

To: The Manager  
Announcements  
Company Announcements Office  
Australian Stock Exchange



## Public Announcement 2008 – 59AWC

Alumina Limited today announced that it had taken advantage of current market conditions to limit its exposure to adverse movements in the Brazilian Real/US Dollar exchange rate in respect of Alumina Limited's expected future funding requirements for the expansion of the Alumar alumina refinery at Sao Luis (54% Alcoa World Alumina & Chemicals (AWAC) interest) and development of the AWAC bauxite mine at Juruti, both in Brazil. Alumina Limited has a 40% interest in AWAC.

The Brazilian Real has weakened against the US Dollar from approximately BRL 1.6/USD 1.0 at the time that the revised capital expenditure estimates for the Alumar and Juruti projects were advised in July 2008. The Company has purchased US Dollar/Brazilian Real currency option contracts equal to a principal amount of approximately USD 385 million at an average strike price of 2.1, and a premium cost of USD 9.3 million. The contracts have maturity dates to match Alumina Limited's remaining expected cash calls for the projects. If exercised, these options will reduce Alumina's USD funding by at least USD 100 million when compared to the July 2008 cost estimate, which assumed a future Brazilian Real exchange rate of 1.6. The Company's USD contributions would be further reduced should the Brazilian Real average more than 2.1 over the balance of the construction period.

Mr Ken Dean, Alumina Limited Chief Financial Officer, stated "These currency options substantially reduced the risk that additional project funding might have been required as a result of any strengthening of the BRL during the remaining period of construction of these long life bauxite and alumina production facilities."

The 2.1 million tonnes per annum expansion of the Alumar alumina refinery in Sao Luis, Brazil (AWAC 54% interest) has progressed since July 2008 on its schedule to be completed by mid 2009. AWAC's 54% share of the refinery expansion capital cost was estimated in July 2008 to be BRL 2.8 billion, and remains on track to be completed at that cost in Brazilian Real. First shipments of bauxite from the Juruti bauxite mine continue to be anticipated to occur in mid 2009. The Juruti bauxite development was estimated in July 2008 to cost BRL 3.5 billion. The project remains on target to achieve the July 2008 estimated capital cost of the project in Brazilian Real.

For further enquiries, please contact Ken Dean on (03) 8699 2603.

*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 2007*

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

**Stephen Foster**  
Company Secretary

11 December 2008

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