

To: The Manager
Announcements
Company Announcements Office
Australian Stock Exchange



Public Announcement 2008 – 32AWC

Alumina Limited today announced Alcoa World Alumina and Chemicals' (AWAC) revision to the current estimate for the AWAC Joint Venture's investment in the expansion of the Alumar alumina refinery at Sao Luis, and development of the AWAC bauxite mine at Juruti, both in Brazil. Alumina Limited has a 40% interest in AWAC.

Alumar Refinery

AWAC has a 54% interest in the 2.1 million tonne per year (mtpy) expansion of the Alumar refinery which will increase the refinery's total capacity to approximately 3.5 mtpy.

The estimated cost of AWAC's 54% investment in the expansion of the refinery is expected to increase from the USD 1.3 billion previously advised in January 2008 to USD 1.62 billion, reflecting the continuing appreciation of the Brazilian Real against the US Dollar, price pressures and additional materials and contractor costs. The Alumar refinery expansion is expected to reach mechanical completion by mid 2009.

The Alumar refinery is expected, on the completion of the expansion, to be a very competitive world scale alumina refinery.

Juruti Bauxite Mine

The cost of the Juruti bauxite mine development is expected to increase from USD 1.2 billion estimated in January 2008. It is now estimated to be approximately USD 2 billion with first shipment of bauxite expected in Q3 2009.

The increase is primarily a result of a delay in the construction schedule due to unseasonal wet weather and low contractor productivity, the appreciation of the Brazilian Real and increased infrastructure costs. Major projects in Brazil are experiencing substantial increases in construction and labour costs.

Juruti is a long life, high quality bauxite deposit, and the mine will initially supply 2.6 mtpy of bauxite for AWAC's needs at the Alumar expansion. It will provide a strategic addition to AWAC's long term bauxite resource base.

Mr John Bevan, Alumina Limited CEO, said: " We are very disappointed with the increases in estimated cost of these projects to a total AWAC share of up to USD 3.7 billion. However these projects represent investment in long life strategic assets which are important for the long term growth of AWAC."

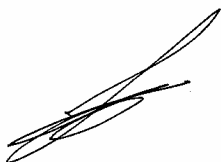
The Company has committed undrawn debt facilities of approximately USD 400 million and will review during the second half of 2008 the most appropriate form for funding its share of this increased capital expenditure. When evaluating funding options, the Company intends to ensure it retains a conservative financial structure.

Alumina Limited will announce its financial results for the 6 months to 30 June 2008 on 31 July 2008. Alumina Limited expects underlying earnings for the half year to 30 June 2008 to be consistent pro-rata with a full year underlying earnings result based on previous guidance.

The Company's Underlying Earnings are calculated as net profit after tax before the impact of certain non-cash accounting entries not related to the year's operating performance. These non-cash entries relate to mark-to-market valuations of AWAC embedded derivatives, which reflect future aluminium prices based on the forward market at the end of the period, and certain employee benefit obligations.

For media enquiries, please contact Ken Dean on (03) 8699 2603 or 0400 131 937.

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.



Stephen Foster
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