

To: The Manager
Announcements
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Australian Stock Exchange



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Public Announcement 2008 – 36AWC

Attached is an announcement regarding an accelerated, pro rata entitlement offer ("Entitlement Offer") by Alumina Limited.

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

**Stephen Foster
Company Secretary**

25 August 2008

Alumina Limited

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Alumina to raise \$ 910 million in equity via an Accelerated Pro Rata Entitlement Offer

Alumina Limited (“Alumina”) today announced that it will raise up to approximately \$910 million through a fully underwritten accelerated, pro rata entitlement offer (“Entitlement Offer”) at an Offer Price of \$3.00 per share. The Entitlement Offer will strengthen Alumina’s financial structure at a time that it is investing in major growth projects to capture the strong global demand for alumina.

Alumina Limited’s CEO, John Bevan commented “We are investing in additional capacity at a time of unprecedented global demand for alumina and aluminium. Investing in high quality, long life assets is increasingly important to meet the continued growth in demand from our customers and enhance our competitive position. The AWAC joint venture controls some of the world’s finest bauxite and alumina assets and has a proven history of strong cash flow distribution.”

“The proceeds will be used to fund Alumina’s share of the additional investment in AWAC’s projects in Brazil as announced on 21 July 2008 and to strengthen the balance sheet so that we are capitalised for the needs of the business including for increased working capital.”

The Entitlement Offer will also replace funds that would otherwise have been raised by underwriting the Dividend Reinvestment Plan (DRP) for the 2008 interim dividend. Alumina does not intend to underwrite the DRP for the 2008 final dividend.

The Alumina Board has determined that an Entitlement Offer is an appropriate way for Alumina to raise the required capital. Importantly, the structure of the Entitlement Offer means Eligible shareholders have the opportunity to maintain an undiluted interest in Alumina.

Accelerated Pro Rata Entitlement Offer

Eligible shareholders will be offered the opportunity to acquire new Alumina shares at \$3.00 each on the basis of 5 new ordinary shares for every 19 existing ordinary shares. The offer price of \$3.00 per share represents a 29.1% discount to the dividend adjusted closing price of Alumina shares on ASX of \$4.23 on 25 August 2008 and a 24.5% discount to the Theoretical Ex-Entitlement Price¹.

Alumina will raise approximately \$910 million through the fully underwritten Entitlement Offer, which will be conducted in two tranches:

- An Institutional Entitlement Offer, through which Alumina expects to raise approximately \$592 million; and
- A Retail Entitlement Offer, through which Alumina expects to raise approximately \$318 million.

The new shares issued under the Entitlement Offer will rank equally from allotment in all respects with existing Alumina shares, but will not be entitled to the 12c per share 2008 interim dividend to be paid on 14 October 2008.

¹ Calculated using the last closing price on ASX of \$4.23 as adjusted downwards for the 12c per share interim dividend.

Goldman Sachs JBWere Pty Ltd, Macquarie Capital Advisers Limited and UBS AG, Australia Branch have been appointed as Joint Lead Managers and Underwriters to the Entitlement Offer. Both the Institutional and Retail Entitlement Offers are fully underwritten at the Offer Price of \$3.00 per share by the Joint Lead Managers.

The Record Date for the Entitlement Offer will be 7.00pm (AEST) on Friday, 29 August 2008. The Institutional Entitlement Offer will be conducted during the period 25 August to 27 August 2008, with the Retail Entitlement Offer to follow. To conduct the Institutional Entitlement Offer, Alumina has requested that ASX place Alumina shares in a trading halt until the re-commencement of trading on Monday, 1 September 2008. New Alumina ordinary shares not taken up by eligible shareholders (and those which would otherwise have been offered to ineligible shareholders) will be placed into an institutional or retail bookbuild, as applicable. Any premium above the offer price achieved in these bookbuilds will be remitted to relevant shareholders on a pro rata basis. The entitlements will not be tradeable on the ASX or otherwise transferable.

Further details of the Entitlement Offer are included as an Appendix to this announcement.

Shareholder Enquiries

Retail shareholders who have any queries regarding the Entitlement Offer are encouraged to contact the Alumina Limited Shareholder Information Line on 1300 556 050 from within Australia or on +61 3 9415 4027 from elsewhere, between 8.30am and 7.00pm (AEST).

For investor enquiries:	For media enquiries:
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This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933 (as amended) or an exemption from registration. Any offering of securities in the United States will be made by means of a prospectus that contains detailed information about Alumina and the management of its business, as well as financial statements.

Important information

Some statements in this release are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements also include those containing such words as “anticipate”, “estimates”, “should”, “will”, “expects”, “plans” or similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual outcomes to be different from the forward-looking statements. Important factors that could cause actual results to differ from the forward-looking statements include: (a) material adverse changes in global economic, alumina or aluminium industry conditions and the markets served by AWAC; (b) changes in production and development costs and production levels or to sales agreements; (c) changes in laws or regulations or policies; (d) changes in alumina and aluminium prices and currency exchange rates; (e) constraints on the availability of bauxite; and (f) the other risk factors summarised in Alumina’s Form 20-F for the year ended 31 December 2007. Statements (including forward-looking statements) that reference past trends or activities should not be taken as a representation that such trends or activities will necessarily continue in the future. Alumina Limited does not undertake any obligations to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements which speak only as of the date of the relevant document.

Appendix – Entitlement Offer Details

Offer Structure

The Entitlement Offer is structured as an accelerated pro-rata entitlement offer consisting of an Institutional Entitlement Offer and a Retail Entitlement Offer. Entitlements cannot be traded on the ASX or otherwise transferred.

1. Institutional Entitlement Offer

Existing eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer between 9:00 pm (AEST) on Monday, 25 August 2008 and 4:00pm (AEST) on Wednesday, 27 August 2008.

Eligible institutional shareholders can choose to take up their entitlements in whole, in part or not at all. New Alumina shares equal in number to those attributable to entitlements not taken up by eligible institutional shareholders, together with new shares attributable to entitlements which would otherwise have been offered to ineligible institutional shareholders if they had been eligible to participate in the Institutional Entitlement Offer, will be offered for subscription to selected institutional investors through an Institutional Bookbuild process, to be undertaken on Thursday, 28 August 2008 and Friday, 29 August 2008.

If the clearing price achieved in the Institutional Bookbuild process is higher than the offer price of \$3.00, eligible institutional shareholders who do not take up all of their entitlements and ineligible institutional shareholders will be paid an amount equal to the difference between that clearing price and the offer price, on a pro-rata basis.

2. Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer under a prospectus which is expected to be lodged with ASIC on Monday, 1 September 2008. The Retail Entitlement Offer will open on Monday, 1 September 2008 and close at 5:00 pm (AEST) on Friday, 19 September 2008.

Eligible retail shareholders can choose to take up their entitlements in whole, in part or not at all. New Alumina shares equal in number to those attributable to entitlements not taken up by eligible retail shareholders, together with new Alumina shares attributable to those entitlements which would otherwise have been offered to ineligible retail shareholders if they had been eligible to participate in the Retail Entitlement Offer, will be offered for subscription to selected institutional investors through a Retail Bookbuild process.

If the clearing price achieved in the Retail Bookbuild process is higher than the offer price of \$3.00, eligible retail shareholders who do not take up all of their entitlements and ineligible retail shareholders will be paid an amount equal to the difference between that clearing price and the offer price, on a pro-rata basis.

Stock Lending and Other Transactions

Eligible shareholders will be entitled to apply under the Entitlement Offer for 5 new Alumina shares for every 19 existing Alumina shares held as at 7:00 pm (AEST) on the record date,

29 August 2008. Notwithstanding the record date for the Entitlement Offer, Alumina will be granted a waiver by ASX so that, in determining shareholder entitlements for the Entitlement Offer, it may ignore any changes in security holdings that occur after the announcement of the trading halt in Alumina's shares made earlier today (other than registrations of transactions that were effected through ITS before that announcement).

Accordingly, a person who is a registered shareholder of Alumina at 7.00pm (AEST) on the record date for the Entitlement Offer as a result of a dealing after the announcement of the trading halt (other than the registration of a transaction effected through ITS before that announcement) may not be entitled to receive an entitlement under the Entitlement Offer.

This means, for example, that in the event an Alumina shareholder has existing Alumina shares out on loan, the borrower will be regarded as the shareholder for the purposes of determining the entitlement (provided that those borrowed shares have not been on-sold).

Key Entitlement Offer Dates

Alumina has requested that its shares be placed in a trading halt on ASX pending the outcome of the Institutional Entitlement Offer and Institutional Bookbuild. Its shares are expected to remain in trading halt until Monday, 1 September 2008. The Record Date for the Entitlement Offer will be 7.00pm on Friday, 29 August 2008.

Record date for entitlements under the Entitlement Offer:	7:00pm (AEST) on Friday, 29 August 2008
Institutional Entitlement Offer	
Trading halt for Alumina ordinary shares on ASX commences (2+2 business days):	Tuesday, 26 August 2008
Institutional Entitlement Offer opens:	9:00pm (AEST) Monday, 25 August 2008
Institutional Entitlement Offer closes:	4:00pm (AEST) Wednesday, 27 August 2008
Institutional Bookbuild:	Thursday, 28 August 2008 to Friday, 29 August 2008
Settlement of Institutional Entitlement Offer and Institutional Bookbuild (via DvP in CHES):	Tuesday, 9 September 2008
New shares issued under Institutional Entitlement Offer and Institutional Bookbuild expected to commence trading (on a normal settlement basis):	Wednesday, 10 September 2008
Retail Entitlement Offer	
Retail Entitlement Offer opens:	Monday, 1 September 2008
Retail Entitlement Offer closes:	5:00pm (AEST) on Friday, 19 September 2008
Retail Bookbuild:	Thursday, 25 September 2008 to Friday, 26 September 2008
Settlement of the Retail Entitlement Offer and Retail Bookbuild (via DvP in CHES):	Thursday, 2 October 2008

New shares issued under Retail Entitlement Offer and Retail Bookbuild expected to commence trading (on a normal settlement basis):	Monday, 6 October 2008
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Holding statements expected to be dispatched:	Tuesday, 7 October 2008
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These dates are indicative only and subject to change. All times and dates refer to Australian Eastern Standard Time (AEST). Alumina has the right, in consultation with the Joint Lead Managers, to extend the closing date for the Retail Entitlement Offer, to close the Retail Entitlement Offer early, to withdraw the Entitlement Offer at any time prior to the issue of new shares and/or to accept late applications either generally or in specific cases.

Full details of the Retail Entitlement Offer will be set out in a prospectus which will be made available to eligible retail shareholders when offers of new Alumina ordinary shares are made under the Retail Entitlement Offer. The Prospectus is expected to be lodged with ASIC on Monday, 1 September 2008, and will be sent to eligible retail shareholders after lodgement and be made available on Alumina's website. Any eligible retail shareholder who wishes to acquire new Alumina shares under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will be in or will accompany the Prospectus, and should consider the Prospectus in deciding whether to subscribe for new Alumina shares.
