



Dubal to get Guinea supply in 2010

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Dubai: Dubai Aluminium Company Limited (Dubal) will get its first share of output from the \$3 billion alumina refining project in the Republic of Guinea in 2010 when the plant's first stage becomes operational.

The refinery, being set up in the country that owns one-third of the world's bauxite reserves, has faced construction delays, increase in development costs and prolonged partnership negotiations in the last two years.

The Sangaredi Refinery project, which includes development of a \$325 million port, was scheduled to start in 2009.

"We were projecting about \$2.4 billion 18 months back but now we are at \$3 billion. Part of that was due to increase in the capacity but a significant amount of that was the increase in construction and material costs. That was big part of the delay as we had to restructure our financing," said Bruce Wrobel, chief executive officer of Global Alumina, which has sold two-thirds of stake in the venture to mining firm BHP Billiton, Dubal and Abu Dhabi's Mubadala Development Company.

Wrobel told Gulf News no further delay was expected and the company would accelerate the pace of development to start producing alumina in 2010.

He said so far \$300 million has been spent on the project.

Global Alumina and BHP hold 33.33 per cent stake each in the project, while Dubal and Mubadala own 25 per cent and 8.33 per cent respectively. The companies announced a formal agreement in Dubai yesterday.

The agreement allows Dubal to take 40 per cent of the first and second phase alumina output.

In the first phase, the refinery will have a processing line of 1.5 million tonne capacity.

Two more processing lines of similar capacity will be added in the next two years.

The partners will contribute \$1 billion in equity and the rest will come from bank borrowings, officials said.

Michael Cella, Global Alumina's chief financial officer, told Gulf News the consortium was discussing financing deals with a group of 15 lenders.

"The Guinea project is a key element of Dubal's global growth strategy and its vision to be among the top five aluminium producers in the world by 2015," said Abdullah Kalban, Dubal's chief executive officer.

Dubal needs more alumina, a white powdery substance produced from bauxite, to increase aluminium production at its Dubai smelter and for the upcoming 1.4-million-tonne Emirates Aluminium (Emal) smelter.

The first phase of Emal, a joint venture between Dubal and Mubadala, is scheduled to become operational in 2010.