

# Press Release

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**FOR IMMEDIATE RELEASE**

## **ALCAN UPDATES COST AND SCHEDULE FOR GOVE EXPANSION PROJECT**

**Montreal, Canada — January 22, 2007** — Alcan has updated its cost estimate and start-up schedule for the Gove alumina refinery expansion and upgrade in the Northern Territory of Australia, reflecting progress in Q4 2006, additional tie-in requirements and weather-related delays. The Company has revised its cost estimate to US\$2.3 billion and moved the start-up date from the first to the second quarter of 2007.

"Despite extremely tight market conditions in Australia for labour and materials, the project will deliver positive results by significantly improving Alcan's cost position and capacity in alumina," said Jacynthe Côté, President and Chief Executive Officer, Alcan Bauxite and Alumina. "In addition to extremely challenging Australian market conditions, cost impacts include additional tie-in integration work that was determined necessary as the expansion neared completion, the appreciation of the Australian dollar, and severe weather conditions that resulted in late delivery of several large pre-assembled modules (PAMs)," Côté added.

The project was approved in September 2004 and is approximately 95 percent physically complete, with estimated capital spending of US\$400 million for 2007. It will increase the refinery's capacity to 3.8 million tonnes per year and is expected to bring Alcan's internal alumina production capacity into balance with current requirements, and reduce cash costs at Gove by US\$30 per tonne.

Project equipment commissioning began in the late third quarter of 2006 and is progressing well. Expanded production ramp-up will start progressively during the second quarter of 2007 and continue through the first quarter of 2008, at which time the refinery is expected to reach its nameplate capacity. Saleable production in 2007 is forecast to be between 2.3 and 2.4 million tonnes, representing an increase of about 500,000-600,000 tonnes compared to 2006's level of 1.8 million tonnes.

"The Gove project is similar to a number of major construction projects in Australia in having been impacted by increased costs as well as schedule delays," said Côté. Early in the project, having anticipated tight market conditions and to overcome issues related to the remote location, Alcan implemented an innovative PAM strategy, which entailed a substantial portion of plant components being fabricated in PAM yards off-site and shipped to Gove ready for installation. "Alcan's PAM strategy partially mitigated the tight Australian market conditions but was unable to offset all cost and scheduling challenges," concluded Côté.

Alcan Inc. (NYSE, TSX: AL) is a leading global materials company, delivering high quality products and services worldwide. With world-class technology and operations in bauxite mining, alumina processing, primary metal smelting, power generation, aluminum fabrication, engineered solutions as well as flexible and specialty packaging today's Alcan is well positioned to meet and exceed its customers' needs. Alcan is represented by 65,000 employees in 61 countries and regions, and posted revenues of US\$20.3 billion in 2005. The Company has featured on the Dow Jones Sustainability World Index consecutively since 2003. For more information, please visit: [www.alcan.com](http://www.alcan.com).

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