Improved Profit and Cash Flow, and Stronger Outlook for 2011

Summary

- Fully franked final dividend US dollar 4 cents per share, bringing total dividend to US dollar 6 cents per share, fully franked
- Underlying earnings[1] US$37 million up from US$0.3 million in 2009
- NPAT $35 million up from negative US$24 million in 2009
- AWAC free cash flow $416 million, up from negative $729 million in 2009

- AWAC results impacted by Brazil issues, which cost $135 million before tax
- Brazilian expansion now running at design capacity

- All new 2011 alumina contracts signed by AWAC on alumina price index
- Market outlook for alumina and aluminium continues to improve

Key Financials and Metrics

US$	FY10	FY09
Underlying Earnings	$37 million	$0.3 million
Net Profit After Tax	$35 million	($24 million)
Dividend to AWC shareholders	6 cents	1.8 cents

AWAC dividends received by Alumina Limited	$234 million	$136 million
AWAC Free Cash Flow*	$416 million	($729 million)

**Free cash flow is cash from operations less capital expenditure*

Alumina Limited CEO, John Bevan, commented, “The strong turnaround in free cash flow from the AWAC joint venture highlights the value and future potential of the underlying assets. With the major investment in Brazil behind us, and the outlook for alumina pricing continuing to strengthen, dividend flow from the joint venture has also significantly improved.

“The global alumina market is entering a growth phase due in part to the rising demand for alumina from independent, non-integrated smelters, including many in China. Global demand for alumina is forecast to increase 12% in 2011 and global supply and demand is expected to be in balance.

“AWAC’s ability to service the growing alumina market has improved with the commissioning of the expansion of the Alumar alumina refinery and the new Juruti bauxite mine in Brazil boosting total alumina production capacity to over 17 million tonnes per annum”.

AWAC Improved Profit and Turnaround in Free Cash Flow

Profitability improved significantly on the prior year. Stronger market conditions resulted in improved pricing, with realised alumina prices up 28% on the prior year.

---

[1] Underlying earnings exclude the impact of mark to market valuation for embedded derivatives in energy contracts and certain non-cash actuarial adjustments to defined benefit pension plans.

Alumina Limited results are presented in US dollars Page 1

AWAC profit was impacted by $135 million before tax of costs in Brazil arising from commissioning and start up issues and their impact on production costs. Of this, $80 million related directly to commissioning issues at the refinery. Profit was also reduced by the strengthening Australian dollar, which impacts 60 per cent of AWAC's global production.

Free cash flow from the AWAC joint venture improved by $1.1 billion to $416 million as demand for aluminium and alumina improved and a period of major investment in Brazil wound down.

AWAC responded to improving demand with record alumina production of 15.2 million tonnes.

Alumina Limited Dividends Increase

Directors are pleased to announce a fully franked dividend of US dollar 4 cents per share, up from Australian dollar 2 cents per share in 2009. This brings the full year 2010 dividend to US dollar 6 cents for the year, and is a reflection of the strong dividend flow from the AWAC joint venture, and the positive outlook.

Positive Change to Alumina Pricing

In 2010 there was a significant development in the pricing structure for alumina. Several independent pricing indices were developed for alumina based on the spot market. The indices are prepared by market analysts, and are expected to reflect the alumina industry economics. This is a significant change to the traditional pricing methodology of linking the price of alumina to a percentage of the aluminium price.

The industry traditionally has multi-year supply contracts with approximately 20% of the volume signed and repriced each year. All AWAC alumina contracts written in the second half of 2010, for delivery in 2011 and beyond, were priced based on the indices based on the spot market. The current spot price for alumina is $390 per tonne.

Alumina Limited has re-issued guidance for 2011 (refer announcement to ASX).

	FY10	**FY09**
AWAC Alumina Production	15.2mt	13.5mt
Average 3 month aluminium LME/t	USD 2,200	USD 1,704
Average AUD/USD	0.92	0.79

Some statements in this public announcement 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; and (e) the other risk factors summarised in Alumina's Form 20-F for the year ended 31 December 2009.

Investor Contact:
John Bevan
03 8699 2601

Judith Downes
03 8699 2607

Media Contact:
Nerida Mossop
03 9600 1979
0437 361 433
nmossop@hintons.com.au

Alumina Limited results are presented in US dollars