



PRESS RELEASE

A joint design between the community and the company:

MINERA EL MORRO SUBMITS ENVIRONMENTAL IMPACT STUDY

Copiapó, November 25 2008

After three years of intense consultation with local communities, El Morro SCM has submitted the Environmental Impact Study (EIS) for its El Morro copper project to the Environment Commission (CONAMA) for the Region of Atacama, Chile

"This is another important step for the El Morro project to progress the option of building a copper mine at El Morro in the future. Through extensive community consultation, we have taken care to design a project that minimizes the operation's potential impact on the environment and the quality of life of surrounding communities," said Marcial Maturana, General Manager Minera El Morro.

The EIS was completed by a prestigious multidisciplinary team of professionals drawn from a number of environmental consultants, universities and research centres, led by Knight Piesold Consulting. A central aspect of this process was the redefinition of the project that took into account the feedback from the communities of the Huasco Valley during a comprehensive consultation process.

Pioneering joint design

Since 2005, El Morro has provided information and received feedback from local people about the project. Between 2006 and 2008, it has held four rounds of consultation with 44 community organisations, attended by almost 1,200 people. The final project design included in the EIS is the result of this participatory design process with local communities.

The availability of water was identified as a priority concern, particularly in the Huasco River basin. In response, El Morro incorporated into its design the installation of a desalination plant to meet the requirements for potable and industrial water during the construction and operation of the project. Built on the coast at Totoral, the plant would safely provide 640 litres per second of desalinated seawater via a 190km pipeline to the operation located at 4,000m above sea level.

"While it is estimated that this strategic decision means an increase in the estimated total investment of close to 20%, the company believes that the plant is key to its commitment to the sustainable development of the region and its communities," says Maturana.

Secondly, the final design incorporates thickened tailings technology which would allow the project to maximise water recovery from the tailings for recycling in the process plant and reduce the final volume of the tailings deposit while contributing to its stability.



The redesigned project also takes into account community concerns about the access roads to the mine site. In order to minimize the impact on the quality of life of people living in the area, the EIS considers the construction of a new access road to the project that avoids traffic through the agricultural valleys and population centres. This measure seeks to protect the economic activity, lifestyle and safety of local people, and the landscape of the Huasco Valley.

Local Focus

El Morro respects and values the cultures, customs, interests and rights of its local communities and is committed to contributing to their sustainable development. To this end, El Morro seeks to form alliances with public and private entities and local interest groups to define and develop social projects to improve the quality of life of local communities and strengthen their cultural identity.

This process of joint design, together with El Morro's vision of sustainable development, makes this project a pioneer amongst Chile's new generation of mining projects.

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El Morro contacts:

Name: Marcela Riquelme
Ph: +56 2 3370621
Mobile: +56 81881005
Email: mriquelme@xstratacopper.cl

Name: Juan Pablo Schaeffer
Ph: +56 2 478 2272
Mobile: +56 9 9949 5245
Email: jschaeffer@xstratacopper.cl

Name: Emily Russell
Ph: +56 2 478 2204
Mobile: +56 97887 9487
Email: erussell@xstratacopper.cl

About El Morro

El Morro is located 4,000 meters above sea level in the district of Alto del Carmen, in the Atacama region. Investment costs are estimated at US\$2.5 billion and the mine would have a useful life of 14 years plus two to three years for the construction phase and five years for the period of mine closure.

The deposit would be exploited as an open pit mine and the extracted ore processed by floatation at the rate of 90,000 tonnes a day to produce 2,200 tonnes a day of copper concentrates. El Morro has estimated mineral reserves of 450 million tonnes with an ore grade of 0.58% copper.

The construction phase would require an average of 2,600 qualified workers, with a peak of 5,800. During its operation, the mine would employ around 2,000 workers.

The partners in Sociedad Contractual Minera El Morro are Xstrata Copper (70%) and New Gold (30%).