

HSEC REPORT 2004

EKATI Diamond Mine

INTRODUCTION

This public report outlines the EKATI Diamond Mine's Health Safety, Environment and Community (HSEC) performance for the fiscal period July 1, 2003 to June 30, 2004. It was prepared in accordance with BHP Billiton's reporting policy and the Australian Minerals Industry Code for Environmental Management.

COMPANY INFORMATION

BHP Billiton Diamonds Inc., a member company in the BHP Billiton Group, operates the EKATI Diamond Mine. The mine is a joint venture between BHP Billiton Diamonds Inc. (80%) and geologists Charles E. Fipke and Dr. Stewart E. Blusson (10% each). For the reporting period, the mine produced in excess of 5,500,000 million carats of high quality diamonds.

The entire mine production is marketed through the BHP Billiton Diamonds Inc. sales office in Antwerp, Belgium. The marketing program as of December 31, 2003 involved sales through two separate channels:

- 2,500 carats is supplied 10 times per year to each of the three factories located in Yellowknife in the NWT. In addition, BHP Billiton Diamonds Inc. supplies the Laurelton factory also located in Yellowknife. In the past year, more diamonds have been made available over and above the existing agreement due to production increases at the mine.
- the remaining 90% is sold through the Antwerp office using different marketing channels.

The EKATI Diamond Mine is located approximately 300 kilometres northeast of Yellowknife, 200 kilometres south of the Arctic Circle in the Northwest Territories, Canada in an area of continuous permafrost. The EKATI claim block covers 344,000 hectares in the sub-arctic tundra, with the land lease area being 10,960 hectares. Primary access to the mine is by air. A 400-kilometre ice road is constructed and operated during a three-month period in winter to allow trucking of bulk supplies to the site.

BHP Billiton Diamonds Inc. employs about 800 people. An additional 700 contractors provide a variety of support services. Most employees work at the mine site. In addition, there are offices in Yellowknife (Northwest Territories), Vancouver (British Columbia), and an exploration office in Kelowna (British Columbia). The main work rotation is two weeks in – two weeks out (12-hour shifts, seven days a week). The mine operates 24 hours a day, 365 days a year. Employees are provided free air transportation, to and from work, from their the Point of Hire communities (Yellowknife, Lutsel k'e, Gameti, Wha Ti, Wekweti, Kugluktuk), as well as, the regional communities of Hay River, Fort Resolution, Fort Smith, Deline, Inuvik, Norman Wells, Fort Simpson and Cambridge Bay.

HSEC POLICY AND MANAGEMENT SYSTEMS

The BHP Billiton HSEC Policy is communicated to personnel and visitors through site inductions, regular safety meetings, and posting of the policy in public areas around the minesite. EKATI has both an internal and



external HSEC auditing process to assist in continual improvements towards compliance with BHP Billiton HSEC Management Standards and the Australian Minerals Industry Code for Environmental Management. The environmental system was recommended for ISO 14001 registration on June 27, 2003 and re-registered in April 2004.

AREAS OF RESPONSIBILITY

HSEC management is the responsibility of the EKATI Diamond Mine management team, with technical support from full-time safety and environmental managers. The Occupational Health and Safety Committee, a joint management and labour team, provide key oversight for safety performance. Job descriptions for all managers and supervisors include specific HSEC elements that relate to their area of responsibility.

Employees and contractors are made aware of their HSEC responsibilities as part of their induction to the mine. Contractors are provided with the mine's HSEC procedures. Employees are notified of HSEC issues through regular safety meetings, handbooks and newsletters.

Environmental considerations are being progressively integrated into work procedures. This is part of a program to update and review both safe work procedures and the site environmental guidelines.

HEALTH AND SAFETY PERFORMANCE

The EKATI Diamond Mine Safety and Health Management System has evolved over a number of years and is based upon the legislative requirements of the Northwest Territories Mine Health and Safety Act and Regulations and the BHP Billiton HSEC Management Standards. Two major elements of the system are the Operation Zero Harm Program (a health and safety incentive program) and the Positive Attitude Safety System (a daily effort to acknowledge safety improvements and hazards in the workplace). All outputs are based on the requirement to manage risks.

A prime objective of the program is to support the BHP Billiton goal of zero harm for all our people as a genuine and achievable goal. During the reporting period the EKATI Diamond Mine achieved a Classified Injury Frequency Rate (CIFR) year to date of 6.3.

A key initiative for the coming fiscal year is the development of a behavioural based component to be added to the existing safety management system.

ENVIRONMENTAL PERFORMANCE

The following key performance indicators, measure performance in areas where the EKATI Diamond Mine has the greatest impact on the environment. Targets have been and continue to be developed which, in conjunction with appropriate remedial actions and technology transfer, will help promote continuous improvement.

REHABILITATION

EKATI operations disturbed 360 hectares during the past fiscal year. This brings the total site disturbance requiring rehabilitation to 1,758 hectares. The total disturbed area available for rehabilitation is 71 hectares (old camp).

Wastes produced by kimberlite processing and diamond production include coarse rejects and fine processed kimberlite material. Coarse material is trucked to reject stockpiles and fine processed kimberlite is pumped to the Long Lake Containment Facility for disposal. Field studies are in progress to determine an appropriate method for rehabilitation of the fine tailings disposal site. This includes potential re-vegetation utilizing native plants.

WATER MANAGEMENT

The total volume of fresh water used by the EKATI Diamond Mine this reporting period was 120 megalitres. This compares to the volume of 123 megalitres used the previous year. In addition to the fresh water usage, mineral processing at site used 4967 megalitres of re-circulated water from the Long Lake Containment Facility.

The water management strategy aims to maximize the use of recycled water from Long Lake through the process plant, therefore eliminating any use of fresh water for processing.

EKATI has two storage locations for water impacted by mining, the Long Lake Containment Facility near the main camp and King Pond near the Misery pit. All releases complied with effluent quality requirements found in our water license.

ENERGY

For this reporting period the mine used 100,593 Megawatt hours of self-generated electricity. About 65% of the energy or 65,000 MWh was used by the processing plant. The EKATI Diamond Mine has an employee suggestion-driven conservation plan called the Energy Smart Program. In FY04 the target savings was 1,500,000 litres of diesel. This target was met.

Construction of the new office to support underground operations is incorporating many energy efficiency initiatives, some of which were suggested by the Energy Smart Program. A Wind Power Feasibility Study was also underway in FY04.

WASTE MANAGEMENT

EKATI recycled 968 kilolitres of used oil. 463 tonnes of hazardous waste was generated including used engine filters, used vehicle batteries, waste drummed grease, used dry cell batteries and waste glycol. 22 tonnes were recycled/treated on site, 436 tonnes were sent to be recycled/reused/treated off site and 5 tonnes were disposed to the landfarm.

All hazardous wastes were recycled or reprocessed off site by registered contractors. Hydrocarbon spills were treated on site by land farming and thermal degradation.

AIR EMISSIONS

Air quality is monitored on a regular basis to provide operational air quality data. The EKATI Diamond Mine is involved in Canada's Voluntary Challenge and Registry for the reduction of greenhouse gas emissions.

NOISE

A baseline survey has been conducted of the operational area noise levels and the exposure by employees.

HSEC AUDITS AND SELF-ASSESSMENTS

BHP Billiton Diamonds Inc. personnel, consultants and government departments regularly undertake audits of environmental performance and the environmental management system.

HSEC Self Assessment Audit March 2004 – score 4.1

ISO14001 Audit April 2004 – recommended to maintain ISO14001 registration.

PROSECUTIONS AND SIGNIFICANT INCIDENTS

EKATI Diamond Mine reported six significant incidents and no prosecutions or fines.

RESEARCH

EKATI participates in a number of research projects that aim to improve understanding of environmental management and rehabilitation. These projects include the geochemistry of fine processed kimberlite and revegetation studies for fine processed kimberlite deposited in the Long Lake Containment Facility and two bird studies looking at Lapland Longspurs and Red Necked Phalaropes.

COMMUNITY CONSULTATION

The EKATI Diamond Mine consultation process has evolved as a result of the various voluntary agreements – socio-economic, impact and benefit agreements (4), and environmental – negotiated before or at the start-up of the mine. There are schedules specified for consultation as a condition of each, and these govern consultative meetings with stakeholders. Meetings are held in the various communities for the three types of agreements. We are as well invited to come and make presentations on specific topics from time to time.

Employment / Purchasing Performance Targets were established in the Socio-Economic Agreement for:

1. Indigenous Northern Aboriginal Residents, and
2. Northern Residents.

Environment focused on the caribou herd and water quality downstream of the mine. Socio-economic and impact benefits on hiring practices and other human resource issues.

Stakeholders are encouraged to express their concerns or suggestions directly to site management. All concerns are taken seriously and treated confidentially. A complaint or query is directed to the responsible person on site to be addressed. Feedback is given directly to the person who initiated the original contact. This year, five complaints were received. One involved a potential disturbance of wildlife and four involved the cancellation of a series of workshops.

IMPLEMENTATION OF VOLUNTARY CODES AND INDUSTRY INITIATIVES

BHP Billiton is a signatory to a number of voluntary industry initiatives including the Australian Minerals Industry Code for Environmental Management and the Greenhouse Challenge. In addition, the EKATI Diamond Mine is a member of the Voluntary Challenge Register (a Canadian greenhouse gas initiative). The mine is committed to implementing the principles of these initiatives through the development of appropriate HSEC management systems, goals and targets. A number of key performance indicators have been developed to track our performance.

FEEDBACK AND FURTHER INFORMATION

For additional information about EKATI Diamond Mine visit our website at <http://ekati.bhpbilliton.com/index.asp>

If you have any comments or questions concerning this report, please send them to the address below:

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Further information regarding environmental management at BHP Billiton is available in the BHP Billiton Health Safety Environment and Community Report 2004 which is available from the BHP Billiton website at <http://www.bhpbilliton.net>