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Alumina Limited 2007 Earnings Outlook

Alumina Limited will announce its financial result for the six months to 30 June 2007 on 1 August 2007. At this time, the Company expects full year 2007 Underlying Earnings to be lower than would be derived from previous guidance. Alumina Limited expects full year 2007 Underlying Earnings to be approximately A\$490 million. This estimate assumes an average LME aluminium price of US\$1.24 per pound, an average 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.

The additional increase in AWAC refining costs of US\$20 per tonne includes US\$8 per tonne due to the exchange rate impact of a lower US dollar in 2007, and the remainder is the result of:

- the impact in the first half of strikes at Compagnie des Bauxites de Guinée bauxite operations and power outages at the Kwinana and Pinjarra alumina refineries in January and February;
- higher freight, maintenance and contractor costs;
- lower than planned production at Pinjarra, now expected to be approximately 4 million tonnes in 2007.

The revised guidance on full year 2007 Underlying Earnings includes a A\$12 million after tax impact of revaluing Alcoa of Australia's USD receivables in AUD at 30 June 2007 at 0.85.

Alumina Limited's 2007 underlying earnings sensitivities, based on 2006 underlying earnings and 2006 average LME aluminium price and A\$/US\$ exchange rates, are confirmed at:

- a US one cent per pound movement in the average 3-month LME aluminium price is expected to impact underlying earnings by approximately A\$10 million. The sensitivity of underlying earnings to the LME aluminium price is not linear, as it reflects the mix of AWAC sales contracts on varying terms and may vary with significant changes to the LME aluminium price;
- each one cent movement in the average Australian dollar/US dollar exchange rate is expected to impact underlying earnings by approximately A\$7million (this impact excludes any effect of revaluing USD receivables at period end).

The average LME aluminium price and A\$/US\$ exchange rate for the six months to 30 June 2007 were US\$1.26 per pound and 0.81 cents.

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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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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