



Community Water Company of Green Valley

Press Release

**For Immediate Release:
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Community Water Company of Green Valley announces extension of CAP pipeline into Green Valley/Sahuarita area

Project could be completed in the next two years and at no cost to CWC customers

Green Valley, Ariz. – Community Water Company of Green Valley (CWC), a member-owned utility serving nearly 11,500 homes in Green Valley and Sahuarita, today announced a plan for construction of a Central Arizona Project (CAP) water delivery system consisting of a seven-mile extension of the CAP pipeline into its service area and a water recharge facility in the Green Valley/Sahuarita area.

Community Water has negotiated a letter of intent to form a definitive agreement within 120 days, whereby the CAP water delivery system would be entirely paid for by Augusta Resource Arizona Corporation.

Augusta Resource, developer of the proposed Rosemont copper mine on the east side of the Santa Rita Mountains, has signed a letter of intent with Community Water to fund the CAP extension which could be delivering water to the Green Valley/Sahuarita area in as little as two years. The agreement will also be subject to the approval of regulatory agencies, as well as both companies' Board of Directors.

The plan benefits the Green Valley/Sahuarita community by enabling Community Water to construct a water delivery system and bring much-needed recharge of CAP water into its service area many years sooner than would have otherwise been possible.

The final design of the project will be determined before year-end pending ongoing evaluation of different recharge methods. Community Water will also make its unused CAP water allocation available to Augusta Resource for recharge in the Green Valley/Sahuarita area.

Community Water's CAP water delivery system would allow Augusta to recharge upwards of 105,000 acre-feet of water locally over the next 15 years. However, Community Water's CAP water delivery system is not a part of the mining operation or contingent on the approval of the mine.

Community Water will own and operate the pipeline. The cost for construction for the CAP extension to Green Valley/Sahuarita area is estimated at \$9 to \$15 million.



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Augusta Resource previously announced its plan to purchase available renewable water supplies for recharge in the Tucson Active Management Area, with the goal of replenishing the aquifer in as close proximity as possible to its operations.

Community Water is encouraged Augusta Resource has agreed to recharge water supplies in the Green Valley/Sahuarita area, reducing potential impact on the local aquifer.

The construction of the water delivery system is a critical step in developing a sustainable water supply that is not dependent on the mining of ground water. Securing water from an alternative source like the Colorado River is a major step toward that goal.

Over the next few months Community Water will continue to explore opportunities with other entities for additional water delivery and recharge needs in the Green Valley/Sahuarita area.

The CAP is a 336-mile water conveyance system that runs from Lake Havasu to Pima Mine Road. The canal can deliver an average of 1.5 million acre-feet of Colorado River water annually to the State of Arizona. An acre foot of water is 326,700 gallons, the volume of water necessary to cover one acre of surface area to a depth of one foot.

Community Water will hold a public meeting to describe the project in more detail for its customers and members at 9 a.m. on Wednesday July 25, 2007 at the GVR West Center. The public is invited to attend.

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