

To: The Manager  
Announcements  
Company Announcements Office  
Australian Stock Exchange



## Public Announcement 2008 – 3AWC

Alumina Limited has terminated its existing dividend reinvestment plan, which had previously been suspended in 1998.

The Company will introduce a new Dividend Reinvestment Plan (new DRP). Under the new DRP, shareholders may elect to have their dividends invested in new shares issued by the Company. New shares will be issued under the new DRP at an undiscounted price relative to the market price during the pricing period. The Company has contracted with UBS for the underwriting of the issue of shares for the dividend payable on 31 March 2008, and intends that the 2008 Interim Dividend, expected to be paid in September 2008, would also be underwritten.

The introduction of the new DRP, and underwriting of the issue of shares in relation to the two dividend payments, recognises the substantial investment the Company is currently making in new AWAC production capacity, and will assist in maintaining the Company's financial position while continuing our policy to promptly distribute franking credits.

Shareholders will shortly receive further information and nomination forms. A copy of the Plan's rules and advice to shareholders are attached to this announcement and are available on Alumina's website ([www.aluminalimited.com](http://www.aluminalimited.com)).

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

**Stephen Foster**  
Company Secretary

31 January 2008

Alumina Limited

ABN 85 004 820 419

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Melbourne Vic 3001  
Australia

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# **DIVIDEND REINVESTMENT PLAN**

## **Terms and Conditions**

### **Alumina Limited**

ABN 85 004 820 419

**Website:** [www.aluminalimited.com](http://www.aluminalimited.com)

### **The Share Registrar**

Alumina Limited

Computershare Investor Services Pty Limited

Yarra Falls

GPO Box 2975

Melbourne, Victoria, 3001

Telephone: +61 (0)3 9415 4027 or

1300 556 050 (for callers within Australia)

Facsimile: +61 (0)3 9473 2555

# Terms and Conditions of Dividend Reinvestment Plan Alumina Limited

## 1. INTERPRETATION

In these Terms and Conditions, unless the context otherwise requires:

- a) 'Alumina' means Alumina Limited ABN 85 004 820 419;
- b) 'ASX' means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market operated by it;
- c) 'the Directors' means the Board of Directors of Alumina from time to time;
- d) 'Non-Participant' means a Shareholder who is not participating in the Plan;
- e) 'Participant' means a Shareholder who validly elects to participate in the Plan;
- f) 'Participating Shares' means Shares which are subject to these Terms and Conditions and may include new Plan Shares;
- g) 'Plan Shares' means Shares issued or transferred to a Participant pursuant to the Plan;
- h) 'Record Date' means the date and time, as determined by the Directors, at which a person holds or is taken to hold Shares for the purposes of determining dividend entitlements;
- i) 'Registrar' means the Alumina Share Registrar from time to time;
- j) 'Share Register' means the register of members of Alumina;
- k) 'Shareholder' means a registered holder of Shares within the meaning of Alumina's Constitution;
- l) 'Shares' means fully paid ordinary shares in the capital of Alumina;
- m) 'Terms and Conditions' means the terms and conditions of the Plan as varied from time to time in accordance with Clause 12;
- n) 'the Plan' means the Alumina Dividend Reinvestment Plan established under these Terms and Conditions;
- o) 'VWAP' means the daily volume weighted average market price for all Shares sold on the ASX automated trading system, excluding Shares which are sold otherwise than in the ordinary course of trading (which include but are not limited to transactions defined in the ASX Market Rules as special crossings, crossings prior to the commencement of the open session state, portfolio special crossings, equity combinations, crossings during overnight trading, overseas trades or trades pursuant to the exercise of options over Shares) and any other sales that the Directors determine should be excluded on the basis that they are not fairly reflective of genuine supply and demand;
- p) words importing the singular includes the plural and vice versa; and
- q) the headings in these Terms and Conditions are included for convenience only and will not affect the construction of these Terms and Conditions.

## 2. PARTICIPATION IN THE PLAN

- a) Participation in the Plan is subject to these Terms and Conditions.

- b) Participation in the Plan is optional and not transferable.
- c) Any Shareholder can participate in the Plan, unless excluded under paragraph (d).
- d)
  - (i) Without limiting sub-paragraphs (ii) and (iii), a Shareholder with a registered address outside Australia and New Zealand (or who is a "U.S. person", or who is acting for the account or benefit of a "U.S. person", to that extent, in each case as "U.S." person is defined in clause 16(b) of these Terms and Conditions) is not permitted to participate in the Plan to the relevant extent unless and until the Directors, in their absolute discretion, are satisfied that such participation will not constitute a breach of the laws of the relevant country or place, whether or not the relevant Shareholder has received an invitation to participate in the Plan or has completed a DRP Notice of Election.
  - (ii) The Directors may on any occasion determine that the right to participate in the Plan is not available to a Shareholder having a registered address, or being resident in, a country or place where:
    - (A) in the absence of a prospectus, disclosure document, registration statement or other prerequisite, the offer of a right of election or participation would or might be unlawful; or
    - (B) in the opinion of the Directors, it would not be practical to offer a right of election or participation.
  - (iii) If, in the opinion of the Directors, the issue of Shares under the Plan to, or the acquisition of Shares under the Plan by, a Participant or the holding of those Shares by a Participant may breach a provision of Alumina's Constitution or be contrary to the law of any country or place, may prejudice the effective operation of the Plan or is otherwise in the opinion of the Directors impractical, the Directors may:
    - (A) decline to issue or transfer those Shares;
    - (B) reduce the issue or transfer of those Shares on a proportionate basis; or
    - (C) reduce, suspend or terminate the participation of the Participant in the Plan.
- e) Participation may, subject to these Terms and Conditions, be varied or terminated by a Shareholder at any time.

### 3. NOTICE OF ELECTION TO PARTICIPATE (ENTRY TO THE PLAN)

- a) A notice of election to participate in the Plan must be made on the form prescribed by the Directors from time to time (the 'DRP Notice of Election') and in accordance with the instructions on it, and lodged with the Registrar.
- b) If a DRP Notice of Election is not received by Alumina before the Record Date for a particular dividend, the Shares the subject of the DRP Notice of Election will not participate in the Plan for that dividend, but will, subject to these Terms and Conditions, participate in the Plan for all subsequent dividends. A duly completed and executed DRP Notice of Election is, subject to these Terms and Conditions, effective upon receipt and acceptance by Alumina.
- c) A DRP Notice of Election remains in force unless varied by the Shareholder in accordance with clause 9, or until the participation of the Shareholder is terminated in accordance with clause 9 or otherwise in accordance with these Terms and Conditions. Shares which are sold or otherwise transferred will cease to participate in the Plan upon the date of registration of the transfer or other instrument of disposal.
- d) Subject to clause 4(f), the Directors may in their absolute discretion:

- (i) determine that an improperly completed DRP Notice of Election is invalid and ineffective, and return the DRP Notice of Election to the relevant Shareholder; or
  - (ii) correct any error in, or omission from, a DRP Notice of Election.
- e) The Directors may in their absolute discretion accept or reject any DRP Notice of Election without being bound to give any reason for doing so.
- f) Alumina will record for each holding of Shares of each Participant particulars of:
  - (i) the name and address of the Participant; and
  - (ii) the number of Participating Shares held by the Participant from time to time,and Alumina's records will be conclusive evidence of the matters so recorded.

#### **4. DEGREE OF PARTICIPATION**

- a) A Shareholder may participate in the Plan in respect of all the Shares registered in the Shareholder's name ('full participation') or in respect of a specific number of Shares which is less than the total number of Shares registered in the Shareholder's name ('partial participation').
- b) A Shareholder who is eligible and wishes to participate in the Plan must (subject to paragraph (f)) specify on a DRP Notice of Election the degree to which the Shareholder wishes to participate in the Plan in accordance with the instructions on the DRP Notice of Election.
- c) Under full participation, all Shares registered in the Participant's name from time to time, including Plan Shares, will be Participating Shares.
- d) Under partial participation:
  - (i) only that number of Shares specified by the Participant in accordance with these Terms and Conditions will be subject to the Plan; and
  - (ii) all other Shares then held by the Participant or subsequently acquired by the Participant, whether Plan Shares or otherwise, will not be subject to the Plan unless the Participant alters their participation in accordance with clause 9.
- e) If at the relevant Record Date the number of Shares held by the Participant is fewer than the number of Shares specified by the Participant in accordance with paragraph (d), the number of Participating Shares for that Shareholder in respect of that dividend payment will be reduced to the lesser number of Shares.
- f) An executed DRP Notice of Election received by Alumina which does not indicate the degree of participation will, without notice to the Shareholder, be deemed to be an election for full participation and Alumina will not be liable to the Shareholder for any loss, damage or claim in respect of their participation as a result of the operation of this provision.
- g) If a DRP Notice of Election purports to nominate a shareholding for both full participation and partial participation at the same time, the DRP Notice of Election will be invalid.
- h) No responsibility will be taken by Alumina for transfers that are not entered on, or removed from, the Share Register prior to the relevant Record Date.

#### **5. OPERATION OF THE PLAN**

- a) Each dividend, which is payable to a Participant in respect of Participating Shares and is available for payment to the Participant, will be applied by Alumina on the

Participant's behalf in subscribing for and/or acquiring Shares.

- b) The Directors will determine in their absolute discretion with respect to the operation of the Plan for any dividend whether to issue new Shares, or to procure the transfer of existing Shares, to a Participant, or to apply a combination of both these options, to satisfy the obligations of Alumina under the Plan.
- c) Alumina will establish and maintain a Plan account for each Participant.
- d) Alumina will, in respect of each dividend payable to a Participant:
  - (i) determine the amount of the dividend to be payable in respect of their Participating Shares;
  - (ii) determine the withholding payments (if any) deductible by Alumina in respect of the dividend payable in respect of the Participating Shares and any other amounts that Alumina is entitled to retain in respect of the Participating Shares;
  - (iii) credit the amount in sub-paragraph (i) and debit any amount in sub-paragraph (ii) to the Participant's Plan account;
  - (iv) determine the maximum whole number of Shares which may be issued or acquired under the Plan in accordance with clause 5(e);
  - (v) on behalf of and in the name of the Participant, subscribe for or procure the transfer to the Participant of that number of Plan Shares determined in accordance with sub-paragraph (iv), and debit the Participant's Plan account with the total subscription price and/or acquisition amount (as the case may be) for that number of Shares; and
  - (vi) retain in the Participant's Plan account (without interest) any cash balance remaining.
- e) The number of Plan Shares issued or transferred to a Participant in respect of a dividend payable to a Participant will be the whole number next below the value of the sum calculated by the formula:

$$\frac{D+R-W}{C}$$

Where:

- D** is the amount calculated in accordance with clause 5(d)(i);
- R** is the amount retained in the Participant's Plan account at the time the dividend is declared;
- W** is the amount calculated in accordance with clause 5(d)(ii); and
- C** is the price per Share at which Shares will be issued or transferred under the Plan, which will be an amount equal to the arithmetic average (rounded down to the nearest cent), of the VWAP, during the 7 trading days immediately after the Record Date (or such other period as is determined by the Directors in their absolute discretion), less any discount (not exceeding 2%) determined by the Directors from time to time. The price per Share at which Shares will be issued or transferred under the Plan will be calculated by the Directors, or another suitable person nominated by the Directors, by reference to information the Directors approve from time to time. The determination of that price by the Directors or some other person nominated by the Directors will be binding on all Participants.

## 6. **SHARES ISSUED OR TRANSFERRED UNDER THE PLAN**

- a) Where the Directors determine to procure the transfer of existing Shares to a Participant under the Plan, the Shares may be acquired in the market in such manner as the Directors consider appropriate, and will be transferred to the Participant on, or as soon as practicable after, the relevant dividend payment date.
- b) Plan Shares issued under the Plan to a Participant will:
  - (i) be issued on, or as soon as practicable after, the relevant dividend payment date;
  - (ii) rank equally in all respects with existing Shares and will participate in all dividends subsequently declared in respect of Shares; and
  - (iii) be registered on a Share Register where the Participant already holds Shares. If the Participant holds Shares on more than one register (one of which is Alumina's principal Share Register), the Plan Shares will be registered on the principal Share Register unless and until the Participant requests otherwise.
- c) Alumina will apply promptly after issue for Plan Shares issued under the Plan to be admitted to quotation by ASX.

## 7. **NO COSTS TO PARTICIPANTS**

No brokerage, commission or other transaction costs will be payable by Participants in respect of any issue or transfer to Participants of Plan Shares and no stamp or other duties will, under present Australian law, be payable by Participants in respect of the issue or transfer of Plan Shares to Participants under the Plan.

## 8. **STATEMENT TO PARTICIPANTS**

After each dividend payment date, Alumina will forward to each Participant a statement setting out the information below (and/or such other information as is considered to be appropriate by the Directors in their absolute discretion):

- a) the Participant's number of Participating Shares in respect of the dividend;
- b) the dividend paid on those Participating Shares, the extent to which the dividend is franked and unfranked, and the franking credit in respect of the dividend;
- c) the net dividend amount, taking into account the deduction of withholding payments (if any) (and any other amounts which Alumina is permitted to retain) and any amount in the Participant's Plan account at the time the dividend is declared (calculated in accordance with clause 5(e)), reinvested in additional Shares;
- d) the number of additional Shares issued or transferred to the Participant in respect of the dividend and the price at which they have been issued or transferred (as calculated in accordance with clause 5(e));
- e) any cash balance carried forward (in accordance with clause 5(d)(vi)); and
- f) the total Shares held by the Participant following reinvestment of the dividend,

as soon as practicable after issue or transfer.

## 9. **VARIATION OR TERMINATION OF PARTICIPATION**

- a) A Participant may, at any time after joining the Plan, give notice in writing to the Registrar to:
  - (i) increase or decrease the number of their Participating Shares; or

- (ii) terminate their participation in the Plan.

Such a notice must be made on the form prescribed by the Directors from time to time (the 'DRP Notice of Variation') and in accordance with the instructions on it. However, to be effective for a dividend payment a DRP Notice of Variation must be received by Alumina before the Record Date for that dividend. A duly completed and executed DRP Notice of Variation is, subject to these Terms and Conditions, effective upon receipt and acceptance by Alumina.

- b) The Directors may in their absolute discretion:
  - (i) determine that an improperly completed DRP Notice of Variation is invalid and ineffective, and return the DRP Notice of Variation to the relevant Participant; or
  - (ii) correct any error in, or omission from, a DRP Notice of Variation.
- c) The Directors may in their absolute discretion accept or reject any DRP Notice of Variation without being bound to give any reason for doing so.
- d) If a Participant dies, participation in the Plan will be terminated upon receipt by Alumina of a notice of death from the Participant's legal personal representative.
- e) If a Participant is declared bankrupt or is being wound up, participation in the Plan will terminate upon receipt by Alumina of a notification of bankruptcy or winding up from the Participant or their trustee in bankruptcy or the Participant's liquidator.
- f) In the case of joint Participants, where one Participant dies, becomes bankrupt or is being wound up, the participation of the other Participant(s) in the Plan will terminate at the same time as that of the deceased or bankrupt or the Participant being wound up.
- g) Upon termination of participation for whatever reason, Alumina will, unless otherwise directed, send to the Participant or to the Participant's legal representative as appropriate a cash payment of the amount, if any, retained in the Participant's Plan account as at that date.

#### 10. **REDUCTION OR TERMINATION WHERE NO NOTICE IS GIVEN**

- a) Where a Participant has elected for full participation and disposes of some, but not all, of the Participant's Shares, the remaining Shares held by the Participant will continue to be Participating Shares.
- b) Where a Participant has elected for partial participation and disposes of some, but not all, of the Participant's Shares, the Shares disposed of will, to the extent possible, be deemed to be those Shares that are not Participating Shares. If the number of Shares disposed of exceeds the number of Shares that are not Participating Shares, the disposal will be deemed to include all of the Participant's Shares that are not Participating Shares, and the balance will be made up of Participating Shares.
- c) Where a Participant's entire holding of Shares is disposed of, the Participating Shares will cease to participate in the Plan from the date of registration of the transfer or instrument of disposal and Alumina will send to the Participant the amount (if any) to be sent in terms of clause 9(g) to the Participant on termination of participation.

#### 11. **NOTICES**

- a) DRP Notices of Election and DRP Notices of Variation, together with all other notices to Alumina under these Terms and Conditions, must be in writing and in such form as Alumina directs from time to time and sent to the address of the Share Registrar or such other address as is notified to Shareholders by Alumina from time to time, and will be effective upon receipt subject to:
  - (i) these Terms and Conditions; and



- (ii) in the case of DRP Notices of Election and DRP Notices of Variation, acceptance by Alumina.
- b) DRP Notices of Election and DRP Notices of Variation must be received by Alumina before the Record Date for a particular dividend to be effective for that dividend.

## 12. **MODIFICATION AND TERMINATION OF THE PLAN**

- a) The Directors may vary the terms and conditions of the Plan as and when they consider it appropriate and may suspend or terminate the Plan when they consider it expedient. The Directors may give written notice of a variation, suspension or termination as they consider appropriate.
- b) If the Plan is terminated, as soon as practicable after the termination date Alumina will send to Participants the amount (if any) to be sent in terms of clause 9(g) upon termination of their participation.
- c) The accidental omission to give notice of variation, suspension or termination or the non-receipt of any notice by any Shareholder will not invalidate the variation, suspension or termination of the Plan with respect to that Shareholder or generally.
- d) Any suspension of the Plan will continue until such time as the Directors either resolve to recommence or to terminate the Plan. If the Plan is recommenced, then elections as to participation in respect of the previously suspended Plan will be valid and have full force and effect in accordance with these Terms and Conditions for the purpose of the recommenced Plan.

## 13. **TAXATION**

Neither Alumina nor any of its officers, employees, representatives or agents:

- a) takes any responsibility or assumes any liability for, or as a consequence of, the tax liabilities of any person in connection with the Plan; or
- b) represents or warrants that any person will gain any taxation advantage or will not incur a taxation liability or disadvantage as a result of participation in the Plan.

## 14. **ADMINISTRATION OF THE PLAN**

The Plan will be administered by the Directors, who will have power to:

- a) determine appropriate procedures for administration of the Plan consistent with the provisions of these Terms and Conditions;
- b) resolve conclusively all questions of fact or interpretation in connection with the Plan;
- c) waive strict compliance with any of the provisions of these Terms and Conditions; and
- d) delegate to any one or more persons, for such period and upon such conditions as they may determine, the exercise of any of their powers or discretions arising under the Plan.

## 15. **GENERAL**

- a) The Plan will not apply to cases where in accordance with the Constitution of Alumina, or otherwise by law, the Directors are entitled to retain all or part of a dividend payment in respect of Shares which a Participant has nominated as participating in the Plan and over which Shares or dividend Alumina holds, or is entitled to hold, a charge or lien.
- b) Each holding of Shares which a Shareholder has from time to time will be regarded as separate for the purposes of the Plan and the Plan will operate as if each such holding were held by a separate person, unless the Directors determine otherwise.

Consequently, a separate DRP Notice of Election must be delivered to Alumina in respect of each holding of Shares which a Shareholder wishes to nominate for full or partial participation, and the Shareholder will be treated as a separate Participant in respect of each holding of Shares nominated for participation (and a reference to Shares held or acquired by a Shareholder or Participant is a reference to Shares held or acquired in respect or on account of the relevant holding).

- c) The Plan and its operation and these Terms and Conditions will be governed by the laws of the State of Victoria.
- d) These Terms and Conditions will be binding on each Participant and each person who applies to become a Participant.
- e) Neither Alumina nor any officer of Alumina will be liable or responsible to any Shareholder for any loss or any alleged loss or disadvantage incurred by a Shareholder as a result, directly or indirectly, of the establishment or operation of the Plan or participation in the Plan or in relation to any advice given with respect to participation in the Plan.

## 16. REPRESENTATIONS, AGREEMENTS AND ACKNOWLEDGEMENTS

By applying to participate in the Plan in accordance with clause 2, a Shareholder:

- a) warrants that it is eligible to participate in the Plan in accordance with clause 2;
- b) represents and warrants that it is not a U.S. person or acting for the account or benefit of a U.S. person. For purposes of this representation, "U.S. person" means: (i) any natural person resident in the United States; (ii) any partnership or corporation organised or incorporated under the laws of the United States, except for any agency or branch of a U.S. person located outside the United States if (A) the agency or branch operates for valid business reasons, and (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; (iii) any estate of which any executor or administrator is a U.S. person, unless (A) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and (B) the estate is governed by foreign law; (iv) any trust of which any trustee is a U.S. person, unless (A) a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets and (B) no beneficiary of the trust is a U.S. person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States and held for the benefit of a U.S. person; and (viii) any partnership or corporation if: (A) organised or incorporated under the laws of any foreign jurisdiction, and (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organised or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts. U.S. person does not include employee benefit plans established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- c) authorises Alumina (and its officers and agents) to correct any error in, or omission from, its DRP Notice of Election or any DRP Notice of Variation;
- d) acknowledges that Alumina may at any time irrevocably determine that the Shareholder's DRP Notice of Election or DRP Notice of Variation is valid, in accordance with these Terms and Conditions, even if the relevant notice is incomplete, contains errors or is otherwise defective;
- e) acknowledges that Alumina may reject any DRP Notice of Election or DRP Notice of Variation;

- f) consents to the establishment of a Plan account on its behalf;
- g) consents to any residual cash balance in the account as referred to in clause 5(d)(vi) remaining in that account as contemplated by the Terms and Conditions;
- h) agrees that, where the Directors determine to procure the transfer of existing Shares to the Shareholder under the Plan, Alumina may appoint on behalf of the Shareholder, a stockbroker or other person nominated by Alumina as the Shareholder's agent to acquire Shares in the market (and for the avoidance of doubt, the Shareholder agrees to Alumina or the person nominated by Alumina taking all steps required to register the Shares in the Shareholder's name, including the execution of any transfers required);
- i) acknowledges that Alumina may arrange for the DRP to be fully or partially underwritten in respect of any one or more of the dividends payable by it;
- j) acknowledges that Alumina has not provided the Shareholder with investment advice or financial product advice and that neither Alumina nor any stockbroker or other person described in clause 16(h) is obliged to provide such advice to a Shareholder.
- k) appoints Alumina as the Shareholder's agent to receive any notices, including any Financial Services Guide (and any update of such document), that any stockbroker or other person described in clause 16(h) is required to provide under the Corporations Act 2001 (Cth). Any such document will be made available on Alumina's website ([www.aluminalimited.com](http://www.aluminalimited.com)); and
- l) unconditionally agrees to the Terms and Conditions and agrees not to do any act or thing which would be contrary to the spirit, intention or purpose of the Plan or the Terms and Conditions,

in each case, at all times until termination of the Shareholder's participation in the Plan.

Level 12, IBM Centre, 60 City Road

Southbank Vic, 3006

Telephone: + 61 (0)3 8699 2604

Facsimile: + 61 (0)3 8699 2699

**Alumina Limited**

ABN 85 004 820 419

31 January 2008

Dear Shareholder

### New Dividend Reinvestment Plan

The directors of Alumina Limited (formerly WMC Limited) have established a new Dividend Reinvestment Plan ("New DRP") to replace the existing Dividend Reinvestment Plan ("Existing Plan"). The Existing Plan was suspended in 1998 and any residual cash balances were distributed to participating shareholders at that time. The Existing Plan was no longer consistent with current market practice and did not meet the present needs of the company. It has been terminated with immediate effect.

The Directors are pleased to offer you the opportunity to participate in the New DRP and believe it will provide you with a convenient and cost effective way to increase your shareholding in Alumina by reinvesting all or part of your dividends in additional fully paid ordinary shares in the company.

Enclosed are a summary of the terms and conditions of the New DRP and a New DRP Notice of Election Form.

Shareholders considering participation in the New DRP are encouraged to seek their own independent professional advice and to read the full terms and conditions of the New DRP ("Rules"). Shareholders should note that the Rules are materially different to the rules of the Existing Plan. The Rules can be downloaded at [www.aluminalimited.com](http://www.aluminalimited.com) or you may request a free copy of the Rules by contacting Alumina's share registry, Computershare Investor Services Pty Limited, the contact details of which are listed below.

The main features of the New DRP are:

- All holders of fully paid ordinary Alumina shares with a registered address in Australia or New Zealand (other than shareholders who are "U.S. persons", and other than shareholders to the extent that they are acting for the account or benefit of a "U.S. person", in each case as "U.S. person" is defined in clause 16(b) of the DRP Terms and Conditions) are eligible to participate in the DRP. Shareholders with registered addresses outside Australia and New Zealand (or who are "U.S. persons", or who are acting for the account or benefit of a "U.S. person", to that extent) are not permitted to participate in the DRP. This is due to legal requirements that make it unlawful to offer shares to residents of some countries without first issuing a disclosure document or registration statement or satisfying other prerequisites.
- Eligible Shareholders may elect to receive shares instead of cash for dividends on all or part of their holding of Alumina shares.
- Participation in the New DRP is optional. Shareholders may alter or cancel their participation in the New DRP at any time – your DRP election will remain in place until the company's registry receives from you a notice varying your election.
- Shares allocated under the New DRP will rank equally with existing fully paid ordinary shares.
- Shares will be allocated under the New DRP at a price equal to the arithmetic average of the volume weighted average price for fully paid ordinary Alumina shares that are sold on the Australian Stock Exchange over that period of trading days determined by Directors after the record date for the relevant dividend. The Directors have determined that there is currently no discount.
- You do not have to appoint a broker in respect of shares to be allocated under the New DRP, and no brokerage, commission, stamp duty or other transaction costs will be charged to you on the shares allocated.
- Alumina can suspend, withdraw or modify the New DRP in accordance with the Rules.

Your Directors are pleased to offer the New DRP, and believe it gives Eligible Shareholders an excellent opportunity to increase their participation in, and their support of, the company.

**If you would like to participate in the New DRP in respect of Alumina's next dividend, please return your completed New DRP Notice of Election Form to Alumina's share registry in the enclosed reply paid envelope so that the form is received by the registry by 5pm (Melbourne time) on Friday 29 February 2008.**

If you do not wish to participate in the New DRP, you do not need to do anything. You will continue to receive dividend payments from Alumina by cheques or direct credit.

If you have any questions in relation to the operation of the New DRP, or you would like to be sent a hard copy of the New DRP Rules, please contact the Alumina share registry:

*Computershare Investor Services Pty Limited  
Yarra Falls 452 Johnston Street  
Abbotsford Victoria 3067  
Australia*

*Telephone: 1300 556 050 (within Australia)*

*Overseas: +61(0)3 9415 4000*

*Facsimile: +61(0)3 9473 2500*

*Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)*

Yours sincerely,



Donald Morley  
Chairman

Securityholder Reference Number (SRN)

**Dividend Reinvestment Plan - Notice of Election Form**

Use a black pen.  
Print in CAPITAL letters  
inside the grey areas.

A  B  C

1  2  3

Where a choice is required,  
mark the box with an 'X'

X

**A** **Dividend Reinvestment Plan (DRP)**

ALL Please mark this box with an 'X' if you wish all of your holding to participate in the company's DRP.

PART  Show the number of securities you wish to participate in the company's DRP.

**B** **Sign Here - This section must be signed for your instructions to be executed.**

I/We authorise you to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions in respect to my/our securities. Where I/we have indicated participation in the Dividend Reinvestment Plan, I/we hereby agree to be bound by the Terms and Conditions of the Dividend Reinvestment Plan.

Individual or Securityholder 1  Director

Securityholder 2  Director/Company Secretary

Securityholder 3  Sole Director and Sole Company Secretary

Date - Day  / Month  / Year

*Note: When signed under Power of Attorney, the attorney states that they have not received a notice of revocation. Computershare Investor Services Pty Limited needs to sight a certified copy of the Power of Attorney.*

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## How to complete this form

### **A** Dividend Reinvestment Plan (DRP)

Complete this section if you wish to have your cash dividends reinvested in the form of more company securities.

If you wish to reinvest all of your securities in the company's DRP, please cross the box marked ALL.

If you wish to reinvest part of your securities in the company's DRP, please show the number of securities that you wish to participate.

This instruction only applies to the specific holding identified by the SRN/HIN and the name appearing on the front of this form.

Your signature confirms that:

- your participation is governed by the terms and conditions of the Alumina Dividend Reinvestment Plan set out in the Plan brochure and that you are eligible to participate.
- you wish to participate in the Plan for each future dividend to which the Plan is applied, until you remove this instruction.

Please note that an election to participate fully in the Dividend Reinvestment Plan will override any instruction on the registry record regarding direct payment of cash dividends into a nominated account.

### **B** Eligibility

The Directors of the company have determined, in accordance with the Terms and Conditions of the DRP, that only holders of Alumina shares with a registered address in Australia or New Zealand (other than shareholders who are "U.S. persons", and other than shareholders to the extent that they are acting for the account or benefit of a "U.S. person", in each case as "U.S. person" is defined in clause 16(b) of the DRP Terms and Conditions) are eligible to participate in the DRP. Shareholders with registered addresses outside Australia and New Zealand (or who are "U.S. persons", or who are acting for the account or benefit of a "U.S. person", to that extent) are not permitted to participate in the DRP. By signing and returning this form, you represent and warrant that you are not a "U.S. person" or acting for the account or benefit of a "U.S. person", in each case as "U.S. person" is defined in clause 16(b) of the DRP Terms and Conditions.

### **C** Signature(s)

If you have chosen to have your cash dividends fully or partially reinvested into company securities and you have completed Section A, you must sign this form as follows in the spaces provided:-

Joint Holding: where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

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**Please return the completed form in the envelope provided or to the address opposite:**

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne Victoria 3001  
Australia





**Alumina Limited**  
ABN 85 004 820 419

## **Summary of Dividend Reinvestment Plan**

The Alumina Limited ("Alumina" or "the Company") Dividend Reinvestment Plan ("the Plan") is an optional and convenient method by which shareholders may reinvest all or part of their dividends in additional Alumina shares without the usual costs of acquiring shares, such as brokerage.

***This document is only a summary. Shareholders participating in the Plan are bound by the full Terms and Conditions which govern the operation of the Plan.***

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In view of the differing financial circumstances applying to Alumina's shareholders, the Company cannot take any responsibility for advice expressed or implied in this publication.

If you are in any doubt as to whether to participate in the Plan then you should consult your own financial advisor without delay.



## **FULL TERMS AND CONDITIONS**

Shareholders should read the detailed Terms and Conditions of the Plan and not rely on this summary. Shareholders who participate in the Plan (or make an application to do so) will be bound by the Terms and Conditions.

The Terms and Conditions are available on Alumina's website at [www.aluminalimited.com](http://www.aluminalimited.com) or can be obtained free of charge from Alumina's Share Registrar:

*Computershare Investor Services Pty Limited  
Yarra Falls 452 Johnston Street  
Abbotsford Victoria 3067  
Australia*

*Telephone: 1300 556 050 (within Australia)  
Overseas: +61(0)3 9415 4000  
Facsimile: +61(0)3 9473 2500  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)*

In the event of any inconsistency between the Terms and Conditions of the Plan and this summary, the Terms and Conditions will prevail.

### **WHO CAN PARTICIPATE IN THE PLAN?**

Participation in the Plan is entirely optional.

The Directors of the company have determined, in accordance with the Terms and Conditions of the Plan, that only holders of Alumina shares with a registered address in Australia or New Zealand (other than shareholders who are "U.S. persons", and other than shareholders to the extent that they are acting for the account or benefit of a "U.S. person", in each case as "U.S. person" is defined in clause 16(b) of the Plan Terms and Conditions) are eligible to participate in the Plan. Shareholders with registered addresses outside Australia and New Zealand (or who are "U.S. persons", or who are acting for the account or benefit of a "U.S. person", to that extent) are not permitted to participate in the Plan.

The Directors have an overriding discretion to refuse to accept an application to participate in the Plan made by a shareholder.

### **CAN I PARTICIPATE IN RESPECT OF LESS THAN ALL OF MY SHAREHOLDING?**

Yes. There are two types of participation in the Plan.

#### **1. Full Participation**

This option provides for reinvestment of dividends on all Alumina shares you hold now, or may hold in the future. This includes dividends on:

- shares you currently hold;
- shares you acquire in the future;
- shares issued or transferred to you under the Plan; and
- shares issued through any future rights or bonus issues.

#### **2. Partial Participation**

This option provides for reinvestment of dividends in respect of a specified number of your Alumina shares (as nominated by you), at the closing date for determination of entitlements to the relevant dividend. Normal dividend payments will be made in respect of shares not participating in the Plan.

### **HOW CAN I PARTICIPATE IN THE PLAN?**

In order to join the Plan, you simply need to complete the DRP Notice of Election form which has been provided to you with your invitation to participate in the Plan (or has otherwise been provided to you) or which you have obtained from Alumina's website ([www.aluminalimited.com](http://www.aluminalimited.com)), specifying whether you would like full or partial participation. Should you select partial participation, please nominate the number of shares which are to participate.

The DRP Notice of Election form should be signed and returned to the Company's Share Registrar at the address set out under the heading 'Full Terms and Conditions' above.

Please note that if you wish to participate in the Plan commencing with a particular dividend then your completed and signed DRP Notice of Election form must be received before the time at which entitlements to payment of the relevant dividend are determined (i.e. "the Dividend Record Date").

### **WHEN IS MY ELECTION TO PARTICIPATE EFFECTIVE?**

A DRP Notice of Election form will be effective upon receipt and acceptance by Alumina. Participation will apply to your holding, as shown in the Share Register, from the date the DRP Notice of Election form becomes effective. The Directors may determine that an improperly completed DRP Notice of Election is invalid and ineffective and return it, or may correct the relevant error or omission and treat the form as valid and effective.

### **CAN I CHANGE MY LEVEL OF PARTICIPATION OR WITHDRAW FROM THE PLAN?**

You can vary your level of participation or withdraw from the Plan at any time by completing a DRP Notice of Variation form and returning it to the Company's Share Registrar at the address set out under the heading 'Full Terms and Conditions' above. The Notice of Variation form is available from the Share Registrar, or from our website at [www.aluminalimited.com](http://www.aluminalimited.com).

Please note that if you wish to vary your participation in the Plan commencing with a particular dividend, then your completed and signed DRP Notice of Variation form must be received before the relevant Dividend Record Date.

A DRP Notice of Variation form will be effective upon receipt and acceptance by Alumina. The Directors may determine that an improperly completed DRP Notice of Variation is invalid and ineffective and return it, or may correct the relevant error or omission and treat the form as valid and effective.

### **WHAT IF I HAVE MORE THAN ONE HOLDING OF SHARES?**

If you have more than one holding of Alumina shares, each will generally be treated separately for the purposes of the Plan, and you will need to make a separate election for each holding.

### **AT WHAT PRICE WILL SHARES BE ALLOCATED UNDER THE PLAN?**

Under the Plan, Alumina shares will be issued or transferred to participants at a price equal to the arithmetic average of the daily volume weighted average market price for all fully paid ordinary Alumina shares that are sold on the Australian Securities Exchange (subject to certain limited exclusions) during the seven trading days commencing on the second trading day following the Dividend Record Date (or such other period as is determined by the Directors) (the **Pricing Period**), less any discount (not exceeding 2%) determined by the Directors from time to time.

For the 2007 Final Dividend, the Directors have determined that:

- the Pricing Period is fifteen trading days commencing on the second trading day following the Dividend Record Date; and
- there is no discount.

The dividend on your shares participating in the Plan is reinvested to acquire as many additional Alumina shares as possible.

There will usually be a small amount left over after shares are issued or transferred under the Plan. This small cash balance will be retained for you by the Company and will be added to the next dividend for reinvestment. No interest will accrue on the small cash balance retained by the Company. Upon termination of your participation in the Plan, this cash balance will be paid to you.

#### **ARE THERE ANY COSTS TO PARTICIPATE?**

There are no brokerage, commission or other transaction costs payable by participants on shares issued or transferred under the Plan and no Australian stamp duty or other duties will, under present Australian law, be payable by participants.

#### **WILL I RECEIVE A PLAN STATEMENT?**

After each dividend payment, you will be sent a statement detailing your participation in the Plan. The statement will arrive several days after the shares are issued or transferred to you.

#### **IS MY TAXATION POSITION AFFECTED BY THE PLAN?**

Alumina cannot advise you on the taxation implications of participating in the Plan. Alumina recommends that if you have any questions regarding the taxation implications of participating in the Plan, you should consult your own financial, taxation or other professional advisor.

#### **WHAT HAPPENS IF I SELL SOME OF MY SHARES?**

You may sell your shares participating in the Plan or acquired under the Plan at any time. If you sell all of your shares, you will cease to participate in the Plan.

If all your shares are participating in the Plan and you sell some, but not all, of your shares, your remaining shares will continue to participate in the Plan.

If you are participating in the Plan on a partial basis and you sell some, but not all, of your shares, then the shares disposed of will, to the extent possible, be deemed to be those shares that are not participating in the Plan. If the number of shares disposed of exceeds the number of shares that are not participating in the Plan, you will be deemed to have disposed of all your shares that are not participating in the Plan and the balance will be made up of participating shares.

#### **WHAT IS THE STATUS OF SHARES ISSUED OR TRANSFERRED UNDER THE PLAN?**

Shares issued under the Plan rank equally in all respects with existing fully paid Alumina ordinary shares from the date of issue and carry the same voting rights and the same entitlements to dividends and to bonus and rights issues. The same applies to shares that are transferred under the Plan, which will be existing shares.

If you elect full participation in the Plan, the additional shares issued or transferred to you under the Plan will automatically participate in the Plan in respect of future dividends.

However, if you are participating in the Plan on a partial basis, then the additional shares issued or transferred to you under the Plan will not participate in the Plan (unless you subsequently choose to vary your level of participation in the Plan by lodging with the Share Registrar a valid DRP Notice of Variation form).

## **WILL THE PLAN SHARES BE LISTED ON THE STOCK EXCHANGE?**

Alumina will apply for any shares issued under the Plan to be admitted to quotation by the Australian Securities Exchange as soon as practicable after they are issued. Shares transferred under the Plan will already be quoted.

## **CAN THE PLAN BE MODIFIED, SUSPENDED OR TERMINATED?**

The Directors of Alumina may modify the Terms and Conditions of the Plan as and when they consider it appropriate and may suspend or terminate the Plan when they consider it expedient, and Alumina will notify shareholders of any decision to modify the Terms and Conditions or suspend or terminate the Plan in accordance with the Terms and Conditions.

## **HOW DO I GET MORE INFORMATION?**

This document is only a summary. The Plan is governed by the Full Terms and Conditions of the Plan and you should therefore refer to those Terms and Conditions for further information. The Terms and Conditions may be downloaded from the Company's website at [www.aluminalimited.com](http://www.aluminalimited.com) or may be obtained free of charge by contacting the Company's Share Registrar. If you have any enquires in relation to the Plan, please contact the Company's Share Registrar. The contact details of the Share Registrar are set out below.

*Computershare Investor Services Pty Limited  
Yarra Falls 452 Johnston Street  
Abbotsford Victoria 3067  
Australia*

*Telephone: 1300 556 050 (within Australia)  
Overseas: +61(0)3 9415 4000  
Facsimile: +61(0)3 9473 2500  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)*

## **DISCLAIMERS**

You should note that where shares are to be transferred to participants under the Plan, Alumina may engage a stockbroker or other appropriate person ("Broker") to acquire those shares on behalf of the participants in accordance with the Terms and Conditions of the Plan. The Broker will not be giving, and will not be obliged to give, any advice to you. Any document that the Broker is required to provide to you will be given to Alumina as your agent, and made available on Alumina's website ([www.aluminalimited.com](http://www.aluminalimited.com)).

Neither this summary nor the Terms and Conditions of the Plan constitute advice or a recommendation by Alumina or any other person (including the Broker and Share Registrar) to buy, sell or hold shares in Alumina, nor that the Plan is the best way to acquire such shares. Accordingly, before you determine whether to participate in the Plan in connection with any dividend, you should ensure that the Plan meets your own objectives, financial situation and needs. If you are unsure whether you should participate in the Plan, you should consult a licensed financial advisor.