

To: The Manager  
Announcements  
Company Announcements Office  
Australian Stock Exchange Limited



### **Public Announcement 2006 – 19AWC**

The Western Australian Government has granted approval for the planned capacity expansion of the Wagerup alumina refinery from 2.6 million tonnes per year to approximately 4.7 million tonnes per year. Wagerup is the second largest alumina refinery in the Alcoa World Alumina and Chemicals (AWAC) global joint venture between Alumina Limited and Alcoa. A media release is attached.

Alumina Limited welcomes the approval by the Western Australian Government and strongly supports this project, which is an integral part of AWAC's growth strategy to develop low cost brownfield alumina capacity to meet future growth in the alumina market.

A handwritten signature in black ink, appearing to read "Stephen Foster".

**STEPHEN FOSTER  
COMPANY SECRETARY**

14 September 2006

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Alcoa is Australia's leading aluminium producer and operates the world's largest integrated bauxite mining, alumina refining and aluminium smelting system. Employing 6500 people, Alcoa has operations in WA, Victoria and NSW and makes a major contribution to the national economy through export earnings.

## Media Statement

Thursday, 14 September 2006

### Green light for alumina refinery expansion

Alcoa World Alumina Australia Managing Director Wayne Osborn said the planned expansion of Alcoa's Wagerup alumina refinery will provide major social and economic benefits for Western Australia.

Speaking after the WA Government today gave formal environmental approval for the project to proceed, Mr Osborn said the expansion would create over 1,500 construction jobs as well as 3,000 direct and indirect jobs, including 260 new permanent Alcoa jobs.

"Alcoa has committed to implementing the expansion with no increase in noise, dust or odour impacts and extensive scientific investigations have shown both the existing and expanded refinery are safe for our employees and neighbouring communities," Mr Osborn said.

"Regional businesses and communities would also reap the benefits of significantly increased local spending. The Wagerup refinery already spends over A\$40 million a year with businesses in the local area and this will rise sharply."

Mr Osborn pointed to the recently completed smaller upgrade of the company's Pinjarra refinery which had provided additional direct and indirect contracts worth nearly A\$20 million to suppliers in the Peel and South West.

"The Wagerup expansion would also provide over A\$11 million a year in extra State Government revenue and around A\$17 billion additional export revenue over the project life," Mr Osborn said.

"Funding for a 20-year Sustainability Fund to support local infrastructure and projects in the Harvey and Waroona Shires would also rise sharply as the funding was linked to production levels to ensure the community shared the benefits of regional growth. Alcoa's A\$400,000 a year contribution would almost double under the expansion.

"As well, A\$3 million had been committed by Alcoa to establish a local Enterprise and Learning Centre to provide youth training, skills development and adult education."

Separate to this environmental approval Alcoa has agreed to a Government request to fund a supplementary property purchase scheme in the vicinity of the Wagerup refinery.

While there are no environmental or health reasons for residents to leave the area, this scheme will provide an opportunity for people in the localities of Hamel, Wagerup, Yarloop and Cookernup to sell their property to Alcoa should they wish to do so.

This is in addition to the ongoing Alcoa Land Management Strategy and will be managed and administered independently by the State Government.

In addition, Alcoa has agreed with local community representatives and Government to base future property purchase valuations under Alcoa's Land Management Strategy, including the townships of Hamel and Yarloop, on similar sales data in Waroona and Harvey. This will ensure property prices in Yarloop and Hamel benefit from growth in the region.

The Wagerup expansion plan involves building a third production unit at the refinery and upgrading existing plant to improve efficiency and environmental outcomes. It would increase alumina production capacity from 2.6 million tonnes a year to 4.7 mtpa.

"Wagerup refinery already meets the most stringent health and environmental standards in the world and the extremely rigorous conditions placed on the project by the EPA provides confidence the expansion is safe and responsible," Mr Osborn said.

Since 1998, Alcoa has spent over A\$40 million on new technologies and other improvements at the refinery to reduce emissions and odour. These have made Wagerup the most environmentally advanced alumina refinery in the world.

Alcoa has undertaken to continue scientific data collection through construction of additional meteorological and air monitoring facilities at the refinery – at a cost of approximately A\$1.5 million.

Alcoa has already commenced a 12-18 month program of additional data collection to satisfy conditions associated with the Ministerial approval, as recommended by the EPA.

Mr Osborn said alumina – which is processed into aluminium – was in high demand worldwide due to aluminium's multi-purpose capabilities. Aluminium was also gaining popularity as a strong, lightweight alternative to steel parts in vehicles because reducing a vehicle's weight means it uses less petrol and produces less exhaust emissions.

The increasing use of aluminium in the transport sector and aluminium's capacity to be endlessly recycled are playing an important role in the solution to global climate change by helping to significantly reduce global greenhouse gas emissions.

Mr Osborn said Alcoa will now commence detailed engineering and design work for the project. This will take approximately twelve months and will allow the company to move the project to the final phase.

*\*Alcoa of Australia Limited, trading as Alcoa World Alumina Australia, is 60% owned by Alcoa Inc. and 40% owned by Alumina Limited.*

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