

To: The Manager
Announcements
Company Announcements Office
Australian Stock Exchange



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Attached is a copy of a statement by Alcoa Inc. announcing the signing of a Memorandum of Understanding (MOU) by Alcoa Inc. and the Government of the Republic of Ghana for development of an integrated aluminium industry in Ghana. The bauxite mining and alumina refining opportunities under the MOU will be pursued through Alcoa World Alumina and Chemicals.

Alcoa World Alumina and Chemicals (AWAC) is a global bauxite and alumina joint venture between Alumina Limited and Alcoa.

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

Stephen Foster
Company Secretary

27 January 2005

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Alcoa and Government of the Republic of Ghana Sign MOU to Create Integrated Aluminum Industry; Valco Smelter Will Re-Start, Expedited Timetable for Alumina Refinery and Bauxite Mine

NEW YORK & ACCRA, Ghana--(BUSINESS WIRE)--Jan. 26, 2005--Alcoa (NYSE:AA) and the Government of the Republic of Ghana today announced they have signed a Memorandum of Understanding (MOU) to develop an integrated aluminum industry in Ghana that would include bauxite mining, alumina refining, aluminum production, and rail transportation infrastructure upgrades. The MOU was signed today in Accra at a ceremony attended by President Kufuor of Ghana and Bernt Reitan, President of Alcoa Global Primary Products.

Upon signing of the MOU, Alcoa will now work with the government to conduct expedited feasibility studies that are expected to be completed in 2006, at which time both parties will negotiate definitive agreements on the mining, refining, smelting, rail upgrades and ownership structure, as well as total investment costs.

"This agreement paves the way for a strong public-private partnership that can help solidify long-term sustainable growth in Ghana," said President Kufuor. "Development of an integrated aluminum industry can become a springboard for more value-added manufacturing in Ghana, creating better, higher-paying jobs. This project will help keep us on the path of sustainable development, strengthening the economy of Ghana, and securing our industrial base, while protecting our natural resources."

Alcoa's Reitan said, "This MOU is an integral part of Alcoa's strategy to broaden its global presence in the primary business. Ghana has the right mix of natural resources, power, and people to create an integrated and globally competitive aluminum industry. We look forward to working with the Government of Ghana toward that goal."

The MOU calls for the initial re-start of three of the five existing potlines, representing 120,000 mtpy, at the jointly-owned 200,000 metric ton per year (mtpy) Valco smelter in Tema, Ghana. The Valco smelter, which is currently idled, will be re-started as soon as practical under an interim power rate agreement with the Volta River Authority ("VRA") with alumina supply arranged by Alcoa. The smelter is currently owned 90 percent by the government and 10 percent by Alcoa. The final integrated industry agreement would make Alcoa the majority owner and operator of the total joint enterprise (mining, refining, and smelting projects) with significant participation by the Government. Alcoa's participation in the bauxite and alumina operations in Ghana will be through its Alcoa World Alumina and Chemicals global enterprise, which is 60 percent owned by Alcoa and 40 percent owned by Alumina Limited of Australia.

The feasibility review will include a study on the creation of an alumina refinery with an initial design capacity of up to 1.5 million metric tons per year. It is expected that the refinery

operations will utilize natural gas at competitive industrial rates from the West Africa Gas Pipeline project that has recently received funding to accelerate its construction. The Government will provide the joint enterprise with exclusive rights to the bauxite resources in Kibi and Nyinahin, which are known as high-quality sources of bauxite. The feasibility study will ensure that there is an adequate supply of bauxite resources for the proposed refinery. In addition, the study will analyze rail transportation upgrades and other necessary infrastructure improvements. The joint enterprise would be developed consistent with Alcoa's sustainability principles.