

To: The Manager  
Announcements  
Company Announcements Office  
Australian Stock Exchange



## Public Announcement 2008 – 1AWC

On 31 January 2008 Alumina Limited will announce its financial result for the year to 31 December 2007. Alumina Limited advised in July 2007 that it expected full year 2007 Underlying Earnings to be approximately A\$490 million, assuming an average 2007 LME aluminium price of US\$1.24 per pound, an average 2007 USD/AUD exchange rate of 0.83 and average AWAC refining costs being US\$20 per tonne higher than the previous estimated increase of US\$4 per tonne for 2007. Alumina Limited now anticipates that full year 2007 Underlying Earnings will be approximately \$405 million as a result of:

- average LME aluminium price of US\$1.21 for the 2007 year, reducing Underlying Earnings by approximately \$30 million;
- average A\$/US\$ exchange rate for the 2007 year of 0.84 cents, reducing Underlying Earnings by approximately \$7 million. 2007 Underlying Earnings will also include the affect of revaluing Alcoa of Australia's USD receivables in AUD from 0.85 at 30 June 2007 to the exchange rate of 0.88 at 31 December 2007. The impact of that revaluation is \$3 million;
- \$14m of bauxite development and Hurricane Dean costs incurred at the Jamalco refinery as advised on 22 October 2007;
- AWAC alumina production costs for the second half of 2007 were higher than assumed in July 2007. These higher costs, principally freight and energy prices, further reduce Alumina Limited's 2007 Underlying Earnings by approximately \$25 million;
- Alumina Limited's borrowing costs are \$6 million higher than assumed in July 2007, due to higher interest rates.

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.

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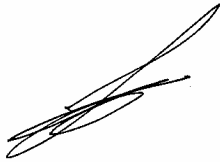
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Some statements in this release are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements also include those containing such words as “anticipate”, “estimates”, “should”, “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; and (e) the other risk factors summarised in Alumina’s Form 20-F for the year ended 31 December 2006.

Further information:

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10 January 2008

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