

Building the Future Together

'Building the Future Together' in the Pacific Northwest region of the province of British Columbia, Canada, the Kitimat Modernization Project is a key strategic brown field initiative for Rio Tinto Alcan Primary Metal - North America.

The Kitimat Modernization Project teams will construct state of the art infrastructure and deliver the latest generation of AP technology extending and sustaining the future of the Kitimat aluminum smelter for decades to come. BC Operations will be Rio Tinto's largest wholly-owned smelter and one of three largest smelters in North America.

New smelter design and lay-out

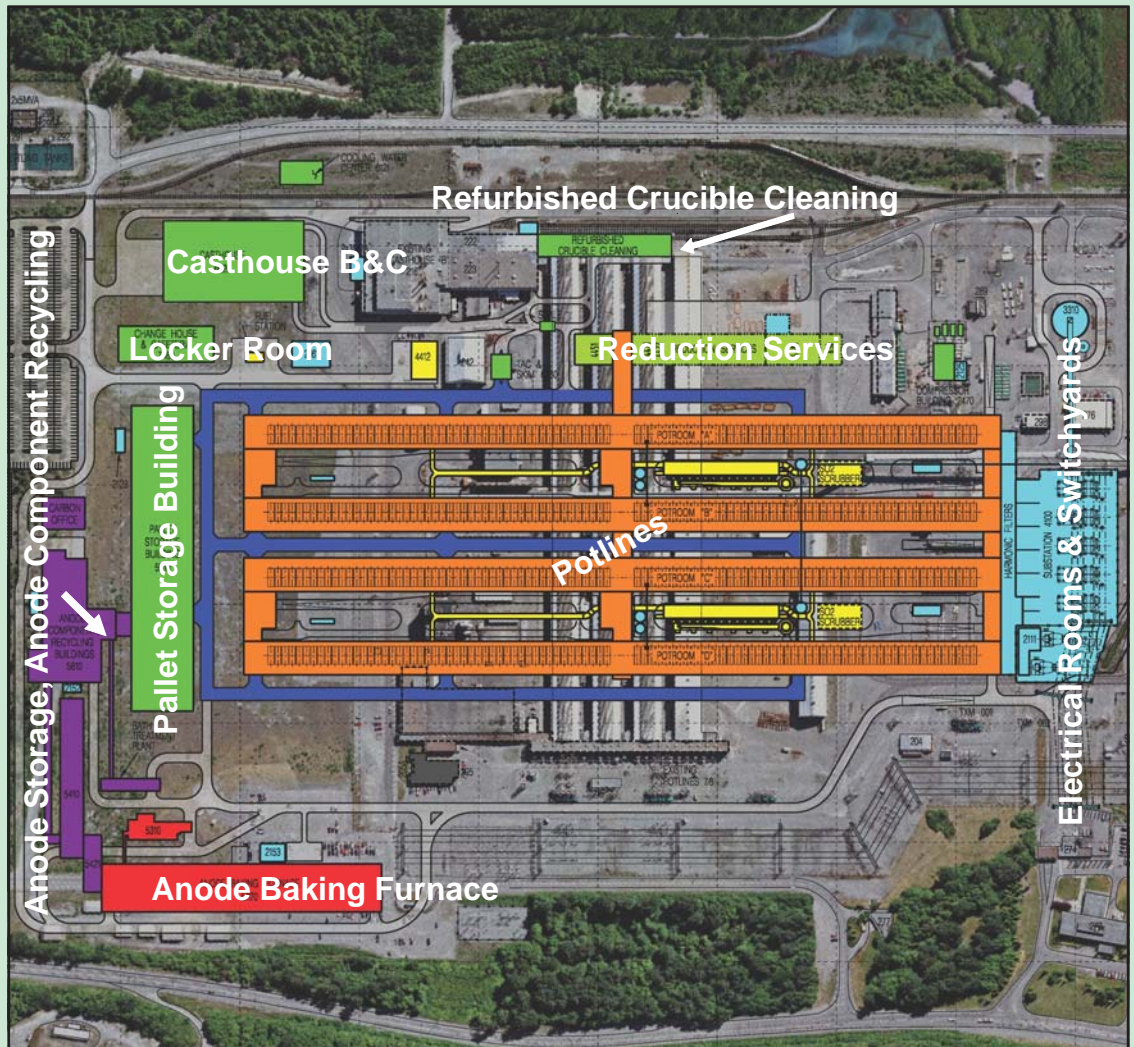


Table of Contents

- 1 New smelter design and layout
- 2 Contractor Update from Richard Blais
- 3 An Update from Project Director Michel Lamarre
- 4 Photos from the Contractor & Supplier Event, November 2009
- 5 KMP Organization Chart (insert)

Rio Tinto Alcan media releases: www.riotintoalcan.com

Rio Tinto media releases: www.riotinto.com

HSE Summary (Bechtel and Contractors)

Health & Safety	Quarter	YTD	Inception to Date
LTI/LWD	0	0	0
Recordable	0	0	3
First Aid	0	0	14
Near Hit/Near Miss	0	0	10
Environmental			
Level I - Significant incident	0	0	0
Level II - Manageable on site	0	0	1
Level III - Minor incident	0	0	23

New layout and VI process from Richard Blais



Richard Blais, Construction & Engineering Director updates contractors.

In light of the economic challenges, today's presentation will outline the new layout and will describe the Value Improvement (VI) process, which KMP imple-

mented to build a better business case for final RTA Board approval.

New layout reduces costs

The new 4 potroom north – south alignment smelter design, as opposed to the previous 6 potroom east – west orientation, will be easier and less costly to build.

The VI process was driven by internal economics, as KMP is in competition with other Rio Tinto projects. KMP was therefore challenged to reduce the new smelter construction costs by a significant percentage.

It is a rare opportunity to re-evaluate design and construction costs of a new smelter. While the world economy recovers, KMP will take the time to review construction costs as dictated by VI output and as per the revised scope. KMP, AP Tech-

nology and Bechtel will work in unison to improve cost efficiencies and implement economics of scale. To date, more than 650 ideas related to improving smelter designs and to reduce construction costs were analyzed. Once the VI work is completed and presented to the Board of Directors, KMP will be a most cost efficient project.

The VI effort will be completed by mid-2010. At that time, Bechtel, the EPCM Contractor, will update the cost estimate, and carry out the 2010 construction packages.

With VI, construction work, planning for execution and initiating design work, 2010 will be a challenging year for KMP. I am looking forward to working with all parties towards these important milestones leading to the execution of the Kitimat Modernization Project.

Kitimat Modernization Project News

January 2010

Volume 1 Number 2

Communication & External Relations Manager/Publisher

Colleen Nyce

Member of International Association of Business Communicators

Communication Advisor/ Editor

Cathie Stevens

Member of International Association of Business Communicators

Project Director

Michel Lamarre

Operations Director

Daniel Allaire

Construction & Engineering Director

Richard Blais

HSE, Construction & Pre-Commissioning Manager/Tie-in & Utilities Manager

Allen Veasey

Editorial, Writing, Design & Production

Cathie Stevens

Photography

Ernie Urbanowski, Contributed this Issue.

Printing & Distribution

BC Operations Print Services Department

Kitimat Modernization Project News is an e: newsletter published quarterly by Rio Tinto Alcan Kitimat BC Operations Primary Metal. A limited number of printed copies will be available at the Plant Gates.

You can also visit us at:

www.kitimatworksmodernization.com

KMP News Editor:

Phone: +01 250 639 8519

Email: cathie.stevens@riotinto.com

Please respect KMP News deadlines for submitting copy, revisions and/or photographs. The deadline is the 10th working day of the month prior to publication date.

If printing this e:newsletter, please recycle.



Message from Project Director Michel Lamarre



Michel Lamarre
KMP Project Director

Let me begin by wishing you and your families a very happy, healthy and prosperous 2010. We had a challenging year in 2009, but we have made good progress on our goals.

Our Goal is Zero

We have implemented effective safety systems, awareness and

practices on our site and work towards our ultimate goal of zero injuries. Thanks to our leadership in safety, the dedicated efforts of our teams, and the willing collaboration of our contractors, we achieved an AIFR of 0.71 for the year against a target objective 0.90. Our journey to zero in 2010 must be our first priority.

Strengthening project financial position

We are proud of what we achieved in 2009 against the backdrop of a global financial crisis, the likes of which we have not experienced since the global depression of the 1930s.

In light of those economic conditions, we implemented a value improvement process (VI), which allowed us to develop a

better business case for final board approval. The VI process generated over 650 ideas where we could improve on project costs. Through this initiative KMP has succeeded to not only achieve an improved project financial position, but aimed at making KMP a model for future projects. I'm delighted to see how the teams have committed to deliver or exceed this mandate. We are aiming to have this exercise completed by the end of the 2nd quarter 2010, to allow rebuilding a firm scope from there.

Site activities

The challenging economy of 2009 led to cost cutting and prudent spending, but we also achieved and progressed on laying the ground work, albeit at a slower pace. I want to reassure

our stakeholders that Rio Tinto remains fully committed to the project, and we will continue to work closely with our local contractors and suppliers as well as continuing to promote regional and community economic diversification with our stakeholders and interested businesses.

Our intention is to continue spending prudently while actively progressing site readiness. The work at the site will concentrate on the construction of the Anode Pallet Storage building, which is in addition to the previously announced contracts. This building is a requirement for the AP technology. We will also advance preparatory work on the construction village.

We are very excited to share this new contract information on top of what we announced at our KMP Contractor session in November 2009, where we and the Bechtel team shared information on the status of the project, HSE statistics, site development, review of completed work and upcoming contracts for 2010.

Rio Tinto remains fully committed to KMP

KMP remains one of Rio Tinto's highest project priorities. While project work in other locations has been halted, work continues on KMP. Rio Tinto remains fully committed to preserving and executing the project quickly once the economy improves.

Contracting plan completed for 2009

Contract	Progress
• General Services	Work completed
• Air Monitoring	Work completed
• Mechanical Installation: Valve Chamber re-work	Work completed
• Electrical Installation #1	Work completed
• Storm Water Management, North & South Anderson Creek	Work completed
• Storage Pad for Rectifiers / Transformers	Work completed
• Soils Excavation #1 and #2	Work completed
• Hydroseeding	Work completed
• Cleaning and Demolition of existing plant	Planning / work on-going
• Enviro Monitoring	Work on-going
• Soil Excavation Monitoring	Work completed
• Inspection of existing pipe SW North end of plant and sewer lines near potlines 1&2	Work completed

Construction plan for 2010

- Camp and laydown site development;
- East laydown area - storm water;
- Smelter site road upgrade;
- Brownfield project;
- 8 site services and support technical contracts;
- Anode Pallet Storage building;
- Installation and services to install document storage containers.



Contractors take a break during the contractor session held in November 2009.

KMP Hosts Contractor/Supplier Event



Photo left: Construction and project manager Richard Blais presents the new layout to about 80 contractors during a KMP contractor session in November 2009.



Photo right: About 80 contractors from Kitimat and Terrace greet one another before the KMP contractor session begins.



Patrick Casey of Bechtel updates the contractors on the Project Labour Agreement (PLA).



From left: Andy Lederman, Colleen Nyce, Michel Lamarre and Richard Blais listen to updates during contractor sessions.



Scott Marko from Bechtel provides an update on HSE (Bechtel & Contractors).



Trish Grant of Bechtel and Wendy Markowsky of KMP Community office greet contractors on arrival.



Ray Sunstrum of Bechtel provides an update on construction performance.



Attentive suppliers hear more about KMP direction in 2010.

RioTinto Alcan

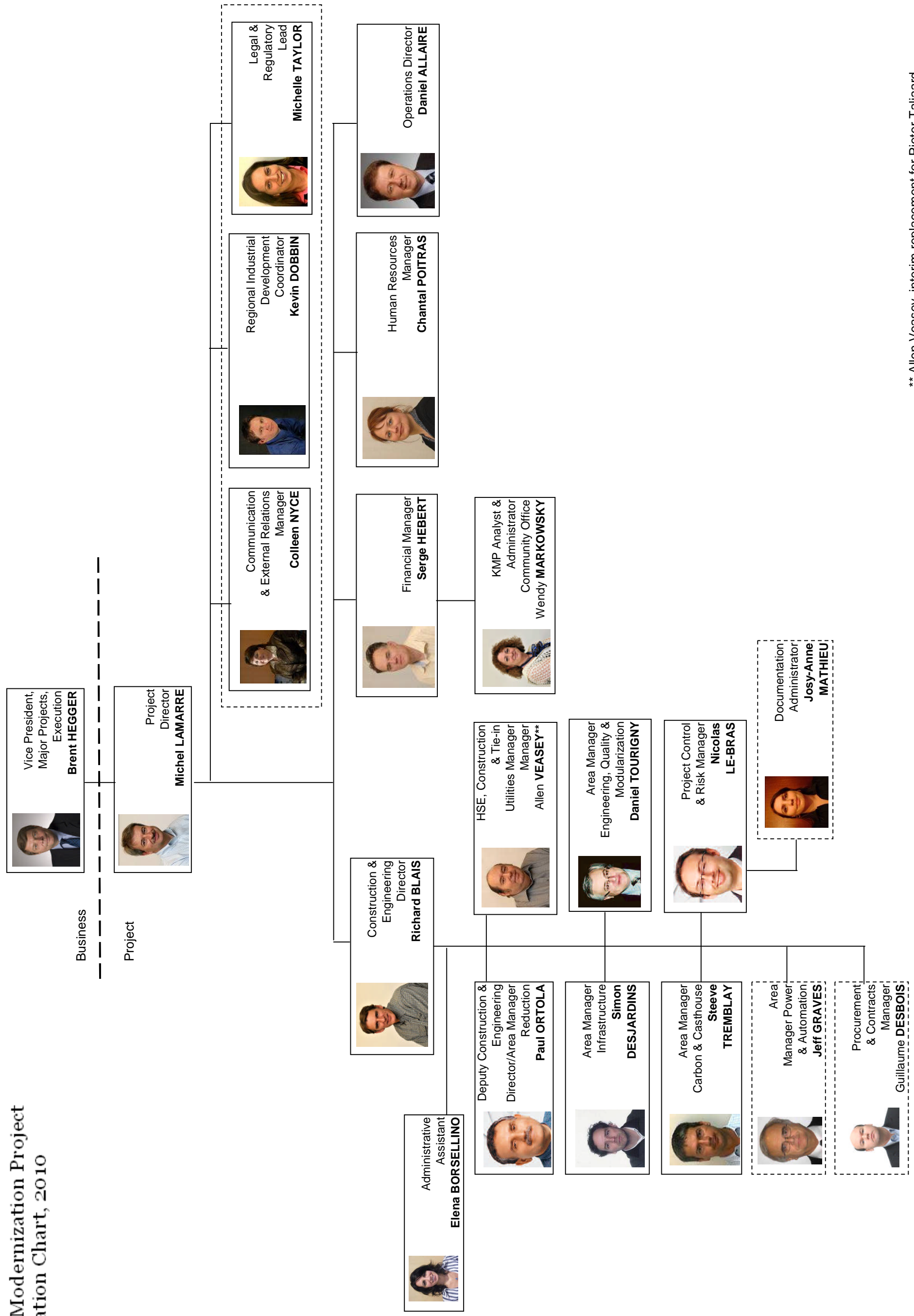
Rio Tinto Alcan Primary Metal
1 Smeltersite Road
PO Box 1800
Kitimat, BC V8C 2H2
Tel: 250 639 8000
Fax: 250 639 2260
www.riotintoalcaninbc.com

Rio Tinto Alcan Primary Metal
Kitimat Modernization
Community Office
254 City Centre Mall
Kitimat, BC V8C 1T6
Tel: 250 632 4712
Fax: 250 632 4771
www.kitimatworksmodernization.com

Bechtel Canada Co.
PO Box 198
Kitimat, BC V8C 2G7
Tel: 250 639 0255
Fax: 250 639 8012



Kitimat Modernization Project Organization Chart, 2010



** Allen Veasey, interim replacement for Pieter Taljaard