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MACKENZIE VALLEY
ENVIRONMENTAL IMPACT
REVIEW BOARD

Ekati[®]
diamond mine

EKATI™ Diamond Mine Kimberlite Pipe Permitting

Sable, Pigeon and Beartooth Pipes



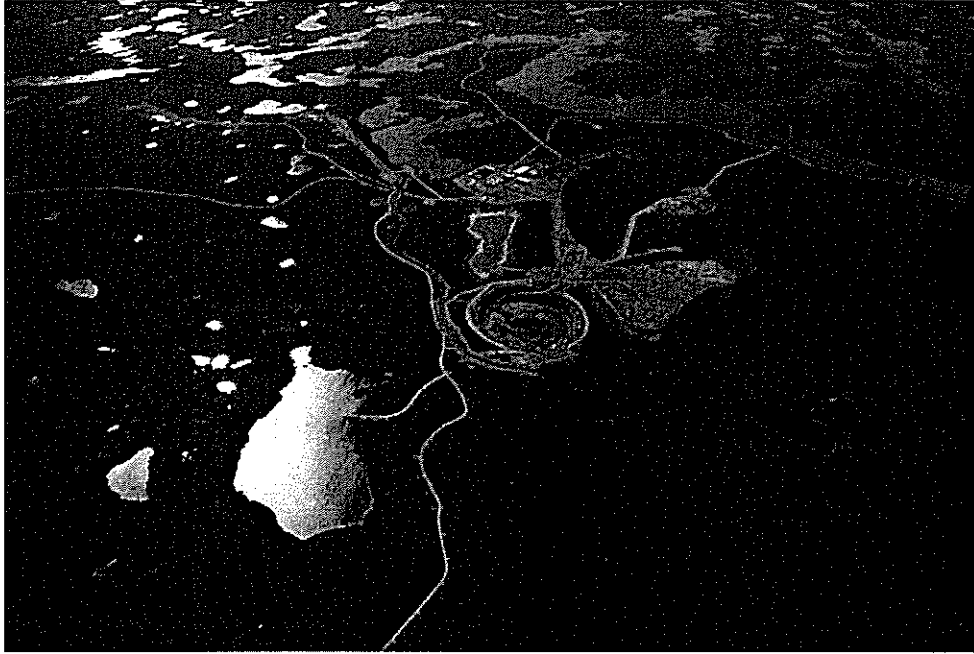
Thank you Mr. Chairman, members of the Review Board, Review Board staff, Mr. Excell, and members of the public and presenters.

Our presentation today will be very brief as we understand the main purpose of this meeting is to allow members of public and presenters an opportunity to ask questions.

So it will be my intention to provide an overview of the development proposal that is before the Review Board. After hearing our presentation and having the opportunity to ask BHP questions we believe people will understand that our development proposal presents no new challenges to the operating framework of the mine. In other words, there will be no significant environmental effects and the positive employment outcomes will continue.

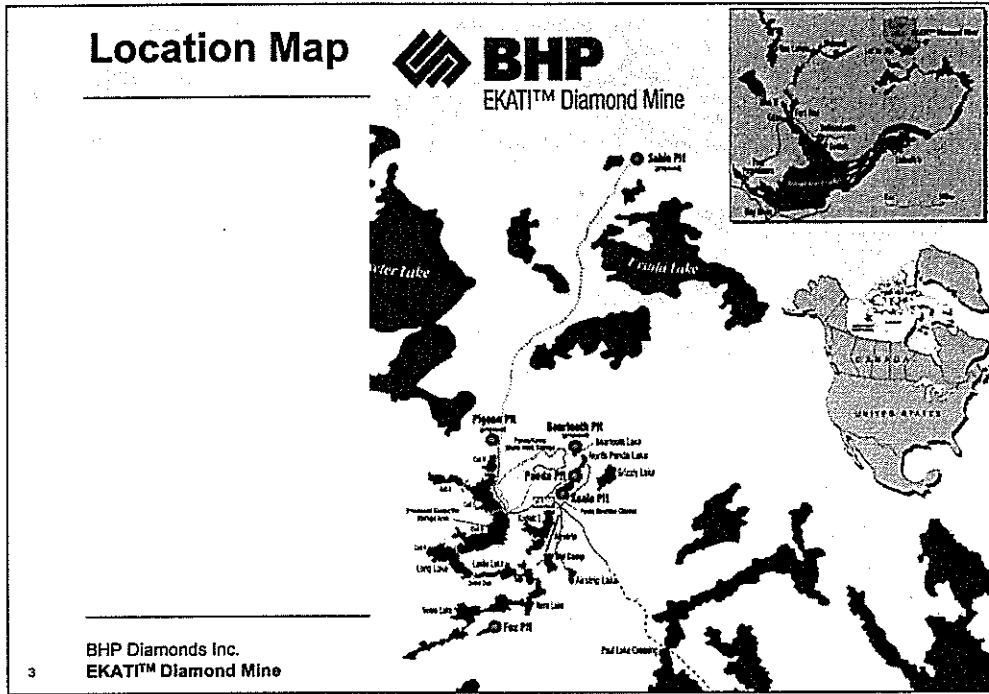
In November 1998, BHP submitted applications to regulatory authorities to permit these kimberlite pipes. Since then, we have been actively working towards receiving the necessary permits.

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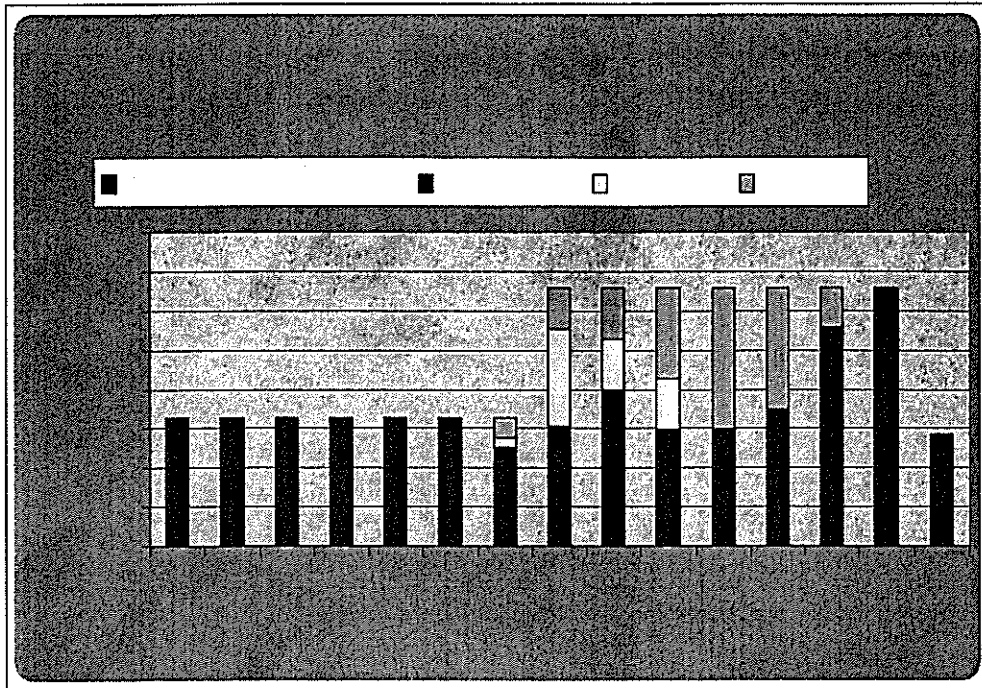


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Before I get too far into today's presentation, I would like to provide an aerial of the EKATI Diamond Mine and identify some major areas.



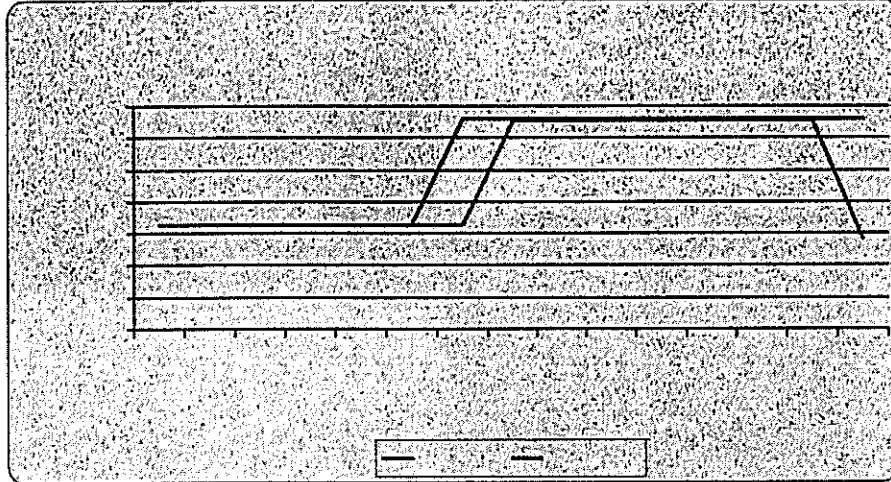
SHOW LOCATIONS OF 3 PIPES



EXPLAIN SLIDE - AXES

- EARP - PANDA, KOALA, MISERY, FOX, LESLIE
- MINING PROFILE - LOW GRADE FOR 18,000 TPD ALWAYS HAS BEEN THE PLAN - NO JUMP IN CARATS
- LESLIE PIPE & SEVERAL QUESTIONS
 - 1995 ENVIRONMENTAL IMPACT STATEMENT
 - VOLUME 1, PAGE 3.26
 - TECHNICAL CONDITIONS - GEOLOGY, PROCESSING, ETC (PAGE 3.28)
 - EXPLORATION FOR DIAMONDS >SECRET >NO TEXTBOOK
 - SIZE OF LESLIE 60 MILLION TONNES - 5 TIMES THE SIZE OF PANDA
 - LOSE 10 YEARS
 - THESE 3 PIPES ONLY PARTIALLY REPLACE
- 2000 EAR - 2.2-14
- NO FUNDAMENTAL CHANGE
- OPTIMISTIC WITH ONGOING EXPLORATION WE CAN INCREASE THE LIFE OF MINE

EKATI Production Schedule



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READ & EXPLAIN SLIDE

THIS MAY NOT SEEM INTUITIVE FOR THOSE OF YOU NOT IN THE MINING BUSINESS, SO LET ME EXPLAIN

- ECONOMIC BENEFITS LINKED TO OUR MINING RATES
- 1995 ENVIRONMENTAL IMPACT STATEMENT
- 2000 ENVIRONMENTAL ASSESSMENT REPORT
- ITEM 5 OF CONFORMITY RESPONSE ADDRESSED ECONOMIC EFFECTS WITH LOSS OF LESLIE
- EXPLORATION IS A MITIGATION MEASURE

Permitting

- Sable, Pigeon & Beartooth Pipes
- Mackenzie Valley Resource Management Act
- Mine Plan Update



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BHP is currently seeking permits for 3 kimberlite pipes - Sable, Pigeon, and Beartooth.

BHP and its joint venture partners produced a feasibility study to their respective board of directors to approve capital expenditures to build Ekati and to support the long-term economic viability of the mine. Ongoing exploration and engineering work has resulted in determining Pigeon and Beartooth pipes are economic to mine given current conditions.

Environmental Assessment Report



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BHP submitted its environmental assessment report to the MVEIRB, government agencies, Aboriginal communities, NGOs and other stakeholders late April 2000.

The contents of the report represent BHP's best efforts to respond to the terms of reference and thereby provide the MVEIRB and other parties with sufficient information to understand the environmental and socio-economic consequences to develop, and extend the mine life, these three kimberlite pipes. Earlier this month, the Review Board accepted the environmental assessment report as being in conformance with their terms of reference.

And now I would like to talk to you about BHP's understanding of the potential effects of these proposed developments. This understanding is a result of 7 years of scientific study and in depth research from BHP's environmental, engineering, and socio-economic consultants.

Land

- Permafrost
- Groundwater
- Vegetation
- Heritage Sites



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The land environment encompasses the valued ecosystem components permafrost, groundwater, vegetation, and heritage sites.

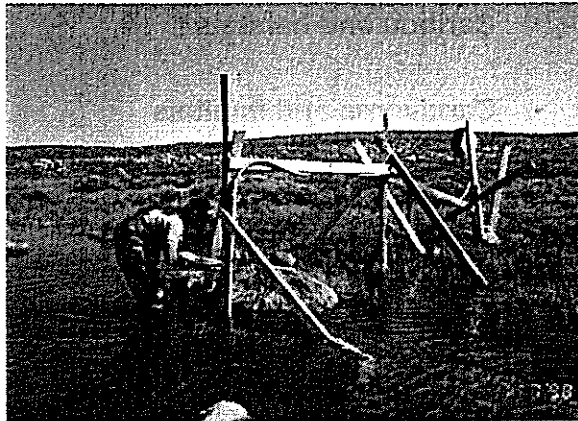
Permafrost will be affected during all phases of the development due to activities such as road building, stream diversion, open pit mining. However with the application of sound engineering principles and practices for arctic regions and based on previous experience all residual effects are expected to be small.

Likewise, the residual effects to the groundwater regime are expected to be small. Vegetation will be affected in those direct areas where waste rock piles are built and the open pit is developed. Aside from these direct impacts it is expected that the residual effects are small.

There are no heritage sites located within the development footprint of Pigeon and Beartooth. Six sites have been identified near the Sable road route. With the application of protection measures, the residual effects on heritage sites is expected to be small. Consultations with Aboriginal groups show that the mining activities are not having an effect on archaeological sites at EKATI.

Water

- Quality
- Flows
- Aquatic Life



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Now let's talk about the water. The valued ecosystem components are water quality, flows, and fish/aquatic habitat.

All effects on water quality will be negligible.

During lake dewatering, only clean water will be pumped directly into natural streams

Water from pit dewatering, during mining operations, will be directed to either the Long Lake Containment Facility or Two Rock Lake sedimentation pond. As a reminder the Long Lake Containment Facility is our storage area for processed kimberlite.

All effects on water flows will be negligible.

BHP is confident that once the open pits are no longer minable we can re-establish them as lakes in a way that will not have an effect on source lake levels or water flows.

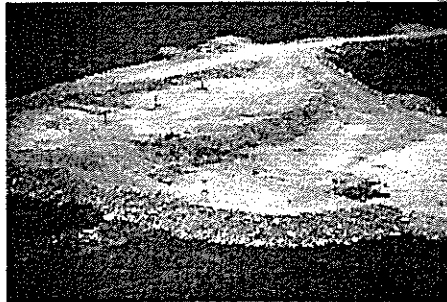
All effects on fish and other aquatic life will be very limited and will not affect the fish communities of the downstream watersheds.

Fish in the lakes that will be dewatered will be harvested as per our current practices of letting a contract to Aboriginal business.

As we have done in the past, BHP will work together with the Department of Fisheries and Oceans to ensure a suitable fish habitat compensation plan is in place for these developments during the licencing phase of these development proposals.

Wildlife

- Caribou and habitats
- Carnivores and habitats
- Birds and habitats



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The wildlife valued ecosystem components assessed were:
caribou and their habitats
carnivores and their habitats
birds and their habitats.

Carnivores that were assessed include grizzly bear and furbearers which include: arctic and red foxes, wolves and wolverines. From our observations during the last 7 years, studies show that mining has a negligible effect on caribou. Since BHP started operating at Lac de Gras, we have had no bear or caribou accidents.

Air



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The residual effects of the development of Sable, Pigeon, and Beartooth pits and associated infrastructure on the VEC air quality, which includes noise, are predicted to be negligible for all activities involved.

Dust generated by vehicles on roads and mining activities, such as blasting, represent the largest source of air emissions at EKATI. As with all of our mining operations, BHP will continue road watering as a mitigation measure and continue to research other effective ways to minimize dust generation.

Socio-Economic Effects

- **Extends life of mine by three years, thereby maintaining the effects:**
 - > good jobs
 - > purchase of local goods & services
 - > spin-off effects to other sectors of our Northern economy
 - > economic benefits to NWT and Canada



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The EKATI Diamond Mine has been good and will continue to be good for the NWT, Canada, and for the people of the North. Development of the Sable, Pigeon, and Beartooth pipes extends the life of mine by three years, thereby maintaining the effects:

Now let's go to each of these benefits in turn. First, employment.

Employment



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The EKATI Diamond Mine is the largest private employer in the NWT with over 500 full time employees. Socio-economists look at employment in terms of direct benefits as well as the spinoff benefits. For example we have contractors who provide essential services to the mine and they in turn spend their pay cheques on goods and services that support our local northern economy. Thus, the direct employees and contractors spend money on consume goods such as real estate, pick up trucks, snowmobiles, groceries, and hair cuts.

BHP is pleased that it is meeting and exceeding its targets as set out in the Socio-economic Agreement, of 62% Northern residents and 50% of those Northern residents are Aboriginal. And one of our goals is to increase the numbers of Aboriginal and northern employees in the skilled and professional categories. We are also proud that we have 18 employees on Apprenticeships, all from the North. 10 of whom are Aboriginal and 8 northern.

Goods and Services

- **Commitment to continue to purchase locally**



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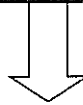


Next, let's talk about goods and services. After almost two years in production, the economic benefits of the EKATI Diamond Mine are apparent. In 1999, 78 percent of all BHP Diamonds Inc.'s purchases were made in the North. This exceeds our target established in the Socio-economic agreement of 70%.

From 1997 to the end of 1999, BHP spent over \$650 million in the North out of total spending of \$1.1 billion. This exceeded our targets.

By developing the Sable, Pigeon and Beartooth pipes, the opportunities for local and regional and territorial businesses will be maintained for three more years.

Economic Benefits



Employment Income, Territorial & Federal Taxes, Business Opportunities

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Let's move onto economic benefits of the EKATI mine. This proposed development is predicted to have significant benefits on the NWT Gross Domestic Product (GDP) by contributing 14% to the GDP. The Sable, Pigeon and Beartooth pipes are estimated to contribute \$324 million annually to the gross domestic product of the NWT. Almost \$250 million in NWT labour income will be paid during the three years of extended mine life.

It is estimated that the federal government will receive an estimated \$337 million in total tax revenues over the three years. The GNWT would receive \$100 million over the three years in tax income from direct economic activity related to the project.

Value-added activities have also been established as a result of the EKATI mine, including the BHP sorting and valuation facility and local diamond cutting and polishing firms. BHP has entered into agreements to supply three Yellowknife-based companies with rough diamonds. These companies are Siruis Diamonds, Arselanian, and Det n' Cho Diamonds. For clarification, as we are doing now we will continue to supply rough diamonds to these local firms. *at our current rate.*

BHP and the GNWT have a socio-economic agreement which provides for the monitoring of effects.

Cumulative Effects

- **BHP is committed to:**
 - monitoring
 - sharing of information through reports and workshops
 - federal cumulative effects program



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So, what are the cumulative effects of the EKATI Diamond on the environment?

Mining causes different types of changes to the land, water and air. When these changes happen alone scientists call them "simple effects". When two or more of these human-made effects are combined, scientists call this a cumulative effect. The best way to prevent cumulative effects is to minimize the simple effects. This is a primary goal of the Ekati operations.

BHP considered other mining activities, transportation and outfitting in their cumulative effects analysis.

The study has found that there may be a modest effect on grizzly bear habitat around the mine. Continued monitoring and adaptive management will be used to ensure no significant adverse effects occur to the grizzly bear population. Effects of this development on caribou and caribou habitat are predicted to be minor.

BHP supports the federal government's plan to develop a regional cumulative effects framework. Sharing of data will be essential to its success. This program will make sure that development in the region is consistent with the values of the people of the NWT.

In the environmental assessment process, the Review Board asked BHP to provide information on how our environmental monitoring results would feed into regional cumulative effects management. We provided this graphic to the Review Board about 1.5 weeks ago.

Government Reviews 2003, 2004, 2005, 2006, 2007, 2008, 2009

DIAND's Analysis, cover page 2004

“ It is our view that the project will not likely cause significant adverse environmental impacts provided that mitigation measures are implemented and monitoring as described by BHP and DIAND is carried out”

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Government Reviews

Environment Canada's Analysis, page 2

"It is the Department's view that environmental issues have been adequately addressed by BHP in their environmental assessment"

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Government Reviews

GNWT's Analysis, page 1

“GNWT has concluded that no significant adverse social, economic or environmental impacts are likely to occur with the implementation of effective mitigation measures”

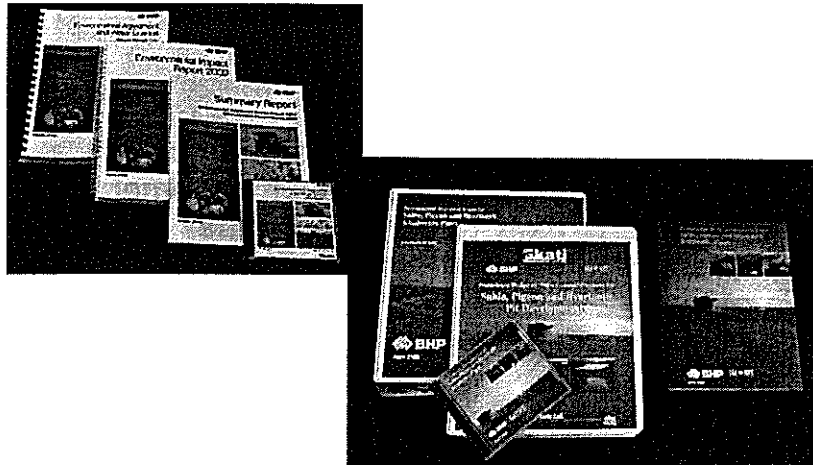
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Consultation



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Consultation is a very important aspect of the EKATI Diamond Mine. BHP Diamonds Inc. has taken an open approach to communications. Our objective is to have dialogue with all the different stakeholders and to establish a “good neighbour” policy for the mine.

During the EA process which began some 16 months ago, BHP has visited communities and held community meetings, and been in regular contact with people. As an example, in June we held a Yellowknife public meeting and only 12 people attended. BHP has filed with the Review Board all our meeting notes for their public registry. In accordance with the terms of reference and in cooperation with Review Board staff, BHP held over 20 twenty public meetings in nine different communities during the period of April 1999 to March 2000. Since then, we have additional meetings in several communities.

In addition, BHP publishes a great deal of environmental information to keep the keep public informed. In fact, in the last five months BHP published three reports and their accompanying plain English summaries - 6 documents in total.

Additionally we continue our practice of providing opportunities for Aboriginal elders and other groups to see first hand the type of work and management that is going on at EKATI.

Environmental Management

- Existing, proven management system
- Environmental Agreement
- Operating Environmental Management Plan
 - 15 plans
- Continuous Improvement
- Progressive Reclamation



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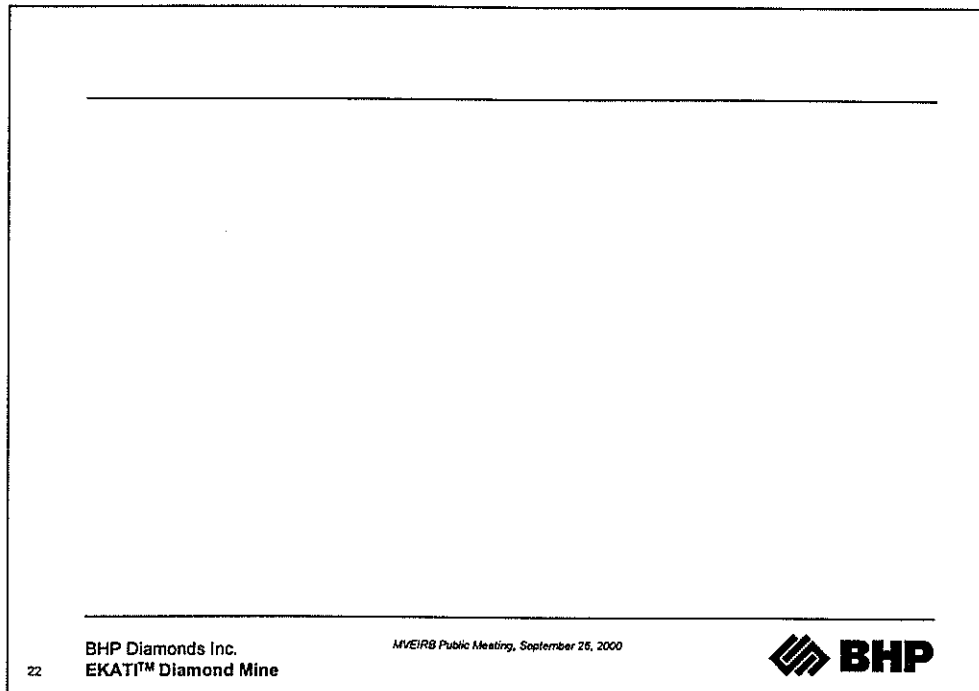
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Monitoring and adaptive management are important to all environmental programs. BHP's goal is to continually improve its environmental management programs. EKATI currently operates under a type A water licence, 6 land leases, mineral leases, land use permits, fisheries authorizations, and navigable waters authorization. Additionally, BHP has an environmental agreement which provides a formal umbrella for the Operating Environmental Management Plan comprised of 15 separate plans. This agreement also established an Independent Environmental Monitoring Agency which ensures compliance with the provisions of the agreement. The operating management plan is submitted annually to government agencies and other stakeholders.

The development of Sable, Pigeon, and Beartooth will be incorporated in this plan.



As an industry leader in environmental management, EKATI diamond mine employs a management strategy that stresses iterative learning, long-term planning, exchange of knowledge and cooperation between organizations. This strategy, known as adaptive management is a formal process for formulating and continually improving resource management policies. For the Sable, Pigeon, and Beartooth developments we will apply our knowledge gained from the existing operations.

Development of Additional Pipes

- **Additional pipes will require no changes to:**
 - **Workforce or accommodations**
 - **Mining method or equipment**
 - **Processing method or facilities**
 - **Long Lake Containment Facility**
 - **Power Plant Facility**
 - **Winter Road Requirements**
 - **Production Rate (9,000 tpd and 18,000 tpd), and**
 - **Other infrastructure**

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This seems counter intuitive that we are adding three pipes but there are no changes, so let me explain how this works.

Mine Plan - depends on the volume of waste and ore moved

Smooth operations - labour force

Panda - as an example

Development of Additional Pipes

- **Additional pipes will provide prolonged:**
 - **Employment and income opportunities**
 - **Training and development opportunities**
 - **Scholarships**
 - **Stakeholder relationships**
 - **Tax Revenues**
 - **Business Opportunities**
 - **Benefits to Communities**

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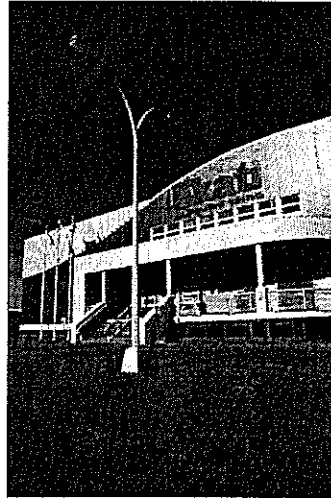


Successful permitting and subsequent mining of the three pipes will provide prolonged:

- employment and income opportunities
- training and development opportunities
- scholarships
- stakeholder relationships
- tax revenues
- business opportunities
- benefits to communities

Conclusion

- **These kimberlite pipes (resources) will be managed proactively based on:**
 - **known technology**
 - **proven monitoring programs**
 - **standard mitigation**
 - **commitment to adaptive management**
 - **participation of stakeholders**



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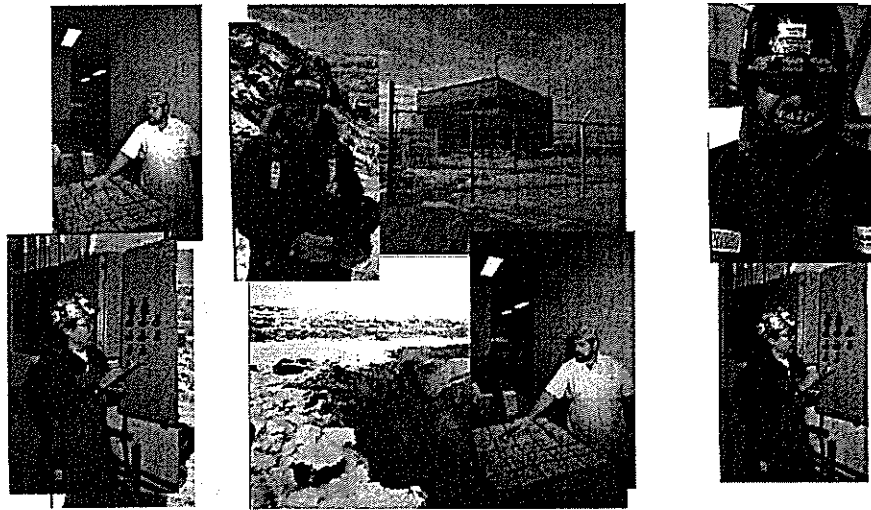
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The life of any mine depends on the amount of resources it permits and subsequently mines. With this in mind, BHP continues to explore for new kimberlite pipes in order to keep the resource base keeping at pace of mining. It is the company's goal to develop new kimberlite pipes as they are needed.

The Sable, Pigeon, and Beartooth kimberlite pipes have been assessed economically and now environmentally and socio-economically. BHP is confident that these resources can be developed and managed proactively based on:

Conclusion



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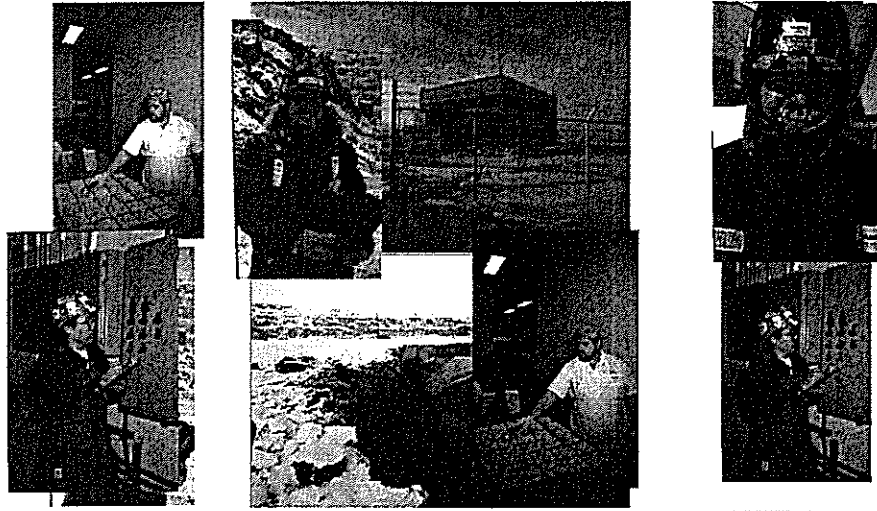
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This concludes today's presentation.

Regardless of the mine life, BHP will remain committed to our environmental programs, to hiring Northern residents and Aboriginals, and committed to purchase locally. We have a world class mineral deposit which offers a new export industry for Canada. With the addition of Sable, Pigeon, and Beartooth pipes, plus others yet to be studied, the EKATI Diamond Mine provides for a stable long-term industry to the North. EKATI has offered significant employment opportunities for Northern residents and benefits to local businesses. There have been **no demonstrated significant environmental adverse effects** from the existing operations, and the environmental assessment report has demonstrated that there are no significant new environmental effects that are presented by the development of these three pipes. In fact, the regulatory body that referred BHP to this process has in their own assessment concluded that there are **no significant adverse impacts provided the proper mitigation measures are in place.**

Conclusion



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We believe, the continued operation of EKATI is positive for people of the Northwest Territories. As discussed today, the integration of the three pipes into the mine plan lengthens the period of benefits that we can all enjoy - as individuals, governments, and businesses.

Thank you for your time, Mr. Chairman, members of the Review Board, and members of the public. Should you have questions we would be pleased to answer them.



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