

To: The Manager  
Announcements  
Company Announcements Office  
Australian Stock Exchange



## Public Announcement 2008– 57AWC

Attached is a copy of a letter and presentation to Alumina Limited's shareholders.

The letter and presentation are available on the Company website.

For enquiries, please contact Ken Dean on 0400 131 937.

*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.*

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

**Stephen Foster**  
Company Secretary

24 November 2008

Alumina Limited  
ABN 85 004 820 419  
GPO Box 5411  
Melbourne Vic 3001  
Australia  
Level 12 IBM Centre  
60 City Road  
Southbank Vic 3006  
Australia  
Tel +61 (0)3 8699 2600  
Fax +61 (0)3 8699 2699  
Email [info@aluminalimited.com](mailto:info@aluminalimited.com)

24 November 2008

Dear Shareholder

### **Alumina Limited – Riding Out the Commodities Downturn**

The recent turmoil in global financial markets has led to volatility and sharp declines in equity markets, including Alumina Limited shares. I am writing to reaffirm the financial strength, resilience and fundamental value of your company and our confidence in its future. A copy of our latest investor presentation, which outlines our view of the prospects for our industry, and provides information on the current status of the Company's projects and sound financial position is attached.

Recent falls in the aluminium prices and increases in reported metal inventories are testing the profitability of the industry. Alumina Limited is well placed to weather this downturn due to its sound financial position and the commanding position in the alumina market held by the Alcoa Worldwide Alumina and Chemicals joint venture (AWAC), in which Alumina Limited has a 40% ownership interest.

The AWAC business is profitable and is well placed in this commodity cycle due to its unique portfolio of long life, low cost assets and its leading market position; and is well positioned to participate when growth returns to the market through a strong pipeline of brownfield and greenfield expansion opportunities. AWAC's Western Australian refineries, which represent 60% of AWAC's alumina production capacity, are amongst the World's lowest cost facilities in the industry, even more so with the recent fall in the Australian dollar.

Following the recent equity issue, Alumina Limited has a sound balance sheet and financial position and does not have a requirement to raise further equity funds. The Company currently has a gearing ratio of approximately 28% per cent, well within its target range. Alumina Limited's debt of US\$697 million at 31 October 2008 is expected to remain at approximately that level at 2008 year end. The Company has a manageable maturity profile for its committed debt facilities (including issued Convertible Bonds) which total more than US\$1.5 billion, approximately US\$830 million of which were undrawn at 31 October 2008. The Company is comfortably in compliance with covenants under debt facilities and expects to remain so.

Commodity businesses are inherently cyclical. History has taught us that companies with strong positions in the lower cost quartiles of the production cost curve are those best positioned to remain profitable during a period of falling prices and to benefit from a market upturn. At current aluminium price levels, the bulk of AWAC's lower cost production operates profitably and is cash flow positive, albeit at reduced levels.

The network of AWAC refineries provides the flexibility to reduce production from higher cost refineries in response to changing market conditions. AWAC has responded in recent weeks to the fall in aluminium demand by curtailing production at its higher cost Point Comfort refinery.

Alumina Limited, through its 40% ownership interest in AWAC, has the key attributes of a sustainable, profitable resource Company through the cycle – large scale operations, leading market share, long life assets, low cost producer, substantial cash flows and optionality to grow future capacity through existing brownfield and greenfield opportunities when markets demand this.

The value of the AWAC business and its future cash generation and growth potential is not currently reflected in Alumina Limited's share price. AWAC's portfolio of assets is unique and impossible to replicate. Its strategic value is underlined by the replacement cost of its assets, which has increased markedly in recent years.

AWAC is well positioned to participate in the longer term growth of the alumina industry with three million tonnes of world class brownfield expansion opportunities and additional existing greenfield growth options are available as future potential projects. AWAC is close to completion of the current Brazil growth projects. The Company does not expect AWAC to commit to any further major capital projects until demand clearly requires it.

Our confidence in the future of Alumina Limited is soundly based on a track record of profitability, substantial cash flow generation and steady returns of dividends to shareholders.

Thank you for your continued support of Alumina Limited. Please contact me if there are any issues concerning the Company you would like to discuss further.

Yours sincerely

**JOHN BEVAN**  
**CHIEF EXECUTIVE OFFICER**

John Bevan  
Chief Executive Officer  
Phone: +61 3 8699 2602  
[john.bevan@aluminalimited.com](mailto:john.bevan@aluminalimited.com)

# Alumina Limited

## Short Term Resilience and Long Term Strength

John Bevan  
Chief Executive Officer

Ken Dean  
Chief Financial Officer



November 2008

ALUMINA  
LIMITED

# Disclaimer

---

*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*

*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.*

# Executive Summary

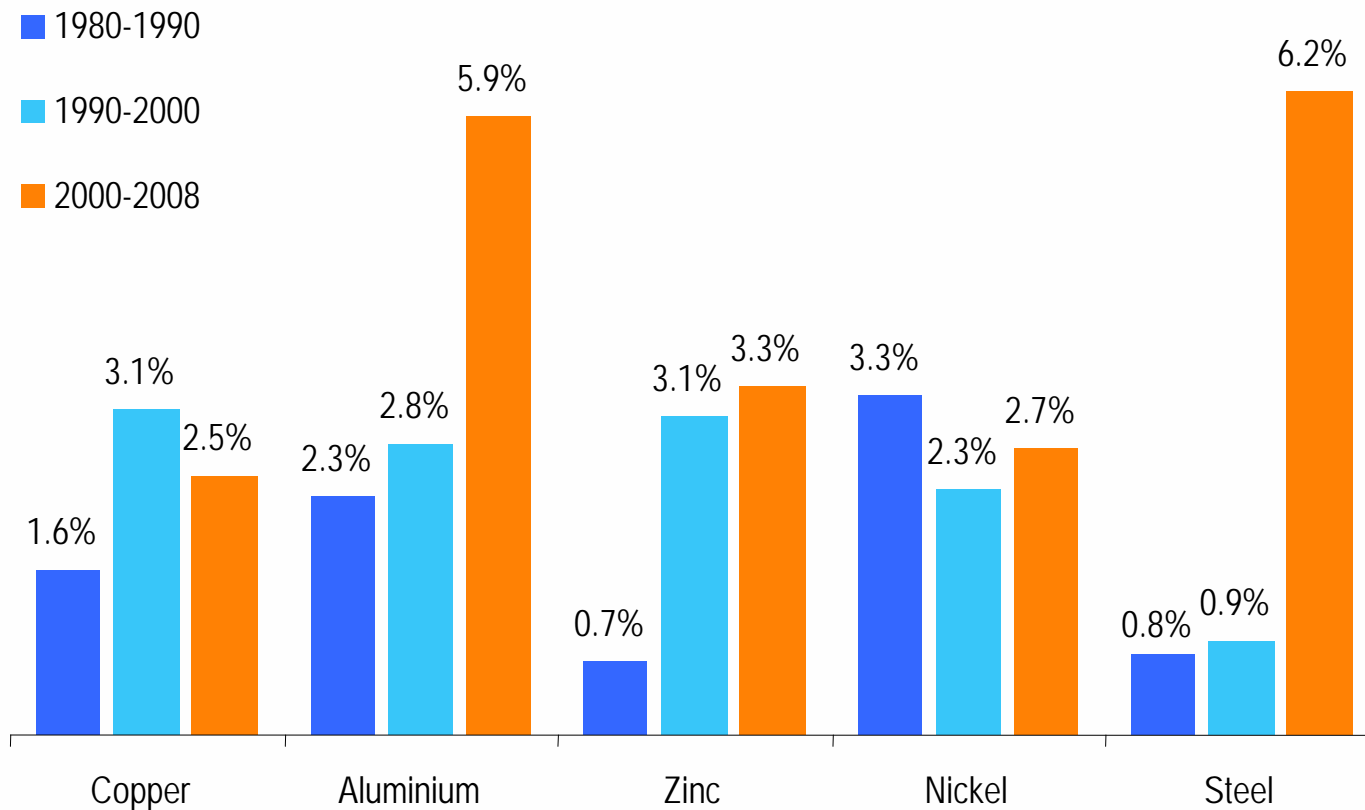
---

- The current financial turmoil does not spell the end of metals growth
- Completing AWAC's current growth projects and consolidating the gains
- Alumina Limited is well positioned for the current point in the cycle
- Alumina Limited will benefit when market conditions recover



# Aluminium Demand Historically Strong

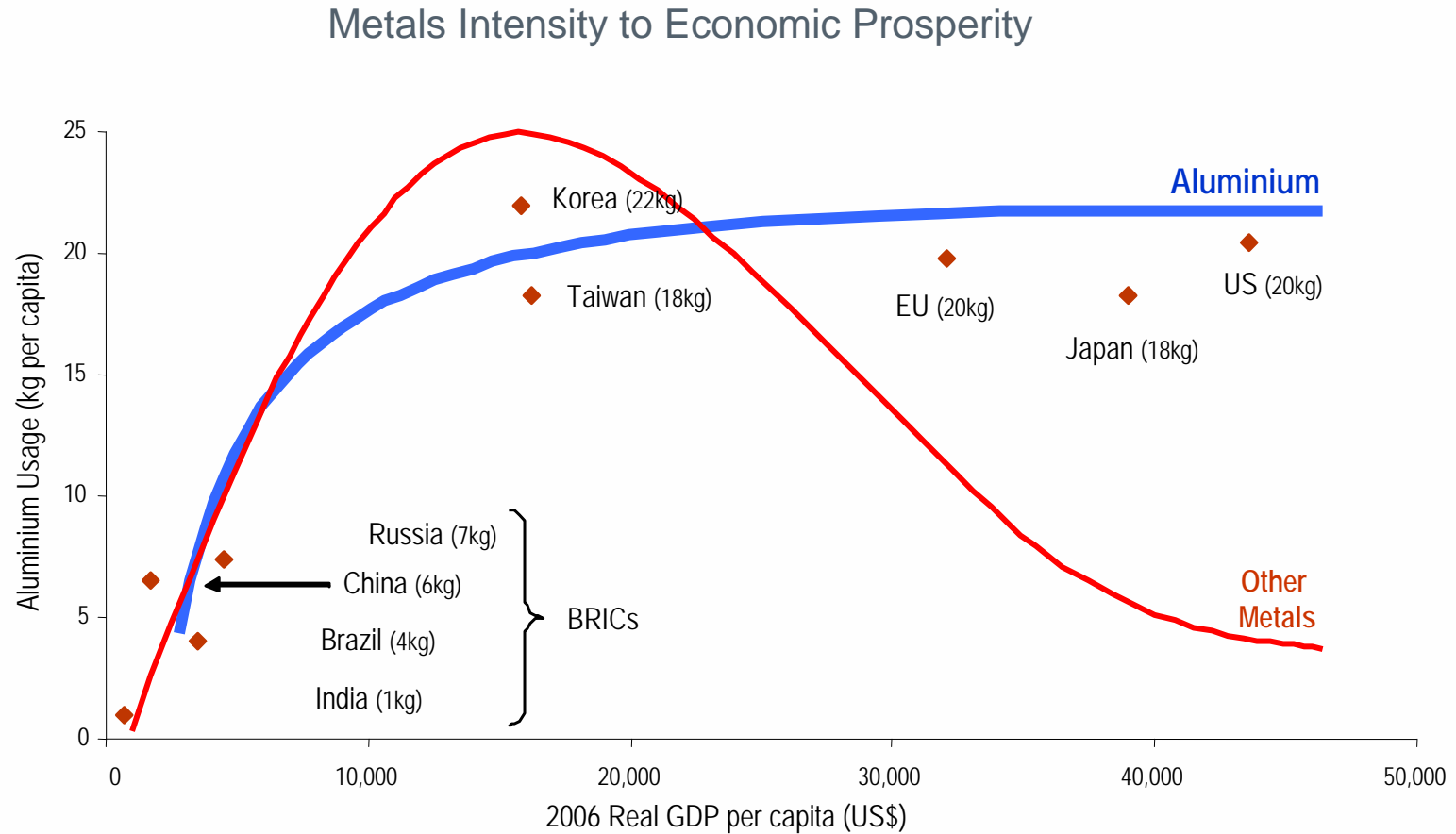
Growth in global metals demand (% p.a.)



Source: Macquarie Commodities Research

# Industrialisation & Urbanisation

## Drives Aluminium Demand



Source: ANZ Bank, Datastream WMBS



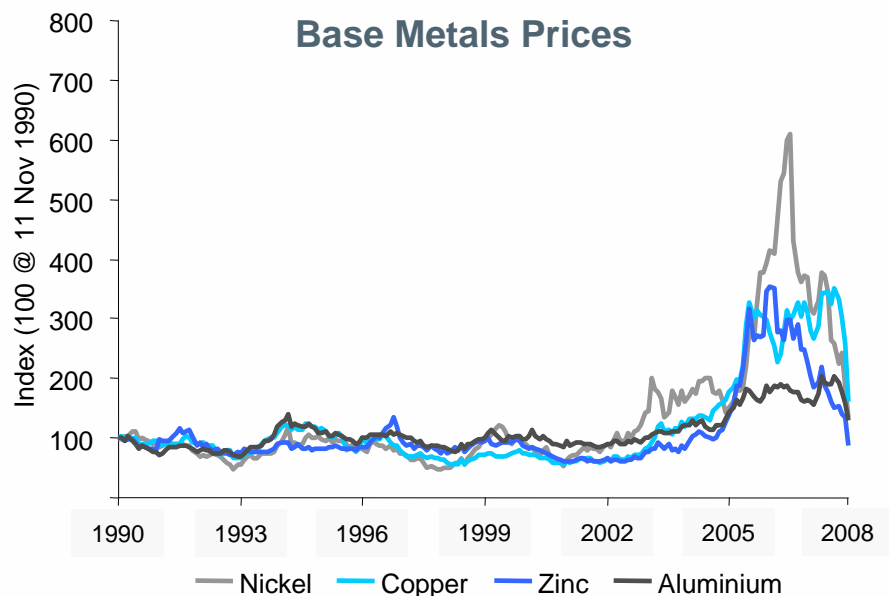
# Supply Has Responded to Demand

- Global aluminium production increased 7.7% in 2008
  - Chinese capacity increased 1.85 mtpa
  - Rest of world capacity increased 1.09 mtpa
- Chinese aluminium consumption is forecast to increase by 15.6mtpa over the next 5 years
- Demand outside of China will also grow

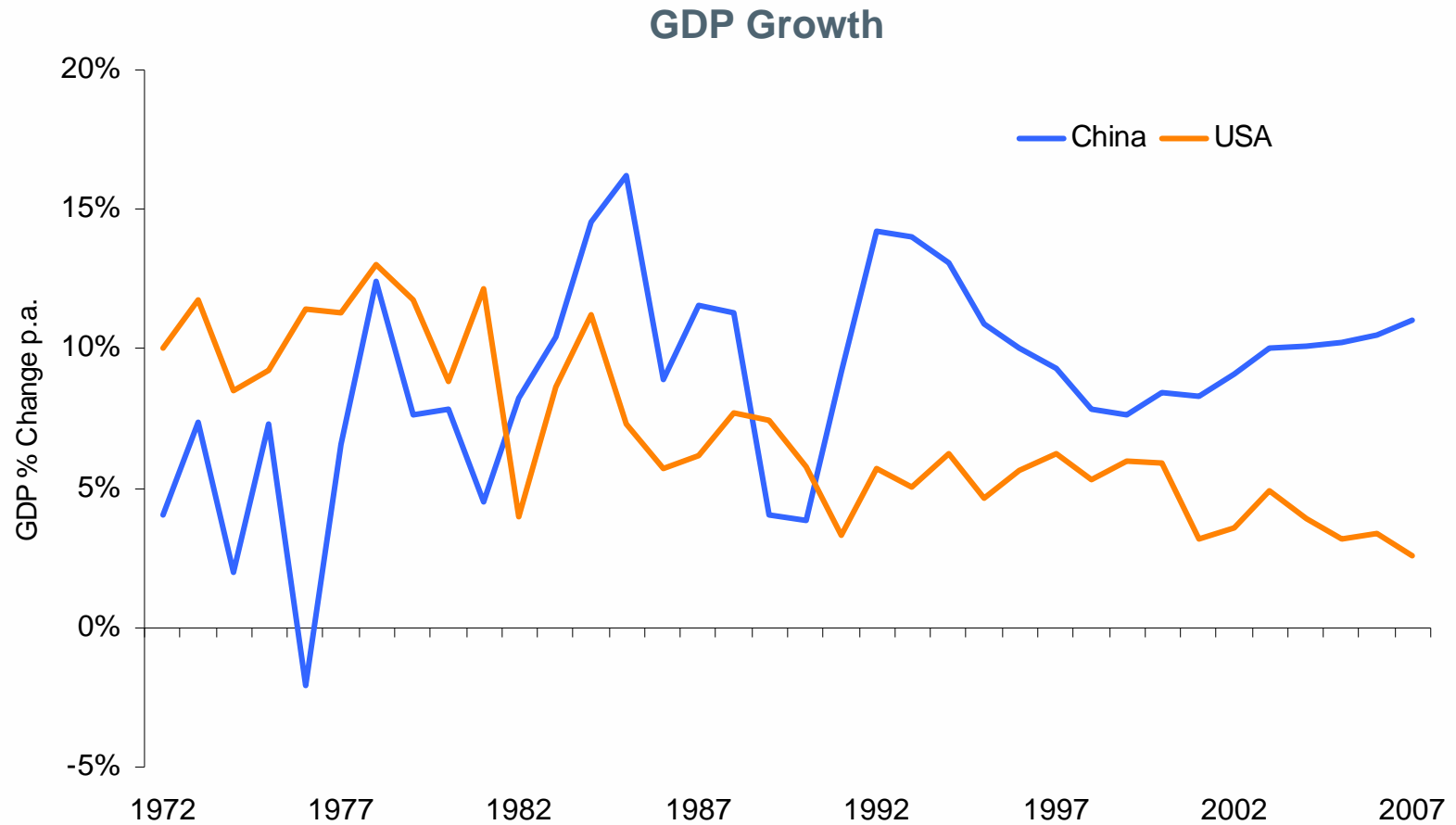
Annual Aluminium Demand Growth (%pa)

	1980 to 2000	2000 to 2008	2009 to 2015
China	7.8	19.5	16.6
World exc. China	1.9	2.6	2.9
Global	2.5	5.8	9.1

Source: Macquarie Commodities Research. 2008 is for the 9 months to the end of September and pro-rated to a 12 month figure



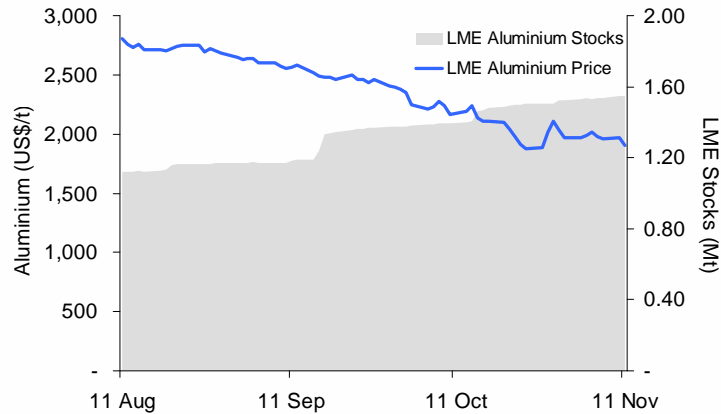
# China Slowing, But Still Growing



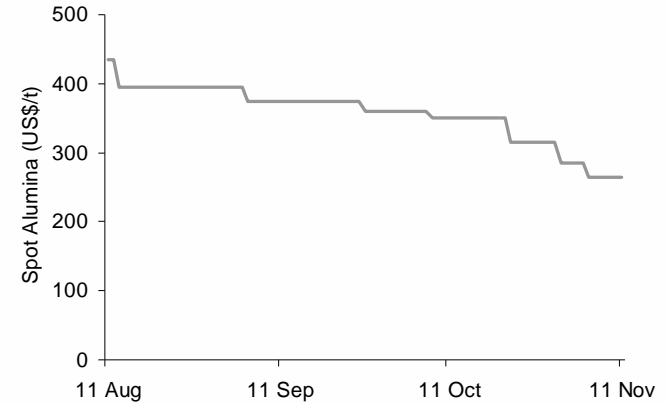
Source: Macquarie Research (November 2008)

# What's Happened in the Last 3 Months?

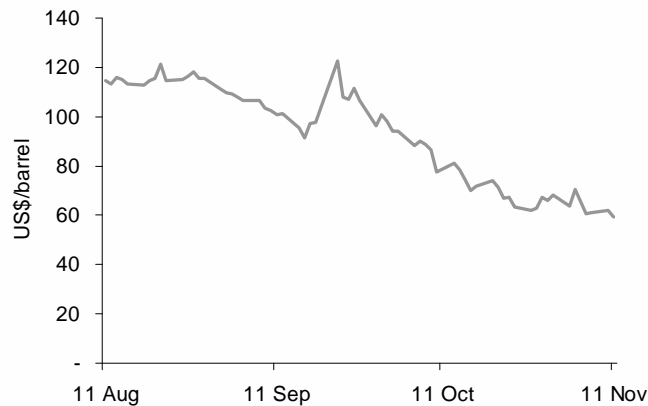
### LME Aluminium price & stocks



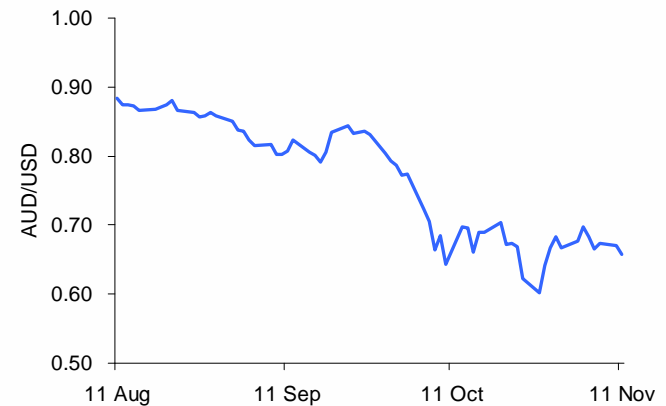
### Spot Alumina



### West Texas Crude Oil

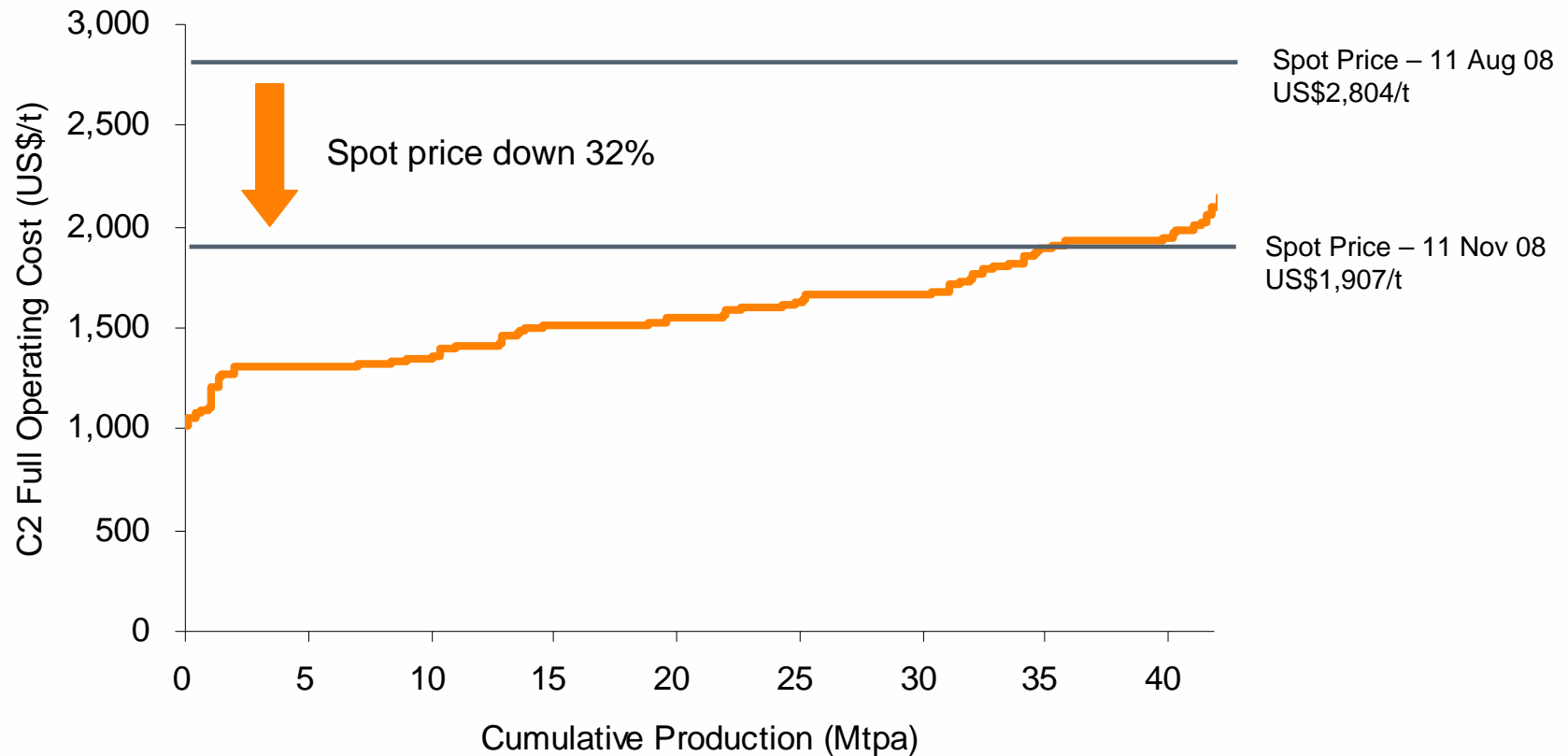


### Australian vs US Dollar



# Not All Aluminium Producers Profitable at Current Prices

## Aluminium C2 Cost Curve (2008F)



Source: Brook Hunt Primary Aluminium Smelting Costs 2007 Edition

Notes: chart shows the forecast C2 full operating cost curve for 2008 which includes depreciation

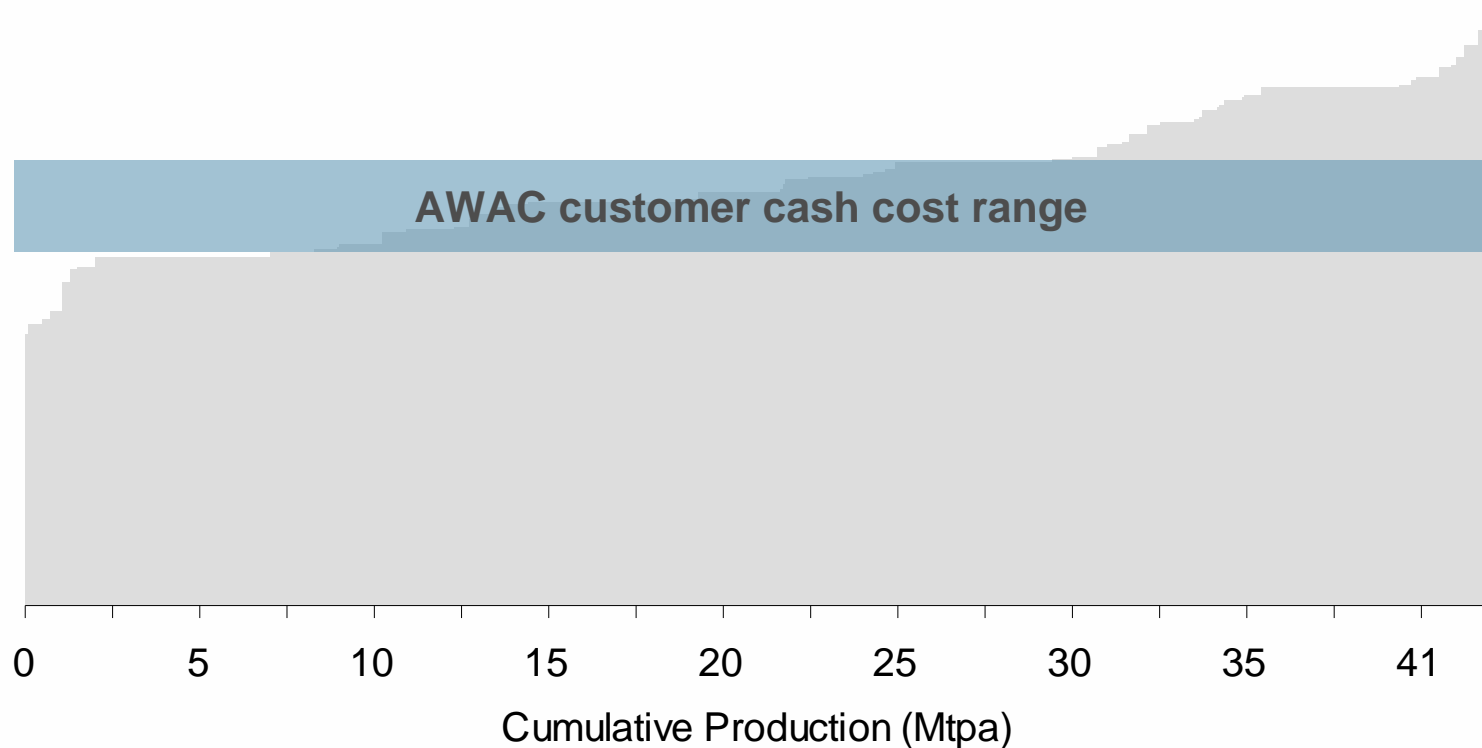
# Industry Is Responding

---

- Alcoa has announced 15% reduction in smelting
- Chalco has announced 18% reduction in smelting and 38% reduction in refining
- AWAC has announced cut-back at Point Comfort and intention to make other production cuts
- AWAC cuts are to higher cost production and benefit its cash flow outlook
- Other majors and independent smelters have announced intentions to cut back

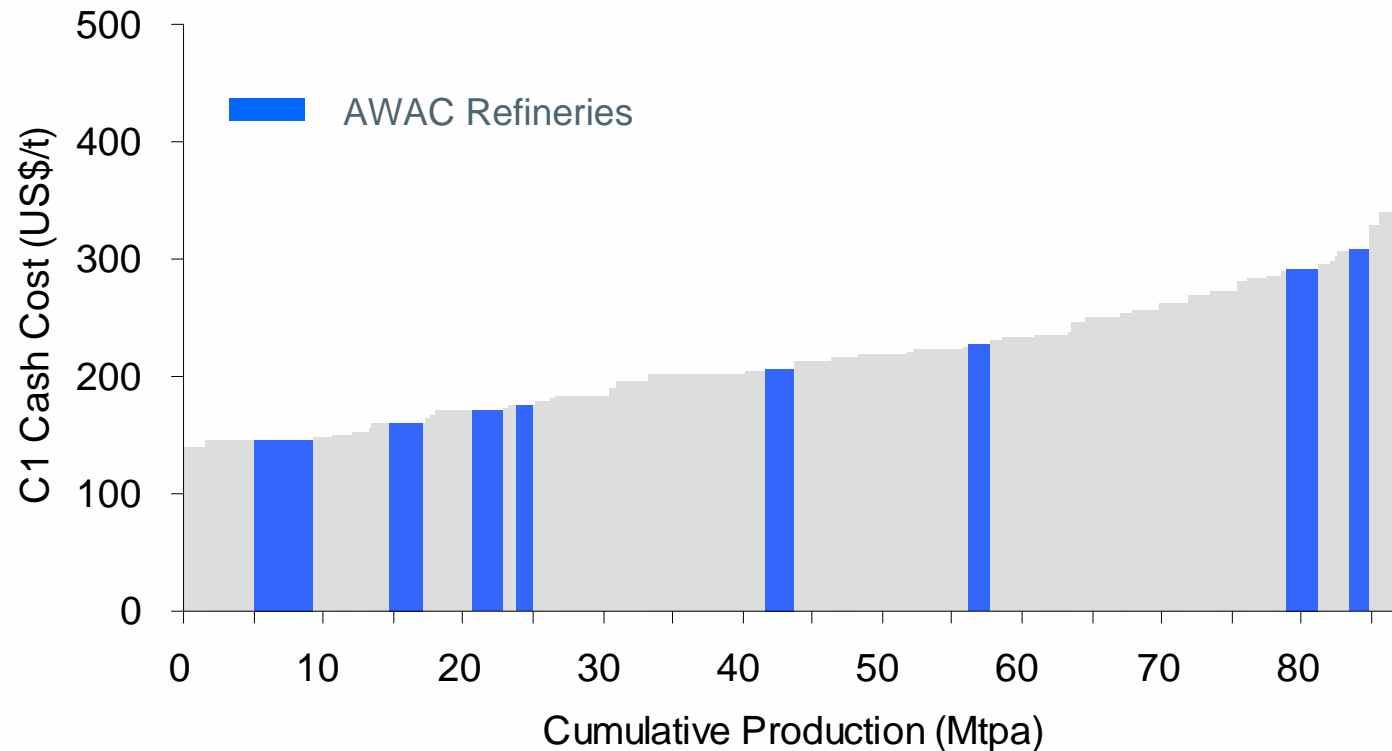
# Strong AWAC Customer Base

- Customer base:
  - < 50% Alcoa
  - > 50% Independents and other majors



# AWAC Flexibility and Attractive Operating Cost

## Alumina Refining – Global Cash Cost



Source: Brook Hunt Bauxite & Alumina Costs 2008 Edition  
Notes: chart shows the is the forecast C1 cash operating cost curve for 2008

# Juruti

---

- Announced expenditure \$2.06bn (approx BRL 3.3bn)
- On-stream – August 2009
- Construction 75% complete at end of September
- Railway and port near completion





# Alumar

---

- Announced expenditure \$1.6bn (approx BRL 2.6bn)
- 1.1mtpa increase (AWAC share)
- Schedule July 2009
- End September – 87% complete



# Preserving Future Optionality

---

- Suspended Wagerup expansion – still attractive future option
- Future options to expand – Brazil, Jamaica, Australia, Vietnam, Guinea
- Long life, quality bauxite mines close to refineries
- Long term contracts with an attractive portfolio of smelters

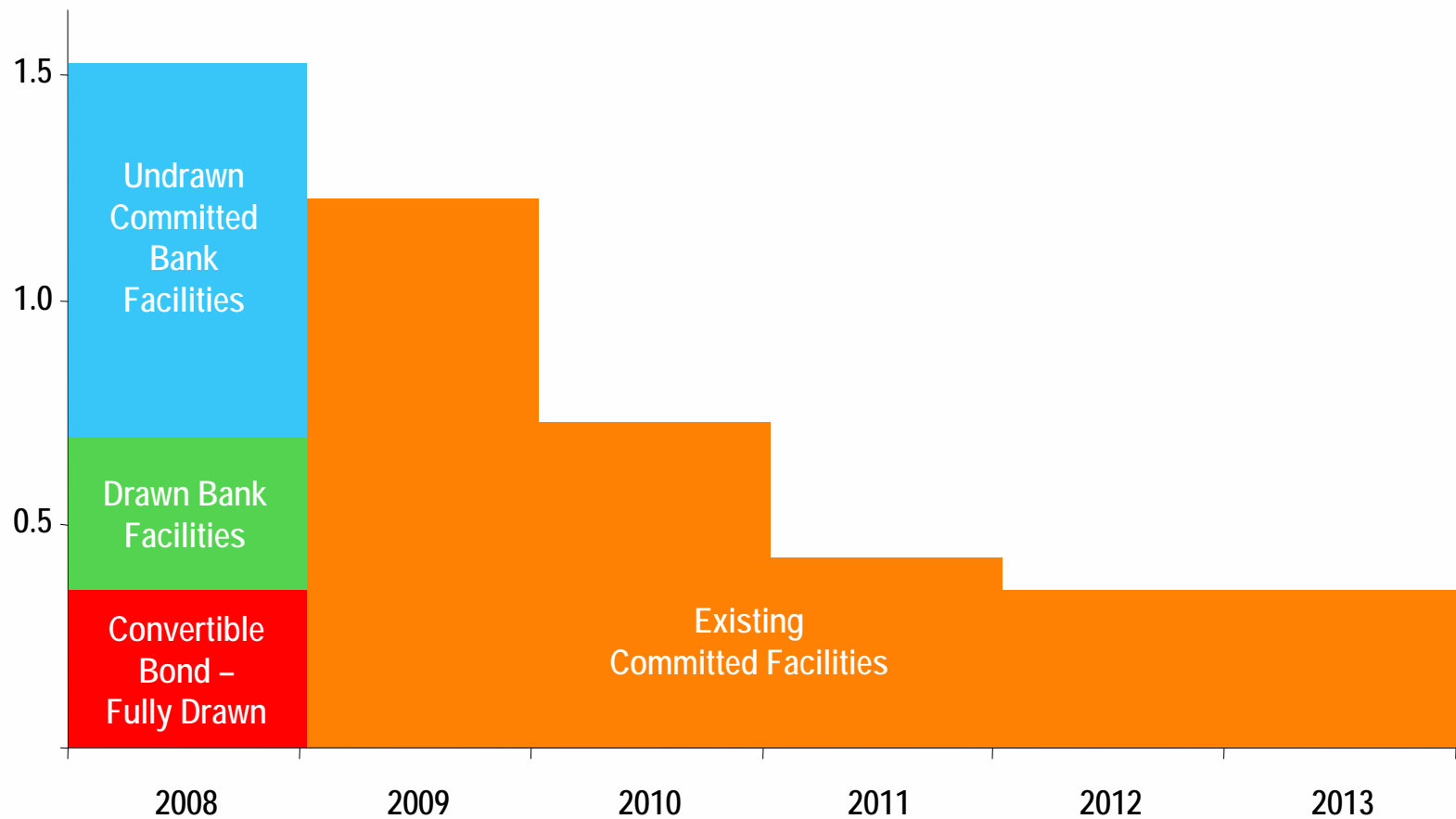
# Alumina Limited – 2008 Funding Activity

---

- US\$350m 5 year convertible bond completed Q2
- A\$910m equity issue completed Q3
  - AUD converted to USD
  - USD debt paid down
- Undrawn capacity for 2009 funding requirements
- 2009 debt maturities of US\$300m being renegotiated

# Alumina Limited – Debt Profile

US\$ billions



# Alumina Limited – Funding Outlook

---

- Brazil projects – USD cash calls benefiting from exchange rate movements
- Further growth capex deferred
- Interest exposure to low USD interest rates
- AWAC cash generation and AofA dividend flow

# Alumina Limited

## Short Term Resilience and Long Term Strength

John Bevan  
Chief Executive Officer

Ken Dean  
Chief Financial Officer



November 2008

ALUMINA  
LIMITED