

9 April 2020

Response to invitation from the Business and Human Rights Resource Centre to respond to a recent report from the Human Rights Law Centre concerning the Panguna mine in Bougainville

The Panguna mine was discovered in the 1960s with first production in 1972. Community unrest, the deterioration of the security situation and the start of an armed conflict led to operations being suspended in May 1989 and, subsequently, the complete withdrawal of Bougainville Copper Limited (BCL) in March 1990. Since this time until now the operations have not resumed given safety and security challenges.

From 1990 to the time that Rio Tinto transferred its shares in BCL to the Autonomous Bougainville Government (ABG) and the Papua New Guinea (PNG) Government in 2016, Rio Tinto employees had no access to the mine site, first because of the conflict and later because of ongoing severe security concerns.

In June 2016, Rio Tinto transferred its 53.8 per cent shareholding in ASX-listed BCL to the ABG and the PNG Government for no consideration, ending its economic interest in BCL. The 2016 transfer provided both the ABG and the PNG Government with equal shares in BCL. We believe this arrangement provided a platform for the ABG and the PNG Government to work together on future options for the resource.

We are aware of recent reports on Bougainville from some civil society organisations which allege environmental and human rights issues. We acknowledge these concerns. We believe that BCL was compliant with applicable regulatory requirements up until the mine's operations ceased in 1989. We are not able to provide any further comments on these allegations as it has not been possible for Rio Tinto to visit the mine site. Indeed, the ongoing extremely challenging security situation was one of the reasons for the 2016 share transfer. We believe the best means of addressing any current issues is through the owners of the mine working directly with the people of Bougainville.

We note the recent referendum result and remain of the view that it is for the people of Bougainville to determine their future, including any potential redevelopment of the mine.