxation)			
Earnings (before taxation) have been determined after allowing for: DEDUCTIONS WHICH INCLUDE:			
Interest paid/payable (Note 5)	11 661	11 661	11 060
Bad and doubtful debts (Note 6)	32	32	—
Auditors' remuneration (Note 7)	75	75	80
Directors' emoluments (Note 18)	4	4	4
Loss on disposal of non-current assets	667	667	418
Loss on overseas cash balances (Note 11)	2 243	2 242	501
ADDITIONS WHICH INCLUDE:			
Interest on short-term deposits	4 756	4 756	3 598
Profit on sale of shares in subsidiary	—	—	12
4. Depreciation and amortisation			
The amount charged against earnings comprised:			
Depreciation on: Buildings	10 530	10 530	10 094
Plant, machinery and equipment	22 567	22 567	17 903
Amortisation of mine property	3 106	3 106	3 106
	<u>36 203</u>	<u>36 203</u>	<u>31 103</u>
5. Interest paid/payable			
Subsidiary Company			
Long term loans	—	1 105	—
Other			
Long term loans	11 577	10 472	10 999
Bank overdrafts	84	84	61
	<u>11 661</u>	<u>10 556</u>	<u>11 060</u>
	<u>11 661</u>	<u>11 661</u>	<u>11 060</u>
6. Bad and doubtful debts			
Amounts provided during the year for doubtful debts were in respect of:			
Trade debtors	—	—	—
Other debtors	32	32	—
	<u>32</u>	<u>32</u>	<u>—</u>
In addition an amount of K30 931 in respect of other debtors was written off the provision for doubtful debts.			
7. Auditors' remuneration			
Amounts paid/payable to Auditors for:			
Auditing the accounts	58	58	52
Other services	17	17	28
	<u>75</u>	<u>75</u>	<u>80</u>
No other benefits were received by the Auditors.			
8. Current taxation			
(a) The income tax charged against earnings is determined in accordance with the policy set out in Note 1.	13 724	13 724	20 303
Under the terms of the Mining Agreement (as amended) the Company is required from 1st January, 1974 to pay company tax pursuant to a prescribed formula. This provides that the Company will pay the normal company tax rate (currently 33⅓%) on a certain level of taxable income and 70% on any excess over this level. The Company was not liable for tax at the higher scale.			
(b) The following major items caused the charge for income tax to vary from that prima facie payable on reported earnings:			
Income tax at normal rates on:			
Exchange gains/losses	22	22	(367)
Depreciation	(652)	(652)	(1 275)
Consumable aids	(215)	(215)	1 086
Exempt income	—	—	(115)
Other	508	508	480
Approximate reduction in charge for income tax	<u>(337)</u>	<u>(337)</u>	<u>(191)</u>

9. Capital

The authorised capital of K135 000 000 is made up of 270 000 000 ordinary shares of 50 toea each. At 31st December, 1977, the paid up capital of the Company was K133 687 500 represented by 267 375 000 ordinary shares of 50 toea each, fully paid. No change in authorised or paid up capital occurred during 1977.

10. Revenue reserves

Unappropriated earnings:			
1st January	168 827	168 827	154 197
Net earnings for year	28 531	28 534	41 368
	197 358	197 361	195 565
Dividends paid/payable			
31st December	21 390	21 390	26 738
	175 968	175 971	168 827

The Company's earnings are not wholly available for payment to shareholders because of restrictions imposed on the payment of dividends under the terms of the Credit Agreement dated 28th July, 1969 (as amended).

11. Exchange fluctuation

Because of currency realignments, a loss of K2 242 788 was realised on conversion of overseas cash balances to Papua New Guinea Kina (1976 loss K501 091).

Exchange fluctuations relating to long term loan repayment obligations were:			
Unrealised gains 1st January	9 031	9 031	11 495
Increase/(decrease) due to currency realignments during the year	7 754	7 754	(863)
	16 785	16 785	10 632
Gains realised on loan repayments during the year	2 177	2 177	1 601
Unrealised gains 31st December	14 608	14 608	9 031

12. Long term loans

(a) Repayments due later than one year:			
Secured (1)	51 952	51 952	100 692
(b) Repayments due within one year:			
Secured (1)	63 724	63 724	20 325
TOTAL OUTSTANDING OBLIGATIONS	115 676	115 676	121 017
BANK LOANS			
Credit agreement Seven year loans	Repayable 1978	51 061	51 061
Other bank loans:			
Eximbank loans (2)	1978	—	14 861
Housing loan (3)	1978	2 907	5 594
International Westminster Bank	1979-1981	3 788	4 061
Bank of America	1979-1983	9 090	9 745
Bank of America Syndicate (4)	1978-1981	6 818	6 818
TOTAL BANK LOANS		73 664	88 995
OTHER LOANS			
Japanese cash loan	1978-1979	6 818	10 963
Japanese equipment loans	1978-1982	7 741	9 958
Australian equipment loans (5)	1978-1982	8 513	11 101
Bearer notes due 1984 (6)	1978-1984	18 940	—
Loan from finance subsidiary (7)	1978-1984	—	18 940
TOTAL OTHER LOANS		42 012	32 022
TOTAL OUTSTANDING OBLIGATIONS		115 676	121 017

(1) All loans are secured by a charge over 194 500 676 shares in the Company owned by Conzinc Riotinto of Australia Limited, the Government of Papua New Guinea and the Investment Corporation of Papua New Guinea. This charge can become enforceable only after an event of default in respect of the Credit Agreement Loan or in respect of the Japanese Cash and Equipment Loans if the Credit Agreement Loan has been repaid. The charge is not directly enforceable by the other lenders.

(2) The final instalment of US\$6.1 million of the Eximbank Loan was due on 15th February, 1978. This instalment was prepaid on 15th August, 1977.

(3) The Housing Loan was secured by an equitable charge over certain of the Company's housing leases in Arawa township. The loan was originally advanced by the Commonwealth Savings Bank of Australia which transferred its assets and liabilities in Papua New Guinea on 22nd April, 1974 to the Papua New Guinea Banking Corporation under legislation passed in the Australian Parliament. In December 1977 the Papua New Guinea Banking Corporation agreed to release their interest in the security and cancelled the equitable charge. Interest is payable on this loan at a rate of 8% per annum.

	Consolidated	Bougainville Copper Limited	
	1977	1977	1976
	K'000	K'000	K'000

12. Long term loans (continued)

(4) In December 1976, the Company finalised a loan of US\$18 million to be provided by Bank of America, the Toronto Dominion Bank and Security Pacific National Bank to finance the purchase of replacement mine haul trucks. In January 1977 US\$10 million of this facility was drawn down. Interest is currently payable on this loan at a rate of 8.68% per annum.

(5) The Company entered into deferred payment arrangements with Australian suppliers of goods and services during the construction phase. Interest rates on these loans vary from 7.25% to 7.75% per annum.

(6) The Bearer Notes due 1984 were issued by Bougainville Copper Finance N.V., a wholly owned subsidiary of Bougainville Copper Limited, in May 1977 and are unconditionally guaranteed by Bougainville Copper Limited. Interest is payable on these Notes at 8¾% per annum. Sinking fund payments are due to commence on May 1st, 1978 and will reduce the average life to 5.2 years.

(7) All of the funds obtained by Bougainville Copper Finance N.V. through the issue of Guaranteed Bearer Notes due 1984 were immediately on-borrowed by Bougainville Copper Limited on identical terms.

(8) Interest rates payable on other loans during 1977 varied between 6.9% and 10.9% per annum.

13. Creditors

Related corporations			
Subsidiary company	—	1 105	—
Other	292	292	1 402
Trade creditors and bills payable	9 082	9 082	9 218
Other current liabilities			
Secured	3 156	2 048	566
Unsecured	7 278	7 278	6 115
	<u>19 808</u>	<u>19 805</u>	<u>17 301</u>

14. Property, plant and equipment

Leasehold, land and buildings (at cost)	208 889	208 889	197 020
Less depreciation	51 399	51 399	41 529
	<u>157 490</u>	<u>157 490</u>	<u>155 491</u>
Plant, machinery and equipment (at cost)	220 262	220 262	192 575
Less depreciation	79 294	79 294	61 207
	<u>140 968</u>	<u>140 968</u>	<u>131 368</u>
Mine property (at cost)	62 122	62 122	62 121
Less amortisation	17 848	17 848	14 741
	<u>44 274</u>	<u>44 274</u>	<u>47 380</u>
Capital works in progress	9 496	9 496	16 196
	<u>352 228</u>	<u>352 228</u>	<u>350 435</u>

15. Investments

RELATED COMPANIES — shares not listed on Stock

Exchange at cost			
Subsidiary Company	—	9	—
Other	38	38	38
	<u>38</u>	<u>47</u>	<u>38</u>

OTHER COMPANIES — shares not listed on Stock Exchange at cost

	45	45	45
	<u>83</u>	<u>92</u>	<u>83</u>

16. Debtors

Related companies	654	654	682
Trade debtors	32 527	32 527	48 679
Other debtors and payments in advance	2 976	2 976	2 381
Provision for doubtful debts	(45)	(45)	(43)
	<u>36 112</u>	<u>36 112</u>	<u>51 699</u>

17. Stocks and stores

Unshipped concentrate	822	822	612
Other stocks and stores	29 281	29 281	30 551
	<u>30 103</u>	<u>30 103</u>	<u>31 163</u>

	1977	1976
	Company	Company
	Related	Related
	Corporations	Corporations
	K'000	K'000

18. Directors' emoluments

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

(a) Directors of the Company engaged in 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

and
(b) Other Directors of the Company was

—	—	—	—
4	—	4	—

19. 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 K10 676 000 (1976 K15 253 000). The Company has contingent obligations attaching to the terms of:

(a) the Credit Agreement dated 28th July, 1969 (as amended);

and

(b) the Amending Agreement as referred to in the Mining (Bougainville Copper Agreement) (Amendment) Act, 1974.

However, no circumstances have yet arisen to suggest that an enforceable claim has, or is likely to arise, in respect of these obligations.

Except for the foregoing the Company has no contingent liabilities which are material in nature and/or amount.

20. Ultimate holding company

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

21. Comparative figures for 1976

Where necessary, these figures have been adjusted to conform with changes in presentation made in 1977.

Declarations

Statement by Directors

In the opinion of the Directors of Bougainville Copper 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.

Signed at Panguna this 7th day of February, 1978.

On behalf of the Board
F. F. ESPIE, P. W. QUODLING
Directors

Declaration by Secretary

I, Misac Rangai, Secretary of Bougainville Copper 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 Oaths, Affirmations and Statutory

Declarations Act 1962, as amended to date, conscientiously believing the statements contained herein to be true in every particular.

Declared at Panguna this 7th day of February, 1978.

M. RANGAI
Secretary

Before me:
L. G. SMITH
Justice of the Peace

Report of the Auditors to the Members

We report on the balance sheets and statements of earnings of the Company and of the group set out on pages 14 to 20 which have been prepared under the historical cost convention described in note 1.

In our opinion the balance sheets and statements of earnings are properly drawn up in accordance with the provisions of the Companies Act 1963, as amended, and so as to give a true and fair view of the state of affairs of the Company and of the group as at 31st December, 1977, and the results for the year ended on that date.

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

COOPERS & LYBRAND
Chartered Accountants
Arawa, 8th February, 1978

Shareholdings

Substantial shareholders

The distribution of holdings of the issued shares in Bougainville Copper Limited at 31st January, 1978, was:

1- 1 000 shares	35 882
1 001- 5 000 shares	6 486
5 001-10 000 shares	714
10 001 shares and over	563
	43 645

Substantial shareholders at 31st January, 1978, were:

The Rio Tinto-Zinc Corporation Limited
R.T.Z. Australian Holdings Limited
C.R.A. Holdings Pty. Limited
Conzinc Riotinto of Australia Limited
C.R.A. Base Metals Pty. Limited
143 258 644 shares

Government of Papua New Guinea
Investment Corporation of Papua
New Guinea
53 975 000 shares

81.30% of the total issued shares were held by the 20 largest shareholders of the Company at 31st January, 1978.

The voting rights are one vote for each share held.

Twenty largest shareholders

The twenty largest shareholders at 31st January, 1978, and the number of shares held by each were:

Name & Registered Address:	Shares
Conzinc Riotinto of Australia Limited, Melbourne, Vic.	140 525 676
The Independent State of Papua New Guinea, P.N.G.	50 948 113
The National Mutual Life Association of Australasia Limited, Melbourne, Vic.	3 871 456
ANZ Nominees Limited, Melbourne, Vic.	3 178 363
The Investment Corporation of Papua New Guinea, Port Moresby, P.N.G.	3 026 887
C.R.A. Base Metals Pty. Ltd., Melbourne, Vic.	2 732 968
Bank of New South Wales Nominees Pty. Ltd., Sydney, N.S.W.	2 537 533
Panguna Development Foundation Limited, Bougainville Island, P.N.G.	2 400 000
The Colonial Mutual Life Assurance Society Limited, Melbourne, Vic.	1 644 491
National Nominees Limited, Melbourne, Vic.	1 135 707
Australian Mutual Provident Society, Melbourne, Vic.	882 004
Legal & General Assurance Society Limited, Sydney, N.S.W.	605 160
The Wales Nominees (Vic.) Pty. Ltd., Melbourne, Vic.	542 915
Anglo-Australian Nominees Pty. Ltd., Melbourne, Vic.	536 200
Mobil Nominees Pty. Ltd., Melbourne, Vic.	500 000
Hanover Nominees Limited, London, U.K.	488 570
ANZ Pensions (Overseas) Pty. Ltd., Melbourne, Vic.	484 229
Public Officers Superannuation Fund, Boroko, P.N.G.	480 000
Darling Nominees Pty. Ltd., Sydney, N.S.W.	458 136
C.M.L. Nominees Pty. Ltd., Melbourne, Vic.	406 900
	<u>217 385 308</u>

Directors' interests

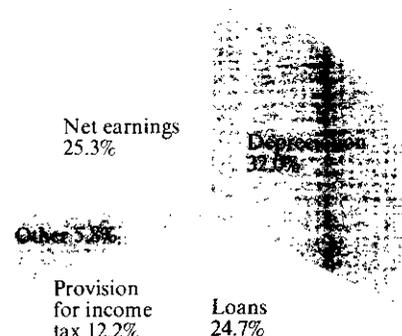
Directors' interests in Bougainville Copper Limited and its associated companies - - 21st January, 1978:

F. F. Espie	1 300	Mary Kathleen Uranium Ltd. shares
R. H. Carnegie	6 000	Bougainville Copper Limited shares
	1 000	Mary Kathleen Uranium Ltd. shares
	6 000	Conzinc Riotinto of Australia Limited shares
	1 000	Hamersley Holdings Limited shares
J. T. Ralph	114	Bougainville Copper Limited shares
	476	Conzinc Riotinto of Australia Limited shares
	£750	The Rio Tinto-Zinc Corporation Limited convertible loan stock
B. E. Fairfax-Ross	2 400	Bougainville Copper Limited shares
J. L. Auna	No interests	
D. C. Vernon	No interests	
P. W. Quodling	No interests	
N. R. Agonia	No interests	

Source and application of funds

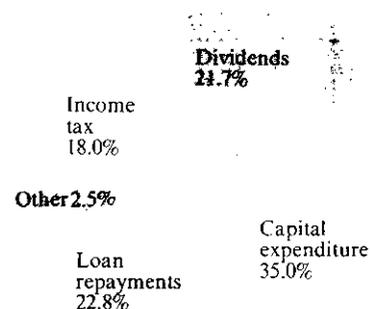
Source of funds

1976 K'000		1977 K'000
41 368	Net earnings	28 531
	Charges against earnings not requiring current outlays:	
20 303	– Income tax	13 724
31 103	– Depreciation	36 203
(1 601)	– Exchange gains on loans	(2 177)
2 578	– Royalty provided	2 490
1 259	– Other	1 654
		51 894
13 120	Borrowings	28 047
221	Miscellaneous	1 032
–	Decrease in working capital	3 490
<u>108 351</u>		<u>112 994</u>

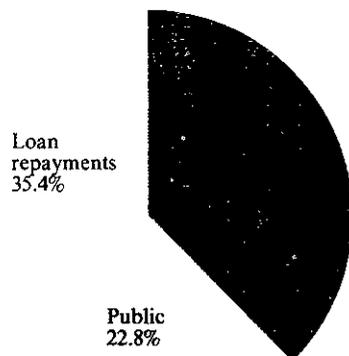


Application of funds

1976 K'000		1977 K'000
13 369	Dividends - Final 1976	13 369
13 369	– Interim 1977	10 695
2 604	Royalty paid	2 455
19 544	Repayment of long term borrowings	25 635
36 176	Expenditure on fixed assets	39 695
15 604	Income tax paid	20 340
158	Miscellaneous	805
7 527	Increase in working capital	–
<u>108 351</u>		<u>112 994</u>



Distribution of cash



Cash Distributed

Cash distributed by the business (after spending for new plant).

P.N.G.

P.N.G. Government and Investment Corporation – dividends, royalty, taxation and withholding tax.

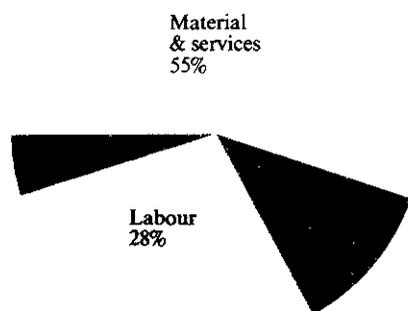
Public

Public dividends after withholding tax.

	K million	
	1977	1976
CASH DISTRIBUTED	72.2	72.0
P.N.G.	30.3	31.4
Public	16.5	18.4
Loan Repayments	25.6	19.5
Working Capital	(0.2)	2.7
	72.2	72.0

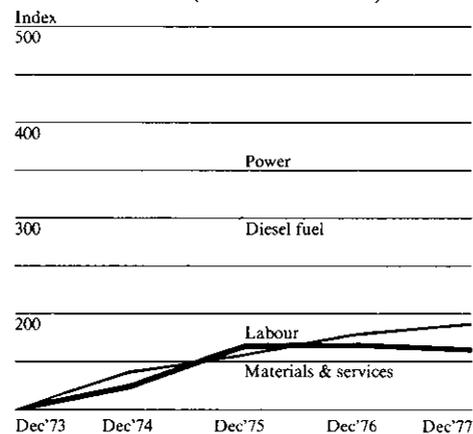
Complete details of Bougainville Copper's Source and Application of funds are shown on page 22.

Composition of operating costs 1977



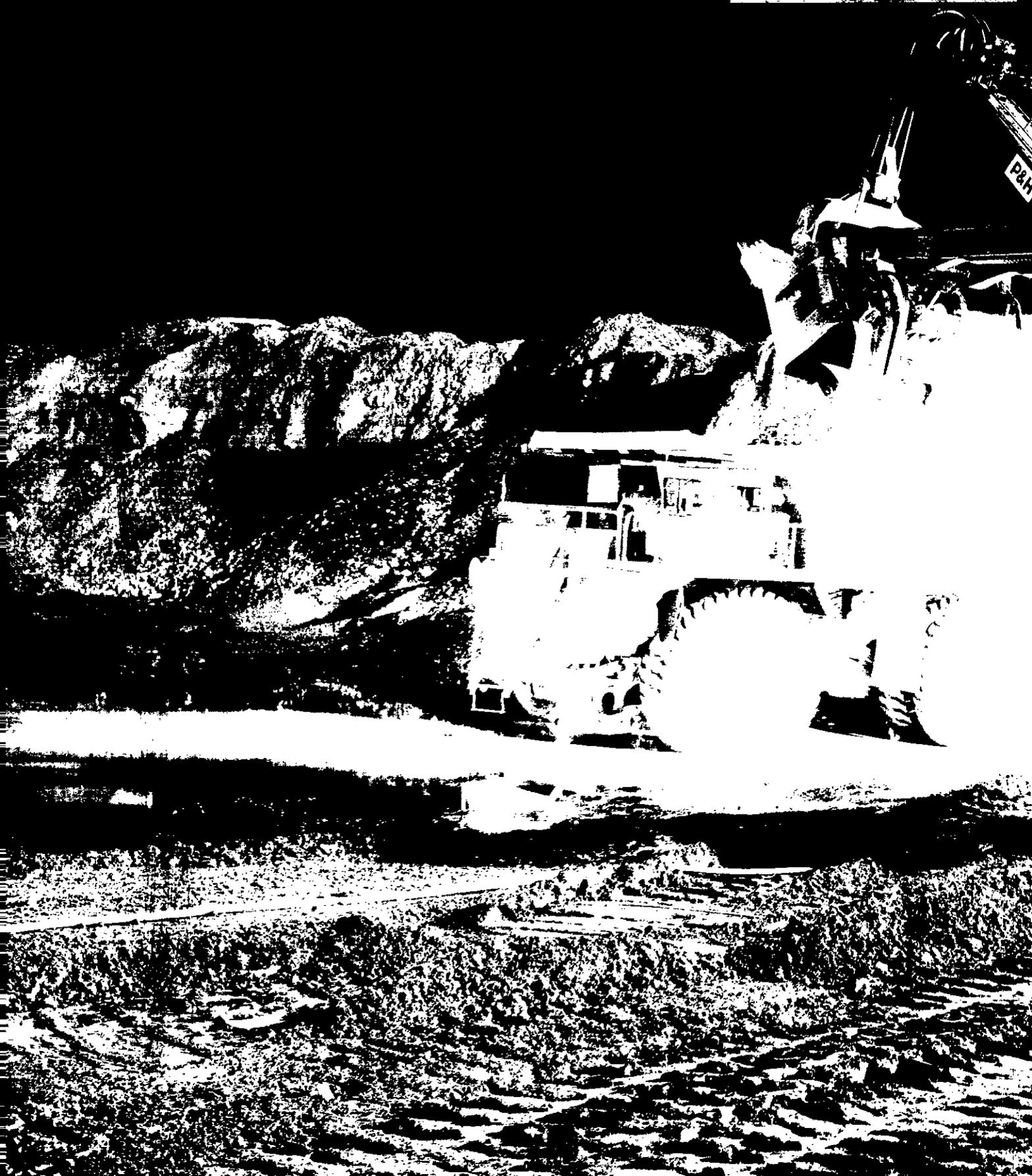
Relative cost indices

1973-1977 (1973 = Base 100)



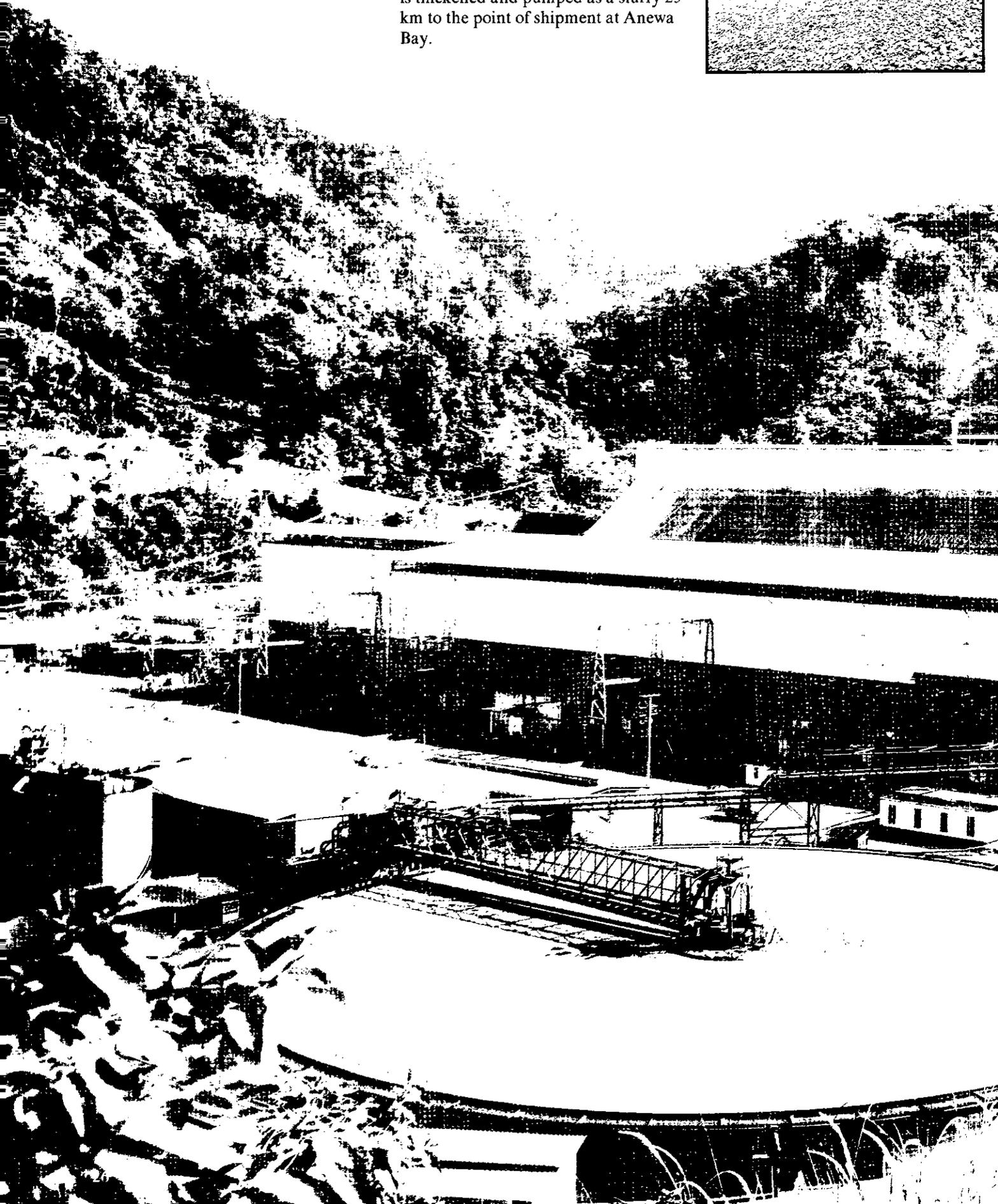
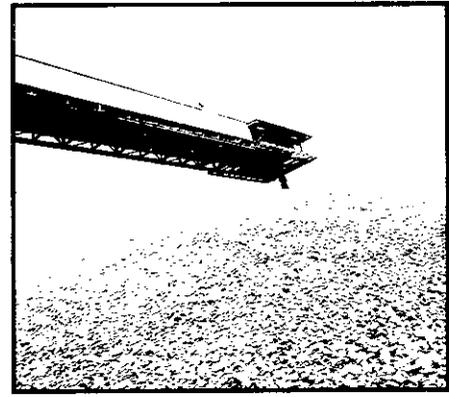
**24 hours a day . . .
7 days a week**

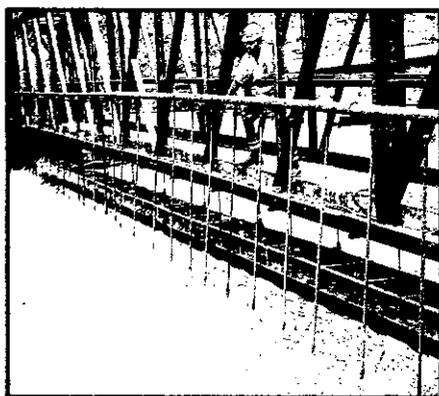
The giant 22 tonne capacity shovels and the 155 tonne trucks move 8,500 tonnes of material an hour from the mine. Half of this is waste material. The balance is trucked to the primary crusher which produces a coarse ore product of less than 200 mm diameter. The ore is carried by conveyor belts to the coarse ore stockpile.



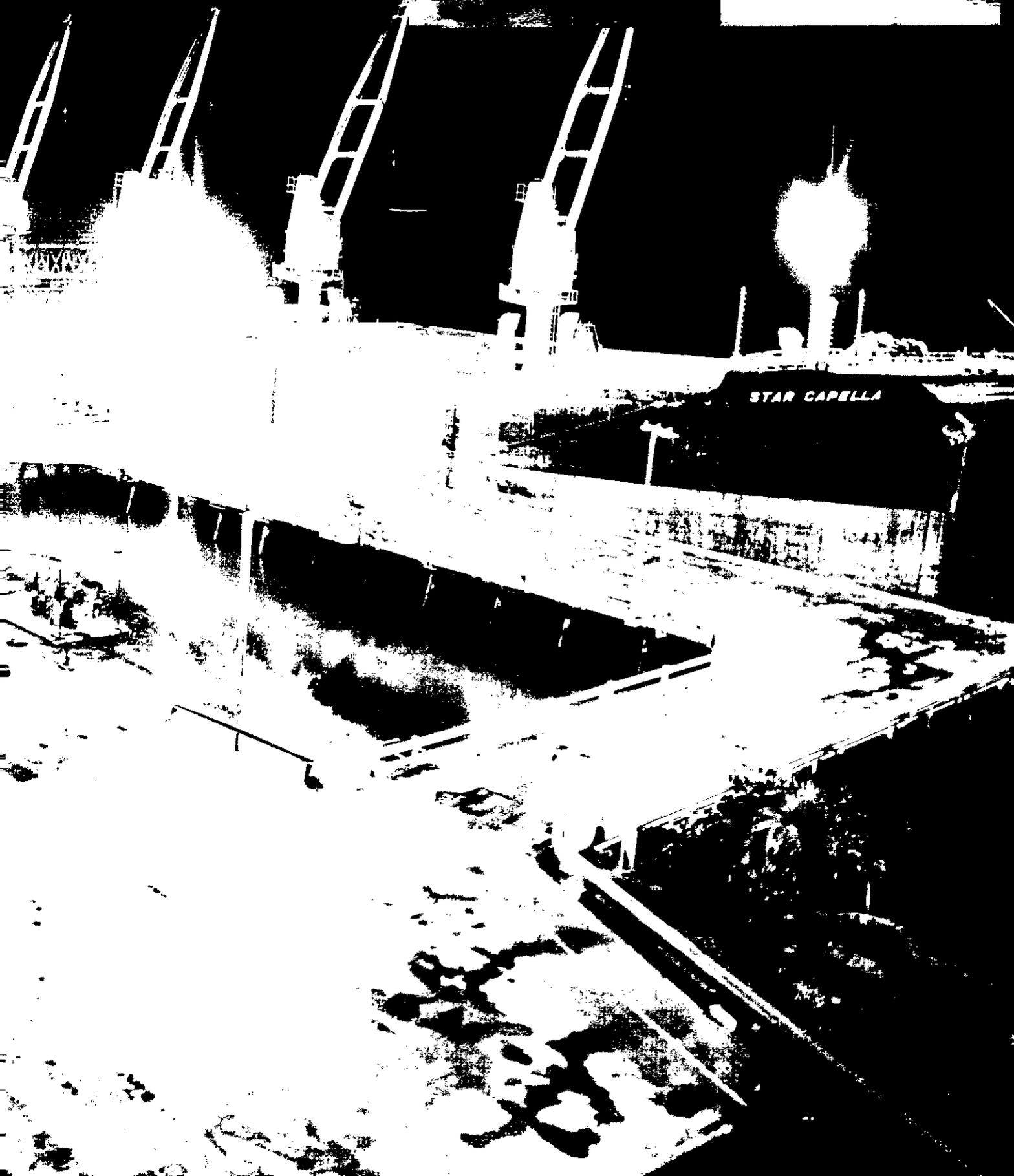
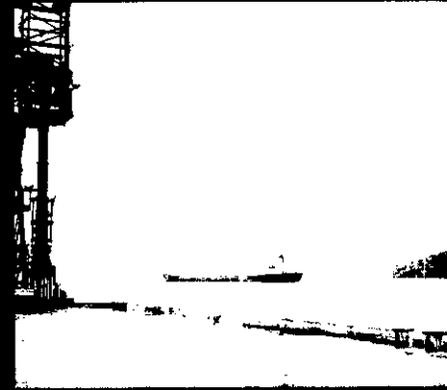
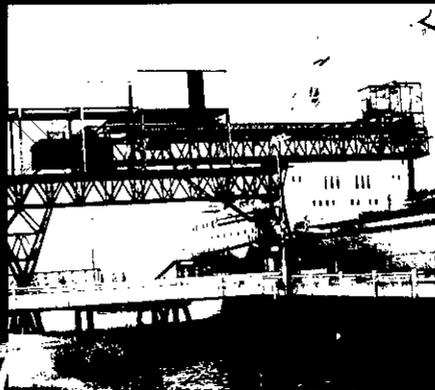


Ore is subsequently passed through the fine crushing system to the ten overflow ball mills which grind the ore. From there the mixture of ore and water is agitated with added reagents and air and a concentrate of approximately 30 per cent copper is recovered by flotation. The concentrate is thickened and pumped as a slurry 25 km to the point of shipment at Anewa Bay.





At the port site the slurry is filtered and dried to reduce the moisture content and the final concentrate product is stored ready for loading and shipment.

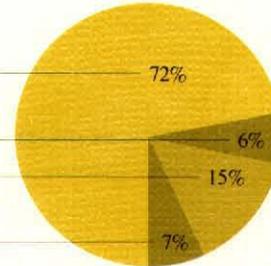


Simplified Balance Sheet

Bougainville Copper Limited

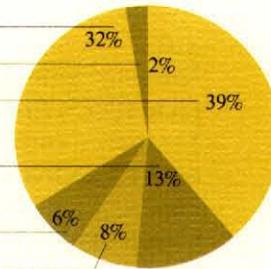
What we own (assets)

	K Million	
	1976	1977
Mine leases, treatment plant, housing, power station, port facilities, etc.	350.4	352.2
Copper concentrate in storage awaiting shipment and stores on hand	31.2	30.1
Money held by banks on deposit and in cash	53.2	71.0
Amounts owed to your company mainly for copper concentrates recently shipped.....	51.7	36.1
	<u>486.5</u>	<u>489.4</u>



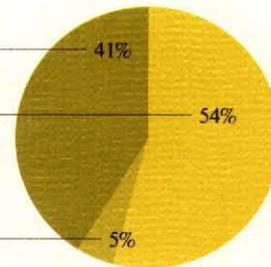
Less what we owe (liabilities)

Long term loan borrowings to be repaid after 1978	100.7	52.0
Short term overdraft	2.0	3.9
Loan borrowings to be repaid during 1978	20.3	63.7
Amounts owing to suppliers and others for goods and services	18.3	21.1
Money set aside for payment of dividends to the Company's shareholders	13.4	10.7
Money set aside for payment of income tax	20.3	13.7
	<u>175.0</u>	<u>165.1</u>



Amount remaining

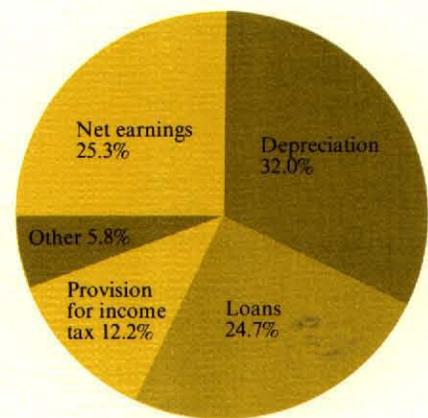
This amount (K324.3 million) is retained to finance operations of the business and represents:	311.5	324.3
Contributions by the Company's shareholders.....	133.7	133.7
Profits which Directors currently intend to retain in the business.....	168.8	176.0
The gain (based on present exchange rates and not yet realised) on future United States loan repayments. This gain results from the increase in the value of the kina compared with the United States dollar	9.0	14.6



Source and application of funds

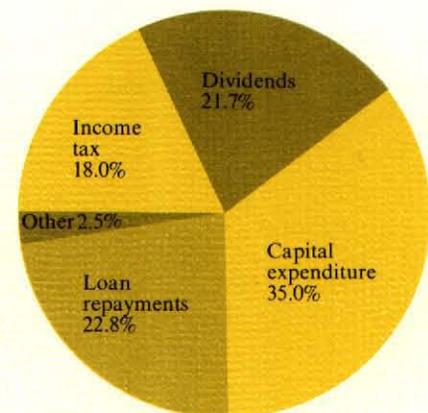
Source of funds

1976 K'000		1977 K'000
41 368	Net earnings.....	28 531
	Charges against earnings not requiring current outlays:	
20 303	– Income tax	13 724
31 103	– Depreciation.....	36 203
(1 601)	– Exchange gains on loans	(2 177)
2 578	– Royalty provided.....	2 490
1 259	– Other.....	1 654
		51 894
13 120	Borrowings.....	28 047
221	Miscellaneous	1 032
–	Decrease in working capital	3 490
<u>108 351</u>		<u>112 994</u>

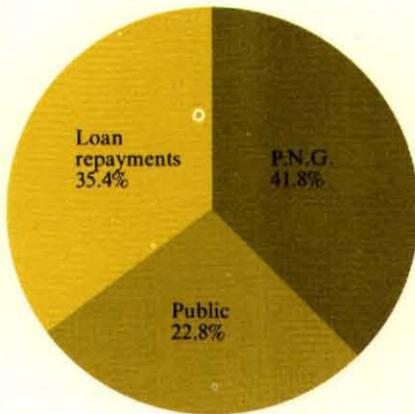


Application of funds

1976 K'000		1977 K'000
13 369	Dividends – Final 1976	13 369
13 369	– Interim 1977.....	10 695
2 604	Royalty paid.....	2 455
19 544	Repayment of long term borrowings	25 635
36 176	Expenditure on fixed assets	39 695
15 604	Income tax paid	20 340
158	Miscellaneous	805
7 527	Increase in working capital	–
<u>108 351</u>		<u>112 994</u>



Distribution of cash



Cash Distributed

Cash distributed by the business (after spending for new plant).

P.N.G.

P.N.G. Government and Investment Corporation – dividends, royalty, taxation and withholding tax.

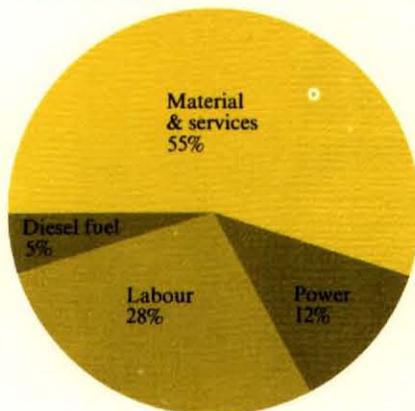
Public

Public dividends after withholding tax.

	K million	
	1977	1976
CASH DISTRIBUTED	72.2	72.0
P.N.G.	30.3	31.4
Public	16.5	18.4
Loan Repayments	25.6	19.5
Working Capital	(0.2)	2.7
	72.2	72.0

Complete details of Bougainville Copper's Source and Application of funds are shown on page 22.

Composition of operating costs 1977



Relative cost indices 1973-1977 (1973 = Base 100)

