



PRESS RELEASE

## **ENERGIA AUSTRAL SUBMITS CUERVO HYDROELECTRIC PROJECT TO ENVIRONMENTAL EVALUATION SYSTEM**

- *The project is located in an area where there are no human settlements or productive activities.*
- *The company has all the water rights needed for the project's development.*
- *The design of the Cuervo Power Plant takes into account the specific environmental, geological and social characteristics of the area in which it will be located and reflects two years of constant dialogue with the local community.*

**Coyhaique, August 7, 2009** - Energía Austral announces the submission of the Environmental and Social Impact Study (ESIA) for its Cuervo Hydroelectric Project to the Environmental Evaluation System (SEIA) as represented by the National Commission for the Environment in the Aysén Region.

Construction of the Cuervo Power Plant would create up to 1,650 direct jobs of which at least 320 may be filled locally. The project represents an estimated investment of US\$733 million and will have an installed capacity of 640 MW. The Cuervo Power Plant project will be located on land entirely owned by Energía Austral and the company has all the water rights needed for its development.

Over the past two years, Energía Austral has implemented a process of formal dialogue with the local communities. The concerns and points of view expressed during this process were taken into account in designing the project with the aim of achieving its proper integration with the local context. "In line with our commitment to sustainable development and to the Aysén Region, Energía Austral has worked rigorously in designing the new Cuervo Power Plant project so as to produce the right project for the Aysén Region's specific environmental, geographic and social characteristics and one that is also consistent with the Region's development strategy," said the general manager of Energía Austral, Alberto Quiñones.

"The presentation of this study is a key step in the project's development but there is still a long road ahead. The plant's construction depends on obtaining the corresponding environmental and sectoral permits as well as Xstrata approvals and financing," added Quiñones.





Various technical, environmental and social studies were carried out as part of the preparation of this new ESIA. The environmental criteria used in the study take account of the guidelines established by the World Bank and the International Finance Corporation (IFC), international standards and the legislation in force in Chile.

"We are confident that we are presenting a project that is good for the Aysén Region. The study that we are submitting today for evaluation by the regional authorities underwent five independent audits in order to ensure its quality and technical rigour and we are comfortable with the results," said Quiñones.

### **Employment and investment**

The Cuervo hydroelectric plant involves an estimated investment of US\$733 million. According to the plan of work drawn up by the company, construction is expected to start by around 2012 and to take 56 months. During this period, the project is expected to create a peak of over 1,600 direct jobs. On average, up to 320 of these jobs and a further 180 indirect jobs may be filled locally.

"We are aware of how important it is to create new jobs in the Aysén Region and our aim is to make a contribution in this area. A training programme that we have run with Inacap for the community for the past three years is designed to help the people of the Aysén Region acquire the skills to work in the project. This year, the programme is geared especially towards people without a job", explained Quiñones.

In 2010, the company expects to create some 560 jobs in tasks related to road infrastructure (improvements to roads and bridges) and onsite studies (such as drilling probes and environmental studies).

### **Dialogue with the community**

In line with its vision of sustainable development, Energía Austral launched a process of dialogue with local communities in 2007. Since then, it has held more than 100 meetings with social organisations of different types, providing information about the nature of the project and its progress directly to some 3,000 people.





“The most important aspect of this process is that it has allowed us to become acquainted with neighbouring communities, to understand their concerns and incorporate these into the project’s design,” emphasised Alberto Quiñones.

As a result of this process of dialogue, the company launched a programme of corporate social engagement in 2008, focusing on Education/Training, Arts and Culture, Community Development and Entrepreneurship. It implements this programme together with social and community organisations, business associations, academic entities and other groups.

Similarly, in line with the Region’s development strategy of which tourism is a key pillar, the Cuervo project envisages the creation of a private protected area around a new lake and a new park open to the public. In this way, it will create a new pole of nature tourism, adding to the regional tourist circuit.

Cuervo is the first of three plants that form the Energía Austral hydroelectric complex. Together, these will generate around 1,100 MW. The project will serve as a new source of clean energy for the country, increasing its independence from imported inputs.

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Notes for editors

#### **ABOUT ENERGIA AUSTRAL ([www.energiaaustral.cl](http://www.energiaaustral.cl))**

Energía Austral is a subsidiary company of Xstrata Copper and forms part of its Project Evaluation group. It is responsible for developing the Energía Austral project, which consists of the construction of three hydroelectric plants in the Aysén municipal district and a power transmission line to transport the energy to the Central Interconnected System (SIC). Energía Austral has offices in Puerto Aysén, Coyhaique and Santiago.





## Cuervo Hydroelectric Project

The Cuervo project is a hydroelectric dam that will be located 45 km northwest of Puerto Aysén in the municipal district of Aysén. The installations envisaged by this electricity generating project start at the head of the Cuervo River and end where the river flows into the Aysén Fjord. The underground powerhouse will be located 5 km upriver from the Fjord.

### Summary

Type of plant	Hydroelectric dam
Capacity	640 MW
Estimated investment	US\$733 million
Area flooded	5,863 hectares
Useful life	Indefinite
Length of construction period	56 months
Jobs created	1,654 directly at peak of construction
Associated infrastructure	Los Palos Lake road (15 km )
	Fjord -powerhouse road (4.6 km)
	Powerhouse-dam road (14 km)
	Acantilada Bay boat ramp
	Cuervo River estuary boat ramp

### ABOUT XSTRATA COPPER ([www.xstrata.com](http://www.xstrata.com))

Headquartered in Brisbane, Australia, Xstrata Copper is one of the commodity business units within the major global diversified mining group Xstrata plc. Its mining operations and projects span eight countries: Australia, Argentina, Chile, Peru, Canada, the USA, the Philippines and Papua New Guinea. Its operations are administered by five separate divisions, based close to the mining operations, namely the North Queensland, Alumbra, North Chile, Southern Peru and Canada divisions. It also has a recycling business (Xstrata Recycling) with plants in the United States and offices in Canada and Asia. Xstrata Copper is the fourth largest global copper producer with annual attributable production capacity of over one million tonnes.

