WELCOME to
TOMAGO ALUMINIUM COMPANY

Tomago Road, Tomago, NSW, 2322
PO BOX 405, Raymond Terrace, NSW, 2324
PH: (02) 4966 9669
Fax: (02) 4966 9212

2nd Largest smelter in Australia
A large smelter on the world scale (over 500,000 tonnes a year)
Overview
Tomago Aluminium Company (TAC)

Unincorporated JV: Rio Tinto Alcan 51.55%
Gove Aluminium Finance 36.05% (CSR and AMP)
Hydro 12.4%

First metal: September 1983 (25th anniversary in 2008)

Capacity increase: 1993 Line 3
1998 Lines 1 & 2 extension
2003 AP22

Production: 520,000 tpa Aluminium
(85-90% exported in South East Asia)

Local impacts: A$850M in Australia
A$450M in the Hunter

Notional revenues: A$1.5 Billion

Workforce: 1,225 employees (including 140 full time contractors)

Power usage: around 880 MW (biggest user in NSW)
Tomago Aluminium Company (TAC)

VISION

TAC VISION
LEADER in Aluminium Smelting Industry

LICENCE to GROW
Mgt-Bus. Leadership
Devel. Strategic vision
Key business drivers
Benchmarking

Assets Opt. & CI
Ident. Untapped potential
Asset Optimisation
Impl. Best practices

Opportunity Identif.
Identify growth
Scenarios
Find partnerships

CUSTOMER ORIENTED: Supplier of CHOICE

Health & Safety
Eliminate risks & Injury
Maintain OHSAS 18001
Improve empl. health

Environment
Comply to regulations
Reduce envir. footprint
Maintain ISO-14001

Max. Contr./Ctrl costs
Achieve low cost prod.
(Better than ind. avg)
Optimise Contribution

LICENCE to OPERATE

Community-Sustainability–Corporate Citizen–Stakeholders
Operational Excellence in EH&S

EH&S are core values for TAC
Significant achievements delivered in last years and plans are in place to keep on the same trend.

**HEALTH & SAFETY**

- Always aim to be better than the regulations
- Aim for **zero injuries / illness** by implementing the 5 year plan
- **Last 2 years performance:**
  - 3 million hours Lost Time Injury free
  - 1 million hours Recordable Injury free
  - Very significant reduction in all types of injury
  - Hunter Manufacturing Award for innovation in H&S in 2006
  - Finalist of Workcover Awards in 2007
  - HunterNet Chairman Award for H&S for leadership and commitment in 2007
  - OHSAS 18001 certification achieved and maintained without any non-comformity but constant improvement
  - Strengthening Health program and health monitoring
Operational Excellence in EH&S

EH&S are core values for TAC
Significant achievements delivered in last years and plans are in place to keep on the same trend.

ENVIRONMENT

• Aim to be better than the regulations and reduce environmental footprint:
  • Waste: Implement a 5 year waste reduction program
  • Fluoride: Continue emission reduction per tonne produced (within 298t limit)
  • GHG: Continue emission reduction per tonne produced
  • Water: Reduce water consumption and increase recycling
  • Energy: Implement and maintain the 5 year energy reduction program
  • SO2: Develop coke supply options to remain within permit limit
  • SPL: Complete development of domestic recycling and reduce inventory on site

• Last 2 years performance:
  • Consistency in Fluoride emission results
  • Benchmark in Per Fluoro Carbon (PFCs) in line 1 for similar technology
  • Several successful initiatives for reducing the footprint
  • ISO-14001 certification achieved and maintained without any non-conformity

Operational Excellence in HR/People

We have skilled and engaged employees helping us in delivering the full business potential in a stable working environment.

Further improve employee engagement by:
• Continue working with them to improve work practices and flexibility
• Continue raising standards of employee behavior and deal with exceptions
• Involve workforce in problem solving and continuous improvement
• Maintain stable industrial relations and minimise risks to plant disruption
• Develop better business understanding through rigorous communication
• Prepare for 2009 Enterprise Agreements renewal

Maintain appropriate skills base:
• Develop and maintain appropriate succession plan
• Attract and retain talented resources
• Manage transition of retirees associated with an aging workforce
• Improve training and development efficiency
Operational Excellence in Process/Efficiency

After 25 years of good delivery (results) and growth, TAC still has some interesting potential for the future.

- **AP22 Project** – Now completed and actions plans are in place to push it further in terms of:
  - Amperage in pots;
  - Process efficiency.
- **Process Stability** - Improve stability and reduce variation through the Continuous Improvement program, tools and performance indicators (operational excellence);
- **Equipment Reliability** - Continue with reliability strategy and breakdowns reduction to support process stability and improve throughput;
- **Pot Turn Around Time** - Sustain and consolidate excellence achieved in past 2 years;
- **Pot life** - Improve by ongoing implementation of AP22 thick cathode and improvement on cathode design.

- **Last year specific issues:**
  - Less volume due to more pots being stopped and less pots operating
  - More pots being stopped due to pot life being shorter related to amperage increase

Operational Excellence in Finance

TAC is a very good asset with a competitive positioning on costs, maintaining below industry average costs for a long time.

**Manning:**
- Develop options to deal with natural attrition due to aging workforce over next 3-7 years despite the skills shortage in Australia

**Continuous Improvement:**
- Continue to capitalise and enhance CI implementation to generate more savings and benefits

**Strategic Issues:**
- Stay pro-active on issues related to Power (electricity) and GHG

**Key Focus on Capex Includes:**
- Continue working through 25 year asset sustaining work including:
  - Bake Ovens 1 Refurbishment (high Capex in 2008-2009)
  - Crane and PTA recertification and hoists upgrade
  - Electrical upgrades plant wide (to renew ageing equipment)
- Continue increased focus on CI solutions rather than capital

**Asset Integrity:**
- Maintain regular assessment of condition of fixed assets
- Ensure alignment of 5 year Capex & major maintenance plans
Aluminium Industry Costs

Typical Aluminium Cost Components

- Alumina (incl. freight): 33%
- Other Raw Materials: 17%
- Energy: 28%
- Labour: 10%
- Other: 12%
Cash Cost Curve Analysis

Aluminium Cash Cost at 50th & 95th Centile

Sources: Brook Hunt, CRU and GAF analysis

LME 3 mths Price  50th Centile Cash Cost  95th Centile Cash Cost  Forward Curve

Thank you! Questions?