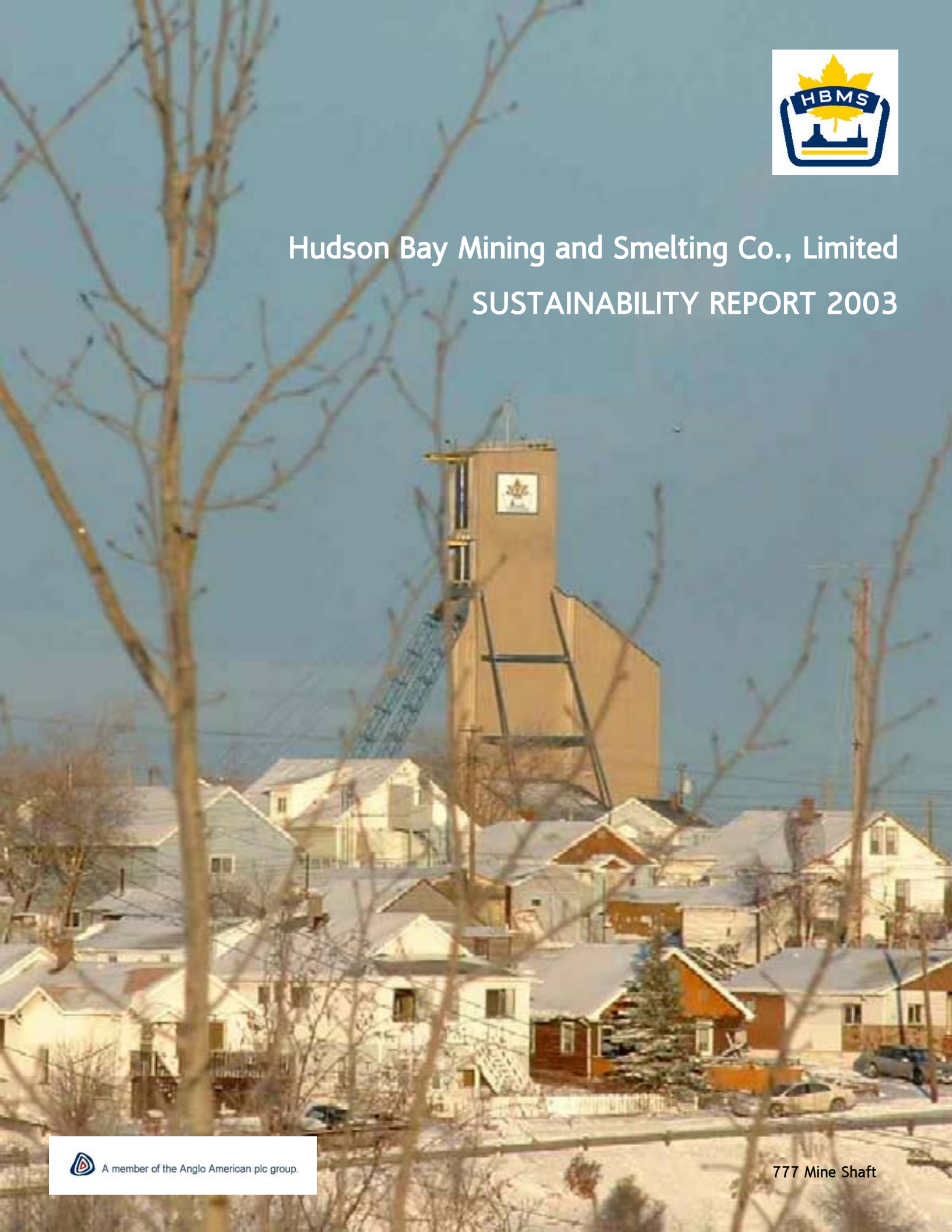
Hudson Bay Mining and Smelting Co., Limited

SUSTAINABILITY REPORT 2003



A member of the Anglo American plc group.

777 Mine Shaft

Safety & Health Policy

HBMS is committed to providing a safe, healthy and productive work environment, with safety and health as core values.

We will:

- set objectives, targets and action plans;
- use processes, practices, materials and products chosen to reduce risk;
- prevent injury, occupational illness and property damage;
- foster continual improvement;
- identify responsibilities and accountabilities for every employee, contractor and visitor;
- comply with safety and health regulations, and
- not tolerate unsafe behavior or conditions.

Environment Policy

HBMS is committed to mining ore and producing copper and zinc in a manner that reduces atmospheric releases, effectively uses fresh water, manages process waste and improves energy efficiency.

We will:

- meet or surpass regulated environmental requirements, subscribed codes of practice;
- set objectives, targets and action plans and use processes, practices, materials and products chosen to avoid or control adverse effects on the environment;
- identify responsibilities and accountabilities for employees for safe and environmentally sound work practices; and
- monitor effectiveness and review environmental programs, objectives and targets with the goal of ensuring continual improvement.

Communities Policy

HBMS is committed to enhancing local communities quality of life and sustainable economic development.

We will:

- enhance quality of life;
- maintain good communication links;
- apply sustainable development principles for economic diversification;
- respond to concerns in a timely fashion.

CONTENTS

INTRODUCTION

Hudson Bay Mining and Smelting Co., Limited (HBMS) is a wholly owned subsidiary of Anglo American plc.

This report includes the HBMS operations of:

- Callinan Mine
- Konuto Mine
- Trout Lake Mine
- Chisel North Mine and Snow Lake Concentrator
- Ruttan Mine rehabilitation
- Flin Flon Concentrator
- Copper Smelter
- Zinc Plant
- Central Maintenance
- The 777 Project
- Zochem (zinc oxide plant)

CONCERNS/ALERT HOTLINE
Phone: (204) 687-2700
E-mail: concerns@hbms.ca

FOR ADDITIONAL INFORMATION, CONTACT

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Flin Flon, Manitoba
Canada R8A 1N9

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CEO'S MESSAGE

HBMS Achievements 2003

- Level 7 in DNV ISRS safety audit
- Accidents reduced to 881 from 938 in 2002
- 100% Health Surveillance
- ISO 14001 Environmental Management System Certification
- Activation of Concerns/Alert Phone

Targets 2004

- LTI + RWC to a stretch target frequency of 1
- OHSAS 18001 safety certification
- Further health surveillance enhancements
- EMS continuous improvement
- Complete community economic diversification plan

It gives me great pleasure to congratulate all HBMS employees on achieving certification under ISO 14001:1996 Environmental Management System as well as achieving Level 7 of the DNV International Safety Rating System. These two significant objectives were set and achieved in 2003

Use of a systematic management approach to safety, health, environment and community engagement is one that allows a clear gauge of performance through regular audit. I believe that going forward the use of standardized management systems will provide a measure of our progress to world class performance.

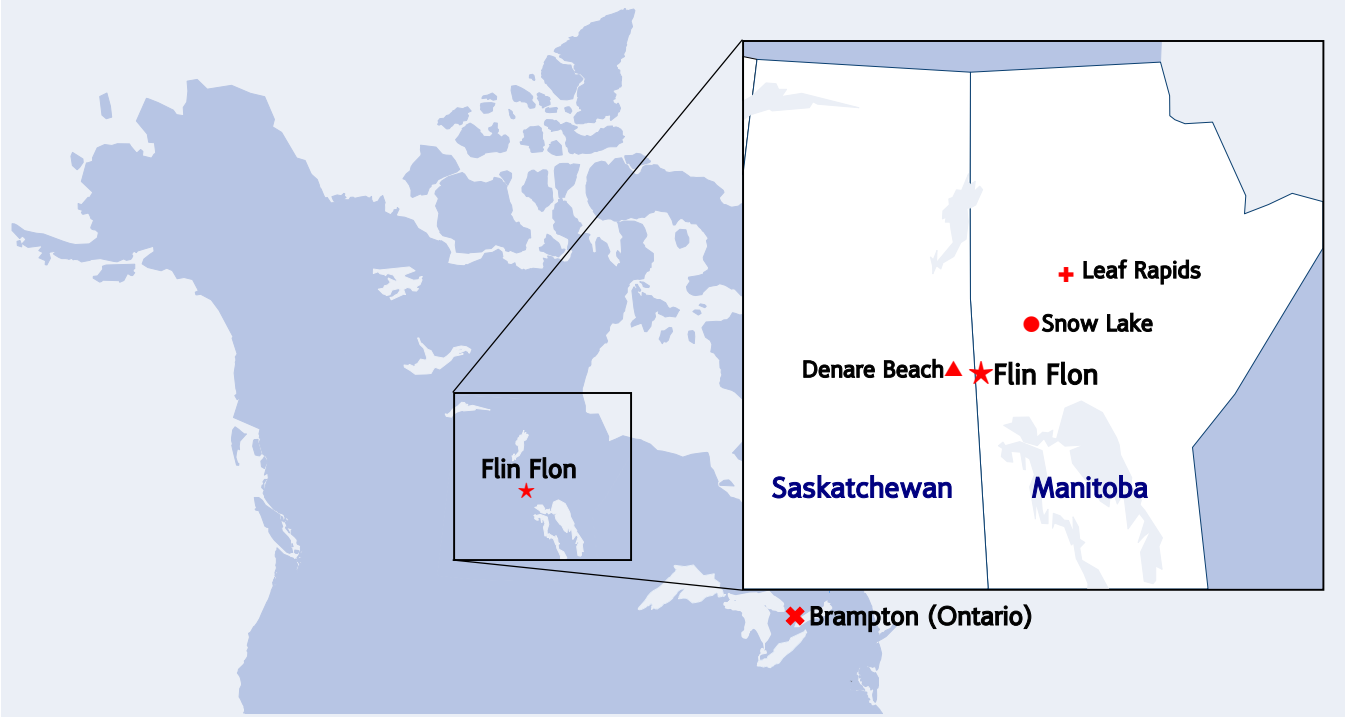
In 2002 lost time injuries totalled 13 compared to 14 in 2003. It is discouraging that we did not reduce LTI's but we did in 2003 reduce restricted work cases from 124 to 43 and total accidents from 934 to 881. Overall in 2003 our safety performance included a continued significant downward shift in accident rates.

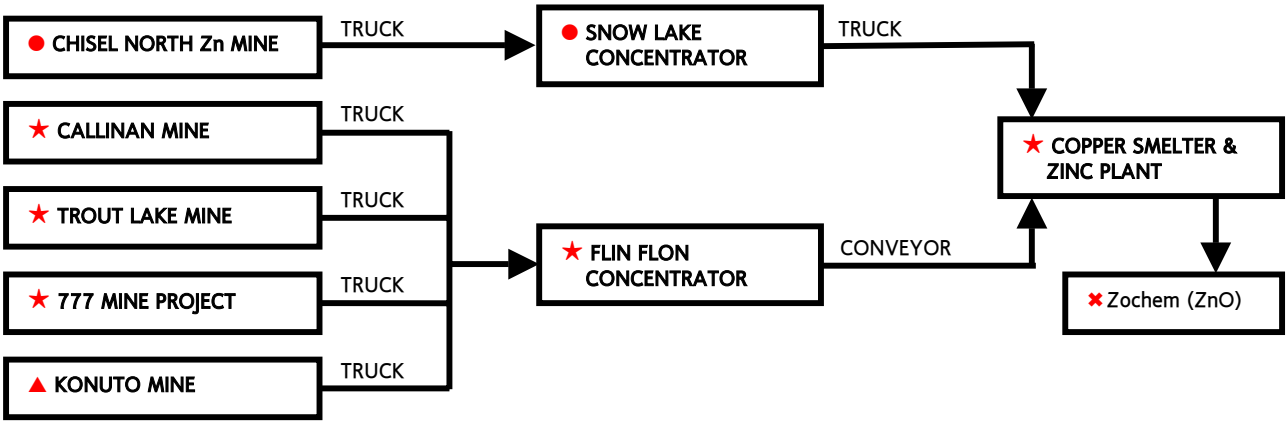
Looking forward to 2004 the Company's safety targets include reducing the combined lost time injuries and restricted work case frequency to less than 1.0. This stretch target will require us to reduce, to a quarter, accidents in these categories. Continued progress in the use of ***our*** management approach will be critical to achievement of this goal.

Involvement of every single employee will be critical for HBMS to achieve the 2004 target of safety certification under ***OHSAS*** 18001. When we achieve this certification we will be one of the first companies in North America to be certified in this way. The Company's longer-term goals include continuously taking the next performance steps to ensure all employees enjoy the safest possible workplace.

Peter R. Jones
President & CEO

HBMS





Since 1930, HBMS has explored the Greenstone belts of northern Manitoba and Saskatchewan and has developed many mines to feed its Copper Smelter and Zinc Plant, in Flin Flon, Manitoba.

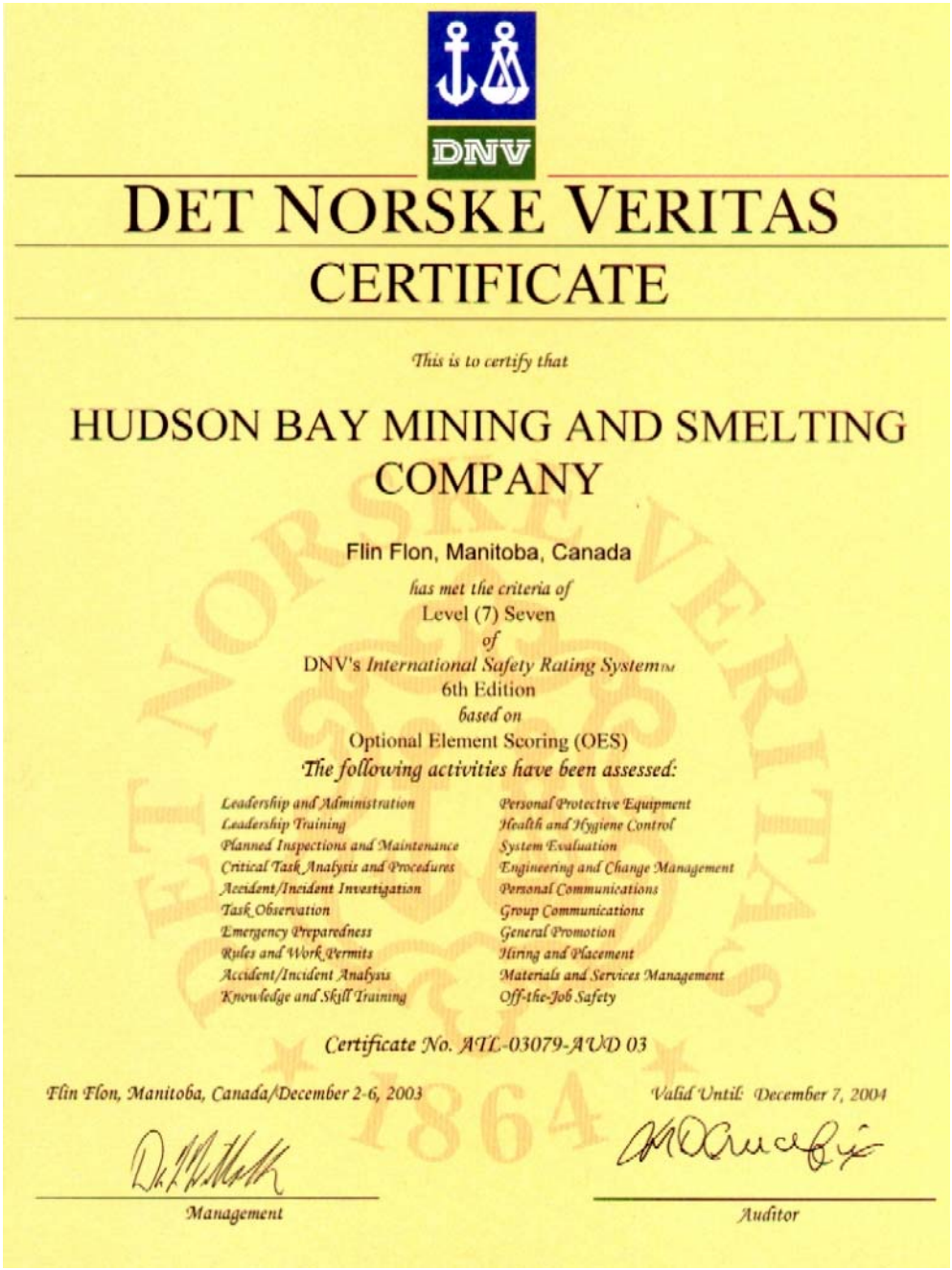
Having completely rehabilitated 14 mine sites, we are currently decommissioning 3 others including the Ruttan operations, which closed in 2002. HBMS is a world leader in this process and has been recognised with awards.

In 2003, HBMS operated four mines and continued development of the 777 Mine.

Domestic and purchased copper and zinc concentrates were treated in the Flin Flon metallurgical plants in 2003 and resulted in 117,846 tonnes of cast zinc and 83,354 tonnes of anode copper. Zochem operations produced 36,163 tonnes of zinc oxide.

At year-end, HBMS employed 1,378 people plus an additional 39 at Zochem.

1.0 SAFETY



DET NORSKE VERITAS

CERTIFICATE

This is to certify that

HUDSON BAY MINING AND SMELTING COMPANY

Flin Flon, Manitoba, Canada

has met the criteria of
Level (7) Seven
of
DNV's *International Safety Rating System*
6th Edition
based on
Optional Element Scoring (OES)

The following activities have been assessed:

Leadership and Administration	*Personal Protective Equipment*
Leadership Training	*Health and Hygiene Control*
Planned Inspections and Maintenance	*System Evaluation*
Critical Task Analysis and Procedures	*Engineering and Change Management*
Accident/Incident Investigation	*Personal Communications*
Task Observation	*Group Communications*
Emergency Preparedness	*General Promotion*
Rules and Work Permits	*Hiring and Placement*
Accident/Incident Analysis	*Materials and Services Management*
Knowledge and Skill Training	*Off-the-Job Safety*

Certificate No. ATL-03079-AUD 03

Flin Flon, Manitoba, Canada/December 2-6, 2003

Valid Until: December 7, 2004

Management

Auditor

HBMS achieved a Level 7 in the DNV International Safety Rating System in a December 2003 audit.

Program

In 2003, the company focussed on reaching level 7 of the DNV International Safety Rating System, which was achieved in December.

A major focus also continued throughout the year on applying "Golden Rules" and "Visible Felt Leadership" together with risk assessment and task analysis.

At year-end, the safety and health co-ordinators were re-organised into a centralised shared service to improve co-ordination, standardisation, training efficiency and planned inspections.

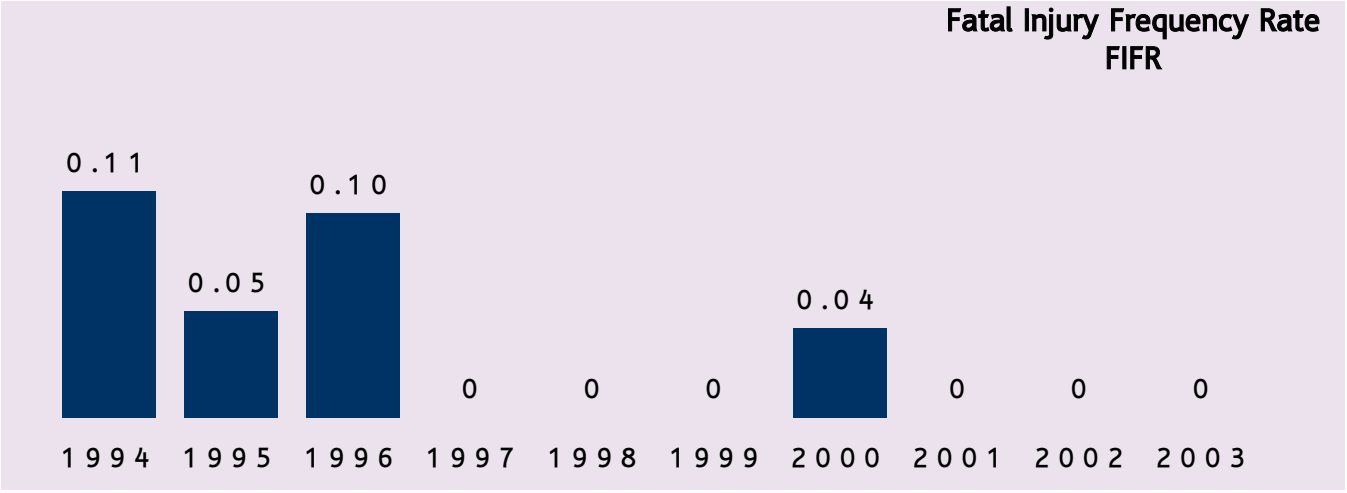
In 2004, the safety programme will focus on reaching certification under OHSAS 18001, further application of Golden Rules and Visible Felt Leadership as well as greater standardisation of safety inspections and training.

1.1 Frequencies - 2003

	LTIFR[(1)]	LTISR[(1)]	RWCFR[(1)]	LTIFR + RWCFR[(1)]
HBMS Mines	0.64	378	3.63	4.27
HBMS Concentrator	3.01	474	1.00	4.02
Metallurgical Plants	0.95	163	4.03	4.99
Central Maintenance Services	0.63	20	0.95	1.59
Contractors	0.23	176	0.23	0.46
Zochem	0	0	0	0
Total	**0.75**	**208**	**2.29**	**3.04**

(1) Based on 200 000 hours worked

1.2 10 Year Trends

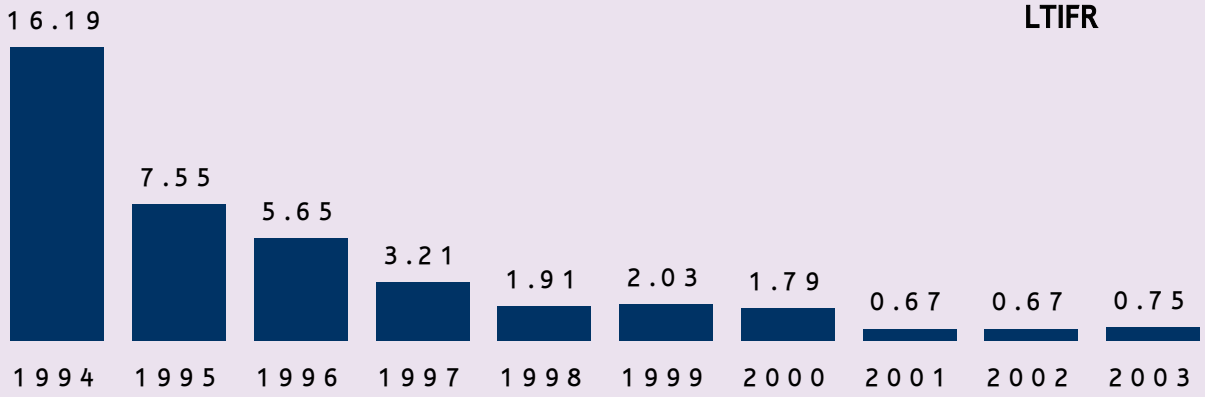


Contractor data included after 1998

10-Year Trends (cont)

Lost Time Injury Frequency Rate

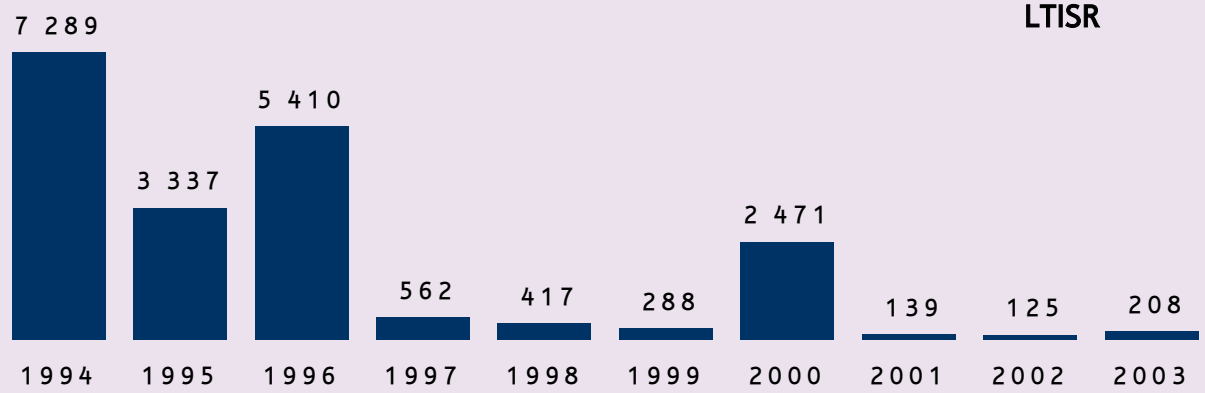
LTIFR



Includes Fatalities

Lost Time Injury Severity Rate

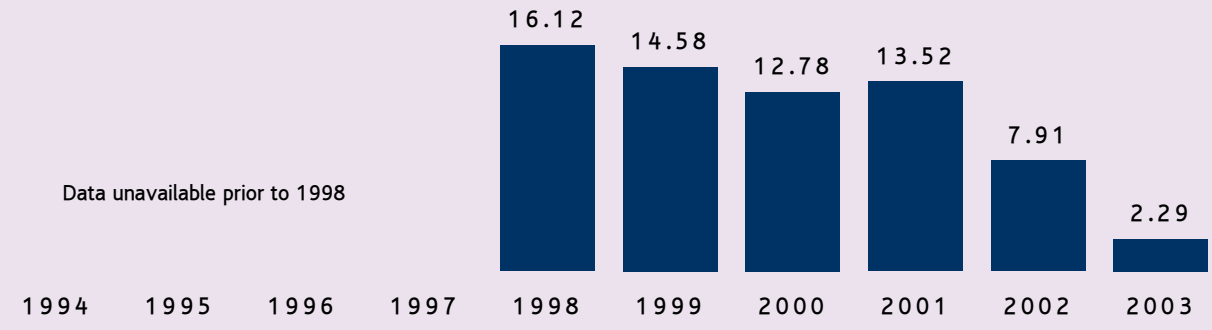
LTISR



Includes Fatalities

Restricted Work Case Frequency Rate

RWCFR

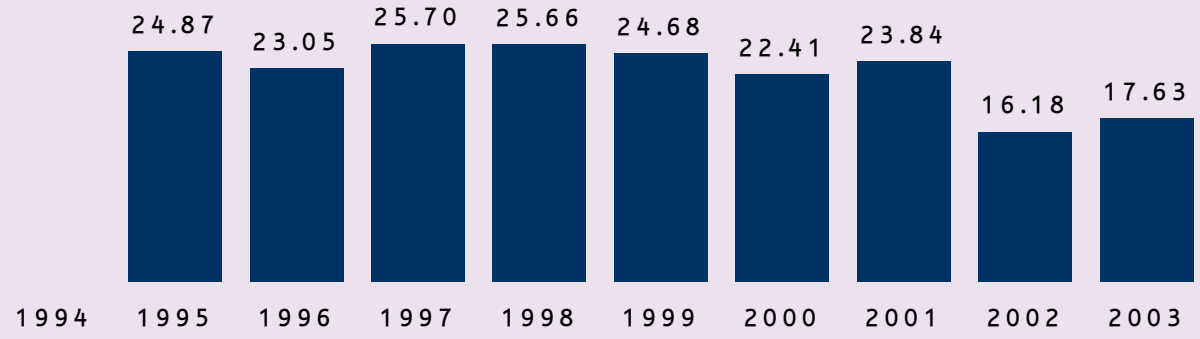


Contractors included from 2003
Ruttan included from 2000 to 2003

10-Year Trends (cont)

Medical Aid Injury Frequency Rate

MAIFR

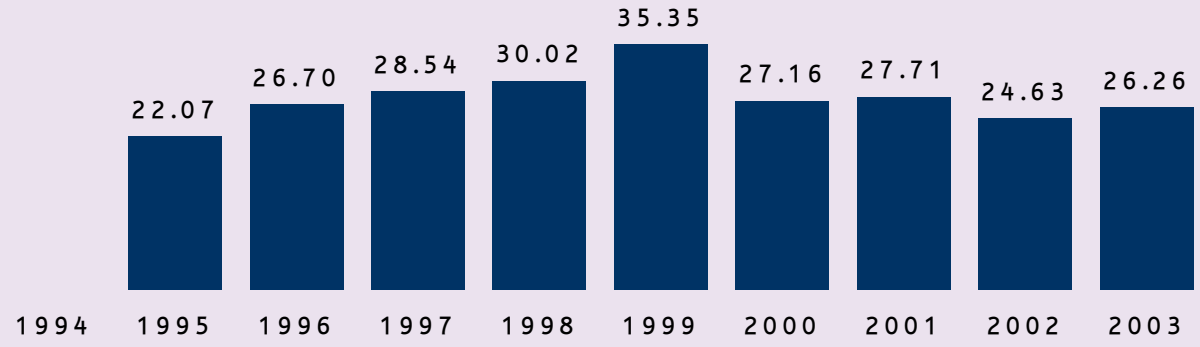


Data unavailable prior to 1995
Contractors included from 1999

Ruttan included from 1995 to 2002

First Aid Injury Frequency Rate

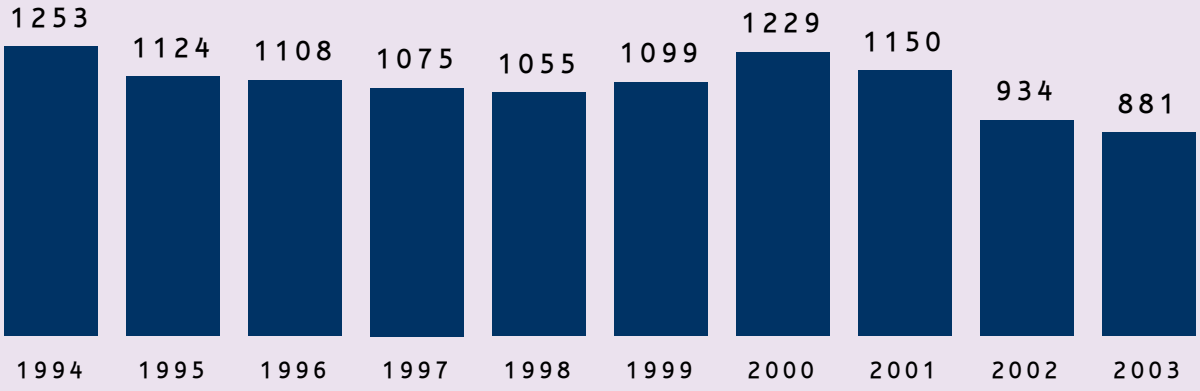
FAIFR



Data unavailable prior to 1995
Contractors included from 1999

Ruttan included from 1995 to 2002

Total Injuries



Ruttan included from 1995 to 2002
Contractors included from 1999

1.3 Injury Analysis - 2003

	2002	2003
Non-lost time injuries	797	824
Restricted work cases	124	43
Lost time injuries	13	14
Total Accidents - All categories	**934**	**881**

There were 14 lost time injuries in 2003 compared to 13 in 2002. The 14 in 2003 were:

Injured body part	Injury Type	Location	Cause
HBMS			
Arm	Bruises	Smelter	Stepped in hole
Foot	Bruises	Callinan Mine	Struck by draw bar
Eyes	Foreign object	Zinc Plant	Sludge hose failed
Pelvis	Fracture	Callinan Mine	Struck by loose
Ribs	Fracture	Central Maintenance	Fall from platform
Abdomen	Hernia	Zinc Plant	Lifting
Abdomen	Hernia	Snow Lake Concentrator	Pulling hose
Abdomen	Hernia	Smelter	Shoveling snow
Back	Strain	Flin Flon Concentrator	Lifting
Back	Strain	Smelter	Fall down stairs
Knee	Strain	Callinan Mine	Boot stuck in mud
Back	Strain	Flin Flon Concentrator	Shoveling concentrate
Back	Strain	Central Maintenance	Lifting
Contractors			
Ankle	Fracture	777 Mine	Hoist stopped abruptly

1.4 Risk Assessment

Falls of ground has been identified as a significant risk. To minimise this risk, we have implemented standards including use of consultants and HBMS ground control specialists.

Working with hot metal is another significant risk and assessments have been done and workplace controls implemented in the Smelter and Zinc Casting Plant.

Task based risk assessments continue and result in identification and implementation of procedural and other controls. This is core to management and employee engagement in workplace safety.

1.5 Achievements

Congratulations to the Rubber Shop for achieving 25 years LTI free. Brian Rowe, Al Bhatt, David Suchoplas, and Marlowe Rempel, pictured above, accepting an "outstanding achievement award".

Peter Dronyk working on one of six zinc oxide production furnaces (above). Zochem completed 2003 without a LTI or RWC. They have been nominated for the Anglo American Small Operation CEO prize.

30 year lost time injury free safety awards were presented to Randall Bowman, Robert Dyck, Linda Hinzman, James Bennett, Larry Edworthy, and Kenneth Trubiak.

Chisel North Mine achieved a lost time injury free 2003. Pictured above is the Chisel North Mine Rescue team of Tony Butt, Dave Kendall, Gary Davis, Ed Snow, Clint Arson, and Paul Butt

Konuto Lake Mine achieved another LTI free year. Konuto has been in operation for 5 years and has had only 1 LTI.

25 year loss time injury free safety awards were presented to: Richard Hurst, Norman Best, Obdulio Melo, Robert Penner, Thomas Goodman, Robert Lyons, Allan Link, John Taylor, Dennis Anderson, Darcy Turnbull, Gordon Linnick, Joanne West, Steph West, Patricia Gulka, Laverne Hinzman, Robert Ricard.

Safety by design (left) – The close proximity of the community to the 777 Mine site presented noise reduction challenges. To overcome this challenge, a 500-rpm centrifugal exhaust fan was selected (pictured) and vane axial fans were used on the intake with silencing baffles. The result is minimised noise pollution, which is not an issue with the adjacent community.

1.6 Targets - 2004

HBMS will reduce:

- total injuries
- lost time injuries, &
- RWC injuries.

LTIFR + RWCFR

stretch target of 1.0

HBMS will:

- achieve OHSAS 18001 safety management certification

OHSAS 18001 certification

HBMS will:

- make centralised shared SHE services work effectively

Effective central shared

SHE services

Emergency Teams

(above) HBMS fire trucks proudly on display at our on-site fire station. The HBMS Fire Department has mutual aid agreements with 3 local community fire departments.

(above) Gerald Carmichael, Ted Carter, Robert Vandergaucht, Bruce Smith and Bogdan Njegovan benchtesting preparing breathing apparatus at the Provincial Mine Rescue Competition in Thompson, MB.

(left) Ian Cooper presenting Robert Penner with the "Exemplary Fire Service Medal" (issued from the Governor General of Canada). Robert is the second person at HBMS to have received this award.

(right) HazMat Team trainees capping a chlorine cylinder. This team was re-established in 2003 and has 12 active members.

Emergency Team	# people on teams	total training hours
Mine Rescue	25	1,400 hrs
High Angle	7	532 hrs
Fire Dept	26	880 hrs
HazMat	12	480 hrs
Rope Rescue	11	440 hrs

Emergency Team Responses	Actual	Mock
Mine Rescues	3	0
High Angle Rescues	0	3
Fires	8	1
HazMat	0	2
Rope Rescues	0	0

Members of our high angle rescue team in a training scenario (below). They are trained to rescue people who have found themselves in a precarious elevated position.

2.0 OCCUPATIONAL HEALTH

Jill Diakow tests a respirator's airtight fit on Kent Reid. Employees required to wear respirators are tested every 2 years.

Program

HBMS's health program includes industrial hygiene and occupational health. These programs are administered by an Industrial Hygiene Technician, Occupational Health Nurse, and a Health Technician.

Industrial hygiene:

- Particulate Monitoring
- Noise Monitoring
- WHMIS Information Management
- Legislated Hygiene Reporting

Occupational health:

- Injury Treatment and Referral
- Fibrogenic Screening and Lung Function Testing
- Hearing Surveillance
- Vision Screening
- Biological Monitoring for Cadmium, Lead and Arsenic
- Physical Ability Testing
- Mental Health Referral
- Legislated Health Reporting

2.1 Medical Surveillance - 2003

	Tests Conducted	Compliance
Pre-employment testing	58	100%
Noise exposure surveillance:		
HBMS	1,055	100%
Contractors	117	100%
Fibrogenic dust screening		
HBMS	648	100%[(1)]
Contractors	130	100%
Biological monitoring - (cadmium, lead, and arsenic)		
HBMS	363	100%

[(1)] 2 year average = 95%

2.2 Risk Assessment

Key health risks are exposure to:

- noise,
- asbestos, and
- toxic substances.

Our noise-surveillance program indicates low levels of workplace related hearing impairment.

A regulated asbestos exposure prevention program has been ongoing for several years.

Engineered controls and PPE ensure that workers are not exposed to toxic substances in excess of TLV.

Local health authorities report a low prevalence of HIV/AIDS.

Health and Hygiene Services

(right) Heather O'Donnell treats Riley Little's scraped leg. First aid is available for employees at the Health Station.

(left) Bob Lyons calibrates a carbon monoxide detector used underground in the Industrial Hygiene Laboratory.

(right) Safety and Health Co-ordinator Bill Fulford accesses a material safety data sheet (MSDS). HBMS has an employee accessible computer based MSDS program providing access to the latest information.

2.3 Targets - 2004

Continue 100% compliance for:

- pre-employment testing,
- noise exposure surveillance,
- fibrogenic dust screening, and
- biological monitoring.

Wellness Committee

HBMS's Wellness Committee encourages employee "healthy lifestyles".

The Wellness Committee volunteers:

- distribute health and wellness information,
- host employee information sessions, and
- administer health challenges.

The Wellness Committee volunteers approach local professionals to present "topic of the month" presentations to employees at scheduled information sessions.

Employees are encouraged to participate on a voluntary basis.

Topics of the month in 2003 were:

January	Cholesterol	July/August	Sun Safety
February	Personal Financial Planning	September	Hernias
March	Relationships	October	Annual Physical Exams
April	Pensions	November	Snowmobile Safety
May	Allergies	December	Nutrients & Vitamins
June	West Nile Virus		

Healthy Eating and Walking Challenges

Since the healthy eating challenges started in 2001 employees have shed a total of 288.7 kg (636.4 pounds).

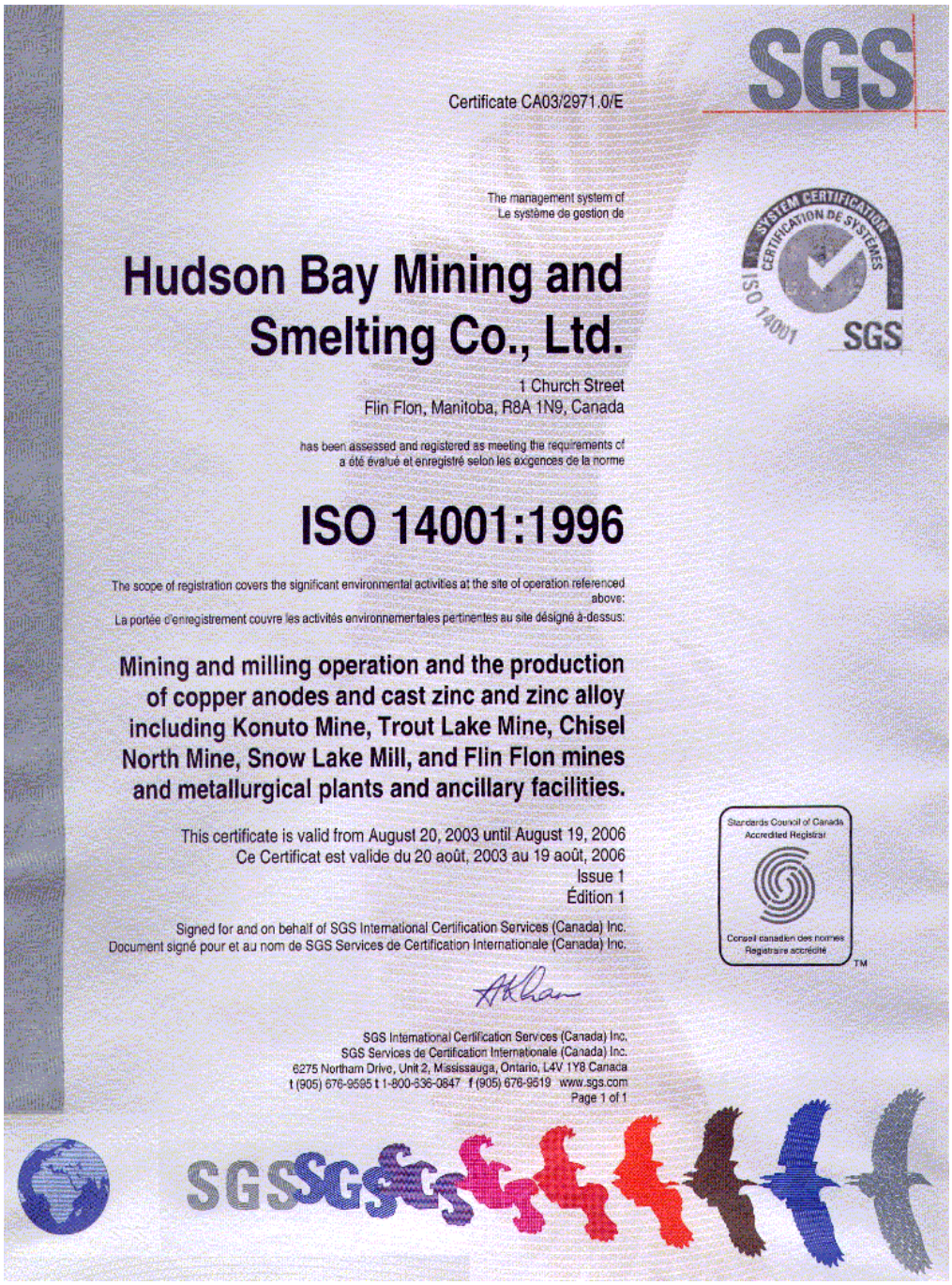
Wellness Challenge Winners: Vera Ross, Eric Elvin, and Paul Warga. Also in picture: Shirley Neault (presenter).

Wellness committee members "walked the talk" in 2003 by participating in a five week "Going the Distance" challenge with nine other teams from local communities. The challenge included promoting and measuring healthy habits. Congratulations to HBMS employees Jill Diakow, Heather O'Donnell and Margie Gibson for placing second.

The HBMS Walking Challenge started in October 2002 and ended in April 2003. The Wellness Committee administered the challenge and updated results regularly.

The Wellness Committee has also promoted "Women Only" presentations including: menopause, osteoporosis, breast health, heart health for women and job stress.

3.0 ENVIRONMENT



SGS

Certificate CA03/2971.0/E

The management system of
Le système de gestion de

Hudson Bay Mining and Smelting Co., Ltd.

1 Church Street
Flin Flon, Manitoba, R8A 1N9, Canada

has been assessed and registered as meeting the requirements of
a été évalué et enregistré selon les exigences de la norme

ISO 14001:1996

The scope of registration covers the significant environmental activities at the site of operation referenced above:
La portée d'enregistrement couvre les activités environnementales pertinentes au site désigné à-dessus:

Mining and milling operation and the production of copper anodes and cast zinc and zinc alloy including Konuto Mine, Trout Lake Mine, Chisel North Mine, Snow Lake Mill, and Flin Flon mines and metallurgical plants and ancillary facilities.

This certificate is valid from August 20, 2003 until August 19, 2006
Ce Certificat est valide du 20 août, 2003 au 19 août, 2006
Issue 1
Édition 1

Signed for and on behalf of SGS International Certification Services (Canada) Inc.
Document signé pour et au nom de SGS Services de Certification Internationale (Canada) Inc.

SGS International Certification Services (Canada) Inc.
SGS Services de Certification Internationale (Canada) Inc.
6275 Northam Drive, Unit 2, Mississauga, Ontario, L4V 1Y8 Canada
t (905) 676-9595 t 1-800-636-0847 f (905) 676-9519 www.sgs.com
Page 1 of 1

HBMS achieved certification to ISO 14001:1996 in August 2003.

Program

HBMS operations are regulated both federally and provincially for emissions of particulate matter, sulphur dioxide, and mine water discharges.

HBMS voluntarily committed to reducing particulate matter emissions of arsenic, cadmium, copper, lead, mercury and zinc by 50% from 1988 levels under the ARET program.

Air quality in adjacent communities was addressed by a voluntary commitment to reduce fugitive gas emissions at ground level by 90% from 1995 levels.

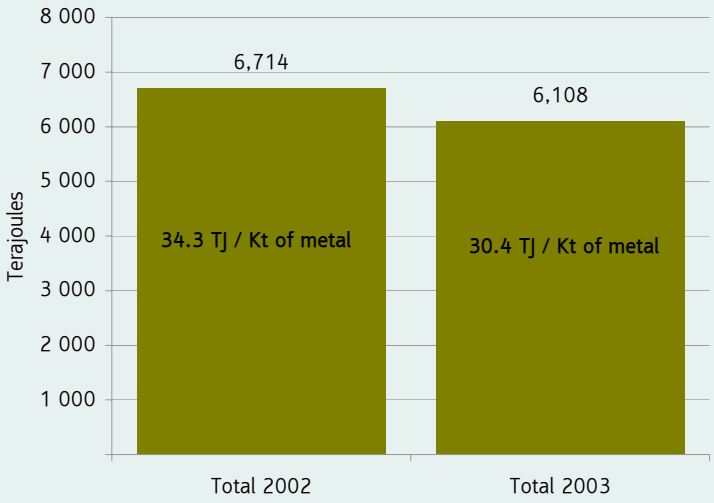
After the Smelter Gas Handling Project was completed in 2000, HBMS has met voluntary particulate and fugitive gas commitments.

On June 26th, the HBMS environmental management system was recommended for certification to ISO 14001:1996 - three months ahead of target. Certification was received from SGS on August 20, 2003.

HBMS is well placed to perform better than the proposed Kyoto greenhouse gas emissions legislation.

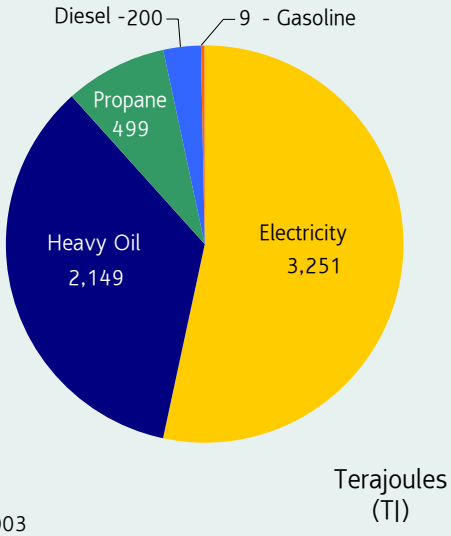
3.1 Consumption and Discharges (Flin Flon / Snow Lake)- 2003

Total energy consumption



Total energy usage intensity was reduced by 3.9 terajoules / kilotonne of metal produced in 2003

Energy consumption by source



Key Discharges

To air:	Sulphur Dioxide	167,406	tonnes
	Particulate	1,146	tonnes
	Ozone Depleters	0	kg
To water:	Effluent	12,339	dam^3

Water Use

Water Used for Primary Activities	9,211	dam^3
Surface Water Used	9,211	dam^3
External Potable Water	428	m^3

Land Occupied by Mining Wastes

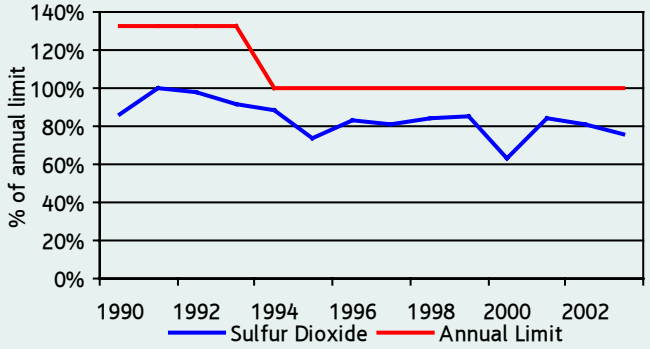
Tailings Storage	958	ha
Waste Rock and Overburden Storage	162	ha
Slag Storage	4.6	ha

Land Disturbed by Mining and Rehabilitation

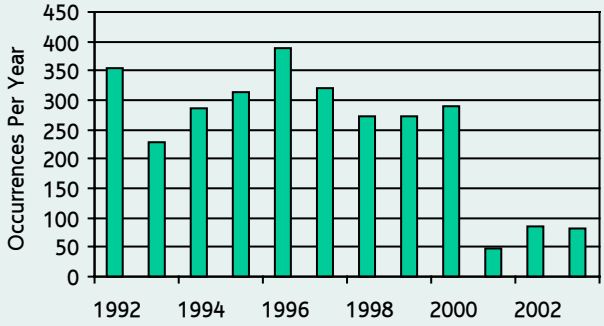
Land Under Company Charge	296,693	ha
Land Altered-Extraction Activities	3,395	ha
Land Rehabilitated	634	ha

3.2 Emissions Trends

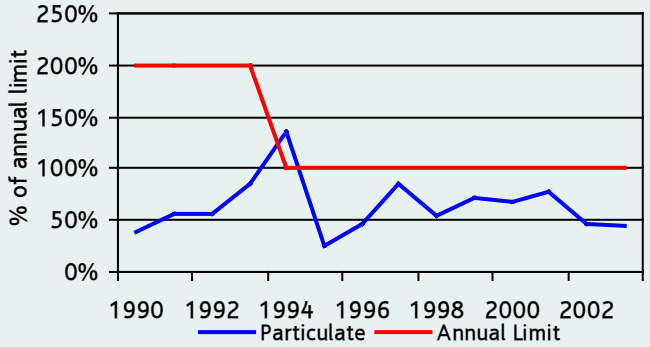
Sulphur Dioxide Emissions



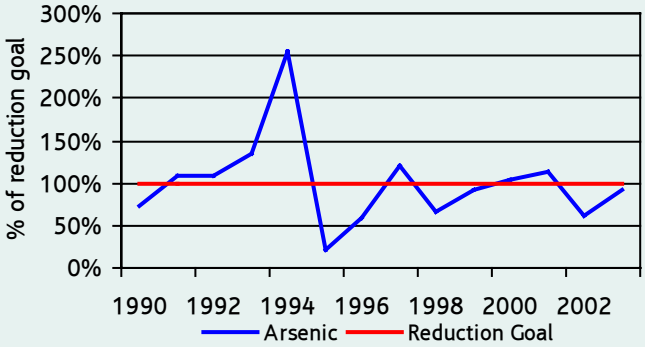
Community SO_2 Occurrences



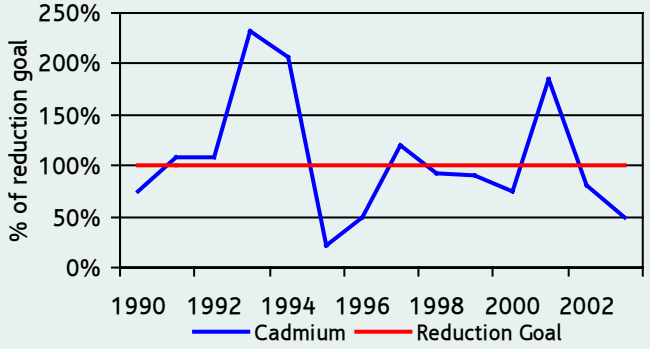
Particulate Emissions



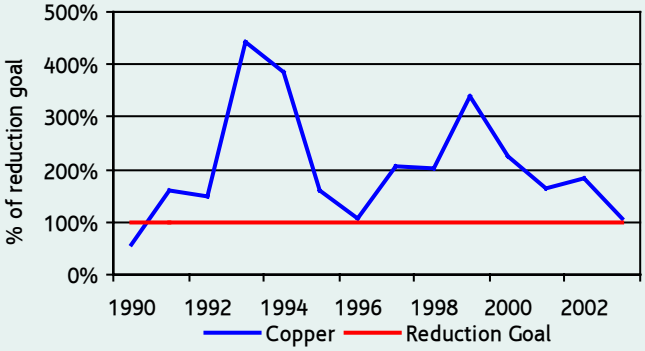
Arsenic Emissions



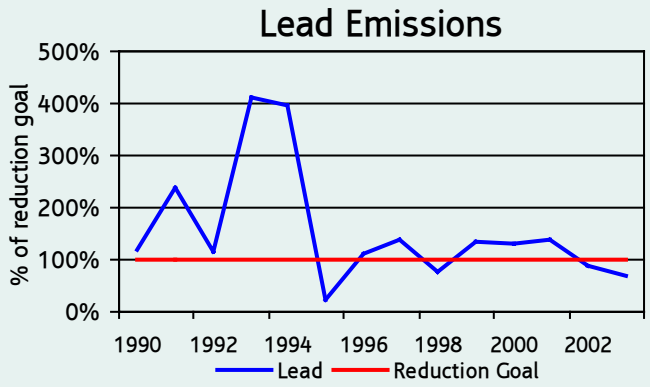
Cadmium Emissions

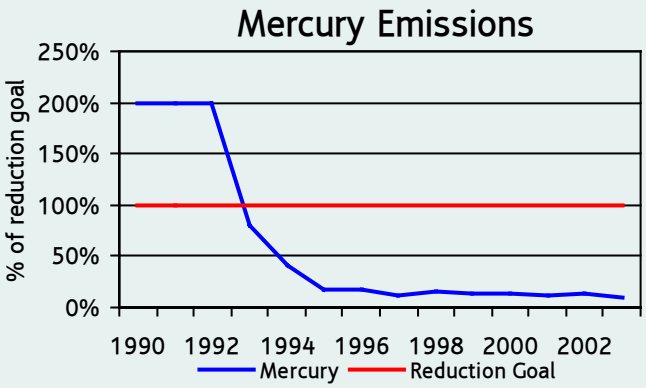


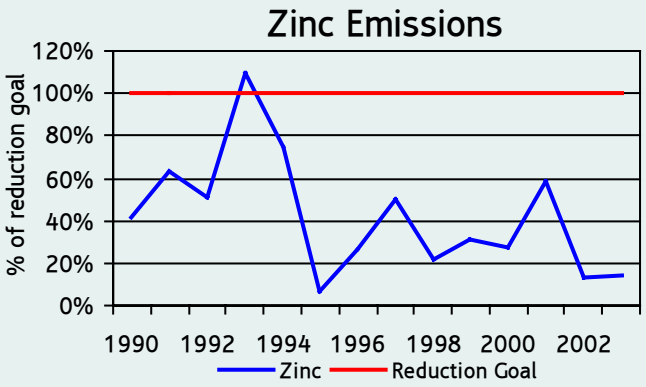
Copper Emissions



Emission Trends (cont)







Water Sampling at Trout Lake Mine

3.3 Risk Assessment

HBMS develops environmental targets, objectives, programs and controls on a risk assessment basis. Evaluations include factors such as the possibility of an event and its effects, and priority risks are identified. Appropriate controls and management systems are then put in place.

Example: Failure of tailings dam

Control:
- Consultant designed structures
- Annual audits by experts
- Monitoring and record-keeping

Example: Discharge of contaminated water

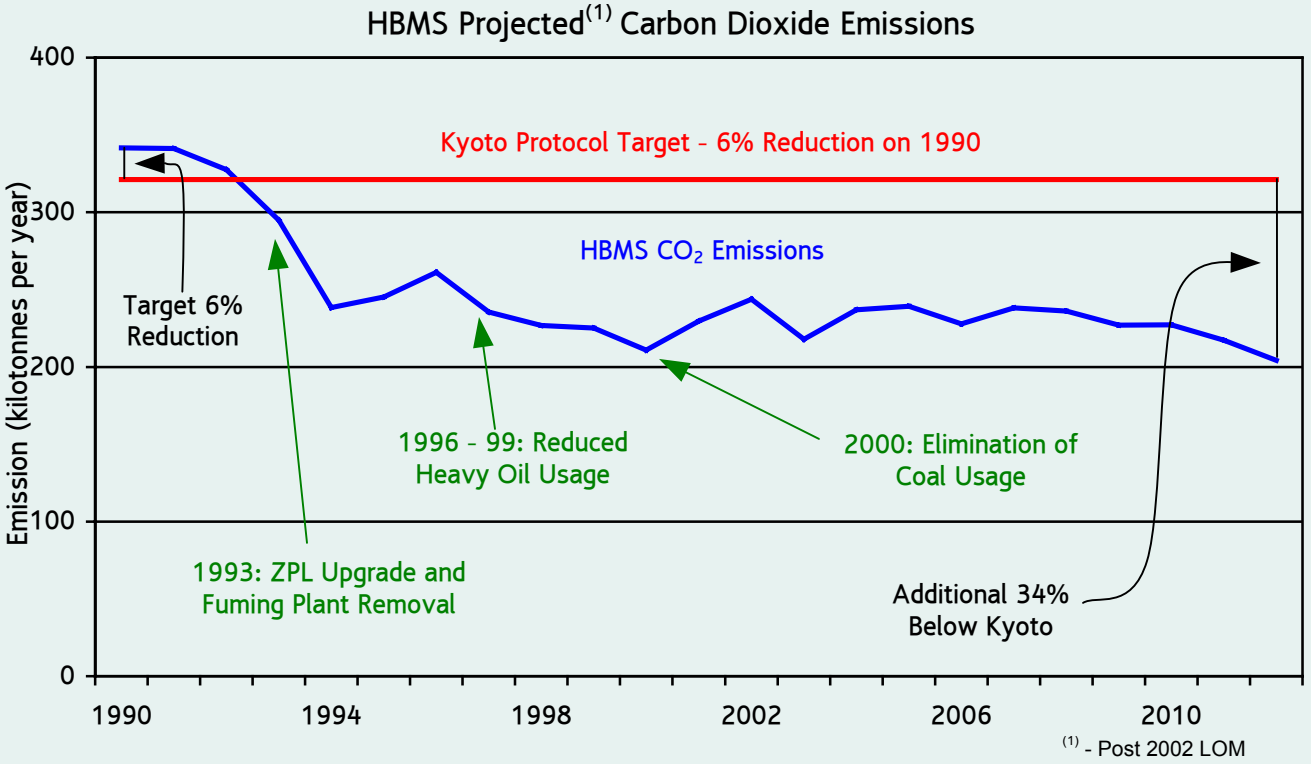
Controls:
- Water treatment systems at mines and tailings ponds
- Regular samples taken to quantify discharges
- Management systems to control hazardous liquids

CO_2 Emission Reduction

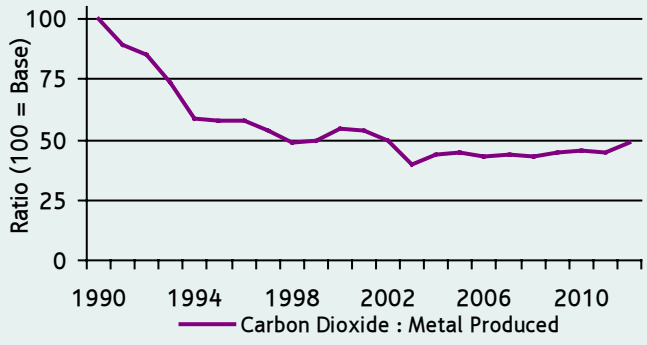
Canada ratified the Kyoto Protocol on December 17, 2002. Industry/government work groups are now working on implementation plans.

The methodology of measurement, the degree and timing of application are still under consideration by the government of Canada.

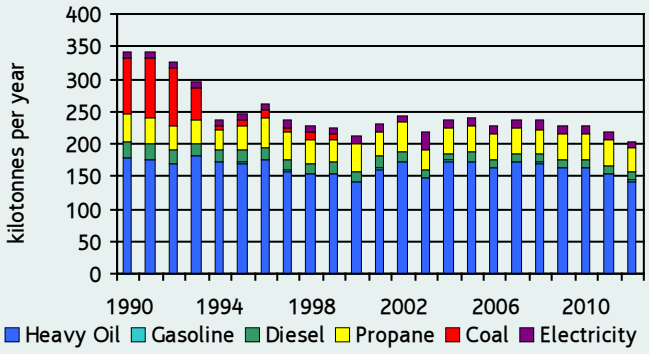
The protocol targeted a 6% reduction from 1990 emissions and based on this measurement, HBMS is well placed for better than required performance.



Carbon Dioxide / Production Ratio



CO_2 Emissions by Source



Case Study - Tailings Dust Control

Abnormally low snowfall and early winter thaws offset normal practices to control dust releases from the Flin Flon tailings pond in the fall of 2002. This resulted in a series of dusting events which affected air quality in Creighton, the worst of which occurred on December 6 and 7, 2002 (right). Numerous citizen complaints followed.

HBMS undertook a range of control measures to address the situation and set in place a multi-stakeholder process to develop both short and long term solutions. Regulatory agencies were kept appraised on an ongoing basis.

A community, government & industry dust control working group was formed to address tailings management.

Together the group addressed:

- installation of additional air monitoring equipment in Creighton (left),
- a tailings clean up plan, and
- dust control initiatives for tailings pond extensions.

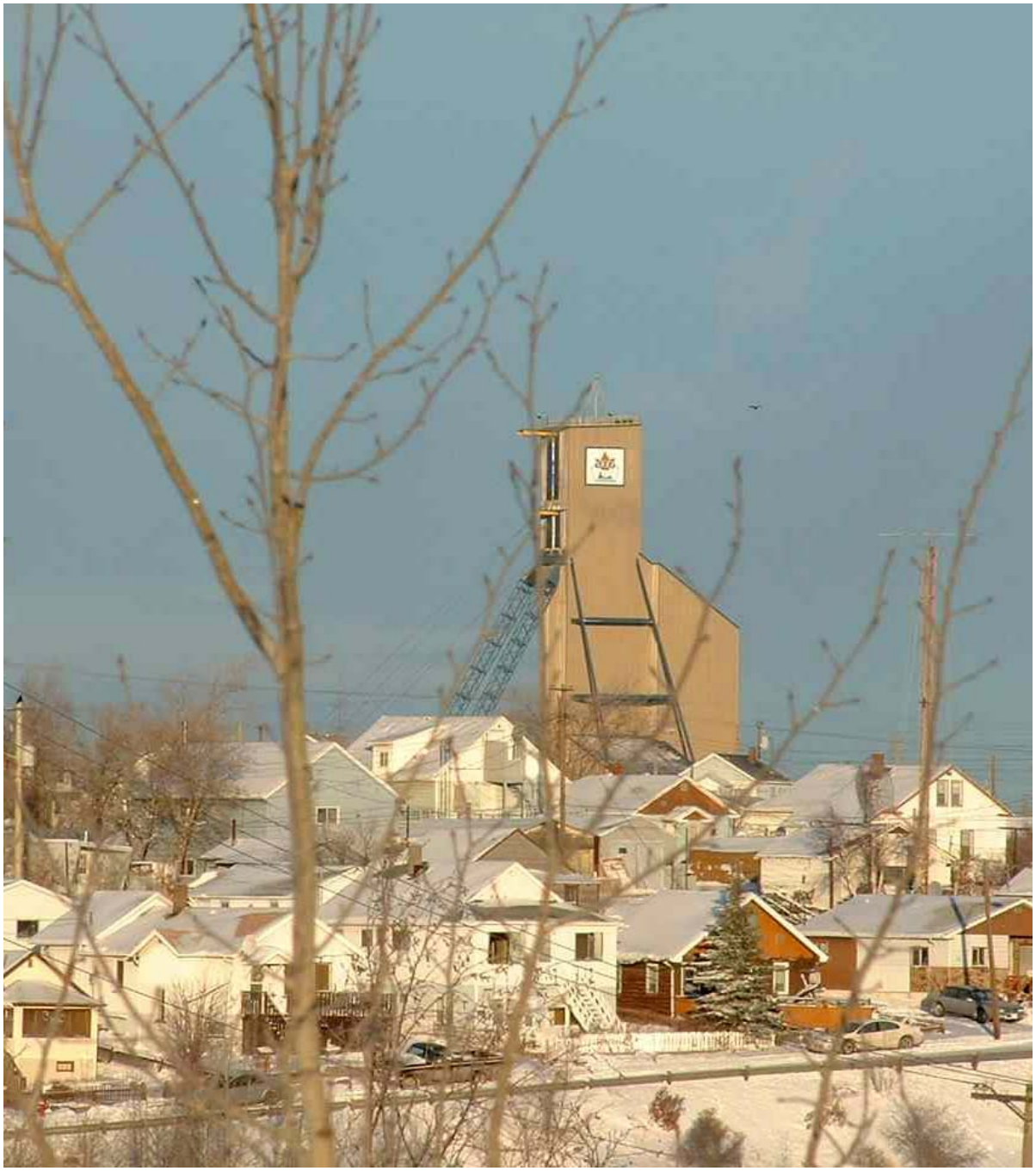
Dust control initiatives included:

- water cannons and sprays (right)
- covering of exposed tailings
- barrier zone against town
- soil cement in areas where cover would not work (below), and
- flooding of exposed tailings.

In addition, under ISO 14001 EMS, dust control guidelines were developed. This initiated tailings deposition and dust control plans for the fall and winter months.

Through 2003, geotechnical work was contracted and a feasibility report completed on a tailings expansion that will significantly reduce the risk of dust entering community areas. The expansion proposal was submitted in December 2003 to Saskatchewan Environment. Approval to proceed in summer 2004 is awaited.

4.0 COMMUNITY



777 Headframe

Community Plan

Local Communities

The communities of Flin Flon, Snow Lake, Creighton and Leaf Rapids were established to support Company mines and plants. The largest community is Flin Flon, with a population of 6 500, with other area communities significantly smaller. At the end of 2003, HBMS employees totalled approximately 1 400.

HBMS's financial contributions are by municipal "taxes" (Creighton) or "grants in lieu of taxes" (Flin Flon, Snow Lake, Leaf Rapids). As well, HBMS contributes directly to capital infrastructure projects as jointly identified and planned with the community of Flin Flon.

Key Community Engagement Objectives

- Enhance quality of life;
- Maintain communication links;
- Apply sustainable development concepts to economic diversification;
- Respond to concerns in a timely fashion.

Accountability

The Vice President of Human Resources is directly accountable for Community Engagement and the Benefits Administrator is the Community Engagement Co-ordinator.

In addition to annual municipal taxes and grants in lieu for a total of Cdn.$6 046 610, HBMS provides approximately 80% of the direct and indirect jobs in the area with a direct annual payroll of Cdn. $129 million.

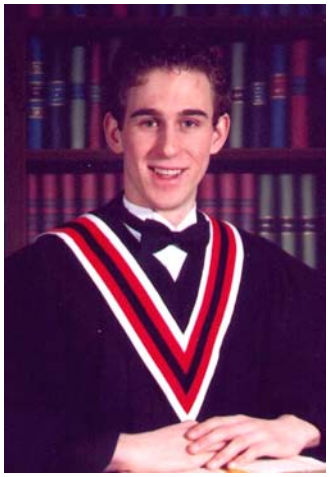
HBMS maintains strong working relationships with all communities.

Pictured on this page are some of the activities of enjoyed by local community members including sport fishing (top right), hoop dancing (middle left), dog sled racing (middle right) and cross country skiing (bottom).

4.1 Key Stakeholders and Engagement

Stakeholders	2003 Engagement	2004 Plan
First Nations • Peter Ballantyne Band • Mathias Coulomb Band • Opaskwayak Cree Nation • Nelson House • Swampy Cree Tribal Council • Manitoba Keewatinowi Okmakanak • Black Sturgeon Band	• Exploration activities on First Nation's lands include open sharing of plans. Face to face meetings to gain support and involvement. • First Nation's groups are invited to participate in providing business services.	Continue policy.
Communities • Residents • Employees • Retirees • Families	Residents • Newspaper and radio advertising • Press releases • Exhibitions and brochures Employees, Retirees and Families • Newsletters, monthly cascades, notices and bulletins. • Employee and Family Assistance Program. • Long service awards • Annual magazine.	Continue policy.
Municipal Governments • Flin Flon • Creighton • Snow Lake • Leaf Rapids	• HBMS liases regularly but takes no active part in governance. • HBMS participates in major capital decisions in Flin Flon and it has 55% contribution responsibility.	Continue policy and focus on economic development plan.
Federal Government	• Peter R. Jones is a Director of the Mining Association of Canada. • Wayne Fraser, Environmental Consultant, works directly with Federal government departments and committees concerning environmental issues.	Continue existing policies

Stakeholders	2003 Engagement	2004 Plan
Provincial Governments • Manitoba • Saskatchewan	• Peter R. Jones is President of the Mining Association of Manitoba, and Brian Gordon, Vice President and Corporate Counsel, is a director. They provide input in areas such as safety, worker's compensation, health and environment as it impacts HBMS.	• Continue policy.
Community Services and Business	• HBMS participates on the Boards of Directors or senior committees for: - Chamber of Commerce - **Tom Goodman:** VP Technical Services and HR - Community Learning Network - **Garth Thompson:** Superintendent of IT - Flin Flon Bomber Board & Norman Regional Development Corporation - **Ken Entwistle:** Manager of Industrial Relations - Leaf Rapids Community Adjustment Committee – **Gerry Seymour:** Superintendent Ruttan - Ruttan Worker Adjustment Committee **Larry Bartlett:** Benefits Administrator Flin Flon Parks and Recreation Commission - **Wayne Fraser:** Environmental Consultant	• Continue policy.
Community Awards	• HBMS provides performance scholarships to high school graduates and a specific award for first nations graduates.	



Pictured above are David Gourlay (left) winner of the W.A. Green Scholarship for academic excellence and Shane Fris (right) winner of the Open Scholarship for academic excellence.

Pictured below are local kindergarten students helping out the "Green Project". HBMS supports this community-based initiative aimed at improving vegetation cover of the Flin Flon area.

4.2 HBMS Social Investments

Cash Donation (Cdn. $ 000's)

	Actual		Forecast	
	2002	2003	2004	2005
Various Charities	105	90	120	120
Scholarships	40	46	50	50
Hockey Club	20	20	20	20
Golf Club			5	5
Total	$165	$156	$195	$195

In Kind Donation (Cdn. $ 000's)

	Actual		Forecast	
	2002	2003	2004	2005
Community Learning Network	10	8	4	
Regional Health Authority	4	4	4	4
Parks and Recreation	10	10	10	10
High School Facilitation		1	2	2
Hockey Club	5	6	5	5
Golf Club		20	6	
Women's Safe Haven	4	4	4	4
Total	$33	$53	$35	$25

HBMS Contributions to Community Projects (Cdn. $ 000's)

	Actual		Forecast	
	2002	2003	2004	2005
Ruttan Community and Worker Adjustment	600	732	337	337
Flin Flon Worker Adjustment		22		
Flin Flon Sewer and Water (System upgrade)		46	32	367
Other HBMS Funded Infrastructure Debentures	641	359	404	502
Community Engagement Projects			100	100
Total	$1,241	$1,159	$873	$1,306

4.3 Key Activities - 2003

Initiative	Activities
Health • **EFAP** • **Modified Work** • **Wellness Committee**	• Employee and Family Assistance Program • Disability management - early return to work. • Promotion of healthy lifestyles
Safety • **Smelter Inquest**	• Inquest investigation of the Smelter explosion in 2000.
Environment • **Tailings Dust Reduction**	• Community Review and Liaison Committee
Sustainable Development	• Continued community economic diversification plan to address eventual closure.

4.4 2004 Initiatives

Initiative	Activities
Communication	• Semi-annual meetings with the councils of local communities.
Tailings Management	• Collaborate with liaison committees including continuing dust management, and impoundment extension to the north.
Recreational Development	• Transfer land ownership to the golf club, soccer club and cottage residents.
Complaint Process	• Manage the Concerns/Alert hotline.
Involvement	• Senior management will continue in community leadership roles.
Sustainable Development	• Complete economic diversification plan with stakeholders.
Healthy Flin Flon	• Continue Employee and Family Assistance and Wellness Committee
Smelter Inquest	• Continue investigation

5.0 SOCIO-ECONOMICS - 2003

Number of Employees[1]:	Administration and Services		235
	Callinan Mine / 777 Project		174
	Konuto Mine		50
	Trout Lake Mine		171
	Chisel North Mine and Snow Lake Concentrator		87
	Ruttan Mine and Concentrator		2
	Flin Flon Concentrator		82
	Copper Smelter		221
	Zinc Plant		255
	Central Maintenance		108
	Sub-total		**1,385**
	Casual Employees[1]		20
	Zochem [1]		39
	Hudson Bay Exploration and Development[2]		8
	Contractors[3] at all locations		61
	Total		**1,513**

[1] On December 31, 2003
[2] HBED employees performing HBMS related work
[3] Average number of contractors on site in 2003

Employee Turnover: (excluding Ruttan and Zochem)			8.2%
Gender/Ethnic Diversity: (2002)	Female		7.0%
	First Nations		6.3%
	Disabled		4.7%
	Visible minorities		3.0%
Taxes (excluding Zochem)	Property	Cdn.	$2,095,461
	Grants in lieu[4]	Cdn.	$3,951,149
	Total	**Cdn.**	**$6,046,610**
HBMS Social Investments	(as per 4.2 section)	Cdn.	1,368,000
Royalties paid to government	(mineral leases and sand royalties)	Cdn.	$286,166
Payroll Costs (including benefits)		Cdn.	$ 129,000,000
Employee Income Tax (included in Payroll Costs)		Cdn.	$24,000,000

[4] excludes community improvement projects

6.0 AUDITS, INSPECTIONS & REPORTS

Audits - 2003	Internal	External	Comments
Safety	1	1	Achieved DNV ISRS Level 7
Environment	3	1	Achieved ISO 14001 EMS certification

Provincial Occupational Safety & Health Officer Inspections

	inspections	improvement orders	work warnings	work orders
Konuto Mine	13	6	0	0
Central Maintenance	3	3	0	0
Chisel North Mine	7	9	0	0
777 Project	11	21	0	1
Copper Smelter	12	27	0	0
Flin Flon Concentrator	9	23	0	0
Callinan Mine	9	25	0	2
Zinc Plant	12	42	0	0
Trout Lake Mine	9	34	0	0
Total	85	190	0	3

Reportable Injuries / Occurrences[1] - Workplace Safety & Health Act - Chapter W210

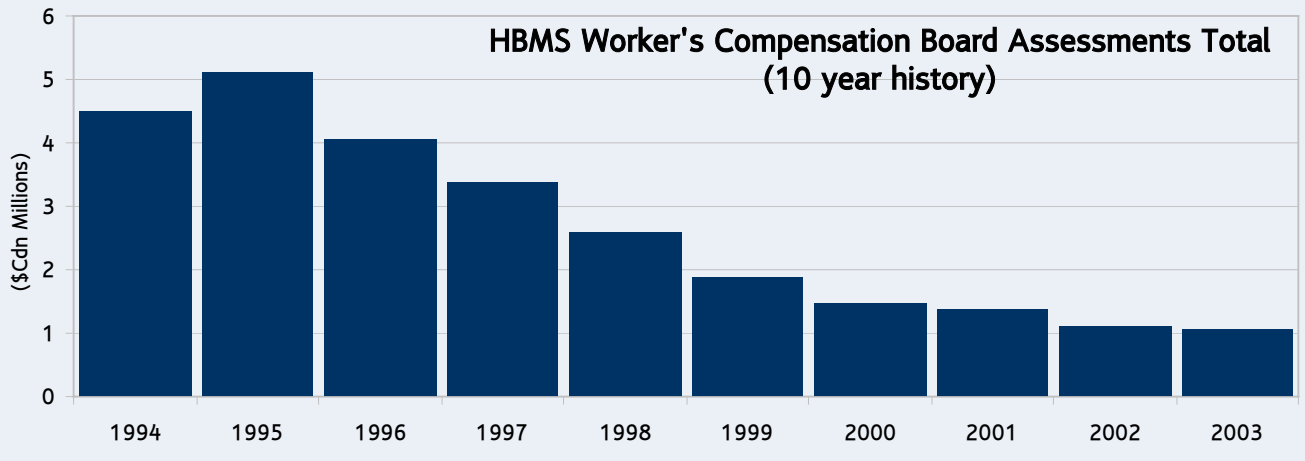
	777 Project	Callinan Mine	Central Maintenance	Chisel North Mine	Flin Flon Concentrator	Konuto Lake Mine	Smelter	Trout Lake Mine	Zinc Plant	Total
Injuries										
Asphyxiation	2			1						3
Fracture-Injury							2			2
Occurrences										
Cranes			1		2		1		2	6
Electrical		1	1		1			2		5
Explosion/Explosive	1	3					2		1	7
Fire	3	1						4		8
Gaseous Conditions								1		1
Ground Movement	1	2		1				1		5
Hoisting	7	1								8
In rush		1				1		1		3
Vehicle	1			2				1	1	5
Total	15	9	2	4	3	1	5	10	4	53

[1] As defined by the Workplace Safety and Health Act Chapter W210 Regulation 228/94 Sections 24 (3) and 24 (4)

AUDITS, INSPECTIONS & REPORTS (cont)

Occupational Safety & Health Committees

Location	#of Members Hourly	#of Members Staff	# of meetings	# of inspections	Total identified improvements	# outstanding improvements Dec 31, 2003
Callinan Mine / 777 Project	14	7	12	12	458	35
Central Maintenance	3	4	12	12	102	16
Chisel North Mine	3	4	12	12	46	1
Flin Flon Concentrator	5	4	11	11	112	23
Konuto Lake Mine	4	3	12	12	141	14
Logistics	2	3	2	12	120	7
Smelter	4	4	12	12	52	18
Snow Lake Concentrator	2	2	12	12	114	4
Staff	1	1	2	0	2	1
Trout Lake	9	4	11	12	212	14
Zinc Plant	11	6	12	12	161	65
Total	58	42	110	119	1 520	198



Evacuations Drills

Facility	Date	Facility	Date
Callinan Mine	2003-01-16	Callinan Surface	2003-07-23
Trout Lake Mine	2003-02-03	Central Services	2003-07-23
Zinc Pressure Leach	2003-05-03	Trout Lake Surface	2003-07-25
Zinc Cellhouse	2003-05-26	Smelter Reverb	2003-09-05
Zinc Casting Plant	2003-06-13	Logistics	2003-09-05
Capital Projects	2003-06-23	Zinc Plant Office	2003-10-06
Flin Flon Concentrator	2003-07-03	Konuto Lake Mine	2003-12-03

7.0 DEFINITIONS

Contractor	One who agrees to perform work or supply items at a certain price or rate
Employee	A person directly employed by HBMS
Fugitive gas	Process exhaust gasses not captured by ventilation systems which escape at ground level
Grant in lieu	An amount paid instead of property taxes
DNV ISRS Loss Control Management Program	Auditable International Safety Rating System as defined by DNV (Det Norske Veritas) based on identifying and reducing workplace risks
Loss control	Anything done to reduce loss from the pure risks of business
Reportable Incident	An accident that results in serious bodily injury as defined by Workplace Safety and Health Act Chapter W210, Regulation 228/94 Section 24 (3)
Reportable Occurrence	An accident as defined by Workplace Safety and Health Act Chapter W210, Regulation 228/94 Section 24 (4)

Acronyms

ARET	Accelerated Reduction / Elimination of Toxic Substances – Environment Canada voluntary program to promote toxic substance emission reductions from industry
LTI	Lost Time Incident-an accident resulting in an employee/contractor being away from work
LTIFR	Lost Time Injury Frequency Rate - number of lost time injuries per 200 000 hours worked
LTISR	Lost Time Injury Severity Rate - number of hours lost per 200 000 hours worked
OTTO	Zero Tolerance – Target Zero - a policy for immediate corrective action upon observance of an unsafe act or condition that targets zero accidents in the workplace
PPE	Personal Protective Equipment; equipment worn to protect against exposure to a hazard(s)
RWC	Restricted Work Case - An industrial accident resulting in an employee or contractor not being able to perform normal duties
RWCFR	Restricted Work Case Frequency Rate - number of RWC per 200 000 hours worked
SO_2	Sulphur dioxide
TLV	Threshold Limit Values refer to airborne concentrations of substances and represent conditions under which it is believed that nearly all workers may be repeatedly exposed day after day without adverse health effects
WHMIS	Workplace Hazardous Materials Information System
ZPL	Zinc Pressure Leach

Measurements

dam^3	Cubic decametre (1 000 m^3)
dBA	Sound pressure level measured on the A scale
ha	Hectare - a measure of land area
Joule	Work done when a force of one newton is displace a distance of one metre
pH	A measure of acidity of a liquid
Tera	10^{12}
Tonnes	1 000's of kilograms (t)

Callinan Mine South Main Shaft was closed in 2003
and replaced by the 777 Mine Shaft.