NOTICE OF ANNUAL GENERAL MEETING

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>> **NOTICE IS HEREBY GIVEN that the thirty-ninth Annual General Meeting of Alumina Limited will be held in the Auditorium, Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Victoria, Australia at 9.30am on Thursday, 7 May 2009.**

NOTICE OF >>>>>>>>>>>>>>>>>>>> ANNUAL GENERAL MEETING

1. FINANCIAL AND OTHER REPORTS

To receive and consider the Financial Report and the Reports of the Directors and of the Auditor for the year ended 31 December 2008.

2. REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 31 December 2008 is adopted."

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. ELECTION OF DIRECTORS

(a) To re-elect Mr Donald M Morley as a Director.

Mr Morley retires in accordance with the Company's Constitution. Being eligible, Mr Morley offers himself for re-election as a Director.

(b) To elect Mr John Bevan as a Director.

Mr Bevan was previously appointed as a Director of the Company on 16 June 2008. Being eligible, Mr Bevan offers himself for election as a Director.

4. GRANT OF PERFORMANCE RIGHTS TO CHIEF EXECUTIVE OFFICER

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given for all purposes under the *Corporations Act 2001* (Cth) for the grant to Mr John Bevan, Chief Executive Officer of the Company, of rights to acquire ordinary shares in the capital of the Company in accordance with the terms contained in the Company's Long Term Incentive Plan, as more fully described in the Explanatory Notes to the Notice convening this meeting."

The Company will disregard any votes cast on this resolution by Mr Bevan or an associate of him. However, the Company need not disregard a vote if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

5. ADOPTION OF NEW CONSTITUTION

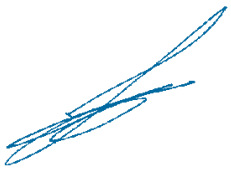
To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, pursuant to sections 136(2) and 648G of the *Corporations Act 2001*(Cth), the Constitution submitted to this meeting and signed by the Chairman of this meeting for the purpose of identification is approved and adopted as the Constitution of the Company in substitution for and to the exclusion of the existing constitution of the Company."

6. OTHER BUSINESS

To transact any other business that may be legally brought forward.

By Order of the Board



Stephen C Foster
Company Secretary

Melbourne, Australia
30 March 2009

>>>> EXPLANATORY NOTES

ITEM 2: REMUNERATION REPORT

The Corporations Act 2001 (Cth) requires listed companies to provide information regarding the remuneration of Directors and senior executives in a Remuneration Report, which forms part of the annual Directors' Report. The Company's Remuneration Report for the year ended 31 December 2008 is set out on pages 19 to 34 of the 2008 Annual Report and is also available on Alumina's website at www.aluminalimited.com.

The Remuneration Report includes an explanation of the Company's remuneration policy and the remuneration arrangements in place for Directors and certain senior executives whose remuneration arrangements are required by law to be disclosed.

As required by the *Corporations Act 2001* (Cth), a non binding resolution to adopt the Remuneration Report is to be put to shareholders at the meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

ITEM 3: ELECTION OF DIRECTORS

(a) DONALD M MORLEY,

INDEPENDENT NON-EXECUTIVE DIRECTOR, AGED 69

In accordance with the Company's Constitution and the Australian Securities Exchange Listing Rules, Mr Donald M Morley is to retire at the meeting.

In accordance with the Company's Constitution, Mr Morley is eligible for re-election and has submitted himself for re-election at the meeting.

The personal particulars of Mr Morley are set out below.

Mr Morley was elected as a Director of the Company from the time of the demerger of WMC Limited in December 2002, and has been Chairman since that time. Mr Morley was the Director of Finance of WMC Limited from 1983 until April 2001 and he retired from his executive duties with WMC in October 2002. Mr Morley is also a director of Iluka Resources Limited and SPARK Infrastructure Limited. Having been finance director of a substantial resource company, Mr Morley is an active and strong contributor to the Board on financial and operating performance. Mr Morley's previous knowledge of the AWAC joint venture also enables him to bring a deep understanding of AWAC issues.

The Directors (other than Mr Morley) unanimously recommend that shareholders vote in favour of the resolution to re-elect Mr Morley. Mr Morley makes no recommendation.

(b) JOHN BEVAN,

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR, AGED 52

Mr John Bevan was appointed as Chief Executive Officer and as an Executive Director of the Company on 16 June 2008. In accordance with the Company's Constitution, Mr Bevan is to retire at the meeting.

In accordance with the Company's Constitution, Mr Bevan is eligible for election and has submitted himself for election at the meeting.

The personal particulars of Mr Bevan are set out below.

Mr Bevan was appointed as a Director and Chief Executive Officer on 16 June 2008. Mr Bevan has had a long career with The BOC Group Plc (BOC), including as Executive Director of BOC, with responsibility for a global business line. Mr Bevan has strong commercial and operational experience through operating in joint ventures in many parts of the world.

The Directors (other than Mr Bevan) unanimously recommend that shareholders vote in favour of the resolution to elect Mr Bevan. Mr Bevan makes no recommendation.

JOHN BEVAN
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

DONALD M MORLEY
INDEPENDENT NON-EXECUTIVE DIRECTOR

ITEM 4: GRANT OF PERFORMANCE RIGHTS TO CHIEF EXECUTIVE OFFICER (LONG TERM INCENTIVE PLAN)

Item 4 relates to the proposed participation of the Chief Executive Officer, Mr John Bevan, in the Company's Long Term Incentive Plan (***LTI***) for the 2009 financial year, as part of his remuneration by the Company.

(A) BACKGROUND

As part of Mr Bevan's remuneration package, the Company has – subject to obtaining the necessary shareholder approval – invited Mr Bevan to participate in the LTI, pursuant to which Performance Rights may be issued to him. Performance Rights are conditional rights to acquire ordinary shares in the Company. Under the Company's Remuneration Policy, all executive employees are required to receive a portion of their overall remuneration in the form of variable or "at risk" remuneration. In addition to a short-term incentive component, this portion of "at risk" remuneration consists of a long-term incentive component, or "LTI". The Board considers that the proposed issue of Performance Rights for 2009 to Mr Bevan is an important component of his overall remuneration package. His participation is designed to provide him with an incentive to strive for high performance personally and at a Company level, and to align his remuneration over an extended period with the financial interests of shareholders.

The Performance Rights to be issued to Mr Bevan for 2009 will be on the same terms as those applicable to all other participants in the LTI.

While the ASX Listing Rules do not require the Company to obtain the approval of shareholders for the participation of Mr Bevan in the LTI, the Board considers that it is appropriate from a governance perspective for such participation to be subject to approval.

(B) DATE THE PERFORMANCE RIGHTS WILL BE PROVIDED

If approved by shareholders, the Performance Rights will be issued to Mr Bevan as soon as practicable after the meeting.

(C) MAXIMUM NUMBER OF PERFORMANCE RIGHTS TO BE PROVIDED

In the case of the Chief Executive Officer, the Company's Remuneration Policy requires that the LTI component of annual remuneration be equivalent in value to a maximum of 50 per cent of his fixed remuneration.

The number of Performance Rights to be issued to Mr Bevan (being 191,600) has been determined by dividing $283,500 (being 50 per cent of the amount of Mr Bevan's fixed remuneration on a pro rata basis for his period of employment during 2008) by the volume weighted average sale price of ordinary shares in the Company on the Australian Securities Exchange in the twenty trading days up to and including the date the Board determined to offer the Performance Rights to Mr Bevan (subject to shareholder approval being obtained).

(D) LTI PERFORMANCE CONDITION

The number of those Performance Rights in the award to be made to Mr Bevan (subject to shareholder approval being obtained) that will vest will be determined in accordance with the vesting conditions applicable to the award, as outlined below.

The Performance Rights to be issued to Mr Bevan may vest at the expiry of a 3 year period in December 2011, with a potential vesting during a further 12 month period in which two retests are undertaken (the ***Vesting Period***), subject to the satisfaction of the performance hurdles described below. Any Performance Rights that have not vested at the end of the Vesting Period will expire. Following each test date (as described below), the Company will issue a vesting notice to Mr Bevan notifying him of the percentage of his Performance Rights that have vested (if any).

The performance hurdle that will apply in respect of the grant of the Performance Rights to Mr Bevan is relative Total Shareholder Return (***TSR***).

Two comparator group tests are applied to determine the number of Performance Rights that may vest under the LTI, with each accounting for 50 per cent of the maximum possible vesting of Performance Rights under the LTI (i.e. the Performance Rights are divided into two equal tranches with performance testing applied by reference to different comparator groups). The performance tests compare the Company's TSR performance with the TSR performance of each of the entities in the comparator group applicable to a tranche of Performance Rights over the performance period of three years and a further 12 month period.

The methodology used for each comparator group is identical. The performance tests are defined as follows.

The comparator groups are respectively a group of 100 Australian-listed entities and a group of 30 international metals and mining entities listed on stock exchanges inside and outside Australia (as applicable).

Under the performance tests, the TSR for each entity in the comparator groups and for the Company is calculated and the entities (or securities, as appropriate) in each comparator group are then ranked by TSR performance. The number of Performance Rights that vest in the tranche relating to a particular comparator group is then determined according to the scale below.

ALUMINA LIMITED TSR COMPARED TO MEDIAN OF RELEVANT COMPARATOR GROUP	VESTING OF TRANCHE
If the Company's TSR is less than the TSR of the company at the 50th percentile of the comparator group, ranked by TSR performance	0 per cent
If the Company's TSR is equal to the TSR of the company at the 50th percentile of the comparator group, ranked by TSR performance*	50 per cent
If the Company's TSR is equal to or greater than the TSR of the company at the 75th Percentile of the comparator group, ranked by TSR performance*	100 per cent

* If the Company's TSR performance is between that of the entities (or securities, as appropriate) at the median (i.e. the 50th percentile) and the 75th percentile of the relevant comparator group ranked by TSR performance, the number of Performance Rights in a tranche that vest will increase by 2 per cent for each 1 per cent by which the Company's percentile ranking is higher than the 50th percentile.

(E) TESTING PERIOD FOR TSR

If less than 100 per cent of the Performance Rights in a tranche vest when tested at the expiry of the initial three year period, a further 2 tests are conducted (as required) at two 6 monthly intervals after the initial test.

The number of Performance Rights of the retested portion that vest will be determined according to the Company's relative TSR performance over the period from the commencement of the performance period to the relevant six monthly retest date, according to the same scale used at the initial test.

Performance Rights that are unvested will generally lapse on cessation of employment.

(F) PRICE OF THE PERFORMANCE RIGHTS

No amount is payable on the grant of an award of Performance Rights under the LTI.

If the applicable vesting conditions are met, and Mr Bevan wishes to exercise any Performance Rights granted to him, he will be entitled to receive one fully paid ordinary share in the Company in respect of each vested Performance Right.

Where Performance Rights vest under the LTI, Mr Bevan's right to acquire a share in respect of each Performance Right will be satisfied by the Company acquiring existing shares on-market on behalf of Mr Bevan and transferring them to him.

(G) EXERCISE AND LAPSE OF PERFORMANCE RIGHTS

On the vesting of Performance Rights, Mr Bevan will acquire fully paid ordinary shares in the Company and will receive full voting and dividend rights corresponding to the rights of all other holders of ordinary shares in the Company.

Performance Rights that have not vested by the end of the Vesting Period will expire.

Termination of the employment of Mr Bevan does not have any impact on vested Performance Rights.

In the event of Mr Bevan's employment ceasing for any reason, unvested Performance Rights will lapse unless otherwise determined by the Board.

In the event of a change in control of the Company, the outstanding Performance Rights for which performance hurdles are met at that time will vest to Mr Bevan. A change of control will generally occur upon an entity acquiring unconditionally more than 50 per cent of the issued shares of the Company.

(H) OTHER MATTERS

There are no loans to be granted by the Company to Mr Bevan in relation to the acquisition of the Performance Rights.

(I) RECOMMENDATION

The Directors (other than Mr Bevan) unanimously recommend that shareholders vote in favour of the resolution proposed on item 4. Mr Bevan makes no recommendation.

ITEM 5: ADOPTION OF NEW CONSTITUTION

The Company's existing Constitution was originally adopted by shareholders at the annual general meeting in 1999. While a limited number of amendments have been made since that time, the terms of the Constitution have not been subject to a comprehensive review or update. However, since 1999, there have been substantial changes to Australian corporate law and practice (including, among other things, the introduction of the *Corporations Act 2001* (Cth) (the ***Corporations Act***), a number of changes to the Australian Securities Exchange (***ASX***) Listing Rules, the introduction (and subsequent revision) of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and the widespread adoption by other listed companies of electronic forms of communication and conduct).

Your Directors recommend that the Constitution be amended to take account of these changes, and to address other specific matters that your Directors consider to be in the best interests of the Company. The Board recommends that shareholders vote in favour of the resolution proposed on item 5.

In light of the number of changes being proposed to various parts of the Constitution, and the fact that some of the amendments are of a non-substantive nature, the Board has decided that it is most appropriate to adopt a wholly new Constitution incorporating the proposed amendments. The proposed changes that your Directors consider significant for shareholders are described below. In the discussion below, references to Rules are to Rule numbers in the proposed new Constitution, unless stated otherwise.

A copy of the proposed new Constitution can be obtained prior to the meeting from the Company's website (www.aluminalimited.com) or by contacting Computershare Investor Services Pty Limited on +61 (0)3 9415 4027 or 1300 556 050 (for callers within Australia). A copy of the new Constitution will also be available for inspection at the meeting.

The following discussion of the significant changes to the Constitution that are proposed is divided into two parts – first, the changes that your Directors consider to be most material, and secondly, the changes that your Directors view as less significant.

(A) GENERAL AMENDMENTS TO AVOID DUPLICATION AND MODERNISE DRAFTING

With the aim of simplifying the Constitution and of minimising the prospect of conflicts arising in the future, the general approach that has been taken in the proposed new Constitution is that where the Corporations Act imposes a requirement on the Company, the Constitution has refrained from repeating that requirement. In addition, the new Constitution avoids the degree of duplication that appears in the existing Constitution by removing provisions that are subsumed by broader rights or obligations appearing in other Rules.

The new Constitution also contains a number of drafting amendments to various provisions that, while preserving in many instances the substance of the equivalent provisions in the existing Constitution, modernise and streamline the terms of the new Constitution.

(B) SECURITY TRANSFERS

Rule 25 incorporates proposed amendments that will allow the Directors to refuse to register a transfer of securities in the Company where that is permitted by the ASX Listing Rules. Currently the Constitution only permits such a refusal where the registration would contravene the ASX Listing Rules or another law, or in certain other limited circumstances. However, the ASX Listing Rules give listed companies broader powers to refuse registration of a transfer, even though registration would not be contrary to the ASX Listing Rules or the law. For example, registration can be refused if the transfer is contrary to the terms of an employee incentive plan operated by the Company, or where the holder of the securities has agreed to a holding lock on them. It is possible that in the future the ASX Listing Rules will be amended to address other appropriate circumstances.

Your Directors consider that the changes included in Rule 25 would give them appropriate flexibility to manage transfers of securities in the Company in the interests of all shareholders.

(C) CONDUCT OF SHAREHOLDER MEETINGS

A number of amendments proposed in Rule 34 are aimed at codifying the authority of the Chair of a general meeting, to ensure the appropriate conduct of the meeting. Rule 34 is consistent with the terms of most other listed company constitutions.

Rule 34 will authorise the Chair of a general meeting to require attendees to comply with security arrangements before they are admitted to the meeting. Amendments in that Rule will also permit the Chair to determine that a vote cast in contravention of the Corporations Act or the ASX Listing Rules is to be disregarded, and allow the Chair to make rulings without putting a matter to the vote if that action is considered to be required to ensure orderly conduct of the meeting. Rule 34 will also include amendments recognising that determinations made by the Chair at a general meeting are final, including determinations on procedural matters and on any challenges to the rights of particular persons to vote, subject always to the law.

The Rule will also allow for the appointment of a deputy Chair who holds all the powers of the Chair of a meeting, where necessary.

(D) ELECTRONIC AND DIRECT VOTING

The ASX Corporate Governance Council has encouraged listed companies to consider ways to facilitate shareholder participation in meetings of each company's members.

This potentially includes facilitating voting by shareholders (or proxies) at meetings by electronic or other means, in order to streamline the voting process. In addition, a number of compaines listed on ASX have amended their constitutions to provide for direct voting, or at least to allow the company to implement direct voting in the future. Direct voting enables shareholders to vote on resolutions to be considered at the meeting without the need to attend the meeting or to appoint a proxy. A direct vote would usually be submitted before the meeting, in any form approved by the Board, such as by fax, post or electronically.

The proposed Constitution contains amendments (in Rule 41) that will give the Company flexibility in respect of its shareholder meetings, should the Board decide to implement such measures in the future.

(E) RESTRICTIONS ON SHAREHOLDER VOTING RIGHTS

To bring the Company's Constitution into line with common practice, Rule 42 provides that a shareholder will not be entitled to vote at a general meeting or to be counted for the purpose of constituting a quorum unless all calls and other sums presently payable in respect of their shares have been paid. This is in contrast to Rule 75 of the existing Constitution, which permits shareholders to vote in respect of shares for which no sum is presently payable. It is noted that the Company does not currently have any partly-paid shares on issue.

(F) PROXIES

The Corporations Act now allows for the electronic lodgement of proxy appointments, and permits such appointments to be authenticated by means other than signature in writing. The existing Constitution, however, is too restrictive in its terms to allow the Company to take advantage of these developments.

Rule 43 will therefore be expanded to allow the Directors to determine the form of proxy appointment (which may include electronic means), and provide for the notice of meeting to which the proxy appointment relates to specify requirements for the lodgement of appointments (including requirements as to authentication). While the Corporations Regulations require that an electronic proxy appointment be authenticated in certain ways in order to be valid, it is not necessary for each of those requirements to be contained in the Constitution. Rule 43 will further provide that an incomplete proxy can be completed by the Secretary on the authority of the Directors.

Rule 44 will also set a time limit for variations in the instructions to Company Proxies (i.e, proxies in favour of a Director or employee of the Company who are held out by the Company in material sent to shareholders as willing to act as a proxy). Instructions to Company Proxies will not be able to be varied on less than 48 hours notice unless otherwise permitted by the Board.

Rule 44(a) will also set a minimum notice period for shareholders to notify the Company about the death or unsoundness of mind of the person granting a proxy, the revocation of an instrument of proxy or authority under which the instrument was executed, or the transfer of shares in respect of which an instrument of proxy is given. Shareholders must give the Company written notice of these events at least 48 hours (or any shorter period as determined by the Directors) before a meeting. Otherwise, the vote of a proxy exercised in accordance with the terms of an otherwise valid instrument of proxy will be counted despite the occurrence of such events.

(G) NOMINATION PERIOD FOR DIRECTORSHIP CANDIDACY

ASX Listing Rule 14.3 provides that a company must accept nominations for election to directorship up to 35 business days (or, in the case of a meeting requisitioned by the company's shareholders, 30 business days) before the date set down for a general meeting at which directors may be elected, unless the company's constitution provides otherwise. Proposed amendments in Rule 45 will bring the Constitution into line with those timing requirements.

(H) RETIREMENT OF DIRECTORS BY ROTATION AND OTHERWISE

The proposed Constitution will incorporate various amendments to the provisions relating to the retirement of Directors to make those provisions consistent with the ASX Listing Rules. Rule 47 will provide, in effect, that Directors will only be required to retire at the third annual general meeting since they were last elected or re-elected (subject to the ASX Listing Rules requirement that at least one Director must face election or re-election each year). The changes should ensure that, in most cases, Directors are able to serve a full three-year term.

This will avoid the current situation whereby some Directors could be required to retire only two years after they were elected or re-elected, while other Directors may serve their full three-year term. The current situation is the result of the existing constitutional provision that at each annual general meeting one third of the Directors (other than the Managing Director) and any Directors appointed since the last annual general meeting or, if their number is not a multiple of three, then the number nearest to one third, must retire from office.

This anomaly has been rectified by other listed companies in recent years.

Consistent with ASX Listing Rule 14.4, Rule 45 will further permit a Managing Director who is appointed to fill a casual vacancy, to continue in office without seeking re-election at the next annual general meeting. Again, similar changes have also been made by other listed companies in recent years.

(I) DIRECTORS' REMUNERATION

The provisions of the existing Constitution that relate to the remuneration of Directors have been reviewed and are proposed to be updated in Rules 48 and 50.

The proposed amendments will provide that Directors can be paid remuneration in kind (i.e. other than in cash), provided that any amount paid to a Director does not exceed in value the amount that they would be entitled to receive if the remuneration was paid in cash. Any remuneration paid in kind would need to be disclosed in the usual way.

In addition, to ensure consistency with the ASX Listing Rules, the proposed amendments clarify that any special or additional remuneration that is paid to Directors for extra services, and that is not subject to the maximum aggregate amount approved by shareholders, cannot include a commission on or percentage of profits or operating revenue or turnover of the Company.

(J) PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

Rules 67 to 71 will give the Board a general discretion as to the form of dividends and the way in which they are paid.

Under Rule 67, dividends may be in the form of cash, the issue of securities, the grant of options or the transfer of assets, including securities in another entity.

Rule 71 will provide the Company with maximum flexibility regarding the form of payment of dividends and other distributions. Amendments are proposed to allow the Board (should it choose to do so) to determine that payments to which the Rule applies may be paid by way of direct credit to a shareholder's nominated bank account rather than by cheque. The Rule will also provide for the Company to retain any amounts that it is unable to distribute because the relevant holder has not provided the Company with the details of a nominated bank account.

It is becoming increasingly common for the constitutions of listed companies to include a rule providing for payment of dividends and other distributions in this manner. As well as providing the Company with increased flexibility in relation to the manner in which it pays dividends or other distributions, and lowering the costs of doing so, it will have the benefit of providing shareholders with increased security in relation to payments made to them.

In addition, Rule 71 will provide the Company with the ability to pay dividends in a currency other than Australian dollars, if the Board considers that to be appropriate in specific instances.

(K) SALE OF UNMARKETABLE PARCELS

Rule 142 of the existing Constitution permits the Company to dispose of the shares of a shareholder who holds less than a marketable parcel of shares. A marketable parcel of shares is defined in the ASX Listing Rules – in general terms, it is a parcel of shares valued at $500 or more. This procedure, which is facilitated by ASX Listing Rule 15.13, has been available to the Company for a number of years and is, in the view of the Directors, advantageous to both shareholders and the Company.

From the perspective of small holders of shares, the procedure gives them the opportunity to dispose of their shares when they might not otherwise be able to do so, without paying brokerage or other transaction costs. From the Company's perspective, there is scope for cost savings from a reduction in the number of small holders as a result of lower registry costs and reduced mailing and shareholder communication expenses.

In broad terms, Rule 142 of the existing Constitution allows the Company to give notice to a shareholder holding less than a marketable parcel that the Company wishes to sell that holder's shares. If, within a period of six weeks after the notice, the holding is not increased to a marketable parcel or disposed of by the holder, and the holder has not notified the Company that they wish to retain their shares, the Company can sell the holder's shares to an arms-length purchaser on ASX in the seven day period following that six week period. The proceeds of sale are then remitted to the holder.

Although, in the Company's view, Rule 142 of the Company's existing Constitution is in overall terms beneficial to the Company, the ability of holders to 'opt out' of the procedure does potentially significantly limit its utility. Under ASX Listing Rule 15.13A, the constitution of a listed company can include an unmarketable parcel sale procedure that does not allow holders to 'opt out'. This procedure can be included alone, or in conjunction with the 'opt out' procedure. However, the compulsory procedure can only be applied to securities in a new holding that is created by the transfer of a parcel of securities that was an unmarketable parcel at the time the transfer was initiated or, in the case of a paper-based transfer, lodged with the Company.

Rule 76 contains amendments to the unmarketable parcel sale provisions in the existing Constitution. Specifically, Rule 76 will modernise the drafting of those provisions to reflect terminology now used by the ASX Listing Rules, and to expand their operation to all securities of the Company (i.e, not just shares). Proposed Rule 76 will also introduce a compulsory sale mechanism to operate alongside the 'opt out' procedure, in accordance with ASX Listing Rule 15.13A.

In the Directors' view, the proposed changes to the unmarketable parcel provisions contained in the proposed Constitution will give the Company greater flexibility to manage its shareholder base in the interest of all shareholders.

(L) APPROVAL OF PROPORTIONAL TAKEOVER BIDS

The Corporations Act permits a company to include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid, unless shareholders in general meeting approve the bid.

It is a requirement of the Corporations Act that such provisions in a company's constitution apply for a maximum period of three years, unless earlier renewed. In the case of the Company, such a proportional takeover rule (existing Rule 139) was inserted by special resolution of shareholders in 2008. The existing Rule 139 is therefore operative until 1 May 2011.

However, given that the existing Constitution is being wholly replaced with a new Constitution, existing Rule 139 is also being replaced by new provisions (namely, proposed Rules 79 and 80). Accordingly, a special resolution is being put to shareholders under section 648G of the Corporations Act (in addition to the special resolution being put to shareholders under section 136(2) of the Corporations Act in relation to the new Constitution as a whole) to insert the proposed new Rules 79 and 80. While the drafting of Rules 79 and 80 is more concise than the drafting of existing Rule 139, the substance of the two sets of provisions is the same.

If approved by shareholders at the meeting, the new Rules 79 and 80 will operate for three years from the date of the meeting (i.e. until 6 May 2012), unless earlier renewed.

The effect of Rule 79 will be that where a proportional takeover bid is made for securities in the Company (i.e. a bid is made for a specified proportion, but not all, of each holder's bid class securities), the Directors must convene a meeting of shareholders to vote on a resolution to approve that bid. The meeting must be held, and the resolution voted on, at least 15 days before the offer period under the bid closes.

Rule 80 will require, in accordance with the Corporations Act, that a majority of votes at the meeting, excluding votes by the bidder and its associates, is required to approve any proportional takeover bid. If the resolution is rejected, the registration of any transfer of shares resulting from the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn.

If the proportional takeover bid is approved, the transfer of shares resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution of the Company.

The Corporations Act provides that, if the meeting of shareholders is not held within the time required, then the proportional takeover bid will be deemed to have been approved by shareholders, thereby allowing the bid to proceed.

Rules 79 and 80 will not apply to full takeover bids.

Your Directors consider that inclusion of Rules 79 and 80 in the new Constitution is in the interests of all shareholders of the Company. In the Directors' view, shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, shareholders may not have the opportunity to dispose of all their securities, and risk being part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the securities or makes the securities less attractive and, accordingly, more difficult to sell. Rules 79 and 80 would only permit this to occur with the approval of a majority of shareholders.

For shareholders, the potential advantage of Rules 79 and 80 is that they will provide all shareholders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved. This affords shareholders an opportunity to have a say in the future ownership and control of the Company. Your Directors believe this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of shareholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic.

On the other hand, a potential disadvantage for shareholders arising from Rules 79 and 80 is that proportional takeover bids may be discouraged by the further procedural steps that the Rules will entail and, accordingly, this may reduce any takeover speculation element in the price of the Company's securities. Shareholders may be denied an opportunity to sell a portion of their securities at an attractive price where the majority rejects an offer from persons seeking control of the Company.

These advantages and disadvantages of Rules 79 and 80 have also been applicable during the period that the existing Rule 139 has been in effect. It should be noted that during the period that the existing Rule 139 has been in effect, no takeover bid for securities in the Company (whether proportional or otherwise) has been announced or made.

The Directors do not consider that there are any advantages or disadvantages specific to the Directors in relation to Rules 79 and 80, or that have been applicable during the period that the existing Rule 139 has been in effect. The Directors will continue to remain free to make a recommendation to shareholders as to whether a proportional takeover bid should be accepted.

As at the date of this Notice, none of the Directors is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

(M) OTHER MATTERS

Various other less significant amendments are contained in the proposed new Constitution to reflect current corporate governance practices or for clarification. These include the following:

- **Definitions and interpretation** – Certain definitions and interpretive provisions contained in the existing Constitution will be amended to reflect substantial changes to Australian corporate regulation since that document was adopted, including in relation to the operation of facilities through which the securities of listed companies are traded.

  References to the 'Corporations Law' will be replaced with references to the 'Corporations Act'. References to the 'SCH business rules' will be replaced by references to the 'ASTC Settlement Rules', and the definition of 'ASTC Settlement Rules' will be broad enough to include the operating rules of alternative clearing and settlement facilities provided by the holder of a 'CS facilities licence' (being a 'CS facilities licensee' – i.e, the generic term used in the Corporations Act that applies to all operators of a clearing and settlement facility for the trading of securities). The benefit of using this broad definition is that it will not be necessary to update the Constitution if alternative clearing and settlement facilities are made available for the trading of the Company's securities in the future. Other relevant definitions, such as 'ASTC', 'CS facilities licence' and 'proper ASTC transfer' will be included to reflect the current Corporations Act and ASX Listing Rules.

  Similarly, the provisions of the Constitution dealing with the participation of the Company in electronic transfer systems (currently the CHESS system) and the transfer of the Company's securities are proposed to be amended (in Rule 24) to reflect these broader concepts.

- **Expansion of provisions relating to shares** – A number of provisions in the existing Constitution that address only shares in the Company (eg, relating to issue and transfer) have been expanded so that they also apply to other securities (such as rights to shares, options to subscribe for shares and other securities with rights of conversion to equity). This change recognises the variety of instruments that, like for all other listed companies, may be issued by the Company, and gives the Board more flexibility in managing those other securities.

- **New issues of securities** – Rule 5 will clarify that issues of new securities that rank equally with existing securities (whether in the same class or in a different class) do not constitute a variation of the rights attaching to the existing securities, except as otherwise provided in the terms of issue of those existing securities.

- **Non-recognition of interests in securities** – Rule 7 will provide further clarity regarding the principle that the Company is only required to recognise the registered holder of a security and is not bound to recognise trusts over, or other rights or interests in, a security.

- **Forfeiture and liens** – The existing Constitution contains various provisions relating to the power of the Company to forfeit a share of a shareholder where that shareholder has failed to pay any sum payable on the share (i.e, the issue price, or a call or instalment that is due). In addition, the existing Constitution provides that the Company has a lien over shares registered in the name of a shareholder in respect of any such unpaid amounts. It is proposed that Rules 12 to 20 will expressly clarify the limitations on the rights of shareholders in respect of such shares. For example, until the relevant amounts are paid, shareholders cannot exercise rights as a shareholder. Similarly, a shareholder whose shares are forfeited in accordance with the Constitution will not be entitled to make any claim against the Company and loses all rights attaching to the shares, except as expressly preserved by the Constitution or the Corporations Act. The proposed Constitution will also provide that, where the Company's lien extends to dividends or entitlements in respect of a share, the Company can apply them to payment of the relevant unpaid amounts.

- **Expenses for unpaid calls** – From time to time the Company may issue shares that are not fully paid. The existing Constitution allows the Board to make calls for the unpaid amounts to be paid by a shareholder, subject to the terms of issue. Rule 22 will provide that, in addition to being required potentially to pay interest on amounts called that are not paid when due, the relevant shareholder may also be required to pay the costs of the Company incurred as a result of the late or non-payment. Under the proposed Constitution the Board will have the power to waive the requirement to pay interest or expenses in a particular case.

- **Polls at general meetings** – The existing Constitution requires that all resolutions put to a general meeting must first be put to a show of hands before a poll can be demanded. In some circumstances, it is more appropriate for the matter to be dealt with by a poll immediately, without the need for a show of hands first. Rule 37(a) will give the Chair of the meeting this flexibility. Rule 39(b) will also make it clear that the Chair of the meeting has discretion as to how the results of a poll are to be announced – for example, in appropriate cases this could be done by public announcement after a meeting has closed, rather than delaying the meeting.

- **Adjournment of general meetings** – In addition to being updated generally to comply with the requirements of the Act, Rule 36, relating to adjournment of general meetings, has been updated to remove the requirement for notice of adjournment where a meeting has been adjourned for more than 28 days.
- **Meetings of Directors** – To provide maximum flexibility, the proposed Constitution will provide that meetings of Directors may be held using any electronic means, including telephone, video, email or any other technology that permits the Directors to communicate with one another, except to the extent that a Director withdraws their consent. Rule 57 will make it easier for Directors to conduct their meetings, and in particular enable them to meet at short notice in respect of new or urgent matters or to take advantage of technological advances in the future, while ensuring that no questions regarding the validity of their proceedings can arise as a result of the means adopted to conduct the meeting.
- **Directors' voting rights** – Rule 59 will permit Directors to vote at a Board meeting on matters in which they have an interest subject to any restrictions on voting imposed by the Corporations Act or the ASX Listing Rules.
- **Voting rights of persons entitled to shares by devolution** – Rule 67 of the existing Constitution allows a person to whom the right to any shares has devolved by will or operation of the law, to vote at a general meeting in respect of those shares as if they were the registered holder, before the shares have actually been registered in their name. To address potential administrative and other difficulties associated with that provision, it has been removed from the proposed Constitution.
- **Determination of dividends** – Under the Corporations Act, where a dividend is 'declared', the dividend constitutes a debt incurred by the relevant company from that time. By contrast, if a company's constitution so permits, a board can simply 'determine' that a dividend is payable, with the result that the dividend does not become a debt owed by the company until the time fixed for payment, and may be withdrawn before payment. The existing Constitution provides that the Board can only 'declare' a dividend to be paid to shareholders. Amendments in Rule 67 will provide that the Board may 'determine' that a dividend is payable, and fix the amount of the dividend, the time for payment and the method of payment. The amendments will therefore give the Board greater flexibility in determining when and how a dividend should be paid to shareholders. In exceptional circumstances this may result in a dividend being withdrawn before payment. Rule 67 of the proposed Constitution will also clarify that interest is not payable on dividends.
- **Notices** – Rules 129 to 135 of the existing Constitution will be simplified and modernised in Rule 73 by, among other things, removing the reference to the serving of notice by telex, and adding a power to serve notice on a shareholder's attorney.
- **Indemnity, insurance and access** – The provisions of the existing Constitution dealing with indemnification of Company officers will be updated in relation to the provision of documentary indemnities in favour of any officer of the Company or any officer of any wholly-owned subsidiary of the Company, where the Board considers it appropriate to do so. The Rule will also permit the Company to bind itself by contract to pay for insurance policies for the benefit of any such officers against any liability incurred in or arising out of the business of the Company or its subsidiaries or the discharge of the officers' duties, to the extent permitted by law.

  Rule 75 will further acknowledge that the Company may bind itself by contract to give Directors access, subject to the appropriate constraints, to relevant Company documents after they cease to hold office. For example, access may be given to a former Director in connection with a regulatory investigation or litigation that relates to their time as a Director. This would supplement and reinforce the rights of access given to former Directors under the Corporations Act.

  The proposed Constitution will also further limit the types of liability that an employee who is not a director, secretary or senior manager may be indemnified for by the Company under the Constitution.

  There are now extensive provisions in the Corporations Act regulating indemnities, insurance and access, and the proposed amendments incorporated in Rule 75 are consistent with those provisions, as well as in accordance with market practice.
- **Dividend reinvestment plans** – The rules relating to dividend reinvestment plans in the existing Constitution will be simplified in Rule 77. Rule 77 will, among other things, allow for the possibility of issuing bonus shares with no amount credited to the share capital of the Company as part of any dividend reinvestment plan.
- **Employee equity incentive plans** – Rule 78 will give the Board broad powers to implement employee equity incentive plans, subject to the Corporations Act and the ASX Listing Rules. The Rule is only intended to be facilitative, and does not limit the powers of the Company or the Board to establish and operate such plans otherwise, subject to the Corporations Act and the ASX Listing Rules.

ENTITLEMENT TO VOTE

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company has determined that, for the purposes of the meeting, all shares in the Company will be taken to be held by the persons who held them as registered members at 7pm (Melbourne time) on 5 May 2009. All holders of ordinary shares in the Company at that time are entitled to vote at the meeting.

VOTING

Members entitled to vote at the meeting can vote in any of the following ways:

- *by attending the meeting and voting in person or, in the case of corporate shareholders, by corporate representative; or*
- *by appointing an attorney to attend and vote on their behalf; or*
- *by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice.*

VOTING IN PERSON OR BY CORPORATE REPRESENTATIVE

Members entitled to vote who plan to attend the meeting are asked to arrive at the venue 30 minutes prior to the time designated for the meeting, if possible, so that the Company may check their shareholding against the Company's share register and note attendances.

In order to vote in person at the meeting, a corporation which is a member may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the *Corporations Act 2001* (Cth), meaning that the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the *Corporations Act 2001* (Cth). The Certificate must be lodged with the Company before the meeting or at the registration desk on the day of the meeting. The Certificate will be retained by the Company.

If a Certificate is completed by an individual or a corporation under Power of Attorney, the Power of Attorney under which the Certificate is signed, or a certified copy of that Power of Attorney, must accompany the completed Certificate unless the Power of Attorney has previously been noted by the Company.

VOTING BY ATTORNEY

A member entitled to attend and vote at the meeting is entitled to appoint an attorney to attend the meeting on the member's behalf. Each attorney will have the right to vote on a poll and also to speak at the meeting.

An attorney need not be a member of the Company.

The Power of Attorney appointing the attorney must be duly executed and specify the name of each of the member, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

To be effective, the Power of Attorney must also be received by the Company or the Share Registry in the same manner, and by the same time, as outlined below for proxy forms.

VOTING BY PROXY

A member entitled to attend and vote at the meeting is entitled to appoint one or two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.

A proxy need not be a member of the Company, and may be an individual or a body corporate. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative, in the same manner as outlined above in relation to appointments by members, in order to exercise its powers as proxy at the meeting.

A member wishing to appoint a proxy should use the form provided. If a member wishes to appoint two proxies, a request should be made to the Company's Share Registry for an additional proxy form. Alternatively, proxy forms may be obtained by printing them off the Company's website at www.aluminalimited.com. Replacement proxy forms can also be requested from the Share Registry.

Where two proxies are appointed, neither proxy may vote on a show of hands and, for the appointments to be effective, each proxy should be appointed to represent a specified proportion of the member's voting rights. If the proxy appointments do not specify the proportion of the member's voting rights that each proxy may exercise, each proxy may exercise half of the member's votes.

If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as that person thinks fit.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the member's behalf on a show of hands or on a poll, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

Members who return their proxy forms but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with the directions on the proxy form. Proxy appointments in favour of the Chairman of the meeting or any Director or the secretary of the Company which do not contain a direction will be used to vote in favour of the resolutions to be proposed at the meeting.

To be effective, proxy forms must be received, by post or by facsimile, at either the registered office of the Company, or at the Company's Share Registry at:

Alumina Limited Share Registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne, Victoria, 3001, Australia
Facsimile:(outside Australia) +61 (0)3 9473 2555
(within Australia) 1800 783 447

by 9.30am (Melbourne time) on Tuesday 5 May 2009.
Proxy forms received after this time will be invalid.

The instrument appointing a proxy is required to be in writing under the hand of the appointor or of that person's attorney and, if the appointor is a corporation, in accordance with the *Corporations Act 2001* (Cth) or under the hand of an authorised officer or attorney. Where two or more persons are registered as a member, each person must sign the proxy form.

If a proxy form is completed by an individual or a corporation under Power of Attorney, the Power of Attorney under which the form is signed, or a certified copy of that Power of Attorney, must accompany the completed proxy form unless the Power of Attorney has previously been noted by the Company.

SHAREHOLDERS' QUESTIONS TO THE AUDITOR

Shareholders may submit written questions to PricewaterhouseCoopers (PwC) to be answered at the meeting, provided the question is relevant to the content of PwC's audit report or the conduct of its audit of the Company's financial report for the year ended 31 December 2008.

Written questions must be received no later than 5.00pm (Melbourne time) on Thursday, 30 April 2009. A list of qualifying questions will be made available to shareholders attending the meeting.

Any written questions to PwC should be sent to:

- *Computershare Investor Services Pty Ltd at the address on the enclosed reply paid envelope;*
- *To the Company's registered office – Level 12, 60 City Road, Southbank, Victoria, 3006;*
- *By facsimile to +61 (0)3 8699 2699; or*
- *By email to judith.downes@aluminalimited.com.*

To respect the privacy of individual shareholders attending the meeting, photographs, video recording or taping of the meeting is not permitted.

CONTACT DETAILS

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, Victoria, 3067, Australia
Telephone: +61 (0)3 9415 4027 or
1300 556 050 (for callers within Australia)
Facsimile: (outside Australia) +61 (0)3 9473 2555
(within Australia) 1800 783 447
Email: web.queries@computershare.com.au

ALUMINA LIMITED
ABN 85 004 820 419
Registered office: Level 12, IBM Centre, 60 City Road
Southbank Victoria 3006 Australia